

## Financial Statements and Related Announcement::First Quarter Results

## Issuer &amp; Securities

<b>Issuer/ Manager</b>	CSC HOLDINGS LIMITED
<b>Securities</b>	CSC HOLDINGS LTD - SG1F84861094 - C06
<b>Stapled Security</b>	No

## Announcement Details

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## Additional Details

<b>For Financial Period Ended</b>	30/06/2016
<b>Attachments</b>	<a href="#">1QFY17.pdf</a> Total size =473K

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# **CSC HOLDINGS LIMITED**

(Company Registration Number: 199707845E)

## **Financial Statements Announcement**

**for the First Quarter Ended 30 June 2016**

**(For the Financial Year Ending 31 March 2017)**

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## Review of the Performance of the Group

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1QFY17 – for the 3 months ended 30 June 2016

4QFY16 – for the 3 months ended 31 March 2016

1QFY16 – for the 3 months ended 30 June 2015

#### Review of Results for the First Quarter Ended 30 June 2016

	1QFY17 \$'000	4QFY16 \$'000	Change %	1QFY17 \$'000	1QFY16 \$'000	Change %
Revenue	69,109	65,299	5.8	69,109	124,353	(44.4)
Gross Profit	2,002	1,764	13.5	2,002	8,994	(77.7)
Other Income	1,332	585	N.M.	1,332	454	N.M.
Operating Expenses	(6,575)	(7,269)	(9.5)	(6,575)	(7,818)	(15.9)
<b>(Loss)/Profit from Operating Activities</b>	<b>(3,241)</b>	<b>(4,920)</b>	<b>(34.1)</b>	<b>(3,241)</b>	<b>1,630</b>	<b>N.M.</b>
Net Finance Expenses	(937)	(945)	(0.8)	(937)	(967)	(3.1)
Share of Profit of a Joint Venture	36	112	(67.9)	36	21	71.4
<b>(Loss)/Profit before Tax</b>	<b>(4,142)</b>	<b>(5,753)</b>	<b>(28.0)</b>	<b>(4,142)</b>	<b>684</b>	<b>N.M.</b>
Tax Expense	(582)	(806)	(27.8)	(582)	(278)	N.M.
<b>(Loss)/Profit for the period</b>	<b>(4,724)</b>	<b>(6,559)</b>	<b>(28.0)</b>	<b>(4,724)</b>	<b>406</b>	<b>N.M.</b>
<b>EBITDA</b>	<b>3,561</b>	<b>1,814</b>	<b>96.3</b>	<b>3,561</b>	<b>8,496</b>	<b>(58.1)</b>

<b>Gross Profit Margins</b>	2.9%	2.7%	2.9%	7.2%
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#### Revenue

The Group recorded revenue of \$69.1 million for 1QFY17, a decline of 44.4% as compared to \$124.4 million in 1QFY16. The decline in revenue was mainly due to the completion of existing projects, coupled with lower revenue from newly awarded projects. Demand for property in Singapore remains weak and this has a direct impact on the demand for construction services from the residential sector. Government infrastructure projects such as the construction of the East Coast stretch of the Thomson-East Coast Mass Rapid Transit Line are expected to commence in the last quarter of calendar year 2016. The Group is actively pursuing contracts for these projects to replenish its order book.

Quarter-on-quarter, revenue for 1QFY17 was largely similar to 4QFY16 as the Group's work volume remained low.

#### Gross Profit and Gross Profit Margins (GPM)

Gross profit for 1QFY17 was lower at \$2.0 million (1QFY16: \$9.0 million) in line with the lower revenue recorded for the period under review. The weak results were largely due to lower profit margins from recently completed and current projects.

Quarter-on-quarter, gross profit and GPM for 1QFY17 registered a slight improvement from 4QFY16.

#### Other Income

The Group recorded other income of \$1.3 million in 1QFY17 (1QFY16: \$0.5 million), mainly from the disposal of older equipment. In light of the weak demand, the Group has continued to right-size its operations and reduce costs by disposing of its older and less efficient equipment.

Quarter-on-quarter, other income of \$1.3 million was higher compared to the \$0.6 million recorded in 4QFY16, due to higher gain recorded from the disposal of older equipment in 1QFY17.

## Operating Expenses

	1QFY17 \$'000	4QFY16 \$'000	Change %	1QFY17 \$'000	1QFY16 \$'000	Change %
<b>Other Operating Expenses</b>	6,621	6,513	1.7	6,621	7,512	(11.9)
Impairment Losses (Reversed)/Made on Trade and Other Receivables	(41)	710	N.M.	(41)	10	(510.0)
Exchange (Gain)/Loss	(5)	46	N.M.	(5)	296	(101.7)
<b>Net Operating Expenses</b>	<b>6,575</b>	<b>7,269</b>	<b>(9.5)</b>	<b>6,575</b>	<b>7,818</b>	<b>(15.9)</b>
<b>Other Operating Expenses /Revenue</b>	<b>9.6%</b>	<b>10.0%</b>		<b>9.6%</b>	<b>6.0%</b>	

Other operating expenses for 1QFY17 declined by 11.9% to \$6.6 million, compared to \$7.5 million in 1QFY16, as the Group actively implemented its cost reduction measures. In comparison with 4QFY16, other operating expenses remained largely stable.

Other operating expenses to revenue ratio of 9.6% for 1QFY17 was higher than the 6.0% recorded in 1QFY16 due to the Group's lower revenue in 1QFY17. Sequentially, the other operating expenses to revenue ratio for 1QFY17 was lower than that for 4QFY16 in view of the reduction in operating costs achieved in the current quarter.

## Net Finance Expenses

	1QFY17 \$'000	4QFY16 \$'000	Change %	1QFY17 \$'000	1QFY16 \$'000	Change %
Interest Income	68	13	N.M.	68	14	N.M.
Interest Expenses	(794)	(1,041)	(23.7)	(794)	(841)	(5.6)
<b>Net Interest Expenses</b>	<b>(726)</b>	<b>(1,028)</b>	<b>(29.4)</b>	<b>(726)</b>	<b>(827)</b>	<b>(12.2)</b>
Imputed Interest on Non- Current Assets	(211)	83	N.M.	(211)	(140)	50.7
<b>Net Finance Expenses</b>	<b>(937)</b>	<b>(945)</b>	<b>(0.8)</b>	<b>(937)</b>	<b>(967)</b>	<b>(3.1)</b>

The Group successfully reduced its net interest expenses in 1QFY17 despite the increase in interest rates in December 2015. This was due to a reduction in the amount of bank borrowings utilised during the period.

## (Loss)/Profit for the period

Taking into account the above factors, the Group recorded a net loss of \$4.7 million for 1QFY17 (1QFY16: net profit of \$0.4 million). The Group's net loss was \$1.8 million lower as compared to the loss of \$6.6 million incurred in 4QFY16.

Earnings before interest, tax, depreciation and amortization (EBITDA) for 1QFY17 was positive at \$3.6 million (1QFY16: \$8.5 million; 4QFY16: \$1.8 million).

Loss per share for 1QFY17 was 0.22 cent, compared to earnings per share of 0.03 cent in 1QFY16 and loss per share of 0.35 cent in 4QFY16.

## STATEMENT OF FINANCIAL POSITION

### Property, Plant and Equipment

Net book value of property, plant and equipment as at 30 June 2016 was \$164.8 million (31 March 2016: \$167.9 million). In 1QFY17, the Group acquired \$3.9 million worth of new plant and equipment to replace older equipment. In addition, the Group also capitalised \$1.4 million of construction costs for the development of the new Tuas Yard in 1QFY17. The Group disposed of plant and equipment with carrying values of \$1.1 million and recorded a \$0.8 million gain on the disposal. There were no significant changes in depreciation of \$6.8 million in 1QFY17, as compared to 1QFY16.

### Net Current Assets

As at 30 June 2016, net current assets of the Group was \$31.3 million (31 March 2016: \$36.6 million). Current ratio (current assets / current liabilities) was 1.16 (31 March 2016: 1.20).

The Group recorded higher inventories of \$28.2 million (31 March 2016: \$24.4 million) in view of new inventories acquired during the period under review. These inventories were sold subsequent to 30 June 2016.

Trade and other receivables were \$166.6 million (31 March 2016: \$166.0 million) while Trade and other payables were \$94.0 million (31 March 2016: \$95.0 million).

### Borrowings

As at 30 June 2016, total borrowings of the Group was \$108.8 million (31 March 2016: \$98.4 million) following a draw-down in term loan for the development of the new Tuas Yard and hire purchase loans secured for the acquisition of new plant and equipment as mentioned above. The Group also drew down some short term borrowings to finance the increase in inventories.

Consequently, the debt to equity ratio as at 30 June 2016 was 0.61 (31 March 2016: 0.53).

### Equity and Net Asset Value

Total equity stood at \$179.8 million as at 30 June 2016 (31 March 2016: \$185.3 million), while net asset value per ordinary share was 8.2 cents (31 March 2016: 8.5 cents).

The Group's foreign currency translation reserve as at 30 June 2016 declined as the Singapore Dollar strengthened against the regional currencies in general, and specifically against the Malaysian Ringgit.

## CASH FLOW

	1QFY17 \$'000	4QFY16 \$'000	Change %	1QFY17 \$'000	1QFY16 \$'000	Change %
<b>Cash Flow from Operating Activities</b>	(7,619)	8,010	N.M.	(7,619)	6,890	N.M.
<b>Cash Flow from Investing Activities</b>	(1,555)	(577)	N.M.	(1,555)	(1,147)	(35.6)
<b>Cash Flow from Financing Activities</b>	(128)	(5,924)	97.8	(128)	(13,044)	99.0
<b>Cash and Cash Equivalents</b>	16,413	25,935	(36.7)	16,413	10,736	52.9

### **Cash Flow from Operating Activities**

The Group recorded a net cash inflow from operating activities before working capital changes of \$1.5 million for 1QFY17. However, as a result of a short-term increase in net working capital of \$7.8 million required for inventories and trade and other receivables, a net cash outflow from operating activities after working capital changes of \$7.6 million was recorded in 1QFY17.

The increase of \$3.9 million in inventories was mainly due to the acquisition of new inventories which were sold subsequent to 30 June 2016. The Group also recorded an increase of \$3.9 million in trade and other receivables. The increase was temporary in nature, as these debts were subsequently collected in July 2016.

### **Cash Flow from Investing Activities**

The Group recorded higher net cash outflow from investing activities of \$1.6 million for 1QFY17 (1QFY16: \$1.1 million; 4QFY16: \$0.6 million).

The higher cash outflow in 1QFY17 was mainly due to the \$0.7 million investment in the proposed development of commercial properties for sale in Seremban, Negeri Sembilan, Malaysia through a joint venture in 1QFY17.

### **Cash Flow from Financing Activities**

The Group's net cash outflow from financing activities for 1QFY17 was \$0.1 million (1QFY16: \$13.0 million). This takes into account the lower net repayment of bank borrowings in 1QFY17 as the result of loans drawn down during the period under review. The Group had drawn down a term loan for the development of the new Tuas Yard and hire purchase loans for the acquisition of certain new plant and equipment. The Group also drew down some short term borrowings to finance the increase in inventories.

Excluding the \$5.5 million net proceeds raised from the Rights-cum-Warrants Issue and the related warrants conversion in 4QFY16, the net cash outflow from financing activities for 4QFY16 was \$11.4 million, compared to \$0.1 million for 1QFY17.

### **Cash and Cash Equivalents**

Taking into consideration the abovementioned factors, the Group recorded cash and cash equivalents of \$16.4 million as at 30 June 2016 (1QFY16: \$10.7 million; 4QFY16: \$25.9 million).

## Outlook

The global economy remains shrouded with uncertainty as the Chinese economy continues to slow down and oil prices remain volatile. This is compounded by recent economic developments arising from the United Kingdom's decision to leave the European Union as well as concerns over the USA's political situation. Singapore, being an open economy and dependent on the international markets, is therefore affected by such uncertainties.

In light of the above, overall construction demand from the residential property and industrial sectors has declined significantly as organisations and investors alike exercise due prudence over the management of their financial resources. Amid a shrinking number of projects from these sectors, tender prices have come under tremendous pressure, and the Group has made the decision to tender cautiously.

The Group is also focusing its effort on pursuing opportunities in government sector infrastructure projects, in particular, the construction of 10 new MRT stations and lines for the East Coast stretch of the Thomson-East Coast Line.

Since FY15, the Group has been taking active steps to implement various initiatives to improve its cost and operational efficiencies. It has reduced its headcount in excess of 10% and has trimmed down its equipment fleet in response to the subdued market demand. Additionally, the Group is in the midst of constructing the new Tuas Yard which will allow for the congregation of equipment maintenance and repair activities at a centralised workshop to better streamline its operations and costs. The Group will continue to diligently manage and right-size the operations in tandem with market demand.

As at 8 August 2016, the Group's order book stood at approximately \$130 million (23 May 2016: \$150 million), with the bulk of these contracts expected to be completed within the next six to nine months.



## Consolidated Statement of Profit or Loss for the 3 Months ended 30 June 2016

	Note	Group		Change
		3 months ended		
		30-Jun-16	30-Jun-15	
		\$'000	\$'000	%
<b>Revenue</b>		69,109	124,353	(44.4)
Cost of sales	A	(67,107)	(115,359)	(41.8)
<b>Gross profit</b>		2,002	8,994	(77.7)
Other income	B	1,332	454	N.M.
Distribution expenses		(147)	(162)	(9.3)
Administrative expenses	C	(6,442)	(7,602)	(15.3)
Other operating income/(expenses)	D	14	(54)	N.M.
<b>Results from operating activities</b>		(3,241)	1,630	N.M.
Finance income		68	14	N.M.
Finance expenses		(1,005)	(981)	2.4
<b>Net finance expenses</b>		(937)	(967)	(3.1)
Share of profit of a joint venture		36	21	71.4
<b>(Loss)/Profit before tax</b>		(4,142)	684	N.M.
Tax expense	E	(582)	(278)	N.M.
<b>(Loss)/Profit for the period</b>		(4,724)	406	N.M.
<b>Attributable to:</b>				
Owners of the Company		(4,872)	421	N.M.
Non-controlling interests		148	(15)	N.M.
<b>(Loss)/Profit for the period</b>		(4,724)	406	N.M.

Gross profit margin	2.9%	7.2%
Net (loss)/profit margin	-6.8%	0.3%

## Consolidated Statement of Comprehensive Income for the 3 Months ended 30 June 2016

	Group		
	3 months ended		Change
	30-Jun-16	30-Jun-15	
	\$'000	\$'000	%
<b>(Loss)/Profit for the period</b>	(4,724)	406	N.M.
<b>Other comprehensive income</b>			
<b>Items that are or may be reclassified subsequently to profit or loss:</b>			
Translation differences relating to financial statements of foreign subsidiaries, an associate and a joint venture	(811)	(1,422)	(43.0)
<b>Other comprehensive income for the period, net of tax</b>	(811)	(1,422)	(43.0)
<b>Total comprehensive income for the period</b>	(5,535)	(1,016)	N.M.
<b>Attributable to:</b>			
Owners of the Company	(5,635)	(858)	N.M.
Non-controlling interests	100	(158)	N.M.
<b>Total comprehensive income for the period</b>	(5,535)	(1,016)	N.M.

## Statement of Financial Position as at 30 June 2016

DESCRIPTION	Note	Group		Company	
		30-Jun-16	31-Mar-16	30-Jun-16	31-Mar-16
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	1	164,844	167,912	38	40
Intangible assets		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	94,419	94,419
- joint ventures		2,118	1,342	-	-
Other investment		861	855	-	-
Trade and other receivables		9,394	6,593	-	-
Deferred tax assets		120	154	22	22
		178,789	178,308	94,479	94,481
<b>Current assets</b>					
Inventories	2	28,223	24,353	-	-
Trade and other receivables		166,637	165,962	37,525	37,105
Cash and cash equivalents		29,450	31,568	5,552	5,962
		224,310	221,883	43,077	43,067
<b>Total assets</b>		403,099	400,191	137,556	137,548

**Statement of Financial Position as at 30 June 2016 (cont'd)**

DESCRIPTION	Note	Group		Company	
		30-Jun-16	31-Mar-16	30-Jun-16	31-Mar-16
		\$'000	\$'000	\$'000	\$'000
<b>Equity attributable to owners of the Company</b>					
Share capital		80,289	80,289	80,289	80,289
Reserves		73,960	79,595	47,703	47,516
		154,249	159,884	127,992	127,805
<b>Non-controlling interests</b>		25,554	25,454	-	-
<b>Total equity</b>		179,803	185,338	127,992	127,805
<b>Non-current liabilities</b>					
Loans and borrowings		28,949	28,458	33	36
Deferred tax liabilities		1,338	1,096	-	-
		30,287	29,554	33	36
<b>Current liabilities</b>					
Loans and borrowings		79,845	69,945	9	104
Derivatives		64	69	-	-
Trade and other payables		93,961	94,951	9,425	9,523
Excess of progress billings over construction work-in-progress	3	186	186	-	-
Provisions		17,630	18,798	-	-
Current tax payable		1,323	1,350	97	80
		193,009	185,299	9,531	9,707
<b>Total liabilities</b>		223,296	214,853	9,564	9,743
<b>Total equity and liabilities</b>		403,099	400,191	137,556	137,548

## Consolidated Statement of Cash Flows for the 3 Months ended 30 June 2016

	3 months ended	
	<u>30-Jun-16</u>	<u>30-Jun-15</u>
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
(Loss)/Profit for the period	(4,724)	406
Adjustments for:		
Allowance for foreseeable losses reversed on construction work-in-progress	-	(158)
Depreciation of property, plant and equipment	6,766	6,845
Gain on disposal of property, plant and equipment	(847)	(132)
Impairment losses (reversed)/made on trade and other receivables	(41)	10
Net finance expenses	937	967
Property, plant and equipment written off	-	12
Provision reversed for liquidated damages	(149)	-
Provision (reversed)/made for rectification costs	(1,018)	1,032
Share of profit of a joint venture (net of tax)	(36)	(21)
Tax expense	582	278
<b>Operating activities before working capital changes</b>	<b>1,470</b>	<b>9,239</b>
Changes in working capital:		
Inventories	(3,899)	1,889
Trade and other receivables	(3,915)	(3,219)
Trade and other payables	(1,055)	(675)
Cash (used in)/generated from operations	(7,399)	7,234
Taxes paid	(288)	(358)
Interest received	68	14
<b>Net cash (used in)/generated from operating activities</b>	<b>(7,619)</b>	<b>6,890</b>

**Consolidated Statement of Cash Flows for the 3 Months ended 30 June 2016  
(cont'd)**

	3 months ended	
	<u>30-Jun-16</u>	<u>30-Jun-15</u>
	\$'000	\$'000
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,950)	(2,908)
Proceeds from disposal of property, plant and equipment	2,144	2,125
Acquisition of non-controlling interests	-	(364)
Formation of a joint venture	(749)	-
<b>Net cash used in investing activities</b>	<u>(1,555)</u>	<u>(1,147)</u>
<b>Cash flows from financing activities</b>		
Interest paid	(789)	(824)
Proceeds from:		
- bank loans	11,445	5,428
- bills payable	9,572	12,975
Repayment of:		
- bank loans	(2,909)	(9,922)
- bills payable	(11,882)	(14,720)
- finance lease liabilities	(4,565)	(5,981)
Increase in fixed deposits pledged	(1,000)	-
<b>Net cash used in financing activities</b>	<u>(128)</u>	<u>(13,044)</u>
<b>Net decrease in cash and cash equivalents</b>	(9,302)	(7,301)
Cash and cash equivalents at 1 April	25,935	18,295
Effect of exchange rate changes on balances held in foreign currencies	(220)	(258)
<b>Cash and cash equivalents at 30 June</b>	<u>16,413</u>	<u>10,736</u>
Comprising:		
Cash and cash equivalents	29,450	15,879
Bank overdrafts	(12,037)	(5,143)
	<u>17,413</u>	<u>10,736</u>
Less:		
Fixed deposits pledged as security for bank facilities	(1,000)	-
Cash and cash equivalents in the consolidated cash flow statement	<u>16,413</u>	<u>10,736</u>

## Statements of Changes in Equity for the 3 Months ended 30 June 2016

<b>Group</b>	Share capital	Capital reserve	Reserve for own shares	Reserve on consolidation	Foreign currency translation 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
At 1 April 2015	64,953	17,798	(2,354)	116	(2,943)	(923)	77,672	154,319	24,719	179,038
<b>Total comprehensive income for the period</b>										
Profit or loss	-	-	-	-	-	-	421	421	(15)	406
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries, an associate and a joint venture	-	-	-	-	(1,279)	-	-	(1,279)	(143)	(1,422)
Total other comprehensive income	-	-	-	-	(1,279)	-	-	(1,279)	(143)	(1,422)
Total comprehensive income for the period	-	-	-	-	(1,279)	-	421	(858)	(158)	(1,016)
<b>Transactions with owners of the Company, recorded directly in equity</b>										
Total transactions with owners	-	-	-	-	-	-	-	-	-	-
<b>At 30 June 2015</b>	<b>64,953</b>	<b>17,798</b>	<b>(2,354)</b>	<b>116</b>	<b>(4,222)</b>	<b>(923)</b>	<b>78,093</b>	<b>153,461</b>	<b>24,561</b>	<b>178,022</b>
At 1 April 2016	80,289	17,798	(2,354)	116	(5,885)	(881)	70,801	159,884	25,454	185,338
<b>Total comprehensive income for the period</b>										
Profit or loss	-	-	-	-	-	-	(4,872)	(4,872)	148	(4,724)
<b>Other comprehensive income</b>										
Translation differences relating to financial statements of foreign subsidiaries and a joint venture	-	-	-	-	(763)	-	-	(763)	(48)	(811)
Total other comprehensive income	-	-	-	-	(763)	-	-	(763)	(48)	(811)
Total comprehensive income for the period	-	-	-	-	(763)	-	(4,872)	(5,635)	100	(5,535)
<b>Transactions with owners of the Company, recorded directly in equity</b>										
Total transactions with owners	-	-	-	-	-	-	-	-	-	-
<b>At 30 June 2016</b>	<b>80,289</b>	<b>17,798</b>	<b>(2,354)</b>	<b>116</b>	<b>(6,648)</b>	<b>(881)</b>	<b>65,929</b>	<b>154,249</b>	<b>25,554</b>	<b>179,803</b>

## Statements of Changes in Equity for the 3 Months ended 30 June 2016 (cont'd)

<u>Company</u>	Share capital	Capital reserve	Reserve for own shares	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2015	64,953	17,798	(2,354)	30,053	110,450
Total comprehensive income for the period	-	-	-	(4)	(4)
<b>Transactions with owners of the Company, recorded directly in equity</b>					
Total transactions with owners	-	-	-	-	-
<b>At 30 June 2015</b>	<b>64,953</b>	<b>17,798</b>	<b>(2,354)</b>	<b>30,049</b>	<b>110,446</b>
At 1 April 2016	80,289	17,798	(2,354)	32,072	127,805
Total comprehensive income for the period	-	-	-	187	187
<b>Transactions with owners of the Company, recorded directly in equity</b>					
Total transactions with owners	-	-	-	-	-
<b>At 30 June 2016</b>	<b>80,289</b>	<b>17,798</b>	<b>(2,354)</b>	<b>32,259</b>	<b>127,992</b>

### Note:

#### Capital reserve

	<u>Group</u> \$'000	<u>Company</u> \$'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 first quarter results for the period from 1 April 2016 to 30 June 2016 with comparative figures for the 3 months period from 1 April 2015 to 30 June 2015.

#### A Cost of sales

Group	
3 months ended	
30/06/2016	30/06/2015
\$'000	\$'000

Cost of sales includes the following items:

Allowance for foreseeable losses reversed on construction work-in-progress	-	(158)
Depreciation of property, plant and equipment	6,564	6,672
Property, plant and equipment written off	-	12
Provision reversed for liquidated damages	(149)	-
Provision (reversed)/made for rectification costs	(1,018)	1,032

#### B Other income

Group	
3 months ended	
30/06/2016	30/06/2015
\$'000	\$'000

Other income includes the following item:

Gain on disposal of property, plant and equipment	847	132
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#### C Administrative expenses

Group	
3 months ended	
30/06/2016	30/06/2015
\$'000	\$'000

Administrative expenses includes the following items:

Depreciation for property, plant and equipment	202	173
Exchange (gain)/loss	(5)	296

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

### D Other operating (income)/expenses

Group	
3 months ended	
30/06/2016	30/06/2015
\$'000	\$'000

Other operating (income)/expenses includes the following item:

Impairment losses (reversed)/made on trade and other receivables <sup>(1)</sup>	(41)	10
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<sup>(1)</sup> 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	
3 months ended	
30/06/2016	30/06/2015
\$'000	\$'000
Current tax expense	
- current period	494
- (over)/under provided in prior years	(188)
	306
Deferred tax expense/(credit)	
- current period	(23)
- under/(over) provided in prior years	299
	276
	582
	374
	278

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

### F Interested person transactions

Interested person transactions carried out during the 3 months ended 30 June 2016 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)
	3 months ended 30/06/2016 \$'000	3 months ended 30/06/2016 \$'000
Tat Hong HeavyEquipment (Pte.) Ltd <sup>(1)</sup>	Nil	911
TOP3 Development Sdn. Bhd. ("TOP3") <sup>(2)</sup>	749	Nil

Note:

<sup>(1)</sup> Tat Hong HeavyEquipment (Pte.) Ltd. is a related corporation of TH Investments Pte Ltd, a substantial shareholder of the Company.

<sup>(2)</sup> With reference to the Group's announcements on 20 May 2016 and 23 June 2016, the Group entered into a Shareholders' Agreement ("SHA") with Triplestar Properties Sdn Bhd and Zillion Holding Sdn Bhd in relation to TOP3 Development Sdn. Bhd. ("TOP3"), to jointly undertake a proposed commercial development in Seremban, Negeri Sembilan, Malaysia.

Pursuant to the SHA, the Group subscribed for shares equivalent to 40% of the share capital of TOP3 for approximately \$0.7 million and granted a partial initial shareholder's loan of approximately \$0.1 million to TOP3.

## 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 30/06/2016 \$'000	As at 31/03/2016 \$'000
<u>Cost</u>		
Opening balance	369,373	371,841
Additions	5,336	12,414
Reclassification from inventories	39	2,872
Transfer to inventories	(235)	(8,706)
Disposals/Write-offs	(3,941)	(4,955)
Translation differences on consolidation	(1,219)	(4,093)
Closing balance	<u>369,353</u>	<u>369,373</u>
<u>Accumulated depreciation and impairment losses</u>		
Opening balance	201,461	186,224
Depreciation charge	6,766	26,473
Transfer to inventories	(235)	(6,428)
Disposals/Write-offs	(2,888)	(3,390)
Translation differences on consolidation	(595)	(1,418)
Closing balance	<u>204,509</u>	<u>201,461</u>
Carrying amount	<u>164,844</u>	<u>167,912</u>

### 2 Inventories

	Group	
	As at 30/06/2016 \$'000	As at 31/03/2016 \$'000
Equipment and machinery held for sale	15,755	12,273
Spare parts	10,745	10,354
Construction materials on sites	1,745	1,749
	<u>28,245</u>	<u>24,376</u>
Allowance for inventory obsolescence	(22)	(23)
	<u>28,223</u>	<u>24,353</u>

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

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

	Group	
	As at 30/06/2016 \$'000	As at 31/03/2016 \$'000
Costs incurred and attributable profits	384,572	439,955
Progress billings	(261,156)	(324,149)
	<u>123,416</u>	<u>115,806</u>
Progress billings in excess of construction work-in-progress	(186)	(186)
Amount due from customers for contract works <sup>(1)</sup>	123,602	115,992
	<u>123,416</u>	<u>115,806</u>

<sup>(1)</sup> 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 30/06/2016	
Secured	Unsecured
\$'000	\$'000
17,561	62,284

As at 31/03/2016	
Secured	Unsecured
\$'000	\$'000
18,367	51,578

#### Amount repayable after one year

As at 30/06/2016	
Secured	Unsecured
\$'000	\$'000
27,730	1,219

As at 31/03/2016	
Secured	Unsecured
\$'000	\$'000
26,706	1,752

#### Details of any collateral

The Group's total borrowings were \$108.8 million (31 March 2016: \$98.4 million) and consist of finance leases and bank loans. Included in the borrowings repayable within one year were bills payable amounting to \$9.7 million (31 March 2016: \$12.0 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 \$16,007,000 (31 March 2016: \$14,706,000) are also guaranteed by a related corporation:

- a) \$31,818,000 (31 March 2016: \$34,057,000) in respect of plant and machinery acquired under finance leases. Out of which \$2,416,000 (31 March 2016: \$Nil) are also secured by a charge over the fixed deposits of the Company;
- b) \$12,282,000 (31 March 2016: \$10,050,000) which are secured by a charge over the leasehold land and properties; and
- c) \$1,191,000 (31 March 2016: \$966,000) 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 30 June 2016, the issued and fully paid-up share capital of the Company was 2,208,294,581 (31 March 2016: 2,208,294,581) ordinary shares.

There were no share buybacks for the 3 months ended 30 June 2016. There were 20,520,000 shares held as treasury shares as at 30 June 2016 (30 June 2015: 20,520,000 shares). There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the 3 months ended 30 June 2016.

The total number of ordinary shares issued (excluding treasury shares) as at 30 June 2016 was 2,187,774,581 (31 March 2016: 2,187,774,581) ordinary shares.

As at 30 June 2016, there were outstanding warrants of 1,441,396,590 (30 June 2015: Nil) for conversion into ordinary shares.

## 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 2016, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning on or after 1 April 2016.

Financial Reporting Standards (FRS) which became effective for the Group's financial year beginning 1 April 2016 are as follows:

Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*

Amendments to FRS 27 *Separate Financial Statements*

Amendments to FRS 111 *Joint Arrangements*

Amendments to FRS 1 *Presentation of Financial Statements*

Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities* and FRS 28 *Investments in Associates and Joint Ventures*

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

## (Loss)/Earnings Per Share

### (a) Basic (loss)/earnings per ordinary share

	<b>3 months ended</b>	
	<b>30/06/2016</b>	<b>30/06/2015</b>
Based on the weighted average number of ordinary shares on issue	(0.22) cents	0.03 cents

	<b>3 months ended</b>	
	<b>30/06/2016</b>	<b>30/06/2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Basic (loss)/earnings per ordinary share is based on: Net (loss)/profit attributable to ordinary shareholders	<u>(4,872)</u>	<u>421</u>

	<b>3 months ended</b>	
	<b>30/06/2016</b>	<b>30/06/2015</b>
Weighted average number of: Issued ordinary shares at beginning of the period	2,208,294,581	1,230,243,725
Ordinary shares held as treasury shares	(20,520,000)	(20,520,000)
Weighted average number of ordinary shares used to compute (loss)/earnings per ordinary share	<u>2,187,774,581</u>	<u>1,209,723,725</u>

### (b) Diluted (loss)/earnings per ordinary share

	<b>3 months ended</b>	
	<b>30/06/2016</b>	<b>30/06/2015</b>
On a fully diluted basis	(0.16) cents	0.03 cents

	<b>3 months ended</b>	
	<b>30/06/2016</b>	<b>30/06/2015</b>
	<b>\$'000</b>	<b>\$'000</b>
Diluted (loss)/earnings per ordinary share is based on: Net (loss)/profit attributable to ordinary shareholders	<u>(4,872)</u>	<u>421</u>

For the purpose of calculating the diluted (loss)/earnings 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:

	<b>3 months ended</b>	
	<b>30/06/2015</b>	<b>30/06/2014</b>
Weighted average number of: Ordinary shares used in the calculation of basic (loss)/earnings per ordinary share	2,187,774,581	1,209,723,725
Potential ordinary shares issuable under exercise of warrants	786,216,322	-
Weighted average number of ordinary shares issued and potential shares assuming full conversion	<u>2,973,990,903</u>	<u>1,209,723,725</u>

## Net Asset Value

	<u>As at 30/06/2016</u>	<u>As at 31/03/2016</u>
<b>Group</b>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	8.2 cents	8.5 cents
<b>Company</b>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	5.9 cents	5.8 cents

The net asset value per ordinary share is calculated based on net asset value of \$179.8 million (31 March 2016: \$185.3 million) over the total number of ordinary shares issued (excluding treasury shares) as at 30 June 2016 of 2,187,774,581 (31 March 2016: 2,187,774,581) 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).

## Use of Proceeds raised from IPO and any offerings pursuant to Chapter 8

With reference to the Group's announcement dated 24 May 2016, as at 10 August 2016, the update on the utilisation of the net proceeds raised from the Rights cum Warrants Issue on 30 December 2015 is as follows:

<b>Intended use of net proceeds</b>	<b>Amount allocated \$'million</b>	<b>Amount utilised \$'million</b>	<b>Balance \$'million</b>
Financing of new Tuas Yard to be constructed and its related equipment expenditures	5.5 to 7.0	1.4	4.1
Working capital purposes	2.6 to 4.1	4.1 <sup>(2)</sup>	-
	<u>9.6<sup>(1)</sup></u>	<u>5.5</u>	<u>4.1</u>

<sup>(1)</sup> Net proceeds raised from the Rights cum Warrants Issue revised to \$9.6 million from \$9.8 million after deducting actual costs and expenses of \$0.5 million.

<sup>(2)</sup> Working capital consists of trade payables and other operating expenses.



## 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, 4 August 2016, the Concert Party Group holds in aggregate:
  - (i) 1,151,858,407 Shares, representing approximately 52.65% of the voting rights in the Company; and
  - (ii) 276,182,590 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 57.96% (based on the enlarged share capital of the Company of 2,463,957,171 Shares (excluding treasury shares) immediately following the allotment and issue of 276,182,590 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**  
**10 August 2016**