




RIVERFRONT
RESIDENCES



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 2018**

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

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) %
	30.06.2018	30.06.2017	
	S\$'000	(Restated) S\$'000	
REVENUE			
Project revenue	39,270	29,487	33.2
Rental income from investment properties	1,538	1,601	(3.9)
	40,808	31,088	31.3
Other income	2,650	2,297	15.4
Cost of construction	(28,935)	(19,841)	45.8
Personnel expenses	(3,200)	(2,963)	8.0
Depreciation of property, plant and equipment	(371)	(461)	(19.5)
Finance costs	(890)	(354)	<i>nm</i>
Other operating expenses	(1,823)	(1,391)	31.1
	(35,219)	(25,010)	40.8
Profit from operations before share of results of associates and joint ventures	8,239	8,375	(1.6)
Share of results of associates	(3,056)	(2,490)	22.7
Share of results of joint ventures	2,489	1,797	38.5
Profit before taxation	7,672	7,682	(0.1)
Income tax expense	(1,564)	(1,302)	20.1
Profit for the period	6,108	6,380	(4.3)
Attributable to:			
- Owners of the Company	5,984	6,219	(3.8)
- Non-controlling interests	124	161	(23.0)
	6,108	6,380	(4.3)

nm: not meaningful

1 (a) (i) STATEMENT OF COMPREHENSIVE INCOME

	GROUP		increase/ (decrease) %
	FIRST QUARTER ENDED		
	30.06.2018	30.06.2017	
	S\$'000	(Restated) S\$'000	
Profit for the period	6,108	6,380	(4.3)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
- Foreign currency translation	(2,171)	476	<i>nm</i>
Other comprehensive income for the period, net of tax	(2,171)	476	<i>nm</i>
Total comprehensive income for the period	3,937	6,856	(42.6)
Total comprehensive income attributable to:			
- Owners of the Company	4,149	6,649	(37.6)
- Non-controlling interests	(212)	207	<i>nm</i>
Total comprehensive income for the period	3,937	6,856	(42.6)

nm: not meaningful

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

	GROUP		
	FIRST QUARTER ENDED		
	30.06.2018	30.06.2017	increase/ (decrease)
	S\$'000	(Restated) S\$'000	%
The Group's profit before taxation is arrived at after crediting/(charging) the following:			
Interest income	1,809	1,318	37.3
Allowance for doubtful debts	-	(60)	(100.0)
Allowance of provision for anticipated losses	(1,433)	-	nm
Amortisation of club membership	(1)	(1)	-
Fair value gain on structured deposits	9	40	(77.5)
Loss on sale of plant and equipment, net	(1)	(18)	(94.4)
Foreign exchange (loss)/gain, net	(222)	334	nm
Interest expense	(845)	(351)	nm
Profit after taxation before non-controlling interests as a percentage of turnover	14.97%	20.52%	(27.1)
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 2018 and 30 June 2017	1.75%	1.90%	(8.0)

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	
	30.06.2018 S\$'000	31.03.2018 (Restated) S\$'000	01.04.2017 (Restated) S\$'000	30.06.2018 S\$'000	31.03.2018 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	17,167	15,366	6,726	-	-
Investments in subsidiaries	-	-	-	16,791	16,791
Interests in associates	207,440	190,204	156,504	-	-
Interests in joint ventures	84,687	82,394	44,657	-	-
Investment properties	122,332	123,882	120,109	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	2,277	2,310	2,242	-	-
Amounts due from subsidiaries (non-trade)	-	-	-	181,149	198,960
Trade receivables	-	1,617	-	-	-
Other receivables	2,375	2,274	2,225	-	-
Club membership	34	35	37	-	-
Structured deposits	1,063	1,054	1,019	-	-
	437,375	419,136	333,519	197,940	215,751
Current assets					
Trade receivables	34,991	27,625	33,769	-	-
Other receivables and deposits	2,341	1,886	1,451	32	65
Prepayments	500	413	401	19	19
Amounts due from a joint venture (non-trade)	-	29,834	-	-	-
Amounts due from associates (non-trade)	-	10,980	-	-	-
Contract assets	14,900	8,824	701	-	-
Structured deposits	6,700	4,700	-	-	-
Fixed deposits	87,287	49,223	89,673	52,342	12,276
Cash and bank balances	32,111	26,927	56,180	6,106	4,521
	178,830	160,412	182,175	58,499	16,881
LIABILITIES					
Current liabilities					
Trade payables	13,962	15,726	17,741	-	-
Other payables and accruals	59,109	55,751	58,041	2,648	2,825
Deferred income	288	72	88	-	-
Finance lease obligations	258	248	223	-	-
Provision for income tax	4,964	3,576	5,248	718	718
Contract liabilities	-	-	5,946	-	-
Bank term loans, secured	35,147	26,082	38,642	16,935	9,140
Bank overdrafts, secured	-	6,690	-	-	-
Bills payable to banks, secured	32,702	30,091	513	-	-
	146,430	138,236	126,442	20,301	12,683
Net current assets	32,400	22,176	55,733	38,198	4,198

STATEMENT OF FINANCIAL POSITION

	GROUP			COMPANY	
	30.06.2018	31.03.2018	01.04.2017	30.06.2018	31.03.2018
	S\$'000	(Restated) S\$'000	(Restated) S\$'000	S\$'000	S\$'000
Non-current liabilities					
Trade payables	-	492	1,321	-	-
Other payables and accruals	195	197	186	-	-
Amounts due to subsidiaries (non-trade)	-	-	-	84,908	94,946
Finance lease obligations	340	346	413	-	-
Bank term loans, secured	84,687	59,432	26,934	76,165	50,745
Deferred tax liabilities	19,151	19,380	18,809	-	-
	<u>104,373</u>	<u>79,847</u>	<u>47,663</u>	<u>161,073</u>	<u>145,691</u>
NET ASSETS	<u>365,402</u>	<u>361,465</u>	<u>341,589</u>	<u>75,065</u>	<u>74,258</u>
EQUITY					
Equity attributable to Owners of the Company					
Share capital	50,915	50,915	50,915	50,915	50,915
Translation reserve	1,640	3,475	127	-	-
Accumulated profits	285,373	279,436	264,470	21,521	20,714
Asset revaluation reserve	219	219	219	-	-
Other reserves	4,008	3,961	3,774	2,629	2,629
	<u>342,155</u>	<u>338,006</u>	<u>319,505</u>	<u>75,065</u>	<u>74,258</u>
Non-controlling interests	23,247	23,459	22,084	-	-
TOTAL EQUITY	<u>365,402</u>	<u>361,465</u>	<u>341,589</u>	<u>75,065</u>	<u>74,258</u>

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

The amount repayable in one year or less, or on demand			
At 30.06.2018		At 31.03.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
68,107	-	56,421	-

The amount repayable after one year			
At 30.06.2018		At 31.03.2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
85,027	-	59,778	-

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	
	30.06.2018	30.06.2017
	S\$'000	(Restated) S\$'000
Operating activities		
Profit before taxation	7,672	7,682
Adjustments:		
Depreciation of property, plant and equipment	371	461
Amortisation of club membership	1	1
Loss on sale of plant and equipment, net	1	18
Fair value gain on structured deposits	(9)	(40)
Allowance for doubtful debts	-	60
Interest expense	845	351
Interest income	(1,809)	(1,318)
Share of results of associates	3,056	2,490
Share of results of joint ventures	(2,489)	(1,797)
Operating cash flows before changes in working capital	7,639	7,908
Changes in working capital:		
(Increase)/decrease in:		
Trade and other receivables, deposits and prepayments	(6,304)	3,933
Contract assets	(6,076)	(6,529)
Increase/(decrease) in:		
Trade and other payables and accruals	1,109	(2,513)
Deferred income	216	1
Cash flows (used in)/generated from operations	(3,416)	2,800
Income taxes paid	(197)	(105)
Interest income received	1,809	1,318
Exchange differences	(307)	-
Net cash flows (used in)/generated from operating activities	(2,111)	4,013
Investing activities		
Purchase of plant and equipment	(2,102)	(902)
Proceeds from sale of plant and equipment	1	281
Decrease in investments in associates	800	-
(Increase)/decrease in loans due from associates, net	(49,310)	14,275
Decrease/(increase) in loans due from joint ventures, net	30,030	(757)
Dividends received from associates	38,622	1,575
Decrease in loans due from investee companies	-	17
Net cash flows generated from investing activities	18,041	14,489
Financing activities		
Proceeds from bank term loans	37,189	15,000
Repayment of bank term loans	(2,831)	(33,331)
Proceeds from bills payable to banks	2,611	1,944
Interest paid	(845)	(351)
Proceeds from finance lease obligations	73	90
Repayment of finance lease obligations	(142)	(56)
Increase in pledged fixed deposits	(8,037)	(5,025)
Net cash flows generated from/(used in) financing activities	28,018	(21,729)
Net increase/(decrease) in cash and cash equivalents	43,948	(3,227)
Effect of exchange rate changes on cash and cash equivalents	(47)	8
Cash and cash equivalents at beginning of year	38,980	115,777
Cash and cash equivalents at end of period (Note A)	82,881	112,558
Note A: Cash and cash equivalents at end of period comprise:		
	30.06.2018	30.06.2017
	S\$'000	S\$'000
Cash and bank balances**	32,111	76,362
Fixed deposits	87,287	71,298
	119,398	147,660
Less: Pledged fixed deposits	(36,517)	(35,102)
Cash and cash equivalents	82,881	112,558

** 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	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	
At 1 April 2017	50,915	127	264,470	219	3,774	319,505	22,084	341,589
Profit for the period	-	-	6,219	-	-	6,219	161	6,380
<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	6,219	-	-	6,649	207	6,856
<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	270,648	219	3,815	326,154	22,291	348,445
At 1 April 2018	50,915	3,475	279,436	219	3,961	338,006	23,459	361,465
Profit for the period	-	-	5,984	-	-	5,984	124	6,108
<u>Other comprehensive income</u>								
Foreign currency translation	-	(1,835)	-	-	-	(1,835)	(336)	(2,171)
Other comprehensive income for the period	-	(1,835)	-	-	-	(1,835)	(336)	(2,171)
Total comprehensive income for the period	-	(1,835)	5,984	-	-	4,149	(212)	3,937
<u>Contributions by and distributions to owners</u>								
Transfer to other reserves	-	-	(47)	-	47	-	-	-
Total contributions by and distributions to owners	-	-	(47)	-	47	-	-	-
At 30 June 2018	50,915	1,640	285,373	219	4,008	342,155	23,247	365,402

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2018

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	Accumulated profits S\$'000	Other reserves S\$'000	Total equity S\$'000
At 1 April 2017	50,915	11,468	2,629	65,012
Profit for the period	-	181	-	181
Total comprehensive income for the period	-	181	-	181
At 30 June 2017	50,915	11,649	2,629	65,193
At 1 April 2018	50,915	20,714	2,629	74,258
Profit for the period	-	807	-	807
Total comprehensive income for the period	-	807	-	807
At 30 June 2018	50,915	21,521	2,629	75,065

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 27 July 2017, the Company had allotted and issued 113,947,046 bonus shares pursuant to the Bonus issue.

The total number of issued shares as at 30 June 2018 was 569,735,645 shares (as at 30 June 2017 was 455,788,599 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 2017 and 30 June 2017	
- Ordinary Shares	455,788,599
Bonus shares allotted and issued on 27 July 2017	
- Ordinary Shares to public shareholders	113,947,046
Balance as at 31 March 2018 and 30 June 2018	
- Ordinary Shares	569,735,645

The total number of treasury shares held by the Company as at 30 June 2018 and 30 June 2017 was nil.

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.

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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2018.

ACCOUNTING POLICIES

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.

The Group has adopted Singapore Financial Reporting Standard (International) (SFRS(I)) on 1 April 2018. In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* in preparing the financial information included in this announcement. There is no material impact on the financial statements in adopting SFRS(I) and applying specific transition requirement under SFRS(I) 1.

The Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s (collectively "new accounting standard") which are mandatorily effective from the same date.

Adoption SFRS(I) 15 Revenue from Contracts with Customers

(a) Construction contracts

Before 1 April 2018, the Group recognises construction contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the surveys of work performed. With the adoption of FRS 115, the Group will continue to recognise construction contract revenue over time by measuring the progress towards complete satisfaction of performance obligations. Under the new standard, the methods of measuring progress include output methods or input methods. The Group has determined that the cost-based input method reflects the over-time transfer of control to customers.

(b) Sale of development properties - timing of revenue recognition

Before 1 April 2018, the Group has interests in associates and joint ventures that currently recognises revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under FRS 115, for most of its residential and commercial developments, performance obligations for the sale of development properties are satisfied over time where the entities is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date. The Group expects that the adoption of FRS 115 will have no material impact on the Group's share of results of associates and joint ventures and interests in associates and joint ventures in the year of initial adoption.

(c) Commissions paid to property agents on the sale of development properties

Before 1 April 2018, the Group's associates and joint ventures pay commissions to property agents on the sale of development properties and currently recognises such commissions as expense when incurred. Under FRS 115, the entities will capitalise such commissions as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the entities recognise the related revenue. Under the adoption of FRS 115, the entities plan to capitalise such sales commissions as at 1 April 2018 and the Group expects that this will have no material impact on the Group's share of results of associates and joint ventures and interests in associates and joint ventures in the year of initial adoption.

The financial effect of adopting SFRS(I) 15 on the comparative figures for 1QFY2018 Financial Statements are as follows:-

Consolidated Income Statement	3 months ended 30 June 2017
	Increase in
	S\$'000
Revenue from construction contracts	2,574
Cost of construction	2,404
Gross profit	170
Net profit for period/Profit attributable to Owners of the Company	170
Earnings per share - basic & diluted (cents)	0.03

ACCOUNTING POLICIES

5 continued ...

Consolidated Statement of Financial Position	Increase/(decrease) in	
	31 March 2018	01 April 2017
	S\$'000	S\$'000
Construction work-in-progress in excess of progress billings	(9,575)	(1,945)
Contract assets	8,824	701
Total assets	(751)	(1,244)
Retained earnings	(751)	(1,244)
Total equity	(751)	(1,244)
Progress billings in excess of construction work-in-progress	-	(5,946)
Contract liabilities	-	5,946
Total liabilities	-	-
Total liabilities and equity	(751)	(1,244)

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
	30.06.2018	30.06.2017
		(Restated)
	(cents)	(cents)
a) On a basic basis	1.05	1.09
b) On a fully diluted basis	1.05	1.09
	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	5,984	6,219
Weighted average number of ordinary shares excluding treasury shares for computing basic and diluted EPS	569,735,645	569,735,645

For comparative purposes, the number of ordinary shares as at 30 June 2017 has been adjusted to include the issue of one bonus share for every four (4) 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	as at	as at	as at
	30.06.2018	31.03.2018	30.06.2018	31.03.2018
		Restated		
Net asset value per ordinary share (cents)	60.06	59.33	13.18	13.03
Issue share capital excluding treasury shares at the end of the period/year	569,735,645	569,735,645	569,735,645	569,735,645

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

1QFY2019 vs 1QFY2018

Revenue

The Group had a total revenue of S\$40.8 million for the first quarter three months ended 30 June 2018 ("1QFY2019"), an increase of S\$9.7 million or 31.3% compared to S\$31.1 million registered in the corresponding period ended 30 June 2017 ("1QFY2018"). The increase was mainly due to the increase in revenue from construction business of S\$9.8 million or 33.2% from S\$29.5 million in 1QFY2018 to S\$39.3 million in 1QFY2019. The decrease in rental income is mainly from investment property in Tianjin, the People's Republic of China ("PRC").

Other income

Other income increased by S\$0.4 million or 15.4% from S\$2.3 million in 1QFY2018 to S\$2.7 million in 1QFY2019, mainly due to the increase in interest income.

Operating expenses

Cost of construction increased by S\$9.1 million or 45.8% from S\$19.8 million in 1QFY2018 to S\$28.9 million in 1QFY2019. The increase was mainly due to the increase in construction works carried out and provision for anticipated losses on an on-going construction project.

Finance costs increased by S\$0.5 million from S\$0.4 million in 1QFY2018 to S\$0.9 million in 1QFY2019, mainly due to the increase in the Group's borrowings and interest rates.

Other operating expenses increased by S\$0.4 million or 31.1% from S\$1.4 million in 1QFY2018 to S\$1.8 million in 1QFY2019, mainly due to the increase in foreign exchange losses.

Share of results of associates amounted to a loss of S\$3.1 million in 1QFY2019 as compared to a S\$2.5 million loss in 1QFY2018, mainly due to the increase in expenses incurred on three property development projects prior to the sales launch. The share of results of joint ventures improved from S\$1.8 million in 1QFY2018 to S\$2.5 million in 1QFY2019, mainly due to the profit recognised from a residential development project - High Park Residences, as the construction progressed.

Tax expense increased by S\$0.3 million or 20.1% from S\$1.3 million in 1QFY2018 to S\$1.6 million in 1QFY2019, mainly due to the increase in expenses not allowed for tax deduction.

As a result of the above, the Group registered a net profit attributable to Owners of the Company by S\$6.0 million in 1QFY2019 excluding non-controlling interests.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Property, plant and equipment ("PPE") increased by S\$1.8 million from S\$15.4 million as at 31 March 2018 ("FY2018") as compared to S\$17.2 million as at 30 June 2018 ("1QFY2019"), mainly due to cost incurred for the construction of a new building plant to be used for construction business, partially offset by depreciation of plant and equipment.

Interests in associates increased by S\$17.2 million from S\$190.2 million as at FY2018 to S\$207.4 million as at 1QFY2019, mainly due to the increase in loans to associates to finance development property and investment property projects, offset by share of losses recognised and dividends received from associates.

Interests in joint ventures increased by S\$2.3 million from S\$82.4 million as at FY2018 to S\$84.7 million as at 1QFY2019, mainly due to the recognised share of results of joint ventures.

REVIEW OF THE PERFORMANCE OF THE GROUP

STATEMENT OF FINANCIAL POSITION

Non-current assets

Investment properties decreased by S\$1.6 million from S\$123.9 million as at FY2018 to S\$122.3 million as at 1QFY2019, 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\$1.6 million as all the retention sum receivables from completed projects in Singapore are expected to be deemed collected within 12 months.

Current assets

Trade receivables under current assets increased by S\$7.4 million from S\$27.6 million as at FY2018 to S\$35.0 million as at 1QFY2019, mainly due to the increase in amount of progress claims certified for construction projects in progress.

Amount due from associates and a joint venture as at FY2018 amounted with S\$40.8 million has been collected during 1QFY2019.

Based on the progress of construction projects in 1QFY2019 as compared to FY2018, contract assets increased by S\$6.1 million from S\$8.8 million in FY2018 to S\$14.9 million in 1QFY2019.

Current liabilities

Trade payables under current liabilities decreased by S\$1.7 million from S\$15.7 million as at FY2018 to S\$14.0 million in 1QFY2019. 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.

Other payables and accruals under current liabilities increased by S\$3.3 million from S\$55.8 million as at FY2018 to S\$59.1 million as at 1QFY2019. The increase was mainly due to the increase in cost accrued for construction of building plant for our construction business.

Total Group's borrowings

Total borrowings increased by S\$36.9 million from S\$116.2 million as at FY2018 to S\$153.1 million as at 1QFY2019, mainly due to the increase in bank borrowings.

STATEMENT OF CASH FLOWS

Net cash flows used in operating activities of S\$2.1 million during 1QFY2019 mainly arose from the increase in working capital of S\$11.1 million, offset by operating profit cash flows before changes in working capital of S\$7.6 million and interest income received of S\$1.8 million.

Net cash flows generated from investing activities of S\$18.0 million during 1QFY2019 mainly arose from the decrease in loans due from joint ventures of S\$30.0 million and dividends received from associates of S\$38.6 million, offset by the increase in loans due from associates of S\$49.3 million and purchase of property, plant and equipment of S\$2.1 million.

Net cash flows generated from financing activities of S\$28.0 million during 1QFY2019 mainly arose from the net increase in bank borrowings of S\$37.0 million, offset by the increase in pledged fixed deposits of S\$8.0 million.

With the abovementioned, net increase in cash and cash equivalents during 1QFY2019 was S\$43.9 million.

REVIEW OF THE PERFORMANCE OF THE GROUP**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 1QFY2019 is in line with the commentary made on 30 May 2018 in paragraph 10 of the full year results announcement for FY2018.

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.

According to Ministry of Trade and Industry ("MTI") advance estimates released in July 2018, Singapore's economy expanded 3.8% year-on-year in the second quarter of 2018, lower than economist expectations of 4.1% growth and down from the 4.3% expansion in the first three months of the year. The lower-than-expected advance GDP figure comes amid growing risks from US-China trade tensions. In addition, the latest property cooling measures may also limit the upsides to near-term domestic growth.

The construction sector remained in contraction but at an easing rate, falling by 4.4% year-on-year, extending the 5.2% decline in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector shrank by 14.6% reversing the 0.9% growth in the preceding quarter. This was due mainly to continued weakness in private sector construction activities. Nevertheless, according to Building and Construction Authority of Singapore ("BCA") in the 1st Quarter Review 2018, the sector shows a sign of bottoming out as the extent of year-on-year decline has moderated since the second half of last year. Furthermore, total construction demand has increased, driven by more construction orders for private residential and public civil engineering projects as well as institutional and other building projects from both sectors.

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.

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 assistance from Government grants. The Group will also continue to streamline its operation processes to reduce expenses.

Singapore property market outlook remains challenging with the cooling measures implemented in July 2018 on Singapore residential properties and other economic factors such as rising interest rates and uncertainty in the job market.

Property sector sentiment is down, but underlying demand still exists. According to the Urban Redevelopment Authority ("URA"), prices of private residential properties increased by 3.4% in 2nd quarter 2018, compared with the 3.9% increase in the previous quarter. Developers sold 2,366 private residential units (excluding ECs) in 2nd quarter 2018, compared with the 1,581 units sold in the previous quarter.

Prices of office space grew by 1.9% in the 2nd quarter of 2018, higher compared to the 1.3% increase in the previous quarter. Meanwhile, rentals of office space inched up by 1.6%, compared to the 2.6% increase in the previous quarter. The island-wide vacancy rate of office space dropped to 12.2% from 12.5% at the end of the previous quarter.

Prices of retail space decreased 1.3% quarter-on-quarter in the 2nd quarter of 2018, after inching up 0.1% in previous quarter. Rental for retail space decreased 1.1% in the 2nd quarter of 2018 over the previous three months, reversing a 0.1% quarter-on-quarter gain in the previous quarter. The islandwide vacancy rate of retail space fell to 7.3% as at the end of 2nd quarter 2018, from 7.5% as at the end of the previous quarter.

Including a contract to be awarded with a letter of intent received from a 35%-owned associated company for a proposed condominium housing development, the Group's construction order book remains healthy at more than S\$588 million to-date.

REVIEW OF THE PERFORMANCE OF THE GROUP

10 continued ...

As at 30 June 2018, the associates and joint ventures under the Group have property development projects held for sale which construction has not been completed and projects which construction have been completed but not fully sold as set out below:-

No.	Project Name	Group Stake	Type of Development	Revenue Recognition Method	% Units Sold
Singapore					
1	Lincoln Suites	25.00%	Residential	Percentage of Completion	96.6%
2	Sky Green	25.00%	Residential	Percentage of Completion	98.9%
3	KAP & KAP Residences	12.60%	Residential and Commercial	Percentage of Completion	98.4%
4	Hexacube	30.00%	Commercial and Office	Completion	68.5%
5	Trio	35.00%	Commercial	Completion	41.9%
6	High Park Residences	20.00%	Residential and Commercial	Percentage of Completion	100.0%
7	121 Collection on Whitley	30.00%	Residential	Percentage of Completion	66.7%
8	Rezi35	49.00%	Residential	Percentage of Completion	90.9%
9	Affinity @ Serangoon	7.50%	Residential and Commercial	Percentage of Completion	10.3%
Overseas					
1	Liang Jing Ming Ju Phase 4 - Sequoia Mansion	45.00%	Residential (<i>Commercial and Office excluded</i>)	Completion	98.5%

As at 30 June 2018, subject to cancellation of contracts, approximately 76.9% of units launched and held for sales 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\$78.0 million from the above projects, the share of results of which will be progressively recognised by the associates and joint ventures and contribute to the Group's results after 1QFY2019.

Two property developments have been launched in early July 2018, namely Riverfront Residences and Park Colonial, which the Group has effective equity interest of 35% and 20% respectively. Within the period of approximately a month since the actual launch of these two projects, more than 42% and 51% of all units in Riverfront Residences and Park Colonial respectively have already been sold with average selling prices achieved within expectation. The share of results from the sales of these two projects will be progressively recognised by the associates and contribute to the Group's results after commencement of construction.

In July 2018, the Group 28%-owned associated company, Epic Land Pte. Ltd. has executed a sale and purchase agreement to dispose of its 6 wholly-owned subsidiaries, holding in aggregate a total of 7 remaining strata office units in Prudential Tower to an unrelated third party. The disposal, subject to actual completion, is expected to contribute positively to the results of the Group in FY2019.

In view of the above and barring unforeseen circumstances, the Group remains cautiously optimistic on the outlook of its performance in FY2019.

REVIEW OF THE PERFORMANCE OF THE GROUP

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/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 third quarter and nine 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 2018 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 2018