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

Unaudited Second Quarter ("Q2") Financial Statements For the Period Ended 31 July 2019

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 31/07/2019 $'000	3 months ended 31/07/2018 $'000	Increase / (Decrease) %	6 months ended 31/07/2019 $'000	6 months ended 31/07/2018 $'000	Increase / (Decrease) %
Revenue	1	8,367	77,905	(89)	17,246	153,259	(89)
Cost of sales	2	(5,257)	(67,268)	(92)	(10,523)	(131,570)	(92)
Gross profit		3,110	10,637	(71)	6,723	21,689	(69)
Other income	3	3,197	4,192	(24)	5,731	5,883	(3)
Rental income		146	146	-	291	312	(7)
Distribution costs	4	(272)	(3,276)	(92)	(620)	(5,418)	(89)
Administrative costs	5	(2,167)	(2,934)	(26)	(4,232)	(5,154)	(18)
Other operating expenses	6	(434)	(1,344)	(68)	(840)	(1,814)	(54)
Finance costs	7	(2,103)	(1,731)	21	(3,843)	(3,267)	18
Profit from operations		1,477	5,690	(74)	3,210	12,231	(74)
Share of results of associated companies and joint ventures	8	(953)	(694)	37	(2,017)	(362)	n.m.
Profit before taxation		524	4,996	(90)	1,193	11,869	(90)
Taxation	9	(432)	(1,221)	(65)	(807)	(2,365)	(66)
Profit after taxation for the period		92	3,775	(98)	386	9,504	(96)
Attributable to:							
Owners of the parent	10	358	4,152	(91)	808	9,318	(91)
Non-controlling interests		(266)	(377)	(29)	(422)	186	n.m.
		92	3,775	(98)	386	9,504	(96)
Earnings per share							
(cents)							
- basic		0.05	0.56	(91)	0.11	1.26	(91)
- diluted		0.05	0.56	(91)	0.11	1.26	(91)

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 /	6 months ended		Increase /
	31/07/2019	31/07/2018	(Decrease)	31/07/2019	31/07/2018	(Decrease)
	$'000	$'000	%	$'000	$'000	%
Net profit for the period	92	3,775	(98)	386	9,504	(96)
Other comprehensive income/(expense) after tax						
Items that will not be reclassified to profit and loss:						
Fair value gain/(loss) on equity investments measured at fair value through other comprehensive income	(1,186)	(3,636)	(67)	1,366	(5,303)	n.m.
Exchange differences on translation of the financial statements of foreign entities (net)	(84)	-	n.m.	(106)	-	n.m.
Items that are or may be reclassified subsequently to profit and loss:						
Exchange differences on translation of the financial statements of foreign entities (net)	(527)	880	n.m.	(1,081)	(1,135)	(5)
Total other comprehensive income/(expense) for the period, net of tax	(1,797)	(2,756)	(35)	179	(6,438)	n.m.
Total comprehensive income/(expense) for the period	(1,705)	1,019	n.m.	565	3,066	(82)
Total comprehensive income/(expense) attributable to:						
Owners of the parent	(1,355)	1,478	n.m.	1,093	3,153	(65)
Non-controlling interests	(350)	(459)	(24)	(528)	(87)	n.m.
Total comprehensive income/(expense) for the period	(1,705)	1,019	n.m.	565	3,066	(82)

n.m.: Not Meaningful

(a)(ii) Notes to the income statement

1 Revenue decreased by $136.1M to $17.2M in 1H current year from $153.3M in 1H previous year. It decreased by $69.5M to $8.4M in Q2 current year from $77.9M in Q2 previous year. The decrease was mainly due to absence of sales in development segment as there was no development project launched for sale in 1H current year. Kismis Residences & Tranquilia @ Kismis ("Kismis") were fully sold last year. Uptown @ Farrer is 27.5% completed and scheduled to launch for sale by 14 September 2019. Citadines Balestier is expected to commence business by 30 September 2019. Lyf @ Farrer is expected to obtain TOP by Q4 FY2022 and to commence business by Q2 FY2023.

2 Cost of sales decreased by $121.1M to $10.5M in 1H current year from $131.6M in 1H previous year. It decreased by $62.0M to $5.3M in Q2 current year from $67.3M in Q2 previous year. The decrease in cost of sales was mainly due to no sales in development segment in 1H current year.

3 Other income decreased by $0.2M to $5.7M in 1H current year from $5.9M in 1H previous year. It decreased by $1.0M to $3.2M in Q2 current year from $4.2M in Q2 previous year. The decrease was mainly due to decrease in exchange gain from sale of USD offset with gain on disposal of quoted equity investments measured at fair value through profit or loss.

4 Distribution costs decreased by $4.8M to $0.6M in 1H current year from $5.4M in 1H previous year. It decreased by $3.0M to $0.3M in Q2 current year from $3.3M in Q2 previous year. The decrease was mainly due to absence of sales commission since there was no development sales in 1H current year.

5 Administrative costs decreased by $1.0M to $4.2M in 1H current year from $5.2M in 1H previous year. It decreased by $0.7M to $2.2M in Q2 current year from $2.9M in Q2 previous year. The decrease was mainly due to decrease in project management fees and legal cost offset with increase in payroll cost.

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

6 Other operating expenses decreased by $1.0M to $0.8M in 1H current year from $1.8M in 1H previous year. It decreased by $0.9M to $0.4M in Q2 current year from $1.3M in Q2 previous year. The decrease was mainly due to decrease in fair value loss of quoted equity investments measured at fair value through profit or loss.

7 Finance costs increased by $0.5M to $3.8M in 1H current year from $3.3M in 1H previous year. It increased by $0.4M to $2.1M in Q2 current year from $1.7M in Q2 previous year. The increase was due to higher interest rate in 1H current year.

8 Share of loss of associated companies and joint ventures increased by $1.6M to $2.0M in 1H current year from $0.4M in 1H previous year. It increased by $0.3M to $1.0M in Q2 current year compared to $0.7M in Q2 previous year. The increase in loss was mainly due to higher finance costs due to higher interest rate at AXA Tower and Westgate Tower. The occupancy rates of AXA Tower and Westgate Tower are 95.6% and 98.2% respectively as at 26 August 2019.

9 The basis of tax computation is set out below:

	3 months ended		Increase /	6 months ended		Increase /
	31/07/2019	**31/07/2018**	**(Decrease)**	**31/07/2019**	**31/07/2018**	**(Decrease)**
	$'000	**$'000**	**%**	**$'000**	**$'000**	**%**
Income tax expense:						
- current	(419)	(1,202)	(65)	(793)	(2,191)	(64)
- foreign tax	(13)	(19)	(32)	(14)	(174)	(92)
	(432)	(1,221)	(65)	(807)	(2,365)	(66)

Taxation decreased by $1.6M to $0.8M in 1H current year from $2.4M in 1H previous year. It decreased by $0.8M to $0.4M in Q2 current year from $1.2M in Q2 previous year. The decrease was due to lower profits from all segments.

10 Net profit attributable to shareholders decreased by $8.5M to $0.8M in 1H current year from $9.3M in 1H previous year. It decreased by $3.8M to $0.4M in Q2 current year from $4.2M in Q2 previous year. The decrease was mainly due to lower profit from development segment as there was no development project launched for sale in 1H current year.

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	
	31/07/2019	31/01/2019	Note	31/07/2019	31/01/2019
	$'000	$'000		$'000	$'000
ASSETS					
Non-current assets					
Investment properties	321,317	271,188	1	18,115	18,215
Property, plant and equipment	270,235	255,972	1	5,356	5,392
Subsidiaries	-	-		576,581	462,539
Joint ventures	89,779	90,209		94,822	93,163
Associated companies	68,003	66,136	2	-	56
Financial assets, at FVOCI	34,772	35,258	3	1,452	1,661
Other investments, at amortised cost	32,000	32,000	13	-	-
Other receivables	119	157	6	-	-
Deferred tax assets	357	370		-	-
	816,582	751,290		696,326	581,026
Current assets					
Cash and cash equivalents	60,442	116,259	4	19,940	74,944
Fixed deposits	9,051	9,051	4	-	-
Financial assets, at FVPL	-	5,156	5	-	-
Amount owing by subsidiaries	-	-		3,239	9,260
Trade and other receivables	7,969	60,502	6	8,204	4,080
Inventories	520	352		-	-
Contract assets	3	3,133		753	2,676
Development properties	600,014	267,376	7	-	-
	677,999	461,829		32,136	90,960
Total assets	1,494,581	1,213,119		728,462	671,986
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	8,116	7,287	8	697	906
Retained profits	480,316	490,053		420,738	423,748
Exchange fluctuation account	(3,063)	(1,982)		-	-
	645,227	655,216		583,298	586,517
Non-controlling interests	33,093	33,621	11	-	-
Total equity	678,320	688,837		583,298	586,517
LIABILITIES					
Non-current liabilities					
Bank borrowings	572,808	341,108	10	-	-
Trade and other payables	1,358	-	12	-	-
Amount owing to non-controlling interests	44,137	43,129	9	-	-
Deferred tax liabilities	2,817	2,817		-	-
	621,120	387,054		-	-
Current liabilities					
Trade and other payables	24,028	24,031	12	13,014	16,595
Amount owing to subsidiaries	-	-		71,343	67,945
Amount owing to joint ventures	454	446		197	197
Amount owing to non-controlling interests	387	1,413	9	-	-
Provisions	24	24		-	-
Provision for directors' fee	137	259		137	259
Provision for taxation	4,022	4,966		473	473
Bank borrowings	166,089	106,089	10	60,000	-
	195,141	137,228		145,164	85,469
Total liabilities	816,261	524,282		145,164	85,469
Total equity and liabilities	1,494,581	1,213,119		728,462	671,986

Notes to the balance sheets

1 The net value of Investment properties increased by $50.1M to $321.3M as at 31 July 2019 from $271.2M as at 31 January 2019. The increase was mainly due to reclassification of retail mall, BT Centre, to Investment Properties from Development Properties upon its TOP in June 2019. The net book value of Property, plant and equipment increased by $14.2M to $270.2M as at 31 July 2019 from $256.0M as at 31 January 2019. The increase was mainly due to higher development cost for serviced apartments, Citadines Balestier and Lyf @ Farrer. Citadines Balestier obtained TOP in June 2019 and is expected to commence business by 30 September 2019. Lyf @ Farrer is expected to obtain TOP by Q4 FY2022 and to commence business by Q2 FY2023.

2 Associated companies increased by $1.9M to $68.0M as at 31 July 2019 from $66.1M as at 31 January 2019. The increase was mainly due to additional shareholder loans and advances made to associated companies.

3 Financial assets, at FVOCI decreased by $0.5M to $34.8M as at 31 July 2019 from $35.3M as at 31 January 2019. The decrease was mainly due to disposal of quoted equity investments measured at fair value through other comprehensive income.

4 Cash and cash equivalents and fixed deposits decreased by $55.8M to $69.5M as at 31 July 2019 from $125.3M as at 31 January 2019 mainly due to cash used for development activities at Citadines Balestier, Lyf @ Farrer, Uptown @ Farrer and Cairnhill project and repayment of shareholder loans to non-controlling interests.

5 Financial assets, at FVPL decreased by $5.2M to Nil as at 31 July 2019 from $5.2M as at 31 January 2019 due to disposal of all quoted equity investments measured at fair value through profit or loss in 1H current year.

6 Trade and other receivables decreased by $52.5M to $8.1M as at 31 July 2019 from $60.6M as at 31 January 2019 mainly due reclassification of deposit to Development Properties upon legal completion of 69 Cairnhill Road.

7 Development Properties increased by $332.6M to $600.0M as at 31 July 2019 from $267.4M as at 31 January 2019 mainly due to legal completion of 69 Cairnhill Road and progressive construction at Uptown @ Farrer. Uptown @ Farrer is 27.5% completed as at 31 July 2019 and is expected to obtain TOP in Q4 FY2022. It will be launched for sale by 14 September 2019.

8 Fair value reserves increased by $0.8M to $8.1M as at 31 July 2019 from $7.3M as at 31 January 2019 mainly due to increase in fair value of quoted equity investments measured at fair value through other comprehensive income.

9 Total amount owing to non-controlling interests remained the same at $44.5M as at 31 July 2019 and 31 January 2019.

10 Bank borrowings increased by $291.7M to $738.9M as at 31 July 2019 from $447.2M as at 31 January 2019 due to additional loans drawdown to fund legal completion of 69 Cairnhill Road.

11 Non-controlling interests decreased by $0.5M to $33.1M as at 31 July 2019 from $33.6M as at 31 January 2019 mainly due to increase in share of losses.

12 Trade and other payables increased by $1.4M to $25.4M as at 31 July 2019 from $24.0M as at 31 January 2019. The increase was mainly due to increase in progress claim of construction works at Lyf @ Farrer and Uptown @ Farrer.

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

	31/07/2019		31/01/2019	
	Secured	**Unsecured**	**Secured**	**Unsecured**
	$'000	**$'000**	**$'000**	**$'000**
Amount repayable in one year or less, or on demand	106,089	60,000	106,089	-
Amount repayable after one year	572,808	-	341,108	-
	678,897	60,000	447,197	-

Details of any collateral

Borrowings are secured by the mortgages on the borrowing subsidiaries' property, plant and equipment, development and investment properties and assignment of all rights and benefits with respect to the property, plant and equipment, 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

	6 months ended 31/07/2019 $'000	6 months ended 31/07/2018 $'000
Cash Flows from Operating Activities		
Operating profit before taxation	1,193	11,869
Adjustments for:		
Share of results of associated companies and joint ventures	2,017	362
Depreciation of investment properties	1,483	1,528
Depreciation of property, plant and equipment	858	930
(Gain) on disposal of property, plant and equipment	(15)	-
Impairment loss/(reversal) on property, plant and equipment	-	(213)
Impairment loss/(reversal) on receivables	(41)	47
Bad debts written off	1	-
Property, plant and equipment written off	-	214
Investment property written off	190	-
Gain on disposal of financial assets, at FVPL	(557)	-
Fair value loss on financial assets, at FVPL	1	946
Interest expense	3,843	3,267
Interest income	(3,283)	(2,158)
Operating profit before working capital changes	5,690	16,792
(Increase)/Decrease in inventories	(63)	4
(Increase)/Decrease in development properties	(332,638)	(62,213)
Decrease/(Increase) in operating receivables	52,323	106,422
Increase /(Decrease) in operating payables	852	110
Decrease/(Increase) in contract assets	3,130	-
Cash (used in) / generated from from operations	(270,706)	61,115
Interest paid	(3,636)	(3,264)
Income tax paid	(1,737)	(2,399)
Net cash (used in) / generated from operating activities	(276,079)	55,452
Balance carried forward	(276,079)	55,452

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

	6 months ended	
	31/07/2019 $'000	31/07/2018 $'000
Balance brought forward	(276,079)	55,452
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(16,027)	(10,384)
Acquisition of investment properties	(51,802)	(35)
Interest received	3,283	2,158
Decrease in fixed deposit with maturity more than three months	-	58
Capital contribution made to associated companies and joint ventures	-	(400)
Advances and loans made to associated companies and joint ventures	(4,191)	(4,907)
Capital return from joint ventures in liquidation	918	-
Repayment of loan from Joint ventures	-	254
Proceeds from disposal of quoted equity investments	7,564	-
Proceeds from disposal of property, plant and equipment	19	226
Net cash (used in) / generated from investing activities	(60,236)	(13,030)
Cash Flow from Financing Activities		
Capital contribution from non-controlling interests	-	5
Dividends paid to shareholders of the Company	(11,082)	(14,776)
Dividends paid to non-controlling interests	-	(759)
Proceeds from bank borrowings	295,300	20,000
Repayment of bank borrowings	(3,600)	(48,600)
Repayment to non-controlling interests	(977)	-
Loan from non-controlling interests	972	841
Net cash generated from/(used in) financing activities	280,613	(43,289)
Net (decrease)/increase in cash and cash equivalents	(55,702)	(867)
Cash and cash equivalents at beginning of year	116,259	134,045
Exchange differences on translation of cash and cash equivalent at beginning of year	(115)	1,901
Cash and cash equivalents at end of year	60,442	135,079

The Group has unused bank facilities of $198.9M as at 31 July 2019.

The Group generated a net decrease of $55.7M cash flow during 1H current year compared to $0.9M during 1H previous year. The net decrease in cash and cash equivalents was due to $276.1M used in operating activities, $60.2M used in investing activities offset with $280.6M generated from financing activities.

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	Reserves	Retained profits	Total
	$'000	$'000	$'000	$'000
The Company				
Balance at 1 February 2019	161,863	906	423,748	586,517
Total comprehensive income and loss for the period	-	(209)	8,072	7,863
Transaction with owners -				
Dividends paid in respect of financial year ended 31 January 2018	-	-	(11,082)	(11,082)
Balance at 31 July 2019	161,863	697	420,738	583,298
Balance at 1 February 2018	161,863	975	424,564	587,402
Total comprehensive income and loss for the period	-	(132)	(7,355)	(7,487)
Balance at 31 July 2018	161,863	843	417,209	579,915

	Share capital	Reserves	Retained profits	Exchange fluctuation account	Sub-total	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
The Group							
Balance at 1 February 2019	161,863	5,282	490,053	(1,982)	655,216	33,621	688,837
Total comprehensive income and loss for the period	-	1,366	808	(1,081)	1,093	(528)	565
Transfer upon disposal of financial assets, at FVOCI	-	(537)	537	-	-	-	-
Transaction with owners -							
Dividends paid in respect of financial year ended 31 January 2018	-	-	(11,082)	-	(11,082)	-	(11,082)
Balance at 31 July 2019	161,863	6,111	480,316	(3,063)	645,227	33,093	678,320
Balance at 1 February 2018, as previously reported	161,863	14,838	486,237	1,931	664,869	32,989	697,858
Effect of changes in accounting policies	-	-	1,247	(2,034)	(787)	(773)	(1,560)
Balance at 1 February 2018, as restated	161,863	14,838	487,484	(103)	664,082	32,216	696,298
Total comprehensive income and loss for the period	-	(5,228)	9,318	(937)	3,153	(87)	3,066
Transaction with owners -						-	
Dividends paid in respect of financial year ended 31 January 2017	-	-	(14,776)	-	(14,776)	(759)	(15,535)
Reserves arising from non-interest bearing loans from non-controlling interest	-	-	-	-	-	(8)	(8)
Effect on issuance of shares to a non-controlling interest of a subsidiary	-	-	-	-	-	5	5
Transaction with non-controlling interests	-	-	23	-	23	(23)	-
Balance at 31 July 2018	161,863	9,610	482,049	(1,040)	652,482	31,344	683,826

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 July 2019 compared to 31 January 2019.

There were no outstanding executives' share options granted as at 31 July 2019 and 31 January 2019.

There was no treasury share held or issued as at 31 July 2019 and 31 January 2019.

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 31-07-2019	As at 31-01-2019
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 July 2019.

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 2019.

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

a) SFRS(I) 16

SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its rights to use the underlying asset and a lease liability representing its obligation to make lease payments. Remaining lease payments under the operating leases will be recognised at their present value discounted using an appropriate discount rate and the nature of expenses will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

The Group has applied the standard from its mandatory adoption date of 1 February 2019 and adopted the simplified transition approach which allows for no restatement of comparative amounts for the year prior to first adoption. The adoption of the new standards including SFRS(I) 16 Leases that are effective on 1 February 2019 have no material financial impact on the Group's financial statements for the period ended 31 July 2019.

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		6 months ended	
	31/07/2019	**31/07/2018**	**31/07/2019**	**31/07/2018**
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	0.05 cents	0.56 cents	0.11 cents	1.26 cents
(ii) On a fully diluted basis	0.05 cents	0.56 cents	0.11 cents	1.26 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	
	31/07/2019	**31/01/2019**	**31/07/2019**	**31/01/2019**
Net asset value per ordinary share	87 cents	89 cents	79 cents	79 cents
Net tangible assets backing per ordinary share	87 cents	89 cents	79 cents	79 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 /	6 months ended		Increase /
	31/07/2019	31/07/2018	(Decrease)	31/07/2019	31/07/2018	(Decrease)
	$'M	$'M	%	$'M	$'M	%
Revenue						
Development	-	69.4	n.m.	-	135.0	n.m.
Investment	4.3	4.2	2	8.5	9.1	(7)
Hotel	4.1	4.3	(5)	8.7	9.2	(5)
Total	8.4	77.9	(89)	17.2	153.3	(89)
Profit /(loss) before tax and non-controlling interests						
Development	(0.1)	3.5	n.m.	(0.5)	8.5	n.m.
Investment	1.1	1.8	(39)	2.4	3.3	(27)
Hotel	(0.5)	(0.3)	67	(0.7)	0.1	n.m.
Total	0.5	5.0	(90)	1.2	11.9	(90)
Non-controlling interests	0.3	0.4	(25)	0.4	(0.2)	n.m.
Taxation	(0.4)	(1.2)	(67)	(0.8)	(2.4)	(67)
Net profit attributable to shareholders	0.4	4.2	(90)	0.8	9.3	(91)

n.m.: Not Meaningful

Development

There was no revenue in Q2 and 1H current year compared to $69.4M in Q2 and $135.0M in 1H previous year. Kismis was fully sold in June 2018 and there was no sales launch as at Q2 FY2020. Uptown @ Farrer, a 116 units residential condominium with facilities, is 27.5% completed as at 31 July 2019 and will be launched for sale by 14 September 2019. Legal completion of 69 Cairnhill Road was completed in May 2019. Construction for the amalgamated sites of 67 and 69 Cairnhill Road will commence by Q1 FY2021. The Cairnhill development, a 138 units freehold high rise condominium development with facilities. It is expected to launch for sales by Q4 FY2021 and obtain TOP by Q3 FY2024. Dalvey Breeze Development Pte. Ltd. ("DBDPL"), our 40% owned associated company, is the developer for Dalvey Haus, a 27 units freehold condominium development with facilities at Dalvey Road. KOP Limited owns the remaining 60% shareholding in DBDPL. Dalvey Haus is expected to commence construction in Q3 FY2020 and expected to obtain TOP by Q2 FY2024. It is expected to launch for sales by Q4 FY2021.

Net profit before tax and non-controlling interests for development segment was negative $0.5M in 1H current year compared to $8.5M in 1H previous year. Net profit before tax and non-controlling interests for development segment was negative $0.1M in Q2 current year and $3.5M in Q2 previous year.

Investment

Investment revenue decreased by $0.6M to $8.5M in 1H current year from $9.1M in 1H previous year. It increased by $0.1M to $4.3M in Q2 current year from $4.2M in Q2 previous year. The increase was due to gain on disposal of quoted equity investments measured at fair value through profit or loss.

Net profit before tax and non-controlling interests for investment segment decreased by $0.9M to $2.4M in 1H current year from $3.3M in 1H previous year. Net profit before tax and non-controlling interests for investment segment decreased by $0.7M to $1.1M in Q2 current year from $1.8M in Q2 previous year. The decrease was mainly due to increase in finance costs and administrative cost offset with imputed interest income from joint ventures, gain on disposal of quoted equity investments measured at fair value through profit or loss and write back of completed construction project costs.

Hotel and F&B

Revenue from hotel segment decreased by $0.5M to $8.7M in 1H current year from $9.2M in 1H previous year. It decreased by $0.2M to $4.1M in Q2 current year from $4.3M in Q2 previous year. The decrease in revenue was mainly due to lower rates and weakening of Australian dollar against Singapore dollar at Duxton Perth. Citadines Balestier, serviced apartments operated by Ascott International Management Pte Ltd, obtained TOP in June 2019 and it is expected to commence business by 30 September 2019.

Net profit before tax and non-controlling interests for hotel segment was negative $0.7M in 1H current year and $0.1M in 1H previous year. It increased by $0.2M to negative $0.5M in Q2 current year from negative $0.3M in Q2 previous year. The decrease in net profit before tax was mainly due to lower revenue and higher operational cost at Duxton Perth and lower revenue at Carnivore restaurant.

Net profit attributable to shareholders

Net profit attributable to shareholders decreased by $8.5M to $0.8M in 1H current year from $9.3M in 1H previous year. It decreased by $3.8M to $0.4M in Q2 current year from $4.2M in Q2 previous year. The decrease was mainly due to lower profit from development segment as there was no development project launched for sale in 1H current year.

Balance Sheet

Group shareholders' funds decreased by $10.0M to $645.2M as at 31 July 2019 from $655.2M as at 31 January 2019 mainly due to payment of dividends to shareholders and lower profit for 1H current year. Cash and cash equivalents and fixed deposits decreased by $55.8M to $69.5M as at 31 July 2019 from $125.3M as at 31 January 2019 mainly due to cash used for development activities at Citadines Balestier, Lyf @ Farrer, Uptown @ Farrer and Cairnhill project and repayment of shareholder loans to non-controlling interests. Bank borrowings increased by $291.7M to $738.9M as at 31 July 2019 from $447.2M as at 31 January 2019 due to additional loans drawdown to fund legal completion of 69 Cairnhill Road.

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 cooling measures continue to dampen the buying sentiment in the residential property market. The Group will continue to be selective in land bidding and investment projects. The Group will strive to maintain rental rates for renewals.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared/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

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 6 months ended 31 July 2019 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
Executive Chairman

Dato' Marco Low Peng Kiat
Managing Director

13 September 2019