



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

Unaudited Second Quarter ("Q2") Financial Statements For the Period Ended 31 July 2015

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	3 months ended		Increase /	6 months ended		Increase /
		31/07/2015	31/07/2014	(Decrease)	31/07/2015	31/07/2014	(Decrease)
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue	1	20,321	26,618	(24)	47,071	50,831	(7)
Cost of sales	2	(3,988)	(17,394)	(77)	(17,815)	(36,965)	(52)
Gross profit		16,333	9,224	77	29,256	13,866	111
Other income		2,429	2,787	(13)	4,609	4,778	(4)
Rental income		811	573	42	1,378	1,133	22
Distribution costs		(319)	(167)	91	(872)	(336)	160
Administrative costs	3	(3,358)	(4,238)	(21)	(6,492)	(7,868)	(17)
Changes in fair value of derivative financial instrument		-	327	(100)	304	620	(51)
Other operating expenses	4	(598)	(1,379)	(57)	(4,368)	(2,282)	91
Finance costs	5	(1,665)	(891)	87	(2,932)	(1,652)	77
Profit/(loss) from operations		13,633	6,236	119	20,883	8,259	153
Share of results of associated companies and joint ventures	6	(3,088)	218	n.m.	(5,195)	14,781	n.m.
Profit/(loss) before taxation		10,545	6,454	63	15,688	23,040	(32)
Taxation	7	(2,434)	(2,519)	(3)	(3,013)	(4,262)	(29)
Profit/(loss) after taxation for the period		8,111	3,935	106	12,675	18,778	(33)
Attributable to:							
Owners of the parent	8	8,046	3,853	109	11,829	18,474	(36)
Non-controlling interests		65	82	(21)	846	304	178
		8,111	3,935	106	12,675	18,778	(33)
Earnings per share (cents)							
- basic		1.09	0.52		1.60	2.50	
- diluted		1.09	0.52		1.60	2.50	

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

	3 months ended		Increase / (Decrease) %	6 months ended		Increase / (Decrease) %
	31/07/2015 \$'000	31/07/2014 \$'000		31/07/2015 \$'000	31/07/2014 \$'000	
Net profit for the period	8,111	3,935	106	12,675	18,778	(33)
Other comprehensive income/(expense) after tax						
Items that may be reclassified subsequently to profit and loss:						
Fair value gain/(loss) on available-for-sale financial assets recognised directly to equity	(4,143)	1,025	n.m.	(2,066)	4,723	n.m.
Fair value (gain)/loss on available-for-sale financial assets recycled to income statement on derecognition	-	136	(100)	-	(273)	(100)
Exchange differences on translation of the financial statements of foreign entities (net)	(2,208)	559	n.m.	(2,320)	2,819	n.m.
Other comprehensive income/(expense) for the period, net of tax	(6,351)	1,720	n.m.	(4,386)	7,269	n.m.
Total comprehensive income/(expense) for the period	<u>1,760</u>	<u>5,655</u>	(69)	<u>8,289</u>	<u>26,047</u>	(68)
Total comprehensive income/(expense) attributable to:						
Owners of the parent	1,695	5,573	(70)	7,443	25,401	(71)
Non-controlling interests	65	82	(21)	846	646	31
Total comprehensive income/(expense) for the period	<u>1,760</u>	<u>5,655</u>	(69)	<u>8,289</u>	<u>26,047</u>	(68)

n.m.: Not Meaningful

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

- Group revenue decreased by \$3.7M to \$47.1M in 1H current year from \$50.8M in 1H previous year. It decreased by \$6.3M to \$20.3M in Q2 current year from \$26.6M in Q2 previous year. The decrease in revenue was mainly due to decrease from construction and hotel segments offset by increase from investment segment.
- Cost of sales decreased by \$19.2M to \$17.8M in 1H current year from \$37.0M in 1H previous year. It decreased by \$13.4M to \$4.0M in Q2 current year from \$17.4M in Q2 previous year. The decrease was mainly due to write back of project costs for completed projects in construction segment.
- Administrative costs decreased by \$1.4M to \$6.5M in 1H current year from \$7.9M in 1H previous year. It decreased by \$0.8M to \$3.4M in Q2 current year from \$4.2M in Q2 previous year. The decrease was mainly due to lower administrative expenses at Balestier Tower and Paya Lebar Development.
- Other operating expenses increased by \$2.1M to \$4.4M in 1H current year from \$2.3M in 1H previous year. It decreased by \$0.8M to \$0.6M in Q2 current year from \$1.4M in Q2 previous year. The increase was mainly due to provision for doubtful debts on shareholders loan interest for Westgate Tower.
- Finance costs increased by \$1.2M to \$2.9M in 1H current year from \$1.7M in 1H previous year. It increased by \$0.8M to \$1.7M in Q2 current year from \$0.9M in Q2 previous year. The increase was due to increased financing for Paya Lebar Square (Retail Mall).

6 Share of results of associated companies and joint ventures decreased to negative \$5.2M in 1H current year from \$14.8M in 1H previous year. It decreased to negative \$3.1M in Q2 current year from \$0.2M in Q2 previous year. The decrease was mainly due to the gain on disposal of land at Jalan Conlay, Kuala Lumpur by our joint venture Suasana Simfoni Sdn Bhd in Q1 previous year.

7 The basis of tax computation is set out below:

	3 months ended		Increase (Decrease)	6 months ended		Increase (Decrease)
	31/07/2015	31/07/2014		31/07/2015	31/07/2014	
	\$'000	\$'000	%	\$'000	\$'000	%
Income tax expense:						
- current	(2,111)	(2,067)	2	(2,111)	(3,043)	(31)
- foreign tax	(323)	(452)	(29)	(902)	(1,219)	(26)
	<u>(2,434)</u>	<u>(2,519)</u>	<u>(3)</u>	<u>(3,013)</u>	<u>(4,262)</u>	<u>(29)</u>

Income tax decreased by \$1.3M to \$3.0M in 1H current year from \$4.3M in 1H previous year. It decreased by \$0.1M to \$2.4M in Q2 current year from \$2.5M in Q2 previous year. The decrease was mainly due to lower tax provision in construction segment.

8 Net profit attributable to shareholders decreased by \$6.7M to \$11.8M in 1H current year from \$18.5M in 1H previous year. The decrease was mainly due to lower profits from development and investment segments. It increased by \$4.1M to \$8.0M in Q2 current year from \$3.9M in Q2 previous year.

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		Note	Company	
	31/07/2015 \$'000	31/01/2015 \$'000		31/07/2015 \$'000	31/01/2015 \$'000
ASSETS					
Non-current assets					
Investment properties	282,003	283,826	1	20,220	20,665
Property, plant and equipment	57,917	59,780	1	4,822	5,072
Subsidiaries	-	-		277,461	205,432
Joint ventures	160,034	167,201	2	95,977	97,423
Associated companies	85,916	13,408	3	-	-
Long-term equity investments	41,482	43,449	4	1,815	2,104
Other receivables	69	67		-	-
Deferred tax assets	304	313		-	-
	<u>627,725</u>	<u>568,044</u>		<u>400,295</u>	<u>330,696</u>
Current assets					
Cash and cash equivalents	212,732	276,026	5	140,505	210,085
Fixed deposits	4,786	4,766		-	-
Short-term quoted equity investments	5,024	5,441	6	-	-
Amount owing by a non-controlling shareholder	4,359	4,357	14	-	-
Trade and other receivables	149,276	170,303	7	31,776	44,405
Inventories	382	440		-	-
Properties held for sale	14,079	14,417		-	-
Development properties	234,904	231,215	8	-	-
	<u>625,542</u>	<u>706,965</u>		<u>172,281</u>	<u>254,490</u>
Total assets	<u><u>1,253,267</u></u>	<u><u>1,275,009</u></u>		<u><u>572,576</u></u>	<u><u>585,186</u></u>
EQUITY AND LIABILITIES					
Capital and reserves					
Share capital	161,863	161,863		161,863	161,863
Capital reserves	7,983	(2,005)	12	-	-
Fair value reserves	9,222	11,348	9	1,006	1,272
Retained profits	423,690	448,802		206,782	233,186
Exchange fluctuation account	(2,029)	(68)	10	-	-
	<u>600,729</u>	<u>619,940</u>		<u>369,651</u>	<u>396,321</u>
Non-controlling interests	40,086	39,539	11	-	-
Total equity	<u>640,815</u>	<u>659,479</u>		<u>369,651</u>	<u>396,321</u>
Non-current liabilities					
Bank borrowings	328,524	333,024	13	-	-
Amount owing to non-controlling shareholders of subsidiaries	55,023	63,550	14	-	-
Provisions	425	659		-	-
Deferred tax liabilities	14	14		-	-
	<u>383,986</u>	<u>397,247</u>		<u>-</u>	<u>-</u>
Current liabilities					
Derivative financial instrument	-	304		-	304
Trade and other payables	117,170	160,678	15	89,479	129,593
Amount owing to subsidiaries	-	-		48,618	55,672
Joint ventures	61,256	447	2	60,997	196
Amount owing to non-controlling shareholders of subsidiaries (non-trade)	411	431	14	-	-
Provisions	2,672	2,812		1,800	1,800
Provision for directors' fee	123	245		123	245
Provision for taxation	37,834	44,366		1,908	1,055
Bank borrowings	9,000	9,000	13	-	-
	<u>228,466</u>	<u>218,283</u>		<u>202,925</u>	<u>188,865</u>
Total liabilities	<u>612,452</u>	<u>615,530</u>		<u>202,925</u>	<u>188,865</u>
Total equity and liabilities	<u><u>1,253,267</u></u>	<u><u>1,275,009</u></u>		<u><u>572,576</u></u>	<u><u>585,186</u></u>

Notes to the balance sheets

- 1 The net book value of investment properties decreased by \$1.8M to \$282.0M as at 31 July 2015 from \$283.8M as at 31 January 2015. The decrease was due to depreciation for the year on investment property. The net book value of property, plant and equipment decreased by \$1.9M to \$57.9M as at 31 July 2015 from \$59.8M as at 31 January 2015. The decrease was mainly due to depreciation.
- 2 Joint ventures decreased by \$68.0M to \$98.8M as at 31 July 2015 from \$166.8M as at 31 January 2015 mainly due to increase in advances from joint venture, Peak Garden Pte Ltd.
- 3 Associated companies increased by \$72.5M to \$85.9M as at 31 July 2015 from \$13.4M as at 31 January 2015 due to the acquisition of AXA Tower. On 2 February 2015, our wholly-owned subsidiary, Huatland Development Pte. Ltd. executed a letter of participation for the acquisition of 20% equity interest for the acquisition of AXA Tower located at 8 Shenton Way, Singapore 068811. The total purchase consideration is approximately \$1,170,000,000, translating to \$1,735 per square foot based on the existing net lettable area of 674,000 square feet. AXA Tower is on a site with balance lease term of about 66.5 years and its current occupancy is about 86%. The acquisition is undertaken by a consortium of investors led by Perennial Real Estate Holdings Limited and was completed on 24 April 2015.
- 4 Long-term quoted equity investments decreased by \$1.9M to \$41.5M as at 31 July 2015 from \$43.4M as at 31 January 2015. The decrease was due to the decrease in fair value of available-for-sale financial assets.
- 5 Cash and cash equivalents decreased by \$63.3M to \$212.7M as at 31 July 2015 from \$276.0M as at 31 January 2015. The decrease was mainly due to the acquisition of 20% equity interest in AXA Tower.
- 6 Short-term quoted equity investments decreased by \$0.4M to \$5.0M as at 31 July 2015 from \$5.4M as at 31 January 2015 due to decrease in fair value of short-term quoted equity investments.
- 7 Trade and other receivables decreased by \$21.0M to \$149.3M as at 31 July 2015 from \$170.3M as at 31 January 2015 mainly due to collections received from Genting Hotel at Jurong, Parkland Residences and Paya Lebar Square.
- 8 Development properties increased by \$3.7M to \$234.9M as at 31 July 2015 from \$231.2M as at 31 January 2015 due to additional costs incurred for Balestier Towers and Kismis Residences.
- 9 Fair value reserves decreased by \$2.1M to \$9.2M as at 31 July 2015 from \$11.3M as at 31 January 2015 due to decrease in fair value reserves for long-term quoted equity investments.
- 10 Exchange fluctuation account decreased by \$1.9M to \$2.0M as at 31 July 2015 from \$0.1M as at 31 January 2015 mainly due to weakening of the Australian dollar against the Singapore dollar.
- 11 Non-controlling interests increased by \$0.6M to \$40.1M as at 31 July 2015 from \$39.5M as at 31 January 2015. The increase was due to profits recognised in investment and hotel segments.
- 12 Capital reserves increased to \$8.0M as at 31 July 2015 from negative \$2.0M mainly due to imputation of interest cost on interest-free shareholders loans for Kismis Residences and Paya Lebar Square.
- 13 The total bank borrowings decreased by \$4.5M to \$337.5M as at 31 July 2015 from \$342.0M as at 31 January 2015 due to repayments of bank borrowings during the year. Gearing was 0.20 as at 31 July 2015 compared to 0.11 as at 31 January 2015.
- 14 Total amount owing to non-controlling shareholders of subsidiaries decreased by \$8.5M to \$51.1M as at 31 July 2015 from \$59.6M as at 31 January 2015. The decrease was mainly due to imputed interest on interest-free shareholders loan for Kismis Residences and Paya Lebar Square.
- 15 Trade and other payables decreased by \$43.5M to \$117.2M as at 31 July 2015 from \$160.7M as at 31 January 2015 mainly due to payments to subcontractors.

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

	31/07/2015		31/01/2015	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	9,000	-	9,000	-
Amount repayable after one year	328,524	-	333,024	-
	<u>337,524</u>	<u>-</u>	<u>342,024</u>	<u>-</u>

Details of any collateral

Borrowings are secured by the mortgages on the borrowing subsidiaries' development and investment properties and assignment of all rights and benefits with respect to the development and investment properties mortgaged.

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

	6 months ended	
	31/07/2015 \$'000	31/07/2014 \$'000
Cash Flow from Operating Activities		
Profit before taxation	15,688	23,040
Adjustments for:		
Share of results of associated companies and joint ventures	5,195	(14,781)
Depreciation of:		
-investment properties	1,843	365
-property, plant and equipment	2,219	2,474
Write off of property, plant and equipment	-	45
Loss/(gain) on disposal of property, plant and equipment	(2)	-
Fair value gain recycled from fair value reserve to consolidated income statement on derecognition of available-for-sale financial assets	-	(273)
Fair value (gain)/loss on financial assets at fair value through profit or loss	417	(1,088)
Changes in fair value of derivative financial instrument	(304)	(620)
Provisions for the year	2,953	-
Interest expense	2,932	1,652
Interest income	(2,784)	(1,663)
Operating profit before working capital changes	<u>28,157</u>	<u>9,151</u>
Inventories	64	746
Receivables	21,051	(39,062)
Payables	(43,847)	108,318
Development properties	(3,351)	(100,671)
Cash generated from/(used in) operations	<u>2,074</u>	<u>(21,518)</u>
Interest paid	(3,002)	(1,689)
Income tax paid	(9,222)	(1,973)
Net cash generated from/(used in) operating activities	<u>(10,150)</u>	<u>(25,180)</u>
Amount carried forward	(10,150)	(25,180)

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

	6 months ended	
	31/07/2015	31/07/2014
	\$'000	\$'000
Amount brought forward	(10,150)	(25,180)
Cash Flows from Investing Activities		
Acquisition of property, plant and equipment	(1,849)	(1,854)
Acquisition of investment property	-	(940)
Acquisition of quoted investments	(199)	-
Interest received	2,784	1,663
Capital contribution made to joint ventures	(72,960)	(800)
Advances and loans (made to)/from joint ventures and associated companies	58,881	(60,246)
Capital return from joint ventures in liquidation	-	200
Proceeds from redemption of redeemable preference shares from a joint venture	-	7,519
Dividends from joint ventures	446	14,787
Repayment of loans (to)/from joint ventures	140	8,357
Proceeds from disposal of quoted equity investments	-	3,748
Proceeds from disposal of property, plant and equipment	2	557
Net cash (used in)/generated from investing activities	(12,755)	(27,009)
Cash Flow from Financing Activities		
Dividends paid to shareholders of the Company	(36,941)	(22,164)
Advances (to)/ from non-controlling shareholders of a subsidiary	1,461	2,662
Proceeds from bank borrowings	-	51,000
Repayment of bank borrowings	(4,500)	(41,000)
Fixed deposit pledged	(9)	-
Net cash (used in)/generated from financing activities	(39,989)	(9,502)
Net increase/(decrease) in cash and cash equivalents	(62,894)	(61,691)
Cash and cash equivalents at beginning of year	276,026	195,782
Exchange differences on translation of cash and cash equivalent at beginning of year	(400)	359
Cash and cash equivalents at end of year	212,732	134,450

The Group has unused bank facilities of \$220.5M as of 31 July 2015.

The Group generated a net decrease of \$63.0M cash flow in 1H current year compared to net decrease of \$61.7M in 1H previous year. The net decrease in cash and cash equivalents was due to net cash used in operating activities of \$10.2M, investing activities of \$12.8M and in financing activities of \$40.0M respectively.

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 year

	Share capital	Reserves	Retained profits	Total
	\$'000	\$'000	\$'000	\$'000
The Company				
Balance at 01/02/2015	161,863	1,272	233,186	396,321
Total comprehensive income and loss for the period	-	(266)	10,537	10,271
Dividends paid in respect of financial year ended 31 January 2015	-	-	(36,941)	(36,941)
Balance at 31/07/2015	<u>161,863</u>	<u>1,006</u>	<u>206,782</u>	<u>369,651</u>
Balance at 01/02/2014	161,863	1,248	200,115	363,226
Total comprehensive income and loss for the period	-	144	29,707	29,851
Dividends paid in respect of financial year ended 31 January 2014	-	-	(22,164)	(22,164)
Balance at 31/07/2014	<u>161,863</u>	<u>1,392</u>	<u>207,658</u>	<u>370,913</u>

	Share capital	Reserves	Retained profits	Exchange fluctuation account	Sub-total	Non- controlling interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
The Group							
Balance at 01/02/2015	161,863	9,343	448,802	(68)	619,940	39,539	659,479
Imputation of interest on interest-free shareholder loan	-	9,988	-	-	9,988	-	9,988
Total comprehensive income and loss for the period	-	(2,126)	11,829	(1,961)	7,742	547	8,289
Dividends paid in respect of financial year ended 31 January 2014	-	-	(36,941)	-	(36,941)	-	(36,941)
Balance at 31/07/2015	<u>161,863</u>	<u>17,205</u>	<u>423,690</u>	<u>(2,029)</u>	<u>600,729</u>	<u>40,086</u>	<u>640,815</u>
Balance at 01/02/2014	161,863	6,229	310,385	309	478,786	13,296	492,082
Total comprehensive income and loss for the period	-	4,314	18,609	2,478	25,401	646	26,047
Dividends paid in respect of financial year ended 31 January 2014	-	-	(22,164)	-	(22,164)	-	(22,164)
Balance at 31/07/2014	<u>161,863</u>	<u>10,543</u>	<u>306,830</u>	<u>2,787</u>	<u>482,023</u>	<u>13,942</u>	<u>495,965</u>

- 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 2015 compared to 31 January 2015.

There were no outstanding executives' share options granted as at 31 July 2015 and 31 January 2015.

There was no treasury share held or issued as at 31 July 2015 and 31 January 2015.

- 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 31-07-2015	As at 31-01-2015
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 2015.

- 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**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as compared with those used in the audited financial statements for the year ended 31 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 Group has adopted all the new and revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 February 2014. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current period or prior years except for more extensive disclosures in the consolidated financial statements required by FRS 112 Disclosure of Interests in Other Entities.

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**

	3 months ended		6 months ended	
	31-07-2015	31-07-2014	31-07-2015	31-07-2014
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	1.09 cents	0.52 cents	1.60 cents	2.50 cents
(ii) On a fully diluted basis	1.09 cents	0.52 cents	1.60 cents	2.50 cents

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	
	31-07-2015	31-01-2015	31-07-2015	31-01-2015
Net asset value per ordinary share	81 cents	84 cents	50 cents	54 cents
Net tangible assets backing per ordinary share	81 cents	84 cents	50 cents	54 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 decreased by \$9.3M to \$18.6M in 1H current year from \$27.9M in 1H previous year. It decreased by \$10.4M to \$5.7M in Q2 current year from \$16.1M in Q2 previous year. The decrease in revenue was mainly due to decrease in construction revenue from Genting Hotel at Jurong as it obtained TOP on 13 March 2015.

Net profit before tax and non-controlling interests for construction segment increased by \$8.8M to \$13.9M in 1H current year from \$5.1M in 1H previous year. Net profit before tax and non-controlling interests for construction segment increased by \$4.7M to \$10.4M in Q2 current year from \$5.7M in Q2 previous year. The increase is mainly due to write back of project costs for completed projects.

Hotel and F&B business

Revenue for hotel & F&B businesses decreased by \$3.6M to \$19.1M in 1H current year from \$22.7M in 1H previous year. It decreased by \$1.1M to \$9.3M in Q2 current year from \$10.4M in Q2 previous year.

Net profit before tax and non-controlling interests for hotel segment decreased by \$0.1M to \$2.7M in 1H current year from \$2.8M in 1H previous year. The decrease is mainly due to lower rates and occupancy in Duxton Saigon. The closing and the hoarding of the main road at the entrance to Duxton Saigon by the Vietnamese authorities has reduced access to the hotel. Net profit before tax and non-controlling interests for hotel segment increased by \$0.5M to \$1.6M in Q2 current year from \$1.1M in Q2 previous year.

Development

Net profit before tax and non-controlling interests for development segment decreased by \$12.9M to \$0.4M in 1H current year from \$13.3M in 1H previous year. Net loss before tax and non-controlling interest decreased by \$1.2M to \$0.1M in Q2 current year from \$1.3M in Q2 previous year. The decrease was mainly due to lower contribution from development projects. Both Kismis Residences and Balestier Tower are in planning stage and have not been launched yet.

As at 3 September 2015, four DBSS residential units and seven office units remain unsold at Parkland Residences and Paya Lebar Square respectively.

Investments

The Group's investments consist of investment properties mainly in Singapore and Malaysia as well as some quoted equity investments.

Investment revenue increased by \$8.8M to \$9.0M in 1H current year from \$0.2M in 1H previous year. It increased by \$4.4M to \$4.5M in Q2 current year from \$0.1M in Q2 previous year. The increase was due to the commencement of operations at Paya Lebar Square (Retail Mall) in December 2014. Paya Lebar Square (Retail Mall) obtained TOP on 3 November 2014 and it is 99% leased as of 8 June 2015.

Net loss before tax and non-controlling interest in investment segment is \$1.4M in 1H current year. Net loss before tax and non-controlling interest in investment segment is \$1.3M in Q2 current year. The loss was mainly due to lower profit at Westgate Tower. Westgate Tower obtained TOP on 9 October 2014 and achieved leasing commitment of 93% as at 3 September 2015. Major tenants at Westgate Tower are still in fit-out stage and have not commenced operations.

On 2 February 2015, our wholly-owned subsidiary, Huatland Development Pte. Ltd. executed a letter of participation for the acquisition of 20% equity interest for the acquisition of AXA Tower located at 8 Shenton Way, Singapore 068811. The total purchase consideration of AXA Tower is approximately \$1,170,000,000, translating to \$1,735 per square foot based on the existing net lettable area of 674,000 square feet. AXA Tower is on a site with balance lease term of about 66.5 years and its current occupancy is about 86%. The acquisition is undertaken by a consortium of investors led by Perennial Real Estate Holdings Limited and was completed on 24 April 2015.

Net profit attributable to shareholders

Net profit attributable to shareholders decreased by \$6.7M to \$11.8M in 1H current year from \$18.5M in 1H previous year. The decrease was mainly due to lower profits from development and investment segments. Net profit attributable to shareholders increased by \$4.1M to \$8.0M in Q2 current year from \$3.9M in Q2 previous year.

Balance Sheet

Group shareholders' funds decreased by \$19.2M to \$600.7M as at 31 July 2015 from \$619.9M as at 31 January 2015. Cash and cash equivalents decreased by \$63.3M to \$212.7M as at 31 July 2015 from \$276.0M as at 31 January 2015. The Group's bank borrowings decreased by \$4.5M to \$337.5M as at 31 July 2015 from \$342.0M as at 31 January 2015 due to repayments of bank borrowings during the year. Gearing was 0.20 as at 31 July 2015 compared to 0.11 as at 31 January 2015.

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

The cooling measures introduced by the Singapore government and the release of more land for development to cool the residential market continues to slow down the sluggish property market.

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

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

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. If the Group has obtained a general mandate from shareholders for 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.**

Not applicable

14. Confirmation by Directors

The Board of Directors of the Company hereby confirm that, to the best of their knowledge, nothing has come to the attention of the board of directors, which may render the unaudited consolidated financial results for the 6 months ended 31 July 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Low Keng Boon
Joint Managing Director

Dato' Marco Low Peng Kiat
Joint Managing Director

14 September 2015