



# **CSC HOLDINGS LIMITED**

(Company Registration Number: 199707845E)

## **Financial Statements Announcement**

**for the Second Quarter Ended 30 September 2018**

**(For the Financial Year Ending 31 March 2019)**

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## Review of the Performance of the Group

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

2QFY19 – for the 3 months ended 30 September 2018

1QFY19 – for the 3 months ended 30 June 2018

2QFY18 – for the 3 months ended 30 September 2017

1HFY19 – for the 6 months ended 30 September 2018

1HFY18 – for the 6 months ended 30 September 2017

#### Review of Results for the Second Quarter Ended 30 September 2018

	2QFY19 \$'000	1QFY19 \$'000	Change %	2QFY18 \$'000	Change %	1HFY19 \$'000	1HFY18 \$'000	Change %
				(Restated)			(Restated)	
<b>Revenue</b>	94,552	81,302	16.3	91,910	2.9	175,854	168,818	4.2
<b>Gross Profit</b>	4,943	4,336	14.0	3,730	32.5	9,279	6,771	37.0
Other Income	408	820	(50.2)	1,047	(61.0)	1,228	1,391	(11.7)
Operating Expenses	(7,252)	(6,467)	12.1	(6,958)	4.2	(13,719)	(12,790)	7.3
<b>Loss from Operating Activities</b>	(1,901)	(1,311)	45.0	(2,181)	(12.8)	(3,212)	(4,628)	(30.6)
Write-Down of Plant and Equipment	(84)	(42)	100.0	(49)	71.4	(126)	(49)	157.1
<b>Loss from Operating Activities after the Write-Down of Plant and Equipment</b>	(1,985)	(1,353)	46.7	(2,230)	(11.0)	(3,338)	(4,677)	(28.6)
Net Finance Income/(Expenses)	46	(906)	(105.1)	(397)	(111.6)	(860)	(866)	(0.7)
Share of Loss of Associates	(5)	-	N.M.	-	N.M.	(5)	-	N.M.
Share of Profit of a Joint Venture	-	-	-	-	N.M.	-	1	(100.0)
<b>Loss before Tax</b>	(1,944)	(2,259)	(13.9)	(2,627)	(26.0)	(4,203)	(5,542)	(24.2)
Tax Expense	(267)	(182)	46.7	(59)	352.5	(449)	(82)	447.6
<b>Loss for the period</b>	(2,211)	(2,441)	(9.4)	(2,686)	(17.7)	(4,652)	(5,624)	(17.3)
<b>EBITDA</b>	4,125	4,666	(11.6)	4,238	(2.7)	8,791	8,336	5.5

<b>Gross Profit Margins</b>	5.2%	5.3%	4.1%	5.3%	4.0%
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#### Revenue

Revenue for the Group improved year-on-year to \$175.9 million for 1HFY19 (1HFY18: \$168.8 million) and \$94.6 million for 2QFY19 (2QFY18: \$91.9 million) due to higher work volume.

There was delay in the commencement of several new projects in 1QFY19. Work on these projects commenced in 2QFY19 which led to higher sequential revenue of 16.3% over 1QFY19.

#### Gross Profit and Gross Profit Margins (GPM)

Gross profit and GPM for 1HFY19 were higher at \$9.3 million and 5.3% (1HFY18: \$6.8 million and 4.0%), in line with the higher revenue recorded.

Quarter-on-quarter, 2QFY19's GPM of 5.2% was comparable to 1QFY19.

## Other Income

The Group recorded other income of \$1.2 million for 1HFY19 (1HFY18: \$1.4 million), taking into account a smaller gain from the disposal of older equipment and a decrease in miscellaneous construction-related income during the period under review.

Other income of \$0.4 million for 2QFY19 was lower compared to \$1.0 million in 2QFY18 and \$0.8 million in 1QFY19, due to lower gain of \$0.1 million from the disposal of older equipment in 2QFY19 (2QFY18: \$0.7 million; 1QFY19: \$0.7 million).

## Operating Expenses

	2QFY19 \$'000	1QFY19 \$'000	Change %	2QFY18 \$'000	Change %	1HFY19 \$'000	1HFY18 \$'000	Change %
<b>Other Operating Expenses</b>	7,174	6,591	8.8	6,821	5.2	13,765	13,479	2.1
Impairment Losses Recognised/ (Reversed) on Trade and Other Receivables and Contract Assets	91	(111)	(182.0)	41	122.0	(20)	(468)	(95.7)
Exchange (Gain)/Loss	(13)	(13)	-	96	(113.5)	(26)	(221)	(88.2)
	7,252	6,467	12.1	6,958	4.2	13,719	12,790	7.3
Write-Down of Plant and Equipment	84	42	100.0	49	71.4	126	49	157.1
<b>Net Operating Expenses</b>	7,336	6,509	12.7	7,007	4.7	13,845	12,839	7.8
<b>Other Operating Expenses /Revenue</b>	7.6%	8.1%		7.4%		7.8%	8.0%	

Other operating expenses for 1HFY19 and 2QFY19 amounted to \$13.8 million and \$7.2 million respectively (1HFY18: \$13.5 million; 2QFY18: \$6.8 million). Other operating expenses for 2QFY19 was higher compared to 2QFY18 and 1QFY19 mainly due to higher bonus provision accrued as a result of an increased headcount hired to cope with increased work volume.

Other operating expenses to revenue ratios of 7.8% and 7.6% for 1HFY19 and 2QFY19 were comparable to the respective corresponding periods a year ago.

Quarter-on-quarter, other operating expenses to revenue ratio recorded an improvement compared to 8.1% for 1QFY19, as a result of higher revenue recorded in 2QFY19.

## Net Finance Income/(Expenses)

	2QFY19 \$'000	1QFY19 \$'000	Change %	2QFY18 \$'000	Change %	1HFY19 \$'000	1HFY18 \$'000	Change %
Interest Income	118	52	126.9	(Restated) 50	136.0	170	(Restated) 112	51.8
Interest Expenses	(1,019)	(837)	21.7	(799)	27.5	(1,856)	(1,559)	19.1
<b>Net Interest Expenses</b>	(901)	(785)	14.8	(749)	20.3	(1,686)	(1,447)	16.5
Imputed Interest on Non- Current Assets	373	(121)	N.M.	352	6.0	252	581	(56.6)
<b>Net Finance Expenses</b>	(528)	(906)	(41.7)	(397)	33.0	(1,434)	(866)	65.6
Return on the Investment in a Property Development Project in Hertford, United Kingdom	574	-	N.M.	-	N.M.	574	-	N.M.
	46	(906)	(105.1)	(397)	(111.6)	(860)	(866)	(0.7)

Net interest expenses were \$1.7 million for 1HFY19 (1HFY18: \$1.4 million) and \$0.9 million for 2QFY19 (2QFY18: \$0.7 million; 1QFY19: \$0.8 million). The increase was due to the short term borrowings drawn down to finance the higher level of business activities.

### **Net Finance Income/(Expenses) (cont'd)**

With reference to the Group's announcement on 16 September 2016, the Group invested GBP0.5 million (equivalent to \$0.9 million) to acquire a 21% stake in Coriolis Hertford Limited ("CHL") in relation to a property development project in Hertford, United Kingdom. By virtue of the shareholders' agreement with other investors, the Group accrued a return amounting to \$0.6 million on the investment in 2QFY19.

### **Loss for the period**

Taking into account the above factors, the Group narrowed its net loss by 17.3% for 1HFY19 and 17.7% for 2QFY19 compared to 1HFY18 and 2QFY18 respectively.

Earnings before interest, tax, depreciation and amortization (EBITDA) improved to \$8.8 million for 1HFY19 (1HFY18: \$8.3 million). EBITDA for 2QFY19 was \$4.1 million (2QFY18: \$4.2 million; 1QFY19: \$4.7 million).

Loss per share for 1HFY19 and 2QFY19 were 0.26 cent (1HFY18: 0.27 cent) and 0.13 cent (2QFY18: 0.13 cent; 1QFY19: 0.13 cent) respectively.

## **STATEMENT OF FINANCIAL POSITION**

### **Property, Plant and Equipment**

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

In 1H FY19, the Group acquired \$11.8 million worth of new plant and equipment to replace older equipment. The Group disposed of plant and equipment with carrying values of \$0.5 million and recorded a \$0.8 million gain on the disposal. Depreciation charge for 1H FY19 was \$12.1 million (1H FY18: \$13.0 million).

### **Net Current Assets**

As at 30 September 2018, net current assets of the Group was \$0.3 million (31 March 2018: \$9.2 million). Current ratio (current assets / current liabilities) was 1.00 (31 March 2018: 1.06).

The Group recorded inventories of \$23.0 million as at 30 September 2018 (31 March 2018: \$23.7 million).

Trade and other receivables and contract assets were \$152.1 million (31 March 2018: \$119.1 million) while trade and other payables and contract liabilities were \$108.3 million (31 March 2018: \$86.5 million), in line with the higher level of business activities.

### **Borrowings**

As at 30 September 2018, total borrowings of the Group was \$97.8 million (31 March 2018: \$80.4 million). The Group had drawn down more short term borrowings to finance the increased business activities.

Consequently, the debt to equity ratio as at 30 September 2018 was 0.64 (31 March 2018: 0.50).

### **Equity and Net Asset Value**

As at 30 September 2018, the Group's equity was \$153.4 million (31 March 2018: \$159.4 million), while net asset value per ordinary share was 6.9 cents (31 March 2018: 7.2 cents).

## CASH FLOW

	2QFY19 \$'000	1QFY19 \$'000	Change %	2QFY18 \$'000	Change %	1HFY19 \$'000	1HFY18 \$'000	Change %
Cash Flow from Operating Activities	(5,400)	569	N.M.	(456)	N.M.	(4,831)	6,085	N.M.
Cash Flow from Investing Activities	(5,287)	(4,344)	21.7	(3,296)	60.4	(9,631)	(2,786)	N.M.
Cash Flow from Financing Activities	9,479	(1,317)	N.M.	(3,187)	N.M.	8,162	(4,165)	N.M.
Cash and Cash Equivalents	9,451	10,678	(11.5)	12,350	(23.5)	9,451	12,350	(23.5)

### **Cash Flow from Operating Activities**

The Group recorded a net cash outflow from operating activities of \$4.8 million for 1HFY19, compared to an inflow of \$6.1 million for 1HFY18. Net cash outflow from operating activities for 2QFY19 was \$5.4 million (2QFY18: \$0.5 million; 1QFY19: inflow of \$0.6 million).

The net cash outflows in 1HFY19 and 2QFY19 were mainly due to timing differences between billing and receipt of payment from customers which led to an increase in trade and other receivables of \$14.1 million as at balance sheet date. Collections from these receivables amounting to approximately \$24.0 million were collected in October 2018.

### **Cash Flow from Investing Activities**

The Group's net cash outflow from investing activities for 1HFY19 and 2QFY19 were \$9.6 million and \$5.3 million respectively (1HFY18: \$2.8 million; 2QFY18: \$3.3 million).

The higher cash outflows in 1HFY19 and 2QFY19 were mainly due to net investment in new plant and equipment. In addition, as announced on 6 August 2018, the Group has invested \$1.4 million in a residential property development project in Cambridge, United Kingdom, in 2QFY19.

Quarter-on-quarter, net cash outflow for 2QFY19 was higher than 1QFY19, taking into account the above-mentioned property development project.

### **Cash Flow from Financing Activities**

The Group recorded net cash inflow from financing activities of \$8.2 million for 1HFY19 and \$9.5 million for 2QFY19, compared to net cash outflow of \$4.2 million for 1HFY18 and \$3.2 million for 2QFY18. This takes into account the lower net repayment of bank borrowings in 2QFY19 as the Group had drawn down short term borrowings to finance the higher level of business activities in 2QFY19.

Consequently, the net cash inflow for 2QFY19 was higher than 1QFY19.

### **Cash and Cash Equivalents**

Taking into consideration the abovementioned factors, the Group's cash and cash equivalents stood at \$9.5 million as at 30 September 2018 (30 September 2017: \$12.4 million; 30 June 2018: \$10.7 million).

## Outlook

The Group continues to view the outlook of the Singapore construction industry with cautious optimism.

The Group's current half year revenue relates mainly to projects secured in previous year under a more competitive environment. Looking ahead, demand for construction services has been on a stabilizing trend since the beginning of 2018.

The Group will continue to participate prudently in tenders for public and private construction projects. At the same time, it will maintain its keen focus on managing asset utilisation and improving operational efficiencies to remain competitive.

As at 2 November 2018, the Group's order book stood at about \$180 million (1 August 2018: \$230 million).



## Consolidated Statement of Profit or Loss for the 2nd Quarter ended 30 September 2018

	Note	Group			Group		
		2nd Quarter ended		Change	6 months ended		Change
		30-Sep-18	30-Sep-17 (Restated)		30-Sep-18	30-Sep-17 (Restated)	
		\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>		94,552	91,910	2.9	175,854	168,818	4.2
Cost of sales	A	(89,609)	(88,180)	1.6	(166,575)	(162,047)	2.8
<b>Gross profit</b>		4,943	3,730	32.5	9,279	6,771	37.0
Other income	B	408	1,047	(61.0)	1,228	1,391	(11.7)
Distribution expenses		(228)	(138)	65.2	(459)	(319)	43.9
Administrative expenses	C	(6,898)	(6,744)	2.3	(13,245)	(12,844)	3.1
Other operating (expenses)/income	D	(126)	(76)	65.8	(15)	373	N.M.
Write-down of plant and equipment		(84)	(49)	71.4	(126)	(49)	157.1
<b>Results from operating activities</b>		(1,985)	(2,230)	(11.0)	(3,338)	(4,677)	(28.6)
Finance income		1,065	402	164.9	996	693	43.7
Finance expenses		(1,019)	(799)	27.5	(1,856)	(1,559)	19.1
<b>Net finance income/(expenses)</b>		46	(397)	(111.6)	(860)	(866)	(0.7)
Share of loss of associates (net of tax)		(5)	-	N.M.	(5)	-	N.M.
Share of profit of a joint venture (net of tax)		-	-	N.M.	-	1	(100.0)
<b>Loss before tax</b>		(1,944)	(2,627)	(26.0)	(4,203)	(5,542)	(24.2)
Tax expense	E	(267)	(59)	352.5	(449)	(82)	447.6
<b>Loss for the period</b>		(2,211)	(2,686)	(17.7)	(4,652)	(5,624)	(17.3)
<b>Attributable to:</b>							
Owners of the Company		(2,805)	(2,772)	1.2	(5,705)	(5,912)	(3.5)
Non-controlling interests		594	86	N.M.	1,053	288	N.M.
<b>Loss for the period</b>		(2,211)	(2,686)	(17.7)	(4,652)	(5,624)	(17.3)

Gross profit margin

5.2%

4.1%

5.3%

4.0%

Net loss margin

-2.3%

-2.9%

-2.6%

-3.3%

## Consolidated Statement of Comprehensive Income for the 2nd Quarter ended 30 September 2018

	Group			Group		
	2nd Quarter ended		Change	6 months ended		Change
	30-Sep-18	30-Sep-17		30-Sep-18	30-Sep-17	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Loss for the period</b>	(2,211)	(2,686)	(17.7)	(4,652)	(5,624)	(17.3)
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation differences - foreign operations	(653)	45	N.M.	(811)	495	N.M.
<b>Other comprehensive income for the period, net of tax</b>	(653)	45	N.M.	(811)	495	N.M.
<b>Total comprehensive income for the period</b>	(2,864)	(2,641)	8.4	(5,463)	(5,129)	6.5
<b>Attributable to:</b>						
Owners of the Company	(3,405)	(2,719)	25.2	(6,414)	(5,452)	17.6
Non-controlling interests	541	78	N.M.	951	323	194.4
<b>Total comprehensive income for the period</b>	(2,864)	(2,641)	8.4	(5,463)	(5,129)	6.5

## Statement of Financial Position as at 30 September 2018

DESCRIPTION	Note	Group		Company	
		30-Sep-18	31-Mar-18 (Restated)	30-Sep-18	31-Mar-18
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	1	155,411	156,221	17	22
Goodwill		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	107,582	120,530
- associates		686	1,666	-	-
Other investments		405	914	-	-
Contract assets		15,531	12,881	-	-
Trade and other receivables		2,074	-	11,948	-
Deferred tax assets		107	93	23	23
		175,666	173,227	119,570	120,575
<b>Current assets</b>					
Inventories	2	22,993	23,694	-	-
Contract assets		78,727	68,551	-	-
Trade and other receivables		73,337	50,566	21,749	19,262
Cash and cash equivalents		14,970	18,726	229	249
		190,027	161,537	21,978	19,511
Assets held for sale		1,432	198	-	-
		191,459	161,735	21,978	19,511
<b>Total assets</b>		367,125	334,962	141,548	140,086

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

DESCRIPTION	Note	Group		Company	
		30-Sep-18	31-Mar-18 (Restated)	30-Sep-18	31-Mar-18
		\$'000	\$'000	\$'000	\$'000
<b>Equity attributable to owners of the Company</b>					
Share capital		80,529	80,498	80,529	80,498
Reserves		45,444	52,128	51,396	51,367
		125,973	132,626	131,925	131,865
<b>Non-controlling interests</b>		27,440	26,761	-	-
<b>Total equity</b>		153,413	159,387	131,925	131,865
<b>Non-current liabilities</b>					
Loans and borrowings	3	20,638	21,215	10	16
Deferred tax liabilities		1,922	1,853	-	-
		22,560	23,068	10	16
<b>Current liabilities</b>					
Loans and borrowings	3	77,161	59,162	637	160
Contract liabilities		1,148	52	-	-
Trade and other payables		107,167	86,459	8,941	8,012
Provisions		5,374	6,604	-	-
Current tax payable		302	230	35	33
		191,152	152,507	9,613	8,205
<b>Total liabilities</b>		213,712	175,575	9,623	8,221
<b>Total equity and liabilities</b>		367,125	334,962	141,548	140,086

## Consolidated Statement of Cash Flows for the 2nd Quarter ended 30 September 2018

	2nd Quarter ended		6 months ended	
	30-Sep-18	30-Sep-17	30-Sep-18	30-Sep-17
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
<b>Cash flows from operating activities</b>				
Loss for the period	(2,211)	(2,686)	(4,652)	(5,624)
Adjustments for:				
Bad debts written off/(back)	23	1	(15)	1
Depreciation of property, plant and equipment	6,115	6,468	12,134	13,012
Gain on disposal of property, plant and equipment	(116)	(741)	(783)	(854)
Impairment losses recognised/(reversed) on trade and other receivables and contract assets	91	41	(20)	(468)
Inventories written off	121	-	130	-
Net finance (income)/expenses	(46)	397	860	866
Property, plant and equipment written off	1	-	1	-
Provisions (reversed)/made for:				
- onerous contracts	(200)	(43)	(740)	142
- rectification costs	253	87	456	558
Share of loss of associates (net of tax)	5	-	5	-
Share of profit of a joint venture (net of tax)	-	-	-	(1)
Write-down of plant and equipment	84	49	126	49
Tax expense	267	59	449	82
<b>Operating activities before working capital changes</b>	<b>4,387</b>	<b>3,632</b>	<b>7,951</b>	<b>7,763</b>
Changes in working capital:				
Inventories	(1,864)	(82)	(627)	(318)
Trade and other receivables and contract assets	(14,093)	(2,818)	(35,216)	(12,522)
Trade and other payables and contract liabilities	6,317	(858)	23,427	11,774
Cash (used in)/generated from operations	(5,253)	(126)	(4,465)	6,697
Taxes paid	(265)	(380)	(536)	(724)
Interest received	118	50	170	112
<b>Net cash (used in)/generated from operating activities</b>	<b>(5,400)</b>	<b>(456)</b>	<b>(4,831)</b>	<b>6,085</b>

## Consolidated Statement of Cash Flows for the 2nd Quarter ended 30 September 2018 (cont'd)

	2nd Quarter ended		6 months ended	
	<u>30-Sep-18</u>	<u>30-Sep-17</u>	<u>30-Sep-18</u>	<u>30-Sep-17</u>
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(4,242)	(4,967)	(9,421)	(6,771)
Proceeds from disposal of:				
- property, plant and equipment	382	1,671	1,337	3,566
- a joint venture	-	-	-	419
Investment in an associate	(1,427)	-	(1,427)	-
Subscription of convertible notes	-	-	(120)	-
<b>Net cash used in investing activities</b>	<b>(5,287)</b>	<b>(3,296)</b>	<b>(9,631)</b>	<b>(2,786)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(1,073)	(795)	(1,884)	(1,551)
Dividends paid:				
- non-controlling interests of a subsidiary	(150)	(90)	(150)	(90)
Proceeds from:				
- bank loans	7,221	3,350	10,375	4,325
- bills payable	48,097	16,431	75,992	25,923
- cash grant from Productivity and Innovation Credit Scheme and Productivity Innovation Project Scheme for acquisition of property, plant and equipment	31	-	158	-
- issue of shares from exercise of warrants, net of expenses	7	8	31	8
Repayment of:				
- bank loans	(5,680)	(8,214)	(10,123)	(10,811)
- bills payable	(36,886)	(10,906)	(61,598)	(16,513)
- finance lease liabilities	(2,088)	(2,971)	(4,639)	(6,456)
Decrease in fixed deposits pledged	-	-	-	1,000
<b>Net cash generated from/(used in) financing activities</b>	<b>9,479</b>	<b>(3,187)</b>	<b>8,162</b>	<b>(4,165)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,208)</b>	<b>(6,939)</b>	<b>(6,300)</b>	<b>(866)</b>
Cash and cash equivalents at 1 July/1 April	10,678	19,299	15,758	13,090
Effect of exchange rate changes on balances held in foreign currencies	(19)	(10)	(7)	126
<b>Cash and cash equivalents at 30 September</b>	<b>9,451</b>	<b>12,350</b>	<b>9,451</b>	<b>12,350</b>
Comprising:				
Cash and cash equivalents	14,970	18,639	14,970	18,639
Bank overdrafts	(5,519)	(6,289)	(5,519)	(6,289)
Cash and cash equivalents in the consolidated cash flow statement	9,451	12,350	9,451	12,350

## Statements of Changes in Equity for the 2nd Quarter ended 30 September 2018

<b>Group</b>	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
<b>At 1 July 2017, as previously reported</b>	80,292	17,798	(2,354)	116	(6,967)	11,665	(881)	42,542	142,211	26,145	168,356
Adoption of SFRS(I) 15	-	-	-	-	1	-	-	185	186	-	186
<b>At 1 July 2017, as restated</b>	80,292	17,798	(2,354)	116	(6,966)	11,665	(881)	42,727	142,397	26,145	168,542
<b>Total comprehensive income for the period</b>											
(Loss)/Profit for the period	-	-	-	-	-	-	-	(2,772)	(2,772)	86	(2,686)
<b>Other comprehensive income</b>											
Foreign currency translation differences	-	-	-	-	53	-	-	-	53	(8)	45
Transfer of revaluation surplus	-	-	-	-	-	(163)	-	163	-	-	-
Total other comprehensive income	-	-	-	-	53	(163)	-	163	53	(8)	45
Total comprehensive income for the period	-	-	-	-	53	(163)	-	(2,609)	(2,719)	78	(2,641)
<b>Transactions with owners of the Company, recorded directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Issue of shares from exercise of warrants	8	-	-	-	-	-	-	-	8	-	8
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(90)	(90)
Total contributions by and distributions to owners	8	-	-	-	-	-	-	-	8	(90)	(82)
<b>Changes in ownership interests in a subsidiary</b>											
Capital contribution by non-controlling interest of a subsidiary	-	-	-	-	-	-	-	-	-	65	65
Total changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	65	65
Total transactions with owners of the Company	8	-	-	-	-	-	-	-	8	(25)	(17)
<b>At 30 September 2017</b>	80,300	17,798	(2,354)	116	(6,913)	11,502	(881)	40,118	139,686	26,198	165,884

## Statements of Changes in Equity for the 2nd Quarter ended 30 September 2018 (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
<b>At 1 July 2018</b>	80,522	17,798	(2,354)	116	(5,878)	11,050	(881)	28,998	129,371	27,049	156,420
<b>Total comprehensive income for the period</b>											
(Loss)/Profit for the period	-	-	-	-	-	-	-	(2,805)	(2,805)	594	(2,211)
<b>Other comprehensive income</b>											
Foreign currency translation differences	-	-	-	-	(600)	-	-	-	(600)	(53)	(653)
Transfer of revaluation surplus	-	-	-	-	-	(149)	-	149	-	-	-
Total other comprehensive income	-	-	-	-	(600)	(149)	-	149	(600)	(53)	(653)
Total comprehensive income for the period	-	-	-	-	(600)	(149)	-	(2,656)	(3,405)	541	(2,864)
<b>Transactions with owners of the Company, recorded directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Issue of shares from exercise of warrants	7	-	-	-	-	-	-	-	7	-	7
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(150)	(150)
Total contributions by and distributions to owners	7	-	-	-	-	-	-	-	7	(150)	(143)
Total transactions with owners of the Company	7	-	-	-	-	-	-	-	7	(150)	(143)
<b>At 30 September 2018</b>	80,529	17,798	(2,354)	116	(6,478)	10,901	(881)	26,342	125,973	27,440	153,413



## Statements of Changes in Equity for the 2nd Quarter ended 30 September 2018 (cont'd)

<u>Company</u>	Share capital	Capital reserve	Reserve for own shares	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2017	80,292	17,798	(2,354)	34,005	129,741
Total comprehensive income for the period	-	-	-	957	957
<b>Transactions with owners of the Company, recorded directly in equity</b>					
Issue of shares from exercise of warrants	8	-	-	-	8
Total transactions with owners	8	-	-	-	8
<b>At 30 September 2017</b>	<b>80,300</b>	<b>17,798</b>	<b>(2,354)</b>	<b>34,962</b>	<b>130,706</b>
At 1 July 2018	80,522	17,798	(2,354)	35,903	131,869
Total comprehensive income for the period	-	-	-	49	49
<b>Transactions with owners of the Company, recorded directly in equity</b>					
Issue of shares from exercise of warrants	7	-	-	-	7
Total transactions with owners	7	-	-	-	7
<b>At 30 September 2018</b>	<b>80,529</b>	<b>17,798</b>	<b>(2,354)</b>	<b>35,952</b>	<b>131,925</b>

### 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 second quarter results for the period from 1 July 2018 to 30 September 2018 with comparative figures for the 3 months period from 1 July 2017 to 30 September 2017.

#### A Cost of sales

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	\$'000	\$'000	\$'000	\$'000
Cost of sales includes the following items:				
Depreciation of property, plant and equipment	5,786	6,115	11,452	12,296
Inventories written off	121	-	130	-
Provisions (reversed)/made for:				
- onerous contracts	(200)	(43)	(740)	142
- rectification costs	253	87	456	558

#### B Other income

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	\$'000	\$'000	\$'000	\$'000
Other income includes the following items:				
Gain on disposal of property, plant and equipment	116	741	783	854

#### C Administrative expenses

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	\$'000	\$'000	\$'000	\$'000
Administrative expenses includes the following items:				
Depreciation of property, plant and equipment	329	353	682	716
Exchange (gain)/loss	(13)	96	(26)	(221)

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

### D Other operating expenses/(income)

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	\$'000	\$'000	\$'000	\$'000
Other operating expenses/(income) includes the following items:				
Bad debts written off/(back)	23	1	(15)	1
Impairment losses recognised/(reversed) on trade and other receivables and contract assets <sup>(1)</sup>	91	41	(20)	(468)
Property, plant and equipment written off	1	-	1	-

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

### E Tax expense

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
- current period	284	537	462	803
- over provided in prior years	-	(483)	(146)	(436)
	284	54	316	367
Deferred tax (credit)/expense				
- current period	20	(52)	36	68
- (over)/under provided in prior years	(37)	57	97	(353)
	(17)	5	133	(285)
	267	59	449	82

## 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 2nd quarter ended 30 September 2018 under Chapter 9 of the Listing Manual are as follows:

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
	2nd Quarter ended 30/09/2018	6 months ended 30/09/2018	2nd Quarter ended 30/09/2018	6 months ended 30/09/2018
	\$'000	\$'000	\$'000	\$'000
Tat Hong HeavyEquipment (Pte.) Ltd. <sup>(1)</sup>	547	1,133	Nil	Nil
Tat Hong Plant Leasing Pte Ltd <sup>(1)</sup>	1,188	2,304	Nil	Nil
Tat Hong (Thailand) Co., Ltd <sup>(1)</sup>	-	259	Nil	Nil
CMC Construction Pte Ltd <sup>(1)</sup>	322	322	Nil	Nil
Tat Hong HeavyEquipment (HK) Ltd <sup>(1)</sup>	109	109	Nil	Nil
THAB Development Sdn Bhd <sup>(2)</sup>	99	243	Nil	Nil
WB TOP3 Development Sdn. Bhd. <sup>(3)</sup>	-	972	Nil	Nil

Note:

<sup>(1)</sup> Tat Hong HeavyEquipment (Pte.) Ltd., Tat Hong Plant Leasing Pte Ltd, Tat Hong (Thailand) Co., Ltd, CMC Construction Pte Ltd and Tat Hong HeavyEquipment (HK) Ltd are related corporations of TH Investments Pte Ltd, a substantial shareholder of the Company.

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

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

In 1HFY19, the Group granted additional shareholder's loan in proportion to its shareholdings of RM0.7 million (equivalent to \$0.2 million) to THAB for financing of property development.

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

### F Interested person transactions (cont'd)

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

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

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

In 1HFY19, the Group granted additional shareholder's loan in proportion to its shareholdings of RM2.9 million (equivalent to \$1.0 million) to WB TOP3 for financing of property development.

## Notes to the Statement of Financial Position

### 1 Property, plant and equipment

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

	Group	
	As at 30/09/2018 \$'000	As at 31/03/2018 \$'000
<u>Cost/Valuation</u>		
Opening balance	381,078	377,544
Additions	11,783	13,836
Reclassification from inventories	2,538	7,613
Transfer to inventories	(7,302)	(5,811)
Reclassification to assets held for sale	(1,878)	(1,494)
Disposals/Write-offs	(2,818)	(13,599)
Translation differences on consolidation	(1,029)	2,989
Closing balance	382,372	381,078
<u>Accumulated depreciation and impairment losses</u>		
Opening balance	224,857	212,615
Depreciation charge	12,134	25,816
Impairment loss	(16)	63
Transfer to inventories	(6,464)	(4,527)
Reclassification to assets held for sale	(639)	(1,022)
Disposals/Write-offs	(2,301)	(9,818)
Translation differences on consolidation	(610)	1,730
Closing balance	226,961	224,857
Carrying amount	155,411	156,221

### 2 Inventories

	Group	
	As at 30/09/2018 \$'000	As at 31/03/2018 \$'000
Equipment and machinery held for sale	11,017	12,180
Spare parts	10,008	9,396
Construction materials on sites	1,968	2,118
	22,993	23,694
Allowance for inventory obsolescence	-	-
	22,993	23,694

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

### 3 Aggregate amount of Group's borrowings and debt securities

#### Amount repayable in one year or less, or on demand

As at 30/09/2018	
Secured	Unsecured
\$'000	\$'000
9,599	67,562

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

#### Amount repayable after one year

As at 30/09/2018	
Secured	Unsecured
\$'000	\$'000
20,638	-

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

#### Details of any collateral

The Group's total borrowings were \$97.8 million (31 March 2018: \$80.4 million) and consist of finance leases and bank loans. Included in the borrowings repayable within one year were bills payable amounting to \$31.1 million (31 March 2018: \$16.7 million).

The overdrafts, bills payable, finance lease liabilities and bank loan facilities are secured by legal mortgages over the Group's assets listed below and guaranteed by the Company. Out of which \$7,709,000 (31 March 2018: \$7,741,000) are also guaranteed by a related corporation:

- a) \$18,368,000 (31 March 2018: \$18,092,000) in respect of plant and machinery acquired under finance leases;
- b) \$11,482,000 (31 March 2018: \$12,482,000) which are secured by a charge over the leasehold land and properties; and
- c) \$387,000 (31 March 2018: \$535,000) which are secured by a mortgage over the plant and machinery.

## Notes to the Statement of Changes in Equity

### 1 Changes in the Company's Share Capital

As at 30 September 2018, the issued and fully paid-up share capital of the Company was 2,232,282,546 (31 March 2018: 2,229,145,881) ordinary shares. Movement in the Company's issued and fully paid-up share capital during the 3 months ended 30 September 2018 was as follows:

	Number of shares	\$'000
As at 1 July 2018	2,231,527,546	80,522
Exercise of warrants	755,000	7
As at 30 September 2018	<u>2,232,282,546</u>	<u>80,529</u>

The total number of ordinary shares issued (excluding treasury shares) as at 30 September 2018 was 2,211,762,546 (31 March 2018: 2,208,625,881) ordinary shares.

During the 3 months ended 30 September 2018, 755,000 warrants were exercised at \$0.01 each pursuant to the Rights cum Warrants Issue on 30 December 2015. As at 30 September 2018, there were outstanding warrants of 1,417,408,625 (30 September 2017: 1,440,301,590) for conversion into ordinary shares, representing 64.1% (30 September 2017: 65.8%) of the total number of ordinary shares issued (excluding treasury shares).

There were no share buybacks for the 3 months ended 30 September 2018. There were 20,520,000 shares held as treasury shares as at 30 September 2018 (30 September 2017: 20,520,000 shares), representing 0.9% (30 September 2017: 0.9%) of the total number of ordinary shares issued (excluding treasury shares). There were no sales, transfers, cancellation and/or use of treasury shares as at 30 September 2018.

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

## 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 Statements which is attached to the financial statements announcement.

## Accounting Policies

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning on 1 April 2018 as follows:

- SFRS(I) 15 *Revenue from Contracts with Customers* and Amendments to SFRS(I) 15 *Clarifications to SFRS(I) 15*;
- SFRS(I) 9 *Financial Instruments*;



## Accounting Policies (cont'd)

- *Classification and Measurement of Share-based Payment Transactions* (Amendments to SFRS(I) 2);
- *Transfers of Investment Property* (Amendments to SFRS(I) 1-40);
- *Deletion of short-term exemptions for first-time adopters* (Amendments to SFRS(I) 1);
- *Measuring an Associate or Joint Venture at Fair Value* (Amendments to SFRS(I) 1-28);
- Applying SFRS(I) 9 *Financial Instruments* with SFRS(I) 4 *Insurance Contracts* (Amendments to SFRS(I) 4); and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

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

### SFRS(I) 15 Revenue from Contracts with Customers

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

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

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

### **Consolidated statement of profit or loss**

	<b>2nd Quarter ended 30/09/2017 \$'000</b>	<b>6 months ended 30/09/2017 \$'000</b>
Decrease in revenue	541	1,104
Increase in finance income	352	581
Decrease in finance expenses	189	523

### **Consolidated statement of financial position**

	<b>As at 31/03/2018 \$'000</b>
Increase in contract assets	81,432
Decrease in trade and other receivables	84,178
Increase in contract liabilities	52
Decrease in trade and other payables	52
Decrease in excess of progress billings over construction work-in-progress	926
Decrease in provisions	2,006
Increase in foreign currency translation reserve	1
Increase in retained earnings	185

### SFRS(I) 9 Financial Instruments

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

## Accounting Policies (cont'd)

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

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

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

### Consolidated statement of financial position

	As at 01/04/2018 \$'000
Decrease in investment in associates	985
Decrease in other investment	625
Increase in trade and other receivables	1,151
Increase in deferred tax assets	1
Decrease in deferred tax liabilities	66
Decrease in non-controlling interests	122
Decrease in retained earnings	270

Following the adoption of SFRS(I) 9, a reversal of impairment losses on trade receivables of \$150,000 was recognised in the consolidated statement of profit or loss for 1HFY19 (1HFY18: \$Nil).

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

## Loss Per Share

### (a) Basic loss per ordinary share

	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
Based on the weighted average number of ordinary shares on issue	(0.13) cents	(0.13) cents	(0.26) cents	(0.27) cents
	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	\$'000	\$'000	\$'000	\$'000
Basic loss per ordinary share is based on:				
Net loss attributable to ordinary shareholders	(2,805)	(2,772)	(5,705)	(5,912)
	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	Number of shares			
Weighted average number of:				
Issued ordinary shares at beginning of the period	2,231,527,546	2,208,589,581	2,229,145,881	2,208,589,581
Issue of shares via exercise of warrants	355,598	243,478	1,675,746	122,404
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 loss per ordinary share	2,211,363,144	2,188,313,059	2,210,301,627	2,188,191,985

## Loss Per Share (cont'd)

### (b) Diluted loss per ordinary share

	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
On a fully diluted basis	(0.13) cents	(0.13) cents	(0.26) cents	(0.27) cents
	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	\$'000	\$'000	\$'000	\$'000
Diluted loss per ordinary share is based on:				
Net loss attributable to ordinary shareholders	(2,805)	(2,772)	(5,705)	(5,912)

For the purpose of calculating the diluted loss per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive warrants with the potential ordinary shares weighted for the period outstanding.

	2nd Quarter ended		6 months ended	
	30/09/2018	30/09/2017	30/09/2018	30/09/2017
	Number of shares			
Weighted average number of:				
Ordinary shares used in the calculation of				
basic loss per ordinary share	2,211,363,144	2,188,313,059	2,210,301,627	2,188,191,985
Potential ordinary shares issuable				
under exercise of warrants	*	*	*	*
Weighted average number of ordinary issued				
and potential shares assuming full				
conversion	2,211,363,144	2,188,313,059	2,210,301,627	2,188,191,985

\* 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 30/09/2018	As at 31/03/2018
<b>Group</b>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	6.9 cents	7.2 cents
<b>Company</b>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	6.0 cents	6.0 cents

The net asset value per ordinary share is calculated based on net asset value of \$153.4 million (31 March 2018: \$159.4 million) over the total number of ordinary shares issued (excluding treasury shares) as at 30 September 2018 of 2,211,762,546 (31 March 2018: 2,208,625,881) ordinary shares.

## Variance from Prospect Statement

No forecast or prospect statement has been disclosed to shareholders.

## Dividend

No dividend has been declared/recommended in the current financial period and the corresponding period of the immediately preceding financial year.

## Confirmation

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the financial results for the period under review to be false or misleading in any material respect.

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

## 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, 1 November 2018, the Concert Party Group holds in aggregate:
  - (i) 1,155,618,407 Shares, representing approximately 52.25% of the voting rights in the Company; and
  - (ii) 278,232,605 Warrants, out of which 113,942,490 Warrants were pursuant to the Whitewash Waiver;

## **Whitewash Waiver in relation to Rights Cum Warrants Issue (cont'd)**

- (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 57.58% (based on the enlarged share capital of the Company of 2,489,995,151 Shares (excluding treasury shares) immediately following the allotment and issue of 278,232,605 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**  
**7 November 2018**