



*Gaobeidian Project – Sino-Singapore Health City (Stage 2 Development)*



## **KSH Holdings Limited**

(Company Registration Number: 200603337G)  
(Incorporated in the Republic of Singapore on 9 March 2006)

### **UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016**

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2016**

1 (a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**INCOME STATEMENT**

**GROUP**

	FIRST QUARTER ENDED		increase/ (decrease) %
	30.06.2016 S\$'000	30.06.2015 S\$'000	
<b>REVENUE</b>			
Project revenue	60,012	60,240	(0.4)
Rental income from investment properties	1,463	1,610	(9.1)
	<b>61,475</b>	<b>61,850</b>	(0.6)
Other income	1,842	2,113	(12.8)
Cost of construction	(50,634)	(53,191)	(4.8)
Personnel expenses	(3,123)	(2,986)	4.6
Depreciation of property, plant and equipment	(499)	(475)	5.1
Finance costs	(1,171)	(1,524)	(23.2)
Other operating expenses	(2,174)	(1,602)	35.7
	(57,601)	(59,778)	(3.6)
<b>Profit from operations before share of results of associates and joint ventures</b>	<b>5,716</b>	<b>4,185</b>	36.6
Share of results of associates	5,767	7,158	(19.4)
Share of results of joint ventures	(100)	(342)	(70.8)
<b>Profit before taxation</b>	<b>11,383</b>	<b>11,001</b>	3.5
Tax expense	(1,103)	(730)	51.1
<b>Net profit for the financial period</b>	<b>10,280</b>	<b>10,271</b>	0.1
<b>Attributable to:</b>			
- Owners of the Company	10,211	10,184	0.3
- Non-controlling interests	69	87	(20.7)
	<b>10,280</b>	<b>10,271</b>	0.1

1 (a) (i) STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	FIRST QUARTER ENDED		
	30.06.2016	30.06.2015	increase/ (decrease)
	S\$'000	S\$'000	%
<b>Net profit for the financial period</b>	<b>10,280</b>	<b>10,271</b>	0.1
<b>Other comprehensive income:</b>			
- Foreign currency translation	(3,418)	(1,525)	124.1
<b>Other comprehensive income for the financial period, net of tax</b>	<b>(3,418)</b>	<b>(1,525)</b>	124.1
<b>Total comprehensive income for the financial period</b>	<b><u>6,862</u></b>	<b><u>8,746</u></b>	(21.5)
<b>Total comprehensive income attributable to:</b>			
- Owners of the Company	7,452	9,024	(17.4)
- Non-controlling interests	(590)	(278)	112.2
	<b><u>6,862</u></b>	<b><u>8,746</u></b>	(21.5)

**1 (a) (ii) NOTES TO THE INCOME STATEMENT**

	<b>GROUP</b>		
	<b>FIRST QUARTER ENDED</b>		
	<b>30.06.2016</b>	<b>30.06.2015</b>	increase/ (decrease)
	<b>S\$'000</b>	<b>S\$'000</b>	%
The Group's profit before taxation is arrived at after crediting/(charging) the following:			
Interest income	1,461	1,603	(8.9)
Write back for doubtful debts	-	70	(100.0)
Amortisation of club membership	(1)	(1)	-
Amortisation of issuance costs on term notes	(68)	(125)	(45.6)
Fair value gain on structured deposits	-	5	(100.0)
Loss on sale of plant and equipment	(7)	(149)	(95.3)
Foreign exchange (loss)/gain, net	(964)	99	<i>nm</i>
Interest expense	(1,152)	(1,519)	(24.2)
Profit after taxation before non-controlling interests as a percentage of turnover	16.72%	16.61%	0.7
Profit after taxation attributable to Owners of the Company as a percentage of the Group's Issued Capital and Reserves before non-controlling interests at 30 June 2016 and 30 June 2015	3.40%	3.88%	(12.5)

*nm: not meaningful*

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.06.2016	31.03.2016	30.06.2016	31.03.2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	8,094	8,572	-	-
Investments in subsidiaries	-	-	16,791	16,791
Interests in associates	186,981	179,870	-	-
Interests in joint ventures	37,481	37,912	-	-
Investment properties	120,161	123,340	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	2,243	2,311	-	-
Amounts due from subsidiaries (non-trade)	-	-	110,830	121,064
Trade receivables	6,352	9,741	-	-
Other receivables	2,341	2,208	-	-
Club membership	39	39	-	-
Other Investments	1	1	-	-
Structured deposits	1,002	1,002	-	-
	364,695	364,996	127,621	137,855
<b>Current assets</b>				
Trade receivables	42,810	31,014	-	-
Other receivables and deposits	1,504	4,166	27	26
Prepayments	467	411	23	34
Construction work-in-progress in excess of progress billings	4,107	6,840	-	-
Fixed deposits	88,584	177,854	19,604	17,248
Cash and bank balances	29,868	15,155	4,946	3,604
	167,340	235,440	24,600	20,912
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	20,689	20,393	-	-
Other payables and accruals	77,548	69,704	6,085	7,307
Deferred income	135	131	-	-
Finance lease obligations	218	216	-	-
Provision for income tax	4,923	3,792	243	243
Progress billings in excess of construction work-in-progress	16,654	26,437	-	-
Term notes, unsecured	-	70,682	-	70,682
Bank term loans, secured	12,503	13,543	-	-
Bills payable to banks, secured	-	316	-	-
	132,670	205,214	6,328	78,232
<b>Net current assets/(liabilities)</b>	<b>34,670</b>	<b>30,226</b>	<b>18,272</b>	<b>(57,320)</b>

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.06.2016	31.03.2016	30.06.2016	31.03.2016
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>				
Trade payables	4,146	5,115	-	-
Other payables and accruals	185	190	-	-
Amounts due to subsidiaries (non-trade)	-	-	73,796	8,224
Finance lease obligations	581	636	-	-
Bank term loans, secured	53,007	54,173	-	-
Term notes, unsecured	-	-	-	-
Deferred tax liabilities	19,017	19,541	-	-
	<u>76,936</u>	<u>79,655</u>	<u>73,796</u>	<u>8,224</u>
<b>NET ASSETS</b>	<b><u>322,429</u></b>	<b><u>315,567</u></b>	<b><u>72,097</u></b>	<b><u>72,311</u></b>
<b>EQUITY</b>				
<b>Equity attributable to Owners of the Company</b>				
Share capital	50,915	50,915	50,915	50,915
Treasury shares	(3,354)	(3,354)	(3,354)	(3,354)
Translation reserve	223	2,982	-	-
Accumulated profits	249,700	239,521	22,380	22,594
Other reserves	3,210	3,178	2,156	2,156
	<u>300,694</u>	<u>293,242</u>	<u>72,097</u>	<u>72,311</u>
Non-controlling interests	21,735	22,325	-	-
<b>TOTAL EQUITY</b>	<b><u>322,429</u></b>	<b><u>315,567</u></b>	<b><u>72,097</u></b>	<b><u>72,311</u></b>

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

<b>The amount repayable in one year or less, or on demand</b>			
<b>At 30.06.2016</b>		<b>At 31.03.2016</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
12,721	-	14,075	70,682

<b>The amount repayable after one year</b>			
<b>At 30.06.2016</b>		<b>At 31.03.2016</b>	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
53,588	-	54,809	-

**Details of any collaterals:**

The Group's borrowings are secured by way of:

- 1) Assignment of progress payments from the developer for certain on-going construction projects;
- 2) Letters of assignment of certain progress payments and retention monies due to the Group;
- 3) First legal mortgage on the Group's investment properties and leasehold factory building;
- 4) Charge on fixed deposits and structured deposits;
- 5) First charge over the contract proceeds/project account arising from the construction project financed;
- 6) A first legal mortgage over the development property of a joint venture;
- 7) Legal assignment of sales proceeds from the development property of a joint venture;
- 8) Legal assignment of tenancy, rental, lease and licence agreements from development property of a joint venture;
- 9) Legal assignment of the construction contract(s) and performance bonds from development property of a joint venture;
- 10) Legal assignment of fire insurance policy from development property of a joint venture;
- 11) Corporate guarantees from all the shareholders of a joint venture in equal share ratio; and
- 12) Debenture over all present and future assets of a joint venture.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

**STATEMENT OF CASH FLOWS**

	<b>GROUP</b>	
	<b>FIRST QUARTER ENDED</b>	
	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit before taxation	11,383	11,001
<b>Adjustments:</b>		
Depreciation of property, plant and equipment	499	475
Amortisation of club membership	1	1
Amortisation of issuance costs on term notes	68	125
Loss on sale of plant and equipment	7	149
Fair value gain on structured deposits	-	(5)
Write back for doubtful debts	-	(70)
Interest expense	1,152	1,519
Interest income	(1,461)	(1,603)
Share of results of associates	(5,767)	(7,158)
Share of results of joint ventures	100	342
<b>Operating cash flows before changes in working capital</b>	<b>5,982</b>	<b>4,776</b>
(Increase)/decrease in:		
Trade and other receivables, deposits and prepayments	(5,824)	(2,910)
Construction work-in-progress, net	(7,050)	2,661
Increase in:		
Trade and other payables and accruals	7,178	6,801
Deferred income	4	102
<b>Cash flows generated from operations</b>	<b>290</b>	<b>11,430</b>
Income taxes paid	(26)	(247)
Interest income received	1,461	1,603
Exchange differences	(698)	(156)
<b>Net cash flows generated from operating activities</b>	<b>1,027</b>	<b>12,630</b>
<b>Investing activities</b>		
Purchase of plant and equipment	(29)	(241)
Proceeds from sale of plant and equipment	1	430
Investments in associates	(490)	-
Loans due from associates, net	(853)	(1,199)
Dividends received from associates	-	10,500
Loans due from joint ventures, net	332	(2,540)
Loans due from investee companies	(133)	(5,959)
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(1,172)</b>	<b>991</b>
<b>Financing activities</b>		
Repayment of term notes	(70,750)	-
Proceeds from bank term loans	-	40,000
Repayment of bank term loans	(2,046)	(143)
Repayment of bills payable to banks	(316)	(440)
Interest paid	(1,152)	(1,519)
Repayment of lease obligations	(53)	(27)
Increase in pledged fixed deposits	(25)	(3,712)
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(74,342)</b>	<b>34,159</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(74,487)</b>	<b>47,780</b>
Effect of exchange rate changes on cash and cash equivalents	(95)	(57)
<b>Cash and cash equivalents at beginning of financial year</b>	<b>168,138</b>	<b>79,052</b>
<b>Cash and cash equivalents at end of financial period (Note A)</b>	<b>93,556</b>	<b>126,775</b>
<b>Note A: Cash and cash equivalents at end of financial period comprise:</b>		
	<b>30.06.2016</b>	<b>30.06.2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and bank balances**	29,868	43,346
Fixed deposits	88,584	103,213
	118,452	146,559
Less: Pledged fixed deposits	(24,896)	(19,784)
Cash and cash equivalents	93,556	126,775

\*\* The Group's cash and bank balances earn interest at floating rates based on daily bank deposit rates.



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Owners of the Company							Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Equity attributable to Owners of the Company, total S\$'000	Non-controlling interests S\$'000	
<b>At 1 April 2015</b>	<b>50,915</b>	<b>(851)</b>	<b>9,500</b>	<b>190,686</b>	<b>3,032</b>	<b>253,282</b>	<b>23,679</b>	<b>276,961</b>
<b>Net profit for the financial period</b>	-	-	-	10,184	-	10,184	87	10,271
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	(1,280)	-	120	(1,160)	(365)	(1,525)
Other comprehensive income for the financial period	-	-	(1,280)	-	120	(1,160)	(365)	(1,525)
Total comprehensive income for the financial period	-	-	(1,280)	10,184	120	9,024	(278)	8,746
<u>Contributions by and distributions to owners</u>								
Transfer to other reserves	-	-	-	(40)	40	-	-	-
Total contributions by and distributions to owners	-	-	-	(40)	40	-	-	-
<b>At 30 June 2015</b>	<b>50,915</b>	<b>(851)</b>	<b>8,220</b>	<b>200,830</b>	<b>3,192</b>	<b>262,306</b>	<b>23,401</b>	<b>285,707</b>
<b>At 1 April 2016</b>	<b>50,915</b>	<b>(3,354)</b>	<b>2,982</b>	<b>239,521</b>	<b>3,178</b>	<b>293,242</b>	<b>22,325</b>	<b>315,567</b>
<b>Net profit for the financial period</b>	-	-	-	10,211	-	10,211	69	10,280
<u>Other comprehensive income</u>								
Foreign currency translation	-	-	(2,759)	-	-	(2,759)	(659)	(3,418)
Other comprehensive income for the financial period	-	-	(2,759)	-	-	(2,759)	(659)	(3,418)
Total comprehensive income for the financial period	-	-	(2,759)	10,211	-	7,452	(590)	6,862
<u>Contributions by and distributions to owners</u>								
Transfer to other reserves	-	-	-	(32)	32	-	-	-
Total contributions by and distributions to owners	-	-	-	(32)	32	-	-	-
<b>At 30 June 2016</b>	<b>50,915</b>	<b>(3,354)</b>	<b>223</b>	<b>249,700</b>	<b>3,210</b>	<b>300,694</b>	<b>21,735</b>	<b>322,429</b>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

STATEMENT OF CHANGES IN EQUITY

COMPANY	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Other reserves S\$'000	Total equity S\$'000
At 1 April 2015	50,915	(851)	25,242	2,156	77,462
Net profit for the financial period	-	-	(273)	-	(273)
Total comprehensive income for the financial period	-	-	(273)	-	(273)
At 30 June 2015	50,915	(851)	24,969	2,156	77,189
At 1 April 2016	50,915	(3,354)	22,594	2,156	72,311
Net profit for the financial period	-	-	(214)	-	(214)
Total comprehensive income for the financial period	-	-	(214)	-	(214)
At 30 June 2016	50,915	(3,354)	22,380	2,156	72,097

SHARE CAPITAL

1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

On 16 December 2015, the Company allotted and issued 41,435,292 bonus shares (comprising 40,744,752 new shares and 690,540 treasury shares) pursuant to the Bonus Issue.

As at 31 March 2016, 7,665,940 treasury shares (Incl. 690,540 bonus shares issued) were held by the Company.

The total number of issued shares as at 30 June 2016 was 448,122,659 shares excluding treasury shares (as at 30 June 2015 was 412,716,307 shares excluding treasury shares).

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares excluding treasury shares:	<u>Number of shares</u>
<b>Balance as at 31 March 2015 and 1 April 2015</b>	
- Ordinary Shares	412,716,307
during the 3rd quarter FY2016	
Purchase of treasury shares	
- Ordinary Shares	(5,268,400)
Bonus shares issued on 16 December 2015	
- Ordinary Shares to public shareholders	41,435,292
- Ordinary Shares as treasury shares	(690,540)
during the 4th quarter FY2016	
Purchase of treasury shares	
- Ordinary Shares	(70,000)
<b>Balance as at 31 March 2016 and 30 June 2016</b>	
- Ordinary Shares	448,122,659

The total number of treasury shares held by the Company as at 30 June 2016 was 7,665,940 (as at 30 June 2015: 1,637,000).

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no sales, transfers, disposals, cancellation and/or use of treasury shares during the period ended 30 June 2016.

AUDIT

2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

**ACCOUNTING POLICIES**

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The financial statements have been prepared in accordance with the same accounting policies and methods of computation adopted in the most recently financial statements for the audited financial year ended 31 March 2016, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 April 2016.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

**EARNINGS PER SHARE**

- 6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	GROUP FIRST QUARTER ENDED	
	30.06.2016	30.06.2015 Restated
	(cents)	(cents)
a) On a basic basis	2.28	2.24
b) On a fully diluted basis	2.28	2.24
	<b>S\$'000</b>	<b>S\$'000</b>
Group's profit for the financial period attributable to Owners of the Company used in the computation of basic and diluted EPS	10,211	10,184
Weighted average number of ordinary shares excluding treasury shares for computing basic and diluted EPS	448,122,659	453,987,938

For comparative purposes, the number of ordinary shares as at 30 June 2015 has been adjusted to include the issue of one bonus share for every ten existing ordinary shares held.

**NET ASSET VALUE PER SHARE**

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and  
(b) immediately preceding financial year.

	GROUP		COMPANY	
	as at 30.06.2016	as at 31.03.2016	as at 30.06.2016	as at 31.03.2016
Net asset value per ordinary share (cents)	67.10	65.44	16.09	16.14
Issue share capital excluding treasury shares at the end of the year	448,122,659	448,122,659	448,122,659	448,122,659

**REVIEW OF THE PERFORMANCE OF THE GROUP**

- 8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

## REVIEW OF THE PERFORMANCE OF THE GROUP

8 b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

### INCOME STATEMENT

#### 1QFY2017 vs 1QFY2016

##### Revenue

The Group has a total revenue of S\$61.5 million for the first quarter three months ended 30 June 2016 ("1QFY2017"), a decrease of S\$0.4 million or 0.6% compared to S\$61.9 million registered in the corresponding period ended 30 June 2015 ("1QFY2016"). The decrease was mainly due to the decrease in revenue from construction business of S\$0.2 million or 0.4% from S\$60.2 million in 1QFY2016 to S\$60.0 million in 1QFY2017 and decrease in revenue from rental income from investment properties.

##### Other income

Other income decreased by S\$0.3 million or 12.8% from S\$2.1 million in 1QFY2016 to S\$1.8 million in 1QFY2017. The decrease was mainly due to the decrease in foreign exchange gain of S\$0.3 million.

##### Operating expenses

Cost of construction decreased by S\$2.6 million or 4.8% from S\$53.2 million in 1QFY2016 to S\$50.6 million in 1QFY2017. The decrease was mainly due to improvement in productivity and lower material cost.

Personnel expenses increased by S\$0.1 million or 4.6% from S\$3.0 million in 1QFY2016 to S\$3.1 million in 1QFY2017, mainly due to the increase in salaries and workers' accommodation expenses.

There were no significant differences in depreciation of property, plant and equipment between 1QFY2017 and 1QFY2016.

Finance costs decreased by S\$0.3 million or 23.2% from S\$1.5 million in 1QFY2016 to S\$1.2 million in 1QFY2017, mainly due to the decrease in the Group's borrowings.

Other operating expenses increased by S\$0.6 million or 35.7% from S\$1.6 million in 1QFY2016 to S\$2.2 million in 1QFY2017, mainly due to increase in foreign exchange loss of S\$0.9 million, offset by the decrease in loss from sale of plant and equipment of S\$0.2 million.

Share of results of associates decreased by S\$1.4 million or 19.4% from S\$7.2 million in 1QFY2016 to S\$5.8 million in 1QFY2017, mainly due to the decrease in profits recognised on the development property projects in Singapore which had been completed before 1QFY2017. Loss from share of results of joint ventures decreased by S\$0.2 million in 1QFY2017 as compared to 1QFY2016, mainly due to decrease in pre-launch selling expenses of residential development projects.

Tax expense increased by S\$0.4 million or 51.1% from S\$0.7 million in 1QFY2016 to S\$1.1 million in 1QFY2017, mainly due to the increase in profit from operations before share of results of associates and joint ventures and expenses not allowed for tax deduction.

As a result of the above, the Group registered a net profit attributable to Owners of the company of S\$10.2 million in 1QFY2017.

### STATEMENT OF FINANCIAL POSITION

#### Non-current assets

Property, plant and equipment ("PPE") decreased by S\$0.5 million from S\$8.6 million as at 31 March 2016 ("FY2016") as compared to S\$8.1 million as at 30 June 2016 ("1QFY2017"), mainly due to depreciation of plant and equipment.

## REVIEW OF THE PERFORMANCE OF THE GROUP

### STATEMENT OF FINANCIAL POSITION

#### Non-current assets

Interests in associates increased by S\$7.1 million from S\$179.9 million in FY2016 to S\$187.0 million in 1QFY2017, mainly due to additional investments and loans to associates to finance development property and investment property projects and recognised share of results of associates.

Investment properties decreased by S\$3.1 million from S\$123.3 million in FY2016 to S\$120.2 million in 1QFY2017, mainly due to foreign exchange differences from an investment property held in the People's Republic of China ("PRC").

Trade receivables under non-current assets decreased by S\$3.3 million from S\$9.7 million in FY2016 to S\$6.4 million in 1QFY2017, mainly due to the decrease in retention sum receivables from completed and on-going construction projects in Singapore.

#### Current assets

Trade receivables under current assets increased by S\$11.8 million from S\$31.0 million in FY2016 to S\$42.8 million in 1QFY2017, mainly due to the increase in amount of progress claims certified for construction projects in progress.

Other receivables and deposits decreased by S\$2.7 million from S\$4.2 million in FY2016 to S\$1.5 million in 1QFY2017, mainly due to decrease in dividends receivables of S\$2.7 million from an associate in Singapore.

Based on the progress of construction projects in 1QFY2017 as compared to FY2016, the construction work-in-progress in excess of progress billings decreased by S\$2.7 million from S\$6.8 million in FY2016 to S\$4.1 million in 1QFY2017.

#### Current liabilities

Trade payables under current liabilities increased by S\$0.3 million from S\$20.4 million in FY2016 to S\$20.7 million in 1QFY2017. The increase was mainly due to the increase in billings from suppliers and subcontractors which will be due for release of payments in the next 12 months for construction projects in progress.

Other payables and accruals under current liabilities increased by S\$7.8 million from S\$69.7 million in FY2016 to S\$77.5 million in 1QFY2017. The increase was mainly from the increase in accruals made for on-going construction projects.

Based on the progress of construction projects in 1QFY2017 as compared to FY2016, the progress billings in excess of the construction work-in-progress decreased by S\$9.7 million from S\$26.4 million in FY2016 to S\$16.7 million in 1QFY2017.

#### Non-current liabilities

Trade payables under non-current liabilities decreased by S\$1.0 million from S\$5.1 million in FY2016 to S\$4.1 million in 1QFY2017. The decrease was mainly from the decrease in retention sums payable to subcontractors for completed construction projects.

#### Total Group's borrowings

Total borrowings decreased by S\$73.3 million from S\$139.6 million in FY2016 to S\$66.3 million in 1QFY2017, mainly due to full redemption of unsecured term notes in May 2016.

## REVIEW OF THE PERFORMANCE OF THE GROUP

### STATEMENT OF CASH FLOWS

Net cash flows generated from operating activities of S\$1.0 million during 1QFY2017 mainly arose from operating cash flows before changes in working capital of S\$6.0 million, and interest income received of S\$1.5 million, offset by increase in working capital of S\$5.7 million and exchange differences of S\$0.7 million.

Net cash flows used in investing activities of S\$1.2 million during 1QFY2017 mainly arose from the increase in loans due from associates of S\$0.9 million, investments in associates of S\$0.5 million and increase in loans due from investee companies of S\$0.1 million, offset by decrease in loans due from joint ventures of S\$0.3 million.

Net cash flows used in financing activities of S\$74.3 million during 1QFY2017, mainly arose from repayment of unsecured term notes of S\$70.8 million, bank term loans of S\$2.0 million, interest paid of S\$1.2 million and decrease in bills payable to banks of S\$0.3 million.

With the abovementioned, net decrease in cash and cash equivalents during 1QFY2017 was S\$74.5 million.

#### **9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

There was no forecast or any prospect statement previously disclosed to shareholders. The actual results in 1QFY2017 is in line with the commentary made on 30 May 2016 in paragraph 10 of the full year results announcement for FY2016.

#### **10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Monetary Authority of Singapore ("MAS") has recently cautioned that Singapore's economic growth remains sluggish amid the lacklustre global outlook. Uncertainty around Brexit will weigh on the European Union's economy, while there has been a lack of trade and investment demand from the United States and growth slow down in the People's Republic of China. Amid ongoing macroeconomic risks and currency market volatility, MAS added that the economy's performance over the next six months is unlikely to differ much from the first half of the year, where growth averaged at 2.2% year-on-year.

According to advance estimates from the Ministry of Trade and Industry Singapore ("MTI"), the Singapore economy grew 2.2% on a year-on-year basis in the second quarter, marginally higher than the 2.1% expansion in the previous quarter and in line with analysts' expectations. On a quarter-on-quarter, seasonally adjusted and annualised basis, the economy expanded 0.8%, an improvement from the 0.2% growth in the first quarter.

Singapore construction sector grew by 2.7%, easing from the 4.5% growth recorded in the previous quarter. According to MTI, the moderation in growth was largely due to a slowdown in private sector construction activities. On a quarter-on-quarter basis, the sector expanded at an annualised rate of 0.6%, lower than the 3.5% expansion in the preceding quarter.

Cost of construction and other operating costs are likely to continue the uptrend as a result of increasing manpower cost stemming from various foreign manpower tightening measures and labour shortage; higher cost on adoption of advanced systems and technologies as well as equipment; higher cost of regulatory compliance; hikes in financing cost; higher risks in foreign exchange losses and etc. However, the increase in cost is likely to be restrained by current stable prices of some key construction materials.

To ride on the promising outlook of the construction sector amid continual tightening of manpower supply, the Group shall continue to strive to raise productivity through technology adoption and innovative measures; training of workers and higher usage of equipment and tools with the assistance from Government grants.

Singapore residential property market outlook remain challenging. Urban Redevelopment Authority's ("URA") latest flash estimates show that the private residential property price index dropped by 0.4% in second quarter, a slight improvement from the 0.7% decline registered in the first quarter. Real Estate Developers' Association of Singapore ("REDAS") believes weak market sentiment continues to weigh down on Singapore's property market and it continues to face disruptive forces on multiple fronts — from weak demand and hefty supply to manpower constraints and challenging business environment.

## REVIEW OF THE PERFORMANCE OF THE GROUP

10 continued ...

REDAS noted that with the drop off in demand, landlords and developers of retail, commercial and industrial properties are also beginning to feel pressure on rentals and high vacancy rates. According to URA, rents for office and retail space continued to fall in the second quarter as poor sentiment and a weak economic outlook weighed on the demand. Retail rents in the central region slipped 3.9%, compared with the first three months of the year - a much higher fall than the 1.9% decline recorded in the first quarter and office rentals in the central region fell 3.5% in second quarter from the first quarter.

The Group has an order book on construction projects in Singapore of approximately S\$168.2 million as at 30 Jun 2016 and has entered into a term contract with National University of Singapore ("NUS") for addition and alteration works for a period of 24 months with effect from May 2016 with an option to extend for a further 12 months from May 2018 to May 2019 if NUS exercises the option.

As at 30 June 2016, there are 14 projects launched by associates and joint ventures under the Group as set out below:-

No.	Project Name	Group Stake	Type of Development	Revenue Recognition Method	% Units Sold
<b>Singapore</b>					
1	Lincoln Suites	25.00%	Residential	Percentage of Completion	95.4%
2	The Boutiq	35.00%	Residential	Percentage of Completion	96.2%
3	Palacio	32.00%	Residential	Percentage of Completion	100.0%
4	REZI26	45.00%	Residential	Percentage of Completion	100.0%
5	REZI3TWO	45.00%	Residential	Percentage of Completion	76.9%
6	Sky Green	25.00%	Residential	Percentage of Completion	97.7%
7	Cityscape@Farrer Park	35.00%	Residential	Percentage of Completion	92.8%
8	NEWest	12.25%	Residential and Commercial	Percentage of Completion	100.0%
9	KAP & KAP Residences	12.60%	Residential and Commercial	Percentage of Completion	99.2%
10	Floraville / Floraview / Floravista	12.25%	Residential and Commercial	Percentage of Completion	58.3%
11	Hexacube	30.00%	Commercial and Office	Completion	57.5%
12	Trio	35.00%	Commercial	Completion	37.2%
13	High Park Residences	20.00%	Residential and Commercial	Percentage of Completion	97.1%
<b>Overseas</b>					
14	Liang Jing Ming Ju Phase 4 - Sequoia Mansion	45.00%	Residential ( <i>Commercial and Office excluded</i> )	Completion	92.5%

As at 30 June 2016, subject to cancellation of contracts, approximately 92.9% of these launched units have been sold. The Group has a balance amount of attributable share of progress billings to be recognised as sales revenue of approximately S\$239.7 million from the above projects, the profits of which will be progressively recognised by the associates and joint ventures and contribute to the Group's results after 1QFY2017.

The Group's joint venture investment in The Prudential Tower, a Grade A office building located at the Raffles Place precinct with high occupancy and good tenant mix given its prime location, will also continue to contribute positively to the results of the Group.

In view of the above and barring unforeseen circumstances, the Group remains cautiously optimistic on the outlook of its performance in FY2017.



**DIVIDENDS**

**11 (a) Current financial period reported on**

Any dividend declared for the current financial period reported on? **No**

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12 If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

**13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions (IPTs).

**14 Confirmation by the Company Pursuant to Rule 720(1) of the Listing Manual of SGX-ST.**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

**NEGATIVE ASSURANCE**

**15 Negative assurance confirmation on the first quarter and three months period financial results pursuant to Rule 705(5) of the Listing Manual of SGX-ST.**

On behalf of the Board of Directors of the Company, we, the undersigned, do hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the first quarter and three months period ended 30 June 2016 to be false or misleading in any material aspect.

**For and on behalf of the Board of Directors,  
By Order of the Board**

Choo Chee Onn  
Executive Chairman and Managing Director

Lim Kee Seng  
Executive Director

10 August 2016