



SIM LIAN GROUP LIMITED

(Company Registration No. 200004760C)

Second Quarter Financial Statement and Dividend Announcement

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3) AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Note	Group					
		Second Quarter ended 31 December		Change	Half Year ended 31 December		Change
		2014	2013		2014	2013	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	1	91,376	207,316	-56%	470,399	358,481	31%
Other operating income	2	2,288	1,782	28%	4,555	3,631	25%
Contract costs		(52,459)	(125,211)	-58%	(338,229)	(236,731)	43%
Raw materials and consumables		(3,542)	(3,868)	-8%	(7,699)	(7,911)	-3%
Property operating expense		(1,414)	(361)	292%	(2,573)	(361)	613%
Employee benefits expense		(3,103)	(2,690)	15%	(6,083)	(5,449)	12%
Depreciation expense		(505)	(489)	3%	(1,008)	(971)	4%
Change in fair value of derivative financial instruments		157	-	n/m	-	-	n/m
Foreign exchange losses		(3,210)	(182)	n/m	(5,283)	(2,877)	84%
Other operating expenses	3	(2,693)	(1,837)	47%	(5,585)	(3,436)	63%
Profit from operations		26,895	74,460	-64%	108,494	104,376	4%
Finance costs		(1,083)	(507)	114%	(3,060)	(577)	430%
Share of results of joint ventures, net of tax		5,733	5,671	1%	11,814	8,839	34%
Profit before income tax		31,545	79,624	-60%	117,248	112,638	4%
Less: income tax expense	4	(5,843)	(13,445)	-57%	(19,261)	(18,722)	3%
Profit for the period		25,702	66,179	-61%	97,987	93,916	4%
Other comprehensive income:							
Item that may be reclassified subsequently to profit or loss:							
Exchange differences arising from translation of foreign subsidiaries		(2,569)	(870)	195%	(6,816)	(828)	723%
Other comprehensive income for the period, net of tax		(2,569)	(870)	195%	(6,816)	(828)	723%
Total comprehensive income for the period		23,133	65,309	-65%	91,171	93,088	-2%
Profit attributable to:							
Owners of the Company		25,478	65,763	-61%	97,141	93,440	4%
Non-controlling interests		224	416	-46%	846	476	78%
Profit for the period		25,702	66,179	-61%	97,987	93,916	4%
Total comprehensive income attributable to:							
Owners of the Company		22,908	64,892	-65%	90,323	92,611	-2%
Non-controlling interests		225	417	-46%	848	477	78%
Total comprehensive income for the period		23,133	65,309	-65%	91,171	93,088	-2%

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

	Group					
	Second Quarter ended 31 December		Change	Half Year ended 31 December		Change
	2014	2013		2014	2013	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Note 1: Revenue comprises the following:-						
Revenue from construction contracts	54,036	42,098	28%	122,918	78,919	56%
Revenue from property development	26,298	156,928	-83%	323,531	264,073	23%
Revenue from property investment	4,536	1,489	205%	10,215	1,691	504%
Sales of goods and construction materials	4,596	5,014	-8%	9,862	10,214	-3%
Leasing of mobile sanitation facilities and construction equipment	1,910	1,787	7%	3,873	3,584	8%
	91,376	207,316	-56%	470,399	358,481	31%
Note 2: Other operating income comprises the following:-						
Rental income	104	205	-49%	337	379	-11%
Interest income	1,528	849	80%	3,151	1,707	85%
Gain on disposal of property, plant and equipment	25	3	733%	28	243	-88%
Construction project management fee	21	254	-92%	39	629	-94%
Forfeiture fee income	84	205	-59%	215	206	4%
Other sundry income	526	266	98%	785	467	68%
	2,288	1,782	28%	4,555	3,631	25%
Note 3: Other operating expenses include:-						
(Recovery of) Bad trade and other receivables written off	(13)	2	n/m	(13)	66	n/m
Property expenses	741	978	-24%	1,578	1,530	3%
Management fee	551	235	134%	1,133	235	382%
Reversal of allowance for doubtful trade receivables	(4)	(1)	300%	(3)	(4)	-25%
Note 4: Income tax expense includes:-						
Under (Over) provision for tax in respect of prior periods	52	(179)	n/m	202	(464)	n/m

n/m : not meaningful

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.

	Note	Group		Company	
		As at 31-12-2014	As at 30-06-2014	As at 31-12-2014	As at 30-06-2014
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Current assets:					
Cash and cash equivalents	5	161,642	329,061	6,494	133,127
Trade and other receivables		373,018	353,054	249	235
Inventories		5,077	4,549	-	-
Development properties	6	817,668	869,951	-	-
Total current assets		1,357,405	1,556,615	6,743	133,362
Non-current assets:					
Subsidiaries		-	-	215,429	183,754
Joint ventures		226,744	212,632	-	-
Property, plant and equipment		18,075	18,978	-	-
Investment properties		226,677	241,025	-	-
Deferred tax assets	10	11,141	-	-	-
Total non-current assets		482,637	472,635	215,429	183,754
Total assets		1,840,042	2,029,250	222,172	317,116
LIABILITIES AND EQUITY					
Current liabilities:					
Bank loans	7	114,883	196,599	-	-
Trade and other payables	8	485,183	643,620	357	87,602
Provisions		80,891	74,461	-	-
Current portion of finance leases		119	148	-	-
Income tax payable	9	52,537	43,815	96	86
Total current liabilities		733,613	958,643	453	87,688
Non-current liabilities:					
Bank loans	7	69,255	74,676	-	-
Other payables		5,048	6,993	-	-
Finance leases		162	153	-	-
Deferred tax liabilities	10	-	898	1,218	1,029
Total non-current liabilities		74,465	82,720	1,218	1,029
Capital and reserves:					
Share capital		155,181	155,181	155,181	155,181
Retained earnings		877,196	826,326	65,320	73,218
Other components of equity		(4,046)	2,772	-	-
Equity attributable to owners of the Company		1,028,331	984,279	220,501	228,399
Non-controlling interests		3,633	3,608	-	-
Total equity		1,031,964	987,887	220,501	228,399
Total liabilities and equity		1,840,042	2,029,250	222,172	317,116

Note

5. Included in the cash and cash equivalents of the Group is an amount of \$33,924,000 (30 June 2014: \$22,858,000) held under the Housing Developers' (Project Account) Rules, withdrawals from which are restricted to payments for expenditure incurred on the property development projects.

The decrease in cash and cash equivalents is mainly due to repayment of bank loans and payment for land parcel at Choa Chu Kang Drive for executive condominium housing development. Please refer to the Company's announcements dated 4 September and 9 September 2014 for more details.

6. The decrease in development properties is mainly due to (i) project which obtained Temporary Occupation Permit ("TOP") in December 2014; and (ii) development costs incurred for units in a completed development project which revenue and related expenses are accounted for using the completion of contract method. This decrease is offset by costs incurred for development property at Choa Chu Kang Drive.
7. The net decrease in bank loans is mainly due to repayment of loans undertaken for several development projects and an investment property.
8. The decrease in trade and other payables is mainly due to progress billings received in advance in respect of units in a project which revenue and related expenses are accounted for using the completion of contract method served with Notice of Vacant Possession being recognised as revenue in Statement of Profit or Loss and Other Comprehensive Income during the half year ended 31 December 2014 ("1HFY2015"). This is partially offset by progress billings received in advance for two other projects which revenue and related expenses are accounted for using the completion of contract method in 1HFY2015.
9. The increase in income tax payable is mainly due to (i) provision for income tax for a completed development project; and (ii) reclassification of deferred tax liability to income tax payable upon completion of a development project in December 2014 ("Reclassification"). This is partially offset by tax paid during 1HFY2015.
10. The changes in deferred tax are mainly due to the above-mentioned Reclassification.

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

Amount repayable in one year or less, or on demand

As at 31-12-2014		As at 30-06-2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
115,002	-	196,747	-

Amount repayable after one year

As at 31-12-2014		As at 30-06-2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
69,417	-	74,829	-

Details of any Collateral

The Group's borrowings are secured by the following:-

- (i) Legal mortgage on 1 (FY2014: 4) development property;
- (ii) Legal mortgages on 8 (FY2014: 6) investment properties;
- (iii) Assignment of rights, titles and interests of all agreements relating to the 1 (FY2014: 4) development property including sales and rental agreements; and
- (iv) Undertakings provided by the Company.

Finance leases are secured by certain plant and equipment of the Group with carrying amount of \$392,000 (FY2014: \$408,000).

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

	Group			
	Second Quarter ended 31 December		Half Year ended 31 December	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Operating activities				
Profit before income tax and share of results of joint ventures, net of tax	25,812	73,953	105,434	103,799
Adjustments for:				
Provisions charged to profit or loss	9,773	3,634	10,540	5,413
Reversal of allowance for doubtful trade receivables	(4)	(1)	(3)	(4)
Bad trade receivables written off	-	2	-	66
Depreciation expense	505	489	1,008	971
Gain on disposal of property, plant and equipment	(25)	(3)	(28)	(243)
Change in fair value of derivative financial instruments	(157)	-	-	-
Interest expense	1,083	507	3,060	577
Interest income	(1,528)	(849)	(3,151)	(1,707)
Property, plant and equipment written-off	2	1	2	1
Operating profit before movement in working capital	35,461	77,733	116,862	108,873
Trade and other receivables	(98,689)	(11,467)	(19,876)	3,771
Deposit and advance payment for land purchase	17,245	-	-	-
Inventories	(150)	(117)	(528)	(442)
Development properties	(111,568)	(67,677)	56,131	(80,958)
Provisions utilised	(2,230)	(1,077)	(4,087)	(1,917)
Trade and other payables	42,525	21,092	(157,607)	59,742
Cash (used in) generated from operations	(117,406)	18,487	(9,105)	89,069
Income tax paid	(16,419)	(3,019)	(22,089)	(5,587)
Interest paid	(1,835)	(1,373)	(3,515)	(2,894)
Interest received	1,060	382	1,801	1,035
Net cash (used in) from operating activities	(134,600)	14,477	(32,908)	81,623
Investing activities				
Purchase of property, plant and equipment	(85)	(546)	(1,496)	(1,158)
Additions to investment properties	(4,179)	(439)	(5,083)	(82,867)
Loans to joint ventures	(839)	(2,157)	(1,362)	(3,389)
Proceeds from disposal of property, plant and equipment	25	3	30	243
Net cash used in investing activities	(5,078)	(3,139)	(7,911)	(87,171)

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

	Group			
	Second Quarter ended 31 December		Half Year ended 31 December	
	2014	2013	2014	2013
	S\$'000	S\$'000	S\$'000	S\$'000
Financing activities				
Proceeds from bank loans	678	280	2,291	47,115
Repayment of bank loans	(32,497)	(34,926)	(81,040)	(73,160)
Dividends paid by the Company	(46,271)	(46,271)	(46,271)	(46,271)
Dividends paid to non-controlling interests of subsidiary	(823)	(490)	(823)	(490)
Repayment of finance lease liabilities	(38)	(34)	(76)	(74)
Net cash used in financing activities	(78,951)	(81,441)	(125,919)	(72,880)
Decrease in cash and cash equivalents	(218,629)	(70,103)	(166,738)	(78,428)
Cash and cash equivalents at beginning of the period	380,840	334,731	329,061	343,056
Effects of exchange rate changes on the balance of cash held in foreign currencies	(569)	-	(681)	-
Cash and cash equivalents at end of the period	161,642	264,628	161,642	264,628

Operating activities

The Group's net cash from operating activities for second quarter ended 31 December 2014 ("2QFY2015") was an outflow of \$134.6 million compared an inflow of \$14.5 million for the second quarter ended 31 December 2013 ("2QFY2014"). The net cash outflow is mainly due to purchase of a land parcel at Choa Chu Kang Drive for executive condominium housing development using internal funds.

Financing activities

The Group's cash used in financing activities was \$79.0 million in 2QFY2015 compared with \$81.4 million in 2QFY2014. This is mainly due to dividends paid and the repayment of bank loans using proceeds from progress billings of the Group's several projects.

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.

	Other components of equity							
	Share Capital	Equity Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings	Attributable to Owners of the Company	Non - Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1/10/2013	155,181	(70)	2,405	259	729,294	887,069	3,237	890,306
Profit for the quarter	-	-	-	-	65,763	65,763	416	66,179
<i>Other comprehensive income</i>								
Foreign currency translation	-	-	-	(871)	-	(871)	1	(870)
Other comprehensive income for the quarter, net of tax	-	-	-	(871)	-	(871)	1	(870)
Total comprehensive income for the quarter	-	-	-	(871)	65,763	64,892	417	65,309
<i>Contributions by and distributions to owners</i>								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(490)	(490)
Dividends paid in cash	-	-	-	-	(46,271)	(46,271)	-	(46,271)
Total contributions by and distributions to owners	-	-	-	-	(46,271)	(46,271)	(490)	(46,761)
Balance at 31/12/2013	155,181	(70)	2,405	(612)	748,786	905,690	3,164	908,854
Balance at 1/10/2014	155,181	(112)	2,405	(3,769)	897,989	1,051,694	4,231	1,055,925
Profit for the quarter	-	-	-	-	25,478	25,478	224	25,702
<i>Other comprehensive income</i>								
Foreign currency translation	-	-	-	(2,570)	-	(2,570)	1	(2,569)
Other comprehensive income for the quarter, net of tax	-	-	-	(2,570)	-	(2,570)	1	(2,569)
Total comprehensive income for the quarter	-	-	-	(2,570)	25,478	22,908	225	23,133
<i>Contributions by and distributions to owners</i>								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(823)	(823)
Dividends paid in cash	-	-	-	-	(46,271)	(46,271)	-	(46,271)
Total contributions by and distributions to owners	-	-	-	-	(46,271)	(46,271)	(823)	(47,094)
Balance at 31/12/2014	155,181	(112)	2,405	(6,339)	877,196	1,028,331	3,633	1,031,964

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.

	Other components of equity							
	Share Capital	Equity Reserve	Asset Revaluation Reserve	Foreign Currency Translation Reserve	Retained Earnings	Attributable to Owners of the Company	Non - Controlling Interests	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group								
Balance at 1/7/2013	155,181	(70)	2,405	217	701,617	859,350	3,177	862,527
Profit for the half year	-	-	-	-	93,440	93,440	476	93,916
<i>Other comprehensive income</i>								
Foreign currency translation	-	-	-	(829)	-	(829)	1	(828)
Other comprehensive income for the half year, net of tax	-	-	-	(829)	-	(829)	1	(828)
Total comprehensive income for the half year	-	-	-	(829)	93,440	92,611	477	93,088
<i>Contributions by and distributions to owners</i>								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(490)	(490)
Dividends paid in cash	-	-	-	-	(46,271)	(46,271)	-	(46,271)
Total contributions by and distributions to owners	-	-	-	-	(46,271)	(46,271)	(490)	(46,761)
Balance at 31/12/2013	155,181	(70)	2,405	(612)	748,786	905,690	3,164	908,854
Balance at 1/7/2014	155,181	(112)	2,405	479	826,326	984,279	3,608	987,887
Profit for the half year	-	-	-	-	97,141	97,141	846	97,987
<i>Other comprehensive income</i>								
Foreign currency translation	-	-	-	(6,818)	-	(6,818)	2	(6,816)
Other comprehensive income for the half year, net of tax	-	-	-	(6,818)	-	(6,818)	2	(6,816)
Total comprehensive income for the half year	-	-	-	(6,818)	97,141	90,323	848	91,171
<i>Contributions by and distributions to owners</i>								
Dividends paid to non-controlling interests	-	-	-	-	-	-	(823)	(823)
Dividends paid in cash	-	-	-	-	(46,271)	(46,271)	-	(46,271)
Total contributions by and distributions to owners	-	-	-	-	(46,271)	(46,271)	(823)	(47,094)
Balance at 31/12/2014	155,181	(112)	2,405	(6,339)	877,196	1,028,331	3,633	1,031,964

- 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.

	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
<u>Company</u>			
Balance at 1/10/2013	155,181	51,261	206,442
Profit for the quarter, representing total comprehensive income for the quarter	-	6,271	6,271
<i>Contributions by and distributions to owners</i>			
Dividends paid in cash	-	(46,271)	(46,271)
Total contributions by and distributions to owners	-	(46,271)	(46,271)
Balance at 31/12/2013	155,181	11,261	166,442
Balance at 1/10/2014	155,181	98,276	253,457
Profit for the quarter, representing total comprehensive income for the quarter	-	13,315	13,315
<i>Contributions by and distributions to owners</i>			
Dividends paid in cash	-	(46,271)	(46,271)
Total contributions by and distributions to owners	-	(46,271)	(46,271)
Balance at 31/12/2014	155,181	65,320	220,501

	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
<u>Company</u>			
Balance at 1/7/2013	155,181	50,938	206,119
Profit for the half year, representing total comprehensive income for the half year	-	6,594	6,594
<i>Contributions by and distributions to owners</i>			
Dividends paid in cash	-	(46,271)	(46,271)
Total contributions by and distributions to owners	-	(46,271)	(46,271)
Balance at 31/12/2013	155,181	11,261	166,442
Balance at 1/7/2014	155,181	73,218	228,399
Profit for the half year, representing total comprehensive income for the half year	-	38,373	38,373
<i>Contributions by and distributions to owners</i>			
Dividends paid in cash	-	(46,271)	(46,271)
Total contributions by and distributions to owners	-	(46,271)	(46,271)
Balance at 31/12/2014	155,181	65,320	220,501

- 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.**

During the quarter ended 31 December 2014, there were no changes in the Company's share capital.

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

	Group	
	As at	
	31-12-2014	30-06-2014
Total number of issued shares	1,005,890,466	1,005,890,466
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	1,005,890,466	1,005,890,466

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

Not applicable.

- 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.

- 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.**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting year as those of the audited financial statements for financial year ended 30 June 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.**

Not applicable.

- 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.**

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).**

	Group			
	Second Quarter ended 31 December		Half Year ended 31 December	
	2014	2013	2014	2013
Group profit attributable to owners of the Company (\$'000)	25,478	65,763	97,141	93,440
Weighted average number of shares	1,005,890,466	1,005,890,466	1,005,890,466	1,005,890,466
Basic and diluted earnings per share (cents)	2.5	6.5	9.7	9.3

Earnings per share is calculated based on the net profit attributable to owners of the Company divided by the weighted average number of shares of 1,005,890,466 (2QFY2014: 1,005,890,466 shares).

- 7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.**

	Group		Company	
	31-12-2014	30-06-2014	31-12-2014	30-06-2014
Net asset value per ordinary share (S\$)	1.02	0.98	0.22	0.23

Net asset value per share is calculated based on 1,005,890,466 (30 June 2014: 1,005,890,466) ordinary shares in issue at the end of the financial period.

- 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 following:-**
(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonable 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.

Group Performance

The Group recorded a profit before income tax of \$31.5 million in 2QFY2015, 60% lower than the \$79.6 million recorded in 2QFY2014, with revenue of \$91.4 million for 2QFY2015 reflecting a 56% decrease from \$207.3 million in 2QFY2014.

The property development division contributed \$26.3 million to the Group's revenue in 2QFY2015, compared to \$156.9 million in 2QFY2014. The decrease is mainly due to reduced revenue contribution from the Group's several projects which were accounted for on percentage of completion method.

- 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 following:-**
(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. (Cont'd)

The construction division contributed \$54.0 million to the Group's revenue, an increase of 28.4% from the \$42.1 million in 2QFY2014. The higher revenue contribution is mainly due to increase in percentage of work done.

The Group incurred contract costs of \$52.5 million, 58% lower than the \$125.2 million incurred in 2QFY2014. The decrease in contract costs is in tandem with the decrease in revenue.

The Group incurred higher finance costs of \$1.1 million compared to \$0.5 million in 2QFY2014, mainly due to the interests on bank loans undertaken for the purchase of investment properties located in Australia. The purchase completion of four of the five investment grade neighbourhood shopping centres in Australia was in April 2014 and that of the shopping centre at Rothwell, Queensland took place in June 2014. As such, the property operating expense was \$1.4 million in 2QFY2015 compared to \$0.4 million in 2QFY2014.

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

The current announced results are in line with the prospect commentary previously disclosed in the financial statement announcement for financial period ended 30 September 2014.

- 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.**

According to statistics released by Urban Redevelopment Authority ("URA"), prices of private residential properties decreased by 1.1% in fourth quarter of 2014, higher than the 0.7% decline in the third quarter of 2014. For the whole of 2014, prices of private residential properties have decreased by 4.0%, compared with an increase of 1.1% in year 2013. The sales volume of 1,376 private residential units in the fourth quarter of 2014 was lower than the 1,531 units sold by developers in the third quarter of 2014. For the whole of 2014, developers sold 7,316 units, significantly lower than the 14,948 units sold in 2013.

The Group was successful in the tender for a land parcel located at Anchorvale Crescent for executive condominium housing development. Please refer to the Company's announcement on 5 February 2015 for more details.

Prices of office space increased by 2.4% in fourth quarter of 2014, compared to an increase of 1.6% in the third quarter of 2014. For the whole of year 2014, prices of office space have increased by 4.5%.

Meanwhile, rentals of retail space increased by 0.5% in the fourth quarter of 2014, compared to the 0.1% increase in the third quarter of 2014. For the whole of year 2014, rental of retail space increased by 0.9%.

With the past rounds of property cooling measures and the loan restrictions measures announced by Monetary Authority of Singapore in June 2013, the Group expects the operating environment for private residential property market to continue to be challenging.

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. (Cont'd)

The Group remains committed to seeking strategic investment opportunities for its continued growth and is focused on building a stable base of recurring income to smoothen its fluctuating profits from property development division. On 4 February 2015, the Group announced the proposed acquisition of a freehold commercial property located at 59 Albany Highway, Perth, Australia.

The Group expects to achieve a set of profitable operating results for FY2015. Following the adoption of INT FRS 115 with effect from 1 July 2010, the Group expects greater fluctuations in our future earnings as most of our ongoing projects are being accounted for using the completion of contract method.

11 Dividend

(a) Current Financial Period

Any dividend declared for the current financial period reported on ?

None

	(Tax Exempt 1 -Tier)
Name of dividend	Not applicable
Dividend Type	Not applicable
Dividend Rate	Not applicable

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

	(Tax Exempt 1 -Tier)
Name of dividend	Not applicable
Dividend Type	Not applicable
Dividend Rate	Not applicable

(b) Date payable

Not applicable.

(c) Books closure date

Not applicable.

12 If no dividend has been declared (recommended), a statement to that effect

No dividend has been declared or recommended for the second quarter ended 31 December 2014.

13 Interested Person Transactions

Name of interested persons		Aggregate value of all interested person transactions for the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) \$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) \$'000
Sim Lian JV (Punggol Central) Pte. Ltd. ("SLJV")	Proportionate shareholder loans by Sim Lian Land Pte Ltd ("SLL") & its subsidiaries	150 (i)	-
Sim Lian Development Pte Ltd ("SLD")	Interest payable by SLJV to SLD	147	-
Sim Lian JV (Punggol Central) Pte. Ltd. ("SLJV")	Interest payable by SLJV to SLL & its subsidiaries	293	-
Sim Lian Development Pte Ltd ("SLD")	Interest payable by Sim Lian JV (BP) Pte. Ltd. ("ResiSPV") to SLD	130	-
Sim Lian JV (BP) Pte. Ltd. ("ResiSPV")	Interest payable by ResiSPV to SLL	258	-
Sim Lian JV (BP) Pte. Ltd. ("ResiSPV")	Proportionate shareholder loans by SLL	100 (i)	-
Sim Lian JV (BP Retail) Pte. Ltd. ("RetailSPV")	Proportionate shareholder loans by SLL to RetailSPV	589 (i)	-
Sim Lian Development Pte Ltd ("SLD")	Interest payable by Sim Lian JV (Vision) Pte. Ltd. ("VisionSPV") to SLD	199	-
Sim Lian JV (Vision) Pte. Ltd. ("VisionSPV")	Interest payable by VisionSPV to SLL	398	-
Sim Lian JV (Punggol Central) Pte. Ltd. ("SLJV")	Interest payable on inter-joint venture loans to VisionSPV	336	-
Sim Lian Holdings Pte Ltd ("SLH")	Rental payable to SLH	4,194 (ii)	-
		6,794	-

Note (i) Under Rule 916 (3) of the SGX Listing Manual, this transaction is not required to comply with Rule 906.

Note (ii) Under Rule 916 (1) of the SGX Listing Manual, this transaction is not required to comply with Rule 906.

ISSUED BY ORDER OF THE BOARD

Ang Lay Hua
Joint Company Secretary
11 February 2015



SIM LIAN GROUP LIMITED

(Company Registration No. 200004760C)

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

We, Kuik Sin Pin and Kuik Sin Leng, being two Directors of Sim Lian Group Limited (“the Company”) do hereby confirm, 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 statements for the second quarter ended 31 December 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Kuik Sin Pin
Group Chief Executive Officer

Kuik Sin Leng
Executive Director

11 February 2015