

Financial Statements and Related Announcement::Full Yearly Results

Issuer & Securities

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

Announcement Details

Announcement Title	Financial Statements and Related Announcement
Date & Time of Broadcast	30-May-2017 18:31:13
Status	New
Announcement Sub Title	Full Yearly Results
Announcement Reference	SG170530OTHRKUKG
Submitted By (Co./ Ind. Name)	Lee Quang Loong
Designation	Company Secretary
Description (Please provide a detailed description of the event in the box below - Refer to the Online help for the format)	Please refer to the attachment.

Additional Details

For Financial Period Ended	31/03/2017
Attachments	4QFY17.pdf Total size =567K



CSC HOLDINGS LIMITED

(Company Registration Number: 199707845E)

Financial Statements Announcement
for the 12 Months Ended 31 March 2017

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Review of the Performance of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

4QFY17 – for the 3 months ended 31 March 2017
 3QFY17 – for the 3 months ended 31 December 2016
 4QFY16 – for the 3 months ended 31 March 2016
 FY17 – for the 12 months ended 31 March 2017
 FY16 – for the 12 months ended 31 March 2016

Review of Results for the 12 Months Ended 31 March 2017

	4QFY17 \$'000	3QFY17 \$'000	Change %	4QFY16 \$'000	Change %	FY17 \$'000	FY16 \$'000	Change %
Revenue	64,853	55,893	16.0	65,299	(0.7)	252,360	382,341	(34.0)
Gross Profit	4,127	1,912	N.M.	1,764	N.M.	8,246	24,327	(66.1)
Other Income	390	123	N.M.	585	(33.3)	2,306	2,141	7.7
Operating Expenses	(9,915)	(5,876)	68.7	(7,269)	36.4	(28,953)	(29,345)	(1.3)
Loss from Operating Activities	(5,398)	(3,841)	40.5	(4,920)	9.7	(18,401)	(2,877)	N.M.
Write-Down of Plant and Equipment	(1,007)	-	N.A.	-	N.A.	(1,007)	-	N.A.
Recovery of Legal and Other Costs as a result of an Arbitration Award received	-	-	N.A.	-	N.A.	-	906	N.A.
Loss from Operating Activities after Recovery of Costs	(6,405)	(3,841)	66.8	(4,920)	30.2	(19,408)	(1,971)	N.M.
Net Finance Expenses	(1,327)	(635)	N.M.	(945)	40.4	(3,630)	(2,631)	38.0
Interest Income Recognised as a result of an Arbitration Award received	-	-	N.A.	-	N.A.	-	337	N.A.
Share of (Loss)/Profit of Joint Ventures	(3)	(213)	(98.6)	112	N.M.	(247)	(107)	N.M.
Loss before Tax	(7,735)	(4,689)	65.0	(5,753)	34.5	(23,285)	(4,372)	N.M.
Tax Credit/(Expense)	210	(897)	N.M.	(806)	N.M.	(2,116)	(1,094)	93.4
Loss for the period/year	(7,525)	(5,586)	34.7	(6,559)	14.7	(25,401)	(5,466)	N.M.
EBITDA	444	2,458	(81.9)	1,814	(75.5)	7,286	24,395	(70.1)
Gross Profit Margins	6.4%	3.4%		2.7%		3.3%	6.4%	

Revenue

Revenue for the Group was \$252.4 million for FY17 (FY16: \$382.3 million) and \$64.9 million for 4QFY17 (4QFY16: \$65.3 million). The decrease was mainly due to the weak demand for the Group's services as a result of the slowdown in the construction activities in Singapore. This was compounded by the delay in the commencement of several major projects during the year and the corresponding delay in revenue recognition.

The Group recorded an improvement in the level of construction activity in 4QFY17 as compared to 3QFY17. This was reflected in the 16.0% increase in 4QFY17 revenue to \$64.9 million (3QFY17: \$55.9 million). The improvement was, however, not sufficient to offset the year-on-year decline in the earlier quarters of FY17.

Gross Profit and Gross Profit Margins (GPM)

In line with the lower revenue recorded in FY17, gross profit for FY17 declined to \$8.2 million (FY16: \$24.3 million). Correspondingly, GPM also declined to 3.3% in FY17, from 6.4% in FY16.

Gross profit and GPM for 4QFY17 was \$4.1 million and 6.4% (4QFY16: \$1.8 million and 2.7%).

Gross profit and GPM were weighed down by a very competitive and challenging operating environment during the year. However, the Group's effort to restructure its operations by right-sizing its equipment fleet and headcount has contributed to the reduction in operating costs and overheads.

Quarter-on-quarter, gross profit and gross profit margins for 4QFY17 registered an improvement from 3QFY17, reflecting the higher revenue achieved in 4QFY17.

Other Income

For FY17, the Group recorded other income of \$2.3 million (FY16: \$2.1 million) from the disposal of older equipment during the financial year. The Group has been actively reducing its fleet size since FY15 by disposing of aging and less efficient equipment.

The Group recorded other income of \$0.4 million for 4QFY17 (4QFY16: \$0.6 million; 3QFY17: \$0.1 million). Other income for 4QFY17 was higher than 3QFY17 on account of the \$0.2 million gain from the disposal of its 49% stake in its Thailand-based joint venture, Siam CSC Engineering Co., Ltd, as well as higher miscellaneous construction-related income in 4QFY17.

Operating Expenses

	4QFY17 \$'000	3QFY17 \$'000	Change %	4QFY16 \$'000	Change %	FY17 \$'000	FY16 \$'000	Change %
Other Operating Expenses	6,451	6,116	5.5	6,513	(1.0)	25,611	27,540	(7.0)
Impairment Losses Recognised/ (Reversed) on Trade and Other Receivables	2,652	(29)	N.M.	710	N.M.	2,585	1,514	70.7
Exchange Loss/(Gain)	812	(211)	N.M.	46	N.M.	757	291	N.M.
Write-Down of Plant and Equipment	9,915	5,876	68.7	7,269	36.4	28,953	29,345	(1.3)
Recovery of Legal and Other Costs as a result of an Arbitration Award received	1,007	-	N.A.	-	N.A.	1,007	-	N.A.
	-	-	N.A.	-	N.A.	-	(906)	N.A.
Net Operating Expenses	10,922	5,876	85.9	7,269	50.3	29,960	28,439	5.3
Other Operating Expenses /Revenue	9.9%	10.9%		10.0%		10.1%	7.2%	

As a result of the Group's cost reduction initiatives, other operating expenses for FY17 decreased by 7.0% to \$25.6 million (FY16: \$27.5 million). Other operating expenses of \$6.5 million for 4QFY17 was comparable to 4QFY16.

The Group recorded higher exchange loss of \$0.8 million for each of FY17 and 4QFY17 (FY16: \$0.3 million; 4QFY16: \$0.05 million), as a result of the strengthening of Singapore Dollar against regional currencies, especially the Malaysian Ringgit. Since FY16, Malaysian Ringgit has weakened against Singapore Dollar by approximately 10%.

Other operating expenses to revenue ratio for FY17 and 4QFY17 were 10.1% (FY16: 7.2%) and 9.9% (4QFY16: 10.0%; 3QFY17: 10.9%) respectively. While the Group's overheads had been reduced significantly, the ratio for FY17 was higher as the rate of revenue erosion outpaced that of cost reduction.

Net Finance Expenses

	4QFY17 \$'000	3QFY17 \$'000	Change %	4QFY16 \$'000	Change %	FY17 \$'000	FY16 \$'000	Change %
Interest Income	57	44	29.5	13	N.M.	213	208	2.4
Interest Expenses	(853)	(830)	2.8	(1,041)	(18.1)	(3,223)	(3,553)	(9.3)
Net Interest Expenses	(796)	(786)	1.3	(1,028)	(22.6)	(3,010)	(3,345)	(10.0)
Imputed Interest on Non- Current Assets	(531)	151	N.M.	83	N.M.	(620)	714	N.M.
Net Finance Expenses	(1,327)	(635)	N.M.	(945)	40.4	(3,630)	(2,631)	38.0
Interest Income Recognised as a result of an Arbitration Award received	-	-	N.A.	-	N.A.	-	337	N.A.
	(1,327)	(635)	N.M.	(945)	40.4	(3,630)	(2,294)	58.2

Net interest expenses was \$3.0 million for FY17 (FY16: \$3.3 million) and \$0.8 million for 4QFY17 (4QFY16: \$1.0 million). The decline was the result of the Group's on-going discipline in repaying its loans and consequently reducing its bank borrowings.

Net interest expenses for 4QFY17 was comparable to 3QFY17.

Loss for the period/year

Earnings before interest, tax, depreciation and amortization (EBITDA) for FY17 and 4QFY17 were \$7.3 million (FY16: \$24.4 million) and \$0.4 million (4QFY16: \$1.8 million) respectively.

Taking into account the factors above, the Group recorded a net loss of \$25.4 million for FY17 (FY16: \$5.5 million) and \$7.5 million for 4QFY17 (4QFY16: \$6.6 million) respectively.

Loss per share for FY17 and 4QFY17 were 1.17 cents (FY16: 0.48 cent) and 0.28 cent (4QFY16: 0.35 cent) respectively.

STATEMENT OF FINANCIAL POSITION

Property, Plant and Equipment

Net book value of property, plant and equipment as at 31 March 2017 was \$164.9 million (31 March 2016: \$167.9 million). In FY17, the Group acquired \$11.6 million worth of new plant and equipment to replace older equipment, and capitalised \$5.3 million of construction costs for its new Tuas Yard, which was completed in December 2016. The Group disposed of older plant and equipment with carrying values of \$3.9 million and recorded a \$1.3 million gain on the disposal. Total depreciation for FY17 was \$26.9 million (FY16: \$26.5 million).

Net Current Assets

As at 31 March 2017, net current assets stood at \$13.7 million (31 March 2016: \$36.6 million) while current ratio (current assets / current liabilities) was 1.08 (31 March 2016: 1.20).

The Group recorded inventories of \$25.3 million as at 31 March 2017 (31 March 2016: \$24.4 million).

Trade and other receivables were \$136.4 million (31 March 2016: \$166.0 million) while Trade and other payables were \$85.0 million (31 March 2016: \$95.0 million), in line with the lower level of business activities.

Borrowings

As at 31 March 2017, total borrowings of the Group was \$85.7 million (31 March 2016: \$98.4 million), as a result of the net repayment of debts in FY17.

Debt to equity ratio as at 31 March 2017 was 0.50 (31 March 2016: 0.53).

Equity and Net Asset Value

Total equity stood at \$170.2 million as at 31 March 2017 (31 March 2016: \$185.3 million), while net asset value per ordinary share was 7.8 cents (31 March 2016: 8.5 cents).

The Group's foreign currency translation reserve as at 31 March 2017 declined, in view of the strengthening of the Singapore Dollar against the Malaysian Ringgit.

CASH FLOW

	4QFY17 \$'000	3QFY17 \$'000	Change %	4QFY16 \$'000	Change %	FY17 \$'000	FY16 \$'000	Change %
Cash Flow from Operating Activities	7,015	3,950	(77.6)	8,010	(12.4)	16,555	37,663	56.0
Cash Flow from Investing Activities	(477)	(4,541)	89.5	(577)	(17.3)	(9,487)	(6,283)	(51.0)
Cash Flow from Financing Activities	(7,133)	(3,287)	N.M.	(5,924)	20.4	(19,263)	(23,405)	17.7
Cash and Cash Equivalents	13,090	13,906	5.9	25,935	(49.5)	13,090	25,935	(49.5)

Cash Flow from Operating Activities

Net cash inflow from operating activities was \$16.6 million for FY17 (FY16: \$37.7 million) and \$7.0 million for 4QFY17 (4QFY16: \$8.0 million, 3QFY17: \$4.0 million).

Cash Flow from Investing Activities

The Group recorded higher net cash outflow from investing activities of \$9.5 million for FY17 (FY16: \$6.3 million), taking into account the net investment in equipment and the construction of the new Tuas Yard for its operations.

In addition, the Group invested \$1.7 million for the development of commercial properties in Seremban, Negeri Sembilan, Malaysia and a residential property project in Hertford, United Kingdom in FY17.

The net cash outflow for 4QFY17 was lower at \$0.5 million (4QFY16: \$0.6 million, 3QFY17: \$4.5 million) mainly due to lower net cash outflow on capital expenditure incurred for its operations.

Cash Flow from Financing Activities

The Group's net cash outflow from financing activities was \$19.3 million for FY17 (FY16: \$38.7 million*) and \$7.1 million for 4QFY17 (4QFY16: \$11.4 million*, 3QFY17: \$3.3 million), following the net repayment of bank borrowings during the periods under review.

* Excluding the \$15.3 million for FY16 and \$5.5 million for 4QFY16 in net proceeds raised from the Rights-cum-Warrants Issue and the related warrants conversion in FY16.

Cash and Cash Equivalents

Taking into consideration the abovementioned factors, the Group's cash and cash equivalents stood at \$13.1 million as at 31 March 2017 (31 March 2016: \$25.9 million; 31 December 2015: \$13.9 million).

Outlook

The Group continues to adopt a cautious view of the industry outlook for the current financial year. Overall demand for construction services in Singapore is expected to remain weak amid uncertainties in the economic environment and a dearth of activities in the private residential and commercial sectors. While public sector infrastructure projects may provide some support for construction demand, tender prices of these projects are likely to be squeezed, given the competition among industry players.

Bracing itself for the challenges ahead, the Group has been actively restructuring its operations to ensure that it remains competitive. Since the construction downturn in FY15, the Group has reduced headcount by more than 30%. The Group's equipment fleet has also been reduced by more than 20%. In addition, the Group has also implemented various measures to improve cost and operational efficiencies.

As at 22 May 2017, the Group's order book has risen to approximately \$220 million (10 February 2017: \$190 million), with the bulk of it to be fulfilled within the next 9 months. The Group will continue to manage and adjust its resources in tandem with future market demand.

Consolidated Statement of Profit or Loss for the 12 Months ended 31 March 2017

	Note	Group			Group		
		4th Quarter ended		Change	12 months ended		Change
		31-Mar-17	31-Mar-16		31-Mar-17	31-Mar-16	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		64,853	65,299	(0.7)	252,360	382,341	(34.0)
Cost of sales	A	(60,726)	(63,535)	(4.4)	(244,114)	(358,014)	(31.8)
Gross profit		4,127	1,764	N.M.	8,246	24,327	(66.1)
Other income	B	390	585	(33.3)	2,306	2,141	7.7
Distribution expenses		(81)	(233)	(65.2)	(526)	(779)	(32.5)
Administrative expenses	C	(7,150)	(6,224)	14.9	(25,711)	(26,856)	(4.3)
Other operating expenses	D	(2,684)	(812)	N.M.	(2,716)	(1,710)	58.8
Write-down of plant and equipment		(1,007)	-	N.A.	(1,007)	-	N.A.
Recovery of legal and other costs as a result of an arbitration award received	E	-	-	N.A.	-	906	N.A.
Results from operating activities		(6,405)	(4,920)	30.2	(19,408)	(1,971)	N.M.
Finance income		57	96	(40.6)	213	922	(76.9)
Finance expenses		(1,384)	(1,041)	32.9	(3,843)	(3,553)	8.2
Interest income recognised as a result of an arbitration award received	E	-	-	N.A.	-	337	N.A.
Net finance expenses		(1,327)	(945)	40.4	(3,630)	(2,294)	58.2
Share of (loss)/profit of joint ventures (net of tax)		(3)	112	N.M.	(247)	(107)	N.M.
Loss before tax		(7,735)	(5,753)	34.5	(23,285)	(4,372)	N.M.
Tax credit/(expense)	F	210	(806)	N.M.	(2,116)	(1,094)	93.4
Loss for the period/year		(7,525)	(6,559)	14.7	(25,401)	(5,466)	N.M.
Attributable to:							
Owners of the Company		(6,170)	(7,330)	(15.8)	(25,598)	(6,871)	N.M.
Non-controlling interests		(1,355)	771	N.M.	197	1,405	(86.0)
Loss for the period/year		(7,525)	(6,559)	14.7	(25,401)	(5,466)	N.M.

Gross profit margin

6.4%

2.7%

3.3%

6.4%

Consolidated Statement of Comprehensive Income for the 12 Months ended 31 March 2017

	Group			Group		
	4th Quarter ended		Change	12 months ended		Change
	31-Mar-17	31-Mar-16		31-Mar-17	31-Mar-16	
	\$'000	\$'000	%	\$'000	\$'000	%
Loss for the period/year	(7,525)	(6,559)	14.7	(25,401)	(5,466)	N.M.
Other comprehensive income						
Item that will not be reclassified to profit or loss:						
Revaluation of property, plant and equipment	11,828	-	N.A.	11,828	-	N.A.
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	(587)	1,188	N.M.	(1,570)	(3,206)	(51.0)
Translation differences relating to disposal of a joint venture reclassified to profit or loss	63	-	N.A.	63	-	N.A.
	(524)	1,188		(1,507)	(3,206)	
Other comprehensive income for the period/year, net of tax	11,304	1,188	N.M.	10,321	(3,206)	N.M.
Total comprehensive income for the period/year	3,779	(5,371)	N.M.	(15,080)	(8,672)	73.9
Attributable to:						
Owners of the Company	5,202	(6,155)	N.M.	(15,247)	(9,813)	55.4
Non-controlling interests	(1,423)	784	N.M.	167	1,141	(85.4)
Total comprehensive income for the period/year	3,779	(5,371)	N.M.	(15,080)	(8,672)	73.9

Statement of Financial Position as at 31 March 2017

DESCRIPTION	Note	Group		Company	
		31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	1	164,929	167,912	31	40
Intangible assets		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	114,592	106,367
- an associate		904	-	-	-
- a joint venture		704	1,342	-	-
Other investment		879	855	-	-
Trade and other receivables		10,544	6,593	-	-
Deferred tax assets		252	154	19	22
		179,664	178,308	114,642	106,429
Current assets					
Inventories	2	25,257	24,353	-	-
Trade and other receivables		136,447	165,962	26,485	25,157
Cash and cash equivalents		18,532	31,568	1,398	5,962
		180,236	221,883	27,883	31,119
Total assets		359,900	400,191	142,525	137,548

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

DESCRIPTION	Note	Group		Company	
		31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital		80,292	80,289	80,292	80,289
Reserves		64,348	79,595	49,403	47,516
		144,640	159,884	129,695	127,805
Non-controlling interests		25,553	25,454	-	-
Total equity		170,193	185,338	129,695	127,805
Non-current liabilities					
Loans and borrowings		21,632	28,458	26	36
Deferred tax liabilities		1,537	1,096	-	-
		23,169	29,554	26	36
Current liabilities					
Loans and borrowings		64,050	69,945	10	104
Derivatives		-	69	-	-
Trade and other payables		84,960	94,951	12,753	9,523
Excess of progress billings over construction work-in-progress	3	186	186	-	-
Provisions		15,917	18,798	-	-
Current tax payable		1,425	1,350	41	80
		166,538	185,299	12,804	9,707
Total liabilities		189,707	214,853	12,830	9,743
Total equity and liabilities		359,900	400,191	142,525	137,548

Consolidated Statement of Cash Flows for the 12 Months ended 31 March 2017

	4th Quarter ended		12 months ended	
	<u>31-Mar-17</u>	<u>31-Mar-16</u>	<u>31-Mar-17</u>	<u>31-Mar-16</u>
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Loss for the period/year	(7,525)	(6,559)	(25,401)	(5,466)
Adjustments for:				
Allowance for foreseeable losses made/(reversed) on construction work-in-progress	133	-	133	(316)
Bad debts written (back)/off	(22)	88	(20)	89
Depreciation of property, plant and equipment	6,852	6,622	26,941	26,473
Loss/(Gain) on disposal of:				
- property, plant and equipment	69	(370)	(1,287)	(959)
- a joint venture	(179)	-	(179)	-
Impairment losses recognised on trade and other receivables	2,652	710	2,585	1,514
Inventories written down	-	-	-	7
Inventories written off	-	6	-	6
Net finance expenses	1,327	945	3,630	2,294
Property, plant and equipment written off	1	3	1	15
Provision (reversed)/made for liquidated damages	(355)	1,261	521	3,448
Provision for rectification costs	465	650	437	4,533
Share of loss/(profit) of joint ventures (net of tax)	3	(112)	247	107
Write-down of plant and equipment	1,007	-	1,007	-
Tax (credit)/expense	(210)	806	2,116	1,094
Operating activities before working capital changes	4,218	4,050	10,731	32,839
Changes in working capital:				
Inventories	808	1,225	(2,089)	4,153
Trade and other receivables	2,235	23,182	21,075	40,975
Trade and other payables	120	(20,210)	(11,632)	(39,648)
Cash generated from operations	7,381	8,247	18,085	38,319
Taxes paid	(423)	(250)	(1,743)	(1,201)
Interest received	57	13	213	545
Net cash generated from operating activities	7,015	8,010	16,555	37,663

Consolidated Statement of Cash Flows for the 12 Months ended 31 March 2017 (cont'd)

	4th Quarter ended		12 months ended	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,168)	(1,507)	(13,055)	(9,257)
Proceeds from disposal of:				
- property, plant and equipment	857	739	4,387	3,510
- subsidiaries	286	360	286	360
- a joint venture	548	-	548	-
Acquisition of:				
- non-controlling interests	-	(169)	-	(896)
Investments in:				
- an associate	-	-	(904)	-
- a joint venture	-	-	(749)	-
Net cash used in investing activities	(477)	(577)	(9,487)	(6,283)
Cash flows from financing activities				
Interest paid	(843)	(1,028)	(3,217)	(3,529)
Dividends paid:				
- non-controlling interests of a subsidiary	(105)	(105)	(195)	(195)
Proceeds from:				
- bank loans	3,067	3,296	28,897	30,946
- bills payable	4,284	12,569	32,017	52,965
- cash grant from Productivity and Innovation Credit Scheme for acquisition of property, plant and equipment	64	18	64	18
- issue of shares from rights issue, net of expenses	-	(229)	-	9,588
- issue of shares from exercise of warrants, net of expenses	-	5,748	3	5,748
Repayment of:				
- bank loans	(3,675)	(8,237)	(20,505)	(41,500)
- bills payable	(6,174)	(12,319)	(38,535)	(54,593)
- finance lease liabilities	(3,751)	(5,637)	(16,792)	(22,853)
Increase in fixed deposits pledged	-	-	(1,000)	-
Net cash used in financing activities	(7,133)	(5,924)	(19,263)	(23,405)
Net (decrease)/increase in cash and cash equivalents	(595)	1,509	(12,195)	7,975
Cash and cash equivalents at 1 January/1 April	13,906	24,084	25,935	18,295
Effect of exchange rate changes on balances held in foreign currencies	(221)	342	(650)	(335)
Cash and cash equivalents at 31 March	13,090	25,935	13,090	25,935
Comprising:				
Cash and cash equivalents	18,532	31,568	18,532	31,568
Bank overdrafts	(4,442)	(5,633)	(4,442)	(5,633)
	14,090	25,935	14,090	25,935
Less:				
Fixed deposits pledged as security for bank facilities	(1,000)	-	(1,000)	-
Cash and cash equivalents in the consolidated cash flow statement	13,090	25,935	13,090	25,935

Statements of Changes in Equity for the 12 Months ended 31 March 2017

Group	Share capital	Capital reserve	Reserve for own shares	Reserve on consolidation	Foreign currency translation reserve	Revaluation reserve	Other reserve	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2015	64,953	17,798	(2,354)	116	(2,943)	-	(923)	77,672	154,319	24,719	179,038
Total comprehensive income for the year											
Profit or loss	-	-	-	-	-	-	-	(6,871)	(6,871)	1,405	(5,466)
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries and a joint venture	-	-	-	-	(2,942)	-	-	-	(2,942)	(264)	(3,206)
Total other comprehensive income	-	-	-	-	(2,942)	-	-	-	(2,942)	(264)	(3,206)
Total comprehensive income for the year	-	-	-	-	(2,942)	-	-	(6,871)	(9,813)	1,141	(8,672)
Transactions with owners of the Company, recorded directly in equity											
Contributions by and distributions to owners											
Issue of shares from rights issue	10,081	-	-	-	-	-	-	-	10,081	-	10,081
Issue of shares from exercise of warrants	5,748	-	-	-	-	-	-	-	5,748	-	5,748
Share issuance expenses	(493)	-	-	-	-	-	-	-	(493)	-	(493)
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(195)	(195)
Total contributions by and distributions to owners	15,336	-	-	-	-	-	-	-	15,336	(195)	15,141
Changes in ownership interests in a subsidiary											
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	42	-	42	(211)	(169)
Total changes in ownership interests in a subsidiary	-	-	-	-	-	-	42	-	42	(211)	(169)
Total transactions with owners of the Company	15,336	-	-	-	-	-	42	-	15,378	(406)	14,972
At 31 March 2016	80,289	17,798	(2,354)	116	(5,885)	-	(881)	70,801	159,884	25,454	185,338
At 1 April 2016	80,289	17,798	(2,354)	116	(5,885)	-	(881)	70,801	159,884	25,454	185,338
Total comprehensive income for the year											
Profit or loss	-	-	-	-	-	-	-	(25,598)	(25,598)	197	(25,401)
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries, an associate and a joint venture	-	-	-	-	(1,540)	-	-	-	(1,540)	(30)	(1,570)
Translation differences reclassified to profit or loss upon disposal of a joint venture	-	-	-	-	63	-	-	-	63	-	63
Revaluation of property, plant and equipment	-	-	-	-	-	11,828	-	-	11,828	-	11,828
Total other comprehensive income	-	-	-	-	(1,477)	11,828	-	-	10,351	(30)	10,321
Total comprehensive income for the year	-	-	-	-	(1,477)	11,828	-	(25,598)	(15,247)	167	(15,080)
Transactions with owners of the Company, recorded directly in equity											
Contributions by and distributions to owners											
Issue of shares from exercise of warrants	3	-	-	-	-	-	-	-	3	-	3
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(195)	(195)
Total contributions by and distributions to owners	3	-	-	-	-	-	-	-	3	(195)	(192)
Changes in ownership interests in a subsidiary											
Capital contribution by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	127	127
Total changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	127	127
Total transactions with owners of the Company	3	-	-	-	-	-	-	-	3	(68)	(65)
At 31 March 2017	80,292	17,798	(2,354)	116	(7,362)	11,828	(881)	45,203	144,640	25,553	170,193

Statements of Changes in Equity for the 12 Months ended 31 March 2017 (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 April 2015	64,953	17,798	(2,354)	30,053	110,450
Total comprehensive income for the year	-	-	-	2,019	2,019
Transactions with owners of the Company, recorded directly in equity					
Issue of shares from rights issue	10,081	-	-	-	10,081
Issue of shares from exercise of warrants	5,748	-	-	-	5,748
Share issuance expenses	(493)	-	-	-	(493)
Total transactions with owners of the Company	15,336	-	-	-	15,336
At 31 March 2016	80,289	17,798	(2,354)	32,072	127,805
At 1 April 2016	80,289	17,798	(2,354)	32,072	127,805
Total comprehensive income for the year	-	-	-	1,887	1,887
Transactions with owners of the Company, recorded directly in equity					
Issue of shares from exercise of warrants	3	-	-	-	3
Total transactions with owners of the Company	3	-	-	-	3
At 31 March 2017	80,292	17,798	(2,354)	33,959	129,695

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 full year results for the period from 1 April 2016 to 31 March 2017 with comparative figures for the 12 months period from 1 April 2015 to 31 March 2016.

A Cost of sales

	Group			
	4th Quarter ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	\$'000	\$'000	\$'000	\$'000
Cost of sales includes the following items:				
Allowance for foreseeable losses made/ (reversed) on construction work-in-progress	133	-	133	(316)
Depreciation of property, plant and equipment	6,677	6,428	26,210	25,727
Inventories written down	-	-	-	7
Inventories written off	-	6	-	6
Property, plant and equipment written off	-	-	-	12
Provision (reversed)/made for liquidated damages	(355)	1,261	521	3,448
Provision for rectification costs	465	650	437	4,533

B Other income

	Group			
	4th Quarter ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	\$'000	\$'000	\$'000	\$'000
Other income includes the following items:				
(Loss)/Gain on disposal of:				
- property, plant and equipment	(69)	370	1,287	959
- a joint venture	179	-	179	-

C Administrative expenses

	Group			
	4th Quarter ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	\$'000	\$'000	\$'000	\$'000
Administrative expenses includes the following items:				
Depreciation of property, plant and equipment	175	194	731	746
Exchange loss	812	46	757	291

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

D Other operating expenses

	Group			
	4th Quarter ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	\$'000	\$'000	\$'000	\$'000

Other operating expenses includes the following items:

Bad debts written (back)/off	(22)	88	(20)	89
Impairment losses recognised on trade and other receivables ⁽¹⁾	2,652	710	2,585	1,514
Property, plant and equipment written off	1	3	1	3

⁽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 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 the second quarter ended 30 September 2015:

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

F Tax (credit)/expense

	Group			
	4th Quarter ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
- current period/year	306	804	2,266	1,798
- over provided in prior years	(147)	(27)	(489)	(1,071)
	<u>159</u>	<u>777</u>	<u>1,777</u>	<u>727</u>
Deferred tax (credit)/expense				
- current period/year	(367)	59	(154)	173
- (over)/under provided in prior years	(2)	(30)	493	194
	<u>(369)</u>	<u>29</u>	<u>339</u>	<u>367</u>
	<u>(210)</u>	<u>806</u>	<u>2,116</u>	<u>1,094</u>

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

G Interested person transactions

The Company had not obtained a shareholders' mandate for interested person transactions under Chapter 9 of the Listing Manual for the period after 26 July 2016.

Interested person transactions carried out during the 12 months ended 31 March 2017 under Chapter 9 of the Listing Manual are as follows:

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	4th Quarter ended 31/03/2017	12 months ended 31/03/2017	4th Quarter ended 31/03/2017	12 months ended 31/03/2017
	\$'000	\$'000	\$'000	\$'000
Tat Hong HeavyEquipment (Pte.) Ltd. ⁽¹⁾	746	2,704	Nil	1,207
TOP3 Development Sdn. Bhd. ("TOP3") ⁽²⁾	Nil	749	Nil	Nil
Tat Hong Plant Leasing Pte Ltd ⁽¹⁾	300	300	Nil	Nil
Tat Hong Plant Hire Sdn Bhd ⁽¹⁾	257	257	Nil	Nil

Note:

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

⁽²⁾ With reference to the Group's 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 during the first quarter ended 30 June 2016.

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 31/03/2017	As at 31/03/2016
	\$'000	\$'000
<u>Cost/Valuation</u>		
Opening balance	369,373	371,841
Additions	16,924	12,414
Reclassification from inventories	2,260	2,872
Revaluation	11,828	-
Elimination of accumulated depreciation against cost on revaluation	(2,983)	-
Transfer to inventories	(7,421)	(8,706)
Disposals/Write-offs	(9,679)	(4,955)
Translation differences on consolidation	(2,758)	(4,093)
Closing balance	<u>377,544</u>	<u>369,373</u>
<u>Accumulated depreciation and impairment losses</u>		
Opening balance	201,461	186,224
Depreciation charge	26,941	26,473
Impairment loss	98	-
Elimination of accumulated depreciation against cost on revaluation	(2,983)	-
Transfer to inventories	(5,400)	(6,428)
Disposals/Write-offs	(5,755)	(3,390)
Translation differences on consolidation	(1,747)	(1,418)
Closing balance	<u>212,615</u>	<u>201,461</u>
Carrying amount	<u>164,929</u>	<u>167,912</u>

2 Inventories

	Group	
	As at 31/03/2017	As at 31/03/2016
	\$'000	\$'000
Equipment and machinery held for sale	13,784	12,273
Spare parts	9,982	10,354
Construction materials on sites	1,491	1,749
	<u>25,257</u>	<u>24,376</u>
Allowance for inventory obsolescence	-	(23)
	<u>25,257</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 31/03/2017 \$'000	As at 31/03/2016 \$'000
Costs incurred and attributable profits	391,411	439,955
Progress billings	(289,141)	(324,149)
	<u>102,270</u>	<u>115,806</u>
Progress billings in excess of construction work-in-progress	(186)	(186)
Amount due from customers for contract works ⁽¹⁾	102,456	115,992
	<u>102,270</u>	<u>115,806</u>

⁽¹⁾ Included in trade and other receivables under current assets of statement of financial position.

4 Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/03/2017	
Secured	Unsecured
\$'000	\$'000
13,697	50,353

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

Amount repayable after one year

As at 31/03/2017	
Secured	Unsecured
\$'000	\$'000
21,124	508

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

Details of any collateral

The Group's total borrowings were \$85.7 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 \$5.3 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 \$9,828,000 (31 March 2016: \$14,706,000) are also guaranteed by a related corporation:

- a) \$20,779,000 (31 March 2016: \$34,057,000) in respect of plant and machinery acquired under finance leases. Out of which \$1,991,000 (31 March 2016: \$Nil) are also secured by a charge over the fixed deposits of the Company;
- b) \$13,407,000 (31 March 2016: \$10,050,000) which are secured by a charge over the leasehold land and properties; and
- c) \$635,000 (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 31 March 2017, the issued and fully paid-up share capital of the Company was 2,208,589,581 (31 March 2016: 2,208,294,581) ordinary shares. Movement in the Company's issued and fully paid-up share capital during the 12 months ended 31 March 2017 was as follows:

	Number of shares	\$'000
As at 1 April 2016	2,208,294,581	80,289
Exercise of warrants	295,000	3
As at 31 March 2017	<u>2,208,589,581</u>	<u>80,292</u>

The total number of ordinary shares issued (excluding treasury shares) as at 31 March 2017 was 2,188,069,581 (31 March 2016: 2,187,774,581) ordinary shares.

On 24 October 2016, 295,000 warrants were exercised at \$0.01 each pursuant to the Rights cum Warrants Issue on 30 December 2015. As at 31 March 2017, there were outstanding warrants of 1,441,101,590 (31 March 2016: 1,441,396,590) for conversion into ordinary shares, representing 65.9% (31 March 2016: 65.9%) of the total number of ordinary shares issued (excluding treasury shares).

There were no share buybacks for the 12 months ended 31 March 2017. There were 20,520,000 shares held as treasury shares as at 31 March 2017 (31 March 2016: 20,520,000 shares), representing 0.9% (31 March 2016: 0.9%) of the total number of ordinary shares issued (excluding treasury shares). There were no sales, transfers, cancellation and/or use of treasury shares as at 31 March 2017.

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

Audit

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

Accounting Policies

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 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 and as disclosed in the notes below.

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.

Accounting Policies (cont'd)

Changes in subsequent measurement of property, plant and equipment (specifically, freehold and leasehold land and properties) from cost model to revaluation model

As at 31 March 2017, the Group changed its accounting policy with respect to the subsequent measurement of the freehold and leasehold land and properties from the cost model to the revaluation model. The Group believes that subsequent measurement using the revaluation model provides more appropriate and relevant information on the Group's assets value as it reflects the land and properties' values as at reporting date. The change in accounting policy was applied prospectively.

The effects of the change in accounting policy as at the date of change are as follows:

	Freehold land \$'000	Leasehold land and properties \$'000	Group \$'000
Property, plant and equipment			
Balance before revaluation	841	15,283	16,124
Gain on revaluation	11	11,817	11,828
Balance after revaluation	852	27,100	27,952

	Freehold land \$'000	Leasehold land and properties \$'000	Group \$'000
Revaluation reserve			
Surplus on revaluation of property, plant and equipment	11	11,817	11,828

The land and properties have been revalued by independent professional valuers. Any accumulated depreciation at the date of revaluation was eliminated against the gross carrying amounts of the assets. The net amounts were then restated to the revalued amounts of the assets.

Comparative Information

During the 12 months ended 31 March 2017, the Company modified the classification of certain assets to reflect more appropriately the nature of these assets. Comparative amounts in the Company's statement of financial position were restated for consistency.

	As previously reported \$'000	Amount reclassified \$'000	As restated \$'000
Company			
Statement of financial position			
<i>Non-current assets</i>			
Investment in subsidiaries	94,419	11,948	106,367
<i>Current assets</i>			
Trade and other receivables	37,105	(11,948)	25,157

This reclassification does not have any material effect on the Group or the Company's statements of financial position.

Loss Per Share

(a) Basic loss per ordinary share

	4th Quarter ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
Based on the weighted average number of ordinary shares on issue	(0.28) cents	(0.35) cents	(1.17) cents	(0.48) cents
	4th Quarter ended 31/03/2017 31/03/2016		12 months ended 31/03/2017 31/03/2016	
	\$'000	\$'000	\$'000	\$'000
Basic loss per ordinary share is based on:				
Net loss attributable to ordinary shareholders	(6,170)	(7,330)	(25,598)	(6,871)
	4th Quarter ended 31/03/2017 31/03/2016		12 months ended 31/03/2017 31/03/2016	
	Number of shares			
Weighted average number of:				
Issued ordinary shares at beginning of the period/year	2,208,589,581	1,633,484,966	2,208,294,581	1,230,243,725
Rights issue of shares	-	-	-	102,462,938
Issue of shares via exercise of warrants	-	467,427,599	128,507	116,218,337
Ordinary shares held as treasury shares	(20,520,000)	(20,520,000)	(20,520,000)	(20,520,000)
Weighted average number of ordinary shares used to compute loss per ordinary share	2,188,069,581	2,080,392,565	2,187,903,088	1,428,405,000

(b) Diluted loss per ordinary share

	4th Quarter ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
On a fully diluted basis	(0.28) cents	(0.35) cents	(1.17) cents	(0.48) cents
	4th Quarter ended 31/03/2017 31/03/2016		12 months ended 31/03/2017 31/03/2016	
	\$'000	\$'000	\$'000	\$'000
Diluted loss per ordinary share is based on:				
Net loss attributable to ordinary shareholders	(6,170)	(7,330)	(25,598)	(6,871)

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

Loss Per Share (cont'd)

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

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

	4th Quarter ended		12 months ended	
	31/03/2017	31/03/2016	31/03/2017	31/03/2016
	Number of shares			
Weighted average number of: Ordinary shares used in the calculation of basic loss per ordinary share	2,188,069,581	2,080,392,565	2,187,903,088	1,428,405,000
Potential ordinary shares issuable under exercise of warrants	*	*	*	*
Weighted average number of ordinary issued and potential shares assuming full conversion	2,188,069,581	2,080,392,565	2,187,903,088	1,428,405,000

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

Net Asset Value

	As at 31/03/2017	As at 31/03/2016
<u>Group</u>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the year reported on	7.8 cents	8.5 cents
<u>Company</u>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the year reported on	5.9 cents	5.8 cents

The net asset value per ordinary share is calculated based on net asset value of \$170.2 million (31 March 2016: \$185.3 million) over the total number of ordinary shares issued (excluding treasury shares) as at 31 March 2017 of 2,188,069,581 (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.

Segmental Revenue and Results

Business segments

The Group comprises the following main business segments:

Foundation and geotechnical engineering : Includes civil engineering, piling, foundation and geotechnical engineering, soil investigation, land surveying and other related services.

Sales and lease of equipment : Sales and rental of foundation engineering equipment, machinery and spare parts.

	Foundation and Geotechnical Engineering		Sales and Lease of Equipment		Others		Total	
	FY17 \$'000	FY16 \$'000	FY17 \$'000	FY16 \$'000	FY17 \$'000	FY16 \$'000	FY17 \$'000	FY16 \$'000
External revenue	207,953	341,249	44,407	41,092	-	-	252,360	382,341
Inter-segment revenue	22,238	69,068	6,843	10,259	-	-	29,081	79,327
Total revenue	<u>230,191</u>	<u>410,317</u>	<u>51,250</u>	<u>51,351</u>	<u>-</u>	<u>-</u>	<u>281,441</u>	<u>461,668</u>
Reportable segment (loss)/profit before tax	<u>(23,519)</u>	<u>(6,876)</u>	<u>(308)</u>	<u>1,591</u>	<u>(225)</u>	<u>(53)</u>	<u>(24,052)</u>	<u>(5,338)</u>

Reconciliations of reportable segment revenues and profit or loss:

	FY17 \$'000	FY16 \$'000
Revenue		
Total revenue for reportable segments	281,441	461,668
Other revenue	-	-
	<u>281,441</u>	<u>461,668</u>
Elimination of inter-segment revenue	(29,081)	(79,327)
Consolidated revenue	<u>252,360</u>	<u>382,341</u>
Profit or loss		
Total profit or loss for reportable segments	(23,827)	(5,285)
Other profit or loss	(225)	(53)
	<u>(24,052)</u>	<u>(5,338)</u>
Elimination of inter-segment transactions	5,985	6,387
Unallocated amounts:		
- other corporate expenses	(4,971)	(5,314)
Share of loss of joint ventures	(247)	(107)
Consolidated loss before tax	<u>(23,285)</u>	<u>(4,372)</u>

Breakdown of Sales

	12 months ended 31/03/2017	12 months ended 31/03/2016	Change
	\$'000	\$'000	%
(a) Sales reported for the first half year	131,614	218,079	(39.6)
(b) Operating (loss)/profit after tax before deducting minority interest reported for the first half year	(12,290)	926	N.M.
(c) Sales reported for the second half year	120,746	164,262	(26.5)
(d) Operating loss after tax before deducting minority interest reported for the second half year	(13,111)	(6,392)	N.M.

Confirmation

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that none of the persons occupying managerial positions in the Company or in any of its principal subsidiaries is a relative of a director, chief executive officer or substantial shareholder of the Company.

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 10 February 2017, as at 30 May 2017, the update on the utilisation of the net proceeds raised from the Rights cum Warrants Issue on 30 December 2015 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	2.6 to 4.1	4.1 ⁽²⁾	-
	<u>9.6⁽¹⁾</u>	<u>9.6</u>	<u>-</u>

⁽¹⁾ 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.

⁽²⁾ 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, 24 May 2017, the Concert Party Group holds in aggregate:
 - (i) 1,155,618,407 Shares, representing approximately 52.81% of the voting rights in the Company; and
 - (ii) 276,232,590 Warrants, out of which 113,942,490 Warrants were pursuant to the Whitewash Waiver;
- (c) The maximum potential voting rights of the Concert Party Group in the Company, assuming that only the Concert Party Group (but not other shareholders) converts their Warrants in full is approximately 58.10% (based on the enlarged share capital of the Company of 2,464,302,171 Shares (excluding treasury shares) immediately following the allotment and issue of 276,232,590 Warrant Shares to the Concert Party Group);
- (d) having approved the Whitewash Resolution on 27 November 2015, Shareholders have waived their rights to receive a general offer from Concert Party Group at the highest price paid by the Concert Party Group for the Shares in the past 6 months preceding the date of the acquisition of the Warrant Shares; and
- (e) having approved the Whitewash Resolution on 27 November 2015, Shareholders could be foregoing an opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants.

By Order of the Board

Lee Quang Loong
Chief Financial Officer / Company Secretary
30 May 2017