

**HOLDINGS (S) LTD**

Registration No.: 199304349M

Financial Statement for the Third Quarter and Nine Months Ended 30 September 2014**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS****1(a) An income statement with a consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediate preceding financial year.**

	Third quarter ended 30 September			9 months ended 30 September		
	2014	2013	Change	2014	2013	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>INCOME STATEMENT</u>						
Revenue	171,550	120,217	42.7	505,937	302,726	67.1
Cost of sales	(169,107)	(108,278)	56.2	(481,561)	(276,705)	74.0
Gross profit	2,443	11,939	(79.5)	24,376	26,021	(6.3)
Other operating income	5,407	495	992.3	7,416	2,068	258.6
Other income/(expense)	70	(73)	N.M	94	(61)	N.M
Administrative costs	(2,479)	(2,005)	23.6	(7,035)	(5,415)	29.9
Other operating costs	(3,869)	(3,492)	10.8	(10,652)	(9,487)	12.3
Finance costs	(130)	(71)	83.1	(339)	(217)	56.2
Share of results of associates	(193)	3,322	N.M	(190)	3,298	N.M
Profit before taxation	1,249	10,115	(87.7)	13,670	16,207	(15.7)
Income tax credit/(expense)	332	(1,689)	N.M	(1,653)	(2,765)	(40.2)
Profit for the period	1,581	8,426	(81.2)	12,017	13,442	(10.6)
Attributable to:						
Equity holders of the Company	1,428	8,351	(82.9)	11,591	13,189	(12.1)
Non-controlling interests	153	75	104.0	426	253	68.4
	1,581	8,426	(81.2)	12,017	13,442	(10.6)
N.M. - Not meaningful						

	Third quarter ended 30 September			9 months ended 30 September		
	2014 S\$'000	2013 S\$'000	Change %	2014 S\$'000	2013 S\$'000	Change %
STATEMENT OF COMPREHENSIVE INCOME						
Profit for the period	1,581	8,426	(81.2)	12,017	13,442	(10.6)
Other comprehensive income:						
Foreign currency translation differences	(70)	(304)	(77.0)	41	(209)	N.M
Other comprehensive income for the period	(70)	(304)	(77.0)	41	(209)	N.M
Total comprehensive income for the period	1,511	8,122	(81.4)	12,058	13,233	(8.9)
Total comprehensive income attributable to:						
Equity holders of the Company	1,363	8,118	(83.2)	11,614	13,017	(10.8)
Non-controlling interests	148	4	N.M	444	216	105.6
	<u>1,511</u>	<u>8,122</u>	(81.4)	<u>12,058</u>	<u>13,233</u>	(8.9)

NOTES TO INCOME STATEMENT

The following items have been included in arriving at profit for the period:

Depreciation of property, plant and equipment	1,649	1,159	42.3	4,769	3,465	37.6
Foreign exchange (gain)/loss	(70)	73	N.M	(94)	61	N.M
Gain on disposal of property, plant and equipment	(2,880)	(188)	1,431.9	(2,973)	(86)	N.M
Gain on disposal of an associate	(1,518)	-	N.M	(1,518)	-	N.M
Interest expense	130	71	83.1	339	217	56.2
Interest income	(20)	(28)	(28.6)	(61)	(153)	(60.1)
Write-back of allowance for doubtful receivables (net)	(117)	(258)	(54.7)	(337)	(203)	66.0
Allowance for inventories obsolescence	-	-	-	90	-	N.M
Share based compensation expense	33	99	(66.7)	176	185	(4.9)
Under/(over)provision of income tax in respect of previous years	5	(2)	N.M	10	(52)	N.M

1(b)(i) A statement of financial position (for the issuer and Group) together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	30-Sep-14	31-Dec-13	30-Sep-14	31-Dec-13
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	25,900	28,152	7,626	8,576
Intangible assets	419	119	-	-
Investments in subsidiaries	-	-	54,745	53,695
Investments in associates	7,827	9,166	260	92
Investment in a joint venture	-	-	-	-
Deferred tax assets	2,200	1,318	-	-
Trade receivables	15,415	11,580	-	-
Loans to an associate	33,452	31,286	-	-
Current assets				
Amounts due from subsidiaries	-	-	15,527	18,685
Development properties	72,536	71,101	-	-
Gross amount due from customers for work-in-progress	25,536	42,882	-	-
Inventories	3,833	3,242	-	-
Trade receivables	101,902	84,771	-	-
Other receivables	4,103	3,633	254	610
Tax recoverable	-	1,388	-	27
Pledged deposits	3,628	3,552	-	-
Cash and cash equivalents	45,315	20,192	744	804
	256,853	230,761	16,525	20,126
Current liabilities				
Amounts due to subsidiaries	-	-	11,694	10,287
Gross amount due to customers for work-in-progress	54,624	25,274	-	-
Trade and other payables	80,288	82,776	144	89
Other liabilities	8,030	5,911	575	2,236
Loans and borrowings	39,344	50,868	1,640	1,640
Income tax payable	1,148	3,010	23	46
	183,434	167,839	14,076	14,298
Net current assets	73,419	62,922	2,449	5,828
Non-current liabilities				
Trade payables	13,302	9,494	-	-
Deferred tax liabilities	4,021	2,557	-	-
Loans and borrowings	3,801	5,010	2,050	3,280
	137,508	127,482	63,030	64,911
Equity attributable to equity holders of the Company				
Share capital	43,967	43,967	43,967	43,967
Treasury shares	(260)	(450)	(260)	(450)
Share plan reserve	158	172	158	172
Retained earnings	91,660	82,527	19,165	21,222
Foreign currency translation reserve	(554)	(577)	-	-
	134,971	125,639	63,030	64,911
Non-controlling interests	2,537	1,843	-	-
Total equity	137,508	127,482	63,030	64,911

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

Amount repayable in one year or less, or on demand

As at 30/09/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$37,844,000	S\$1,500,000	S\$50,868,000	-

Amount repayable after one year

As at 30/09/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
S\$3,801,000	-	S\$5,010,000	-

Details of any collateral

The secured borrowings repayable within one year and after one year comprise mainly obligations under finance leases, banker's acceptances and property loans. These are secured by charges over the property held for sale at Bliss@Kovan, Singapore, leasehold land and building, plant and equipment, and motor vehicles and fixed deposits from subsidiaries.

1(c) A consolidated statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Third quarter ended 30 September		9 months ended 30 September	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash flows from operating activities				
Profit before taxation	1,249	10,115	13,670	16,207
Adjustments for:				
Depreciation of property, plant and equipment	1,649	1,159	4,769	3,465
Write-back of allowance for doubtful receivables (net)	(117)	(258)	(337)	(203)
Allowance for inventories obsolescence	-	-	90	-
Interest income	(20)	(28)	(61)	(153)
Interest expense	130	71	339	217
Gain on disposal of property, plant and equipment	(2,880)	(188)	(2,973)	(86)
Gain on disposal of an associate	(1,518)	-	(1,518)	-
Share of results of associates	193	(3,322)	190	(3,298)
Share based compensation expense	33	99	176	185
Operating (loss)/profit before working capital changes	(1,281)	7,648	14,345	16,334
Increase in development properties	(2,343)	(2,255)	(934)	(3,983)
Increase/(decrease) in amount due to customers for work-in-progress (net)	17,115	(10,007)	46,696	518
Decrease/(increase) in trade receivables	16,245	3,607	(20,629)	(16,017)
Increase in other receivables	(797)	(530)	(450)	(1,322)
Increase in inventories	(1,000)	(40)	(681)	(641)
(Decrease)/increase in trade and other payables	(8,576)	15,846	1,316	22,605
Increase in other liabilities	2,204	2,413	2,104	2,611
Cash from operations	21,567	16,682	41,767	20,105
Interest paid	(277)	(281)	(840)	(867)
Interest received	20	28	61	153
Income tax paid	(1,221)	(925)	(1,546)	(2,135)
Net cash from operating activities	20,089	15,504	39,442	17,256
Cash flows from investing activities:				
Proceeds from disposal of property, plant and equipment	4,200	188	4,293	413
Proceeds from disposal of an associate	2,380	-	2,380	-
Purchase of property, plant and equipment (Note A)	(937)	(328)	(2,229)	(953)
Net cash outflow on acquisition of a subsidiary (Note B)	(50)	-	(50)	-
Investment in associates	-	(350)	(218)	(350)
Dividend income from an associate	-	7,200	168	7,200
Net cash from investing activities	5,593	6,710	4,344	6,310
Cash flows from financing activities				
Loans to an associate	(1,829)	(26,736)	(1,829)	(26,736)
Dividends paid on ordinary shares	-	-	(2,458)	(3,684)
Purchase of treasury shares	-	-	-	(219)
(Repayment)/proceeds from bank borrowings, net	(1,258)	2,724	866	3,652
Repayment of long term borrowings	(3,190)	(4,500)	(14,010)	(7,000)
Repayment of finance leases	(803)	(930)	(1,175)	(2,659)
Net cash used in financing activities	(7,080)	(29,442)	(18,606)	(36,646)
Net increase/(decrease) in cash & cash equivalents	18,602	(7,228)	25,180	(13,080)
Net effect of exchange rate changes in consolidating subsidiaries	(59)	(143)	(57)	(128)
Cash and cash equivalents at beginning of the period	26,772	41,998	20,192	47,835
Cash and cash equivalents at end of the period	45,315	34,627	45,315	34,627

1(c) Consolidated statement of cash flows (continued)

	Third quarter ended 30 September		9 months ended 30 September	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Comprising:				
Cash and bank balances	31,830	18,960	31,830	18,960
Fixed deposits	17,113	19,062	17,113	19,062
	48,943	38,022	48,943	38,022
Less: Pledged fixed deposits	(3,628)	(3,395)	(3,628)	(3,395)
	45,315	34,627	45,315	34,627

Note A

The Group acquired property, plant and equipment through the following arrangements:

	Third quarter ended 30 September		9 months ended 30 September	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Total cost of property, plant and equipment acquired	1,179	343	3,817	1,585
Less: Hire purchase arrangements	(238)	-	(1,586)	(617)
Net exchange differences	(4)	(15)	(2)	(15)
Cash payments	937	328	2,229	953

Note B

Net cash outflow on acquisition of a subsidiary

The fair values of the identifiable assets and liabilities of a subsidiary as at the date of acquisition were as follows:

	S\$'000
Other receivables	19
Cash and cash equivalents	1,000
Less: Trade payables	(4)
Other liabilities	(15)
Net identifiable assets	<u>1,000</u>
Non-controlling interests	(250)
Goodwill on consolidation	300
Total purchase consideration settled in cash	<u>1,050</u>
Less: Cash and cash equivalents of subsidiary acquired	(1,000)
Net cash outflow on acquisition	<u>50</u>

The purchase price allocation of the Group's investment in a subsidiary to the fair value of intangible assets (other than goodwill), other assets and goodwill is currently being assessed. It is expected to be finalised within 12 months from the date of acquisition. Any adjustments to the fair values of these assets at the acquisition date, including the resultant amortisation impact for identifiable intangible assets (if any) will be accounted for in the Group financial statements for the year ending 31 December 2015, at the latest.

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to equity holders of the Company						Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Foreign	Share plan reserve S\$'000	Non- controlling interests S\$'000	
				currency translation reserve S\$'000			
Balance at 1 Jan 2014	43,967	(450)	82,527	(577)	172	1,843	127,482
Share based compensation expense	-	-	-	-	91	-	91
Total comprehensive income for the period	-	-	5,042	5	-	134	5,181
Balance at 31 Mar and 1 Apr 2014	43,967	(450)	87,569	(572)	263	1,977	132,754
Treasury shares reissued pursuant to employee share plan	-	190	-	-	(190)	-	-
Share based compensation expense	-	-	-	-	52	-	52
Dividends paid on ordinary shares	-	-	(2,458)	-	-	-	(2,458)
Total comprehensive income for the period	-	-	5,121	83	-	162	5,366
Balance at 30 Jun and 1 Jul 2014	43,967	(260)	90,232	(489)	125	2,139	135,714
Share based compensation expense	-	-	-	-	33	-	33
Acquisition of a subsidiary	-	-	-	-	-	250	250
Total comprehensive income for the period	-	-	1,428	(65)	-	148	1,511
Balance at 30 Sep 2014	43,967	(260)	91,660	(554)	158	2,537	137,508
Balance at 1 Jan 2013	43,967	(416)	64,372	(513)	135	1,691	109,236
Share based compensation expense	-	-	-	-	16	-	16
Total comprehensive income for the period	-	-	2,059	(172)	-	75	1,962
Balance at 31 Mar and 1 Apr 2013	43,967	(416)	66,431	(685)	151	1,766	111,214
Treasury shares reissued pursuant to employee share plan	-	131	-	-	(131)	-	-
Purchase of treasury shares	-	(219)	-	-	-	-	(219)
Share based compensation expense	-	-	-	-	9	-	9
Dividends paid on ordinary shares	-	-	(3,684)	-	-	-	(3,684)
Total comprehensive income for the period	-	-	2,779	233	-	137	3,149
Balance at 30 Jun and 1 Jul 2013	43,967	(504)	65,526	(452)	29	1,903	110,469
Share based compensation expense	-	-	-	-	160	-	160
Total comprehensive income for the period	-	-	8,351	(233)	-	4	8,122
Balance at 30 Sep 2013	43,967	(504)	73,877	(685)	189	1,907	118,751

1(d)(i) A statement of changes in equity (continued)

Company	Attributable to equity holders of the Company				
	Share capital S\$'000	Treasury shares S\$'000	Share plan reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
Balance at 1 Jan 2014	43,967	(450)	172	21,222	64,911
Share based compensation expense	-	-	91	-	91
Total comprehensive income for the period	-	-	-	201	201
Balance at 31 Mar and 1 Apr 2014	43,967	(450)	263	21,423	65,203
Treasury shares reissued pursuant to employee share plan	-	190	(190)	-	-
Share based compensation expense	-	-	52	-	52
Dividends paid on ordinary shares	-	-	-	(2,458)	(2,458)
Total comprehensive income for the period	-	-	-	70	70
Balance at 30 Jun and 1 Jul 2014	43,967	(260)	125	19,035	62,867
Share based compensation expense	-	-	33	-	33
Total comprehensive income for the period	-	-	-	130	130
Balance at 30 Sep 2014	43,967	(260)	158	19,165	63,030
Balance at 1 Jan 2013	43,967	(416)	135	18,924	62,610
Share based compensation expense	-	-	16	-	16
Total comprehensive income for the period	-	-	-	164	164
Balance at 31 Mar and 1 Apr 2013	43,967	(416)	151	19,088	62,790
Treasury shares reissued pursuant to employee share plan	-	131	(131)	-	-
Purchase of treasury shares	-	(219)	-	-	(219)
Share based compensation expense	-	-	9	-	9
Dividends paid on ordinary shares	-	-	-	(3,684)	(3,684)
Total comprehensive income for the period	-	-	-	125	125
Balance at 30 Jun and 1 Jul 2013	43,967	(504)	29	15,529	59,021
Share based compensation expense	-	-	160	-	160
Total comprehensive income for the period	-	-	-	(211)	(211)
Balance at 30 Sep 2013	43,967	(504)	189	15,318	58,970

1(d)(ii) Details of any changes in the company's share capital arising from right 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.

Share capital

There have been no changes to the issued share capital of the Company since the end of the previous financial year. As at 30 September 2014, the issued share capital of the Company was \$43,967,199 (as at 31 December 2013: \$43,967,199) comprising 307,294,418 ordinary shares (as at 31 December 2013: 306,589,418) and 916,000 (as at 31 December 2013: 1,621,000) treasury shares.

Treasury shares

The Company did not acquire any ordinary shares of the Company to be held as treasury shares during 3Q14 and 3Q13. The number of treasury shares held as at 30 September 2014 was 916,000 (as at 30 September 2013: 1,972,000).

	<u>No. of shares</u>	<u>S\$'000</u>
At 1 January 2014	1,621,000	450
Less: Performance shares vested in 2Q14	(705,000)	(190)
At 30 September 2014	<u>916,000</u>	<u>260</u>

Employee performance share plan

As at 30 September 2014, there were 705,000 (as at 30 September 2013: 2,050,000) performance shares granted and outstanding (being contingent award) to eligible employees and directors under the BBR Share Plan.

	<u>No. of performance shares</u>
At 1 January 2014	1,410,000
Less: Performance shares vested in 2Q14	<u>(705,000)</u>
At 30 September 2014	<u>705,000</u>

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.

The total number of issued shares excluding treasury shares as at 30 September 2014 was 307,294,418 (as at 31 December 2013: 306,589,418). The total number of treasury shares held as at 30 September 2014 was 916,000 (as at 31 December 2013: 1,621,000).

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

Movement of treasury shares during the nine months ended 30 September 2014 is as follows:

	<u>No. of shares</u>
At 1 January 2014	1,621,000
Less: Performance shares vested in 2Q14	<u>(705,000)</u>
At 30 September 2014	<u>916,000</u>

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

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors report (including any qualifications or emphasis of matters).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 31 December 2013 except that the Group has adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2014.

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 adoption of the standards and interpretations highlighted in paragraph 4 above did not have any effect on the financial performance or position of the Group presented in this announcement.

6. **Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Note	Third Quarter Ended 30 September		9 months Ended 30 September		
		2014 Cents	2013 Cents	2014 Cents	2013 Cents	
Earnings per ordinary share of the Group attributable to shareholders						
(a)	Based on the weighted average number of ordinary shares in issue	(1)	0.47	2.73	3.77	4.30
(b)	On a fully diluted basis (detailing any adjustment made to earnings)	(2)	0.46	2.71	3.77	4.28

Note

(1) Weighted average number of shares of 307,062,000 (30 September 2013: 306,399,733) takes into account the weighted average effect of changes in treasury shares transactions during the period.

(2)

	9 months Ended 30 September	
	2014	2013
Weighted average number of ordinary shares for basic earnings per share computation	307,062,000	306,399,733
Effect of dilution – performance shares	705,000	2,050,000
Weighted average number of ordinary shares for diluted earnings per share computation	307,767,000	308,449,733

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 financial period reported on; and**
(b) **immediately preceding financial year**

	Group		Company	
	30.9.14 Cents	31.12.13 Cents	30.9.14 Cents	31.12.13 Cents
Net asset value per ordinary share based on issued capital at the end of the period	43.92	40.98	20.51	21.17

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the followings:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Income Statement Review – Third Quarter 2014 ('3Q14') vs Third Quarter 2013 ('3Q13')

Group revenue increased to \$171.6 million in 3Q14 from \$120.2 million in 3Q13 and net profit attributable to equity holders of the Company decreased to \$1.4 million in 3Q14 from \$8.4 million in 3Q13.

The higher revenue for 3Q14 as compared with 3Q13 was due mainly to increased revenue from the general construction segment, as most of the group's general construction projects are in their active stage of construction in the current quarter.

Gross profit for 3Q14 decreased to \$2.4 million from \$11.9 million for 3Q13, mainly attributable to project losses recognised for general construction projects and lower profit contribution from the property development segment. For certain building and civil engineering projects, the Group had encountered cost overruns for some key

construction materials, work performance issues by subcontractors and higher manpower costs to expedite project completion so as to minimise liquidated damages by clients. Profit contribution from development property, Bliss @Kovan in the previous corresponding period, 3Q13 was higher as compared to 3Q14 because the Group commenced recognition of profits only in 3Q13 when construction progress has reached the active stage. The Group's lower gross margin of 1.4% for 3Q14 was mainly affected by project losses recognised by the general construction segment.

The Group's other operating income in 3Q14 increased to \$5.4 million from \$0.5 million in 3Q13, due mainly to gains on disposal of a leasehold property in Sungei Kadut and its investment in an associate, FOSTA Pte Ltd. Please refer to the Company's announcements on 30 July 2014 and 15 July 2014 for details of the disposals.

Administrative costs increased to \$2.5 million in 3Q14 from \$2.0 million in 3Q13 due largely to depreciation charges for the Group's new storage cum engineering facility at Sungei Kadut (the "Facility") acquired in December 2013 and purchases of machinery and vehicles by its subsidiary in Malaysia to meet the demands of a growing order book. Other operating cost increased to \$3.9 million in 3Q14 from \$3.5 million in 3Q13 due mainly to higher remuneration and employee related expenses. Interest expense from a term loan to finance the Facility led to higher finance costs at \$130,000 in 3Q14 from \$71,000 in 3Q13.

The Group recorded a loss of \$193,000 for its share of results of associates in 3Q14 compared to a profit of \$3.3 million in 3Q13. Share of profits from associates in 3Q13 was mainly attributable to sale of development property units at 8 Nassim Hill by Tennessee Pte Ltd ("Tennessee"), a 48% owned associated company. Current quarter's share of associates' losses was due mainly to rectification and maintenance costs for the same development.

For 3Q14, the Group recorded an income tax credit of \$332,000 due to recognition of deferred tax assets arising from losses incurred in the current quarter by a subsidiary, compared to income tax expense of \$1.7 million for 3Q13.

Income Statement Review – 9 months 2014 ('9M14') vs 9 months 2013 ('9M13')

Group revenue grew by 67.1% to \$505.9 million for 9M14 from \$302.7 million for 9M13 and net profit attributable to equity holders decreased to \$11.6 million in the current period from \$13.2 million in the previous corresponding period.

The higher revenue in 9M14 was largely attributable to revenue recognised from general construction and property development projects, which is partially offset by lower specialised engineering revenue. Many general construction projects are in their active stage of construction in 9M14 and contributed significantly to the revenue growth. Likewise, construction activity at Bliss @Kovan has increased in 9M14, deriving higher revenue as compared to 9M13.

Gross profit for 9M14 decreased to \$24.4 million from \$26.0 million in 9M13, largely weighed down by gross losses incurred by general construction projects and partially offset by higher profit contribution by the property development segment. Certain general construction projects sustained losses from cost overruns for some key construction materials, work performance issues by subcontractors and higher manpower costs to expedite project completion so as to minimise liquidated damages by clients. Construction progress at development property, Bliss @Kovan has improved in 9M14 over 9M13, contributing to higher profits in the current period. Overall Group's gross margin was lower at 4.8% in 9M14 compared to 8.6% in 9M13, due to project losses recognised by the general construction segment.

Other operating income rose to \$7.4 million in 9M14 from \$2.1 million in the previous corresponding period, upon completion and recognition of gains in 3Q14 for disposal of a leasehold property in Sungei Kadut and investment in an associate, FOSTA Pte Ltd.

Administrative costs increased to \$7.0 million in 9M14 from \$5.4 million in 9M13 largely due to depreciation expense for the Facility and purchases of machinery and vehicles by its subsidiary in Malaysia. Other operating cost increased to \$10.7 million in 9M14 from \$9.5 million in 6M13 due mainly to higher remuneration and employee related expenses, maintenance costs for a growing fleet of in-house machinery and vehicles in Malaysia, store rental costs, and partially offset by higher write back of allowance for doubtful receivables in the current period.

Finance costs increased to \$0.3 million in 9M14 from \$0.2 million in 9M13 because of interest expense for term loan to finance the purchase of the Facility.

Share of losses from associates was \$0.2 million in 9M14, largely due to rectification and operating expenses incurred by Tennessee. In contrast, the Group's share of associates' profits for 9M13 was \$3.3 million, largely attributable to its 48% share of profits for units sold by the same associate.

Income tax expense decreased to \$1.7 million for 9M14 from \$2.8 million in 9M13 due to utilisation of tax losses carried forward by a subsidiary which recorded higher profits in the current period.

Statement of Financial Position Review

The Group's property, plant and equipment decreased to \$25.9 million as at 30 September 2014 from \$28.2 million as at 31 December 2013 mainly due to disposal of a leasehold property at Sungei Kadut and depreciation charges in 9M14, and partially offset by acquisition of machinery and vehicles by its subsidiary in Malaysia.

The value of intangible assets increased to \$0.4 million as at 30 September 2014 from \$0.1 million as at 31 December 2013 due to intangible assets acquired after subscribing to new shares for cash in Moderna Homes Pte Ltd, which became a 75% subsidiary of the Group.

Investment in associates decreased to \$7.8 million as at 30 September 2014 from \$9.2 million at the beginning of the year, because the Group had disposed of its entire 25% interest in an associated company, FOSTA Pte Ltd during the period.

Deferred tax assets rose by \$0.9 million to \$2.2 million as at 30 September 2014 from 31 December 2013, attributable to recognition of additional deferred tax assets arising from the losses sustained by a subsidiary in the general construction segment.

Loans to an associate, Lakehomes Pte Ltd further increased by \$2.2 million to \$33.5 million as at 30 September 2014 from \$31.3 as at 31 December 2013 to finance the cost of construction and marketing activities at Lake Life, an executive condominium undergoing construction.

Gross amount due from customers for work-in-progress (which represents costs and profits in excess of billings) decreased to \$25.5 million as at 30 September 2014 from \$42.9 million as at end of 2013. Since the beginning of FY2014, many of the Group's general construction projects were in their active stage of construction and progressive billings have exceeded construction costs and profits/losses for these projects. Accordingly, work-in-progress previously classified under current assets as at 31 December 2013 for the respective projects have been reclassified to current liabilities - gross amount due to customers for work-in-progress as at 30 September 2014. The increase in gross amount due to customers for work-in-progress to \$54.6 million as at 30 September 14 from \$25.3 million as at end of 2013 was also due to billings to customers for preliminaries for some new projects.

Total current and non-current trade receivables rose by 21.7% to \$117.3 million as at 30 September 2014 from \$96.4 million as at 31 December 2013 mainly due to a significant increase in the value of work progressively completed and claimed for general construction projects in their active stage of construction. There is nil tax recoverable as at 30 September 2014 after corporate taxes of \$1.4 million were recovered from the tax authorities during the period.

Cash and cash equivalents, and pledged deposits increased to \$48.9 million as at 30 September 2014 from \$23.7 million as at 31 December 2013, due mainly to cash received from operations and proceeds from disposal of leasehold property and an associate, partially offset by term loan repayments in 9M14.

Other liabilities increased to \$8.0 million as at 30 September 2014 compared with \$5.9 million as at 31 December 2013, attributable to provisions for the current period.

Total bank loans and borrowings decreased to \$43.1 million as at 30 September 2014 from \$55.9 million as at 31 December 2013, mainly from term loan repayments for Bliss @Kovan and the Facility.

Income tax payable for the Group decreased to \$1.1 million as at 30 September 2014 from \$3.0 million as at 31 December 2013 due to taxes paid in 9M14. Deferred tax liabilities for the Group increased to \$4.0 million as at 30 September 2014 from \$2.6 million as at 31 December 2013 due to deferred tax provision for profits recognised for development property, Bliss @Kovan in 9M14. Income tax for this development is due in 2016 after expected temporary occupation permit in 2015.

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

The results reported herein are in line with our announcement in the previous quarter.

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.

On 14 October 2014, the Ministry of Trade and Industry announced that based on advance estimates, the Singapore economy grew by 2.4 per cent on a year-on-year basis in the third quarter of 2014, the same pace of growth as in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 1.2 per cent, a reversal from the 0.1 per cent contraction in the previous quarter. The construction sector grew by 1.4 per cent on a year-on-year basis, moderating from the 4.1 per cent growth in the previous quarter. The slowdown was mainly due to weaker private sector construction activities. On a quarter-on-quarter basis, the sector contracted at an annualised rate of 2.7 per cent, following the 2.4 per cent contraction in the previous quarter.

The industry outlook remains challenging in the next 12 months with increasing competition and an expected increase in labour cost due to higher foreign worker levies and a short supply of foreign workers. The Group will continue to focus on its core business by leveraging on its strong track record in building construction and civil engineering to secure more projects as well as enhance its cost effectiveness and efficiency optimisation in the management of on-going projects. BBR will also continue to conduct feasibility studies to undertake new property development projects.

The Group has secured a number of local projects for the installation of solar photovoltaic system for the private and public sectors under its new Green Technology business segment in 3Q14. This segment was set up to carry out system integration and distribution of renewable energy, which reflects the Group's responsiveness to harness the market potential of green sustainability in the built environment as its new growth engine. The Group continues to bid for projects to supply, install and lease solar panels and grid connected systems, as well as implement green technology as part of its total solutions package to customers, amid the rising demand for more green buildings.

As at the date of this announcement, the Group has an order book of approximately \$760 million in respect of construction projects, predominantly in Singapore and Malaysia. The Group expects to remain profitable for FY 2014.

11. Dividend

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

No.

(b) (i) Amount per share – Not applicable

(ii) Previous corresponding period – Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable

(d) The date the dividend is payable

Not applicable

(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable

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

No dividend has been declared/recommended for the current financial period.

13. If the Group has obtained a general mandate from shareholders for Interested Person Transactions "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.

No IPT mandate has been obtained pursuant to Rule 920(1).

CONFIRMATION BY THE BOARD

We, Tan Kheng Hwee Andrew and Carrie Luk Kai Lai, being two of the Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 September 2014 to be false or misleading.

On behalf of the Board of Directors



TAN KHENG HWEE ANDREW
Group Chief Executive Officer



CARRIE LUK KA LAI
Non-Executive Director

Singapore