



OXLEY HOLDINGS LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 201005612G)

(The "Company")

Unaudited Second Quarter and Half Year Financial Statements
and Dividend Announcement For the Financial Period Ended
31 December 2019

1(a) **Statement of Comprehensive Income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

(The figures have not been audited or reviewed by the auditors)

	Group Second Quarter Ended			Group Half Year Ended		
	31-Dec-19 S\$'000	31-Dec-18 S\$'000	Change %	31-Dec-19 S\$'000	31-Dec-18 S\$'000	Change %
Revenue	311,241	(Restated) 355,482	-12%	594,038	(Restated) 525,783	13%
Cost of sales	(274,312)	(309,000)	-11%	(498,795)	(424,048)	18%
Gross profit	36,929	46,482	-21%	95,243	101,735	-6%
Other income	413	1,372	-70%	727	2,355	-69%
Interest income	2,354	2,532	-7%	5,118	3,429	49%
Other gains	20,701	51,494	-60%	32,655	47,715	-32%
Marketing and distribution costs	(3,250)	(8,119)	-60%	(6,812)	(14,806)	-54%
Administrative expenses	(22,567)	(7,185)	214%	(33,703)	(14,362)	135%
Other losses	(4,791)	(1,671)	187%	(1,851)	(1,813)	2%
Finance costs	(42,074)	(39,000)	8%	(80,881)	(71,144)	14%
Share of results from associates and joint ventures, net of tax	17,229	(245)	N.M.	12,290	(3,941)	N.M.
Profit before tax	4,944	45,660	-89%	22,786	49,168	-54%
Income tax expense	(1,410)	(7,748)	-82%	(9,868)	(15,354)	-36%
Profit for the period	3,534	37,912	-91%	12,918	33,814	-62%
Other comprehensive income/(loss)						
<i>Items that will not be reclassified to profit or loss</i>						
Net fair value gain/(loss) on investments in securities	17,554	(18,689)	N.M.	9,034	(43,312)	N.M.
<i>Items that may be reclassified subsequently to profit or loss</i>						
Exchange differences on translation of foreign operations	7,329	(26,464)	N.M.	5,497	(31,213)	N.M.
Total other comprehensive income/(loss), net of tax	24,883	(45,153)	N.M.	14,531	(74,525)	N.M.
Total comprehensive income/(loss) for the period	28,417	(7,241)	N.M.	27,449	(40,711)	N.M.
Profit for the period attributable to:						
- Owners of the Company	3,555	35,051	-90%	15,716	34,243	-54%
- Non-controlling interests	(21)	2,861	N.M.	(2,798)	(429)	552%
	3,534	37,912	-91%	12,918	33,814	-62%
Total comprehensive income/(loss) for the period attributable to:						
- Owners of the Company	28,290	(10,087)	N.M.	30,247	(40,273)	N.M.
- Non-controlling interests	127	2,846	-96%	(2,798)	(438)	539%
	28,417	(7,241)	N.M.	27,449	(40,711)	N.M.

1(a)(i) **Profit before tax is arrived after crediting / (charging) the following:**

	Group Second Quarter Ended			Group Half Year Ended		
	31-Dec-19 S\$'000	31-Dec-18 S\$'000	Change %	31-Dec-19 S\$'000	31-Dec-18 S\$'000	Change %
Rental income ⁽²⁾	3,399	10,304	-67%	6,775	22,102	-69%
Depreciation of property, plant and equipment	(4,130)	(5,418)	-24%	(7,865)	(10,795)	-27%
Net fair value gain on investment property	-	37,326	N.M.	23,870	37,363	-36%
Deconsolidation of subsidiaries	-	-	N.M.	-	2,993	N.M.
Net fair value (loss)/gain on derivative financial instruments	(3,861)	432	N.M.	4,044	1,290	213%
Bad debt written-off	-	(196)	N.M.	-	(284)	N.M.
Gain on disposal of investment property	1,327	-	N.M.	1,327	-	N.M.
Loss on disposal of investment in associate	(140)	-	N.M.	(140)	-	N.M.
Loss on disposal of asset classified as held for sale	-	(1,195)	N.M.	-	(1,195)	N.M.
Net foreign exchange gain	17,820	12,693	40%	574	4,003	-86%

Note:

(1) N.M. = Not Meaningful

(2) Including rental income in other income

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 as At		Company as At	
	31-Dec-19 S\$'000	30-Jun-19 S\$'000 (Restated)	31-Dec-19 S\$'000	30-Jun-19 S\$'000
Assets				
Non-current assets				
Property, plant and equipment	1,036,269	1,021,335	1,457	2,009
Investment properties	528,623	571,077	-	-
Investments in subsidiaries	-	-	42,807	42,807
Investments in associates	185,144	197,410	490	490
Investments in joint ventures	39,224	50,856	8,246	8,246
Intangible asset [#]	25,752	-	-	-
Deferred tax assets	18,486	12,765	-	-
Other receivables	177,649	177,297	1,372,965	1,417,395
Other assets	452	620	-	-
Investments in securities	16,421	349,389	8,186	342,017
Total non-current assets	2,028,020	2,380,749	1,434,151	1,812,964
Current assets				
Inventories	1,824	75	-	-
Development properties	2,598,587	2,594,037	-	-
Trade and other receivables	728,899	615,031	940,894	942,635
Other assets	47,945	35,317	1,460	327
Cash and cash equivalents	323,755	474,407	84,148	265,669
Total current assets	3,701,010	3,718,867	1,026,502	1,208,631
Total assets	5,729,030	6,099,616	2,460,653	3,021,595
Equity and liabilities				
Equity				
Share capital	299,263	275,922	299,263	275,922
Treasury shares	(3,943)	(3,943)	(3,943)	(3,943)
Retained earnings	887,846	898,790	425,820	447,701
Other reserves	248,056	235,124	(11,838)	(19,273)
Equity attributable to owners of the Company	1,431,222	1,405,893	709,302	700,407
Non-controlling interests	8,704	4,674	-	-
Total equity	1,439,926	1,410,567	709,302	700,407
Non-current liabilities				
Deferred tax liabilities	69,508	69,748	-	-
Other payables	-	-	76,561	75,371
Other financial liabilities	2,287,682	2,237,753	79,928	410,758
Total non-current liabilities	2,357,190	2,307,501	156,489	486,129
Current liabilities				
Income tax payable	61,275	47,536	1,207	1,900
Trade and other payables	527,169	511,410	1,185,882	1,575,777
Other financial liabilities	828,256	1,342,480	407,773	257,382
Other liabilities	515,214	480,122	-	-
Total current liabilities	1,931,914	2,381,548	1,594,862	1,835,059
Total liabilities	4,289,104	4,689,049	1,751,351	2,321,188
Total equity and liabilities	5,729,030	6,099,616	2,460,653	3,021,595

[#] On 7 October 2019, the Group acquired the remaining 60% of Pindan Group Pty Ltd ("Pindan"). Prior to the acquisition, the Group held 40% interest in Pindan. Pursuant to the acquisition, Pindan had become a wholly-owned subsidiary in the Group. The fair values of identifiable assets acquired and liabilities assumed from the acquisition of Pindan and its subsidiaries and associates (collectively, the "Pindan Group") are recorded on a provisional basis and are subject to changes upon completion of the purchase price allocation exercise as required under SFRS(I) 3, Business Combinations. The purchase price allocation exercise is expected to be completed not later than 12 months from the date of acquisition. The intangible asset as at 31 December 2019 arose from acquisition of Pindan Group.

1(b)(ii) Aggregate amount of group's bank borrowings and debt securities**Amount repayable in one year or less, or on demand**

As At 31 December 2019		As At 30 June 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
504,401	323,855	813,638	528,738

Amount repayable after one year

As At 31 December 2019		As At 30 June 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
1,580,732	706,500	1,474,545	763,038

Total bank borrowings and debt securities above amounted to S\$3,115.5 million (30 June 2019: S\$3,580.0 million).

The total bank borrowings and debt securities above exclude the carrying amounts of derivatives of S\$0.5 million (30 June 2019: S\$0.3 million) classified under other financial liabilities.

Details of collaterals**The above bank borrowings are secured by:**

- a) First legal mortgages on the relevant property, plant and equipment, investment properties, development properties and investment securities.
- b) Legal assignment of all rights, title and interests in the construction contracts, insurance policies and performance bonds (if any), tenancy agreements and sale and purchase agreements in respect of the proposed developments, property, plant and equipment and investment properties.
- c) Corporate guarantees by the Company.
- d) Corporate guarantees by non-controlling shareholders of non-wholly owned subsidiaries for bank borrowings amounting to S\$51.6 million (30 June 2019: S\$52.4 million).

Note:

The above borrowings do not include advances from non-controlling shareholders of certain subsidiaries of S\$52.0 million as at 31 December 2019 (30 June 2019: S\$53.7 million). These advances, included in trade and other payables, are unsecured and without fixed repayment terms. Some of the advances are subordinated to the bank borrowings.

Unsecured borrowings include medium term notes and retail bonds of S\$776.4 million as at 31 December 2019 (30 June 2019: S\$1,074.6 million), due in financial years 2020 to 2022.

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

	Group		Group	
	Second Quarter Ended		Half Year Ended	
	31-Dec-19 S\$'000	31-Dec-18 S\$'000	31-Dec-19 S\$'000	31-Dec-18 S\$'000
<u>Cash flows from operating activities:</u>				
Profit before tax	4,944	(Restated) 45,660	22,786	(Restated) 49,168
Adjustments for:				
Interest income	(2,354)	(2,532)	(5,118)	(3,429)
Finance costs	42,074	39,000	80,881	71,144
Depreciation of property, plant and equipment	4,130	5,418	7,865	10,795
Deconsolidation of subsidiaries	-	-	-	(2,993)
Bad debt written-off	-	196	-	284
Fair value loss/(gain) on derivative financial instruments	3,861	(432)	(4,044)	(1,290)
Gain on sale of investment property	(1,327)	-	(1,327)	-
Gain on fair value changes in investment properties	-	(37,326)	(23,870)	(37,363)
Loss on disposal of asset classified as held-for-sale	-	1,195	-	1,195
Loss on disposal of investment in associate	140	-	140	-
Share of results from associates and joint ventures, net of tax	(17,229)	245	(12,290)	3,941
Net effect of exchange rate changes	(17,646)	(4,118)	(102)	2,285
Operating cash flows before changes in working capital	16,593	47,306	64,921	93,737
Inventories	(59)	5	(48)	(15)
Development properties	2,275	61,451	5,391	(364,995)
Trade and other receivables	17,045	(82,231)	(45,636)	25,485
Other assets	(7,339)	(47,903)	(4,332)	(56,548)
Trade and other payables	(92,422)	79,982	(136,234)	49,542
Other liabilities	(14,993)	(110,505)	29,103	(91,637)
Cash flows used in from operations	(78,900)	(51,895)	(86,835)	(344,431)
Income taxes paid	(58)	(1,565)	(219)	(3,409)
Net cash flows used in operating activities	(78,958)	(53,460)	(87,054)	(347,840)
<u>Cash flows from investing activities:</u>				
Additions of property, plant and equipment	(3,217)	(821)	(3,445)	(896)
Additions of investment properties	(66,535)	(11,875)	(90,176)	(17,690)
Additions of investment in securities	-	-	-	(14,875)
Net cash inflow on acquisition of a subsidiary	5,749	-	5,749	-
Other receivables, non-current	1,000	928	1,442	993
Proceeds from asset classified as held-for-sale	-	116,293	-	116,293
Proceeds from disposal of investments in associates	1,872	-	1,872	-
Proceeds from disposal of investments in securities	342,844	-	342,844	-
Proceeds from sale of investment properties	238,307	-	238,307	-
Investments in associates	(2,835)	-	(2,835)	-
Investments in joint ventures	-	(3,943)	-	(3,943)
Dividends from associates and joint ventures	910	11,985	13,741	25,652
Advances from/(to) associates	792	(775)	396	(1,081)
Advances to joint ventures	(1,686)	(56,559)	(2,844)	(63,873)
Interest income received	2,354	2,532	5,118	3,429
Net cash flows generated from investing activities	519,555	57,765	510,169	44,009
<u>Cash flows from financing activities:</u>				
Dividends paid to equity owners	(4,918)	(7,779)	(4,918)	(7,779)
Dividends paid to non-controlling interests	-	(1,404)	(531)	(1,404)
Purchase of treasury shares	-	-	-	(1,368)
Proceeds from borrowings	741,928	399,901	832,831	838,945
Repayment of borrowings	(1,266,885)	(339,883)	(1,337,440)	(454,652)
Advances (to)/from non-controlling shareholders	(19)	-	408	-
Return of capital contribution to non-controlling interests of subsidiaries	-	-	-	(725)
Increase in capital contribution by non-controlling interests of subsidiaries	-	-	-	755
Interest expense paid	(34,579)	(39,506)	(64,367)	(76,469)
Net cash flows (used in)/generated from financing activities	(564,473)	11,329	(574,017)	297,303
Net (decrease)/increase in cash and cash equivalents	(123,876)	15,634	(150,902)	(6,528)
Effects of exchange rate changes on cash and cash equivalents	(1,497)	503	250	30
Cash and cash equivalents at beginning of period	449,128	232,345	474,407	254,980
Cash and cash equivalents at end of period	323,755	248,482	323,755	248,482

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

Group	Share capital	Treasury shares	Retained earnings	Other reserves ⁽¹⁾	Total	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current period							
Balance at 1 July 2019, as previously reported	275,922	(3,943)	993,498	234,793	1,500,270	4,600	1,504,870
Adoption of new accounting policy	-	-	(94,708)	331	(94,377)	74	(94,303)
Balance at 1 July 2019, as restated	275,922	(3,943)	898,790	235,124	1,405,893	4,674	1,410,567
Issue of shares under the scrip dividend scheme	23,341	-	-	-	23,341	-	23,341
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	7,359	7,359
Transfer upon disposal of investment	-	-	1,599	(1,599)	-	-	-
Total comprehensive income/(loss) for the period	-	-	15,716	14,531	30,247	(2,798)	27,449
Dividends on ordinary shares	-	-	(28,259)	-	(28,259)	(531)	(28,790)
Balance as at 31 December 2019	299,263	(3,943)	887,846	248,056	1,431,222	8,704	1,439,926
Previous period							
Balance at 1 July 2018, as previously reported	242,050	(2,575)	898,404	297,855	1,435,734	41,282	1,477,016
Adoption of new accounting policy	-	-	(51,685)	-	(51,685)	(1,253)	(52,938)
Balance as at 1 July 2018, as restated	242,050	(2,575)	846,719	297,855	1,384,049	40,029	1,424,078
Purchase of treasury shares	-	(1,368)	-	-	(1,368)	-	(1,368)
Increase in capital contribution by non-controlling interests of subsidiaries	-	-	-	-	-	755	755
Return of capital contribution to non-controlling interests of subsidiaries	-	-	-	-	-	(725)	(725)
Issue of shares under the scrip dividend scheme	23,726	-	-	-	23,726	-	23,726
Total comprehensive income/(loss) for the period	-	-	34,243	(74,516)	(40,273)	(438)	(40,711)
Dividends on ordinary shares	-	-	(31,505)	-	(31,505)	(30,820)	(62,325)
Balance as at 31 December 2018	265,776	(3,943)	849,457	223,339	1,334,629	8,801	1,343,430

Company	Share capital	Treasury shares	Retained earnings	Other reserves ⁽²⁾	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Current period					
Balance as at 1 July 2019	275,922	(3,943)	447,701	(19,273)	700,407
Issue of shares under the scrip dividend scheme	23,341	-	-	-	23,341
Transfer upon disposal of investment	-	-	1,599	(1,599)	-
Total comprehensive income for the period	-	-	4,779	9,034	13,813
Dividends on ordinary shares	-	-	(28,259)	-	(28,259)
Balance as at 31 December 2019	299,263	(3,943)	425,820	(11,838)	709,302
Previous period					
Balance as at 1 July 2018	242,050	(2,575)	170,505	15,915	425,895
Purchase of treasury shares	-	(1,368)	-	-	(1,368)
Issue of shares under the scrip dividend scheme	23,726	-	-	-	23,726
Total comprehensive income/(loss) for the period	-	-	109,835	(43,312)	66,523
Dividends on ordinary shares	-	-	(31,505)	-	(31,505)
Balance as at 31 December 2018	265,776	(3,943)	248,835	(27,397)	483,271

(1) Includes foreign currency translation reserve, assets revaluation reserve, fair value reserve and other reserve.

(2) Includes fair value reserve and other reserve.

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Total number of issued shares as at 31 December 2019 was 4,237,976,173 ordinary shares (30 September 2019: 4,165,043,684 ordinary shares). The increase represents 72,932,489 new ordinary shares being allotted and issued on 17 December 2019 at \$0.3206 per share to eligible shareholders who have elected to participate in the Company's Scrip Dividend Scheme in respect of the final tax exempt (one-tier) dividend of \$0.0068 per ordinary share in the capital of the Company for the financial year ended 30 June 2019.

As at 31 December 2019 and 31 December 2018, the Company held 9,300,000 treasury shares, constituting 0.22% and 0.23% of the total number of ordinary shares outstanding respectively.

The Company had no outstanding convertibles and no subsidiary holdings as at 31 December 2019 and 31 December 2018.

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

	As at 31-Dec-2019	As at 30-Jun-2019
Total number of issued shares, excluding treasury shares ('000)	4,228,676	4,155,743

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

There were no sales, transfers, cancellation and/or use of treasury shares by the Company during the second quarter ended 31 December 2019.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on

There were no sales, transfers, cancellation and/or use of subsidiary holdings during the second quarter ended 31 December 2019.

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

The figures have not been audited or reviewed by auditors.

3 Where the figures have been audited or reviewed, the auditor' report (including any qualifications or emphasis of a 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 same accounting policies and methods of computation in the FY2019 audited annual financial statements have been applied for the current reporting period, except as disclosed in Section 5 below.

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**

New or amended standards

On 1 July 2019, the Group adopted the new standards, amendments and interpretations to existing standards that are mandatory for application from that date. The following are the new or amended financial reporting standards that are relevant to the Group:

- SFRS(I) 16 Leases
- SFRS(I) INT 23 Uncertainty Over Income Tax Treatments

The adoption of the above standards and interpretations did not result in any significant impact on the financial statements.

Agenda Decision - Overtime transfer of constructed goods (SFRS(I) 1-23 Borrowing Costs)

In March 2019, the IFRS Interpretations Committee (IFRSIC) issued an update on the decisions reached by the IFRSIC and concluded its views that borrowing costs relating to development properties where revenue is recognised over time should not be capitalised and instead, be expensed when incurred. Following the conclusion of the agenda decision by IFRSIC, borrowing costs where were previously capitalised for development projects over the period of development are now expensed as incurred to the statement of profit or loss. The financial effects are as follows:

	Second Quarter Ended 31 December 2018			Half Year Ended 31 December 2018		
	As previously reported S\$'000	Effects S\$'000	As restated S\$'000	As previously reported S\$'000	Effects S\$'000	As restated S\$'000
<u>Effect on Consolidated Statement of Profit or Loss and Other Comprehensive Income</u>						
Cost of sales	(309,129)	129	(309,000)	(424,328)	280	(424,048)
Finance costs	(26,909)	(12,091)	(39,000)	(48,800)	(22,344)	(71,144)
Income tax expense	(9,525)	1,777	(7,748)	(18,368)	3,014	(15,354)
Profit for the period	48,097	(10,185)	37,912	52,864	(19,050)	33,814
Exchange differences on translation of foreign operations	(26,624)	160	(26,464)	(31,343)	130	(31,213)
Total comprehensive income/(loss) for the period	2,784	(10,025)	(7,241)	(21,791)	(18,920)	(40,711)
Profit/(Loss) for the period attributable to:						
- Owners of the company	45,236	(10,185)	35,051	53,293	(19,050)	34,243
- Non-controlling interests	2,861	-	2,861	(429)	-	(429)
	48,097	(10,185)	37,912	52,864	(19,050)	33,814
Total comprehensive income/(loss) for the period attributable to:						
- Owners of the company	(62)	(10,025)	(10,087)	(21,353)	(18,920)	(40,273)
- Non-controlling interests	2,846	-	2,846	(438)	-	(438)
	2,784	(10,025)	(7,241)	(21,791)	(18,920)	(40,711)
Basic and diluted earnings per share	1.12 cents	(0.25) cents	0.87 cents	1.32 cents	(0.47) cents	0.85 cents
	As at 30 June 2019			As at 1 July 2018		
	As previously reported S\$'000	Effects S\$'000	As restated S\$'000	As previously reported S\$'000	Effects S\$'000	As restated S\$'000
<u>Effect on Statements of Financial Position</u>						
Investments in joint ventures	53,312	(2,456)	50,856	75,176	(21)	75,155
Deferred tax assets	5,385	7,380	12,765	1,530	1,327	2,857
Development properties	2,693,264	(99,227)	2,594,037	2,143,716	(65,566)	2,078,150
Retained earnings	993,498	(94,708)	898,790	898,404	(63,007)	835,397
Other reserves	234,793	331	235,124	297,855	-	297,855
Non-controlling interests	4,600	74	4,674	41,282	(1,253)	40,029
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares)	36.21	(2.27)	33.94	36.53	(1.58)	34.95

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

Earnings per ordinary share is computed based on profit, net of tax, attributable to owners of the Company:-

	Group			
	Second Quarter Ended		Half Year Ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
Earnings per ordinary share for the period				
(a) Basic ⁽¹⁾	0.09 cents	0.87 cents	0.38 cents	0.85 cents
(b) Fully diluted ⁽¹⁾	0.09 cents	0.87 cents	0.38 cents	0.85 cents
(1) Calculated based on weighted average number of shares (excluding treasury shares) ('000)	4,169,883	4,048,044	4,164,607	4,043,679

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares at the end of the:-

(a) current financial period reported on; and

(b) immediately preceding financial year.

	Group As At		Company As At	
	31-Dec-19	30-Jun-19	31-Dec-19	30-Jun-19
Net asset value per ordinary share based on total number of issued shares (excluding treasury shares)	34.05 cents	33.94 cents	16.77 cents	16.85 cents
Total number of issued shares (excluding treasury shares) ('000)	4,228,676	4,155,743	4,228,676	4,155,743

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 following:-

- (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.

Profit or loss review

Revenue

Group revenue for 2Q2020 declined by 12% to \$311.2 million, compared with 2Q2019, mainly due to lower revenue contribution from the development project in the United Kingdom, partially offset by increase in revenue from the Singapore and Dublin projects, and 3-month revenue contribution from a wholly-owned subsidiary in Australia.

Group revenue for half year ("HY") 2020 increased by 13% to \$594.0 million, compared with HY2019, mainly due to increase in revenue from the development projects in Singapore and Dublin, and 3-month revenue contribution from the new Australia subsidiary, partially offset by the lower revenue contribution from the United Kingdom project.

Gross profit margin

Gross profit margin for 2Q2020 and HY2020 were one and three percentage points lower than that for 2Q2019 and HY2019 respectively, mainly due to lower margins from the residential project in Dublin, the new subsidiary in Australia and certain Singapore development projects.

Other income

Other income for 2Q2020 and HY2020 decreased to \$0.4 million and \$0.7 million from \$1.4 million and \$2.4 million for 2Q2019 and HY2019 respectively, mainly due to the absence of rental income from an investment property which had been deconsolidated in 4Q2019.

Interest income

Interest income for HY2020 increased to \$5.1 million compared with \$3.4 million in HY2019, mainly due to interest income contributed from advances due from joint venture and associate companies.

Other gains

Other gains for 2Q2020 decreased to \$20.7 million compared with \$51.5 million in 2Q2019, mainly due to absence of fair value gain on revaluation of an investment property in Dublin, partially offset by higher foreign exchange gain from translation of foreign currency denominated balances.

Other gains for HY2020 decreased to \$32.7 million respectively, compared with HY2019, mainly due to lower (i) fair value gain on revaluation of investment property and (ii) foreign exchange gain from translation of foreign currency denominated balances.

Marketing and distribution costs

Marketing and distribution costs for 2Q2020 and HY2020 decreased to \$3.3 million and \$6.8 million, from \$8.1 million and \$14.8 million for 2Q2019 and HY2019 respectively, mainly due to lower expenses incurred for the show flats, advertisements and sales commission for the overseas projects.

Administrative expenses

Administrative expenses for 2Q2020 and HY2020 increased to \$22.6 million and \$33.7 million compared with \$7.2 million and \$14.4 million for 2Q2019 and HY2019 respectively, mainly due to higher consultancy fees incurred for the overseas projects and inclusion of 3-month expenses from the new Australia subsidiary, which was consolidated into the Group's results from 2Q2020.

Other losses

The increase in other losses in 2Q2020 compared to 2Q2019 was mainly due to net loss from the mark-to-market of the financial instruments including forward contracts to hedge the foreign currency exposure mainly in US dollars.

8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. (continued)**

Profit or loss review (continued)

Finance costs

Following the adoption of SFRS(I) 1-23 Borrowing costs as disclosed in Section 5, finance costs for 2Q2020, HY2020, 2Q2019 and HY2019 comprised interest expenses incurred for the development projects where revenue is recognised over time.

The increase in finance costs for 2Q2020 and HY2020 to \$42.1 million and \$80.9 million compared with \$39.0 million and \$71.1 million for 2Q2019 and HY2019 respectively, was primarily due to an increase in borrowings to finance the Group's development and investment projects, and advances to joint ventures, partially offset by absence of interest cost incurred on the bank borrowings for an investment property that was deconsolidated in 4Q2019.

Share of results from associates and joint ventures, net of tax

In 2Q2020 and HY2020, the Group's share of profit was mainly from an associate in the United Kingdom.

Profit before tax

The profit before tax for 2Q2020 and HY2020 were \$4.9 million and \$22.8 million respectively, due to the reasons stated above.

Income tax expense

The income tax expense for 2Q2020 and HY2020 comprised corporate taxes on the profit earned from the projects in the United Kingdom, and withholding taxes (i) on the interest income earned from the overseas subsidiaries, and (ii) incurred by the overseas subsidiaries for the offshore payments.

Statement of financial position review

Net asset and gearing

As at 31 December 2019, the shareholders' fund of \$1,439.9 million represented a marginal increase of 2% or \$29.4 million from 30 June 2019, due to (i) profit contribution for the half-year period, and (ii) positive effects from (a) the fair value adjustment on the investments in quoted securities and (b) exchange differences on translation of foreign operations. The net asset value per share of the Group as at 31 December 2019 was marginally higher than that as at 30 June 2019, due to the aforesaid reason.

The Group's gearing ratio as at 31 December 2019 was 1.94 times, lower than the restated gearing ratio of 2.20 times as of 30 June 2019, mainly due to lower net debt of \$2.8 billion compared with \$3.1 billion as of 30 June 2019.

Non-current assets

The decrease in non-current assets of \$352.7 million or 14.8% as at 31 December 2019 over 30 June 2019 was mainly due to the disposal of shares in United Engineers Limited in 2Q2020.

Current liabilities

The decrease in current liabilities of \$449.6 million or 18.9% as at 31 December 2019 over 30 June 2019 was mainly due to repayment of bank loans and redemption of bonds.

Cash flow review

Net cash flows used in operating activities for 2Q2020 and HY2020 were \$78.9 million and \$87.1 million respectively, mainly due to changes in working capital as a result of reduction in trade and other payables in Singapore, Australia, the United Kingdom and Cambodia.

Net cash flows generated from investing activities for 2Q2020 and HY2020 were \$519.6 million and \$510.2 million respectively, mainly due to proceeds from sale of investment in quoted securities and investment property in Dublin, partially offset by cost incurred to prepare the investment property in Dublin for sale.

The cash flows used in financing activities for 2Q2020 and HY2020 were \$564.5 million and \$574.0 million respectively, mainly due to net repayments of bank loans and redemption of bonds.

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

The Company has not previously disclosed any forecast / prospect statements.

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.

According to the estimates by the President of the Real Estate Developers' Association of Singapore, sales of new private homes in Singapore totaled more than 9,000 units in 2019, approximately 13% higher than the number sold in 2018 while prices grew at a more sustainable rate of approximately 3% compared with 8% in 2018. Sales performance of the real estate market in 2020 is expected to be weighed down by oncoming supply and build-up of unsold inventory, while the potential impact from the coronavirus is unclear at this point. Real estate in countries with good medical facilities may attract a group of buyers seeking to protect the health of themselves and their families.

The outbreak of the coronavirus is expected to further increase the current global economic uncertainties and result in greater fluctuation in foreign currencies. The tourism and services sectors are likely to take the brunt of the outbreak.

The negative outlook on the global economy due to the demand shock from the novel coronavirus is expected to put downward pressure on the interest rates. This in turn, is expected to lower the Group's cost of borrowings.

As at end-January 2020, the Group's total sales secured for its development portfolio amounted to \$8.0 billion, of which approximately \$3.0 billion and \$5.0 billion were attributable to the projects in Singapore and overseas respectively.

	Sales secured (\$mn)	Recognised billings (\$mn)	Future progress billings (\$mn)
Singapore	3,021	705	2,316
Overseas	4,980	4,004	976
Total *	<u>8,001</u>	<u>4,709</u>	<u>3,292</u>

* Includes unbilled contract value of joint ventures and associates

11 If a decision regarding dividend has been made:-

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

An interim dividend in respect of the financial year ending 30 June 2020 has been declared

(b) (i) Amount per share

0.32 Singapore cent per ordinary share.

(ii) Previous corresponding period

0.32 Singapore cent per ordinary share.

(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 whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

The dividend is tax exempt in the hands of shareholders.

(d) The date the dividend is payable.

To be announced at a later date.

(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.

To be announced at a later date.

12 If no dividend has been declared/recommended, a statement to that effect and reason(s) for the decision

Not applicable.

13 Interested person transactions

There were no transactions under the general mandate from shareholders for interested person transactions during the quarter ended 31 December 2019.

During the second quarter ended 31 December 2019, there were interests of \$151,000 and \$92,000 payable to Mr Ching Chiat Kwong (Executive Chairman and CEO and controlling shareholder of the Company) and Mr Low See Ching (Deputy CEO and controlling shareholder of the Company) respectively. The advances extended by them were fully repaid during the second quarter ended 31 December 2019.

14 Confirmation pursuant to rule 720(1) of the listing manual

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1) of the Listing Manual.

15 Confirmation by the board pursuant to rule 705(5) of the listing manual

We, Ching Chiat Kwong and Low See Ching, being Directors of the Company, do hereby confirm, on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the second quarter ended 31 December 2019 to be false or misleading in any material aspect.

By order of the Board

Ching Chiat Kwong
Executive Chairman and CEO
10 February 2020

Low See Ching
Deputy CEO
10 February 2020