



FIGTREE HOLDINGS LIMITED

(Company Registration Number : 201315211G)

**Unaudited Financial Statement and Dividend Announcement
For the Three-Month and Six-Month Financial Period Ended 30 June 2019**

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

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

Consolidated Income Statement

	Note	Group Three Months Ended			Group Six Months Ended		
		30 June 2019	30 June 2018	Change	30 June 2019	30 June 2018	Change
		S\$	S\$	%	S\$	S\$	%
Revenue	8(a)(i)	3,123,564	179,578	NM	4,760,355	703,273	NM
Cost of sales	8(a)(ii)	(3,055,787)	(250,925)	NM	(4,618,858)	(302,780)	NM
Gross profit/(loss)	8(a)(ii)	67,777	(71,347)	195.0	141,497	400,493	(64.7)
Other income	8(a)(iii)	6,416,918	1,315,032	NM	6,478,373	1,490,489	NM
General and administrative expenses	8(a)(iv)	(1,822,007)	(875,329)	108.2	(2,988,702)	(3,173,165)	(5.8)
Finance costs	8(a)(v)	(39,524)	(28,355)	39.4	(104,997)	(53,202)	97.4
Share of results of associates	8(a)(vi)	(683,204)	(856,412)	(20.2)	(1,585,766)	(1,465,777)	8.2
Profit/(loss) before taxation		3,939,960	(516,411)	NM	1,940,405	(2,801,162)	169.3
Tax credit/(expense)	8(a)(vii)	32,505	(150,446)	121.6	327,542	(117,054)	NM
Profit/(loss) for the period		3,972,465	(666,857)	NM	2,267,947	(2,918,216)	177.7
Attributable to:							
Owners of the Company		3,999,641	(640,771)	NM	2,296,228	(2,930,549)	178.4
Non-controlling interests		(27,176)	(26,086)	4.2	(28,281)	12,333	NM
		3,972,465	(666,857)	NM	2,267,947	(2,918,216)	177.7

NM – Not Meaningful

Consolidated Statement of Comprehensive Income

	Group			Group		
	Three Months Ended			Six Months Ended		
	30 June 2019 S\$	30 June 2018 S\$	Change %	30 June 2019 S\$	30 June 2018 S\$	Change %
Profit/(loss) for the period	3,972,465	(666,857)	NM	2,267,947	(2,918,216)	177.7
Other comprehensive income: Items that may be reclassified subsequently to profit or loss						
- Exchange differences on translation of foreign operations	(450,308)	(531,715)	(15.3)	(872,168)	(62,376)	NM
Other comprehensive income for the period, net of tax	(450,308)	(531,715)	(15.3)	(872,168)	(62,376)	NM
Total comprehensive income for the period	<u>3,522,157</u>	<u>(1,198,572)</u>	NM	<u>1,395,779</u>	<u>(2,980,592)</u>	146.8
Attributable to:						
Owners of the Company	3,549,333	(1,172,486)	NM	1,424,060	(2,992,925)	147.6
Non-controlling interests	(27,176)	(26,086)	4.2	(28,281)	12,333	NM
	<u>3,522,157</u>	<u>(1,198,572)</u>	NM	<u>1,395,779</u>	<u>(2,980,592)</u>	146.8

NM – Not Meaningful

Notes to the Consolidated Income Statement

The following items have been included in arriving at profit before taxation:

	Note	Group Three Months Ended			Group Six Months Ended		
		30 June 2019	30 June 2018	Change	30 June 2019	30 June 2018	Change
		S\$	S\$	%	S\$	S\$	%
Bad debts written off		26,727	-	NM	26,727	-	NM
Depreciation of property, plant and equipment		67,520	47,959	40.8	109,211	96,171	13.6
Foreign exchange loss/(gain), net	8(a)(iv)	546,572	(323,852)	NM	150,633	739,616	(79.6)
Gain on disposal of assets held for sale	8(a)(iii)	(6,309,771)	-	NM	(6,309,771)	-	NM
Gain on disposal of property, plant and equipment		-	-	-	(750)	-	NM
Interest income from loans to associates		(49,839)	(122,844)	(59.4)	(110,356)	(251,133)	(56.1)
Operating lease expense		(12,372)	20,602	(160.1)	15,194	45,783	(66.8)
Write back of allowance for doubtful debts (trade)		-	(1,125,000)	NM	-	(1,125,000)	NM
Employee benefits expense	A	873,549	1,195,495	(26.9)	1,879,904	2,332,489	(19.4)
<hr/>							
<i>Note A: Employee benefits expense</i>							
<i>Presented in the consolidated income statement as:</i>							
- Cost of sales		117,426	279,404	(58.0)	239,792	514,740	(53.4)
- General and administrative expenses		756,123	916,091	(17.5)	1,640,112	1,817,749	(9.8)
		<u>873,549</u>	<u>1,195,495</u>	(26.9)	<u>1,879,904</u>	<u>2,332,489</u>	(19.4)

NM – Not Meaningful

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

	Note	Group		Company	
		As at 30 June 2019 S\$	As at 31 December 2018 S\$	As at 30 June 2019 S\$	As at 31 December 2018 S\$
ASSETS					
Non-current assets					
Property, plant and equipment		3,369,142	3,273,984	-	-
Investments in subsidiaries		-	-	9,152,597	9,152,597
Interests in associates	8(b)(i)	8,623,516	11,065,065	-	-
Loans to associates	8(b)(ii)	-	4,992,266	-	-
Loans to a subsidiary		-	-	-	2,013,280
Total non-current assets		11,992,658	19,331,315	9,152,597	11,165,877
Current assets					
Capitalised contract costs	8(b)(iii)	521,959	412,254	-	-
Loans to associates	8(b)(ii)	21,387,733	16,329,152	-	-
Amounts due from subsidiaries		-	-	23,358,518	23,063,740
Amounts due from an associate		11,289	11,289	11,289	11,289
Prepayments		60,931	54,853	5,541	4,163
Contract assets	8(b)(iv)	4,928,549	4,596,710	-	-
Trade receivables	8(b)(v)	1,124,366	889,354	-	-
Other receivables	8(b)(vi)	317,676	273,082	-	-
Cash and short-term deposits	8(b)(vii)	21,202,913	468,702	437,168	9,688
		49,555,416	23,035,396	23,812,516	23,088,880
Assets of disposal group classified as held for sale	8(b)(viii)	-	41,689,441	-	-
Total current assets		49,555,416	64,724,837	23,812,516	23,088,880
Total assets		61,548,074	84,056,152	32,965,113	34,254,757
LIABILITIES					
Current liabilities					
Contract liabilities	8(b)(ix)	902,452	121,007	-	-
Trade and other payables	8(b)(x)	4,636,728	12,315,679	628,641	1,790,344
Bank borrowings	8(b)(xi)	3,100,000	3,700,000	-	-
Lease liabilities	8(b)(xii)	118,361	-	-	-
Provision for taxation		64,032	112,584	6,342	4,065
		8,821,573	16,249,270	634,983	1,794,409
Liabilities directly associated with disposal group classified as held for sale	8(b)(viii)	-	16,197,756	-	-
Total current liabilities		8,821,573	32,447,026	634,983	1,794,409
Net current assets		40,733,843	32,277,811	23,177,533	21,294,471
Non-current liabilities					
Deferred tax liabilities		352,002	723,849	79,124	72,704
Lease liabilities	8(b)(xii)	44,326	-	-	-
Total non-current liabilities		396,328	723,849	79,124	72,704
Total liabilities		9,217,901	33,170,875	714,107	1,867,113
Net assets		52,330,173	50,885,277	32,251,006	32,387,644

	Group		Company	
	As at 30 June	As at 31	As at 30 June	As at 31
	2019	December	2019	December
	S\$	2018	S\$	2018
	S\$	S\$	S\$	S\$
<u>EQUITY</u>				
Equity attributable to owners of the Company				
Share capital	30,911,972	30,911,972	30,911,972	30,911,972
Accumulated profits	31,172,056	28,880,660	1,065,950	1,257,389
Merger deficit ⁽¹⁾	(8,152,595)	(8,152,595)	–	–
Share option reserve	273,084	218,283	273,084	218,283
Foreign currency translation reserve	(2,308,513)	(1,436,345)	–	–
Other reserves	488,000	488,000	–	–
	52,384,004	50,909,975	32,251,006	32,387,644
Non-controlling interests	(53,831)	(24,698)	–	–
Total equity	52,330,173	50,885,277	32,251,006	32,387,644

Note :

- (1) The difference between the consideration paid / transferred and the issued and paid up share capital of Figtree Projects Pte. Ltd. during the pre-IPO Restructuring Exercise is reflected as a Merger Deficit under the Equity of the Group.

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 June 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
2,500,000	600,000	2,500,000	1,200,000

The Group's borrowings of S\$2.5 million are secured by legal mortgage on the Group's leasehold property located at 8 Jalan Kilang Barat, Singapore 159351 and a corporate guarantee provided by the Company.

Amount repayable after one year

As at 30 June 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
–	–	–	–

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

	Group		Group	
	Three Months Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2018	30 June 2018
	S\$	S\$	S\$	S\$
Cash flows from operating activities				
Profit/(loss) before taxation	3,939,960	(516,411)	1,940,405	(2,801,162)
Adjustments for:				
Depreciation of property, plant and equipment	67,520	47,959	109,211	96,171
Share of results of associates	683,204	856,412	1,585,766	1,465,777
Share-based expense	27,401	29,299	54,801	58,598
Gain on disposal of assets held for sale	(6,309,771)	–	(6,309,771)	–
Gain on disposal of property, plant and equipment	–	–	(750)	–
Bad debts written off	26,727	–	26,727	–
Write back of allowance for doubtful debts (trade)	–	(1,125,000)	–	(1,125,000)
Interest income	(105,470)	(180,645)	(166,176)	(355,010)
Finance costs	39,524	28,355	104,997	53,202
Unrealised exchange loss/(gain)	398,807	(473,921)	27,311	871,913
Operating cash flows before changes in working capital	(1,232,098)	(1,333,952)	(2,627,479)	(1,735,511)
(Increase)/decrease in:				
Development properties	–	(365,998)	–	(585,479)
Capitalised contract costs	(54,879)	(161,460)	(109,705)	(230,077)
Trade receivables and contract assets	(550,367)	3,303,166	(593,579)	4,536,157
Other receivables and prepayments	(114,653)	59,190	(50,672)	(89,365)
Amounts due from associates	–	(11,289)	–	(11,289)
Increase/(decrease) in:				
Contract liabilities	127,181	–	781,445	–
Trade and other payables	(8,436,407)	(405,522)	(7,678,949)	(781,089)
Cash flows (used in)/generated from operations	(10,261,223)	1,084,135	(10,278,939)	1,103,347
Income tax paid	(50,839)	(773,555)	(92,857)	(794,609)
Interest received	55,632	57,801	55,820	103,877
Net cash flows (used in)/generated from operating activities	(10,256,430)	368,381	(10,315,976)	412,615
Cash flows from investing activities				
Purchases of property, plant and equipment	(13,555)	(7,352)	(13,555)	(8,633)
Proceeds from disposal of property, plant and equipment	–	–	750	–
Net proceeds from disposal of assets held for sale	31,801,456	–	31,801,456	–
Net cash flows generated from/(used in) investing activities	31,787,901	(7,352)	31,788,651	(8,633)

	Group		Group	
	Three Months Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2018	30 June 2018
	S\$	S\$	S\$	S\$
Cash flows from financing activities				
Proceeds from bank borrowings	600,000	750,000	850,000	750,000
Repayment of bank borrowings	(1,450,000)	(500,000)	(1,450,000)	(1,800,000)
Repayment of lease liabilities	(33,467)	–	(33,467)	–
Interest paid	(64,880)	(28,355)	(104,997)	(53,202)
Net cash flows (used in)/generated from financing activities	(948,347)	221,645	(738,464)	(1,103,202)
Net increase/(decrease) in cash and cash equivalents	20,583,124	582,674	20,734,211	(699,220)
Cash and cash equivalents at the beginning of period	619,789	472,493	468,702	1,754,387
Cash and cash equivalents at the end of period	21,202,913	1,055,167	21,202,913	1,055,167

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 attributable to owners of the Company S\$	Non-controlling interests S\$	Total equity S\$
	Share capital S\$	Accumulated profits S\$	Merger deficit S\$	Share option reserve S\$	Foreign currency translation reserve S\$	Other reserves	Total reserves S\$			
Balance as at 31 March 2019 as previously reported	30,911,972	27,177,246	(8,152,595)	245,683	(1,858,205)	488,000	17,900,129	48,812,101	(25,802)	48,786,299
Effects of adopting SFRS(I)16	-	(4,831)	-	-	-	-	(4,831)	(4,831)	(853)	(5,684)
Balance as at 1 April 2019 restated	30,911,972	27,172,415	(8,152,595)	245,683	(1,858,205)	488,000	17,895,298	48,807,270	(26,655)	48,780,615
Profit for the period	-	3,999,641	-	-	-	-	3,999,641	3,999,641	(27,176)	3,972,465
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	-	-	(450,308)	-	(450,308)	(450,308)	-	(450,308)
Total comprehensive income for the period	-	3,999,641	-	-	(450,308)	-	3,549,333	3,549,333	(27,176)	3,522,157
<u>Contributions by and distributions to owners</u>										
Share-based expense	-	-	-	27,401	-	-	27,401	27,401	-	27,401
Total contributions by and distributions to owners	-	-	-	27,401	-	-	27,401	27,401	-	27,401
Total transactions with owners in their capacity as owners	-	-	-	27,401	-	-	27,401	27,401	-	27,401
Balance as at 30 June 2019	30,911,972	31,172,056	(8,152,595)	273,084	(2,308,513)	488,000	21,472,032	52,384,004	(53,831)	52,330,173

Group	Attributable to equity holders of the Company							Total equity attributable to owners of the Company S\$	Non-controlling interests S\$	Total equity S\$
	Share capital S\$	Accumulated profits S\$	Merger deficit S\$	Share option reserve S\$	Foreign currency translation reserve S\$	Other reserves	Total reserves S\$			
Balance as at 1 April 2018	29,418,521	29,315,671	(8,152,595)	139,480	45,226	488,000	21,835,782	51,254,303	1,882	51,256,185
Loss for the period	-	(640,771)	-	-	-	-	(640,771)	(640,771)	(26,086)	(666,857)
<u>Other comprehensive income</u>										
Foreign currency translation	-	-	-	-	(531,715)	-	(531,715)	(531,715)	-	(531,715)
Total comprehensive income for the period	-	(640,771)	-	-	(531,715)	-	(1,172,486)	(1,172,486)	(26,086)	(1,198,572)
<u>Contributions by and distributions to owners</u>										
Share-based expense	-	-	-	29,299	-	-	29,299	29,299	-	29,299
Total contributions by and distributions to owners	-	-	-	29,299	-	-	29,299	29,299	-	29,299
Total transactions with owners in their capacity as owners	-	-	-	29,299	-	-	29,299	29,299	-	29,299
Balance as at 30 June 2018	29,418,521	28,674,900	(8,152,595)	168,779	(486,489)	488,000	20,692,595	50,111,116	(24,204)	50,086,912

Company	Share capital S\$	Accumulated profits S\$	Share option reserve S\$	Total S\$
Balance as at 1 April 2019	30,911,972	1,180,282	245,683	32,337,937
Loss, representing total comprehensive income, for the period	-	(114,332)	-	(114,332)
<u>Contributions by and distributions to owners</u>				
Share-based expense	-	-	27,401	27,401
Total contributions by and distributions to owners	-	-	27,401	27,401
Total transactions with owners in their capacity as owners	-	-	27,401	27,401
Balance as at 30 June 2019	30,911,972	1,065,950	273,084	32,251,006
Balance as at 1 April 2018	29,418,521	2,475,282	139,480	32,033,283
Profit, representing total comprehensive income, for the period	-	89,178	-	89,178
<u>Contributions by and distributions to owners</u>				
Share-based expense	-	-	29,299	29,299
Total contributions by and distributions to owners	-	-	29,299	29,299
Total transactions with owners in their capacity as owners	-	-	29,299	29,299
Balance as at 30 June 2018	29,418,521	2,564,460	168,779	32,151,760

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 well as the number of shares held as treasury shares and subsidiary holdings of the issuer, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

	Company	
	Number of shares	Issued and paid-up share capital (S\$)
As at 31 March 2019	347,980,292	30,911,972
As at 30 June 2019	347,980,292	30,911,972

Figtree Employee Share Option Scheme (the "ESOS")

The movement in ESOS during the period was as follows:

	2019 Number of share options	2018 Number of share options
Outstanding as at 1 April	7,755,000	5,525,000
Outstanding as at 30 June	7,755,000	5,525,000

The outstanding share options of 7,755,000 as at 30 June 2019 (30 June 2018: 5,525,000) are convertible into 7,755,000 (30 June 2018: 5,525,000) ordinary shares of the Company. The number of issued shares as at 30 June 2019 was 347,980,292 shares (30 June 2018: 337,406,232 shares).

Other than the unexercised share options under the ESOS as stated above, the Company had no other outstanding convertibles, subsidiary holdings or treasury shares as at 30 June 2019 and 30 June 2018.

1(d)(iii) To show the 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

	Company	
	As at 30 June 2019	As at 31 December 2018
Total number of issued shares excluding treasury shares	347,980,292	347,980,292

The Company did not have any treasury shares as at 30 June 2019 and 31 December 2018.

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

Not applicable. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

Not applicable. The Company does not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

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

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

Not applicable.

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

Save as disclosed on Section 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period as compared with the audited financial statements for the financial year ended 31 December 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

The Group has applied the new SFRS(I)16: Leases, which is applicable for the financial period beginning 1 January 2019. SFRS(I)16 introduces a single, on-balance sheet lease accounting model for lessees. The adoption of this standard results in almost all leases being recognised on the statement of financial position, as the distinction between operating and finance leases is removed. Exceptions to this standard are short-term and low-value leases. The accounting for lessors was not changed significantly.

Under the new standard, a right of use asset ("ROU" asset) and a lease liability to pay rentals are recognised in the statement of financial position and depreciation charge on the ROU assets and interest expenses on the lease liabilities are recognised in the income statement. Lease liabilities are included as part of net debt and are taken into consideration when deriving the net debt equity ratio.

The Group applied SFRS(I)16 on 1 January 2019, using the modified retrospective approach. The cumulative effect of adopting SFRS(I)16 is recognised as an adjustment to the opening balance of accumulated profits at 1 January 2019, with no restatement of comparative information. This adjustment is applied to lease contracts entered before 1 January 2019 and are identified as leases in accordance with SFRS(I)16.

The adoption of SFRS(I)16 resulted in adjustments to the balance sheet of the Group as at 1 January 2019. As of 1 January 2019, the Group has recognised a ROU asset of S\$38,529 and a lease liability of S\$44,213 for its leases previously classified as operating leases, with a corresponding decrease in opening accumulated profits of S\$4,831 and a corresponding decrease in opening non-controlling interests of S\$853.

Other than the effects of the matter as described in the paragraphs above, the Group has adopted certain Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are mandatory for the financial year beginning on or after 1 January 2019. The adoption of these FRS and INT FRS has no significant impact on the financial position or performance of the Group for the current financial period reported on.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Group	
	Three Months Ended		Six Months Ended	
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	S\$	S\$	S\$	S\$
Profit/(loss) attributable to owners of the Company	3,999,641	(640,771)	2,296,228	(2,930,549)
Weighted average number of ordinary shares for basic earnings per share computation	347,864,412	337,370,972	347,864,412	337,370,972
Effects of dilution:				
- Share options	-	-	-	-
Weighted average number of ordinary shares for diluted earnings per share computation	347,864,412	337,370,972	347,864,412	337,370,972
Basic earnings/(loss) per share (cents)	1.15	(0.19)	0.66	(0.87)
Diluted earnings/(loss) per share (cents) ⁽¹⁾	1.15	(0.19)	0.66	(0.87)

Note:

(1) The basic and diluted earnings/(loss) per share for the three months and six months ended 30 June 2019 and 30 June 2018 were the same as the potential ordinary shares to be exercised from the outstanding share options are anti-dilutive.

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

	Group		Company	
	As at 30 June 2019	As at 31 December 2018	As at 30 June 2019	As at 31 December 2018
Net asset value per ordinary share based on issued share capital (cents)	15.05	14.63	9.27	9.31
Number of issued ordinary shares	347,980,292	347,980,292	347,980,292	347,980,292

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

(a) Review of the Consolidated Income Statement

Financial period from 1 April 2019 to 30 June 2019 ("2Q2019") vs 1 April 2018 to 30 June 2018 ("2Q2018")

- (i) The increase in the Group's revenue is mainly attributable to Tiong Lian Food Pte Ltd ("TLF") project, which commenced construction in the third quarter of the financial year ended 31 December 2018 ("FY2018").
- (ii) The increase in cost of sales and corresponding increase in gross profit is in tandem with the increase in revenue.
- (iii) The increase in other income is mainly due to the completion of the sale of the development project, 303 La Trobe ("303 La Trobe"), located at 293-303 La Trobe Street, Melbourne, Australia, on 15 April 2019.
- (iv) The increase in the Group's general and administrative expenses is mainly due to foreign exchange losses resulting from the weaker Australian Dollar against the Singapore Dollar in 2Q2019, compared to foreign exchange gains in 2Q2018.
- (v) The increase in finance costs is mainly due to interest on short term bank borrowings.
- (vi) The decrease in losses incurred by associates is mainly due to the reduction of operating expenses from associates following the disposal of two associates.
- (vii) The tax credit is due to deferred tax assets arising from unutilised tax losses which have been offset with the deferred tax liabilities during the period.

(b) Review of the Financial Position of the Group

- (i) The decrease in interests in associates arose from the Group's share of associates' losses for the period as well as the Group's share of the foreign currency translation reserve of associates.

- (ii) Total loans to an associate as at 30 June 2019 and 31 December 2018 :

	Group	
	As at 30 June 2019 S\$	As at 31 December 2018 S\$
Non-current	–	4,992,266
Current	21,387,733	16,329,152
Total loans to an associate	21,387,733	21,321,418

- (iii) Capitalised contract costs increased mainly due to initial costs incurred for a project that has not commenced.

- (iv) Contract assets as at 30 June 2019 and 31 December 2018 comprised the following :

	Group	
	As at 30 June 2019 S\$	As at 31 December 2018 S\$
Accrued receivables	1,817,746	1,636,292
Retention receivables	3,110,803	2,960,418
Total contract assets	4,928,549	4,596,710

- (v) Trade receivables increased mainly due to billings relating to the TLF project.

- (vi) Other receivables as at 30 June 2019 and 31 December 2018 comprised the following :

	Group	
	As at 30 June 2019 S\$	As at 31 December 2018 S\$
Refundable deposits	34,504	95,718
GST receivables	183,537	8,954
Sundry receivables	99,635	168,410
Total other receivables	317,676	273,082

- (vii) Cash and short term deposits increased mainly due to proceeds received from the completion of the sale of 303 La Trobe.

- (viii) Disposal group classified as held for sale as at 30 June 2019 and 31 December 2018 comprised the following :

	Group	
	As at 30 June 2019 S\$	As at 31 December 2018 S\$
Assets :		
Development properties	–	28,702,621
Deposits held in trust	–	12,986,820
Assets of disposal group classified as held for sale	–	41,689,441
Liabilities :		
Deposits received from customers	–	12,698,518
Accrued operating expenses	–	3,499,238
Liabilities directly associated with disposal group classified as held for sale	–	16,197,756
Net assets directly associated with disposal group classified as held for sale	–	25,491,685

Net assets directly associated with disposal group classified as held for sale was recorded at nil as at 30 June 2019 due to the completion of the sale of 303 La Trobe.

- (ix) Contract liabilities increased mainly due to the TLF project which commenced construction in the third quarter of FY2018.
- (x) Trade and other payables as at 30 June 2019 and 31 December 2018 comprised the following :

	Group	
	As at 30 June 2019 S\$	As at 31 December 2018 S\$
Trade payables	1,549,899	2,544,896
Accrued subcontractors' costs	1,715,526	3,877,115
Accrued operating expenses	1,041,053	2,952,186
Sundry payables	330,250	195,172
Other borrowings	–	2,746,310
Total trade and other payables	4,636,728	12,315,679

Total trade and other payables decreased mainly due to the payment of trade payables, accrued subcontractors' costs and accrued operating expenses, coupled with the repayment of other borrowings.

- (xi) The decrease in bank borrowings is due to partial repayment of loans during the period.
- (xii) As mentioned in section 5 of this announcement, the Group had adopted SFRS(I)16: Leases for the first time and as a result, the Group had recognised ROU assets and lease liabilities relating to the present value of future operating lease payments for the duration of the operating leases.

(c) **Review of the Cash Flow Statement of the Group**

In 2Q2019, the Group recorded a net cash outflow from operating activities of S\$10.26 million, which was a result of negative operating cash flows before changes in working capital of S\$1.23 million, adjusted for working capital outflows of S\$9.03 million, income tax paid of S\$0.05 million and interest received of S\$0.06 million. Working capital outflows were mainly due to an increase in capitalised contract costs of S\$0.05 million, an increase in trade receivables and contract assets of S\$0.55 million, an increase in other receivables and prepayments of S\$0.11 million, and a decrease in trade and other payables of S\$8.44 million. This was partially offset by an increase in contract liabilities of S\$0.13 million.

Net cash generated from investing activities amounted to S\$31.79 million mainly due to net proceeds from disposal of assets held for sale of S\$31.80 million.

Net cash used in financing activities amounted to S\$0.95 million mainly due to the repayment of bank borrowings of S\$1.45 million, partially offset by proceeds from bank borrowings of S\$0.60 million.

As a result of the above, there was a net increase of S\$20.58 million in the Group's cash and cash equivalents, from S\$0.62 million as at 31 March 2019 to S\$21.20 million as at 30 June 2019.

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

No forecast or prospect statement in relation to the financial performance or position of the Group has been previously disclosed to shareholders. The progress of the Group's projects are updated in Section 10 below.

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

Property Investment – China

The Group continues to enjoy a stable and recurring income from the Changshu Fervent High Tech Industrial Park, a property investment project in which we hold a 32% interest.

Phase One was completed in 2015 and is fully-leased to multinational corporations from the USA, Italy, France, Germany and Japan.

Phase Two, comprising two customised Build-to-Suit factories, were fully completed in June 2019 and are leased to Ingevity Corporation and Faurecia (Changshu) Automotive System Co., Ltd for a period of ten years and seven years respectively.

Property Development – China

Given the successful completion of the Changshu Fervent High Tech Industrial Park, the Group is currently assessing new developments of similar nature in the provinces of Jiangsu and Zhejiang and will make the necessary announcements as and when appropriate.

In Chongqing, the development of one of our largest projects, the Multi-Modal Logistics Distribution Centre, which is located at Yufu Industrial Park in the Liang Jiang New Area, by our 20%-owned associate, Vibrant Pucheng Logistics (Chongqing) Co. is progressing on schedule. Construction of Phase One commenced in June 2019 following a ground breaking ceremony and the Group expects to complete this phase by 4Q2020.

Property Development – Australia

On 8 August 2019, the Group announced that it is acquiring a freehold property in Melbourne, Victoria, Australia located at 1-3 Minna Street, Blackburn, Victoria 3130 ("**Blackburn Property**") for a purchase consideration of A\$3.70 million (approximately S\$3.48 million). The development project is 100% owned by the Group.

The Blackburn Property currently comprises two single-storey residential buildings sitting on a total land area of approximately 1,436 square metre, the Blackburn Property is located in Blackburn, a suburb that is approximately 15 km east of Melbourne's Central Business District.

Notably, Blackburn is just adjacent to the well-developed Box Hill suburb, a major transport hub for Melbourne's thriving eastern suburbs and an area with a significant Asian population and well-established amenities. The Blackburn property is situated within the Box Hill High School zone and is in close proximity to the main regional centre of Box Hill Activity Centre and the Box Hill train station, ensuring that it is well served by various modes of transportation including metro trains, trams and buses.

The Blackburn Property comes with an approved building permit to redevelop the site into townhouses for residential use. The Group intends to build modern contemporary townhouses with attached car garages. Subject to the full settlement of the acquisition on or before 3 February 2020, commencement of the construction for the townhouses is expected in mid-2020 with estimated completion in 2022.

Design and Build – Singapore

The construction of the TLF food processing and distribution factory is in progress and the Group expects to complete this design and build project in 2Q2020.

Outlook

Following the divestment/disposal of a number of its development projects, the Group remains well-placed to reinvest its capital in development opportunities to drive its next phase of growth.

We continue to see potential in China where we continue to focus on the development and management of industrial properties in greater Shanghai such as the Zhejiang and Jiangsu provinces. Barring any unforeseen circumstances, there are early signs that there will be a property market turnaround in Australia in the second half of 2019, which bodes well for the Group's Blackburn Property that we plan to redevelop. In Singapore, we continue to participate in tenders for industrial projects albeit with a more prudent approach given the competitive industry landscape.

At the same time, together with our joint venture partners, we will continue to explore divestment opportunities in relation to our existing development projects, including those that are held by our associates, with a view to unlock value for the Group.

11. Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any interim (final) dividend declared (recommended) for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable:

Not applicable.

(d) Books closure date:

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for the second quarter and six months ended 30 June 2019. The Company has been declaring and paying final dividends for the full financial year since its Initial Public Offering in 2013.

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

The Company does not have a general mandate pursuant to Rule 920 of the Catalist Listing Manual.

There were no IPTs of S\$100,000 or more for the financial period under review.

14. Confirmation by Directors pursuant to Rule 705(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited

The Board of Directors of the Company confirms that, to the best of their knowledge, nothing has come to the attention of the Board of Directors that may render the unaudited financial statements for the second quarter ended 30 June 2019 to be false or misleading in any material aspect.

15. Confirmation that the issue has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual.

By Order of the Board

Siaw Ken Ket @ Danny Siaw
Executive Chairman & Managing Director
14 August 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Tan Pei Woon, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).