

KEONG HONG HOLDINGS LIMITED

Unaudited Financial Statement For The Second Quarter and Six Months Ended 31 March 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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

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		
	31/03/2016 Unaudited S\$'000	31/03/2015 Unaudited S\$'000	+(-) %	31/03/2016 Unaudited S\$'000	31/03/2015 Unaudited S\$'000	+(-) %
Revenue	56,658	68,189	(16.9%)	125,227	141,386	(11.4%)
Cost of sales	(46,045)	(61,644)	(25.3%)	(107,204)	(127,282)	(15.8%)
Gross profit	10,613	6,545	62.2%	18,023	14,104	27.8%
Other income	1,054	1,082	(2.6%)	3,083	2,278	35.3%
Administration expenses	(3,965)	(2,896)	36.9%	(6,826)	(4,575)	49.2%
Finance costs	(890)	(96)	827.1%	(1,787)	(249)	617.7%
Share of results of joint ventures, net of tax	-	-		-	-	
Share of results of associate, net of tax	(368)	(146)	152.1%	(357)	(271)	31.7%
Profit before income tax	6,444	4,489	43.6%	12,136	11,287	7.5%
Income tax expense	(1,348)	(996)	35.3%	(2,272)	(2,120)	7.2%
Profit after tax for the financial year	5,096	3,493	45.9%	9,864	9,167	7.6%
Other comprehensive income: <i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating of foreign operations	(18)	8	n.m.	(29)	36	n.m.
Share of other comprehensive income of associate	(268)	-	n.m.	(212)	-	n.m.
Other comprehensive income for the financial year, net of tax	(286)	8	n.m.	(241)	36	n.m.
Total comprehensive income for the financial year	4,810	3,501	37.4%	9,623	9,203	4.6%
Profit attributable to:						
Owners of the parent	7,009	3,590	95.2%	11,793	9,261	27.3%
Non-controlling interests	(1,913)	(97)	n.m.	(1,929)	(94)	n.m.
	5,096	3,493	45.9%	9,864	9,167	7.6%
Total comprehensive income attributable to:						
Owners of the parent	6,701	3,594	33.2%	11,536	9,279	24.3%
Non-controlling interests	(1,891)	(93)	n.m.	(1,913)	(76)	n.m.
	4,810	3,501	37.4%	9,623	9,203	4.6%

n.m. denotes not meaningful

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

	Group Second quarter ended			Group First Half ended		
	31/03/2016 Unaudited S\$'000	31/03/2015 Unaudited S\$'000	+(-) %	31/03/2016 Unaudited S\$'000	31/03/2015 Unaudited S\$'000	+(-) %
	Depreciation of property, plant and equipment	1,560	1,065	46.5%	3,134	1,694
Amortisation of intangible asset	2	4	(50.0%)	4	8	(50.0%)
Operating lease expenses	140	141	(0.7%)	229	281	(18.5%)
Professional fees	124	142	(12.7%)	204	230	(11.3%)
Fair value (gain)/loss on derivative on convertible bond	88	(136)	n.m.	88	(136)	n.m.
Share option expense	120	254	(52.8%)	133	254	(47.6%)
Gain on disposal of plant and equipment	-	-	n.m.	(7)	(133)	(94.7%)
Unrealised Foreign exchange (gain) / loss	47	(22)	n.m.	1,701	(87)	n.m.
(Over)/Under provision of tax in respect of prior years	-	872	n.m.	(105)	874	n.m.
Interest income	(497)	(569)	(12.7%)	(1,258)	(1,014)	24.1%

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	
	31/03/2016 Unaudited S\$'000	30/09/2015 Audited S\$'000	31/03/2016 Unaudited S\$'000	30/09/2015 Audited S\$'000
Non-current assets				
Property, plant and equipment	38,495	29,217	-	-
Investments in subsidiaries	-	-	24,574	21,574
Investment in associates	23,046	23,071	-	-
Investments in joint ventures	987	93	-	-
Intangible assets	223	227	-	-
Convertible bond	4,904	4,808	4,904	4,808
Derivative on convertible bond	301	390	301	390
Available-for-sale financial assets	6,675	6,675	6,675	6,675
Finance lease receivables	968	1,030	-	-
Total non-current assets	75,599	65,511	36,454	33,447
Current assets				
Trade and other receivables	180,485	163,239	2,056	9,387
Due from subsidiaries	-	-	38,304	-
Due from contract customers	12,323	9,803	-	-
Current income tax recoverable	310	329	-	-
Finance lease receivables	125	124	-	-
Prepayments	567	482	17	3
Cash and cash equivalents	55,945	100,569	4,719	46,218
Total currents assets	249,755	274,546	45,096	55,608
Total assets	325,354	340,057	81,550	89,055
Equity				
Share capital	23,836	23,836	23,836	23,836
Treasury shares	(4,005)	(5,728)	(4,005)	(5,728)
Other reserves	(4,073)	(3,224)	287	879
Retained earnings	98,433	96,583	157	9,433
Equity attributable to owners of the parent	114,191	111,467	20,275	28,420
Non-controlling interests	-	1,277	-	-
Total equity	114,191	112,744	20,275	28,420
Non-current liabilities				
Bank borrowings	8,921	5,455	-	-
Finance lease payables	89	250	-	-
Medium term notes	49,474	49,355	49,474	49,355
Deferred tax liabilities	167	167	-	-
Total non-current liabilities	58,651	55,227	49,474	49,355
Current liabilities				
Due to contract customers	29,433	29,051	-	-
Due to subsidiaries	-	-	10,759	10,094
Trade and other payables	107,475	128,451	1,026	1,170
Bank borrowings	11,639	11,692	-	-
Finance lease payables	214	214	-	-
Current income tax payable	3,751	2,678	16	16
Total current liabilities	152,512	172,086	11,801	11,280
Total liabilities	211,163	227,313	61,275	60,635
Total equity and liabilities	325,354	340,057	81,550	89,055

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

Amount repayable in one year or less, or on demand

As at 31/03/2016 Unaudited		As at 30/09/2015 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
11,639	-	11,692	-

Amount repayable after one year

As at 31/03/2016 Unaudited		As at 30/09/2015 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,921	49,474	5,455	49,355

Details of collateral:

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

The unsecured borrowings relates to net proceeds of S\$49.5 million from the issuance of S\$50 million 3-year Fixed Rate Notes ("**Term Notes**") on 15 June 2015 under Keong Hong Holdings Limited S\$150 million Multicurrency Medium Term Note Programme. The Term Notes bear interest of 6.00 per cent per annum payable semi-annually in arrears and will mature on 15 June 2018.

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 Second Quarter ended		Group Half Year ended	
	31/03/2016 Unaudited S\$'000	31/03/2015 Unaudited S\$'000	31/03/2016 Unaudited S\$'000	31/03/2015 Unaudited S\$'000
Operating activities				
Profit before income tax	6,444	4,489	12,136	11,287
Adjustments for:				
Amortisation of intangible assets	2	4	4	8
Depreciation of plant and equipment	1,560	1,065	3,134	1,694
Amortisation of bond issuance cost	59	-	119	-
Fair value (gain)/loss on derivative on convertible bond	88	(136)	88	(136)
Gain on disposal of plant and equipment	-	-	(7)	(133)
Share option expense	120	254	133	254
Interest income	(497)	(569)	(1,258)	(1,014)
Interest expenses	890	96	1,787	249
Accretion of convertible bond discount	(46)	(42)	(95)	(87)
Share of result of associates	368	146	357	271
Operating cash flows before movements in working capital	8,988	5,307	16,398	12,393
Working Capital Changes:				
Trade and other receivables	1,002	24,652	15,107	6,279
Due from contract customers	762	(9,666)	(2,521)	(7,435)
Prepayments	(199)	(47)	(85)	(9)
Due to contract customers	10,329	1,674	382	3,488
Trade and other payables	(20,009)	1,638	(21,724)	15,409
Cash generated from operations	873	23,558	7,557	30,125
Income tax paid	(1,305)	(2,674)	(1,200)	(2,677)
Net cash (used in) / generated from operating activities	(432)	20,884	6,357	27,448
Investing activities				
Investment in associates	(744)	-	(744)	-
Investment in joint ventures	-	-	(694)	-
Purchase of plant and equipment	(12,253)	(7,296)	(12,620)	(10,623)
Purchase of financial assets, available for sale	-	(6,825)	-	(6,825)
Proceeds from disposal of plant and equipment	-	-	7	154
Loan to associates	(2,900)	(4,779)	(5,200)	(10,300)
Loan to joint ventures	(36,753)	(1,802)	(39,753)	(3,085)
Repayment of loan from joint ventures	4,700	-	12,600	-
Interest received	497	569	1,258	1,014
Net cash used in investing activities	(47,453)	(20,133)	(45,146)	(29,665)

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	
	31/03/2016 Unaudited S\$'000	31/03/2015 Unaudited S\$'000	31/03/2016 Unaudited S\$'000	31/03/2015 Unaudited S\$'000
Financing activities				
Fixed deposit pledged with financial institutions	230	-	230	(1)
Proceeds from finance lease receivables	31	-	61	-
Proceeds from loans & borrowings	5,276	3,431	5,276	4,633
Repayments of loans & borrowings	(947)	(1,453)	(1,863)	(6,362)
Issued of treasury shares	-	-	998	-
Purchase of treasury shares	-	-	-	(113)
Repayments of finance lease payables	(29)	(152)	(160)	(158)
Dividend paid	(9,167)	(2,912)	(9,167)	(2,912)
Interest paid	(140)	(96)	(1,037)	(249)
Net cash used in financing activities	(4,746)	(1,182)	(5,662)	(5,162)
Net change in cash and cash equivalents	(52,631)	(431)	(44,451)	(7,379)
Cash and cash equivalents at the beginning of the period	108,526	31,556	100,339	38,498
Exchange difference on cash and cash equivalents	50	4	57	10
Cash and cash equivalents at end of the financial year	55,945	31,129	55,945	31,129

Cash and cash equivalents comprised of:

	31/03/2016 Unaudited S\$'000	31/03/2015 Unaudited S\$'000
Fixed deposits, cash and bank balances	55,945	31,358
Fixed deposits pledged	-	(229)
	55,945	31,129

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

Group (Unaudited)	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 reserves S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interest S\$'000	Total S\$'000
Balance at 1 October 2015	23,836	(5,728)	479	1,029	(4,794)	(150)	212	96,583	111,467	1,277	112,744
Profit for the financial period	-	-	-	-	-	-	-	11,793	11,93	(1,929)	9,864
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	(45)	-	-	-	-	-	(45)	16	(29)
Share of other comprehensive income of associates	-	-	-	-	-	-	(212)	-	(212)	-	(212)
Total comprehensive income for the period	-	-	(45)	-	-	-	(212)	11,793	11,536	(1,913)	9,623
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(9,167)	(9,167)	-	(9,167)
Issued of treasury shares	-	1,723	-	(725)	-	-	-	-	998	-	998
Grant of share option to employees	-	-	-	133	-	-	-	-	133	-	133
Total transactions with owners of the parent	-	1,723	-	(592)	-	-	-	(9,167)	(8,036)	-	(8,036)
Changes to ownership interests in subsidiaries :											
Acquisition of interests without change in control	-	-	-	-	-	-	-	(776)	(776)	636	(140)
								(776)	(776)	636	(140)
Balance at 31 March 2016	23,836	(4,005)	434	437	(4,794)	(150)	-	98,433	114,191	-	114,191

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

Group (Unaudited)	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 reserves S\$'000	Retained earnings S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interest S\$'000	Total S\$'000
Balance at 1 January 2016	23,836	(4,005)	474	317	(4,794)	(150)	268	101,367	117,313	1,255	118,568
Profit for the financial period	-	-	-	-	-	-	-	7,009	7,009	(1,913)	5,096
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	(40)	-	-	-	-	-	(40)	22	(18)
Share of other comprehensive income of associates	-	-	-	-	-	-	(268)	-	(268)	-	(268)
Total comprehensive income for the period	-	-	(40)	-	-	-	(268)	7,009	6,701	(1,891)	4,810
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(9,167)	(9,167)	-	(9,167)
Grant of share option to employees	-	-	-	120	-	-	-	-	120	-	120
Total transactions with owners of the parent	-	-	-	120	-	-	-	(9,167)	(9,047)	-	(9,047)
Changes to ownership interests in subsidiaries :											
Acquisition of interests without change in control	-	-	-	-	-	-	-	(776)	(776)	636	(140)
								(776)	(776)	636	(140)
Balance at 31 March 2016	23,836	(4,005)	434	437	(4,794)	(150)	-	98,433	114,191	-	114,191

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)

Group (Unaudited)	Share capital	Treasury Shares	Foreign currency translation account	Share option reserve	Merger reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 October 2014	23,836	(2,425)	(24)	479	(4,794)	62,567	79,639	497	80,136
Profit for the financial period	-	-	-	-	-	9,261	9,261	(94)	9,167
Other comprehensive income for the financial period:									
Exchange differences on translating foreign operations	-	-	18	-	-	-	18	18	36
Total comprehensive income for the period	-	-	18	-	-	9,261	9,279	(76)	9,203
Contribution by and distribution to owners of the parent:									
Dividends	-	-	-	-	-	(2,912)	(2,912)	-	(2,912)
Purchase of treasury shares	-	(112)	-	-	-	-	(112)	-	(112)
Grant of share options to employees	-	-	-	254	-	-	254	-	254
Total transactions with owners of the parent	-	(112)	-	254	-	(2,912)	(2,770)	-	(2,770)
Balance at 31 March 2015	23,836	(2,537)	(6)	733	(4,794)	68,916	86,148	421	86,569

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)

Group (Unaudited)	Share capital	Treasury Shares	Foreign currency translation account	Share option reserve	Merger reserve	Retained earnings	Equity attributable to owners of the parent	Non- controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2015	23,836	(2,537)	(10)	479	(4,794)	68,238	85,212	514	85,726
Profit for the financial period	-	-	-	-	-	3,590	3,590	(97)	3,493
Other comprehensive income for the financial period:									
Exchange differences on translating foreign operations	-	-	4	-	-	-	4	4	8
Total comprehensive income for the period	-	-	4	-	-	3,590	3,594	(93)	3,501
Contribution by and distribution to owners of the parent:									
Dividends	-	-	-	-	-	(2,912)	(2,912)	-	(2,912)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Grant of share options to employees	-	-	-	254	-	-	254	-	254
Total transactions with owners of the parent	-	-	-	254	-	(2,912)	(2,658)	-	(2,658)
Balance at 31 March 2015	23,836	(2,537)	(6)	733	(4,794)	68,916	86,148	421	86,569

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 2015	23,836	(5,728)	1,029	(150)	9,433	28,420
Total comprehensive income for the period	-	-	-	-	(109)	(109)
Dividends	-	-	-	-	(9,167)	(9,167)
Grant of share options to employees	-	-	133	-	-	133
Issue of treasury shares	-	1,723	(725)	-	-	998
Balance at 31 March 2016	23,836	(4,005)	437	(150)	157	20,275
Balance at 1 October 2014	23,836	(2,425)	479	-	3,356	25,246
Total comprehensive income for the period	-	-	-	-	1,077	1,077
Dividends	-	-	-	-	(2,912)	(2,912)
Grant of share options to employees	-	-	254	-	-	254
Purchase of treasury shares	-	(112)	-	-	-	(112)
Balance at 31 March 2015	23,836	(2,537)	733	-	1,521	23,553

	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 2016	23,836	(4,005)	317	(150)	9,529	29,527
Total comprehensive income for the period	-	-	-	-	(205)	(205)
Dividends	-	-	-	-	(9,167)	(9,167)
Grant of share options to employees	-	-	120	-	-	120
Issue of treasury shares	-	-	-	-	-	-
Balance at 31 March 2016	23,836	(4,005)	437	(150)	157	20,275
Balance at 1 January 2015	23,836	(2,537)	479	-	3,216	24,994
Total comprehensive income for the period	-	-	-	-	1,217	1,217
Dividends	-	-	-	-	(2,912)	(2,912)
Grant of share options to employees	-	-	254	-	-	254
Purchase of treasury shares	-	-	-	-	-	-
Balance at 31 March 2015	23,836	(2,537)	733	-	1,521	23,553

- 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 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 of the issuer, 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.

	Number of shares	Share capital (S\$)
As at 1 January 2016	229,170,000	23,836,074
	-	-
As at 31 March 2016	229,170,000	23,836,074

As at 31 March 2016, the Company held 10,830,000 treasury shares (31 March 2015: 7,050,000 treasury shares).

Employee Share Option Scheme (the "ESOS")

As at 31 March 2016, there were 7,030,000 outstanding options issued under the ESOS (31 March 2015: 6,825,000), which are convertible into 7,030,000 (31 March 2015: 6,825,000) shares.

Save for the options, the Company did not have any outstanding convertibles as at 31 March 2016 and 31 March 2015.

- 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**

	31/03/2016 Unaudited	30/09/2015 Unaudited
Total number of issued shares	240,000,000	240,000,000
Treasury shares	(10,830,000)	(14,050,000)
Total number of issued shares, excluding treasury shares	229,170,000	225,950,000

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

There were no sales, transfers, disposals, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

- 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 2015.

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 all new and revised Financial Reporting Standard ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 October 2015, where applicable. The adoption of these new/revised FRS and INT FRS did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting period or prior years reporting period.

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	
	31/03/2016 Unaudited	31/03/2015 Unaudited	31/03/2016 Unaudited	31/03/2015 Unaudited
Profit attributable to owners of the parent (S\$'000)	7,009	3,590	11,793	9,261
(i) Earnings per share ("EPS") – Basic (Singapore cents) ⁽¹⁾	3.06	1.54	5.18	3.97
Weighted average number of ordinary shares ⁽³⁾	229,170,000	232,950,000	227,627,760	232,981,319
(ii) Earnings per share ("EPS") – Diluted (Singapore cents) ⁽²⁾	2.97	1.50	5.03	3.87
Weighted average number of ordinary shares ⁽³⁾	235,878,846	239,498,489	234,327,022	239,529,808

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.
- (2) The calculation for the diluted EPS is based on the weighted average number of ordinary shares of the Company after adjusting for 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 during the relevant financial periods.

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	
	31/03/2016 Unaudited	30/09/2015 Audited	31/03/2016 Unaudited	30/09/2015 Audited
Net asset value per ordinary share (Singapore cents)	49.83	49.33	8.85	12.58
Number of issued shares excluding treasury shares at the end of the financial year	229,170,000	225,950,000	229,170,000	225,950,000

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 decreased by 16.9% in second quarter ended 31 March 2016 ("2Q2016") to S\$56.7 million as compared to S\$68.2 million in second quarter ended 31 March 2015 ("2Q2015"). For 6 months ended 31 March 2016 ("1H2016"), revenue decreased by 11.4% to S\$125.2 million as compared to S\$141.4 million in the corresponding period ended 31 March 2015 ("1H2015"). The decrease in revenue was attributable to lower recognition of revenue mainly due to completion of two projects, namely Twin Waterfalls and Alexandra Central Phase 2, which received TOP on 2 June 2015 and 17 April 2015 respectively. In addition, two new projects, Raffles Hospital Extension and Parc Life, were at initial revenue recognition stage.

Gross Profit & Gross Profit Margin

Despite the decrease in revenue, gross profit in 2Q2016 increased by S\$4.1 million or 62.2% to S\$10.6 million. The increase in gross profit was mainly due to cost savings and higher contribution margin from certain projects that are near completion. Gross profit margin improved from 9.6% in 2Q2015 to 18.7% in 2Q2016.

For 1H2016, gross profit increased 27.8% from S\$14.1 million in 1H2015 to S\$18.0 million in 1H2016. The increase was mainly driven by higher gross margin achieved in 2Q2016 and retention sum received in the first quarter ended 31 December 2015 ("1Q2016") from completed projects. Gross profit margin for 1H2016 was 14.4% compared to 10.0% in 1H2015.

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)**

Administration Expenses

Administration expenses increased by 36.9% or S\$1.1 million to S\$4.0 million in 2Q2016. For 1H2016, administrative expenses increased by 49.2% or S\$2.2 million from S\$4.6 million in 1H2015 to S\$6.8 million in 1H2016. The increase in 1H2016 was due mainly to depreciation expense of S\$1.1 million incurred for the Company's new light industry factory at Sungei Kadut and foreign exchange loss of S\$1.7 million, which was offset by lower project management fee and statutory fees.

Other Income

Other income increased by 35.3% from S\$2.3 million in 1H2015 to S\$3.1 million in 1H2016 mainly due to higher interest income and higher project management fee income.

Finance Costs

Finance costs increased by S\$0.8 million and S\$1.5 million in 2Q2016 and 1H2016 respectively due mainly to interest accrued for the Term Notes that were issued in 1Q2016.

Profit before Income Tax

On the back of higher gross profit achieved in 2Q2016 and 1H2016, the Group's net profit before tax increased by 43.6% or S\$2.0 million to S\$6.4 million in 2Q2016 and by 7.5% or S\$0.8 million to S\$12.1 million in 1H2016.

Review of Financial Position

Non-Current Assets

Plant and equipment increased from S\$29.2 million as at 30 September 2015 to S\$38.5 million as at 31 March 2016. The increase of S\$9.3 million was mainly due to acquisition of a commercial property in Osaka on 29 February 2016. The increase was partially offset by the Group's depreciation expense of S\$3.1 million.

Current Assets

Trade and other receivables increased by S\$17.3 million from S\$163.2 million as at 30 September 2015 to S\$180.5 million as at 31 March 2016. The increase was mainly due to additional shareholder's loan of S\$45.0 million extended to associates and joint ventures for various property development projects. The increase was partially offset by repayment of shareholders loan of S\$12.6 million from joint venture and lower progress billing of S\$15.1 million due to lower revenue in 1H2016.

The increase in amount due from contract customer of S\$2.5m was due to increase in unbilled revenue for work done in 1H2016 largely from projects in the initial stage.

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

Current liabilities decreased by S\$19.3 million from S\$172.1 million as at 30 September 2015 to S\$152.5 million as at 31 March 2016. This was mainly due to decrease in trade and other payables of S\$21.0 million as a result of final settlement with subcontractors for completed projects. The decrease was partially offset by an increase in current income tax payable of S\$1.1 million.

The working capital of the Group has decreased from S\$102.5 million as at 30 September 2015 to S\$97.2 million as at 31 March 2016.

Non-Current Liabilities

The increase in non-current liabilities of S\$3.4 million from S\$55.2 million as at 30 September 2015 to S\$58.7 million as at 31 March 2016 was mainly due to additional bank borrowing for the acquisition of the commercial property in Osaka.

Review of Cash Flow Statement

For 2Q2016, the Group generated positive operating cash flows of S\$9.0 million before movements in working capital. After taking into consideration of changes in working capital, which included decrease in trade and other receivables of S\$1.0 million, increase in amount due to contract customer of S\$10.3 million and decrease in trade and other payables of S\$20.0 million, net cash used in operating activities was S\$0.4 million.

Net cash used in investing activities of S\$47.5 million in 2Q2016 was attributable mainly to capital expenditure of S\$12.3 million. This comprised largely of S\$11.9 million paid for the acquisition of the commercial property in Osaka, additional loans made to associates and joint ventures of S\$39.7 million. It was partially set off by repayment of shareholder loan of S\$4.7 million from joint venture and interest income of S\$0.5 million.

Net cash used in financing activities of S\$4.7 million in 2Q2016 was largely due to dividend payment of S\$9.2 million as well as repayment of bank borrowings of S\$0.9 million. This was partially offset by additional bank borrowings of S\$5.3 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

The Ministry of Trade and Industry (MTI) has cautioned that the outlook for 2016 has softened in the first few months of the year, amid further slides in global oil prices and financial market volatility. MTI expects growth this year to come in within the 1 per cent to 3 per cent range¹. The prospects for the construction sector have weakened in 2016 on the back of the drop in contracts awarded in 2015 and the soft property market continues to weigh on private sector building activity.

Given the less favourable outlook, our priorities are to continue exploring overseas opportunities and grow our presence in the institutional and healthcare sector, aside from residential and hotel construction.

As at 31 March 2016, the Group’s construction order book stood at approximately S\$358.5 million, providing the Group with a sustainable flow of activities through the financial year ended 30 September 2018.

Property Development and Investment

We have launched the e-application for the 628-unit Parc Life executive condominium (EC) on 16 April 2016, with average prices for the units range from S\$770 to S\$800 per square foot. The project is expected to be completed in 2018.

In his Budget 2016 speech, Finance Minister Heng Swee Keat announced that it is premature to relax the property cooling measures this year. Despite the status quo and generally weak market sentiment, we have observed healthy demand for ECs in recent months; hence we remain optimistic on our EC projects.

Hotel Development and Investment

The 68-villa Mercure Maldives Kooldoo Resort is expected to be completed in the second half of 2016. Construction of the upscale 120-villa Pullman Maldives Maamutaa Resort has commenced and is expected to be completed in 2018.

The Holiday Inn Express Singapore Katong and Hotel Indigo Singapore Katong are expected to open in third quarter of 2016.

11. **Dividend**

(a) *Current Financial Period Reported On*

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

¹ MTI Press Release, “MTI Maintains 2016 GDP Growth Forecast at 1.0 to 3.0 per Cent”. Available: https://www.mti.gov.sg/ResearchRoom/SiteAssets/Pages/Economic-Survey-of-Singapore-2015/PR_4Q2015.pdf

(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 2Q2016.

14. 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 7H) pursuant to Rule 720 (1) of the SGX-ST Listing Manual Section B: Rules of Catalist.

15. Confirmation Pursuant to Rule 705(5) of the 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 half year ended 31 March 2016 presented in this announcement, to be false or misleading in any material aspect.

By Order of the Board

Leo Ting Ping Ronald
Executive Chairman and Chief Executive Officer
5 May 2016