

KEONG HONG HOLDINGS LIMITED

Unaudited Financial Statement For The Second Quarter and Six Months Ended 31 March 2019

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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.

	Group Second Quarter ended			Group First Half ended		
	31/3/2019 Unaudited S\$'000	31/3/2018 Unaudited S\$'000	+(-) %	31/3/2019 Unaudited S\$'000	31/3/2018 Unaudited S\$'000	+(-) %
	Revenue	43,525	30,764	41.5	76,739	71,585
Cost of sales	(37,778)	(24,889)	51.8	(68,149)	(58,172)	17.2
Gross profit	5,747	5,875	(2.2)	8,590	13,413	(36.0)
Other income	1,375	4,117	(66.6)	3,005	5,235	(42.6)
Administration expenses	(3,601)	(5,552)	(35.1)	(6,842)	(10,218)	(33.0)
Finance costs	(1,553)	(1,421)	9.3	(3,114)	(2,711)	14.9
Share of results of joint venture, net of tax	3,454	849	306.8	7,877	849	827.8
Share of results of associate, net of tax	(2,282)	1,516	n.m.	(2,181)	1,184	n.m.
Profit before income tax	3,140	5,384	(41.7)	7,335	7,752	(5.4)
Income tax expense	(999)	(528)	89.2	(1,108)	(863)	28.4
Profit after tax for the financial period	2,141	4,856	(55.9)	6,227	6,889	(9.6)
Other comprehensive income:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating of foreign operations	(2)	139	n.m.	85	122	(30.3)
Fair value loss on available -for-sale financial asset	(225)	-	n.m.	(225)	-	n.m.
Share of other comprehensive income of joint venture	24	-	n.m.	(158)	-	n.m.
Share of other comprehensive income of associate	-	195	(100.0)	-	195	(100.0)
Other comprehensive income for the financial year, net of tax	(203)	334	(160.8)	(298)	317	n.m.
Total comprehensive income for the financial period	1,938	5,190	(62.7)	5,929	7,206	(17.7)
Profit attributable to:						
Owners of the parent	2,195	4,936	(55.5)	6,150	6,692	(8.1)
Non-controlling interests	(54)	(80)	(32.5)	77	197	(60.9)
	2,141	4,856	(55.9)	6,227	6,889	(9.6)
Total comprehensive income attributable to:						
Owners of the parent	1,992	5,270	(62.2)	5,852	7,009	(16.5)
Non-controlling interests	(54)	(80)	(32.5)	77	197	(60.9)
	1,938	5,190	(62.7)	5,929	7,206	(17.7)

n.m. denotes not meaningful

1(a)(ii) Profit for the financial year is stated after charging/(crediting):

	Group			Group		
	Second quarter ended			First Half ended		
	31/3/2019 Unaudited S\$'000	31/3/2018 Unaudited S\$'000	+(-) %	31/3/2019 Unaudited S\$'000	31/3/2018 Unaudited S\$'000	+(-) %
Amortisation of intangible asset	10	6	66.7	20	10	100.0
Depreciation of investment properties	153	150	2.0	305	298	2.3
Depreciation of property, plant and equipment	967	1,016	(4.8)	1,921	2,242	(14.3)
Foreign exchange loss/(gain) – Net	283	(504)	n.m.	217	(18)	n.m.
Impairment loss on available-for-sale financial assets	-	2,623	(100.0)	-	2,623	(100.0)
Operating lease expenses	192	199	(3.5)	389	387	0.5
Professional fees	75	123	(39.0)	210	533	(60.6)
Share option expense	63	14	350.0	128	86	48.8
Gain on disposal of plant and equipment	(3)	(70)	(95.7)	(3)	(99)	(97.0)
Interest income	(1,291)	(1,028)	25.6	(2,571)	(2,000)	28.6

n.m. denotes 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

	Group As at		Company As at	
	31/3/2019 Unaudited S\$'000	30/9/2018 Audited S\$'000	31/3/2019 Unaudited S\$'000	30/9/2018 Audited S\$'000
Non-current assets				
Property, plant and equipment	17,758	19,485	198	223
Investment properties	22,910	22,827	-	-
Investments in subsidiaries	-	-	30,058	30,038
Investment in associates	46,414	48,534	5,610	5,610
Investments in joint ventures	17,829	8,946	-	-
Intangible assets	254	274	-	-
Available-for-sale financial assets	57,768	57,993	4,950	5,175
Finance lease receivables	568	637	-	-
Other receivables	128,521	122,847	1,000	1,000
Deferred tax assets	343	396	-	-
Total non-current assets	292,365	281,939	41,816	42,046
Current assets				
Inventories	1,809	1,765	-	-
Trade and other receivables	98,444	95,253	57,264	52,643
Contract assets	29,519	25,468	-	-
Finance lease receivables	136	134	-	-
Current income tax recoverable	312	314	-	-
Prepayments	727	909	16	3
Fixed deposits pledged	528	526	-	-
Cash and cash equivalents	50,034	73,400	10,407	21,012
Total currents assets	181,509	197,769	67,687	73,658
Total assets	473,874	479,708	109,503	115,704
Equity				
Share capital	25,048	25,048	25,048	25,048
Treasury shares	(3,303)	(3,303)	(3,303)	(3,303)
Other reserves	3,861	4,031	1,214	1,311
Retained earnings	193,677	192,217	439	7,585
Equity attributable to owners of the parent	219,283	217,993	23,398	30,641
Non-controlling interests	1,712	1,533	-	-
Total equity	220,995	219,526	23,398	30,641
Non-current liabilities				
Other payables	498	490	-	-
Finance lease payables	312	314	109	118
Medium term notes	84,422	84,306	84,422	84,306
Provision for reinstatement	250	246	-	-
Deferred tax liabilities	126	126	-	-
Total non-current liabilities	85,608	85,482	84,531	84,424
Current liabilities				
Trade and other payables	121,055	130,222	474	617
Contract liability	299	-	-	-
Due to subsidiaries	-	-	1,081	-
Bank borrowings	43,420	40,710	-	-
Finance lease payables	111	132	19	18
Current income tax payable	2,386	3,636	-	4
Total current liabilities	167,271	174,700	1,574	639
Total liabilities	252,879	260,182	86,105	85,063
Total equity and liabilities	473,874	479,708	109,503	115,704

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/03/2019 Unaudited		As at 30/09/2018 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
43,420	-	40,710	-

Amount repayable after one year

As at 31/03/2019 Unaudited		As at 30/09/2018 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	84,422	-	84,306

Details of collateral:

The Group's secured borrowings are secured by corporate guarantee, properties and project proceeds in respect of the Company's construction projects.

The unsecured borrowing relates to net proceeds of S\$84.1 million from the issuance of S\$85.0 million 4-year Fixed Rate Notes ("**Series 2 Term Notes**") on 15 September 2017 under Keong Hong Holdings Limited S\$150 million Multicurrency Medium Term Note Programme. The Series 2 Term Notes bear fixed interest of 5.75 per cent per annum payable semi-annually in arrear and will mature on 15 September 2021.

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

	Group		Group	
	Second Quarter ended 31/3/2019 Unaudited S\$'000	31/3/2018 Unaudited S\$'000	Half Year ended 31/3/2019 Unaudited S\$'000	31/3/2018 Unaudited S\$'000
Operating activities				
Profit before income tax	3,140	5,384	7,335	7,752
Adjustments for:				
Amortisation of intangible assets	10	6	20	10
Depreciation of investment properties	153	150	305	298
Depreciation of property, plant and equipment	967	1,016	1,921	2,242
Impairment loss on available-for-sale financial assets	-	2,623	-	2,623
Gain on disposal of plant and equipment	(3)	(70)	(3)	(99)
Interest income	(1,291)	(1,028)	(2,571)	(2,000)
Interest expenses	1,553	1,421	3,114	2,711
Loss/(gain) on unrealised foreign exchange	283	(504)	217	(18)
Share option expense	63	14	128	86
Share of results of joint venture, net of tax	(3,454)	(849)	(7,877)	(849)
Share of result of associates, net of tax	2,282	(1,516)	2,181	(1,184)
Operating cash flows before movements in working capital	3,703	6,647	4,770	11,572
Working Capital Changes:				
Inventories	51	(246)	(45)	(73)
Trade and other receivables	8,755	5,358	7,164	7,352
Contract assets	(2,075)	10,114	(4,095)	23,344
Prepayments	376	15	184	175
Provisions	(1,247)	119	(1,247)	119
Contract liability	299	-	299	-
Trade and other payables	(5,626)	(32,384)	(9,286)	(38,843)
Cash generated from/(used in) operations	4,236	(10,377)	(2,256)	3,646
Income tax paid	(922)	(3,042)	(953)	(3,120)
Net cash generated from/ (used in) operating activities	3,314	(13,419)	(3,209)	526
Investing activities				
Investment in joint ventures	-	-	(1,175)	-
Purchase of plant and equipment	2	(464)	(162)	(519)
Purchase of intangible assets	-	-	-	(8)
Proceeds from finance lease receivables	34	32	67	65
Proceeds from disposal of plant and equipment	-	-	-	11
Loan to associates	(14,520)	(10)	(14,520)	(6,667)
Loan to joint ventures	(2,100)	(2,760)	(2,100)	(5,520)
Loan to third party	-	-	(2,560)	-
Repayment of loan from associates	-	-	5,400	-
Interest received	111	133	341	288
Dividend received	-	1,423	-	4,623
Net cash used in investing activities	(16,473)	(1,646)	(14,709)	(7,727)

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

	Group		Group	
	Second Quarter ended		Half Year ended	
	31/3/2019	31/3/2018	31/3/2019	31/3/2018
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
Financing activities				
Fixed deposit pledged with financial institutions	-	-	-	(525)
Proceeds from finance lease payables	-	-	45	-
Proceeds from bank borrowings	5,908	5,263	6,847	5,263
Repayments of bank borrowings	(2,316)	(1,265)	(4,156)	(3,371)
Dividend paid	(4,690)	(4,066)	(4,690)	(4,066)
Repayments of finance lease payables	(57)	(2)	(112)	(46)
Interest paid	(2,709)	(2,481)	(2,961)	(2,568)
Net cash used in financing activities	(3,864)	(2,551)	(5,027)	(5,313)
Net change in cash and cash equivalents	(17,023)	(17,616)	(22,945)	(12,514)
Cash and cash equivalents at the beginning of the financial period	67,033	82,766	73,397	77,325
Exchange difference on cash and cash equivalents	24	580	(418)	919
Cash and cash equivalents at end of the financial period	50,034	65,730	50,034	65,730

Cash and cash equivalents comprised of:

	31/3/2019 Unaudited S\$'000	31/3/2018 Unaudited S\$'000
Fixed deposits, cash and bank balances	50,562	66,255
Fixed deposits pledged	(528)	(525)
	50,034	65,730

- 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

	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation accounts S\$'000	Share option reserve S\$'000	Merger reserve S\$'000	Available-for-sale reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
Group (Unaudited)											
Balance at 1 October 2018	25,048	(3,303)	385	1,311	(4,794)	5,788	1,341	192,217	217,993	1,533	219,526
Profit for the financial period	-	-	-	-	-	-	-	6,150	6,150	77	6,227
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	85	-	-	-	-	-	85	-	85
Fair value loss on available-for-sale financial assets	-	-	-	-	-	(225)	-	-	(225)	-	(225)
Share of other comprehensive income of joint venture	-	-	-	-	-	-	(158)	-	(158)	-	(158)
Total comprehensive income for the period	-	-	85	-	-	(225)	(158)	6,150	5,852	77	5,929
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(4,690)	(4,690)	-	(4,690)
Issued of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of fair value adjustments on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	102	102
Share option expense	-	-	-	128	-	-	-	-	128	-	128
Total transactions with owners of the parent	-	-	-	128	-	-	-	(4,690)	(4,562)	102	(4,460)
Balance at 31 March 2019	25,048	(3,303)	470	1,439	(4,794)	5,563	1,183	193,677	219,283	1,712	220,995

- 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

	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation accounts S\$'000	Share option reserve S\$'000	Merger reserve S\$'000	Available-for-sale reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
Group (Unaudited)											
Balance at 1 January 2019	25,048	(3,303)	472	1,376	(4,794)	5,788	1,159	196,172	221,918	1,716	223,634
Profit for the financial period	-	-	-	-	-	-	-	2,195	2,195	(54)	2,141
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	(2)	-	-	-	-	-	(2)	-	(2)
Fair value loss on available-for-sale financial assets	-	-	-	-	-	(225)	-	-	(225)	-	(225)
Share of other comprehensive income of joint venture	-	-	-	-	-	-	24	-	24	-	24
Total comprehensive income for the period	-	-	(2)	-	-	-	24	2,195	1,992	(54)	1,938
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(4,690)	(4,690)	-	(4,690)
Issued of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of fair value adjustments on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	50	50
Share option expense	-	-	-	63	-	-	-	-	63	-	63
Total transactions with owners of the parent	-	-	-	-	-	-	-	(4,690)	(4,627)	-	(4,577)
Balance at 31 March 2019	25,048	(3,303)	470	1,439	(4,794)	5,563	1,183	193,677	219,283	1,712	220,995

- 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

	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation accounts S\$'000	Share option reserve S\$'000	Merger reserve S\$'000	Available-for-sale reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
Group (Unaudited)											
Balance at 1 October 2017	25,061	(3,657)	529	639	(4,794)	(529)	(114)	176,762	193,897	2,617	196,514
Profit for the financial period	-	-	-	-	-	-	-	6,692	6,692	197	6,889
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	122	-	-	-	-	-	122	-	122
Share of other comprehensive income of associate	-	-	-	-	-	-	195	-	195	-	195
Total comprehensive income for the period	-	-	122	-	-	-	195	6,692	7,009	197	7,206
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(4,066)	(4,066)	-	(4,066)
Issued of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share option expense	-	-	-	86	-	-	-	-	86	-	86
Total transactions with owners of the parent	-	-	-	86	-	-	-	(4,066)	(3,980)	-	(3,980)
Balance at 31 March 2018	25,061	(3,657)	651	725	(4,794)	(529)	81	179,388	196,926	2,814	199,740

- 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

	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation accounts S\$'000	Share option reserve S\$'000	Merger reserve S\$'000	Available-for-sale reserve S\$'000	Other reserve S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total S\$'000
Group (Unaudited)											
Balance at 1 January 2018	25,061	(3,657)	512	711	(4,794)	(529)	(114)	178,518	195,708	2,894	198,602
Profit for the financial period	-	-	-	-	-	-	-	4,936	4,936	(80)	4,856
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	139	-	-	-	-	-	139	-	139
Share of other comprehensive income of associate	-	-	-	-	-	-	195	-	195	-	195
Total comprehensive income for the period	-	-	139	-	-	-	195	4,936	5,270	(80)	5,190
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(4,066)	(4,066)	-	(4,066)
Issued of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share option expense	-	-	-	14	-	-	-	-	14	-	14
Total transactions with owners of the parent	-	-	-	14	-	-	-	(4,066)	(4,052)	-	(4,052)
Balance at 31 March 2018	25,061	(3,657)	651	725	(4,794)	(529)	81	179,388	196,926	2,814	199,740

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 (cont'd)

	Share capital S\$'000	Treasury Shares S\$'000	Share option reserve S\$'000	Available-for-sale reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Company (Unaudited)						
Balance at 1 October 2018	25,048	(3,303)	1,311	-	7,585	30,641
Total comprehensive loss for the period	-	-	-	-	(2,456)	(2,456)
Fair value loss on available-for-sale financial assets	-	-	-	(225)	-	(225)
Dividends	-	-	-	-	(4,690)	(4,690)
Share option expense	-	-	128	-	-	128
Balance at 31 March 2019	25,048	(3,303)	1,439	(225)	439	23,398
Balance at 1 October 2017	25,061	(3,657)	639	(226)	4,830	26,647
Total comprehensive income for the period	-	-	-	-	682	682
Dividends	-	-	-	-	(4,066)	(4,066)
Share option expense	-	-	86	-	-	86
Balance at 31 March 2018	25,061	(3,657)	725	(226)	1,446	23,349

	Share capital S\$'000	Treasury Shares S\$'000	Share option reserve S\$'000	Available-for-sale reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Company (Unaudited)						
Balance at 1 January 2019	25,048	(3,303)	1,376	-	6,421	29,542
Total comprehensive loss for the period	-	-	-	-	(1,292)	(1,292)
Fair value loss on available-for-sale financial assets	-	-	-	(225)	-	(225)
Dividends	-	-	-	-	(4,690)	(4,690)
Share option expense	-	-	63	-	-	63
Balance at 31 March 2019	25,048	(3,303)	1,439	(225)	439	23,398
Balance at 1 January 2018	25,061	(3,657)	711	(226)	3,311	25,200
Total comprehensive income for the period	-	-	-	-	2,201	2,201
Dividends	-	-	-	-	(4,066)	(4,066)
Share option expense	-	-	14	-	-	14
Balance at 31 March 2018	25,061	(3,657)	725	(226)	1,446	23,349

1(d)(ii) Details of any changes in the company's share capital arising from right 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	Number of issued shares	Share capital (S\$)
As at 1 January 2019	234,510,000	25,048,000
Movement	-	-
As at 31 March 2019	234,510,000	25,048,000

As at 31 March 2019, there were 6,655,000 outstanding options issued under Employee Share Option Scheme (the "ESOS") (31 March 2018: 6,255,000), which are convertible into 6,655,000 (31 March 2018: 6,255,000) shares. The total number of issued shares excluding treasury shares of the Company was 234,510,000 and 232,385,000 as at 31 March 2019 and 31 March 2018 respectively. Save for the options, the Company did not have any outstanding convertibles as at 31 March 2019 and 31 March 2018.

As at 31 March 2019, the Company held 8,055,000 treasury shares (31 March 2018: 10,180,000 treasury shares) representing 3.32% (31 March 2018: 4.20%) of the total number of issued shares (including treasury shares) of 242,565,000 shares (31 March 2018: 242,565,000 shares). The Company does not have any subsidiary holdings as at the periods ended 31 March 2019 and 31 March 2018.

1(d)(iii) To show the 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.

	31/03/2019 Unaudited	30/09/2018 Audited
Total number of issued shares	242,565,000	242,565,000
Treasury shares	(8,055,000)	(8,055,000)
Total number of issued shares, excluding treasury shares	234,510,000	234,510,000

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

Movement of treasury shares:

	Number of Treasury Shares
As at 1 October 2018	8,055,000
Sales, transfers, disposals and/or cancellation	-
As at 31 March 2019	8,055,000

1(d)(v) A statement showing all sales, transfers, cancellation and/ or use of subsidiary holdings as at the end of the current financial period reported on.

There is no subsidiary holdings.

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

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 matter)

Not applicable.

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 note (5) below, the financial results for the current financial year reported on have been presented using the same accounting policies and methods of computation as in the Company's most recently audited financial statement as set out in the annual report for the financial year ended 30 September 2018.

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)") 1 October 2018 and issued its first set of financial information prepared under SFRS(I) from the first quarter ended 31 December 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). The Group has also concurrently applied SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments*.

With regards to SFRS(I) 15 *Revenue from Contracts with Customers*, before 1 October 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, when the outcome of a construction contract can be estimated reliably. The output method is used to determine the stage of completion, where the value of work performed is certified by the architects or quantity surveyors to the total contract sum. Upon the adoption of SFRS(I)15, the Group will continue to recognise 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.

There is no material impact on the financial statements in adopting SFRS(I) and applying specific transition requirement under SFRS(I) 1.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**
(a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group		Group	
	Second Quarter ended		Half Year ended	
	31/03/2019 Unaudited	31/03/2018 Unaudited	31/03/2019 Unaudited	31/03/2018 Unaudited
Profit attributable to owners of the parent (S\$'000)	2,195	4,936	6,150	6,692
(i) Earnings per share ("EPS") – Basic (Singapore cents) ⁽¹⁾	0.94	2.12	2.62	2.88
Weighted average number of ordinary shares ⁽³⁾	234,510,000	232,385,000	234,510,000	232,385,000
(ii) Earnings per share ("EPS") – Diluted (Singapore cents) ⁽²⁾	0.93	2.10	2.61	2.85
Weighted average number of ordinary shares ⁽³⁾	235,993,154	234,884,960	235,990,473	234,703,139

Notes:

- (1) The calculation for the basic EPS for the relevant financial periods is based on the weighted average number of ordinary shares of the Company during the relevant financial periods.
- (2) The calculation for the diluted EPS is based on the weighted average number of ordinary shares of the Company after adjusting for lapsed Options and dilution assuming the Options are fully exercised into ordinary shares of the Company.
- (3) The figure was computed taking into account the shares bought back by the Company during the relevant financial period, if any.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	31/03/2019 Unaudited	30/09/2018 Audited	31/03/2019 Unaudited	30/09/2018 Audited
Net asset value per ordinary share (Singapore cents)	93.60	92.96	10.07	13.07
Number of issued shares excluding treasury shares	234,510,000	234,510,000	234,510,000	234,510,000

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

Revenue

Revenue increased by 41.5% to S\$43.5 million in second quarter ended 31 March 2019 (“**2Q2019**”) as compared to S\$30.8 million in the corresponding period ended 31 March 2018 (“**2Q2018**”). For 6 months ended 31 March 2019 (“**1H2019**”), revenue increased by 7.2% to S\$76.7 million as compared to S\$71.6 million in the corresponding period ended 31 March 2018 (“**1H2018**”). The increase in revenue was mainly due to higher revenue contribution from the construction of Seaside Residences condominium at Siglap and Pullman Maamutaa resort in Maldives. The increase in revenue was also aided by the construction of National Skin Centre and The Antares condominium at Mattar Road, which commenced in 1H2019.

Gross Profit & Gross Profit Margin

In 2Q2019, the Group recorded a gross profit margin of 13.2% and gross profit of S\$5.7 million, which represents a decrease of 2.2% from gross profit of S\$5.9 million in 2Q2018.

In 1H2019, the Group recorded a gross profit margin of 11.2% and gross profit of S\$8.6 million, which represents a decrease of 36.0% from gross profit of S\$13.4 million in 1H2018.

Other Income

Other income decreased by 66.6% or S\$2.7 million in 2Q2019 and 42.6% or S\$2.2 million in 1H2019. The decreases in both periods were due mainly to absence of dividend income received from joint venture companies in the current reporting periods.

Administration Expenses

Administration expenses decreased by 35.1% or S\$2.0 million to S\$3.6 million in 2Q2019 due mainly to absence of impairment loss on available-for-sale financial asset of S\$2.6 million incurred in 2Q2018 and partially offset by higher administrative and operational expenses.

For 1H2019, administration expenses decreased by 33.0% or S\$3.4 million as compared to 1H2018 due mainly to absence of impairment loss on available-for-sale financial asset of S\$2.6 million in 1H2018, lower depreciation and legal expenses.

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.**
- (Cont'd)

Finance Costs

Finance costs increased by 9.3% or S\$0.2 million to S\$1.6 million in 2Q2019 and 14.9% or S\$0.4 million in to S\$3.1 million in 1H2019. The increase was due mainly to higher interest expenses incurred in the current reporting periods.

Share of Results of Joint Ventures/Associates

For 2Q2019, net gain from joint ventures and associates was S\$1.2 million compared to S\$2.4 million in 2Q2018.

For 1H2019, the Group recorded a net gain of S\$5.7 million from joint ventures and associates as compared to a net gain of S\$2.0 million in 1H2018. The net gain of S\$5.7 million in 1H2019 was mainly attributable to share of profit from the residential developments projects in Singapore.

Profit before Income Tax

For 2Q2019, the Group's profit before tax decreased by 41.7% to S\$3.1 million as compared to S\$5.4 million in 2Q2018.

Gross profit before tax for 1H2019 decreased by 5.4% to S\$7.3 million as compared to S\$7.8 million in 1H2018. The decrease was attributable to lower gross profit and other income, which was offset by lower expenses and higher share of gain from joint ventures.

Review of Financial Position

Non-Current Assets

Plant and equipment decreased from S\$19.5 million as at 30 September 2018 to S\$17.8 million as at 31 March 2019 due to depreciation expenses incurred in the reporting period. Investment properties increased from S\$22.8 million as at 30 September 2018 to S\$22.9 million as at 31 March 2019 due to unrealized foreign currency gain on translation of foreign operation and offset by depreciation expenses.

Current Assets

In tandem with higher turnover, trade and other receivables increased by S\$3.1 million from S\$95.3 million as at 30 September 2018 to S\$98.4 million as at 31 March 2019.

The increase in contract assets of S\$4.0 million was due to higher unbilled revenue for work done in 2Q2019.

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.**
- (Cont'd)

Current Liabilities

As at 31 March 2019, current liabilities decreased by S\$7.4 million to S\$167.3 million compared to S\$174.7 million as of 30 September 2018. The decrease was mainly due to a decrease of S\$9.1 million in trade and other payables, which was offset by lower bank borrowings of S\$2.7 million.

The working capital of the Group was S\$14.2 million as at 31 March 2019 compared to S\$23.1 million as at 30 September 2018.

Non-Current Liabilities

Non-current liabilities increased slightly by S\$0.1 million from S\$85.5 million as at 30 September 2018 to S\$85.6 million as at 31 March 2019 due to interest accrued for medium term notes.

Review of Cash Flow Statement

For 2Q2019, the Group generated a positive operating cash flow of S\$3.7 million before movements in the working capital. After taking into account changes in working capital, comprising mainly of a decrease of S\$8.8 million in trade and other receivables, an increase of S\$2.1 million in contract assets and a decrease of S\$5.6 million in trade and other payables, the Group recorded a net cash inflow of S\$3.3 million from operations.

Net cash used in investing activities of S\$16.5 million in 2Q2019 was mainly attributable to loan extended to associates and joint ventures of S\$16.6 million.

Net cash used in financing activities of S\$3.9 million in 2Q2019 was mainly due to dividend payment of S\$4.7 million, loan repayments of S\$2.3 million and interest payment of S\$2.7 million, partially offset by proceed from bank borrowings of S\$5.9 million.

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

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

10. **A commentary at the date of the announcement of the 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.**

Building Construction

Despite a growth of 1.4 per cent in the construction sector in the first quarter of 2019 and an improvement in private sector construction activities, there are still headwinds to be faced in 2019 in the form of volatile oil prices, rising interest rates and higher material costs.

As at 31 March 2019, the Group's construction order book stood at approximately \$293 million.

Property Development and Investment

Seaside Residences has attained sales of more than 89% to-date.

We plan to launch the 265-unit Antares condominium at Mattar Road in July this year.

Hotel Development and Investment

With the impending completion of Pullman Maldives Maamutaa Resort, we are actively seeking hotel development and investment projects, both in Singapore and in our identified overseas markets.

11. **Dividend**

(a) Current Financial Period Reported On

Name of Dividend	Interim
Type of Dividend	Cash
Dividend Amount per share	0.25 cents
Tax rate	Tax exempt (one-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of Dividend	Interim
Type of Dividend	Cash
Dividend Amount per share	0.5 cents
Tax rate	Tax exempt (one-tier)

(c) Date payable

To be announced at a later date.

(d) Books closure date.

Notice will be given at a later date on the closure of the Share Transfer Books and Register of Members of the Company to determine members' entitlement to the dividend.

- 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 Interested Person Transactions (“IPT”), 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 does not have a general mandate for IPT. There was no IPT in 2Q2019.

- 14. Negative confirmation pursuant to Rule 705(5) of the SGX-ST Listing Manual**

To the best of its knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited financial results of the Company and the Group for second quarter and six months ended 31 March 2019 presented in this announcement, to be false or misleading in any material aspect.

- 15. Confirmation pursuant to Rule 720 (1) of the SGX-ST Listing Manual.**

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

By Order of the Board

Leo Ting Ping Ronald
Executive Chairman and Chief Executive Officer
10 May 2019