



# KSH Holdings Limited

(Company Registration Number: 200603337G)  
(Incorporated in the Republic of Singapore on 9 March 2006)

## **UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS & DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

1 (a) (i) 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.

**INCOME STATEMENT**

**GROUP**

	<b>FIRST QUARTER ENDED</b>		
	<b>30.06.2019</b>	<b>30.06.2018</b>	increase/ (decrease)
	<b>S\$'000</b>	(re-stated) <b>S\$'000</b>	%
<b>REVENUE</b>			
Project revenue	66,567	39,270	69.5
Rental income from investment properties	1,184	1,538	(23.0)
	<b>67,751</b>	<b>40,808</b>	66.0
Other income	3,111	2,650	17.4
Cost of construction	(60,309)	(28,935)	<i>nm</i>
Personnel expenses	(3,228)	(3,200)	0.9
Depreciation of property, plant and equipment	(637)	(371)	71.7
Finance costs	(1,358)	(890)	52.6
Other operating expenses	(1,978)	(1,822)	8.6
	(67,510)	(35,218)	91.7
<b>Profit from operations before share of results of associates and joint ventures</b>	<b>3,352</b>	<b>8,240</b>	(59.3)
Share of results of associates	2,853	(3,747)	<i>nm</i>
Share of results of joint ventures	(333)	2,722	<i>nm</i>
<b>Profit before taxation</b>	<b>5,872</b>	<b>7,215</b>	(18.6)
Income tax expense	(703)	(1,564)	(55.1)
<b>Profit for the period</b>	<b>5,169</b>	<b>5,651</b>	(8.5)
<b>Attributable to:</b>			
- Owners of the Company	5,137	5,527	(7.1)
- Non-controlling interests	32	124	(74.2)
	<b>5,169</b>	<b>5,651</b>	(8.5)

*nm: not meaningful*

1 (a) (i) STATEMENT OF COMPREHENSIVE INCOME

	GROUP		
	FIRST QUARTER ENDED		
	30.06.2019	30.06.2018	increase/ (decrease)
		(re-stated)	
	S\$'000	S\$'000	%
<b>Profit for the period</b>	<b>5,169</b>	<b>5,651</b>	<b>(8.5)</b>
<b>Other comprehensive income:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
- Fair value gain on equity instruments at fair value through other comprehensive income	58	-	<i>nm</i>
<b>Items that may be reclassified subsequently to profit or loss</b>			
- Foreign currency translation	(2,939)	(2,171)	35.4
<b>Other comprehensive income for the period, net of tax</b>	<b>(2,881)</b>	<b>(2,171)</b>	<b>32.7</b>
<b>Total comprehensive income for the period</b>	<b>2,288</b>	<b>3,480</b>	<b>(34.3)</b>
<b>Total comprehensive income attributable to:</b>			
- Owners of the Company	2,812	3,692	(23.8)
- Non-controlling interests	(524)	(212)	<i>nm</i>
<b>Total comprehensive income for the period</b>	<b>2,288</b>	<b>3,480</b>	<b>(34.3)</b>

*nm: not meaningful*

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

**1 (a) (ii) NOTES TO THE INCOME STATEMENT**

	<b>GROUP</b>		
	<b>FIRST QUARTER ENDED</b>		increase/ (decrease)
	<b>30.06.2019</b>	<b>30.06.2018</b>	
	<b>S\$'000</b>	<b>(re-stated) S\$'000</b>	<b>%</b>
The Group's profit before taxation is arrived at after crediting/(charging) the following:			
Interest income	2,460	1,809	36.0
Write back/(allowance) of provision for onerous contract	535	(1,433)	nm
Amortisation of club membership	(1)	(1)	-
Fair value gain on structured deposits	8	9	(11.1)
Gain/(loss) on sale of plant and equipment, net	2	(1)	nm
Foreign exchange loss, net	(637)	(222)	nm
Interest expense	(1,346)	(845)	59.3
Profit after taxation before non-controlling interests as a percentage of turnover	7.63%	13.85%	(44.9)
Profit after taxation attributable to Owners of the Company as a percentage of the Group's Issued Capital and Reserves before non-controlling interests at 30 June 2019 and 30 June 2018	1.56%	1.63%	(4.3)

*nm: 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.

**STATEMENT OF FINANCIAL POSITION**

	GROUP		COMPANY	
	30.06.2019	31.03.2019	30.06.2019	31.03.2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	22,946	18,499	-	-
Investments in subsidiaries	-	-	16,791	16,791
Interests in associates	193,767	184,111	-	-
Interests in joint ventures	91,183	89,663	-	-
Investment securities	1,306	1,248	-	-
Investment properties	118,897	121,380	-	-
Amount due from a minority shareholder of a subsidiary (non-trade)	2,178	2,231	-	-
Amounts due from subsidiaries (non-trade)	-	-	192,460	187,348
Deferred tax assets	587	587	112	112
Other receivables	1,226	1,246	-	-
Club membership	32	32	-	-
Structured deposits	3,073	3,065	-	-
	435,195	422,062	209,363	204,251
<b>Current assets</b>				
Trade receivables	36,963	25,459	-	-
Other receivables and deposits	1,635	2,072	56	170
Prepayments	520	430	19	19
Amounts due from associates (non-trade)	-	4,950	-	-
Contract assets	33,258	33,129	-	-
Structured deposits	6,700	4,700	-	-
Fixed deposits	55,969	65,823	26,380	39,267
Cash and bank balances	35,266	45,392	5,689	13,939
	170,311	181,955	32,144	53,395
<b>Total assets</b>	<b>605,506</b>	<b>604,017</b>	<b>241,507</b>	<b>257,646</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	17,947	15,020	-	-
Other payables and accruals	64,634	57,721	1,161	1,026
Deferred income	237	217	-	-
Finance lease obligations	589	611	-	-
Provision for income tax	3,373	2,767	1,081	835
Contract liabilities	12,419	1,927	-	-
Provision for onerous contract	381	916	-	-
Bank term loans, secured	39,698	38,699	35,832	26,602
Bills payable to banks, secured	12,259	32,721	-	-
	151,537	150,599	38,074	28,463

STATEMENT OF FINANCIAL POSITION

	GROUP		COMPANY	
	30.06.2019	31.03.2019	30.06.2019	31.03.2019
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Non-current liabilities</b>				
Other payables and accruals	4,800	192	-	-
Amounts due to subsidiaries (non-trade)	-	-	54,509	75,491
Finance lease obligations	1,497	1,639	-	-
Bank term loans, secured	76,480	81,793	72,883	78,050
Deferred tax liabilities	18,112	18,534	-	-
	100,889	102,158	127,392	153,541
<b>Total liabilities</b>	<b>252,426</b>	<b>252,757</b>	<b>165,466</b>	<b>182,004</b>
<b>NET ASSETS</b>	<b>353,080</b>	<b>351,260</b>	<b>76,041</b>	<b>75,642</b>
<b>EQUITY</b>				
<b>Equity attributable to Owners of the Company</b>				
Share capital	50,915	50,915	50,915	50,915
Treasury shares	(468)	-	(468)	-
Translation reserve	(2,727)	(344)	-	-
Accumulated profits	276,741	271,622	22,965	22,098
Asset revaluation reserve	219	219	-	-
Fair value adjustment reserve	1,306	1,248	-	-
Other reserves	4,137	4,119	2,629	2,629
	330,123	327,779	76,041	75,642
Non-controlling interests	22,957	23,481	-	-
<b>TOTAL EQUITY</b>	<b>353,080</b>	<b>351,260</b>	<b>76,041</b>	<b>75,642</b>

1(b)(ii) GROUP'S BORROWINGS AND DEBT SECURITIES

The amount repayable in one year or less, or on demand			
At 30.06.2019		At 31.03.2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
52,546	-	72,031	-

The amount repayable after one year			
At 30.06.2019		At 31.03.2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
77,977	-	83,432	-

Details of any collaterals:

The Group's borrowings are secured by way of:

- 1) Assignment of progress payments from the developer for certain on-going construction projects;
- 2) Letters of assignment of certain progress payments and retention monies due to the Group;
- 3) First legal mortgage on the Group's investment properties and leasehold factory building;
- 4) Charge on fixed deposits and structured deposits;
- 5) First charge over the contract proceeds/project account arising from the construction project financed;
- 6) A first legal mortgage over the development property of a joint venture;
- 7) Legal assignment of sales proceeds from the development property of a joint venture;
- 8) Legal assignment of tenancy, rental, lease and licence agreements from the development property of a joint venture;
- 9) Legal assignment of the construction contract(s) and performance bonds from the development property of a joint venture;
- 10) Legal assignment of fire insurance policy from the development property of a joint venture;
- 11) Corporate guarantees from all the shareholders of a joint venture in equal share ratio; and
- 12) Debenture over all present and future assets of a joint venture.

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

**STATEMENT OF CASH FLOWS**

	<b>GROUP</b>	
	<b>FIRST QUARTER ENDED</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>
		(re-stated)
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit before taxation	5,872	7,215
<b>Adjustments:</b>		
Depreciation of property, plant and equipment	637	371
Amortisation of club membership	1	1
(Gain)/loss on sale of plant and equipment, net	(2)	1
Fair value gain on structured deposits	(8)	(9)
Write back/(allowance) of provision for onerous contract	(535)	1,433
Interest expense	1,346	845
Interest income	(2,460)	(1,809)
Share of results of associates	(2,853)	3,747
Share of results of joint ventures	333	(2,722)
<b>Operating cash flows before changes in working capital</b>	<b>2,331</b>	<b>9,073</b>
<b>Changes in working capital:</b>		
increase in:		
Trade and other receivables, deposits and prepayments	(11,525)	(6,304)
Contract assets	(129)	(7,509)
increase in:		
Trade and other payables and accruals	14,459	1,109
Deferred income	20	216
Contract liabilities	10,492	-
<b>Cash flows from/(used in) operations</b>	<b>15,648</b>	<b>(3,415)</b>
Income taxes paid	(151)	(197)
Interest income received	2,460	1,809
Exchange differences	453	(308)
<b>Net cash flows from/(used in) operating activities</b>	<b>18,410</b>	<b>(2,111)</b>
<b>Investing activities</b>		
Purchase of plant and equipment	(5,087)	(2,102)
Proceeds from sale of plant and equipment	4	1
Decrease in interests in associates	-	800
Increase in loans due from associates, net	(2,647)	(49,310)
(Increase)/decrease in loans due from joint ventures, net	(1,853)	30,030
Dividends received from associates	-	38,622
<b>Net cash flows (used in)/from investing activities</b>	<b>(9,583)</b>	<b>18,041</b>
<b>Financing activities</b>		
Purchase of treasury shares	(468)	-
Proceeds from bank term loans	11,000	37,189
Repayment of bank term loans	(15,283)	(2,831)
Proceeds from bills payable to banks	-	2,611
Repayment of bills payable to banks	(20,462)	-
Interest paid	(1,346)	(845)
Proceeds from finance lease obligations	-	73
Repayment of finance lease obligations	(164)	(142)
Increase in pledged fixed deposits	(10,216)	(8,037)
<b>Net cash flows (used in)/from financing activities</b>	<b>(36,939)</b>	<b>28,018</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(28,112)</b>	<b>43,948</b>
Effect of exchange rate changes on cash and cash equivalents	(85)	(47)
<b>Cash and cash equivalents at beginning of year</b>	<b>73,749</b>	<b>38,980</b>
<b>Cash and cash equivalents at end of period (Note A)</b>	<b>45,552</b>	<b>82,881</b>

**Note A: Cash and cash equivalents at end of period comprise:**

	<b>30.06.2019</b>	<b>30.06.2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and bank balances**	35,266	32,111
Fixed deposits	55,969	87,287
	91,235	119,398
Less: Pledged fixed deposits	(45,683)	(36,517)
<b>Cash and cash equivalents</b>	<b>45,552</b>	<b>82,881</b>

\*\* The Group's cash and bank balances earn interest at floating rates based on daily bank deposit rates.



UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019

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.

STATEMENT OF CHANGES IN EQUITY

GROUP	Attributable to Owners of the Company								Non-controlling interests	Total equity
	Share capital S\$'000	Treasury shares S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Asset revaluation reserve S\$'000	Fair value adjustment reserve S\$'000	Other reserves S\$'000	Equity attributable to Owners of the Company, total S\$'000		
<b>At 1 April 2018 (FRS framework)</b>	50,915	-	3,475	280,187	219	-	3,961	338,757	23,459	362,216
Cumulative effects of adopting SFRS(I)	-	-	-	(3,500)	-	1,215	-	(2,285)	-	(2,285)
<b>At 1 April 2018 (SFRS(I) framework)</b>	50,915	-	3,475	276,687	219	1,215	3,961	336,472	23,459	359,931
<b>Profit for the period</b>	-	-	-	5,527	-	-	-	5,527	124	5,651
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	(1,835)	-	-	-	-	(1,835)	(336)	(2,171)
Other comprehensive income for the period	-	-	(1,835)	-	-	-	-	(1,835)	(336)	(2,171)
<b>Total comprehensive income for the period</b>	-	-	(1,835)	5,527	-	-	-	3,692	(212)	3,480
<u>Contributions by and distributions to owners</u>										
Transfer to other reserves	-	-	-	(47)	-	-	47	-	-	-
<b>Total contributions by and distributions to owners</b>	-	-	-	(47)	-	-	47	-	-	-
<b>At 30 June 2018</b>	50,915	-	1,640	282,167	219	1,215	4,008	340,164	23,247	363,411
<b>At 1 April 2019</b>	50,915	-	(344)	271,622	219	1,248	4,119	327,779	23,481	351,260
<b>Profit for the period</b>	-	-	-	5,137	-	-	-	5,137	32	5,169
<u>Other comprehensive income</u>										
Fair value gain on equity instruments at FVOCI	-	-	-	-	-	58	-	58	-	58
Foreign currency translation	-	-	(2,383)	-	-	-	-	(2,383)	(556)	(2,939)
Other comprehensive income for the period	-	-	(2,383)	-	-	58	-	(2,325)	(556)	(2,881)
<b>Total comprehensive income for the period</b>	-	-	(2,383)	5,137	-	58	-	2,812	(524)	2,288
<u>Contributions by and distributions to owners</u>										
Purchase of treasury shares	-	(468)	-	-	-	-	-	(468)	-	(468)
Transfer to other reserves	-	-	-	(18)	-	-	18	-	-	-
<b>Total contributions by and distributions to owners</b>	-	(468)	-	(18)	-	-	18	(468)	-	(468)
<b>At 30 June 2019</b>	50,915	(468)	(2,727)	276,741	219	1,306	4,137	330,123	22,957	353,080

---

**UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2019**

---

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 period.

**STATEMENT OF CHANGES IN EQUITY**

<b>COMPANY</b>	<b>Share capital S\$'000</b>	<b>Treasury shares S\$'000</b>	<b>Accumulated profits S\$'000</b>	<b>Other reserves S\$'000</b>	<b>Total equity S\$'000</b>
<b>At 1 April 2018</b>	50,915	-	20,714	2,629	74,258
<b>Profit for the period</b>	-	-	807	-	807
Total comprehensive income for the period	-	-	807	-	807
<b>At 30 June 2018</b>	<b>50,915</b>	<b>-</b>	<b>21,521</b>	<b>2,629</b>	<b>75,065</b>
<b>At 1 April 2019</b>	50,915	-	22,098	2,629	75,642
<b>Profit for the period</b>	-	-	867	-	867
Total comprehensive income for the period	-	-	867	-	867
Purchase of treasury shares	-	(468)	-	-	(468)
<b>At 30 June 2019</b>	<b>50,915</b>	<b>(468)</b>	<b>22,965</b>	<b>2,629</b>	<b>76,041</b>

**SHARE CAPITAL**

- 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.**

The Company acquired 1,100,000 (1QFY2019: nil shares) ordinary shares by way of market purchases on the Singapore Exchange and held as treasury shares during 1QFY2020.

As at 30 June 2019, 1,100,000 treasury shares (30 June 2018: nil) were held by the Company.

The total number of issued shares as at 30 June 2019 was 568,635,645 shares (30 June 2018: 569,735,645 shares) excluding treasury shares.

- 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.**

<b>Total number of issued shares excluding treasury shares:</b>	<b>Number of shares</b>
<b>Balance as at 31 March 2019 and 1 April 2019</b>	
- Ordinary Shares	<b>569,735,645</b>
Purchase of treasury shares during 1QFY2020	
- Ordinary Shares (1,100,000)	
<b>Balance as at 30 June 2019</b>	<b>568,635,645</b>

The total number of treasury shares held by the Company as at 30 June 2019 was 1,100,000 shares (30 June 2018: nil).

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

There were no sales, transfers, disposals, cancellation and/or use of treasury shares during the year.

**AUDIT**

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

The figures have not been audited or reviewed by the Company's auditors.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

**ACCOUNTING POLICIES**

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2019.

The adoption of those new and revised Singapore Financial Reporting Standards (International) (SFRS(I)) has no material effect on the current financial statements for the current period.

**ACCOUNTING POLICIES**

- 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 Group has adopted SFRS(I) 16 with effect from 1 April 2019. The Group has applied the simplified transition approach and will not restate comparative amounts for the year prior to first adoption and has not restated comparatives for the FY2019 reporting period as permitted under the specific transition provisions in the standard. On adoption of SFRS(I) 16 Leases, the Group has recognised right-of-use assets of S\$4,901,000 and lease liabilities of S\$4,901,000 on 1 April 2019.

**EARNINGS PER SHARE**

- 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:

	<b>GROUP</b>	
	<b>FIRST QUARTER ENDED</b>	
	<b>30.06.2019</b>	<b>30.06.2018</b>
		(re-stated)
	(cents)	(cents)
a) On a basic basis	0.90	0.97
b) On a fully diluted basis	0.90	0.97
	<b>S\$'000</b>	<b>S\$'000</b>
Group's profit for the period attributable to Owners of the Company used in the computation of basic and diluted EPS	5,137	5,527
Weighted average number of ordinary shares excluding treasury shares for computing basic and diluted EPS	568,635,645	569,735,645

**NET ASSET VALUE PER SHARE**

- 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.

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>as at</b>	<b>as at</b>	<b>as at</b>	<b>as at</b>
	<b>30.06.2019</b>	<b>31.03.2019</b>	<b>30.06.2019</b>	<b>31.03.2019</b>
Net asset value per ordinary share (cents)	58.06	57.53	13.37	13.28
Issue share capital excluding treasury shares at the end of the period/year	568,635,645	569,735,645	568,635,645	569,735,645

**REVIEW OF THE PERFORMANCE OF THE GROUP**

- 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.

**INCOME STATEMENT****1QFY2020 vs 1QFY2019****Revenue**

The Group had a total revenue of S\$67.8 million for the first quarter three months ended 30 June 2019 ("1QFY2020"), an increase of S\$27.0 million or 66.0% compared to S\$40.8 million registered in the corresponding period ended 30 June 2018 ("1QFY2019"). The increase was mainly due to the increase in revenue from construction business of S\$27.3 million or 69.5% from S\$39.3 million in 1QFY2019 to S\$66.6 million in 1QFY2020. The decrease in rental income was mainly from investment properties in Tianjin, the People's Republic of China ("PRC") due to the weakening of Renminbi ("RMB").

## REVIEW OF THE PERFORMANCE OF THE GROUP

### **INCOME STATEMENT** (continued)

#### **1QFY2020 vs 1QFY2019**

##### **Other income**

Other income increased by S\$0.4 million or 17.4% from S\$2.7 million in 1QFY2019 to S\$3.1 million in 1QFY2020, mainly due to the increase in interest income from loans to associates and joint ventures.

##### **Operating expenses**

Cost of construction increased by S\$31.4 million from S\$28.9 million in 1QFY2019 to S\$60.3 million in 1QFY2020. The increase was mainly due to the increase in construction works done.

There were no significant changes in the personnel expenses in 1QFY2020 as compared to 1QFY2019.

Depreciation of property, plant and equipment increased by S\$0.2 million or 71.7% from S\$0.4 million in 1QFY2019 to S\$0.6 million in 1QFY2020 due to the completion of re-development at 39 Senoko Road.

Finance costs increased by S\$0.5 million or 52.6% from S\$0.9 million in 1QFY2019 to S\$1.4 million in 1QFY2020, mainly due to the increase in the Group's borrowings and interest rates.

There were no significant changes in the other operating expenses in 1QFY2020 as compared to 1QFY2019.

Share of results of associates increased to a profit of S\$2.9 million in 1QFY2020 from a loss of S\$3.7 million in 1QFY2019, mainly due to the development property projects by the associates – the Affinity@Serangoon and Riverfront Residences.

Share of results of joint ventures decreased to a loss of S\$0.3 million in 1QFY2020 from a profit of S\$2.7 million in 1QFY2019, mainly due to the completion and full recognition of the Group's share of profit from High Park Residences prior to 1QFY2020, while Park Colonial is still at an early stage of construction.

Tax expense decreased by S\$0.9 million or 55.1% from S\$1.6 million in 1QFY2019 to S\$0.7 million in 1QFY2020, mainly due to the decrease in profit from operations before share of results of associates and joint ventures, offset by increase in expenses not allowed for tax deductions.

As a result of the above, the Group registered a net profit attributable to Owners of the Company of S\$5.1 million in 1QFY2020 excluding non-controlling interests.

### **STATEMENT OF FINANCIAL POSITION**

#### **Non-current assets**

Property, plant and equipment ("PPE") increased by S\$4.4 million from S\$18.5 million as at 31 March 2019 ("FY2019") to S\$22.9 million as at 30 June 2019 ("1QFY2020"), mainly due to right-of-use assets of the Group's lease commitments arising from the adoption of SFRS(I) 16 Leases which took effect from 1 April 2019.

Interests in associates increased by S\$9.7 million from S\$184.1 million as at FY2019 to S\$193.8 million as at 1QFY2020, mainly due to an increase in loans to associates to finance development property and investment property projects and share of profit recognised from associates.

Interests in joint ventures increased by S\$1.5 million from S\$89.7 million as at FY2019 to S\$91.2 million as at 1QFY2020, mainly due to the increase in loans to joint ventures to finance development property and investment property projects, offset by the share of losses of joint ventures.

Investment properties decreased by S\$2.5 million from S\$121.4 million as at FY2019 to S\$118.9 million as at 1QFY2020, mainly due to foreign exchange differences arising from an investment property held in the People's Republic of China ("PRC").

## REVIEW OF THE PERFORMANCE OF THE GROUP

### STATEMENT OF FINANCIAL POSITION (continued)

#### Current assets

Trade receivables increased by S\$11.5 million from S\$25.5 million as at FY2019 to S\$37.0 million as at 1QFY2020, mainly due to the increase in amount of progress claims certified for construction projects in progress.

Other receivables and deposits decreased by S\$0.5 million from S\$2.1 million as at FY2019 to S\$1.6 million as at 1QFY2020, mainly due to the decrease in dividend receivables from associates and joint ventures.

The non-trade amounts due from associates of S\$4.9 million as at FY2019 were collected during 1QFY2020.

#### Current liabilities

Trade payables under current liabilities increased by S\$2.9 million from S\$15.0 million as at FY2019 to S\$17.9 million as at 1QFY2020. The increase was mainly due to the increase in billings from suppliers and subcontractors which will be due for release of payments in the next 12 months for construction projects in progress.

Other payables and accruals under current liabilities increased by S\$6.9 million from S\$57.7 million as at FY2019 to S\$64.6 million as at 1QFY2020. The increase was mainly due to the increase in job cost accruals for construction projects in progress and lease liabilities arising from the adoption of SFRS(I) 16 Lease which took effect from 1 April 2019.

#### Non-current liabilities

Other payables and accruals under non-current liabilities increased by S\$4.6 million from S\$0.2 million as at FY2019 to S\$4.8 million as at 1QFY2020. The increase was mainly due to lease liabilities arising from the adoption of SFRS(I) 16 Leases which took effect from 1 April 2019.

#### Total Group's borrowings

Total borrowings decreased by S\$25.0 million from S\$155.5 million as at FY2019 to S\$130.5 million as at 1QFY2020, mainly due to the decrease in bank borrowings.

### STATEMENT OF CASH FLOWS

Net cash flows from operating activities of S\$18.4 million during 1QFY2020 mainly arose from operating cash flows before changes in working capital of S\$2.3 million, decrease in working capital of S\$13.3 million and interest income received of S\$2.5 million, offset by income taxes paid of S\$0.2 million.

Net cash flows used in investing activities of S\$9.6 million during 1QFY2020 mainly arose from purchase of property of plant and equipment of S\$5.1 million and the increase in loans due from associates and joint ventures of S\$4.5 million.

Net cash flows used in financing activities of S\$36.9 million during 1QFY2020 mainly arose from the net decrease in bank term loans and bills payable to banks of S\$24.7 million, interest paid of S\$1.3 million and increase in pledged fixed deposits of S\$10.2 million.

With the abovementioned, net decrease in cash and cash equivalents during 1QFY2020 was S\$28.1 million.

## REVIEW OF THE PERFORMANCE OF THE GROUP

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

There was no forecast or any prospect statement previously disclosed to shareholders. The actual results in 1QFY2020 is in line with the commentary made on 30 May 2019 in paragraph 10 of the full year results announcement for FY2019.

### **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.**

As Singapore's economy outlook is tilted to the downside and mainly stems from external sources, including a tightening of global financial conditions, escalation of sustained trade tensions and deceleration of global growth, Singapore performed worse than expected in the second quarter, slowing again after hitting its lowest rate since the global financial crisis in the first three months of this year.

According to the latest press release from Ministry of Trade and Industry ("MTI"), Singapore economy showed weakness across key sectors, with all contracting from the first quarter of the year and pegged Singapore's economic growth at 0.1% in the second quarter of this year compared to the revised 1.1% growth in the previous quarter and marks the sixth straight quarter of easing. This is the lowest growth since the economy contracted by 1.2% in the second quarter of 2009 during the Great Recession. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy shrank by 3.4%, after posting growth of 3.8% in the preceding three months. MTI has cut its growth forecast on a flat economic performance in the first half of the year. The gross domestic product of Singapore is likely to come in between zero growth and 1% for the full year.

Construction continued its turnaround on the back of an increase in public sector construction activities, albeit at a slower pace in the second quarter. The sector grew by 2.9% on a year-on-year basis, following a 2.7% expansion in the previous quarter. According to the Building and Construction Authority of Singapore ("BCA"), construction demand is expected to remain strong this year due to sustained public sector contracts. An estimated total of S\$30.5 billion in contracts was awarded last year and the total construction demand is expected to be between S\$27 billion and S\$32 billion this year. Public construction demand is expected to be between S\$16.5 billion and S\$19.5 billion this year and set to make up about 60% of projected demand for the year. This represents a 23% increase in construction demand compared with the year before.

Cost of construction and other operating costs are likely to continue the uptrend as a result of increasing manpower cost; higher cost on adoption of advanced systems and technologies as well as equipment; higher utilities cost; higher cost of regulatory compliance; higher financing cost; higher risks in foreign exchange losses and etc. The Group shall continue to strive to raise productivity through technology adoption and innovative measures; training of workers and higher usage of equipment and tools with the assistance from Government grants. The Group will also continue to streamline the operation processes to reduce expenses.

A year after the latest measures were implemented, private residential property prices displayed resilience to register a healthy rebound this quarter. Prices for private residential units surged 2.0%, compared with the 1.1% decline in the previous quarter. Between April and June, developers launched 2,502 uncompleted private residential units for sale, compared with 2,989 units in the previous quarter. 2,350 apartments units were sold, up from the 1,838 units in the previous quarter.

The Group's construction order book remains healthy at more than S\$410.0 million as at end of June 2019.

As at 30 June 2019, most of the development property projects held by associates and joint ventures under the Group launched for sales prior to the previous financial year FY2019 have been either fully sold or substantially sold.

## REVIEW OF THE PERFORMANCE OF THE GROUP

## 10 (continued)

The development property projects launched by associates and joint ventures under the Group during the previous financial year FY2019 are as set out below:-

No.	Project Name	Group Stake	Type of Development	Revenue Recognition Method	% Units Sold* as at 30 June 2019
<b>Singapore</b>					
1	Affinity @ Serangoon	7.50%	Residential with shop units	Percentage of Completion	52.8%
2	Riverfront Residences	35.00%	Residential with shop units	Percentage of Completion	70.4%
3	Park Colonial	20.00%	Residential	Percentage of Completion	80.5%
4	Rezi 24	48.00%	Residential	Percentage of Completion	14.5%

\* % of Units Sold - Based on Options issued and subject to completion of sale and purchase agreement

Four ("4") property developments have been launched during previous financial year FY2019 and were well-received by the market, namely Affinity@Serangoon; Riverfront Residences; Park Colonial and Rezi 24. The 4 projects have sold approximately 2,300 units to-date with positive margins despite the challenging market sentiments. As at the end of 1QFY2020, the Group has attributable share of progress billings to be recognised as sales revenue of more than S\$487.0 million from the property development projects held by associates and joint ventures under the Group, which will be progressively recognised by the associates and joint ventures and contribute to the Group's results after 1QFY2020.

The investment properties held by the Group in Singapore and overseas have maintained good occupancy rates and shall continue to generate recurring income.

In view of the above and barring unforeseen circumstances, the Group remains cautiously optimistic on the outlook of its performance in FY2020.

## DIVIDENDS

## 11 (a) Current financial period reported on

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

## (b) Corresponding Period of the Immediately Preceding Financial Year

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

## (c) Date payable

Not applicable.

## (d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 30 June 2019 as to retain funds for working capital and investments.

## 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.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions (IPTs).



**REVIEW OF THE PERFORMANCE OF THE GROUP**

**14 Confirmation by the Company Pursuant to Rule 720(1) of the Listing Manual of SGX-ST.**

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the Listing Manual of the SGX-ST.

**NEGATIVE ASSURANCE**

**15 Negative assurance confirmation on the first quarter and three months period financial results pursuant to Rule 705(5) of the Listing Manual of SGX-ST.**

On behalf of the Board of Directors of the Company, we, the undersigned, do hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the first quarter and three months period ended 30 June 2019 to be false or misleading in any material aspect.

**For and on behalf of the Board of Directors,  
By Order of the Board**

Choo Chee Onn  
Executive Chairman and Managing Director

Lim Kee Seng  
Executive Director

14 August 2019