

FINANCIAL STATEMENT AND RELATED ANNOUNCEMENT
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

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

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

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

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

Statement of Comprehensive Income	Group		Change %
	1H FY2015 S\$'000	1H FY2014 S\$'000	
Revenue	59,920	64,790	(7.5)
Cost of works	(56,594)	(59,639)	(5.1)
Gross profit	3,326	5,151	(35.4)
Other income	1,058	363	191.5
Expenses			
Distribution and marketing	(38)	(72)	(47.2)
Administrative	(3,714)	(2,474)	50.1
Finance	(42)	(9)	366.7
	(3,794)	(2,555)	48.5
Profit before income tax	590	2,959	(80.1)
Income tax expense	(10)	(403)	(97.5)
Net profit	580	2,556	(77.3)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Currency translation differences arising from consolidation	(111)	(6)	1,750.0
Total comprehensive income for the period	469	2,550	(81.6)
Net profit attributable to:			
Equity holders	684	2,562	(73.3)
Non-controlling interest	(104)	(6)	1,632.8
	580	2,556	(77.3)
Total comprehensive income attributable to:			
Equity holders	573	2,556	(77.6)
Non-controlling interest	(104)	(6)	1,632.8
	469	2,550	(81.6)

Notes to Consolidated Statement of Comprehensive Income

The Group's profit before tax is arrived at after charging / (crediting):	1H FY2015 S\$'000	1H FY2014 S\$'000	Change %
Equipment handling income	(217)	(283)	(23.3)
Rental income	(22)	-	NM
Dormitory income	(889)	-	NM
Depreciation	893	375	138.1
Interest expense	42	9	366.7
Government grant	(2)	(27)	(91.4)
Interest income	-	(5)	NM
Insurance compensation	(6)	(33)	(81.4)
Currency translation loss	85	1	8,390.0

NM denotes not meaningful

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

Statement of Financial Position		Group		Company	
		31-Dec-14 S\$'000	30-Jun-14 S\$'000	31-Dec-14 S\$'000	30-Jun-14 S\$'000
ASSETS	Note				
Current assets					
Cash and cash equivalents		12,302	9,889	2,088	895
Trade and other receivables	A	27,238	26,938	5,030	3,232
Inventories		53	-	-	-
Construction contract work-in-progress		-	176	-	-
Development properties		31,771	14,307	-	-
Other current assets		546	423	6	24
Total current assets		71,910	51,733	7,124	4,151
Non-current assets					
Investment in subsidiaries		-	-	20,122	11,622
Property, plant and equipment		6,495	6,250	-	-
Investment properties		233	236	-	-
Deferred income tax assets		6	6	-	-
Total non-current assets		6,734	6,492	20,122	11,622
Total assets		78,644	58,225	27,246	15,773
LIABILITIES					
Current liabilities					
Trade and other payables	B	24,051	20,543	1,120	323
Borrowings		6,028	1,024	4,000	-
Current income tax liabilities		269	476	15	6
Total current liabilities		30,348	22,043	5,135	329
Non-current liabilities					
Borrowings		25,265	12,260	-	-
Deferred income tax liabilities		20	20	-	-
Total non-current liabilities		25,285	12,280	-	-
Total liabilities		55,633	34,323	5,135	329
NET ASSETS		23,011	23,902	22,111	15,444
Equity					
Share capital		15,196	15,196	15,196	15,196
Retained profits		9,829	10,505	6,915	248
Currency translation reserve		(113)	(2)	-	-
Merger reserve		(2,014)	(2,014)	-	-
Equity attributable to equity holders of the Company		22,898	23,685	22,111	15,444
Non-controlling interests		113	217	-	-
Total equity		23,011	23,902	22,111	15,444

Note A: Trade and other receivables	Group		Company	
	31-Dec-14 S\$'000	30-Jun-14 S\$'000	31-Dec-14 S\$'000	30-Jun-14 S\$'000
<u>Trade receivables</u>				
Non-related parties	2,122	6,583	-	-
Subsidiaries	-	-	1,050	1,958
	2,122	6,583	1,050	1,958
<u>Construction contracts:</u>				
Due from customers	23,785	19,443	-	-
Project retention	1,300	880	-	-
<u>Non-trade receivables:</u>				
Non-controlling interests	30	30	-	-
Subsidiaries	-	-	3,980	1,274
Staff advances	1	2	-	-
	27,238	26,938	5,030	3,232

Note B: Trade and other payables	Group		Company	
	31-Dec-14 S\$'000	30-Jun-14 S\$'000	31-Dec-14 S\$'000	30-Jun-14 S\$'000
<u>Trade payables</u>				
Non-related parties	12,122	7,360	33	34
<u>Construction contracts:</u>				
Due to customers	294	89	-	-
<u>Non-trade payables:</u>				
Director	-	11	-	11
Non-controlling interests	-	44	-	-
Subsidiaries	-	-	883	83
Deposits	68	64	-	-
Accrued operating expenses	11,567	12,975	204	195
	24,051	20,543	1,120	323

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

	31-Dec-2014		30-Jun-2014	
	Secured	Unsecured	Secured	Unsecured
Repayable in one year or less, or on demand (S\$'000)	6,028	-	1,024	-
Repayable after one year (S\$'000)	25,265	-	12,260	-

Details of any collateral

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

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

Consolidated Statement of Cash Flows	1H FY2015 S\$'000	1H FY2014 S\$'000
Cash flows from operating activities		
Net profit	580	2,556
<u>Adjustments for:</u>		
Income tax expense	10	403
Depreciation	893	375
Interest income	-	(5)
Unrealised currency gains	(113)	(6)
Interest expense	42	9
	1,412	3,332
Changes in working capital		
Trade and other receivables	(300)	2,928
Other current assets	(123)	174
Trade and other payables	3,508	198
Inventories	(53)	-
Construction contract work-in-progress	176	-
Cash provided by operations	4,620	6,632
Interest received	-	5
Income taxes paid	(212)	(535)
Net cash provided by operating activities	4,408	6,102
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,138)	(1,287)
Purchase of development property	(17,464)	(14,043)
Net cash used in investing activities	(18,602)	(15,330)
Cash flows from financing activities		
Dividends paid	(1,360)	(1,700)
Finance leases repayment	(177)	(52)
Proceeds from bank borrowings	18,519	10,720
Repayment of bank borrowings	(333)	(371)
Contribution from non-controlling interests	-	200
Reduction of bank deposits pledged for borrowings	-	100
Interest paid	(42)	(9)
Net cash provided by financing activities	16,607	8,888
Net increase / (decrease) in cash and cash equivalents	2,413	(340)
Cash and cash equivalents		
Beginning of the financial period	9,889	17,923
End of the financial period	12,302	17,583

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

Statement of Changes in Equity	Share capital	Retained profits / (Accumulated losses)	Currency translation reserve	Merger reserve	Equity attributable to owners of the Company	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group							
As at 1 July 2014	15,196	10,505	(2)	(2,014)	23,685	217	23,902
Dividend relating to 2014	-	(1,360)	-	-	(1,360)	-	(1,360)
Total comprehensive income for the period	-	684	(111)	-	573	(104)	469
As at 31 December 2014	15,196	9,829	(113)	(2,014)	22,898	113	23,011
As at 1 July 2013	15,196	7,252	-	(2,014)	20,434	-	20,434
Dividend relating to 2013	-	(1,700)	-	-	(1,700)	-	(1,700)
Acquisition of subsidiary	-	-	-	-	-	200	200
Total comprehensive income for the period	-	2,562	(6)	-	2,556	(6)	2,550
As at 31 December 2013	15,196	8,114	(6)	(2,014)	21,290	194	21,484
The Company							
As at 1 July 2014	15,196	248	-	-	15,444	-	15,444
Dividend relating to 2014	-	(1,360)	-	-	(1,360)	-	(1,360)
Total comprehensive income for the period	-	8,027	-	-	8,027	-	8,027
As at 31 December 2014	15,196	6,915	-	-	22,111	-	22,111
As at 1 July 2013	15,196	(343)	-	-	14,853	-	14,853
Dividend relating to 2013	-	(1,700)	-	-	(1,700)	-	(1,700)
Total comprehensive loss for the period	-	2,347	-	-	2,347	-	2,347
As at 31 December 2013	15,196	304	-	-	15,500	-	15,500

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

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

The Company did not have any outstanding options, convertibles or treasury shares as at 31 December 2014 and 31 December 2013.

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

170,000,000 ordinary shares were issued as at 31 December 2014 (30 June 2014: 170,000,000 ordinary shares).

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

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

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

- 2 **Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**
The figures have not been audited or reviewed by the auditors of the Company.
- 3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**
Not applicable.
- 4 **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**
Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period compared to the most recently audited financial statements for the financial year ended 30 June 2014.
- 5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**
The Group has adopted all new and revised Singapore Financial Reporting Standards ("FRSs") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial year beginning on or after 1 July 2014, where applicable. The adoption of these new and revised standards from the effective date did not result in any material impact to the financial statements of the Group for the current financial period reported on.

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

	Group	
	1H FY2015	1H FY2014
Profit attributable to equity holders of the Company (S\$'000)	684	2,562
Weighted average number of ordinary shares used in the computation of basic and diluted EPS ('000)	170,000	170,000
Basic and fully diluted earnings per share (Singapore cents)	0.40	1.51

The diluted and basic EPS are the same for 1H FY2015 and 1H FY2014 as there were no potentially dilutive ordinary shares as at 31 December 2014 and 31 December 2013.

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

Net Asset Value per ordinary share ¹	Group		Company	
	31-Dec-14 Singapore Cents	30-Jun-14 Singapore Cents	31-Dec-14 Singapore Cents	30-Jun-14 Singapore Cents
Net asset value per ordinary share based on issued share capital	13.54	14.06	13.01	9.08

¹ The net asset value per ordinary share for the Group and the Company as at 31 December 2014 and 30 June 2014 is computed based on the share capital of the Company of 170,000,000 shares.

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

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Our revenue decreased by approximately S\$4.9 million or 7.5% from S\$64.8 million in 1H FY2014 to S\$59.9 million in 1H FY2015. The decrease in revenue was mainly due to lower revenue contribution for work completed for on-going projects. A smaller portion of revenue was recognised in 1H FY2015 for certain projects as they were nearing completion. These projects include, among others, revenue from construction works relating to alteration and addition works, new building works and design and build of upgrading projects.

Costs of works, gross profit and gross profit margin

Our costs of works decreased by approximately S\$3.0 million or 5.1% from approximately S\$59.6 million in 1H FY2014 to approximately \$56.6 million in 1H FY2015. The decrease in cost of works was mainly attributable to lower subcontracting and projects overheads in line with the decrease in revenue in 1H FY2015. Despite the decrease in cost of works, gross profit margin still decreased from 8.0% in 1H FY2014 to 5.6% in 1H FY2015 due to a higher decline in revenue and unexpected increase in costs for certain projects.

Other income

Our other income increased by approximately S\$0.7 million or 191.5%, from approximately S\$0.4 million in 1H FY2014 to approximately S\$1.1 million in 1H FY2015. This was mainly due to dormitory income contribution of approximately S\$0.9 million, offset by a decrease in equipment handling income of approximately S\$0.1 million and higher foreign exchange loss of S\$0.1 million. The dormitory was operational since January 2014.

Distribution and marketing expenses

Distribution and marketing expenses decreased by approximately S\$34,000 or 47.2%, from approximately S\$72,000 in 1H FY2014 to approximately S\$38,000 in 1H FY2015, mainly due to lower entertainment expenses.

Administrative expenses

Our administrative expenses increased by approximately S\$1.2 million or approximately 50.1% from approximately S\$2.5 million in 1H FY2014 to S\$3.7 million in 1H FY2015. The increase was mainly due to higher: (i) payroll expenses of approximately S\$0.3 million mainly as a result of increased headcount and salary adjustments, (ii) depreciation of approximately S\$0.3 million from our workers dormitories, (iii) repair and maintenance of approximately S\$0.4 million for our workers dormitory and (iv) utilities, telecommunications, foreign workers levy, donations and upkeep of factory of approximately S\$0.2 million.

Finance expenses

The finance costs increased by approximately S\$33,000 or 366.7%, from approximately S\$9,000 in 1H FY2014 to approximately S\$42,000 in 1H FY2015 mainly due to more interest paid on finance leases and term loans.

Income tax expense

The overall effective tax rate was 1.7% and 13.6% for 1H FY2015 and 1H FY2014 respectively. The Singapore statutory corporate tax rate for both years of assessment remained at 17.0%. The decrease in our effective tax rate for 1H FY2015 was mainly due to the utilisation of government tax incentives. The decrease in our effective tax rate for 1H FY2014 was mainly due to the reversal of a provision included in the costs of works which was not taxable.

Net profit

As a result of the above, our net profit decreased by approximately S\$2.0 million or approximately 77.3% from approximately S\$2.6 million in 1H FY2014 to S\$0.6 million in 1H FY2015.

REVIEW OF FINANCIAL POSITION**Current assets**

The Group's current assets increased by approximately S\$20.2 million or 39.0% from approximately S\$51.7 million as at 30 June 2014 to approximately S\$71.9 million as at 31 December 2014, mainly due to an addition of development property in Malaysia and capitalisation of costs for the development properties of approximately S\$17.5 million, increase in cash and cash equivalents of approximately S\$2.4 million and increase in trade and other receivables of approximately S\$0.3 million.

The increase in trade and other receivables was mainly due to higher amount due from contract customers of approximately S\$4.3 million resulting from higher unbilled amounts for project works performed until 31 December 2014 as the progress billings were only issued after 31 December 2014 upon receiving the relevant completion certificates, an increase in project retention sum of approximately S\$0.4 million, offset by lower trade receivables of approximately S\$4.4 million due to decreased billings for the Group's projects.

Non-current assets

Non-current assets increased by approximately S\$0.2 million from approximately S\$6.5 million as at 30 June 2014 to approximately S\$6.7 million as at 31 December 2014. The increase was mainly attributable to the additions of property, plant and equipment which was made up of investment in our precast manufacturing plant of approximately S\$1.0 million, motor vehicles and computer equipment of approximately S\$0.1 million, offset by depreciation expenses of approximately S\$0.9 million.

Current liabilities

The Group's current liabilities increased by approximately S\$8.3 million or 37.7% from approximately S\$22.0 million as at 30 June 2014 to approximately S\$30.3 million as at 31 December 2014, due to the increase in borrowings of approximately S\$5.0 million to fund our precast plant and development properties, increase in trade and other payables of approximately S\$3.5 million, offset by a decrease in income tax liabilities of approximately S\$0.2 million.

The increase in trade and other payables was mainly due to the increase in trade payables of approximately S\$4.8 million resulting from slower payment to sub-contractors, offset by lower accrued operating expenses of approximately S\$1.4 million as cost of works incurred were not yet billed by subcontractors as at 31 December 2014 and these costs were accounted for as part of accrued operating expenses.

Non-current liabilities

The increase in non-current liabilities of approximately S\$13.0 million or 105.9% was mainly due to bank borrowings to finance the freehold properties in Singapore and Malaysia.

Shareholders' equity

As at 31 December 2014, the shareholders' equity stood at approximately S\$23.0 million, as compared to approximately S\$23.9 million as at 30 June 2014. The decrease of approximately S\$0.9 million was mainly attributable to the payment of dividends of approximately S\$1.4 million and higher translation loss of approximately S\$0.1 million, offset by current period net profit of approximately S\$0.6 million.

The Group continued to register a net current assets (excluding development properties) of approximately S\$9.8 million as at 31 December 2014 compared to S\$15.4 million as at 30 June 2014.

REVIEW OF CASH POSITION

Cash and cash equivalents stood at approximately S\$12.3 million as at 31 December 2014, representing a decrease of approximately S\$2.4 million from approximately S\$9.9 million as at 30 June 2014.

In 1H FY2015, net cash provided by operating activities was approximately S\$4.4 million. This was mainly due to operating cash inflows before working capital changes of approximately S\$1.4 million, adjusted for net working capital inflows of approximately S\$3.2 million and income tax paid of approximately S\$0.2 million. The net working capital inflows was mainly due to an increase in trade and other payables of approximately S\$3.5 million, offset by a decrease in trade and other receivables of approximately S\$0.3 million.

Net cash used in investing activities during 1H FY2015 was approximately S\$18.6 million, due to additions of the development properties in Singapore and Malaysia including the capitalisation of related costs and additions to property, plant and equipment.

Net cash provided by financing activities during 1H FY2015 was approximately S\$16.6 million, mainly due to proceeds from bank borrowings of approximately S\$18.5 million to finance the purchase of the freehold properties in Singapore and Malaysia, offset by dividend payment of approximately S\$1.4 million and repayment of bank borrowings and finance leases of approximately S\$0.3 million and S\$0.2 million respectively.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable. The Company did not make any forecast or prospect statement.

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

In January 2015, the Building and Construction Authority announced that the construction demand for 2015 is expected to be sustained with an estimated S\$18 to S\$21 billion worth of public sector projects, with an anticipated moderation in public housing projects.¹ The Group remains cautiously optimistic that our existing pipeline of construction projects, worth approximately S\$264.9 million, will provide sustainable activities through FY2015. Nonetheless, we will continue to tender for projects in the pipeline taking into consideration the intense market competition and increase in construction cost brought on by certain government policy and legislation and tight labour market.

Our precast manufacturing plant in Johor, Malaysia has commenced production and has been supplying the precast building components for one of our public sector projects.

We have continued to make progress on our development properties in Singapore and Malaysia, with the piling stage on-going and building layout plan submitted for approval respectively. The planning and redevelopment of both properties are proceeding according to schedule.

¹ The information was extracted from BCA's website (http://www.bca.gov.sg/Newsroom/pr08012015_BCA.html) which was accessed on 3 February 2015.

11 Dividend

(a) Current Financial Period Reported On

No

(b) Corresponding Period of the Immediately Preceding Financial Year

No

(c) Date payable:

Not applicable

(d) Books closure date:

Not applicable

12 If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended for 1H FY2015.

13 If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT") the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

There were no IPT of S\$100,000 and above for the six months financial period ended 31 December 2014.

The Group does not have a general mandate from shareholders for IPTs.

14 Confirmation by the Board of Directors pursuant to Rule 705 (5) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Board of Directors of the Company (the "Board") confirms that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements for the half year ended 31 December 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Phua Lam Soon
Chief Executive Officer

12 February 2015