



KOH BROTHERS GROUP LIMITED  
(Company Registration No. 199400775D)

Unaudited Third Quarter and 9 Months Financial Statement And Dividend Announcement for the Period Ended 30 September 2019

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

1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Notes	GROUP					
		3 months ended		Change %	9 months ended		Change %
		30/09/2019 S\$'000	30/09/2018 (restated) S\$'000		30/09/2019 S\$'000	30/09/2018 (restated) S\$'000	
Sales	1	94,372	119,337	-21%	255,685	272,147	-6%
Cost of sales		(88,930)	(111,211)	-20%	(241,336)	(254,112)	-5%
Gross profit		5,442	8,126	-33%	14,349	18,035	-20%
Other income	2	648	1,346	-52%	2,422	4,801	-50%
Other gains/(losses) - net	3	876	(170)	N.M.	341	(47)	N.M.
Expenses							
- Distribution		(894)	(479)	87%	(2,462)	(2)	N.M.
- Administrative		(4,369)	(6,825)	-36%	(13,981)	(18,367)	-24%
- Other		(180)	(273)	-34%	(864)	(559)	55%
- Finance		(2,681)	(1,763)	52%	(7,496)	(5,171)	45%
Share profit of: associated companies and joint ventures, net of tax		2,538	2,483	2%	12,229	7,710	59%
Profit before income tax	4	1,380	2,445	-44%	4,538	6,400	-29%
Income tax expense	5	65	(196)	N.M.	(170)	(479)	-65%
Profit after income tax		1,445	2,249	-36%	4,368	5,921	-26%
Profit attributable to:							
Equity holders of the Company		1,007	1,641	-39%	3,360	3,817	-12%
Non-controlling interests		438	608	-28%	1,008	2,104	-52%
		1,445	2,249	-36%	4,368	5,921	-26%
<b>Statement of Comprehensive Income</b>							
Profit after income tax		1,445	2,249	-36%	4,368	5,921	-26%
Other comprehensive income/(loss), net of tax: Items that may be reclassified subsequently to profit or loss:							
- Exchange differences on translating foreign operations		140	(384)	N.M.	(477)	(33)	1345%
- Fair value gain/(loss) on debts instruments		18	(471)	N.M.	(37)	(991)	-96%
		158	(855)	N.M.	(514)	(1,024)	-50%
Items that may not be reclassified subsequently to profit or loss:							
- Fair value gain on equity financial assets at FVOCI		190	-	N.M.	13,617	-	N.M.
Other comprehensive income/(loss), net of tax		348	(855)	N.M.	13,103	(1,024)	N.M.
Total comprehensive income		1,793	1,394	29%	17,471	4,897	257%
Total comprehensive income attributable to:							
Equity holders of the Company		1,347	1,026	31%	16,570	2,946	462%
Non-controlling interests		446	368	21%	901	1,951	-54%
		1,793	1,394	29%	17,471	4,897	257%

N.M. - Not meaningful

**Notes to the Consolidated Statement of Comprehensive Income**

**Note 1**

Sales include the following :

Sales of products  
 Services rendered  
 Property development and rental  
 Contract revenue

**Note 2**

Other income include the following :

Rental income  
 Interest income  
 Other income

**Note 3**

Other gains/(losses) comprise the following :

Gain on disposal of property, plant and equipment  
 Fair value gain/(loss) on financial assets through profit or loss  
 Net foreign exchange gain/(loss)  
 Others

**Note 4**

Profit before income tax is stated after (crediting)/charging the following items:

Allowance for/(write-back of allowance for) impairment  
 on trade and non-trade receivables  
 (Write-back of allowance for)/allowance for impairment on loan to joint ventures  
 Depreciation of property, plant and equipment

**Note 5**

Income tax includes the following :

Current income tax  
 - in respect of current period  
 - Over provision in respect of prior period  
 Deferred income tax  
 - Over provision in respect of prior period

GROUP			
3 months ended		9 months ended	
30/09/2019 S\$'000	30/09/2018 S\$'000	30/09/2019 S\$'000	30/09/2018 S\$'000
13,774	17,961	42,734	47,540
1,401	1,456	4,270	4,122
746	794	2,200	2,165
78,451	99,126	206,481	218,320
<b>94,372</b>	<b>119,337</b>	<b>255,685</b>	<b>272,147</b>
92	89	262	279
512	1,176	2,051	4,401
44	81	109	121
<b>648</b>	<b>1,346</b>	<b>2,422</b>	<b>4,801</b>
713	557	854	512
12	(795)	(370)	(806)
151	68	(143)	(237)
-	-	-	484
<b>876</b>	<b>(170)</b>	<b>341</b>	<b>(47)</b>
1,450	113	1,002	(1,153)
(9)	144	434	384
3,913	2,131	11,052	6,641
167	105	528	546
(137)	91	(137)	(67)
(95)	-	(221)	-
<b>(65)</b>	<b>196</b>	<b>170</b>	<b>479</b>

## 1(b)(i) BALANCE SHEETS

	GROUP			COMPANY	
	30/09/2019	31/12/2018 (restated)	01/01/2018 (restated)	30/09/2019	31/12/2018
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and bank balances	53,003	32,678	64,823	33	822
Investment securities	19,849	47,953	57,473	2,068	3,913
Trade and other receivables	75,604	76,232	101,867	741	277
Contract assets	154,852	117,183	62,282	-	-
Amounts due from subsidiaries	-	-	-	58,200	65,625
Amounts due from an associated company	-	45	-	-	-
Amounts due from joint ventures	36,010	36,823	61,686	-	-
Inventories	6,356	6,951	9,342	-	-
Development properties	132,426	127,578	-	-	-
Income tax receivables	1,055	773	-	-	-
Other current assets	3,229	3,229	5,209	-	-
	<b>482,384</b>	<b>449,445</b>	<b>362,682</b>	<b>61,042</b>	<b>70,637</b>
<b>NON-CURRENT ASSETS</b>					
Trade and other receivables	21,977	29,448	22,250	-	-
Contract assets	1,859	10,882	25,431	-	-
Investment securities	2,835	2,373	2,925	-	-
Investments in associated companies	2,073	1,676	1,504	-	-
Investments in joint ventures	99,083	91,355	90,923	-	-
Investments in subsidiaries	-	-	-	143,179	132,361
Investment properties	94,068	93,579	90,973	-	-
Property, plant and equipment	120,809	113,243	108,067	-	-
Right-of-use assets	11,084	-	-	-	-
Goodwill	5,078	5,078	5,078	-	-
	<b>358,866</b>	<b>347,634</b>	<b>347,151</b>	<b>143,179</b>	<b>132,361</b>
<b>TOTAL ASSETS</b>	<b>841,250</b>	<b>797,079</b>	<b>709,833</b>	<b>204,221</b>	<b>202,998</b>
<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Trade and other payables	125,544	131,984	122,754	2,550	1,938
Contract liabilities	11,503	4,989	40,459	-	-
Amounts due to subsidiaries	-	-	-	10,005	9,895
Amounts due to an associated company	16	-	508	-	-
Amounts due to joint ventures	16,972	16,457	16,282	-	-
Current income tax liabilities	484	381	1,485	82	82
Lease payables	2,807	-	-	-	-
Short-term borrowings	89,997	73,593	14,619	-	-
Notes payables	-	-	37,000	-	-
	<b>247,323</b>	<b>227,404</b>	<b>233,107</b>	<b>12,637</b>	<b>11,915</b>
<b>NON-CURRENT LIABILITIES</b>					
Trade and other payables	3,373	9,622	17,422	-	-
Amounts due to subsidiaries	-	-	-	19,011	19,011
Lease payables	8,386	-	-	-	-
Finance lease	12,478	2,342	3,634	-	-
Bank borrowings	173,686	176,130	72,890	-	-
Notes payables	70,000	70,000	70,000	70,000	70,000
Deferred income tax liabilities	7,978	8,199	8,261	-	-
	<b>275,901</b>	<b>266,293</b>	<b>172,207</b>	<b>89,011</b>	<b>89,011</b>
<b>TOTAL LIABILITIES</b>	<b>523,224</b>	<b>493,697</b>	<b>405,314</b>	<b>101,648</b>	<b>100,926</b>
<b>NET ASSETS</b>	<b>318,026</b>	<b>303,382</b>	<b>304,519</b>	<b>102,573</b>	<b>102,072</b>
Capital and reserves attributable to equity holders of the Company					
Share capital	36,981	36,981	36,981	36,981	36,981
Treasury shares	(7,983)	(7,983)	(7,910)	(7,983)	(7,983)
Capital and other reserves	930	(6,796)	989	-	-
Retained profits	277,647	267,017	261,490	73,575	73,074
Currency translation reserve	(9,595)	(9,134)	(8,916)	-	-
	<b>297,980</b>	<b>280,085</b>	<b>282,634</b>	<b>102,573</b>	<b>102,072</b>
Non-controlling interests	20,046	23,297	21,885	-	-
<b>TOTAL EQUITY</b>	<b>318,026</b>	<b>303,382</b>	<b>304,519</b>	<b>102,573</b>	<b>102,072</b>

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

As at 30/09/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
30,697	59,300	28,554	45,039
186,164	70,000	178,472	70,000

Amount repayable in one year or less, or on demand

Amount repayable after one year

Details of any collateral

The Group's secured borrowings are secured by the Group's properties, plant and machinery and motor vehicles.

1(c) CONSOLIDATED CASH FLOW STATEMENT

**CASH FLOWS FROM OPERATING ACTIVITIES**

Total profit

Adjustments for non-cash items :

Income tax

Depreciation of property, plant and equipment

Property, plant and equipment written off

Gain on disposal of property, plant and equipment

Fair value loss on financial assets at fair value through profit or loss

Share of profit from associated companies and joint ventures

Interest expense

Interest income

Unrealised foreign exchange gain

Operating profit before working capital changes

Working capital changes :

- Receivables

- Inventories

- Contracts assets and liabilities

- Development properties

- Payables

- Due from/to associated companies

- Due from/ to joint ventures

Cash used in operations

Income tax paid

Interest paid

Net cash used in operating activities

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of property, plant and equipment

Net proceeds from disposal/(purchase of) investment securities

Proceeds from disposal of property, plant and equipment

Additions to investment properties

Dividend received from associated companies and joint ventures

Interest received

Net cash provided by investing activities

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from bank borrowings

Proceeds from rights cum warrants issue by a subsidiary

Transaction costs relating to rights cum warrants issue of a subsidiary

Repayment of finance lease

Repayment of bank borrowings

Redemption of notes payables

Repayment of lease payables

Restricted cash released

Purchase of treasury shares

Dividends paid to equity holders of the Company

Dividends paid to non-controlling interests

Net cash provided by financing activities

9 months ended	
30/09/2019	30/09/2018 (restated)
S\$'000	S\$'000
4,368	5,921
170	479
11,052	6,641
31	7
(854)	(512)
370	806
(12,229)	(7,710)
7,496	5,171
(2,051)	(4,401)
(306)	(736)
8,047	5,666
10,147	14,473
595	1,834
(22,228)	(41,146)
(2,717)	(126,952)
(23,236)	(16,381)
62	(517)
1,323	26,584
(28,007)	(136,439)
(1,299)	(1,817)
(8,504)	(4,942)
(37,810)	(143,198)
(971)	(1,614)
40,851	(5,128)
1,309	4,226
(545)	(571)
3,840	3,140
811	4,343
45,295	4,396
27,780	198,807
-	3,802
-	(252)
(5,099)	(2,568)
(4,484)	(33,096)
-	(37,000)
(2,640)	-
200	3,062
-	(73)
(1,650)	(4,125)
(1,122)	(645)
12,985	127,912

## 1(c) CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

NET CHANGE IN CASH AND CASH EQUIVALENTS  
 CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL PERIOD  
 EFFECTS OF CURRENCY TRANSLATION ON CASH AND CASH EQUIVALENTS  
 CASH AND CASH EQUIVALENTS AT END OF FINANCIAL PERIOD

9 months ended	
30/09/2019 S\$'000	30/09/2018 S\$'000
20,470	(10,890)
32,478	61,568
55	85
53,003	50,763

Represented by :

CASH AND CASH EQUIVALENTS

Cash and bank balances

Restricted cash

53,003

50,963

-

(200)

53,003

50,763

## 1(d)(i) STATEMENT OF CHANGES IN EQUITY FOR THE GROUP AND THE COMPANY

	Attributable to equity holders of the Group					NON-CONTROLLING INTEREST	TOTAL EQUITY	
	Share Capital	Treasury Shares	Capital and Other Reserves	Retained Profits	Currency Translation Reserve			TOTAL
<b>GROUP (S\$'000)</b>								
Balance as at 01/01/2019 as previously reported	36,981	(7,983)	(6,796)	269,157	(9,139)	282,220	23,297	305,517
Effects of agenda decision on SFRS(I) 1-23 <i>Borrowing Costs</i>	-	-	-	(2,140)	5	(2,135)	-	(2,135)
Balance as at 01/01/2019 restated	36,981	(7,983)	(6,796)	267,017	(9,134)	280,085	23,297	303,382
Profit for the financial period	-	-	-	3,360	-	3,360	1,008	4,368
Other comprehensive income/ (loss) for the period	-	-	13,590	-	(380)	13,210	(107)	13,103
Transfer upon disposal of equity financial assets at FVOCI	-	-	(5,833)	5,833	-	-	-	-
Change in ownership interests in subsidiaries	-	-	(31)	3,087	(81)	2,975	(2,975)	-
Share based payment pursuant to performance share plan by a subsidiary	-	-	-	-	-	-	(55)	(55)
Dividend paid	-	-	-	(1,650)	-	(1,650)	(1,122)	(2,772)
Balance as at 30/09/2019	36,981	(7,983)	930	277,647	(9,595)	297,980	20,046	318,026
Balance as at 01/01/2018 as previously reported	36,981	(7,910)	989	262,701	(8,916)	283,845	21,885	305,730
Effects of agenda decision on SFRS(I) 1-23 <i>Borrowing Costs</i>	-	-	-	(1,211)	-	(1,211)	-	(1,211)
Balance as at 01/01/2018 restated	36,981	(7,910)	989	261,490	(8,916)	282,634	21,885	304,519
Profit for the financial period	-	-	-	4,425	-	4,425	2,104	6,529
Other comprehensive (loss)/ income for the period	-	-	(1,023)	-	152	(871)	(153)	(1,024)
Rights cum warrants issue by a subsidiary	-	-	-	(179)	-	(179)	3,729	3,550
Change in ownership interests in subsidiaries	-	-	(57)	4,222	(142)	4,023	(4,023)	-
Purchase of treasury shares	-	(73)	-	-	-	(73)	-	(73)
Dividend paid	-	-	-	(4,125)	-	(4,125)	(645)	(4,770)
Balance as at 30/09/2018	36,981	(7,983)	(91)	265,833	(8,906)	285,834	22,897	308,731

	Attributable to equity holders of the Company			TOTAL
	Share Capital	Treasury Shares	Retained Profits	
<b>COMPANY (S\$'000)</b>				
Balance as at 01/01/2019	36,981	(7,983)	73,074	102,072
Total comprehensive income for the period	-	-	2,151	2,151
Dividend paid	-	-	(1,650)	(1,650)
Balance as at 30/09/2019	36,981	(7,983)	73,575	102,573
Balance as at 01/01/2018	36,981	(7,910)	72,224	101,295
Total comprehensive income for the period	-	-	5,206	5,206
Purchase of treasury shares	-	(73)	-	(73)
Dividend paid	-	-	(4,125)	(4,125)
Balance as at 30/09/2018	36,981	(7,983)	73,305	102,303

- 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 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.

Total number of issued shares  
Less: Number of treasury shares  
End of financial period

No. of shares	
30/09/2019	31/12/2018
438,000,000	438,000,000
(25,540,900)	(25,540,900)
412,459,100	412,459,100

- 1(d)(iii) To show the total 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.

Total number of issued shares excluding treasury shares

No. of shares	
30/09/2019	31/12/2018
412,459,100	412,459,100

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

Beginning and end of financial period

No. of shares
9 months ended 30/9/2019
25,540,900

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

The figures have neither 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2018.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 January 2019, the Group adopted the standards, amendments and interpretations to existing standards that are mandatory for application from that date. The adoption of the new/revised standards did not have any significant impact on the financial statement of the Group, except for the following:

**SFRS(I) 16 Leases**

Agenda decision on SFRS(I) 1-23 *Borrowing costs*

**SFRS(I) 16 Leases**

SFRS(I) 16 *Leases* introduced a single, on-balance sheet lease accounting model for lessees. A lessee recognised a Right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payment. The only exceptions are short-term leases and leases of low value assets. The accounting for lessors has not changed significantly.

ROU assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the outstanding lease liabilities, lease payments made and any reassessment or lease modifications.

On date of initial adoption, ROU assets are measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to leases recognised in the balance sheet as at 31 December 2018. The Group has applied the simplified approach and will not restate comparative amounts for the year prior to first adoption.

The estimated impact arising from the adoption of SFRS(I) 16 Leases on the Group's balance sheet are set out as follows:

**CONSOLIDATED BALANCE SHEET**

GROUP		
31/12/2018	Adjustment	01/01/2019
S\$'000	S\$'000	S\$'000
-	13,833	13,833
-	3,520	3,520
-	10,313	10,313

**Agenda decision on SFRS(I) 1-23 Borrowing Costs**

In November 2018, the International Financial Reporting Standards Interpretations Committee ("IFRIC") issued a *Tentative Agenda Decision* containing explanatory material relating to whether a real estate developer capitalises borrowing costs as part of the cost of units for a residential multi-unit real estate development where revenue is recognised over time. This tentative agenda decision was finalised in March 2019 and concluded that such borrowing costs are not to be capitalised beyond the point when the project is ready for its intended use or sale.

The estimated impact arising from the adoption of agenda decision on SFRS(I) 1-23 *Borrowing Costs* on the Group's financial statements are set out as follows:

**CONSOLIDATED INCOME STATEMENT**

GROUP	
9 months ended 30/09/2018	
Increase/ (decrease)	
S\$'000	
	(608)
	(608)
	(608)

Share of profit of joint ventures  
 Profit after income tax  
 Profit attributable to equity holders of the Company

**CONSOLIDATED BALANCE SHEETS**

GROUP	
31/12/2018	01/01/2018
Increase/ (decrease)	Increase/ (decrease)
S\$'000	S\$'000
(924)	-
(1,211)	(1,211)
(2,140)	(1,211)
5	-

Investment in joint ventures  
 Amount due from joint ventures  
 Retained profits  
 Currency translation reserve

**CONSOLIDATED CASH FLOW STATEMENT**

There is no impact on net cash flow from operating activities.

The Group is still in the progress of finalising its assessment of impact arising from adoption of SFRS(I) 16 *Leases* and agenda decision on SFRS(I) 1-23 *Borrowing Costs* and thus the finalised impact may differ from the provisional figures determined at the moment.

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.

Earnings per ordinary share for the period after deducting any provision for preference dividends:

GROUP			
3 months ended		9 months ended	
30/09/2019	30/09/2018	30/09/2019	30/09/2018
(cent)	(restated) (cent)	(cent)	(restated) (cent)
0.24	0.40	0.81	0.93
0.24	0.40	0.81	0.93

(i) Basic  
 (ii) On a fully diluted basis

Note:  
 Basic earnings per share is calculated by dividing the net profit attributable to equity holders of the Company over the weighted average number of ordinary shares in issue during the current financial period of 412,459,100 ordinary shares (30 September 2018: 412,545,551 ordinary 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 as at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

GROUP		COMPANY	
30/09/2019	31/12/2018	30/09/2019	31/12/2018
(cents)	(restated) (cents)	(cents)	(cents)
72.24	67.91	24.87	24.75

Net asset value per ordinary share based on existing issued share capital (excluding treasury shares) as at the end of the period reported on

Note:  
 The net asset value per share is calculated based on the issued share capital excluding treasury shares of 412,459,100 ordinary shares as at 30 September 2019 (31 December 2018: 412,459,100 ordinary shares).

A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flows, working capital, assets or liabilities of the Group during the current financial period reported on.

#### Review of Group performance

##### 3Q 2019 VS 3Q 2018

The Group's sales for the 3-month period ended 30 September 2019 ("3Q 2019") decreased from S\$119.34 million in the corresponding period in 2018 ("3Q 2018") to S\$94.37 million. This was mainly due to lower revenue recognition from the Construction and Building Materials division. The Group's gross profit decreased from S\$8.13 million in 3Q 2018 to S\$5.44 million in 3Q 2019 mainly due to the lower gross profit margin recognised for the Construction and Building Materials division.

Other income decreased from S\$1.35 million in 3Q 2018 to S\$0.65 million in 3Q 2019 mainly due to decrease in interest income.

Other gains of S\$0.88 million in 3Q 2019 mainly comprised of gain on disposal of property, plant and equipment and foreign exchange gain.

Distribution expenses increased from S\$0.48 million in 3Q 2018 to S\$0.89 million in 3Q 2019 mainly due to allowance made for impairment on trade receivables.

Administrative expenses decreased from S\$6.83 million in 3Q 2018 to S\$4.37 million in 3Q 2019 mainly due to decrease in staff costs.

Other expenses decreased from S\$0.27 million in 3Q 2018 to S\$0.18 million in 3Q 2019 mainly due to higher allowance made for impairment on loan to a joint venture a year ago.

Finance expenses increased from S\$1.76 million in 3Q 2018 to S\$2.68 million in 3Q 2019 mainly due to increase in bank borrowings.

Depreciation expenses increased from S\$2.13 million in 3Q 2018 to S\$3.91 million in 3Q 2019 mainly due to increase in depreciable assets arising from the adoption of SFRS(I) 16 Leases.

Share of result from associated companies and joint ventures increased from S\$2.48 million in 3Q 2018 to S\$2.54 million in 3Q 2019. The increase was mainly due to progressive recognition of profit from a mixed-used development project.

Overall, the Group's profit before income tax decreased from S\$2.45 million in 3Q 2018 to S\$1.38 million in 3Q 2019, and the Group's net profit attributable to shareholders decreased from S\$1.64 million in 3Q 2018 to S\$1.01 million in 3Q 2019.

##### 9M 2019 VS 9M 2018

The Group's sales for the 9-month ended 30 September 2019 ("9M 2019") decreased from S\$272.15 million in the corresponding period in 2018 ("9M2018") to S\$255.69 million. This was mainly due to lower revenue recognition from the Construction and Building Materials division. The Group's gross profit decreased from S\$18.04 million in 9M 2018 to S\$14.35 million in 9M 2019 mainly due to the lower gross profit margin recognised for the Construction and Building Materials division.

Other income decreased from S\$4.80 million in 9M 2018 to S\$2.42 million in 9M 2019 mainly due to decrease in interest income.

Other gain of S\$0.34 million in 9M 2019 was mainly derived from gain on disposal of property, plant and equipment, partially offset by net foreign exchange loss and fair value loss on financial assets.

Distribution expenses of S\$2.46 million in 9M 2019 mainly comprise of allowance made for impairment on trade receivables and marketing expenses incurred for a residential development project.

Administrative expenses decreased from S\$18.37 million in 9M 2018 to S\$13.98 million in 9M 2019 mainly due to decrease in staff costs.

Other expenses increased from S\$0.56 million in 9M 2018 to S\$0.86 million in 9M 2019 mainly due to higher allowance made for impairment on loan to a joint venture and bank charges incurred on banking facilities.

Finance expenses increased from S\$5.17 million in 9M 2018 to S\$7.50 million in 9M 2019 mainly due to increase in bank borrowings.

Depreciation expenses increased from S\$6.64 million in 9M 2018 to S\$11.05 million in 9M 2019 mainly due to increase in depreciable assets arising from the adoption of SFRS(I) 16 Leases.

Share of result from associated companies and joint ventures increased from S\$7.71 million in 9M 2018 to S\$12.23 million in 9M 2019. The increase was mainly due to progressive recognition of profit from a mixed-used development project, and higher fair value gain from an investment property held through a joint venture.

Overall, the Group's profit before income tax decreased from S\$6.40 million in 9M 2018 to S\$4.54 million in 9M 2019 and the Group's net profit attributable to shareholders decreased from S\$3.82 million in 9M 2018 to S\$3.36 million in 9M 2019.

Earnings per share decreased from 0.93 cent in 9M 2018 to 0.81 cent in 9M 2019.



## Review of changes in working capital, assets and liabilities

The movements in assets and liabilities are as follows:

- 1) Increase in cash and bank balances was mainly due to proceeds from disposal of investment securities.
- 2) Decrease in investment securities was mainly due to disposal of investment securities.
- 3) Increase in current contract assets was mainly due to revenue recognised during the period and timing of billings to customers.
- 4) Increase in development property was mainly due to development cost incurred for a residential development project during the period.
- 5) Non-current assets increased by S\$11.23 million mainly due to the increase in right-of-use assets of S\$11.08 million, property, plant and equipment of S\$7.57 million and investment in joint ventures of S\$7.73 million, partially offset by the decrease in trade and other receivables of S\$7.47 million and contract assets of S\$9.02 million as mentioned above.  
Right-of-use assets arose from the adoption of SFRS(I) 16 Leases on 1 January 2019. It comprised mainly land leases that were recognised in the balance sheet.
- 6) Current liabilities increased by S\$19.92 million mainly due to the increase in short-term borrowings of S\$16.40 million, contract liabilities of S\$6.51 million and lease payables of S\$2.81 million, partially offset by the decrease in trade and other payables of S\$6.44 million.
- 7) Non-current liabilities increased by S\$9.61 million mainly due to the increase in finance leases of S\$10.14 million and lease payables of S\$8.39 million, partially offset by the decrease in trade and other payables of S\$6.25 and bank term loan of S\$2.44 million.
- 8) Current and non-current lease payables arose mainly because of recognition of lease obligation upon the adoption of SFRS(I) 16 Leases.

## Review of changes in cashflow

The Group reported a net increase in cash and cash equivalents mainly due to net cash provided by financing activities and investing activities, partially offset by net cash used in operating activities.

The net cash used in operating activities was primarily due to settlement of payables.

The net cash provided by investing activities was mainly from proceeds of disposal of investment securities.

The net cash provided by financing activities was mainly from proceeds of bank borrowings due to increase in working capital requirements.

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

The current announced results are in line with the general prospect commentary previously disclosed in the results announcement for the financial period ended 30 June 2019.

10 A commentary at the date of the announcement of the significant trends and 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.

Based on advance estimates from the Ministry of Trade and Industry announced on 14 October 2019, the Singapore economy grew by 0.1% on a year-on-year basis in the third quarter of 2019, the same pace of growth as in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 0.6%, a turnaround from the 2.7% contraction in the preceding quarter.

The construction sector grew by 2.7% on a year-on-year basis in the third quarter, extending the 2.8% expansion in the previous quarter. Growth in the sector was supported by a pickup in both public and private sector construction activities.

According to the projection by the Building and Construction Authority, the construction demand is expected to remain strong over the medium term. Demand is projected to reach between S\$27 billion and S\$34 billion per year for 2020 and 2021 and could increase to between S\$28 billion and S\$35 billion per year for 2022 and 2023. With a steady stream of construction works locally over the next few years, we will continue to leverage on our expertise and strengths to secure more projects for sustainable long-term growth.

Latest statistics from the Urban Redevelopment Authority showed that prices of private residential properties increased by 1.3% in the third quarter of 2019, compared with a 1.5% increase in the previous quarter. With more new launches coming onstream, we expect the private residential market to remain challenging. Going forward, we will be cautious and selective in building up our land bank.

11 Dividend

(a) Current Financial Period Reported On:

(i) Any dividend declared for the current financial period reported on? No

(ii) Any dividend recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.

Not applicable. It is not the practice for the Company to declare quarterly dividend.

## 13 Interested Person Transaction

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$ 100,000)
Ah Boon Civil Engineering & Building Contractor Pte Ltd	\$'000 761	\$'000 -

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

## 14 CONFIRMATION PURSUANT TO RULE 720(1) OF THE 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 Listing Manual.

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

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the third quarter and nine months ended 30 September 2019 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

Koh Keng Siang  
Managing Director & Group CEO

Koh Keng Hiong  
Executive Director

7 November 2019  
Singapore