



# HOLDINGS (S) LTD

Registration No.: 199304349M

## Financial Statement for the Second Quarter and Half Year Ended 30 June 2017

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

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

	Second quarter ended 30 June			Half Year ended 30 June		
	2017 S\$'000	2016 S\$'000	Change %	2017 S\$'000	2016 S\$'000	Change %
<b><u>INCOME STATEMENT</u></b>						
Revenue	35,996	73,244	(50.9)	69,071	155,337	(55.5)
Cost of sales	(32,489)	(71,308)	(54.4)	(60,171)	(148,540)	(59.5)
<b>Gross profit</b>	<b>3,507</b>	<b>1,936</b>	<b>81.1</b>	<b>8,900</b>	<b>6,797</b>	<b>30.9</b>
Other operating income	601	801	(25.0)	1,350	1,360	(0.7)
Other income/(expense)	112	(54)	N.M.	(75)	(358)	N.M.
Administrative costs	(2,352)	(1,954)	20.4	(4,367)	(3,923)	11.3
Other operating costs	(5,036)	(3,664)	37.4	(9,724)	(7,939)	22.5
Finance costs	(78)	(130)	(40.0)	(162)	(264)	(38.6)
Share of results of joint ventures	935	210	345.2	1,557	(92)	N.M.
Share of results of associates	379	41	824.4	6,160	120	N.M.
<b>(Loss)/Profit before taxation</b>	<b>(1,932)</b>	<b>(2,814)</b>	<b>N.M.</b>	<b>3,639</b>	<b>(4,299)</b>	<b>N.M.</b>
Income tax expense	(210)	(355)	(40.8)	(240)	(592)	(59.5)
<b>(Loss)/Profit for the period</b>	<b>(2,142)</b>	<b>(3,169)</b>	<b>(32.4)</b>	<b>3,399</b>	<b>(4,891)</b>	<b>N.M.</b>
<b>Attributable to:</b>						
Equity holders of the Company	(2,187)	(3,311)	(33.9)	3,195	(4,993)	N.M.
Non-controlling interests	45	142	(68.3)	204	102	100.0
	<b>(2,142)</b>	<b>(3,169)</b>	<b>(32.4)</b>	<b>3,399</b>	<b>(4,891)</b>	<b>N.M.</b>
N.M. - Not meaningful						

	Second Quarter Ended 30 June			Half Year ended 30 June		
	2017 S\$'000	2016 S\$'000	Change %	2017 S\$'000	2016 S\$'000	Change %
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
(Loss)/Profit for the period	(2,142)	(3,169)	N.M.	3,399	(4,891)	N.M.
Other comprehensive income:						
Foreign currency translation gain/(loss)	380	(410)	N.M.	(22)	290	N.M.
Other comprehensive income for the period	380	(410)	N.M.	(22)	290	N.M.
<b>Total comprehensive income for the period</b>	<b>(1,762)</b>	<b>(3,579)</b>	N.M.	<b>3,377</b>	<b>(4,601)</b>	N.M.
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	(1,883)	(3,639)	N.M.	3,175	(4,751)	N.M.
Non-controlling interests	121	60	101.7	202	150	34.7
	<u>(1,762)</u>	<u>(3,579)</u>	N.M.	<u>3,377</u>	<u>(4,601)</u>	N.M.

#### NOTES TO INCOME STATEMENT

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

Depreciation of property, plant and equipment	1,634	1,381	18.3	3,093	2,724	13.5
Foreign exchange (gain)/loss	(63)	193	N.M.	(1)	252	N.M.
Loss/(Gain) on disposal of property, plant and equipment	4	(50)	N.M.	4	(74)	N.M.
Interest expense	78	130	(40.0)	162	264	(38.6)
Interest income	(274)	(252)	8.7	(550)	(465)	18.3
Allowance for doubtful receivables (net)	-	35	N.M.	47	49	(4.1)
Allowance for inventories obsolescence	-	371	N.M.	315	371	(15.1)
Armortisation of deferred income	(40)	-	N.M.	(80)	-	N.M.
Fair value (gain)/loss on derivatives	(49)	(139)	(64.7)	76	106	(28.3)
(Over)/Underprovision of income tax in respect of previous years	(24)	2	N.M.	(202)	98	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-17 S\$'000	31-Dec-16 S\$'000	30-Jun-17 S\$'000	31-Dec-16 S\$'000
<b>Non-current assets</b>				
Property, plant & equipment	42,020	42,979	19,345	18,641
Intangible assets	419	419	-	-
Investments in subsidiaries	-	-	60,013	54,898
Investments in associates	16,150	10,162	260	260
Investments in joint ventures	789	-	-	-
Deferred tax assets	424	424	-	-
Trade receivables	6,773	7,355	-	-
Loans to associates	20,309	20,136	-	-
Loans to a joint venture	22,108	20,525	-	-
<b>Current assets</b>				
Amounts due from subsidiaries	-	-	7,627	3,547
Properties held for sale	6,562	9,463	-	-
Gross amount due from customers for work-in-progress	13,004	6,118	-	-
Inventories	6,215	7,343	-	-
Trade receivables	42,567	55,866	-	-
Other receivables	14,483	2,458	112	876
Pledged deposits	4,869	4,657	-	-
Cash and cash equivalents	44,447	58,730	2,226	1,047
	132,147	144,635	9,965	5,470
<b>Current liabilities</b>				
Amounts due to subsidiaries	-	-	4,715	4,947
Gross amount due to customers for work-in-progress	35,445	33,635	-	-
Trade and other payables	34,406	44,372	923	307
Deferred income	159	159	-	-
Other liabilities	7,632	2,142	349	547
Loans and borrowings	1,689	3,201	452	443
Income tax payable	4,054	4,890	99	193
	83,385	88,399	6,538	6,437
<b>Net current assets/(liabilities)</b>	<b>48,762</b>	<b>56,236</b>	<b>3,427</b>	<b>(967)</b>
<b>Non-current liabilities</b>				
Trade payables	5,644	5,699	-	-
Deferred income	2,853	2,933	-	-
Deferred tax liabilities	289	239	-	-
Loans and borrowings	13,866	14,710	9,891	10,123
	<b>135,102</b>	<b>134,655</b>	<b>73,154</b>	<b>62,709</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	49,082	43,967	49,082	43,967
Treasury shares	(105)	(69)	(105)	(69)
Foreign currency translation reserve	(2,672)	(2,652)	-	-
Retained earnings	88,039	89,578	24,177	18,811
	134,344	130,824	73,154	62,709
Non-controlling interests	758	3,831	-	-
<b>Total equity</b>	<b>135,102</b>	<b>134,655</b>	<b>73,154</b>	<b>62,709</b>

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

**Amount repayable in one year or less, or on demand**

As at 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$1,689,000	-	S\$1,701,000	S\$1,500,000

**Amount repayable after one year**

As at 30/06/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$13,866,000	-	S\$14,710,000	-

**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.

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

	Second quarter ended 30 June		Half Year ended 30 June	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Cash flows from operating activities</b>				
(Loss)/Profit before taxation	(1,932)	(2,814)	3,639	(4,299)
Adjustments for:				
Depreciation of property, plant and equipment	1,634	1,381	3,093	2,724
Allowance for doubtful receivables (net)	-	35	47	49
Allowance for inventories obsolescence	-	371	315	371
Armortisation of deferred income	(40)	-	(80)	-
Interest income	(274)	(252)	(550)	(465)
Interest expense	78	130	162	264
Fair value (gain)/loss on derivative	(49)	(139)	76	106
Loss/(Gain) on disposal of property, plant and equipment	4	(50)	4	(74)
Share of results of joint ventures	(935)	(210)	(1,557)	92
Share of results of associates	(379)	(41)	(6,160)	(120)
Net effect of exchange rate changes in consolidating subsidiaries	170	(474)	84	325
<b>Operating cash flows before working capital changes</b>	<b>(1,723)</b>	<b>(2,063)</b>	<b>(927)</b>	<b>(1,027)</b>
Decrease in properties held for sale	1,446	-	2,898	-
(Decrease)/Increase in amount due to customers for work-in-progress (net)	(8,315)	19,456	(5,003)	36,729
Decrease/(Increase) in trade receivables	6,821	(10,395)	13,784	14,183
(Increase)/Decrease in other receivables	(12,688)	561	(12,028)	1,128
Decrease in inventories	508	717	807	1,625
Increase/(Decrease) in trade and other payables	2,022	(8,330)	(9,959)	(31,710)
Increase/(Decrease) in other liabilities	5,819	(1,036)	6,032	(312)
<b>Cash (used in)/generated from operations</b>	<b>(6,110)</b>	<b>(1,090)</b>	<b>(4,396)</b>	<b>20,616</b>
Interest paid	(119)	(186)	(241)	(369)
Interest received	158	131	320	217
Income tax paid	(771)	(266)	(1,025)	(611)
<b>Net cash (used in)/generated from operating activities</b>	<b>(6,842)</b>	<b>(1,411)</b>	<b>(5,342)</b>	<b>19,853</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	1	135	1	159
Purchase of property, plant and equipment (Note A)	(774)	(1,246)	(2,201)	(4,003)
Distribution of profits from a joint venture	133	267	322	395
Net cash outflow on acquisition of non-controlling interests	-	(899)	-	(899)
Net cash inflow on acquisition of a subsidiary (Note B)	-	27	-	27
<b>Net cash used in investing activities</b>	<b>(640)</b>	<b>(1,716)</b>	<b>(1,878)</b>	<b>(4,321)</b>
<b>Cash flows from financing activities</b>				
Dividends paid on ordinary shares to equity holders of the Company	(1,848)	(1,232)	(1,848)	(1,232)
Dividends paid to non-controlling interests of a subsidiary	(1,806)	-	(1,806)	-
Purchase of treasury shares	(36)	-	(36)	-
Repayment of bank borrowings, net	(1,500)	(2,963)	(1,500)	(3,449)
Proceeds from long term borrowings	-	3,209	-	5,257
Repayment of long term borrowings	(387)	(4,136)	(774)	(5,418)
Repayment of finance leases	(38)	(265)	(80)	(589)
Loans to an associate	-	(385)	-	(560)
Loans to a joint venture	-	-	(1,353)	(586)
Decrease/(Increase) in pledged deposits	-	557	(221)	557
Capital contribution from non-controlling interest	760	-	760	-
Net effect of exchange rate changes in consolidating subsidiaries	(64)	53	6	(35)
<b>Net cash used in financing activities</b>	<b>(4,919)</b>	<b>(5,162)</b>	<b>(6,852)</b>	<b>(6,055)</b>

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

	Second quarter ended 30 June		Half Year ended 30 June	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Net (decrease)/increase in cash & cash equivalents	(12,401)	(8,289)	(14,072)	9,477
Net effect of exchange rate changes on cash and cash equivalents	197	203	(119)	(141)
Cash and cash equivalents at beginning of the period	56,495	41,357	58,482	23,935
Cash and cash equivalents at end of the period	<b>44,291</b>	<b>33,271</b>	<b>44,291</b>	<b>33,271</b>
Comprising:				
Cash and bank balances	20,363	17,603	20,363	17,603
Fixed deposits	28,953	20,635	28,953	20,635
	49,316	38,238	49,316	38,238
Less: Pledged fixed deposits	(4,869)	(4,792)	(4,869)	(4,792)
<b>Statement of financial position - cash &amp; cash equivalents</b>	<b>44,447</b>	<b>33,446</b>	<b>44,447</b>	<b>33,446</b>
Less: Maintenance funds from owners of Bliss @Kovan received on behalf of property managing agent	(156)	(175)	(156)	(175)
	<b>44,291</b>	<b>33,271</b>	<b>44,291</b>	<b>33,271</b>

Note A

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

	Second quarter ended 30 June		Half Year ended 30 June	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Total cost of property, plant and equipment acquired	774	1,302	2,201	4,108
Less: Interest cost paid	-	(56)	-	(105)
Cash payments	<b>774</b>	<b>1,246</b>	<b>2,201</b>	<b>4,003</b>

Note B

Net cash inflow on acquisition of a subsidiary:

	Second quarter ended 30 June		Half Year ended 30 June	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash and bank balances	-	55	-	55
Purchase consideration settled in cash	-	(28)	-	(28)
Net cash inflow	<b>-</b>	<b>27</b>	<b>-</b>	<b>27</b>

**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 equity holders of the Parent					Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Foreign	Retained earnings S\$'000	Non-controlling interests S\$'000	
			currency translation reserve S\$'000			
Balance at 1 Jan 2017	43,967	(69)	(2,652)	89,578	3,831	134,655
Total comprehensive income for the period	-	-	(324)	5,382	81	5,139
Balance at 31 Mar and 1 Apr 2017	43,967	(69)	(2,976)	94,960	3,912	139,794
Total comprehensive income for the period	-	-	304	(2,187)	121	(1,762)
Issue of new ordinary shares	5,115	-	-	-	-	5,115
Purchase of treasury shares	-	(36)	-	-	-	(36)
Dividends paid on ordinary shares to equity holders of the Company	-	-	-	(1,848)	-	(1,848)
Acquisition of non-controlling interests without a change in control	-	-	-	(2,886)	(2,229)	(5,115)
Dividends paid to non-controlling interests of a subsidiary	-	-	-	-	(1,806)	(1,806)
Divestment of interest in subsidiary	-	-	-	-	760	760
<b>Balance at 30 Jun 2017</b>	<b>49,082</b>	<b>(105)</b>	<b>(2,672)</b>	<b>88,039</b>	<b>758</b>	<b>135,102</b>
Balance at 1 Jan 2016	43,967	(69)	(2,257)	91,167	2,536	135,344
Total comprehensive income for the period	-	-	570	(1,682)	90	(1,022)
Balance at 31 Mar and 1 Apr 2016	43,967	(69)	(1,687)	89,485	2,626	134,322
Total comprehensive income for the period	-	-	(328)	(3,311)	60	(3,579)
Dividends paid on ordinary shares	-	-	-	(1,232)	-	(1,232)
Acquisition of non-controlling interests without a change in control	-	-	-	(1,486)	587	(899)
<b>Balance at 30 Jun 2016</b>	<b>43,967</b>	<b>(69)</b>	<b>(2,015)</b>	<b>83,456</b>	<b>3,273</b>	<b>128,612</b>

Company

	Attributable to equity holders of the Company			
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Balance at 1 Jan 2017	43,967	(69)	18,811
Total comprehensive income for the period	-	-	74	74
Balance at 31 Mar and 1 Apr 2017	43,967	(69)	18,885	62,783
Total comprehensive income for the period	-	-	7,140	7,140
Issue of new ordinary shares	5,115	-	-	5,115
Purchase of treasury shares	-	(36)	-	(36)
Dividends paid on ordinary shares to equity holders of the Company	-	-	(1,848)	(1,848)
<b>Balance at 30 Jun 2017</b>	<b>49,082</b>	<b>(105)</b>	<b>24,177</b>	<b>73,154</b>
Balance at 1 Jan 2016	43,967	(69)	19,895	63,793
Total comprehensive income for the period	-	-	(305)	(305)
Balance at 31 Mar and 1 Apr 2016	43,967	(69)	19,590	63,488
Total comprehensive income for the period	-	-	(251)	(251)
Dividends paid on ordinary shares to equity holders of the Company	-	-	(1,232)	(1,232)
<b>Balance at 30 Jun 2016</b>	<b>43,967</b>	<b>(69)</b>	<b>18,107</b>	<b>62,005</b>

- 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

During the period, the Company issued 16,500,000 ordinary shares at \$0.31 per share to satisfy its payment for the purchase consideration in relation to the acquisition of the remaining 20% interest in its subsidiary, BBR Construction Systems (M) Sdn Bhd. As at 30 June 2017, the issued share capital of the Company was \$49,082,199 (31 December 2016: \$43,967,199) comprising 324,329,418 ordinary shares (excluding 381,000 treasury shares).

Treasury shares

During 2Q2017, the Company acquired 170,000 (2Q2016: Nil) ordinary shares of the Company by way of market purchases on the Singapore Exchange which are held as treasury shares. The number of treasury shares held as at 30 June 2017 was 381,000 (as at 30 June 2016: 211,000).

	<u>No. of shares</u>	<u>S\$'000</u>
At 1 January 2017	211,000	69
Purchased in 2Q2017	170,000	36
At 30 June 2017	<u>381,000</u>	<u>105</u>

Employee performance share plan

As at 30 June 2017 and 2016, there were no performance shares granted and outstanding (being contingent award) to eligible employees and directors 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 2017 was 324,329,418 (as at 31 December 2016: 307,999,418). The total number of treasury shares held as at 30 June 2017 was 381,000 (as at 31 December 2016: 211,000).

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

Movement of treasury shares during the six months ended 30 June 2017 is as follows:

	<u>No. of shares</u>
At 1 January 2017	211,000
Purchased in 2Q2017	170,000
At 30 June 2017	<u>381,000</u>

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

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

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

Not applicable.



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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting year as those adopted in the most recently audited financial statements for the financial year ended 31 December 2016.

**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.**

There are no changes in accounting policies and methods of computation.

**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>Second Quarter Ended 30 June</b>		<b>Half year Ended 30 June</b>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Cents	Cents	Cents	Cents
(Loss)/earnings per ordinary share of the Group attributable to shareholders				
(a) Based on the weighted average number of ordinary shares in issue	(0.69)	(1.08)	1.02	(1.62)
(b) On a fully diluted basis (detailing any adjustment made to earnings)	(0.69)	(1.08)	1.02	(1.62)

The weighted average number of shares for the half year and second quarter ended 30 June 2017 was 312,099,749 and 316,155,022 respectively (half year and second quarter ended 30 June 2016: 307,999,418) for basic and diluted earnings per share computation takes into account the weighted average effect of new shares issued and changes in treasury shares during the 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

	<b>Group</b>		<b>Company</b>	
	<u>30.6.17</u>	<u>31.12.16</u>	<u>30.6.17</u>	<u>31.12.16</u>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued capital at the end of the period	41.42	42.48	22.56	20.36

The number of ordinary shares in issue as at 30 June 2017 was 324,329,418 (31 December 2016: 307,999,418).

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 2017 (“2Q2017”) vs Second Quarter 2016 (“2Q2016”)

Group revenue recorded in 2Q2017 was S\$36.0 million, a decrease of 50.9% as compared to S\$73.2 million in 2Q2016. The lower revenue was mainly attributable to lower sales from the General Construction Segment as a number of projects were completed at the end of the last financial year as well as from the Specialist Engineering Segment which registered lower project work activities during the quarter. However gross profit increased to S\$3.5 million from S\$1.9 million as the overall gross profit margin improved to 9.7% from 2.6% achieved in the same quarter a year ago due to difference in project mix.

Administrative costs rose 20.4% from S\$2.0 million to S\$2.4 million on the back of higher depreciation cost incurred on solar leasing assets and the construction of a holding yard at the Group's logistics and storage premise in Sungei Kadut to cater for Pre-fabricated Pre-finished Volumetric Construction (“PPVC”).

Other operating costs increased 37.4% from S\$3.7 million to S\$5.0 million. The increase was mainly attributable to salaries as the manpower costs of project and site personnel which were previously recorded as project costs were now recorded as other operating costs instead because the projects they worked on were completed at the end of the last financial year. Additionally, professional fees and other costs that were incurred in relation to the acquisition of the remaining 20% interest in its Malaysia subsidiary, BBR Construction Systems (M) Sdn Bhd (“BBRM”), and research and development costs relating to the structural works of the PPVC system also contributed to the higher operating costs for the quarter.

Share of results of joint ventures of S\$0.9 million included share of profits from a joint construction project undertaken by Singapore Piling – Shincon JV as well as the Group's 25% share of joint ventures profits arising from progressive recognition of income from the sale of condominium units of The Wisteria, a mixed residential and commercial development at Yishun.

Share of results of associates amounted to S\$0.4 million in 2Q2017 arose from the recognition of sales of a few units of Lake Life Executive Condominium in Jurong Lake district according to financial accounting standards for Executive Condominium development.

Income tax expense of S\$0.2 million was provided despite a loss because the tax losses of certain subsidiaries cannot be utilised to offset against the taxable profit of other subsidiaries in the Group.

The second quarter ended with a loss attributable to equity holders of the Company of S\$2.2 million.

Income Statement Review – 6 Months 2017 (“6M2017”) vs 6 Months 2016 (“6M2016”)

Group revenue for 6M2017 decreased by 55.5% from S\$155.3 million to S\$69.1 million with lower sales registered for both General Construction and Specialised Engineering Segments. However the improved gross profit margin resulted in an increased in gross profit by 30.9% from S\$6.8 million to S\$8.9 million.

Administrative costs and other operating costs increased by 11.3% and 22.5% respectively due to higher depreciation, salaries, professional fees and research and development costs as mentioned above.

Share of results of joint ventures of S\$1.6 million for 6M2017 comprised S\$0.3 million arising from Singapore Piling – Shincon JV and S\$1.3 million from the progressive recognition of income from the sale of condominium units of The Wisteria. To-date, all 216 units were sold and TOP was expected in the second half of 2018.

Share of results of associates amounted to S\$6.2 million in 6M2017 from the recognition of sales of 238 units of Lake Life Executive Condominium according to financial accounting standards for Executive Condominium development.

The first half of 2017 ended with a profit attributable to equity holders of the Company of S\$3.2 million.

## Statement of Financial Position and Cash Flow Review

Investment in associates increased by S\$6.0 million as the Group equity accounted for the results of associates. At the Company level, investment in subsidiaries increased by S\$5.1 million as the Group acquired the remaining 20% interest in BBRM by the issuance of 16,500,000 new ordinary shares at \$0.31 per share (refer to SGXnet announcements dated 18 April 2017 and 17 May 2017).

Properties held for sale dropped S\$2.9 million with the sale of 2 condominium units at Bliss @ Kovan during the period.

Gross amount due from customers for work-in-progress increased by S\$6.9 million mainly due to costs incurred for PPVC projects during the quarter. Gross amount due to customers for work-in-progress increased S\$1.8 million mainly due to progressive claims on work done in excess of cost incurred for certain major projects in Malaysia.

Both trade receivables and trade payables decreased with subsequent settlement of these balances after the last financial year end and at the same time, the volume of construction work activities was also lower in the current period.

During the quarter, the Group diluted its shareholding from 100% to 62% in a subsidiary, Alika Properties Pte Ltd ("Alika") by the issuance of shares to unrelated parties. Subsequently Alika exercised a call option to purchase a property known as Goh & Goh Building from the Collective Sale Committee at a purchase price of S\$101.5 million upon terms and conditions of the sale and purchase agreement contained in a put and call option agreement (the "Agreement") (refer to SGXnet announcement dated 24 May 2017). Pursuant to the Agreement, Alika paid the first 10% of the purchase price and also the related stamp duty totalling S\$13.2 million. Subject to completion of the acquisition, these payments were recorded as deposits and prepayment and included in other receivables and they were funded by all shareholders of Alika through share capital contribution and loans according to their shareholding interest. Accordingly other receivables increased by S\$12 million and other liabilities increased by S\$5.5 million because of the shareholders' loan from the minority shareholders.

Non-controlling interests decreased from S\$3.8 million to S\$0.8 million on the acquisition of remaining interest in BBRM and the dilution of interest in Alika as mentioned above.

For the first half of the financial year, the Group had net cash used in operating activities of S\$5.3 million. This was because of the deposit and stamp duty paid for the acquisition of Goh & Goh Building which were accounted for in other receivables while pending for completion.

Cash flow from investing activities included a capital outlay of S\$2.2 million for the purchase of property, plant and equipment which comprised mainly the cost of construction for the PPVC holding yard in Sungei Kadut.

In financing activities, there was a net cash used of S\$6.9 million which included S\$3.6 million of dividends paid. This comprised final and special dividends of S\$1.8 million for the financial year ended 31 December 2016 that were paid by the Company to its shareholders on 23 May 2017 and another S\$1.8 million of final dividend for the financial year ended 31 December 2016 that was paid by a subsidiary to the minority shareholder. Additionally, short term loan of S\$1.5 million was repaid during the period and additional loan of \$1.4 million was extended to a joint venture.

Notwithstanding the above cash outflows, the Group's cash position remained healthy at S\$44.4 million as at 30 June 2017, which will enable the Group to utilise part of it to finance the acquisition of Goh & Goh Building in the next quarter.

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

This announcement is in line with our profit guidance released on 1 August 2017.

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

On 14 July 2017, the Ministry of Trade and Industry announced that based on advance estimates, the Singapore economy grew by 2.5 per cent on a year-on-year basis in the second quarter of 2017, the same pace of growth as in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualized basis, the economy expanded by 0.4 per cent, in contrast to the 1.9 per cent contraction in the preceding quarter. The construction sector contracted by 5.6 per cent on a year-on-year basis in the second quarter, following the 6.1 per cent decline in the previous quarter. The sector was weighed down by a weakness in both private sector and public sector construction activities. On a quarter-on-quarter seasonally-adjusted basis, the sector rebounded to grow by 4.3 per cent, compared to the 14.4 per cent contraction in the preceding quarter.

The industry outlook remains challenging in the next 12 months with rising business costs, labour shortages and stiffer regulatory controls. With weak demand and intense competition in the market, more construction firms are bidding on projects at thin margins and some at below cost to sustain their business. This may in turn drive down the overall gross profit margins for the construction industry.

The Group will continue to focus on its core business 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 acquisition of Goh & Goh Building by the Group for re-development purpose, the Group had obtained the consent of all the subsidiary proprietors of all strata lots comprised in the said property and it is expecting to complete the acquisition by the end of the third quarter. The Group had also secured the necessary credit facilities to finance for the purchase.

The Group will also explore for business opportunities locally and in the region to maintain and sustain long term growth.

As at the date of this announcement, the Group has an order book of approximately \$238 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/recommendeded for the current financial period.

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

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

**14. If the Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

Yes.

**BY ORDER OF THE BOARD**

Tan Kheng Hwee Andrew  
Group Chief Executive Officer  
7 August 2017

**CONFIRMATION BY THE BOARD**

We, Tan Kheng Hwee Andrew and Carrie Luk Ka 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 2017 to be false or misleading.

On behalf of the Board of Directors



TAN KHENG HWEE ANDREW  
Group Chief Executive Officer



CARRIE LUK KA LAI  
Non-Executive Director

Singapore, 7 August 2017