Financial Statements and Related Announcement::Third Quarter Results

Issuer & Securities

Issuer/ Manager	CSC HOLDINGS LIMITED
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CSC HOLDINGS LIMITED

(Company Registration Number: 199707845E)

Financial Statements Announcement

for the Third Quarter Ended 31 December 2017

(For the Financial Year Ending 31 March 2018)

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Review of the Performance of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

3QFY18 – for the 3 months ended 31 December 2017
2QFY18 – for the 3 months ended 30 September 2017
3QFY17 – for the 3 months ended 31 December 2016
9MFY18 – for the 9 months ended 31 December 2017
9MFY17 – for the 9 months ended 31 December 2016

Review of Results for the Third Quarter Ended 31 December 2017

	3QFY18 $'000	2QFY18 $'000	Change %	3QFY17 $'000	Change %	9MFY18 $'000	9MFY17 $'000	Change %
Revenue	94,874	92,451	2.6	55,893	69.7	264,796	187,507	41.2
Gross Profit	4,276	4,271	0.1	1,912	N.M.	12,151	4,119	N.M.
Other Income	879	1,047	(16.0)	123	N.M.	2,270	1,916	18.5
Operating Expenses	(6,340)	(7,007)	(9.5)	(5,876)	7.9	(19,179)	(19,038)	0.7
Loss from Operating Activities	(1,185)	(1,689)	(29.8)	(3,841)	(69.1)	(4,758)	(13,003)	(63.4)
Net Finance Expenses	(764)	(938)	(18.6)	(635)	20.3	(2,734)	(2,303)	18.7
Share of Profit of an Associate	1	-	N.A.	-	N.A.	1	-	N.A.
Share of (Loss)/Profit of a Joint Venture	-	-	N.A.	(213)	(100.0)	1	(244)	N.M.
Loss before Tax	(1,948)	(2,627)	(25.8)	(4,689)	(58.5)	(7,490)	(15,550)	(51.8)
Tax Expense	(149)	(59)	N.M.	(897)	(83.4)	(231)	(2,326)	(90.1)
Loss for the period	(2,097)	(2,686)	(21.9)	(5,586)	(62.5)	(7,721)	(17,876)	(56.8)
EBITDA	5,272	4,779	10.3	2,458	114.5	14,712	6,842	115.0
Gross Profit Margins	4.5%	4.6%		3.4%		4.6%	2.2%	

Revenue

The Group recorded a 41.2% increase in revenue to $264.8 million for 9MFY18 (9MFY17: $187.5 million) on the back of higher work volume from the projects secured in Singapore. Corresponding with the higher level of business activity, revenue for 3QFY18 also registered an improvement of 69.7% over 3QFY17.

Quarter-on-quarter, revenue for 3QFY18 was largely consistent with 2QFY18.

Gross Profit and Gross Profit Margins (GPM)

Gross profit for 9MFY18 and 3QFY18 were higher at $12.2 million and $4.3 million (9MFY17: $4.1 million; 3QFY17: $1.9 million), in line with the higher revenues recorded. The improvement in GPM reflected firmer contract prices for the projects secured during the period as demand for the foundation engineering works continued to recover.

Gross profit and GPM for 3QFY18 were comparable to 2QFY18.

Other Income

The Group recorded other income of $2.3 million for 9MFY18 (9MFY17: $1.9 million) and $0.9 million for 3QFY18 (3QFY17: $0.1 million), taking into account a higher gain from the disposal of older equipment and an increase in miscellaneous construction-related income during the periods under review.

Other income for 3QFY18 was lower at $0.9 million compared to $1.0 million in 2QFY18, mainly due to the lower gain of $0.6 million from the disposal of older equipment in 3QFY18 (2QFY18: $0.7 million).

Operating Expenses

	3QFY18 $'000	2QFY18 $'000	Change %	3QFY17 $'000	Change %	9MFY18 $'000	9MFY17 $'000	Change %
Other Operating Expenses	6,423	6,870	(6.5)	6,116	5.0	19,951	19,160	4.1
Impairment Losses Recognised/ (Reversed) on Trade and Other Receivables	122	41	N.M.	(29)	N.M.	(346)	(67)	N.M.
Exchange (Gain)/Loss	(205)	96	N.M.	(211)	(2.8)	(426)	(55)	N.M.
Net Operating Expenses	6,340	7,007	(9.5)	5,876	7.9	19,179	19,038	0.7
Other Operating Expenses /Revenue	6.8%	7.4%		10.9%		7.5%	10.2%	

Other operating expenses for 9MFY18 and 3QFY18 amounted to $20.0 million and $6.4 million respectively (9MFY17: $19.2 million; 3QFY17: $6.1 million).

Other operating expenses to revenue ratio improved to 7.5% for 9MFY18 (9MFY17: 10.2%) and 6.8% for 3QFY18 (3QFY17: 10.9%), as a result of the higher revenues recorded for the periods under review.

Quarter-on-quarter, other operating expenses to revenue ratio was lower compared to 7.4% for 2QFY18, reflecting the lower overheads and higher revenue recorded in the period under review.

Net Finance Expenses

	3QFY18 $'000	2QFY18 $'000	Change %	3QFY17 $'000	Change %	9MFY18 $'000	9MFY17 $'000	Change %
Interest Income	52	50	4.0	44	18.2	164	156	5.1
Interest Expenses	(770)	(799)	(3.6)	(830)	(7.2)	(2,329)	(2,370)	(1.7)
Net Interest Expenses	(718)	(749)	(4.1)	(786)	(8.7)	(2,165)	(2,214)	(2.2)
Imputed Interest on Non-Current Assets	(46)	(189)	(75.7)	151	N.M.	(569)	(89)	N.M.
Net Finance Expenses	(764)	(938)	(18.6)	(635)	20.3	(2,734)	(2,303)	18.7

Net interest expenses were $2.2 million for 9MFY18 (9MFY17: $2.2 million) and $0.7 million for 3QFY18 (3QFY17: $0.8 million). The year-on-year decline in both periods was due to the net repayment of hire purchase loans.

Net interest expenses for 3QFY18 was comparable to 2QFY18.

Loss for the period

Earnings before interest, tax, depreciation and amortization (EBITDA) for both 9MFY18 and 3QFY18 registered improvements of more than 100% over their previous corresponding periods respectively.

Taking into account the above factors, the Group narrowed net loss to $7.7 million for 9MFY18 (9MFY17: $17.9 million) and $2.1 million for 3QFY18 (3QFY17: $5.6 million).

Loss per share of 0.39 cent for 9MFY18 and 0.12 cent for 3QFY18 were 56.2% and 60.0% lower compared to 9MFY17 and 3QFY17.

STATEMENT OF FINANCIAL POSITION

Property, Plant and Equipment

Net book value of property, plant and equipment as at 31 December 2017 was $156.5 million (31 March 2017: $164.9 million).

In 9MFY18, the Group acquired $9.4 million worth of new plant and equipment to replace older equipment. The Group disposed of plant and equipment with carrying values of $3.1 million and recorded a $1.5 million gain on the disposal. Depreciation charge for 9MFY18 was $19.5 million (9MFY17: $20.1 million).

Net Current Assets

As at 31 December 2017, net current assets of the Group was $14.3 million (31 March 2017: $14.5 million). Current ratio (current assets / current liabilities) was 1.08 (31 March 2017: 1.09).

The Group's inventories stood at $24.2 million as at 31 December 2017 (31 March 2017: $25.3 million).

Trade and other receivables were $144.3 million (31 March 2017: $137.3 million) while trade and other payables were $102.0 million (31 March 2017: $85.0 million), in line with the higher level of business activities.

Borrowings

As at 31 December 2017, total borrowings of the Group was $89.4 million (31 March 2017: $85.7 million) as the Group drew down some short-term borrowings to finance the higher level of business activity.

Debt to equity ratio as at 31 December 2017 was 0.54 (31 March 2017: 0.50).

Equity and Net Asset Value

As at 31 December 2017, the Group's equity was $164.4 million (31 March 2017: $170.8 million), while net asset value per ordinary share was 7.5 cents (31 March 2017: 7.8 cents).

CASH FLOW

	3QFY18 $'000	2QFY18 $'000	Change %	3QFY17 $'000	Change %	9MFY18 $'000	9MFY17 $'000	Change %
Cash Flow from Operating Activities	7,509	(456)	N.M.	3,950	90.1	13,594	9,540	42.5
Cash Flow from Investing Activities	1,229	(3,296)	N.M.	(4,541)	N.M.	(1,557)	(9,010)	(82.7)
Cash Flow from Financing Activities	(2,983)	(3,187)	(6.4)	(3,287)	(9.2)	(7,148)	(12,130)	(41.1)
Cash and Cash Equivalents	18,247	12,350	47.7	13,906	31.2	18,247	13,906	31.2

Cash Flow from Operating Activities

Net cash inflow from operating activities were $13.6 million for 9MFY18 (9MFY17: $9.5 million) and $7.5 million for 3QFY18 (3QFY17: $4.0 million).

Quarter-on-quarter, net cash inflow for 3QFY18 improved to $7.5 million from a net cash outflow of $0.5 million in 2QFY18.

Cash Flow from Investing Activities

The Group recorded a lower net cash outflow from investing activities of $1.6 million for 9MFY18 (9MFY17: $9.0 million), taking into account the higher net investment in equipment and the construction of the new Tuas Yard for its operations in 9MFY17. In addition, the Group invested $1.7 million for the development of commercial properties in Seremban, Negeri Sembilan, Malaysia and a residential property project in Hertford, United Kingdom, in 9MFY17.

Net cash inflow for 3QFY18 was $1.2 million, compared to a net cash outflow of $4.5 million for 3QFY17 and $3.3 million for 2QFY18 as the Group incurred lower net cash outflow on capital expenditure for its operations in 3QFY18.

Cash Flow from Financing Activities

The Group's net cash outflow from financing activities was $7.1 million for 9MFY18 (9MFY17: $12.1 million) and $3.0 million for 3QFY18 (3QFY17: $3.3 million; 2QFY18: $3.2 million), following the net repayment of bank borrowings during the periods under review.

Cash and Cash Equivalents

Taking into consideration the abovementioned factors, the Group's cash and cash equivalents stood at $18.2 million as at 31 December 2017 (31 December 2016: $13.9 million; 30 September 2017: $12.4 million).

Outlook

Based on the latest projections by the Building and Construction Authority of Singapore ("BCA") in its press release on 11 January 2018, total demand for construction services in 2018 is forecast to range between $26 billion and $31 billion (2017: $24.5 billion). The projected higher demand is expected to be driven by public sector projects collectively valued at between $16 billion and $19 billion (2017: $15.5 billion).

BCA also projects private sector construction demand to increase gradually in the medium term, boosted by the redevelopment of en-bloc sale sites and the spill-over benefits generated by the improved performance and outlook in other economic sectors.

These indicators, along with sequential improvements in construction activity over the past three quarters, give good reason for an anticipated industry recovery. While the Group believes that the recovery will be sustainable, it is maintaining a cautious view of the prospects for the industry in 2018, and expects any significant pick-up in activity to gain momentum only in the second half of the year ("2H18").

In this regard, the Group will continue to proactively build up its order book, while optimising its asset utilisation and operational efficiency, to ensure it will be well-positioned for the anticipated pick-up in activities in 2H18.

As at 6 February 2018, the Group's order book was approximately $210 million (8 November 2017: $200 million), with the bulk of the contracts to be delivered within the next 9 months. The Group will continue to manage and adjust its resources in tandem with future market demand.

Consolidated Statement of Profit or Loss for the 3rd Quarter ended 31 December 2017

	Note	Group			Group		
		3rd Quarter ended		Change	9 months ended		Change
		31-Dec-17	31-Dec-16		31-Dec-17	31-Dec-16	
		$'000	$'000	%	$'000	$'000	%
Revenue		94,874	55,893	69.7	264,796	187,507	41.2
Cost of sales	A	(90,598)	(53,981)	67.8	(252,645)	(183,388)	37.8
Gross profit		4,276	1,912	N.M.	12,151	4,119	N.M.
Other income	B	879	123	N.M.	2,270	1,916	18.5
Distribution expenses		(129)	(89)	44.9	(448)	(445)	0.7
Administrative expenses	C	(5,995)	(5,799)	3.4	(18,839)	(18,561)	1.5
Other operating (expenses)/income	D	(216)	12	N.M.	108	(32)	N.M.
Results from operating activities		(1,185)	(3,841)	(69.1)	(4,758)	(13,003)	(63.4)
Finance income		52	195	(73.3)	164	156	5.1
Finance expenses		(816)	(830)	(1.7)	(2,898)	(2,459)	17.9
Net finance expenses		(764)	(635)	20.3	(2,734)	(2,303)	18.7
Share of profit of an associate (net of tax)		1	-	N.A.	1	-	N.A.
Share of (loss)/profit of a joint venture (net of tax)		-	(213)	(100.0)	1	(244)	N.M.
Loss before tax		(1,948)	(4,689)	(58.5)	(7,490)	(15,550)	(51.8)
Tax expense	E	(149)	(897)	(83.4)	(231)	(2,326)	(90.1)
Loss for the period		(2,097)	(5,586)	(62.5)	(7,721)	(17,876)	(56.8)
Attributable to:							
Owners of the Company		(2,615)	(6,628)	(60.5)	(8,527)	(19,428)	(56.1)
Non-controlling interests		518	1,042	(50.3)	806	1,552	(48.1)
Loss for the period		(2,097)	(5,586)	(62.5)	(7,721)	(17,876)	(56.8)

	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
Gross profit margin	4.5%	3.4%	4.6%	2.2%
Net loss margin	-2.2%	-10.0%	-2.9%	-9.5%

Consolidated Statement of Comprehensive Income for the 3rd Quarter ended 31 December 2017

	Group			Group		
	3rd Quarter ended		Change	9 months ended		Change
	31-Dec-17	31-Dec-16		31-Dec-17	31-Dec-16	
	$'000	$'000	%	$'000	$'000	%
Loss for the period	(2,097)	(5,586)	(62.5)	(7,721)	(17,876)	(56.8)
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	666	(246)	N.M.	1,161	(983)	N.M.
Translation differences relating to dilution of interest in a joint venture reclassified to profit or loss	(1)	-	N.A.	(1)	-	N.A.
Other comprehensive income for the period, net of tax	665	(246)	N.M.	1,160	(983)	N.M.
Total comprehensive income for the period	(1,432)	(5,832)	(75.4)	(6,561)	(18,859)	(65.2)
Attributable to:						
Owners of the Company	(1,991)	(6,924)	(71.2)	(7,443)	(20,449)	(63.6)
Non-controlling interests	559	1,092	(48.8)	882	1,590	(44.5)
Total comprehensive income for the period	(1,432)	(5,832)	(75.4)	(6,561)	(18,859)	(65.2)

Statement of Financial Position as at 31 December 2017

DESCRIPTION	Note	Group		Company	
		31-Dec-17	31-Mar-17	31-Dec-17	31-Mar-17
		$'000	$'000	$'000	$'000
Non-current assets					
Property, plant and equipment	1	156,525	164,929	24	31
Goodwill		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	118,592	114,592
- associates		1,649	904	-	-
- a joint venture		-	704	-	-
Other investments		773	879	-	-
Trade and other receivables		12,687	10,544	-	-
Deferred tax assets		285	252	19	19
		173,371	179,664	118,635	114,642
Current assets					
Inventories	2	24,156	25,257	-	-
Trade and other receivables		144,346	137,287	22,288	26,485
Cash and cash equivalents		24,323	18,532	243	1,398
		192,825	181,076	22,531	27,883
Total assets		366,196	360,740	141,166	142,525

Statement of Financial Position as at 31 December 2017 (cont'd)

DESCRIPTION	Note	Group		Company	
		31-Dec-17	31-Mar-17	31-Dec-17	31-Mar-17
		$'000	$'000	$'000	$'000
Equity attributable to owners of the Company					
Share capital		80,391	80,292	80,391	80,292
Reserves		57,209	64,652	51,127	49,403
		137,600	144,944	131,518	129,695
Non-controlling interests		26,757	25,900	-	-
Total equity		164,357	170,844	131,518	129,695
Non-current liabilities					
Loans and borrowings		21,753	21,632	18	26
Deferred tax liabilities		1,576	1,726	-	-
		23,329	23,358	18	26
Current liabilities					
Loans and borrowings		67,603	64,050	139	10
Derivatives		18	-	-	-
Trade and other payables		101,984	84,960	9,458	12,753
Excess of progress billings over construction work-in-progress	3	186	186	-	-
Provisions		8,470	15,917	-	-
Current tax payable		249	1,425	33	41
		178,510	166,538	9,630	12,804
Total liabilities		201,839	189,896	9,648	12,830
Total equity and liabilities		366,196	360,740	141,166	142,525

Consolidated Statement of Cash Flows for the 3rd Quarter ended 31 December 2017

	3rd Quarter ended		9 months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	$'000	$'000	$'000	$'000
Cash flows from operating activities				
Loss for the period	(2,097)	(5,586)	(7,721)	(17,876)
Adjustments for:				
Allowance for foreseeable losses recognised on construction work-in-progress	-	-	142	-
Bad debts written off/(back)	26	(7)	27	2
Depreciation of property, plant and equipment	6,456	6,512	19,468	20,089
Gain on dilution of interest in a joint venture	(1)	-	(1)	-
Gain on disposal of:				
- property, plant and equipment	(515)	(174)	(1,369)	(1,356)
- assets held for sale	(91)	-	(91)	-
Impairment losses recognised/(reversed) on trade and other receivables	122	(29)	(346)	(67)
Inventories written (back)/down	(2)	-	47	-
Net finance expenses	764	635	2,734	2,303
Provision for liquidated damages	-	7	36	876
Provision made/(reversed) for rectification costs	929	(20)	1,487	(28)
Share of profit of an associate (net of tax)	(1)	-	(1)	-
Share of loss/(profit) of a joint venture (net of tax)	-	213	(1)	244
Tax expense	149	897	231	2,326
Operating activities before working capital changes	5,739	2,448	14,642	6,513
Changes in working capital:				
Inventories	(2,414)	58	(2,732)	(2,897)
Trade and other receivables	3,738	8,537	(9,924)	18,840
Trade and other payables	1,142	(6,379)	12,916	(11,752)
Cash generated from operations	8,205	4,664	14,902	10,704
Taxes paid	(748)	(758)	(1,472)	(1,320)
Interest received	52	44	164	156
Net cash generated from operating activities	7,509	3,950	13,594	9,540

Consolidated Statement of Cash Flows for the 3rd Quarter ended 31 December 2017 (cont'd)

	3rd Quarter ended		9 months ended	
	31-Dec-17	31-Dec-16	31-Dec-17	31-Dec-16
	$'000	$'000	$'000	$'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,719)	(4,923)	(8,490)	(10,887)
Proceeds from disposal of:				
- property, plant and equipment	2,528	382	6,094	3,530
- a joint venture in previous year	420	-	839	-
Acquisition of an associate	-	-		(904)
Incorporation of a joint venture	-	-	-	(749)
Net cash generated from/(used in) investing activities	1,229	(4,541)	(1,557)	(9,010)
Cash flows from financing activities				
Interest paid	(810)	(829)	(2,361)	(2,374)
Dividends paid:				
- non-controlling interests of a subsidiary	-	(90)	(90)	(90)
Proceeds from:				
- bank loans	3,730	8,385	8,055	25,830
- bills payable	17,659	9,886	43,582	27,733
- cash grant from Productivity and Innovation Credit Scheme for acquisition of property, plant and equipment	60	-	60	-
- issue of shares from exercise of warrants, net of expenses	91	3	99	3
Repayment of:				
- bank loans	(6,406)	(4,937)	(17,217)	(16,830)
- bills payable	(14,221)	(11,432)	(30,734)	(32,361)
- finance lease liabilities	(3,086)	(4,273)	(9,542)	(13,041)
Decrease/(Increase) in fixed deposits pledged	-	-	1,000	(1,000)
Net cash used in financing activities	(2,983)	(3,287)	(7,148)	(12,130)
Net increase/(decrease) in cash and cash equivalents	5,755	(3,878)	4,889	(11,600)
Cash and cash equivalents at 1 October/1 April	12,350	17,910	13,090	25,935
Effect of exchange rate changes on balances held in foreign currencies	142	(126)	268	(429)
Cash and cash equivalents at 31 December	18,247	13,906	18,247	13,906
Comprising:				
Cash and cash equivalents	24,323	24,329	24,323	24,329
Bank overdrafts	(6,076)	(9,423)	(6,076)	(9,423)
	18,247	14,906	18,247	14,906
Less:				
Fixed deposits pledged as security for bank facilities	-	(1,000)	-	(1,000)
Cash and cash equivalents in the consolidated cash flow statement	18,247	13,906	18,247	13,906

Statements of Changes in Equity for the 3rd Quarter ended 31 December 2017

Group	Share capital	Capital reserve	Reserve for own shares	Reserve on consolidation	Foreign currency translation reserve	Revaluation reserve	Other reserve	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 October 2016	80,289	17,798	(2,354)	116	(6,610)	-	(881)	58,001	146,359	25,952	172,311
Total comprehensive income for the period											
Profit or loss	-	-	-	-	-	-	-	(6,628)	(6,628)	1,042	(5,586)
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	(296)	-	-	-	(296)	50	(246)
Total other comprehensive income	-	-	-	-	(296)	-	-	-	(296)	50	(246)
Total comprehensive income for the period	-	-	-	-	(296)	-	-	(6,628)	(6,924)	1,092	(5,832)
Transactions with owners of the Company, recorded directly in equity											
Contributions by and distributions to owners											
Issue of shares from exercise of warrants	3	-	-	-	-	-	-	-	3	-	3
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(90)	(90)
Total contributions by and distributions to owners	3	-	-	-	-	-	-	-	3	(90)	(87)
At 31 December 2016	80,292	17,798	(2,354)	116	(6,906)	-	(881)	51,373	139,438	26,954	166,392
At 1 October 2017	80,300	17,798	(2,354)	116	(6,914)	11,502	(881)	39,933	139,500	26,198	165,698
Total comprehensive income for the period											
Profit or loss	-	-	-	-	-	-	-	(2,615)	(2,615)	518	(2,097)
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	625	-	-	-	625	41	666
Translation differences reclassified to profit or loss upon dilution of interest in a joint venture	-	-	-	-	(1)	-	-	-	(1)	-	(1)
Transfer of revaluation surplus	-	-	-	-	-	(154)	-	154	-	-	-
Total other comprehensive income	-	-	-	-	624	(154)	-	154	624	41	665
Total comprehensive income for the period	-	-	-	-	624	(154)	-	(2,461)	(1,991)	559	(1,432)
Transactions with owners of the Company, recorded directly in equity											
Contributions by and distributions to owners											
Issue of shares from exercise of warrants	91	-	-	-	-	-	-	-	91	-	91
Total transactions with owners of the Company	91	-	-	-	-	-	-	-	91	-	91
At 31 December 2017	80,391	17,798	(2,354)	116	(6,290)	11,348	(881)	37,472	137,600	26,757	164,357

Statements of Changes in Equity for the 3rd Quarter ended 31 December 2017 (cont’d)

Company	Share capital	Capital reserve	Reserve for own shares	Accumulated profits	Total
	$'000	$'000	$'000	$'000	$'000
At 1 October 2016	80,289	17,798	(2,354)	32,747	128,480
Total comprehensive income for the period	-	-	-	867	867
Transactions with owners of the Company, recorded directly in equity					
Issue of shares from exercise of warrants	3	-	-	-	3
Total transactions with owners	3	-	-	-	3
At 31 December 2016	80,292	17,798	(2,354)	33,614	129,350
At 1 October 2017	80,300	17,798	(2,354)	34,962	130,706
Total comprehensive income for the period	-	-	-	721	721
Transactions with owners of the Company, recorded directly in equity					
Issue of shares from exercise of warrants	91	-	-	-	91
Total transactions with owners	91	-	-	-	91
At 31 December 2017	80,391	17,798	(2,354)	35,683	131,518

Note:

Capital reserve	Group	Company
	$'000	$'000
Capital Reduction Reserve	17,798	17,798

The Capital Reduction Reserve shall not be treated or used by the Company as a distributable reserve for dividend purposes in accordance with Article 142 of the Articles of Association of the Company and the Companies Act, Chapter 50 of Singapore.

Notes to the Financial Statements

Notes to the Consolidated Statement of Profit or Loss

The Group is reporting its third quarter results for the period from 1 October 2017 to 31 December 2017 with comparative figures for the 3 months period from 1 October 2016 to 31 December 2016.

A Cost of sales

	Group			
	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	$'000	$'000	$'000	$'000
Cost of sales includes the following items:				
Allowance for foreseeable losses recognised on construction work-in-progress	-	-	142	-
Depreciation of property, plant and equipment	6,115	6,331	18,411	19,533
Inventories written (back)/down	(2)	-	47	-
Provision for liquidated damages	-	7	36	876
Provision made/(reversed) for rectification costs	929	(20)	1,487	(28)

B Other income

	Group			
	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	$'000	$'000	$'000	$'000
Other income includes the following items:				
Gain on dilution of interest in a joint venture	1	-	1	-
Gain on disposal of:				
- property, plant and equipment	515	174	1,369	1,356
- assets held for sale	91	-	91	-

C Administrative expenses

	Group			
	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	$'000	$'000	$'000	$'000
Administrative expenses includes the following items:				
Depreciation of property, plant and equipment	341	181	1,057	556
Exchange gain	(205)	(211)	(426)	(55)

Notes to the Consolidated Statement of Profit or Loss (cont'd)

D Other operating expenses/(income)

	Group			
	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	$'000	$'000	$'000	$'000
Other operating expenses/(income) includes the following items:				
Bad debts written off/(back)	26	(7)	27	2
Impairment losses recognised/(reversed) on trade and other receivables [1]	122	(29)	(346)	(67)

[1] The Group's accounts receivables position is reviewed on a periodic basis. Impairment losses are made where required, after assessing the probability of recovering the accounts receivables. These impairment losses do not relate to any major customers. Amounts written back are cash recovered from receivables previously impaired.

E Tax expense

	Group			
	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	$'000	$'000	$'000	$'000
Current tax expense				
- current period	127	787	930	1,960
- (over)/under provided in prior years	(82)	1	(518)	(342)
	45	788	412	1,618
Deferred tax expense/(credit)				
- current period	104	105	172	213
- under/(over) provided in prior years	-	4	(353)	495
	104	109	(181)	708
	149	897	231	2,326

Notes to the Consolidated Statement of Profit or Loss (cont'd)

F Interested person transactions

The Company had not obtained a shareholders' mandate for the interested person transactions under Chapter 9 of the Listing Manual.

Interested person transactions carried out during the 3rd quarter ended 31 December 2017 under Chapter 9 of the Listing Manual are as follows:

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000)	
	3rd Quarter ended 31/12/2017	9 months ended 31/12/2017	3rd Quarter ended 31/12/2017	9 months ended 31/12/2017
	$'000	$'000	$'000	$'000
Tat Hong HeavyEquipment (Pte.) Ltd. (1)	602	1,995	Nil	Nil
Tat Hong Plant Leasing Pte Ltd (1)	900	1,864	Nil	Nil
THAB Development Sdn Bhd (2)	133	776	Nil	Nil
Tat Hong Plant Hire Sdn Bhd (1)	390	390	Nil	Nil

Note:

(1) Tat Hong HeavyEquipment (Pte.) Ltd., Tat Hong Plant Leasing Pte Ltd and Tat Hong Plant Hire Sdn Bhd are related corporations of TH Investments Pte Ltd, a substantial shareholder of the Company.

(2) With reference to the Group's announcement on 25 October 2013, the Group entered into a Shareholders' Agreement ("SHA") with Tat Hong International Pte Ltd, AME Land Sdn Bhd and BP Lands Sdn Bhd in relation to THAB Development Sdn Bhd ("THAB"), to jointly undertake mixed property development in Iskandar Malaysia.

Pursuant to the SHA, the Group subscribed for shares equivalent to 5% of the enlarged share capital of THAB for RM0.5 million (equivalent to $0.2 million) and granted a shareholder's loan of RM4.4 million (equivalent to $1.7 million) to THAB in October 2013.

In 9MFY18, the Group had granted additional shareholder's loans of RM2.4 million (equivalent to $0.8 million) to THAB for financing of property development.

Notes to the Statement of Financial Position

1 Property, plant and equipment

The movement in property, plant and equipment is as follows:

	Group	
	As at 31/12/2017 $'000	As at 31/03/2017 $'000
Cost/Valuation		
Opening balance	377,544	369,373
Additions	9,387	16,924
Reclassification from inventories	5,215	2,260
Revaluation	-	11,828
Elimination of accumulated depreciation against cost on revaluation	-	(2,983)
Transfer to inventories	(5,554)	(7,421)
Reclassification to assets held for sale	(1,296)	-
Disposals/Write-offs	(11,746)	(9,679)
Translation differences on consolidation	2,022	(2,758)
Closing balance	375,572	377,544
Accumulated depreciation and impairment losses		
Opening balance	212,615	201,461
Depreciation charge	19,468	26,941
Impairment loss	-	98
Elimination of accumulated depreciation against cost on revaluation	-	(2,983)
Transfer to inventories	(4,281)	(5,400)
Reclassification to assets held for sale	(1,022)	-
Disposals/Write-offs	(8,922)	(5,755)
Translation differences on consolidation	1,189	(1,747)
Closing balance	219,047	212,615
Carrying amount	156,525	164,929

2 Inventories

	Group	
	As at 31/12/2017 $'000	As at 31/03/2017 $'000
Equipment and machinery held for sale	12,117	13,783
Spare parts	9,932	9,983
Construction materials on sites	2,107	1,491
	24,156	25,257
Allowance for inventory obsolescence	-	-
	24,156	25,257

Notes to the Statement of Financial Position (cont'd)

3 Excess of progress billings over construction work-in-progress

	Group	
	As at 31/12/2017	As at 31/03/2017
	$'000	$'000
Costs incurred and attributable profits	416,467	391,411
Progress billings	(310,214)	(289,141)
	106,253	102,270
Progress billings in excess of construction work-in-progress	(186)	(186)
Amount due from customers for contract works [1]	106,439	102,456
	106,253	102,270

[1] Included in trade and other receivables under current assets of statement of financial position.

4 Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2017		As at 31/03/2017	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
10,833	56,770	13,697	50,353

Amount repayable after one year

As at 31/12/2017		As at 31/03/2017	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
21,753	-	21,124	508

Details of any collateral

The Group's total borrowings were $89.4 million (31 March 2017: $85.7 million) and consist of finance leases and bank loans. Included in the borrowings repayable within one year were bills payable amounting to $17.5 million (31 March 2017: $5.3 million).

The overdrafts, bills payable, finance lease liabilities and bank loan facilities are secured by legal mortgages over the Group's assets listed below and guaranteed by the Company. Out of which $9,881,000 (31 March 2017: $9,828,000) are also guaranteed by a related corporation:

a) $18,998,000 (31 March 2017: $20,779,000) in respect of plant and machinery acquired under finance leases. Out of which $Nil (31 March 2017: $1,991,000) are also secured by a charge over the fixed deposits of the Company;

b) $12,982,000 (31 March 2017: $13,407,000) which are secured by a charge over the leasehold land and properties; and

c) $606,000 (31 March 2017: $635,000) which are secured by a mortgage over the plant and machinery.

Notes to the Statement of Changes in Equity

1 Changes in the Company's Share Capital

As at 31 December 2017, the issued and fully paid-up share capital of the Company was 2,218,489,581 (31 March 2017: 2,208,589,581) ordinary shares. Movement in the Company's issued and fully paid-up share capital during the 3 months ended 31 December 2017 was as follows:

	Number of shares	$'000
As at 1 October 2017	2,209,389,581	80,300
Exercise of warrants	9,100,000	91
As at 31 December 2017	2,218,489,581	80,391

The total number of ordinary shares issued (excluding treasury shares) as at 31 December 2017 was 2,197,969,581 (31 March 2017: 2,188,069,581) ordinary shares.

During the 3 months ended 31 December 2017, 9,100,000 warrants were exercised at $0.01 each pursuant to the Rights cum Warrants Issue on 30 December 2015. As at 31 December 2017, there were outstanding warrants of 1,431,201,590 (31 December 2016: 1,441,101,590) for conversion into ordinary shares, representing 65.1% (31 December 2016: 65.9%) of the total number of ordinary shares issued (excluding treasury shares). 10,256,300 warrants were exercised subsequent to 31 December 2017, the details are set out in "Subsequent Event" note in page 23.

There were no share buybacks for the 3 months ended 31 December 2017. There were 20,520,000 shares held as treasury shares as at 31 December 2017 (31 December 2016: 20,520,000 shares), representing 0.9% (31 December 2016: 0.9%) of the total number of ordinary shares issued (excluding treasury shares). There were no sales, transfers, cancellation and/or use of treasury shares as at 31 December 2017.

There were no subsidiary holdings in the Company as at 31 December 2017. There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2017.

Audit

The Group's figures have not been audited or reviewed by the Company's auditors.

Accounting Policies

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2017, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning on or after 1 April 2017.

Financial Reporting Standards (FRS) which became effective for the Group's financial year beginning 1 April 2017 are as follows:

Amendments to FRS 7 *Statement of Cash Flows*
Amendments to FRS 12 *Income Taxes*
Amendments to FRS 112 *Disclosure of Interests in Other Entities*

The adoption of the above amendments to FRS does not expect any significant impact on the Group's financial position or performance.

Loss Per Share

(a) Basic loss per ordinary share

	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Based on the weighted average number of ordinary shares on issue	(0.12) cents	(0.30) cents	(0.39) cents	(0.89) cents

	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	$'000	$'000	$'000	$'000
Basic loss per ordinary share is based on:				
Net loss attributable to ordinary shareholders	(2,615)	(6,628)	(8,527)	(19,428)

	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Number of shares			
Weighted average number of:				
Issued ordinary shares at beginning of the period	2,209,389,581	2,208,294,581	2,208,589,581	2,208,294,581
Issue of shares via exercise of warrants	3,636,957	221,250	1,565,818	74,018
Ordinary shares held as treasury shares	(20,520,000)	(20,520,000)	(20,520,000)	(20,520,000)
Weighted average number of ordinary shares used to compute loss per ordinary share	2,192,506,538	2,187,995,831	2,189,635,399	2,187,848,599

(b) Diluted loss per ordinary share

	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
On a fully diluted basis	(0.12) cents	(0.30) cents	(0.39) cents	(0.89) cents

	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	$'000	$'000	$'000	$'000
Diluted loss per ordinary share is based on:				
Net loss attributable to ordinary shareholders	(2,615)	(6,628)	(8,527)	(19,428)

For the purpose of calculating the diluted loss per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive warrants with the potential ordinary shares weighted for the period outstanding.

The weighted average number of ordinary shares in issue is as follows:

	3rd Quarter ended		9 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	Number of shares			
Weighted average number of:				
Ordinary shares used in the calculation of basic loss per ordinary share	2,192,506,538	2,187,995,831	2,189,635,399	2,187,848,599
Potential ordinary shares issuable under exercise of warrants	*	*	*	*
Weighted average number of ordinary issued and potential shares assuming full conversion	2,192,506,538	2,187,995,831	2,189,635,399	2,187,848,599

* The Group was in a loss position for the periods under review, the warrants were not included in the computation of diluted loss per ordinary share as these potential ordinary shares were anti-dilutive.

Net Asset Value

	As at 31/12/2017	As at 31/03/2017
Group		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	7.5 cents	7.8 cents
Company		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	6.0 cents	5.9 cents

The net asset value per ordinary share is calculated based on net asset value of $164.4 million (31 March 2017: $170.8 million) over the total number of ordinary shares issued (excluding treasury shares) as at 31 December 2017 of 2,197,969,581 (31 March 2017: 2,188,069,581) ordinary shares.

Variance from Prospect Statement

No forecast or prospect statement has been disclosed to shareholders.

Dividend

No dividend has been declared/recommended in the current financial period and the corresponding period of the immediately preceding financial year.

Confirmation

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the financial results for the period under review to be false or misleading in any material respect.

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

Subsequent Event

Subsequent to 31 December 2017, 10,256,300 warrants were exercised at $0.01 each pursuant to the Rights cum Warrants Issue on 30 December 2015.

The movement in the Company's outstanding warrants subsequent to 31 December 2017 till the latest practicable date, 1 February 2018, was as follows:

	Number of warrants
As at 1 January 2018	1,431,201,590
Exercise of warrants	(10,256,300)
As at 1 February 2018	1,420,945,290

Whitewash Waiver in relation to Rights Cum Warrants Issue

Capitalised terms used below, unless otherwise defined, shall have the same meanings as defined in the circular to shareholders of the Company dated 12 November 2015.

In connection with the Rights cum Warrants Issue that was undertaken by the Company, a Whitewash Waiver was granted on 12 October 2015 by the Securities Industry Council of Singapore whereby TH Investments Pte Ltd and its Concert Parties (comprising Tat Hong Investments Pte Ltd, Chwee Cheng & Sons Pte Ltd, Mr Ng Chwee Cheng, Chwee Cheng Trust, Mr Ng San Tiong Roland, Mr Ng Sun Ho Tony, Mr Ng San Wee David and Mr Ng Sun Giam Roger) ("Concert Party Group") are waived from the requirement to make a general offer made pursuant to Rule 14 of the Singapore Code on Takeovers and Mergers (the "Code") as a result of the subscription for their pro-rate entitlement of the Rights Shares and Warrants Shares arising from the exercise of pro-rata entitlement of the Warrants under the Rights cum Warrants Issue.

The following disclosure note is provided in connection with the requirements of Note 2 on Section 2 of Appendix 1 of the Code.

(a) In the Extraordinary General Meeting held on 27 November 2015, the Independent Shareholders of the Company approved the Whitewash Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group, for all the issued shares in the capital of the Company not already owned or controlled by them, as a result of the Concert Party Group's subscription of the Rights Shares and Warrants Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue. The Whitewash Resolution is subject to the acquisition of the Warrant Shares by the Concert Party Group upon the exercise of the Warrants being completed by 29 December 2020 (inclusive), which is within five (5) years of the date of issue of the Warrants;

(b) As at the latest practicable date, 1 February 2018, the Concert Party Group holds in aggregate:

   (i) 1,155,618,407 Shares, representing approximately 52.33% of the voting rights in the Company; and

   (ii) 276,232,590 Warrants, out of which 113,942,490 Warrants were pursuant to the Whitewash Waiver;

(c) The maximum potential voting rights of the Concert Party Group in the Company, assuming that only the Concert Party Group (but not other shareholders) converts their Warrants in full is approximately 57.63% (based on the enlarged share capital of the Company of 2,484,458,471 Shares (excluding treasury shares) immediately following the allotment and issue of 276,232,590 Warrant Shares to the Concert Party Group);

(d) Having approved the Whitewash Resolution on 27 November 2015, Shareholders have waived their rights to receive a general offer from Concert Party Group at the highest price paid by the Concert Party Group for the Shares in the past 6 months preceding the date of the acquisition of the Warrant Shares; and

(e) Having approved the Whitewash Resolution on 27 November 2015, Shareholders could be foregoing an opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants.

By Order of the Board

Lee Quang Loong
Chief Financial Officer / Company Secretary
7 February 2018