

# KEONG HONG HOLDINGS LIMITED

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## Unaudited Financial Statement For The Third Quarter and Nine Months Ended 30 June 2015

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*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.*

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**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), NINE MONTHS 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		
	30/06/2015 Unaudited S\$'000	30/06/2014 Unaudited S\$'000	+(-) %	30/06/2015 Unaudited S\$'000	30/06/2014 Unaudited S\$'000	+(-) %
<b>Revenue</b>	62,923	69,954	(10.1%)	204,309	187,984	8.7%
Cost of sales	(54,431)	(61,670)	(11.7%)	(181,713)	(165,960)	9.5%
Gross profit	8,492	8,284	2.5%	22,596	22,024	2.6%
Other income	1,243	315	n.m.	3,521	1,185	n.m.
Administration expenses	(1,849)	(1,675)	10.4%	(6,424)	(5,295)	21.3%
Finance costs	(225)	(107)	n.m.	(474)	(213)	n.m.
Share of results of joint ventures, net of tax	-	-	n.m.	-	(350)	n.m.
Share of results of associate, net of tax	(200)	13	n.m.	(471)	17	n.m.
<b>Profit before income tax</b>	<b>7,461</b>	<b>6,830</b>	<b>9.2%</b>	<b>18,748</b>	<b>17,368</b>	<b>7.9%</b>
Income tax expense	(1,043)	(1,077)	(3.2%)	(3,163)	(2,362)	33.9%
<b>Profit after tax for the financial year</b>	<b>6,418</b>	<b>5,753</b>	<b>11.6%</b>	<b>15,585</b>	<b>15,006</b>	<b>3.9%</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	14	(7)	n.m.	50	(4)	n.m.
Other comprehensive income for the financial year, net of tax	14	(7)	n.m.	50	(4)	n.m.
<b>Total comprehensive income for the financial year</b>	<b>6,432</b>	<b>5,746</b>	<b>11.9%</b>	<b>15,635</b>	<b>15,002</b>	<b>4.2%</b>
<b>Profit attributable to:</b>						
Owners of the parent	6,308	5,790	8.9%	15,569	15,264	2.0%
Non-controlling interests	110	(37)	n.m.	16	(258)	n.m.
	<b>6,418</b>	<b>5,753</b>	<b>11.6%</b>	<b>15,585</b>	<b>15,006</b>	<b>3.9%</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	6,315	5,787	9.1%	15,594	15,262	2.2%
Non-controlling interests	117	(41)	n.m.	41	(260)	n.m.
	<b>6,432</b>	<b>5,746</b>	<b>11.9%</b>	<b>15,635</b>	<b>15,002</b>	<b>4.2%</b>

*n.m. denotes not meaningful*

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

	Group Third quarter ended			Group Nine Months ended		
	30/06/2015 Unaudited S\$'000	30/06/2014 Unaudited S\$'000	+(-) %	30/06/2015 Unaudited S\$'000	30/06/2014 Unaudited S\$'000	+(-) %
Depreciation of plant and equipment	975	571	70.8%	2,670	1,654	61.4%
Amortisation of intangible asset	4	3	33.3%	12	8	50.0%
Operating lease expenses	175	198	(11.6%)	456	495	(7.9%)
Professional fees	82	133	(38.3%)	312	401	(22.2%)
Fair value loss on financial assets						
at fair value through profit or loss	-	(38)	n.m.	-	-	n.m.
Fair value (gain)/loss on derivative on convertible bond	-	-	n.m.	(136)	403	n.m.
Share option expense	127	116	9.5%	381	351	8.5%
Gain on disposal of plant and equipment	-	-	n.m.	(132)	(1)	n.m.
Unrealised Foreign exchange gain	(159)	-	n.m.	(246)	(118)	n.m.
Under provision of tax in respect of prior years	-	-	n.m.	874	-	n.m.
Interest income	(569)	(136)	n.m.	(1,583)	(526)	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	
	30/06/2015 Unaudited S\$'000	30/09/2014 Audited S\$'000	30/06/2015 Unaudited S\$'000	30/09/2014 Audited S\$'000
<b>Non-current assets</b>				
Plant and equipment	25,593	15,194	-	-
Investment in associate	5,280	5,752	-	-
Investments in joint ventures	90	90	-	-
Investments in subsidiaries	-	-	21,574	21,574
Intangible assets	230	243	-	-
Convertible bond	4,764	4,633	4,764	4,633
Derivative on convertible bond	443	307	443	307
Financial assets, available for sale	6,825	-	6,825	-
<b>Total non-current assets</b>	<b>43,225</b>	<b>26,219</b>	<b>33,606</b>	<b>26,514</b>
<b>Current assets</b>				
Trade and other receivables	174,623	144,228	1,658	250
Due from contract customers	23,917	12,464	-	-
Current income tax recoverable	310	293	-	-
Prepayments	158	168	8	8
Cash and cash equivalents	72,435	38,726	50,602	5,092
<b>Total current assets</b>	<b>271,443</b>	<b>195,879</b>	<b>52,268</b>	<b>5,350</b>
<b>Total assets</b>	<b>314,668</b>	<b>222,098</b>	<b>85,874</b>	<b>31,864</b>
<b>Equity</b>				
Share capital	23,836	23,836	23,836	23,836
Treasury shares	(4,578)	(2,425)	(4,578)	(2,425)
Other reserves	(3,933)	(4,339)	860	479
Retained earnings	74,059	62,567	1,422	3,356
Equity attributable to owners of the parent	89,384	79,639	21,540	25,246
Non-controlling interests	538	497	-	-
<b>Total equity</b>	<b>89,922</b>	<b>80,136</b>	<b>21,540</b>	<b>25,246</b>
<b>Non-current liabilities</b>				
Loans & borrowings	55,817	2,495	49,397	-
Finance lease payables	274	326	-	-
Deferred tax liabilities	167	167	-	-
<b>Total non-current liabilities</b>	<b>56,258</b>	<b>2,988</b>	<b>49,397</b>	<b>-</b>
<b>Current liabilities</b>				
Due to contract customers	27,845	17,127	-	-
Due to subsidiaries	-	-	14,579	6,375
Trade and other payables	121,520	97,862	358	243
Loans & borrowings	15,181	18,918	-	-
Finance lease payables	344	604	-	-
Current income tax payable	3,598	4,463	-	-
<b>Total current liabilities</b>	<b>168,488</b>	<b>138,974</b>	<b>14,937</b>	<b>6,618</b>
<b>Total liabilities</b>	<b>224,746</b>	<b>141,962</b>	<b>64,334</b>	<b>6,618</b>
<b>Total equity and liabilities</b>	<b>314,668</b>	<b>222,098</b>	<b>85,874</b>	<b>31,864</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 30/06/2015 Unaudited</b>		<b>As at 30/9/2014 Audited</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
15,181	-	18,918	-

**Amount repayable after one year**

<b>As at 30/06/2015 Unaudited</b>		<b>As at 30/9/2014 Audited</b>	
<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>	<b>Secured S\$'000</b>	<b>Unsecured S\$'000</b>
6,420	49,397	2,495	-

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\$49.4 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 arrear 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 30/06/2015 Unaudited S\$'000	30/06/2014 Unaudited S\$'000	Nine Months ended 30/06/2015 Unaudited S\$'000	30/06/2014 Unaudited S\$'000
<b>Operating activities</b>				
Profit before income tax	7,461	6,830	18,748	17,368
Adjustments for:				
Amortisation of intangible assets	4	3	12	8
Depreciation of plant and equipment	975	571	2,670	1,654
Fair value loss on financial assets at fair value through profit or loss	-	(38)	-	-
Fair value (gain)/loss on derivative on convertible bond	-	-	(136)	403
Gain on disposal of plant and equipment	-	-	(132)	(1)
Share option expense	127	116	381	351
Interest income	(569)	(136)	(1,583)	(526)
Interest expenses	224	107	474	213
Accretion of convertible bond discount	(43)	(40)	(131)	(121)
Share of result of joint ventures	-	-	-	350
Share of result of associates	200	(13)	471	(17)
<b>Operating cash flows before movements in working capital</b>	<b>8,379</b>	<b>7,400</b>	<b>20,774</b>	<b>19,682</b>
Working Capital Changes:				
Trade and other receivables	(14,768)	(3,372)	(9,632)	(15,465)
Due from contract customers	(4,018)	3,556	(11,453)	7,139
Prepayments	19	39	10	9
Due to contract customers	7,230	(3,648)	10,717	(4,442)
Trade and other payables	8,249	13,434	23,658	29,311
<b>Cash generated from operations</b>	<b>5,091</b>	<b>17,409</b>	<b>34,074</b>	<b>36,234</b>
Income tax paid	(1,351)	(1,364)	(4,028)	(3,315)
<b>Net cash generated from operating activities</b>	<b>3,740</b>	<b>16,045</b>	<b>30,046</b>	<b>32,919</b>
<b>Investing activities</b>				
Investment in joint ventures	-	(200)	-	(350)
Purchase of plant and equipment	(2,448)	(3,100)	(13,071)	(5,887)
Purchase of intangible assets	-	-	-	(10)
Purchase of financial assets, available for sale	-	-	(6,825)	-
Proceeds from disposal of plant and equipment	-	-	154	1
Loan to associates	(7,212)	-	(16,370)	(43)
Loan to joint ventures	(1,306)	(2,080)	(4,391)	(25,320)
Repayment of loan from joint ventures	-	200	-	9,451
Interest received	569	136	1,583	526
<b>Net cash used in investing activities</b>	<b>(10,397)</b>	<b>(5,044)</b>	<b>(38,920)</b>	<b>(21,632)</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 Third Quarter ended		Group Nine Months ended	
	30/06/2015 Unaudited S\$'000	30/06/2014 Unaudited S\$'000	30/06/2015 Unaudited S\$'000	30/06/2014 Unaudited S\$'000
<b>Financing activities</b>				
Fixed deposit pledged with financial institutions	-	1,023	(1)	1,017
Proceeds from loans & borrowings	52,023	1,529	53,322	11,057
Repayments of loans & borrowings	(708)	-	(3,736)	-
Purchase of treasury shares	(2,041)	-	(2,153)	(285)
Repayments of finance lease payables	(153)	(148)	(311)	(437)
Dividend paid	(1,165)	(1,554)	(4,077)	(4,675)
Interest paid	(224)	(107)	(474)	(213)
<b>Net cash / generated from financing activities</b>	<b>47,732</b>	<b>743</b>	<b>42,570</b>	<b>6,464</b>
Net change in cash and cash equivalents	41,075	11,744	33,696	17,751
Cash and cash equivalents at the beginning of the period	31,128	22,985	38,498	16,973
Exchange difference on cash and cash equivalents	3	(7)	12	(2)
<b>Cash and cash equivalents at end of the financial year</b>	<b>72,206</b>	<b>34,722</b>	<b>72,206</b>	<b>34,722</b>

Cash and cash equivalents comprised of:

	30/06/2015 Unaudited S\$'000	30/06/2014 Unaudited S\$'000
Fixed deposits, cash and bank balances	72,435	35,972
Fixed deposits pledged	(229)	(1,250)
	<b>72,206</b>	<b>34,722</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

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	15,569	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



<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

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 2013	23,836	(2,140)	(31)	-	(4,794)	47,569	64,440	768	65,208
Profit for the financial period	-	-	-	-	-	15,264	15,264	(258)	15,006
Other comprehensive income for the financial period:									
Exchange differences on translating foreign operations	-	-	(2)	-	-	-	(2)	(2)	(4)
Total comprehensive income for the period	-	-	(2)	-	-	15,264	15,262	(260)	15,002
Contribution by and distribution to owners of the parent:									
Dividends	-	-	-	-	-	(4,675)	(4,675)	-	(4,675)
Purchase of treasury shares	-	(285)	-	-	-	-	(285)	-	(285)
Grant of share options to employees	-	-	-	351	-	-	351	-	351
Total transactions with owners of the parent	-	(285)	-	351	-	(4,675)	(4,609)	-	(4,609)
Balance at 30 June 2014	23,836	(2,425)	(33)	351	(4,794)	58,158	75,093	508	75,601

<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 2014	23,836	(2,425)	(30)	235	(4,794)	53,922	70,744	549	71,293
Profit for the financial period	-	-	-	-	-	5,790	5,790	(37)	5,753
Other comprehensive income for the financial period:									
Exchange differences on translating foreign operations	-	-	(3)	-	-	-	(3)	(4)	(7)
Total comprehensive income for the period	-	-	(3)	-	-	5,790	5,787	(41)	5,746
Contribution by and distribution to owners of the parent:									
Dividends	-	-	-	-	-	(1,554)	(1,554)	-	(1,554)
Purchase of treasury shares	-	-	-	-	-	-	-	-	-
Grant of share options to employees	-	-	-	116	-	-	116	-	116
Total transactions with owners of the parent	-	-	-	116	-	(1,554)	(1,438)	-	(1,438)
Balance at 30 June 2014	23,836	(2,425)	(33)	351	(4,794)	58,158	75,093	508	75,601

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	Retained earnings S\$'000	Total S\$'000
<b>Company (Unaudited)</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)
Balance at 30 June 2015	<b>23,836</b>	<b>(4,578)</b>	<b>860</b>	<b>1,422</b>	<b>21,540</b>
Balance at 1 October 2013	23,836	(2,140)	-	3,686	25,382
Total comprehensive income for the period	-	-	-	1,067	1,067
Dividends	-	-	-	(4,675)	(4,675)
Grant of share options to employees	-	-	351	-	351
Purchase of treasury shares	-	(285)	-	-	(285)
Balance at 30 June 2014	<b>23,836</b>	<b>(2,425)</b>	<b>351</b>	<b>78</b>	<b>21,840</b>

	Share capital S\$'000	Treasury Shares S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total S\$'000
<b>Company (Unaudited)</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)
Balance at 30 June 2015	<b>23,836</b>	<b>(4,578)</b>	<b>860</b>	<b>1,422</b>	<b>21,540</b>
Balance at 1 April 2014	23,836	(2,425)	235	1,634	23,280
Total comprehensive income for the period	-	-	-	(2)	(2)
Dividends	-	-	-	(1,554)	(1,554)
Grant of share options to employees	-	-	116	-	116
Purchase of treasury shares	-	-	-	-	-
Balance at 30 June 2014	<b>23,836</b>	<b>(2,425)</b>	<b>351</b>	<b>78</b>	<b>21,840</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 (S\$)
As at 1 April 2015	232,950,000	23,836,074
Shares buyback during the financial period <sup>(1)</sup>	(4,500,000)	-
As at 30 June 2015	228,450,000	23,836,074

Note:

(1) In June 2015, the Company purchased an aggregate of 4,500,000 ordinary shares by way of open market purchases at the following considerations:

Date of purchase	Number of shares purchased	Considerations
23 June 2015	1,430,000	S\$643,500
24 June 2015	1,750,000	S\$796,250
25 June 2015	1,320,000	S\$600,600
Total	4,500,000	S\$2,040,350

As at 30 June 2015, the Company held 11,550,000 treasury shares (30 June 2014: 6,750,000 treasury shares). The total number of issued shares (excluding treasury shares) of the company was 228,450,000 as at 30 June 2015 and 233,250,000 as at 30 June 2014.

#### Employee Share Option Scheme (the "Options")

As at 30 June 2015, the number of Options of the Company outstanding was 6,825,000 (30 June 2014: 6,000,000). During the period April to June 2015, no Options were exercised under the Employee Share Option Scheme.

Save for the Options, the Company did not have any outstanding convertibles as at 30 June 2015 and 30 June 2014.

**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**

	30/06/2015 Unaudited	30/9/2014 Audited
Total number of issued shares	240,000,000	240,000,000
Treasury shares	(11,550,000)	(6,750,000)
Total number of issued shares, excluding treasury shares	228,450,000	233,250,000

**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 year 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 2014.

**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 2014, 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	
	30/06/2015 Unaudited	30/06/2014 Unaudited	30/06/2015 Unaudited	30/06/2014 Unaudited
Profit attributable to owners of the parent (S\$'000)	6,308	5,790	15,569	15,264
(i) Earnings per share ("EPS") - Basic (Singapore cents) <sup>(1)</sup>	2.71	2.48	6.69	6.54
Weighted average number of ordinary shares <sup>(3)</sup>	232,602,637	233,250,000	232,855,092	233,529,429
(ii) Earnings per share ("EPS") – Diluted (Singapore cents) <sup>(2)</sup>	2.60	2.44	6.41	6.43
Weighted average number of ordinary shares <sup>(3)</sup>	242,563,626	237,250,000	242,816,081	237,529,429

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 period.

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	
	30/06/2015 Unaudited	30/09/2014 Audited	30/06/2015 Unaudited	30/09/2014 Audited
Net asset value per ordinary share (Singapore cents)	39.1	34.1	9.4	10.8
Number of issued shares excluding treasury shares at the end of the financial year	228,450,000	233,250,000	228,450,000	233,250,000

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 10.1% in third quarter ended 30 June 2015 (“**3Q2015**”) to S\$62.9 million as compared to S\$70.0 million in third quarter ended 30 June 2014 (“**3Q2014**”). The decrease in 3Q2015 was due to completion of 2 projects, namely Twin Waterfalls and Alexandra Central Phase 2, which received TOP on 2 June 2015 and 17 April 2015 respectively.

For the 9 months ended 30 June 2015 (“**9M2015**”), the Group recorded a 8.7% increase in revenue to S\$204.3 million as compared to S\$188.0 million in the corresponding period ended 30 June 2014 (“**9M2014**”). The increase in 9M2015 was due to higher revenue recognition for ongoing projects such as J Gateway, Skypark Residences, The Amore at Edgedale Plains/Punggol Central & Parc Life EC .

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

Gross profit in 3Q2015 increased by 2.5% to approximately S\$8.5 million. For 9M2015, gross profit increased 2.6% from S\$22.0 million in 9M2014 to S\$22.6 million in 9M2015.

Gross profit margin improved from 11.8% in 3Q2014 to 13.5% in 3Q2015. For 9M2015, gross profit margin decreased marginally from 11.7% in 9M2014 to 11.1% in 9M2015 on the back of higher operating costs such as higher wages, labour levies, safety compliance costs and higher depreciation expenses of S\$1.0 million as a result of increase in plant and machinery.

#### **Other Income**

Other income increased from S\$0.3 million in 3Q2014 to S\$1.2 million in 3Q2015, and from S\$1.2 million in 9M2014 to S\$3.5 million in 9M2015. The increase was due mainly to higher interest income of S\$1.0 million and higher project management fee of S\$1.0 million.

#### **Administration Expenses**

Administration expenses increased by 10.4% or S\$0.2 million to S\$1.8 million in 3Q2015. For 9M2015, administrative expenses increased by 21.3% or S\$1.1 million from S\$5.3 million in 9M2014 to S\$6.4 million in 9M2015. The increase in 9M2015 was due mainly to project management fee incurred for our projects in Maldives and higher staff cost.

#### **Finance Costs**

Finance costs increased by S\$0.1 million and S\$0.3 million in 3Q2015 and 9M2015 respectively due to higher bank borrowings and interest accrued for the Term Notes.



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)**

### **Profit before Income Tax**

In view of the above mentioned, the Group's net profit before tax increased by 9.2% or S\$0.6 million to S\$7.5 million in 3Q2015 as compared to S\$6.8 million in 3Q2014. For 9M2015, the Group's net profit before tax increased by 7.9% to S\$18.7 million as compared to S\$17.4 million in 9M2014.

### **Review of Financial Position**

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

Plant and equipment increased from S\$15.2 million as at 30 September 2014 to S\$25.6 million as at 30 June 2015. The increase of S\$10.4 million was attributable to capital expenditure of S\$13.1 million on acquisition of plant and equipment as well as the development cost for the Company's light industry factory at Sungei Kadut that is currently in progress. The increase was partially offset by depreciation expense of S\$2.7 million.

#### **Current Assets**

Trade and other receivables and amount due from contract customers increased by S\$41.8 million from S\$156.7 million as at 30 September 2014 to S\$198.5 million as at 30 June 2015. The increase was mainly due to increase in retention sum and trade receivables of \$21.0 million, additional shareholder's loan of S\$20.8 million extended to associates and joint ventures. The increase in cash and cash equivalent is largely attributable to the cash proceeds received from the Term Notes.

#### **Current Liabilities**

Current liabilities increased by S\$29.4 million from S\$139.0 million as at 30 September 2014 to S\$168.4 million as at 30 June 2015. This was mainly due increase in trade and other payables and amount due to contract customers of S\$23.7 million and S\$10.7 million respectively as a result of higher volume of work carried out for on-going projects on hand. The increase was partially offset by a decrease in bank borrowings and finance lease payable of S\$3.7 million and S\$0.3 million respectively as well as decrease in current income tax payable of S\$ 0.9 million.

The working capital of the Group has increased from S\$56.9 million as at 30 September 2014 to S\$103.0 million as at 30 June 2015.

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)**

### **Non-Current Liabilities**

The increase in non-current liabilities of S\$53.3 million from S\$3.0 million as at 30 September 2014 to S\$56.3 million as at 30 June 2015 was due mainly to the net proceeds of S\$49.4 million from the issuance of the Term Notes and bank borrowings for the development cost of the Company's light industry factory at Sungei Kadut.

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

For 3Q2015, the Group generated positive operating cash flows of S\$8.4 million before movements in working capital. After taking into consideration of changes in working capital, which included increase in trade and other receivables and amount due from contract customers totaling S\$18.8 million, increase in trade and other payables and amount due to contract customers totaling S\$15.5 million, the Group generated a net cash inflow from operating activities of S\$3.7 million.

Net cash used in investing activities of S\$10.4 million in 3Q2015 was attributable mainly to capital expenditure of S\$2.4 million for acquisition of plant and equipment and development cost for the construction of the Company's light industry factory at Sungei Kadut, additional loans made to associates and joint ventures of S\$8.5 million. In 3Q2015, the Group recorded interest income of S\$0.6 million.

Net cash inflow in financing activities of S\$47.7 million in 3Q2015 was mainly due to net proceeds from issuance of the Term Notes and bank borrowings of S\$2.6 million. This was partially offset by repayment of bank borrowings and financial lease of S\$0.9 million, purchase of treasury shares of S\$2.0 million, dividend payment to shareholders of S\$1.2 million as well as interest payment of approximately S\$0.2 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 Group's current construction projects pipeline include Maldives' Kooddoo Airport, Mercure Maldives Kooddoo Resort, Pullman Maldives Maamutaa Resort, SkyPark Residences, The Amore, J Gateway, and the yet-to-be launched Parc Life, an executive condominium at Sembawang Crescent.

The Group has secured the building construction contract of the 660-unit Parc Life, amounting to S\$163.38 million.

As at 30 June 2015, the Group's construction order book stood at approximately S\$423.0 million, providing the Group with a sustainable flow of activities through FY2018.

#### **Property Development**

The Group's 20% joint venture executive condominium development, Twin Waterfalls has obtained Temporary Occupation Permits ("TOP") on 2 June 2015. The share of results from this joint venture will be recognised in the current financial year.

The Group's 20%-owned and 15%-owned executive condominium development SkyPark Residences and The Amore are approximately 81% and 32% sold respectively.

The Group's cash and cash equivalents of S\$72.4 million as at 30 June 2015 offers a sizeable war chest to allow it to continue seek opportunities, local and overseas, to further expand its business and diversify its revenue sources.

#### **Hotel and Resort Development**

World Tourism Organisation's Tourism 2020 Vision forecasts show that international tourist arrivals are expected to reach nearly 1.6 billion by the year 2020. The total tourist arrivals by region shows that by 2020 the top three receiving regions will be Europe (717 million tourists), East Asia and the Pacific (397 million) and the Americas (282 million), followed by Africa, the Middle East and South Asia<sup>(1)</sup>.

East Asia and the Pacific are forecasted to record annual growth rate of 6.5 per cent, which is above the global growth rate of 4.1 per cent. Consequently the overall share of arrivals to the East Asia and the Pacific region is expected to increase over the forecast period from 14.4 per cent in 1995 to 25.4 per cent in 2020<sup>(1)</sup>.

The Indian Ocean region is also gaining market share of worldwide tourist arrivals and by 2020 one-in-every-nine (or around 11 per cent) of tourist arrivals will be to an Indian Ocean country<sup>(1)</sup>.

The Group's first two overseas resort developments, Mercure Maldives Kooddoo Resort and Pullman Maldives Maamutaa Resort are in the Indian Ocean region. Moving forward, the Group will be actively seeking hotel and resort development opportunities in the East Asia and the Pacific region, in particular Japan and Australia.

<sup>1</sup> <https://pub.unwto.org/WebRoot/Store/Shops/Infoshop/Products/1189/1189-1.pdf>,  
<http://www.unwto.org/facts/eng/vision.htm>

**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.**

No interim dividend for the quarter ended 30 June 2015 has been recommended.

**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 3Q2015.

**14. 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 third quarter and nine months ended 30 June 2015 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  
12 August 2015