

# KEONG HONG HOLDINGS LIMITED

## Unaudited Financial Statement For The Third Quarter and Nine Months Ended 30 June 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 Third Quarter ended			Group Nine Months ended		
	30/6/2019 Unaudited S\$'000	30/6/2018 Unaudited S\$'000	+(-) %	30/6/2019 Unaudited S\$'000	30/6/2018 Unaudited S\$'000	+(-) %
	<b>Revenue</b>	47,880	40,463	18.3	124,619	112,048
Cost of sales	(44,904)	(35,912)	25.0	(113,053)	(94,084)	20.2
Gross profit	2,976	4,551	(34.6)	11,566	17,964	(35.6)
Other income	1,659	1,674	(0.9)	4,664	6,909	(32.5)
Administration expenses	(3,732)	(3,287)	13.5	(10,574)	(13,505)	(21.7)
Finance costs	(1,607)	(1,403)	14.5	(4,721)	(4,114)	14.8
Share of results of joint venture, net of tax	6,126	2,782	120.2	14,003	3,631	285.7
Share of results of associate, net of tax	(962)	5,167	n.m.	(3,143)	6,351	n.m.
<b>Profit before income tax</b>	<b>4,460</b>	<b>9,484</b>	<b>(53.0)</b>	<b>11,795</b>	<b>17,236</b>	<b>(31.6)</b>
Income tax expense	(253)	(1,020)	(75.2)	(1,361)	(1,883)	(27.7)
<b>Profit after tax for the financial period</b>	<b>4,207</b>	<b>8,464</b>	<b>(50.3)</b>	<b>10,434</b>	<b>15,353</b>	<b>(32.0)</b>
<b>Other comprehensive income:</b>						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translating of foreign operations	(260)	(95)	173.7	(175)	27	n.m.
Fair value loss of equity investment at fair value through other comprehensive income	(450)	-	n.m.	(675)	-	n.m.
Share of other comprehensive income of joint venture	(59)	159	n.m.	(217)	354	n.m.
Other comprehensive income for the financial year, net of tax	(769)	64	n.m.	(1,067)	381	n.m.
<b>Total comprehensive income for the financial period</b>	<b>3,438</b>	<b>8,528</b>	<b>(59.7)</b>	<b>9,367</b>	<b>15,734</b>	<b>(40.5)</b>
<b>Profit attributable to:</b>						
Owners of the parent	4,145	8,583	(51.7)	10,295	15,275	(32.6)
Non-controlling interests	62	(119)	n.m.	139	78	78.2
	<b>4,207</b>	<b>8,464</b>	<b>(50.3)</b>	<b>10,434</b>	<b>15,353</b>	<b>(32.0)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	3,376	8,647	(61.0)	9,228	15,656	(41.1)
Non-controlling interests	62	(119)	n.m.	139	78	78.2
	<b>3,438</b>	<b>8,528</b>	<b>(59.7)</b>	<b>9,367</b>	<b>15,734</b>	<b>(40.5)</b>

n.m. denotes not meaningful

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

	Group			Group		
	Third quarter ended			Nine Months ended		
	30/6/2019 Unaudited S\$'000	30/6/2018 Unaudited S\$'000	+(-) %	30/6/2019 Unaudited S\$'000	30/6/2018 Unaudited S\$'000	+(-) %
Amortisation of intangible asset	9	5	80.0	29	15	93.3
Depreciation of investment properties	154	152	1.3	459	450	2.0
Depreciation of properties, plant and equipment	1,046	1,028	1.8	2,967	3,270	(9.3)
Foreign exchange loss/(gain) – Net	47	(5)	n.m.	264	(21)	n.m.
Impairment loss on available-for-sale financial assets	-	-	n.m.	-	2,623	(100.0)
Operating lease expenses	266	185	43.8	655	572	14.5
Professional fees	139	160	(13.1)	377	693	(45.6)
Share option expense	64	43	48.8	192	129	48.8
Gain on disposal of plant and equipment	(3)	(23)	(87.0)	(6)	(122)	(95.1)
Interest income	(1,369)	(1,153)	18.7	(3,940)	(3,153)	25.0

*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		Company	
	As at		As at	
	30/6/2019 Unaudited S\$'000	30/9/2018 Audited S\$'000	30/6/2019 Unaudited S\$'000	30/9/2018 Audited S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	28,286	19,485	186	223
Investment properties	23,311	22,827	-	-
Investments in subsidiaries	-	-	30,058	30,038
Investment in associates	45,250	48,534	5,610	5,610
Investments in joint ventures	23,897	8,946	-	-
Intangible assets	244	274	-	-
Available-for-sale financial assets	-	57,993	4,500	5,175
Financial assets at fair value through other comprehensive income	57,318	-	-	-
Finance lease receivables	533	637	-	-
Other receivables	130,086	122,847	1,000	1,000
Deferred tax assets	316	396	-	-
<b>Total non-current assets</b>	<b>309,241</b>	<b>281,939</b>	<b>41,354</b>	<b>42,046</b>
<b>Current assets</b>				
Inventories	1,770	1,765	-	-
Trade and other receivables	89,553	95,253	62,990	52,643
Contract assets	28,152	25,468	-	-
Finance lease receivables	137	134	-	-
Current income tax recoverable	311	314	-	-
Prepayments	732	909	9	3
Fixed deposits pledged	528	526	-	-
Cash and cash equivalents	56,590	73,400	4,814	21,012
<b>Total current assets</b>	<b>177,773</b>	<b>197,769</b>	<b>67,813</b>	<b>73,658</b>
<b>Total assets</b>	<b>487,014</b>	<b>479,708</b>	<b>109,167</b>	<b>115,704</b>
<b>Equity</b>				
Share capital	25,048	25,048	25,048	25,048
Treasury shares	(3,303)	(3,303)	(3,303)	(3,303)
Other reserves	3,156	4,031	828	1,311
Retained earnings	197,236	192,217	207	7,585
Equity attributable to owners of the parent	222,137	217,993	22,780	30,641
Non-controlling interests	1,826	1,533	-	-
<b>Total equity</b>	<b>223,963</b>	<b>219,526</b>	<b>22,780</b>	<b>30,641</b>
<b>Non-current liabilities</b>				
Other payables	498	490	-	-
Bank borrowings	7,870	-	-	-
Finance lease payables	455	314	104	118
Medium term notes	84,479	84,306	84,479	84,306
Provision for reinstatement	251	246	-	-
Deferred tax liabilities	126	126	-	-
<b>Total non-current liabilities</b>	<b>93,679</b>	<b>85,482</b>	<b>84,583</b>	<b>84,424</b>
<b>Current liabilities</b>				
Trade and other payables	130,173	130,222	1,764	617
Contract liability	1,180	-	-	-
Due to subsidiaries	-	-	21	-
Bank borrowings	37,134	40,710	-	-
Finance lease payables	103	132	19	18
Current income tax payable	782	3,636	-	4
<b>Total current liabilities</b>	<b>169,372</b>	<b>174,700</b>	<b>1,804</b>	<b>639</b>
<b>Total liabilities</b>	<b>263,051</b>	<b>260,182</b>	<b>86,387</b>	<b>85,063</b>
<b>Total equity and liabilities</b>	<b>487,014</b>	<b>479,708</b>	<b>109,167</b>	<b>115,704</b>

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

**Amount repayable in one year or less, or on demand**

<b>As at 30/06/2019 Unaudited</b>		<b>As at 30/09/2018 Audited</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
45,004	-	40,710	-

**Amount repayable after one year**

<b>As at 30/06/2019 Unaudited</b>		<b>As at 30/09/2018 Audited</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
-	84,479	-	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	
	Third Quarter ended 30/6/2019 Unaudited S\$'000	30/6/2018 Unaudited S\$'000	Nine Months ended 30/6/2019 Unaudited S\$'000	30/6/2018 Unaudited S\$'000
<b>Operating activities</b>				
Profit before income tax	4,460	9,484	11,795	17,236
Adjustments for:				
Amortisation of intangible assets	9	5	29	15
Depreciation of investment properties	154	152	459	450
Depreciation of property, plant and equipment	1,046	1,028	2,967	3,270
Impairment loss on available-for-sale financial assets	-	-	-	2,623
Gain on disposal of plant and equipment	(3)	(23)	(6)	(122)
Interest income	(1,369)	(1,153)	(3,940)	(3,153)
Interest expenses	1,607	1,403	4,721	4,114
Loss/(gain) on unrealised foreign exchange	47	(5)	264	(21)
Share option expense	64	43	192	129
Share of results of joint venture, net of tax	(6,126)	(2,782)	(14,003)	(3,631)
Share of result of associates, net of tax	962	(5,167)	3,143	(6,351)
<b>Operating cash flows before movements in working capital</b>	<b>851</b>	<b>2,985</b>	<b>5,621</b>	<b>14,559</b>
Working Capital Changes:				
Inventories	39	(1)	(6)	(74)
Trade and other receivables	6,710	732	13,874	8,082
Contract assets	1,312	(3,948)	(2,783)	19,396
Prepayments	1	(11)	185	164
Provisions	(1,601)	60	(2,848)	179
Contract liability	881	-	1,180	-
Trade and other payables	7,773	2,203	(1,513)	(36,640)
<b>Cash generated from/(used in) operations</b>	<b>15,966</b>	<b>2,020</b>	<b>13,710</b>	<b>5,666</b>
Income tax paid	(177)	(2,796)	(1,130)	(5,916)
<b>Net cash generated from/ (used in) operating activities</b>	<b>15,789</b>	<b>(776)</b>	<b>12,580</b>	<b>(250)</b>
<b>Investing activities</b>				
Investment in joint ventures	-	(350)	(1,175)	(350)
Purchase of plant and equipment	(11,642)	(41)	(11,804)	(560)
Purchase of intangible assets	-	-	-	(8)
Proceeds from finance lease receivables	34	33	101	98
Proceeds from disposal of plant and equipment	-	-	-	11
Loan to associates	(2,963)	(6,547)	(17,483)	(13,214)
Loan to joint ventures	(1,050)	(24,256)	(3,150)	(29,776)
Loan to third party	-	-	(2,560)	-
Repayment of loan from associates	6,200	-	11,600	-
Interest received	233	103	574	391
Dividend received	-	660	-	5,283
<b>Net cash used in investing activities</b>	<b>(9,188)</b>	<b>(30,398)</b>	<b>(23,897)</b>	<b>(38,125)</b>

**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	
	Third Quarter ended 30/6/2019	30/6/2018	Nine Months ended 30/6/2019	30/6/2018
	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000	Unaudited S\$'000
<b>Financing activities</b>				
Fixed deposit pledged with financial institutions	-	-	-	(525)
Proceeds from finance lease payables	225	-	225	-
Proceeds from bank borrowings	9,745	24,477	16,592	29,740
Repayments of bank borrowings	(8,141)	(3,609)	(12,297)	(6,980)
Dividend paid	(586)	(1,163)	(5,276)	(5,229)
Repayments of finance lease payables	(45)	(65)	(112)	(111)
Interest paid	(349)	(83)	(3,310)	(2,651)
<b>Net cash from/( used in) financing activities</b>	<b>849</b>	<b>19,557</b>	<b>(4,178)</b>	<b>14,244</b>
Net change in cash and cash equivalents	7,450	(11,617)	(15,495)	(24,131)
Cash and cash equivalents at the beginning of the financial period	50,034	65,730	73,397	77,325
Exchange difference on cash and cash equivalent	(894)	(998)	(1,312)	(79)
<b>Cash and cash equivalents at end of the financial period</b>	<b>56,590</b>	<b>53,115</b>	<b>56,590</b>	<b>53,115</b>

Cash and cash equivalents comprised of:

	30/6/2019 Unaudited S\$'000	30/6/2018 Unaudited S\$'000
Fixed deposits, cash and bank balances	57,118	53,640
Fixed deposits pledged	(528)	(525)
	<b>56,590</b>	<b>53,115</b>

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

	Share capital S\$'000	Treasury shares S\$'000	Foreign currency translation accounts S\$'000	Share option reserve S\$'000	Merger reserve S\$'000	Financial assets at FVOCI 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
<b>Group (Unaudited)</b>											
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	-	-	-	-	-	-	-	10,295	10,295	139	10,434
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	(175)	-	-	-	-	-	(175)	-	(175)
Fair value loss on available-for-sale financial assets	-	-	-	-	-	(675)	-	-	(675)	-	(675)
Share of other comprehensive income of joint venture	-	-	-	-	-	-	(217)	-	(217)	-	(217)
Total comprehensive income for the period	-	-	(175)	-	-	(675)	(217)	10,295	9,228	139	9,367
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(5,276)	(5,276)	-	(5,276)
Issued of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of fair value adjustments on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	154	154
Share option expense	-	-	-	192	-	-	-	-	192	-	192
Total transactions with owners of the parent	-	-	-	192	-	-	-	(5,276)	(5,084)	154	(4,930)
Balance at 30 June 2019	25,048	(3,303)	210	1,503	(4,794)	5,113	1,124	197,236	222,137	1,826	223,963

- 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	Financial assets at FVOCI 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
<b>Group (Unaudited)</b>											
Balance at 1 April 2019	25,048	(3,303)	470	1,439	(4,794)	5,563	1,183	193,677	219,283	1,712	220,995
Profit for the financial period	-	-	-	-	-	-	-	4,145	4,145	62	4,207
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	(260)	-	-	-	-	-	(260)	-	(260)
Fair value loss on available-for-sale financial assets	-	-	-	-	-	(450)	-	-	(450)	-	(450)
Share of other comprehensive income of joint venture	-	-	-	-	-	-	(59)	-	(59)	-	(59)
Total comprehensive income for the period	-	-	(260)	-	-	(450)	(59)	4,145	3,376	62	3,438
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(586)	(586)	-	(586)
Issued of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Non-controlling interests share of fair value adjustments on acquisition of subsidiary	-	-	-	-	-	-	-	-	-	52	52
Share option expense	-	-	-	64	-	-	-	-	64	-	64
Total transactions with owners of the parent	-	-	-	64	-	-	-	(586)	(522)	52	(470)
Balance at 30 June 2019	25,048	(3,303)	210	1,503	(4,794)	5,113	1,124	197,236	222,137	1,826	223,963



- 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
<b>Group (Unaudited)</b>											
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	-	-	-	-	-	-	-	15,275	15,275	78	15,353
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	27	-	-	-	-	-	27	-	27
Share of other comprehensive income of associate	-	-	-	-	-	-	354	-	354	-	354
Total comprehensive income for the period	-	-	27	-	-	-	354	15,275	15,656	78	15,734
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(5,229)	(5,229)	-	(5,229)
Issued of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share option expense	-	-	-	129	-	-	-	-	129	-	129
Total transactions with owners of the parent	-	-	-	129	-	-	-	(5,229)	(5,100)	-	(5,100)
Balance at 30 June 2018	25,061	(3,657)	556	768	(4,794)	(529)	240	186,808	204,453	2,695	207,148

- 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
<b>Group (Unaudited)</b>											
Balance at 1 April 2018	25,061	(3,657)	651	725	(4,794)	(529)	81	179,388	196,926	2,814	199,740
Profit for the financial period	-	-	-	-	-	-	-	8,583	8,583	(119)	8,464
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	(95)	-	-	-	-	-	(95)	-	(95)
Share of other comprehensive income of associate	-	-	-	-	-	-	159	-	159	-	159
Total comprehensive income for the period	-	-	(95)	-	-	-	159	8,583	8,647	(119)	8,528
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(1,163)	(1,163)	-	(1,163)
Issued of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share option expense	-	-	-	43	-	-	-	-	43	-	43
Total transactions with owners of the parent	-	-	-	43	-	-	-	(1,163)	(1,120)	-	(1,120)
Balance at 30 June 2018	25,061	(3,657)	556	768	(4,794)	(529)	240	186,808	204,453	2,695	207,148

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
<b>Company (Unaudited)</b>						
Balance at 1 October 2018	25,048	(3,303)	1,311	-	7,585	30,641
Total comprehensive loss for the period	-	-	-	-	(2,102)	(2,102)
Fair value loss on available-for-sale financial assets	-	-	-	(675)	-	(675)
Dividends	-	-	-	-	(5,276)	(5,276)
Share option expense	-	-	192	-	-	192
<b>Balance at 30 June 2019</b>	<b>25,048</b>	<b>(3,303)</b>	<b>1,503</b>	<b>(675)</b>	<b>207</b>	<b>22,780</b>
Balance at 1 October 2017	25,061	(3,657)	639	(226)	4,830	26,647
Total comprehensive income for the period	-	-	-	-	1,440	1,440
Dividends	-	-	-	-	(5,229)	(5,229)
Share option expense	-	-	129	-	-	129
<b>Balance at 30 June 2018</b>	<b>25,061</b>	<b>(3,657)</b>	<b>768</b>	<b>(226)</b>	<b>1,041</b>	<b>22,987</b>

	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
<b>Company (Unaudited)</b>						
Balance at 1 April 2019	25,048	(3,303)	1,439	(225)	439	23,398
Total comprehensive loss for the period	-	-	-	-	354	354
Fair value loss on available-for-sale financial assets	-	-	-	(450)	-	(450)
Dividends	-	-	-	-	(586)	(586)
Share option expense	-	-	64	-	-	64
<b>Balance at 30 June 2019</b>	<b>25,048</b>	<b>(3,303)</b>	<b>1,503</b>	<b>(675)</b>	<b>207</b>	<b>22,780</b>
Balance at 1 April 2018	25,061	(3,657)	725	(226)	1,446	23,349
Total comprehensive income for the period	-	-	-	-	758	758
Dividends	-	-	-	-	(1,163)	(1,163)
Share option expense	-	-	43	-	-	43
<b>Balance at 30 June 2018</b>	<b>25,061</b>	<b>(3,657)</b>	<b>768</b>	<b>(226)</b>	<b>1,041</b>	<b>22,987</b>

**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.**

	<b>Number of issued shares (excluding Treasury Shares)</b>	<b>Share capital (\$\$)</b>
As at 1 April 2019	234,510,000	25,048,000
Movement	-	-
As at 30 June 2019	234,510,000	25,048,000

As at 30 June 2019, there were 7,205,000 outstanding options issued under Employee Share Option Scheme (the "ESOS") (30 June 2018: 9,155,000), which are convertible into 7,205,000 (30 June 2018: 9,155,000) shares. The total number of issued shares excluding treasury shares of the Company was 234,510,000 and 232,385,000 as at 30 June 2019 and 30 June 2018 respectively. Save for the options, the Company did not have any outstanding convertibles as at 30 June 2019 and 30 June 2018.

As at 30 June 2019, the Company held 8,055,000 treasury shares (30 June 2018: 10,180,000 treasury shares) representing 3.32% (30 June 2018: 4.20%) of the total number of issued shares (including treasury shares) of 242,565,000 shares (30 June 2018: 242,565,000 shares). The Company does not have any subsidiary holdings as at the periods ended 30 June 2019 and 30 June 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.**

	<b>30/06/2019 Unaudited</b>	<b>30/09/2018 Audited</b>
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:

	<b>Number of Treasury Shares</b>
As at 1 October 2018	8,055,000
Sales, transfers, disposals and/or cancellation	-
As at 30 June 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	
	Third Quarter ended		Nine Months ended	
	30/06/2019 Unaudited	30/06/2018 Unaudited	30/06/2019 Unaudited	30/06/2018 Unaudited
Profit attributable to owners of the parent (S\$'000)	4,145	8,583	10,295	15,275
(i) Earnings per share ("EPS") – Basic (Singapore cents) <sup>(1)</sup>	1.77	3.69	4.39	6.57
Weighted average number of ordinary shares <sup>(3)</sup>	234,510,000	232,385,000	234,510,000	232,385,000
(ii) Earnings per share ("EPS") – Diluted (Singapore cents) <sup>(2)</sup>	1.76	3.65	4.37	6.50
Weighted average number of ordinary shares <sup>(3)</sup>	235,733,047	235,052,617	235,915,309	232,842,104

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	
	30/06/2019 Unaudited	30/09/2018 Audited	30/06/2019 Unaudited	30/09/2018 Audited
Net asset value per ordinary share (Singapore cents)	94.72	92.96	9.71	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 18.3% to S\$47.9 million in third quarter ended 30 June 2019 (“**3Q2019**”) as compared to S\$40.5 million in the corresponding period ended 30 June 2018 (“**3Q2018**”). For 9 months ended 30 June 2019 (“**9M2019**”), revenue increased by 11.2% to S\$124.6 million as compared to S\$112.0 million in the corresponding period ended 30 June 2018 (“**9M2018**”). 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 3Q2019, the Group recorded a gross profit margin of 6.2% and gross profit of S\$3.0 million compared to gross profit of S\$4.6 million in 3Q2018.

In 9M2019, the Group recorded a gross profit margin of 9.3% and gross profit of S\$11.6 million compared to gross profit of S\$18.0 million in 9M2018.

#### **Other Income**

Other income inched up 0.9% in 3Q2019 and decreased by 32.5% or S\$2.2 million in 9M2019. The decrease was due mainly to absence of dividend income received from joint venture companies in the current reporting periods.

#### **Administration Expenses**

Administration expenses increased by 13.5% or S\$0.4 million to S\$3.7 million in 3Q2019 due to higher administrative and operational expenses.

For 9M2019, administration expenses decreased by 21.7% or S\$2.9 million as compared to 9M2018 due mainly to absence of impairment loss on available-for-sale financial asset of S\$2.6 million in 9M2018, lower depreciation and legal expenses.

#### **Finance Costs**

As a result of higher interest expenses, finance costs increased by 14.5% or S\$0.2 million to S\$1.6 million in 3Q2019 and 14.8% or S\$0.6 million to S\$4.7 million in 9M2019.

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)

#### **Share of Results of Joint Ventures/Associates**

For 3Q2019, net gain from joint ventures and associates was S\$5.2 million compared to S\$7.9 million in 3Q2018.

For 9M2019, the Group recorded a net gain of S\$10.9 million from joint ventures and associates as compared to a net gain of S\$10.0 million in 9M2018. The net gain of S\$10.9 million in 9M2019 was mainly attributable to share of profit from the residential developments projects in Singapore.

#### **Profit before Income Tax**

For 3Q2019, the Group's profit before tax decreased by 53.0% to S\$4.5 million as compared to S\$9.5 million in 3Q2018.

Profit before tax for 9M2019 decreased by 31.6% to S\$11.8 million as compared to S\$17.2 million in 9M2018. 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 increased from S\$19.5 million as at 30 September 2018 to S\$28.3 million as at 30 June 2019 due to acquisition of properties in Chin Bee Road during the reporting period. Investment properties increased from S\$22.8 million as at 30 September 2018 to S\$23.3 million as at 30 June 2019 due to unrealized foreign currency gain on translation of foreign operation which was partially offset by depreciation expenses.

##### **Current Assets**

Trade and other receivables decreased by S\$5.7 million from S\$95.3 million as at 30 September 2018 to S\$89.6 million as at 30 June 2019.

The increase in contract assets of S\$2.7 million was due to higher unbilled revenue for work done in 3Q2019.



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 30 June 2019, current liabilities decreased by S\$5.3 million to S\$169.4 million compared to S\$174.7 million as of 30 September 2018. The decrease was mainly due to lower bank borrowings of S\$3.6 million and lower income tax payable.

The working capital of the Group was S\$8.4 million as at 30 June 2019 compared to S\$23.1 million as at 30 September 2018.

### **Non-Current Liabilities**

Non-current liabilities increased by S\$8.2 million from S\$85.5 million as at 30 September 2018 to S\$93.7 million as at 30 June 2019 due mainly to higher bank borrowings.

### **Review of Cash Flow Statement**

For 3Q2019, the Group generated a positive operating cash flow of S\$0.9 million before movements in the working capital. After taking into account changes in working capital, comprising mainly of a decrease of S\$6.7 million in trade and other receivables; S\$1.3 million in contract assets and an increase of S\$7.8 million in trade and other payables, the Group recorded a net cash inflow of S\$15.8 million from operations.

Net cash used in investing activities of S\$9.2 million in 3Q2019 was mainly attributable to acquisition of properties in Chin Bee Road amounted to S\$11.6 million, loans extended to associates and joint ventures of S\$4.0 million and was partially offset by loan repayment from associates of S\$6.2 million.

Net cash generated from financing activities of S\$0.8 million in 3Q2019 was mainly due to dividend payment of S\$0.6 million, bank loan repayments of S\$8.1 million, and partially offset by proceed from bank borrowings of S\$9.7 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**

Based on Ministry of Trade and Industry's advance estimates, the Singapore economy grew by 0.1 per cent on a year-on-year basis in the second quarter of 2019, slower than the 1.1 per cent growth in the previous quarter. The construction sector grew by 2.2 per cent on a year-on-year basis in the second quarter, extending the 2.7 per cent expansion in the previous quarter. Growth of the sector was supported by an increase in public sector construction activities. On a quarter-on-quarter seasonally adjusted annualised basis, the sector contracted by 7.6 per cent, reversing the 13.3 per cent growth in the preceding quarter<sup>1</sup>.

Against the backdrop of a slower economic growth and continued global uncertainty, the construction sector is expected to face headwinds in the medium term. As at 30 June 2019, the Group's construction order book stood at approximately \$267 million.

**Property Development and Investment**

Seaside Residences has attained sales of more than 90% to-date.

The sales of The Antares condominium is expected to be launched in the fourth quarter of this financial year.

**Hotel Development and Investment**

The Group is preparing for the opening of Pullman Maldives Maamutaa Resort which is expected to be operational within the next 2 to 3 months.

- 11. Dividend**

**(a) Current Financial Period Reported On**

None.

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

None.

**(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.

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<sup>1</sup> Ministry of Trade and Industry, "Singapore's GDP Grew by 0.1 Per Cent in the Second Quarter of 2019", 12 July 2019.

- 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 3Q2019.

- 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 third quarter and nine months ended 30 June 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  
7 August 2019