



CSC HOLDINGS LIMITED

(Company Registration Number: 199707845E)

Financial Statements Announcement

for the Second Quarter Ended 30 September 2016

(For the Financial Year Ending 31 March 2017)

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Review of the Performance of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

2QFY17 – for the 3 months ended 30 September 2016

1QFY17 – for the 3 months ended 30 June 2016

2QFY16 – for the 3 months ended 30 September 2015

1HFY17 – for the 6 months ended 30 September 2016

1HFY16 – for the 6 months ended 30 September 2015

Review of Results for the Second Quarter Ended 30 September 2016

	2QFY17 \$'000	1QFY17 \$'000	Change %	2QFY16 \$'000	Change %	1HFY17 \$'000	1HFY16 \$'000	Change %
Revenue	62,505	69,109	(9.6)	93,726	(33.3)	131,614	218,079	(39.6)
Gross Profit	205	2,002	(89.8)	5,731	(96.4)	2,207	14,725	(85.0)
Other Income	461	1,332	(65.4)	473	(2.5)	1,793	927	93.4
Operating Expenses	(6,587)	(6,575)	0.2	(6,810)	(3.3)	(13,162)	(14,628)	(10.0)
(Loss)/Profit from Operating Activities	(5,921)	(3,241)	82.7	(606)	N.M.	(9,162)	1,024	N.M.
Recovery of Legal and Other Costs as a result of an Arbitration Award received	-	-	N.A.	906	N.A.	-	906	N.A.
(Loss)/Profit from Operating Activities after Recovery of Costs	(5,921)	(3,241)	82.7	300	N.M.	(9,162)	1,930	N.M.
Net Finance Expenses	(731)	(937)	(22.0)	(223)	N.M.	(1,668)	(1,190)	40.2
Interest Income Recognised as a result of an Arbitration Award received	-	-	N.A.	337	N.A.	-	337	N.A.
Share of (Loss)/Profit of a Joint Venture	(67)	36	N.M.	(142)	(52.8)	(31)	(121)	(74.4)
(Loss)/Profit before Tax	(6,719)	(4,142)	62.2	272	N.M.	(10,861)	956	N.M.
Tax (Expense)/Credit	(847)	(582)	45.5	248	N.M.	(1,429)	(30)	N.M.
(Loss)/Profit for the period	(7,566)	(4,724)	60.2	520	N.M.	(12,290)	926	N.M.
EBITDA	823	3,561	(76.9)	6,767	(87.8)	4,384	15,263	(71.3)

Gross Profit Margins

0.3%

2.9%

6.1%

1.7%

6.8%

Revenue

The Group recorded revenue of \$131.6 million for 1HFY17 (1HFY16: \$218.1 million) and \$62.5 million for 2QFY17 (2QFY16: \$93.7 million). The decline in revenue was mainly due to the completion of existing projects, coupled with lower work volume from newly awarded projects during the periods under review as a large bulk of the \$178 million worth of projects secured by the Group in 1HFY17 has yet to commence work.

In line with the time lag between the completion of existing projects and the commencement of new projects, revenue for 2QFY17 was 9.6% lower than the \$69.1 million recorded in 1QFY17.

Gross Profit and Gross Profit Margins (GPM)

Gross profit for 1HFY17 and 2QFY17 was lower at \$2.2 million (1HFY16: \$14.7 million) and \$0.2 million (2QFY16: \$5.7 million; 1QFY17: \$2.0 million) respectively, reflecting the lower revenue recorded for the periods under review.

Other Income

The Group recorded other income of \$1.8 million for 1HFY17 (1HFY16: \$0.9 million) and \$0.5 million for 2QFY17 (2QFY16: \$0.5 million), mainly due to gains from the disposal of older equipment. In view of the continued weakness in demand, the Group has been actively trimming its costs by right-sizing its operations and disposing of aging and less efficient equipment.

Other income for 2QFY17 was lower compared to \$1.3 million in 1QFY17, taking into account a lower gain of \$0.3 million from the disposal of older equipment in 2QFY17 (1QFY17: \$0.8 million).

Operating Expenses

	2QFY17 \$'000	1QFY17 \$'000	Change %	2QFY16 \$'000	Change %	1HFY17 \$'000	1HFY16 \$'000	Change %
Other Operating Expenses	6,423	6,621	(3.0)	6,412	0.2	13,044	13,924	(6.3)
Impairment Losses Recognised/ (Reversed) on Trade and Other Receivables	3	(41)	N.M.	455	(99.3)	(38)	465	N.M.
Exchange Loss/(Gain)	161	(5)	N.M.	(57)	N.M.	156	239	(34.7)
	6,587	6,575	0.2	6,810	(3.3)	13,162	14,628	(10.0)
Recovery of Legal and Other Costs as a result of an Arbitration Award received	-	-	N.A.	(906)	N.A.	-	(906)	N.A.
Net Operating Expenses	6,587	6,575	0.2	5,904	11.6	13,162	13,722	(4.1)
Other Operating Expenses /Revenue	10.3%	9.6%		6.8%		9.9%	6.4%	

As a result of the Group's cost reduction efforts, other operating expenses for 1HFY17 declined by 6.3% to \$13.0 million as compared to \$13.9 million in 1HFY16. Other operating expenses for 2QFY17 of \$6.4 million was comparable to the \$6.4 million and \$6.6 million recorded in 2QFY16 and 1QFY17 respectively.

Other operating expenses to revenue ratios for 1HFY17 and 2QFY17 were 9.9% (1HFY16: 6.4%) and 10.3% (2QFY16: 6.8%; 1QFY17: 9.6%) respectively. Despite the reduction in other operating expenses, the ratios were higher as a result of lower revenues recorded during the periods under review.

Net Finance Expenses

	2QFY17 \$'000	1QFY17 \$'000	Change %	2QFY16 \$'000	Change %	1HFY17 \$'000	1HFY16 \$'000	Change %
Interest Income	44	68	(35.3)	161	(72.7)	112	175	(36.0)
Interest Expenses	(746)	(794)	(6.0)	(826)	(9.7)	(1,540)	(1,667)	(7.6)
Net Interest Expenses	(702)	(726)	(3.3)	(665)	5.6	(1,428)	(1,492)	(4.3)
Imputed Interest on Non- Current Assets	(29)	(211)	(86.3)	442	N.M.	(240)	302	N.M.
Net Finance Expenses	(731)	(937)	(22.0)	(223)	N.M.	(1,668)	(1,190)	40.2
Interest Income Recognised as a result of an Arbitration Award received	-	-	N.A.	337	N.A.	-	337	N.A.
	(731)	(937)	(22.0)	114	N.M.	(1,668)	(853)	95.5

Net interest expenses were \$1.4 million for 1HFY17 (1HFY16: \$1.5 million) and \$0.7 million for 2QFY17 (2QFY16: \$0.7 million; 1QFY17: \$0.7 million). The decline was due to the Group's on-going effort to reduce the amount of bank borrowings utilised during the periods under review.

(Loss)/Profit for the period

Taking into account the factors above, the Group recorded a net loss of \$12.3 million for 1HFY17 (1HFY16: net profit of \$0.9 million) and \$7.6 million for 2QFY17 (2QFY16: net profit of \$0.5 million) respectively.

Earnings before interest, tax, depreciation and amortization (EBITDA) for 1HY17 and 2QFY17 were positive at \$4.4 million (1HFY16: \$15.3 million) and \$0.8 million (2QFY16: \$6.8 million) respectively.

Loss per share for 1HY17 and 2QFY17 were 0.59 cent and 0.36 cent, compared to earnings per share of 0.04 cent and 0.003 cent for 1HFY16 and 2QFY16 respectively.

STATEMENT OF FINANCIAL POSITION

Property, Plant and Equipment

Net book value of property, plant and equipment as at 30 September 2016 was \$161.5 million (31 March 2016: \$167.9 million). In 1HFY17, the Group acquired \$5.8 million worth of new plant and equipment to replace older equipment. In addition, the Group also capitalised \$3.3 million of construction costs for the development of its new Tuas Yard in 1HFY17. The Group disposed of plant and equipment with carrying values of \$1.5 million and recorded a \$1.2 million gain on the disposal. There were no significant changes in depreciation of \$13.6 million in 1HFY17, as compared to 1HFY16.

Net Current Assets

As at 30 September 2016, net current assets of the Group was \$23.8 million (31 March 2016: \$36.6 million). Current ratio (current assets / current liabilities) was 1.13 (31 March 2016: 1.20).

The Group recorded higher inventories of \$27.6 million as at 30 September 2016 (31 March 2016: \$24.4 million). The Group has received deposits of \$0.7 million from a customer for inventories amounting to approximately \$2.3 million as at 30 September 2016.

Trade and other receivables were \$151.0 million (31 March 2016: \$166.0 million) while Trade and other payables were \$91.5 million (31 March 2016: \$95.0 million), in line with the lower level of business activity.

Borrowings

As at 30 September 2016, total borrowings of the Group was \$94.3 million (31 March 2016: \$98.4 million) as a result of the net repayment of debts in 1HFY17.

Debt to equity ratio as at 30 September 2016 was 0.55 (31 March 2016: 0.53).

Equity and Net Asset Value

Total equity stood at \$172.3 million as at 30 September 2016 (31 March 2016: \$185.3 million), while net asset value per ordinary share was 7.9 cents (31 March 2016: 8.5 cents).

The Group's foreign currency translation reserve as at 30 September 2016 declined as the Singapore Dollar strengthened against the Malaysian Ringgit.

CASH FLOW

	2QFY17 \$'000	1QFY17 \$'000	Change %	2QFY16 \$'000	Change %	1HFY17 \$'000	1HFY16 \$'000	Change %
Cash Flow from Operating Activities	13,251	(7,661)	N.M.	11,202	18.3	5,590	18,092	69.1
Cash Flow from Investing Activities	(2,914)	(1,555)	(87.4)	(2,907)	0.2	(4,469)	(4,054)	(10.2)
Cash Flow from Financing Activities	(8,757)	(86)	N.M.	(6,713)	30.4	(8,843)	(19,757)	55.2
Cash and Cash Equivalents	17,910	16,413	9.1	11,868	50.9	17,910	11,868	50.9

Cash Flow from Operating Activities

Net cash inflow from operating activities were \$5.6 million for 1HFY17 (1HFY16: \$18.1 million) and \$13.3 million for 2QFY17 (2QFY16: \$11.2 million).

Quarter-on-quarter, net cash inflow from operating activities improved to \$13.3 million for 2QFY17 from a net cash outflow of \$7.7 million in 1QFY17, due to the decrease in net working capital required for 2QFY17. The Group recorded a temporary increase of \$7.8 million in net working capital required for inventories and trade and other receivables in 1QFY17.

Cash Flow from Investing Activities

The Group recorded net cash outflow from investing activities of \$4.5 million and \$2.9 million for 1HFY17 and 2QFY17 respectively (1HFY16: \$4.1 million and 2QFY16: \$2.9 million).

The higher cash outflow in 1HFY17 was mainly due to investments of \$1.7 million in Malaysia and the United Kingdom. These investments included a proposed development of commercial properties for sale in Seremban, Negeri Sembilan, Malaysia through a joint venture amounting to \$0.7 million in 1QFY17 and a proposed property development in Hertford, United Kingdom amounting to \$0.9 million in 2QFY17.

The net cash outflow for 2QFY17 was higher than 1QFY17 of \$1.6 million mainly due to higher net cash outflow on capital expenditure incurred for its operations.

Cash Flow from Financing Activities

The Group recorded net cash outflow from financing activities of \$8.8 million for 1HFY17 (1HFY16: \$19.8 million) and \$8.8 million for 2QFY17 (2QFY16: \$6.7 million), following the net repayment of bank borrowings during the periods under review.

Quarter-on-quarter, net cash outflow from financing activities increased to \$8.8 million from \$0.1 million for 1QFY17, taking into account the loans drawn down for capital expenditure and working capital purposes in 1QFY17.

Cash and Cash Equivalents

Taking into consideration the abovementioned factors, the Group recorded cash and cash equivalents of \$17.9 million as at 30 September 2016 (30 September 2015: \$11.9 million; 30 June 2016: \$16.4 million).

Outlook

The global economy has remained generally subdued, and the impact of the economic weakness on Singapore has been exacerbated by the country's exposure to volatile sectors such as the oil and gas industry. In light of this, overall demand for construction services from the residential and industrial sectors have declined substantially as individuals and organisations alike exercise significant caution with regard to the deployment of their financial resources. Despite the Group's best effort to trim its operating costs, the impact of depressed tender prices continues to take toll on its performance.

The economic outlook in the calendar year is not expected to show improvement. Demand for construction services is thus expected to remain muted.

Since FY15, the Group has undertaken a series of initiatives to further improve its cost and operational efficiency. This has resulted in excess of 20% headcount reduction since April 2014 and the rationalising of its equipment fleet. The Group will continue to diligently manage and right-size the operations. The construction of the new Tuas Yard has almost been completed as at 31 October 2016. We expect to obtain the Temporary Occupation Permit by end 2016.

The Group has secured \$178 million worth of contracts for 1HFY17, including three MRT projects from the Thomson-East Coast Line. As at 7 November 2016, the Group's order book stood at approximately \$190 million (8 August 2016: \$130 million).

Consolidated Statement of Profit or Loss for the 2nd Quarter ended 30 September 2016

	Note	Group			Group		
		2nd Quarter ended		Change	6 months ended		Change
		30-Sep-16	30-Sep-15		30-Sep-16	30-Sep-15	
		\$'000	\$'000	%	\$'000	\$'000	%
Revenue		62,505	93,726	(33.3)	131,614	218,079	(39.6)
Cost of sales	A	(62,300)	(87,995)	(29.2)	(129,407)	(203,354)	(36.4)
Gross profit		205	5,731	(96.4)	2,207	14,725	(85.0)
Other income	B	461	473	(2.5)	1,793	927	93.4
Distribution expenses		(209)	(137)	52.6	(356)	(299)	19.1
Administrative expenses	C	(6,320)	(6,181)	2.2	(12,762)	(13,783)	(7.4)
Other operating expenses	D	(58)	(492)	(88.2)	(44)	(546)	(91.9)
Recovery of legal and other costs as a result of an arbitration award received	E	-	906	N.A.	-	906	N.A.
Results from operating activities		(5,921)	300	N.M.	(9,162)	1,930	N.M.
Finance income		44	603	(92.7)	112	477	(76.5)
Finance expenses		(775)	(826)	(6.2)	(1,780)	(1,667)	6.8
Interest income recognised as a result of an arbitration award received	E	-	337	N.A.	-	337	N.A.
Net finance (expenses)/income		(731)	114	N.M.	(1,668)	(853)	95.5
Share of loss of a joint venture (net of tax)		(67)	(142)	(52.8)	(31)	(121)	(74.4)
(Loss)/Profit before tax		(6,719)	272	N.M.	(10,861)	956	N.M.
Tax (expense)/credit	F	(847)	248	N.M.	(1,429)	(30)	N.M.
(Loss)/Profit for the period		(7,566)	520	N.M.	(12,290)	926	N.M.
Attributable to:							
Owners of the Company		(7,928)	33	N.M.	(12,800)	454	N.M.
Non-controlling interests		362	487	(25.7)	510	472	8.1
(Loss)/Profit for the period		(7,566)	520	N.M.	(12,290)	926	N.M.

Gross profit margin

0.3%

6.1%

1.7%

6.8%

Net (loss)/profit margin

-12.1%

0.6%

-9.3%

0.4%

Consolidated Statement of Comprehensive Income for the 2nd Quarter ended 30 September 2016

	Group			Group		
	2nd Quarter ended		Change	6 months ended		Change
	30-Sep-16	30-Sep-15		30-Sep-16	30-Sep-15	
	\$'000	\$'000	%	\$'000	\$'000	%
(Loss)/Profit for the period	(7,566)	520	N.M.	(12,290)	926	N.M.
Other comprehensive income						
Items that are or may be reclassified subsequently to profit or loss:						
Translation differences relating to financial statements of foreign subsidiaries, an associate and a joint venture	74	(3,885)	N.M.	(737)	(5,307)	(86.1)
Other comprehensive income for the period, net of tax	74	(3,885)	N.M.	(737)	(5,307)	(86.1)
Total comprehensive income for the period	(7,492)	(3,365)	N.M.	(13,027)	(4,381)	N.M.
Attributable to:						
Owners of the Company	(7,890)	(3,714)	N.M.	(13,525)	(4,572)	N.M.
Non-controlling interests	398	349	14.0	498	191	N.M.
Total comprehensive income for the period	(7,492)	(3,365)	N.M.	(13,027)	(4,381)	N.M.

Statement of Financial Position as at 30 September 2016

DESCRIPTION	Note	Group		Company	
		30-Sep-16	31-Mar-16	30-Sep-16	31-Mar-16
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	1	161,490	167,912	36	40
Intangible assets		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	108,091	106,367
- an associate		904	-	-	-
- joint ventures		2,096	1,342	-	-
Other investment		867	855	-	-
Trade and other receivables		9,127	6,593	-	-
Deferred tax assets		-	154	22	22
		175,936	178,308	108,149	106,429
Current assets					
Inventories	2	27,587	24,353	-	-
Derivatives		3	-	-	-
Trade and other receivables		151,023	165,962	24,379	25,157
Cash and cash equivalents		23,587	31,568	1,124	5,962
		202,200	221,883	25,503	31,119
Total assets		378,136	400,191	133,652	137,548

Statement of Financial Position as at 30 September 2016 (cont'd)

DESCRIPTION	Note	Group		Company	
		30-Sep-16	31-Mar-16	30-Sep-16	31-Mar-16
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital		80,289	80,289	80,289	80,289
Reserves		66,070	79,595	48,191	47,516
		146,359	159,884	128,480	127,805
Non-controlling interests		25,952	25,454	-	-
Total equity		172,311	185,338	128,480	127,805
Non-current liabilities					
Loans and borrowings		25,915	28,458	31	36
Deferred tax liabilities		1,537	1,096	-	-
		27,452	29,554	31	36
Current liabilities					
Loans and borrowings		68,362	69,945	245	104
Derivatives		-	69	-	-
Trade and other payables		91,541	94,951	4,799	9,523
Excess of progress billings over construction work-in-progress		186	186	-	-
Provisions		16,713	18,798	-	-
Current tax payable		1,571	1,350	97	80
		178,373	185,299	5,141	9,707
Total liabilities		205,825	214,853	5,172	9,743
Total equity and liabilities		378,136	400,191	133,652	137,548

Consolidated Statement of Cash Flows for the 2nd Quarter ended 30 September 2016

	2nd Quarter ended		6 months ended	
	30-Sep-16	30-Sep-15	30-Sep-16	30-Sep-15
	\$'000	\$'000	\$'000	\$'000
Cash flows from operating activities				
(Loss)/Profit for the period	(7,566)	520	(12,290)	926
Adjustments for:				
Allowance for foreseeable losses recognised on construction work-in-progress	-	392	-	234
Bad debts written off	9	1	9	1
Depreciation of property, plant and equipment	6,811	6,609	13,577	13,454
Gain on disposal of property, plant and equipment	(335)	(226)	(1,182)	(358)
Impairment losses recognised/(reversed) on trade and other receivables	3	455	(38)	465
Net finance expenses	731	(114)	1,668	853
Property, plant and equipment written off	-	-	-	12
Provision for liquidated damages	1,018	975	869	975
Provision (reversed)/made for rectification costs	(30)	1,055	(8)	2,345
Share of loss of a joint venture (net of tax)	67	142	31	121
Tax expense/(credit)	847	(248)	1,429	30
Operating activities before working capital changes	1,555	9,561	4,065	19,058
Changes in working capital:				
Inventories	989	329	(2,955)	2,218
Trade and other receivables	15,488	20,874	10,303	17,655
Trade and other payables	(4,551)	(19,870)	(5,373)	(20,803)
Cash generated from operations	13,481	10,894	6,040	18,128
Taxes paid	(274)	(190)	(562)	(548)
Interest received	44	498	112	512
Net cash generated from operating activities	13,251	11,202	5,590	18,092

Consolidated Statement of Cash Flows for the 2nd Quarter ended 30 September 2016 (cont'd)

	2nd Quarter ended		6 months ended	
	<u>30-Sep-16</u>	<u>30-Sep-15</u>	<u>30-Sep-16</u>	<u>30-Sep-15</u>
	\$'000	\$'000	\$'000	\$'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,014)	(2,766)	(5,964)	(5,674)
Proceeds from disposal of property, plant and equipment	1,004	222	3,148	2,347
Acquisition of:				
- non-controlling interests	-	(363)	-	(727)
Investments in:				
- an associate	(904)	-	(904)	-
- a joint venture	-	-	(749)	-
Net cash used in investing activities	(2,914)	(2,907)	(4,469)	(4,054)
Cash flows from financing activities				
Interest paid	(756)	(838)	(1,545)	(1,662)
Proceeds from:				
- bank loans	6,000	17,771	17,445	23,199
- bills payable	8,275	14,120	17,847	27,095
Repayment of:				
- bank loans	(8,984)	(18,555)	(11,893)	(28,477)
- bills payable	(9,089)	(13,452)	(20,929)	(28,172)
- finance lease liabilities	(4,203)	(5,759)	(8,768)	(11,740)
Increase in fixed deposits pledged	-	-	(1,000)	-
Net cash used in financing activities	(8,757)	(6,713)	(8,843)	(19,757)
Net increase/(decrease) in cash and cash equivalents	1,580	1,582	(7,722)	(5,719)
Cash and cash equivalents at 1 July/1 April	16,413	10,736	25,935	18,295
Effect of exchange rate changes on balances held in foreign currencies	(83)	(450)	(303)	(708)
Cash and cash equivalents at 30 September	17,910	11,868	17,910	11,868
Comprising:				
Cash and cash equivalents	23,587	16,489	23,587	16,489
Bank overdrafts	(4,677)	(4,621)	(4,677)	(4,621)
	18,910	11,868	18,910	11,868
Less:				
Fixed deposits pledged as security for bank facilities	(1,000)	-	(1,000)	-
Cash and cash equivalents in the consolidated cash flow statement	17,910	11,868	17,910	11,868

Statements of Changes in Equity for the 2nd Quarter ended 30 September 2016

<u>Group</u>	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Reserve on consolidation \$'000	Foreign currency translation reserve \$'000	Other reserve \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
At 1 July 2015	64,953	17,798	(2,354)	116	(4,222)	(923)	78,093	153,461	24,561	178,022
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	33	33	487	520
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries, an associate and a joint venture	-	-	-	-	(3,747)	-	-	(3,747)	(138)	(3,885)
Total other comprehensive income	-	-	-	-	(3,747)	-	-	(3,747)	(138)	(3,885)
Total comprehensive income for the period	-	-	-	-	(3,747)	-	33	(3,714)	349	(3,365)
Transactions with owners of the Company, recorded directly in equity										
Total transactions with owners	-	-	-	-	-	-	-	-	-	-
At 30 September 2015	64,953	17,798	(2,354)	116	(7,969)	(923)	78,126	149,747	24,910	174,657
At 1 July 2016	80,289	17,798	(2,354)	116	(6,648)	(881)	65,929	154,249	25,554	179,803
Total comprehensive income for the period										
Profit or loss	-	-	-	-	-	-	(7,928)	(7,928)	362	(7,566)
Other comprehensive income										
Translation differences relating to financial statements of foreign subsidiaries and a joint venture	-	-	-	-	38	-	-	38	36	74
Total other comprehensive income	-	-	-	-	38	-	-	38	36	74
Total comprehensive income for the period	-	-	-	-	38	-	(7,928)	(7,890)	398	(7,492)
Transactions with owners of the Company, recorded directly in equity										
Total transactions with owners	-	-	-	-	-	-	-	-	-	-
At 30 September 2016	80,289	17,798	(2,354)	116	(6,610)	(881)	58,001	146,359	25,952	172,311

Statements of Changes in Equity for the 2nd Quarter ended 30 September 2016 (cont'd)

<u>Company</u>	Share capital	Capital reserve	Reserve for own shares	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2015	64,953	17,798	(2,354)	30,049	110,446
Total comprehensive income for the period	-	-	-	242	242
Transactions with owners of the Company, recorded directly in equity					
Total transactions with owners	-	-	-	-	-
At 30 September 2015	64,953	17,798	(2,354)	30,291	110,688
At 1 July 2016	80,289	17,798	(2,354)	32,259	127,992
Total comprehensive income for the period	-	-	-	488	488
Transactions with owners of the Company, recorded directly in equity					
Total transactions with owners	-	-	-	-	-
At 30 September 2016	80,289	17,798	(2,354)	32,747	128,480

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 second quarter results for the period from 1 July 2016 to 30 September 2016 with comparative figures for the 3 months period from 1 July 2015 to 30 September 2015.

A Cost of sales

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	\$'000	\$'000	\$'000	\$'000
Cost of sales includes the following items:				
Allowance for foreseeable losses recognised on construction work-in-progress	-	392	-	234
Depreciation of property, plant and equipment	6,638	6,411	13,202	13,083
Property, plant and equipment written off	-	-	-	12
Provision for liquidated damages	1,018	975	869	975
Provision (reversed)/made for rectification costs	(30)	1,055	(8)	2,345

B Other income

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	\$'000	\$'000	\$'000	\$'000
Other income includes the following item:				
Gain on disposal of property, plant and equipment	335	226	1,182	358

C Administrative expenses

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	\$'000	\$'000	\$'000	\$'000
Administrative expenses includes the following items:				
Depreciation of property, plant and equipment	173	198	375	371
Exchange loss/(gain)	161	(57)	156	239

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

D Other operating expenses

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	\$'000	\$'000	\$'000	\$'000
Other operating expenses includes the following items:				
Bad debts written off	9	1	9	1
Impairment losses recognised/(reversed) on trade and other receivables ⁽¹⁾	3	455	(38)	465

⁽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 expense/(credit)

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	\$'000	\$'000	\$'000	\$'000
Current tax expense/(credit)				
- current period	679	229	1,173	580
- over provided in prior years	(155)	(668)	(343)	(645)
	<u>524</u>	<u>(439)</u>	<u>830</u>	<u>(65)</u>
Deferred tax expense				
- current period	131	(52)	108	2
- under provided in prior years	192	243	491	93
	<u>323</u>	<u>191</u>	<u>599</u>	<u>95</u>
	<u>847</u>	<u>(248)</u>	<u>1,429</u>	<u>30</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 2nd quarter ended 30 September 2016 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 30/09/2016	6 months ended 30/09/2016	2nd Quarter ended 30/09/2016	6 months ended 30/09/2016
	\$'000	\$'000	\$'000	\$'000
Tat Hong HeavyEquipment (Pte.) Ltd. ⁽¹⁾	426	426	296	1,207
TOP3 Development Sdn. Bhd. ("TOP3") ⁽²⁾	Nil	749	Nil	Nil

Note:

⁽¹⁾ Tat Hong HeavyEquipment (Pte.) Ltd. is a related corporation 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 30/09/2016 \$'000	As at 31/03/2016 \$'000
<u>Cost</u>		
Opening balance	369,373	371,841
Additions	9,127	12,414
Reclassification from inventories	115	2,872
Transfer to inventories	(574)	(8,706)
Disposals/Write-offs	(5,523)	(4,955)
Translation differences on consolidation	(1,153)	(4,093)
Closing balance	371,365	369,373
<u>Accumulated depreciation and impairment losses</u>		
Opening balance	201,461	186,224
Depreciation charge	13,577	26,473
Transfer to inventories	(439)	(6,428)
Disposals/Write-offs	(4,007)	(3,390)
Translation differences on consolidation	(717)	(1,418)
Closing balance	209,875	201,461
Carrying amount	161,490	167,912

2 Inventories

	Group	
	As at 30/09/2016 \$'000	As at 31/03/2016 \$'000
Equipment and machinery held for sale	15,963	12,273
Spare parts	10,709	10,354
Construction materials on sites	937	1,749
	27,609	24,376
Allowance for inventory obsolescence	(22)	(23)
	27,587	24,353

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

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

	Group	
	As at 30/09/2016 \$'000	As at 31/03/2016 \$'000
Costs incurred and attributable profits	357,597	439,955
Progress billings	(248,912)	(324,149)
	<u>108,685</u>	<u>115,806</u>
Progress billings in excess of construction work-in-progress	(186)	(186)
Amount due from customers for contract works ⁽¹⁾	108,871	115,992
	<u>108,685</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 30/09/2016	
Secured	Unsecured
\$'000	\$'000
16,139	52,223

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

Amount repayable after one year

As at 30/09/2016	
Secured	Unsecured
\$'000	\$'000
25,017	898

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

Details of any collateral

The Group's total borrowings were \$94.3 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 \$8.8 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 \$11,153,000 (31 March 2016: \$14,706,000) are also guaranteed by a related corporation:

- \$28,472,000 (31 March 2016: \$34,057,000) in respect of plant and machinery acquired under finance leases. Out of which \$2,281,000 (31 March 2016: \$Nil) are also secured by a charge over the fixed deposits of the Company;
- \$11,882,000 (31 March 2016: \$10,050,000) which are secured by a charge over the leasehold land and properties; and
- \$802,000 (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 30 September 2016, the issued and fully paid-up share capital of the Company was 2,208,294,581 (31 March 2016: 2,208,294,581) ordinary shares.

There were no share buybacks for the 3 months ended 30 September 2016. There were 20,520,000 shares held as treasury shares as at 30 September 2016 (30 September 2015: 20,520,000 shares). There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the 3 months ended 30 September 2016.

The total number of ordinary shares issued (excluding treasury shares) as at 30 September 2016 was 2,187,774,581 (31 March 2016: 2,187,774,581) ordinary shares.

As at 30 September 2016, there were outstanding warrants of 1,441,396,590 (30 September 2015: Nil) for conversion into ordinary shares. 295,000 warrants were exercised subsequent to 30 September 2016, the details are set out in "Subsequent Event" note in page 24.

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*". The auditors' review report is issued in relation to the Group's Condensed Consolidated Interim Financial Report which is attached to the financial statements announcement.

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.

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.

Comparative Information

During the 6 months ended 30 September 2016, 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)/Earnings Per Share

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

	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
Based on the weighted average number of ordinary shares on issue	(0.36) cents	0.003 cents	(0.59) cents	0.04 cents
	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	\$'000	\$'000	\$'000	\$'000
Basic (loss)/earnings per ordinary share is based on:				
Net (loss)/profit attributable to ordinary shareholders	(7,928)	33	(12,800)	454
	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	Number of shares			
Weighted average number of:				
Issued ordinary shares at beginning of the period	2,208,294,581	1,230,243,725	2,208,294,581	1,230,243,725
Ordinary shares held as treasury shares	(20,520,000)	(20,520,000)	(20,520,000)	(20,520,000)
Weighted average number of ordinary shares used to compute earnings per ordinary share	2,187,774,581	1,209,723,725	2,187,774,581	1,209,723,725

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

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

	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
On a fully diluted basis	(0.36) cents	0.003 cents	(0.59) cents	0.04 cents
	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	\$'000	\$'000	\$'000	\$'000
Diluted (loss)/earnings per ordinary share is based on:				
Net (loss)/profit attributable to ordinary shareholders	(7,928)	33	(12,800)	454

For the purpose of calculating the diluted (loss)/earnings 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.

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

	2nd Quarter ended		6 months ended	
	30/09/2016	30/09/2015	30/09/2016	30/09/2015
	Number of shares			
Weighted average number of:				
Ordinary shares used in the calculation of basic (loss)/earnings per ordinary share	2,187,774,581	1,209,723,725	2,187,774,581	1,209,723,725
Potential ordinary shares issuable under exercise of warrants	*	-	*	-
Weighted average number of ordinary issued and potential shares assuming full conversion	2,187,774,581	1,209,723,725	2,187,774,581	1,209,723,725

* 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 30/09/2016	As at 31/03/2016
Group		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	7.9 cents	8.5 cents
Company		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	5.9 cents	5.8 cents

The net asset value per ordinary share is calculated based on net asset value of \$172.3 million (31 March 2016: \$185.3 million) over the total number of ordinary shares issued (excluding treasury shares) as at 30 September 2016 of 2,187,774,581 (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.

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 September 2016, 295,000 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 September 2016 till the latest practicable date, 3 November 2016, was as follows:

	Number of warrants
As at 1 October 2016	1,441,396,590
Exercise of warrants	(295,000)
As at 3 November 2016	<u>1,441,101,590</u>

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

With reference to the Group's announcement dated 10 August 2016, as at 10 November 2016, 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	3.4	2.1
Working capital purposes	2.6 to 4.1	4.1 ⁽²⁾	-
	<u>9.6⁽¹⁾</u>	<u>7.5</u>	<u>2.1</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, 3 November 2016, the Concert Party Group holds in aggregate:
 - (i) 1,151,858,407 Shares, representing approximately 52.64% of the voting rights in the Company; and
 - (ii) 276,182,590 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 57.95% (based on the enlarged share capital of the Company of 2,464,252,171 Shares (excluding treasury shares) immediately following the allotment and issue of 276,182,590 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
10 November 2016