



# HOLDINGS (S) LTD

Registration No.: 199304349M

## Financial Statement for the Second Quarter and Half Year Ended 30 June 2011

### 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		
	2011 S\$'000	2010 S\$'000	Change %	2011 S\$'000	2010 S\$'000	Change %
<b><u>INCOME STATEMENT</u></b>						
Revenue	126,773	36,484	247.5	236,205	68,740	243.6
Cost of sales	(115,969)	(29,713)	290.3	(211,686)	(55,574)	280.9
Gross profit	10,804	6,771	59.6	24,519	13,166	86.2
Other income	574	816	(29.7)	884	1,215	(27.2)
Administrative costs	(1,952)	(877)	122.6	(3,483)	(1,954)	78.2
Other operating costs <sup>(1)</sup>	(3,284)	(2,305)	42.5	(6,698)	(5,263)	27.3
Finance costs <sup>(1)</sup>	(533)	(1,084)	(50.8)	(1,083)	(2,020)	(46.4)
Share of results of associates	51	-	N.M	2,101	3,111	(32.5)
<b>Profit before tax</b>	5,660	3,321	70.4	16,240	8,255	96.7
Income tax expenses	(966)	(555)	74.1	(2,035)	(920)	121.2
<b>Profit for the period</b>	4,694	2,766	69.7	14,205	7,335	93.7
<b>Attributable to:</b>						
Owners of the parent	4,634	2,688	72.4	14,061	7,177	95.9
Non-controlling interests	60	78	(23.1)	144	158	(8.9)
	4,694	2,766	69.7	14,205	7,335	93.7
N.M. - Not meaningful						

<sup>(1)</sup> 2010's fair value loss on derivative for hedging against risk of interest rate hikes on term loan has been reclassified from 'Other operating costs' to 'Finance costs'. The reclassification was made to be consistent with the presentation for current period which reflects more accurately the total finance costs of the Group.

	Second Quarter Ended 30 June			Half Year ended 30 June		
	2011 S\$'000	2010 S\$'000	Change %	2011 S\$'000	2010 S\$'000	Change %
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
Profit for the period	4,694	2,766	69.7	14,205	7,335	93.7
Other comprehensive income:						
Foreign currency translation differences	125	(282)	N.M	431	(128)	N.M
Other comprehensive income for the period	125	(282)	N.M	431	(128)	N.M
<b>Total comprehensive income for the period</b>	<b>4,819</b>	<b>2,484</b>	94.0	<b>14,636</b>	<b>7,207</b>	103.1
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	4,788	2,409	98.8	14,527	7,019	107.0
Non-controlling interests	31	75	(58.7)	109	188	(42.0)
	4,819	2,484	94.0	14,636	7,207	103.1

#### **NOTES TO INCOME STATEMENT**

The following items have been included in arriving at profit after tax:

Depreciation of property, plant and equipment	1,003	637	57.5	1,786	1,146	55.8
Foreign exchange currency adjustment loss/(gain)	262	(260)	N.M	649	(80)	N.M
(Gain)/loss on disposal of property, plant and equipment	(73)	79	N.M	(109)	2	N.M
Interest expense	927	522	77.6	1,699	956	77.7
Interest income	(202)	(13)	N.M	(221)	(19)	N.M
Allowance for doubtful receivables (net)	468	29	N.M	518	87	495.4
Write-off of property, plant and equipment	-	303	N.M	-	303	N.M
Fair value (gain)/loss on derivative	(394)	548	N.M	(616)	1,045	N.M
Write-back of provision for loss in value of land relating to a development property	-	(459)	N.M	-	(459)	N.M.
Under/(over)provision of income tax in respect of previous years	43	-	N.M	(106)	(337)	(68.5)

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-11 S\$'000	31-Dec-10 S\$'000	30-Jun-11 S\$'000	31-Dec-10 S\$'000
<b>Non-current assets</b>				
Property, plant & equipment	22,128	19,449	50	69
Intangible assets	119	119	-	-
Investment in subsidiaries	-	-	39,164	39,164
Investment in associates	15,213	22,712	92	92
Deferred tax assets	761	761	-	-
Trade receivables	6,351	5,214	-	-
<b>Current assets</b>				
Amounts due from subsidiaries	-	-	19,527	19,879
Development properties	152,718	77,015	-	-
Gross amount due from customers for work-in-progress	10,581	9,658	-	-
Inventories	1,324	2,443	-	-
Trade receivables	60,954	52,641	-	-
Other receivables	1,709	11,374	17	11
Pledged deposits	2,316	2,366	-	-
Cash and cash equivalents	50,814	44,864	963	2,647
	<b>280,416</b>	<b>200,361</b>	<b>20,507</b>	<b>22,537</b>
<b>Current liabilities</b>				
Amounts due to subsidiaries	-	-	10,334	10,293
Gross amount due to customers for work-in-progress	26,157	38,619	-	-
Trade and other payables	68,241	61,885	39	80
Other liabilities	4,508	4,224	244	443
Derivatives	1,618	-	-	-
Loans and borrowings	3,288	2,527	-	-
Income tax payable	2,835	2,138	35	24
	<b>106,647</b>	<b>109,393</b>	<b>10,652</b>	<b>10,840</b>
<b>Net current assets</b>	<b>173,769</b>	<b>90,968</b>	<b>9,855</b>	<b>11,697</b>
<b>Non-current liabilities</b>				
Trade payables	5,609	1,868	-	-
Derivatives	-	2,234	-	-
Deferred tax liabilities	3,086	2,041	-	-
Loans and borrowings	116,363	52,438	-	-
	<b>93,283</b>	<b>80,642</b>	<b>49,161</b>	<b>51,022</b>
<b>Net assets</b>				
<b>Equity attributable to equity holders of the Company</b>				
Share capital	43,966	43,966	43,966	43,966
Treasury shares	(450)	(252)	(450)	(252)
Share plan reserve	42	-	42	-
Retained earnings	47,797	35,576	5,603	7,308
Foreign currency translation reserve	736	269	-	-
	<b>92,091</b>	<b>79,559</b>	<b>49,161</b>	<b>51,022</b>
Non-controlling interests	1,192	1,083	-	-
<b>Total equity</b>	<b>93,283</b>	<b>80,642</b>	<b>49,161</b>	<b>51,022</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 30/06/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$2,288,000	S\$1,000,000	S\$2,527,000	-

**Amount repayable after one year**

As at 30/06/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$116,363,000	-	S\$52,438,000	-

**Details of any collateral**

The secured borrowings repayable within one year and after one year comprise mainly land loans, obligations under finance leases, bills payables and banker's acceptances. These are secured by charges over the properties held for sale at Lush on Holland Hill and Bliss@Kovan, Singapore, shop offices in Malaysia and fixed deposits from subsidiaries.

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	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	5,660	3,321	16,240	8,255
Adjustments for:				
Depreciation of property, plant and equipment	1,003	637	1,786	1,146
Allowance for doubtful receivables (net)	468	29	518	87
Fair value (gain)/loss on derivative	(394)	548	(616)	1,045
Interest income	(202)	(13)	(221)	(19)
Interest expense	927	522	1,699	956
(Gain)/loss on disposal of plant and equipment	(73)	79	(109)	2
Share of results of associates	(51)	-	(2,101)	(3,111)
Write-back of loss in value of land relating to a development property	-	(459)	-	(459)
Write-off of property, plant and equipment	-	303	-	303
Share based compensation expense	42	-	42	-
<b>Operating profit before working capital changes</b>	<b>7,380</b>	<b>4,967</b>	<b>17,238</b>	<b>8,205</b>
(Increase)/decrease in development properties	(10,062)	1,512	(75,278)	2,083
Decrease/(increase) in contract work-in-progress (net)	3,669	367	(13,385)	6,257
Increase in trade receivables	(14,816)	(10,801)	(10,369)	(11,222)
(Increase)/decrease in other receivables	(225)	(47)	9,665	(29)
Decrease in inventories	378	691	1,119	1,509
Increase/(decrease) in trade and other payables	5,989	10,312	10,065	(1,583)
(Decrease)/increase in other liabilities	(1,057)	(19)	284	723
<b>Cash from operations</b>	<b>(8,744)</b>	<b>6,982</b>	<b>(60,661)</b>	<b>5,943</b>
Interest paid	(1,156)	(899)	(2,092)	(1,765)
Interest received	202	13	221	19
Income tax paid	(290)	(380)	(293)	(476)
<b>Net cash (used in)/from operating activities</b>	<b>(9,988)</b>	<b>5,716</b>	<b>(62,825)</b>	<b>3,721</b>
<b>Cash flows from investing activities:</b>				
Proceeds from disposal of property, plant and equipment	1,412	123	1,457	941
Purchase of property, plant and equipment (Note A)	(1,227)	(599)	(3,607)	(1,403)
Dividend received from associate	-	-	9,600	-
<b>Net cash from/(used in) investing activities</b>	<b>185</b>	<b>(476)</b>	<b>7,450</b>	<b>(462)</b>
<b>Cash flows from financing activities</b>				
Dividends paid	(1,839)	(1,847)	(1,839)	(1,847)
Shares purchased held as treasury shares	(34)	-	(198)	(125)
Acquisition of shares in associate company	-	(31)	-	(31)
Proceeds from/(repayment of) bank borrowings, net	732	(515)	1,000	(489)
Proceeds from/(repayment of) long term borrowings, net	-	-	63,800	(4,000)
Repayment of finance leases	(589)	(194)	(1,966)	(506)
Decrease in pledged deposits	-	24	-	-
<b>Net cash (used in)/from financing activities</b>	<b>(1,730)</b>	<b>(2,563)</b>	<b>60,797</b>	<b>(6,998)</b>
Net (decrease)/increase in cash & cash equivalents	(11,533)	2,677	5,422	(3,739)
Net effect of exchange rate changes in consolidating subsidiaries	179	(314)	528	(224)
Cash and cash equivalents at beginning of the period	62,168	43,217	44,864	49,543
<b>Cash and cash equivalents at end of the period</b>	<b>50,814</b>	<b>45,580</b>	<b>50,814</b>	<b>45,580</b>

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

	Second quarter ended 30 June		Half Year ended 30 June	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
Comprising:				
Cash and bank balances	16,638	26,382	16,638	26,382
Fixed deposits	36,492	21,626	36,492	21,626
	53,130	48,008	53,130	48,008
Less: Pledged fixed deposits	(2,316)	(2,428)	(2,316)	(2,428)
	<b>50,814</b>	<b>45,580</b>	<b>50,814</b>	<b>45,580</b>

Note A

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

	Second quarter ended 30 June		Half Year ended 30 June	
	2011 S\$'000	2010 S\$'000	2011 S\$'000	2010 S\$'000
Total cost of property, plant and equipment acquired	2,983	1,180	5,862	3,384
Less: Acquisition costs of property, plant and equipment satisfied by:				
- settlement of trade debts owing by customers	(401)	-	(401)	-
- hire purchase arrangements	(1,355)	(581)	(1,854)	(1,981)
Cash payments	1,227	599	3,607	1,403

**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 Parent						TOTAL EQUITY S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Share plan reserve S\$'000	Non-controlling interests S\$'000	
Opening balance at 1 Jan 2011	43,966	(252)	35,576	269	-	1,083	80,642
Shares purchased held as treasury shares	-	(164)	-	-	-	-	(164)
Total comprehensive income for the period	-	-	9,426	313	-	78	9,817
Balance at 31 Mar and 1 Apr 2011	43,966	(416)	45,002	582	-	1,161	90,295
Shares purchased held as treasury shares	-	(34)	-	-	-	-	(34)
Share based compensation expense	-	-	-	-	42	-	42
Dividends paid	-	-	(1,839)	-	-	-	(1,839)
Total comprehensive income for the period	-	-	4,634	154	-	31	4,819
<b>Closing balance at 30 Jun 2011</b>	<b>43,966</b>	<b>(450)</b>	<b>47,797</b>	<b>736</b>	<b>42</b>	<b>1,192</b>	<b>93,283</b>
Opening balance at 1 Jan 2010	43,966	-	17,859	(88)	-	785	62,522
Shares purchased held as treasury shares	-	(125)	-	-	-	-	(125)
Total comprehensive income for the period	-	-	4,490	120	-	113	4,723
Balance at 31 Mar and 1 Apr 2010	43,966	(125)	22,349	32	-	898	67,120
Dividends paid	-	-	(1,847)	-	-	-	(1,847)
Total comprehensive income for the period	-	-	2,687	(278)	-	75	2,484
<b>Closing balance at 30 Jun 2010</b>	<b>43,966</b>	<b>(125)</b>	<b>23,189</b>	<b>(246)</b>	<b>-</b>	<b>973</b>	<b>67,757</b>

Company

	Attributable to equity holders of the Company				
	Share capital S\$'000	Treasury shares S\$'000	Share plan reserve S\$'000	Retained earnings/ losses) S\$'000	Total equity S\$'000
Opening balance at 1 Jan 2011	43,966	(252)	-	7,308	51,022
Shares purchased held as treasury shares	-	(164)	-	-	(164)
Total comprehensive income for the period	-	-	-	190	190
Balance at 31 Mar and 1 Apr 2011	43,966	(416)	-	7,498	51,048
Shares purchased held as treasury shares	-	(34)	-	-	(34)
Share based compensation expense	-	-	42	-	42
Dividends paid	-	-	-	(1,839)	(1,839)
Total comprehensive income for the period	-	-	-	(56)	(56)
<b>Closing balance at 30 Jun 2011</b>	<b>43,966</b>	<b>(450)</b>	<b>42</b>	<b>5,603</b>	<b>49,161</b>
Opening balance at 1 Jan 2010	43,966	-	-	(4,157)	39,809
Shares purchased held as treasury shares	-	(125)	-	-	(125)
Total comprehensive income for the period	-	-	-	(64)	(64)
Balance at 31 Mar and 1 Apr 2010	43,966	(125)	-	(4,221)	39,620
Dividends paid	-	-	-	(1,847)	(1,847)
Total comprehensive income for the period	-	-	-	2,070	2,070
<b>Closing balance at 30 Jun 2010</b>	<b>43,966</b>	<b>(125)</b>	<b>-</b>	<b>(3,998)</b>	<b>39,843</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

There have been no changes to the issued share capital of the Company since the end of the previous financial year. As at 30 June 2011, the issued share capital of the Company was \$43,967,199 comprising 306,451,418 ordinary shares and 1,759,000 treasury shares.

Treasury shares

During 2Q11, the Company acquired 129,000 (2Q10:Nil) ordinary shares of the Company by way of market purchases on the Singapore Exchange and held as treasury shares.

	<u>No. of shares</u>	<u>S\$'000</u>
At 1 January 2011	1,000,000	252
Purchased in 1Q11	630,000	164
Purchased in 2Q11	129,000	34
At 30 June 2011	<u>1,759,000</u>	<u>450</u>

Employee performance share plan

As at 30 June 2011, there were 1,170,000 (as at 30 June 2010: Nil) performance shares granted and outstanding (being contingent award) to eligible employees and directors under the BBR Share Plan.

	<u>No. of performance shares</u>
At 1 January 2011	-
Granted in 2Q11	1,170,000
At 30 June 2011	<u>1,170,000</u>

- 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 2011 was 306,451,418 (as at 31 December 2010: 307,210,418). The total number of treasury shares held as at 30 June 2011 was 1,759,000 (as at 31 December 2010: 1,000,000).

- 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.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 30 June 2011.

- 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 2010.

**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.**

	Second Quarter Ended 30		Half year Ended 30	
	June		June	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	Cents	Cents	Cents	Cents
Earnings per ordinary share of the Group attributable to shareholders				
(a) Based on the weighted average number of ordinary shares in issue	1.51	0.87	4.59	2.33
(b) On a fully diluted basis (detailing any adjustment made to earnings)	1.51	0.87	4.59	2.33

The computation of earnings per ordinary share on the weighted average number of shares and fully diluted basis is based on 306,608,589 shares (2010: 307,941,661).

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

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

	Group		Company	
	<u>30.6.11</u>	<u>31.12.10</u>	<u>30.6.11</u>	<u>31.12.10</u>
	Cents	Cents	Cents	Cents
Net asset value per ordinary share based on issued capital at the end of the period	30.05	25.90	16.04	16.58

**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 2011 ('2Q11') vs Second Quarter 2010 ('2Q10')

Group revenue more than tripled to \$126.8 million in 2Q11 from \$36.5 million in 2Q10 while net profit attributable to equity holders increased to \$4.6 million in 2Q11 from \$2.7 million in the previous corresponding quarter.

The increase in revenue was due to higher revenue recognised from all business segments. General construction projects took the lead, followed by revenue progressively recognised for sold units of property development projects, and specialised engineering projects.

Gross profit increased by \$4.0 million to \$10.8 million in 2Q11 from \$6.8 million in 2Q10 despite lower gross profit margin of 8.5% achieved in the current quarter as compared with 18.6% in the previous corresponding quarter due to different project mix. Furthermore, in 2011, project margins have also been affected by rising cost of construction components, such as concrete, steel and workers' wages.

Other income decreased by 29.7% from \$0.8 million in 2Q10 to \$0.6 million in 2Q11. Other income was higher in 2Q10 mainly due to a write-back of provision for loss in land relating to property development.

Administrative cost rose to \$2.0 million in 2Q11 compared to \$0.9 million, largely due to higher depreciation charges and foreign exchange currency loss. Other operating costs increased to \$3.3 million in 2Q11 from \$2.3 million in the previous corresponding period due to increase in staff remuneration as a result of additional headcount in tandem with a growing order book, as well as provision for doubtful receivables.

Finance costs of \$0.5 million in 2Q11 was half that of 2Q10 because fair value loss on interest-rate derivative of \$0.5 million was incurred in 2Q10 but the loss was reversed in the current quarter. This reduction in finance cost was partially offset by interest expense from term loan for the development property at Bliss@Kovan on Simon Lane.

Income tax expense in 2Q11 rose by \$0.4 million to \$1.0 million from \$0.6 million in 2Q10 as a result of higher profits recorded during the current quarter.

#### Income Statement Review – 6 months 2011 ('6M11') vs 6 months 2010 ('6M10')

Group revenue increased significantly by \$167.5 million to \$236.2 million in 6M11 from \$68.7 million in 6M10, with gross profit almost doubling to \$24.5 million and net profit attributable to shareholders increasing to \$14.1 million in the current six months period from \$13.2 million and \$7.2 million respectively, in the previous corresponding period.

The higher revenue achieved in 6M11 was mainly attributable to more major general construction projects in their active stage of construction and as a result of revenue progressively recognised since January 2011 from Lush on Holland Hill, a property development project.

Gross profit rose to \$24.5 million in 6M11 from \$13.2 million in 6M10 due to increase in revenue. However, gross profit margin for 6M11 at 10.4% was lower than the gross profit margin of 19.2% recorded in 6M10 due to different project mix.

Other income decreased to \$0.9 million in 6M11 from \$1.2 million in 6M10, the higher amount recorded last year was due to a write-back of provision for loss in land relating to property development.

Administrative cost increased by 78.2% to \$3.5 million in 6M11 from \$2.0 million, attributable to higher depreciation charges and foreign exchange currency loss. Other operating costs increased by 27.3% to \$6.7 million in 6M11 from \$5.3 million in the previous corresponding period, due largely to increase in staff remuneration, provision for doubtful receivables and higher rental charges for warehouse space.

Finance charges for 6M11 decreased from \$2.0 million in 6M10 to \$1.1 million. The Group incurred fair value loss on interest-rate derivative last year but the loss was reversed in the current period. This fair value loss reversal was partially offset by interest expense from term loan for the development property at Bliss@Kovan on Simon Lane.

The Group's share of results from associates decreased by \$1.0 million to \$2.1 million in 6M11 from \$3.1 million in the previous corresponding period. Profits from associates relate mainly to the property development project at 8 Nassim Hill.

The Group recorded higher income tax expense of \$2.0 million for 6M11 in line with improved profits during the current period.

## Statement of Financial Position Review

The net book value of the Group's property, plant and machinery increased by \$2.7 million or 13.8% to \$22.1 million as at 30 June 2011 from \$19.4 million as at 31 December 2010, with the acquisition of a piece of leasehold land utilized for storage and engineering services, offset by disposal of aged fixed assets and depreciation charge during the current period.

Investments in associates decreased from \$22.7 million as at 31 December 2010 to \$15.2 million as at 30 June 2011, after Tennessee Pte Ltd ("Tennessee") distributed dividends during 6M11.

Development properties rose to \$152.7 million as at 30 June 2011 from \$77.0 million as at 31 December 2010, due largely to acquisition of land for development of Bliss@Kovan at Simon Lane and costs for ongoing construction activities at Lush on Holland Hill.

Trade receivables, current & non-current, increased by \$9.4 million or 16.3% to \$67.3 million as at 30 June 11 from \$57.9 million six months ago, in line with increased billings for construction activities being carried out during the period. There was a substantial decline in other receivables from \$11.4 million as at 31 December 2010 to \$1.7 million as at 30 June 2011 after Tennessee repaid a shareholders' loan to the Group.

Cash and cash equivalents as at 30 June 2011 increased by \$5.9 million to \$50.8 million from \$44.9 million as at 31 December 2010, mainly from dividends received and repayment of shareholders' loan from Tennessee. Cash inflows were partially offset by payments (net after borrowings) on completion of the purchase of the development property at Simon Lane, a lump sum payment of \$5 million in respect of early settlement of term loan, dividends paid to shareholders and purchases of leasehold land, plant, equipment and motor vehicles.

Current and non-current trade and other payables as at 30 June 2011 rose by 15.8% to \$73.9 million from \$63.8 million as at 31 December 2010 because construction activities have increased in line with more projects in progress. Cost incurred for work-in-progress had increased correspondingly, resulting in net amount due to customers for work-in-progress falling to \$15.6 million as at 30 Jun 2011 from \$29.0 million as at 31 December 2010.

Liability for interest-rate derivative purchased to hedge against the risk of interest rate hikes for term loan on land for Lush on Holland Hill decreased by \$0.6 million from \$2.2 million as at 31 December 2010 to \$1.6 million as at 30 June 2011 due to fair value gain on derivative in the current period. The derivative is due to mature in March 2012. Total bank loans and borrowings increased by \$64.7 million during the current six months period to \$119.7 million, mainly due to increase in borrowings of \$68.8 million for the purchase of the development property at Simon Lane and partially offset by a \$5.0 million early settlement of an existing term loan.

Provision for taxation and deferred tax liabilities rose by \$1.7 million to \$5.9 million as at 30 June 2011, in tandem with higher profits recorded during the period.

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

The results reported herein are in line with our announcement in the previous quarter.

**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 2011, the Ministry of Trade and Industry announced that based on advanced estimates, the economy in the second quarter of 2011 grew by 0.5 per cent on a year-on-year basis, down from the 9.3 per cent growth in the previous quarter. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy contracted by 7.8 per cent, compared to the 27.2 per cent expansion in the previous quarter. The construction sector grew by 1.6 per cent on a year-on-year basis in the second quarter of 2011, following growth of 2.4 per cent in the preceding quarter. The sector also posted a second consecutive quarter of growth on a sequential basis, at 13.8 per cent, supported by increasing construction activities in the industrial building segment. In view of the estimated moderate growth in the Singapore

economy and the construction sector in 2Q11, increasing competition and expected increase in labour and material costs, the outlook for the construction industry is expected to be challenging in the next 12 months.

The Group will continue to focus on its core business by leveraging its strong track record and competency in building construction and civil engineering to secure more public sector projects as well as to explore ways of enhancing cost effectiveness and optimise its efficiency in the management of potential and on-going projects. The Group continues to conduct feasibility studies to undertake new property development projects.

As at the date of this announcement, the Group has an order book of \$538 million, predominantly in Singapore and Malaysia. The Group expects to remain profitable for FY 2011.

## **11. Dividend**

### **(a) Current Financial Period Reported On**

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

### **(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared 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.**

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

## **CONFIRMATION BY THE BOARD**

We, Tan Kheng Hwee Andrew and Carrie Luk Kai Lai, being two of the Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 June 2011 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