

FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2015

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Comprehensive Income	Group		Change %
	1H FY2016 S\$'000	1H FY2015 S\$'000	
Revenue	81,687	59,920	36.3
Cost of works	(75,675)	(56,594)	33.7
Gross profit	6,012	3,326	80.8
Other income	784	1,143	(31.4)
Other losses	(352)	(85)	314.1
Expenses			
Distribution and marketing	(345)	(38)	807.9
Administrative	(4,224)	(3,714)	13.7
Finance	(102)	(42)	142.9
	(4,671)	(3,794)	23.1
Profit before income tax	1,773	590	200.5
Income tax expense	(383)	(10)	3,730.0
Net profit	1,390	580	139.7
Other comprehensive income, net of tax:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(296)	(111)	166.7
Total comprehensive income for the period	1,094	469	133.3
Net profit attributable to:			
Equity holders of the Company	1,393	684	103.7
Non-controlling interest	(3)	(104)	(97.1)
	1,390	580	139.7
Total comprehensive income attributable to:			
Equity holders of the Company	1,097	573	91.4
Non-controlling interest	(3)	(104)	(97.1)
	1,094	469	133.3

Notes to Consolidated Statement of Comprehensive Income

The Group's profit before tax is arrived at after charging / (crediting):	1H FY2016 S\$'000	1H FY2015 S\$'000	Change %
Equipment handling income	(180)	(217)	(17.1)
Dormitory income	(534)	(889)	(39.9)
Rental income	(25)	(22)	13.6
Gain on disposal of property, plant and equipment	*	-	NM
Government grant	(22)	(2)	1,000.0
Insurance compensation	-	(6)	NM
Depreciation of property, plant and equipment - cost of works	629	284	121.5
Depreciation of property, plant and equipment - administrative expenses	697	606	15.0
Depreciation of investment properties - administrative expenses	3	3	-
Interest expense	102	42	142.9
Currency translation differences, net	300	85	252.9
Impairment on goodwill	52	-	NM

NM denotes not meaningful

* Amount is less than S\$1,000.00

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of Financial Position	Group		Company	
	31-Dec-15 S\$'000	30-Jun-15 S\$'000	31-Dec-15 S\$'000	30-Jun-15 S\$'000
ASSETS	Note			
Current assets				
Cash and cash equivalents	13,246	5,592	362	242
Trade and other receivables	41,756	41,429	7,339	6,247
Inventories	21	977	-	-
Construction contract work-in-progress	54	54	-	-
Development properties	32,103	31,980	-	-
Other current assets	790	657	5	17
Total current assets	87,970	80,689	7,706	6,506
Non-current assets				
Investment in subsidiaries	-	-	20,122	20,122
Property, plant and equipment	6,262	7,697	-	-
Investment properties	226	229	-	-
Deferred income tax assets	94	94	-	-
Total non-current assets	6,582	8,020	20,122	20,122
Total assets	94,552	88,709	27,828	26,628
LIABILITIES				
Current liabilities				
Trade and other payables	39,278	31,966	1,755	645
Borrowings	5,978	5,883	4,000	4,000
Current income tax liabilities	578	393	20	7
Total current liabilities	45,834	38,242	5,775	4,652
Non-current liabilities				
Borrowings	22,762	24,256	-	-
Deferred income tax liabilities	235	245	-	-
Total non-current liabilities	22,997	24,501	-	-
Total liabilities	68,831	62,743	5,775	4,652
NET ASSETS	25,721	25,966	22,053	21,976
Equity				
Share capital	15,196	15,196	15,196	15,196
Retained profits	13,417	13,384	6,857	6,780
Currency translation reserve	(611)	(315)	-	-
Merger reserve	(2,014)	(2,014)	-	-
Equity attributable to equity holders of the Company	25,988	26,251	22,053	21,976
Non-controlling interests	(267)	(285)	-	-
Total equity	25,721	25,966	22,053	21,976

Note A: Trade and other receivables	Group		Company	
	31-Dec-15 S\$'000	30-Jun-15 S\$'000	31-Dec-15 S\$'000	30-Jun-15 S\$'000
<u>Trade receivables</u>				
Non-related parties	10,634	4,559	-	-
Subsidiaries	-	-	1,940	848
	10,634	4,559	1,940	848
<u>Construction contracts:</u>				
Due from customers	28,336	34,989	-	-
Retentions	2,757	1,830	-	-
<u>Non-trade receivables:</u>				
Non-related parties	14	15	-	-
Non-controlling interests	-	30	-	-
Subsidiaries	-	-	5,399	5,399
Staff advances	15	6	-	-
	41,756	41,429	7,339	6,247

Note B: Trade and other payables	Group		Company	
	31-Dec-15 S\$'000	30-Jun-15 S\$'000	31-Dec-15 S\$'000	30-Jun-15 S\$'000
<u>Trade payables</u>				
Non-related parties	18,027	15,143	56	46
Non-controlling interests	486	176	-	-
<u>Construction contracts:</u>				
Due to customers	240	110	-	-
<u>Non-trade payables:</u>				
Director	-	5	-	5
Non-controlling interests	200	200	-	-
Subsidiaries	-	-	1,450	345
Deposits	51	67	-	-
Accrued operating expenses	20,274	16,265	249	249
	39,278	31,966	1,755	645

1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**

	31-Dec-2015		30-Jun-2015	
	Secured	Unsecured	Secured	Unsecured
Repayable in one year or less, or on demand (S\$'000)	5,978	-	5,883	-
Repayable after one year (S\$'000)	22,762	-	24,256	-

Details of any collateral

The Group's existing borrowings were secured by, amongst others, deed of charge over contract proceeds and receivables and mortgages over the Group's properties. Finance lease liabilities of the Group are effectively secured over the leased machinery.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Cash Flows	1H FY2016 S\$'000	1H FY2015 S\$'000
Cash flows from operating activities		
Net profit	1,390	580
<u>Adjustments for:</u>		
Income tax expense	383	10
Depreciation	1,317	893
Gains on disposal of property, plant and equipment	*	-
Interest expense	102	42
Unrealised currency translation differences	(12)	(111)
Goodwill written-off	52	-
	3,232	1,414
Changes in working capital		
Trade and other receivables	(327)	(300)
Other current assets	(133)	(123)
Trade and other payables	7,312	3,508
Inventories	956	(53)
Construction contract work-in-progress	-	176
Additions to development properties	(123)	(17,464)
Cash provided by / (used in) operations	10,917	(12,842)
Income taxes paid	(209)	(212)
Net cash provided by / (used in) operating activities	10,708	(13,054)
Cash flows from investing activities		
Additions to property, plant and equipment	(153)	(1,138)
Proceeds from disposal of property, plant and equipment	*	-
Acquisition of ordinary shares in a subsidiary	(30)	-
Net cash used in investing activities	(183)	(1,138)
Cash flows from financing activities		
Dividends paid to equity holders of the Company	(1,360)	(1,360)
Repayment of finance lease liabilities	(181)	(177)
Proceeds from borrowings	-	18,519
Repayment of borrowings	(1,218)	(333)
Interest paid	(102)	(42)
Net cash (used in) / provided by financing activities	(2,861)	16,607
Net increase in cash and cash equivalents	7,664	2,415
Cash and cash equivalents		
Beginning of the financial period	5,592	9,889
Effect of currency translation on cash and cash equivalents	(10)	(2)
End of the financial period	13,246	12,302

* Amount is less than S\$1,000.00

- 1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity	Share capital	Retained profits	Currency translation reserve	Merger reserve	Equity attributable to owners of the Company	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group							
As at 1 July 2015	15,196	13,384	(315)	(2,014)	26,251	(285)	25,966
Dividend relating to 2015	-	(1,360)	-	-	(1,360)	-	(1,360)
Contribution from non-controlling interests	-	-	-	-	-	21	21
Total comprehensive income for the period	-	1,393	(296)	-	1,097	(3)	1,094
As at 31 December 2015	15,196	13,417	(611)	(2,014)	25,988	(267)	25,721
As at 1 July 2014	15,196	10,505	(2)	(2,014)	23,685	217	23,902
Dividend relating to 2014	-	(1,360)	-	-	(1,360)	-	(1,360)
Total comprehensive income for the period	-	684	(111)	-	573	(104)	469
As at 31 December 2014	15,196	9,829	(113)	(2,014)	22,898	113	23,011
The Company							
As at 1 July 2015	15,196	6,780	-	-	21,976	-	21,976
Dividend relating to 2015	-	(1,360)	-	-	(1,360)	-	(1,360)
Total comprehensive income for the period	-	1,437	-	-	1,437	-	1,437
As at 31 December 2015	15,196	6,857	-	-	22,053	-	22,053
As at 1 July 2014	15,196	248	-	-	15,444	-	15,444
Dividend relating to 2014	-	(1,360)	-	-	(1,360)	-	(1,360)
Total comprehensive income for the period	-	8,027	-	-	8,027	-	8,027
As at 31 December 2014	15,196	6,915	-	-	22,111	-	22,111

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since the end of the previous financial period reported on.

The Company did not have any outstanding options, convertibles or treasury shares as at 31 December 2015 and 31 December 2014.

- 1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

170,000,000 ordinary shares were issued as at 31 December 2015 (30 June 2015: 170,000,000 ordinary shares).

There were no treasury shares as at the end of the current financial period reported on and as at the end of the immediately preceding financial year.

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of current financial period reported on.

- 2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the auditors of the Company.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

- 4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period reported on compared to the most recently audited financial statements for the financial year ended 30 June 2015.

- 5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group has adopted all new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial year beginning on or after 1 July 2015, where applicable. The adoption of these new and revised standards from the effective date did not result in any material impact to the financial statements of the Group for the current financial period reported on.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	1H FY2016	1H FY2015
Profit attributable to equity holders of the Company (S\$'000)	1,393	684
Weighted average number of ordinary shares used in the computation of basic and diluted EPS ('000)	170,000	170,000
Basic and fully diluted earnings per share (Singapore cents)	0.82	0.40

The diluted and basic EPS are the same for 1H FY2016 and 1H FY2015 as there were no potentially dilutive ordinary shares as at 31 December 2015 and 31 December 2014.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

Net Asset Value per ordinary share ¹	Group		Company	
	31-Dec-15 Singapore Cents	30-Jun-15 Singapore Cents	31-Dec-15 Singapore Cents	30-Jun-15 Singapore Cents
Net asset value per ordinary share based on issued share capital	15.13	15.27	12.97	12.93

¹ The net asset value per ordinary share for the Group and the Company as at 31 December 2015 and 30 June 2015 is computed based on the share capital of the Company of 170,000,000 shares.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Our revenue increased by approximately S\$21.8 million or 36.3% from S\$59.9 million in 1H FY2015 to S\$81.7 million in 1H FY2016. The increase in revenue was mainly due to higher revenue contribution for new and on-going projects. These projects include, among others, revenue from construction works relating to alteration and addition works, new building works, home improvement program works and and term contract works.

Costs of works, gross profit and gross profit margin

Our costs of works increased by approximately S\$19.1 million or 33.7% from approximately S\$56.6 million in 1H FY2015 to approximately S\$75.7 million in 1H FY2016. The increase in cost of works was mainly attributable to higher material costs incurred for our new-build projects and precast manufacturing. Despite the increase in costs of works, our gross profit increased by approximately S\$2.7 million or 80.8% from S\$3.3 million in 1H FY2015 to S\$6.0 million in 1H FY2016. Our gross profit margin also registered an increase of approximately 1.8 percentage points from approximately 5.6% in 1H FY2015 to approximately 7.4% in 1H FY2016 as there was an unexpected increase in costs for certain projects in 1H FY2015.

Other income

Our other income decreased by approximately S\$0.3 million or 31.4%, from approximately S\$1.1 million in 1H FY2015 to approximately S\$0.8 million in 1H FY2016. The decrease was mainly due to lower dormitory income of approximately S\$0.3 million as the lease ended during 1H FY2016.

Other losses

Our other losses increased by approximately S\$267,000 or approximately 3 times, from approximately S\$85,000 in 1H FY2015 to approximately S\$352,000 in 1H FY2016. The decrease was mainly due to higher translation losses arising from the weakening of the Malaysian ringgit against the Singapore dollar at our Malaysia subsidiaries.

Distribution and marketing expenses

Distribution and marketing expenses increased by approximately S\$307,000 or approximately 8 times, from approximately S\$38,000 in 1H FY2015 to approximately S\$345,000 in 1H FY2016, mainly due to delivery charges at our precast plant, which commenced production in January 2015.

Administrative expenses

Our administrative expenses increased by approximately S\$0.5 million or approximately 13.7% from approximately S\$3.7 million in 1H FY2015 to S\$4.2 million in 1H FY2016. The increase was mainly due to higher: (i) payroll expenses of approximately S\$0.2 million as a result of increased headcount and salary adjustments within the Group, (ii) upkeep of premise for our precast plant of approximately S\$0.1 million and (iii) depreciation of approximately S\$0.1 million mainly for the office equipment and premise of our precast business.

Finance expenses

The finance costs increased by approximately S\$60,000 or 142.9%, from approximately S\$42,000 in 1H FY2015 to approximately S\$102,000 in 1H FY2016 mainly due to interest paid on term loan and revolving credit facilities that were drawn down to finance our precast plant and for working capital respectively.

Income tax expense

The overall effective tax rate was 21.6% and 1.7% for 1H FY2016 and 1H FY2015 respectively. The Singapore statutory corporate tax rate for both years of assessment remained at 17.0%. The increase in our effective tax rate for 1H FY2016 was mainly due to higher tax rate of 25.0% for one of our Malaysian subsidiaries, whilst the lower effective tax rate for 1H 2015 was mainly due to the utilisation of government tax incentives.

Net profit

As a result of the above, our net profit increased by approximately S\$0.8 million or approximately 139.7% from approximately S\$0.6 million in 1H FY2015 to approximately S\$1.4 million in 1H FY2016.

REVIEW OF FINANCIAL POSITION

Current assets

The Group's current assets increased by approximately S\$7.3 million or 9.0% from approximately S\$80.7 million as at 30 June 2015 to approximately S\$88.0 million as at 31 December 2015, mainly due to increase in (i) cash and cash equivalents of approximately S\$7.7 million, (ii) trade and other receivables of approximately S\$0.3 million, (iii) development properties in Singapore and Malaysia of approximately S\$0.1 million due to capitalisation of related costs and (iv) other current assets of approximately S\$0.1 million due to higher deposits in relation to the construction of our development property in Singapore, offset by a decrease in inventories in our precast plant of approximately S\$1.0 million (as the projects are ending).

The increase in trade and other receivables was mainly due to an increase in trade receivables of approximately S\$6.1 million in line with the increase in revenue and higher retentions of approximately S\$0.9 million, offset by a decrease in the amount due from contract customers of approximately S\$6.7 million as fewer milestones had been completed for on-going projects in 1H FY2016.

Non-current assets

Non-current assets decreased by approximately S\$1.4 million or 17.9% from approximately S\$8.0 million as at 30 June 2015 to approximately S\$6.6 million as at 31 December 2015 mainly due to depreciation expenses.

Current liabilities

The Group's current liabilities increased by approximately S\$7.6 million or 19.9% from approximately S\$38.2 million as at 30 June 2015 to approximately S\$45.8 million as at 31 December 2015, mainly due to the increase in (i) trade and other payables of approximately S\$7.3 million, (ii) current income tax liabilities of approximately S\$0.2 million and (iii) increase in borrowings of approximately S\$0.1 million.

The increase in trade and other payables was mainly due to the increase in trade payables of approximately S\$2.9 million resulting from slower payment to supplier and sub-contractors, increase in payables to non-controlling interests of approximately S\$0.3 million and the increase in accrued operating expenses of approximately S\$4.0 million as certain cost of works incurred were not yet billed by subcontractors as at 31 December 2015 and these costs were accounted for as part of accrued operating expenses.

Non-current liabilities

The decrease in non-current liabilities of approximately S\$1.5 million or 6.1% was mainly due to repayment of term loan and finance lease liabilities.

Shareholders' equity

As at 31 December 2015, the shareholders' equity stood at approximately S\$25.7 million, as compared to approximately S\$26.0 million as at 30 June 2015. There was a decrease of approximately S\$0.3 million as the current period net profit of approximately S\$1.3 million was offset by the payment of dividends of approximately S\$1.4 million and higher translation loss of approximately S\$0.3 million.

REVIEW OF CASH POSITION

Cash and cash equivalents stood at approximately S\$13.2 million as at 31 December 2015, representing an increase of approximately S\$7.6 million from approximately S\$5.6 million as at 30 June 2015.

In 1H FY2016, net cash provided by operating activities was approximately S\$10.7 million. This was mainly due to operating cash inflows before working capital changes of approximately S\$3.2 million, adjusted for net working capital inflows of approximately S\$7.7 million and income tax paid of approximately S\$0.2 million. The net working capital inflows was mainly due to the increase in trade and other payables of approximately S\$7.3 million and decrease in inventories of approximately S\$1.0 million, offset by increase in trade and other receivables of approximately S\$0.3 million, additions to development properties of approximately S\$0.1 million and increase in other current assets of approximately S\$0.1 million.

Net cash used in investing activities during 1H FY2016 was approximately S\$0.2 million, due to additions to property, plant and equipment and acquisition of shares from non-controlling interest.

Net cash used in financing activities during 1H FY2016 was approximately S\$2.9 million, due to (i) repayment of bank borrowings and finance lease liabilities of approximately S\$1.4 million, (ii) dividend payment of approximately S\$1.4 million and (iii) payment of interests on bank borrowings and finance leases of approximately S\$0.1 million.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.
Not applicable. The Company did not make any forecast or prospect statement.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

In January 2016, the Building and Construction Authority ("BCA") projects the total construction demand or the value of construction contracts to be awarded in 2016 to be between S\$27 billion and S\$34 billion, with about 65 per cent driven by public sector demand¹. The Group remains cautiously optimistic that our existing pipeline of construction projects, worth approximately S\$150.2 million, will provide sustainable activities through FY2016. In consideration of the intense market competition, we will also continue to focus on tendering for new projects whilst enhancing our project management capabilities.

For our precast business, we will streamline our manufacturing plant in Johor, Malaysia and also explore strategic alliances to sustain the operations.

Despite the headwinds in the local and Malaysian property markets, both our projects in Singapore and Malaysia, being the residential property development at 21 Paya Lebar Crescent and the industrial property development in Senai Industrial Park, Johor, are still proceeding according to schedule. However, we will be vigilant in monitoring the developments in the property markets.

¹ The information was extracted from BCA's website (http://www.bca.gov.sg/Newsroom/others/BCA_Media_Release_Prospects_150116.pdf) which was accessed on 31 January 2016.

- 11 **Dividend**
(a) Current Financial Period Reported On
No
(b) Corresponding Period of the Immediately Preceding Financial Year
No
(c) Date payable:
Not applicable
(d) Books closure date:
Not applicable
- 12 **If no dividend has been declared (recommended), a statement to that effect.**
No dividend has been declared or recommended for 1H FY2016.
- 13 **If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT") the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**
There were no IPT of S\$100,000 and above for the six months ended 31 December 2015.
The Group does not have a general mandate from shareholders for IPTs.
- 14 **Confirmation by the Board of Directors pursuant to Rule 705 (5) of the Listing Manual of the Singapore Exchange Securities Trading Limited.**
The Board of Directors of the Company (the "Board") confirms that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended 31 December 2015 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Phua Lam Soon
Chief Executive Officer

12 February 2016