
**Half Year Financial Statement and Dividend Announcement
For the Financial Period Ended 30 June 2013**

*KORI HOLDINGS LIMITED (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 11 December 2012. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").*

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Background

The Company was incorporated in the Republic of Singapore on 18 May 2012 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the "**Group**"), were formed pursuant to a Restructuring Exercise prior to the IPO and listing on Catalist of the SGX-ST ("**Catalist**"). Please refer to the Company's offer document dated 4 December 2012 for further details on the Restructuring Exercise.

The Company was admitted to the Catalist on 11 December 2012. For the purpose of this announcement, the results of the Group for the financial period ended 30 June 2013 ("**HY2013**"), and the comparative results of the Group for the financial period ended 30 June 2012 ("**HY2012**"), have been prepared on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 January 2012.

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

- 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

| | Group (Unaudited) | | Increase/ (Decrease) % |
|---|-------------------|-------------------|------------------------------|
| | HY2013 S\$'000 | HY2012 S\$'000 | |
| Revenue | 35,091 | 26,653 | 31.7 |
| Cost of works | (28,264) | (20,115) | 40.5 |
| Gross profit | 6,827 | 6,538 | 4.4 |
| Other income | 533 | 549 | (2.9) |
| Expenses: | | | |
| - Administrative | (1,548) | (940) | 64.7 |
| - Finance | (3) | (3) | - |
| Profit before income tax | 5,809 | 6,144 | (5.5) |
| Income tax expense | (2,257) | (1,027) | 119.8 |
| Net profit for the period | 3,552 | 5,117 | (30.6) |
| Other comprehensive income: | | | |
| - Currency translation differences arising from consolidation | 6 | (7) | N.M. |
| Total comprehensive income for the period | 3,558 | 5,110 | (30.4) |
| Earnings per share attributable to equity holders of the Company (S\$) | | | |
| Basic | 0.04 | 7.86 | N.M. |
| Diluted | 0.04 | 7.86 | N.M. |
| | | | |

N.M. - Not Meaningful

The Group's profit before income tax is arrived at after crediting/(charging):

| | Group (Unaudited) | | Increase/ (Decrease) % |
|--|-------------------|-------------------|------------------------------|
| | HY2013 S\$'000 | HY2012 S\$'000 | |
| Net foreign currency (loss) / gains | (105) | 29 | N.M. |
| Gains on disposal of property, plant and Equipment | - | 1 | N.M. |
| Government grant – Jobs Credit Scheme | 34 | - | N.M. |
| Interest income – bank deposits | 2 | 3 | (33.3) |
| Interest expense | (3) | (3) | - |
| Depreciation | (58) | (57) | 1.8 |

N.M. – Not Meaningful

| | Group (Unaudited) | | Increase/ (Decrease) % |
|---|-------------------|-------------------|------------------------------|
| | HY2013 S\$'000 | HY2012 S\$'000 | |
| Income tax expenses | | | |
| Tax expense attributable to profit is made up of: | | | |
| -Current income tax | | | |
| Singapore | 1,050 | 1,017 | 3.2 |
| Foreign | - | 10 | N.M. |
| | 1,050 | 1,027 | 2.2 |
| Under provision in prior financial years | 1,207 | - | N.M. |
| | 2,257 | 1,027 | 119.8 |

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 | |
|--------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | Unaudited 30 Jun 13 S\$'000 | Audited 31 Dec 12 S\$'000 | Unaudited 30 Jun 13 S\$'000 | Audited 31 Dec 12 S\$'000 |
| ASSETS | | | | |
| Current assets | | | | |
| Cash & bank balances | 9,348 | 14,273 | 4,427 | 6,089 |
| Trade and other receivables | 48,822 | 38,630 | 2,358 | 1,465 |
| Inventories | 1,567 | 987 | - | - |
| Total current assets | 59,737 | 53,890 | 6,785 | 7,554 |
| Non-current assets | | | | |
| Property, plant and equipment | 278 | 249 | - | - |
| Investment in subsidiaries | - | - | 26,070 | 26,070 |
| Total non-current assets | 278 | 249 | 26,070 | 26,070 |
| Total assets | 60,015 | 54,139 | 32,855 | 33,624 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Trade and other payables | 18,251 | 15,127 | 1,489 | 1,815 |
| Finance lease liabilities | 47 | 47 | - | - |
| Income tax payable | 3,127 | 3,910 | - | - |
| Total current liabilities | 21,425 | 19,084 | 1,489 | 1,815 |
| Non-current liabilities | | | | |
| Finance lease liabilities | 4 | 27 | - | - |
| Deferred tax liabilities | 28 | 28 | - | - |
| Total non-current liabilities | 32 | 55 | - | - |
| Total liabilities | 21,457 | 19,139 | 1,489 | 1,815 |
| NET ASSETS | 38,558 | 35,000 | 31,366 | 31,809 |

| | Group | | Company | |
|---|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | Unaudited 30 Jun 13 S\$'000 | Audited 31 Dec 12 S\$'000 | Unaudited 30 Jun 13 S\$'000 | Audited 31 Dec 12 S\$'000 |
| EQUITY | | | | |
| Share capital | 32,291 | 32,291 | 32,291 | 32,291 |
| Retained earnings / (accumulated losses) | 31,890 | 28,338 | (925) | (482) |
| Merger reserve | (25,628) | (25,628) | - | - |
| Currency translation reserve | 5 | (1) | - | - |
| Total equity | 38,558 | 35,000 | 31,366 | 31,809 |

1(b) (ii) Aggregate amount of group's borrowings:

Amount repayable in one year or less

| | As at 30 June 2013 (Unaudited) | | As at 31 Dec 2012 (Audited) | |
|---------------------------|-----------------------------------|----------------------|--------------------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Finance lease liabilities | 47 | - | 47 | - |

Amount repayable after one year

| | As at 30 June 2013 (Unaudited) | | As at 31 Dec 2012 (Audited) | |
|---------------------------|-----------------------------------|----------------------|--------------------------------|----------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Finance lease liabilities | 4 | - | 27 | - |

Details of any collateral

Finance lease liabilities are secured by the leased assets - motor vehicles.

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

| | HY2013 (Unaudited) S\$'000 | HY2012 (Unaudited) S\$'000 |
|---|---|---|
| Operating activities | | |
| Net profit for the year | 3,552 | 5,117 |
| Adjustments for: | | |
| Income tax expense | 2,257 | 1,027 |
| Depreciation | 58 | 57 |
| Gain on disposal of property, plant and equipment | - | (1) |
| Interest income | (2) | (3) |
| Interest expense | 3 | 3 |
| Unrealised currency translation gains | 5 | (5) |
| Operating cash flows before changes in working capital | 5,873 | 6,195 |
| Changes in working capital | | |
| Trade and other receivables | (10,192) | (3,312) |
| Trade and other payables | 3,124 | (2,131) |
| Inventories | (580) | (654) |
| Cash (used in)/generated from operations | (1,775) | 98 |
| Income tax paid | (3,040) | (327) |
| Net cash used in operating activities | (4,815) | (229) |
| Cash flows from investing activities | | |
| Additions of property, plant and equipment | (86) | (29) |
| Proceeds on disposal of property, plant and equipment | - | 5 |
| Net cash used in investing activities | (86) | (24) |
| Cash flows from financing activities | | |
| Interest received | 2 | 3 |
| Interest paid | (3) | (3) |
| Initial public offering expenses | - | (616) |
| Proceeds from convertible loan | | 1,200 |
| Repayments of finance leases | (23) | (23) |
| Net cash (used in)/generated from financing activities | (24) | 561 |
| Net (decrease)/increase in cash and cash equivalents | (4,925) | 308 |
| Cash and cash equivalents at the beginning of financial year | 13,519 | 4,841 |
| Cash and cash equivalents at end of financial year | 8,594 | 5,149 |

Note:

(1) Cash and cash equivalents at the end of financial period comprise the following:

| | HY2013 (Unaudited) S\$'000 | HY2012 (Unaudited) S\$'000 |
|---------------------------------------|---|---|
| Cash at bank and on hand | 3,332 | 4,420 |
| Short-term bank deposits | 6,016 | 1,481 |
| | 9,348 | 5,901 |
| Cash and bank balances(as above) | 9,348 | 5,901 |
| Less: short-term bank deposit pledged | (754) | (752) |
| Cash and cash equivalents | 8,594 | 5,149 |

A short-term fixed deposit of S\$754,227 was pledged as security for letters of guarantee of S\$595,710 issued to third party.

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 period

| Group (Unaudited) | Share capital S\$'000 | Retained earnings S\$'000 | Equity Component of convertible loan S\$'000 | Merger Reserve S\$'000 | Currency translation reserve S\$'000 | Total S\$'000 |
|---|----------------------------------|--------------------------------------|---|-----------------------------------|---|--------------------------|
| Balance as at 1 January 2013 | 32,291 | 28,338 | - | (25,628) | (1) | 35,000 |
| Total comprehensive income for the financial period | - | 3,552 | - | - | 6 | 3,558 |
| Balance as at 30 June 2013 | 32,291 | 31,890 | - | (25,628) | 5 | 38,558 |
| Balance as at 1 January 2012 | 442 | 20,461 | - | - | 6 | 20,909 |
| Convertible loan-equity component | - | - | 50 | - | - | 50 |
| Total comprehensive income for the financial period | - | 5,117 | - | - | (7) | 5,110 |
| Balance as at 30 June 2012 | 442 | 25,578 | 50 | - | (1) | 26,090 |

| Company* (Unaudited) | Share capital S\$'000 | Retained Earnings S\$'000 | Total S\$'000 |
|---|----------------------------------|--------------------------------------|--------------------------|
| Balance as at 1 January 2013 | 32,291 | (482) | 31,809 |
| Total comprehensive income for the period | - | (443) | (443) |
| Balance as at 30 June 2013 | 32,291 | (925) | 31,366 |

*The Company was only incorporated on 18 May 2012. As such, there is no comparative statement for the Company's changes in equity for HY2012.

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 well as the number of shares held as treasury shares of the issuer, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since 31 December 2012 up to 30 June 2013.

The Company was incorporated on 18 May 2012. There were no outstanding options, convertibles or treasury shares as at 30 June 2013.

1(d) (iii) To show the 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

| | Company As at 30 June 2013 | Company As at 31 December 2012 |
|---|---|---|
| Total number of issued shares excluding treasury shares | <u>99,200,000</u> | <u>99,200,000</u> |

The Company did not have any treasury shares as at 30 June 2013 and 31 December 2012.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

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 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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation as in the financial statements for the current reporting period as in the most recently audited annual financial statements for the financial year ended 31 December 2012.

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

In the current financial period, the Group adopted the following relevant new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for the financial periods beginning on or after 1 January 2013.

- Amendments to FRS 1 – Presentation of Items of Other Comprehensive Income (effective for financial periods beginning on or after 1 July 2012)
- FRS 19 (Revised) – Employee Benefits (effective for financial periods beginning on or after 1 January 2013)
- FRS 113 (New) – Fair Value Measurements (effective for financial periods beginning on or after 1 January 2013)
- Amendments to FRS 101 First-time Adoption of Financial Reporting Standards – Government Loans (effective for financial periods beginning on or after 1 January 2013)
- Amendments to FRS 107 Disclosures – Offsetting Financial Assets and Financial Liabilities (effective for financial periods beginning on or after 1 January 2013).

The adoption of the above FRSs did not result in any substantial change to the Group's accounting policies and has no material impact on the financial statements of the Group for the current financial period reported on.

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

| | Group | |
|--|---------------|---------------|
| | HY2013 | HY2012 |
| Net profit attributable to owners of the Company (S\$'000) | <u>3,552</u> | <u>5,117</u> |
| Basic and diluted earnings per share (EPS) in Singapore dollar | <u>0.04</u> | <u>7.86</u> |

For illustrative purposes, the calculation of the basic and diluted EPS for the Group for the financial period ended 30 June 2012 was based on 650,000 ordinary shares, representing the aggregate number of fully paid and issued ordinary share capital of its wholly-owned subsidiaries, namely Kori Construction (S) Pte Ltd, Ming Shin Construction (S) Pte Ltd and Kori Construction (M) Sdn Bhd.

For illustrative purposes, basic and diluted EPS of the Group for the financial period ended 30 June 2013 is based on the post placement issued ordinary share capital of 99,200,000 shares.

The basic and diluted EPS were the same as there were no potentially dilutive ordinary shares in issue during HY2013 and HY2012.

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 2013 | 31 Dec 2012 | 30 Jun 2013 | 31 Dec 2012 |
| | Unaudited | Audited | Unaudited | Audited |
| Net asset value (S\$'000) | <u>38,558</u> | <u>35,000</u> | <u>31,366</u> | <u>31,809</u> |
| Number of issued shares ('000) | <u>99,200</u> | <u>99,200</u> | <u>99,200</u> | <u>99,200</u> |
| Net asset value per ordinary share based on issued share capital | <u>0.39</u> | <u>0.35</u> | <u>0.32</u> | <u>0.32</u> |

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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.**

Review of the Income Statement of the Group

Six months ended 30 June 2013 ("HY2013") vs. 30 June 2012 ("HY2012")

Revenue

Our total revenue increased by approximately S\$8.4 million or 31.7% from S\$26.7 million in HY2012 to S\$35.1 million in HY2013. Revenue derived from the structural steelworks services segment accounted for approximately 92.6% of our Group's total revenue.

The increase in revenue from our structural steelworks services segment by approximately 32.7% from S\$24.5 million in HY2012 to S\$32.5 million in HY2013 was mainly attributable to the increase in work completed for Bedok Town Park Station Project, Ubi Station Project, Bedok Reservoir Station Project and the commencement of Tampines West Station Project. The increase in revenue was partially offset by a decrease in revenue contributed from the Botanic Garden & Stevens Station Project, Newton Station Project and Beauty World and Hillview Project.

Revenue from the tunneling services segment increased from S\$2.2 million in HY2012 to S\$2.6 million in HY2013 mainly due to work completed for NEWater Infrastructure Plan Extension Project, Bedok Town Park Station Project and the commencement of Rochor Station and Little India Station Projects in April 2013. The increase in revenue was partially offset by a decrease in revenue contributed from Little India to Newton Station Project.

Cost of works

Our cost of works increased by approximately S\$8.1 million or 40.5% from S\$20.1 million in HY2012 to S\$28.2 million in HY2013. This comprised the increase in cost of works for both the structural steelworks services segment and tunneling services segment of approximately S\$6.9 million and S\$1.2 million respectively.

Our cost of works for the structural steelworks services segment increased by 36.7% from approximately S\$18.8 million in HY2012 to S\$25.7 million in HY2013 mainly due to an increase in material costs of S\$1.9 million, subcontractor charges of S\$1.6 million, worksite expenses of S\$1.3 million, employee

compensation of S\$1.1 million and rental expenses of S\$0.9 million. More materials and a larger portion of subcontracting works were required due to the increase in business activities in HY2013 as compared to HY2012. In addition, our Group also incurred more worksites expenses for the purchase of hardware and safety tools consumed by the site and rental expenses for the rental of machineries and equipment. The increase in headcount resulted in an increase in employee compensation for the structural segment.

Our cost of works for the tunneling services segment increased from S\$1.3 million in HY2012 to S\$2.5 million in HY2013 mainly due to an increase in employee compensation and rental expenses of S\$1.0 million and S\$0.1 million respectively. The increase was in line with the increase in the level of construction activities for projects under this segment.

Gross profit

Our Group's gross profit increased by approximately S\$0.3 million or 4.4% from S\$6.5 million in HY2012 to S\$6.8 million in HY2013 due to an increase in gross profit for the structural steelworks segment of approximately S\$1.1 million, partially offset by a decrease in gross profit for the tunneling segment of approximately S\$0.8 million. Our gross profit margin decreased from 24.5% in HY2012 to 19.5% in HY2013, due to a decrease in gross profit margin for both the structural steelworks services and tunneling services segments as a result of the aforementioned reasons.

Other income

Other income decreased by S\$15,409 from S\$548,950 in HY2012 to S\$533,541 in HY2013. This was due mainly to a decrease in income of S\$105,351 as a result of a reduction in the secondment of project engineers and a currency translation gain of S\$28,896, partially offset by an increase in income from sales of scrap materials of S\$120,029.

Administrative expenses

Administrative expenses increased by approximately S\$0.6 million or 64.7% from S\$0.9 million in HY2012 to S\$1.5 million in HY2013. This was mainly due to an increase in employee compensation, professional fees, net foreign exchange loss and secretarial fees of an aggregate amount of S\$0.5 million.

Profit before income tax

The Group recorded a profit before tax of S\$5.8 million in HY2013, a decrease of S\$0.3 million as compared to HY2012, mainly due to the above-mentioned factors.

Income tax expense

Income tax expense increased by approximately S\$1.3 million or 119.8% from S\$1.0 million in HY2012 to S\$2.3 million in HY2013 mainly due to an under-provision of prior years' tax of S\$1.2 million arising from additional assessment from IRAS. The management has filed an objection to the said assessment to IRAS and is pending a response from IRAS.

Review of the Financial Position of the Group

As at 30 June 2013

Current assets

As at 30 June 2013, the Group's current assets of approximately S\$59.7 million accounted for approximately 99.5% of the Group's total assets. Our current assets comprised the following:

- (i) Cash and bank balances of approximately S\$9.3 million accounted for 15.6% of our total current assets. Cash and bank balances consisted cash at bank and on hand of S\$3.3 million and short-term bank deposits of S\$6.0 million;
- (ii) Trade and other receivables of approximately S\$48.8 million accounted for 81.7% of our total current assets. Trade and other receivables comprised mainly trade receivables of S\$7.5 million, construction contracts of S\$40.2 million and deposits of S\$1.0 million. The increase in trade and other receivables of S\$10.2 million as at 30 June 2013 as compared to 31 December 2012 was in line with our increase in turnover; and
- (iii) Inventories of approximately S\$1.6 million accounted for 2.7% of our total current assets. Our inventories increased by approximately S\$0.6 million as at 30 June 2013 as compared to 31 December 2012 due to buy-back of materials from the Botanic Garden, Stevens Station and Newton Station Projects, to stockyard for the use in future projects.

Current liabilities

As at 30 June 2013, the Group's current liabilities of approximately S\$21.4 million accounted for 99.5% of the Group's total liabilities. Our current liabilities comprised the following:

- (i) Trade and other payables of approximately S\$18.3 million accounted for 85.5% of our total current liabilities. Trade and other payables consisted trade payables of S\$15.1 million, construction contracts due to customers of S\$1.0 million, other payables of S\$0.2 million and accrued operating expenses of S\$2.0 million. The increased in trade and other payables of S\$3.1 million as at 30 June 2013 compared to 31 December 2012 was mainly due to higher purchases as a result of increased business activities during HY2013;
- (ii) Current income tax payable of approximately S\$3.1 million accounted for 14.5% of our total current liabilities. The decrease in current income tax payable of S\$0.8 million as at 30 June 2013 compared to 31 December 2012 was mainly due to the payment of income tax of \$3.0 million in HY2013, partially offset by the increase in provision for taxation of \$1.2 million for FY2009, FY2010, FY2011 and FY2012, and current provision of \$1.0 million for HY2013; and

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- (iii) Current finance lease liabilities of S\$46,593 accounted for 0.2% of our total current liabilities. There is no change in current finance lease liabilities from 31 December 2012 to 30 June 2013.

Equity

As at 30 June 2013, our equity of approximately S\$38.6 million comprised mainly share capital of S\$32.3 million and retained earnings of S\$6.3 million.

The Group reported net working capital of S\$38.3 million as at 30 June 2013 as compared to S\$34.8 million as at 31 December 2012.

Review of the Cash Flow Statement of the Group

Net cash used in operating activities

In HY2013, we recorded net cash outflow from operating activities of approximately S\$4.8 million, which was a result of operating profit before changes in working capital of approximately S\$5.9 million, adjusted for net working capital outflows of approximately S\$7.7 million as well as income tax paid of approximately S\$3.0 million. Our working capital outflows were mainly due to an increase in trade and other payables of approximately S\$3.1 million and offset by an increase in trade and other receivables of approximately S\$10.2 million and an increase in inventories of approximately S\$0.6 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$86,067, which was attributable to additions of property, plant and equipment.

Net cash from financing activities

Net cash used in financing activities amounted to S\$24,446, which was mainly due to repayment of finance lease liabilities of S\$23,297 and hire purchase interest expenses of \$2,911, offset by interest received of S\$1,760.

As at 30 June 2013, our cash and cash equivalents were approximately S\$8.6 million.

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

Not applicable. No forecast or prospect statement has been previously issued to the shareholders for the current reporting period.

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

The outlook for the Singapore construction industry for the next 12 months remains positive. The Building and Construction Authority's Construction Prospects Report for year 2013 has projected S\$26 billion to S\$32 billion of construction demand for year 2013.

The Land Transport Authority's Thomson MRT Line Project is currently at tendering stages and we are participating in the tender.

Our established track record and strong technical expertise for both structural steelworks and tunnelling works has allowed us to compete effectively with other industry players and put us in a better position to secure more major projects, particularly public sector projects likely to be awarded in year 2013.

On the other hand, we expect pressure from the acute constraint of labour supply and increasing manpower costs in Singapore. In this respect, we have taken appropriate steps and measures to address these issues so as to remain competitive within the industry.

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 or recommended for the current financial period reported on.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), 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 Group does not have a general mandate for IPTs.

14. Use of IPO proceeds

As at the date of this announcement, the status of the use of IPO proceeds is as below:

| Use of Proceeds | Amount in aggregate (S\$'000) | Amount utilised as at the date of this announcement (S\$'000) | Amount unutilised as at the date of this announcement (S\$'000) |
|--|----------------------------------|--|--|
| Expansion of the Group's structural steelworks and tunnelling services in Singapore | 3,000 | (1,803) | 1,197 |
| Expansion of the Group's tunnelling services in overseas markets through joint ventures or strategic alliances | 100 | - | 100 |
| Acquisition of land for a new storage yard | 1,000 | (1,000) | - |
| General working capital purposes | 305 | (134) ⁽¹⁾ | 171 |
| Listing expenses to be borne by the Company | 1,995 | (1,995) ⁽²⁾ | - |
| Total | 6,400 | (4,932) | 1,468 |

Note:

- (1) The amount for general working capital purposes has been utilised mainly for the payment of professional fees.
- (2) The Company has reallocated the unutilised amount of approximately S\$22,000 allocated for listing expenses to partially finance the acquisition of land for a new storage yard as announced by the Company on 26 July 2013.

15. Confirmation By The Board Pursuant To Rule 705(5)

The Directors confirm on behalf of the Board of Directors (the “**Board**”) that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited HY2013 financial results for the Company and the Group set out above to be false or misleading in any material aspect.

By Order of the Board

HOOI YU KOH
CEO/Managing Director
14 August 2013