



HOLDINGS (S) LTD

Registration No.: 199304349M

Financial Statement for the First Quarter and Three months Ended 31 March 2011

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

- 1(a) An income statement with a consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediate preceding financial year.

	First quarter ended 31 Mar		
	2011 S\$'000	2010 S\$'000	Change %
<u>INCOME STATEMENT</u>			
Revenue	109,432	32,256	239.3
Cost of sales	(95,717)	(25,861)	270.1
Gross profit	13,715	6,395	114.5
Other income	310	477	(35.0)
Administrative costs	(1,521)	(1,076)	41.4
Other operating costs ⁽¹⁾	(3,415)	(2,958)	15.4
Finance costs ⁽¹⁾	(560)	(1,014)	(44.8)
Share of results of associates	2,050	3,111	(34.1)
Profit before tax	10,579	4,935	114.4
Income tax expenses	(1,068)	(365)	192.6
Profit for the period	9,511	4,570	108.1
Attributable to:			
Owners of the parent	9,426	4,490	109.9
Non-controlling interests	85	80	6.3
	9,511	4,570	108.1
N.M. - Not meaningful			

- ⁽¹⁾ 1Q2010 fair value loss on derivative for hedging against risk of interest rate hikes on term loan has been reclassified from 'Other operating costs' to 'Finance costs'. The reclassification was made to be consistent with the presentation for current period which reflects more accurately the total finance costs of the Group.

STATEMENT OF COMPREHENSIVE INCOME

Profit for the period
 Other comprehensive income:
 Foreign currency translation differences
 Other comprehensive income for the period, net of tax
Total comprehensive income for the period

Total comprehensive income attributable to:

Owners of the parent
 Non-controlling interests

First quarter ended 31 March		
2011	2010	Change
S\$'000	S\$'000	%
9,511	4,570	108.1
306	153	100.0
306	153	100.0
9,817	4,723	107.9
9,739	4,610	111.3
78	113	(31.0)
9,817	4,723	107.9

NOTES TO INCOME STATEMENT

The following items have been included in arriving at profit after tax:

Depreciation of property, plant and equipment
 Foreign exchange currency adjustment loss
 Gain on disposal of property, plant and equipment
 Interest expense
 Interest income
 Allowance for doubtful receivables (net)
 Fair value (gain)/loss on derivative
 Overprovision of income tax in respect of previous years

783	509	53.8
387	180	115.0
(36)	(77)	(53.2)
771	512	50.6
(19)	(84)	(77.4)
50	58	(13.8)
(221)	497	N.M
149	337	(55.8)

N.M - Not meaningful

1(b)(i) A statement of financial position (for the issuer and Group) together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31-Mar-11 S\$'000	31-Dec-10 S\$'000	31-Mar-11 S\$'000	31-Dec-10 S\$'000
Non-current assets				
Property, plant & equipment	21,526	19,449	60	69
Intangible assets	119	119	-	-
Investment in subsidiaries	-	-	39,164	39,164
Investment in associates	15,162	22,712	92	92
Deferred tax assets	761	761	-	-
Trade receivables	6,679	5,214	-	-
Current assets				
Amounts due from subsidiaries	-	-	20,642	19,879
Development properties	142,448	77,015	-	-
Gross amount due from customers for work-in-progress	18,403	9,658	-	-
Inventories	1,703	2,443	-	-
Trade receivables	46,679	52,641	-	-
Other receivables	1,485	11,374	8	11
Pledged deposits	2,332	2,366	-	-
Cash and cash equivalents	62,168	44,864	2,109	2,647
	275,218	200,361	22,759	22,537
Current liabilities				
Amounts due to subsidiaries	-	-	10,469	10,293
Gross amount due to customers for work-in-progress	30,311	38,619	-	-
Trade and other payables	63,445	61,885	37	80
Other liabilities	5,565	4,224	490	443
Derivatives	2,013	-	-	-
Loans and borrowings	2,194	2,527	-	-
Income tax payable	2,327	2,138	31	24
	105,855	109,393	11,027	10,840
Net current assets	169,363	90,968	11,732	11,697
Non-current liabilities				
Trade payables	4,437	1,868	-	-
Derivatives	-	2,234	-	-
Deferred tax liabilities	2,917	2,041	-	-
Loans and borrowings	115,961	52,438	-	-
Net assets	90,295	80,642	51,048	51,022
Equity attributable to equity holders of the Company				
Share capital	43,966	43,966	43,966	43,966
Treasury shares	(416)	(252)	(416)	(252)
Retained earnings	45,002	35,576	7,498	7,308
Foreign currency translation reserve	582	269	-	-
	89,134	79,559	51,048	51,022
Non-controlling interests	1,161	1,083	-	-
Total equity	90,295	80,642	51,048	51,022

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

Amount repayable in one year or less, or on demand

As at 31/03/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$2,194,000	-	S\$2,527,000	-

Amount repayable after one year

As at 30/03/2011		As at 31/12/2010	
Secured	Unsecured	Secured	Unsecured
S\$115,961,000	-	S\$52,438,000	-

Details of any collateral

The secured borrowings repayable within one year and after one year comprise mainly land loans, obligations under finance leases, bills payables and banker's acceptances. These are secured by charges over the properties held for sale at Lush on Holland Hill and Bliss@Kovan, Singapore, shop offices in Malaysia and fixed deposits from subsidiaries.

- 1(c) A consolidated statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	First quarter ended 31 Mar	
	2011 S\$'000	2010 S\$'000
Cash flows from operating activities		
Profit before tax	10,579	4,935
Adjustments for:		
Depreciation of property, plant and equipment	783	509
Allowance for doubtful receivables (net)	50	58
Fair value (gain)/loss on derivative	(221)	497
Interest income	(19)	(84)
Interest expense	771	512
Gain on disposal of property, plant and equipment	(36)	(77)
Share of results of associates	(2,050)	(3,111)
Operating profit before working capital changes	9,857	3,239
(Increase)/decrease in development properties	(65,216)	573
(Increase)/decrease in contract work-in-progress	(17,053)	5,889
Decrease/(increase) in trade receivables	4,447	(419)
Decrease in other receivables	9,889	17
Decrease in inventories	740	817
Increase/(decrease) in trade and other payables	4,129	(11,894)
Increase in other liabilities	1,341	742
Cash used in operations	(51,866)	(1,036)
Interest paid	(988)	(944)
Interest received	19	84
Income tax paid	(3)	(98)
Net cash used in operating activities	(52,838)	(1,994)
Cash flows from investing activities:		
Dividend income from associate	9,600	-
Proceeds from disposal of property, plant and equipment	45	818
Purchase of property, plant and equipment (Note A)	(2,381)	(804)
Net cash from investing activities	7,264	14
Cash flows from financing activities		
Purchase of treasury shares	(164)	(125)
Proceeds from bank borrowings, net	268	26
Proceeds from long term borrowings	68,800	-
Repayment of long term borrowings	(5,000)	(4,000)
Repayment of finance leases	(1,377)	(312)
Increase in pledged deposits	-	(24)
Net cash from/(used in) financing activities	62,527	(4,435)
Net increase/(decrease) in cash & cash equivalents	16,953	(6,415)
Net effect of exchange rate changes in consolidating subsidiaries	351	89
Cash and cash equivalents at beginning of the period	44,864	49,543
Cash and cash equivalents at end of the period	62,168	43,217
<u>Comprising:</u>		
Cash and bank balances	34,336	30,137
Fixed deposits	30,164	15,505
	64,500	45,642
Less: Pledged fixed deposits	(2,332)	(2,425)
	62,168	43,217

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

Note A

The Group's addition to property, plant and equipment amounted to \$2,879,000 of which \$498,000 was made under hire-purchase arrangements. The remaining addition of \$2,381,000 was made by cash payments.

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

Group

	Attributable to equity holders of the Parent					TOTAL EQUITY S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings S\$'000	Foreign currency translation reserve S\$'000	Non-controlling interests S\$'000	
Opening balance at 1 January 2011	43,966	(252)	35,576	269	1,083	80,642
Purchase of treasury shares	-	(164)	-	-	-	(164)
Total comprehensive income for the period	-	-	9,426	313	78	9,817
Closing balance at 31 March 2011	43,966	(416)	45,002	582	1,161	90,295
Opening balance at 1 January 2010	43,966	-	17,859	(88)	785	62,522
Purchase of treasury shares	-	(125)	-	-	-	(125)
Total comprehensive income for the period	-	-	4,490	120	113	4,723
Closing balance at 31 March 2010	43,966	(125)	22,349	32	898	67,120

Company

	Attributable to equity holders of the Company			Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Retained earnings/ (accumulated losses) S\$'000	
Opening balance at 1 January 2011	43,966	(252)	7,308	51,022
Purchase of treasury shares	-	(164)	-	(164)
Total comprehensive income for the period	-	-	190	190
Closing balance at 31 March 2011	43,966	(416)	7,498	51,048
Opening balance at 1 January 2010	43,966	-	(4,157)	39,809
Purchase of treasury shares	-	(125)	-	(125)
Total comprehensive income for the period	-	-	(64)	(64)
Closing balance at 31 March 2010	43,966	(125)	(4,221)	39,620

- 1(d)(ii) Details of any changes in the company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Share capital

There have been no changes to the issued share capital of the Company since the end of the previous financial year. As at 31 March 2011, the issued share capital of the Company was \$43,967,199 comprising 306,580,418 ordinary shares and 1,630,000 treasury shares.

Treasury shares

During 1Q11, the Company acquired 630,000 (1Q10:500,000) ordinary shares of the Company by way of market purchases on the Singapore Exchange and held as treasury shares.

	<u>No. of shares</u>	<u>S\$'000</u>
At 31 December 2010	1,000,000	252
Purchased in 1Q11	630,000	164
At 31 March 2011	<u>1,630,000</u>	<u>416</u>

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

The total number of issued shares excluding treasury shares as at 31 March 2011 was 306,580,418 (as at 31 December 2010: 307,210,418). The total number of treasury shares held as at 31 March 2011 was 1,630,000 (as at 31 December 2010: 1,000,000).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the three months ended 31 March 2011.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those adopted in the most recently audited financial statements for the financial year ended 31 December 2010.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

There are no changes in accounting policies and methods of computation.

6. Earnings per ordinary share of the Group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	<u>First Quarter Ended 31 March</u>	
	<u>2011</u> Cents	<u>2010</u> Cents
Earnings per ordinary share of the Company attributable to shareholders		
(a) Based on the weighted average number of ordinary shares in issue	3.07	1.46
(b) On a fully diluted basis (detailing any adjustment made to earnings)	3.07	1.46

The computation of earnings per ordinary share on the weighted average number of shares and fully diluted basis is based on 306,663,696 shares (2010: 308,175,474).

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:
- (a) current financial period reported on; and
- (b) immediately preceding financial year

	<u>Group</u>		<u>Company</u>	
	<u>31.3.11</u> Cents	<u>31.12.10</u> Cents	<u>31.3.11</u> Cents	<u>31.12.10</u> Cents
Net asset value per ordinary share based on issued capital at the end of the period	29.45	26.25	16.65	16.58

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

Comprehensive Income Statement Review – First quarter 2011 ('1Q11') vs First Quarter 2010 ('1Q10')

Group revenue for 1Q11 more than tripled to \$109.4 million from \$32.3 million in 1Q10, largely due to initial progressive revenue recognition of its property development project at Lush on Holland Hill and substantially higher revenue from general construction projects. Compared with 1Q10, the volume of specialised and general construction projects in their active stage of construction have increased in the current quarter, leading to increased revenue recognition for work done.

Although gross profit margin for 1Q11 has declined as a result of different project mix for the corresponding quarters, gross profit has risen to \$13.7 million from \$6.4 million in 1Q10, with higher contribution from all three business segments as a result of increase in revenue.

Other income decreased by 35.0% to \$0.3 million in 1Q11 from \$0.5 million in 1Q10, mainly due to lower gains on disposal of fixed assets and interest income.

Administrative cost rose to \$1.5 million in 1Q11 compared to \$1.1 million in 1Q10 mainly due to higher depreciation charges and foreign exchange currency adjustment loss. Operating costs increased to \$3.4 million in 1Q11 from \$3.0 million in the previous corresponding period, due largely to increase in staff remuneration as a result of additional headcount in tandem with a growing order book.

Finance costs for 1Q11 decreased to \$0.6 million from \$1.0 million in 1Q10. The Group incurred fair value loss on interest-rate derivative of \$0.5 million in 1Q10 but the loss was partly reversed in the current quarter. This reduction in finance cost was partially offset by higher interest expense incurred for the development property at Bliss@Kovan on Simon Lane.

The Group's share of results from associates for 1Q11 was \$2.1 million, down from \$3.1 million in 1Q10. Profit contribution from associates relate mainly to the property development at 8 Nassim Hill.

Income tax expense increased in line with higher profits of \$10.6 million for the current quarter as compared with \$4.9 million in the previous corresponding quarter.

Statement of Financial Position Review

The Group's property, plant and machinery increased by 10.7% or \$2.1 million from 31 December 2010 to \$21.5 million as at 31 March 2011 with the acquisition of a leasehold building for storage of construction equipment and provision of engineering services, offset by depreciation charge for the current period. Investments in associates decreased from \$22.7 million as at 31 December 2010 to \$15.2 million as at 31 March 2011, after Tennessee Pte Ltd ("Tennessee"), an associate, distributed dividends during the period.

Development properties stood at \$142.4 million as at 31 March 2011, up \$65.4 million from \$77.0 million as at 31 December 2010, due to acquisition of land for development of Bliss@Kovan on Simon Lane.

There was a substantial decline in other receivables from \$11.4 million as at 31 December 2010 to \$1.5 million as at 31 March 2011 after Tennessee repaid a shareholders' loan to the Group.

Cash and cash equivalents increased by \$17.3 million from \$44.9 million as at 31 December 2010 to S\$62.2 million as at 31 March 2011, due largely to receipt of dividend and repayment of shareholders' loan from Tennessee, receipts from progressive completion of Lush on Holland Hill, offset by cash paid (net after borrowings) on completion of the purchase of the development property at Simon Lane and a lump sum payment of \$5 million in respect of early settlement of term loan.

Current and non-current trade and other payables as at 31 March 2011 rose by 6.5% to \$67.9 million from \$63.8 million as at 31 December 2010 because construction activities have increased in line with more projects in progress. Cost incurred for work-in-progress had increased correspondingly, resulting in net amount due to customers for work-in-progress falling to \$11.9 million as at 31 March 2011 from \$29.0 million as at 31 December 2010.

Liability for interest-rate derivative purchased to hedge against the risk of interest rate hikes for term loan on land for Lush on Holland Hill decreased by \$0.2 million to \$2.0 million as at 31 March 2011 due to fair value gain on derivative of \$0.2 million in 1Q11. As the derivative is due to mature in March 2012, the liability was reclassified from non-current liabilities to current liabilities. Total bank loans and borrowings increased by \$63.2 million during the current period mainly due to increase in borrowings of S\$68.8 million for the purchase of the development property at Simon Lane; however, the increase was partially offset by a \$5.0 million early settlement of an existing term loan.

Provision for current and deferred taxation increased by \$1.1 million to \$3.2 million as at 31 March 2011, in line with higher profits recorded during the period.

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

The results reported herein are in line with our previous announcement for financial year 2010.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

On 14 April 2011, the Ministry of Trade and Industry announced that based on advance estimates, the economy in the first quarter of 2011 expanded by 8.5 per cent on a year-on-year basis, compared to 12.0 per cent in the previous quarter. On a seasonally-adjusted quarter-on-quarter annualised basis, the economy grew by 23.5 per cent. The construction sector grew by 2.6 per cent on a year-on-year basis in the first quarter, and on a sequential basis, the sector grew by 14.5 per cent, after two consecutive quarters of decline. This mainly reflected an increase in building activities in the residential segment. In view of the strong growth in the Singapore economy and the construction sector in 1Q11, the outlook for the construction industry is expected to remain positive for the next 12 months.

The Group will continue to focus on its core business by leveraging its strong track record and competency in building construction and civil engineering to secure more public sector projects as well as to explore ways of enhancing cost effectiveness and optimise its efficiency in the management of potential and on-going projects. The Group continues to conduct feasibility studies to undertake new property development projects.

As at the date of this announcement, the Group has an order book of \$640 million, predominantly in Singapore and Malaysia. The Group expects to remain profitable for FY 2011.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

CONFIRMATION BY THE BOARD

We, Tan Kheng Hwee Andrew and Carrie Luk Kai Lai, being two of the Directors of the Company, do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 31 March 2011 to be false or misleading.

On behalf of the Board of Directors



TAN KHENG HWEE ANDREW
Executive Director and Chief Executive Officer



CARRIE LUK KA LAI
Non-Executive Director

Singapore