



HOLDINGS

Registration No.: 199304349M

Financial Statement for the Second Quarter and First Half Year Ended 30 June 2018

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a)(i) An income statement with a consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediate preceding financial year.**

	Second quarter ended 30 June			Half year ended 30 June		
	2018 S\$'000	2017 S\$'000 Restated	Change %	2018 S\$'000	2017 S\$'000 Restated	Change %
Revenue	29,596	49,012	(39.6)	70,269	78,524	(10.5)
Cost of sales	(26,653)	(45,487)	(41.4)	(63,615)	(70,138)	(9.3)
Gross profit	2,943	3,525	(16.5)	6,654	8,386	(20.7)
Other operating income	737	601	22.6	1,319	1,350	(2.3)
Other (expense)/income	(534)	112	N.M	(424)	(75)	465.3
Administrative costs	(2,125)	(2,352)	(9.7)	(4,198)	(4,367)	(3.9)
Other operating costs	(4,772)	(5,036)	(5.2)	(9,125)	(9,724)	(6.2)
Finance costs	(651)	(106)	514.2	(1,266)	(218)	480.7
Share of results of joint ventures	293	935	(68.7)	1,026	1,557	(34.1)
Share of results of associates	85	379	(77.6)	171	6,160	(97.2)
(Loss)/profit before taxation	(4,024)	(1,942)	107.2	(5,843)	3,069	N.M
Income tax credit/(expense)	12	(237)	N.M	(34)	(251)	(86.5)
(Loss)/profit for the period	(4,012)	(2,179)	84.1	(5,877)	2,818	N.M
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Foreign currency translation (loss)/gain	(35)	380	N.M	478	(22)	N.M
Other comprehensive income for the period	(35)	380	N.M	478	(22)	N.M
Total comprehensive income for the period	(4,047)	(1,799)	125.0	(5,399)	2,796	N.M
(Loss)/profit attributable to:						
Equity holders of the Company	(3,501)	(2,224)	57.4	(5,099)	2,626	N.M
Non-controlling interests	(511)	45	N.M	(778)	192	N.M
	(4,012)	(2,179)	84.1	(5,877)	2,818	N.M
Total comprehensive income attributable to:						
Equity holders of the Company	(3,539)	(1,920)	84.3	(4,623)	2,606	N.M
Non-controlling interests	(508)	121	N.M	(776)	190	N.M
	(4,047)	(1,799)	125.0	(5,399)	2,796	N.M

N.M. - Not meaningful

Note:

Prior period/year comparative figures have been restated in view of the adoption of the Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018 including new and revised standards which are effective for annual periods beginning on 1 January 2018. Please refer to Paras (4) and (5) for more information.

1(a)(ii) Notes to income statement

The following items of charges/(credits) have been included in arriving at profit for the period:

	Second quarter ended 30 June			Half year ended 30 June		
	2018	2017	Change	2018	2017	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
	Restated			Restated		
Depreciation of property, plant and equipment	1,482	1,634	(9.3)	2,955	3,093	(4.5)
Amortisation of deferred income	(43)	(43)	-	(87)	(85)	2.4
Loss on disposal of property, plant and equipment	-	4	(100.0)	11	4	175.0
Allowance for doubtful receivables	50	-	N.M	101	47	114.9
(Write back)/allowance for inventory obsolescence	-	-	N.M	(38)	315	N.M
Interest expense	651	106	514.2	1,266	218	480.7
Interest income	(208)	(274)	(24.1)	(422)	(550)	(23.3)
Foreign exchange loss/(gain)	19	(63)	N.M	(55)	(1)	N.M
Fair value loss/(gain) on derivatives	514	(49)	N.M	478	76	N.M
Under/(over) provision of income tax in respect of prior years	(12)	(24)	(50.0)	34	(202)	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.

	Group			Company	
	30-Jun-18 S\$'000	31-Dec-17 S\$'000 Restated	01-Jan-17 S\$'000 Restated	30-Jun-18 S\$'000	31-Dec-17 S\$'000
Non-current assets					
Property, plant and equipment	36,370	38,816	42,979	17,110	18,247
Intangible assets	119	119	419	-	-
Investments in subsidiaries	-	-	-	60,197	60,197
Investments in associates	16,516	16,145	10,162	260	260
Investment in joint ventures	2,972	2,003	-	-	-
Deferred tax assets	-	-	424	-	-
Trade receivables	9,064	6,073	7,355	-	-
Loans to an associate	-	-	20,136	-	-
Loans to a joint venture	26,459	24,537	20,525	-	-
	91,500	87,693	102,000	77,567	78,704
Current assets					
Trade receivables	19,249	26,109	38,157	-	-
Loans to an associate	-	13,490	-	-	-
Amounts due from subsidiaries	-	-	-	5,572	5,608
Contract assets	18,801	27,604	17,975	-	-
Development property	104,781	104,705	-	-	-
Properties held for sale	1,151	1,057	9,463	-	-
Investment securities	13	-	-	-	-
Inventories	7,616	6,093	7,343	-	-
Other receivables	5,359	5,763	2,458	217	170
Pledged deposits	4,067	4,962	4,657	-	-
Cash and bank balances	37,561	30,435	58,730	2,277	1,559
Income tax recoverable	-	510	-	-	-
	198,598	220,728	138,783	8,066	7,337
Total assets	290,098	308,421	240,783	85,633	86,041
Current liabilities					
Amounts due to subsidiaries	-	-	-	6,841	4,546
Contract liabilities	21,041	15,068	29,359	-	-
Trade and other payables	25,548	42,179	44,372	193	231
Deferred income	171	168	162	-	-
Other liabilities	4,657	4,209	2,142	513	1,163
Loans and borrowings	1,665	1,607	3,201	396	396
Income tax payables	232	1,026	4,679	5	6
	53,314	64,257	83,915	7,948	6,342
Net current assets	145,284	156,471	54,868	118	995
Non-current liabilities					
Trade and other payables	4,109	3,447	5,699	-	-
Deferred income	2,894	2,929	2,992	-	-
Deferred tax liabilities	243	308	239	-	-
Loans and borrowings	98,819	99,428	14,710	9,506	9,729
	106,065	106,112	23,640	9,506	9,729
Total liabilities	159,379	170,369	107,555	17,454	16,071
Net assets	130,719	138,052	133,228	68,179	69,970
Equity attributable to equity holders of the Company					
Share capital	49,082	49,082	43,967	49,082	49,082
Treasury shares	(566)	(566)	(69)	(566)	(566)
Retained earnings	81,711	88,744	85,590	19,663	21,454
Foreign currency translation reserve	838	362	-	-	-
	131,065	137,622	129,488	68,179	69,970
Non-controlling interests	(346)	430	3,740	-	-
Total equity	130,719	138,052	133,228	68,179	69,970

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

Amount repayable in one year or less, or on demand

As at 30/6/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$1,665,000	-	S\$1,607,000	-

Amount repayable after one year

As at 30/6/2018		As at 31/12/2017	
Secured	Unsecured	Secured	Unsecured
S\$83,543,000	S\$15,276,000	S\$84,152,000	S\$15,276,000

Details of any collateral

The secured borrowings repayable within one year and after one year comprise mainly obligations under finance leases, banker's acceptances and property loans. These are secured by charges over land and building, plant and equipment, motor vehicles and fixed deposits.

The unsecured borrowings relate to loans from non-controlling interests obtained for property development purpose.

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

	Second quarter ended 30 June		Half year ended 30 June	
	2018 S\$'000	2017 S\$'000 Restated	2018 S\$'000	2017 S\$'000 Restated
Cash flows from operating activities				
(Loss)/profit before taxation	(4,024)	(1,942)	(5,843)	3,069
Adjustments for:				
Depreciation of property, plant and equipment	1,482	1,634	2,955	3,093
Amortisation of deferred income	(43)	(43)	(87)	(85)
Allowance for doubtful receivables	50	-	101	47
(Write back)/allowance for inventory obsolescence	-	-	(38)	315
Share of results of joint ventures	(293)	(935)	(1,026)	(1,557)
Share of results of associates	(85)	(379)	(171)	(6,160)
Fair value loss/(gain) on derivatives	514	(49)	478	76
Loss on disposal of property, plant and equipment (net)	-	4	11	4
Interest income	(208)	(274)	(422)	(550)
Interest expense	651	106	1,266	218
Operating cash flows before working capital changes	(1,956)	(1,878)	(2,776)	(1,530)
<u>Changes in working capital</u>				
Development property	131	-	(76)	-
Properties held for sale	4	1,446	(66)	2,898
Contract assets	1,972	(5,143)	8,919	(5,497)
Trade receivables	7,905	5,977	4,123	15,027
Other receivables	70	(12,688)	978	(12,028)
Inventories	551	511	(1,445)	810
Trade and other payables	(10,054)	2,026	(16,092)	(9,955)
Contract liabilities	1,047	(2,244)	5,696	(147)
Other liabilities	(370)	5,819	(117)	6,032
Cash used in operations	(700)	(6,174)	(856)	(4,390)
Interest paid	(624)	(119)	(1,126)	(241)
Interest received	31	158	78	320
Income tax paid	(435)	(771)	(930)	(1,025)
Net cash used in operating activities	(1,728)	(6,906)	(2,834)	(5,336)
Cash flows from investing activities:				
Purchase of property, plant and equipment (Note A)	(112)	(774)	(182)	(2,201)
Proceeds from disposal of property, plant and equipment	-	1	75	1
Investment in associate	(200)	-	(200)	-
Distribution of profits from a joint venture	27	133	56	322
Repayment of loans from an associate	13,482	-	13,482	-
Loans to a joint venture	(826)	-	(1,578)	(1,353)
Purchase of investment securities	-	-	(13)	-
Net cash generated from/(used in) investing activities	12,371	(640)	11,640	(3,231)
Cash flows from financing activities				
Repayment of bank borrowings, net	-	(1,500)	-	(1,500)
Dividends paid on ordinary shares to equity holders of the Company	(1,934)	(1,848)	(1,934)	(1,848)
Dividends paid to non-controlling interests of a subsidiary	-	(1,806)	-	(1,806)
Purchase of treasury shares	-	(36)	-	(36)
Repayment of long term borrowings	(387)	(387)	(774)	(774)
Repayment of finance leases	(43)	(38)	(82)	(80)
Decrease/(increase) in pledged deposits	1,000	-	1,000	(221)
Capital contribution from non-controlling interests	-	760	-	760
Net cash used in financing activities	(1,364)	(4,855)	(1,790)	(5,505)
Net increase/(decrease) in cash and cash equivalents	9,279	(12,401)	7,016	(14,072)
Effect of exchange rate changes on cash and cash equivalents	(14)	197	110	(119)
Cash and cash equivalents at beginning of the period	28,296	56,495	30,435	58,482
Cash and cash equivalents at end of the period	37,561	44,291	37,561	44,291
<u>Comprising:</u>				
Cash and bank balances	20,378	20,363	20,378	20,363
Fixed deposits	21,250	28,953	21,250	28,953
Less: Fixed deposits pledged with financial institutions	41,628	49,316	41,628	49,316
Cash and bank balances (including fixed deposits)	(4,067)	(4,869)	(4,067)	(4,869)
Less: Maintenance funds from owners of Bliss @Kovan received on behalf of property managing agent	37,561	44,447	37,561	44,447
Cash and cash equivalents	-	(156)	-	(156)
	37,561	44,291	37,561	44,291

1(c)(ii) Notes to consolidated statement of cash flows

Note A

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

Purchase of property, plant and equipment
Less: Acquisition costs satisfied by finance lease arrangements
Cash payments to acquire property, plant and equipment

Second quarter ended 30 June	
2018 S\$'000	2017 S\$'000
248	774
(136)	-
112	774

Half year ended 30 June	
2018 S\$'000	2017 S\$'000
481	2,201
(299)	-
182	2,201

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

Group

	Attributable to equity holders of the Company						Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	
Balance at 1 January 2018 (restated)	49,082	(566)	88,744	362	137,622	430	138,052
<u>Total comprehensive income</u>							
Loss for the period	-	-	(1,598)	-	(1,598)	(267)	(1,865)
Other comprehensive income for the period	-	-	-	514	514	(1)	513
Total comprehensive income for the period	-	-	(1,598)	514	(1,084)	(268)	(1,352)
Balance at 31 March 2018	49,082	(566)	87,146	876	136,538	162	136,700
Balance at 1 April 2018	49,082	(566)	87,146	876	136,538	162	136,700
<u>Total comprehensive income</u>							
Loss for the period	-	-	(3,501)	-	(3,501)	(511)	(4,012)
Other comprehensive income for the period	-	-	-	(38)	(38)	3	(35)
Total comprehensive income for the period	-	-	(3,501)	(38)	(3,539)	(508)	(4,047)
<u>Contributions by and distribution to owners</u>							
Dividends paid on ordinary shares to equity holders of the Company			(1,934)		(1,934)		(1,934)
Total transactions with owners in their capacity as owners	-	-	(1,934)	-	(1,934)	-	(1,934)
Balance at 30 June 2018	49,082	(566)	81,711	838	131,065	(346)	130,719
Balance at 1 January 2017 (as previously reported)	43,967	(69)	89,578	(2,652)	130,824	3,831	134,655
Adoption of the SFRS(I) 1	-	-	(2,652)	2,652	-	-	-
Adoption of the SFRS(I) 15	-	-	(1,336)	-	(1,336)	(91)	(1,427)
Balance at 1 January 2017 (restated)	43,967	(69)	85,590	-	129,488	3,740	133,228
<u>Total comprehensive income</u>							
Profit for the period	-	-	4,850	-	4,850	147	4,997
Other comprehensive income for the period	-	-	-	(324)	(324)	(78)	(402)
Total comprehensive income for the period	-	-	4,850	(324)	4,526	69	4,595
Balance at 31 March 2017 (restated)	43,967	(69)	90,440	(324)	134,014	3,809	137,823
Balance at 1 April 2017	43,967	(69)	90,440	(324)	134,014	3,809	137,823
<u>Total comprehensive income</u>							
(Loss)/profit for the period	-	-	(2,224)	-	(2,224)	45	(2,179)
Other comprehensive income for the period	-	-	-	304	304	76	380
Total comprehensive income for the period	-	-	(2,224)	304	(1,920)	121	(1,799)
<u>Contributions by and distribution to owners</u>							
Issuance of new ordinary shares	5,115	-	-	-	5,115	-	5,115
Purchase of treasury shares	-	(36)	-	-	(36)	-	(36)
Dividends paid on ordinary shares to equity holders of the Company	-	-	(1,848)	-	(1,848)	-	(1,848)
Total transactions with owners in their capacity as owners	5,115	(36)	(1,848)	-	3,231	-	3,231
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non-controlling interests without a change in control	-	-	(2,989)	-	(2,989)	(2,126)	(5,115)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	-	(1,806)	(1,806)
Divestment of interest in subsidiary	-	-	-	-	-	760	760
Total changes in ownership interest in subsidiaries	-	-	(2,989)	-	(2,989)	(3,172)	(6,161)
Balance at 30 June 2017 (restated)	49,082	(105)	83,379	(20)	132,336	758	133,094

Company

Balance at 1 January 2018

Total comprehensive income

Profit for the period

Total comprehensive income for the period

Balance as at 31 March 2018

Balance at 1 April 2018

Total comprehensive income

Profit for the period

Total comprehensive income for the period

Contributions by and distribution to owners

Dividends paid on ordinary shares to equity holders
of the Company

Total transactions with owners in their capacity as owners

Balance as at 30 June 2018

Balance at 1 January 2017

Total comprehensive income

Profit for the period

Total comprehensive income for the period

Balance as at 31 March 2017

Balance at 1 April 2017

Total comprehensive income

Profit for the period

Total comprehensive income for the period

Contributions by and distribution to owners

Issuance of new ordinary shares

Purchase of treasury shares

Dividends paid on ordinary shares to equity holders
of the Company

Total transactions with owners in their capacity as owners

Balance as at 30 June 2017

Attributable to equity holders of the Company			
Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total equity S\$'000
49,082	(566)	21,454	69,970
-	-	113	113
-	-	113	113
49,082	(566)	21,567	70,083
49,082	(566)	21,567	70,083
-	-	30	30
-	-	30	30
-	-	(1,934)	(1,934)
-	-	(1,934)	(1,934)
49,082	(566)	19,663	68,179
43,967	(69)	18,811	62,709
-	-	74	74
-	-	74	74
43,967	(69)	18,885	62,783
43,967	(69)	18,885	62,783
-	-	7,140	7,140
-	-	7,140	7,140
5,115	-	-	5,115
-	(36)	-	(36)
-	-	(1,848)	(1,848)
5,115	(36)	(1,848)	3,231
49,082	(105)	24,177	73,154

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

Share capital

There were no changes in the Company's share capital since the end of the previous financial year.

As at 30 June 2018, the issued share capital of the Company was S\$49,082,199 (31 December 2017: S\$49,082,199) comprising 322,388,218 (31 December 2017: 322,388,218) ordinary shares (excluding treasury shares).

Treasury shares

The Company did not acquire any ordinary shares of the Company which are to be held as treasury shares during the financial period.

The number of treasury shares held by Company and the book amount were:

	<u>No. of shares</u>	<u>S\$'000</u>
At 30 June 2018 and 31 December 2017	<u>2,322,200</u>	<u>566</u>

Employee performance share plan

As at 30 June 2018 and 31 December 2017, there were no performance shares granted and outstanding to eligible employees under the BBR Share Plan.

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

The total number of issued shares excluding treasury shares as at 30 June 2018 was 322,388,218 (31 December 2017: 322,388,218). The total number of treasury shares held as at 30 June 2018 was 2,322,200 (31 December 2017: 2,322,200).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 30 June 2018.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 31 December 2017, except that the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") on 1 January 2018 and all new and revised standards which are effective for annual financial periods beginning on 1 January 2018.

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.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First Time Adoption of Singapore Financial Reporting Standards (International)*. The Group's opening balance sheet under SFRS(I) has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I).

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, an amount of S\$2,652,000 of foreign currency translation reserve was transferred to the opening retained earnings as at 1 January 2017.

In addition, the Group adopted SFRS(I) 15 *Revenue from Contracts with Customers* SFRS(I) 9 *Financial Instruments* on 1 January 2018.

The effects of adoption of SFRS(I) on the financial statements are:

	Second quarter ended 30-Jun-17 S\$'000	Half year ended 30-Jun-17 S\$'000
<u>Consolidated statement of comprehensive income</u>		
Increase/(decrease) in profit arising from:		
Revenue	13,016	9,453
Cost of sales	(12,998)	(9,967)
Finance costs	(28)	(56)
Profit before taxation	(10)	(570)
Income tax credit	(27)	(11)
Profit for the period	(37)	(581)
Attributable to:		
Equity holders of the Company	(37)	(569)
Non-controlling interests	-	(12)
	(37)	(581)

	31-Dec-17 S\$'000	01-Jan-17 S\$'000
<u>Statement of financial position for the Group</u>		
Increase/(decrease) in:		
Trade receivables	(21,906)	(17,709)
Contract assets	21,706	11,857
Contract liabilities	225	(4,276)
Deferred income - Current	9	3
Income tax payables	(53)	(211)
Deferred income - Non-current	155	59
Retained earnings	(3,188)	(3,988)
Foreign currency translation reserve	2,652	2,652

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.**

	Second quarter ended		Half year ended	
	30 June		30 June	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Cents	Cents	Cents	Cents
		Restated		Restated
(Loss)/earnings per ordinary share of the Group attributable to equity holders				
(a) Based on the weighted average number of ordinary shares in issue	(1.09)	(0.70)	(1.58)	0.84
(b) On a fully diluted basis (detailing any adjustment made to earnings)	(1.09)	(0.70)	(1.58)	0.84

The weighted average number of shares for the half year and second quarter ended 30 June 2018 of 322,388,218 (half year and second quarter ended 30 June 2017: 312,099,749 and 316,155,022 respectively) used for basic and diluted earnings per share computation takes into account the weighted average effect of changes in treasury shares transactions during the financial period.

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:**

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

	Group		Company	
	<u>30-Jun-18</u>	<u>31-Dec-17</u>	<u>30-Jun-18</u>	<u>31-Dec-17</u>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued capital at the end of the period	40.65	42.69	21.15	21.70

Net asset value per ordinary share is calculated based on the issued share capital (excluding treasury shares) of 322,388,218 ordinary shares as at 30 June 2018 (31 December 2017: 322,388,218).

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

Income Statement Review – Second Quarter 2018 ("2Q2018") vs Second Quarter 2017 ("2Q2017")

The Group achieved revenue of S\$29.6 million in 2Q2018 which was a decrease of 39.6% from S\$49.0 million achieved in 2Q2017. The lower revenue for the quarter was attributable to lower construction activities for both the General Construction and Specialised Engineering Segment. The Property Development Segment also did not register any sales this quarter as all development units were sold. There was an improvement in gross profit margin from 7.2% to 9.9% while gross profit as a result of lower revenue decreased by 16.5% from S\$3.5 million to S\$2.9 million.

Other operating income increased by S\$0.1 million due to higher rental income over the two quarters in comparison.

Other (expense)/income which comprised foreign exchange differences and fair value gain or loss on derivatives amounted to a loss of S\$0.5 million in 2Q2018. This arose mainly from fair value loss adjustment on interest rate swap entered into by the Group to hedge against interest rate on a long term loan.

Administrative costs was reduced by 9.7% or S\$0.2 million mainly due to lower depreciation cost recorded in the quarter. Other operating costs were reduced marginally by 5.2%.

Finance cost increased by S\$0.5 million as interest was incurred on the term loan obtained from the bank to finance for the purchase of Goh & Goh Building.

Share of results of joint ventures of S\$0.3 million which was mainly from the progressive recognition of income from the sale of condominium units of The Wisteria, and had decreased as the project is at the end stage of construction.

Share of results of associates for the period was considerably reduced as the profits from the sale of Lake Life Executive Condominium were almost fully recognised in the last financial year.

The Group had a loss attributable to equity holders of the Company of S\$3.5 million for 2Q2018.

Income Statement Review – First Half 2018 ("1H2018") vs First Half 2017 ("1H2017")

Group revenue recorded for 1H2018 was S\$70.3 million as compared to S\$78.5 million in 1H2017. Although revenue from the Specialised Engineering Segment was up, the increase was offset by lower revenue from the General Construction and Property Development Segment.

Gross profit margin for 1H2018 averaged to 9.5% which was slightly below 10.7% achieved in 1H2017.

Administrative costs declined marginally by 3.9% and other operating costs were lower by 6.2% as an allowance for inventory obsolescence of S\$0.3 million was made in 1H2017.

Finance cost increased by S\$1.0 million due to the financing cost for Goh & Goh Building.

Share of results of joint ventures and associates for 1H2018 amounted to S\$1.0 million and S\$0.2 million respectively. In comparison for 1H2017, the Group's share was S\$1.6 million and S\$6.2 million respectively.

The Group had a loss attributable to equity holders of the Company of S\$5.1 million for 1H2018.

Statement of Financial Position and Cash Flow Review

The Group's financial position remains strong.

Total assets decreased from S\$308.4 million to S\$290.1 million and total liabilities decreased from S\$170.4 million to S\$159.4 million.

Contract assets decreased by S\$8.8 million as contract work done was being certified, billed and settled by customers subsequent to the last financial year end. Consequently the non-current trade receivables which includes retention receivables, also increased.

Contract liabilities increased by S\$6.0 million as there were excess of progress billings over revenue recognised on other projects.

With subsequent settlement of balances after the last financial year end and the lower construction activities during the period, current trade receivables and current trade and other payables decreased by S\$6.9 million and S\$16.6 million respectively.

For the half year ended 30 June 2018, the Group used S\$0.9 million in operations. With interest and income tax payments, net cash used in operating activities amounted to S\$2.8 million.

The Group extended additional loans of S\$1.6 million to a joint venture for its property development project. On the other hand, the Group received full payment of loans of S\$13.5 million from an associate. As a result, net cash of S\$11.6 million was generated from investing activities.

The final and special dividends of S\$1.9 million declared for the financial year ended 31 December 2017 were paid during the quarter. Together with repayment of bank borrowings and finance leases of S\$0.9 million and after offsetting the cash inflow from a decrease in pledged deposits of S\$1.0 million, the Group had net cash of S\$1.8 million used in financing activities.

The Group's cash position remained healthy at S\$37.6 million as at 30 June 2018.

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

The Group made an announcement of Profit Guidance on 25 July 2018 which states that the Group expects to report a net loss for the second quarter ended 30 June 2018 ("2Q2018") based on a preliminary review of the unaudited financial results.

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

On 13 July 2018, the Ministry of Trade and Industry announced that based on advance estimates, the Singapore economy grew by 3.8 per cent on a year-on-year basis in the second quarter of 2018, moderating from the 4.3 per cent growth in the previous quarter. The construction sector contracted by 4.4 per cent on a year-on-year basis in the second quarter, extending the 5.2 per cent decline in the previous quarter. The sector was weighed down primarily by the continued weakness in private sector construction activities.

While the en bloc transactions and government projects announced last year will go some way to prop up the languishing construction sector, the latest round of property cooling measures announced on 5 July 2018 may dampen and further postpone the anticipated recovery of the construction sector.

The industry outlook remains challenging in the next 12 months with increasing competition, labour shortages and rising business costs. The Group expects the construction demand to remain weak and coupled with intense competition, tenders will continue to be challenging in the near term and bid prices will remain competitive at compressed margins.

The Group will continue to focus on its core businesses by leveraging its strong track record in building construction and civil engineering to secure more projects, as well as enhancing cost effectiveness and efficiency optimisation in the management of on-going projects.

On the re-development of Goh & Goh Building, the Group is still in discussions with the relevant authorities to optimise the potential of the development site. As for the current mixed development project at Yishun Avenue 4 The Wisteria and Wisteria Mall, which the Group holds 25.05% equity interest, Temporary Occupancy Permit ("TOP") has been obtained in July 2018. To date, all the 216 residential units of The Wisteria had been sold. The commercial mall, named Wisteria Mall, which currently achieved an occupancy rate of more than 80%, will be managed by the Group's associate, Trendsteq Pte Ltd. It has a good tenant mix including a supermarket, a food court, a fitness club and various other retail and service outlets offering a varied mix of shopping and dining options and services to meet the needs of consumers living and working around the neighbourhood.

The Group will continue to explore business opportunities both locally and in the region, particularly in Thailand, to maintain and sustain its long term growth.

As at the date of this announcement, the Group has an order book of approximately S\$165 million in respect of construction projects, predominantly in Singapore and Malaysia.

11. Dividend

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

No.

(b) (i) Amount per share

Not applicable.

(ii) Previous corresponding period

Not applicable.

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

Not applicable.

(d) The date the dividend is payable

Not applicable.

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

Not applicable.

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

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

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

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

14. Confirmation that the issuer had procured undertakings from all its directors and executive officers officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it had procured undertakings from all its directors and executive officers under Rule 720(1).

BY ORDER OF THE BOARD

Tan Kheng Hwee Andrew
Group Chief Executive Officer
3 August 2018

CONFIRMATION BY THE BOARD

We, Tan Kheng Hwee Andrew and Carrie Luk Kai Lai, being two of the Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 June 2018 to be false or misleading.

On behalf of the Board of Directors

A handwritten signature in blue ink, appearing to read 'Tan Kheng Hwee Andrew'.

TAN KHENG HWEE ANDREW
Group Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Carrie Luk Kai Lai'.

CARRIE LUK KA LAI
Non-Executive Director

Singapore, 3 August 2018