



**CSC Holdings Limited and its Subsidiaries**  
**Registration Number: 199707845E**

**Condensed Consolidated Interim Financial Information**  
**Six Months ended 30 September 2018**



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## **Independent auditors' report on review of condensed consolidated interim financial information**

The Board of Directors  
CSC Holdings Limited

### ***Introduction***

We have reviewed the accompanying condensed consolidated statement of financial position of CSC Holdings Limited and its Subsidiaries (the "Group") as at 30 September 2018 and the related condensed consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for the six months period then ended, and certain explanatory notes (the "Condensed Interim Financial Information"). Management is responsible for the preparation and fair presentation of this Condensed Interim Financial Information in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*. Our responsibility is to express a conclusion on this Condensed Interim Financial Information based on our review.

### ***Scope of review***

We conducted our review in accordance with Singapore Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of Condensed Interim Financial Information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### ***Conclusion***

Based on our review, nothing has come to our attention that causes us to believe that the accompanying Condensed Interim Financial Information is not prepared, in all material respects, in accordance with SFRS(I) 1-34 *Interim Financial Reporting*.



***Restriction on use***

Our report is provided in accordance with the terms of our engagement. Our work was undertaken so that we might report to you on the Condensed Interim Financial Information for the purpose of assisting the Company to meet the requirements of paragraph 3 of Appendix 7.2 of the Singapore Exchange Limited Listing Manual and for no other purpose. Our report is included in the Company's announcement of its Condensed Interim Financial Information for the information of its members. We do not assume responsibility to anyone other than the Company for our work, for our report, or for the conclusions we have reached in our report.

***KPMG UP***  
**KPMG LLP**

*Public Accountants and*  
*Chartered Accountants*

**Singapore**  
**7 November 2018**

**Condensed consolidated statement of financial position**  
**As at 30 September 2018**

	Note	30/9/2018 \$'000	31/3/2018 \$'000
<b>Non-current assets</b>			
Property, plant and equipment	3	155,411	156,221
Goodwill		1,452	1,452
Investments in associates	4	686	1,666
Other investments		405	914
Contract assets		15,531	12,881
Trade and other receivables		2,074	—
Deferred tax assets		107	93
		<u>175,666</u>	<u>173,227</u>
<b>Current assets</b>			
Inventories		22,993	23,694
Contract assets		78,727	68,551
Trade and other receivables		73,337	50,566
Cash and cash equivalents		14,970	18,726
		<u>190,027</u>	<u>161,537</u>
Assets held for sale		1,432	198
		<u>191,459</u>	<u>161,735</u>
<b>Total assets</b>		<u>367,125</u>	<u>334,962</u>
<b>Equity attributable to owners of the Company</b>			
Share capital	5	80,529	80,498
Reserves		45,444	52,128
		<u>125,973</u>	<u>132,626</u>
<b>Non-controlling interests</b>		27,440	26,761
<b>Total equity</b>		<u>153,413</u>	<u>159,387</u>
<b>Non-current liabilities</b>			
Loans and borrowings	6	20,638	21,215
Deferred tax liabilities		1,922	1,853
		<u>22,560</u>	<u>23,068</u>
<b>Current liabilities</b>			
Loans and borrowings	6	77,161	59,162
Contract liabilities		1,148	52
Trade and other payables		107,167	86,459
Provisions		5,374	6,604
Current tax payable		302	230
		<u>191,152</u>	<u>152,507</u>
<b>Total liabilities</b>		<u>213,712</u>	<u>175,575</u>
<b>Total equity and liabilities</b>		<u>367,125</u>	<u>334,962</u>

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of profit or loss**  
**For the six months ended 30 September 2018**

		<b>Six months ended</b>	
		<b>30 September</b>	
	<b>Note</b>	<b>2018</b>	<b>2017</b>
		<b>\$'000</b>	<b>\$'000</b>
Revenue	7	175,854	168,818
Cost of sales		(166,575)	(162,047)
<b>Gross profit</b>		<b>9,279</b>	<b>6,771</b>
Other income		1,228	1,391
Distribution expenses		(459)	(319)
Administrative expenses		(13,245)	(12,844)
Other operating expense		(161)	(144)
Impairment loss reversed on trade and other receivables and contract assets		20	468
<b>Results from operating activities</b>		<b>(3,338)</b>	<b>(4,677)</b>
Finance income		996	693
Finance expenses		(1,856)	(1,559)
<b>Net finance expenses</b>		<b>(860)</b>	<b>(866)</b>
Share of loss of associates (net of tax)		(5)	—
Share of profit of a joint venture (net of tax)		—	1
		(5)	1
<b>Loss before tax</b>		<b>(4,203)</b>	<b>(5,542)</b>
Tax expense		(449)	(82)
<b>Loss for the period</b>	8	<b>(4,652)</b>	<b>(5,624)</b>
<b>Attributable to:</b>			
Owners of the Company		(5,705)	(5,912)
Non-controlling interests		1,053	288
<b>Loss for the period</b>		<b>(4,652)</b>	<b>(5,624)</b>
<b>Loss per share</b>			
Basic loss per share (cents)	9	(0.26)	(0.27)
Diluted loss per share (cents)	9	(0.26)	(0.27)

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of comprehensive income**  
**For the six months ended 30 September 2018**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Loss for the period	(4,652)	(5,624)
<b>Other comprehensive income</b>		
<b>Items that are or may be reclassified subsequently</b>		
<b>to profit or loss:</b>		
Foreign currency translation differences		
- foreign operations	(811)	495
<b>Other comprehensive income for the period, net of tax</b>	<u>(811)</u>	<u>495</u>
<b>Total comprehensive income for the period</b>	<u>(5,463)</u>	<u>(5,129)</u>
<b>Total comprehensive income attributable to:</b>		
Owners of the Company	(6,414)	(5,452)
Non-controlling interests	951	323
<b>Total comprehensive income for the period</b>	<u>(5,463)</u>	<u>(5,129)</u>

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of changes in equity**  
**For the six months ended 30 September 2018**

Group	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Reserve on consolidation \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 April 2017, as previously reported	80,292	17,798	(2,354)	116	(881)	(7,374)	11,828	45,519	144,944	25,900	170,844
Adjustment on initial adoption of SFRS(I) 15*	—	—	—	—	—	1	—	185	186	—	186
Adjusted balances at 1 April 2017	80,292	17,798	(2,354)	116	(881)	(7,373)	11,828	45,704	145,130	25,900	171,030
<b>Total comprehensive income for the period</b>	—	—	—	—	—	—	—	(5,912)	(5,912)	288	(5,624)
Profit or loss for the period	—	—	—	—	—	—	—	—	—	288	(5,624)
<b>Other comprehensive income</b>	—	—	—	—	—	—	—	—	—	—	—
Foreign currency translation differences	—	—	—	—	—	460	—	—	460	35	495
Transfer of revaluation surplus	—	—	—	—	—	—	(326)	326	—	—	—
Total other comprehensive income	—	—	—	—	—	460	(326)	326	460	35	495
Total comprehensive income for the period	—	—	—	—	—	460	(326)	(5,586)	(5,452)	323	(5,129)
<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
Dividends 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 interests 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)
At 30 September 2017	80,300	17,798	(2,354)	116	(881)	(6,913)	11,502	40,118	139,686	26,198	165,884

\* See note 15

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of changes in equity (cont'd)**  
**For the six months ended 30 September 2018**

Group	Share capital \$'000	Capital reserve \$'000	Reserve for own shares \$'000	Reserve on consolidation \$'000	Other reserve \$'000	Foreign currency translation reserve \$'000	Revaluation reserve \$'000	Accumulated profits \$'000	Total attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 31 March 2018, as previously reported	80,498	17,798	(2,354)	116	(881)	(5,770)	11,199	31,834	132,440	26,761	159,201
Adjustment on initial adoption of SFRS(I) 15*	—	—	—	—	—	1	—	185	186	—	186
Adjusted balances at 31 March 2018	80,498	17,798	(2,354)	116	(881)	(5,769)	11,199	32,019	132,626	26,761	159,387
Adjustment on initial adoption of SFRS(I) 9*	—	—	—	—	—	—	—	(270)	(270)	(122)	(392)
Adjusted balances at 1 April 2018	80,498	17,798	(2,354)	116	(881)	(5,769)	11,199	31,749	132,356	26,639	158,995
<b>Total comprehensive income for the period</b>	—	—	—	—	—	—	—	(5,705)	(5,705)	1,053	(4,652)
Profit or loss for the period	—	—	—	—	—	—	—	—	—	—	—
<b>Other comprehensive income</b>	—	—	—	—	—	(709)	—	—	(709)	(102)	(811)
Foreign currency translation differences	—	—	—	—	—	—	—	—	—	—	—
Transfer of revaluation surplus	—	—	—	—	—	—	(298)	298	—	—	—
Total other comprehensive income	—	—	—	—	—	(709)	(298)	298	(709)	(102)	(811)
Total comprehensive income for the period	—	—	—	—	—	(709)	(298)	(5,407)	(6,414)	951	(5,463)
<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	31	—	—	—	—	—	—	—	31	—	31
Dividends paid to non-controlling interests	—	—	—	—	—	—	—	—	—	(150)	(150)
Total transactions with owners of the Company	31	—	—	—	—	—	—	—	31	(150)	(119)
At 30 September 2018	80,529	17,798	(2,354)	116	(881)	(6,478)	10,901	26,342	125,973	27,440	153,413

\* See note 15

The accompanying notes form an integral part of these condensed consolidated interim financial information.



**Condensed consolidated statement of cash flows**  
**For the six months ended 30 September 2018**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Loss for the period	(4,652)	(5,624)
Adjustments for:		
Bad debts written (back)/off	(15)	1
Depreciation of property, plant and equipment	12,134	13,012
Gain on disposal of property, plant and equipment	(783)	(854)
Impairment losses reversed on:		
- property, plant and equipment	(16)	—
- trade and other receivables and contract assets	(20)	(468)
Inventories written down	142	49
Inventories written off	130	—
Net finance expenses	860	866
Property, plant and equipment written off	1	—
Provision (reversed)/made for onerous contracts	(740)	142
Provision for rectification costs	456	558
Share of loss of associates (net of tax)	5	—
Share of profit of a joint venture (net of tax)	—	(1)
Tax expense	449	82
	<hr/> 7,951	<hr/> 7,763
Changes in working capital:		
Inventories	(627)	(318)
Contract assets	(12,224)	(8,746)
Trade and other receivables	(22,992)	(3,776)
Contract liabilities	1,096	(622)
Trade and other payables	22,331	12,396
	<hr/> (4,465)	<hr/> 6,697
Cash (used in)/generated from operations		
Taxes paid	(536)	(724)
Interest received	170	112
<b>Net cash (used in)/generated from operating activities</b>	<hr/> (4,831)	<hr/> 6,085
<b>Cash flows from investing activities</b>		
Proceeds from disposal of:		
- property, plant and equipment	1,337	3,566
- a joint venture in prior year	—	419
Purchase of property, plant and equipment	(9,421)	(6,771)
Investment in an associate	(1,427)	—
Subscription of convertible notes in investee	(120)	—
<b>Net cash used in investing activities</b>	<hr/> (9,631)	<hr/> (2,786)

The accompanying notes form an integral part of these condensed consolidated interim financial information.

**Condensed consolidated statement of cash flows (cont'd)**  
**For the six months ended 30 September 2018**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from financing activities</b>		
Interest paid	(1,884)	(1,551)
Dividends paid to non-controlling interests of a subsidiary	(150)	(90)
Proceeds from:		
- bank loans	10,375	4,325
- bills payable	75,992	25,923
- cash grant from Productivity and Innovation Credit Scheme and Productivity Innovation Project Scheme for acquisition of property, plant and equipment	158	—
- issue of shares from exercise of warrants	31	8
Repayment of:		
- bank loans	(10,123)	(10,811)
- bills payable	(61,598)	(16,513)
- finance lease liabilities	(4,639)	(6,456)
Decrease in fixed deposits pledged	—	1,000
<b>Net cash generated from/(used in) financing activities</b>	<b>8,162</b>	<b>(4,165)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(6,300)</b>	<b>(866)</b>
Cash and cash equivalents at beginning of period	15,758	13,090
Effect of exchange rate changes on balances held in foreign currencies	(7)	126
<b>Cash and cash equivalents at end of period</b>	<b>9,451</b>	<b>12,350</b>
Comprising:		
Cash and cash equivalents	14,970	18,639
Bank overdrafts	(5,519)	(6,289)
<b>Cash and cash equivalents in the consolidated cash flow statement</b>	<b>9,451</b>	<b>12,350</b>

During the financial period, the Group acquired property, plant and equipment with an aggregate cost of \$11,783,000 (30 September 2017: \$6,319,000) of which \$1,316,000 (30 September 2017: \$970,000) were acquired by means of finance leases. Cash payments of \$9,421,000 (30 September 2017: \$6,771,000) were made to purchase property, plant and equipment, out of which \$2,238,000 (30 September 2017: \$2,179,000) was for the unpaid liabilities for prior year's acquisition of property, plant and equipment. At the reporting date, the unpaid liabilities from the purchase of property, plant and equipment amounted to \$3,442,000 (30 September 2017: \$757,000).

## **Notes to the condensed consolidated interim financial information**

These notes form an integral part of the condensed consolidated interim financial information.

The condensed consolidated interim financial information were authorised for issue by the directors on 7 November 2018.

### **1 Domicile and activities**

CSC Holdings Limited (“the Company”) is a company domiciled in the Republic of Singapore. The condensed consolidated interim financial information as at and for the six months ended 30 September 2018, comprise the Company and its subsidiaries (together referred to as the “Group”). The Group is primarily involved in piling works, civil engineering works, trading and leasing of heavy foundation equipment, soil investigation and surveying works.

#### **1.1 Basis of preparation**

The condensed consolidated interim financial information of the Group has been prepared on a condensed basis in accordance with the Singapore Financial Reporting Standard (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting*. These are the Group’s first SFRS(I) condensed consolidated interim financial information for part of the period covered by the first SFRS(I) annual financial statements and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied. They do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 31 March 2018.

The condensed consolidated interim financial information, which do not include the full disclosures of the type normally included in full annual financial statements prepared in accordance with the SFRS(I)s, are to be read in conjunction with the last audited financial statements for the year ended 31 March 2018.

Accounting policies and methods of computation used in the condensed consolidated interim financial information are consistent with those applied in the financial statements for the year ended 31 March 2018, which were prepared in accordance with Singapore Financial Reporting Standards (FRS), except for changes arising from the transition to SFRS(I) and application of new standards (namely SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*) as set out in Note 15.

The changes in accounting policies are also expected to be reflected in the Group’s consolidated financial statements as at and for the year ending 31 March 2019.

The condensed consolidated interim financial information is presented in Singapore dollars which is the Company’s functional currency.

#### **1.2 Use of judgements and estimates**

In preparing the condensed consolidated interim financial information, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 2018, except for those relating to the application of SFRS(I) 15 and SFRS(I) 9 (see note 15).

## 2 Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

## 3 Property, plant and equipment

During the six months ended 30 September 2018, the Group acquired assets amounting to \$11,783,000 (31 March 2018: \$13,836,000) and disposed of assets amounting to \$517,000 (31 March 2018: \$3,781,000).

## 4 Investments in associates

As at 31 March 2018, the Group owned 100% equity interest in Coldhams Alliance Pte Ltd ("CA"). In August 2018, the Group entered into a Shareholders Agreement ("SA") with several parties (collectively, the "Partners") in relation to CA.

Pursuant to the SA, CA increased its share capital from \$2 to \$50,000 by way of issuance of 49,998 new ordinary shares to the Partners, of which 27,498 were subscribed by the Group for a cash consideration of \$27,498. As a result, the Group's effective equity interest in CA was diluted from 100% to 47.5%. Following the dilution in shareholdings and terms and conditions of the SA, the Group reclassified the investment in CA from a subsidiary to an investment in an associate.

As part of the SA, the Group also granted a shareholder's loan in the current period in proportion to its shareholdings, of GBP770,000 (equivalent to \$1.4 million) to CA, which has been included in non-current trade and other receivables.

Following the adoption of SFRS(I) 9 *Financial Instruments*, shareholders' loans to associates, Coriolis Hertford Limited and WB TOP3 Development Sdn. Bhd. have been reclassified to current and non-current trade and other receivables respectively.

## 5 Share capital

	30 September 2018		31 March 2018	
	No. of shares	\$'000	No. of shares	\$'000
<b>Issued and fully-paid ordinary shares with no par value:</b>				
At 1 April	2,229,145,881	80,498	2,208,589,581	80,292
Exercise of warrants	3,136,665	31	20,556,300	206
At 30 September/31 March	<u>2,232,282,546</u>	<u>80,529</u>	<u>2,229,145,881</u>	<u>80,498</u>

There were no share buybacks during the financial period. As at 30 September 2018, the Company held 20,520,000 (31 March 2018: 20,520,000) of its own uncanceled shares.

During the six months ended 30 September 2018, 3,136,665 shares were issued upon exercise of 3,136,665 warrants at \$0.01 each, pursuant to the Rights cum Warrants Issue dated 30 December 2015.

As at 30 September 2018, there were outstanding warrants of 1,417,408,625 (31 March 2018: 1,420,545,290) for conversion into ordinary shares.

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

## 6 Loans and borrowings

	30 September 2018 \$'000	31 March 2018 \$'000
Bank overdrafts	5,519	2,968
Bills payable	31,073	16,746
Secured bank loans	11,869	13,017
Unsecured bank loans	30,970	29,554
Finance lease liabilities	18,368	18,092
	<u>97,799</u>	<u>80,377</u>
Amount repayable:		
- in one year or less, or on demand	77,161	59,162
- after one year	20,638	21,215
	<u>97,799</u>	<u>80,377</u>

The loans and borrowings are guaranteed by the Company, out of which \$7,709,000 (31 March 2018: \$7,741,000) are also guaranteed by a related corporation.

The secured bank loans and finance lease liabilities are secured by:

- (a) a charge over the Group's leasehold land and properties with a carrying amount of \$24,328,000 (31 March 2018: \$24,985,000);
- (b) a legal mortgage over the Group's plant and machinery with a carrying amount of \$705,000 (31 March 2018: \$1,396,000);
- (c) the Group's plant and machinery acquired under finance lease arrangements with a carrying amount of \$31,991,000 (31 March 2018: \$39,186,000); and
- (d) the Group's inventories acquired under finance lease arrangements with a carrying amount of \$350,000 (31 March 2018: \$700,000).

## 7 Revenue

	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Revenue from contracts with customers	169,773	163,667
Rental income	6,081	5,151
	<u>175,854</u>	<u>168,818</u>

The Group's operations and main revenue streams are those described in the last annual financial statements. The nature and effect of initially applying SFRS(I) 15 on the Group's interim financial information are disclosed in Note 15.

### Disaggregation of revenue

In the following table, revenue is disaggregated by geographical regions and timing of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (see Note 10).

	<b>Foundation and geotechnical engineering</b>		<b>Sales and lease of equipment</b>		<b>Total reportable segments</b>	
	<b>Six months ended</b>		<b>Six months ended</b>		<b>Six months ended</b>	
	<b>30/9/2018</b>	<b>30/9/2017</b>	<b>30/9/2018</b>	<b>30/9/2017</b>	<b>30/9/2018</b>	<b>30/9/2017</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>Geographical regions</b>						
Singapore	113,713	120,985	19,814	8,430	133,527	129,415
Malaysia	29,918	32,172	3,349	350	33,267	32,522
Thailand	—	—	2,772	920	2,772	920
Vietnam	—	639	—	—	—	639
Other regions	—	—	207	171	207	171
	<u>143,631</u>	<u>153,796</u>	<u>26,142</u>	<u>9,871</u>	<u>169,773</u>	<u>163,667</u>
<b>Major revenue streams</b>						
Construction contracts	143,335	153,675	—	—	143,335	153,675
Trading of building products and plant and equipment	296	121	26,142	9,871	26,438	9,992
	<u>143,631</u>	<u>153,796</u>	<u>26,142</u>	<u>9,871</u>	<u>169,773</u>	<u>163,667</u>
<b>Timing of revenue recognition</b>						
Products transferred at a point in time	296	121	26,142	9,871	26,438	9,992
Products and services transferred over time	143,335	153,675	—	—	143,335	153,675
	<u>143,631</u>	<u>153,796</u>	<u>26,142</u>	<u>9,871</u>	<u>169,773</u>	<u>163,667</u>

## 8 Loss for the period

The following items have been included in arriving at the loss for the period:

	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
Bad debts written (back)/off	(15)	1
Depreciation of property, plant and equipment	12,134	13,012
Foreign exchange gain	(26)	(221)
Gain on disposal of property, plant and equipment	(783)	(854)
Impairment losses reversed on:		
- property, plant and equipment	(16)	—
- trade and other receivables and contract assets	(20)	(468)
Inventories written down	142	49
Inventories written off	130	—
Operating lease expenses	15,195	12,317
Property, plant and equipment written off	1	—
Provision (reversed)/made for onerous contracts	(740)	142
Provision for rectification costs	456	558

## 9 Loss per share

### (a) Basic loss per share

Basic loss per share is based on:

Net loss attributable to ordinary shareholders

	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
	(5,705)	(5,912)

Weighted average number of shares

	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>No. of shares</b>	<b>No. of shares</b>
	2,210,301,627	2,188,191,985

### (b) Diluted loss per share

Diluted loss per share is based on:

Net loss attributable to ordinary shareholders

	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
	(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.

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

	<b>Six months ended 30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>No. of shares</b>	<b>No. of shares</b>
Weighted average number of shares	2,210,301,627*	<u>2,188,191,985*</u>

\* As the Group was in a loss position, the outstanding warrants were not included in the computation of diluted loss per share because these potential ordinary shares were anti-dilutive.

## 10 Segmental information

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Board of Directors reviews the internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

*Foundation and geotechnical engineering:* Includes civil engineering, piling, foundation and geotechnical engineering, soil investigation, land surveying and other related services.

*Sale and lease of equipment:* Sales and rental of foundation engineering equipment, machinery and spare parts.

Other operations include the sale and sublet of land, property development and fabrication, repair and maintenance services for heavy machinery. None of these segments meet any of the quantitative thresholds for determining reportable segments in both financial periods.

The bases of measurement of the reportable segments are in accordance with the Group's accounting policies.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's Board of Directors. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.



## Information about reportable segments

	Foundation and geotechnical engineering		Sales and lease of equipment		Total reportable segments	
	Six months ended		Six months ended		Six months ended	
	30/9/2018	30/9/2017	30/9/2018	30/9/2017	30/9/2018	30/9/2017
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
External revenue	143,787	153,888	32,067	14,930	175,854	168,818
Inter-segment revenue	32,454	26,693	8,349	7,275	40,803	33,968
Reportable segment (loss)/profit before tax	(6,677)	(5,791)	2,205	24	(4,472)	(5,767)

	Foundation and geotechnical engineering		Sales and lease of equipment		Total reportable segments	
	30/9/2018		30/9/2018		30/9/2018	
	30/9/2018	31/3/2018	30/9/2018	31/3/2018	30/9/2018	31/3/2018
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Reportable segment assets	254,180	232,684	95,387	86,031	349,567	318,715
Reportable segment liabilities	161,532	132,028	42,126	34,034	203,658	166,062

## Reconciliations of reportable segment revenues, profit or loss, assets and liabilities

	Six months ended	
	30 September	30 September
	2018	2017
	\$'000	\$'000
<b>Revenue</b>		
Total revenue for reportable segments	216,657	202,786
Elimination of inter-segment revenue	(40,803)	(33,968)
Consolidated revenue	175,854	168,818
<b>Profit or loss</b>		
Total loss before tax for reportable segments	(4,472)	(5,767)
Total profit/(loss) before tax for other segments	502	(24)
	(3,970)	(5,791)
Elimination of inter-segment transactions	2,634	2,767
Unallocated amounts:		
- other corporate expenses	(2,862)	(2,519)
Share of loss of associates	(5)	-
Share of profit of a joint venture	-	1
Consolidated loss before tax	(4,203)	(5,542)

	<b>30 September 2018 \$'000</b>	<b>31 March 2018 \$'000</b>
<b>Assets</b>		
Total assets for reportable segments	349,567	318,715
Total assets for other segments	15,358	13,648
	<u>364,925</u>	<u>332,363</u>
Investments in associates	686	1,666
Deferred tax assets	107	93
Tax recoverable (under trade and other receivables)	760	533
Other unallocated amounts	647	307
Consolidated total assets	<u>367,125</u>	<u>334,962</u>
<b>Liabilities</b>		
Total liabilities for reportable segments	203,658	166,062
Total liabilities for other segments	5,798	6,020
	<u>209,456</u>	<u>172,082</u>
Deferred tax liabilities	1,922	1,853
Current tax payable	302	230
Other unallocated amounts	2,032	1,410
Consolidated total liabilities	<u>213,712</u>	<u>175,575</u>

## 11 Dividends

No interim dividends were paid by the Company in respect of the six months ended 30 September 2018 and 2017.

## 12 Commitments

Commitments not reflected in the financial statements at the reporting date are as follows:

### (a) Capital commitments

As at reporting date, capital expenditure contracted for but not recognised in the financial statements is as follows:

	<b>30 September 2018 \$'000</b>	<b>31 March 2018 \$'000</b>
Capital commitment in respect of:		
- acquisition of property, plant and equipment	—	1,143
- subscription of convertible notes	—	120

### (b) Operating lease commitments (as lessee)

The Group leases office and equipment under operating leases. The leases typically run for an initial period of 6 months to 30.8 years, with an option to renew the lease after that date. Lease payments are usually revised at each renewal date to reflect market rentals. None of the leases include contingent rental.

As at reporting date, the future minimum lease payments payable under non-cancellable operating leases are as follows:

	<b>30 September 2018 \$'000</b>	<b>31 March 2018 \$'000</b>
Payable:		
- within 1 year	3,747	4,792
- after 1 year but within 5 years	5,257	3,233
- after 5 years	8,586	8,908
	<u>17,590</u>	<u>16,933</u>

## 13 Related parties

### *Key management personnel compensation*

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management are considered as key management personnel of the Group.

Key management personnel compensation comprised:

	<b>Six months ended 30 September 2018 \$'000</b>	<b>2017 \$'000</b>
Short-term employee benefits	2,594	2,633
Post-employment benefits	107	113
	<u>2,701</u>	<u>2,746</u>

The aggregate value of transactions related to key management personnel over which they have control or significant influence are as follows:

	<b>Six months ended 30 September 2018 \$'000</b>	<b>2017 \$'000</b>
Professional fees	<u>15</u>	<u>15</u>

### ***Other related party transactions***

Other than disclosed elsewhere in the condensed consolidated interim financial information, the transactions with related parties are as follows:

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Companies in which a substantial shareholder of the Group has substantial financial interests</b>		
Revenue from foundation engineering works	321	11
Revenue from rental and service income	152	49
Sale of plant and equipment	259	11
Rental and operating lease expenses	(3,316)	(2,144)
Purchase of plant and equipment	(73)	(153)
Upkeep of machinery and equipment expenses	(327)	(121)
Shareholder's loan to an associate*	(972)	—
Shareholder's loan to other investments*	(243)	(643)

\* In proportion to the Group's shareholdings in the associate and other investments

## **14 Accounting estimates and judgements**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the condensed consolidated interim financial information. The Group believes the critical accounting policies involving the most significant judgements and estimates used in the preparation of the condensed consolidated interim financial information are consistent with those found in the last audited financial statements for the year ended 31 March 2018, except for those disclosed in Note 15.

### ***Measurement of fair values***

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

The following methods and assumptions are used to estimate fair values of the following significant classes of financial instruments:

*Finance lease liabilities, non-current receivables and other investments*

The fair values of loans and receivables and contract assets have been determined by discounting the relevant cash flows with current interest rates for similar instruments at the reporting date.

The fair value of convertible notes is determined by reference to the latest round of financing price occurring within the current financial year which is deemed to approximate the fair value at reporting date. The key unobservable input comprises the most recent transaction price. The estimated fair value would increase/(decrease) if the recent transaction prices were higher/(lower).

Fair values of equity instruments measured at fair value through other comprehensive income are determined using the net asset value of the investee, which is largely made up of financial assets and liabilities. The Group believes that minimal future cash flows are expected as the investee was set up for a sole project which is expected to be completed within the current financial year. The estimated fair value would increase/(decrease) if the net asset value of the investee was higher/(lower).

*Floating interest rate bank loans*

The carrying amounts of floating interest bearing loans, which are repriced within 1 to 6 months from the reporting date, reflect the corresponding fair values.

*Other financial assets and liabilities*

The notional amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, current contract assets, cash and cash equivalents, trade and other payables and short term borrowings) are assumed to approximate their fair values because of the short period to maturity.

**Fair values versus carrying amounts**

The fair values of the financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Mandatorily at FVTPL – others \$'000	FVOCI – equity instruments \$'000	Financial assets at amortised cost \$'000	Other financial liabilities \$'000	Total carrying amount \$'000	Fair value \$'000
<b>30 September 2018</b>						
<b>Assets</b>						
Other investments	240	165	–	–	405	405
Contract assets	–	–	94,258	–	94,258	94,258
Trade and other receivables*	–	–	74,853	–	74,853	74,853
Cash and cash equivalents	–	–	14,970	–	14,970	14,970
	240	165	184,081	–	184,486	184,486
<b>Liabilities</b>						
Bank overdrafts	–	–	–	(5,519)	(5,519)	(5,519)
Bills payable	–	–	–	(31,073)	(31,073)	(31,073)
Secured bank loans	–	–	–	(11,869)	(11,869)	(11,869)
Unsecured bank loans	–	–	–	(30,970)	(30,970)	(30,970)
Finance lease liabilities	–	–	–	(18,368)	(18,368)	(17,531)
Trade and other payables**	–	–	–	(105,632)	(105,632)	(105,632)
	–	–	–	(203,431)	(203,431)	(202,594)
	Designated at fair value \$'000	Loans and receivables \$'000	Other financial liabilities within the scope of FRS 39 \$'000	Other financial liabilities outside the scope of FRS 39 \$'000	Total carrying amount \$'000	Fair value \$'000
<b>31 March 2018</b>						
<b>Assets</b>						
Other investments	914	–	–	–	914	914
Contract assets	–	81,432	–	–	81,432	81,432
Trade and other receivables*	–	50,048	–	–	50,048	50,048
Cash and cash equivalents	–	18,726	–	–	18,726	18,726
	914	150,206	–	–	151,120	151,120
<b>Liabilities</b>						
Bank overdrafts	–	–	(2,968)	–	(2,968)	(2,968)
Bills payable	–	–	(16,746)	–	(16,746)	(16,746)
Secured bank loans	–	–	(13,017)	–	(13,017)	(13,017)
Unsecured bank loans	–	–	(29,554)	–	(29,554)	(29,554)
Finance lease liabilities	–	–	–	(18,092)	(18,092)	(16,109)
Trade and other payables**	–	–	(84,806)	–	(84,806)	(84,806)
	–	–	(147,091)	(18,092)	(165,183)	(163,200)

\* Excludes prepayments

\*\* Excludes deposits received and deferred revenue

***Interest rates used in determining fair values***

The interest rates used to discount estimated cash flows, where applicable, are based on the government yield curve at reporting date plus an adequate credit spread, and are as follows:

	<b>30 September 2018 %</b>	<b>31 March 2018 %</b>
Non-current contract assets	4.88	4.88
Finance lease liabilities	1.50 – 3.40	1.50 – 3.40

***Fair value hierarchy***

	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>30 September 2018</b>				
<b>Financial assets measured at fair value</b>				
Other investments	—	—	405	405
<b>Financial assets not measured at fair value but for which fair values are disclosed</b>				
Contract assets	—	15,531	—	15,531
<b>Financial liabilities not measured at fair value but for which fair values are disclosed</b>				
Finance lease liabilities	—	(10,087)	—	(10,087)
<b>31 March 2018</b>				
<b>Financial assets measured at fair value</b>				
Other investments	—	—	120	120
<b>Financial assets not measured at fair value but for which fair values are disclosed</b>				
Contract assets	—	12,881	—	12,881
<b>Financial liabilities not measured at fair value but for which fair values are disclosed</b>				
Finance lease liabilities	—	(8,432)	—	(8,432)

#### *Transfers between Levels 1, 2 and 3*

There were no transfers of financial instruments between Levels 1, 2 and 3.

#### *Level 3 fair values*

The following table shows a reconciliation from the opening balances to the ending balances for Level 3 fair values:

<b>Group</b>	<b>Convertible notes \$'000</b>	<b>Unquoted equity securities \$'000</b>	<b>Total \$'000</b>
At 1 April 2017	—	879	879
Purchases	—	—	—
Effect of movements in exchange rates	—	(128)	(128)
At 30 September 2017	—	751	751
At 1 April 2018 (adjusted)	120	169	289
Purchases	120	—	120
Effect of movements in exchange rates	—	(4)	(4)
At 30 September 2018	240	165	405

## **15 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards**

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group has applied SFRS(I) 1 with 1 April 2017 as the date of transition and has prepared the condensed interim financial information in accordance with SFRS(I), and IFRS issued by the International Accounting Standards Board.

In adopting the new framework, the Group has applied the specific transition requirements in SFRS(I) 1 *First-time Adoption of International Financial Reporting Standards*.

In addition to the adoption of the new framework, the Group has adopted SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments* from 1 April 2018. A number of other new standards are effective from 1 April 2018 but they do not have a material effect on the Group's condensed interim financial information.



## **SFRS(I) 1**

The Group applies SFRS(I) 1 with 1 April 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group has assessed that the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 does not have any significant impact on the financial statements.

## **SFRS(I) 15**

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 initially adopted SFRS(I) 15 in its condensed interim financial information for the period ended 30 September 2018, using the retrospective approach. As a result, the Group applied all of the requirements of SFRS(I) 15 retrospectively, except as described below.

The Group applies practical expedients for completed contracts. This means that 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 Group applies the practical expedient in paragraph C5(c) of SFRS(I) 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the Group expects to recognise that amount as revenue for the period ended 30 September 2018.

The impact upon the adoption of SFRS(I) 15 and significant judgements made in applying the standard are described below.

### **(i) Accounting policies**

#### ***Construction contracts***

The Group previously recognised contract revenue by reference to the stage of completion of the contract activity, when the outcome of the construction contract can be estimated reliably, in accordance with FRS 11 *Construction Contracts*. Under SFRS(I) 15, the Group recognises revenue over time as each performance obligation is satisfied and when the Group has an enforceable right to payment for performance completed to date. The progress towards complete satisfaction of each performance obligation is measured using the output method, which is similar to the Group's previous approach.

Under SFRS(I) 15, management has also assessed that variable consideration such as discounts, penalties, including liquidated damages for delays, and other similar terms is typically constrained and is included in the transaction only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

Liquidated damages (based on historical experience) are therefore excluded from revenue. The reduction in revenue and cost of sales arising from this was assessed to be insignificant. Consequently, only a retrospective adjustment of \$2,746,000 was transferred from provisions to contract assets.

Under SFRS(I) 15, the Group needs to consider when a transaction contains a significant financing component. The transaction price is required to be adjusted using a discount rate that would be reflected in a separate financing transaction between the entity and its customer at contract inception ("market rate"). The market rate would reflect the credit characteristics of the party receiving financing in the contract. Management has evaluated, among other factors, the market observable borrowing rates and consequently, the amount of \$1,104,000 relating to the significant financing component was retrospectively adjusted against the transaction price.

Progress billings to the customer are typically triggered upon achievement of specified construction milestones. Under SFRS(I) 15, a contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Conversely, a contract liability is recognised when the Group has not yet performed under the contract but has received advanced payments from the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional. Contract liabilities are recognised as revenue as the Group performs under the contract. Upon application of SFRS(I) 15, the amount of \$71,297,000 and \$12,881,000 were reclassified from current and non-current trade and other receivables to current and non-current contract assets respectively. The amount of \$52,000 was reclassified from trade and other payables to contract liabilities. Provision for foreseeable losses of \$740,000 was also reclassified from excess of progress billings over construction work-in-progress to provisions.

#### ***Trading of building products and plant and equipment***

Under FRS 18 *Revenue*, the Group recognised revenue from the trading of building products and plant and equipment at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates, provided the level of expected return of goods and amount of trade discounts and volume rebates can be estimated reliably. Such arrangements represent variable consideration under SFRS(I) 15 and revenue is recognised to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved. As the Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year, the application of SFRS(I) 15 does not have a significant impact on the financial statements.

**(ii) Estimates**

***Estimation of revenue recognised on construction contracts***

Revenue recognition on an uncompleted construction contract is dependent on estimating the total outcome of the construction contract. Based on the Group's experience and the nature of the foundation engineering activity undertaken, management estimates the variable consideration to be constrained and excluded from revenue recognition at each reporting date. In addition, actual outcomes in terms of total revenue may be higher or lower than that estimated at the reporting date, which would affect the level of revenue recognised in the current and future years.

**SFRS(I) 9**

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

The Group has initially adopted SFRS(I) 9 in its condensed interim financial information for the period ended 30 September 2018, using the retrospective approach. The Group applied all of the requirements of SFRS(I) 9 retrospectively, except as described below.

The Group has applied the exemption in SFRS(I) 1 allowing it not to restate comparative information. 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.

As a result of the adoption of SFRS(I) 9, the Group adopted consequential amendments to SFRS(I) 1-1 *Presentation of Financial Statements* which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss. Previously, the Group's approach was to include the impairment of trade and other receivables and contract assets in other operating expenses.

The impact on adoption of SFRS(I) 9 are described below.

**(i) Accounting policies**

***Classification and measurement: financial assets and financial liabilities***

SFRS(I) 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under SFRS(I) 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. SFRS(I) 9 eliminates the previous FRS 39 categories of held to maturity, loans and receivables and available for sale. Under SFRS(I) 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification. SFRS(I) 9 largely retains the existing requirements in FRS 39 for the classification and measurement of financial liabilities.

The adoption of SFRS(I) 9 has not had a significant effect on the Group's accounting policies related to financial liabilities.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets.

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The following table and the accompanying notes below explain the original measurement categories under FRS 39 and the new measurement categories under SFRS(I) 9 for each class of the Group's financial assets and financial liabilities as at 1 April 2018.

	Note	Original classification under FRS 39	New classification under SFRS(I) 9	Original carrying amount under FRS 39 \$'000	New carrying amount under SFRS(I) 9 \$'000
<b>Financial assets</b>					
Convertible notes		FVTPL	Mandatorily at FVTPL	120	120
Equity securities	(i)	Available-for-sale	FVOCI – equity	794	169
Contract assets		Loans and receivables	Amortised cost	81,432	81,432
Trade and other receivables <sup>#</sup>	(ii)	Loans and receivables	Amortised cost	50,048	51,199
Cash and cash equivalents		Loans and receivables	Amortised cost	18,726	18,726
Total financial assets				<u>151,120</u>	<u>151,646</u>
<b>Financial liabilities</b>					
Bank overdrafts		Other financial liabilities	Other financial liabilities	(2,968)	(2,968)
Bills payable		Other financial liabilities	Other financial liabilities	(16,746)	(16,746)
Secured bank loans		Other financial liabilities	Other financial liabilities	(13,017)	(13,017)
Unsecured bank loans		Other financial liabilities	Other financial liabilities	(29,554)	(29,554)
Finance lease liabilities		Other financial liabilities	Other financial liabilities	(18,092)	(18,092)
Trade and other payables <sup>*</sup>		Other financial liabilities	Other financial liabilities	(84,806)	(84,806)
Total financial liabilities				<u>(165,183)</u>	<u>(165,183)</u>

<sup>#</sup> Excludes prepayments

<sup>\*</sup> Excludes deposits received and deferred revenue

- (i) These equity securities represent investments that are not held for trading but which the Group intends to hold for the long term strategic purposes. As permitted by SFRS(I) 9, the Group has designated these investments at the date of initial application as measured at FVOCI.

- (ii) Trade and other receivables and contract assets that were classified as loans and receivables under FRS 39 are now classified at amortised cost. Shareholders' loans of \$1,610,000 were reclassified from investments in associates and other investments as a result of the adoption of SFRS(I) 9. An increase of \$459,000 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 April 2018 on transition to SFRS(I) 9.

The following table reconciles the carrying amounts of financial assets under FRS 39 to the carrying amounts under SFRS(I) 9 on transition to SFRS(I) on 1 April 2018.

	FRS 39 carrying amount at 31 March 2018 \$'000	Reclassification \$'000	Remeasurement \$'000	SFRS(I) 9 carrying amount at 1 April 2018 \$'000
<b>Financial assets</b>				
Trade and other receivables and contract assets <sup>#</sup>				
Brought forward: Loans and receivables	131,480	—	—	131,480
Reclassification from investments in associates	—	985	—	985
Reclassification from other investments	—	625	—	625
Remeasurement	—	—	(459)	(459)
Carried forward: Amortised cost	131,480	1,610	(459)	132,631
<b>Financial assets</b>				
Equity securities				
Brought forward: Available- for-sale (held at cost)	794	—	—	—
Reclassification to amortised cost	—	(625)	—	—
Carried forward: FVOCI- equity	794	(625)	—	169

<sup>#</sup> Excludes prepayments

### **Impairment**

SFRS(I) 9 replaces the current 'incurred loss' model with a forward-looking expected credit loss (ECL) model. The new impairment model applies to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and certain loan commitments and financial guarantee contracts.

Under SFRS(I) 9, loss allowances of the Group will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applied the simplified approach and record lifetime ECL on all trade receivables and any contract assets arising from the application of SFRS(I) 15.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

*Measurement of ECLs*

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

*Credit-impaired financial assets*

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

The Group has determined that the application of SFRS(I) 9's impairment requirements at 1 April 2018 results in an additional allowance for impairment as follows.

	<b>As adjusted \$'000</b>
Loss allowance at 31 March 2018 under FRS 39	13,555
Additional impairment recognised at 1 April 2018 on:	
Trade and other receivables and contract assets as at 31 March 2018	459
Loss allowance at 1 April 2018 under SFRS(I) 9	<u>14,014</u>

**(ii) Estimates**

*Measurement of impairment losses on trade and other receivables and contract assets*

In deriving the impairment losses on trade and other receivables and contract assets under the expected credit loss model, the Group is required to make estimates to reflect reasonable and supportable information about creditworthiness, which includes historical, current and forecast information. The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full. The Group considers a contract asset to be in default when the customer is unlikely to pay its contractual obligations to the Group in full. The amount and timing of recorded impairment losses would differ if the Group made different estimates and judgement.

**Summary of quantitative impact**

The following table summarises the impact on initial application of SFRS(I) 15 and SFRS(I) 9 on the Group's financial position as at 31 March 2018 and 1 April 2018 and the Group's profit or loss and other comprehensive income for the year ended 31 March 2018.

**Consolidated statement of financial position**

	31 March 2018			1 April 2018	
	As previously reported \$'000	SFRS(I) 15 \$'000	As adjusted \$'000	SFRS(I) 9 \$'000	As adjusted \$'000
<b>Non-current assets</b>					
Property, plant and equipment	156,221	—	156,221	—	156,221
Goodwill	1,452	—	1,452	—	1,452
Investments in associates	1,666	—	1,666	(985)	681
Other investments	914	—	914	(625)	289
Contract assets	—	12,881	12,881	—	12,881
Trade and other receivables	12,881	(12,881)	—	1,610	1,610
Deferred tax assets	93	—	93	1	94
	173,227	—	173,227	1	173,228
<b>Current assets</b>					
Inventories	23,694	—	23,694	—	23,694
Contract assets	—	68,551	68,551	—	68,551
Trade and other receivables	121,863	(71,297)	50,566	(459)	50,107
Cash and cash equivalents	18,726	—	18,726	—	18,726
	164,283	(2,746)	161,537	(459)	161,078
Asset held for sale	198	—	198	—	198
	164,481	(2,746)	161,735	(459)	161,276
<b>Total assets</b>	337,708	(2,746)	334,962	(458)	334,504
<b>Equity attributable to owners of the Company</b>					
Share capital	80,498	—	80,498	—	80,498
Reserves	51,942	186	52,128	(270)	51,858
	132,440	186	132,626	(270)	132,356
<b>Non-controlling interests</b>	26,761	—	26,761	(122)	26,639
<b>Total equity</b>	159,201	186	159,387	(392)	158,995
<b>Non-current liabilities</b>					
Loans and borrowings	21,215	—	21,215	—	21,215
Deferred tax liabilities	1,853	—	1,853	(66)	1,787
	23,068	—	23,068	(66)	23,002
<b>Current liabilities</b>					
Loans and borrowings	59,162	—	59,162	—	59,162
Contract liabilities	—	52	52	—	52
Trade and other payables	86,511	(52)	86,459	—	86,459
Excess of progress billings over construction work-in- progress	926	(926)	—	—	—
Provisions	8,610	(2,006)	6,604	—	6,604
Current tax payable	230	—	230	—	230
	155,439	(2,932)	152,507	—	152,507
<b>Total liabilities</b>	178,507	(2,932)	175,575	(66)	175,509
<b>Total equity and liabilities</b>	337,708	(2,746)	334,962	(458)	334,504



**Consolidated statement of profit or loss**

	<b>Six months ended 30 September 2017</b>		
	<b>As previously reported \$'000</b>	<b>SFRS(I) 15 \$'000</b>	<b>As adjusted \$'000</b>
Revenue	169,922	(1,104)	168,818
Cost of sales	(162,047)	—	(162,047)
<b>Gross profit</b>	<b>7,875</b>	<b>(1,104)</b>	<b>6,771</b>
Other income	1,391	—	1,391
Distribution expenses	(319)	—	(319)
Administrative expenses	(12,844)	—	(12,844)
Other operating income/(expenses)	(144)	—	(144)
Impairment loss reversed on trade and other receivables and contract assets	468	—	468
<b>Results from operating activities</b>	<b>(3,573)</b>	<b>(1,104)</b>	<b>(4,677)</b>
Finance income	112	581	693
Finance expenses	(2,082)	523	(1,559)
<b>Net finance expenses</b>	<b>(1,970)</b>	<b>1,104</b>	<b>(866)</b>
Share of profit of a joint venture (net of tax)	1	—	1
<b>Loss before tax</b>	<b>(5,542)</b>	<b>—</b>	<b>(5,542)</b>
Tax expense	(82)	—	(82)
<b>Loss for the period</b>	<b>(5,624)</b>	<b>—</b>	<b>(5,624)</b>
<b>Loss attributable to:</b>			
Owners of the Company	(5,912)	—	(5,912)
Non-controlling interests	288	—	288
<b>Loss for the period</b>	<b>(5,624)</b>	<b>—</b>	<b>(5,624)</b>
<b>Loss per share</b>			
Basic loss per share (cents)	(0.27)	—	(0.27)
Diluted loss per share (cents)	(0.27)	—	(0.27)

**Consolidated statement of comprehensive income**

	<b>Six months ended 30 September 2017</b>		
	<b>As previously reported \$'000</b>	<b>SFRS(I) 15 \$'000</b>	<b>As adjusted \$'000</b>
<b>Loss for the period</b>	(5,624)	—	(5,624)
<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	495	—	495
<b>Other comprehensive income for the period, net of tax</b>	495	—	495
<b>Total comprehensive income for the period</b>	<u>(5,129)</u>	<u>—</u>	<u>(5,129)</u>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	(5,452)	—	(5,452)
Non-controlling interests	323	—	323
<b>Total comprehensive income for the period</b>	<u>(5,129)</u>	<u>—</u>	<u>(5,129)</u>

**Condensed consolidated statement of cash flows**

	<b>Six months ended 30 September 2017</b>		
	<b>As previously reported \$'000</b>	<b>SFRS(I) 15 \$'000</b>	<b>As adjusted \$'000</b>
<b>Cash flows from operating activities</b>			
Loss for the period	(5,624)	—	(5,624)
Adjustments for:			
Allowance for foreseeable losses	142	(142)	—
Bad debts written off	1	—	1
Depreciation of property, plant and equipment	13,012	—	13,012
Gain on disposal of property, plant and equipment	(854)	—	(854)
Impairment losses reversed on trade and other receivables and contract assets	(468)	—	(468)
Inventories written down	49	—	49
Net finance expenses	1,970	(1,104)	866
Provision for liquidated damages	36	(36)	—
Provision for onerous contracts	—	142	142
Provision for rectification costs	558	—	558
Share of profit of a joint venture (net of tax)	(1)	—	(1)
Tax expense	82	—	82
	<u>8,903</u>	<u>(1,140)</u>	<u>7,763</u>
Changes in working capital:			
Inventories	(318)	—	(318)
Contract assets	—	(8,746)	(8,746)
Trade and other receivables	(13,662)	9,886	(3,776)
Contract liabilities	—	(622)	(622)
Trade and other payables	11,774	622	12,396
Cash generated from operations	<u>6,697</u>	<u>—</u>	<u>6,697</u>
Taxes paid	(724)	—	(724)
Interest received	112	—	112
<b>Net cash generated from operating activities</b>	<u>6,085</u>	<u>—</u>	<u>6,085</u>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of:			
- property, plant and equipment	3,566	—	3,566
- a joint venture in prior year	419	—	419
Purchase of property, plant and equipment	(6,771)	—	(6,771)
<b>Net cash used in investing activities</b>	<u>(2,786)</u>	<u>—</u>	<u>(2,786)</u>

**Condensed consolidated statement of cash flows (cont'd)**

	<b>Six months ended 30 September 2017</b>		
	<b>As previously reported \$'000</b>	<b>SFRS(I) 15 \$'000</b>	<b>As adjusted \$'000</b>
<b>Cash flows from financing activities</b>			
Interest paid	(1,551)	—	(1,551)
Dividends paid to non-controlling interests of a subsidiary	(90)	—	(90)
Proceeds from:			
- bank loans	4,325	—	4,325
- bills payable	25,923	—	25,923
- issue of shares from exercise of warrants	8	—	8
Repayment of:			
- bank loans	(10,811)	—	(10,811)
- bills payable	(16,513)	—	(16,513)
- finance lease liabilities	(6,456)	—	(6,456)
Decrease in fixed deposits pledged	1,000	—	1,000
<b>Net cash used in financing activities</b>	<u>(4,165)</u>	<u>—</u>	<u>(4,165)</u>
<b>Net decrease in cash and cash equivalents</b>	(866)	—	(866)
Cash and cash equivalents at beginning of period	13,090	—	13,090
Effect of exchange rate changes on balances held in foreign currencies	126	—	126
<b>Cash and cash equivalents at end of period</b>	<u>12,350</u>	<u>—</u>	<u>12,350</u>
Comprising:			
Cash and cash equivalents	18,639	—	18,639
Bank overdrafts	(6,289)	—	(6,289)
Cash and cash equivalents in the consolidated cash flow statement	<u>12,350</u>	<u>—</u>	<u>12,350</u>

**Applicable to financial statements for the year 2020 and thereafter**

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 January 2019:

**Applicable to 2020 financial statements**

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)

**Applicable to 2022 financial statements**

- SFRS(I) 17 *Insurance Contracts*

**Mandatory effective date deferred**

- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to SFRS(I) 10 and SFRS(I) 1-28).

The Group is still in the process of assessing the impact of the new SFRS(I), amendments to and interpretations of SFRS(I) on the financial statements. The Group's preliminary assessment of SFRS(I) 16, which is expected to have a more significant impact on the Group, is as described below.

**SFRS(I) 16**

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2020 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities. The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 April 2019. Accordingly, existing lease contracts that are still effective on 1 April 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to note 12).

Until 2019, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

**(i) The Group as lessee**

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. The operating lease commitments on an undiscounted basis amount to approximately 4.8% of the consolidated total assets and 8.2% of consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using the appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

**(ii) The Group as lessor**

SFRS(I) 16 substantially carries forward the current existing lessor accounting requirements. Accordingly, the Company continues to classify its leases as operating leases or finance leases, and to account for these two types of leases using the existing operating lease and finance lease accounting models respectively. However, SFRS(I) 16 requires more extensive disclosures to be provided by a lessor.