



# HOLDINGS (S) LTD

Registration No.: 199304349M

## Financial Statement for the Second Quarter and Half Year Ended 30 June 2015

### 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		
	2015 S\$'000	2014 S\$'000	Change %	2015 S\$'000	2014 S\$'000	Change %
<b><u>INCOME STATEMENT</u></b>						
<b>Revenue</b>	106,882	191,573	(44.2)	198,679	334,387	(40.6)
<b>Cost of sales</b>	(101,790)	(180,974)	(43.8)	(187,065)	(312,454)	(40.1)
<b>Gross profit</b>	5,092	10,599	(52.0)	11,614	21,933	(47.0)
Other operating income	642	1,226	(47.6)	1,796	2,177	(17.5)
Other (expense)/income	(88)	20	N.M	44	24	83.3
Administrative costs	(1,808)	(2,456)	(26.4)	(3,952)	(4,556)	(13.3)
Other operating costs	(3,193)	(2,860)	11.6	(7,561)	(6,783)	11.5
Finance costs	(69)	(114)	(39.5)	(141)	(209)	(32.5)
Share of results of associates	47	(107)	N.M	58	(165)	N.M
Share of results of a joint venture	(315)	-	N.M	(315)	-	N.M
<b>Profit before taxation</b>	308	6,308	(95.1)	1,543	12,421	(87.6)
Income tax expense	(174)	(1,045)	(83.3)	(433)	(1,985)	(78.2)
<b>Profit for the period</b>	134	5,263	(97.5)	1,110	10,436	(89.4)
<b>Attributable to:</b>						
Owners of the parent	40	5,121	(99.2)	888	10,163	(91.3)
Non-controlling interests	94	142	(33.8)	222	273	(18.7)
	134	5,263	(97.5)	1,110	10,436	(89.4)
N.M. - Not meaningful						

	Second Quarter Ended 30 June			Half Year ended 30 June		
	2015 S\$'000	2014 S\$'000	Change %	2015 S\$'000	2014 S\$'000	Change %
<b>STATEMENT OF COMPREHENSIVE INCOME</b>						
Profit for the period	134	5,263	(97.5)	1,110	10,436	(89.4)
Other comprehensive income:						
Foreign currency translation differences	(290)	103	N.M.	(676)	111	N.M.
Other comprehensive income for the period	(290)	103	N.M.	(676)	111	N.M.
<b>Total comprehensive income for the period</b>	<b>(156)</b>	<b>5,366</b>	<b>(102.9)</b>	<b>434</b>	<b>10,547</b>	<b>(95.9)</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the parent	(166)	5,204	(103.2)	346	10,251	(96.6)
Non-controlling interests	10	162	(93.8)	88	296	(70.3)
	(156)	5,366	(102.9)	434	10,547	(95.9)

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

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

Depreciation of property, plant and equipment	1,123	1,613	(30.4)	2,707	3,120	(13.2)
Foreign exchange loss/(gain)	88	(20)	N.M.	(44)	(24)	83.3
Gain on disposal of property, plant and equipment	(47)	(1)	N.M.	(52)	(93)	(44.1)
Interest expense	69	114	(39.5)	141	209	(32.5)
Interest income	(29)	(20)	45.0	(64)	(41)	56.1
Allowance/(write-back of allowance) for doubtful receivables (net)	46	57	(19.3)	11	(220)	N.M.
Allowance for inventories obsolescence	-	90	(100.0)	-	90	(100.0)
Write-off of trade payables	-	-	-	(87)	-	N.M.
Share based compensation expense	-	52	(100.0)	-	143	(100.0)
Underprovision of income tax in respect of previous years	-	38	(100.0)	-	5	(100.0)

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-15 S\$'000	31-Dec-14 S\$'000	30-Jun-15 S\$'000	31-Dec-14 S\$'000
<b>Non-current assets</b>				
Property, plant & equipment	25,374	25,222	6,636	7,264
Intangible assets	419	419	-	-
Investments in subsidiaries	-	-	68,549	68,549
Investments in associates	3,154	8,195	260	260
Investment in a joint venture	-	-	-	-
Deferred tax assets	1,085	1,085	-	-
Trade receivables	11,790	13,698	-	-
Loans to an associate	32,251	31,952	-	-
Loans to a joint venture	18,451	-	-	-
<b>Current assets</b>				
Amounts due from subsidiaries	-	-	15,799	18,805
Development properties	80,309	75,200	-	-
Gross amount due from customers for work-in-progress	38,093	31,890	-	-
Inventories	4,731	3,944	-	-
Trade receivables	52,611	75,706	-	-
Other receivables	7,951	4,741	1,201	122
Pledged deposits	6,971	6,638	-	-
Cash and cash equivalents	15,426	38,002	422	729
	<b>206,092</b>	<b>236,121</b>	<b>17,422</b>	<b>19,656</b>
<b>Current liabilities</b>				
Amounts due to subsidiaries	-	-	12,877	11,161
Gross amount due to customers for work-in-progress	39,796	35,171	-	-
Trade and other payables	59,094	88,653	162	165
Other liabilities	4,819	3,656	364	1,461
Loans and borrowings	39,619	33,139	1,707	1,640
Income tax payable	1,050	1,139	162	213
	<b>144,378</b>	<b>161,758</b>	<b>15,272</b>	<b>14,640</b>
<b>Net current assets</b>	<b>61,714</b>	<b>74,363</b>	<b>2,150</b>	<b>5,016</b>
<b>Non-current liabilities</b>				
Trade payables	12,838	10,923	-	-
Deferred tax liabilities	4,800	4,045	-	-
Loans and borrowings	1,699	3,035	820	1,640
	<b>134,901</b>	<b>136,931</b>	<b>76,775</b>	<b>79,449</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	43,967	43,967	43,967	43,967
Treasury shares	(69)	(69)	(69)	(69)
Retained earnings	89,723	91,299	32,877	35,551
Foreign currency translation reserve	(1,422)	(880)	-	-
	<b>132,199</b>	<b>134,317</b>	<b>76,775</b>	<b>79,449</b>
Non-controlling interests	2,702	2,614	-	-
<b>Total equity</b>	<b>134,901</b>	<b>136,931</b>	<b>76,775</b>	<b>79,449</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 30/06/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
\$33,819,000	\$5,800,000	\$33,139,000	-

**Amount repayable after one year**

As at 30/06/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
\$1,699,000	-	\$3,035,000	-

**Details of any collateral**

The secured borrowings repayable within one year and after one year comprise mainly obligations under finance leases, banker's acceptances, property and working capital loans. These are secured by charges over the property held for sale at Bliss@Kovan, Singapore, leasehold land and building, plant and equipment, and motor vehicles 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	
	2015 S\$'000	2014 S\$'000	2015 S\$'000	2014 S\$'000
<b>Cash flows from operating activities</b>				
Profit before taxation	308	6,308	1,543	12,421
Adjustments for:				
Depreciation of property, plant and equipment	1,123	1,613	2,707	3,120
Allowance/(write-back of allowance) for doubtful receivables (net)	46	57	11	(220)
Write-off of trade payables	-	-	(87)	-
Bad debts recovered	-	-	-	(1)
Allowance for inventories obsolescence	-	90	-	90
Interest income	(29)	(20)	(64)	(41)
Interest expense	69	114	141	209
Gain on disposal of property, plant and equipment	(47)	(1)	(52)	(93)
Share of results of associates	(47)	107	(58)	165
Share of results of a joint venture	315	-	315	-
Share based compensation expense	-	52	-	143
Net effect of exchange rate changes in consolidating subsidiaries	(244)	(121)	(584)	(128)
<b>Operating profit before working capital changes</b>	<b>1,494</b>	<b>8,199</b>	<b>3,872</b>	<b>15,665</b>
Decrease/(increase) in development properties	92	1,266	(4,854)	1,409
(Increase)/decrease in amount due to customers for work-in-progress (net)	(7,846)	22,462	(1,263)	29,581
Decrease/(increase) in trade receivables	6,089	(29,233)	23,924	(36,671)
(Increase)/decrease in other receivables	(2,247)	(120)	(3,251)	352
(Increase)/decrease in inventories	(961)	145	(932)	345
(Decrease)/increase in trade and other payables	(2,586)	8,848	(26,656)	9,769
(Decrease)/increase in other liabilities	(362)	(2,102)	1,059	(106)
<b>Cash (used in)/from operations</b>	<b>(6,327)</b>	<b>9,465</b>	<b>(8,101)</b>	<b>20,344</b>
Interest paid	(160)	(281)	(353)	(563)
Interest received	29	20	64	41
Income tax refund/(paid)	562	(1,713)	232	(325)
<b>Net cash (used in)/from operating activities</b>	<b>(5,896)</b>	<b>7,491</b>	<b>(8,158)</b>	<b>19,497</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	67	1	72	93
Purchase of property, plant and equipment (Note A)	(1,529)	(709)	(2,903)	(1,292)
Dividend income from an associate	-	-	4,800	-
Investments in associates	-	(50)	-	(218)
Investment in a joint venture	-	-	(250)	-
<b>Net cash (used in)/from investing activities</b>	<b>(1,462)</b>	<b>(758)</b>	<b>1,719</b>	<b>(1,417)</b>
<b>Cash flows from financing activities</b>				
Loans to a joint venture	(4,658)	-	(18,451)	-
Dividends paid on ordinary shares	(2,464)	(2,458)	(2,464)	(2,458)
Proceeds from bank borrowings, net	8,411	3,618	10,523	2,091
Repayment of long term borrowings	(410)	(5,710)	(4,220)	(10,820)
Repayment of finance leases	(548)	(56)	(1,183)	(386)
Decrease/(increase) in pledged deposits	22	(51)	(631)	(51)
<b>Net cash from/(used in) financing activities</b>	<b>353</b>	<b>(4,657)</b>	<b>(16,426)</b>	<b>(11,624)</b>
Net (decrease)/increase in cash & cash equivalents	(7,005)	2,076	(22,865)	6,456
Net effect of exchange rate changes in consolidating subsidiaries	176	126	289	124
Cash and cash equivalents at beginning of the period	22,255	24,570	38,002	20,192
<b>Cash and cash equivalents at end of the period</b>	<b>15,426</b>	<b>26,772</b>	<b>15,426</b>	<b>26,772</b>

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

	Second quarter ended 30 June		Half Year ended 30 June	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Comprising:				
Cash and bank balances	10,180	22,777	10,180	22,777
Fixed deposits	12,217	7,628	12,217	7,628
	22,397	30,405	22,397	30,405
Less: Pledged fixed deposits	(6,971)	(3,633)	(6,971)	(3,633)
	<b>15,426</b>	<b>26,772</b>	<b>15,426</b>	<b>26,772</b>

Note A

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

	Second quarter ended 30 June		Half Year ended 30 June	
	2015	2014	2015	2014
	S\$'000	S\$'000	S\$'000	S\$'000
Total cost of property, plant and equipment acquired	1,558	1,143	3,120	2,638
Less: Finance lease arrangements	(27)	(436)	(215)	(1,348)
Net exchange differences	(2)	2	(2)	2
Cash payments	1,529	709	2,903	1,292

**1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**STATEMENT OF CHANGES IN EQUITY**

Group

	Attributable to equity holders of the Parent						Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Foreign	Share plan reserve S\$'000	Non-controlling interests S\$'000	
				currency translation reserve S\$'000			
Balance at 1 Jan 2015	43,967	(69)	91,299	(880)	-	2,614	136,931
Total comprehensive income for the period	-	-	848	(336)	-	78	590
Balance at 31 Mar and 1 Apr 2015	43,967	(69)	92,147	(1,216)	-	2,692	137,521
Dividends paid on ordinary shares	-	-	(2,464)	-	-	-	(2,464)
Total comprehensive income for the period	-	-	40	(206)	-	10	(156)
<b>Balance at 30 Jun 2015</b>	<b>43,967</b>	<b>(69)</b>	<b>89,723</b>	<b>(1,422)</b>	<b>-</b>	<b>2,702</b>	<b>134,901</b>
Balance at 1 Jan 2014	43,967	(450)	82,527	(577)	172	1,843	127,482
Share based compensation expense	-	-	-	-	91	-	91
Total comprehensive income for the period	-	-	5,042	5	-	134	5,181
Balance at 31 Mar and 1 Apr 2014	43,967	(450)	87,569	(572)	263	1,977	132,754
Treasury shares reissued pursuant to employee share plan	-	190	-	-	(190)	-	-
Share based compensation expense	-	-	-	-	52	-	52
Dividends paid on ordinary shares	-	-	(2,458)	-	-	-	(2,458)
Total comprehensive income for the period	-	-	5,121	83	-	162	5,366
<b>Balance at 30 Jun 2014</b>	<b>43,967</b>	<b>(260)</b>	<b>90,232</b>	<b>(489)</b>	<b>125</b>	<b>2,139</b>	<b>135,714</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 2015	43,967	(69)	-	35,551
Total comprehensive income for the period	-	-	-	9	9
Balance at 31 Mar and 1 Apr 2015	43,967	(69)	-	35,560	79,458
Dividends paid on ordinary shares	-	-	-	(2,464)	(2,464)
Total comprehensive income for the period	-	-	-	(219)	(219)
<b>Balance at 30 Jun 2015</b>	<b>43,967</b>	<b>(69)</b>	<b>-</b>	<b>32,877</b>	<b>76,775</b>
Balance at 1 Jan 2014	43,967	(450)	172	21,222	64,911
Share based compensation expense	-	-	91	-	91
Total comprehensive income for the period	-	-	-	201	201
Balance at 31 Mar and 1 Apr 2014	43,967	(450)	263	21,423	65,203
Treasury shares reissued pursuant to employee share plan	-	190	(190)	-	-
Share based compensation expense	-	-	52	-	52
Dividends paid on ordinary shares	-	-	-	(2,458)	(2,458)
Total comprehensive income for the period	-	-	-	70	70
<b>Balance at 30 Jun 2014</b>	<b>43,967</b>	<b>(260)</b>	<b>125</b>	<b>19,035</b>	<b>62,867</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 2015 and 31 December 2014, the issued share capital of the Company was \$43,967,199 comprising 307,999,418 ordinary shares and 211,000 treasury shares.

Treasury shares

The Company did not acquire any ordinary shares of the Company to be held as treasury shares during 2Q15 and 2Q14. The number of treasury shares held as at 30 June 2015 was 211,000 (as at 30 June 2014: 916,000).

	<u>No. of shares</u>	<u>S\$'000</u>
At 1 January and 30 June 2015	211,000	69

Employee performance share plan

As at 30 June 2015, there were Nil (as at 30 June 2014: 705,000) performance shares granted and outstanding (being contingent award) to eligible employees and directors under the BBR Share Plan.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued shares excluding treasury shares as at 30 June 2015 was 307,999,418 (as at 31 December 2014: 307,999,418). The total number of treasury shares held as at 30 June 2015 was 211,000 (as at 31 December 2014: 211,000).

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

Same as disclosed in para 1(d)(ii), there were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 30 June 2015.

**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 2014 except that the Group has adopted all the new and revised standards and interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2015.

**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 adoption of the standards and interpretations highlighted in paragraph 4 above did not have any effect on the financial performance or position of the Group presented in this announcement, except that the Group had revised the estimated useful lives of certain machinery. This change in accounting estimates was accounted for prospectively from 1 January 2015, and the effect of this change was a decrease in depreciation charge of \$419,000 for the 6 months ended 30 June 2015.

**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	
		2015 Cents	2014 Cents	2015 Cents	2014 Cents
Earnings per ordinary share of the Group attributable to shareholders					
(a) Based on the weighted average number of ordinary shares in issue	(1)	0.01	1.67	0.29	3.31
(b) On a fully diluted basis (detailing any adjustment made to earnings)	(2)	0.01	1.66	0.29	3.30

**Note**

(1) Weighted average number of shares of 307,999,418 (30 June 2014: 306,943,866) takes into account the weighted average effect of changes in treasury shares transactions during the period.

(2)

	Half year Ended 30 June	
	2015	2014
Weighted average number of ordinary shares for basic earnings per share computation	307,999,418	306,943,866
Effect of dilution – performance shares	-	705,000
Weighted average number of ordinary shares for diluted earnings per share computation	307,999,418	307,648,866

**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	
	30.6.15 Cents	31.12.14 Cents	30.6.15 Cents	31.12.14 Cents
Net asset value per ordinary share based on issued capital at the end of the period	42.92	43.61	24.93	25.80

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 2015 ('2Q15') vs Second Quarter 2014 ('2Q14')

Group revenue decreased to \$106.9 million in 2Q15 from \$191.6 million in 2Q14. Similarly, net profit attributable to equity holders of the Company declined to \$40,000 in 2Q15 compared to \$5.1 million profit in 2Q14.

Revenue fell in 2Q15 due mainly to lower revenue from the general construction and property development segments. With the completion of a few major general construction projects at the end of 2014, revenue recognition for the remaining ongoing projects has declined in the current quarter. In 2Q14, the Group's development property, Bliss @Kovan was at its active stage of construction, which led to higher revenue as compared to the current quarter.

Gross profit for 2Q15 declined to \$5.1 million from \$10.6 million for 2Q14, mainly attributable to lower revenue from the general construction and property development segments. The Group's gross margin for 2Q15 decreased to 4.8% as compared to 5.5% in 2Q14, which reflected the current competitive and challenging environment in the construction industry, such as, labour shortages which have led to higher construction costs.

Other income for 2Q15 decreased to \$0.6 million from \$1.2 million in 2Q14, mainly attributable to lower administrative fee income from the training and test centres. Other expense of \$88,000 in 2Q15 comprised foreign exchange losses as a result of the Malaysian Ringgit depreciating against other currencies.

Administrative costs decreased to \$1.8 million from \$2.5 million in 2Q14 mainly due to lower depreciation charges and sales and marketing expense. Sales commissions were paid for sold units at Bliss @Kovan in 2Q14 compared to nil in the current quarter. Other operating cost increased to \$3.2 million from \$2.9 million because of higher remuneration and employee related expenses. The Group have invested in personnel to develop the prefabricated pre-finished volumetric construction (PPVC) and renewable energy markets, particularly, grid-tied solar photovoltaic systems. Interest expense decreased to \$69,000 from \$114,000 in 2Q14 with expiration of finance leases for some machineries under hire purchase arrangements.

In 2Q14, share of results of associates amounting to a loss of \$107,000 was mainly due to rectification costs provided by an associate, Tennessee Pte Ltd for its development property at Nassim Hill. Share of associates' profits for \$47,000 in 2Q15 was mainly due to reversal of rectification costs unutilised by the same associate.

Losses of \$0.3 million from share of results of a joint venture in 2Q15 comprised start-up expense for the new mixed residential and commercial development at Yishun ("Mixed Development") where the Group holds a 25% equity interest.

Income tax expense for 2Q15 decreased to \$0.2 million from \$1.0 million for 2Q14 due to lower profits in the current quarter.

#### Income Statement Review – 6 months 2015 ('6M15') vs 6 months 2014 ('6M14')

Group revenue decreased to \$198.7 million for 6M15 from \$334.4 million for 6M14 and net profit attributable to equity holders fell to \$0.9 million in the current period from \$10.2 million in the previous corresponding period.

Revenue for 6M15 declined to \$198.7 million due mainly to lower revenue recorded for the general construction segment. A few major general construction projects were completed at the end of 2014, and the remaining projects under construction resulted in lower construction activities and revenue recognition for 6M15.

Gross profit for 6M15 decreased to \$11.6 million from \$21.9 million in 6M14, largely due to a 40.6% decline in revenue and a lower gross margin of 5.8% in 6M15 compared with 6.6% in 6M14. The lower gross margin achieved was

generally a reflection of the current competitive and challenging environment in the construction industry, such as, labour shortages which have led to higher construction costs.

Other operating income decreased by \$0.4 million to \$1.8 million in 6M15 from \$2.2 million in 6M14. The decrease was due mainly to lower scrap sales in the current period compared to 6M14 when more scrap materials were cleared and sold prior to shifting of the store.

Administrative costs declined to \$4.0 million from \$4.6 million in 6M14 largely due to lower depreciation expense. Other operating cost rose to \$7.6 million from \$6.8 million in 6M14 due mainly to higher remuneration and employee related expenses, some of which are newly employed to develop the PPVC and renewable energy markets. Furthermore, operating costs was lower in 6M14 because of a write back of allowance for doubtful receivables last year.

Finance costs decreased to \$141,000 in 6M15 from \$209,000 in 6M14 due to lower interest expense from remaining outstanding finance leases.

Share of results in associates for both periods under review pertains mainly to rectification costs for a development project provided by an associate, Tennessee Pte Ltd. The Group has another on-going property development project through Lakehomes Pte. Ltd. ('Lakehomes') which is 35% owned by the Group. Lakehomes is the developer for Lake Life Executive Condominium in Jurong Lake district and construction at the development is 30% completed with approximately 96% of the units sold as at 30 June 2015. However, Lakehomes is unable to progressively recognise revenue and profits from the sales until the development achieves Temporary Occupation Permit ("TOP"), in accordance to the financial accounting standards for executive condominium development. TOP is expected to be obtained by end of 2016.

Share of losses in a joint venture for \$0.3 million is attributable to the Group's 25% share of start-up expense for the Mixed Development.

Income tax expense for 6M15 decreased to \$0.4 million from \$2.0 million for 6M14 due to lower profits in the current period.

#### Statement of Financial Position Review

The carrying amount of the Group's property, plant and equipment stood at approximately \$25 million as at 31 June 2015 and 31 December 2014. The additional costs in plant and equipment for an ongoing construction project relating to infrastructure and installation works for a 20-year solar leasing contract with Ang Mo Kio Town Council was offset by depreciation charges of other fixed assets for the current period.

Investments in associates decreased to \$3.2 million as at 30 June 2015 from \$8.2 million as at 31 December 2014 after accounting for dividends of \$4.8 million received from associate, Tennessee Pte Ltd.

Loans to a joint venture for \$18.5 million as at 30 June 2015 was attributable to cash advances to Northernone Development Pte Ltd to partially finance the acquisition of land for the Mixed Development in the current period.

Development property increased to \$80.3 million as at 30 June 2015 from \$75.2 million as at 31 December 2014 due mainly to higher cumulative construction costs to-date and progressive profits recognised at Bliss @Kovan and partially offset by progress claims billed for sold units.

Amount due from customers for work-in-progress (which represents costs and profits in excess of billings taken up) increased to \$38.1 million as at 30 June 2015 from \$31.9 million as at end of 2014. The increase was mainly due to higher cost increments compared to progress billings for general construction projects during the period.

The value of inventories rose to \$4.7 million as at 30 June 2015 from \$3.9 million as at 31 December 2014 to meet the demands of a growing order book for specialised projects. Total current and non-current trade receivables fell from \$89.4 million as at 31 December 2014 to \$64.4 million as at 30 June 2015, in tandem with a decrease in revenue.

Other receivables rose to \$8.0 million as at 30 June 2015 from \$4.7 million as at 31 December 2014 due mainly to an advance payment to a subcontractor for commencement of production for a construction project and deposit for purchase of the existing office building at 50 Changi South.

Cash and cash equivalents, and pledged deposits, decreased to \$22.4 million as at 30 June 2015 from \$44.6 million as at 31 December 2014, mainly attributable to loans to a joint venture to partially finance the purchase of land for the Mixed Development, net cash outflows from operating activities mainly from payments to trade creditors, dividends paid to shareholders, and partially offset by working capital loans and dividends received from an associate.

Current and non-current trade and other payables decreased to \$71.9 million as at 30 June 2015 from \$99.6 million as at 31 December 2014, mainly due to decreased project costs as a result of lower general construction work volume.

Other liabilities increased to \$4.8 million as at 30 June 2015 from \$3.7 million as at 31 December 2014, attributable to provisions for operating expenses for the current period.

Deferred tax liability rose to \$4.8 million as at 30 June 2015 from \$4.0 million as at 31 December 2014 attributable to tax provision for profits recorded by BBR Kovan Pte Ltd, which is due after Temporary Occupation Permit in 2015.

Total bank loans and borrowings increased to \$41.3 million as at 30 June 2015 from \$36.2 million as at 31 December 2014 because of working capital loans drawn down to partially fund a joint venture's development in the Mixed Development.

**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 2015, the Ministry of Trade and Industry announced that based on advance estimates, the Singapore economy grew by 1.7 per cent on a year-on-year basis in the second quarter of 2015, lower than the 2.8 per cent growth in the previous quarter. On a quarter-on-quarter seasonally-adjusted annualised basis, the economy contracted by 4.6 per cent a reversal from the 4.2 per cent expansion in the preceding quarter. The construction sector expanded by 2.7 per cent on a year-on-year basis in the second quarter, an improvement from the 2.1 per cent growth recorded in the previous quarter. Growth was supported by a stronger expansion in public sector activities. On a quarter-on-quarter seasonally-adjusted basis, the sector contracted at an annualized rate of 0.2 per cent, in contrast to the 8.3 per cent expansion in the preceding quarter.

The industry outlook remains challenging in the next 12 months with increasing competition and manpower shortages. The Group will continue to focus on its core business by leveraging its strong track record in building construction and civil engineering to secure more projects as well as enhancing cost effectiveness and efficiency optimisation in the management of on-going projects. BBR will also continue 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 \$500 million in respect of construction projects, predominantly in Singapore and Malaysia.

**11. Dividend**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended)**

No.

(b) (i) **Amount per share** – Not applicable

(ii) **Previous corresponding period** – Not applicable

(c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived (if the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable

(d) **The date the dividend is payable**

Not applicable

(e) **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined**

Not applicable

**12. If no dividend has been declared/recommended, a statement to that effect.**

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

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

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

## **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 2015 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