



CSC HOLDINGS LIMITED

(Company Registration Number: 199707845E)

Financial Statements Announcement

for the 6 Months Ended 30 September 2020

(For the Financial Year Ending 31 March 2021)

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Review of the Performance of the Group

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

1HFY21 – for the 6 months ended 30 September 2020

1HFY20 – for the 6 months ended 30 September 2019

Review of Results for the 6 Months Ended 30 September 2020

	1HFY21 \$'000	1HFY20 \$'000	Change %
Revenue	52,811	170,427	(69.0)
Cost of Sales	(65,669)	(149,973)	(56.2)
Gross (Loss)/Profit before Government Assistances	(12,858)	20,454	N.M.
<i>Gross (Loss)/Profit Margins</i>	-24.3%	12.0%	
Government Assistances	6,406	-	N.M.
Gross (Loss)/Profit	(6,452)	20,454	N.M.
<i>Gross (Loss)/Profit Margins</i>	-12.2%	12.0%	
Other Income	3,314	1,240	>100.0
Operating Expenses	(12,170)	(15,853)	(23.2)
Government Assistances	2,566	-	N.M.
(Loss)/Profit from Operating Activities	(12,742)	5,841	N.M.
Net Finance Expenses	(876)	(1,848)	(52.6)
Share of Loss of Associates	(98)	(82)	19.5
(Loss)/Profit before Tax	(13,716)	3,911	N.M.
Tax Expense	(367)	(659)	(44.3)
(Loss)/Profit for the period	(14,083)	3,252	N.M.
EBITDA	137	20,604	(99.3)

Revenue

The imposition of Circuit Breaker ("CB") in Singapore from 6 April 2020 to 1 June 2020 resulted in the cessation of work on all the Group's project sites in Singapore (approximately 2 months of the 6 months under review). The Group's operations in Malaysia were similarly impacted since the imposition of Movement Control Order ("MCO") by the Malaysia government from 18 March 2020 to 3 May 2020 for the construction sector (approximately 1 month of the 6 months under review).

Post CB and MCO, resumption of work at project sites were slow and gradual due to various control and safety measures imposed by the relevant government authorities. As a result, the Group recorded very low revenue in June and July 2020. The Group's revenue for 1HFY21 mainly came from work done in August and September 2020. As of 30 September 2020, more than 80% of the Group's project sites have resumed work.

Consequently, Group revenue for 1HFY21 declined by 69.0% to \$52.8 million (1HFY20: \$170.4 million).

Gross (Loss)/Profit and Gross (Loss)/Profit Margins

In view of the significantly reduced activities, the Group recorded a gross loss of \$12.9 million (1HFY20: gross profit of \$20.5 million) and gross loss margin of -24.3% in 1HFY21 (1HFY20: gross profit margin of 12.0%).

Gross (Loss)/Profit and Gross (Loss)/Profit Margins (Cont'd)

To better manage our costs, the management aggressively negotiated reduced rental charges from the suppliers/business partners during CB/MCO period. This had defrayed the costs incurred in 1HFY21.

In 1HFY21, the Group received \$6.4 million of COVID-19 support grants from the Singapore government, comprising mainly Jobs Support Scheme and foreign workers' levy rebates. After taking into account the government assistances, the gross loss and gross loss margin were \$6.5 million and -12.2% for 1HFY21.

Other Income

	1QFY21 \$'000	1QFY20 \$'000	Change %
Gain/(Loss) on Disposal of:			
- Property, Plant & Equipment	250	638	(60.8)
- Assets Held for Sale			
- Leasehold property, 2TPC	2,818	-	N.M.
- Property, Plant & Equipment	(39)	259	N.M.
	3,029	897	>100.0
Other Miscellaneous Income	285	343	(16.9)
Other Income	3,314	1,240	>100.0

The Group recorded higher other income of \$3.3 million for 1HFY21 (1HFY20: \$1.2 million). This took into account the \$2.8 million gain from the disposal of leasehold property located at No 2, Tanjong Penjuru Crescent ("2TPC").

Operating Expenses

	1HFY21 \$'000	1HFY20 \$'000	Change %
Other Operating Expenses	11,865	14,730	(19.5)
a) Change in Fair Value of Other Investment	-	240	N.M.
b) Expected Credit Losses Reversed on Trade and Other Receivables and Contract Assets	(37)	(205)	(82.0)
c) Impairment Losses (Reversed)/ Recognised on Trade and Other Receivables and Contract Assets	(2)	549	N.M.
d) Exchange Loss/(Gain)	12	(229)	N.M.
e) Write-Down of Plant and Equipment	332	768	(56.8)
Operating Expenses	12,170	15,853	(23.2)
Government Assistances	(2,566)	-	N.M.
Operating Expenses (Net of Government Assistances) *	9,604	15,853	(39.4)

* Comprises of Distribution Expenses, Administrative Expenses and Other Operating Expenses.

Operating Expenses (Cont'd)

Other operating expenses for 1HFY21 declined by 19.5% to \$11.9 million, compared to \$14.7 million in 1HFY20, as the Group implemented a series of cost reduction measures during and post CB/MCO period such as salary reduction for employees earning above certain level and mandatory clearance of annual leave. Members of the Board also voluntarily reduced their directors' fees in line with the Group's senior management.

The \$2.6 million COVID-19 support grants from Singapore government, comprising mainly Jobs Support Scheme and foreign workers' levy rebates, had also helped to defray the operating expenses incurred in 1HFY21.

Net Finance Expenses

	1HFY21 \$'000	1HFY20 \$'000	Change %
Interest Income	69	102	(32.4)
Interest Expenses	(1,553)	(2,275)	(31.7)
Net Interest Expenses	(1,484)	(2,173)	(31.7)
Imputed Interest on Non-Current Assets	809	589	37.4
Interest Expenses on Lease Liabilities	(201)	(264)	(23.9)
Net Finance Expenses	(876)	(1,848)	(52.6)

Net interest expenses for 1HFY21 was lower at \$1.5 million (1HFY20: \$2.2 million) due to reduced usage of project financing facilities as a result of the decrease in business activities. In addition, the repayment of property loan for 2TPC in May 2020 also contributed to the reduction.

(Loss)/Profit for the period

The Group recorded net loss before tax of \$13.7 million in 1HFY21 (1HFY20: net profit of \$3.9 million) due to stoppages of construction activities. However, the Group recorded positive earnings before interest, tax, depreciation and amortization (EBITDA) of \$0.1 million in 1HFY21 (1HFY20: \$20.6 million).

Loss per share for 1HFY21 was 0.50 cent (1HFY20: earnings per share of 0.09 cent).

STATEMENT OF FINANCIAL POSITION

Non-Current Assets

Property, Plant and Equipment

Net book value of property, plant and equipment as at 30 September 2020 was \$127.1 million (31 March 2020: \$132.5 million).

In 1HFY21, the Group took delivery of \$1.3 million worth of new plant and equipment (order placed in end of financial year ended 31 March 2020) as part of our fleet renewal plan. The Group disposed of plant and equipment with carrying values of \$0.3 million and recorded a \$0.3 million gain on the disposal. Depreciation charge for 1HFY21 was \$10.3 million (1HFY20: \$13.5 million).

Investment in Associates

Investment in associates increased to \$3.5 million (31 March 2020: \$0.5 million) due to the \$3.8 million investment made on 2TPC Investments Pte Ltd for the redevelopment of leasehold property, 2TPC.

Net Current Assets

As at 30 September 2020, net current assets stood at \$2.3 million (31 March 2020: \$8.1 million). Current ratio (current assets / current liabilities) was 1.01 (31 March 2020: 1.04).

There were no significant changes in the Group's inventories of \$30.9 million as at 30 September 2020 (31 March 2020: \$31.9 million).

Trade and other receivables and contract assets reduced by \$30.9 million (31 March 2020: \$130.7 million). The reduction was due to lower business activities and management's efforts in engaging clients to recover receivables and overdue payments during the CB/MCO period.

Trade and other payables and contract liabilities reduced by \$24.1 million (31 March 2020: \$99.4 million) due to lower level of business activities.

As at 30 September 2020, assets held for sale reduced to \$0.8 million (31 March 2020: \$21.1 million) following the disposal of 2TPC.

Loans and Borrowings

In 1HFY21, the Group drew down term loans under Temporary Bridging Loan Programme which was supported by Enterprise Singapore for working capital purposes in response to the tight cash flow position caused by stoppages of construction activities. However, the Group's loans and borrowings reduced to \$81.3 million as at 30 September 2020 (31 March 2020: \$88.0 million) due to lower usage of project financing facilities as a result of reduced business activities. In addition, the Group also fully repaid the \$3.7 million property loan for 2TPC upon the disposal in May 2020.

The debt to equity ratio as at 30 September 2020 was 0.59 (31 March 2020: 0.58).

Equity and Net Asset Value

During the period under review, the Group received \$1.1 million from the conversion of 111,956,265 warrants pursuant to the Rights cum Warrants Issue on 30 December 2015, which will be expiring on 29 December 2020.

As at 30 September 2020, the Group's equity stood at \$138.5 million (31 March 2020: \$151.6 million), while net asset value per ordinary share was 5.1 cents (31 March 2020: 5.8 cents).

CASH FLOW

	1HFY21 \$'000	1HFY20 \$'000	Change %
Cash Flow from Operating Activities	6,333	16,047	(60.5)
Cash Flow from Investing Activities	11,897	(2,616)	N.M.
Cash Flow from Financing Activities	(11,440)	(12,517)	(8.6)
Cash and Cash Equivalents	20,994	8,124	>100.0

Cash Flow from Operating Activities

The Group was able to generate net cash inflow of \$6.3 million from operating activities for 1HFY21 (1HFY20: \$16.0 million), despite the net loss recorded. This was a result of focused working capital management and efforts to expedite the collections of receivables.

Cash Flow from Investing Activities

The Group recorded a net cash inflow from investing activities of \$11.9 million for 1HFY21, compared to a net cash outflow of \$2.6 million in 1HFY20, mainly due to the receipt of \$16.9 million from the disposal of 2TPC.

At the same time, the Group invested an initial capital of \$3.8 million in the redevelopment of 2TPC.

Cash Flow from Financing Activities

The Group recorded net cash outflow from financing activities of \$11.4 million for 1HFY21 (1HFY20: \$12.5 million), following the net repayment of bank borrowings during the period.

Cash and Cash Equivalents

Taking into consideration all the above, the Group's cash and cash equivalents stood at \$21.0 million as at 30 September 2020 (31 March 2020: \$8.1 million).

Outlook

For the first 6 months of the financial year, the Group incurred losses mainly due to Circuit Breaker (“CB”) and Movement Control Order (“MCO”) stoppages in Singapore and Malaysia respectively and slow resumption of work post CB/MCO period.

Notwithstanding the CB/MCO and gradual resumption of work, we are pleased to report that the Group secured approximately \$70 million worth of projects in 1HFY21. As at 4 November 2020, the Group’s order book was approximately \$170 million (26 June 2020: \$160 million).

Due to safety and various control measures required, productions at all project sites are expected to be slower than pre-CB/MCO period. There will be added costs in order to comply with all these measures required.

For September 2020, more than 80% of the Group’s project sites have resumed work. The Group’s remaining project sites have resumed work in October 2020. The Group expects to complete the majority of its current order book within the next six months.

Capital and cash flow management remain key priorities as the Group maintains a tight rein on costs.

Consolidated Statement of Profit or Loss for the 6 Months ended 30 September 2020

	Note	Group		
		6 months ended		Change
		30-Sep-20	30-Sep-19	
		\$'000	\$'000	%
Revenue	A	52,811	170,427	(69.0)
Cost of sales		(59,263)	(149,973)	(60.5)
Gross (loss)/profit		(6,452)	20,454	N.M.
Other income	B	3,314	1,240	>100.0
Operating expenses	C D			
- Distribution expenses		(274)	(348)	(21.3)
- Administrative expenses		(9,006)	(14,059)	(35.9)
- Other operating expenses		(324)	(1,446)	(77.6)
		(9,604)	(15,853)	(39.4)
Results from operating activities		(12,742)	5,841	N.M.
Net finance expenses				
- Finance income		878	691	27.1
- Finance expenses		(1,754)	(2,539)	(30.9)
		(876)	(1,848)	(52.6)
Share of loss of associates (net of tax)		(98)	(82)	19.5
(Loss)/Profit before tax	E	(13,716)	3,911	N.M.
Tax expense		(367)	(659)	(44.3)
(Loss)/Profit for the period		(14,083)	3,252	N.M.
Attributable to:				
Owners of the Company		(13,223)	2,181	N.M.
Non-controlling interests		(860)	1,071	N.M.
(Loss)/Profit for the period		(14,083)	3,252	N.M.

Gross (loss)/profit margin

-12.2%

12.0%

Net (loss)/profit margin

-26.7%

1.9%

Consolidated Statement of Comprehensive Income for the 6 Months ended 30 September 2020

	Group		Change
	6 months ended		
	30-Sep-20	30-Sep-19	
	\$'000	\$'000	%
(Loss)/Profit for the period	(14,083)	3,252	N.M.
Other comprehensive (expense)/income			
Items that are or may be reclassified			
subsequently to profit or loss:			
Foreign currency translation differences			
- foreign operations	(50)	179	N.M.
Other comprehensive (expense)/income for the period,			
net of tax	(50)	179	N.M.
Total comprehensive (expense)/income for the period	(14,133)	3,431	N.M.
Attributable to:			
Owners of the Company	(13,236)	2,174	N.M.
Non-controlling interests	(897)	1,257	N.M.
Total comprehensive (expense)/income for the period	(14,133)	3,431	N.M.

Statement of Financial Position as at 30 September 2020

DESCRIPTION	Note	Group		Company	
		30-Sep-20	31-Mar-20	30-Sep-20	31-Mar-20
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	1	127,076	132,466	-	3
Right-of-use assets		6,341	8,159	-	-
Goodwill		1,092	1,092	-	-
Investment property		258	187	-	-
Investments in:					
- subsidiaries		-	-	102,954	102,954
- associates		3,527	531	-	-
Other investments		165	165	-	-
Contract assets		13,609	15,780	-	-
Trade and other receivables		2,836	3,114	10,613	10,613
Deferred tax assets		43	89	301	301
		154,947	161,583	113,868	113,871
Current assets					
Inventories	2	30,870	31,865	-	-
Contract assets		48,467	61,935	-	-
Trade and other receivables		51,336	68,776	14,744	13,561
Tax recoverable		383	128	-	-
Cash and cash equivalents		26,135	19,179	4,673	265
		157,191	181,883	19,417	13,826
Assets held for sale		811	21,114	-	-
		158,002	202,997	19,417	13,826
Total assets		312,949	364,580	133,285	127,697

Statement of Financial Position as at 30 September 2020 (cont'd)

DESCRIPTION	Note	Group		Company	
		30-Sep-20	31-Mar-20	30-Sep-20	31-Mar-20
		\$'000	\$'000	\$'000	\$'000
Equity attributable to owners of the Company					
Share capital		85,509	84,389	85,509	84,389
Reserves		24,867	38,103	29,741	30,865
		110,376	122,492	115,250	115,254
Non-controlling interests		28,079	29,126	-	-
Total equity		138,455	151,618	115,250	115,254
Non-current liabilities					
Loans and borrowings	3	14,732	12,446	2,750	-
Lease liabilities *		1,469	3,344	-	-
Deferred tax liabilities		2,546	2,236	-	-
		18,747	18,026	2,750	-
Current liabilities					
Loans and borrowings	3	66,565	75,522	250	5
Lease liabilities *		5,042	4,956	-	-
Contract liabilities		1,334	232	-	-
Trade and other payables		74,025	99,209	15,035	12,438
Provisions		8,252	7,614	-	-
Current tax payable		529	721	-	-
		155,747	188,254	15,285	12,443
Lease liabilities directly associated with the assets held for sale		-	6,682	-	-
		155,747	194,936	15,285	12,443
Total liabilities		174,494	212,962	18,035	12,443
Total equity and liabilities		312,949	364,580	133,285	127,697

* Relating to Right-of-use assets.

Consolidated Statement of Cash Flows for the 6 Months ended 30 September 2020

	6 months ended	
	<u>30-Sep-20</u>	<u>30-Sep-19</u>
	\$'000	\$'000
Cash flows from operating activities		
(Loss)/Profit for the period	(14,083)	3,252
Adjustments for:		
Bad debts written back	(90)	-
Change in fair value of other investment	-	240
Depreciation of:		
- property, plant and equipment	10,255	13,510
- right-of-use assets	2,722	1,335
Gain on dilution of interest in a subsidiary	(15)	-
Gain on disposal of:		
- property, plant and equipment	(250)	(638)
- assets held for sale	(2,779)	(259)
Expected credit losses reversed on trade and other receivables and contract assets	(37)	(205)
Impairment losses (reversed)/recognised on trade and other receivables and contract assets	(2)	549
Inventories written off	-	52
Net finance expenses	876	1,848
Property, plant and equipment written off	-	28
Provisions for:		
- onerous contracts	-	988
- rectification costs	936	2,449
Share of loss of associates (net of tax)	98	82
Write-down of plant and equipment	332	768
Tax expense	367	659
Operating activities before working capital changes	(1,670)	24,658
Changes in working capital:		
Inventories	(568)	(550)
Contract assets, trade and other receivables and tax recoverable	33,835	(9,227)
Contract liabilities, trade and other payables and provisions	(24,988)	1,445
Cash generated from operations	6,609	16,326
Taxes paid	(345)	(381)
Interest received	69	102
Net cash generated from operating activities	6,333	16,047

Consolidated Statement of Cash Flows for the 6 Months ended 30 September 2020 (cont'd)

	6 months ended	
	30-Sep-20	30-Sep-19
	\$'000	\$'000
Cash flows from investing activities		
Purchase of:		
- property, plant and equipment	(1,918)	(4,975)
- investment property	(90)	-
Proceeds from disposal of:		
- property, plant and equipment	575	1,444
- assets held for sale	17,130	915
Investment in an associate	(3,800)	-
Net cash generated from/(used in) investing activities	11,897	(2,616)
Cash flows from financing activities		
Interest paid	(1,793)	(2,491)
Dividends paid:		
- non-controlling interests of a subsidiary	(150)	-
Proceeds from:		
- bank loans and finance lease loans	23,207	16,611
- bills payable	30,358	87,099
- issue of shares from exercise of warrants, net of expenses	1,120	671
Repayment of:		
- bank loans	(17,799)	(15,305)
- bills payable	(38,855)	(92,483)
- finance lease liabilities	(4,815)	(5,396)
- lease liabilities *	(2,713)	(1,223)
Net cash used in financing activities	(11,440)	(12,517)
Net increase in cash and cash equivalents	6,790	914
Cash and cash equivalents at 1 April	14,302	7,193
Effect of exchange rate changes on balances held in foreign currencies	(98)	17
Cash and cash equivalents at 30 September	20,994	8,124
Comprising:		
Cash and cash equivalents	26,135	16,447
Bank overdrafts	(4,991)	(8,323)
	21,144	8,124
Less:		
Fixed deposits pledged as security for bank facilities	(150)	-
Cash and cash equivalents in the consolidated cash flow statement	20,994	8,124

* Relating to Right-of-use assets.

Statements of Changes in Equity for the 6 Months ended 30 September 2020

<u>Group</u>	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Reserve on consolidation \$'000	Foreign currency translation reserve \$'000	Revaluation 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 April 2019	81,635	17,798	(2,354)	116	(6,141)	11,719	(881)	13,011	114,903	27,448	142,351
Total comprehensive (expense)/income for the period											
Profit for the period	-	-	-	-	-	-	-	2,181	2,181	1,071	3,252
Other comprehensive (expense)/income											
Foreign currency translation differences	-	-	-	-	(7)	-	-	-	(7)	186	179
Transfer of revaluation surplus of property, plant and equipment	-	-	-	-	-	(159)	-	159	-	-	-
Total other comprehensive (expense)/income	-	-	-	-	(7)	(159)	-	159	(7)	186	179
Total comprehensive (expense)/income for the period	-	-	-	-	(7)	(159)	-	2,340	2,174	1,257	3,431
Transactions with owners of the Company, recorded directly in equity											
Contributions by and distributions to owners											
Issue of shares from exercise of warrants	671	-	-	-	-	-	-	-	671	-	671
Total transactions with owners of the Company	671	-	-	-	-	-	-	-	671	-	671
At 30 September 2019	82,306	17,798	(2,354)	116	(6,148)	11,560	(881)	15,351	117,748	28,705	146,453

Statements of Changes in Equity for the 6 Months ended 30 September 2020 (cont'd)

<u>Group</u>	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 2020	84,389	17,798	(2,354)	116	(6,137)	10,721	(920)	18,879	122,492	29,126	151,618
Total comprehensive expense for the period											
Loss for the period	-	-	-	-	-	-	-	(13,223)	(13,223)	(860)	(14,083)
Other comprehensive (expense)/income											
Foreign currency translation differences	-	-	-	-	(13)	-	-	-	(13)	(37)	(50)
Transfer of revaluation surplus of property upon disposal	-	-	-	-	-	(8,546)	-	8,546	-	-	-
Transfer of revaluation surplus of property, plant and equipment	-	-	-	-	-	(149)	-	149	-	-	-
Total other comprehensive (expense)/income	-	-	-	-	(13)	(8,695)	-	8,695	(13)	(37)	(50)
Total comprehensive expense for the period	-	-	-	-	(13)	(8,695)	-	(4,528)	(13,236)	(897)	(14,133)
Transactions with owners of the Company, recorded directly in equity											
Contributions by and distributions to owners											
Issue of shares from exercise of warrants	1,120	-	-	-	-	-	-	-	1,120	-	1,120
Dividends paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(150)	(150)
Total transactions with owners of the Company	1,120	-	-	-	-	-	-	-	1,120	(150)	970
At 30 September 2020	85,509	17,798	(2,354)	116	(6,150)	2,026	(920)	14,351	110,376	28,079	138,455

Statements of Changes in Equity for the 6 Months ended 30 September 2020 (cont'd)

<u>Company</u>	Share capital	Capital reserve	Reserve for own shares	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 April 2019	81,635	17,798	(2,354)	32,875	129,954
Total comprehensive income for the period	-	-	-	2,129	2,129
Transactions with owners of the Company, recorded directly in equity					
Issue of shares from exercise of warrants	671	-	-	-	671
Total transactions with owners of the Company	671	-	-	-	671
At 30 September 2019	82,306	17,798	(2,354)	35,004	132,754
At 1 April 2020	84,389	17,798	(2,354)	15,421	115,254
Total comprehensive expense for the period	-	-	-	(1,124)	(1,124)
Transactions with owners of the Company, recorded directly in equity					
Issue of shares from exercise of warrants	1,120	-	-	-	1,120
Total transactions with owners of the Company	1,120	-	-	-	1,120
At 30 September 2020	85,509	17,798	(2,354)	14,297	115,250

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 Statement of Profit or Loss

The Group is reporting its first half results for the period from 1 April 2020 to 30 September 2020 with comparative figures for the 6 months period from 1 April 2019 to 30 September 2019.

A Cost of sales

	Group 6 months ended	
	30/09/2020	30/09/2019
	\$'000	\$'000
Cost of sales includes the following items:		
Depreciation of:		
- property, plant and equipment	9,855	12,876
- right-of-use assets ⁽¹⁾	1,837	1,039
Government Assistances	(6,406)	-
Inventories written off	-	52
Property, plant and equipment written off	-	11
Provisions for:		
- onerous contracts	-	988
- rectification costs	936	2,449

⁽¹⁾ Arising from application of SFRS(I) 16 *Leases*.

B Other income

	Group 6 months ended	
	30/09/2020	30/09/2019
	\$'000	\$'000
Other income includes the following items:		
Gain on dilution of interest in a subsidiary	15	-
Gain on disposal of:		
- property, plant and equipment	250	638
- assets held for sale	2,779	259

C Administrative expenses

	Group 6 months ended	
	30/09/2020	30/09/2019
	\$'000	\$'000
Administrative expenses includes the following items:		
Depreciation of:		
- property, plant and equipment	400	634
- right-of-use assets ⁽¹⁾	885	296
Exchange loss/(gain)	12	(229)
Government Assistances	(2,566)	-

⁽¹⁾ Arising from application of SFRS(I) 16 *Leases*.

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

D Other operating expenses

	Group 6 months ended	
	30/09/2020	30/09/2019
	\$'000	\$'000
Other operating expenses includes the following items:		
Bad debts written back	(90)	-
Change in fair value of other investment	-	240
Expected credit losses reversed on trade and other receivables and contract assets ⁽¹⁾	(37)	(205)
Impairment losses (reversed)/recognised on trade and other receivables and contract assets ⁽²⁾	(2)	549
Property, plant and equipment written off	-	17
Write-down of plant and equipment	332	768

⁽¹⁾ Arising from application of SFRS(I) 9 *Financial Instruments* and is reviewed on a periodic basis.

⁽²⁾ 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 6 months ended	
	30/09/2020	30/09/2019
	\$'000	\$'000
Current tax expense		
- current period	44	446
- over provided in prior years	(33)	(4)
	11	442
Deferred tax expense		
- current period	(63)	(8)
- under provided in prior years	419	225
	356	217
	367	659

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 6 months ended 30 September 2020 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)
	6 months ended 30/09/2020	6 months ended 30/09/2020
	\$'000	\$'000
Tat Hong HeavyEquipment (Pte.) Ltd ⁽¹⁾	832	Nil
Tat Hong Plant Leasing Pte Ltd ⁽¹⁾	172	Nil

Note:

⁽¹⁾ 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 30/09/2020 \$'000	As at 31/03/2020 \$'000
<u>Cost/Valuation</u>		
Opening balance	382,396	367,758
Additions	1,317	12,661
Reclassification from inventories	4,188	12,664
Revaluation	-	(681)
Elimination of accumulated depreciation against cost on revaluation	-	(1,046)
Transfer to inventories	(1,339)	(4,107)
Reclassification from assets held for sale	-	3,145
Disposals/Write-offs	(1,154)	(8,603)
Translation differences on consolidation	(308)	605
Closing balance	385,100	382,396
<u>Accumulated depreciation and impairment losses</u>		
Opening balance	249,930	230,657
Depreciation charge	10,255	24,796
Impairment loss	60	236
Elimination of accumulated depreciation against cost on revaluation	-	(1,046)
Transfer to inventories	(1,269)	(2,769)
Reclassification from assets held for sale	-	2,443
Disposals/Write-offs	(829)	(4,477)
Translation differences on consolidation	(123)	90
Closing balance	258,024	249,930
Carrying amount	127,076	132,466

2 Inventories

	Group	
	As at 30/09/2020 \$'000	As at 31/03/2020 \$'000
Equipment and machinery held for sale	18,366	17,920
Spare parts	10,701	11,925
Construction materials on sites	1,803	2,020
	30,870	31,865

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 30/09/2020	
Secured	Unsecured
\$'000	\$'000
13,098	53,467

As at 31/03/2020	
Secured	Unsecured
\$'000	\$'000
15,665	59,857

Amount repayable after one year

As at 30/09/2020	
Secured	Unsecured
\$'000	\$'000
8,643	6,089

As at 31/03/2020	
Secured	Unsecured
\$'000	\$'000
12,446	-

Details of any collateral

The Group's total borrowings were \$81.3 million (31 March 2020: \$88.0 million) and consist of overdrafts, bills payable, finance leases and bank loans. Included in the borrowings repayable within one year were bills payable amounting to \$16.6 million (31 March 2020: \$25.1 million).

The borrowings are secured by legal mortgages over the Group's assets listed below and guaranteed by the Company, out of which \$10,353,000 (31 March 2020: \$16,862,000) are also guaranteed by a related corporation:

- a) \$15,652,000 (31 March 2020: \$19,475,000) in respect of plant and machinery acquired under hire purchase arrangements;
- b) \$4,632,000 (31 March 2020: \$8,482,000) which are secured by a charge over the leasehold land and property;
- c) \$77,000 (31 March 2020: \$154,000) which are secured by a mortgage over the plant and machinery; and
- d) \$1,380,000 (31 March 2020: \$Nil) which are secured by a charge over the fixed deposit of the Group.

Notes to the Statement of Changes in Equity

1 Changes in the Company's Share Capital

As at 30 September 2020, the issued and fully paid-up share capital of the Company was 2,730,266,601 (31 March 2020: 2,618,310,336) ordinary shares. Movement in the Company's issued and fully paid-up share capital during the 6 months ended 30 September 2020 was as follows:

	Number of shares	\$'000
As at 1 April 2020	2,618,310,336	84,389
Exercise of warrants	111,956,265	1,120
As at 30 September 2020	<u>2,730,266,601</u>	<u>85,509</u>

The total number of ordinary shares issued (excluding treasury shares) as at 30 September 2020 was 2,709,746,601 (31 March 2020: 2,597,790,336) ordinary shares.

During the 6 months ended 30 September 2020, 111,956,265 warrants were exercised at \$0.01 each pursuant to the Rights cum Warrants Issue on 30 December 2015. As at 30 September 2020, there were outstanding warrants of 919,424,570 (30 September 2019: 1,239,678,225) for conversion into ordinary shares, representing 33.9% (30 September 2019: 51.9%) of the total number of ordinary shares issued (excluding treasury shares). 45,730,230 warrants were exercised at \$0.01 each subsequent to 30 September 2020, the details are set out in "Subsequent Event" note on page 26.

There were no share buybacks for the 6 months ended 30 September 2020. There were 20,520,000 shares held as treasury shares as at 30 September 2020 (30 September 2019: 20,520,000 shares), representing 0.8% (30 September 2019: 0.9%) of the total number of ordinary shares issued (excluding treasury shares). There were no sales, transfers, disposal, cancellation and/or use of treasury shares as at 30 September 2020.

There were no subsidiary holdings in the Company as at 30 September 2020. There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 September 2020.

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 Information which is attached to the financial statements announcement. There are no qualifications or emphasis of matters in the auditors' review report.

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 2020, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning on 1 April 2020 as follows:

- Amendments to SFRS(I) 3 *Definition of a Business*;
- Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*; and
- Various SFRS(I): *Amendments to references to the Conceptual Framework in SFRS(I) standards, illustrative examples, implementation guidance and SFRS(I) practice statements*.

The Group does not expect the application of the above amendments to SFRS(I) to have a significant impact on the financial statements.

(Loss)/Earnings Per Share

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

	6 months ended	
	30/09/2020	30/09/2019
Based on the weighted average number of ordinary shares on issue	(0.50) cents	0.09 cents
	6 months ended	
	30/09/2020	30/09/2019
	\$'000	\$'000
Basic (loss)/earnings per ordinary share is based on:		
Net (loss)/profit attributable to ordinary shareholders	(13,223)	2,181
	6 months ended	
	30/09/2020	30/09/2019
Weighted average number of:		
Issued ordinary shares at beginning of the period	2,618,310,336	2,342,882,546
Issue of shares via exercise of warrants	34,066,249	10,475,558
Ordinary shares held as treasury shares	(20,520,000)	(20,520,000)
Weighted average number of ordinary shares used to compute (loss)/earnings per ordinary share	2,631,856,585	2,332,838,104

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

	6 months ended	
	30/09/2020	30/09/2019
On a fully diluted basis	(0.50) cents	0.07 cents
	6 months ended	
	30/09/2020	30/09/2019
	\$'000	\$'000
Diluted (loss)/earnings per ordinary share is based on:		
Net (loss)/profit attributable to ordinary shareholders	(13,223)	2,181

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.

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

	6 months ended	
	30/09/2020	30/09/2019
Weighted average number of: Ordinary shares used in the calculation of basic (loss)/earnings per ordinary share	2,631,856,585	2,332,838,104
Potential ordinary shares issuable under exercise of warrants	*	642,719,756
Weighted average number of ordinary shares issued and potential shares assuming full conversion	2,631,856,585	2,975,557,860

* The Group was in a loss position for the 6 months ended 30 September 2020, 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 30/09/2020	As at 31/03/2020
Group		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	5.1 cents	5.8 cents
Company		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	4.3 cents	4.4 cents

The net asset value per ordinary share is calculated based on net asset value of \$138.5 million (31 March 2020: \$151.6 million) over the total number of ordinary shares issued (excluding treasury shares) as at 30 September 2020 of 2,709,746,601 (31 March 2020: 2,597,790,336) ordinary shares.

Variance from Prospect Statement

The Group's unaudited consolidated financial statements for the 6 months ended 30 September 2020 are in line with the commentary disclosed in the profit guidance announcement dated 16 October 2020.

Dividend

No dividend has been declared/recommended in the current financial period and the corresponding period of the immediately preceding financial year, so as to conserve the Group's cash position.

Confirmation

The directors of the Company confirm that to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the financial results for the period under review to be false or misleading in any material respect pursuant to Rule 705(5) of the SGX-ST Listing Manual.

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) of the SGX-ST Listing Manual.

Subsequent Event

Subsequent to 30 September 2020, 45,730,230 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 2020 was as follows:

	Number of warrants
As at 1 October 2020	919,424,570
Exercise of warrants	(45,730,230)
As at 5 November 2020	<u>873,694,340</u>

By Order of the Board

Lee Quang Loong
Chief Financial Officer / Company Secretary
5 November 2020