



CSC HOLDINGS LIMITED

(Company Registration Number: 199707845E)

Financial Statements Announcement

for the First Quarter Ended 30 June 2018

(For the Financial Year Ending 31 March 2019)

Table of Contents

Page

REVIEW OF THE PERFORMANCE OF THE GROUP	3
CONSOLIDATED STATEMENT OF PROFIT OR LOSS.....	3
STATEMENT OF FINANCIAL POSITION	5
CASH FLOW.....	6
OUTLOOK	7
CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE 3 MONTHS ENDED 30 JUNE 2018.....	8
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE 3 MONTHS ENDED 30 JUNE 2018.....	9
STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018.....	10
CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE 3 MONTHS ENDED 30 JUNE 2018	12
STATEMENTS OF CHANGES IN EQUITY FOR THE 3 MONTHS ENDED 30 JUNE 2018	14
NOTES TO THE FINANCIAL STATEMENTS.....	16
NOTES TO THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS	16
A Cost of sales.....	16
B Other income.....	16
C Administrative expenses.....	16
D Other operating income.....	17
E Tax expense.....	17
F Interested person transactions.....	18
NOTES TO THE STATEMENT OF FINANCIAL POSITION	20
1 Property, plant and equipment.....	20
2 Inventories.....	20
3 Aggregate amount of Group's borrowings and debt securities.....	21
NOTES TO THE STATEMENT OF CHANGES IN EQUITY.....	22
1 Changes in the Company's Share Capital.....	22
AUDIT	22
ACCOUNTING POLICIES	22
LOSS PER SHARE	24
NET ASSET VALUE	25
VARIANCE FROM PROSPECT STATEMENT	26
DIVIDEND.....	26
CONFIRMATION	26
SUBSEQUENT EVENT	26
WHITEWASH WAIVER IN RELATION TO RIGHTS CUM WARRANTS ISSUE	26

Review of the Performance of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1QFY19 – for the 3 months ended 30 June 2018

4QFY18 – for the 3 months ended 31 March 2018

1QFY18 – for the 3 months ended 30 June 2017

Review of Results for the First Quarter Ended 30 June 2018

	1QFY19 \$'000	4QFY18 \$'000	Change %	1QFY19 \$'000	1QFY18 \$'000	Change %
Revenue	81,302	75,643	7.5	81,302	77,471	4.9
Gross Profit	4,336	708	512.4	4,336	3,604	20.3
Other Income	820	597	37.4	820	344	138.4
Operating Expenses	(6,467)	(5,726)	12.9	(6,467)	(5,832)	10.9
Loss from Operating Activities	(1,311)	(4,421)	(70.3)	(1,311)	(1,884)	(30.4)
Write-Down of Plant and Equipment	(42)	(164)	(74.4)	(42)	-	-
Loss from Operating Activities after the Write-Down of Plant and Equipment	(1,353)	(4,585)	(70.5)	(1,353)	(1,884)	(28.2)
Net Finance Expenses	(906)	(702)	29.1	(906)	(1,032)	(12.2)
Share of Profit of an Associate	-	2	N.M.	-	-	-
Share of Profit of a Joint Venture	-	-	-	-	1	N.M.
Loss before Tax	(2,259)	(5,285)	(57.3)	(2,259)	(2,915)	(22.5)
Tax Expense	(182)	(444)	(59.0)	(182)	(23)	691.3
Loss for the period	(2,441)	(5,729)	(57.4)	(2,441)	(2,938)	(16.9)
EBITDA	4,666	1,765	164.4	4,666	4,661	0.1
Gross Profit Margins	5.3%	0.9%		5.3%	4.7%	

Revenue

The Group had a slow start for 1QFY19 as a result of delays in the commencement of work for new projects secured. Revenue picked up towards the end of 1QFY19. As such, the Group recorded a 4.9% increase in revenue to \$81.3 million for 1QFY19 (1QFY18: \$77.5 million).

Revenue for 1QFY19 registered an improvement of 7.5% over the \$75.6 million recorded for 4QFY18.

Gross Profit and Gross Profit Margins (GPM)

Gross profit and GPM for 1QFY19 were \$4.3 million and 5.3% (1QFY18: \$3.6 million and 4.7%).

Quarter-on-quarter, gross profit and GPM increased in tandem with the higher revenue recorded.

Other Income

The Group recorded other income of \$0.8 million for 1QFY19 (1QFY18: \$0.3 million; 4QFY18: \$0.6 million), mainly due to gain from the disposal of older equipment of \$0.7 million in 1QFY19 (1QFY18: \$0.1 million; 4QFY18: \$0.4 million).

Operating Expenses

	1QFY19 \$'000	4QFY18 \$'000	Change %	1QFY19 \$'000	1QFY18 \$'000	Change %
Other Operating Expenses	6,591	6,557	0.5	6,591	6,658	(1.0)
Impairment Losses (Reversed)/ Recognised on Trade and Other Receivables	(111)	185	N.M.	(111)	(509)	(78.2)
Exchange Gain	(13)	(39)	(66.7)	(13)	(317)	(95.9)
Reversal of Excess Legal and Professional Costs following the Finalisation of Project	-	(977)	N.M.	-	-	-
	6,467	5,726	12.9	6,467	5,832	10.9
Write-Down of Plant and Equipment	42	164	(74.4)	42	-	-
Net Operating Expenses	6,509	5,890	10.5	6,509	5,832	11.6
Other Operating Expenses /Revenue	8.1%	8.7%		8.1%	8.6%	

Other operating expenses for 1QFY19 amounted to \$6.6 million, similar to the \$6.7 million incurred in 1QFY18 and \$6.6 million incurred in 4QFY18.

Other operating expenses to revenue ratio improved slightly to 8.1% for 1QFY19 (1QFY18: 8.6%; 4QFY18: 8.7%) as a result of higher revenue recorded for the period under review.

Net Finance Expenses

	1QFY19 \$'000	4QFY18 \$'000	Change %	1QFY19 \$'000	1QFY18 \$'000	Change %
Interest Income	52	21	147.6	52	62	(16.1)
Interest Expenses	(837)	(798)	4.9	(837)	(760)	10.1
Net Interest Expenses	(785)	(777)	1.0	(785)	(698)	12.5
Imputed Interest on Non- Current Assets	(121)	75	N.M.	(121)	(334)	(63.8)
Net Finance Expenses	(906)	(702)	29.1	(906)	(1,032)	(12.2)

Net interest expenses was \$0.8 million for 1QFY19 (1QFY18: \$0.7 million) due to the short term borrowings drawn down to finance the higher level of business activities.

Net interest expenses for 1QFY19 was comparable to 4QFY18.

Loss for the period

Taking into account the above factors, the Group recorded a 16.9% year-on-year reduction in net loss to \$2.4 million for 1QFY19 (1QFY18: \$2.9 million; 4QFY18: \$5.7 million).

Earnings before interest, tax, depreciation and amortization (EBITDA) for 1QFY19 amounted to \$4.7 million (1QFY18: \$4.7 million; 4QFY18: \$1.8 million).

Loss per share for 1QFY19 was 0.13 cent (1QFY18: 0.14 cent; 4QFY18: 0.26 cent).

STATEMENT OF FINANCIAL POSITION

Property, Plant and Equipment

Net book value of property, plant and equipment as at 30 June 2018 was \$155.4 million (31 March 2018: \$156.2 million).

In 1QFY19, the Group acquired \$5.6 million worth of new plant and equipment to replace older equipment. The Group disposed of plant and equipment with carrying values of \$0.5 million and recorded a \$0.7 million gain on the disposal. Depreciation charge for 1QFY19 was \$6.0 million (1QFY18: \$6.5 million).

Net Current Assets

As at 30 June 2018, net current assets of the Group was \$6.3 million (31 March 2018: \$9.2 million). Current ratio (current assets / current liabilities) was 1.04 (31 March 2018: 1.06).

The Group recorded inventories of \$23.1 million as at 30 June 2018 (31 March 2018: \$23.7 million).

Trade and other receivables were \$142.0 million (31 March 2018: \$121.9 million) while trade and other payables were \$102.8 million (31 March 2018: \$86.5 million), in line with the higher level of business activities.

Borrowings

As at 30 June 2018, total borrowings of the Group was \$84.3 million (31 March 2018: \$80.4 million). The Group had drawn down more short term borrowings to finance the increased business activities.

Consequently, the debt to equity ratio as at 30 June 2018 was 0.54 (31 March 2018: 0.50).

Equity and Net Asset Value

As at 30 June 2018, the Group's equity was \$156.4 million (31 March 2018: \$159.4 million), while net asset value per ordinary share was 7.1 cents (31 March 2018: 7.2 cents).

CASH FLOW

	1QFY19 \$'000	4QFY18 \$'000	Change %	1QFY19 \$'000	1QFY18 \$'000	Change %
Cash Flow from Operating Activities	569	6,784	(91.6)	569	6,541	(91.3)
Cash Flow from Investing Activities	(4,344)	(1,577)	175.5	(4,344)	510	N.M.
Cash Flow from Financing Activities	(1,317)	(7,636)	(82.8)	(1,317)	(978)	34.7
Cash and Cash Equivalents	10,678	15,758	(32.2)	10,678	19,299	(44.7)

Cash Flow from Operating Activities

Net cash inflow from operating activities was \$0.6 million for 1QFY19 (1QFY18: \$6.5 million; 4QFY18: \$6.8 million).

Cash Flow from Investing Activities

The Group recorded a net cash outflow from investing activities of \$4.3 million for 1QFY19 compared to a net cash inflow of \$0.5 million for 1QFY18, taking into account the higher net cash outflow arising from the acquisition of new plant and equipment in the current quarter.

Quarter-on-quarter, net cash outflow for 1QFY19 was higher than the \$1.6 million recorded in 4QFY18.

Cash Flow from Financing Activities

The Group's net cash outflow from financing activities was \$1.3 million for 1QFY19 (1QFY18: \$1.0 million; 4QFY18: \$7.6 million), following the net repayment of bank borrowings during the period under review.

Cash and Cash Equivalents

Taking into consideration the abovementioned factors, the Group's cash and cash equivalents stood at \$10.7 million as at 30 June 2018 (30 June 2017: \$19.3 million; 31 March 2018: \$15.8 million).

Outlook

The Group adopts a cautiously optimistic outlook for the construction industry in the current financial year. Demand for construction services in Singapore is expected to improve, on the back of a pipeline of government infrastructure, institutional and public residential projects.

In addition, the flurry of private residential en-bloc transactions, particularly between the latter half of 2017 and the first half of 2018, is also expected to drive construction activity in the private sector in the ensuing 12 months. Amid the industry recovery, tender prices for upcoming projects are showing signs of stability.

However, the near-term impact arising from the recent announcement of additional cooling measures on residential properties by Singapore government is uncertain.

The Group has order book of approximately \$230 million as of 1 August 2018 (23 May 2018: \$230 million) which would provide momentum to the Group for the rest of the financial year.

In line with its effort to ensure that it is well-positioned to tap the opportunities arising from the industry turnaround, the Group remains focused on managing asset utilisation, as well as improving cost and operational efficiencies to remain competitive.

Consolidated Statement of Profit or Loss for the 3 Months ended 30 June 2018

	Note	Group		Change
		3 months ended		
		30-Jun-18	30-Jun-17	
		\$'000	\$'000	%
Revenue	A	81,302	77,471	4.9
Cost of sales		(76,966)	(73,867)	4.2
Gross profit		4,336	3,604	20.3
Other income	B	820	344	138.4
Distribution expenses	C	(231)	(181)	27.6
Administrative expenses		(6,347)	(6,100)	4.0
Other operating income		D	111	449
Write-down of plant and equipment		(42)	-	-
Results from operating activities		(1,353)	(1,884)	(28.2)
Finance income		52	62	(16.1)
Finance expenses		(958)	(1,094)	(12.4)
Net finance expenses		(906)	(1,032)	(12.2)
Share of profit of a joint venture (net of tax)		-	1	N.M.
Loss before tax	E	(2,259)	(2,915)	(22.5)
Tax expense		(182)	(23)	691.3
Loss for the period		(2,441)	(2,938)	(16.9)
Attributable to:				
Owners of the Company		(2,900)	(3,140)	(7.6)
Non-controlling interests		459	202	127.2
Loss for the period		(2,441)	(2,938)	(16.9)

Gross profit margin

5.3%

4.7%

Net loss margin

-3.0%

-3.8%

Consolidated Statement of Comprehensive Income for the 3 Months ended 30 June 2018

	Group		
	3 months ended		Change
	30-Jun-18	30-Jun-17	
	\$'000	\$'000	%
Loss for the period	(2,441)	(2,938)	(16.9)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences			
- foreign operations	(158)	450	N.M.
Other comprehensive income for the period, net of tax	(158)	450	N.M.
Total comprehensive income for the period	(2,599)	(2,488)	4.5
Attributable to:			
Owners of the Company	(3,009)	(2,733)	10.1
Non-controlling interests	410	245	67.3
Total comprehensive income for the period	(2,599)	(2,488)	4.5

Statement of Financial Position as at 30 June 2018

DESCRIPTION	Note	Group		Company	
		30-Jun-18	31-Mar-18 (Restated)	30-Jun-18	31-Mar-18
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	1	155,415	156,221	19	22
Goodwill		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	120,530	120,530
- associates		1,664	1,666	-	-
Other investments		1,037	914	-	-
Trade and other receivables		13,804	12,881	-	-
Deferred tax assets		97	93	23	23
		173,469	173,227	120,572	120,575
Current assets					
Inventories	2	23,125	23,694	-	-
Trade and other receivables		142,017	121,863	21,384	19,262
Cash and cash equivalents		15,352	18,726	177	249
		180,494	164,283	21,561	19,511
Assets held for sale		197	198	-	-
		180,691	164,481	21,561	19,511
Total assets		354,160	337,708	142,133	140,086

Statement of Financial Position as at 30 June 2018 (cont'd)

DESCRIPTION	Note	Group		Company	
		30-Jun-18	31-Mar-18 (Restated)	30-Jun-18	31-Mar-18
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital		80,522	80,498	80,522	80,498
Reserves		48,849	52,128	51,347	51,367
		129,371	132,626	131,869	131,865
Non-controlling interests		27,049	26,761	-	-
Total equity		156,420	159,387	131,869	131,865
Non-current liabilities					
Loans and borrowings		21,394	21,215	14	16
Deferred tax liabilities		1,938	1,853	-	-
		23,332	23,068	14	16
Current liabilities					
Loans and borrowings		62,915	59,162	66	160
Trade and other payables		102,823	86,511	10,150	8,012
Provisions		8,554	9,350	-	-
Current tax payable		116	230	34	33
		174,408	155,253	10,250	8,205
Total liabilities		197,740	178,321	10,264	8,221
Total equity and liabilities		354,160	337,708	142,133	140,086

Consolidated Statement of Cash Flows for the 3 Months ended 30 June 2018

	3 months ended	
	<u>30-Jun-18</u>	<u>30-Jun-17</u>
	\$'000	\$'000
Cash flows from operating activities		
Loss for the period	(2,441)	(2,938)
Adjustments for:		
Allowance for foreseeable losses (reversed)/ recognised on construction work-in-progress	(540)	185
Bad debts written back	(38)	-
Depreciation of property, plant and equipment	6,019	6,544
Gain on disposal of property, plant and equipment	(667)	(113)
Impairment losses reversed on trade and other receivables	(111)	(509)
Inventories written off	9	-
Net finance expenses	906	1,032
Provisions made/(reversed) for:		
- liquidated damages	206	(138)
- rectification costs	203	471
Share of profit of a joint venture (net of tax)	-	(1)
Write-down of plant and equipment	42	-
Tax expense	182	23
Operating activities before working capital changes	3,770	4,556
Changes in working capital:		
Inventories	1,237	(236)
Trade and other receivables	(21,329)	(10,129)
Trade and other payables	17,110	12,632
Cash generated from operations	788	6,823
Taxes paid	(271)	(344)
Interest received	52	62
Net cash generated from operating activities	569	6,541

**Consolidated Statement of Cash Flows for the 3 Months ended 30 June 2018
(cont'd)**

	3 months ended	
	<u>30-Jun-18</u>	<u>30-Jun-17</u>
	\$'000	\$'000
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,179)	(1,804)
Proceeds from disposal of:		
- property, plant and equipment	955	1,895
- a joint venture	-	419
Subscription of convertible notes	(120)	-
Net cash (used in)/generated from investing activities	(4,344)	510
Cash flows from financing activities		
Interest paid	(811)	(756)
Proceeds from:		
- bank loans	3,154	975
- bills payable	27,895	9,492
- cash grant from Productivity Innovation Project Scheme for acquisition of property, plant and equipment	127	-
- issue of shares from exercise of warrants, net of expenses	24	-
Repayment of:		
- bank loans	(4,443)	(2,597)
- bills payable	(24,712)	(5,607)
- finance lease liabilities	(2,551)	(3,485)
Decrease in fixed deposits pledged	-	1,000
Net cash used in financing activities	(1,317)	(978)
Net (decrease)/increase in cash and cash equivalents	(5,092)	6,073
Cash and cash equivalents at 1 April	15,758	13,090
Effect of exchange rate changes on balances held in foreign currencies	12	136
Cash and cash equivalents at 30 June	10,678	19,299
Comprising:		
Cash and cash equivalents	15,352	22,228
Bank overdrafts	(4,674)	(2,929)
Cash and cash equivalents in the consolidated cash flow statement	10,678	19,299

Statements of Changes in Equity for the 3 Months ended 30 June 2018

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 2017, as previously reported	80,292	17,798	(2,354)	116	(7,374)	11,828	(881)	45,519	144,944	25,900	170,844
Adoption of SFRS(I) 15	-	-	-	-	1	-	-	185	186	-	186
At 1 April 2017, as restated	80,292	17,798	(2,354)	116	(7,373)	11,828	(881)	45,704	145,130	25,900	171,030
Total comprehensive income for the period	-	-	-	-	-	-	-	(3,140)	(3,140)	202	(2,938)
(Loss)/Profit for the period	-	-	-	-	-	-	-	(3,140)	(3,140)	202	(2,938)
Other comprehensive income	-	-	-	-	407	-	-	-	407	43	450
Foreign currency translation differences	-	-	-	-	407	-	-	-	407	43	450
Transfer of revaluation surplus	-	-	-	-	-	(163)	-	163	-	-	-
Total other comprehensive income	-	-	-	-	407	(163)	-	163	407	43	450
Total comprehensive income for the period	-	-	-	-	407	(163)	-	(2,977)	(2,733)	245	(2,488)
Transactions with owners of the Company, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-
Total transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-	-
At 30 June 2017	80,292	17,798	(2,354)	116	(6,966)	11,665	(881)	42,727	142,397	26,145	168,542
At 31 March 2018, as previously reported	80,498	17,798	(2,354)	116	(5,770)	11,199	(881)	31,834	132,440	26,761	159,201
Adoption of SFRS(I) 15	-	-	-	-	1	-	-	185	186	-	186
At 31 March 2018, as restated	80,498	17,798	(2,354)	116	(5,769)	11,199	(881)	32,019	132,626	26,761	159,387
Adoption of SFRS(I) 9	-	-	-	-	-	-	-	(270)	(270)	(122)	(392)
At 1 April 2018, as restated	80,498	17,798	(2,354)	116	(5,769)	11,199	(881)	31,749	132,356	26,639	158,995
Total comprehensive income for the period	-	-	-	-	-	-	-	(2,900)	(2,900)	459	(2,441)
(Loss)/Profit for the period	-	-	-	-	-	-	-	(2,900)	(2,900)	459	(2,441)
Other comprehensive income	-	-	-	-	(109)	-	-	-	(109)	(49)	(158)
Foreign currency translation differences	-	-	-	-	(109)	-	-	-	(109)	(49)	(158)
Transfer of revaluation surplus	-	-	-	-	-	(149)	-	149	-	-	-
Total other comprehensive income	-	-	-	-	(109)	(149)	-	149	(109)	(49)	(158)
Total comprehensive income for the period	-	-	-	-	(109)	(149)	-	(2,751)	(3,009)	410	(2,599)
Transactions with owners of the Company, recorded directly in equity	-	-	-	-	-	-	-	-	-	-	-
Contributions by and distributions to owners	-	-	-	-	-	-	-	-	-	-	-
Issue of shares from exercise of warrants	24	-	-	-	-	-	-	-	24	-	24
Total contributions by and distributions to owners	24	-	-	-	-	-	-	-	24	-	24
Total transactions with owners of the Company	24	-	-	-	-	-	-	-	24	-	24
At 30 June 2018	80,522	17,798	(2,354)	116	(5,878)	11,050	(881)	28,998	129,371	27,049	156,420

Statements of Changes in Equity for the 3 Months ended 30 June 2018 (cont'd)

<u>Company</u>	Share capital	Capital reserve	Reserve for own shares	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2017	80,292	17,798	(2,354)	33,959	129,695
Total comprehensive income for the period	-	-	-	46	46
Transactions with owners of the Company, recorded directly in equity					
Total transactions with owners	-	-	-	-	-
At 30 June 2017	80,292	17,798	(2,354)	34,005	129,741
At 1 April 2018	80,498	17,798	(2,354)	35,923	131,865
Total comprehensive income for the period	-	-	-	(20)	(20)
Transactions with owners of the Company, recorded directly in equity					
Issue of shares from exercise of warrants	24	-	-	-	24
Total transactions with owners	24	-	-	-	24
At 30 June 2018	80,522	17,798	(2,354)	35,903	131,869

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 2018 to 30 June 2018 with comparative figures for the 3 months period from 1 April 2017 to 30 June 2017.

A Cost of sales

	Group	
	3 months ended	
	30/06/2018	30/06/2017
	\$'000	\$'000
Cost of sales includes the following items:		
Allowance for foreseeable losses (reversed)/ recognised on construction work-in-progress	(540)	185
Depreciation of property, plant and equipment	5,666	6,181
Inventories written off	9	-
Provisions made/(reversed) for:		
- liquidated damages	206	(138)
- rectification costs	203	471

B Other income

	Group	
	3 months ended	
	30/06/2018	30/06/2017
	\$'000	\$'000
Other income includes the following item:		
Gain on disposal of property, plant and equipment	667	113

C Administrative expenses

	Group	
	3 months ended	
	30/06/2018	30/06/2017
	\$'000	\$'000
Administrative expenses includes the following items:		
Depreciation for property, plant and equipment	353	363
Exchange gain	(13)	(317)

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

D Other operating income

	Group 3 months ended	
	30/06/2018	30/06/2017
	\$'000	\$'000
Other operating income includes the following items:		
Bad debts written back	(38)	-
Impairment losses reversed on trade and other receivables ⁽¹⁾	(111)	(509)

⁽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 3 months ended	
	30/06/2018	30/06/2017
	\$'000	\$'000
Current tax expense		
- current period	178	266
- (over)/under provided in prior years	(146)	47
	32	313
Deferred tax expense/(credit)		
- current period	16	120
- under/(over) provided in prior years	134	(410)
	150	(290)
	182	23

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

F Interested person transactions

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

Interested person transactions carried out during the 3 months ended 30 June 2018 under Chapter 9 of the Listing Manual are as follows:

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	3 months ended 30/06/2018	3 months ended 30/06/2018
	\$'000	\$'000
Tat Hong HeavyEquipment (Pte.) Ltd ⁽¹⁾	586	Nil
Tat Hong Plant Leasing Pte Ltd ⁽¹⁾	1,116	Nil
Tat Hong (Thailand) Co., Ltd ⁽¹⁾	259	Nil
THAB Development Sdn Bhd ⁽²⁾	144	Nil
WB TOP3 Development Sdn. Bhd. ⁽³⁾	972	Nil

Note:

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

⁽²⁾ With reference to the Group's announcement on 25 October 2013, the Group entered into a Shareholders' Agreement ("SHA") with Tat Hong International Pte Ltd, AME Land Sdn Bhd and BP Lands Sdn Bhd in relation to THAB Development Sdn Bhd ("THAB"), to jointly undertake mixed property development in Iskandar Malaysia.

Pursuant to the SHA, the Group subscribed for shares equivalent to 5% of the enlarged share capital of THAB for RM0.5 million (equivalent to \$0.2 million) and granted a shareholder's loan of RM4.4 million (equivalent to \$1.7 million) in proportion to its shareholdings to THAB in October 2013.

In 1QFY19, the Group granted additional shareholder's loan in proportion to its shareholdings of RM0.4 million (equivalent to \$0.1 million) to THAB for financing of property development.

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

F Interested person transactions (cont'd)

⁽³⁾ With reference to the Group's announcements on 20 May 2016 and 23 June 2016, the Group entered into a Shareholders' Agreement ("SA") with Triplestar Properties Sdn Bhd ("TSP") and Zillion Holding Sdn Bhd in relation to WB TOP3 Development Sdn. Bhd. (formerly known as TOP3 Development Sdn. Bhd.) ("TOP3"), to jointly undertake commercial property development in Seremban, Negeri Sembilan, Malaysia.

Pursuant to the SA, the Group subscribed for shares equivalent to 40% of the share capital of TOP3 for RM2.0 million (equivalent to \$0.7 million) and granted a shareholder's loan of RM0.2 million (equivalent to \$0.1 million) in proportion to its shareholdings to TOP3 during the first quarter ended 30 June 2016.

In September 2017, the Group entered into a new Shareholders' Agreement ("Revised SA") with TSP, Bluecrest Holding Pte Ltd and WB Land (Ainsdale) Sdn Bhd in relation to the investment in TOP3. Pursuant to the Revised SA, the Group's equity interest in TOP3 diluted from 40% to 19%.

In 1QFY19, the Group granted additional shareholder's loan in proportion to its shareholdings of RM2.9 million (equivalent to \$1.0 million) to TOP3 for financing of property development.

Notes to the Statement of Financial Position

1 Property, plant and equipment

The movement in property, plant and equipment is as follows:

	Group	
	As at 30/06/2018 \$'000	As at 31/03/2018 \$'000
<u>Cost/Valuation</u>		
Opening balance	381,078	377,544
Additions	5,637	13,836
Reclassification from inventories	399	7,613
Transfer to inventories	(520)	(5,811)
Reclassification to assets held for sale	-	(1,494)
Disposals/Write-offs	(2,620)	(13,599)
Translation differences on consolidation	(169)	2,989
Closing balance	383,805	381,078
<u>Accumulated depreciation and impairment losses</u>		
Opening balance	224,857	212,615
Depreciation charge	6,019	25,816
Impairment loss	(16)	63
Transfer to inventories	(246)	(4,527)
Reclassification to assets held for sale	-	(1,022)
Disposals/Write-offs	(2,136)	(9,818)
Translation differences on consolidation	(88)	1,730
Closing balance	228,390	224,857
Carrying amount	155,415	156,221

2 Inventories

	Group	
	As at 30/06/2018 \$'000	As at 31/03/2018 \$'000
Equipment and machinery held for sale	11,577	12,180
Spare parts	8,895	9,396
Construction materials on sites	2,653	2,118
	23,125	23,694
Allowance for inventory obsolescence	-	-
	23,125	23,694

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

3 Aggregate amount of Group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 30/06/2018	
Secured	Unsecured
\$'000	\$'000
9,514	53,401

As at 31/03/2018	
Secured	Unsecured
\$'000	\$'000
9,894	49,268

Amount repayable after one year

As at 30/06/2018	
Secured	Unsecured
\$'000	\$'000
21,394	-

As at 31/03/2018	
Secured	Unsecured
\$'000	\$'000
21,215	-

Details of any collateral

The Group's total borrowings were \$84.3 million (31 March 2018: \$80.4 million) and consist of finance leases and bank loans. Included in the borrowings repayable within one year were bills payable amounting to \$19.9 million (31 March 2018: \$16.7 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 \$6,059,000 (31 March 2018: \$7,741,000) are also guaranteed by a related corporation:

- a) \$18,476,000 (31 March 2018: \$18,092,000) in respect of plant and machinery acquired under finance leases;
- b) \$11,982,000 (31 March 2018: \$12,482,000) which are secured by a charge over the leasehold land and properties; and
- c) \$450,000 (31 March 2018: \$535,000) which are secured by a mortgage over the plant and machinery.

Notes to the Statement of Changes in Equity

1 Changes in the Company's Share Capital

As at 30 June 2018, the issued and fully paid-up share capital of the Company was 2,231,527,546 (31 March 2018: 2,229,145,881) ordinary shares. Movement in the Company's issued and fully paid-up share capital during the 3 months ended 30 June 2018 was as follows:

	Number of shares	\$'000
As at 1 April 2018	2,229,145,881	80,498
Exercise of warrants	2,381,665	24
As at 30 June 2018	<u>2,231,527,546</u>	<u>80,522</u>

The total number of ordinary shares issued (excluding treasury shares) as at 30 June 2018 was 2,211,007,546 (31 March 2018: 2,208,625,881) ordinary shares.

During the 3 months ended 30 June 2018, 2,381,665 warrants were exercised at \$0.01 each pursuant to the Rights cum Warrants Issue on 30 December 2015. As at 30 June 2018, there were outstanding warrants of 1,418,163,625 (30 June 2017: 1,441,101,590) for conversion into ordinary shares, representing 64.1% (30 June 2017: 65.9%) of the total number of ordinary shares issued (excluding treasury shares). 100,000 warrants were exercised subsequent to 30 June 2018, the details are set out in "Subsequent Event" note in page 26.

There were no share buybacks for the 3 months ended 30 June 2018. There were 20,520,000 shares held as treasury shares as at 30 June 2018 (30 June 2017: 20,520,000 shares), representing 0.9% (30 June 2017: 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 30 June 2018.

There were no subsidiary holdings in the Company as at 30 June 2018. There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2018.

Audit

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

Accounting Policies

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). The Group's financial statements for the financial year ending 31 March 2019 will be prepared in accordance with SFRS(I), and International Financial Reporting Standards issued by the International Accounting Standards Board.

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 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning on 1 April 2018 as follows:

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*;
- SFRS(I) 9 *Financial Instruments*;
- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);

Accounting Policies (cont'd)

- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

The Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 15 and SFRS(I) 9.

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met.

The Group has adopted SFRS(I) 15 in its financial statements for the year ending 31 March 2019, using the retrospective approach, except for the practical expedients used for completed contracts. Under these practical expedients, completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The impact on the adoption of SFRS(I) 15 is summarised below:

Consolidated statement of financial position as at 31 March 2018

	Group Adjustments \$'000
Decrease in excess of progress billings over construction work-in-progress	926
Increase in provisions	740
Increase in foreign currency translation reserve	1
Increase in retained earnings	<u>185</u>

The adoption of SFRS(I) 15 does not have any significant impact on the Group's consolidated statements of profit or loss for 1QFY19 and 1QFY18.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

The Group has elected to adopt the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2019 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 are recognised in retained earnings and reserves as at 1 April 2018.

The Group applied the simplified approach and record lifetime expected credit loss on all trade receivables arising from the application of SFRS(I) 9.

Accounting Policies (cont'd)

The impact on the adoption of SFRS(I) 9 is summarised below:

Consolidated statement of financial position as at 1 April 2018

	Group Adjustments \$'000
Decrease in trade and other receivables	459
Increase in deferred tax assets	1
Decrease in deferred tax liabilities	66
Decrease in non-controlling interests	122
Decrease in retained earnings	270

Following the adoption of SFRS(I) 9, an additional impairment losses on trade receivables of \$193,000 was recognised in the consolidated statement of profit or loss for 1QFY19 (1QFY18: \$Nil).

The above assessments on the adoption of SFRS(I) 15 and SFRS(I) 9 are preliminary as not all transition work requirements have been finalised and therefore may be subject to adjustments.

Loss Per Share

(a) Basic loss per ordinary share

	3 months ended	
	30/06/2018	30/06/2017
Based on the weighted average number of ordinary shares on issue	(0.13) cents	(0.14) cents
	3 months ended	
	30/06/2018	30/06/2017
	\$'000	\$'000
Basic loss per ordinary share is based on:		
Net loss attributable to ordinary shareholders	(2,900)	(3,140)
	3 months ended	
	30/06/2018	30/06/2017
Weighted average number of:		
Issued ordinary shares at beginning of the period	2,229,145,881	2,208,589,581
Issue of shares via exercise of warrants	602,564	-
Ordinary shares held as treasury shares	(20,520,000)	(20,520,000)
Weighted average number of ordinary shares used to compute loss per ordinary share	2,209,228,445	2,188,069,581

Loss Per Share (cont'd)

(b) Diluted loss per ordinary share

	3 months ended	
	30/06/2018	30/06/2017
On a fully diluted basis	(0.13) cents	(0.14) cents
	3 months ended	
	30/06/2018	30/06/2017
	\$'000	\$'000
Diluted loss per ordinary share is based on:		
Net loss attributable to ordinary shareholders	(2,900)	(3,140)

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.

	3 months ended	
	30/06/2018	30/06/2017
Weighted average number of:		
Ordinary shares used in the calculation of basic loss per ordinary share	2,209,228,445	2,188,069,581
Potential ordinary shares issuable under exercise of warrants	*	*
Weighted average number of ordinary shares issued and potential shares assuming full conversion	2,209,228,445	2,188,069,581

* 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 30/06/2018	As at 31/03/2018
Group		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	7.1 cents	7.2 cents
Company		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	6.0 cents	6.0 cents

The net asset value per ordinary share is calculated based on net asset value of \$156.4 million (31 March 2018: \$159.4 million) over the total number of ordinary shares issued (excluding treasury shares) as at 30 June 2018 of 2,211,007,546 (31 March 2018: 2,208,625,881) 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 30 June 2018, 100,000 warrants were exercised at \$0.01 each pursuant to the Rights cum Warrants Issue on 30 December 2015.

The movement in the Company's outstanding warrants subsequent to 30 June 2018 till the latest practicable date, 26 July 2018, was as follows:

	Number of warrants
As at 1 July 2018	1,418,163,625
Exercise of warrants	(100,000)
As at 26 July 2018	<u>1,418,063,625</u>

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 the latest practicable date, 26 July 2018, the Concert Party Group holds in aggregate:
 - (i) 1,155,618,407 Shares, representing approximately 52.26% 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 57.57% (based on the enlarged share capital of the Company of 2,487,340,136 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
2 August 2018