



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

Unaudited Second Quarter and 6 Months Financial Statement And Dividend Announcement for the Period Ended 30 June 2018

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

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	GROUP					
		3 months ended		Change %	6 months ended		Change %
		30/06/2018 S\$'000	30/06/2017 S\$'000		30/06/2018 S\$'000	30/06/2017 S\$'000	
Sales	1	85,672	65,694	30%	152,810	154,499	-1%
Cost of sales		(81,851)	(68,789)	19%	(142,901)	(148,469)	-4%
Gross profit		3,821	(3,095)	N.M.	9,909	6,030	64%
Other income	2	1,566	8,323	-81%	3,455	9,035	-62%
Other gains/(losses) - net	3	603	(224)	N.M.	123	(802)	N.M.
Expenses							
- Distribution		524	(374)	N.M.	477	(32)	N.M.
- Administrative		(5,868)	(7,035)	-17%	(11,542)	(11,900)	-3%
- Other		(76)	1,607	N.M.	(286)	(549)	-48%
- Finance		(1,637)	(1,109)	48%	(3,408)	(2,496)	37%
Share of profit of: associated companies and joint ventures, net of tax		2,701	5,075	-47%	5,227	6,509	-20%
Profit before income tax	4	1,634	3,168	-48%	3,955	5,795	-32%
Income tax expense	5	(58)	(231)	-75%	(283)	(615)	-54%
Profit after income tax		1,576	2,937	-46%	3,672	5,180	-29%
Other comprehensive (loss)/income, net of tax:							
Exchange differences on translating foreign operations		(48)	495	N.M.	351	224	57%
Fair value (loss)/gain on financial assets at FVOCI		(126)	396	N.M.	(520)	(505)	3%
Other comprehensive (loss)/income, net of tax		(174)	891	N.M.	(169)	(281)	-40%
Total comprehensive income		1,402	3,828	-63%	3,503	4,899	-28%
Profit attributable to:							
Equity holders of the Company		961	1,520	-37%	2,176	2,595	-16%
Non-controlling interests		615	1,417	-57%	1,496	2,585	-42%
		1,576	2,937	-46%	3,672	5,180	-29%
Total comprehensive income attributable to:							
Equity holders of the Company		780	2,205	-65%	1,920	2,093	-8%
Non-controlling interests		622	1,623	-62%	1,583	2,806	-44%
		1,402	3,828	-63%	3,503	4,899	-28%

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
Compensation income
Other income

Note 3

Other gains/(losses) comprise the following :

Loss on disposal of property, plant and equipment
Fair value (loss)/gain on long-term financial assets and financial liabilities
Fair value gain/(loss) on financial assets through profit or loss
Net foreign exchange gain/(loss)

Note 4

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

(Write-back of)/allowance for impairment on trade and non-trade receivables
Allowance for/(write-back of) 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

- Under provision in respect of prior period

GROUP			
3 months ended		6 months ended	
30/06/2018 S\$'000	30/06/2017 S\$'000	30/06/2018 S\$'000	30/06/2017 S\$'000
17,492	12,948	29,579	28,298
1,367	1,562	2,666	3,099
743	627	1,371	1,263
66,070	50,557	119,194	121,839
85,672	65,694	152,810	154,499
84	333	190	431
1,468	419	3,225	956
-	6,940	-	6,940
14	631	40	708
1,566	8,323	3,455	9,035
(101)	(12)	(45)	(1)
-	(137)	484	(71)
249	(3)	(11)	(5)
455	(72)	(305)	(725)
603	(224)	123	(802)
(945)	84	(1,266)	(699)
68	(1,809)	240	483
932	1,079	2,231	2,512
230	231	441	335
(172)	-	(158)	(20)
-	-	-	300
58	231	283	615

1(b)(i) BALANCE SHEETS

	GROUP			COMPANY	
	30/06/2018	31/12/2017 (restated)	01/01/2017 (restated)	30/06/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
CURRENT ASSETS					
Cash and bank balances	45,629	64,823	43,227	655	11,186
Financial assets at fair value through profit or loss	57,146	56,708	40	2,704	-
Short-term notes receivables	-	-	5,963	-	-
Trade and other receivables	132,309	101,867	133,332	662	1,063
Contract assets	80,041	68,482	45,722	-	-
Amounts due from subsidiaries	-	-	-	81,103	106,759
Amounts due from joint ventures	32,418	62,897	76,056	-	-
Inventories	8,665	9,342	8,395	-	-
Development properties	125,789	-	1,189	-	-
Financial assets at FVOCI	783	765	-	-	-
Available-for-sale financial assets	-	-	7,529	-	-
	482,780	364,884	321,453	85,124	119,008
NON-CURRENT ASSETS					
Trade and other receivables	23,047	22,250	-	-	-
Contract assets	28,587	24,589	15,187	-	-
Financial assets at FVOCI	3,363	2,925	-	-	-
Investments in associated companies	1,411	1,504	1,347	-	-
Investments in joint ventures	93,053	90,923	77,196	-	-
Investments in subsidiaries	-	-	-	114,285	114,117
Investment properties	91,257	90,973	90,706	-	-
Property, plant and equipment	102,280	108,067	108,879	-	-
Goodwill	5,078	5,078	5,078	-	-
	348,076	346,309	298,393	114,285	114,117
TOTAL ASSETS	830,856	711,193	619,846	199,409	233,125
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	151,502	126,514	130,636	1,320	-
Contract liabilities	25,763	38,345	37,824	-	-
Amounts due to subsidiaries	-	-	-	5,842	5,861
Amounts due to an associated company	220	508	485	-	-
Amounts due to joint ventures	16,475	16,282	15,507	-	-
Current income tax liabilities	168	1,485	3,289	229	65
Short-term borrowings	60,524	14,619	28,224	-	-
Notes payables	-	37,000	-	-	37,000
	254,652	234,753	215,965	7,391	42,926
NON-CURRENT LIABILITIES					
Trade and other payables	19,974	17,064	7,399	-	-
Amounts due to subsidiaries	-	-	-	19,011	-
Finance lease	2,570	3,634	2,755	-	-
Bank borrowings	172,405	72,890	58,963	-	-
Notes payables	70,000	70,000	50,000	70,000	70,000
Deferred income tax liabilities	7,730	8,261	8,559	-	-
	272,679	171,849	127,676	89,011	70,000
TOTAL LIABILITIES	527,331	406,602	343,641	96,402	112,926
NET ASSETS	303,525	304,591	276,205	103,007	120,199
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)	(7,910)	(7,614)	(7,983)	(7,910)
Capital and other reserves	454	989	1,203	-	-
Retained profits	260,015	261,964	243,087	74,009	72,224
Currency translation reserve	(8,637)	(8,916)	(9,361)	-	-
	280,830	283,108	264,296	103,007	101,295
Non-controlling interests	22,695	21,483	11,909	-	-
TOTAL EQUITY	303,525	304,591	276,205	103,007	101,295

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

As at 30/06/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
27,659	32,865	5,819	45,800
174,975	70,000	76,524	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, motor vehicles and fixed deposits.

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

Loss on disposal of property, plant and equipment

Fair value (gain)/ loss on long-term financial asset and financial liabilities

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

Share of profit from associated companies

Share of profit from joint ventures

Interest expense

Interest income

Unrealised foreign exchange (gain)/loss

Operating profit before working capital changes

Working capital changes :

- Receivables

- Inventories

- Contracts assets

- Contracts liabilities

- Development properties

- Payables

- Due to associated companies

- Due from/ to joint ventures

Cash (used in)/generated from operations

Income tax paid

Interest paid

Net cash used in operating activities

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment

Purchase of financial assets at fair value through profit or loss

Purchase of financial assets at FVOCI

Purchase of available-for-sale financial assets

Proceeds from disposal of property, plant and equipment

Proceeds from disposal of financial assets at FVOCI

Proceeds from disposal of available-for-sale financial assets

Additions to investment properties

Dividend received from associate and joint venture

Interest received

Net cash provided by investing activities

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from bank borrowings

Repayment of finance lease

Repayment of bank borrowings

Redemption of notes payables

Restricted cash released/(pledged)

Purchase of treasury shares

Dividends paid to equity holders of the Company

Dividends paid to non-controlling interests

Net cash provided by financing activities

6 months ended	
30/06/2018	30/06/2017
S\$'000	(restated) S\$'000
3,672	5,180
283	615
2,231	2,512
3	-
45	1
(484)	71
11	5
(46)	(73)
(5,181)	(6,436)
3,408	2,496
(3,225)	(956)
(639)	770
78	4,185
(34,426)	1,138
677	(2,926)
(13,279)	(25,003)
(12,582)	6,256
(125,789)	-
32,254	12,958
(282)	380
30,671	4,502
(122,678)	1,490
(1,623)	(1,724)
(4,184)	(2,511)
(128,485)	(2,745)
(1,498)	(2,632)
(449)	-
(1,000)	-
-	(2,991)
3,687	62
25	-
-	6,500
(286)	-
3,140	2,605
3,181	1,145
6,800	4,689
168,843	14,370
(1,540)	(1,848)
(23,543)	(8,391)
(37,000)	-
980	(179)
(73)	(158)
(4,125)	(1,446)
(371)	(317)
103,171	2,031

- less than S\$1,000

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

Represented by :

CASH AND CASH EQUIVALENTS

Cash and bank balances

Restricted cash

6 months ended	
30/06/2018 S\$'000	30/06/2017 S\$'000
(18,514)	3,975
61,568	41,890
259	(614)
43,313	45,251

45,629 46,755

(2,316) (1,504)

43,313 45,251

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

GROUP (S\$'000)

	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		
Balance as at 01/01/2018	36,981	(7,910)	989	261,964	(8,916)	283,108	21,483	304,591
Profit for the financial period	-	-	-	2,176	-	2,176	1,496	3,672
Other comprehensive (loss)/ income for the period	-	-	(535)	-	279	(256)	87	(169)
Purchase of treasury shares	-	(73)	-	-	-	(73)	-	(73)
Dividend paid	-	-	-	(4,125)	-	(4,125)	(371)	(4,496)
Balance as at 30/06/2018	36,981	(7,983)	454	260,015	(8,637)	280,830	22,695	303,525
Balance as at 01/01/2017	36,981	(7,614)	1,203	243,087	(9,361)	264,296	11,909	276,205
Profit for the financial period	-	-	-	2,595	-	2,595	2,585	5,180
Other comprehensive (loss)/ income for the period	-	-	(474)	-	(28)	(502)	221	(281)
Acquisition of non-controlling interests without a change in control	-	-	-	32	4	36	(36)	-
Purchase of treasury shares	-	(158)	-	-	-	(158)	-	(158)
Dividend paid	-	-	-	(1,446)	-	(1,446)	(317)	(1,763)
Balance as at 30/06/2017	36,981	(7,772)	729	244,268	(9,385)	264,821	14,362	279,183

COMPANY (S\$'000)

	Attributable to equity holders of the Company			
	Share Capital	Treasury Shares	Retained Profits	TOTAL
Balance as at 01/01/2018	36,981	(7,910)	72,224	101,295
Total comprehensive income for the period	-	-	5,910	5,910
Purchase of treasury shares	-	(73)	-	(73)
Dividend paid	-	-	(4,125)	(4,125)
Balance as at 30/06/2018	36,981	(7,983)	74,009	103,007
Balance as at 01/01/2017	36,981	(7,614)	56,731	86,098
Total comprehensive income for the period	-	-	1,884	1,884
Purchase of treasury shares	-	(158)	-	(158)
Dividend paid	-	-	(1,446)	(1,446)
Balance as at 30/06/2017	36,981	(7,772)	57,169	86,378

- 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

No. of shares	
30/06/2018	31/12/2017
438,000,000	438,000,000

- 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	
30/06/2018	31/12/2017
412,459,100	412,684,900

- 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 of financial period

Purchase of treasury shares

End of financial period

No. of shares
6 months ended 30/6/2018
25,315,100
225,800
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 2017.

- 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 Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to be 'Singapore Financial Reporting Standards (International)' ["SFRS(I)s"] hereinafter.

As required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and will be issuing its first set of financial information prepared under SFRS(I) for the quarter ended 31 March 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group also concurrently applied new major SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers.

	Group	
	31/12/2017	01/01/2017
	Increase/ (decrease)	Increase/ (decrease)
	S\$'000	S\$'000
BALANCE SHEETS		
ASSETS		
CURRENT ASSETS		
Financial assets at fair value through profit or loss	56,671	-
Trade and other receivables	(5,845)	(7,585)
Due from customers on construction contracts	(51,702)	(35,067)
Contract assets	68,482	45,722
Amount due from joint ventures	(6,323)	-
Available-for-sale financial assets	(765)	-
Financial assets at FVOCI	765	-
Short-term notes receivables	(56,671)	-
	4,612	3,070
NON-CURRENT ASSETS		
Trade and other receivables	(24,589)	(9,251)
Amount due from joint ventures	-	(5,936)
Contract assets	24,589	15,187
Available-for-sale financial assets	(2,925)	-
Financial assets at FVOCI	2,925	-
	-	-
TOTAL ASSETS	4,612	3,070
LIABILITIES		
CURRENT LIABILITIES		
Trade and other payables	(20,402)	(2,780)
Contract liabilities	38,345	37,824
Due to customers on construction contracts	(13,331)	(31,974)
	4,612	3,070
TOTAL LIABILITIES	4,612	3,070
NET ASSETS	-	-

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

GROUP			
3 months ended		6 months ended	
30/06/2018 (cent)	30/06/2017 (cent)	30/06/2018 (cent)	30/06/2017 (cent)
0.24	0.37	0.53	0.63
0.24	0.37	0.53	0.63

(ii) On a fully diluted basis

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 412,545,551 ordinary shares (30 June 2017: 413,399,061 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	
30/06/2018 (cents)	31/12/2017 (cents)	30/06/2018 (cents)	31/12/2017 (cents)
68.09	68.60	24.97	24.55

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

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 June 2018 (31 December 2017: 412,684,900 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

2Q 2018 VS 2Q 2017

For the 3-month period ended 30 June 2018 ("2Q 2018"), the Group's sales amounted to S\$85.67 million, an increase of S\$19.98 million or 30% compared to S\$65.69 million in the corresponding period a year ago ("2Q 2017"). The increase was mainly from the Construction and Building Materials division. The Group recorded a gross profit of S\$3.82 million in 2Q 2018 mainly due to higher revenue.

Other income decreased by S\$6.76 million from S\$8.32 million in 2Q 2017 to S\$1.57 million in 2Q 2018 mainly due to a one-off compensation income recognised a year ago. Other gains included fair value gain on financial assets and net foreign exchange gains, partially offset by loss on disposal of property, plant and equipment. There was a credit in distribution expenses of S\$0.52 million in 2Q 2018 because of a write-back of allowance made for impairment on trade receivables. Administrative expenses decreased by 17% from S\$7.04 million in 2Q 2017 to S\$5.87 million in 2Q 2018 mainly due to decrease in professional fees during the current period. Other expenses was S\$0.08 million in 2Q 2018 as compared to a credit of S\$1.61 million in 2Q 2017 mainly due to a write-back of allowance made for impairment on loan to a joint venture a year ago. Finance expenses increased by 48% to S\$1.64 million in 2Q 2018 mainly due to increase in bank borrowings and higher average cost of borrowings. Depreciation expenses in 2Q 2018 decreased marginally from a year ago.

Share of profits of associated companies and joint ventures decreased from S\$5.08 million in 2Q 2017 to S\$2.70 million in 2Q 2018. This was mainly due to lower fair value gain from the valuation of an investment property.

The Group's profit before income tax decreased from S\$3.17 million in 2Q 2017 to S\$1.63 million in 2Q 2018. The Group's net profit attributable to shareholders decreased from S\$1.52 million in 2Q 2017 to S\$0.96 million in 2Q 2018.

1H 2018 VS 1H 2017

The Group's sales for the half year ended 30 June 2018 ("1H 2018") decreased marginally to S\$152.81 million from S\$154.50 million for the half year ended 30 June 2017 ("1H 2017"). The Group's gross profit in 1H 2018 increased by 64% to S\$9.91 million due to improved profit margin.

Other income decreased S\$5.58 million or 62% to S\$3.46 million in 1H 2018 mainly due to one-off compensation income recognised a year ago. Other gains included fair value gain on long-term financial assets and liabilities, partially offset by net foreign exchange loss. Distribution expenses recorded a credit of S\$0.48 million in 1H 2018 mainly due to a write-back of allowance made for impairment on trade receivables. Other expenses decreased by S\$0.26 million or 48% in 1H 2018 mainly due to lower allowance made for impairment on loan to joint ventures. Finance expenses increased by 37% to S\$3.41 million in 1H 2018 mainly due to increase in bank borrowings and higher average cost of borrowings. Depreciation expenses decreased marginally from S\$2.51 million in 1H 2017 to S\$2.23 million in 1H 2018.

Share of profits of associated companies and joint ventures decreased from S\$6.51 million in 1H 2017 to S\$5.23 million in 1H 2018. This was mainly due to lower fair value gain from the valuation of an investment property.

The Group's profit before income tax decreased from S\$5.80 million in 1H 2017 to S\$3.96 million in 1H 2018.

The Group's net profit attributable to shareholders decreased from S\$2.60 million in 1H 2017 to S\$2.18 million in 1H 2018.

Earnings per share decreased to 0.53 cent for 1H 2018 compared to 0.63 cent in 1H 2017.

Review of changes in working capital, assets and liabilities

The movements in assets and liabilities are as follows:

- 1) Decrease in cash and bank balances was mainly due to repayment of notes payables.
- 2) Increase in trade and other receivables was mainly due to an increase in progress billing on construction contracts.
- 3) Increase in contract assets was mainly due to additional cost incurred relating to ongoing projects.
- 4) Decrease in amount due from joint ventures was mainly due to repayment of shareholder loan from a joint venture.
- 5) Increase in development properties was mainly due to cost incurred for a private residential project under development.
- 6) Non-current assets increased by S\$1.77 million mainly due to an increase in contract assets of S\$4.00 million and investment in joint ventures of S\$2.13 million, partially offset by a decrease in property, plant and equipment of S\$5.79 million.
- 7) Current liabilities increased by S\$19.90 million mainly due to an increase in short-term borrowings of S\$45.91 million and trade and other payables of S\$24.99 million, partially offset by repayment of notes payables of S\$37 million, and a decrease in contract liabilities of S\$12.58 million.
- 8) Non-current liabilities increased by S\$100.83 million mainly due to an increase in bank borrowings of S\$99.52 million and trade and other payables of S\$2.91 million. The increase in bank borrowings was mainly for the acquisition of a private residential property for redevelopment.

Review of changes in cashflow

The Group reported a net decrease in cash and cash equivalents mainly due to net cash used in operating activities, partially offset by net cash provided by investing and financing activities. The increase in net cash outflow from operating activities as well as net cash inflow from financing activities were mainly for the acquisition of a private residential property for redevelopment.

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 31 March 2018.

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 by the Ministry of Trade and Industry ("MTI") on 13 July 2018, the Singapore economy grew by 3.8% on a year-on-year basis in the second quarter of 2018, moderating from the 4.3% growth in the previous quarter. The construction sector contracted by 4.4% on a year-on-year basis in the second quarter, extending the 5.2% decline in the previous quarter. The sector was weighed down primarily by the continued weak activity level in the private sector.

The Building and Construction Authority (BCA) projected that the value of construction contracts to be awarded in 2018 to range between S\$26 billion and S\$31 billion, with 60% of projected demand coming from public sector. Although the construction sector remains challenging on the back of a competitive environment, being an established building and civil engineering contractor, we will continue to leverage on our strength to secure more projects in order to replenish our order book for sustainable long-term growth.

Latest statistics from the Urban Redevelopment Authority on 27 July 2018 showed that the price of private residential properties increased by 3.4% in the second quarter of 2018, compared with the 3.9% increase in the previous quarter. We expect the private residential market to remain challenging as the various property cooling measures continue to weigh on the residential market.

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.

No dividend has been declared or recommended for the period ended 30 June 2018.

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	\$'000 342	\$'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 second quarter and half year ended 30 June 2018 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

10 August 2018
Singapore