



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

Unaudited Second Quarter ("Q2") Financial Statements For the Period Ended 31 July 2014

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY RESULTS

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

	Note	3 months ended		Increase /	6 months ended		Increase /
		31/7/2014	31/7/2013	(Decrease)	31/7/2014	31/7/2013	(Decrease)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1	26,618	17,700	50	50,831	35,451	43
Cost of sales	2	<u>(17,394)</u>	<u>(13,674)</u>	27	<u>(36,965)</u>	<u>(19,071)</u>	94
Gross profit		9,224	4,026	129	13,866	16,380	(15)
Other income/(loss)	3	2,787	2,881	(3)	4,778	4,203	14
Rental income		573	201	n.m.	1,133	301	n.m.
Distribution costs	4	(167)	(659)	(75)	(336)	(1,359)	(75)
Administrative costs	5	(4,238)	(4,300)	(1)	(7,868)	(8,079)	(3)
Changes in fair value of derivative financial instrument		327	438	(25)	620	628	n.m.
Other operating expenses	6	(1,379)	(855)	61	(2,282)	(1,907)	20
Finance costs	7	<u>(891)</u>	<u>(281)</u>	217	<u>(1,652)</u>	<u>(659)</u>	151
Profit/(loss) from operations		6,236	1,451	330	8,259	9,508	(13)
Share of results of associated companies and joint ventures	8	<u>218</u>	<u>15,574</u>	(99)	<u>14,781</u>	<u>25,216</u>	(41)
Profit/(loss) before taxation		6,454	17,025	(62)	23,040	34,724	(34)
Taxation	9	(2,519)	(932)	170	(4,262)	(3,107)	37
Profit/(loss) after taxation for the period		<u>3,935</u>	<u>16,093</u>	(76)	<u>18,778</u>	<u>31,617</u>	(41)
Attributable to:							
Owners of the parent	10	3,853	15,710	(75)	18,474	30,971	(40)
Non-controlling interests		<u>82</u>	<u>383</u>	(79)	<u>304</u>	<u>646</u>	n.m.
		<u>3,935</u>	<u>16,093</u>	(76)	<u>18,778</u>	<u>31,617</u>	(41)
Earnings per share (cents)							
- basic		0.52	2.13		2.50	4.19	
- diluted		0.52	2.13		2.50	4.19	

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

	3 months ended		Increase /	6 months ended		Increase /
	31/07/2014	31/07/2013	(Decrease)	31/07/2014	31/07/2013	(Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit for the period	3,935	16,093	(76)	18,778	31,617	(41)
Other comprehensive income						
Fair value gain/(loss) on available-for-sale financial assets recognised directly to equity	1,025	(578)	(277)	4,723	1,360	247
Fair value (gain)/loss on available-for-sale financial assets recycled to income statement on derecognition	136	(1,164)	n.m.	(273)	(1,514)	n.m.
Reclassification of non-controlling interests to non-controlling shareholders of a subsidiary	-	-	n.m.	-	-	n.m.
Exchange differences on translation of the financial statements of foreign entities (net)	559	(4,720)	n.m.	2,819	(4,725)	(160)
Other comprehensive income/(loss) for the period, net of tax	1,720	(6,462)	n.m.	7,269	(4,879)	n.m.
Total comprehensive income for the period	<u>5,655</u>	<u>9,631</u>	(41)	<u>26,047</u>	<u>26,738</u>	(3)
Total comprehensive income attributable to:						
Owners of the parent	5,573	10,371	(46)	25,401	27,215	(7)
Non-controlling interests	82	(740)	(111)	646	(477)	(235)
Total comprehensive income for the period	<u>5,655</u>	<u>9,631</u>	(41)	<u>26,047</u>	<u>26,738</u>	(3)

n.m.: Not Meaningful

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

- 1 Group revenue increased by \$15.3M to \$50.8M in 1H current year from \$35.5M in 1H previous year. It increased by \$8.9M to \$26.6M in Q2 current year from \$17.7M in Q2 previous year. The increase in revenue is due to the increased construction activity at Genting Hotel at Jurong Town Hall. The Group has been awarded a \$114.3 million construction contract by Genting Group in June 2013 for the design and build of one block of hotel development with landscape deck, basement carpark, swimming pool and other ancillary facilities at Jurong Town Hall Road and it is expected to be completed in the first half of 2015.

In line with the adoption of accounting standard INT FRS 115, the Group can only recognise the revenue and related costs of development in Paya Lebar Square, a commercial development, and Parkland Residences, a DBSS development, when these projects obtain TOP. Both projects are expected to receive TOP by end 2014.

- 2 Cost of sales increased by \$17.9M to \$37.0M in 1H current year from \$19.1M in 1H previous year. It increased by \$3.7M to \$17.4M in Q2 current year from \$13.7M in Q2 previous year. The increase in cost of sales was due to the increase in construction activity at Genting Hotel at Jurong Town Hall Road during 1H current year and the write back of project costs for completed projects such as Chinatown Point on finalisation of accounts.
- 3 Other income increased by \$0.6M to \$4.8M in 1H current year from \$4.2M in 1H previous year. It decreased by \$0.1M to \$2.8M in Q2 current year from \$2.9M in Q2 previous year. The decrease was mainly due to exchange loss in Q2 current year.

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

- 4 Distribution costs decreased by \$1.1M to \$0.3M during 1H current year from \$1.4M during 1H previous year. It decreased by \$0.5M to \$0.2M in Q2 current year from \$0.7M in Q2 previous year. The decrease was mainly due to lower marketing expenses incurred for the two development projects, Paya Lebar Square and Parkland Residences in Q2 current year.
- 5 Administrative costs decreased by \$0.2M to \$7.9M during 1H current year from \$8.1M during 1H previous year. It decreased by \$0.1M to \$4.2M in Q2 current year from \$4.3M in Q2 previous year. The decrease in administrative costs was mainly due to lower profit share for Joint Managing and Deputy Managing directors. The provision for profit share was made in accordance with service contracts.
- 6 Other operating expenses increased by \$0.4M to \$2.3M during 1H current year from \$1.9M during 1H previous year. It increased by \$0.5M to \$1.4M in Q2 current year from \$0.9M in Q2 previous year. The increase was mainly due to increase in fair value of short-term quoted investments in Q2 current year.
- 7 Finance costs increased by \$1.0M to \$1.7M in 1H current year from \$0.7M in 1H previous year. It increased by \$0.6M to \$0.9M in Q2 current year from \$0.3M in Q2 previous year. The increase was mainly due to higher interest expense on increased bank borrowings.
- 8 Share of results of associated companies and joint ventures decreased by \$10.4M to \$14.8M in 1H current year from \$25.2M in 1H previous year. It decreased by \$15.4M to \$0.2M in Q2 current year from \$15.6M in Q2 previous year. The decrease was mainly due to lower contribution from development projects.

The Group's joint venture, Suasana Simfoni Sdn.Bhd. ("Suasana") has completed the sale of land at Jalan Conlay in Kuala Lumpur for a total cash consideration of RM568 million (\$221.0M) in Q1 of 2015.

- 9 The basis of tax computation is set out below:

	3 months ended		Increase / (Decrease) %	6 months ended		Increase / (Decrease) %
	31/07/2014 \$'000	31/07/2013 \$'000		31/07/2014 \$'000	31/07/2013 \$'000	
Income tax expense						
- tax credit/(charge)						
- current	(2,067)	(238)	769	(3,043)	(1,585)	92
- foreign tax	(452)	(694)	(35)	(1,219)	(1,522)	(20)
	<u>(2,519)</u>	<u>(932)</u>	170	<u>(4,262)</u>	<u>(3,107)</u>	37

Income tax increased by \$1.2M to \$4.3M in 1H current year from \$3.1M in 1H previous year. The increase was mainly due to higher tax provision for construction segment offset by lower tax provision for hotel.

- 10 Net profit attributable to shareholders decreased by \$12.5M to \$18.5 in 1H current year from \$31.0M in 1H previous year. It decreased by \$11.8M to \$3.9M in Q2 current year from \$15.7M in 2Q previous year. The decrease was mainly due to lower profits from development and construction segments.

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

	Group		Note	Company	
	31/07/2014	31/01/2014		31/07/2014	31/01/2014
	\$'000	\$'000		\$'000	\$'000
ASSETS					
Non-current assets					
Investment properties	14,940	14,366	1	1,999	2,320
Property, plant and equipment	60,093	59,814	1	14,763	13,349
Subsidiaries	-	-		7,312	6,791
Associated companies and joint ventures	225,353	169,756	2	85,214	37,686
Long-term equity investments	42,422	41,438	3	2,247	2,103
Other receivables	62	64		-	-
Deferred tax assets	3,384	3,369		-	-
	<u>346,254</u>	<u>288,807</u>		<u>111,535</u>	<u>62,249</u>
Current assets					
Cash and cash equivalents	134,450	195,782	4	9,824	53,187
Short-term quoted equity investments	5,431	4,342	5	-	-
Amount owing by subsidiaries	-	-		393,394	368,496
Amount owing by a non-controlling shareholder	975	-		-	-
Trade and other receivables	65,067	43,842	6	17,996	30,731
Inventories	435	545		-	-
Development properties	1,292,200	1,191,528	7	-	-
	<u>1,498,558</u>	<u>1,436,039</u>		<u>421,214</u>	<u>452,414</u>
Total assets	<u><u>1,844,812</u></u>	<u><u>1,724,846</u></u>		<u><u>532,749</u></u>	<u><u>514,663</u></u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	161,863	161,863		161,863	161,863
Reserves	10,543	6,229	8	1,392	1,248
Retained profits	306,830	310,385		207,658	200,115
Exchange fluctuation account	2,787	309	9	-	-
	<u>482,023</u>	<u>478,786</u>		<u>370,913</u>	<u>363,226</u>
Non-controlling interests	13,942	13,296		-	-
Total equity	<u>495,965</u>	<u>492,082</u>		<u>370,913</u>	<u>363,226</u>
Non-current liabilities					
Bank borrowings	438,135	438,135	10	-	-
Other payables	232	232		-	-
Amount owing to non-controlling shareholders of subsidiaries	102,708	98,599	11	-	-
Joint venture	37,224	27,234		30,269	27,104
Deferred tax liabilities	52	52		-	-
Derivative financial instrument	976	1,595	12	976	1,595
	<u>579,327</u>	<u>565,847</u>		<u>31,245</u>	<u>28,699</u>
Current liabilities					
Trade and other payables	692,708	600,483	13	109,943	96,764
Amount owing to subsidiaries	-	-		-	15,989
Advance received from a joint venture	2	2		2	2
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	-	473	11	-	-
Provision for directors' fee	123	245		123	245
Provision for taxation	7,533	6,560		5,523	4,738
Bank borrowings	69,154	59,154	10	15,000	5,000
	<u>769,520</u>	<u>666,917</u>		<u>130,591</u>	<u>122,738</u>
Total liabilities	<u>1,348,847</u>	<u>1,232,764</u>		<u>161,836</u>	<u>151,437</u>
Total equity and liabilities	<u><u>1,844,812</u></u>	<u><u>1,724,846</u></u>		<u><u>532,749</u></u>	<u><u>514,663</u></u>

Notes to the balance sheets

- 1 The net book value of investment properties increased by \$0.5M to \$14.9M as at 31 July 2014 from \$14.4M as at 31 January 2014. The increase was mainly due to progress payments for purchase of Paya Lebar Square (Retail Mall). The net book value of property, plant and equipment increased by \$0.3M to \$60.1M as at 31 July 2014 from \$59.8M as at 31 January 2014. The increase was mainly due to additions of plant and equipment offset by depreciation.
- 2 Associated companies and joint ventures increased by \$55.6M to \$225.4M as at 31 July 2014 from \$169.8M as at 31 January 2014. The increase was mainly due to shareholder loans granted to associated companies.
- 3 Long-term quoted equity investments increased by \$1.0M to \$42.4M as at 31 July 2014 from \$41.4M as at 31 January 2014. The increase was due to the increase in fair value of available-for-sale financial asset during Q2 current year. These quoted equity investments were made with the objective of optimising cash holdings and earning higher returns compared to the current near zero interest rate offered by banks.
- 4 Cash and cash equivalents decreased by \$61.3M to \$134.5M as at 31 July 2014 from \$195.8M as at 31 January 2014. The decrease was mainly due to shareholder loan granted to the Group's associate companies Westgate Commercial Pte Ltd ("WGC") and Westgate Tower Pte Ltd ("WGT") for the purchase of Westgate Tower during current year. Working capital was \$729.1M as at 31 July 2014 compared to \$776.5M as at 31 January 2014.

In January 2014, Westgate Commercial Pte Ltd ("WGC") and Westgate Tower Pte Ltd ("WGT"), two associated companies of LKHS have entered into sale and purchase agreements with JG2 Trustee Pte. Ltd. (in its capacity as trustee of Infinity Office Trust) and JG Trustee Pte Ltd. (in its capacity as trustee of Infinity Mall Trust) to purchase 295 Strata-titled office units on levels 6 to 25 of Westgate Tower at 1 Gateway Drive, on lot 8360V Mukim 5, Singapore. The purchase price is \$579,431,600 and it is purchased for long term investment purpose. LKHS owns 40% of the shares in WGC and WGT, while Sun Venture Homes Pte. Ltd. ("SVH") owns the other 60% shares. SVH is a Singapore incorporated company and it is part of the Sun Venture Group of companies which currently own and manage prime commercial real estate in Singapore.

- 5 Short-term quoted equity investments increased by \$1.1M to \$5.4M as at 31 July 2014 from \$4.3M as at 31 January 2014. The increase was due to increase in fair value of short-term quoted equity investments.
- 6 Trade and other receivables increased by \$21.3M to \$65.1M as at 31 July 2014 from \$43.8M as at 31 January 2014 due to billing of progress payment from the development projects.
- 7 Development properties increased by \$100.7M to \$1,292.2M as at 31 July 2014 from \$1,191.5M as at 31 January 2014. The increase was mainly due to higher construction progress on development projects, Paya Lebar Square and Parkland Residences and acquisition of Balestier Towers and Kismis Lodge. As of 31 August 2014, 97% of the office units at Paya Lebar Square were sold and 2 units remained unsold at Parkland Residences.

The Group purchased Paya Lebar Square (Retail Mall) for investment holding purpose for generation of consistent cash income stream. A new subsidiary, Paya Lebar Square Pte Ltd (PLSPL), has been incorporated to purchase the retail mall from Paya Lebar Development Pte. Ltd (PLDPL) for \$300.0M. LKHS has 55% equity interest and Sun Venture Realty Pte Ltd (part of the Sun Venture group) has 45% equity interest in PLSPL. LKHS (through its subsidiary, Siong Feng Development Pte Ltd) owned 80% of PLDPL while Guthrie (PLC) Pte. Ltd. and Sun Venture Commercial Pte. Ltd. each owned 10% of PLDPL. The mall is about 92% leased out as of 31 August 2014 and its target TOP is Q3 FY2014/2015.

- 8 Reserves increased by \$4.3M to \$10.5M as at 31 July 2014 from \$6.2M as at 31 January 2014 due to increase in fair value reserves for long-term quoted equity investments.
- 9 Exchange fluctuation account increased by \$2.5M to \$2.8M as at 31 July 2014 from \$0.3M as at 31 January 2014 mainly due to strengthening of the Australian dollar against the Singapore dollar.
- 10 The total bank borrowings increased by \$10.0M to \$507.3M as at 31 July 2014 from \$497.3M as at 31 January 2014. A major part of total bank borrowings was drawn down to finance purchase of land for Parkland Residences and Paya Lebar Square and acquisition of Balestier Tower and Kismis Lodge. Gearing was 0.77 as at 31 July 2014 compared to 0.63 as at 31 January 2014.
- 11 Total amount owing to non-controlling shareholders of subsidiaries increased by \$3.6M to \$102.7M as at 31 July 2014 from \$99.1M as at 31 January 2014. The increase was mainly due to increase in shareholders' loan for Paya Lebar Square (Retail Mall), Kismis Lodge and Balestier Towers.

Notes to the balance sheets

- 12 The Group uses interest rate swap to manage its exposure to interest rate movements by swapping the borrowings from floating rates to fixed rates. The interest rate swap settles on a quarterly basis. The fair value of the swap entered into as at 31 July 2014 is based on quoted market prices for equivalent instruments at the balance sheet date. The Group does not designate this interest rate swap as a hedging instrument and the movements in fair value gain of \$0.6M has been recognised in the income statement of 1H current year.
- 13 Trade and other payables increased by \$92.2M to \$692.7M as at 31 July 2014 from \$600.5M as at 31 January 2014 mainly due to progress billings received in advance for development projects. Subsequent to 31 July 2014, \$19.9M was paid to vendors.

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

	31/07/2014		31/01/2014	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	54,154	15,000	54,154	5,000
Amount repayable after one year	438,135	-	438,135	-
	<u>492,289</u>	<u>15,000</u>	<u>492,289</u>	<u>5,000</u>

Details of any collateral

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

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

	6 months ended	
	31/07/2014	31/07/2013
	\$'000	\$'000
Cash Flow from Operating Activities		
Profit before taxation	23,040	34,724
Adjustments for:		
Changes in fair value of derivative financial instrument	(620)	(628)
Depreciation of property, plant and equipment	2,474	2,428
Depreciation of investment properties	365	362
Fair value (gain)/loss recycled from fair value reserve to profit or loss on derecognition of available-for-sale financial assets	(273)	(1,514)
Fair value loss/(gain) on financial assets at fair value through profit or loss	(1,088)	1,433
(Gain)/loss on disposal of		
- property, plant and equipment	-	(21)
Interest expense	1,652	659
Interest income	(1,663)	(247)
Impairment loss on available-for-sale financial assets	-	-
Share of results of associated companies and joint ventures	(14,781)	(25,216)
Write off of property, plant and equipment	45	22
Operating profit before working capital changes	9,151	12,002
Inventories	746	(147)
Receivables	(39,062)	(1,144)
Payables	108,318	176,829
Development properties	(100,671)	(154,247)
Cash generated (used in)/from operations	(21,518)	33,293
Interest paid	(1,689)	(1,356)
Income tax paid	(1,973)	(4,929)
Net cash (used in)/generated from operating activities	(25,180)	27,008
Amount carried forward	(25,180)	27,008

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

	\$'000	\$'000
Amount brought forward	(25,180)	27,008
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(1,854)	(4,801)
Acquisition of investment property	(940)	-
Advances received from/(made to) joint ventures and associated companies	(60,246)	3,286
Dividends from associated companies and joint ventures	14,787	-
Capital contribution made from/(towards) joint ventures and associated companies	(800)	-
Capital return from a joint venture company	200	1,500
Interest received	1,663	247
Proceeds from disposal of quoted equity investments	3,748	3,045
Proceeds from disposal of property, plant and equipment	557	259
Proceeds from return on loan of joint ventures and associated companies	8,357	3,755
Redemption of redeemable preference shares in joint venture	7,519	-
Net cash (used in)/generated from investing activities	<u>(27,009)</u>	<u>7,291</u>
Cash Flow from Financing Activities		
Advance from non-controlling shareholders of subsidiaries	2,662	36,869
Capital contribution from non-controlling shareholders of subsidiaries (Note A)	-	750
Dividends paid to shareholders of the Company	(22,164)	(33,247)
Proceeds from bank borrowings	51,000	60,000
Repayment of bank borrowings	(41,000)	(143,750)
Net cash (used in)/generated financing activities	<u>(9,502)</u>	<u>(79,378)</u>
Net (decrease)/increase in cash and cash equivalents	(61,691)	(45,079)
Cash equivalents at beginning of the period	195,782	205,517
Exchange differences on translation of cash and cash equivalents	359	(31)
Cash and cash equivalents at end of the period	<u><u>134,450</u></u>	<u><u>160,407</u></u>

The Group has unused bank facilities of \$745.7M as of 31 July 2014.

The Group generated a net decrease of \$61.7M cash flow in 1H current year compared to net decrease of \$45.1M cash flow in 1H previous year. The net decrease in cash and cash equivalents was due to net cash used in operating activities, investing activities and financing activities of \$25.2M, \$27.0M and \$9.5M respectively.

Note A The Group acquired 70% equity interest in a subsidiary, Newfort Alliance (Kismis) Pte Ltd, during the financial period ended 30/4/2013. The fair value acquired represented the share capital of the subsidiary.

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

	Share capital \$'000	Fair value reserve \$'000	Retained profits \$'000	Exchange fluctuation account \$'000	Total \$'000
The Company					
Balance at 01/02/2014	161,863	1,248	200,115	-	363,226
Total comprehensive income and loss for the period	-	144	29,707	-	29,851
Dividends paid in respect of financial year ended 31 Jan 2014	-	-	(22,164)	-	(22,164)
Balance at 31/7/14	161,863	1,392	207,658	-	370,913
Balance at 01/02/2013	161,863	1,133	163,074	-	326,070
Total comprehensive income and loss for the period	-	519	7,783	-	8,302
Dividends paid	-	-	(33,247)	-	(33,247)
Balance at 31/07/2013	161,863	1,652	137,610	-	301,125

	Share capital \$'000	Fair value reserve \$'000	Retained profits \$'000	Exchange fluctuation account \$'000	Sub-total \$'000	Non-controlling interests \$'000	Total \$'000
The Group							
Balance at 01/02/2014	161,863	6,229	310,385	309	478,786	13,296	492,082
Total comprehensive income and loss for the period	-	4,314	18,609	2,478	25,401	646	26,047
Dividends paid in respect of financial year ended 31 Jan 2014	-	-	(22,164)	-	(22,164)	-	(22,164)
Balance at 31/7/14	161,863	10,543	306,830	2,787	482,023	13,942	495,965
Balance at 01/02/2013	161,863	12,454	295,517	6,297	476,131	13,265	489,396
Total comprehensive income and loss for the period	-	(154)	30,971	(3,602)	27,215	(477)	26,738
Dividends paid	-	-	(33,247)	-	(33,247)	-	(33,247)
Acquisition of subsidiaries	-	-	-	-	-	750	750
Balance at 31/07/2013	161,863	12,300	293,241	2,695	470,099	13,538	483,637

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

There was no change in the company's share capital as at 31 July 2014 compared to 31 January 2014.

There were no outstanding executives' share options granted as at 31 July 2014 and 31 January 2014.

There was no treasury share held or issued as at 31 July 2014 and 31 January 2014.

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

	As at 31-07-2014	As at 31-01-2014
Number of issued shares excluding treasury shares	738,816,000	738,816,000

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

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 31 July 2014.

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

The figures have not been audited or reviewed.

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

Not applicable

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

The Group had applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements.

- 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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	3 months ended		6 months ended	
	31-07-2014	31-07-2013	31-07-2014	31-07-2013
Earnings per ordinary share for the period based on net profit attributable to shareholders of the Company:				
(i) Based on weighted average number of ordinary shares in issue	0.52 cents	2.13 cents	2.50 cents	4.19 cents
(ii) On a fully diluted basis	0.52 cents	2.13 cents	2.50 cents	4.19 cents

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

	Group		Company	
	31-07-2014	31-01-2014	31-07-2014	31-01-2014
Net asset value per ordinary share	65 cents	65 cents	50 cents	49 cents
Net tangible assets backing per ordinary share	65 cents	65 cents	50 cents	49 cents

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

Construction

Construction revenue increased by \$18.1M to \$28.0M during 1H current year from \$9.9M during 1H previous year. It increased by \$10.6M to \$16.1M in Q2 current year from \$5.5M in Q2 previous year. Net profit before tax and non-controlling interests for construction segment increased by \$0.2M to \$5.1M during 1H current year from \$4.9M during 1H previous year. Construction segment incurred a net profit before tax and non-controlling interests of \$5.7M in Q2 current year compared to a net loss before tax and non-controlling interests of \$1.4M in Q2 previous year.

The increase in revenue is due to the construction activity at Genting Hotel at Jurong Town Hall Road during 1H current year. The Company has been awarded a \$114.3M construction contract in June 2013 for the design and build of one block of hotel development with landscape deck, basement carpark, swimming pool & other ancillary facilities at Jurong Town Hall Road. The project is awarded by Tamerton Pte Ltd, a wholly-owned subsidiary of Genting Singapore PLC, and it is expected to be completed in the first half of 2015.

The increase in net profit before tax and non-controlling interest during Q2 current year compared to Q2 previous year was mainly due to construction of Genting Hotel and write back of project costs for completed project Chinatown Point.

Hotel and F&B business

Revenue for hotel & F&B businesses decreased by \$2.5M to \$22.7M during 1H current year from \$25.2M during 1H previous year. It decreased by \$1.6M to \$10.4M in Q2 current year from \$12.0M in Q2 previous year. The lower revenue in the hotels were mainly due to lower occupancy rates. Net profit before tax and non-controlling interests for hotel segment decreased by \$0.7M to \$2.8M in 1H current year from \$3.5M in 1H previous year due to lower occupancy rates as a result of mining slowdown in Australia and the straits dispute between China and Vietnam.

Development

Contributions from associated companies and joint ventures decreased by \$10.8M to \$13.9M during 1H current year from \$24.7M in 1H previous year. It decreased by \$14.8M to \$0.6M in Q2 current year from \$15.4M in Q2 previous year. The Group's joint venture, Suasana Simfoni Sdn.Bhd. ("Suasana") has completed the sale of land at Jalan Conlay in Kuala Lumpur for a total cash consideration of RM568 million (\$221.0M) in Q1 of 2015.

The Group has decided to retain the retail mall at Paya Lebar Square for investment holding purpose for generation of consistent cash income stream. A new subsidiary, Paya Lebar Square Pte Ltd (PLSPL), has been incorporated to purchase the retail mall from Paya Lebar Development Pte. Ltd (PLDPL) for \$300.0M. LKHS has 55% equity interest and Sun Venture Realty Pte Ltd (part of the Sun Venture group) has 45% equity interest in PLSPL. LKHS (through its subsidiary, Siong Feng Development Pte Ltd) owned 80% of PLDPL while Guthrie (PLC) Pte. Ltd. and Sun Venture Commercial Pte. Ltd. each owned 10%.

In line with the adoption of accounting standard INT FRS 115, the Group can only recognise the revenue and related costs of development in Paya Lebar Square, a commercial development, and Parkland Residences, a DBSS development, when these projects obtain TOP. Both projects are expected to receive TOP by end 2014.

Investments

The Group's current investments are investment properties mainly in Singapore and Malaysia as well as some quoted equity investments. Net profit before tax and non-controlling interest in investment segment increased by \$0.3M to \$1.8M during 1H current year from \$1.5M during 1H previous year mainly due to gain on disposal of quoted investments and interest income received.

Net profit attributable to shareholders

Net profit attributable to shareholders decreased by \$12.5M to \$18.5M during 1H current year from \$31.0M during 1H previous year. It decreased by \$11.8M to \$3.9M in Q2 current year from \$15.7M in Q2 previous year. The decrease was mainly due to lower profits from development and construction segments.

Balance Sheet

Group shareholders' funds increased by \$3.2M to \$482.0M as at 31 July 2014 from \$478.8M as at 31 January 2014. Cash and cash equivalents decreased by \$61.3M to \$134.5M as at 31 July 2014 from \$195.8M as at 31 January 2014. The Group's bank borrowings were used to finance the purchase of lands for Parkland Residences and Paya Lebar Square. Gearing was 0.77 as at 31 July 2014 compared to 0.63 as at 31 January 2014.

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

Not applicable

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The cooling measures introduced by the Singapore government and the release of more land for development to cool the residential market have led to the slowdown in the property market.

We will continue to be selective in our project tendering. We will also continue to invest in business that will generate consistent revenue and profitability streams.

11. Dividend

(a) Current Financial Period Reported On

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

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

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

(b) Corresponding Period of the Immediately Preceding Financial Year

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

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

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

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

Not applicable

- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

Not applicable

14. Confirmation by Directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors, which may render the unaudited consolidated financial results for the 6 months ended 31 July 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Low Keng Boon
Joint Managing Director

Dato' Marco Low Peng Kiat
Joint Managing Director

11 September 2014