



CSC HOLDINGS LIMITED

(Company Registration Number: 199707845E)

Financial Statements Announcement

for the Second Quarter Ended 30 September 2014

(For the Financial Year Ending 31 March 2015)

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Review of the Performance of the Group

CONSOLIDATED INCOME STATEMENT

2Q15 – for the 3 months ended 30 September 2014

1Q15 – for the 3 months ended 30 June 2014

2Q14 – for the 3 months ended 30 September 2013

1H15 – for the 6 months ended 30 September 2014

1H14 – for the 6 months ended 30 September 2013

Review of Results for the Second Quarter Ended 30 September 2014

	2Q15 \$'000	1Q15 \$'000	Change %	2Q14 \$'000	Change %	1H15 \$'000	1H14 \$'000	Change %
Revenue	103,143	93,135	10.7	125,765	(18.0)	196,278	257,628	(23.8)
Gross Profit	5,338	4,402	21.3	9,890	(46.0)	9,740	18,758	(48.1)
Other Income	1,020	703	45.1	866	17.8	1,723	2,245	(23.3)
Operating Expenses	(1,163)	(7,229)	(83.9)	(7,562)	(84.6)	(8,392)	(15,539)	(46.0)
Profit/(Loss) from Operating Activities	5,195	(2,124)	N.M.	3,194	62.6	3,071	5,464	(43.8)
Net Finance Expenses	(1,067)	(817)	30.6	(1,231)	(13.3)	(1,884)	(2,113)	(10.8)
Share of Profit/(Loss) of a Jointly-Controlled Entity	36	(16)	N.M.	65	(44.6)	20	184	(89.1)
Profit/(Loss) before Tax	4,164	(2,957)	N.M.	2,028	N.M.	1,207	3,535	(65.9)
Tax (Expense)/Credit	(987)	56	N.M.	(353)	N.M.	(931)	(713)	30.6
Profit/(Loss) for the period	3,177	(2,901)	N.M.	1,675	89.7	276	2,822	(90.2)

Gross Profit Margins	5.2%	4.7%	7.9%	5.0%	7.3%
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Revenue

Revenue for 2Q15 was \$103.1 million, 18.0% lower than 2Q14. Revenue for 1H15 was \$196.3 million, a 23.8% reduction compared to 1H14. The contraction in overall revenue was due to sluggish private construction activities as the impact of the property cooling measures introduced earlier continued to exert pressure on the private residential property sector.

Quarter on quarter, revenue registered a 10.7% improvement over the \$93.1 million recorded in 1Q15, driven by increased foundation engineering activities as certain projects which had earlier been delayed began to take off.

Gross Profit and Gross Profit Margins (GPM)

Trending the lower revenue, gross profit for 2Q15 and 1H15 decreased to \$5.3 million (2Q14: \$9.9 million) and \$9.7 million (1H14: \$18.8 million) respectively. Consequently, GPM for both 2Q15 and 1H15 were also lower at 5.2% (2Q14: 7.9%) and 5.0% (1H14: 7.3%) respectively.

In July 2014, the Group had to deal with a further increase in foreign worker levy, which ranged from \$15 to \$200 monthly per foreign worker. This translated to a rise of about \$0.2 million in fixed costs for 2Q15. In the face of these challenges, the Group has trimmed its headcount in Singapore by approximately 13% compared to September 2013, and consequently managed to achieve an 8% reduction in monthly payroll costs.

Notwithstanding the above, the Group recorded a 21.3% sequential improvement in gross profit of \$5.3 million in 2Q15 from \$4.4 million in 1Q15. This was in line with the higher revenue in 2Q15.

Other Income

The Group recorded other income of \$1.0 million in 2Q15 (2Q14: \$0.9 million). In 1H15, other income was \$1.7 million (1H14: \$2.2 million). There was a one-off gain of \$0.5 million arising from the disposal of a leasehold building in 1H14.

Other income for 2Q15 was higher than 1Q15, mainly due to higher amount of profit recorded from the disposal of old equipment in 2Q15.

Operating Expenses

	2Q15 \$'000	1Q15 \$'000	Change %	2Q14 \$'000	Change %	1H15 \$'000	1H14 \$'000	Change %
Other Operating Expenses	7,743	6,681	15.9	7,256	6.7	14,424	14,993	(3.8)
Impairment Losses (Reversed)/ Made on Trade, Progress Billing and Other Receivables	(6,819)	402	N.M.	156	N.M.	(6,417)	63	N.M.
Exchange Loss	239	146	63.7	150	59.3	385	271	42.1
Loss on Liquidation of A subsidiary	-	-	N.A.	-	N.A.	-	1	(100.0)
Translation Differences relating to Liquidation of Interests in A subsidiary	-	-	N.A.	-	N.A.	-	211	(100.0)
Net Operating Expenses	1,163	7,229	(83.9)	7,562	(84.6)	8,392	15,539	(46.0)
Other Operating Expenses /Revenue	7.5%	7.2%		5.8%		7.3%	5.8%	

Other operating expenses for 2Q15 was \$7.7 million, which was largely similar to 2Q14. Other operating expenses for 1H15 registered a 3.8% decline as compared to 1H14. As announced on 21 October 2014, the Group has recovered the trade debt due from Changi Motorsports Hub project. Accordingly, a previous provision for doubtful debt was written back to the books of the Group.

Other operating expenses to revenue ratios for 2Q15 and 1H15 were 7.5% (2Q14: 5.8%) and 7.3% (1H14: 5.8%) respectively. The higher ratios were the result of the lower Group revenue for the periods under review.

Other operating expenses to revenue ratio for 2Q15 was comparable to 1Q15's ratio of 7.2%.

Net Finance Expenses

	2Q15 \$'000	1Q15 \$'000	Change %	2Q14 \$'000	Change %	1H15 \$'000	1H14 \$'000	Change %
Interest Income	2	2	-	1	100.0	4	1	N.M.
Interest Expenses	(1,076)	(990)	8.7	(1,195)	(10.0)	(2,066)	(2,216)	(6.8)
Net Interest Expenses	(1,074)	(988)	8.7	(1,194)	(10.1)	(2,062)	(2,215)	(6.9)
Imputed Interest on Non- Current Assets/Liabilities	7	171	(95.9)	(37)	N.M.	178	102	74.5
Net Finance Expenses	(1,067)	(817)	30.6	(1,231)	(13.3)	(1,884)	(2,113)	(10.8)

Net interest expenses for 2Q15 was \$1.1 million, 10.1% lower than 2Q14. 1H15 net interest expenses was 6.9% lower than 1H14 as the Group reduced its bank borrowings during the periods under review.

Net interest expenses of 2Q15 was largely similar to \$1.0 million recorded in 1Q15.

Share of Profit/(Loss) of a Jointly-Controlled Entity

Share of profit of a jointly-controlled entity amounted to \$0.04 million in 2Q15 (2Q14: \$0.1 million) and \$0.02 million in 1H15 (1H14: \$0.2 million).

The share of results from the jointly-controlled entity improved marginally over 1Q15.

Profit/(Loss) for the period

	2Q15 \$'000	1Q15 \$'000	Change %	2Q14 \$'000	Change %	1H15 \$'000	1H14 \$'000	Change %
Profit/(Loss) for the period	3,177	(2,901)	N.M.	1,675	89.7	276	2,822	(90.2)
Non-Controlling Interests	(285)	(1,531)	(81.4)	(665)	(57.1)	(1,816)	(1,205)	50.7
Net Profit/(Loss) after Non-Controlling Interests	2,892	(4,432)		1,010		(1,540)	1,617	
Earnings/(Loss) Per Share (cents)	0.24	(0.37)		0.08		(0.13)	0.13	

The Group recorded a profit for the period of \$3.2 million in 2Q15 as compared to \$1.7 million for 2Q14. Earnings per share for 2Q15 was 0.24 cent (2Q14: 0.08 cent).

The Group recorded a net loss after non-controlling interests in 1H15, due to the losses incurred in 1Q15. Consequently, loss per share was 0.13 cent (1H14: earnings per share of 0.13 cent).

Profit for the period and earnings per share for 2Q15 improved significantly from a loss for the period and loss per share of \$2.9 million and 0.37 cent respectively in 1Q15.

STATEMENT OF FINANCIAL POSITION

Property, Plant and Equipment

As at 30 September 2014, the net book value of property, plant and equipment amounted to \$180.9 million (31 March 2014: \$166.8 million). During the period under review, the Group acquired \$7.4 million worth of new plant and equipment to replace older equipment. At the same time, it also disposed of old plant and equipment amounting to \$0.8 million and recorded a \$1.0 million gain on the disposal. Depreciation for the period was \$14.0 million (1H14: \$13.9 million).

Net Current Assets

Net current assets of the Group as at 30 September 2014 stood at \$46.4 million (31 March 2014: \$62.1 million) with a current ratio (current assets / current liabilities) of 1.21 (31 March 2014: 1.26).

As at 30 September 2014, the Group's inventories amounted to \$39.9 million (31 March 2014: \$71.3 million), in line with the lower activity levels for 1H15.

Trade and other receivables were \$214.2 million (31 March 2014: \$217.9 million) while trade and other payables were \$118.7 million (31 March 2014: \$126.6 million).

Borrowings

Total borrowings of the Group as at 30 September 2014 were \$135.5 million (31 March 2014: \$150.9 million). This represents a debt over equity ratio of 0.69 (31 March 2014: 0.76), a reduction of 9.2%.

The decrease in borrowings was mainly due to net repayment of bank borrowings in 1H15.

Equity and Net Asset Value

Total equity was \$197.7 million as at 30 September 2014 (31 March 2014: \$198.2 million), while net asset value per ordinary share was 16.3 cents (31 March 2014: 16.4 cents).

CASH FLOW

	2Q15 \$'000	1Q15 \$'000	Change %	2Q14 \$'000	Change %	1H15 \$'000	1H14 \$'000	Change %
Cash Flow from Operating Activities	17,513	5,932	N.M.	(1,698)	N.M.	23,445	13,225	77.3
Cash Flow from Investing Activities	481	(448)	N.M.	7	N.M.	33	3,214	(99.0)
Cash Flow from Financing Activities	(13,407)	(9,143)	46.6	(7,012)	91.2	(22,550)	(17,881)	26.1
Cash and Cash Equivalents	8,839	4,239	N.M.	2,432	N.M.	8,839	2,432	N.M.

Cash Flow from Operating Activities

Net cash inflow from operating activities improved significantly to \$17.5 million for 2Q15 (2Q14: net cash outflow of \$1.7 million) and \$23.4 million for 1H15 (1H14: \$13.2 million).

Quarter on quarter, the Group generated higher net cash inflow of \$17.5 million as compared to \$5.9 million in 1Q15.

The improvements came about from the Group's successful effort in selling its inventories and managing its trade receivables in 1H15.

Cash Flow from Investing Activities

The Group's net cash inflow from investing activities for 2Q15 and 1H15 were \$0.5 million (2Q14: \$0.01 million) and \$0.03 million (1H14: \$3.2 million) respectively. Compared to 1H14, net cash inflow from investing activities for 1H15 was lower, mainly due to the proceeds of \$3.5 million collected in 1H14 from the sale of a leasehold building.

Sequentially, the Group's net cash inflow was boosted by proceeds from the disposal of older equipment in 2Q15.

Cash Flow from Financing Activities

The Group recorded net cash outflow from financing activities of \$13.4 million for 2Q15 (2Q14: \$7.0 million, 1Q15: \$9.1 million) and \$22.6 million for 1H15 (1H14: 17.9 million) respectively, following the higher net repayment of bank borrowings during the periods under review.

Cash and Cash Equivalents

Taking the abovementioned factors into consideration, the Group ended 30 September 2014 with cash and cash equivalents of \$8.8 million. This represents a net increase in cash and cash equivalents for 2Q15 and 1H15 of \$4.6 million and \$0.9 million respectively.

Outlook

Data released by Singapore's Ministry of Trade and Industry, have pointed to a moderation of growth in the construction sector in the third quarter of 2014¹. Advance estimates released showed that the construction sector grew by 1.4% year-on-year, compared to the 4.1% year-on-year growth in the previous quarter. The slowdown was mainly due to weaker private sector construction activities. Against the second quarter, the sector has further contracted at an annualised rate of 2.7%, following a 2.4% contraction in the second quarter of 2014. The second consecutive contraction in the construction sector was likely due to the moderation of real estate activities after a period of strong growth.

Singapore's property prices and transaction volumes have eased significantly following the introduction of eight rounds of property cooling measures between 2009 and mid-2013². Based on reports from the Urban Redevelopment Authority, the total 9,983 property units transacted in Singapore in the first nine months of 2014 was a significant decline from the 18,778 units transacted in the same period in 2013³. However, demand for foundation and civil engineering services in Singapore is expected to be sustainable with many government institution and infrastructure projects in the pipeline.

In Malaysia, the strong demand from housing and infrastructure projects should be able to support the Malaysia construction market.

As at 5 November 2014, the Group's order book is approximately \$280 million (6 August 2014: \$230 million). The Group will deliver and execute its orders on hand while optimising its resource allocations and further streamlining its cost structure.

¹ Ministry of Trade and Industry, Singapore's GDP Grew 2.4 Per Cent in the Third Quarter of 2014, 14 October 2014

² Business Times, Soft Landing for Singapore Housing Market is Credit Positive for Local Banks: Moody's, 6 October 2014

³ Urban Redevelopment Authority, Release of 3rd Quarter 2014 real estate statistics, 24 October 2014

Consolidated Income Statement for the 2nd Quarter ended 30 September 2014

	Note	Group			Group		
		2nd Quarter ended		Change	6 months ended		Change
		30-Sep-14	30-Sep-13		30-Sep-14	30-Sep-13	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		103,143	125,765	(18.0)	196,278	257,628	(23.8)
Cost of sales	A	(97,805)	(115,875)	(15.6)	(186,538)	(238,870)	(21.9)
Gross profit		5,338	9,890	(46.0)	9,740	18,758	(48.1)
Other income	B	1,020	866	17.8	1,723	2,245	(23.3)
Distribution expenses		(217)	(88)	N.M.	(286)	(217)	31.8
Administrative expenses	C	(7,737)	(7,217)	7.2	(14,471)	(14,905)	(2.9)
Other operating income/(expenses)	D	6,791	(257)	N.M.	6,365	(417)	N.M.
Results from operating activities		5,195	3,194	62.6	3,071	5,464	(43.8)
Finance income		9	1	N.M.	182	103	76.7
Finance expenses		(1,076)	(1,232)	(12.7)	(2,066)	(2,216)	(6.8)
Net finance expenses		(1,067)	(1,231)	(13.3)	(1,884)	(2,113)	(10.8)
Share of profit of a jointly-controlled entity		36	65	(44.6)	20	184	(89.1)
Profit before tax		4,164	2,028	N.M.	1,207	3,535	(65.9)
Tax expense	E	(987)	(353)	N.M.	(931)	(713)	30.6
Profit for the period		3,177	1,675	89.7	276	2,822	(90.2)
Attributable to:							
Owners of the Company		2,892	1,010	N.M.	(1,540)	1,617	N.M.
Non-controlling interests		285	665	(57.1)	1,816	1,205	50.7
Profit for the period		3,177	1,675		276	2,822	

Gross profit margin	5.2%	7.9%	5.0%	7.3%
Net profit margin	3.1%	1.3%	0.1%	1.1%

Consolidated Statement of Comprehensive Income for the 2nd Quarter ended 30 September 2014

	Group			Group		
	2nd Quarter ended		Change	6 months ended		Change
	30-Sep-14	30-Sep-13		30-Sep-14	30-Sep-13	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the period	3,177	1,675	89.7	276	2,822	(90.2)
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 jointly-controlled entity	202	(628)	N.M.	420	(411)	N.M.
Translation differences relating to liquidation of interests in a subsidiary reclassified to profit or loss	-	-	N.A.	-	(211)	(100.0)
Other comprehensive income for the period, net of tax	202	(628)	N.M.	420	(622)	N.M.
Total comprehensive income for the period	3,379	1,047	N.M.	696	2,200	(68.4)
Attributable to:						
Owners of the Company	3,061	414	N.M.	(1,154)	1,035	N.M.
Non-controlling interests	318	633	(49.8)	1,850	1,165	58.8
Total comprehensive income for the period	3,379	1,047		696	2,200	

Statement of Financial Position as at 30 September 2014

DESCRIPTION	Note	Group		Company	
		30-Sep-14	31-Mar-14	30-Sep-14	31-Mar-14
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	1	180,922	166,832	-	-
Intangible assets		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	87,418	87,418
- a jointly-controlled entity		1,337	1,302	-	-
Other investment		1,917	1,917	-	-
Trade and other receivables		12,283	14,295	-	-
Deferred tax asset		-	-	29	29
		197,911	185,798	87,447	87,447
Current assets					
Inventories	2	39,863	71,295	-	-
Derivatives		12	22	-	-
Trade and other receivables		214,158	217,915	28,387	29,572
Cash and cash equivalents		10,697	13,020	317	609
Non-current assets classified as held for sale		84	83	-	-
		264,814	302,335	28,704	30,181
Total assets		462,725	488,133	116,151	117,628

Statement of Financial Position as at 30 September 2014 (cont'd)

DESCRIPTION	Note	Group		Company	
		30-Sep-14	31-Mar-14	30-Sep-14	31-Mar-14
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital		64,953	64,953	64,953	64,953
Reserves		106,880	109,262	44,238	44,745
		171,833	174,215	109,191	109,698
Non-controlling interests		25,869	24,019	-	-
Total equity		197,702	198,234	109,191	109,698
Non-current liabilities					
Loans and borrowings		43,861	46,348	-	-
Deferred tax liabilities		2,754	3,294	-	-
		46,615	49,642	-	-
Current liabilities					
Loans and borrowings		91,593	104,528	-	-
Derivatives		1	2	-	-
Trade and other payables		118,746	126,593	6,865	7,858
Excess of progress billings over construction work-in-progress	3	6,646	8,136	-	-
Current tax payable		1,422	998	95	72
		218,408	240,257	6,960	7,930
Total liabilities		265,023	289,899	6,960	7,930
Total equity and liabilities		462,725	488,133	116,151	117,628

Consolidated Statement of Cash Flows for the 2nd Quarter ended 30 September 2014

	2nd Quarter ended		6 months ended	
	<u>30-Sep-14</u>	<u>30-Sep-13</u>	<u>30-Sep-14</u>	<u>30-Sep-13</u>
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
Profit for the period	3,177	1,675	276	2,822
Adjustments for:				
Bad debts written off	-	65	2	74
Depreciation of property, plant and equipment	7,238	7,162	14,044	13,912
Gain on disposal of property, plant and equipment	(601)	(372)	(1,007)	(1,290)
Impairment losses (reversed)/made on trade, progress billing and other receivables	(6,819)	156	(6,417)	63
Inventories written down	16	90	35	220
Loss on liquidation of a subsidiary	-	-	-	1
Net finance expenses	1,067	1,231	1,884	2,113
Property, plant and equipment written off	-	1	-	1
Translation differences relating to liquidation of interests in a subsidiary	-	-	-	211
Share of profit of a jointly-controlled entity	(36)	(65)	(20)	(184)
Tax expense	987	353	931	713
Operating activities before working capital changes	5,029	10,296	9,728	18,656
Changes in working capital:				
Inventories	5,963	(1,406)	6,966	(5,781)
Trade, progress billing and other receivables	(3,672)	562	11,005	(3,607)
Trade and other payables	10,910	(10,289)	(3,201)	5,196
Cash generated from/(used in) operations	18,230	(837)	24,498	14,464
Taxes paid	(719)	(716)	(1,057)	(1,114)
Interest received/(paid)	2	(145)	4	(125)
Net cash generated from/(used in) operating activities	17,513	(1,698)	23,445	13,225

Consolidated Statement of Cash Flows for the 2nd Quarter ended 30 September 2014 (cont'd)

	2nd Quarter ended		6 months ended	
	<u>30-Sep-14</u>	<u>30-Sep-13</u>	<u>30-Sep-14</u>	<u>30-Sep-13</u>
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(942)	(841)	(1,645)	(1,919)
Proceeds from disposal of property, plant and equipment	1,423	848	1,678	5,133
Net cash generated from investing activities	<u>481</u>	<u>7</u>	<u>33</u>	<u>3,214</u>
Cash flows from financing activities				
Interest paid	(1,047)	(991)	(2,015)	(2,039)
Dividend paid:				
- owners of the Company	(1,210)	(728)	(1,210)	(728)
- non-controlling interests of a subsidiary	-	(45)	-	(45)
Proceeds from:				
- bank loans and hire purchase loans	14,579	10,850	28,519	23,971
- bills payable	12,776	23,684	28,338	44,986
Purchase of treasury shares	-	(293)	(18)	(695)
Redemption of preference shares	-	-	-	(1,100)
Repayment of:				
- bank loans	(7,844)	(9,428)	(17,666)	(19,928)
- bills payable	(18,726)	(21,335)	(37,119)	(45,339)
- finance lease liabilities	(11,935)	(8,726)	(21,154)	(16,964)
Increase in fixed deposits pledged	-	-	(225)	-
Net cash used in financing activities	<u>(13,407)</u>	<u>(7,012)</u>	<u>(22,550)</u>	<u>(17,881)</u>
Net increase/(decrease) in cash and cash equivalents	4,587	(8,703)	928	(1,442)
Cash and cash equivalents at 1 July/1 April	4,239	11,140	7,927	3,920
Effect of exchange rate changes on balances held in foreign currencies	13	(5)	(16)	(46)
Cash and cash equivalents at 30 September	<u>8,839</u>	<u>2,432</u>	<u>8,839</u>	<u>2,432</u>
Comprising:				
Cash and cash equivalents	10,697	8,719	10,697	8,719
Bank overdrafts	(1,633)	(6,287)	(1,633)	(6,287)
	<u>9,064</u>	<u>2,432</u>	<u>9,064</u>	<u>2,432</u>
Less:				
Fixed deposits pledged as security for bank facilities	(225)	-	(225)	-
Cash and cash equivalents in the consolidated cash flow statement	<u>8,839</u>	<u>2,432</u>	<u>8,839</u>	<u>2,432</u>

Statements of Changes in Equity for the 2nd Quarter ended 30 September 2014

<u>Group</u>	Share capital	Capital reserve	Reserve for own shares	Reserve on consolidation	Share option reserve	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	\$'000
At 1 July 2013	64,953	17,798	(1,826)	116	729	(1,108)	137	93,207	174,006	21,614	195,620
Total comprehensive income for the period											
Profit or loss	-	-	-	-	-	-	-	1,010	1,010	665	1,675
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries, an associate and a jointly-controlled entity	-	-	-	-	-	(596)	-	-	(596)	(32)	(628)
Total other comprehensive income	-	-	-	-	-	(596)	-	-	(596)	(32)	(628)
Total comprehensive income for the period	-	-	-	-	-	(596)	-	1,010	414	633	1,047
Transactions with owners, recorded directly in equity											
Effect of share options forfeited during the period	-	-	-	-	(729)	-	-	729	-	-	-
Purchase of treasury shares	-	-	(293)	-	-	-	-	-	(293)	-	(293)
Dividend paid in respect of financial year 2013											
- Final dividend of 0.06 cents per share (tax-exempt one-tier)	-	-	-	-	-	-	-	(728)	(728)	-	(728)
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(45)	(45)
Total transactions with owners	-	-	(293)	-	(729)	-	-	1	(1,021)	(45)	(1,066)
At 30 September 2013	64,953	17,798	(2,119)	116	-	(1,704)	137	94,218	173,399	22,202	195,601
At 1 July 2014	64,953	17,798	(2,354)	116	-	(1,817)	137	91,149	169,982	25,551	195,533
Total comprehensive income for the period											
Profit or loss	-	-	-	-	-	-	-	2,892	2,892	285	3,177
Other comprehensive income											
Translation differences relating to financial statements of foreign subsidiaries, an associate and a jointly-controlled entity	-	-	-	-	-	169	-	-	169	33	202
Total other comprehensive income	-	-	-	-	-	169	-	-	169	33	202
Total comprehensive income for the period	-	-	-	-	-	169	-	2,892	3,061	318	3,379
Transactions with owners, recorded directly in equity											
Dividend paid in respect of financial year 2014											
- Final dividend of 0.10 cents per share (tax-exempt one-tier)	-	-	-	-	-	-	-	(1,210)	(1,210)	-	(1,210)
Total transactions with owners	-	-	-	-	-	-	-	(1,210)	(1,210)	-	(1,210)
At 30 September 2014	64,953	17,798	(2,354)	116	-	(1,648)	137	92,831	171,833	25,869	197,702

Statements of Changes in Equity for the 2nd Quarter ended 30 September 2014 (cont'd)

<u>Company</u>	Share capital	Capital reserve	Reserve for own shares	Share option reserve	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2013	64,953	17,798	(1,826)	729	27,789	109,443
Total comprehensive income for the period	-	-	-	-	1,020	1,020
Transactions with owners, recorded directly in equity						
Effect of share options forfeited during the period	-	-	-	(729)	472	(257)
Purchase of treasury shares	-	-	(293)	-	-	(293)
Dividend paid in respect of financial year 2013 - Final dividend of 0.06 cents per share (tax-exempt one-tier)	-	-	-	-	(728)	(728)
Total transactions with owners	-	-	(293)	(729)	(256)	(1,278)
At 30 September 2013	64,953	17,798	(2,119)	-	28,553	109,185
At 1 July 2014	64,953	17,798	(2,354)	-	29,317	109,714
Total comprehensive income for the period	-	-	-	-	687	687
Transactions with owners, recorded directly in equity						
Dividend paid in respect of financial year 2014 - Final dividend of 0.10 cents per share (tax-exempt one-tier)	-	-	-	-	(1,210)	(1,210)
Total transactions with owners	-	-	-	-	(1,210)	(1,210)
At 30 September 2014	64,953	17,798	(2,354)	-	28,794	109,191

Note:

Capital reserve

Capital Reduction Reserve

<u>Group</u>	<u>Company</u>
\$'000	\$'000
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 Income Statement

The Group is reporting its second quarter results for the period from 1 July 2014 to 30 September 2014 ("2Q15") with comparative figures for the 3 months period from 1 July 2013 to 30 September 2013 ("2Q14").

A Cost of sales

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	\$'000	\$'000	\$'000	\$'000
Cost of sales includes the following items:				
Depreciation of property, plant and equipment	7,039	6,919	13,612	13,411
Inventories written down	16	90	35	220

B Other income

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	\$'000	\$'000	\$'000	\$'000
Other income includes the following item:				
Gain on disposal of property, plant and equipment	601	372	1,007	1,290

C Administrative expenses

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	\$'000	\$'000	\$'000	\$'000
Administrative expenses includes the following items:				
Depreciation of property, plant and equipment	199	243	432	501
Exchange loss	239	150	385	271

Notes to the Consolidated Income Statement (cont'd)

D Other operating (income)/expenses

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	\$'000	\$'000	\$'000	\$'000
Other operating (income)/expenses includes the following items:				
Bad debts written off	-	65	2	74
Impairment losses (reversed)/made on trade, progress billing and other receivables ⁽¹⁾	(6,819)	156	(6,417)	63
Loss on liquidation of a subsidiary	-	-	-	1
Property, plant and equipment written off	-	1	-	1
Translation differences relating to liquidation of interests in a subsidiary	-	-	-	211

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

E Tax expense

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
- current period	506	259	1,305	608
- under provided in prior years	42	4	170	160
	<u>548</u>	<u>263</u>	<u>1,475</u>	<u>768</u>
Deferred tax expense/(credit)				
- current period	310	55	(661)	(90)
- under provided in prior years	129	35	117	35
	<u>439</u>	<u>90</u>	<u>(544)</u>	<u>(55)</u>
	<u>987</u>	<u>353</u>	<u>931</u>	<u>713</u>

Notes to the Consolidated Income Statement (cont'd)

F Interested person transactions

Interested person transactions carried out during the 2nd quarter ended 30 September 2014 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)	
	2nd Quarter ended 30/09/2014	6 months ended 30/09/2014	2nd Quarter ended 30/09/2014	6 months ended 30/09/2014
	\$'000	\$'000	\$'000	\$'000
CMC Construction Pte Ltd ⁽¹⁾	Nil	Nil	476	887
Tat Hong HeavyEquipment (HK) Ltd ⁽¹⁾	Nil	Nil	324	639
Tat Hong HeavyEquipment (Pte.) Ltd. ⁽¹⁾	Nil	Nil	650	860
Tat Hong Plant Leasing Pte Ltd ⁽¹⁾	Nil	Nil	135	135

Note:

⁽¹⁾ CMC Construction Pte Ltd, Tat Hong HeavyEquipment (HK) Ltd, Tat Hong HeavyEquipment (Pte.) Ltd. and Tat Hong Plant Leasing Pte 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 30/09/2014 \$'000	As at 31/03/2014 \$'000
Cost		
Opening balance	322,705	323,886
Additions	7,379	10,964
Reclassification from inventories	21,206	4,075
Transfer to assets held for sale	-	(371)
Transfer to inventories	-	(1,811)
Disposals/Write-offs	(3,306)	(12,380)
Translation differences on consolidation	545	(1,658)
Closing balance	<u>348,529</u>	<u>322,705</u>
Accumulated depreciation and impairment losses		
Opening balance	155,873	139,319
Depreciation charge	14,044	27,385
Transfer to assets held for sale	-	(16)
Transfer to inventories	-	(904)
Disposals/Write-offs	(2,501)	(9,365)
Translation differences on consolidation	191	(546)
Closing balance	<u>167,607</u>	<u>155,873</u>
Carrying amount	<u>180,922</u>	<u>166,832</u>

2 Inventories

	Group	
	As at 30/09/2014 \$'000	As at 31/03/2014 \$'000
Equipment and machinery held for sale	26,552	59,790
Spare parts	8,819	8,351
Construction materials on sites	4,518	3,179
	<u>39,889</u>	<u>71,320</u>
Allowance for inventory obsolescence	(26)	(25)
	<u>39,863</u>	<u>71,295</u>

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

	Group	
	As at 30/09/2014 \$'000	As at 31/03/2014 \$'000
Cost incurred and attributable profit	466,914	871,117
Progress billings	(473,560)	(879,253)
	<u>(6,646)</u>	<u>(8,136)</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 30/09/2014	
Secured	Unsecured
\$'000	\$'000
28,409	63,184

As at 31/03/2014	
Secured	Unsecured
\$'000	\$'000
33,212	71,316

Amount repayable after one year

As at 30/09/2014	
Secured	Unsecured
\$'000	\$'000
37,571	6,290

As at 31/03/2014	
Secured	Unsecured
\$'000	\$'000
39,750	6,598

Details of any collateral

The Group's total borrowings were \$135.5 million (31 March 2014: \$150.9 million) and consist of finance leases and bank loans. Included in the borrowings repayable within one year were bills payable amounting to \$11.9 million (31 March 2014: \$20.7 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 \$25,382,000 (31 March 2014: \$30,887,000) and \$7,688,000 (31 March 2014: \$10,047,000) are also guaranteed by a related corporation and directors of certain subsidiaries respectively:

- a) \$57,132,000 (31 March 2014: \$61,829,000) in respect of plant and machinery acquired under finance leases;
- b) \$5,625,000 (31 March 2014: \$6,875,000) which are secured by a charge over the leasehold land and properties; and
- c) \$3,223,000 (31 March 2014: \$4,258,000) which are secured by a mortgage over the plant and machinery.

Notes to the Statement of Changes in Equity

1 Changes in the Company's Share Capital

As at 30 September 2014, the issued and fully paid-up share capital of the Company was 1,230,243,725 (31 March 2014: 1,230,243,725) ordinary shares.

There were no share buybacks for the 3 months ended 30 September 2014. There were 20,520,000 shares held as treasury shares as at 30 September 2014 (30 September 2013: 18,025,000 shares). There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the 3 months ended 30 September 2014.

The total number of ordinary shares issued (excluding treasury shares) as at 30 September 2014 was 1,209,723,725 (31 March 2014: 1,209,923,725) ordinary shares.

As at 30 September 2014, there were no outstanding share options (30 September 2013: Nil) for conversion into ordinary shares.

Audit

The Group's figures have been reviewed by the Company's auditors in accordance with Singapore Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity".

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 2014, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning on or after 1 April 2014.

Financial Reporting Standards (FRS) which became effective for the Group's financial year beginning 1 April 2014 are as follows:

FRS 27	<i>Separate Financial Statements</i>
FRS 28	<i>Investments in Associates and Joint Ventures</i>
Amendments to FRS 36	<i>Recoverable Amount Disclosures for Non-Financial Assets</i>
FRS 110	<i>Consolidated Financial Statements</i>
FRS 111	<i>Joint Arrangements</i>
FRS 112	<i>Disclosure of Interests in Other Entities</i>

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

Earnings Per Share

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

	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
Based on the weighted average number of ordinary shares on issue	0.24 cents	0.08 cents	(0.13) cents	0.13 cents
	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	\$'000	\$'000	\$'000	\$'000
Basic earnings/(loss) per ordinary share is based on:				
Net profit/(loss) attributable to ordinary shareholders	2,892	1,010	(1,540)	1,617
	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	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
Ordinary shares held as treasury shares	(20,520,000)	(17,090,815)	(20,520,000)	(14,993,415)
Weighted average number of ordinary shares used to compute earnings per ordinary share	1,209,723,725	1,213,152,910	1,209,723,725	1,215,250,310

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

	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
On a fully diluted basis	0.24 cents	0.08 cents	(0.13) cents	0.13 cents
	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	\$'000	\$'000	\$'000	\$'000
Diluted earnings/(loss) per ordinary share is based on:				
Net profit/(loss) attributable to ordinary shareholders	2,892	1,010	(1,540)	1,617

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 potential ordinary shares weighted for the period outstanding.

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

	2nd Quarter ended		6 months ended	
	30/09/2014	30/09/2013	30/09/2014	30/09/2013
	Number of shares			
Weighted average number of:				
Ordinary shares used in the calculation of basic earnings per ordinary share	1,209,723,725	1,213,152,910	1,209,723,725	1,215,250,310
Dilutive potential ordinary shares issuable	-	-	-	-
Weighted average number of ordinary issued and potential shares assuming full conversion	1,209,723,725	1,213,152,910	1,209,723,725	1,215,250,310

Net Asset Value

	<u>As at 30/09/2014</u>	<u>As at 31/03/2014</u>
<u>Group</u>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	16.3 cents	16.4 cents
<u>Company</u>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	9.0 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 30 September 2014 of 1,209,723,725 (31 March 2014: 1,209,923,725) 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.

By Order of the Board

Lee Quang Loong
Chief Financial Officer / Company Secretary
6 November 2014