



# HOLDINGS (S) LTD

Registration No.: 199304349M

## Financial Statement for the Second Quarter and Half Year Ended 30 June 2013

### 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		
	2013 S\$'000	2012 S\$'000	Change %	2013 S\$'000	2012 S\$'000	Change %
<b><u>INCOME STATEMENT</u></b>						
Revenue	104,307	59,108	76.5	182,509	153,446	18.9
Cost of sales	(97,468)	(50,463)	93.1	(168,427)	(135,704)	24.1
<b>Gross profit</b>	<b>6,839</b>	<b>8,645</b>	<b>(20.9)</b>	<b>14,082</b>	<b>17,742</b>	<b>(20.6)</b>
Other operating income	1,077	516	108.7	1,573	1,038	51.5
Other (expense)/income	(149)	(85)	75.3	12	(76)	N.M
Administrative costs	(1,891)	(2,494)	(24.2)	(3,410)	(4,374)	(22.0)
Other operating costs	(2,311)	(2,274)	1.6	(5,995)	(5,634)	6.4
Finance costs	(86)	(341)	(74.8)	(146)	(292)	(50.0)
Share of results of associates	23	(427)	N.M	(24)	(410)	(94.1)
<b>Profit before taxation</b>	<b>3,502</b>	<b>3,540</b>	<b>(1.1)</b>	<b>6,092</b>	<b>7,994</b>	<b>(23.8)</b>
Income tax expense	(622)	(448)	38.8	(1,076)	(1,364)	(21.1)
<b>Profit for the period</b>	<b>2,880</b>	<b>3,092</b>	<b>(6.9)</b>	<b>5,016</b>	<b>6,630</b>	<b>(24.3)</b>
<b>Attributable to:</b>						
Owners of the parent	2,779	2,917	(4.7)	4,838	6,424	(24.7)
Non-controlling interests	101	175	(42.3)	178	206	(13.6)
	<b>2,880</b>	<b>3,092</b>	<b>(6.9)</b>	<b>5,016</b>	<b>6,630</b>	<b>(24.3)</b>
N.M. - Not meaningful						

	Second Quarter Ended 30 June			Half Year ended 30 June		
	2013 S\$'000	2012 S\$'000	Change %	2013 S\$'000	2012 S\$'000	Change %
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
Profit for the period	2,880	3,092	(6.9)	5,016	6,630	(24.3)
Other comprehensive income:						
Foreign currency translation differences	269	(167)	N.M	95	(128)	N.M
Other comprehensive income for the period	269	(167)	N.M	95	(128)	N.M
<b>Total comprehensive income for the period</b>	<b>3,149</b>	<b>2,925</b>	7.7	<b>5,111</b>	<b>6,502</b>	(21.4)
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	3,012	2,791	7.9	4,899	6,334	(22.7)
Non-controlling interests	137	134	2.2	212	168	26.2
	<b>3,149</b>	<b>2,925</b>	7.7	<b>5,111</b>	<b>6,502</b>	(21.4)

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

The following items have been included in arriving at profit for the period:

Depreciation of property, plant and equipment	1,189	1,055	12.7	2,306	2,155	7.0
Foreign exchange loss/(gain)	149	85	75.3	(12)	76	N.M
Loss on disposal of property, plant and equipment	102	-	N.M	102	72	41.7
Interest expense	86	341	(74.8)	146	713	(79.5)
Interest income	(70)	(44)	59.1	(125)	(82)	52.4
Allowance for/(write-back of) doubtful receivables (net)	20	(136)	N.M	55	(217)	N.M
Fair value gain on derivatives	-	-	-	-	(420)	(100.0)
Share based compensation expense	32	60	(46.7)	86	122	(29.5)
Overprovision of income tax in respect of previous years	(50)	(91)	(45.1)	(50)	(37)	35.1

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-13 S\$'000	31-Dec-12 S\$'000	30-Jun-13 S\$'000	31-Dec-12 S\$'000
<b>Non-current assets</b>				
Property, plant & equipment	21,409	22,764	296	331
Intangible assets	119	119	-	-
Investments in subsidiaries	-	-	50,632	50,622
Investments in associates	16,439	16,463	92	92
Deferred tax assets	486	486	-	-
Trade receivables	8,418	7,867	-	-
<b>Current assets</b>				
Amounts due from subsidiaries	-	-	17,992	22,973
Development properties	64,128	61,960	-	-
Gross amount due from customers for work-in-progress	33,126	32,720	-	-
Inventories	2,884	2,283	-	-
Trade receivables	75,709	56,692	-	-
Other receivables	3,473	2,743	158	54
Pledged deposits	3,488	3,442	-	-
Cash and cash equivalents	41,998	47,835	888	587
	<b>224,806</b>	<b>207,675</b>	<b>19,038</b>	<b>23,614</b>
<b>Current liabilities</b>				
Amounts due to subsidiaries	-	-	10,639	10,405
Gross amount due to customers for work-in-progress	28,598	17,667	-	-
Trade and other payables	60,047	54,713	138	153
Other liabilities	4,365	4,167	228	1,451
Loans and borrowings	4,555	3,867	-	-
Income tax payable	2,801	2,935	32	40
	<b>100,366</b>	<b>83,349</b>	<b>11,037</b>	<b>12,049</b>
<b>Net current assets</b>	<b>124,440</b>	<b>124,326</b>	<b>8,001</b>	<b>11,565</b>
<b>Non-current liabilities</b>				
Trade payables	6,297	4,872	-	-
Deferred tax liabilities	2,221	2,221	-	-
Loans and borrowings	52,324	55,696	-	-
	<b>110,469</b>	<b>109,236</b>	<b>59,021</b>	<b>62,610</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	43,967	43,967	43,967	43,967
Treasury shares	(504)	(416)	(504)	(416)
Share plan reserve	29	135	29	135
Retained earnings	65,526	64,372	15,529	18,924
Foreign currency translation reserve	(452)	(513)	-	-
	<b>108,566</b>	<b>107,545</b>	<b>59,021</b>	<b>62,610</b>
Non-controlling interests	1,903	1,691	-	-
<b>Total equity</b>	<b>110,469</b>	<b>109,236</b>	<b>59,021</b>	<b>62,610</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 30/06/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
S\$4,555,000	-	S\$3,867,000	-

**Amount repayable after one year**

As at 30/06/2013		As at 31/12/2012	
Secured	Unsecured	Secured	Unsecured
S\$52,324,000	-	S\$55,696,000	-

**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 a land loan. These are secured by charges over the property held for sale at Bliss@Kovan, Singapore, plant and equipment and motor vehicles from subsidiaries and fixed deposits from a subsidiary.

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	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	3,502	3,540	6,092	7,994
Adjustments for:				
Depreciation of property, plant and equipment	1,189	1,055	2,306	2,155
Allowance for/(write-back of) doubtful receivables (net)	20	(136)	55	(217)
Bad debts written-off	1	-	1	-
Fair value gain on derivatives	-	-	-	(420)
Interest income	(70)	(44)	(125)	(82)
Interest expense	86	341	146	713
Loss on disposal of property, plant and equipment	102	-	102	72
Share of results of associates	(23)	427	24	410
Share based compensation expense	32	60	86	122
<b>Operating profit before working capital changes</b>	<b>4,839</b>	<b>5,243</b>	<b>8,687</b>	<b>10,747</b>
Decrease/(increase) in development properties	15	10,614	(1,728)	14,795
Decrease/(increase) in amount due from customers for work-in-progress (net)	5,840	(10,658)	10,525	(6,577)
(Increase)/decrease in trade receivables	(6,991)	26,062	(19,624)	8,254
Increase in other receivables	(244)	(872)	(792)	(587)
(Increase)/decrease in inventories	(1,071)	455	(601)	232
Increase/(decrease) in trade and other payables	6,792	(6,165)	6,759	(3,825)
(Decrease)/increase in other liabilities	(1,555)	(649)	198	332
<b>Cash from operations</b>	<b>7,625</b>	<b>24,030</b>	<b>3,424</b>	<b>23,371</b>
Interest paid	(306)	(430)	(586)	(926)
Interest received	70	44	125	82
Income tax paid	(927)	(130)	(1,210)	(767)
<b>Net cash from operating activities</b>	<b>6,462</b>	<b>23,514</b>	<b>1,753</b>	<b>21,760</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	225	-	225	9
Purchase of property, plant and equipment (Note A)	(260)	(207)	(625)	(649)
<b>Net cash used in investing activities</b>	<b>(35)</b>	<b>(207)</b>	<b>(400)</b>	<b>(640)</b>
<b>Cash flows from financing activities</b>				
Dividends paid on ordinary shares	(3,684)	(2,447)	(3,684)	(2,447)
Purchase of treasury shares	(219)	-	(219)	(125)
(Repayment of)/proceeds from bank borrowings, net	(1,750)	(2,857)	928	(4)
Repayment of long term borrowings	(2,000)	(13,300)	(2,500)	(28,300)
Repayment of finance leases	(950)	(787)	(1,729)	(1,542)
Decrease in pledged deposits	-	216	-	19
<b>Net cash used in financing activities</b>	<b>(8,603)</b>	<b>(19,175)</b>	<b>(7,204)</b>	<b>(32,399)</b>
Net (decrease)/increase in cash & cash equivalents	(2,176)	4,132	(5,851)	(11,279)
Net effect of exchange rate changes in consolidating subsidiaries	180	(140)	14	(103)
Cash and cash equivalents at beginning of the period	43,994	36,508	47,835	51,882
<b>Cash and cash equivalents at end of the period</b>	<b>41,998</b>	<b>40,500</b>	<b>41,998</b>	<b>40,500</b>
<u>Comprising:</u>				
Cash and bank balances	35,329	14,516	35,329	14,516
Fixed deposits	10,157	27,674	10,157	27,674
	45,486	42,190	45,486	42,190
Less: Pledged fixed deposits	(3,488)	(1,690)	(3,488)	(1,690)
	<b>41,998</b>	<b>40,500</b>	<b>41,998</b>	<b>40,500</b>

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

Note A

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

	Second quarter ended 30 June		Half Year ended 30 June	
	2013 S\$'000	2012 S\$'000	2013 S\$'000	2012 S\$'000
Total cost of property, plant and equipment acquired	842	743	1,242	1,857
Less: Acquisition costs satisfied by hire purchase arrangements	(582)	(536)	(617)	(1,208)
Cash payments	260	207	625	649

**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	Share plan reserve S\$'000	Non-controlling interests S\$'000	
				currency translation reserve S\$'000			
Balance at 1 Jan 2013	43,967	(416)	64,372	(513)	135	1,691	109,236
Share based compensation expense	-	-	-	-	16	-	16
Total comprehensive income for the period	-	-	2,059	(172)	-	75	1,962
Balance at 31 Mar and 1 Apr 2013	43,967	(416)	66,431	(685)	151	1,766	111,214
Treasury shares reissued pursuant to employee share plan	-	131	-	-	(131)	-	-
Purchase of treasury shares	-	(219)	-	-	-	-	(219)
Share based compensation expense	-	-	-	-	9	-	9
Dividends paid on ordinary shares	-	-	(3,684)	-	-	-	(3,684)
Total comprehensive income for the period	-	-	2,779	233	-	137	3,149
<b>Balance at 30 Jun 2013</b>	<b>43,967</b>	<b>(504)</b>	<b>65,526</b>	<b>(452)</b>	<b>29</b>	<b>1,903</b>	<b>110,469</b>
Balance at 1 Jan 2012	43,967	(601)	53,856	(376)	166	1,302	98,314
Purchase of treasury shares	-	(125)	-	-	-	-	(125)
Share based compensation expense	-	-	-	-	62	-	62
Total comprehensive income for the period	-	-	3,507	36	-	34	3,577
Balance at 31 Mar and 1 Apr 2012	43,967	(726)	57,363	(340)	228	1,336	101,828
Treasury shares reissued pursuant to employee share plan	-	155	-	-	(155)	-	-
Share based compensation expense	-	-	-	-	60	-	60
Dividends paid on ordinary shares	-	-	(2,447)	-	-	-	(2,447)
Total comprehensive income for the period	-	-	2,917	(126)	-	134	2,925
<b>Balance at 30 Jun 2012</b>	<b>43,967</b>	<b>(571)</b>	<b>57,833</b>	<b>(466)</b>	<b>133</b>	<b>1,470</b>	<b>102,366</b>

Company

	Attributable to equity holders of the Company				
	Share capital S\$'000	Treasury shares S\$'000	Share plan reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
	Balance at 1 Jan 2013	43,967	(416)	135	18,924
Share based compensation expense	-	-	16	-	16
Total comprehensive income for the period	-	-	-	164	164
Balance at 31 Mar and 1 Apr 2013	43,967	(416)	151	19,088	62,790
Treasury shares reissued pursuant to employee share plan	-	131	(131)	-	-
Purchase of treasury shares	-	(219)	-	-	(219)
Share based compensation expense	-	-	9	-	9
Dividends paid on ordinary shares	-	-	-	(3,684)	(3,684)
Total comprehensive income for the period	-	-	-	125	125
<b>Balance at 30 Jun 2013</b>	<b>43,967</b>	<b>(504)</b>	<b>29</b>	<b>15,529</b>	<b>59,021</b>
Balance at 1 Jan 2012	43,967	(601)	166	6,494	50,026
Purchase of treasury shares	-	(125)	-	-	(125)
Share based compensation expense	-	-	62	-	62
Total comprehensive income for the period	-	-	-	151	151
Balance at 31 Mar and 1 Apr 2012	43,967	(726)	228	6,645	50,114
Treasury shares reissued pursuant to employee share plan	-	155	(155)	-	-
Share based compensation expense	-	-	60	-	60
Dividends paid on ordinary shares	-	-	-	(2,447)	(2,447)
Total comprehensive income for the period	-	-	-	20	20
<b>Balance at 30 Jun 2012</b>	<b>43,967</b>	<b>(571)</b>	<b>133</b>	<b>4,218</b>	<b>47,747</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 2013, the issued share capital of the Company was \$43,967,199 comprising 306,238,418 ordinary shares and 1,972,000 treasury shares.

Treasury shares

During 2Q13, the Company acquired 800,000 (2Q12: Nil) ordinary shares of the Company by way of market purchases on the Singapore Exchange and held as treasury shares. Pursuant to the Employee performance share plan, 640,000 (2Q12: 585,000) performance shares granted in 2012 were vested in 2Q13 and were transferred from treasury shares to ordinary shares. The number of treasury shares held as at 30 June 2013 was 1,972,000 (as at 30 June 2012: 2,397,000).

	<u>No. of shares</u>	<u>S\$'000</u>
At 1 January 2013	1,812,000	416
Purchased in 2Q13	800,000	219
Less: Performance shares vested in 2Q13	(640,000)	(131)
At 30 June 2013	<u>1,972,000</u>	<u>504</u>

Employee performance share plan

As at 30 June 2013, there were 640,000 (as at 30 June 2012: 1,865,000) 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 2013	1,280,000
Less: Performance shares vested in 2Q13	(640,000)
At 30 June 2013	<u>640,000</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 2013 was 306,238,418 (as at 31 December 2012: 306,398,418). The total number of treasury shares held as at 30 June 2013 was 1,972,000 (as at 31 December 2012: 1,812,000).

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

Movement of treasury shares during the six months ended 30 June 2013 is as follows:

	<u>No. of shares</u>
At 1 January 2013	1,812,000
Purchased in 2Q13	800,000
Less: Performance shares vested in 2Q13	(640,000)
At 30 June 2013	<u>1,972,000</u>

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

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



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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 31 December 2012.

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.**

	Note	Second Quarter Ended 30 June		Half year Ended 30 June		
		<u>2013</u> Cents	<u>2012</u> Cents	<u>2013</u> Cents	<u>2012</u> Cents	
Earnings per ordinary share of the Group attributable to shareholders						
(a)	Based on the weighted average number of ordinary shares in issue	(1)	0.91	0.95	1.58	2.10
(b)	On a fully diluted basis (detailing any adjustment made to earnings)	(2)	0.90	0.95	1.57	2.09

**Note**

(1) Weighted average number of shares of 306,481,727 (30 June 2012: 305,602,984) takes into account the weighted average effect of changes in treasury shares transactions during the period.

(2)

	Half year Ended 30 June	
	<u>2013</u>	<u>2012</u>
Weighted average number of ordinary shares for basic earnings per share computation	306,481,727	305,602,984
Effect of dilution – performance shares	640,000	1,865,000
Weighted average number of ordinary shares for diluted earnings per share computation	307,121,727	307,467,984

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>30.6.13</u> Cents	<u>31.12.12</u> Cents	<u>30.6.13</u> Cents	<u>31.12.12</u> Cents
Net asset value per ordinary share based on issued capital at the end of the period	35.45	35.10	19.27	20.43

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 2013 ('2Q13') vs Second Quarter 2012 ('2Q12')

Group revenue increased to \$104.3 million in 2Q13 from \$59.1 million in 2Q12 and net profit attributable to equity holders amounted to \$2.8 million for 2Q13 compared to \$2.9 million for 2Q12.

Group revenue in 2Q13 grew by 76.5% or \$45.2 million compared to 2Q12 mainly due to higher revenue recognised from general construction and specialised engineering projects, and partially offset by lower revenue from property development. In 2Q13, a number of building projects have commenced and progress from other general construction projects were in their active stage of construction, contributing to higher revenue during the current quarter. Revenue from specialised engineering also improved due to more on-going projects in Malaysia and Singapore. Revenue from property development was low in 2Q13 as construction for Bliss @Kovan has not yet reached the active stage as compared to Lush on Holland Hill in the same quarter last year.

Gross profit for 2Q13 decreased to \$6.8 million from \$8.6 million for 2Q12 due to lower contributions from general construction and property development segments. Profit from general construction decreased because of rising manpower and subcontractors' costs. The Group has not recognised any property development profit from Bliss @Kovan as construction progress has not reached the active stage as at 30 June 2013. However, higher gross profit contributed by a greater number of specialised engineering projects in 2Q13 has partially offset the lower profits from general construction and property development.

Other operating income doubled to \$1.1 million in 2Q13 from \$0.5 million in 2Q12 mainly due to administrative fees received from overseas training and testing centres relating to programmes initiated by the Building and Construction Authority, as well as project management fees received from certain specialised engineering projects.

Other expense, comprising foreign exchange losses, was attributable mainly to currency revaluation for SGD denominated loans to a subsidiary in Thailand.

Administrative costs decreased to \$1.9 million in 2Q13 from \$2.5 million in 2Q12 because there were no marketing expenses in relation to Bliss @Kovan, compared to substantial advertisement costs and sales commissions incurred for this development in 2Q12.

Finance costs decreased to \$86,000 in 2Q13 from \$341,000 in 2Q12 because term loan interest for purchase of land for development of Bliss @Kovan were expensed to finance costs in 2Q12 prior to commencement of construction. Construction started in the 2<sup>nd</sup> half of 2012 and term loan interest was no longer expensed but capitalised to development property.

The Group's share of results of associates in 2Q13 and 2Q12 was \$23,000 profit and \$427,000 loss, respectively. The share of loss in 2Q12 was mainly attributable to operating expenses incurred by its 48% held property development company, Tennessee Pte Ltd. The associate's operating expenses in 2Q13 was substantially lower, resulting in a net profit of \$23,000 from the group's associates.

Income tax expense in 2Q13 rose to \$0.6 million from \$0.4 million in 2Q12 due to higher tax provision for increased profits recorded by the specialised engineering segment.

Income Statement Review – 6 months 2013 ('6M13') vs 6 months 2012 ('6M12')

Group revenue increased by 18.9% to \$182.5 million for 6M13 from \$153.4 million for 6M12 and net profit attributable to shareholders was \$4.8 million in the current period relative to \$6.4 million in the previous corresponding period.

The increase in revenue in 6M13 was attributable to higher revenue recognised from specialised engineering and general construction projects, and partially offset by lower property development revenue. A combination of general construction and specialised engineering projects in their active stage of construction and commencement of construction for other major projects led to higher revenue in 6M13. Revenue from Bliss @Kovan, a property development project, was low in 6M13 as compared to strong revenue contribution from Lush on Holland Hill, a project in its active stage of construction in 6M12.

Gross profit and margin in 6M13 decreased to \$14.1 million and 7.7% respectively, from \$17.7 million and 11.6% respectively in 6M12, mainly due to lower profit margins from general construction projects. Additionally, property development profits from Bliss @Kovan has yet to be recognised as construction progress has not reached the active stage. However, the group registered higher gross profits from specialised engineering projects in 6M13.

Other operating income rose to \$1.6 million in 6M13 from \$1.0 million in 6M12, mainly due to administrative fees received from the training and testing centres and project management fees.

Other income of \$12,000 in 6M13 was mainly attributable to currency gains for SGD denominated borrowings by a subsidiary in Thailand. Exchange losses were recorded for these loans in 6M12 because the Thai baht depreciated against the SGD.

Administrative costs decreased to \$3.4 million in 6M13 from \$4.4 million in 6M12 because there were no marketing expenses in relation to Bliss @Kovan, compared to substantial advertisement costs and sales commissions incurred for this development in 6M12. Other operating cost increased to \$6.0 million in 6M13 from \$5.6 million in 6M12 due mainly to higher doubtful receivables recovered and written back in 6M12.

Finance costs halved to \$146,000 in 6M13 compared to \$292,000 in 6M12, mainly due to term loan interest being capitalised to property development since the second half of 2012.

The Group recorded a loss of \$24,000 from associates in 6M13 compared to a loss of \$410,000 in 6M12, mainly due to lower operating expenses incurred by Tennessee Pte Ltd in 6M13.

Income tax expense decreased to \$1.1 million for 6M13 from \$1.4 million in 6M12 due to lower profits recorded in the current period.

#### Statement of Financial Position Review

The Group's property, plant and equipment decreased to \$21.4 million as at 30 June 2013 from \$22.8 million as at 31 December 2012 mainly due to depreciation charges in the six-month period.

Development property increased to \$64.1 million as at 30 June 2013 compared with \$62.0 million as at 31 December 2012, due to construction costs at Bliss @Kovan, partially offset by progress claims for sold units.

The group's inventories rose to \$2.9 million as at 30 June 2013 from \$2.3 million as at 31 December 2012 to cater to a growing order book. Trade receivables, current and non-current, increased by 30% to \$84.1 million as at 30 June 2013 from \$64.6 million as at 31 December 2012 mainly due to increase in revenue.

Other receivables rose to \$3.5 million as at 30 June 2013 from \$2.7 million as at 31 December 2012 due to deposits paid for services at new project sites and plant and equipment purchases.

Cash and cash equivalents, and pledged deposits, decreased to \$45.5 million as at 30 June 2013 from \$51.3 million as at 31 December 2012, due mainly to dividends paid to ordinary shareholders in May 2013 and repayment of term loan for Bliss @Kovan.

Current and non-current trade and other payables as at 30 June 2013 increased to \$66.3 million from \$59.6 million as at 31 December 2012, consistent with more construction projects in progress. Amount due to customers for work-in-progress was \$28.6 million as at 30 June 2013, rising by 61.9% from \$17.7 million as at 31 December 2012. The change was largely attributable to increased progress billings for a number of projects which were in the active stage of construction and general construction projects which commenced in the first half of 2013.

Total bank loans and borrowings decreased by \$2.7 million to \$56.9 million as at 30 June 2013 from \$59.6 million as at 31 December 2012, mainly due to term loan repayments for Bliss @Kovan, partially offset by more short-term borrowings to purchase materials for major projects-in-progress in Malaysia.

**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 12 July 2013, the Ministry of Trade and Industry announced that based on advanced estimates, the economy grew by 3.7 per cent on a year-on-year basis in the second quarter of 2013, compared to 0.2 per cent in the preceding quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy grew by 15.2 per cent, faster than the 1.8 per cent growth in the previous quarter. The construction sector grew by 5.6 per cent on a year-on-year basis, compared to 6.8 per cent in the preceding quarter. On a quarter-on-quarter basis, the sector expanded by an annualised rate of 9.0 per cent, moderating from 14.3 per cent growth in the previous quarter.

In view of the estimated moderate growth of the construction sector in 2Q13, coupled with increasing competition and expected increase in labour costs due to foreign worker shortages, 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 approximately \$1.06 billion, predominantly in Singapore and Malaysia. The Group expects to remain profitable for FY 2013.

**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 "IPs", 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).

**CONFIRMATION BY THE BOARD**

We, Tan Kheng Hwee Andrew and Carrie Luk Ka Lai, being two of the Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 June 2013 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