



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 2017

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017

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) %
	30.06.2017	30.06.2016	
	S\$'000	S\$'000	
REVENUE			
Project revenue	26,913	60,012	(55.2)
Rental income from investment properties	1,601	1,463	9.4
	28,514	61,475	(53.6)
Other income	2,297	1,842	24.7
Cost of construction	(17,436)	(50,634)	(65.6)
Personnel expenses	(2,963)	(3,123)	(5.1)
Depreciation of property, plant and equipment	(461)	(499)	(7.6)
Finance costs	(354)	(1,171)	(69.8)
Other operating expenses	(1,392)	(2,174)	(36.0)
	(22,606)	(57,601)	(60.8)
Profit from operations before share of results of associates and joint ventures	8,205	5,716	43.5
Share of results of associates	(2,490)	5,767	<i>nm</i>
Share of results of joint ventures	1,797	(100)	<i>nm</i>
Profit before taxation	7,512	11,383	(34.0)
Income tax expense	(1,302)	(1,103)	18.0
Profit for the period	6,210	10,280	(39.6)
Attributable to:			
- Owners of the Company	6,049	10,211	(40.8)
- Non-controlling interests	161	69	<i>nm</i>
	6,210	10,280	(39.6)

nm: not meaningful

1 (a) (i) STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	FIRST QUARTER ENDED		
	30.06.2017	30.06.2016	increase/ (decrease)
	S\$'000	S\$'000	%
Profit for the period	6,210	10,280	(39.6)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
- Share of gain on property revaluation of associates	-	-	<i>nm</i>
	-	-	<i>nm</i>
Items that may be reclassified subsequently to profit or loss			
- Foreign currency translation	476	(3,418)	<i>nm</i>
Other comprehensive income for the period, net of tax	476	(3,418)	<i>nm</i>
Total comprehensive income for the period	6,686	6,862	(2.6)
Total comprehensive income attributable to:			
- Owners of the Company	6,479	7,452	(13.1)
- Non-controlling interests	207	(590)	<i>nm</i>
Total comprehensive income for the period	6,686	6,862	(2.6)

nm: not meaningful

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

	GROUP		
	FIRST QUARTER ENDED		
	30.06.2017	30.06.2016	increase/ (decrease)
	S\$'000	S\$'000	%
The Group's profit before taxation is arrived at after crediting/(charging) the following:			
Interest income	1,318	1,461	(9.8)
Allowance for doubtful debts	(60)	-	<i>nm</i>
Amortisation of club membership	(1)	(1)	-
Amortisation of issuance costs on term notes	-	(68)	(100.0)
Fair value gain on structured deposits	40	-	<i>nm</i>
Loss on sale of plant and equipment	(18)	(7)	<i>nm</i>
Foreign exchange gain/(loss), net	334	(964)	<i>nm</i>
Interest expense	(351)	(1,152)	(69.5)
Profit after taxation before non-controlling interests as a percentage of turnover	21.78%	16.72%	30.2
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 2017 and 30 June 2016	1.85%	3.40%	(45.6)

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	
	30.06.2017	31.03.2017	30.06.2017	31.03.2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	6,868	6,726	-	-
Investments in subsidiaries	-	-	16,791	16,791
Interests in associates	138,437	156,504	-	-
Interests in joint ventures	47,210	44,657	-	-
Investment properties	120,324	120,109	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	2,247	2,242	-	-
Amounts due from subsidiaries (non-trade)	-	-	60,700	77,954
Trade receivables	314	-	-	-
Other receivables	2,207	2,225	-	-
Club membership	36	37	-	-
Structured deposits	1,059	1,019	-	-
	318,702	333,519	77,491	94,745
Current assets				
Trade receivables	29,078	33,769	-	-
Other receivables and deposits	1,675	1,451	24	20
Prepayments	563	401	19	18
Construction work-in-progress in excess of progress billings	3,058	1,945	-	-
Fixed deposits	71,298	89,673	22,479	17,444
Cash and bank balances	76,362	56,180	24,287	1,038
	182,034	183,419	46,809	18,520
LIABILITIES				
Current liabilities				
Trade payables	16,538	17,741	-	-
Other payables and accruals	57,490	58,041	1,163	3,930
Deferred income	89	88	-	-
Finance lease obligations	236	223	-	-
Provision for income tax	6,426	5,248	444	444
Progress billings in excess of construction work-in-progress	701	5,946	-	-
Bank term loans, secured	10,645	38,642	5,140	1,140
Bills payable to banks, secured	2,457	513	-	-
	94,582	126,442	6,747	5,514
Net current assets	87,452	56,977	40,062	13,006

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.06.2017	31.03.2017	30.06.2017	31.03.2017
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Trade payables	559	1,321	-	-
Other payables and accruals	189	186	-	-
Amounts due to subsidiaries (non-trade)	-	-	33,260	34,354
Finance lease obligations	434	413	-	-
Bank term loans, secured	36,608	26,934	19,100	8,385
Deferred tax liabilities	18,845	18,809	-	-
	<u>56,635</u>	<u>47,663</u>	<u>52,360</u>	<u>42,739</u>
NET ASSETS	<u>349,519</u>	<u>342,833</u>	<u>65,193</u>	<u>65,012</u>
EQUITY				
Equity attributable to Owners of the Company				
Share capital	50,915	50,915	50,915	50,915
Treasury shares	-	-	-	-
Translation reserve	557	127	-	-
Accumulated profits	271,722	265,714	11,649	11,468
Other reserves	4,034	3,993	2,629	2,629
	<u>327,228</u>	<u>320,749</u>	<u>65,193</u>	<u>65,012</u>
Non-controlling interests	22,291	22,084	-	-
TOTAL EQUITY	<u>349,519</u>	<u>342,833</u>	<u>65,193</u>	<u>65,012</u>

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

The amount repayable in one year or less, or on demand			
At 30.06.2017		At 31.03.2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,338	-	39,378	-

The amount repayable after one year			
At 30.06.2017		At 31.03.2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
37,042	-	27,347	-

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

	GROUP	
	FIRST QUARTER ENDED	
	30.06.2017	30.06.2016
	S\$'000	S\$'000
Operating activities		
Profit before taxation	7,512	11,383
Adjustments:		
Depreciation of property, plant and equipment	461	499
Amortisation of club membership	1	1
Amortisation of issuance costs on term notes	-	68
Loss on sale of plant and equipment	18	7
Fair value gain on structured deposits	(40)	-
Allowance for doubtful debts	60	-
Interest expense	351	1,152
Interest income	(1,318)	(1,461)
Share of results of associates	2,490	(5,767)
Share of results of joint ventures	(1,797)	100
Operating cash flows before changes in working capital	7,738	5,982
Changes in working capital:		
Decrease/(increase) in:		
Trade and other receivables, deposits and prepayments	3,933	(5,824)
Construction work-in-progress, net	(6,359)	(7,050)
(Decrease)/increase in:		
Trade and other payables and accruals	(2,513)	7,178
Deferred income	1	4
Cash flows generated from operations	2,800	290
Income taxes paid	(105)	(26)
Interest income received	1,318	1,461
Exchange differences	1	(698)
Net cash flows generated from operating activities	4,014	1,027
Investing activities		
Purchase of plant and equipment	(902)	(29)
Proceeds from sale of plant and equipment	281	1
Additional investments in associates	-	(490)
Decrease/(increase) in loans due from associates, net	14,275	(853)
Dividends received from associates	1,575	-
(Increase)/decrease in loans due from joint ventures, net	(757)	332
Decrease/(increase) in loans due from investee companies	17	(133)
Net cash flows generated from/(used in) investing activities	14,489	(1,172)
Financing activities		
Repayment of term notes	-	(70,750)
Proceeds from bank term loans	15,000	-
Repayment of bank term loans	(33,331)	(2,046)
Proceeds from bills payable to banks	1,944	-
Repayment of bills payable to banks	-	(316)
Interest paid	(351)	(1,152)
Proceeds from lease obligations	90	-
Repayment of lease obligations	(56)	(53)
Increase in pledged fixed deposits	(5,025)	(25)
Net cash flows used in financing activities	(21,729)	(74,342)
Net decrease in cash and cash equivalents	(3,226)	(74,487)
Effect of exchange rate changes on cash and cash equivalents	8	(95)
Cash and cash equivalents at beginning of year	115,776	168,138
Cash and cash equivalents at end of period (Note A)	112,558	93,556
Note A: Cash and cash equivalents at end of period comprise:		
	30.06.2017	30.06.2016
	S\$'000	S\$'000
Cash and bank balances**	76,362	29,868
Fixed deposits	71,298	88,584
	147,660	118,452
Less: Pledged fixed deposits	(35,102)	(24,896)
Cash and cash equivalents	112,558	93,556

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

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2017

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								
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Asset revaluation reserves S\$'000	Other reserves S\$'000	Equity attributable to Owners of the Company, total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 April 2016	50,915	(3,354)	2,982	239,521	-	3,178	293,242	22,325	315,567
Net profit for the period	-	-	-	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 period	-	-	(2,759)	-	-	-	(2,759)	(659)	(3,418)
Total comprehensive income for the 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	-	-	-
At 30 June 2016	50,915	(3,354)	223	249,700	-	3,210	300,694	21,735	322,429
At 1 April 2017	50,915	-	127	265,714	219	3,774	320,749	22,084	342,833
Net profit for the period	-	-	-	6,049	-	-	6,049	161	6,210
<u>Other comprehensive income</u>									
Foreign currency translation	-	-	430	-	-	-	430	46	476
Other comprehensive income for the period	-	-	430	-	-	-	430	46	476
Total comprehensive income for the period	-	-	430	6,049	-	-	6,479	207	6,686
<u>Contributions by and distributions to owners</u>									
Transfer to other reserves	-	-	-	(41)	-	41	-	-	-
Total contributions by and distributions to owners	-	-	-	(41)	-	41	-	-	-
At 30 June 2017	50,915	-	557	271,722	219	3,815	327,228	22,291	349,519

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 2016	50,915	(3,354)	22,594	2,156	72,311
Net profit for the period	-	-	(214)	-	(214)
Total comprehensive income for the period	-	-	(214)	-	(214)
Total contributions by and distributions to owners	-	-	-	-	-
At 30 June 2016	50,915	(3,354)	22,380	2,156	72,097
At 1 April 2017	50,915	-	11,468	2,629	65,012
Net profit for the period	-	-	181	-	181
Total comprehensive income for the period	-	-	181	-	181
Total contributions by and distributions to owners	-	-	-	-	-
At 30 June 2017	50,915	-	11,649	2,629	65,193

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.

During FY2017, the Company sold a total of 7,665,940 treasury shares for cash, and accordingly, the total number of issued shares as at 31 March 2017 was 455,788,599 shares excluding treasury shares (as at 31 March 2016 the total number of issued shares was 448,192,659 shares excluding treasury shares).

The total number of issued shares as at 30 June 2017 was 455,788,599 shares (as at 30 June 2016 was 448,122,659 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>
Balance as at 1 April 2016 and 30 June 2016	
- Ordinary Shares	448,122,659
during the 2nd quarter FY2017	
Sale of treasury shares	
- Ordinary Shares	7,665,940
Balance as at 31 March 2017 and 30 June 2017	
- Ordinary Shares	455,788,599

The total number of treasury shares held by the Company as at 30 June 2017 was nil (as at 30 June 2016: 7,665,940).

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.

	No. of treasury shares
	Quarter Ended
	<u>30.06.2017</u>
Balance as at 1 April 2016 and 30 June 2016	7,665,940
Sale of treasury shares	(7,665,940)
Balance as at 31 March 2017 and 30 June 2017	<u><u>-</u></u>

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 audited financial statements for the financial year ended 31 March 2017, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning 1 April 2017.

- 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	FIRST QUARTER ENDED
	30.06.2017	30.06.2016
	(cents)	(cents)
a) On a basic basis	1.33	2.28
b) On a fully diluted basis	1.33	2.28
	S\$'000	S\$'000
Group's profit for the period attributable to Owners of the Company used in the computation of basic and diluted EPS	6,049	10,211
	455,788,599	448,122,659
Weighted average number of ordinary shares excluding treasury shares for computing basic and diluted EPS		

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	as at	as at	as at
	30.06.2017	31.03.2017	30.06.2017	31.03.2017
Net asset value per ordinary share (cents)	71.79	70.37	14.30	14.26
Issue share capital excluding treasury shares at the end of the period/year	455,788,599	455,788,599	455,788,599	455,788,599

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

REVIEW OF THE PERFORMANCE OF THE GROUP

INCOME STATEMENT

1QFY2018 vs 1QFY2017

Revenue

The Group had a total revenue of S\$28.5 million for the first quarter three months 30 June 2017 ("1QFY2018"), a decrease of S\$33.0 million or 53.6% compared to S\$61.5 million registered in the corresponding period ended 30 June 2016 ("1QFY2017"). The decrease was mainly due to the decrease in revenue from construction business of S\$33.1 million or 55.2% from S\$60.0 million in 1QFY2017 to S\$26.9 million in 1QFY2018, mainly due to delays in handing over of sites by customers for two newly commenced projects. The increase in rental income is mainly from investment property in the People's Republic of China ("PRC").

Other income

Other income increased by S\$0.5 million or 24.7% from S\$1.8 million in 1QFY2017 to S\$2.3 million in 1QFY2018, mainly due to the increase in foreign exchange translation gain.

Operating expenses

Cost of construction decreased by S\$33.2 million or 65.6% from S\$50.6 million in 1QFY2017 to S\$17.4 million in 1QFY2018. The decrease was mainly due to the decrease in construction works carried out and cost savings achieved on completed construction projects.

Personnel expenses decreased by S\$0.1 million or 5.1% from S\$3.1 million in 1QFY2017 to S\$3.0 million in 1QFY2018, mainly due to the decrease in accrual of leave benefits and workers' accommodation expenses.

There were no significant differences in depreciation of property, plant and equipment between 1QFY2018 and 1QFY2017.

Finance costs decreased by S\$0.8 million or 69.8% from S\$1.2 million in 1QFY2017 to S\$0.4 million in 1QFY2018, mainly due to the decrease in the Group's borrowings.

Other operating expenses decreased by S\$0.8 million or 36.0% from S\$2.2 million in 1QFY2017 to S\$1.4 million in 1QFY2018, mainly due to the decrease in foreign exchange loss.

Share of results of associates incurred a S\$2.5 million loss in 1QFY2018 as compared to S\$5.8 million profit in 1QFY2017, mainly due to the decrease in sales and percentage of completion recognised on development property projects in Singapore after the completion and additional buyer stamp duty accrued by an associated company for a completed development property. The share of results of joint ventures improved from a loss of S\$0.1 million in 1QFY2017 to a profit of S\$1.8 million, mainly due to the profit recognised from the residential development project - High Park Residences as the construction progressed.

Tax expense increased by S\$0.2 million or 18.0% from S\$1.1 million in 1QFY2017 to S\$1.3 million in 1QFY2018, mainly due to the increase in profit from operations before share of results of associates and joint ventures, offset by the 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\$6.0 million in 1QFY2018 excluding non-controlling interests.

REVIEW OF THE PERFORMANCE OF THE GROUP

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment ("PPE") increased by S\$0.2 million from S\$6.7 million as at 31 March 2017 ("FY2017") as compared to S\$6.9 million as at 30 June 2017 ("1QFY2018"), mainly due to new purchases, partly offset by depreciation of plant and equipment.

Interests in associates decreased by S\$18.1 million from S\$156.5 million in FY2017 to S\$138.4 million in 1QFY2018, mainly due to the decrease in loans to associates, dividend received from associates and recognised share of losses of associates.

Interests in joint ventures increased by S\$2.5 million from S\$44.7 million in FY2017 to S\$47.2 million in 1QFY2018, mainly due to additional investments and loans to joint ventures to finance development property and investment property projects; and recognised share of results of joint ventures.

Investment properties increased by S\$0.2 million from S\$120.1 million in FY2017 to S\$120.3 million in 1QFY2018, mainly due to foreign exchange differences from an investment property held in the PRC.

Trade receivables under non-current assets increased by S\$0.3 million from nil in FY2017 to S\$0.3 million in 1QFY2018, mainly due to the increase in retention sum receivables from completed and on-going construction projects in Singapore.

Current assets

Trade receivables under current assets decreased by S\$4.7 million from S\$33.8 million in FY2017 to S\$29.1 million in 1QFY2018, mainly due to the decrease in amount of progress claims certified for construction projects in progress.

Based on the progress of construction projects in 1QFY2018 as compared to FY2017, the construction work-in-progress in excess of progress billings increased by S\$1.2 million from S\$1.9 million in FY2017 to S\$3.1 million in 1QFY2018.

Current liabilities

Trade payables under current liabilities decreased by S\$1.2 million from S\$17.7 million in FY2017 to S\$16.5 million in 1QFY2018. The decrease was mainly due to the decrease in billings from suppliers and subcontractors which will be due for release of payments in the next 12 months for construction projects in progress.

Based on the progress of construction projects in 1QFY2018 as compared to FY2017, the progress billings in excess of the construction work-in-progress decreased by S\$5.2 million from S\$5.9 million in FY2017 to S\$0.7 million in 1QFY2018.

Non-current liabilities

Trade payables under non-current liabilities decreased by S\$0.7 million from S\$1.3 million in FY2017 to S\$0.6 million in 1QFY2018. 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\$16.3 million from S\$66.7 million in FY2017 to S\$50.4 million in 1QFY2018, mainly due to the decrease in bank term loans of S\$18.3 million, offset by the increase in bills payable to banks of S\$1.9 million.

REVIEW OF THE PERFORMANCE OF THE GROUP

STATEMENT OF CASH FLOWS

Net cash flows generated from operating activities of S\$4.0 million during 1QFY2018 mainly arose from operating cash flows before changes in working capital of S\$7.7 million, and interest income received of S\$1.3 million, offset by the increase in working capital of S\$4.9 million.

Net cash flows generated from investing activities of S\$14.5 million during 1QFY2018 mainly arose from the decrease in loans due from associates of S\$14.3 million, dividends received from associates of S\$1.6 million and net proceeds from sale of plant and equipment of S\$0.3 million, offset by purchase of plant and equipment of S\$0.9 million and additional loans injected to a joint venture of S\$0.8 million.

Net cash flows used in financing activities of S\$21.7 million during 1QFY2018 mainly arose from repayment of bank borrowings of S\$33.3 million, increase in pledged fixed deposits of S\$5.0 million and interest payment of S\$0.4 million, offset by the proceeds from bank term loans of S\$15.0 million and bills payable to banks of S\$1.9 million.

With the abovementioned, net decrease in cash and cash equivalents during 1QFY2018 was S\$3.2 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 1QFY2018 is in line with the commentary made on 26 May 2017 in paragraph 10 of the full year results announcement for FY2017.

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.

Based on advance estimates released by The Ministry of Trade and Industry (“MTI”) last month, the Singapore economy grew by 2.5% on a year-on-year basis in the second quarter of 2017. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 0.4%, in contrast to the 1.9% contraction in the preceding quarter. The construction sector contracted by 5.6% on a year-on-year basis in the second quarter, following the 6.1% decline in the previous quarter. The sector was weighed down by a weakness in both private sector and public sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector rebounded to grow by 4.3%, compared to the 14.4% contraction in the preceding quarter.

According to the first quarter 2017 review released by The Building and Construction Authority (“BCA”), construction demand contracted by 52.5% year-on-year to S\$4.6 billion in the first quarter of 2017. On a quarter-on-quarter basis, total construction demand fell by 5.0% as the reduction in the private sector construction demand more than outweighed the improvement in the public sector construction demand. On a year-on-year basis, total construction demand fell by 52.5% to S\$4.6 billion in the first quarter of 2017. BCA projected that total construction demand to pick up in the later half of the year with the anticipated rolling out of major infrastructure contracts.

Although prices of key construction materials are expected to remain competitive, 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 and others.

To ride on the abundant opportunities of the construction sector moving forward, the Group will continue to embrace new technologies and innovations to bring about greater productivity. The Group will tap on the various initiatives to upskill workers to build a high-quality workforce and anchor capabilities. The Group is prepared to change, innovate and transform to stay at the forefront of technological innovation, process re-engineering and productivity improvement to sustain growth and competitiveness despite the headwinds under challenging economic conditions.

Singapore property market outlook in residential and office space remains challenging due to the economic factors, rising interest rates and uncertainty in the job market.

REVIEW OF THE PERFORMANCE OF THE GROUP

10 continued ...

In relation to Singapore residential market, according to the Urban Redevelopment Authority ("URA"), developers sold 3,077 units in the second quarter this year, up from 2,962 units a quarter ago. Prices of private residential properties decreased by 0.1 % in second quarter 2017, compared with the 0.4% decline in the previous quarter. A slower pace of decline in private residential prices in the first quarter continues to affirm the view that a bottoming out is under way although factors such as cooling measures still in place, rising interest rates and the uncertain job market are still weighing on the market.

Vacancy rates for office and retail space continue to rise with incoming supply remaining high and demand weakening due to the challenging environment, increasing labour costs and regional competition. Prices and rentals of retail and office space in Singapore continued to fall in the second quarter of 2017.

The Group has an order book on construction projects in Singapore of more than S\$348.0 million as at 30 June 2017.

The projects launched by associates and joint ventures under the Group as at 30 June 2017 which construction has not been completed and those which construction have been completed but not fully sold are as set out below:-

No.	Project Name	Group Stake	Type of Development	Status of Construction	Revenue Recognition Method	% Units Sold
Singapore						
1	Lincoln Suites	25.00%	Residential	Completed	Percentage of Completion	96.6%
2	REZI3TWO	45.00%	Residential	Completed	Percentage of Completion	100.0%
3	Sky Green	25.00%	Residential	Completed	Percentage of Completion	97.7%
4	Cityscape@Farrer Park	35.00%	Residential	Completed	Percentage of Completion	96.0%
5	KAP & KAP Residences	12.60%	Residential and Commercial	Completed	Percentage of Completion	99.2%
6	Floraville / Floraview / Floravista	12.25%	Residential and Commercial	Ongoing	Percentage of Completion	84.5%
7	Hexacube	30.00%	Commercial and Office	Completed	Completion	61.6%
8	Trio	35.00%	Commercial	Ongoing	Completion	37.2%
9	High Park Residences	20.00%	Residential and Commercial	Ongoing	Percentage of Completion	100.0%
10	121 Collection on Whitley**	30.00%	Residential	Completed	Percentage of Completion	-
Overseas						
1	Liang Jing Ming Ju Phase 4 - Sequoia Mansion	45.00%	Residential (Commercial and Office excluded)	Completed	Completion	92.8%

** soft launch only

As at 30 June 2017, subject to cancellation of contracts, approximately 96.0% of units launched by associates and joint ventures under the Group have been sold. The Group has a balance amount of attributable share of progress billings to be recognised as sales revenue of approximately S\$144.6 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 1QFY2018.

The Group's investment in Grade A office building, Prudential Tower, located at the Raffles Place precinct with high occupancy and good tenant mix given its prime location, is expected to continue in contributing 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 FY2018.

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**

REVIEW OF THE PERFORMANCE OF THE GROUP

DIVIDENDS

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommendeded, 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-month period ended 30 June 2017 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

11 August 2017