



# HOLDINGS (S) LTD

Registration No.: 199304349M

## Financial Statement for the Third Quarter and Nine Months Ended 30 September 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.

	Third quarter ended 30 September			9 months ended 30 September		
	2017 S\$'000	2016 S\$'000	Change %	2017 S\$'000	2016 S\$'000	Change %
<b>INCOME STATEMENT</b>						
<b>Revenue</b>	45,481	57,040	(20.3)	114,552	212,377	(46.1)
<b>Cost of sales</b>	(38,620)	(56,184)	(31.3)	(98,791)	(204,724)	(51.7)
<b>Gross profit</b>	6,861	856	701.5	15,761	7,653	105.9
Other operating income	686	955	(28.2)	2,036	2,315	(12.1)
Other (expense)/income	(62)	70	N.M	(137)	(288)	(52.4)
Administrative costs	(2,529)	(2,042)	23.8	(6,896)	(5,965)	15.6
Other operating costs	(4,737)	(3,471)	36.5	(14,461)	(11,410)	26.7
Finance costs	(235)	(110)	113.6	(397)	(374)	6.1
Share of results of joint ventures	714	803	(11.1)	2,271	711	219.4
Share of results of associates	150	(7)	N.M	6,310	113	N.M
<b>Profit/(Loss) before taxation</b>	848	(2,946)	N.M	4,487	(7,245)	N.M
Income tax expense	(756)	(332)	127.7	(996)	(924)	7.8
<b>Profit/(Loss) for the period</b>	92	(3,278)	N.M	3,491	(8,169)	N.M
<b>Attributable to:</b>						
Equity holders of the Company	193	(3,504)	N.M	3,388	(8,497)	N.M
Non-controlling interests	(101)	226	N.M	103	328	(68.6)
	92	(3,278)	N.M	3,491	(8,169)	N.M
N.M. - Not meaningful						

	Third quarter ended 30 September			9 months ended 30 September		
	2017 S\$'000	2016 S\$'000	Change %	2017 S\$'000	2016 S\$'000	Change %
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
Profit/(Loss) for the period	92	(3,278)	N.M	3,491	(8,169)	N.M
<u>Other comprehensive income:</u>						
Foreign currency translation differences	8	(248)	N.M	(14)	42	N.M
Other comprehensive income for the period	8	(248)	N.M	(14)	42	N.M
<b>Total comprehensive income for the period</b>	<b>100</b>	<b>(3,526)</b>	N.M	<b>3,477</b>	<b>(8,127)</b>	N.M
<b>Total comprehensive income attributable to:</b>						
Equity holders of the Company	201	(3,713)	N.M	3,376	(8,464)	N.M
Non-controlling interests	(101)	187	N.M	101	337	N.M
	100	(3,526)	N.M	3,477	(8,127)	N.M

#### NOTES TO INCOME STATEMENT

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

Depreciation of property, plant and equipment	1,658	1,443	14.9	4,751	4,167	14.0
Foreign exchange (gain)/loss	(61)	(21)	190.5	(62)	231	N.M
(Gain)/Loss on disposal of property, plant and equipment	(1)	(50)	(98.0)	3	(124)	N.M
Interest expense	235	110	113.6	397	374	6.1
Interest income	(211)	(276)	(23.6)	(761)	(741)	2.7
Bad debt written-off	3	-	N.M	3	-	N.M
(Write-back of allowance)/Allowance for doubtful receivables (net)	(57)	85	N.M	(10)	134	N.M
Allowance for inventories obsolescence	238	-	N.M	553	371	49.1
Amortisation of deferred income	(40)	-	N.M	(120)	-	N.M
Fair value (gain)/loss on derivatives	-	(49)	N.M	76	57	33.3
Overprovision of income tax in respect of previous years	(116)	(102)	13.7	(318)	(4)	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.**

	<b>Group</b>		<b>Company</b>	
	<b>30-Sep-17</b>	<b>31-Dec-16</b>	<b>30-Sep-17</b>	<b>31-Dec-16</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	40,764	42,979	18,830	18,641
Intangible assets	419	419	-	-
Investments in subsidiaries	-	-	62,338	54,898
Investments in associates	16,179	10,162	260	260
Investment in joint ventures	1,438	-	-	-
Deferred tax assets	436	424	-	-
Trade receivables	5,588	7,355	-	-
Loans to an associate	-	20,136	-	-
Loans to a joint venture	23,396	20,525	-	-
<b>Current assets</b>				
Amounts due from subsidiaries	-	-	4,806	3,547
Development property	104,702	-	-	-
Properties held for sale	1,036	9,463	-	-
Gross amount due from customers for work-in-progress	12,280	6,118	-	-
Inventories	5,453	7,343	-	-
Trade receivables	39,487	55,866	-	-
Other receivables	17,460	2,458	170	876
Pledged deposits	4,870	4,657	-	-
Cash and cash equivalents	39,100	58,730	702	1,047
	<b>224,388</b>	<b>144,635</b>	<b>5,678</b>	<b>5,470</b>
<b>Current liabilities</b>				
Amounts due to subsidiaries	-	-	1,359	4,947
Gross amount due to customers for work-in-progress	27,454	33,635	-	-
Trade and other payables	33,556	44,372	224	307
Deferred income	159	159	-	-
Other liabilities	3,940	2,142	384	547
Loans and borrowings	3,417	3,201	452	443
Income tax payable	3,425	4,890	6	193
	<b>71,951</b>	<b>88,399</b>	<b>2,425</b>	<b>6,437</b>
<b>Net current assets/(liabilities)</b>	<b>152,437</b>	<b>56,236</b>	<b>3,253</b>	<b>(967)</b>
<b>Non-current liabilities</b>				
Trade and other payables	18,077	5,699	-	-
Deferred income	2,813	2,933	-	-
Deferred tax liabilities	301	239	-	-
Loans and borrowings	84,498	14,710	9,782	10,123
	<b>134,968</b>	<b>134,655</b>	<b>74,899</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	(339)	(69)	(339)	(69)
Foreign currency translation reserve	(2,664)	(2,652)	-	-
Retained earnings	88,232	89,578	26,156	18,811
	<b>134,311</b>	<b>130,824</b>	<b>74,899</b>	<b>62,709</b>
Non-controlling interests	657	3,831	-	-
<b>Total equity</b>	<b>134,968</b>	<b>134,655</b>	<b>74,899</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 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$1,676,000	S\$1,741,000	S\$1,701,000	S\$1,500,000

**Amount repayable after one year**

As at 30/09/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$84,498,000	-	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.

	Third quarter ended 30 September		9 months ended 30 September	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
<b>Cash flows from operating activities</b>				
Profit/(Loss) before taxation	848	(2,946)	4,487	(7,245)
Adjustments for:				
Depreciation of property, plant and equipment	1,658	1,443	4,751	4,167
Amortisation of deferred income	(40)	53	(120)	53
Bad debt written-off	3	-	3	-
(Write-back of allowance)/Allowance for doubtful receivables (net)	(57)	85	(10)	134
Interest income	(211)	(276)	(761)	(741)
Interest expense	235	110	397	374
Fair value (gain)/loss on derivative	-	(49)	76	57
Allowance for inventories obsolescence	238	-	553	371
(Gain)/Loss on disposal of property, plant and equipment	(1)	(50)	3	(124)
Share of results of a joint venture	(714)	(803)	(2,271)	(711)
Share of results of associates	(150)	7	(6,310)	(113)
Net effect of exchange rate changes in consolidating subsidiaries	(38)	(281)	46	44
<b>Operating cash flows before working capital changes</b>	<b>1,771</b>	<b>(2,707)</b>	<b>844</b>	<b>(3,734)</b>
Increase in development properties	(104,702)	-	(104,702)	-
Decrease in properties held for sale	5,526	-	8,424	-
(Decrease)/increase in amount due to customers for work-in-progress (net)	(7,227)	(1,452)	(12,230)	35,277
Decrease in trade receivables	4,314	14,254	18,098	28,437
Decrease/(increase) in other receivables	10,454	897	(1,574)	2,025
Decrease in inventories	522	98	1,329	1,723
Decrease in trade and other payables	(3,702)	(10,993)	(13,661)	(42,703)
Increase in deferred income	-	3,240	-	3,240
(Decrease)/Increase in other liabilities	(3,615)	30	2,417	(282)
<b>Cash (used in)/from operations</b>	<b>(96,659)</b>	<b>3,367</b>	<b>(101,055)</b>	<b>23,983</b>
Interest paid	(156)	(153)	(397)	(522)
Interest received	75	161	395	378
Income tax paid	(1,386)	(556)	(2,411)	(1,167)
<b>Net cash (used in)/from operating activities</b>	<b>(98,126)</b>	<b>2,819</b>	<b>(103,468)</b>	<b>22,672</b>
<b>Cash flows from investing activities:</b>				
Proceeds from disposal of property, plant and equipment	2	110	3	269
Purchase of property, plant and equipment (Note A)	(401)	(310)	(2,602)	(4,313)
Distribution of profits from a joint venture	65	172	387	567
Net cash outflow on acquisition of non-controlling interests	-	-	-	(899)
Net cash outflow on acquisition of a subsidiary (Note B)	-	-	-	27
<b>Net cash used in investing activities</b>	<b>(334)</b>	<b>(28)</b>	<b>(2,212)</b>	<b>(4,349)</b>
<b>Cash flows from financing activities</b>				
Dividends paid on ordinary shares to equity holders of the Company	-	-	(1,848)	(1,232)
Dividends paid to non-controlling interests of a subsidiary	-	-	(1,806)	-
Purchase of treasury shares	(234)	-	(270)	-
Proceeds from/(Repayment of) bank borrowings, net	1,731	(484)	231	(3,933)
Proceeds from long term borrowings	71,050	-	71,050	5,257
Repayment of long term borrowings	(385)	(904)	(1,159)	(6,322)
Repayment of finance leases	(45)	(238)	(125)	(827)
Loans to an associate	-	-	-	(560)
Repayment of loans from an associate	7,000	-	7,000	-
Loans to a joint venture	(1,152)	(952)	(2,505)	(1,538)
(Increase)/Decrease in pledged deposits	-	-	(221)	557
Loans from non-controlling interest	15,276	-	15,276	-
Capital contribution from non-controlling interests	-	-	760	-
Net effect of exchange rate changes in consolidating subsidiaries	10	16	16	(19)
<b>Net cash from/(used in) financing activities</b>	<b>93,251</b>	<b>(2,562)</b>	<b>86,399</b>	<b>(8,617)</b>

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

	Third quarter ended 30 September		9 months ended 30 September	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Net (decrease)/increase in cash & cash equivalents	(5,209)	229	(19,281)	9,706
Net effect of exchange rate changes on cash and cash equivalents	18	89	(101)	(52)
Cash and cash equivalents at beginning of the period	44,291	33,271	58,482	23,935
<b>Cash and cash equivalents at end of the period</b>	<b>39,100</b>	<b>33,589</b>	<b>39,100</b>	<b>33,589</b>
<u>Comprising:</u>				
Cash and bank balances	27,602	18,775	27,602	18,775
Fixed deposits	16,368	19,794	16,368	19,794
	43,970	38,569	43,970	38,569
Less: Pledged fixed deposits	(4,870)	(4,750)	(4,870)	(4,750)
<b>Statement of financial position - cash &amp; cash equivalents</b>	<b>39,100</b>	<b>33,819</b>	<b>39,100</b>	<b>33,819</b>
Less: Maintenance funds from owners of Bliss@Kovan received on behalf of property managing agent	-	(230)	-	(230)
	<b>39,100</b>	<b>33,589</b>	<b>39,100</b>	<b>33,589</b>

Note A

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

	Third quarter ended 30 September		9 months ended 30 September	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Total cost of property, plant and equipment acquired	402	312	2,603	4,420
Less: Finance leases	-	-	-	-
Interest cost paid	-	-	-	(105)
Net exchange differences	(1)	(2)	(1)	(2)
Cash payments	401	310	2,602	4,313

Note B

Net cash inflow on acquisition of a subsidiary:

	Third quarter ended 30 September		9 months ended 30 September	
	2017 S\$'000	2016 S\$'000	2017 S\$'000	2016 S\$'000
Cash & cash equivalents	-	-	-	55
Purchase consideration settled in cash	-	-	-	(28)
Net cash inflow	-	-	-	27

**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	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Non-controlling interests 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)
Issuance 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
Balance at 30 Jun and 1 Jul 2017	49,082	(105)	(2,672)	88,039	758	135,102
Purchase of treasury shares	-	(234)	-	-	-	(234)
Total comprehensive income for the period	-	-	8	193	(101)	100
<b>Balance at 30 Sep 2017</b>	<b>49,082</b>	<b>(339)</b>	<b>(2,664)</b>	<b>88,232</b>	<b>657</b>	<b>134,968</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)
Balance at 30 Jun and 1 Jul 2016	43,967	(69)	(2,015)	83,456	3,273	128,612
Total comprehensive income for the period	-	-	(209)	(3,504)	187	(3,526)
<b>Balance at 30 Sep 2016</b>	<b>43,967</b>	<b>(69)</b>	<b>(2,224)</b>	<b>79,952</b>	<b>3,460</b>	<b>125,086</b>

Company

	Attributable to equity holders of the Company			Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	
Balance at 1 Jan 2017	43,967	(69)	18,811	62,709
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
Issuance 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)
Balance at 30 Jun and 1 Jul 2017	49,082	(105)	24,177	73,154
Purchase of treasury shares	-	(234)	-	(234)
Total comprehensive income for the period	-	-	1,979	1,979
<b>Balance at 30 Sep 2017</b>	<b>49,082</b>	<b>(339)</b>	<b>26,156</b>	<b>74,899</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	-	-	(1,232)	(1,232)
Balance at 30 Jun and 1 Jul 2016	43,967	(69)	18,107	62,005
Total comprehensive income for the period	-	-	(194)	(194)
<b>Balance at 30 Sep 2016</b>	<b>43,967</b>	<b>(69)</b>	<b>17,913</b>	<b>61,811</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 2Q2017, 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 September 2017, the issued share capital of the Company was \$49,082,199 (31 December 2016: \$43,967,199) comprising 323,303,018 ordinary shares (excluding 1,407,400 treasury shares).

Treasury shares

During 3Q2017, the Company acquired 1,026,400 (3Q2016: 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 September 2017 was 1,407,400 (as at 30 September 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
Purchased in 3Q2017	1,026,400	234
At 30 September 2017	<u>1,407,400</u>	<u>339</u>

Employee performance share plan

As at 30 September 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 September 2017 was 323,303,418 (as at 31 December 2016: 307,999,418). The total number of treasury shares held as at 30 September 2017 was 1,407,400 (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 nine months ended 30 September 2017 is as follows:

	<u>No. of shares</u>	<u>S\$'000</u>
At 1 January 2017	211,000	69
Purchased in 2Q2017	170,000	36
Purchased in 3Q2017	1,026,400	234
At 30 September 2017	<u>1,407,400</u>	<u>339</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 period 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>Third Quarter Ended 30 September</b>		<b>9 months Ended 30 September</b>	
	<u>2017</u> Cents	<u>2016</u> Cents	<u>2017</u> Cents	<u>2016</u> Cents
Earnings/(Loss) per ordinary share of the Group attributable to shareholders				
(a) Based on the weighted average number of ordinary shares in issue	0.06	(1.14)	1.07	(2.76)
(b) On a fully diluted basis (detailing any adjustment made to earnings)	0.06	(1.14)	1.07	(2.76)

The weighted average number of shares for third quarter and nine months ended 30 September 2017 was 323,930,320 and 316,086,608 respectively (third quarter and nine months ended 30 September 2016: 307,999,418) for basic and diluted earnings per share computation takes into account the weighted average effect of changes in treasury shares transactions 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>30.9.17</u> Cents	<u>31.12.16</u> Cents	<u>30.9.17</u> Cents	<u>31.12.16</u> Cents
Net asset value per ordinary share based on issued capital at the end of the period	41.54	42.48	23.17	20.36

The number of ordinary shares as at 30 September 2017 was 323,303,018 (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 – Third Quarter 2017 (“3Q2017”) vs Third Quarter 2016 (“3Q2016”)

Group revenue decreased by 20.3% from S\$57.0 million in 3Q2016 to S\$45.5 million in 3Q2017. Although revenue from the Specialised Engineering Segment had increased and the Property Development Segment also turned in some revenue from the sale of condominium units at Bliss @ Kovan, these increases were offset by lower sales from the General Construction Segment as a number of projects were completed at the end of the last financial year. Despite the drop in revenue, gross profit improved significantly from S\$0.9 million to S\$6.9 million with better project mix this year after the completion of those projects.

Administrative costs rose 23.8% from S\$2.0 million to S\$2.5 million. This was attributable to higher depreciation cost incurred on the construction of a holding yard at the Group's logistics and storage premise in Sungei Kadut and factory equipment purchased to cater for Pre-fabricated Pre-finished Volumetric Construction (“PPVC”). The fees paid to real estate agents in relation to the sale of condominium units at Bliss @ Kovan during the quarter also contributed partly to the increase in Administrative costs.

Other operating costs increased 36.5% from S\$3.5 million to S\$4.7 million. The increase was in part 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 as these projects were completed at the end of the last financial year. With the ongoing research and development work on the structural works of the PPVC system, R&D cost continued to be incurred. Professional fees, bank facility charge and other costs that were incurred in relation to the acquisition of the Goh & Goh Building at Upper Bukit Timah also added to the rise in other operating costs.

Finance cost increased by S\$0.1 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\$0.7 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\$0.2 million in 3Q2017 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\$0.8 million was provided as the tax losses of certain subsidiaries cannot be utilised to offset against the taxable profit of other subsidiaries in the Group.

The third quarter ended with a profit attributable to equity holders of the Company of S\$0.2 million.

#### Income Statement Review – 9 Months 2017 (“9M2017”) vs 9 Months 2016 (“9M2016”)

Group revenue decreased by 46.1% from S\$212.4 million in 9M2016 to S\$114.6 million in 9M2017. The decline in revenue was from the General Construction Segment and Specialist Engineering Segment which registered lower project work activities in the current financial year. However the gross profit margin improved from 3.6% to 13.8% resulting in gross profit improving by S\$8.1 million.

Administrative costs and other operating costs increased by 15.6% and 26.7% respectively due to higher depreciation, salaries, real estate agent fees, professional fees and research and development costs as mentioned above.

Share of results of joint ventures of S\$2.3 million for 9M2017 comprised S\$0.4 million arising from Singapore Piling – Shincon JV and S\$1.9 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\$6.3 million for 9M2017 from the recognition of sales of 243 units of Lake Life Executive Condominium according to financial accounting standards for Executive Condominium development.

The first nine months of 2017 ended with a profit attributable to equity holders of the Company of S\$3.4 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\$7.4 million due to the acquisition of 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) and also issuance of new shares by two of its Singapore subsidiaries.

Properties held for sale dropped S\$8.4 million as all the remaining condominium units at Bliss @ Kovan were sold off during the financial period.

Gross amount due from customers for work-in-progress increased by S\$6.2 million mainly due to costs incurred for PPVC projects during the quarter. Gross amount due to customers for work-in-progress which represents the excess of progressive claims on work done over costs incurred had decreased S\$6.2 million as costs on those projects were progressively being incurred.

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 project work activities was also lower in the current period.

The acquisition of Goh & Goh Building by Alika Properties Pte Ltd (“Alika”), a 62% owned subsidiary, at a purchase price of S\$101.5 million was completed in September 2017. The purchase cost and the related stamp duty were reported as Development property. A term loan was obtained from the bank to finance in part for the purchase and the remaining was funded by the shareholders through equity and loans accordingly to their shareholding interest. Consequently loans and borrowing and other payables under non-current liabilities had increased from the last financial year end as a result of borrowings from the bank and minority shareholders in Alika.

Non-controlling interests decreased from S\$3.8 million to S\$0.7 million after the effect of acquisition of remaining interest in BBRM and dilution of interest in Alika during the financial period.

For the first nine months of the financial year, the Group had net cash used in operating activities of S\$103.5 million after the cash outflow of S\$104.7 million for the acquisition of Goh & Goh. Excluding this, operating cash flow was a positive inflow of S\$1.2 million.

Cash flow from investing activities included a capital outlay of S\$2.6 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 net cash generated of \$86.4 million which included S\$71.1 million of term loan drawdown for the acquisition of Goh & Goh. Dividends of S\$3.6 million were paid and 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, the movements of the loans to associate and joint venture resulted in a net repayment of S\$4.5 million during the financial period.

The Group’s cash position remained healthy at S\$39.1 million as at 30 September 2017.

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

Not applicable because there was no forecast or prospect statement on financial performance disclosed previously.

**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 October 2017, the Ministry of Trade and Industry announced that based on advance estimates, the Singapore economy grew by 4.6 per cent on a year-on-year basis in the third quarter of 2017, higher than the 2.9 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy expanded by 6.3 per cent, an improvement from the 2.4 per cent growth in the second quarter. The construction sector contracted by 6.3 per cent on a year-on-year basis in the third quarter, extending the 6.8 per cent decline in the previous quarter. The sector was weighed down primarily by continued weakness in private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualized basis, the sector contracted by 9.2 per cent, a reversal from the 2.4 per cent growth 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.

After the completion of the purchase of Goh & Goh Building, the Group was engaged in discussions with the relevant authorities so as to optimise the site potential of the development. The Group will also explore for business opportunities both locally and in the region to maintain and sustain its long term growth.

As at the date of this announcement, the Group has an order book of approximately S\$215 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  
6 November 2017

**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 September 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, 6 November 2017