



## Second Quarter Financial Statement and Dividend Announcement for the period Ended 30 June 2018

## 1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Note	Group			Group		
		2Q 2018	2Q 2017 (Restated)	+ / (-) %	1H 2018	1H 2017 (Restated)	+ / (-) %
		\$'000	\$'000		\$'000	\$'000	
<b>Revenue</b>							
- Property developments		188,554	141,779	33.0	325,788	231,914	40.5
- Construction		42,082	61,340	(31.4)	89,155	128,061	(30.4)
- Hospitality		15,345	7,146	114.7	33,494	14,481	131.3
- Property investments & others		1,867	2,881	(35.2)	3,687	5,765	(36.0)
		<u>247,848</u>	<u>213,146</u>	16.3	<u>452,124</u>	<u>380,221</u>	18.9
Cost of sales		(192,652)	(188,493)	2.2	(352,318)	(323,016)	9.1
<b>Gross profit</b>		<u>55,196</u>	<u>24,653</u>	123.9	<u>99,806</u>	<u>57,205</u>	74.5
Other items of income							
Interest income		1,120	1,354	(17.3)	1,830	2,197	(16.7)
Other income	1	1,726	778	121.9	913	7,258	(87.4)
Other items of expense							
Marketing and distribution expenses	2	(9,360)	(3,083)	203.6	(11,254)	(6,425)	75.2
Administrative expenses		(17,605)	(14,931)	17.9	(38,508)	(29,335)	31.3
Finance costs		(6,688)	(6,907)	(3.2)	(12,314)	(12,446)	(1.1)
Share of results of associates		880	22	NM	2,055	214	860.3
<b>Profit before tax</b>		<u>25,269</u>	<u>1,886</u>	1,239.8	<u>42,528</u>	<u>18,668</u>	127.8
Income tax expense	3	(9,118)	612	(1,589.9)	(14,777)	(2,824)	423.3
<b>Profit after tax</b>		<u>16,151</u>	<u>2,498</u>	546.6	<u>27,751</u>	<u>15,844</u>	75.2
<b>Profit attributable to:</b>							
Owners of the Company		11,096	(2,563)	(532.9)	17,154	6,086	181.9
Non-controlling interests		5,055	5,061	(0.1)	10,597	9,758	8.6
		<u>16,151</u>	<u>2,498</u>	546.6	<u>27,751</u>	<u>15,844</u>	75.2

## 1(a)(ii) Items, which if significant, must be included in the income statement

		Group			Group		
		2Q 2018	2Q 2017 (Restated)	+ / (-) %	1H 2018	1H 2017 (Restated)	+ / (-) %
		\$'000	\$'000		\$'000	\$'000	
<b>Other income</b>							
Gain on disposal of investment securities		-	-	NM	-	4,921	(100.0)
Rental income from development properties		85	199	(57.3)	187	446	(58.1)
Write back of impairment loss on trade receivables		10	15	NM	10	490	(98.0)
Sales of materials		-	137	(100.0)	-	241	(100.0)
Government grants		43	87	(50.6)	199	190	4.7
Deposits forfeited from buyers		-	143	NM	45	143	NM
Gain on disposal of property, plant and equipment		-	3	NM	-	107	(100.0)
Foreign exchange gain		1,425	-	NM	-	356	(100.0)
Others		163	194	NM	472	364	29.7
		<u>1,726</u>	<u>778</u>	121.9	<u>913</u>	<u>7,258</u>	(87.4)
<b>The following items have been included in arriving at profit before tax:</b>							
Employee benefits expenses	4	17,046	13,733	24.1	32,150	31,202	3.0
Impairment loss on development property and construction contract		-	6,592	NM	-	6,758	(100.0)
Depreciation of property, plant and equipment	5	4,081	2,099	94.4	8,511	3,833	122.0
Legal and professional fees		787	1,074	(26.7)	1,125	1,974	(43.0)
Maintenance of properties		909	854	6.4	2,328	1,954	19.1
Foreign exchange (gain)/loss		(1,425)	1,255	NM	3,468	(356)	NM

Note:-

NM - Not meaningful.

## Notes to Group Income Statement

- Other income increased by 121.9% in 2Q2018 due principally to foreign exchange gain.
- Marketing and distribution expenses in 2Q2018 was higher due to recognition of commission for Williamsons Estate upon handover of units to buyers and marketing expenses incurred for Park Colonial sale launch.
- Effective tax rate was higher in 2Q2018 due to higher taxable income from a development project in Australia and deferred tax assets not recognised. No deferred tax asset has been recognised due to uncertainty over recovery of marketing costs incurred for projects under development.
- Employee benefits expenses in 2Q2018 increased due to higher headcount.
- Depreciation on property, plant and equipment in 2Q2018 increased due to higher depreciation charges on hotel properties and precast yard.

1(a)(iii) Statement of Comprehensive Income

	Note	Group		+ / (-) %	Group		+ / (-) %
		2Q 2018 \$'000	2Q 2017 (Restated) \$'000		1H 2018 \$'000	1H 2017 (Restated) \$'000	
<b>Profit after tax</b>		16,151	2,498	546.6	27,751	15,844	75.2
Other comprehensive income:							
Items that will not be reclassified to profit or loss							
Share of loss on revaluation of property, plant and equipment in associates		-	-		-	167	NM
Items that may be reclassified subsequently to profit or loss							
Net loss on fair value changes of available-for-sale financial assets		-	-		-	(135)	(100.0)
Realisation of reserves on disposal of available-for-sale financial assets		-	-		-	(5,020)	(100.0)
Foreign currency translation gain/(loss)	1	(113)	(1,257)	(91.0)	(5,576)	2,625	(312.4)
Share of foreign currency translation of associate and joint venture		17	-	NM	(6)	-	NM
		(96)	(1,257)	NM	(5,582)	(2,530)	120.6
Other comprehensive loss for the quarter/period, net of tax		(96)	(1,257)	NM	(5,582)	(2,363)	136.2
<b>Total comprehensive income for the quarter/period</b>		<b>16,055</b>	<b>1,241</b>	<b>1,193.7</b>	<b>22,169</b>	<b>13,481</b>	<b>64.4</b>
<b>Total comprehensive income attributable to:</b>							
Owners of the Company		11,183	(3,820)	(392.7)	11,829	3,723	217.7
Non-controlling interests		4,872	5,061	(3.7)	10,340	9,758	6.0
		<b>16,055</b>	<b>1,241</b>	<b>1,193.7</b>	<b>22,169</b>	<b>13,481</b>	<b>64.4</b>

**Notes to Statement of Comprehensive Income**

- 1 Foreign currency translation arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's functional currency. Translation gain for 2Q2018 was due mainly to strengthening of Australian Dollar against Singapore Dollar on the Group's foreign net assets which are largely denominated in Australian Dollar.

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

	Note	The Group		Note	The Company	
		30 Jun 2018 \$'000	31 Dec 2017 (Restated) \$'000		30 Jun 2018 \$'000	31 Dec 2017 \$'000
<b>Non-current assets</b>						
Property, plant and equipment	1	351,143	324,611	1,771	1,829	
Investment properties	2	265,006	251,706	-	-	
Intangible assets		1,952	1,872	540	373	
Investment in subsidiaries		-	-	48,302	48,302	
Investment in associates and joint venture		8,297	6,941	650	650	
Deferred tax assets		6,232	6,520	-	-	
Other receivables	3	94,434	82,536	276,518	310,479	
		727,064	674,186	327,781	361,633	
<b>Current assets</b>						
Development properties	4	1,889,964	1,694,372	-	-	
Assets held for sale	4	42,884	-	-	-	
Inventories		3,561	1,696	-	-	
Prepayments		4,026	5,003	1,606	1,848	
Trade and other receivables	5	85,307	100,632	8,012	18,273	
Cash and short-term deposits		320,741	257,846	18,747	6,167	
		2,346,483	2,059,549	28,365	26,288	
<b>Total assets</b>		<b>3,073,547</b>	<b>2,733,735</b>	<b>356,146</b>	<b>387,921</b>	
<b>Deduct: Current liabilities</b>						
Loans and borrowings		8,735	8,735	-	-	
Trade and other payables	6	87,647	75,716	14,275	11,243	
Other liabilities	7	37,526	53,299	3,214	4,675	
Income tax payable		13,931	13,235	150	39	
		147,839	150,985	17,639	15,957	
<b>Net current assets</b>		<b>2,198,644</b>	<b>1,908,564</b>	<b>10,726</b>	<b>10,331</b>	
<b>Deduct: Non-current liabilities</b>						
Loans and borrowings	8	1,929,996	1,524,075	245,000	245,000	
Trade and other payables	6	143,195	212,713	-	10,000	
Other liabilities		141	64	-	-	
Deferred tax liabilities		26,722	20,187	21	21	
		2,100,054	1,757,039	245,021	255,021	
		<b>825,654</b>	<b>825,711</b>	<b>93,486</b>	<b>116,943</b>	
<b>Equity attributable to owners of the Company</b>						
Share capital		79,691	79,691	79,691	79,691	
Treasury shares		(33,653)	(33,653)	(33,653)	(33,653)	
Retained earnings		729,922	737,609	43,207	67,659	
Other reserves		2,753	7,083	4,241	3,246	
		778,713	790,730	93,486	116,943	
Non-controlling interests		46,941	34,981	-	-	
<b>Total equity</b>		<b>825,654</b>	<b>825,711</b>	<b>93,486</b>	<b>116,943</b>	

**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 (Cont'd)**

**Notes to Statement of Financial Position**

*Note*

**The Group**

- 1 The increase in property, plant and equipment was mainly due to acquisition of Mercure & Ibis Styles Grosvenor Hotel in Adelaide, Australia.
- 2 The increase in investment properties was mainly due to acquisition of commercial properties at Hindley Street in Adelaide, Australia.
- 3 The increase in non-current other receivables was due mainly to advances made to a non-controlling interest.
- 4 The increase in development properties was due mainly to en bloc acquisition of Changi Garden. The increase was partially offset by reclassification of a development property (Tower Melbourne) to assets held for sale.
- 5 The decrease in current trade and other receivables was due to reclassification of land deposits to development properties upon completion of acquisition.
- 6 The decrease in combined current and non-current trade and other payables was due to repayment to a non-controlling interest.
- 7 The decrease in other liabilities was due mainly to payment of accrued expenses.
- 8 The increase in non-current loans and borrowings was due to financings obtained for Park Colonial, Changi Garden and for working capital, partially offset by repayment of bank loans.

**The Company**

- 9 The decrease in combined current and non-current trade and other receivables was due to repayment from a subsidiary, partially offset by working capital loans extended to subsidiaries.

**1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year**

	As at 30 Jun 2018 \$'000	As at 31 Dec 2017 \$'000
<b>Amount repayable in one year or less, or on demand</b>		
- Secured	8,735	8,735
- Unsecured	-	-
<b>Amount repayable after one year</b>		
- Secured	1,684,996	1,279,075
- Unsecured	245,000	245,000
	<u>1,938,731</u>	<u>1,532,810</u>

**Details of any collateral**

The Group's total borrowings of \$1.9 billion are loans taken to finance property development projects, investment properties and hotels, and for working capital.

The Group's borrowings of \$1.7 billion are mainly secured by:

- (a) legal mortgage on the development properties, investment properties and hotels;
- (b) subordination of shareholder's loan to the subsidiary and associated companies;
- (c) assignment of sale proceeds of the development properties;
- (d) assignment of all rights and benefits under construction contracts, performance bonds and insurance policies in respect of the development properties;
- (e) assignment of tenancy and sale agreements of the investment and development properties;
- (f) fixed and floating charge on the hotels; and
- (g) corporate guarantee from the Company.

The Group's unsecured borrowings of \$245 million comprise the following notes issued under its \$750 million Multicurrency Debt Issuance Programme:

- (a) \$120 million 5-year fixed rate notes issued on 14 June 2016. The notes bear interest at the rate of 4.75 per cent. per annum payable semi-annually in arrear and will due in June 2021.
- (b) \$125 million 5-year fixed rate notes issued on 19 May 2017. The notes bear interest at the rate of 4.90 per cent. per annum payable semi-annually in arrear and will due in May 2022.

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

	Group		Group	
	2Q 2018	2Q 2017 (Restated)	1H 2018	1H 2017 (Restated)
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
<b>Profit before tax</b>	<b>25,269</b>	<b>1,886</b>	<b>42,528</b>	<b>18,668</b>
<b>Adjustments for:</b>				
Amortisation of intangible assets	59	57	115	113
Depreciation of property, plant and equipment	4,081	2,152	8,511	3,934
Interest income	(1,120)	(1,354)	(1,830)	(2,197)
Interest expense	6,688	6,907	12,314	12,446
Gain/(loss) on disposal of property, plant and equipment	38	(3)	(5)	(107)
Unrealised exchange (gain)/loss	(1,979)	1,811	2,137	281
Share of results of associates	(880)	(22)	(2,055)	(214)
Gain on disposal of a quoted investment securities	-	-	-	(4,921)
Gain on disposal of intangible assets	-	-	-	(96)
Property, plant and equipment written off	-	2	-	7
Reversal of impairment on receivables	(10)	(15)	(10)	(490)
Impairment loss on development properties and construction contract	-	6,592	-	6,758
Share-based compensation	397	596	995	1,193
<b>Operating profit before changes in working capital</b>	<b>32,543</b>	<b>18,609</b>	<b>62,700</b>	<b>35,375</b>
Changes in working capital:				
Development properties	(238,523)	98,606	(230,010)	150,123
Inventories	(1,306)	10	(1,823)	552
Prepayments	7,265	598	978	(10)
Trade and other receivables	15,043	21,226	2,572	12,176
Trade and other payables	(76,940)	(10,874)	(57,700)	8,268
Other liabilities	1,063	(9,914)	(15,968)	(10,038)
<b>Cash (used in)/generated from operations</b>	<b>(260,855)</b>	<b>118,261</b>	<b>(239,251)</b>	<b>196,446</b>
Interest paid	(17,833)	(9,791)	(27,298)	(15,937)
Interest received	1,120	1,354	1,830	2,197
Income tax paid	(6,686)	(8,204)	(7,484)	(8,893)
<b>Net cash (used in)/generated from operating activities</b>	<b>(284,254)</b>	<b>101,620</b>	<b>(272,203)</b>	<b>173,813</b>
<b>Cash flows from investing activities:</b>				
Purchase of property, plant and equipment	(830)	(4,459)	(34,088)	(97,091)
Proceeds from disposal of property, plant and equipment	9	8	130	153
Proceeds from disposal of a quoted investment security	-	-	-	7,776
Proceeds from disposal of intangible assets	-	-	-	179
Dividend income	600	-	600	-
Repayment from advances to associates	825	-	851	792
Additions to intangible assets	-	-	(195)	(20)
Additions to investment properties	(24)	75	(13,451)	(690)
<b>Net cash generated from/(used in) investing activities</b>	<b>580</b>	<b>(4,376)</b>	<b>(46,153)</b>	<b>(88,901)</b>
<b>Cash flows from financing activities:</b>				
Repayment of loans and borrowings	(63,990)	(225,035)	(96,436)	(253,872)
Proceeds from loans and borrowings	436,533	110,881	501,202	185,069
Proceeds from issuance of term notes	-	125,000	-	125,000
Dividends paid	(24,841)	(24,841)	(24,841)	(24,841)
Proceeds from issue of new shares by subsidiary to non-controlling interests	-	-	1,620	-
<b>Net cash generated from/(used in) financing activities</b>	<b>347,702</b>	<b>(13,995)</b>	<b>381,545</b>	<b>31,356</b>
Net increase in cash and cash equivalents	64,028	83,249	63,189	116,268
Effect of exchange rate changes on cash and cash equivalents	473	(50)	(294)	70
Cash and cash equivalents at beginning of the period	256,240	514,721	257,846	481,582
<b>Cash and cash equivalents at end of the period</b>	<b>320,741</b>	<b>597,920</b>	<b>320,741</b>	<b>597,920</b>
<b>Cash and cash equivalents comprise:</b>				
Short term fixed deposits			155,002	405,670
Cash and bank balances			165,739	192,250
			<b>320,741</b>	<b>597,920</b>

**Net cash (used in)/generated from operating activities**

Net cash used in operating activities in 2Q2018 and 1H2018 as compared to net cash generated from operating activities in 2Q2017 and 1H2017 was mainly due to development expenditure in 2Q2018 as compared to cash inflow from payments received from sales of development properties in 2Q2017.

**Net cash generated from/(used in) investing activities**

Net cash generated from investing activities in 2Q2018 as compared to net cash used in investing activities in 2Q2017 was mainly due to lesser cash outflow from purchase of property, plant and equipment in 2Q2018. Higher cash outflow in 2Q2017 was due to capital expenditure in Grand Park Kodhipparu Resort.

Lower net cash used in investing activities in 1H2018 as compared to 1H2017 was due to lower capital expenditure and acquisition of the Mercure & Ibis Styles Grosvenor Hotel in Adelaide, Australia and the adjoining properties at 72 and 74-78 Hindley Street in 1H2018 as compared to larger cash outflow from acquisition of Grand Park Kodhipparu Resort in 1H2017.

**Net cash generated from/(used in) financing activities**

More cash generated from financing activities in 2Q2018 and 1H2018 as compared to 2Q2017 and 1H2017 was due to more financing obtained and lesser repayment during the period.

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 owners of the Company									Non-controlling interests \$'000	Total equity \$'000
	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000		
<b>At 1 January 2018</b>											
As previously reported	79,691	(33,653)	(533)	3,779	674	2,655	(22,749)	744,361	774,225	34,357	808,582
Effect of adopting SFRS(I) 1	-	-	-	-	-	-	23,257	(23,257)	-	-	-
Effect of adopting SFRS(I) 15	-	-	-	-	-	-	-	16,505	16,505	624	17,129
<b>At 1 January 2018, as restated</b>	79,691	(33,653)	(533)	3,779	674	2,655	508	737,609	790,730	34,981	825,711
Total comprehensive income for the period	-	-	-	-	-	-	(5,412)	6,058	646	5,468	6,114
Share-based compensation expenses	-	-	-	598	-	-	-	-	598	-	598
Capital contribution to non-controlling interests	-	-	-	-	-	-	-	-	-	1,620	1,620
<b>At 31 March 2018</b>	79,691	(33,653)	(533)	4,377	674	2,655	(4,904)	743,667	791,974	42,069	834,043
Total comprehensive income for the quarter	-	-	-	-	-	-	87	11,096	11,183	4,872	16,055
Dividends paid	-	-	-	-	-	-	-	(24,841)	(24,841)	-	(24,841)
Share-based compensation expenses	-	-	-	397	-	-	-	-	397	-	397
<b>At 30 June 2018</b>	79,691	(33,653)	(533)	4,774	674	2,655	(4,817)	729,922	778,713	46,941	825,654

Group	Attributable to owners of the Company										Non-controlling interests \$'000	Total equity \$'000
	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Share-based compensation reserve \$'000	Capital reserve \$'000	Fair value adjustment reserve \$'000	Asset revaluation reserve \$'000	Currency translation reserve \$'000	Retained earnings \$'000	Total \$'000		
<b>At 1 January 2017</b>												
As previously reported	79,691	(33,653)	(533)	1,392	674	5,155	2,709	(23,257)	733,696	765,874	10,739	776,613
Effect of adopting SFRS(I) 1	-	-	-	-	-	-	-	23,257	(23,257)	-	-	-
Effect of adopting SFRS(I) 15	-	-	-	-	-	-	-	-	18,459	18,459	(3,840)	14,619
<b>At 1 January 2017, as restated</b>	79,691	(33,653)	(533)	1,392	674	5,155	2,709	-	728,898	784,333	6,899	791,232
Total comprehensive income for the period	-	-	-	-	-	(5,155)	167	3,882	8,649	7,543	4,697	12,240
Share-based compensation expenses	-	-	-	597	-	-	-	-	-	597	-	597
<b>At 31 March 2017</b>	79,691	(33,653)	(533)	1,989	674	-	2,876	3,882	737,547	792,473	11,596	804,069
Total comprehensive income for the quarter	-	-	-	-	-	-	-	(1,257)	(2,563)	(3,820)	5,061	1,241
Dividends paid	-	-	-	-	-	-	-	-	(24,841)	(24,841)	-	(24,841)
Share-based compensation expenses	-	-	-	596	-	-	-	-	-	596	-	596
<b>At 30 June 2017</b>	79,691	(33,653)	(533)	2,585	674	-	2,876	2,625	710,143	764,408	16,657	781,065

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 January 2018</b>						
Total comprehensive income for the period	79,691	(33,653)	(533)	3,779	67,659	116,943
Share-based compensation expenses	-	-	-	598	(489)	(489)
<b>At 31 March 2018</b>	79,691	(33,653)	(533)	4,377	67,170	117,052
Total comprehensive income for the quarter	-	-	-	-	878	878
Dividends paid	-	-	-	-	(24,841)	(24,841)
Share-based compensation expenses	-	-	-	397	-	397
<b>At 30 June 2018</b>	79,691	(33,653)	(533)	4,774	43,207	93,486

Company	Issued capital \$'000	Treasury shares \$'000	Treasury shares reserve \$'000	Share-based compensation reserve \$'000	Fair value adjustment reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>At 1 January 2017</b>							
Total comprehensive income for the period	79,691	(33,653)	(533)	1,392	5,155	91,790	143,842
Share-based compensation expenses	-	-	-	597	-	472	(4,683)
<b>At 31 March 2017</b>	79,691	(33,653)	(533)	1,989	-	92,262	139,756
Total comprehensive income for the quarter	-	-	-	-	-	(1,393)	(1,393)
Dividends paid	-	-	-	-	-	(24,841)	(24,841)
Share-based compensation expenses	-	-	-	596	-	-	596
<b>At 30 June 2017</b>	79,691	(33,653)	(533)	2,585	-	66,028	114,118

**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 the end of the financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

As at 30 June 2018, the Company held 46,501,100 (30 June 2017 : 46,501,100) ordinary shares as treasury shares. The total number of issued shares excluding treasury shares as at 30 June 2018 was 621,014,061 (30 June 2017 : 621,014,061).

As at 30 June 2018, the number of outstanding share options under the Company's Employee Share Option Scheme was 40,000,000 (30 June 2017 : 40,000,000).

**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 of 46,501,100 (31 December 2017 : 46,501,100) shares as at 30 June 2018 was 621,014,061 (31 December 2017 : 621,014,061) shares.

**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**

Not applicable as no treasury shares had been sold, transferred, disposed, cancelled or used in any other manner.

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

Not applicable.

**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 the Company's 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 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 preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2017.

**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 Singapore Financial Reporting Standards (International) (SFRS(I)) on 1 January 2018. In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group will also concurrently apply new major SFRS(I) 15 *Revenue from Contracts with Customers*.

The Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I)s (collectively "new accounting standards") which are mandatorily effective from 1 January 2018.

(a) Application of SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*

The Group has elected the optional exemption in SFRS(I) to deem cumulative translation differences for foreign operations to be zero on 1 January 2017 and reclassified \$23,257,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

(b) Adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

In accordance with the requirements of SFRS(I) 1, the Group has adopted the SFRS(I) 15 retrospectively.

#### Construction contracts

Before 1 January 2018, the Group recognised construction contract revenue by reference to the stage of completion of the contract activity at the end of each reporting period (the percentage of completion method), when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the surveys of work performed. With the adoption of SFRS(I) 15, the Group continues to recognise construction contract revenue over time by measuring the progress towards complete satisfaction of performance obligations. Under the new standard, the methods of measuring progress include output methods or input methods. The Group has determined that the cost-based input method reflects the over-time transfer of control to customers.

#### Development properties

Before 1 January 2018, the Group recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser, otherwise, the completed contract method was used. Under SFRS(I) 15, for most of its residential and mixed use developments, performance obligations for the sale of development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date.

Before 1 January 2018, the Group recognised finance costs incurred on development properties on a percentage of completion method multiplied by the individual project's percentage of sales. Under SFRS(I) 15, these costs will be recognised using the percentage of sales method, resulting in a distortion in the recognition of such costs.

#### Sales commissions paid to sales or marketing agents on the sale of real estate units

Before 1 January 2018, the Group paid commissions to property agents on the sale of property and recognised such commissions as expense when incurred. Under FRS 115, the Group capitalised such commissions as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue.

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 (Cont'd)

The following reconciliations summarise the impacts on initial application of SFRS(I) 1 and SFRS(I) 15 on the Group's financial statements.

	6 months ended 30 June 2017		
	As previously reported \$'000	Effects \$'000	Restated \$'000
<b>Consolidated Income Statement</b>			
<b>Revenue</b>			
- Property developments	231,914	-	231,914
- Construction	142,245	(14,184)	128,061
- Hospitality	14,481	-	14,481
- Property investments & others	5,765	-	5,765
	394,405	(14,184)	380,221
Cost of sales	(329,116)	6,100	(323,016)
<b>Gross profit</b>	65,289	(8,084)	57,205
Other income	9,455	-	9,455
Marketing and distribution	(12,769)	6,344	(6,425)
Administrative expenses	(30,218)	883	(29,335)
Finance cost	(12,446)	-	(12,446)
Share of results of associates	214	-	214
<b>Profit before tax</b>	19,525	(857)	18,668
Income tax expense	(4,156)	1,332	(2,824)
<b>Profit after tax</b>	15,369	475	15,844
<b>Profit attributable to:</b>			
Owners of the Company	6,929	(843)	6,086
Non-controlling interests	8,440	1,318	9,758
	15,369	475	15,844
<b>Earnings per ordinary share (cents)</b>			
- basic	1.12	(0.14)	0.98
- diluted	1.10	(0.13)	0.97

**Balance Sheet as at 1 January 2017 and 31 December 2017**

	As at 1 January 2017			As at 31 December 2017		
	As previously reported \$'000	Effects \$'000	Restated \$'000	As previously reported \$'000	Effects \$'000	Restated \$'000
<b>Assets</b>						
Property, plant and equipment	219,604	151	219,755	324,054	557	324,611
Deferred tax assets	2,995	-	2,995	5,289	1,231	6,520
Gross amount due from customers for contract work-in-progress	9,677	(9,677)	-	13,467	(13,467)	-
Development properties	1,127,718	2,532	1,130,250	1,688,660	5,712	1,694,372
Inventories	48	1,633	1,681	761	935	1,696
Trade and other receivables	81,329	13,655	94,984	172,259	10,909	183,168
Others	790,868	-	790,868	523,368	-	523,368
<b>Total assets</b>	2,232,239		2,240,533	2,727,858		2,733,735
<b>Liabilities</b>						
Gross amount due to customers for contract work-in-progress	11,100	(11,100)	-	33,910	(33,910)	-
Trade and other payables	193,086	4,659	197,745	271,183	17,246	288,429
Other liabilities	42,190	1,606	43,796	48,599	4,764	53,363
Income tax payable	28,358	472	28,830	12,811	424	13,235
Deferred tax liabilities	9,974	(1,962)	8,012	19,963	224	20,187
Others	1,170,918	-	1,170,918	1,532,810	-	1,532,810
<b>Total liabilities</b>	1,455,626		1,449,301	1,919,276		1,908,024
<b>Equity</b>						
Retained earnings	733,696	(4,798)	728,898	744,361	(6,752)	737,609
Currency translation reserve	(23,257)	23,257	-	(22,749)	23,257	508
Others	55,435	-	55,435	52,613	-	52,613
Non-controlling interest	10,739	(3,840)	6,899	34,357	624	34,981
	776,613		791,232	808,582		825,711

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

	Group		Group	
	2Q 2018	2Q 2017 (Restated)	1H 2018	1H 2017 (Restated)
Earnings per ordinary share for the period :-				
(i) Based on weighted average number of ordinary shares in issue (in cents)	1.79	(0.41)	2.76	0.98
(ii) On a fully diluted basis (in cents)	1.74	(0.41)	2.69	0.97

**Notes:**

(i) The computation of basic earnings per share was based on the weighted average of 621,014,061 ordinary shares (30 June 2017 : 621,014,061 ordinary shares).

(ii) The computation of fully diluted basic earnings per share was based on the adjusted weighted average of 637,713,662 ordinary shares (30 June 2017 : 627,370,109 ordinary shares).

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

	Group		Company	
	30 Jun 2018	31 Dec 2017 (Restated)	30 Jun 2018	31 Dec 2017
Net asset value per ordinary share (in cents) based on issued share capital as at the end of the period reported on	125.39	127.34	15.05	18.83

The computation of net asset value per ordinary share was based on 621,014,061 ordinary shares (excluding treasury shares of 46,501,100) (31 December 2017 : 621,014,061 ordinary shares excluding treasury shares of 46,501,100).

**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 include discussion of 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. It must also include discussion of any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

**Quarterly results : 2Q2018 vs 2Q2017**

**Overall**

Group revenue increased 16.3% from \$213.1 million to \$247.8 million, mainly driven by robust contribution from the Property Developments and Hospitality divisions although revenue from Construction Division was lower. Gross profit rose 123.9% to \$55.2 million, while profit before tax came in 13 times better than 2Q2017.

**Property Developments**

Revenue climbed 33.0% from \$141.8 million in 2Q2017 to \$188.6 million in 2Q2018 due to the progressive recognition of High Park Residences, Grandeur Park Residences and Williamsons Estate.

**Construction**

Revenue decreased by 31.4% from \$61.3 million in 2Q2017 to \$42.1 million in 2Q2018 was largely attributable to lower revenue recognised from the two Bidadari projects which were in early stage of construction and from Tampines N6C1A/1B and Woodlands N1C26 & N1C27, as they were reaching completion.

**Hospitality**

Revenue from the Hospitality division increased 114.7% from \$7.1 million in 2Q2017 to \$15.3 million in 2Q2018, due to contribution from the Group's island resort in Maldives, Grand Park Kodhipparu Resort. Overall topline was also boosted by contribution from two newly acquired hotels in Australia, The Sebel Mandurah and Mercure & Ibis Styles Grosvenor Hotel.

**Property Investments & Others**

Revenue from the division fell 35.2% from \$2.9 million to \$1.9 million over 2Q2017 to 2Q2018. This was mainly attributed to the absence of contribution from 420 St Kilda Road in Melbourne, Australia which was divested in August 2017.

**Half year results : 1H2018 vs 1H2017**

**Overall**

The Group posted a 18.9% increase in revenue to \$452.1 million. This was mainly due to improved performance from the Property Developments and Hospitality divisions. Gross profit increased by 74.5% to \$99.8 million due to better margins from Property Developments division. As a result, profit before tax increased by 127.8% to \$42.5 million.

Tax-wise, the Group recorded a higher effective tax rate compared to that of previous year. This was due to the higher tax rate arising from profits recognised from handover of Williamsons Estate in Doncaster, Melbourne.

**Property Developments**

Contributions rose 40.5% from \$231.9 million to \$325.8 million over 1H2017 to 1H2018. This was mainly attributed to progressive revenue recognition from High Park Residences and Grandeur Park Residences, along with progressive handover of townhouses of Williamsons Estate in Doncaster, Melbourne.

**Construction**

Revenue decreased by 30.4% to \$89.2 million from \$128.1 million. This was due to lower contributions from Woodlands N1C26 & N1C27 and Tampines N6C1A/1B. The decrease was partially offset by revenue contribution from Bidadari C6 & C7 and Bidadari C8 & C9.

**Hospitality**

Contributions from the Hospitality division soared 131.3% to \$33.5 million from \$14.5 million a year ago, boosted by higher occupancy rates at Park Hotel Alexandra and contributions from the Group's latest hospitality assets, The Sebel in Western Australia, Mercure & Ibis Styles Grosvenor Hotel in Adelaide, both in Australia and Grand Park Kodhipparu Resort in Maldives, which opened its doors to business in June 2017.

**Property Investments & Others**

Revenue from the Property Investment Division fell by 36.0% from \$5.8 million to \$3.7 million, due to the divestment of 420 St Kilda Road in Melbourne, Australia, in August 2017.

**Group Statement of Financial Position Review**

The Group's net current assets grew by \$0.3 billion to \$2.2 billion during the period in review. This was due largely to the development expenditures on Park Colonial and acquisition of Changi Garden. Non-current liabilities increased from \$1.8 billion to \$2.1 billion as a result of additional borrowings obtained for development projects.

Total equity remained at \$825.7 million, after taking into account a net profit of \$27.8 million recorded in 2Q2018 and dividend payments of \$24.8 million. As a result of increased borrowings, the Group's net-debt-to-equity ratio increased to 1.96 as at 30 June 2018 from 1.54 as at 31 December 2017.

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

No prospect statements for 2Q2018 were previously provided.



**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**

**Property Developments**

Singapore

On 5 July 2018, the Government announced that it had raised stamp duties and tightened lending limits on residential purchases in its bid to cool the property market and keep price increases in line with economic fundamentals. The immediate impact of the new measures was that muted responses were seen at the recent new residential launches. Against the challenging market condition, the Group rolled out its new residential project at Woodleigh Lane – Park Colonial. The debut of this new project was well received which saw units sold hit 52.6% since launch.

As regards Grandeur Park Residences, the number of units sold to-date moved up slightly to 96.4%.

As the market sentiment has turned to less favourable, the Group will cautiously replenish its land bank in Singapore.

Australia

As of to-date, we have handed over all the townhouses and 97.7% of the sold apartments to the buyers. We expect all remaining units sold be handed to buyers in 3Q2018.

For the South Melbourne project (known as Fifteen85), we had just launched the sales at the end of 2Q2018.

**Construction**

The Group did not secure any significant construction project in 2Q2018. As a result, with more works done and billed, the Group's total construction order book declined from \$524.6 million a quarter ago to \$479.9 million at the end of 2Q2018.

**Hospitality**

In the coming months, we expect the revenue from hospitality to improve from the previous quarter due to better occupancy rates of our hotel properties and contribution from recently acquired hotels.

**Property Investments**

The occupancy rates of our investment properties in Singapore, Australia and New Zealand will remain stable.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared 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 quarter ended 30 June 2018.

**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.**

The Company does not have a shareholders' mandate for interested person transactions.

**14 Confirmation**

We, Chia Lee Meng Raymond and Lim Tiang Chuan, being two Directors of CHIP ENG SENG CORPORATION LTD (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 unaudited interim financial statements of the Company and of the Group for the second quarter ended 30 June 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Chia Lee Meng Raymond  
Executive Chairman and Group Chief Executive Officer

Lim Tiang Chuan  
Executive Deputy Chairman

**15 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company confirms that it has procured undertakings from all of its directors and executive officers under Rule 720(1).

**BY ORDER OF THE BOARD**

**Chia Lee Meng Raymond**  
Executive Chairman and Group Chief Executive Officer  
3 August 2018