

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 August 2016

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) 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.

Consolidated Statement of Comprehensive Income for the six months ended 31 August 2016

| | Group Latest half year to 31/8/16 S\$'000 | Group Previous half year to 31/8/15 S\$'000 | + / (-) % |
|--|--|--|--------------|
| Revenue | 11,790 | 17,113 | (31) |
| Cost of sales | (9,338) | (12,122) | (23) |
| Gross profit | 2,452 | 4,991 | (51) |
| Other income | 243 | 42 | 479 |
| Selling, general and administrative expenses | (964) | (1,191) | (19) |
| Net finance income | 45 | 8 | 463 |
| Share of profit of joint venture, net of tax | 50 | - | NM |
| Profit before tax | 1,826 | 3,850 | (53) |
| Tax expense | (235) | (439) | (46) |
| Profit for the period | 1,591 | 3,411 | (53) |
| Other comprehensive income | | | |
| Items that are or may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences for foreign operations | (16) | (313) | (95) |
| | (16) | (313) | (95) |
| Total comprehensive income for the period | 1,575 | 3,098 | (49) |
| Profit attributable to: | | | |
| Owners of the Company | 1,610 | 3,305 | (51) |
| Non-controlling interests | (19) | 106 | NM |
| Profit for the period | 1,591 | 3,411 | (53) |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 1,594 | 3,080 | (48) |
| Non-controlling interests | (19) | 18 | NM |
| Total comprehensive income for the period | 1,575 | 3,098 | (49) |

NM denotes not meaningful.

Profit before tax includes the following:

| | Group Latest half year to 31/8/16 S\$'000 | Group Previous half year to 31/8/15 S\$'000 | + / (-) % |
|--|--|--|--------------|
| Other income | 79 | 51 | 55 |
| Interest income | 3 | - | NM |
| Interest on borrowings | (44) | (51) | (14) |
| Depreciation | (1,825) | (1,733) | 5 |
| Allowance for doubtful debts | - | (72) | NM |
| Foreign exchange gain | 86 | 59 | 46 |
| Gain/(loss) on disposal of plant and equipment | 164 | (9) | NM |

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.

Statements of Financial Position as at 31 August 2016

| | Group 31/8/16 S\$'000 | Group 29/2/16 S\$'000 | Company 31/8/16 S\$'000 | Company 29/2/16 S\$'000 |
|---|-----------------------------|-----------------------------|-------------------------------|-------------------------------|
| Non-current assets | | | | |
| Plant and equipment | 20,679 | 22,185 | 3,451 | 3,677 |
| Investment in subsidiaries | - | - | 12,740 | 12,740 |
| Investment in joint venture | 858 | 333 | 943 | 315 |
| Deferred tax asset | 549 | 646 | 549 | 646 |
| Total non-current assets | 22,086 | 23,164 | 17,683 | 17,378 |
| Current assets | | | | |
| Inventories | 1,052 | 1,103 | - | - |
| Trade and other receivables | 8,408 | 8,612 | 905 | 776 |
| Cash and cash equivalents | 2,816 | 3,147 | 2,574 | 2,524 |
| Total current assets | 12,276 | 12,862 | 3,479 | 3,300 |
| Total assets | 34,362 | 36,026 | 21,162 | 20,678 |
| Equity attributable to owners of the Company | | | | |
| Share capital | 11,191 | 11,191 | 11,191 | 11,191 |
| Reserves | 15,028 | 13,434 | 6,381 | 3,157 |
| Total equity attributable to owners of the Company | 26,219 | 24,625 | 17,572 | 14,348 |
| Non-controlling interests | 868 | 887 | - | - |
| Total equity | 27,087 | 25,512 | 17,572 | 14,348 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 2,284 | 2,242 | - | - |
| Finance lease obligations | 243 | 73 | - | - |
| Total non-current liabilities | 2,527 | 2,315 | - | - |
| Current liabilities | | | | |
| Trade and other payables | 3,965 | 7,043 | 3,590 | 6,330 |
| Current tax liabilities | 80 | 90 | - | - |
| Finance lease obligations | 703 | 1,066 | - | - |
| Total current liabilities | 4,748 | 8,199 | 3,590 | 6,330 |
| Total liabilities | 7,275 | 10,514 | 3,590 | 6,330 |
| Total equities and liabilities | 34,362 | 36,026 | 21,162 | 20,678 |

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

Amount repayable in one year or less, or on demand

| As at 31/8/16 (S\$'000) | | As at 29/2/16 (S\$'000) | |
|----------------------------|-----------|----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 703 | - | 1,066 | - |

Amount repayable after one year

| As at 31/8/16 (S\$'000) | | As at 29/2/16 (S\$'000) | |
|----------------------------|-----------|----------------------------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| 243 | - | 73 | - |

Details of any collateral

The Group's banking and debt facilities, comprising of overdraft and finance lease obligations, are secured by:

- A fixed and floating charge of up to S\$1,500,000 (29/2/2016: S\$1,500,000) on the Company's assets.
- Corporate guarantees issued by the Company.
- Plant and equipment of subsidiaries used as collateral for the finance lease obtained.

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 for the six months ended 31 August 2016

| | Group 31/8/16 S\$'000 | Group 31/8/15 S\$'000 |
|---|-----------------------------|-----------------------------|
| Cash flows from operating activities | | |
| Profit before tax | 1,826 | 3,850 |
| Adjustments for: | | |
| Depreciation of plant and equipment | 1,825 | 1,733 |
| (Gain)/loss on disposal of plant and equipment | (164) | 9 |
| Allowance for doubtful debts | - | 72 |
| Interest income | (3) | - |
| Interest expense | 44 | 51 |
| Share of profit of joint venture, net of tax | (50) | - |
| | 3,478 | 5,715 |
| Changes in: | | |
| Inventories | 51 | (173) |
| Trade and other receivables | 557 | (1,446) |
| Trade and other payables | (572) | 394 |
| Cash generated from operations | 3,514 | 4,490 |
| Income taxes paid | (106) | (86) |
| Net cash from operating activities | 3,408 | 4,404 |
| Cash flows from investing activities | | |
| Interest received | 3 | - |
| Purchase of plant and equipment | (2,216) | (1,565) |
| Proceeds from disposal of plant and equipment | - | 24 |
| Investment in joint venture | (629) | - |
| Net cash used in investing activities | (2,842) | (1,541) |
| Cash flows from financing activities | | |
| Interest expense paid | (44) | (51) |
| Repayment of finance lease obligations | (853) | (1,214) |
| Net cash used in financing activities | (897) | (1,265) |
| Net (decrease)/increase in cash and cash equivalents | (331) | 1,598 |
| Cash and cash equivalents at beginning of the period | 3,147 | 1,899 |
| Effects of exchange rate fluctuations on cash held | - | (67) |
| Cash and cash equivalents at end of the period | 2,816 | 3,430 |
| <i>Comprising:</i> | | |
| Cash at bank and in hand | 1,812 | 3,430 |
| Fixed deposits | 1,004 | - |
| Cash and cash equivalents at end of the period | 2,816 | 3,430 |

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.

Consolidated Statement of Changes in Equity for the six months ended 31 August 2016

| Group | Share capital S\$'000 | Foreign currency translation reserve S\$'000 | Retained earnings S\$'000 | Total attributable to owners of the Company S\$'000 | Non-controlling interests S\$'000 | Total S\$'000 |
|---|----------------------------------|---|--------------------------------------|--|--|--------------------------|
| 2016 | | | | | | |
| At 1 March 2015 | 11,191 | (219) | 11,132 | 22,104 | 804 | 22,908 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | 3,305 | 3,305 | 106 | 3,411 |
| Other comprehensive income, net of tax | | | | | | |
| Foreign currency translation differences for foreign operations | - | (225) | - | (225) | (88) | (313) |
| Total other comprehensive income for the period | - | (225) | - | (225) | (88) | (313) |
| Total comprehensive income for the period | - | (225) | 3,305 | 3,080 | 18 | 3,098 |
| At 31 August 2015 | 11,191 | (444) | 14,437 | 25,184 | 822 | 26,006 |
| 2017 | | | | | | |
| At 1 March 2016 | 11,191 | (462) | 13,896 | 24,625 | 887 | 25,512 |
| Total comprehensive income for the period | | | | | | |
| Profit for the period | - | - | 1,610 | 1,610 | (19) | 1,591 |
| Other comprehensive income, net of tax | | | | | | |
| Foreign currency translation differences for foreign operations | - | (16) | - | (16) | - | (16) |
| Total other comprehensive income for the period | - | (16) | - | (16) | - | (16) |
| Total comprehensive income for the period | - | (16) | 1,610 | 1,594 | (19) | 1,575 |
| At 31 August 2016 | 11,191 | (478) | 15,506 | 26,219 | 868 | 27,087 |

Statement of Changes in Equity for the period ended 31 August 2016

| Company | Share capital S\$'000 | Retained earnings S\$'000 | Total S\$'000 |
|---|-----------------------------|---------------------------------|------------------|
| 2016 | | | |
| At 1 March 2015 | 11,191 | 3,564 | 14,755 |
| Profit for the period representing total comprehensive income for the period | - | 2,191 | 2,191 |
| At 31 August 2015 | 11,191 | 5,755 | 16,946 |
| 2017 | | | |
| At 1 March 2016 | 11,191 | 3,157 | 14,348 |
| Profit for the period representing total comprehensive income for the period | - | 3,224 | 3,224 |
| At 31 August 2016 | 11,191 | 6,381 | 17,572 |

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.

Nil.

1(d)(iii) To show the total 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.

| | 31/8/16 | 29/2/16 |
|-------------------------------|------------|------------|
| Total number of issued shares | 69,590,800 | 69,590,800 |

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

Nil.

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

The figures have not been audited or reviewed.

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

NA

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

Except as disclosed in note 5, the Group has applied the same accounting policies and methods of computation in the preparation of the consolidated financial statement for the financial period ended 31 August 2016 as those used in the audited consolidated financial statements of Transit-Mixed Concrete Ltd and its subsidiaries for the financial year ended 29 February 2016.

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 Financial Reporting Standards ("FRS") and interpretation to FRS ("INT FRS") that are relevant to its operations and effective for the financial year beginning on 1 March 2016. The adoption of these new and revised FRS, and INT FRS did not result in substantial changes in the Group's accounting policies, and there is no material impact on the consolidated financial statements of the Group and the financial statements of the Company.

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

| | Group Latest period | Group Previous corresponding period |
|---|---------------------|-------------------------------------|
| (a) Based on the weighted average number of ordinary shares on issue; and | 2.31 cents | 4.75 cents |
| (b) On a fully diluted basis (detailing any adjustments made to the earnings) | 2.31 cents | 4.75 cents |
| Weighted average number of shares | 69,590,800 | 69,590,800 |

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.

| | Group 31/8/16 | Group 29/2/16 | Company 31/8/16 | Company 29/2/16 |
|--|---------------|---------------|-----------------|-----------------|
| Net asset value per ordinary share based on issued share capital at the end of the year (in cents) * | 37.68 | 35.39 | 25.25 | 20.62 |

*Net asset value per ordinary share as at 31 August 2016 was computed after deducting non-controlling interest and based on existing ordinary shares of 69,590,800 (29 February 2016: 69,590,800).

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.**

- (a) Group turnover fell 31% to \$11.8 million for the half year ended 31 August 2016 compared with \$17.1 million for the previous period. The lacklustre showing was directly attributable to depressed economic conditions and contraction in demand due mainly to a slowdown in construction activities of infrastructure projects and private and public housing projects in Singapore and Malaysia.

On the back of weaker sales, group gross profit declined to \$2.5 million, a fall of 51% from previous period where gross profit was \$5.0 million. As a result, Group profit attributable to owners slipped 51% to \$1.6 million from \$3.3 million. Selling, general and administrative expenses decreased 19% from \$1.2 million to \$964,000, mainly due to reduced provision for incentive payment and doubtful debts in the current period.

- (b) Despite lower sales, trade and other receivables were slightly down from \$8.6 million to \$8.4 million. This was due mainly to a surge in ready-mixed concrete sales and a disposal of plant and equipment in August 2016. On the other hand, trade and other payables fell from \$7.0 million to \$4.0 million due to payment for the purchase of plant and equipment. Cash and cash equivalents of the Group moved down to \$2.8 million compared with \$3.1 million as at the end of the last financial year.

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

The current period's performance is consistent with the earlier prospect statement made in the Full Year Financial Statement Announcement for the year ended 29 February 2016 which stated that the Group is expected to face challenging financial performance in the forthcoming year in view of a highly competitive Singapore construction market.

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.**

Weak demand and stiff competition amongst the market players are expected to affect the Group performance during the financial year.

11. **If a decision regarding dividend has been made:-**

- (a) **Whether an interim (final) ordinary dividend has been declared (recommended); and**
Yes.

- (b)(i) **Current financial period reported on**

| | |
|------------------|---------------------------------|
| Name of dividend | Interim |
| Dividend type | Cash |
| Amount per share | 1.5 cents (one tier tax exempt) |

(b)(ii) Corresponding period of the immediate preceding financial year

| | |
|------------------|-------------------------------|
| Name of dividend | Interim |
| Dividend type | Cash |
| Amount per share | 2 cents (one tier tax exempt) |

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Please refer to 11 (b).

(d) The date the dividend is payable.

23 December 2016.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

5 December 2016.

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

NA

13. If the Group has obtained a general mandate from shareholders for IPTs, 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.

NA.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the Half Year Financial Results for the Period ended 31 August 2016 to be false or misleading.

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

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

NA.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

NA.

18. A breakdown of sales as follows:-

NA.

19. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

| | Latest Full Year (S\$) | Previous Full Year (S\$) 29/2/16 |
|----------------|------------------------|-------------------------------------|
| (a) Ordinary | NA | 2,787,632 |
| (b) Preference | NA | NA |
| (c) Total | NA | 2,787,632 |

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

NA.

BY ORDER OF THE BOARD

Chen Lee Lee

Company Secretary

12/10/16