

# KEONG HONG HOLDINGS LIMITED

## Unaudited Financial Statement for the Third Quarter Ended 30 June 2016

### 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 Third Quarter ended			Group Nine Months ended		
	30/06/2016 Unaudited S\$'000	30/06/2015 Unaudited S\$'000	+(-) %	30/06/2016 Unaudited S\$'000	30/06/2015 Unaudited S\$'000	+(-) %
<b>Revenue</b>	65,641	62,923	4.3%	190,868	204,309	(6.6%)
Cost of sales	(54,867)	(54,431)	0.8%	(162,071)	(181,713)	(10.8%)
Gross profit	10,774	8,492	26.9%	28,797	22,596	27.4%
Other income	1,570	1,243	26.3%	4,653	3,521	32.1%
Administration expenses	(3,420)	(1,849)	85.0%	(10,246)	(6,424)	59.5%
Finance costs	(892)	(225)	296.4%	(2,678)	(474)	465.0%
Share of results of joint ventures, net of tax	11	-	n.m.	11	-	n.m.
Share of results of associate, net of tax	(180)	(200)	(10.0%)	(537)	(471)	14.0%
<b>Profit before income tax</b>	<b>7,863</b>	<b>7,461</b>	<b>5.4%</b>	<b>20,000</b>	<b>18,748</b>	<b>6.7%</b>
Income tax expense	(1,708)	(1,043)	63.8%	(3,980)	(3,163)	25.8%
<b>Profit after tax for the financial period</b>	<b>6,155</b>	<b>6,418</b>	<b>(4.1%)</b>	<b>16,020</b>	<b>15,585</b>	<b>2.8%</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	262	14	1771.4%	232	50	364.0%
Share of other comprehensive income of associate	-	-	n.m.	(212)	-	n.m.
Other comprehensive income for the financial year, net of tax	262	14	n.m.	20	50	(60.0%)
<b>Total comprehensive income for the financial year</b>	<b>6,417</b>	<b>6,432</b>	<b>(0.2)%</b>	<b>16,040</b>	<b>15,635</b>	<b>2.6%</b>
<b>Profit attributable to:</b>						
Owners of the parent	5,833	6,308	(7.5%)	17,627	15,569	13.2%
Non-controlling interests	322	110	192.7%	(1,607)	16	n.m.
	<b>6,155</b>	<b>6,418</b>	<b>(4.1%)</b>	<b>16,020</b>	<b>15,585</b>	<b>2.8%</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	6,095	6,315	(3.5%)	17,631	15,594	13.1%
Non-controlling interests	322	117	175.2%	(1,591)	41	n.m.
	<b>6,417</b>	<b>6,432</b>	<b>(0.2)%</b>	<b>16,040</b>	<b>15,635</b>	<b>2.6%</b>

n.m. denotes not meaningful

**1(a)(ii) Profit for the financial year has been arrived at after charging/(crediting) the following:**

	Group Third quarter ended			Group Nine Months ended		
	30/06/2016 Unaudited S\$'000	30/06/2015 Unaudited S\$'000	+(-) %	30/06/2016 Unaudited S\$'000	30/06/2015 Unaudited S\$'000	+(-) %
Amortisation of intangible asset	1	4	(75.0%)	5	12	(58.3%)
Depreciation of property, plant and equipment	1,542	975	58.2%	4,676	2,670	75.1%
Fair value gain on derivative on convertible bond	-	-	n.m.	(88)	(136)	(35.3%)
Gain/loss on disposal of plant and equipment	(210)	-	n.m.	(217)	(132)	64.4%
Interest income	(534)	(569)	(6.2%)	(1,792)	(1,583)	13.2%
Operating lease expenses	94	175	(46.3%)	323	456	(29.2%)
(Over)/Under provision of tax in respect of prior years	-	(159)	n.m.	(105)	874	n.m.
Realised foreign exchange loss	59	-	n.m.	59	-	n.m.
Share option expense	26	127	(79.5%)	159	381	(58.3%)
Unrealised foreign exchange (gain) / loss	(409)	-	n.m.	1,292	(246)	n.m.

*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	
	30/06/2016 Unaudited S\$'000	30/09/2015 Audited S\$'000	30/06/2016 Unaudited S\$'000	30/09/2015 Audited S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	38,217	29,217	-	-
Investments in subsidiaries	-	-	24,574	21,574
Investment in associates	13,667	23,071	-	-
Investments in joint ventures	892	93	-	-
Intangible assets	222	227	-	-
Convertible bond	4,951	4,808	4,951	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	937	1,030	-	-
<b>Total non-current assets</b>	<b>65,862</b>	<b>65,511</b>	<b>36,501</b>	<b>33,447</b>
<b>Current assets</b>				
Trade and other receivables	188,197	163,239	2,110	9,387
Due from subsidiaries	-	-	38,772	-
Due from contract customers	12,111	9,803	-	-
Current income tax recoverable	310	329	-	-
Finance lease receivables	125	124	-	-
Prepayments	456	482	8	3
Cash and cash equivalents	51,731	100,569	1,018	46,218
<b>Total currents assets</b>	<b>252,930</b>	<b>274,546</b>	<b>41,908</b>	<b>55,608</b>
<b>Total assets</b>	<b>318,792</b>	<b>340,057</b>	<b>78,409</b>	<b>89,055</b>
<b>Equity</b>				
Share capital	23,836	23,836	23,836	23,836
Treasury shares	(4,005)	(5,728)	(4,005)	(5,728)
Other reserves	(3,786)	(3,224)	313	879
Retained earnings	103,121	96,583	475	9,433
Equity attributable to owners of the parent	119,166	111,467	20,619	28,420
Non-controlling interests	-	1,277	-	-
<b>Total equity</b>	<b>119,166</b>	<b>112,744</b>	<b>20,619</b>	<b>28,420</b>
<b>Non-current liabilities</b>				
Bank borrowings	8,394	5,455	-	-
Finance lease payables	60	250	-	-
Medium term notes	49,533	49,355	49,533	49,355
Deferred tax liabilities	167	167	-	-
<b>Total non-current liabilities</b>	<b>58,154</b>	<b>55,227</b>	<b>49,533</b>	<b>49,355</b>
<b>Current liabilities</b>				
Due to contract customers	21,691	29,051	-	-
Due to subsidiaries	-	-	7,916	10,094
Trade and other payables	106,729	128,451	325	1,170
Bank borrowings	8,681	11,692	-	-
Finance lease payables	214	214	-	-
Current income tax payable	4,157	2,678	16	16
<b>Total current liabilities</b>	<b>141,472</b>	<b>172,086</b>	<b>8,257</b>	<b>11,280</b>
<b>Total liabilities</b>	<b>199,626</b>	<b>227,313</b>	<b>57,790</b>	<b>60,635</b>
<b>Total equity and liabilities</b>	<b>318,792</b>	<b>340,057</b>	<b>78,409</b>	<b>89,055</b>

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

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

As at 30/06/2016 Unaudited		As at 30/09/2015 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,681	-	11,692	-

**Amount repayable after one year**

As at 30/06/2016 Unaudited		As at 30/09/2015 Audited	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,394	49,533	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		Group	
	Third Quarter ended 30/06/2016 Unaudited S\$'000	30/06/2015 Unaudited S\$'000	Nine Months ended 30/06/2016 Unaudited S\$'000	30/06/2015 Unaudited S\$'000
<b>Operating activities</b>				
Profit before income tax	7,863	7,461	20,000	18,748
Adjustments for:				
Amortisation of intangible assets	1	4	5	12
Depreciation of plant and equipment	1,542	975	4,676	2,670
Amortisation of bond issuance cost	60	-	178	-
Fair value (gain)/loss on derivative on convertible bond	-	-	88	(136)
Gain on disposal of plant and equipment	(210)	-	(217)	(132)
Share option expense	26	127	159	381
Interest income	(534)	(569)	(1,792)	(1,583)
Interest expenses	892	225	2,678	474
Accretion of convertible bond discount	(47)	(43)	(143)	(131)
Share of result of joint venture	(11)	-	(11)	-
Share of result of associates	180	200	537	471
<b>Operating cash flows before movements in working capital</b>	<b>9,762</b>	<b>8,380</b>	<b>26,158</b>	<b>20,774</b>
Working Capital Changes:				
Trade and other receivables	9,288	(14,768)	24,695	(9,632)
Due from contract customers	212	(4,018)	(2,309)	(11,453)
Prepayments	111	19	26	10
Due to contract customers	(7,742)	7,230	(7,360)	10,717
Trade and other payables	3	8,249	(20,971)	23,658
<b>Cash generated from operations</b>	<b>11,634</b>	<b>5,092</b>	<b>20,239</b>	<b>34,074</b>
Income tax paid	(1,301)	(1,351)	(2,501)	(4,028)
<b>Net cash generated from operating activities</b>	<b>10,333</b>	<b>3,741</b>	<b>17,738</b>	<b>30,046</b>
<b>Investing activities</b>				
Investment in associates	-	-	(544)	-
Investment in joint ventures	-	-	(894)	-
Disposal of discontinued operation, net of cash disposed	106	-	106	-
Purchase of plant and equipment	(457)	(2,448)	(13,077)	(13,071)
Purchase of financial assets, available for sale	-	-	-	(6,825)
Proceeds from disposal of plant and equipment	210	-	217	154
Loan to associates	-	(7,212)	(5,200)	(16,370)
Loan to joint ventures	(17,000)	(1,306)	(57,053)	(4,391)
Repayment of loan from joint ventures	-	-	12,600	-
Dividend received	9,200	-	9,200	-
Interest received	534	569	1,792	1,583
<b>Net cash used in investing activities</b>	<b>(7,407)</b>	<b>(10,397)</b>	<b>(52,853)</b>	<b>(38,920)</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		Nine Months ended	
	30/06/2016 Unaudited S\$'000	30/06/2015 Unaudited S\$'000	30/06/2016 Unaudited S\$'000	30/06/2015 Unaudited S\$'000
<b>Financing activities</b>				
Fixed deposit pledged with financial institutions	-	-	-	(1)
Proceeds from finance lease receivables	31	-	93	-
Proceeds from loans & borrowings	-	52,023	5,276	53,322
Repayments of loans & borrowings	(3,486)	(708)	(5,348)	(3,736)
Issued of treasury shares	-	-	998	-
Purchase of treasury shares	-	(2,041)	-	(2,153)
Repayments of finance lease payables	(29)	(153)	(190)	(311)
Dividend paid	(1,146)	(1,165)	(10,313)	(4,077)
Interest paid	(1,640)	(224)	(3,429)	(474)
<b>Net cash (used in)/generated from financing activities</b>	<b>(6,270)</b>	<b>47,732</b>	<b>(12,913)</b>	<b>42,570</b>
Net change in cash and cash equivalents	(3,344)	41,076	(48,028)	33,696
Cash and cash equivalents at the beginning of the period	55,945	31,128	100,569	38,498
Exchange difference on cash and cash equivalents	(870)	2	(810)	12
<b>Cash and cash equivalents at end of the financial year</b>	<b>51,731</b>	<b>72,206</b>	<b>51,731</b>	<b>72,206</b>

Cash and cash equivalents comprised of:

	30/06/2016 Unaudited S\$'000	30/06/2015 Unaudited S\$'000
Fixed deposits, cash and bank balances	51,731	72,435
Fixed deposits pledged	-	(229)
	<b>51,731</b>	<b>72,206</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

<b>Group (Unaudited)</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Foreign currency translation accounts S\$'000</b>	<b>Share option reserve S\$'000</b>	<b>Merger reserve S\$'000</b>	<b>Available-for-sale reserve S\$'000</b>	<b>Other reserves S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Equity attributable to owners of the parent S\$'000</b>	<b>Non-controlling interest S\$'000</b>	<b>Total S\$'000</b>
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	-	-	-	-	-	-	-	17,627	17,627	(1,607)	16,020
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	216	-	-	-	-	-	216	16	232
Share of other comprehensive income of associates	-	-	-	-	-	-	(212)	-	(212)	-	(212)
Total comprehensive income for the period	-	-	216	-	-	-	(212)	17,627	17,631	(1,591)	16,040
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(10,313)	(10,313)	-	(10,313)
Issued of treasury shares	-	1,723	-	(725)	-	-	-	-	998	-	998
Grant of share option to employees	-	-	-	159	-	-	-	-	159	-	159
Total transactions with owners of the parent	-	1,723	-	(566)	-	-	-	(10,313)	(9,156)	-	(9,156)
Changes to ownership interests in subsidiaries :											
Acquisition of interests without change in control	-	-	-	-	-	-	-	(776)	(776)	314	(462)
								(776)	(776)	314	(462)
Balance at 30 June 2016	23,836	(4,005)	695	463	(4,794)	(150)	-	103,121	119,166	-	119,166

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 April 2016	23,836	(4,005)	433	437	(4,794)	(150)	-	98,434	114,191	-	114,191
Profit for the financial period	-	-	-	-	-	-	-	5,833	5,833	322	6,155
Other comprehensive income for the financial period:											
Exchange differences on translating foreign operations	-	-	262	-	-	-	-	-	262	-	262
Share of other comprehensive income of associates	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	262	-	-	-	-	5,833	6,095	322	6,417
Contribution by and distribution to owners of the parents:											
Dividends	-	-	-	-	-	-	-	(1,146)	(1,146)	-	(1,146)
Grant of share option to employees	-	-	-	26	-	-	-	-	26	-	26
Total transactions with owners of the parent	-	-	-	26	-	-	-	(1,146)	(1,120)	-	(1,120)
Changes to ownership interests in subsidiaries :											
Acquisition of interests without change in control	-	-	-	-	-	-	-	-	-	(322)	(322)
								-	-	-	-
Balance at 30 June 2016	23,836	(4,005)	695	463	(4,794)	(150)	-	103,121	119,166	-	119,166



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	-	-	-	-	-	15,569	15,539	16	15,585
Other comprehensive income for the financial period:									
Exchange differences on translating foreign operations	-	-	25	-	-	-	25	25	50
Total comprehensive income for the period	-	-	25	-	-	15,569	15,594	41	15,635
Contribution by and distribution to owners of the parent:									
Dividends	-	-	-	-	-	(4,077)	(4,077)	-	(4,077)
Purchase of treasury shares	-	(2,153)	-	-	-	-	(2,153)	-	(2,153)
Grant of share options to employees	-	-	-	381	-	-	381	-	381
Total transactions with owners of the parent	-	(2,153)	-	381	-	(4,077)	(5,849)	-	(5,849)
Balance at 30 June 2015	23,836	(4,578)	1	860	(4,794)	74,059	89,384	538	89,922

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)

<b>Group (Unaudited)</b>	<b>Share capital</b>	<b>Treasury Shares</b>	<b>Foreign currency translation account</b>	<b>Share option reserve</b>	<b>Merger reserve</b>	<b>Retained earnings</b>	<b>Equity attributable to owners of the parent</b>	<b>Non- controlling interests</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Balance at 1 April 2015	23,836	(2,537)	(6)	733	(4,794)	68,916	86,148	421	86,569
Profit for the financial period	-	-	-	-	-	6,308	6,308	110	6,418
Other comprehensive income for the financial period:									
Exchange differences on translating foreign operations	-	-	7	-	-	-	7	7	14
Total comprehensive income for the period	-	-	7	-	-	6,308	6,315	117	6,432
Contribution by and distribution to owners of the parent:									
Dividends	-	-	-	-	-	(1,165)	(1,165)	-	(1,165)
Purchase of treasury shares	-	(2,041)	-	-	-	-	(2,041)	-	(2,041)
Grant of share options to employees	-	-	-	127	-	-	127	-	127
Total transactions with owners of the parent	-	(2,041)	-	127	-	(1,165)	(3,079)	-	(3,079)
Balance at 30 June 2015	23,836	(4,578)	1	860	(4,794)	74,059	89,384	538	89,922

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 2015	23,836	(5,728)	1,029	(150)	9,433	28,420
Total comprehensive income for the period	-	-	-	-	1,355	1,355
Dividends	-	-	-	-	(10,313)	(10,313)
Grant of share options to employees	-	-	159	-	-	159
Issue of treasury shares	-	1,723	(725)	-	-	998
<b>Balance at 30 June 2016</b>	<b>23,836</b>	<b>(4,005)</b>	<b>463</b>	<b>(150)</b>	<b>475</b>	<b>20,619</b>
Balance at 1 October 2014	23,836	(2,425)	479	-	3,356	25,246
Total comprehensive income for the period	-	-	-	-	2,143	2,143
Dividends	-	-	-	-	(4,077)	(4,077)
Grant of share options to employees	-	-	381	-	-	381
Purchase of treasury shares	-	(2,153)	-	-	-	(2,153)
<b>Balance at 30 June 2015</b>	<b>23,836</b>	<b>(4,578)</b>	<b>860</b>	<b>-</b>	<b>1,422</b>	<b>21,540</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 2016	23,836	(4,005)	437	(150)	157	20,275
Total comprehensive income for the period	-	-	-	-	1,464	1,464
Dividends	-	-	-	-	(1,146)	(1,146)
Grant of share options to employees	-	-	26	-	-	26
Issue of treasury shares	-	-	-	-	-	-
<b>Balance at 30 June 2016</b>	<b>23,836</b>	<b>(4,005)</b>	<b>463</b>	<b>(150)</b>	<b>475</b>	<b>20,619</b>
Balance at 1 April 2015	23,836	(2,537)	733	-	1,521	23,553
Total comprehensive income for the period	-	-	-	-	1,066	1,066
Dividends	-	-	-	-	(1,165)	(1,165)
Grant of share options to employees	-	-	127	-	-	127
Purchase of treasury shares	-	(2,041)	-	-	-	(2,041)
<b>Balance at 30 June 2015</b>	<b>23,836</b>	<b>(4,578)</b>	<b>860</b>	<b>-</b>	<b>1,422</b>	<b>21,540</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 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 (\$)
As at 1 April 2016	229,170,000	23,836,074
	-	-
As at 30 June 2016	229,170,000	23,836,074

As at 30 June 2016, the Company held 10,830,000 treasury shares (30 June 2015: 11,550,000 treasury shares).

Employee Share Option Scheme (the "ESOS")

As at 30 June 2016, there were 7,030,000 outstanding options issued under the ESOS (30 June 2015: 6,825,000), which are convertible into 7,030,000 (30 June 2015: 6,825,000) shares.

Save for the options, the Company did not have any outstanding convertibles as at 30 June 2016 and 30 June 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

	30/06/2016 Unaudited	30/09/2015 Audited
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 auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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	
	Third Quarter ended		Nine Months ended	
	30/06/2016 Unaudited	30/06/2015 Unaudited	30/06/2016 Unaudited	30/06/2015 Unaudited
Profit attributable to owners of the parent (S\$'000)	5,833	6,308	17,627	15,569
(i) Earnings per share ("EPS") – Basic (Singapore cents) <sup>(1)</sup>	2.55	2.71	7.73	6.69
Weighted average number of ordinary shares <sup>(3)</sup>	229,170,000	232,602,637	228,139,964	232,855,092
(ii) Earnings per share ("EPS") – Diluted (Singapore cents) <sup>(2)</sup>	2.47	2.63	7.50	6.50
Weighted average number of ordinary shares <sup>(3)</sup>	236,200,000	239,427,637	234,949,069	239,495,751

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	
	30/06/2016 Unaudited	30/09/2015 Audited	30/06/2016 Unaudited	30/09/2015 Audited
Net asset value per ordinary share (Singapore cents)	52.00	49.33	9.00	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 increased by 4.3% in third quarter ended 30 June 2016 ("**3Q2016**") to S\$65.6 million as compared to S\$62.9 million in third quarter ended 30 June 2015 ("**3Q2015**"). The increase was due to higher recognition of revenue from construction projects as the Group began to book in revenue from our construction of resorts in Maldives.

For 9 months ended 30 June 2016 ("**9M2016**"), revenue decreased by 6.6% to S\$190.9 million as compared to S\$204.3 million in the corresponding period ended 30 June 2015 ("**9M2015**"). The lower revenue was attributable to lower recognition of revenue in this reporting period as two of the projects, namely Alexandra Central Phase 2 and Twin Waterfalls, had received TOP on 17 April 2015 and 2 June 2015 respectively. In addition, two new projects, Raffles Hospital Extension and Parc Life, were at initial revenue recognition stage.

#### **Gross Profit & Gross Profit Margin**

Gross profit in 3Q2016 increased by S\$2.3 million or 26.9% to S\$10.8 million as compared to S\$8.5 million in 3Q2015. The increase in gross profit was mainly due to higher revenue in 3Q2016 as well as higher gross profit margin from certain projects that are in advanced stage. Gross profit margin improved from 13.5% in 3Q2015 to 16.4% in 3Q2016.

For 9M2016, gross profit increased by 27.4% from S\$22.6 million in 9M2015 to S\$28.8 million in 9M2016. The increase was mainly driven by higher gross margin for certain projects. Retention sum received in the first quarter ended 31 December 2015 ("**1Q2016**") from completed projects had also helped to improve the gross profit for 9M2016. Gross profit margin for 9M2016 was 15.1% compared to 11.1% in 9M2015.

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 85.0% or S\$1.6 million to S\$3.4 million in 3Q2016 due mainly to higher depreciation expense of S\$0.5 million for Company's light industry factory at Sungei Kadut and legal and professional fees of S\$0.9 million

For 9M2016, administrative expenses increased by 59.5% or S\$3.8 million from S\$6.4 million in 9M2015 to S\$10.2 million in 9M2016. The increase in 9M2016 was due mainly to depreciation expense of S\$1.5 million incurred for the Company's light industry factory at Sungei Kadut, legal & professional fees of S\$0.9m and foreign exchange loss of S\$1.6 million.

#### **Other Income**

Other income increased by 26.3% to S\$1.6 million and by 32.1% S\$4.7 million in 9M2016 due mainly to higher interest income and income from rental of equipment.

#### **Finance Costs**

Finance costs increased by S\$0.7 million and S\$2.2 million in 3Q2016 and 9M2016 respectively mainly due to interest accrued for the Term Notes.

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

The Group recorded an increase of 5.4% in profit before tax to S\$7.9 million in 3Q2016 as compared to S\$7.5 million in 3Q2015. The increase was attributable to higher revenue and gross profit margin which was partially offset by higher administration expenses and finance cost.

Despite lower revenue in 9M2016, net profit before tax improved by 6.7% from S\$18.7 million in 9M2015 to S\$20.0 million in 9M2016. The increase was attributable to higher gross profit in 9M2016 which was partially offset by higher administration expenses and finance cost.

#### **Review of Financial Position**

##### **Non-Current Assets**

Property, plant and equipment increased from S\$29.2 million as at 30 September 2015 to S\$38.2 million as at 30 June 2016. The increase of S\$9.0 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\$4.7 million.

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 Assets**

Trade and other receivables increased by S\$25.0 million from S\$163.2 million as at 30 September 2015 to S\$188.2 million as at 30 June 2016. The increase was mainly due to additional shareholder's loan of S\$62.3 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\$24.7 million due to lower revenue in 9M2016.

The increase in amount due from contract customer of S\$2.3m was due to increase in unbilled revenue for work done in 9M2016 largely from projects in the initial stage.

### **Current Liabilities**

Current liabilities decreased by S\$30.6 million from S\$172.1 million as at 30 September 2015 to S\$141.5 million as at 30 June 2016. This was mainly attributable to decrease in trade and other payables and amount due to contract customers of S\$21.8 million and S\$7.4m respectively as a result of payment made to suppliers and subcontractors. The decrease was partially offset by an increase in current income tax payable of S\$1.5 million.

The working capital of the Group has increased from S\$102.5 million as at 30 September 2015 to S\$111.5 million as at 30 June 2016.

### **Non-Current Liabilities**

Non-current liabilities increased by S\$2.9 million from S\$55.2 million as at 30 September 2015 to S\$58.2 million as at 30 June 2016 due mainly to additional bank borrowing for the acquisition of the commercial property in Osaka.

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

For 3Q2016, the Group generated positive operating cash flows of S\$9.8 million before movements in working capital. After taking into consideration of changes in working capital, which included mainly the decrease in trade and other receivables of S\$9.3 million, decrease in amount due to contract customer of S\$7.7 million, and income tax payment of S\$1.3 million, the Group generated a net cash inflow from operating activities of S\$10.3 million.

Net cash used in investing activities of S\$7.4 million in 3Q2016 was mainly attributable to additional loans of S\$17.0 million made to joint ventures. This was partially set off by dividend income of S\$9.2 million.

Net cash used in financing activities of S\$6.3 million in 3Q2016 was mainly due to repayment of bank borrowings of S\$3.5 million, dividend payment of S\$1.1 million as well as interest payment of S\$1.6 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**

According to data from Singapore Department of Statistics released on 29 July 2016<sup>1</sup>, the real estate industry continues to expect less favourable business conditions for second half of 2016. Going forward, the Group sees more opportunities in commercial, industrial and institutional projects such as the redevelopment of Defu Industrial Estate, which will take 15 to 20 years to complete.

As at 30 June 2016, the Group's construction order book stood at approximately S\$411.5 million, providing the Group with a sustainable flow of activities through the end of financial year 2018.

**Property Development and Investment**

The Group's 20% joint venture executive condominium (EC) development, SkyPark Residences has obtained the Temporary Occupation Permit (TOP) on 10 August 2016. The Group will share the results of this joint development in the financial year.

The Amore EC and Parc Life EC are approximately 99% and 16% sold to-date.

Our new joint development in Siglap is currently under design consultancy stage. We expect to launch the private residential project by end 2016.

**Hotel Development and Investment**

The 68-villa Mercure Maldives Kooddoo Resort is expected to be completed in October 2016.

The 450-room Holiday Inn Express Singapore Katong and the 131-room Hotel Indigo Singapore Katong have opened for business in June 2016<sup>2</sup>.

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<sup>1</sup> Business Expectations (Services Sector) Third Quarter 2016. Source: [http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press\\_releases/bes3q2016.pdf](http://www.singstat.gov.sg/docs/default-source/default-document-library/news/press_releases/bes3q2016.pdf)

**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/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 3Q2016.

**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 2016 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  
11 August 2016