

Financial Statements and Related Announcement::Third Quarter Results

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CSC HOLDINGS LIMITED

(Company Registration Number: 199707845E)

Financial Statements Announcement

for the Third Quarter Ended 31 December 2015

(For the Financial Year Ending 31 March 2016)

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Review of the Performance of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

3Q16 – for the 3 months ended 31 December 2015

2Q16 – for the 3 months ended 30 September 2015

1Q16 – for the 3 months ended 30 June 2015

3Q15 – for the 3 months ended 31 December 2014

9M16 – for the 9 months ended 31 December 2015

9M15 – for the 9 months ended 31 December 2014

Review of Results for the Third Quarter Ended 31 December 2015

	3Q16 \$'000	2Q16 \$'000	Change %	3Q15 \$'000	Change %	9M16 \$'000	9M15 \$'000	Change %
Revenue	98,963	93,726	5.6	116,615	(15.1)	317,042	312,893	1.3
Gross Profit	7,838	5,731	36.8	7,865	(0.3)	22,563	17,605	28.2
Other Income	629	473	33.0	375	67.7	1,556	2,098	(25.8)
Operating Expenses	(7,448)	(6,810)	9.4	(8,877)	(16.1)	(22,076)	(24,127)	(8.5)
Profit/(Loss) from Operating Activities	1,019	(606)	N.M.	(637)	N.M.	2,043	(4,424)	N.M.
Impairment Losses Reversed on Trade and Other Receivables:								
- Changi Motorsports Hub project	-	-	N.A.	-	N.A.	-	6,858	N.A.
Net Provision Made as a result of an Arbitration Award received	-	-	N.A.	(3,161)	N.A.	-	(3,161)	N.A.
Recovery of Legal and Other Costs as a result of an Arbitration Award received	-	906	N.A.	-	N.A.	906	-	N.A.
Profit/(Loss) from Operating Activities after the Impairment Losses, Net Provision and Recovery of Costs	1,019	300	N.M.	(3,798)	N.M.	2,949	(727)	N.M.
Net Finance Expenses	(496)	(223)	N.M.	(938)	(47.1)	(1,686)	(2,822)	(40.3)
Interest Income Recognised as a result of an Arbitration Award received	-	337	N.A.	-	N.A.	337	-	N.A.
Share of (Loss)/Profit of a Joint Venture	(98)	(142)	(31.0)	160	N.M.	(219)	180	N.M.
Profit/(Loss) before Tax	425	272	56.3	(4,576)	N.M.	1,381	(3,369)	N.M.
Tax (Expense)/Credit	(258)	248	N.M.	(605)	N.M.	(288)	(1,536)	(81.3)
Profit/(Loss) for the period	167	520	(67.9)	(5,181)	N.M.	1,093	(4,905)	N.M.

Gross Profit Margins	7.9%	6.1%	6.7%	7.1%	5.6%
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Revenue

Revenue for 3Q16 declined 15.1% to \$99.0 million, as compared to \$116.6 million in 3Q15. The level of activity in 3Q16 was lower compared to 3Q15 as there was a lag in timing between the tailing off of existing projects and the commencement of new projects secured.

Revenue for 9M16 rose 1.3% to \$317.0 million, compared to \$312.9 million in 9M15, mainly driven by the higher level of activity in 1Q16. Business activity for the subsequent quarters, on the other hand, experienced a slowdown in the second half of 2015 as a result of uncertainties in the economic environment.

Quarter-on-quarter, Group's revenue increased 5.6% over the \$93.7 million recorded in 2Q16 following the completion and delivery of projects secured earlier.

Gross Profit and Gross Profit Margins (GPM)

Gross profit for 3Q16 was comparable to 3Q15 at \$7.8 million, while GPM was 1.2 percentage points higher at 7.9%, compared to that achieved in 3Q15. Year-to-date, both Gross Profit and GPM for 9M16 recorded improvements at \$22.6 million and 7.1% respectively, compared to a Gross Profit of \$17.6 million and GPM of 5.6% for 9M15.

The improvements were the result of proactive steps taken by the Group to reduce costs and improve operating efficiencies.

Gross Profit and Gross Profit Margins (GPM) (cont'd)

Gross profit for 3Q16 was higher as compared to \$5.7 million in 2Q16, in line with the higher revenue and slightly better margins recorded in 3Q16.

Other Income

The Group recorded other income of \$0.6 million in 3Q16 (3Q15: \$0.4 million, 2Q16: \$0.5 million), following the higher profit recorded from other miscellaneous income.

For 9M16, other income amounted to \$1.6 million (9M15: \$2.1 million), taking into account a smaller gain of \$0.6 million from the disposal of older equipments (9M15: \$1.2 million). The disposal of these older equipments formed part of the Group's cost reduction measures.

Operating Expenses

	3Q16 \$'000	2Q16 \$'000	Change %	3Q15 \$'000	Change %	9M16 \$'000	9M15 \$'000	Change %
Other Operating Expenses	7,103	6,412	10.8	8,049	(11.8)	21,027	22,473	(6.4)
Impairment Losses Made on Trade and Other Receivables	339	455	(25.5)	761	(55.5)	804	1,202	(33.1)
Exchange Loss/(Gain)	6	(57)	N.M.	67	(91.0)	245	452	(45.8)
	7,448	6,810	9.4	8,877	(16.1)	22,076	24,127	(8.5)
Impairment Losses Reversed on Trade and Other Receivables:								
- Changi Motorsports Hub project	-	-	N.A.	-	N.A.	-	(6,858)	N.A.
Net Provision Made as a result of an Arbitration Award received	-	-	N.A.	3,161	N.A.	-	3,161	N.A.
Recovery of Legal and Other Costs as a result of an Arbitration Award received	-	(906)	N.A.	-	N.A.	(906)	-	N.A.
Net Operating Expenses	7,448	5,904	26.2	12,038	(38.1)	21,170	20,430	3.6
Other Operating Expenses /Revenue	7.2%	6.8%		6.9%		6.6%	7.2%	

Other operating expenses for 3Q16 and 9M16 declined 11.8% and 6.4% to \$7.1 million and \$21.0 million respectively compared to \$8.0 million in 3Q15 and \$22.5 million in 9M15, following the implementation of the Group's cost reduction measures.

As announced on 24 August 2015, a wholly-owned subsidiary of the Company was successful in an arbitration proceeding. Consequently, an amount of \$0.9 million in legal fees was recovered and recorded accordingly in 2Q16.

Other operating expenses to revenue ratio for 9M16 was 6.6% (9M15: 7.2%), mainly due to an improvement in operational efficiency. Other operating expenses to revenue ratio for 3Q16 was 7.2% (3Q15: 6.9%).

Net Finance Expenses

	3Q16 \$'000	2Q16 \$'000	Change %	3Q15 \$'000	Change %	9M16 \$'000	9M15 \$'000	Change %
Interest Income	20	161	(87.6)	2	N.M.	195	6	N.M.
Interest Expenses	(845)	(826)	2.3	(911)	(7.2)	(2,512)	(2,977)	(15.6)
Net Interest Expenses	(825)	(665)	24.1	(909)	(9.2)	(2,317)	(2,971)	(22.0)
Imputed Interest on Non- Current Assets/Liabilities	329	442	(25.6)	(29)	N.M.	631	149	N.M.
	(496)	(223)	N.M.	(938)	(47.1)	(1,686)	(2,822)	(40.3)
Interest Income Recognised as a result of an Arbitration Award received	-	337	N.A.	-	N.A.	337	-	N.A.
Net Finance (Expenses) /Income	(496)	114	N.M.	(938)	(47.1)	(1,349)	(2,822)	(52.2)

Net interest expenses declined in both 3Q16 and 9M16 due to a reduction in bank borrowings to finance the business operations.

Net interest expenses for 3Q16 was marginally higher than the \$0.7 million recorded in 2Q16.

Share of (Loss)/Profit of a Joint Venture

The Group recorded a loss from its joint-venture operations in Thailand as a decline in demand from the Thai construction market led to significantly lower business volumes in 3Q16 and 9M16.

Profit/(Loss) for the period

Taking into account the above factors, the Group recorded a profit of \$0.2 million and \$1.1 million for 3Q16 and 9M16 respectively (3Q15 and 9M15: loss of \$5.2 million and \$4.9 million).

Earnings per share for 3Q16 and 9M16 were 0.0004 cent and 0.04 cent as compared to loss per share of 0.51 cent and 0.63 cent for 3Q15 and 9M15 respectively.

STATEMENT OF FINANCIAL POSITION

Property, Plant and Equipment

As at 31 December 2015, the net book value of property, plant and equipment amounted to \$172.5 million (31 March 2015: \$185.6 million). During the period under review, the Group acquired \$10.0 million worth of new plant and equipment to replace older equipments. At the same time, the Group also disposed of plant and equipment with carrying values of \$1.1 million and recorded a \$0.6 million gain on the disposal. Depreciation for the period was \$19.9 million (9M15: \$21.1 million).

Net Current Assets

Net current assets of the Group as at 31 December 2015 was \$33.3 million (31 March 2015: \$8.9 million) with a current ratio (current assets / current liabilities) of 1.16 (31 March 2015: 1.04).

As at 31 December 2015, the Group's inventories decreased to \$25.1 million (31 March 2015: \$27.0 million) in line with the lower level of business activities.

Trade and other receivables were \$188.2 million (31 March 2015: \$202.9 million) while trade and other payables were \$117.0 million (31 March 2015: \$139.0 million).

Borrowings

Total borrowings of the Group as at 31 December 2015 were \$105.4 million (31 March 2015: \$118.1 million). This represents a debt over equity ratio of 0.57 (31 March 2015: 0.66).

The decrease in borrowings was mainly due to net repayment of bank borrowings in 9M16.

Equity and Net Asset Value

In December 2015, the Company successfully completed an equity-raising exercise via a Rights cum Warrants Issue. The Company raised a net amount of \$9.8 million through this exercise.

As a result of the Rights cum Warrants Issue, total equity as at 31 December 2015 increased to \$185.2 million (31 March 2015: \$179.0 million), while net asset value per ordinary share was 11.5 cents (31 March 2015: 14.8 cents).

The Group's reserves as at 31 December 2015 was lower, mainly due to the strength of the Singapore Dollar vis-à-vis the regional currencies. Foreign currency translation reserve declined as the Malaysian Ringgit and Thai Baht weakened against the Singapore Dollar.

CASH FLOW

	3Q16 \$'000	2Q16 \$'000	Change %	3Q15 \$'000	Change %	9M16 \$'000	9M15 \$'000	Change %
Cash Flow from Operating Activities	11,561	11,202	3.2	23,955	(51.7)	29,541	47,400	(37.7)
Cash Flow from Investing Activities	(1,652)	(2,907)	(43.2)	(903)	82.9	(5,594)	(870)	N.M.
Cash Flow from Financing Activities	2,276	(6,713)	N.M.	(19,274)	N.M.	(17,481)	(41,824)	(58.2)
Cash and Cash Equivalents	24,084	11,868	N.M.	12,669	90.1	24,084	12,669	90.1

Cash Flow from Operating Activities

Net cash inflow from operating activities for 3Q16 and 9M16 were \$11.6 million (3Q15: \$24.0 million) and \$29.5 million (9M15: \$47.4 million) respectively, a comparative decline due to the working capital requirements during the periods under review.

Quarter-on-quarter, net cash inflow from operating activities improved to \$11.6 million for 3Q16 from \$11.2 million for 2Q16.

Cash Flow from Investing Activities

The Group recorded net cash outflow from investing activities of \$1.7 million and \$5.6 million for 3Q16 and 9M16 respectively (3Q15: \$0.9 million, 9M15: \$0.9 million), taking into account the net investment in equipments and accessories for its operations.

In addition, a final instalment payment of \$0.7 million was made in 9M16 for the acquisition of an additional 15% stake in ICE Far East Pte. Ltd. and its subsidiaries.

The net cash outflow for 3Q16 was lower than 2Q16 of \$2.9 million mainly due to lower cash outflows on capital expenditures for its operations.

Cash Flow from Financing Activities

The Group's net cash inflow from financing activities for 3Q16 was \$2.3 million, compared to a net cash outflow of \$19.3 million a year ago. The Group generated net proceeds of \$9.8 million from an equity-raising exercise via a Rights cum Warrants Issue in 3Q16.

For 9M16, the Group recorded a net cash outflow of \$17.5 million (9M15: \$41.8 million), arising from the net repayment of bank borrowings during the period under review.

Excluding the \$9.8 million net proceeds raised from the Rights cum Warrants Issue, the net cash outflow for 3Q16 of \$7.5 million was largely similar to \$6.7 million in 2Q16.

Cash and Cash Equivalents

Taking the abovementioned factors into consideration, the Group ended 31 December 2015 with cash and cash equivalents of \$24.1 million, an increase of \$12.2 million and \$6.5 million over 3Q16 and 9M16 respectively.

Outlook

Slowdown in the global economy has affected the markets in which the Group operates. Demand for construction services from the Singapore private residential and commercial market has thus softened amidst this risk-adverse environment. In this regard, construction activity in the current year is expected to be driven mainly by public-sector projects. Among these will be the commencement of construction of the new MRT stations and lines for the East Coast stretch of the Thomson-East Coast Line in the second half of 2016.

The outlook for construction industry in Malaysia and Thailand is likely to be weak amid a cloud of uncertainty in their economic and political environments.

Since the previous financial year, the Group has proactively implemented various initiatives to improve its cost and operational efficiencies. Its efforts to right-size its operations and redeploy its resources to better-performing sectors have enabled the Group to navigate through the industry challenges. The Group will continue to be vigilant in managing its cost base and operations to ensure it remains competitive amid the current market situation.

The Group has recently completed an equity-raising exercise in December 2015. The net proceeds raised of approximately \$9.8 million from this exercise would be used to finance a new yard and for working capital. In addition, the Group's balance sheet has been further strengthened.

As at 3 February 2016, the Group's order book stood at approximately \$150 million (9 November 2015: \$170 million). The bulk of these contracts is expected to be completed within the next six to nine months.

Consolidated Statement of Profit or Loss for the 3rd Quarter ended 31 December 2015

	Note	Group			Group		
		3rd Quarter ended		Change	9 months ended		Change
		31-Dec-15	31-Dec-14		31-Dec-15	31-Dec-14	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		98,963	116,615	(15.1)	317,042	312,893	1.3
Cost of sales	A	(91,125)	(108,750)	(16.2)	(294,479)	(295,288)	(0.3)
Gross profit		7,838	7,865	(0.3)	22,563	17,605	28.2
Other income	B	629	375	67.7	1,556	2,098	(25.8)
Distribution expenses		(247)	(124)	99.2	(546)	(410)	33.2
Administrative expenses	C	(6,849)	(7,909)	(13.4)	(20,632)	(22,380)	(7.8)
Other operating expenses	D	(352)	(844)	(58.3)	(898)	(1,337)	(32.8)
Impairment losses reversed on trade and other receivables	E	-	-	N.A.	-	6,858	N.A.
Net provision made as a result of an arbitration award received	F	-	(3,161)	N.A.	-	(3,161)	N.A.
Recovery of legal and other costs as a result of an arbitration award received	G	-	-	N.A.	906	-	N.A.
Results from operating activities		1,019	(3,798)	N.M.	2,949	(727)	N.M.
Finance income		349	2	N.M.	826	155	N.M.
Finance expenses		(845)	(940)	(10.1)	(2,512)	(2,977)	(15.6)
Interest income recognised as a result of an arbitration award received	G	-	-	N.A.	337	-	N.A.
Net finance expenses		(496)	(938)	(47.1)	(1,349)	(2,822)	(52.2)
Share of (loss)/profit of a joint venture		(98)	160	N.M.	(219)	180	N.M.
Profit/(Loss) before tax		425	(4,576)	N.M.	1,381	(3,369)	N.M.
Tax expense	H	(258)	(605)	(57.4)	(288)	(1,536)	(81.3)
Profit/(Loss) for the period		167	(5,181)	N.M.	1,093	(4,905)	N.M.
Attributable to:							
Owners of the Company		5	(6,132)	N.M.	459	(7,672)	N.M.
Non-controlling interests		162	951	(83.0)	634	2,767	(77.1)
Profit/(Loss) for the period		167	(5,181)	N.M.	1,093	(4,905)	N.M.

Gross profit margin	7.9%	6.7%	7.1%	5.6%
Net profit/(loss) margin	0.2%	-4.4%	0.3%	-1.6%

Consolidated Statement of Comprehensive Income for the 3rd Quarter ended 31 December 2015

	Group			Group		
	3rd Quarter ended		Change	9 months ended		Change
	31-Dec-15	31-Dec-14		31-Dec-15	31-Dec-14	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(Loss) for the period	167	(5,181)	N.M.	1,093	(4,905)	N.M.
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiaries, an associate and a joint venture	913	(752)	N.M.	(4,394)	(332)	N.M.
Other comprehensive income for the period, net of tax	913	(752)	N.M.	(4,394)	(332)	N.M.
Total comprehensive income for the period	1,080	(5,933)	N.M.	(3,301)	(5,237)	(37.0)
Attributable to:						
Owners of the Company	914	(6,884)	N.M.	(3,658)	(8,038)	(54.5)
Non-controlling interests	166	951	(82.5)	357	2,801	(87.3)
Total comprehensive income for the period	1,080	(5,933)	N.M.	(3,301)	(5,237)	(37.0)

Statement of Financial Position as at 31 December 2015

DESCRIPTION	Note	Group		Company	
		31-Dec-15	31-Mar-15	31-Dec-15	31-Mar-15
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	1	172,455	185,617	43	-
Intangible assets		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	94,418	94,418
- a joint venture		1,260	1,613	-	-
Other investment		848	828	-	-
Trade and other receivables		6,945	12,902	-	-
Deferred tax asset		-	-	29	29
		182,960	202,412	94,490	94,447
Current assets					
Inventories	2	25,131	27,001	-	-
Derivatives		13	-	-	-
Trade and other receivables		188,196	202,879	30,847	31,788
Cash and cash equivalents		30,378	19,167	10,456	508
		243,718	249,047	41,303	32,296
Total assets		426,678	451,459	135,793	126,743

Statement of Financial Position as at 31 December 2015 (cont'd)

DESCRIPTION	Note	Group		Company	
		31-Dec-15	31-Mar-15	31-Dec-15	31-Mar-15
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital		74,541	64,953	74,541	64,953
Reserves		85,708	89,366	46,355	45,497
		160,249	154,319	120,896	110,450
Non-controlling interests		24,986	24,719	-	-
Total equity		185,235	179,038	120,896	110,450
Non-current liabilities					
Loans and borrowings		30,078	31,739	38	-
Deferred tax liabilities		911	570	-	-
		30,989	32,309	38	-
Current liabilities					
Loans and borrowings		75,309	86,358	9	-
Trade and other payables		117,047	139,035	14,725	16,192
Excess of progress billings over construction work-in-progress	3	10,096	7,806	-	-
Current tax payable		756	1,749	125	101
Provision for liquidated damages		7,246	5,164	-	-
		210,454	240,112	14,859	16,293
Total liabilities		241,443	272,421	14,897	16,293
Total equity and liabilities		426,678	451,459	135,793	126,743

Consolidated Statement of Cash Flows for the 3rd Quarter ended 31 December 2015

	3rd Quarter ended		9 months ended	
	<u>31-Dec-15</u>	<u>31-Dec-14</u>	<u>31-Dec-15</u>	<u>31-Dec-14</u>
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit/(Loss) for the period	167	(5,181)	1,093	(4,905)
Adjustments for:				
Allowance for foreseeable losses reversed on construction work-in-progress	(550)	-	(316)	-
Bad debts written off	-	78	1	80
Depreciation of property, plant and equipment	6,397	7,036	19,851	21,080
Gain on disposal of property, plant and equipment	(231)	(153)	(589)	(1,160)
Impairment losses made/(reversed) on trade and other receivables	339	761	804	(5,656)
Inventories written down	7	-	7	35
Net finance expenses	496	938	1,349	2,822
Property, plant and equipment written off	-	-	12	-
Provision for liquidated damages	1,212	3,161	2,187	3,611
Share of loss/(profit) of a joint venture	98	(160)	219	(180)
Tax expense	258	605	288	1,536
Operating activities before working capital changes	8,193	7,085	24,906	17,263
Changes in working capital:				
Inventories	710	630	2,928	7,596
Trade and other receivables	1,596	(2,627)	22,768	8,378
Trade and other payables	1,445	19,670	(20,642)	16,019
Cash generated from operations	11,944	24,758	29,960	49,256
Taxes paid	(403)	(805)	(951)	(1,862)
Interest received	20	2	532	6
Net cash generated from operating activities	11,561	23,955	29,541	47,400

Consolidated Statement of Cash Flows for the 3rd Quarter ended 31 December 2015 (cont'd)

	3rd Quarter ended		9 months ended	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,076)	(1,157)	(5,739)	(2,802)
Proceeds from disposal of property, plant and equipment	424	254	872	1,932
Acquisition of non-controlling interests in previous year	-	-	(727)	-
Net cash used in investing activities	(1,652)	(903)	(5,594)	(870)
Cash flows from financing activities				
Interest paid	(839)	(918)	(2,501)	(2,933)
Dividend paid:				
- owners of the Company	-	-	-	(1,210)
- non-controlling interests of a subsidiary	(90)	-	(90)	-
Proceeds from:				
- bank loans and hire purchase loans	4,451	7,400	27,650	35,919
- bills payable	13,301	7,905	40,396	36,243
- cash grant from Productivity and Innovation Credit Scheme for acquisition of property, plant and equipment	-	68	-	68
- issue of shares from rights issue, net of expenses	9,817	-	9,817	-
Purchase of treasury shares	-	-	-	(18)
Repayment of:				
- bank loans	(4,786)	(16,978)	(33,263)	(34,644)
- bills payable	(14,102)	(9,653)	(42,274)	(46,772)
- finance lease liabilities	(5,476)	(7,323)	(17,216)	(28,477)
Increase in fixed deposits pledged	-	225	-	-
Net cash generated from/(used in) financing activities	2,276	(19,274)	(17,481)	(41,824)
Net increase in cash and cash equivalents	12,185	3,778	6,466	4,706
Cash and cash equivalents at 1 October/1 April	11,868	8,839	18,295	7,927
Effect of exchange rate changes on balances held in foreign currencies	31	52	(677)	36
Cash and cash equivalents at 31 December	24,084	12,669	24,084	12,669
Comprising:				
Cash and cash equivalents	30,378	16,712	30,378	16,712
Bank overdrafts	(6,294)	(4,043)	(6,294)	(4,043)
	24,084	12,669	24,084	12,669
Less:				
Fixed deposits pledged as security for bank facilities	-	-	-	-
Cash and cash equivalents in the consolidated cash flow statement	24,084	12,669	24,084	12,669

Statements of Changes in Equity for the 3rd Quarter ended 31 December 2015

<u>Group</u>	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 October 2014	64,953	17,798	(2,354)	116	(1,648)	137	92,831	171,833	25,869	197,702
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	(6,132)	(6,132)	951	(5,181)
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries, an associate and a joint venture	-	-	-	-	(752)	-	-	(752)	-	(752)
Total other comprehensive income	-	-	-	-	(752)	-	-	(752)	-	(752)
Total comprehensive income for the period	-	-	-	-	(752)	-	(6,132)	(6,884)	951	(5,933)
Transactions with owners, recorded directly in equity										
Total transactions with owners	-	-	-	-	-	-	-	-	-	-
At 31 December 2014	64,953	17,798	(2,354)	116	(2,400)	137	86,699	164,949	26,820	191,769
At 1 October 2015	64,953	17,798	(2,354)	116	(7,969)	(923)	78,126	149,747	24,910	174,657
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	5	5	162	167
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries, an associate and a joint venture	-	-	-	-	909	-	-	909	4	913
Total other comprehensive income	-	-	-	-	909	-	-	909	4	913
Total comprehensive income for the period	-	-	-	-	909	-	5	914	166	1,080
Transactions with owners, recorded directly in equity										
Issue of shares from rights issue	10,081	-	-	-	-	-	-	10,081	-	10,081
Share issuance expenses	(493)	-	-	-	-	-	-	(493)	-	(493)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	(90)	(90)
Total transactions with owners	9,588	-	-	-	-	-	-	9,588	(90)	9,498
At 31 December 2015	74,541	17,798	(2,354)	116	(7,060)	(923)	78,131	160,249	24,986	185,235

Statements of Changes in Equity for the 3rd Quarter ended 31 December 2015 (cont'd)

<u>Company</u>	<u>Share capital</u>	<u>Capital reserve</u>	<u>Reserve for own shares</u>	<u>Accumulated profits</u>	<u>Total</u>
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 October 2014	64,953	17,798	(2,354)	28,794	109,191
Total comprehensive income for the period	-	-	-	150	150
Transactions with owners, recorded directly in equity					
Total transactions with owners	-	-	-	-	-
At 31 December 2014	64,953	17,798	(2,354)	28,944	109,341
At 1 October 2015	64,953	17,798	(2,354)	30,291	110,688
Total comprehensive income for the period	-	-	-	620	620
Transactions with owners, recorded directly in equity					
Issue of shares from rights issue	10,081	-	-	-	10,081
Share issuance expenses	(493)	-	-	-	(493)
Total transactions with owners	9,588	-	-	-	9,588
At 31 December 2015	74,541	17,798	(2,354)	30,911	120,896

Note:

Capital reserve

	<u>Group</u>	<u>Company</u>
	\$'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 2015 to 31 December 2015 ("3Q16") with comparative figures for the 3 months period from 1 October 2014 to 31 December 2014 ("3Q15").

A Cost of sales

Group			
3rd Quarter ended		9 months ended	
31/12/2015	31/12/2014	31/12/2015	31/12/2014
\$'000	\$'000	\$'000	\$'000

Cost of sales includes the following items:

Allowance for foreseeable losses reversed on construction work-in-progress	(550)	-	(316)	-
Depreciation of property, plant and equipment	6,216	6,837	19,299	20,449
Inventories written down	7	-	7	35
Property, plant and equipment written off	-	-	12	-
Provision for liquidated damages	1,212	3,161	2,187	3,611

B Other income

Group			
3rd Quarter ended		9 months ended	
31/12/2015	31/12/2014	31/12/2015	31/12/2014
\$'000	\$'000	\$'000	\$'000

Other income includes the following item:

Gain on disposal of property, plant and equipment	231	153	589	1,160
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C Administrative expenses

Group			
3rd Quarter ended		9 months ended	
31/12/2015	31/12/2014	31/12/2015	31/12/2014
\$'000	\$'000	\$'000	\$'000

Administrative expenses includes the following items:

Depreciation of property, plant and equipment	181	199	552	631
Exchange loss	6	67	245	452

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

D Other operating expenses

	Group			
	3rd Quarter ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
Other operating expenses includes the following items:				
Bad debts written off	-	78	1	80
Impairment losses on trade and other receivables ⁽¹⁾	339	761	804	1,202

⁽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 Impairment losses reversed on trade and other receivables

With reference to the Group's announcement dated 21 October 2014, the Group has recovered the trade debt due from Changi Motorsports Hub project. Accordingly, a previous impairment loss made of \$6.9 million was written back to consolidated statement of profit or loss in 2Q15.

F Net provision made as a result of an arbitration award received

With reference to the Group's announcement dated 9 January 2015, the Group had received an unfavourable arbitration award pursuant to an arbitration proceeding against a third party. As a result of the arbitration proceedings, the following adjustments were recognised in the consolidated statement of profit or loss for 3Q15:

	\$'000
i) Provision for project losses	3,510
ii) Award for additional work performed	(349)
	<u>3,161</u>

G Recovery of costs as a result of an arbitration award received

With reference to the Group's announcement dated 24 August 2015, the Group had received a favourable arbitration award pursuant to an arbitration proceeding against a third party. As a result of the arbitration proceedings, the following adjustments were recognised in the consolidated statement of profit or loss for 2Q16:

	\$'000
i) Recovery of legal and other costs	906
ii) Interest income on late payment	337
	<u>1,243</u>

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

H Tax expense

	Group			
	3rd Quarter ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
Current tax expense/(credit)				
- current period	414	1,028	994	2,333
- (over)/under provided in prior years	(399)	(4)	(1,044)	166
	15	1,024	(50)	2,499
Deferred tax expense/(credit)				
- current period	112	(419)	114	(1,080)
- under provided in prior years	131	-	224	117
	243	(419)	338	(963)
	258	605	288	1,536

I Interested person transactions

Interested person transactions carried out during the 3rd quarter ended 31 December 2015 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 31/12/2015	9 months ended 31/12/2014	3rd Quarter ended 31/12/2015	9 months ended 31/12/2015
	\$'000	\$'000	\$'000	\$'000
CMC Construction Pte Ltd ⁽¹⁾	Nil	Nil	64	882
Tat Hong HeavyEquipment (Pte.) Ltd. ⁽¹⁾	Nil	Nil	210	746
Tat Hong Plant Leasing Pte Ltd ⁽¹⁾	Nil	Nil	971	3,528
Tat Hong HeavyEquipment (HK) Ltd ⁽¹⁾	Nil	Nil	122	122

Note:

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

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 31/12/2015 \$'000	As at 31/03/2015 \$'000
<u>Cost</u>		
Opening balance	371,841	322,705
Additions	10,035	19,702
Reclassification from inventories	2,587	38,035
Transfer to inventories	(7,977)	-
Disposals/Write-offs	(3,275)	(8,075)
Translation differences on consolidation	(5,210)	(526)
Closing balance	<u>368,001</u>	<u>371,841</u>
<u>Accumulated depreciation and impairment losses</u>		
Opening balance	186,224	155,873
Depreciation charge	19,851	28,799
Impairment losses	-	6,876
Transfer to inventories	(6,195)	-
Disposals/Write-offs	(2,136)	(4,627)
Translation differences on consolidation	(2,198)	(697)
Closing balance	<u>195,546</u>	<u>186,224</u>
Carrying amount	<u>172,455</u>	<u>185,617</u>

2 Inventories

	Group	
	As at 31/12/2015 \$'000	As at 31/03/2015 \$'000
Equipment and machinery held for sale	12,511	13,795
Spare parts	10,448	10,050
Construction materials on sites	2,194	3,181
	<u>25,153</u>	<u>27,026</u>
Allowance for inventory obsolescence	(22)	(25)
	<u>25,131</u>	<u>27,001</u>

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

	Group	
	As at 31/12/2015 \$'000	As at 31/03/2015 \$'000
Costs incurred and attributable profits	446,494	484,307
Allowance for foreseeable losses	-	(316)
	<u>446,494</u>	<u>483,991</u>
Progress billings	(456,590)	(491,797)
	<u>(10,096)</u>	<u>(7,806)</u>

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

4 Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2015	
Secured	Unsecured
\$'000	\$'000
19,524	55,785

As at 31/03/2015	
Secured	Unsecured
\$'000	\$'000
24,821	61,537

Amount repayable after one year

As at 31/12/2015	
Secured	Unsecured
\$'000	\$'000
27,808	2,270

As at 31/03/2015	
Secured	Unsecured
\$'000	\$'000
28,056	3,683

Details of any collateral

The Group's total borrowings were \$105.4 million (31 March 2015: \$118.1 million) and consist of finance leases and bank loans. Included in the borrowings repayable within one year were bills payable amounting to \$11.7 million (31 March 2015: \$13.6 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 \$13,610,000 (31 March 2015: \$19,234,000) are also guaranteed by a related corporation:

- a) \$35,688,000 (31 March 2015: \$46,330,000) in respect of plant and machinery acquired under finance leases;
- b) \$10,450,000 (31 March 2015: \$4,375,000) which are secured by a charge over the leasehold land and properties; and
- c) \$1,194,000 (31 March 2015: \$2,172,000) 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 2015, the issued and fully paid-up share capital of the Company was 1,633,484,966 (31 March 2015: 1,230,243,725) ordinary shares. Movement in the Company's issued and fully paid-up share capital during the 3 months ended 31 December 2015 was as follows:

	Number of shares	\$'000
As at 1 October 2015	1,230,243,725	64,953
Issue of shares from rights issue	403,241,241	10,081
Share issuance expenses ⁽¹⁾	-	(493)
As at 31 December 2015	<u>1,633,484,966</u>	<u>74,541</u>

⁽¹⁾ Including estimated transaction costs of \$0.2 million.

On 30 December 2015, the Company issued 403,241,241 new ordinary shares in the capital of the Company at \$0.025 each and 2,016,206,205 free detachable warrants ("Rights cum Warrants Issue"). Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.01 and is exercisable during a five year period from the date of issue. The warrants will expire on 29 December 2020.

As at 31 December 2015, there were outstanding warrants of 2,016,206,205 (31 December 2014: Nil) for conversion into ordinary shares. 574,809,615 warrants were exercised subsequent to 31 December 2015, the details are set out in "Subsequent Event" note in page 25.

There were no share buybacks for the 3 months ended 31 December 2015. There were 20,520,000 shares held as treasury shares as at 31 December 2015 (31 December 2014: 20,520,000 shares). There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the 3 months ended 31 December 2015.

The total number of ordinary shares issued (excluding treasury shares) as at 31 December 2015 was 1,612,964,966 (31 March 2015: 1,209,723,725) 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 2015, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning on or after 1 April 2015.

Accounting Policies (cont'd)

Financial Reporting Standards (FRS) which became effective for the Group's financial year beginning 1 April 2015 are as follows:

Amendments to FRS 19	<i>Defined Benefit Plans: Employee Contributions</i>
Improvements to FRSs (January 2014)	
- Amendment to FRS 102	<i>Share-Based Payment</i>
- Amendment to FRS 103	<i>Business Combinations</i>
- Amendments to FRS 108	<i>Operating Segments</i>
- Amendment to FRS 16	<i>Property, Plant and Equipment</i>
- Amendment to FRS 24	<i>Related Party Disclosures</i>
- Amendment to FRS 38	<i>Intangible Assets</i>
Improvements to FRSs (February 2014)	
- Amendment to FRS 103	<i>Business Combinations</i>
- Amendment to FRS 113	<i>Fair Value Measurement</i>

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

Earnings/(Loss) Per Share

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

	3rd Quarter ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Based on the weighted average number of ordinary shares on issue	0.0004 cents	(0.51) cents	0.04 cents	(0.63) cents
	3rd Quarter ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
Basic earnings/(loss) per ordinary share is based on:				
Net profit/(loss) attributable to ordinary shareholders	5	(6,132)	459	(7,672)
	3rd Quarter ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	Number of shares			
Weighted average number of:				
Issued ordinary shares at beginning of the period	1,230,243,725	1,230,243,725	1,230,243,725	1,230,243,725
Rights issue of shares	8,766,114	-	2,932,664	-
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 per ordinary share	1,218,489,839	1,209,723,725	1,212,656,389	1,209,723,725

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

	3rd Quarter ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
On a fully diluted basis	0.0004 cents	(0.51) cents	0.04 cents	(0.63) cents
	3rd Quarter ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
Diluted earnings/(loss) per ordinary share is based on:				
Net profit/(loss) attributable to ordinary shareholders	5	(6,132)	459	(7,672)

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

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.

(b) Diluted earnings/(loss) per ordinary share (cont'd)

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

	3rd Quarter ended		9 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	Number of shares			
Weighted average number of: Ordinary shares used in the calculation of basic earnings/(loss) per ordinary share	1,218,489,839	1,209,723,725	1,212,656,389	1,209,723,725
Potential ordinary shares issuable under exercise of warrants	30,939,226	-	10,350,577	-
Weighted average number of ordinary issued and potential shares assuming full conversion	1,249,429,065	1,209,723,725	1,223,006,966	1,209,723,725

Net Asset Value

	As at 31/12/2015	As at 31/03/2015
Group		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	11.5 cents	14.8 cents
Company		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	7.5 cents	9.1 cents

The net asset value per ordinary share is calculated based on net asset value over the total number of ordinary shares issued (excluding treasury shares) as at 31 December 2015 of 1,612,964,966 (31 March 2015: 1,209,723,725) 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 2015, 574,809,615 warrants were exercised at \$0.01 each pursuant to the Rights cum Warrants Issue.

The movement in the Company's outstanding warrants subsequent to 31 December 2015 till the latest practicable date, 29 January 2016, was as follows:

	Number of warrants
As at 1 January 2016	2,016,206,205
Exercise of warrants	574,809,615
As at 29 January 2016	<u>1,441,396,590</u>

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

With reference to the Group's announcement dated 6 January 2016, as at 4 February 2016, the update on the utilisation of the net proceeds raised from the Rights cum Warrants Issue is as follows:

Intended use of net proceeds	Amount allocated \$'million	Amount utilised \$'million	Balance \$'million
Financing of new Tuas Yard to be constructed and its related equipment expenditures	5.5 to 7.0	-	5.5
Working capital purposes	2.8 to 4.3	3.3 ⁽¹⁾	1.0
	<u>9.8</u>	<u>3.3</u>	<u>6.5</u>

⁽¹⁾ 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.

Whitewash Waiver in relation to Rights Cum Warrants Issue (cont'd)

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 29 January 2016, the Concert Party Group holds in aggregate:
 - (i) 1,125,631,307 Shares, representing approximately 51.45% of the voting rights in the Company; and
 - (ii) 195,662,290 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 55.44% (based on the enlarged share capital of the Company of 2,383,436,871 Shares (excluding treasury shares) immediately following the allotment and issue of 195,662,290 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
4 February 2016