LOW KENG HUAT (SINGAPORE) LIMITED (Reg. No. 196900209G)

Unaudited Third Quarter ("Q3") Financial Statements For the Period Ended 31 October 2018

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY RESULTS

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

	Note	3 months ended 31-10-2018 $'000	3 months ended 31-10-2017 $'000	Increase / (Decrease) %	9 months ended 31-10-2018 $'000	9 months ended 31-10-2017 $'000	Increase / (Decrease) %
Revenue	1	9,240	13,482	(31)	162,499	44,057	n.m.
Cost of sales	2	(3,973)	(3,545)	12	(135,543)	(23,070)	n.m.
Gross profit		5,267	9,937	(47)	26,956	20,987	28
Other income	3	4,047	3,379	20	9,930	10,942	(9)
Rental income		145	217	(33)	457	649	(30)
Distribution costs	4	(1,090)	(533)	105	(6,508)	(1,200)	n.m.
Administrative costs	5	(1,374)	(1,907)	(28)	(6,528)	(6,001)	9
Other operating expenses	6	(648)	93	n.m.	(2,462)	(4,294)	(43)
Finance costs	7	(2,030)	(1,666)	22	(5,297)	(4,782)	11
Profit from operations		4,317	9,520	(55)	16,548	16,301	2
Share of results of associated companies and joint ventures	8	(818)	(1,549)	(47)	(1,180)	(983)	20
Profit before taxation		3,499	7,971	(56)	15,368	15,318	0
Taxation	9	(142)	(998)	(86)	(2,507)	(1,861)	35
Profit after taxation for the period		3,357	6,973	(52)	12,861	13,457	(4)
Attributable to:							
Owners of the parent	10	2,631	6,619	(60)	11,949	12,490	(4)
Non-controlling interests		726	354	105	912	967	(6)
		3,357	6,973	(52)	12,861	13,457	(4)
Earnings per share (cents)							
- basic		0.36	0.90	(60)	1.62	1.69	(4)
- diluted		0.36	0.90	(60)	1.62	1.69	(4)

n.m.: Not Meaningful

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	3 months ended		Increase /	9 months ended		Increase /
	31-10-2018	31-10-2017	(Decrease)	31-10-2018	31-10-2017	(Decrease)
	$'000	$'000	%	$'000	$'000	%
Net profit for the period	3,357	6,973	(52)	12,861	13,457	(4)
Other comprehensive income/(expense) after tax						
Items that will not be reclassified to profit and loss:						
Fair value gain/(loss) on equity investment measured at fair value through other comprehensive income	(4,515)	-	n.m.	(9,818)	-	n.m.
Items that are or may be reclassified subsequently to profit and loss:						
Fair value gain/(loss) on available-for-sale financial assets recognised directly to equity	-	3,152	(100)	-	9,316	(100)
Fair value gain/(loss) on available-for-sale financial assets recycled to income statement on derecognition	-	(879)	(100)	-	(3,230)	(100)
Exchange differences on translation of the financial statements of foreign entities (net)	(1,297)	(1,047)	24	(2,432)	(967)	151
Total other comprehensive income/(expense) for the period, net of tax	(5,812)	1,226	n.m.	(12,250)	5,119	n.m.
Total comprehensive income/(expense) for the period	(2,455)	8,199	n.m.	611	18,576	(97)
Total comprehensive income/(expense) attributable to:						
Owners of the parent	(3,070)	7,913	n.m.	82	17,708	(100)
Non-controlling interests	615	286	115	529	868	(39)
Total comprehensive income/(expense) for the period	(2,455)	8,199	n.m.	611	18,576	(97)

n.m.: Not Meaningful

(a)(ii) Notes to the income statement

1 Revenue increased by $118.4M to $162.5M in 9 months current year from $44.1M in 9 months previous year. It decreased by $4.3M to $9.2M in Q3 current year from $13.5M in Q3 previous year. The increase was mainly due to increased sales in Development segment offset by decreased revenue in Hotel segment. Kismis Residences & Tranquilia @ Kismis ("Kismis") were fully sold during 9 months current year. Lower revenue at Duxton Hotel Perth was due to lower room rates. Occupancy rate improved but was lower than 9 months previous year after more marketing effort in Q3 current year. Lower revenue from food and beverage business was due to closure of outlets.

2 Cost of sales increased by $112.4M to $135.5M in 9 months current year from $23.1M in 9 months previous year. It increased by $0.5M to $4.0M in Q3 current year from $3.5M in Q3 previous year. The increase in cost of sales was mainly due to increased sales in Development segment offset by decreased cost of sales in Hotel segment. In previous year there was higher write back of construction project cost accrual upon finalisation of accounts.

1(a)(ii) Notes to the income statement

3 Other income decreased by $1.0M to $9.9M in 9 months current year from $10.9M in 9 months previous year. It increased by $0.6M to $4.0M in Q3 current year from $3.4M in Q3 previous year. The decrease was mainly due to absence of gain on disposals of quoted investment, lower fixed deposit interest income offset by higher exchange gain on USD fixed deposit in 9 months current year. Upon adoption of FRS109, the gain on disposal of long term equity investment of $1.87M was not recognised to profit and loss was not recycled from fair value reserves to profit and loss but was reclassed to retained earning in balance sheet.

4 Distribution costs increased by $5.3M to $6.5M in 9 months current year from $1.2M in 9 months previous year. It increased by $0.6M to $1.1M in Q3 current year from $0.5M in Q3 previous year. The increase was mainly due to sales commission from the sale of development property at Kismis and showflat expense at Perumal in 9 months current year. Kismis obtained TOP in May 2018 and was 100% sold as at June 2018. Perumal is a mixed development and the residential and commercial units are expected to be launched for sale in Q2 next year.

5 Administrative costs increased by $0.5M to $6.5M in 9 months current year from $6.0M in 9 months previous year. It decreased by $0.5M to $1.4M in Q3 current year from $1.9M in Q3 previous year. The increase was mainly due to transaction cost for sales of office at Shanghai Nova in 9 months current year.

6 Other operating expenses decreased by $1.8M to $2.5M in 9 months current year from $4.3M in 9 months previous year. It increased by $0.7M to $0.6M in Q3 current year from negative $0.1M in Q3 previous year. The decrease was mainly due to unrealised exchange loss in relation to USD fixed deposit in previous year.

7 Finance costs increased by $0.5M to $5.3M in 9 months current year from $4.8M in 9 months previous year. It increased by $0.3M to $2.0M in Q3 current year from $1.7M in Q3 previous year.

8 Share of results of associated companies and joint ventures was a loss of $1.2M in 9 months current year compared to a loss of $1.0M in 9 months previous year. Share of results of associated companies and joint ventures was a loss of $0.8M in Q3 current year compared to a loss of $1.5M in Q3 previous year. The loss was mainly due to lower profit contribution from AXA Tower offset by improved performance at Westgate Tower. The occupancy rate of AXA Tower and Westgate Tower are about 92.46% and 98.8% as at 5 December 2018.

9 The basis of tax computation is set out below:

	3 months ended		Increase	9 months ended		Increase
	31-10-2018	**31-10-2017**	**(Decrease)**	**31-10-2018**	**31-10-2017**	**(Decrease)**
	$'000	$'000	%	$'000	$'000	%
Income tax expense:						
- current	11	(723)	n.m.	(2,180)	(1,295)	68
- foreign tax	(153)	(275)	(44)	(327)	(566)	(42)
	(142)	(998)	(86)	(2,507)	(1,861)	35

n.m.: Not Meaningful

Taxation increased by $0.6M to $2.5M in 9 months current year from $1.9M in 9 months previous year. It decreased by $0.8M to $0.2M in Q3 current year from $1.0M in Q3 previous year. The increase was due to increase in tax provision for sale of development properties at Kismis.

10 Net profit attributable to shareholders decreased by $0.6M to $11.9M in 9 months current year from $12.5M in 9 months previous year. It decreased by $4.0M to $2.6M in Q3 current year from $6.6M in Q3 previous year. The decrease was mainly due to lower profit from investment segment offset by higher profit from development segment.

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group			Company	
	31-10-2018	31-01-2018	Note	31-10-2018	31-01-2018
	$'000	$'000		$'000	$'000
ASSETS					
Non-current assets					
Investment properties	271,800	274,331	1	18,265	18,414
Property, plant and equipment	245,063	228,074	1	5,463	5,176
Subsidiaries	-	-		521,593	476,652
Joint ventures	90,361	91,745		96,681	95,804
Associated companies	60,422	53,203	2	59	56
Long-term quoted equity investments	33,122	50,810	3	1,560	1,730
Other investment	32,000	32,000	13	-	-
Other receivables	121	235	6	-	-
Deferred tax assets	373	402		-	-
	733,262	730,800		643,621	597,832
Current assets					
Cash and cash equivalents	92,501	134,045	4	35,932	80,482
Fixed deposits	5,301	5,365	4	-	-
Short-term quoted equity investments	4,863	5,949	5	-	-
Trade and other receivables	73,650	23,499	6	16,016	22,287
Inventories	366	379		-	-
Development properties	260,730	258,481	7	-	-
	437,411	427,718		51,948	102,769
Total assets	1,170,673	1,158,518		695,569	700,601
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	161,863	161,863		161,863	161,863
Capital reserves	(2,005)	(2,005)		-	-
Fair value reserves	5,151	16,843	8	805	975
Retained profits	487,238	486,237		422,153	424,564
Exchange fluctuation account	(2,049)	1,931		-	-
	650,198	664,869		584,821	587,402
Non-controlling interests	32,488	32,989	11	-	-
Total equity	682,686	697,858		584,821	587,402
LIABILITIES					
Non-current liabilities					
Bank borrowings	277,908	246,995	10	-	-
Amount owing to non-controlling shareholders of subsidiaries	52,392	53,310	9	-	-
Deferred tax liabilities	2,860	2,860		-	-
	333,160	303,165		-	-
Current liabilities					
Trade and other payables	22,689	24,743	12	14,526	16,380
Amount owing to subsidiaries	-	-		75,233	74,787
Joint ventures	460	434		197	197
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	402	434	9	-	-
Provisions	24	46		-	-
Provision for directors' fee	184	245		184	245
Provision for taxation	4,979	5,504		608	1,590
Bank borrowings	126,089	126,089	10	20,000	20,000
	154,827	157,495		110,748	113,199
Total liabilities	487,987	460,660		110,748	113,199
Total equity and liabilities	1,170,673	1,158,518		695,569	700,601

Notes to the balance sheets

1 The net book value of Investment Properties decreased by $2.5M to $271.8M as at 31 October 2018 from $274.3M as at 31 January 2018. The decrease was mainly due to depreciation. The net book value of Property, Plant and Equipment increased by $17.0M to $245.1M as at 31 October 2018 from $228.1M as at 31 January 2018. The increase was mainly due to higher development cost for service apartments at Balestier Tower and Perumal, offset by depreciation at Duxton Hotel Perth.

2 Associated companies increased by $7.2M to $60.4M as at 31 October 2018 from $53.2M as at 31 January 2018. The increase was mainly due to shareholder loans made to new associate, Dalvey Breeze Development Pte Ltd ("DBDPL") and additional advances made to associated companies in Malaysia. DBDPL acquired Villa D'Este ("Dalvey") on an enbloc basis to redevelop it into high end condominium. DBDPL is 60% owned by KOP Limited and 40% owned by the Group.

3 Long-term quoted equity investments decreased by $17.7M to $33.1M as at 31 October 2018 from $50.8M as at 31 January 2018. The decrease was mainly due to decrease in fair value of long-term equity investment and disposal of shares in September 2018. Upon adoption of FRS109, the gain on disposal of long term equity investment of $1.87M was not recycled from fair value reserves to profit and loss but was reclassed to retained earning in balance sheet.

4 Cash and cash equivalents and fixed deposits decreased by $41.6M to $97.8M as at 31 October 2018 from $139.4M as at 31 January 2018 mainly due to completion of acquisition of 67 Cairnhill Road and dividend payment to shareholders of the Company offset by progressive payment received from sale of development property at Kismis.

5 Short-term quoted equity investments decreased by $1.0M to $4.9M as at 31 October 2018 from $5.9M as at 31 January 2018 due to decrease in fair value of short-term quoted equity investments.

6 Trade and other receivables increased by $50.1M to $73.8M as at 31 October 2018 from $23.7M as at 31 January 2018 mainly due to the unbilled progress payment for Kismis as it obtained TOP in May 2018 and deposits for enbloc acquisition of 69 Cairnhill Road.

7 Development properties increased by $2.2M to $260.7M as at 31 October 2018 from $258.5M as at 31 January 2018 mainly due to completion of acquisition of 67 Cairnhill Mansion offset with sales recognition of Kismis. Kismis is fully sold as at June 2018 and revenue is fully recognised upon TOP obtained in May 2018. Acquisition of 67 Cairnhill is completed in August 2018.

8 Fair value reserves decreased by $11.6M to $5.2M as at 31 October 2018 from $16.8M as at 31 January 2018 due to decrease in fair value of long-term quoted equity investments and disposal of long-term quoted equity investments in September 2018.

9 Total amount owing to non-controlling shareholders of subsidiaries decreased by $0.9M to $52.8M as at 31 October 2018 from $53.7M as at 31 January 2018 mainly due to partial repayment of shareholder loan offset with additional imputed interest on shareholder loan.

10 Bank borrowings increased by $30.9M to $404.0M as at 31 October 2018 from $373.1M as at 31 January 2018 due to drawdown of bank loan for Perumal offset with repayment of bank loan of Kismis. Gearing was 0.47 as at 31 October 2018 compared to 0.35 as at 31 January 2018.

11 Non-controlling interests decreased by $0.5M to $32.5M as at 31 October 2018 from $33.0M as at 31 January 2018 mainly due to dividend paid to non-controlling shareholder.

12 Trade and other payables decreased by $2.0M to $22.7M as at 31 October 2018 from $24.7M as at 31 January 2018. The decrease was mainly due to write back of construction project cost accrual upon finalisation of accounts.

13 The amount of $32.0M is part of the 20% equity investment in AXA Tower. It is invested in the form of junior bonds which are expected to mature in year 2025 with a coupon rate of not more than 10% per annum repayable semi-annually.

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

	31-10-2018		31-01-2018	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	$'000	$'000	$'000	$'000
Amount repayable in one year or less, or on demand	106,089	20,000	106,089	20,000
Amount repayable after one year	277,908	-	246,995	-
	383,997	20,000	353,084	20,000

Details of any collateral

Borrowings are secured by the mortgages on the borrowing subsidiaries' development and investment properties and assignment of all rights and benefits with respect to the development and investment properties mortgaged.

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	9 months ended	
	31-10-2018	**31-10-2017**
	$'000	$'000
Cash Flows from Operating Activities		
Operating profit before taxation	15,368	15,318
Adjustments for:		
Share of results of associated companies and joint ventures	1,180	983
Depreciation of investment properties	2,275	2,230
Depreciation of property, plant and equipment	1,345	1,574
Loss/(gain) on disposal of property, plant and equipment	-	(13)
Impairment loss provision/(reversal) on property, plant and equipment	(213)	-
Bad debts provision/(reversal) for the year	91	-
Property, plant and equipment written off	218	-
Fair value loss/(gain) recycled from fair value reserve to consolidated income statement on derecognition of available-for-sale financial assets	-	(3,326)
Fair value loss/(gain) on financial assets at fair value through profit or loss	1,086	(492)
Interest expense	5,297	4,782
Interest income	(4,346)	(5,163)
Operating profit before working capital changes	22,301	15,893
Decrease/(increase) in inventories and construction work-in-progress	(7)	27
Decrease/(increase) in development properties	(2,249)	(187,159)
Decrease/(increase) in operating receivables	(51,433)	59,958
(Decrease)/increase in operating payables	(4,604)	(4,287)
Cash used in operations	(35,992)	(115,568)
Interest paid	(5,232)	(4,788)
Income tax paid	(2,953)	(1,838)
Net cash generated from/(used in) operating activities	(44,177)	(122,194)
Balance carried forward	(44,177)	(122,194)

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	9 months ended	
	31-10-2018	31-10-2017
	$'000	$'000
Balance brought forward	(44,177)	(122,194)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(20,472)	(5,948)
Acquisition of investment properties	(95)	(1,808)
Acquisition of quoted equity investments	-	(844)
Interest received	4,346	5,163
Decrease/(increase) in fixed deposit with maturity more than three months	64	(7)
Capital contribution made to associated companies and joint ventures	(400)	-
Advances and loans made to joint ventures and associated companies	(8,092)	(3,683)
Capital return from joint ventures in liquidation	300	-
Dividends from joint ventures	1,379	-
Repayment of loans from joint ventures	254	38
Proceeds from disposal of quoted equity investments	7,870	12,030
Proceeds from disposal of property, plant and equipment	538	143
Net cash generated from/(used in) investing activities	(14,308)	5,084
Cash Flow from Financing Activities		
Capital contribution from non-controlling shareholders subsidiaries	5	-
Dividends paid to shareholders of the Company	(14,776)	(29,554)
Dividends paid to non-controlling shareholder of a subsidiary	(1,004)	(1,960)
Proceeds from bank borrowings	104,448	71,500
Repayment of bank borrowings	(73,535)	(51,900)
(Repayment to) loans from non-controlling shareholders of a subsidiary	(926)	1,510
Net cash generated from/(used in) financing activities	14,212	(10,404)
Net decrease in cash and cash equivalents	(44,273)	(127,514)
Cash and cash equivalents at beginning of year	134,045	250,574
Exchange differences on translation of cash and cash equivalent at beginning of year	2,729	(3,211)
Cash and cash equivalents at end of year	92,501	119,849

The Group has unused bank facilities of $565.4M as of 31 October 2018.

The Group generated a net decrease of $44.3M cash flow during 9 months current year compared to net decrease of $127.5M during 9 months previous year. The net decrease in cash and cash equivalents was due to net cash used in operating and investing activities of $44.2M and $14.3M respectively, offset with net cash generated from financing activities of $14.2M.

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 year

Statement of Changes in Equity

	Share capital $'000	Reserves $'000	Retained profits $'000	Total $'000
The Company				
Balance at 1 February 2018	161,863	975	424,564	587,402
Total comprehensive income and loss for the period	-	(170)	(2,411)	(2,581)
Balance at 31 October 2018	161,863	805	422,153	584,821
Balance at 1 February 2017	161,863	713	396,190	558,766
Total comprehensive income and loss for the period	-	(24)	59,893	59,869
Transaction with owners -				
Dividends paid in repect of financial year ended 31/1/2016	-	-	(29,552)	(29,552)
Balance at 31 October 2017	161,863	689	426,531	589,083

	Share capital $'000	Reserves $'000	Retained profits $'000	Exchange fluctuation account $'000	Sub-total $'000	Non-controlling interests $'000	Total $'000
The Group							
Balance at 1 February 2018	161,863	14,838	486,237	1,931	664,869	32,989	697,858
Total comprehensive income and loss for the period	-	(9,818)	11,949	(2,049)	82	529	611
Transfer upon disposal of investments	-	(1,874)	1,874	-	-	-	-
Transaction with owners -							
Dividends paid in repect of financial year ended 31 January 2017	-	-	(14,776)	-	(14,776)	(1,004)	(15,780)
Reserves arising from non-interest bearing loans from non-controlling shareholders	-	-	-	-	-	(8)	(8)
Transactions with non-controlling interests	-	-	23	-	23	(23)	-
Effect on issuance of shares to a non-controlling interest of a subsidiary	-	-	-	-	-	5	5
Effect of adopting SFRS(I)1	-	-	1,931	(1,931)	-	-	-
Balance at 31 October 2018	161,863	3,146	487,238	(2,049)	650,198	32,488	682,686
Balance at 1 February 2017	161,863	5,759	497,239	2,034	666,895	27,363	694,258
Total comprehensive income and loss for the period	-	6,094	12,490	(876)	17,708	868	18,576
Transaction with owners -							
Dividends paid in repect of financial year ended 31 January 2016	-	-	(29,554)	-	(29,554)	-	(29,554)
Dividends paid to minority shareholders	-	-	-	-	-	(1,960)	(1,960)
Balance at 31 October 2017	161,863	11,853	480,175	1,158	655,049	26,271	681,320

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

There was no change in the Company's share capital as at 31 October 2018 compared to 31 January 2018.

There were no outstanding executives' share options granted as at 31 October 2018 and 31 January 2018.

There was no treasury share held or issued as at 31 October 2018 and 31 January 2018.

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

	As at 31-10-2018	**As at 31-01-2018**
Number of issued shares excluding treasury shares	738,816,000	738,816,000

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

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 31 October 2018.

2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagements 2400 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or 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 Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the year ended 31 January 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

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)s), which comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) issued by the International Accounting Statutory Board (IASB). The Group's financial statements for the financial year ending 31 January 2019 will be prepared in accordance with SFRS(I) issued by the ASC and IFRS issued by the IASB.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31

January 2018, except for the adoption of the new/revised SFRS(I) applicable for the financial period beginning 1 February 2018 as follows:

- SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*
- SFRS(I) 9 *Financial Instruments*
- SFRS(I) 15 *Revenue from Contracts with Customers*

a) SFRS(I) 1
SFRS(I) 1 requires that the Group applies SFRS(I) on a retrospective basis and restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to FRS financial statements. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 does not have any significant impact on the Group's financial statements except as disclosed below.

	2018 Increase/ (decrease) S$'000
Group	
Balance sheet as at 1 Feb 2018	
Retained earnings	(1,931)
Foreign currency translation reserve	1,931
Total impact on equity	-

b) SFRS(I) 9
SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Overall, the Group does not expect a significant change to the measurement basis arising from adopting the new classification and measurement model under SFRS(I) 9.

SFRS(I) 9 requires the Group to record expected credit losses on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group adopts the simplified approach and records lifetime expected losses on all trade receivables. The impairment calculated using the expected credit loss model does not have a significant impact on the financial statements.

c) SFRS(I) 15
SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

Based on the existing contractual arrangement for revenue, management has assessed that the implementation of SFRS(I) 15 does not result in a change in the amounts and timing of revenue recognition by the company in respect of properties under development as at 31 October 2018.

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

	3 months ended		9 months ended	
	31-10-18	**31-10-17**	**31-10-18**	**31-10-17**
Earnings per ordinary share for the period based on net profit attributable to shareholders of the Company:				
(i) Based on weighted average number of ordinary shares in issue	0.36 cents	0.90 cents	1.62 cents	1.69 cents
(ii) On a fully diluted basis	0.36 cents	0.90 cents	1.62 cents	1.69 cents

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	Group		Company	
	31-10-18	31-01-18	31-10-18	31-01-18
Net asset value per ordinary share	88 cents	90 cents	79 cents	80 cents
Net tangible assets backing per ordinary share	88 cents	90 cents	79 cents	80 cents

8. 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 that affected the turnover, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

	3 months ended		Increase /	9 months ended		Increase /
	31-10-2018	31-10-2017	(Decrease)	31-10-2018	31-10-2017	(Decrease)
	$'M	$'M	%	$'M	$'M	%
Revenue						
Development	-	2.9	(100)	135.0	12.9	n.m.
Investment	4.2	4.4	(5)	13.3	13.0	2
Hotels	5.0	6.2	(19)	14.2	18.1	(22)
Total	9.2	13.5	(32)	162.5	44.0	n.m.
Profit before tax and non-controlling interests						
Development	0.8	0.1	n.m.	9.3	1.7	n.m.
Investment	2.2	5.6	(61)	5.5	12.4	(56)
Hotels	0.5	2.3	(78)	0.5	1.2	(58)
Total	3.5	8.0	(56)	15.3	15.3	0
Non-controlling interests	(0.7)	(0.4)	75	(0.9)	(1.0)	(10)
Taxation	(0.2)	(1.0)	(80)	(2.5)	(1.8)	39
Net profit attributable to shareholder	2.6	6.6	(61)	11.9	12.5	(5)
n.m.: Not Meaningful						

Development

Development revenue increased by $122.1M to $135.0M in 9 months current year from $12.9M in 9 months previous year. There was no sales in Q3 current year compared to $2.9M in Q3 previous year. The increase was mainly due to sales from Kismis during 9 months current year. Kismis obtained TOP in May 2018 and was fully sold in June 2018.

Net profit before tax and non-controlling interests for development segment increased by $7.6M to $9.3M in 9 months current year from $1.7M in 9 months previous year. Net profit before tax and non-controlling interests for development segment increased by $0.7M to $0.8M in Q3 current year from $0.1M in Q3 previous year. The increase was in line with the increase in revenue. In Q3 current year the Group disposed of an office in Shanghai with a net gain of approximately $0.6M.

As announced on 4 June 2018, LKHS Property Investment Pte Ltd, a subsidiary of the Company invested 40% equity in Dalvey Breeze Development Pte Ltd ("DBDPL") which acquired freehold Villa D'Este ("Dalvey") on an enbloc basis. KOP Limited holds 60% of DBDPL. The purchase consideration was $93 million with a gross floor area of approximately 55,000 square feet. DBDPL intends to redevelop the property into a high-end condominium.

As announced by the Company on 7 June 2018, Glopeak Development Pte. Ltd. ("Glopeak"), wholly owned subsidiary of the Company, has entered into a Sale & Purchase Agreement on 7 June 2018 ("SPA") to purchase 67 Cairnhill Road ("67 Cairnhill"), which sits on freehold land with land area of approximately 19,800 square feet and a plot ratio of 2.8. The acquisition of 67 Cairnhill was completed on 30 August 2018.

As announced previously on 14 February 2018, Glopeak entered into a Sale and Purchase Agreement with owners of 69 Cairnhill Road for the enbloc acquisition of 69 Cairnhill Road ("69 Cairnhill"). The completion

of the acquisition is subject to owners obtaining sales order and Glopeak obtaining various government approval including URA and LTA. As announced on 26 October 2018, sales order has been obtained by the owners on 4 October 2018. As at date of this announcement, Glopeak has yet to obtain approval from LTA for Pre-Application Feasibility Study (PAFS). Subject to the successful completion of 69 Cairnhill, the Group has the option of either:-
(a) redeveloping 67 Cairnhill into a high rise residential condominium with condominium facilities that is expected to yield approximately 90 residential units; or
(b) amalgamate 67 Cairnhill with 69 Cairnhill and redevelop into a high-rise residential condominium with condominium facilities that is expected to yield approximately 200 residential units.

Investment

Investment revenue increased by $0.3M to $13.3M in 9 months current year from $13.0M in 9 months previous year. It decreased by $0.2M to $4.2M in Q3 current year from $4.4M in Q3 previous year. There is no significant change in revenue.

Net profit before tax and non-controlling interests for investment segment decreased by $6.9M to $5.5M in 9 months current year from $12.4M in 9 months previous year. Net profit before tax and non-controlling interests for investment segment decreased by $3.4M to $2.2M in Q3 current year from $5.6M in Q3 previous year. The decrease was mainly due to lower write back of accrual of construction project cost and absence of gain on disposals of quoted investment in 9 months current year. Upon adoption of FRS109, the gain on disposal of long term equity investment of $1.87M was not recycled from fair value reserves to profit and loss but was reclassed to retained earning in balance sheet.

Hotel and F&B

Revenue from hotels segment decreased by $3.9M to $14.2M in 9 months current year from $18.1M in 9 months previous year. It decreased by $1.2M to $5.0M in Q3 current year from $6.2M in Q3 previous year. The decrease was mainly due to lower room rates and lower occupancy in Duxton Hotel Perth and closure of F&B outlets with one remaining outlet at Chijmes.

Net profit before tax and non-controlling interests for hotels segment decreased by $0.7M to $0.5M in 9 months current year from $1.2M in 9 months previous year. Net profit before tax and non-controlling interests for hotels segment decreased by $1.8M to $0.5M in Q3 current year from $2.3M in Q3 previous year. The lower profit was due to lower revenue from both hotel and F&B operations.

Net profit attributable to shareholders

Net profit attributable to shareholders decreased by $0.6M to $11.9M in 9 months current year from $12.5M in 9 months previous year. It decreased by $4.0M to $2.6M in Q3 current year from $6.6M in Q3 previous year. The decrease was mainly due to lower profit from investment segment offset by higher profit from development segment.

Balance Sheet

Group shareholders' funds decreased by $14.7M to $650.2M as at 31 October 2018 from $664.9M as at 31 January 2018. Cash and cash equivalents and fixed deposits decreased by $41.6M to $97.8M as at 31 October 2018 from $139.4M as at 31 January 2018 mainly due to completion of acquisition of 67 Cairnhill Road and dividend payment to shareholders of the Company offset by progressive payment received from sale of development property at Kismis. Bank borrowings increased by $30.9M to $404.0M as at 31 October 2018 from $373.1M as at 31 January 2018 due to drawdown of bank loan for Perumal offset with repayment of bank loan of Kismis. Gearing was 0.47 as at 31 October 2018 compared to 0.35 as at 31 January 2018.

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

Not applicable

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

The residential property market is more subdued since the recent tightening of property cooling measures. The Group will continue to be selective in land bidding and investment projects. The Group will strive to maintain rental r ates for renewals.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on? No

Name of Dividend	:	NIL
Dividend Type	:	NIL
Dividend Amount	:	NIL
Tax Rate	:	NIL

Name of Dividend	:	NIL
Dividend Type	:	NIL
Dividend Amount	:	NIL
Tax Rate	:	NIL

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of Dividend	:	NIL
Dividend Type	:	NIL
Dividend Amount	:	NIL
Tax Rate	:	NIL

Name of Dividend	:	NIL
Dividend Type	:	NIL
Dividend Amount	:	NIL
Tax Rate	:	NIL

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommended, a statement to that effect

Not applicable

13. If the Group has obtained a general mandate from shareholders for IPTs, 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.

Not applicable

14. Confirmation by Directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors, which may render the unaudited consolidated financial results for the 3 months ended 31 October 2018 to be false or misleading in any material aspect.

15. Confirmation that the issuer 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

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.

BY ORDER OF THE BOARD

Low Keng Boon @ Lau Boon Sen
Joint Managing Director

Dato' Marco Low Peng Kiat
Joint Managing Director

7 December 2018