



SIM LIAN GROUP LIMITED

(Company Registration No. 200004760C)

First Quarter Financial Statement and Dividend Announcement

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS

- 1(a) 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.

	Note	Group		
		First Quarter ended 30 September		Change
		2015	2014	
		S\$'000	S\$'000	%
Revenue	1	89,637	379,023	-76%
Other operating income	2	1,966	2,267	-13%
Contract costs		(66,002)	(285,770)	-77%
Raw materials and consumables		(3,778)	(4,157)	-9%
Property operating expense		(1,062)	(1,159)	-8%
Employee benefits expense		(3,169)	(2,980)	6%
Depreciation expense		(573)	(503)	14%
Change in fair value of derivative financial instruments		(309)	(157)	97%
Foreign exchange losses		(12,552)	(2,073)	505%
Other operating expenses	3	(2,960)	(2,892)	2%
Profit from operations		1,198	81,599	-99%
Finance costs		(1,073)	(1,977)	-46%
Share of results of joint ventures, net of tax		548	6,081	-91%
Profit before income tax		673	85,703	-99%
Less: income tax expense	4	(1,935)	(13,418)	-86%
(Loss) Profit for the period		(1,262)	72,285	n/m
Other comprehensive loss :				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences arising from translation of foreign subsidiaries		(3,143)	(4,247)	-26%
Other comprehensive loss for the period, net of tax		(3,143)	(4,247)	-26%
Total comprehensive (loss) income for the period		(4,405)	68,038	n/m
(Loss) Profit attributable to:				
Owners of the Company		(1,401)	71,663	n/m
Non-controlling interests		139	622	-78%
(Loss) Profit for the period		(1,262)	72,285	n/m
Total comprehensive (loss) income attributable to:				
Owners of the Company		(4,545)	67,415	n/m
Non-controlling interests		140	623	-78%
Total comprehensive (loss) income for the period		(4,405)	68,038	n/m

- 1(a) 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		
	First Quarter ended 30 September		Change
	2015	2014	
	S\$'000	S\$'000	%
Note 1: Revenue comprises the following:-			
Revenue from construction contracts	69,446	68,882	1%
Revenue from property development	6,356	297,233	-98%
Revenue from property investment	6,811	5,679	20%
Sales of goods and construction materials	4,743	5,266	-10%
Leasing of mobile sanitation facilities and construction equipment	2,281	1,963	16%
	89,637	379,023	-76%
Note 2: Other operating income comprises the following:-			
Rental income	187	233	-20%
Interest income	1,422	1,623	-12%
Gain on disposal of property, plant and equipment	8	3	167%
Other sundry income	349	408	-14%
	1,966	2,267	-13%
Note 3: Other operating expenses include:-			
Bad trade and other receivables written off	95	-	n/m
Property expenses	832	837	-1%
Management fee	728	582	25%
Reversal of allowance for doubtful trade receivables	-	1	-100%
Note 4: Income tax expense includes:-			
(Over)under provision for tax in respect of prior periods	(254)	150	n/m

n/m : 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.

	Note	Group		Company	
		As at 30-09-2015	As at 30-06-2015	As at 30-09-2015	As at 30-06-2015
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents	5	259,330	167,396	30,466	30,516
Trade and other receivables	6	189,841	302,055	262	209
Inventories		4,831	4,964	-	-
Development properties		559,351	567,311	-	-
Total current assets		1,013,353	1,041,726	30,728	30,725
Non-current assets:					
Subsidiaries		-	-	249,811	249,257
Joint ventures		270,082	268,156	-	-
Property, plant and equipment	7	27,485	21,572	-	-
Investment properties		294,670	305,090	-	-
Derivative financial assets		488	823	-	-
Deferred tax assets		9,989	10,858	-	-
Total non-current assets		602,714	606,499	249,811	249,257
Total assets		1,616,067	1,648,225	280,539	279,982
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans		21,093	21,498	-	-
Trade and other payables	8	201,188	212,459	798	617
Provisions		78,095	81,460	-	-
Current portion of finance leases		148	160	-	-
Income tax payable	9	40,660	49,180	33	31
Total current liabilities		341,184	364,757	831	648
Non-current liabilities:					
Bank loans		104,213	107,533	-	-
Other payables	8	4,322	5,149	-	-
Finance leases		267	300	-	-
Deferred tax liabilities		-	-	1,498	1,403
Total non-current liabilities		108,802	112,982	1,498	1,403
Capital and reserves:					
Share capital		155,181	155,181	155,181	155,181
Retained earnings		1,019,019	1,020,420	123,029	122,750
Other components of equity		(11,931)	(8,787)	-	-
Equity attributable to owners of the Company		1,162,269	1,166,814	278,210	277,931
Non-controlling interests		3,812	3,672	-	-
Total equity		1,166,081	1,170,486	278,210	277,931
Total liabilities and equity		1,616,067	1,648,225	280,539	279,982

Note

5. Included in the cash and cash equivalents of the Group is an amount of \$10,936,000 (30 June 2015: \$11,531,000) held under the Housing Developers' (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on the property development projects.

The increase in cash and cash equivalents is mainly due to (i) progress billings received from the Group's several projects; and (ii) repayment of loan from joint venture. This increase is offset by payment for a land parcel at Tampines Industrial Drive.

6. The decrease in trade and other receivables is mainly due to receipt of progress billings for projects which obtained Temporary Occupation Permit ("TOP") during prior financial years.
7. The increase in property, plant and equipment is mainly due to land parcel at Tampines Industrial Drive which will be developed for the Group's own use.
8. The decrease in trade and other payables is mainly due to foreign currency translation of payables which are not denominated in the functional currency of the respective subsidiaries.
9. The decrease in income tax payable is mainly due to tax paid during first quarter ended 30 September 2015 ("1QFY2016").

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

Amount repayable in one year or less, or on demand

As at 30-09-2015		As at 30-06-2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
21,241	-	21,658	-

Amount repayable after one year

As at 30-09-2015		As at 30-06-2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
104,480	-	107,833	-

Details of any Collateral

The Group's borrowings are secured by legal mortgages on 9 (FY2015: 9) investment properties and 2 (FY2015: 2) leasehold properties.

Finance leases are secured by certain plant and equipment of the Group with carrying amount of \$689,000 (FY2015: \$737,000).

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	
	First Quarter ended 30 September	
	2015	2014
	S\$'000	S\$'000
Operating activities		
Profit before income tax and share of results of joint ventures, net of tax	125	79,622
Adjustments for:		
Provisions charged to profit or loss	(1,300)	767
Allowance for doubtful trade receivables	-	1
Bad trade receivables written off	95	-
Depreciation expense	573	503
Gain on disposal of property, plant and equipment	(8)	(3)
Change in fair value of derivative financial instruments	309	157
Interest expense	1,073	1,977
Interest income	(1,422)	(1,623)
Property, plant and equipment written-off	1	-
Operating (loss) profit before movement in working capital	(554)	81,401
Trade and other receivables	76,291	78,813
Deposit and advance payment for land purchase	-	(17,245)
Inventories	133	(378)
Development properties	13,032	167,699
Provisions utilised	(2,005)	(1,857)
Trade and other payables	(11,960)	(200,132)
Cash generated from operations	74,937	108,301
Income tax paid	(10,660)	(5,670)
Interest paid	(1,081)	(1,680)
Interest received	799	741
Net cash from operating activities	63,995	101,692
Investing activities		
Purchase of property, plant and equipment	(6,978)	(1,411)
Additions to investment properties	(27)	(904)
Loans to joint ventures	(510)	(523)
Repayment of loan from joint venture	36,375	-
Proceeds from disposal of property, plant and equipment	14	5
Net cash from (used in) investing activities	28,874	(2,833)

- 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	
	First Quarter ended 30 September	
	2015	2014
	S\$'000	S\$'000
Financing activities		
Proceeds from bank loans	1,081	1,613
Repayment of bank loans	(338)	(48,543)
Repayment of finance lease liabilities	(45)	(38)
Net cash from (used in) financing activities	698	(46,968)
Increase in cash and cash equivalents	93,567	51,891
Cash and cash equivalents at beginning of the period	167,396	329,061
Effects of exchange rate changes on the balance of cash held in foreign currencies	(1,633)	(112)
Cash and cash equivalents at end of the period	259,330	380,840

Operating activities

The Group's net cash from operating activities for 1QFY2016 was \$64.0 million compared to \$101.7 million for the first quarter ended 30 September 2014 ("1QFY2015").

Financing activities

The Group's cash from financing activities was \$698,000 in 1QFY2016 compared with cash used in financing activities of \$47.0 million in 1QFY2015.

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.

	Other components of equity							
	Share Capital	Equity Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings	Attributable to Owners of the Company	Non - Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Group</u>								
Balance at 1/7/2014	155,181	(112)	2,405	479	826,326	984,279	3,608	987,887
Profit for the quarter	-	-	-	-	71,663	71,663	622	72,285
<i>Other comprehensive income</i>								
Foreign currency translation	-	-	-	(4,248)	-	(4,248)	1	(4,247)
Other comprehensive income for the quarter, net of tax	-	-	-	(4,248)	-	(4,248)	1	(4,247)
Total comprehensive income for the quarter	-	-	-	(4,248)	71,663	67,415	623	68,038
Balance at 30/9/2014	155,181	(112)	2,405	(3,769)	897,989	1,051,694	4,231	1,055,925

	Other components of equity							
	Share Capital	Equity Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings	Attributable to Owners of the Company	Non - Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1/7/2015	155,181	(112)	2,405	(11,080)	1,020,420	1,166,814	3,672	1,170,486
Profit for the quarter	-	-	-	-	(1,401)	(1,401)	139	(1,262)
<i>Other comprehensive income</i>								
Foreign currency translation	-	-	-	(3,144)	-	(3,144)	1	(3,143)
Other comprehensive income for the quarter, net of tax	-	-	-	(3,144)	-	(3,144)	1	(3,143)
Total comprehensive income for the quarter	-	-	-	(3,144)	(1,401)	(4,545)	140	(4,405)
Balance at 30/9/2015	155,181	(112)	2,405	(14,224)	1,019,019	1,162,269	3,812	1,166,081

- 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	Retained Earnings S\$'000	Total Equity S\$'000
<u>Company</u>			
Balance at 1/7/2014	155,181	73,218	228,399
Profit for the quarter, representing total comprehensive income for the quarter	-	25,058	25,058
Balance at 30/9/2014	155,181	98,276	253,457
Balance at 1/7/2015	155,181	122,750	277,931
Profit for the quarter, representing total comprehensive income for the quarter	-	279	279
Balance at 30/9/2015	155,181	123,029	278,210

- 1(d)(ii) Details of any changes in the company's share capital arising from rights 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, 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.**

During the quarter ended 30 September 2015, there were no changes in the Company's share capital.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at end of the current financial period and as at the end of the immediately preceding year.**

	Group	
	As at	
	30-09-2015	30-06-2015
Total number of issued shares	1,005,890,466	1,005,890,466
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	1,005,890,466	1,005,890,466

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

Not applicable.

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

The figures have not been audited nor reviewed.

- 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.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting year as those of the audited financial statements for FY2015.

- 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.**

Not applicable.

- 6 Earnings per ordinary share of the group for the current financial 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	
	First Quarter ended 30 September	
	2015	2014
Group profit attributable to owners of the Company (\$'000)	(1,401)	71,663
Weighted average number of shares	1,005,890,466	1,005,890,466
Basic and diluted earnings per share (cents)	(0.14)	7.12

Earnings per share is calculated based on the net profit attributable to owners of the Company divided by the weighted average number of 1,005,890,466 (1QFY2015: 1,005,890,466) shares.

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

	Group		Company	
	30-09-2015	30-06-2015	30-09-2015	30-06-2015
Net asset value per ordinary share (S\$)	1.16	1.16	0.28	0.28

Net asset value per share is calculated based on 1,005,890,466 ordinary shares in issue at the end of the current financial period (30 June 2015: 1,005,890,466).

- 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) seasonable 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.

Group Performance

The Group recorded a profit before income tax of \$673,000 in 1QFY2016, 99% lower than the \$86 million recorded in 1QFY2015, with revenue of \$89.6 million for 1QFY2016 reflecting a 76% decrease from \$379 million in 1QFY2015.

The property development division contributed \$6.4 million to the Group's revenue in 1QFY2016, 98% lower than \$297.2 million in 1QFY2015. The decrease is mainly due to fewer units being completed during 1QFY2015.

The construction division's revenue contribution remained relatively unchanged at \$69.4 million (1QFY2015: \$68.9 million).

The Group incurred contract costs of \$66.0 million, 77% lower than the \$285.8 million incurred in 1QFY2015. The decrease in contract costs is in tandem with the decrease in revenue.

The Group incurred foreign exchange losses of \$12.6 million, mainly due to the revaluation of intercompany balances which are not denominated in the functional currency of the respective subsidiaries.

The decrease in share of results of joint ventures, net of tax is due to a development project undertaken by a joint venture which obtained TOP in May 2015.

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

Please refer to the Profit Guidance in relation to 1QFY2016 issued by the Company on 22 October 2015.

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.

According to statistics released by Urban Redevelopment Authority (“URA”), prices of private residential properties decreased by 1.3% in the third quarter of 2015, compared to the decline of 0.9% in the second quarter of 2015. The sales volume of 2,410 private residential units in the third quarter of 2015 is higher than the 2,116 units sold by developers in the second quarter of 2015.

Prices of office space decreased by 0.1% in the third quarter of 2015, compared to an increase of 0.3% in the in second quarter of 2015.

Meanwhile, rentals of retail space decreased by 2.0% in the third quarter of 2015, compared to the 0.5% decrease in the second quarter of 2015.

With the past rounds of property cooling measures and the loan restrictions measures announced by Monetary Authority of Singapore in June 2013, the Group expects the operating environment for property market to continue to be challenging.

The Group remains committed to seeking strategic investment opportunities for its continued growth and is focused on building a stable base of recurring income to smoothen its fluctuating profits from property development division. In October 2015, the Group announced the proposed acquisition of a brand new convenience based neighbourhood shopping centre in Victoria, Australia, for A\$30.2 million.

The Group expects to achieve a set of profitable operating results for FY2016. Following the adoption of INT FRS 115 with effect from 1 July 2010, the Group expects greater fluctuations in our future earnings as most of the Group's ongoing projects (including those of our 50:50 joint ventures) are being accounted for using the completion of contract method.

11 Dividend

(a) Current Financial Period

Any dividend declared for the current financial period reported on ?

None

	(Tax Exempt 1 -Tier)
Name of dividend	Not applicable
Dividend Type	Not applicable
Dividend Rate	Not applicable

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

	(Tax Exempt 1 -Tier)
Name of dividend	Not applicable
Dividend Type	Not applicable
Dividend Rate	Not applicable

(b) Date payable

Not applicable.

(c) Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect

No dividend has been declared or recommended for the first quarter ended 30 September 2015.

13 Interested Person Transactions

Name of interested persons		Aggregate value of all interested person transactions for the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Sim Lian Development Pte Ltd ("SLD")	Interest payable by Sim Lian JV (BP) Pte. Ltd. ("ResiSPV") to SLD	171	-
Sim Lian JV (BP) Pte. Ltd. ("ResiSPV")	Interest payable by ResiSPV to SLL	343	-
Sim Lian JV (BP) Pte. Ltd. ("ResiSPV")	Proportionate shareholder loans by SLL to ResiSPV	160 (i)	-
Sim Lian JV (BP Retail) Pte. Ltd. ("RetailSPV")	Proportionate shareholder loans by SLL to RetailSPV	350 (i)	-
Sim Lian Development Pte Ltd ("SLD")	Interest payable by Sim Lian JV (Vision) Pte. Ltd. ("VisionSPV") to SLD	262	-
Sim Lian JV (Vision) Pte. Ltd. ("VisionSPV")	Interest payable by VisionSPV to SLL	525	-
Sim Lian JV (Punggol Central) Pte. Ltd. ("SLJV")	Interest payable on inter-joint venture loans to VisionSPV	306	-
Mr Kuik Thiam Huat	Non-executive deputy chairman of Sim Lian Group Limited as advisor to the Group's construction division	250	-
Sim Lian JV (BP Retail) Pte. Ltd. ("RetailSPV")	Variation orders for a cost plus construction contract awarded to Sim Lian Construction Co. (Pte.) Ltd.	-	12,432
		2,367	12,432

Note (i) Under Rule 916 (3) of the SGX Listing Manual, this transaction is not required to comply with Rule 906.

ISSUED BY ORDER OF THE BOARD

Ang Lay Hua
Joint Company Secretary
11 November 2015



SIM LIAN GROUP LIMITED

(Company Registration No. 200004760C)

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We, Kuik Sin Pin and Kuik Sing Beng, being two Directors of Sim Lian Group Limited (“the Company”) do hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the first quarter ended 30 September 2015 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Kuik Sin Pin
Group Chief Executive Officer

Kuik Sing Beng
Executive Director

11 November 2015