

FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT::THIRD QUARTER RESULTS

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CSC HOLDINGS LIMITED

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Voluntary Quarterly Reporting.

Please refer to the attachment.

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For Financial Period Ended

31/12/2019

Attachments

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CSC HOLDINGS LIMITED

(Company Registration Number: 199707845E)

Voluntary Quarterly Reporting

Financial Statements Announcement

for the Third Quarter Ended 31 December 2019

(For the Financial Year Ending 31 March 2020)

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Voluntary Quarterly Reporting

On 9 January 2020, Singapore Exchange Regulation (“SGX RegCo”) issued a press release regarding the application of quarterly reporting (“QR”) requirement for companies associated with higher risks while strengthening continuous disclosure requirements on all listed companies.

SGX RegCo’s latest decision takes a risk-based approach to QR, which replaces the current QR requirement based on minimum market capitalisation. The effective date for the new approach to QR is 7 February 2020.

The Board has decided to continue with QR on a voluntary basis for the current financial year ending 31 March 2020.

From the new financial year commencing 1 April 2020, the Company will move towards the semi-annual reporting regime in compliance with SGX’s new approach.

Review of the Performance of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

3QFY20 – for the 3 months ended 31 December 2019

2QFY20 – for the 3 months ended 30 September 2019

3QFY19 – for the 3 months ended 31 December 2018

9MFY20 – for the 9 months ended 31 December 2019

9MFY19 – for the 6 months ended 31 December 2018

Review of Results for the Third Quarter Ended 31 December 2019

	3QFY20 \$'000	2QFY20 \$'000	Change %	3QFY19 \$'000	Change %	9MFY20 \$'000	9MFY19 \$'000	Change %
Revenue	83,894	89,903	(6.7)	72,542	15.6	254,321	248,396	2.4
Gross Profit	10,821	10,772	0.5	1,444	>100.0	31,275	10,723	>100.0
Other Income	674	648	4.0	225	>100.0	1,914	1,453	31.7
Operating Expenses	(9,105)	(8,280)	10.0	(7,257)	25.5	(24,958)	(21,102)	18.3
Profit/(Loss) from Operating Activities	2,390	3,140	(23.9)	(5,588)	N.M.	8,231	(8,926)	N.M.
Net Finance Expenses	(725)	(936)	(22.5)	(512)	41.6	(2,573)	(1,372)	87.5
Share of Loss of Associates	(32)	(32)	-	(3)	>100.0	(114)	(8)	>100.0
Profit/(Loss) before Tax	1,633	2,172	(24.8)	(6,103)	N.M.	5,544	(10,306)	N.M.
Tax Expense	(193)	(316)	(38.9)	(363)	(46.8)	(852)	(812)	4.9
Profit/(Loss) for the period	1,440	1,856	(22.4)	(6,466)	N.M.	4,692	(11,118)	N.M.
EBITDA	8,832	11,349	(22.2)	394	>100.0	29,436	9,185	>100.0
Gross Profit Margins	12.9%	12.0%		2.0%		12.3%	4.3%	

Revenue

Group revenue for 9MFY20 registered an improvement of 2.4% to \$254.3 million (9MFY19: \$248.4 million), while revenue for 3QFY20 improved 15.6% to \$83.9 million (3QFY19: \$72.5 million), on relatively stable work volume.

Quarter-on-quarter, the Group recorded a slight decrease of 6.7% in revenue compared to 2QFY20 as a result of lower sales generated from the Group's equipment trading division.

Gross Profit and Gross Profit Margins (GPM)

Gross profit and GPM for 9MFY20 tripled to \$31.3 million and 12.3% (9MFY19: \$10.7 million and 4.3%). Similarly, gross profit and GPM for 3QFY20 increased significantly to \$10.8 million and 12.9% (3QFY19: \$1.4 million and 2.0%).

In spite of the quarter-on-quarter decline in Group revenue, gross profit and GPM recorded slight increases to \$10.8 million and 12.9% respectively (2QFY20: \$10.8 million and 12.0%).

The higher gross profit and GPM reflect the improvement in tender prices and business activity in these periods year-on-year.

Other Income

	3QFY20 \$'000	2QFY20 \$'000	Change %	3QFY19 \$'000	Change %	9MFY20 \$'000	9MFY19 \$'000	Change %
Gain/(Loss) on Disposal of:								
- Property, Plant & Equipment	341	528	(35.4)	(17)	N.M.	979	766	27.8
- Assets Held for Sale	-	-	N.M.	-	N.M.	259	-	N.M.
	341	528	(35.4)	(17)	N.M.	1,238	766	61.6
Distribution of Profit from the Investment in a Property Development Project in Iskandar Malaysia	173	-	N.M.	-	N.M.	173	-	N.M.
Other Miscellaneous Income	160	120	33.3	242	(33.9)	503	687	(26.8)
Other Income	674	648	4.0	225	>100.0	1,914	1,453	31.7

The Group recorded higher other income of \$1.9 million for 9MFY20 (9MFY19: \$1.5 million) and \$0.7 million for 3QFY20 (3QFY19: \$0.2 million; 2QFY20: \$0.6 million) respectively. These took into account the gain from the disposal of old equipment, along with the distribution of profit of \$0.2 million from a property development project in Iskandar Malaysia.

Operating Expenses

	3QFY20 \$'000	2QFY20 \$'000	Change %	3QFY19 \$'000	Change %	9MFY20 \$'000	9MFY19 \$'000	Change %
Other Operating Expenses	6,736	7,810	(13.8)	6,881	(2.1)	21,466	20,646	4.0
a) Expected Credit Losses Recognised/(Reversed) on Trade and Other Receivables and Contract Assets	36	(63)	N.M.	(71)	N.M.	(169)	(221)	(23.5)
b) Impairment Losses on:								
- Other Investment	-	-	N.M.	-	N.M.	240	-	N.M.
- Trade and Other Receivables and Contract Assets	2,232	310	>100.0	189	>100.0	2,781	319	>100.0
c) Exchange Loss/(Gain)	285	(471)	N.M.	224	27.2	56	198	(71.7)
d) Write-(Back)/Down of Plant and Equipment	(184)	694	N.M.	34	N.M.	584	160	>100.0
Operating Expenses *	9,105	8,280	10.0	7,257	25.5	24,958	21,102	18.3
Other Operating Expenses /Revenue	8.0%	8.7%		9.5%		8.4%	8.3%	

* Comprises of Distribution Expenses, Administrative Expenses and Other Operating Expenses/(Income).

The Group incurred higher other operating expenses of \$21.5 million for 9MFY20 (9MFY19: \$20.6 million). The increase was mainly due to higher legal fees accrued to recover outstanding debt and higher staff costs incurred due to an increase in headcount in the period under review.

Other operating expenses for 3QFY20 of \$6.7 million was lower compared to \$6.9 million in 3QFY19 and \$7.8 million in 2QFY20. The decrease was mainly due to lower legal fees incurred in 3QFY20.

The Group recorded higher impairment losses on receivables of \$2.8 million for 9MFY20 (9MFY19: \$0.3 million) and \$2.2 million for 3QFY20 (3QFY19: \$0.2 million; 2QFY20: \$0.3 million). This took into account specific provisions made for the amounts due from various debtors following the assessment of recoverability of these debts in 3QFY20.

Operating Expenses (cont'd)

In 9MFY20, other operating expenses to revenue ratio of 8.4% was comparable to 8.3% in 9MFY19. Other operating expenses to revenue ratio for 3QFY20 was lower at 8.0% (3QFY19: 9.5%; 2QFY20: 8.7%), in line with the lower other operating expenses recorded in 3QFY20.

Net Finance Expenses

	3QFY20 \$'000	2QFY20 \$'000	Change %	3QFY19 \$'000	Change %	9MFY20 \$'000	9MFY19 \$'000	Change %
Interest Income	39	52	(25.0)	108	(63.9)	141	278	(49.3)
Interest Expenses	(1,161)	(1,193)	(2.7)	(1,035)	12.2	(3,436)	(2,891)	18.9
Net Interest Expenses	(1,122)	(1,141)	(1.7)	(927)	21.0	(3,295)	(2,613)	26.1
Imputed Interest on Non-Current Assets	520	328	58.5	415	25.3	1,109	667	66.3
Interest Expenses on Lease Liabilities	(123)	(123)	-	-	N.M.	(387)	-	N.M.
Net Finance Expenses	(725)	(936)	(22.5)	(512)	41.6	(2,573)	(1,946)	32.2
Return on the Investment in a Property Development Project in Hertford, United Kingdom	-	-	N.M.	-	N.M.	-	574	(100.0)
Net Finance Expenses	(725)	(936)	(22.5)	(512)	41.6	(2,573)	(1,372)	87.5

Net interest expenses were \$3.3 million for 9MFY20 (9MFY19: \$2.6 million) and \$1.1 million for 3QFY20 (3QFY19: \$0.9 million). The increase was due to a higher draw-down of short-term borrowings for working capital purposes.

Net interest expenses for 3QFY20 was comparable to 2QFY20.

Profit/(Loss) for the period

The Group recorded net profit before tax of \$5.5 million in 9MFY20, a turnaround from a loss before tax of \$10.3 million in 9MFY19.

Making its third consecutive quarter of profitability, the Group recorded profit before tax of \$1.6 million for 3QFY20 compared to a loss before tax of \$6.1 million in 3QFY19. Sequentially, profit before tax for 3QFY20 was lower compared to \$2.2 million in 2QFY20, after taking into account the specific provisions made for the amounts due from various debtors of \$2.2 million following the assessment of recoverability of these debts in 3QFY20.

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved significantly to \$29.4 million for 9MFY20 (9MFY19: \$9.2 million) and \$8.8 million for 3QFY20 (3QFY19: \$0.4 million; 2QFY20: \$11.3 million).

Earnings per share for 9MFY20 and 3QFY20 were 0.16 cent (9MFY19: loss per share of 0.56 cent) and 0.07 cent (3QFY19: loss per share of 0.30 cent; 2QFY20: 0.06 cent) respectively.

STATEMENT OF FINANCIAL POSITION

Non-Current Assets

Property, Plant and Equipment

Net book value of property, plant and equipment as at 31 December 2019 was \$133.6 million (31 March 2019: \$137.1 million).

In 9MFY20, the Group acquired \$10.0 million worth of new plant and equipment to replace older equipment. The Group disposed of plant and equipment with carrying values of \$4.1 million and recorded a \$1.0 million gain on the disposal. Depreciation charge for 9MFY20 was \$19.3 million (9MFY19: \$18.1 million).

Right-of-use Assets

Following the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 *Leases* as disclosed in "Accounting Policies" on pages 23 to 24, the Group has recognised non-current right-of-use assets of \$4.0 million.

Net Current Assets

As at 31 December 2019, net current assets was \$11.8 million (31 March 2019: \$4.1 million). Current ratio (current assets / current liabilities) was 1.06 (31 March 2019: 1.02).

The Group had higher inventories of \$32.1 million at 31 December 2019 (31 March 2019: \$29.7 million) as it had anticipated an increase in equipment sale and leasing activities.

Trade and other receivables and contract assets were \$136.9 million (31 March 2019: \$134.6 million) while trade and other payables and contract liabilities were \$105.6 million (31 March 2019: \$99.7 million).

The Group disposed of assets held for sale with carrying values of \$0.9 million and recorded a \$0.3 million gain on the disposal in 9MFY20. As at 31 December 2019, assets held for sale was \$15.1 million (31 March 2019: \$15.5 million).

Following the adoption of SFRS(I) 16 *Leases*, the Group has recognised current right-of-use assets and current lease liabilities of \$6.7 million and \$9.1 million respectively.

Borrowings

As at 31 December 2019, total borrowings, excluding lease liabilities arising from the adoption of SFRS(I) 16 *Leases*, was \$94.1 million (31 March 2019: \$102.7 million). The reduction was a result of net repayment of debt in 9MFY20.

Consequently, the debt to equity ratio as at 31 December 2019 improved by 12.5% to 0.63 (31 March 2019: 0.72).

Equity and Net Asset Value

As at 31 December 2019, the Group's equity was \$149.8 million (31 March 2019: \$142.4 million), while net asset value per ordinary share was 5.8 cents (31 March 2019: 6.1 cents).

CASH FLOW

	3QFY20 \$'000	2QFY20 \$'000	Change %	3QFY19 \$'000	Change %	9MFY20 \$'000	9MFY19 \$'000	Change %
Cash Flow from Operating Activities	14,935	5,748	>100.0	6,292	>100.0	30,982	1,513	>100.0
Cash Flow from Investing Activities	(812)	(2,214)	(63.3)	(2,727)	(70.2)	(3,428)	(12,252)	(72.0)
Cash Flow from Financing Activities	(7,088)	(329)	>100.0	(3,575)	98.3	(19,605)	4,429	N.M.
Cash and Cash Equivalents	15,120	8,124	86.1	9,439	60.2	15,120	9,439	60.2

Cash Flow from Operating Activities

Net cash inflow from operating activities were higher at \$31.0 million for 9MFY20 (9MFY19: \$1.5 million) and \$14.9 million for 3QFY20 (3QFY19: \$6.3 million; 2QFY20: \$5.7 million), taking into account the net profits recorded during the periods under review.

Cash Flow from Investing Activities

The Group's net cash outflow from investing activities for 9MFY20 and 3QFY20 were \$3.4 million and \$0.8 million respectively (9MFY19: \$12.3 million; 3QFY19: \$2.7 million; 2QFY20: \$2.2 million).

The lower cash outflows in 9MFY20 and 3QFY20 were mainly due to lower capital expenditure incurred during the periods under review.

Cash Flow from Financing Activities

The Group recorded net cash outflow from financing activities of \$19.6 million for 9MFY20, compared to a net cash inflow of \$4.4 million in 9MFY19, following the net repayment of bank borrowings during the period.

Net cash outflow for 3QFY20 was higher than 3QFY19 and 2QFY20 due to higher net repayment of bank borrowings during the quarter.

Cash and Cash Equivalents

Taking into consideration the abovementioned factors, the Group's cash and cash equivalents stood at \$15.1 million as at 31 December 2019 (31 December 2018: \$9.4 million; 30 September 2019: \$8.1 million).

Outlook

In January 2020, the Building and Construction Authority of Singapore projected that total construction demand would remain strong in 2020, ranging between \$28 billion and \$33 billion, on the back of sustained public sector construction demand ¹.

The Group is mindful of several factors that could cloud the current outlook. The recent outbreak of the novel coronavirus (“Covid-19”) poses a serious health threat and could lead to challenges, including manpower shortage arising from travel restrictions imposed on foreign labour. Construction delays and higher costs of building are expected to be aggravated by disruptions to the construction supply chain as some Chinese factories remain shut until further notice due to the Covid-19 outbreak².

In addition, the wider economic and geopolitical issues surrounding US-China relations, and the UK’s exit from the European Union, remain a source of risk to Singapore and other ASEAN economies.

Against this backdrop, the Group will continue to leverage its strong capabilities and solid track record to tender actively for projects. It will also remain focused on anticipating and adapting to industry changes, while ensuring optimal utilisation of its equipment and resources.

As at 11 February 2020, the Group’s order book stands at about \$170 million (5 November 2019: \$150 million).

¹ Building and Construction Authority, Singapore’s Construction Demand For 2020 Expected To Remain Strong, 8 January 2020
(Source: <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2020/01/08/singapore's-construction-demand-for-2020-expected-to-remain-strong>)

² The Business Times, Coronavirus may hit building projects using pre-fab work too, 10 February 2020
(Source: <https://www.businesstimes.com.sg/real-estate/coronavirus-may-hit-building-projects-using-pre-fab-work-too>)

Consolidated Statement of Profit or Loss for the 3rd Quarter ended 31 December 2019

	Note	Group			Group		
		3rd Quarter ended		Change	9 months ended		Change
		31-Dec-19	31-Dec-18		31-Dec-19	31-Dec-18	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		83,894	72,542	15.6	254,321	248,396	2.4
Cost of sales	A	(73,073)	(71,098)	2.8	(223,046)	(237,673)	(6.2)
Gross profit		10,821	1,444	>100.0	31,275	10,723	>100.0
Other income	B	674	225	>100.0	1,914	1,453	31.7
Operating expenses							
- Distribution expenses		(233)	(180)	29.4	(581)	(639)	(9.1)
- Administrative expenses	C	(6,754)	(6,898)	(2.1)	(20,813)	(20,143)	3.3
- Other operating expenses	D	(2,118)	(179)	>100.0	(3,564)	(320)	>100.0
		(9,105)	(7,257)	25.5	(24,958)	(21,102)	18.3
Results from operating activities		2,390	(5,588)	N.M.	8,231	(8,926)	N.M.
Net finance expenses							
- Finance income		559	523	6.9	1,250	1,519	(17.7)
- Finance expenses		(1,284)	(1,035)	24.1	(3,823)	(2,891)	32.2
		(725)	(512)	41.6	(2,573)	(1,372)	87.5
Share of loss of associates (net of tax)		(32)	(3)	>100.0	(114)	(8)	>100.0
Profit/(Loss) before tax		1,633	(6,103)	N.M.	5,544	(10,306)	N.M.
Tax expense	E	(193)	(363)	(46.8)	(852)	(812)	4.9
Profit/(Loss) for the period		1,440	(6,466)	N.M.	4,692	(11,118)	N.M.
Attributable to:							
Owners of the Company		1,701	(6,734)	N.M.	3,882	(12,439)	N.M.
Non-controlling interests		(261)	268	N.M.	810	1,321	(38.7)
Profit/(Loss) for the period		1,440	(6,466)	N.M.	4,692	(11,118)	N.M.

Gross profit margin	12.9%	2.0%	12.3%	4.3%
Net profit/(loss) margin	1.7%	-8.9%	1.8%	-4.5%

Consolidated Statement of Comprehensive Income for the 3rd Quarter ended 31 December 2019

	Group			Group		
	3rd Quarter ended		Change	9 months ended		Change
	31-Dec-19	31-Dec-18		31-Dec-19	31-Dec-18	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(Loss) for the period	1,440	(6,466)	N.M.	4,692	(11,118)	N.M.
Other comprehensive income, net of tax Items that are or may be reclassified subsequently to profit or loss:						
Foreign currency translation differences - foreign operations	(50)	(127)	(60.6)	129	(938)	N.M.
Total comprehensive income for the period	1,390	(6,593)	N.M.	4,821	(12,056)	N.M.
Attributable to:						
Owners of the Company	1,705	(6,851)	N.M.	3,879	(13,265)	N.M.
Non-controlling interests	(315)	258	N.M.	942	1,209	(22.1)
Total comprehensive income for the period	1,390	(6,593)	N.M.	4,821	(12,056)	N.M.

Statement of Financial Position as at 31 December 2019

DESCRIPTION	Note	Group		Company	
		31-Dec-19	31-Mar-19	31-Dec-19	31-Mar-19
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	1	133,637	137,101	5	12
Right-of-use assets		3,998	-	-	-
Goodwill		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	118,922	112,582
- associates		565	651	-	-
Other investments		164	406	-	-
Contract assets		14,689	16,106	-	-
Trade and other receivables		2,019	2,007	9,856	9,856
Deferred tax assets		81	44	161	161
		156,605	157,767	128,944	122,611
Current assets					
Inventories	2	32,086	29,687	-	-
Right-of-use assets		6,653	-	-	-
Contract assets		70,565	80,882	-	-
Trade and other receivables		66,311	53,757	14,934	13,198
Tax recoverable		300	506	-	-
Cash and cash equivalents		22,783	15,212	182	503
		198,698	180,044	15,116	13,701
Assets held for sale		15,141	15,539	-	-
		213,839	195,583	15,116	13,701
Total assets		370,444	353,350	144,060	136,312

Statement of Financial Position as at 31 December 2019 (cont'd)

DESCRIPTION	Note	Group		Company	
		31-Dec-19	31-Mar-19	31-Dec-19	31-Mar-19
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital		84,353	81,635	84,353	81,635
Reserves		37,147	33,268	51,490	48,319
		121,500	114,903	135,843	129,954
Non-controlling interests		28,285	27,448	-	-
Total equity		149,785	142,351	135,843	129,954
Non-current liabilities					
Loans and borrowings	3	14,514	17,392	-	5
Lease liabilities		1,715	-	-	-
Deferred tax liabilities		2,349	2,079	-	-
		18,578	19,471	-	5
Current liabilities					
Loans and borrowings	3	79,555	85,313	198	11
Lease liabilities		9,095	-	-	-
Contract liabilities		865	4,225	-	-
Trade and other payables		104,702	95,434	7,979	6,319
Provisions		7,253	6,113	-	-
Current tax payable		611	443	40	23
		202,081	191,528	8,217	6,353
Total liabilities		220,659	210,999	8,217	6,358
Total equity and liabilities		370,444	353,350	144,060	136,312

Consolidated Statement of Cash Flows for the 3rd Quarter ended 31 December 2019

	3rd Quarter ended		9 months ended	
	<u>31-Dec-19</u>	<u>31-Dec-18</u>	<u>31-Dec-19</u>	<u>31-Dec-18</u>
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit/(Loss) for the period	1,440	(6,466)	4,692	(11,118)
Adjustments for:				
Bad debts written back	(10)	-	(10)	(15)
Depreciation of:				
- property, plant and equipment	5,781	5,985	19,291	18,119
- right-of-use assets	693	-	2,028	-
Distribution of profit from other investment	173	-	173	-
(Gain)/Loss on disposal of:				
- property, plant and equipment	(341)	17	(979)	(766)
- assets held for sale	-	-	(259)	-
Expected credit losses recognised/(reversed) on trade and other receivables and contract assets	36	(71)	(169)	(221)
Impairment losses on:				
- other investment	-	-	240	-
- trade and other receivables and contract assets	2,232	189	2,781	319
Inventories written off	-	152	52	282
Net finance expenses	725	512	2,573	1,372
Property, plant and equipment written off	-	-	28	1
Provisions made/(reversed) for:				
- onerous contracts	-	-	988	-
- rectification costs	709	(75)	3,158	381
Share of loss of associates (net of tax)	32	3	114	8
Write-(back)/down of plant and equipment	(184)	34	584	160
Tax expense	193	363	852	812
Operating activities before working capital changes	11,479	643	36,137	9,334
Changes in working capital:				
Inventories	(7,274)	(2,673)	(7,824)	(3,300)
Trade and other receivables and contract assets	7,721	12,278	(1,506)	(25,451)
Trade and other payables and contract liabilities	2,832	(4,019)	4,277	21,233
Cash generated from operations	14,758	6,229	31,084	1,816
Taxes refund/(paid)	139	5	(242)	(531)
Interest received	38	58	140	228
Net cash generated from operating activities	14,935	6,292	30,982	1,513

Consolidated Statement of Cash Flows for the 3rd Quarter ended 31 December 2019 (cont'd)

	3rd Quarter ended		9 months ended	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,932)	(3,615)	(7,907)	(13,036)
Proceeds from disposal of:				
- property, plant and equipment	1,889	871	3,333	2,208
- assets held for sale	231	-	1,146	-
Proceeds from government grants for acquisition of property, plant and equipment	-	17	-	175
Dilution of interests in a subsidiary, net of cash disposed of	-	-	-	(52)
Investment in an associate	-	-	-	(27)
Shareholder's loan due from an associate	-	-	-	(1,400)
Subscription of convertible notes	-	-	-	(120)
Net cash used in investing activities	(812)	(2,727)	(3,428)	(12,252)
Cash flows from financing activities				
Interest paid	(1,292)	(999)	(3,783)	(2,883)
Dividends paid:				
- non-controlling interests of a subsidiary	(105)	-	(105)	(150)
Proceeds from:				
- bank loans and finance lease loans	4,554	4,985	21,165	15,360
- bills payable	49,683	42,306	136,782	118,298
- issue of shares from exercise of warrants, net of expenses	2,047	1,100	2,718	1,131
Repayment of:				
- bank loans	(7,896)	(5,405)	(23,201)	(15,528)
- bills payable	(50,590)	(43,452)	(143,073)	(105,050)
- finance lease liabilities	(2,844)	(2,110)	(8,240)	(6,749)
- lease liabilities	(645)	-	(1,868)	-
Net cash (used in)/generated from financing activities	(7,088)	(3,575)	(19,605)	4,429
Net increase/(decrease) in cash and cash equivalents	7,035	(10)	7,949	(6,310)
Cash and cash equivalents at 1 October/1 April	8,124	9,451	7,193	15,758
Effect of exchange rate changes on balances held in foreign currencies	(39)	(2)	(22)	(9)
Cash and cash equivalents at 31 December	15,120	9,439	15,120	9,439
Comprising:				
Cash and cash equivalents	22,783	17,964	22,783	17,964
Bank overdrafts	(7,663)	(8,525)	(7,663)	(8,525)
Cash and cash equivalents in the consolidated cash flow statement	15,120	9,439	15,120	9,439

Statements of Changes in Equity for the 3rd Quarter ended 31 December 2019

<u>Group</u>	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 2018	80,529	17,798	(2,354)	116	(6,478)	10,901	(881)	26,342	125,973	27,440	153,413
Total comprehensive income for the period (Loss)/Profit for the period	-	-	-	-	-	-	-	(6,734)	(6,734)	268	(6,466)
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	(117)	-	-	-	(117)	(10)	(127)
Transfer of revaluation surplus	-	-	-	-	-	(149)	-	149	-	-	-
Total other comprehensive income	-	-	-	-	(117)	(149)	-	149	(117)	(10)	(127)
Total comprehensive income for the period	-	-	-	-	(117)	(149)	-	(6,585)	(6,851)	258	(6,593)
Transactions with owners of the Company, recorded directly in equity											
Contributions by and distributions to owners											
Issue of shares from exercise of warrants	1,100	-	-	-	-	-	-	-	1,100	-	1,100
Total transactions with owners of the Company	1,100	-	-	-	-	-	-	-	1,100	-	1,100
At 31 December 2018	81,629	17,798	(2,354)	116	(6,595)	10,752	(881)	19,757	120,222	27,698	147,920

Statements of Changes in Equity for the 3rd Quarter ended 31 December 2019 (cont'd)

<u>Group</u>	Share	Capital	Reserve	Reserve on	Foreign	Revaluation	Other	Accumulated	Total	Non-	Total
	capital	reserve	for own	consolidation	currency	reserve	reserve	profits	attributable to	controlling	equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	of the	interests	\$'000
At 1 October 2019	82,306	17,798	(2,354)	116	(6,148)	11,560	(881)	15,351	117,748	28,705	146,453
Total comprehensive income for the period											
Profit for the period	-	-	-	-	-	-	-	1,701	1,701	(261)	1,440
Other comprehensive income											
Foreign currency translation differences	-	-	-	-	4	-	-	-	4	(54)	(50)
Transfer of revaluation surplus	-	-	-	-	-	(79)	-	79	-	-	-
Total other comprehensive income	-	-	-	-	4	(79)	-	79	4	(54)	(50)
Total comprehensive income for the period	-	-	-	-	4	(79)	-	1,780	1,705	(315)	1,390
Transactions with owners of the Company, recorded directly in equity											
Contributions by and distributions to owners											
Issue of shares from exercise of warrants	2,047	-	-	-	-	-	-	-	2,047	-	2,047
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(105)	(105)
Total transactions with owners of the Company	2,047	-	-	-	-	-	-	-	2,047	(105)	1,942
At 31 December 2019	84,353	17,798	(2,354)	116	(6,144)	11,481	(881)	17,131	121,500	28,285	149,785

Statements of Changes in Equity for the 3rd Quarter ended 31 December 2019 (cont'd)

<u>Company</u>	Share capital	Capital reserve	Reserve for own shares	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October 2018, as previously reported	80,529	17,798	(2,354)	35,952	131,925
Adoption of SFRS(I) 9	-	-	-	(2,266)	(2,266)
At 1 October 2018, as restated	80,529	17,798	(2,354)	33,686	129,659
Total comprehensive income for the period	-	-	-	40	40
Transactions with owners of the Company, recorded directly in equity					
Issue of shares from exercise of warrants	1,100	-	-	-	1,100
Total transactions with owners	1,100	-	-	-	1,100
At 31 December 2018	81,629	17,798	(2,354)	33,726	130,799
At 1 October 2019	82,306	17,798	(2,354)	35,004	132,754
Total comprehensive income for the period	-	-	-	1,042	1,042
Transactions with owners of the Company, recorded directly in equity					
Issue of shares from exercise of warrants	2,047	-	-	-	2,047
Total transactions with owners	2,047	-	-	-	2,047
At 31 December 2019	84,353	17,798	(2,354)	36,046	135,843

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 third quarter results for the period from 1 October 2019 to 31 December 2019 with comparative figures for the 3 months period from 1 October 2018 to 31 December 2018.

A Cost of sales

Group			
3rd Quarter ended		9 months ended	
31/12/2019	31/12/2018	31/12/2019	31/12/2018
\$'000	\$'000	\$'000	\$'000

Cost of sales includes the following items:

Depreciation of:

- property, plant and equipment	5,602	5,655	18,478	17,107
- right-of-use assets ⁽¹⁾	540	-	1,579	-
Inventories written off	-	152	52	282
Property, plant and equipment written off	-	-	11	-
Provisions made/(reversed) for:				
- onerous contracts	-	-	988	-
- rectification costs	709	(75)	3,158	381

⁽¹⁾ Arising from adoption of SFRS(I) 16 Leases.

B Other income

Group			
3rd Quarter ended		9 months ended	
31/12/2019	31/12/2018	31/12/2019	31/12/2018
\$'000	\$'000	\$'000	\$'000

Other income includes the following items:

Gain/(Loss) on disposal of:				
- plant and equipment	341	(17)	979	766
- assets held for sale	-	-	259	-
Distribution of profit from the investment in a property development project in Iskandar Malaysia	173	-	173	-

C Administrative expenses

Group			
3rd Quarter ended		9 months ended	
31/12/2019	31/12/2018	31/12/2019	31/12/2018
\$'000	\$'000	\$'000	\$'000

Administrative expenses includes the following items:

Depreciation of:				
- property, plant and equipment	179	330	813	1,012
- right-of-use assets ⁽¹⁾	153	-	449	-
Exchange loss	285	224	56	198

⁽¹⁾ Arising from adoption of SFRS(I) 16 Leases.

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

D Other operating expenses

	Group			
	3rd Quarter ended		9 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	\$'000	\$'000	\$'000	\$'000
Other operating expenses includes the following items:				
Bad debts written back	(10)	-	(10)	(15)
Expected credit losses recognised/(reversed) on trade and other receivables and contract assets ⁽¹⁾	36	(71)	(169)	(221)
Impairment losses on:				
- other investment	-	-	240	-
- trade and other receivables and contract assets ⁽²⁾	2,232	189	2,781	319
Property, plant and equipment written off	-	-	17	1
Write-(back)/down of plant and equipment	(184)	34	584	160

⁽¹⁾ Arising from application of SFRS(I) 9 *Financial Instruments* and is reviewed on a periodic basis.

⁽²⁾ 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	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
- current period	329	460	775	922
- (over)/under provided in prior years	(159)	26	(163)	(120)
	170	486	612	802
Deferred tax expense/(credit)				
- current period	23	(123)	15	(87)
- under provided in prior years	-	-	225	97
	23	(123)	240	10
	193	363	852	812

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 2019 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 31/12/2019 \$'000	9 months ended 31/12/2019 \$'000	3rd Quarter ended 31/12/2019 \$'000	9 months ended 31/12/2019 \$'000
Tat Hong HeavyEquipment (Pte.) Ltd. ⁽¹⁾	430	1,314	Nil	Nil
Tat Hong Plant Leasing Pte Ltd ⁽¹⁾	273	1,091	Nil	Nil
CMC Construction Pte. Ltd. ⁽¹⁾	196	196	Nil	Nil
THAB Development Sdn Bhd ⁽²⁾	255	255	Nil	Nil

Note:

⁽¹⁾ Tat Hong HeavyEquipment (Pte.) Ltd., Tat Hong Plant Leasing Pte Ltd and CMC Construction Pte. Ltd. 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 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.

In 3QFY20 and 9MFY20, the Group granted additional shareholder's loans in proportion to its shareholdings of RM0.8 million (equivalent to \$0.3 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 31/12/2019 \$'000	As at 31/03/2019 \$'000
<u>Cost/Valuation</u>		
Opening balance	367,758	381,078
Additions	9,956	16,885
Reclassification from inventories	10,900	6,315
Revaluation	-	1,117
Elimination of accumulated depreciation against cost on revaluation	-	(1,521)
Transfer to inventories	(2,760)	(7,543)
Reclassification to assets held for sale	(148)	(23,080)
Disposals/Write-offs	(7,605)	(4,748)
Translation differences on consolidation	216	(745)
Closing balance	<u>378,317</u>	<u>367,758</u>
<u>Accumulated depreciation and impairment losses</u>		
Opening balance	230,657	224,857
Depreciation charge	19,291	24,154
Impairment loss	40	11
Elimination of accumulated depreciation against cost on revaluation	-	(1,521)
Transfer to inventories	(1,736)	(6,569)
Reclassification to assets held for sale	-	(6,821)
Disposals/Write-offs	(3,490)	(3,017)
Translation differences on consolidation	(82)	(437)
Closing balance	<u>244,680</u>	<u>230,657</u>
Carrying amount	<u>133,637</u>	<u>137,101</u>

2 Inventories

	Group	
	As at 31/12/2019 \$'000	As at 31/03/2019 \$'000
Equipment and machinery held for sale	18,024	16,120
Spare parts	11,786	10,307
Construction materials on sites	2,276	3,260
	<u>32,086</u>	<u>29,687</u>
Allowance for inventory obsolescence	-	-
	<u>32,086</u>	<u>29,687</u>

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

3 Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2019	
Secured	Unsecured
\$'000	\$'000
16,384	63,171

As at 31/03/2019	
Secured	Unsecured
\$'000	\$'000
14,151	71,162

Amount repayable after one year

As at 31/12/2019	
Secured	Unsecured
\$'000	\$'000
14,514	-

As at 31/03/2019	
Secured	Unsecured
\$'000	\$'000
17,392	-

Details of any collateral

The Group's total borrowings were \$94.1 million (31 March 2019: \$102.7 million) and consist of overdrafts, bills payable, finance leases and bank loans. Included in the borrowings repayable within one year were bills payable amounting to \$25.0 million (31 March 2019: \$31.3 million).

The borrowings are secured by legal mortgages over the Group's assets listed below and guaranteed by the Company, out of which \$15,115,000 (31 March 2019: \$15,148,000) are also guaranteed by a related corporation:

- a) \$21,724,000 (31 March 2019: \$20,750,000) in respect of plant and machinery acquired under finance leases;
- b) \$8,982,000 (31 March 2019: \$10,482,000) which are secured by a charge over the leasehold land and properties; and
- c) \$192,000 (31 March 2019: \$311,000) 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 2019, the issued and fully paid-up share capital of the Company was 2,614,705,336 (31 March 2019: 2,342,882,546) ordinary shares. Movement in the Company's issued and fully paid-up share capital during the 3 months ended 31 December 2019 was as follows:

	Number of shares	\$'000
As at 1 October 2019	2,410,012,946	82,306
Exercise of warrants	204,692,390	2,047
As at 31 December 2019	<u>2,614,705,336</u>	<u>84,353</u>

The total number of ordinary shares issued (excluding treasury shares) as at 31 December 2019 was 2,594,185,336 (31 March 2019: 2,322,362,546) ordinary shares.

During the 3 months ended 31 December 2019, 204,692,390 warrants were exercised at \$0.01 each pursuant to the Rights cum Warrants Issue on 30 December 2015. As at 31 December 2019, there were outstanding warrants of 1,034,985,835 (31 December 2018: 1,307,408,625) for conversion into ordinary shares, representing 39.9% (31 December 2018: 56.3%) of the total number of ordinary shares issued (excluding treasury shares).

There were no share buybacks for the 3 months ended 31 December 2019. There were 20,520,000 shares held as treasury shares as at 31 December 2019 (31 December 2018: 20,520,000 shares), representing 0.8% (31 December 2018: 0.9%) of the total number of ordinary shares issued (excluding treasury shares). There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2019.

There were no subsidiary holdings in the Company as at 31 December 2019. There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2019.

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 2019, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning on 1 April 2019 as follows:

- SFRS(I) 16 *Leases*;
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*;
- Amendments to SFRS(I) 9 *Prepayment Features with Negative Compensation*;
- Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*;
- Amendments to SFRS(I) 3 and SFRS(I) 11 *Previously Held Interest in a Joint Operation*;
- Amendments to SFRS(I) 1-12 *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*;

Accounting Policies (cont'd)

- Amendments to SFRS(I) 1-23 *Borrowing Costs Eligible for Capitalisation*; and
- Amendments to SFRS(I) 1-19 *Plan Amendment, Curtailment or Settlement*;

Based on management's initial assessment, the application of the above standards and interpretations does not have a significant impact on the financial statements, except for SFRS(I) 16.

SFRS(I) 16 Leases

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group has adopted SFRS(I) 16 on 1 April 2019 (date of initial application), using the modified retrospective approach. The Group applied the practical expedient not to reassess whether a contract contains a lease on 1 April 2019. Accordingly, existing lease contracts that were still effective on 1 April 2019 continued to be accounted for as lease contracts under SFRS(I) 16. The ROU assets recognised on 1 April 2019 were equal to their lease liabilities.

The impact on the adoption of SFRS(I) 16 for the Group is summarised below:

Statement of financial position

	As at 01/04/2019 \$'000
<u>Asset</u>	
Increase in non-current right-of-use assets	5,238
Increase in current right-of-use assets	6,922
	<u>12,160</u>
<u>Liabilities</u>	
Increase in non-current lease liabilities	(3,085)
Increase in current lease liabilities	(9,075)
	<u>(12,160)</u>

Consolidated statement of profit or loss

	3rd Quarter ended 31/12/2019 \$'000	9 months ended 31/12/2019 \$'000
Increase in depreciation of right-of-use assets	693	2,028
Decrease in operating lease expenses	(768)	(2,255)
Increase in finance expenses	123	387
	<u>123</u>	<u>387</u>

The above assessment on the adoption of SFRS(I) 16 is preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustments.

Earnings/(Loss) Per Share

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

	3rd Quarter ended		9 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
Based on the weighted average number of ordinary shares on issue	0.07 cents	(0.30) cents	0.16 cents	(0.56) cents
	3rd Quarter ended 31/12/2019 31/12/2018		9 months ended 31/12/2019 31/12/2018	
	\$'000	\$'000	\$'000	\$'000
Basic earnings/(loss) per ordinary share is based on:				
Net profit/(loss) attributable to ordinary shareholders	1,701	(6,734)	3,882	(12,439)
	3rd Quarter ended 31/12/2019 31/12/2018		9 months ended 31/12/2019 31/12/2018	
	Number of shares			
Weighted average number of:				
Issued ordinary shares at beginning of the period	2,410,012,946	2,232,282,546	2,342,882,546	2,229,145,881
Issue of shares via exercise of warrants	45,748,618	35,108,696	44,734,171	13,909,944
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 earnings/(loss) per ordinary share	2,435,241,564	2,246,871,242	2,367,096,717	2,222,535,825

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

	3rd Quarter ended		9 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
On a fully diluted basis	0.06 cents	(0.30) cents	0.13 cents	(0.56) cents
	3rd Quarter ended 31/12/2019 31/12/2018		9 months ended 31/12/2019 31/12/2018	
	\$'000	\$'000	\$'000	\$'000
Diluted earnings/(loss) per ordinary share is based on:				
Net profit/(loss) attributable to ordinary shareholders	1,701	(6,734)	3,882	(12,439)

For the purpose of calculating the diluted earnings/(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.

Earnings/(Loss) Per Share (cont'd)

	3rd Quarter ended		9 months ended	
	31/12/2019	31/12/2018	31/12/2019	31/12/2018
	Number of shares			
Weighted average number of: Ordinary shares used in the calculation of basic earnings/(loss) per ordinary share	2,435,241,564	2,246,871,242	2,367,096,717	2,222,535,825
Potential ordinary shares issuable under exercise of warrants	642,885,173	*	644,755,428	*
Weighted average number of ordinary issued and potential shares assuming full conversion	3,078,126,737	2,246,871,242	3,011,852,145	2,222,535,825

* The Group was in a loss position for the period ended 31 December 2018, 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 31/12/2019	As at 31/03/2019
Group		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	5.8 cents	6.1 cents
Company		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	5.2 cents	5.6 cents

The net asset value per ordinary share is calculated based on net asset value of \$149.8 million (31 March 2019: \$142.4 million) over the total number of ordinary shares issued (excluding treasury shares) as at 31 December 2019 of 2,594,185,336 (31 March 2019: 2,322,362,546) 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, so as to conserve the Group's cash position.

Confirmation

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial results for the period under review to be false or misleading in any material respect pursuant to Rule 705(5) of the SGX-ST Listing Manual.

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) of the SGX-ST Listing Manual.

By Order of the Board

Lee Quang Loong
Chief Financial Officer / Company Secretary
13 February 2020