



LOW KENG HUAT (SINGAPORE) LIMITED (Reg. No. 196900209G)

Unaudited Half-Year Financial Statements For the Period Ended 31 July 2009

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY RESULTS

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

	Note	Q2 FY09/10 \$'000	Q2 FY08/09 \$'000	Increase/ (Decrease) %	1H FY09/10 \$'000	1H FY08/09 \$'000	Increase/ (Decrease) %
Revenue	1	160,983	69,047	133	245,030	95,833	156
Cost of sales		(146,765)	(63,485)	131	(221,922)	(84,718)	162
Gross profit	2	14,218	5,562	156	23,108	11,115	108
Other income	3	4,181	703	495	5,036	1,702	196
Concessionary (loss)/income	4	(1)	494	n.m.	(22)	981	n.m.
Rental income		134	285	(53)	244	560	(56)
Distribution costs		(238)	(298)	(20)	(498)	(583)	(15)
Administrative costs	5	(4,936)	(3,072)	61	(8,577)	(6,819)	26
Other operating expenses		(248)	(1,274)	(81)	(1,722)	(1,713)	1
Finance costs		(428)	(345)	24	(596)	(740)	(19)
Profit from operations		12,682	2,055	517	16,973	4,503	277
Share of results of associated companies and joint ventures	6	8,259	5,536	49	16,432	9,808	68
Profit before taxation		20,941	7,591	176	33,405	14,311	133
Taxation	7	(567)	(1,713)	(67)	(1,517)	(3,071)	(51)
Profit after taxation for the period		20,374	5,878	247	31,888	11,240	184
Attributable to:							
Equity holders of the company	8	20,105	5,524	264	31,283	10,405	201
Minority interests		269	354	(24)	605	835	(28)
Earnings per share (cents)							
- basic		2.72	0.75		4.23	1.41	
- diluted		2.72	0.75		4.23	1.41	

n.m.: Not Meaningful

A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Q2 FY09/10	Q2 FY08/09	Increase/ (Decrease)	1H FY09/10	1H FY08/09	Increase/ (Decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Net profit for the period	20,374	5,878	247	31,888	11,240	184
Other comprehensive income:						
Fair value gain/(loss) on available-for-sale financial assets recognised directly to equity	4,227	(2,103)	n.m.	5,502	(1,020)	n.m.
Fair value gain on available-for-sale financial assets recycled to income statement on derecognition	(3,536)	-	n.m.	(3,536)	-	n.m.
Exchange differences on translation of the financial statements of foreign entities (net)	1,978	86	n.m.	4,742	(845)	n.m.
Other comprehensive income/(loss) for the period, net of tax	2,669	(2,017)	n.m.	6,708	(1,865)	n.m.
Total comprehensive income for the period	23,043	3,861	497	38,596	9,375	312
Total comprehensive income attributable to:						
Equity holders of the company	22,215	3,328	568	36,699	8,391	337
Minority interests	828	533	55	1,897	984	93
Total comprehensive income for the period	23,043	3,861	497	38,596	9,375	312

n.m.: Not Meaningful

1(a)(ii) Notes to the income statement

- Group revenue increased by \$149.2M from \$95.8M during 1HFY08/09 to \$245.0M during 1HFY09/10. It increased by \$92.0M from \$69.0M in Q2FY08/09 to \$161.0M in Q2FY09/10. These increases in revenue were mainly due to increases in construction revenue. Development revenue and investment revenue were not significant.
- Gross profit increased by \$12.0M from \$11.1M during 1HFY08/09 to \$23.1M during 1HFY09/10. It increased by \$8.6M from \$5.6M in Q2FY08/09 to \$14.2M in Q2FY09/10. These increases were mainly due to the increased contributions from construction segment for projects Meritus Mandarin Hotel and Hard Rock Hotel at Sentosa. Serangoon Central project has started to contribute in Q2FY09/10.
- Other income increased by \$3.3M from \$1.7M during 1HFY08/09 to \$5.0M during 1HFY09/10. It increased by \$3.5M from \$0.7M in Q2FY08/09 to \$4.2M in Q2FY09/10. These increases were mainly due to the gain on disposal of equity investment.
- This income is derived from the gaming centre operations in Duxton Hotel Saigon which opened for business in November 2006. Our licence for operating the gaming centre was suspended by the Vietnamese government in November 2008. We have submitted our appeal to the authorities to re-instate the licence but its outcome remains unknown as of 31 July 2009. The hotel remains open and is running as per normal business operations. Concessionary income decreased by \$1.0M from \$1.0M during 1HFY08/09 to negative \$0.02M during 1HFY09/10. It decreased by \$0.5M from \$0.5M in Q2FY08/09 to negative \$0.01M in Q2FY09/10. These decreases were due to the suspension of the operations of the gaming centre.

- 5 Administrative costs increased by \$1.8M from \$6.8M during 1HFY08/09 to \$8.6M during 1HFY09/10. It increased by \$1.8M from \$3.1M in Q2FY08/09 to \$4.9M in Q2FY09/10. These increases were mainly due to increases in profit share which increased in tandem with the increased profit performance of the Group. The provision of the profit share was made in accordance with the service contracts.
- 6 Share of results of associated companies and joint ventures increased by \$6.6M from \$9.8M during 1HFY08/09 to \$16.4M during 1HFY09/10. It increased by \$2.8M from \$5.5M in Q2FY08/09 to \$8.3M in Q2FY09/10. These increases were mainly due to increased contributions from joint ventures for Duchess Residence and Southbank as a result of higher percentages of completion. Both projects are expected to complete in 2010.
- 7 The basis of tax computation is set out below:

	Q2 FY09/10 \$'000	Q2 FY08/09 \$'000	Increase/ (Decrease) %	1H FY09/10 \$'000	1H FY08/09 \$'000	Increase/ (Decrease) %
Income tax						
- tax charge						
- under provision	-	4	n.m.	-	7	n.m.
- foreign tax	567	1,709	(67)	1,517	3,064	(50)
	<u>567</u>	<u>1,713</u>	(67)	<u>1,517</u>	<u>3,071</u>	(51)

Income tax decreased by \$1.6M from \$3.1M during 1HFY08/09 to \$1.5M during 1HFY09/10. It decreased by \$1.1M from \$1.7M in Q2FY08/09 to \$0.6M in Q2FY09/10. These decreases were due to lower tax provision as a result of lower profits from hotels segment. No tax provision was made for construction segment as there were sufficient unutilised tax losses.

- 8 Net profit attributable to shareholders increased by \$20.9M from \$10.4M during 1HFY08/09 to \$31.3M during 1HFY09/10. It increased by \$14.6M from \$5.5M in Q2FY08/09 to \$20.1M in Q2FY09/10. These increases were mainly due to higher construction profit, higher development profit from joint venture companies and higher investment profit offset by lower profit from hotels.

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

	Group 31/07/09 \$'000	Group 31/01/09 \$'000	Note	Company 31/07/09 \$'000	Company 31/01/09 \$'000
ASSETS					
Non-current assets					
Investment properties	12,409	8,062	1	8,751	4,267
Property, plant and equipment	67,416	67,972	1	6,355	11,222
Subsidiaries	-	-		58,397	64,674
Associated companies and joint ventures	198,683	175,134	2	187,818	159,939
Investments	9,745	7,580	3	2,364	1,891
Deferred tax assets	126	212		-	-
	<u>288,379</u>	<u>258,960</u>		<u>263,685</u>	<u>241,993</u>
Current assets					
Inventories	407	462		-	-
Work-in-progress	7,134	4,977	4	6,228	4,027
Trade and other receivables	103,580	63,677	5	98,659	58,174
Amounts owing by subsidiaries (trade)	-	-		-	1,298
Cash and cash equivalents	40,885	31,904	6	25,648	17,920
	<u>152,006</u>	<u>101,020</u>		<u>130,535</u>	<u>81,419</u>
Total assets	<u>440,385</u>	<u>359,980</u>		<u>394,220</u>	<u>323,412</u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	161,863	161,863		161,863	161,863
Reserves	2,828	862	7	564	-
Retained profits	67,718	47,517		41,683	26,226
Exchange fluctuation account	2,790	(660)	8	(279)	-
	<u>235,199</u>	<u>209,582</u>		<u>203,831</u>	<u>188,089</u>
Minority interests	10,613	8,716		-	-
Total equity	<u>245,812</u>	<u>218,298</u>		<u>203,831</u>	<u>188,089</u>
Non-current liabilities					
Bank borrowing	1,000	-	6	1,000	-
Other payables	1,350	677		-	-
Deferred tax liabilities	577	575		541	541
	<u>2,927</u>	<u>1,252</u>		<u>1,541</u>	<u>541</u>
Current liabilities					
Trade and other payables	171,243	94,110	9	157,347	80,520
Amounts owing to subsidiaries	-	-		16,386	14,601
Advances received from a joint venture	898	850		898	850
Amount owing to a minority shareholder of subsidiaries (non-trade)	2,702	3,230		-	-
Amount owing to holding company (non-trade)	57	51		57	51
Provision for directors' fee	100	170		100	170
Provision for taxation	2,607	3,450		21	21
Bank borrowing	14,039	38,569	6	14,039	38,569
	<u>191,646</u>	<u>140,430</u>		<u>188,848</u>	<u>134,782</u>
Total liabilities	<u>194,573</u>	<u>141,682</u>		<u>190,389</u>	<u>135,323</u>
Total equity and liabilities	<u>440,385</u>	<u>359,980</u>		<u>394,220</u>	<u>323,412</u>

Notes to the balance sheets

- 1 The net book value of investment properties increased by \$4.3M from \$8.1M as at 31 January 2009 to \$12.4M as at 31 July 2009. The increase was mainly due to the reclassification from property, plant and equipment of \$4.6M as a result of more warehouse space being rented out offset by depreciation charge. Net book value of property, plant and equipment decreased by \$0.6M from \$68.0M as at 31 January 2009 to \$67.4M as at 31 July 2009. The decrease was mainly due to reclassification to investment properties as a result of more warehouse space being rented out, depreciation charge offset by exchange revaluation gain from appreciation of Australian dollar against Singapore dollar.
- 2 Associated companies and joint ventures increased by \$23.6M from \$175.1M as at 31 January 2009 to \$198.7M as at 31 July 2009. The increase was mainly due to increased share of profits of joint venture companies.
- 3 Investments increased by \$2.1M from \$7.6M as at 31 January 2009 to \$9.7M as at 31 July 2009. The increase was mainly due to an increase in fair value of available-for-sale financial assets of \$1.9M.
- 4 Work-in-progress increased by \$2.1M from \$5.0M as at 31 January 2009 to \$7.1M as at 31 July 2009 due to increased construction activities.
- 5 Trade and other receivables increased by \$39.9M from \$63.7 as at 31 January 2009 to \$103.6M as at 31 July 2009 due to increased construction activities. Subsequent to 31 July 2009, \$40.1M was collected from owners.
- 6 Bank borrowings decreased by \$23.6M from \$38.6M as at 31 January 2009 to \$15.0M as at 31 July 2009 as a result of improved cashflow mainly due to progress payments from construction projects, dividends from joint ventures and associate companies and proceeds from liquidation of a subsidiary. Working capital was negative \$39.4M as at 31 January 2009 compared to negative \$39.6M as at 31 July 2009 since most bank borrowings were unsecured revolving short-term loans. There was no gearing as at 31 July 2009 since cash and cash equivalents exceeded bank borrowings by \$25.8M. Net gearing was 3.2% as of 31 January 2009. Subsequent to 31 July 2009, bank borrowings of \$15.0M were rolled over.
- 7 Reserves increased by \$1.9M from \$0.9M as at 31 January 2009 to \$2.8M as at 31 July 2009 due to increase in fair value reserves for quoted equity investments.
- 8 Exchange fluctuation account increased from negative \$0.7M as at 31 January 2009 to \$2.8M as at 31 July 2009 mainly due to appreciation of Australian dollar against the Singapore dollar.
- 9 Trade and other payables increased by \$77.1M from \$94.1M as at 31 January 2009 to \$171.2M as at 31 July 2009 in tandem with the increase in construction activities. Subsequent to 31 July 2009, \$16.9M was paid to vendors.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 31/07/09		As at 31/01/09	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	-	14,039	-	38,569
Amount repayable after one year	-	1,000	-	-
	-	15,039	-	38,569

Details of any collateral

None of the Group's assets are being collateralized to secure bank borrowings.

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

	1H FY09/10 \$'000	1H FY08/09 \$'000
Cash Flows from Operating Activities		
Profit before taxation	33,405	14,311
Share of results of associated companies and joint ventures	(16,432)	(9,808)
Adjustments for:		
Depreciation of property, plant and equipment	1,852	2,409
Depreciation of investment properties	194	87
Gain on disposal of:		
- property, plant and equipment	(6)	(36)
- quoted equity investments	-	(470)
- investment properties	(33)	-
Fair value gain on derecognition of available-for-sale financial assets	(3,536)	-
Impairment loss on available-for-sale financial assets	97	-
Gain on liquidation of subsidiaries	(444)	-
Interest expense	596	740
Interest income	(523)	(737)
Operating profit before working capital changes	15,170	6,496
Inventories and work-in-progress	(1,955)	3,439
Receivables	(39,253)	(40,437)
Payables	76,662	33,006
Cash generated from operations	50,624	2,504
Interest paid	(613)	(729)
Income tax paid	(2,434)	(2,828)
Net cash generated from/(used in) operating activities	47,577	(1,053)
Balance carried forward	47,577	(1,053)

1(c) **A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year(cont'd)**

	1H FY09/10 \$'000	1H FY08/09 \$'000
Balance brought forward	47,577	(1,053)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(467)	(693)
Acquisition of quoted equity investments	(5,457)	(4,972)
Interest received	115	215
Advances (made to)/received from a joint venture and associated companies	(12,000)	6,551
Repayment of loans from an associated company	1,590	-
Dividends from an associated company and joint venture	3,190	3,600
Proceeds from sale of quoted equity investments	8,621	3,421
Proceeds from sale of property, plant and equipment	50	65
Proceeds from liquidation of subsidiaries	444	-
Proceeds from disposal of investment property	107	-
Net cash generated from/(used in) investing activities	(3,807)	8,187
Cash Flows from Financing Activities		
Dividends paid to shareholders of the Company	(11,082)	(9,235)
Loans from financial institutions obtained	33,500	51,185
Loans from financial institutions repaid	(57,000)	(55,254)
Net cash generated from/(used in) financing activities	(34,582)	(13,304)
Net increase/(decrease) in cash and cash equivalents	9,188	(6,170)
Cash and cash equivalents at beginning of the period	31,892	21,435
Exchange differences on translation of cash and cash equivalents at beginning of the period	(195)	(667)
Cash and cash equivalents at the end of the period (Note A)	40,885	14,598

The Group has unused bank facilities of \$113.2M as of 31 July 2009.

The Group generated a net increase of \$9.2M cash flow during 1HFY09/10 compared to net decrease of \$6.2M cash flow during 1HFY08/09. The net increase in cash and cash equivalents was due to net cash of \$47.6M generated from operating activities offset by \$23.5M net repayment of bank loans, \$11.1M payment of dividends and a net cash of \$3.8M used in investing activities.

A. Cash and cash equivalents are net of bank overdrafts.

	1H FY09/10 \$'000	1H FY08/09 \$'000
<u>Cash and cash equivalents at the end of the period</u>		
Cash and bank balances	40,885	14,961
Bank overdraft	-	(363)
	40,885	14,598

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 quarter

	Share Capital \$'000	Reserves \$'000	Retained Profits \$'000	Exchange Fluctuation Account \$'000	Total \$'000
The Company					
Balance at 1.2.2008	161,863	765	18,603	-	181,231
Net fair value loss on available-for-sale financial assets recognised directly to equity	-	(117)	-	(306)	(423)
Net loss recognised directly to equity	-	(117)	-	(306)	(423)
Net profit for the period	-	-	3,138	-	3,138
Total comprehensive expense and income for the period	-	(117)	3,138	(306)	2,715
2008 dividends paid	-	-	(9,235)	-	(9,235)
Balance at 31.7.2008	161,863	648	12,506	(306)	174,711
Balance at 1.2.2009	161,863	-	26,226	-	188,089
Net fair value gain on available-for-sale financial assets recognised directly to equity	-	609	-	-	609
Fair value gain on available-for-sale financial assets recycled to income statement on derecognition	-	(45)	-	-	(45)
Loss not recognised in income statement	-	-	-	(279)	(279)
Net gain recognised directly to equity	-	564	-	(279)	285
Net profit for the period	-	-	26,539	-	26,539
Total comprehensive income and expense for the period	-	564	26,539	(279)	26,824
2009 dividends paid	-	-	(11,082)	-	(11,082)
Balance at 31.7.2009	161,863	564	41,683	(279)	203,831

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 quarter (cont'd)

The Group	Share Capital \$'000	Reserves \$'000	Retained Profits \$'000	Exchange Fluctuation Account \$'000	Sub-total \$'000	Minority Interests \$'000	Total \$'000
Balance at 1.2.2008	161,863	4,983	27,401	4,618	198,865	8,704	207,569
Exchange translation adjustments	-	(53)	-	-	(53)	-	(53)
Net fair value loss on available-for-sale financial assets recognised directly to equity	-	(1,020)	-	-	(1,020)	-	(1,020)
(Loss)/gain not recognised in income statement	-	-	-	(941)	(941)	149	(792)
Net (loss)/gain recognised directly to equity	-	(1,073)	-	(941)	(2,014)	149	(1,865)
Net profit for the period	-	-	10,405	-	10,405	835	11,240
Total comprehensive expense and income for the period	-	(1,073)	10,405	(941)	8,391	984	9,375
2008 dividends paid	-	-	(9,235)	-	(9,235)	-	(9,235)
Balance at 31.7.2008	161,863	3,910	28,571	3,677	198,021	9,688	207,709
Balance at 1.2.2009	161,863	862	47,517	(660)	209,582	8,716	218,298
Net fair value gain on available-for-sale financial assets recognised directly to equity	-	5,502	-	-	5,502	-	5,502
Fair value gain on available-for-sale financial assets recycled to income statement on derecognition	-	(3,536)	-	-	(3,536)	-	(3,536)
Gain not recognised in income statement	-	-	-	3,450	3,450	1,292	4,742
Net gain recognised directly to equity	-	1,966	-	3,450	5,416	1,292	6,708
Net profit for the period	-	-	31,283	-	31,283	605	31,888
Total comprehensive income for the period	-	1,966	31,283	3,450	36,699	1,897	38,596
2009 dividends paid	-	-	(11,082)	-	(11,082)	-	(11,082)
Balance at 31.7.2009	161,863	2,828	67,718	2,790	235,199	10,613	245,812

- 1(d)(ii) Details of any changes in the company's share capital arising from rights 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, 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**

There was no change in the company's share capital as at 31 July 2009 compared to 31 July 2008.

There were no outstanding executives' share options granted as at 31 July 2009 and 31 July 2008.

There was no treasury share held or issued as at 31 July 2009 and 31 July 2008.

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

	As at 31/07/09	As at 31/01/09
Number of issued shares excluding treasury shares	738,816,000	738,816,000

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

There were no sales, transfers, disposal, cancellation and / or use of treasury shares as at 31 July 2009.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Review Engagements 2400 (Engagements to Review Financial Statements), or an equivalent standard)**

The figures have not been audited or reviewed.

- 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**

The Group had applied the same accounting policies and methods of computation in the financial statements for the current financial period as those applied in the Group's most recently audited financial statements, except for those as disclosed under paragraph 5.

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 adopted the new/revised FRS and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 February 2009. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in respective FRS and INT FRS.

The adoption of new/revised FRS and INT FRS did not result in any substantial changes to the Group's accounting policies nor any significant impact on the Group's financial statements, except for the disclosure of a statement of comprehensive income in accordance with the FRS 1 (Revised) Presentation of Financial Statements.

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

	Q2 FY09/10	Q2 FY08/09	1H FY09/10	1H FY08/09
Earnings per ordinary share for the period based on net profit attributable to shareholders of the Company:				
(i) Based on weighted average number of ordinary shares in issue	2.72 cents	0.75 cents	4.23 cents	1.41 cents
(ii) On a fully diluted basis	2.72 cents	0.75 cents	4.23 cents	1.41 cents

Comparative figures for earnings per ordinary share have been adjusted for the Share Split of shares effected on 20 June 2008.

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 period reported on and (b) immediately preceding financial year

	Group		Company	
	31/07/09	31/01/09	31/07/09	31/01/09
Net asset value per ordinary share	32 cents	28 cents	28 cents	25 cents
Net tangible assets backing per ordinary share	32 cents	28 cents	28 cents	25 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Construction

Construction revenue increased by 239.1% from \$65.4M during 1HFY08/09 to \$221.8M during 1HFY09/10. It increased by 177.6% from \$54.1M in Q2FY08/09 to \$150.2M in Q2FY09/10. The increases were due to the higher percentage of completion for on-going projects one-north Residences, South Bank and Hard Rock Hotel at Sentosa, Meritus Mandarin Hotel and commencement of new project Nex at Serangoon Central Mall.

Net profit before tax & minority interests for construction segment was \$5.3M during 1HFY09/10 compared to a negative \$7.5M during 1HFY08/09. It was \$4.4M in Q2FY09/10 compared to negative \$4.1M in Q2FY08/09. The improved profit performance was due to positive contributions for construction projects at Meritus Mandarin, Hard Rock Hotel at Sentosa and Nex at Serangoon Central offset by earlier loss-making projects including Regency Suite, one-north Residence and Southbank. Regency Suite and one-north Residence obtained TOP in Nov 2008 and July 2009 respectively. The earlier construction projects were undertaken by the Group for joint venture at prices determined at the time of entering into the joint ventures agreement with the partners to tender for the sites. Management continues to work with the partners to recover more cost increases.

Hotel & F&B business

Revenue for hotel & F&B businesses decreased by 26.1% from \$30.3M during 1HFY08/09 to \$22.4M during 1HFY09/10. It decreased by 32.2% from \$14.9M in Q2FY08/09 to \$10.1M in Q2FY09/10. The decrease in hotel revenue was attributable to lower revenue from Duxton Hotel Perth, Duxton Hotel Saigon and Starworth group of companies. The decrease in hotel revenue was due to lower room rates and occupancy rates at both hotels compared to last year. The net profit before tax and minority interests for hotel segment decreased by 37.7% from \$11.4M during 1HFY08/09 to \$7.1M during 1HFY09/10. It decreased by 40.0% from \$6.0M in Q2FY08/09 to \$3.6M in Q2FY09/10 mainly due to the decrease in hotel revenue and concessionary income from the gaming centre operation.

Development

Contributions from associated companies and joint ventures increased by 77.9% from \$9.5M during 1HFY08/09 to \$16.9M during 1HFY09/10. It increased by 64.8% from \$5.4M in Q2FY08/09 to \$8.9M in Q2FY09/10 mainly due to higher contributions from joint venture companies for Duchess Residences (fully sold except for 1 unit) and Southbank (fully sold).

Investments

The Group's current investments are investment properties mainly in Singapore and Malaysia as well as some quoted equity investments. Net profit before tax and minority interest increased by \$3.2M from \$0.9M during 1HFY08/09 to \$4.1M during 1HFY09/10. It increased by \$3.8M from \$0.3M in Q2FY08/09 to \$4.1M in Q2FY09/10. The increase in net profit before tax and minority interest was due to gain on disposal of quoted equity investments.

Net profit attributable to shareholders

Net profit attributable to shareholders increased by \$20.9M from \$10.4M during 1HFY08/09 to \$31.3M during 1HFY09/10. It increased by \$14.6M from \$5.5M in Q2FY08/09 to \$20.1M in Q2FY09/10. These increases were due to higher construction profits, higher development profit from associated companies and joint ventures and higher profit from investment segments, offset by lower profit from hotels.

Balance Sheet

The Group remains in a strong financial position. Group shareholders' funds increased by 12.2% from \$209.6M as at 31 January 2009 to \$235.2M as at 31 July 2009. Group bank borrowings decreased by 61.1% from \$38.6M as at 31 January 2009 to \$15.0M as at 31 July 2009. Cash and cash equivalents increased by 28.2% from \$31.9M as at 31 January 2009 to \$40.9M as at 31 July 2009.

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

Not applicable.

10. A commentary at the date of the announcement of the 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

Although the equity market and Singapore property market have improved recently, the Board is of the opinion that the economy is not out of the uncertain economic environment. Whether the improved economic environment can be sustained remains to be seen. The Group will continue to focus on our core business and improve operational efficiency and cost management measures. The Group's total order book currently stands at approximately \$830.0M. The Group's two hotels in Perth and Ho Chi Minh City are expected to perform satisfactorily despite the H1N1 challenge and uncertainties in the global economic environment.

11. Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	:	NIL
Dividend Type	:	NIL
Dividend Amount	:	NIL
Tax Rate	:	NIL

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

Name of Dividend	:	NIL
Dividend Type	:	NIL
Dividend Amount	:	NIL
Tax Rate	:	NIL

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

Not applicable

13. **Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

	Turnover		Net Profit/(loss) before tax & minority interests	
	1H	1H	1H	1H
	FY09/10	FY08/09	FY09/10	FY08/09
	\$'000	\$'000	\$'000	\$'000
By Industry				
Construction	221,806	65,385	5,341	(7,448)
Development	148	-	16,853	9,489
Hotels	22,446	30,257	7,118	11,417
Investments	630	191	4,093	853
	<u>245,030</u>	<u>95,833</u>	<u>33,405</u>	<u>14,311</u>

	Turnover		Net Profit/(loss) before tax & minority interests	
	Q2	Q2	Q2	Q2
	FY09/10	FY08/09	FY09/10	FY08/09
	\$'000	\$'000	\$'000	\$'000
By Industry				
Construction	150,213	54,081	4,417	(4,139)
Development	148	-	8,858	5,370
Hotels	10,120	14,894	3,575	6,045
Investments	502	72	4,091	315
	<u>160,983</u>	<u>69,047</u>	<u>20,941</u>	<u>7,591</u>

14. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments**

The group's construction business is conducted primarily in Singapore except for a single project in Beirut, Lebanon completed in February 2007.

Its on-going development business is mainly in Singapore and it is expanding this business to Malaysia.

The group has 2 hotels, viz. Duxton Hotel Perth in Australia and Duxton Hotel Saigon in Vietnam. While the electronic gaming centre held by Duxton Hotel Saigon was suspended in November 2008, the hotel remains open and is running as per normal business operations. The outcome of our appeal against the suspension remains unknown as of 31 July 2009.

The main investments are investment properties in Singapore, Malaysia and Shanghai as well as some quoted equity investments.

Please refer to paragraph 8 above on changes in turnover and profit.

15. Confirmation by Directors

We, Low Keng Boon and Low Poh Kuan, being two directors of the Group, 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, which may render the unaudited consolidated financial results for the 1HFY09/10 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Low Keng Boon
Managing Director

Low Poh Kuan
Executive Director

BY ORDER OF THE BOARD

Low Keng Boon
Managing Director

14 September 2009