

LEY CHOON GROUP HOLDINGS LIMITED

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2014

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3, Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	4th Quarter ended			12 Months Period ended		
	31 Dec 2014	31 Dec 2013		31 Dec 2014	31 Dec 2013	
	\$'000	\$'000	Change %	\$'000	\$'000	Change %
Revenue	36,423	43,347	(16.0)	156,791	153,165	2.4
Cost of sales	(40,351)	(41,372)	(2.5)	(166,389)	(126,806)	31.2
Gross (loss)/profit	(3,928)	1,975	n/m	(9,598)	26,359	n/m
Other income	369	574	(35.7)	3,127	13,985	(77.6)
Distribution expenses	(322)	(369)	(12.7)	(1,383)	(1,290)	7.2
Administrative expenses	(6,218)	(5,329)	16.7	(19,469)	(17,861)	9.0
Other operating expenses	(1,142)	(53)	2054.7	(1,228)	(305)	302.6
Results from operating activities	(11,241)	(3,202)	251.1	(28,551)	20,888	n/m
Finance costs	(1,111)	(1,136)	(2.2)	(5,273)	(4,523)	16.6
(Loss)/Profit before tax	(12,352)	(4,338)	184.7	(33,824)	16,365	n/m
Tax expense	1,560	(315)	n/m	1,000	(2,043)	n/m
(Loss)/Profit for the period/year	(10,792)	(4,653)	131.9	(32,824)	14,322	n/m
Other comprehensive (expense)/income						
Foreign currency translation differences – foreign operations	1,191	445	167.6	973	883	10.2
Total comprehensive (expense)/income for the period/year	(9,601)	(4,208)	128.2	(31,851)	15,205	n/m

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	4th Quarter ended			12 Months Period ended		
	31 Dec 2014	31 Dec 2013		31 Dec 2014	31 Dec 2013	
	\$'000	\$'000	Change %	\$'000	\$'000	Change %
(Loss)/Profit attributable to:						
Owners of the Company	(10,651)	(4,332)	145.9	(32,933)	14,344	n/m
Non-controlling interests	(141)	(321)	(56.1)	109	(22)	n/m
(Loss)/Profit for the period/year	(10,792)	(4,653)	131.9	(32,824)	14,322	n/m
Total comprehensive (expense)/income attributable to:						
Owners of the Company	(9,460)	(3,887)	143.4	(31,960)	15,227	n/m
Non-controlling interests	(141)	(321)	(56.1)	109	(22)	n/m
Total comprehensive (expense)/income for the period/year	(9,601)	(4,208)	128.2	(31,851)	15,205	n/m

n/m – not meaningful

1(a)(ii) Notes to consolidated statement of comprehensive income

The statement of comprehensive income is arrived at after charging/(crediting) the following:

	4 th Quarter ended			12 Months Period ended		
	31 Dec 2014	31 Dec 2013	Change	31 Dec 2014	31 Dec 2013	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Bad debts written off	533	170	213.5	540	170	217.6
Provision for foreseeable losses	(42)	-	n/m	6,422	-	n/m
Impairment loss on trade receivables	178	-	n/m	178	-	n/m
Amortisation of lease prepayment	22	19	15.8	74	64	15.6
Depreciation of property, plant and equipment	3,068	2,214	38.6	10,156	8,469	19.9
Depreciation of investment property	(21)	7	n/m	-	14	n/m
Foreign exchange loss	387	470	(17.7)	392	501	(21.8)
Change in fair value of financial assets designated at fair value through profit or loss	4	(6)	n/m	5	2	150.0
Interest income	(12)	(4)	200.0	(28)	(24)	16.7
Dividend income from quoted shares	-	-	n/m	(1)	(2)	(50.0)
(Gain)/Loss on disposal of property, plant and equipment	(72)	20	n/m	24	(11,420)	n/m
Loss on disposal of investment property	502	-	n/m	502	-	n/m
Finance costs	1,111	1,136	(2.2)	5,273	4,523	16.6
Operating lease expenses	456	619	(26.3)	2,237	2,287	(2.2)

n/m – 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

	Group		Company	
	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000
Assets				
Lease prepayment	3,477	3,405	-	-
Property, plant and equipment	98,123	82,191	-	-
Investment property	-	2,045	-	-
Investments in subsidiaries	-	-	110,000	110,000
Club membership	229	271	-	-
Deferred tax assets	524	-	-	-
Non-current assets	102,353	87,912	110,000	110,000
Inventories	6,276	5,827	-	-
Development property	15,940	13,708	-	-
Contracts work-in-progress	95,697	113,393	-	-
Trade and other receivables	30,084	46,990	42,262	30,028
Financial assets designated at fair value through profit or loss	85	88	-	-
Cash and cash equivalents	20,195	33,721	52	597
Current assets	168,277	213,727	42,314	30,625
Total assets	270,630	301,639	152,314	140,625
Equity				
Share capital	71,117	71,117	137,336	137,336
Capital reserve	146	-	(981)	(1,127)
Foreign currency translation reserve	1,549	576	-	-
Accumulated profits/(losses)	716	35,131	892	3,825
Equity attributable to owners of the Company	73,528	106,824	137,247	140,034
Non-controlling interests	460	351	-	-
Total equity	73,988	107,175	137,247	140,034
Liabilities				
Loans and borrowings	29,731	48,027	14,609	-
Deferred tax liabilities	3,093	4,485	-	-
Non-current liabilities	32,824	52,512	14,609	-
Loans and borrowings	110,074	106,342	-	-
Trade and other payables	52,402	32,877	458	581
Provisions	106	106	-	-
Current tax payable	1,236	2,627	-	10
Current liabilities	163,818	141,952	458	591
Total liabilities	196,642	194,464	15,067	591
Total equity and liabilities	270,630	301,639	152,314	140,625

1(b)(ii) Aggregate amount of the Group's borrowing and debt securities

(a) Amount repayable in one year or less, or on demand

	Group	
	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000
<u>Secured</u>		
Bank overdrafts	11,479	1,454
Bank loans	58,463	53,267
Bills payable	33,137	45,465
Finance lease liabilities	6,995	6,156
Total	110,074	106,342

(b) Amount repayable after one year

	Group	
	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000
<u>Unsecured</u>		
Convertible bond	14,609	-
<u>Secured</u>		
Bank loans	8,649	39,224
Finance lease liabilities	6,473	8,803
Total	29,731	48,027

(c) Details of any collateral

Bank overdrafts, bills payable and bank loans are secured by the following:

- (i) legal mortgage over the Group's leasehold buildings;
- (ii) charge over certain of the Group's plant and equipment;
- (iii) legal mortgage over the Group's development property;
- (iv) corporate guarantees by the Company; and/or
- (v) fixed deposits of the Group.

The Group's lease obligations under finance lease are secured by the lessor's title to the leased assets. The carrying value of the assets under finance lease is \$23.9 million as at 31 December 2014.

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

	12 Months Period ended	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Cash flows from operating activities:		
(Loss)/Profit for the year	(32,824)	14,322
Adjustments for:		
Bad debts written off	540	170
Provision for foreseeable losses	6,422	-
Amortisation of lease prepayment	74	64
Depreciation of investment property	-	14
Depreciation of property, plant and equipment	10,156	8,469
Change in fair value of financial assets designated at fair value through profit or loss	5	4
Loss on disposal of investment property	502	-
Loss/(Gain) on disposal of property, plant and equipment	24	(11,420)
Impairment loss on trade receivables made, net	178	-
Dividend income from quoted shares	(1)	(2)
Interest income	(28)	(24)
Finance costs	5,273	4,523
Tax expense	(1,000)	2,043
	<u>(10,679)</u>	<u>18,163</u>
Changes in working capital:		
Development property	(2,232)	(13,708)
Inventories	(449)	1,266
Contracts work-in-progress	11,274	(29,356)
Trade and other receivables	16,756	(17,590)
Trade and other payables	<u>18,634</u>	<u>(1,813)</u>
Cash generated from/(used in) operating activities	<u>33,304</u>	<u>(43,038)</u>
Tax paid	<u>(1,753)</u>	<u>(1,548)</u>
Net cash generated from/(used in) operating activities	<u>31,551</u>	<u>(44,586)</u>
Cash flows from investing activities:		
Dividend income from quoted shares	1	2
Interest received	28	24
Acquisition of lease prepayment	(11)	(1,207)
Acquisition of property, plant and equipment	(21,026)	(19,116)
Write off of club membership	42	-
Proceeds from disposals of investment property	1,513	-
Proceeds from disposal of property, plant and equipment	1,333	15,224
Effect of acquisition of a subsidiary	-	(390)
Net cash used in investing activities	<u>(18,120)</u>	<u>(5,463)</u>

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	12 Months Period ended	
	31 Dec 2014	31 Dec 2013
	\$'000	\$'000
Cash flows from financing activities:		
Interest paid	(5,273)	(4,523)
Proceeds from issue of convertible bond	14,700	-
Proceeds from bank borrowings	13,526	60,374
Proceeds from bill payables	106,125	112,075
Proceeds from issue of share capital	-	16,212
Share issuance expenses	-	(622)
Repayment of bank borrowings	(38,849)	(24,729)
Repayment of bill payables	(118,453)	(90,815)
Repayment of finance lease liabilities	(7,776)	(6,048)
Increase/(Decrease) in balances with related parties (non-trade)	891	(779)
Cash distribution to shareholders	-	(1,546)
Decrease/(Increase) in fixed deposits pledged with bank	5,312	(6,009)
Dividends paid	(1,482)	(1,234)
Net cash (used in)/generated from financing activities	(31,279)	52,356
Net (decrease)/increase in cash and cash equivalents	(17,848)	2,307
Cash and cash equivalents at beginning of year	19,769	17,136
Effect of exchange rate fluctuations on cash held	(391)	326
Cash and cash equivalents at end of year	1,530	19,769
Cash and cash equivalents		
Cash at bank and on hand	13,009	21,223
Fixed deposits	7,186	12,498
	20,195	33,721
Bank overdrafts	(11,479)	(1,454)
Deposits pledged	(7,186)	(12,498)
Cash and cash equivalents in the unaudited consolidated statement of cash flows	1,530	19,769

During the financial year ended 31 December 2014, the Group acquired property, plant and equipment with an aggregate cost of \$27,311,000 (2013: \$28,359,000), of which \$6,285,000 (2013: \$9,243,000) were acquired under finance leases.

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

Group	Share capital \$'000	Accumulated profits \$'000	Foreign currency translation reserve \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2013	55,527	21,763	(307)	76,983	1,020	78,003
Total comprehensive income for the year						
Profit for the year	-	14,344	-	14,344	(22)	14,322
Other comprehensive expense						
Foreign currency translation differences – foreign operations	-	-	883	883	-	883
Total comprehensive income	-	14,344	883	15,227	(22)	15,205
Transactions with owners recognised directly in equity						
One-tier tax exempt interim dividend of \$0.0025 per ordinary share in respect of the year ended 31 December 2012	-	(1,234)	-	(1,234)	-	(1,234)
Issue of shares pursuant to share placement exercise	16,212	-	-	16,212	-	16,212
Shares issuance expenses	(622)	-	-	(622)	-	(622)
Total transactions with owners	15,590	(1,234)	-	14,356	-	14,356
Change in ownership interests in subsidiaries						
Acquisition of non-controlling interests without a change in control	-	258	-	258	(647)	(389)
Total change in ownership interests in subsidiaries	-	258	-	258	(647)	(389)
At 31 December 2013	71,117	35,131	576	106,824	351	107,175

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

Group	Share capital \$'000	Capital reserve \$'000	Accumulated profits \$'000	Foreign currency translation reserve \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2014	71,117	-	35,131	576	106,824	351	107,175
Total comprehensive (expense)/income for the period							
(Loss)/Profit for the period	-	-	(32,933)	-	(32,933)	109	(32,824)
Other comprehensive income							
Foreign currency translation differences	-	-	-	973	973	-	973
Total other comprehensive income for the period	-	-	-	973	973	-	973
Total comprehensive (expense)/income	-	-	(32,933)	973	(31,960)	109	(31,851)
Transactions with owners recognised directly in equity							
One-tier tax exempt final dividend of \$0.0025 per ordinary share in respect of the year ended 31 December 2013	-	-	(1,482)	-	(1,482)	-	(1,482)
Issue of convertible bonds		146	-	-	146	-	146
Total transactions with owners	-	146	(1,482)	-	(1,336)	-	(1,336)
At 31 December 2014	71,117	146	716	1,549	73,528	460	73,988

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

<u>Company</u>	Share Capital \$'000	Capital reserve \$'000	Accumulated (losses)/profits \$'000	Total \$'000
At 1 January 2013	121,746	(969)	(993)	119,784
Total comprehensive expense for the year				
Profit for the year/Total comprehensive income	-	-	6,052	6,052
Transactions with owners recognized directly in equity				
One-tier tax exempt interim dividend of \$0.0025 per ordinary share in respect of the year ended 31 December 2012	-	-	(1,234)	(1,234)
Cash distribution to Entitled Shareholders	-	(158)	-	(158)
Issue of shares pursuant to share placement exercise	16,212	-	-	16,212
Shares issuance expenses	(622)	-	-	(622)
Total transactions with owners	15,590	(158)	(1,234)	14,198
At 31 December 2013	137,336	(1,127)	3,825	140,034
At 1 January 2014	137,336	(1,127)	3,825	140,034
Total comprehensive expense for the year				
Loss for the year/Total comprehensive expense	-	-	(1,451)	(1,451)
Transactions with owners recognized directly in equity				
One-tier tax exempt final dividend of \$0.0025 per ordinary share in respect of the year ended 31 December 2013	-	-	(1,482)	(1,482)
Issue of convertible bonds	-	146	-	146
Total transactions with owners	-	146	(1,482)	(1,336)
At 31 December 2014	137,336	(981)	892	137,247

1(d)(ii) Details of any changes in the company's share capital arising from right issues, bonus issue, share buy-back, exercise of share option 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.

As at 31 December 2014 (and 31 December 2013), the Company's issued and paid-up share capital was S\$137,336,285 (and S\$137,336,285).

There was no treasury share held by the Company.

The Company also refers to the announcement released on the SGXNET on 13 February 2014 and 7 May 2014 in relation to the master murabaha facility agreement entered into between the Company and The Islamic Bank of Asia Limited (the "**Bank**") on 13 February 2014 (the "**Master Murabaha Facility Agreement**"). Subject to the terms and on the conditions as set out in the Master Murabaha Facility Agreement, the Bank has an option to convert the Deferred Sale Price (as defined in the Master Murabaha Facility Agreement) into 77,760,498 fully-paid ordinary shares of the Company. As of the date of this announcement, the murabaha facility has been fully drawn down.

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.

Actual	31 December 2014	31 December 2013
Total number of issued shares excluding treasury shares (after share consolidation)	592,406,996	592,406,996

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.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standards 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).

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.

There were no significant changes in accounting policies and methods of computation adopted in financial statements for the current reporting period as compared to the most recent audited annual financial statements for the period ended 31 December 2013.

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

Not applicable.

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.

(Loss)/Earning per share (EPS)	4 th Quarter ended		Year ended	
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013

Continuing operations

EPS based on weighted average number of ordinary shares on issue (cents)	(1.80)	(0.73)	(5.56)	2.70
EPS based on a fully diluted basis (cents)	(1.80)	(0.73)	(5.56)	2.70

Weighted average number of shares (after Share Consolidation)	592,406,996	592,406,996	592,406,996	531,002,564
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7. Net assets 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 (NAV)	Group		Company	
	As at 31 Dec 2014	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2013
NAV per ordinary share (cents)	12.41	18.03	23.17	23.64
Number of shares (after Share Consolidation)	592,406,996	592,406,996	592,406,996	592,406,996

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 earning of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and

- (b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

Comprehensive income statement

Fourth quarter review – Q4FY14 vs Q4FY13

Revenue

Revenue decreased by approximately \$6.9 million or 16.0% to \$36.4 million for the fourth quarter ended 31 Dec 2014 ("Q4FY14") compared to the corresponding quarter of the previous year ended 31 Dec 2013 ("Q4FY13") of \$43.3 million. The decrease was mainly attributable to adjustments in revenue in relation to certain projects, amounting to \$7.4 million, as below:

- a) decrease in contract sum as a result of disagreement in scope of work by the customers, amounting to approximately \$4 million; and
- b) decrease in the percentage of completion as a result of increase in the estimated contract cost, by approximately \$3.4 million.

Gross profit

Gross profit decreased by approximately \$5.9 million or 298.9% to a loss of \$3.9 million for Q4FY14 compared to a profit of approximately \$2.0 million for Q4FY13 and the overall gross profit margin also decreased from approximately 4.6% for Q4FY13 to a gross loss margin of approximately 10.8% for Q4FY14. It is mainly attributable to the adjustments in revenue as explained above and also the additional costs provided for certain projects due to additional rectification work to be performed during the defect liability period, amounting to \$0.6 million.

Other income

Other income for Q4FY14 decreased by approximately \$0.2 million or 35.7% compared to \$0.6 million compared to Q4FY13 due mainly to lower sales of scrap materials and lower rental income.

Distribution expenses

Distribution expenses for Q4FY14 decreased by approximately \$0.04 million or 12.7% to \$0.3 million compared to Q4FY13 due to lower entertainment and travelling expenses.

Administrative expenses

Administrative expenses for Q4FY14 increased by approximately \$0.9 million or 16.7% to \$6.2 million compared to Q4FY13 due mainly to, *inter alia*, increase in depreciation for the new office building by approximately \$0.5 million, professional fees and other staff related expenses.

Other operating expenses

Other operating expenses for Q4FY14 increased by approximately \$1.1 million compared to Q4FY13 due mainly to loss on disposal of investment property in Malaysia and write-off of certain old receivables in one of the subsidiaries.

Finance costs

Finance costs for Q4FY14 decreased by approximately \$0.03 million or 2.2% to \$1.1 million compared to Q4FY13 due mainly to fewer drawdown of bill payables during the period.

Income tax

Income tax for Q4FY14 increased by approximately \$1.9 million compared to Q4FY13 mainly attributable to the decline in deferred tax liabilities as a result of tax loss position in certain entities.

Net profit after tax

The Group reported a net loss after tax of \$10.8 million for Q4FY14 compared to a net loss after tax of \$4.7 million for Q4FY13 due to the various reasons as disclosed above.

Twelve months review – FY14 vs FY13

Revenue

Revenue increased by approximately \$3.6 million or 2.4% to \$156.8 million for the twelve months ended 31 Dec 2014 ("FY14") compared to the corresponding period ended 31 Dec 2013 ("FY13") of \$153.2 million. The increase (after taking into account the adjustments in revenue in the fourth quarter as explained above) was mainly attributable to increased percentage of work completed on certain road related works amongst other projects and higher sale of asphalt premix during the year.

Gross profit

Gross profit decreased by approximately \$36.0 million or 136.4% to a loss of \$9.6 million for FY14 compared to a profit of approximately \$26.4 million for FY13. The overall gross profit margin also decreased from approximately 17.2% for FY13 to approximately a gross loss margin of 6.1% for FY14. The decrease in gross profit is mainly attributable to the following:

- a) adjustments in revenue and costs for certain projects in the second quarter amounting to \$28 million;
- b) adjustments in revenue for certain projects in the fourth quarter amounting to \$7.4M as explained earlier; and
- c) provision for additional estimated costs for certain projects in the fourth quarter, amounting to \$0.6 million, as explained above.

The decrease in the gross margin is also due to higher labour, subcontractor and direct operational costs during the year.

Other income

Other income for FY14 decreased by approximately \$10.8 million or 77.6% to \$3.1 million compared to FY13 due mainly to gain on disposal of office building at 61 Senoko Drive in the prior year.

Distribution expenses

Distribution expenses for FY14 increased by approximately \$0.1 million or 7.2% to \$1.4 million compared to FY13 due mainly to higher insurance and commission expenses.

Administrative expenses

Administrative expenses for FY14 increased by approximately \$1.6 million or 9.0% to \$19.5 million compared to FY13 due mainly to increase in depreciation of the new office building by approximately \$0.5 million, professional fees and staff related expenses.

Other operating expenses

Other expenses for FY14 increased by approximately \$0.9 million or 302.6% to \$1.2 million compared to FY13 due mainly to loss on disposal of investment property in Malaysia and write-off of certain old receivables in one of the subsidiaries.

Finance costs

Finance costs for FY14 increased by approximately \$0.8 million or 16.6% to \$5.3 million compared to FY13 due mainly to higher short term borrowings during the period.

Income tax

Income tax for FY14 increased by approximately \$3.0 million compared to FY13 mainly attributable to the decline in deferred tax liabilities as a result of tax loss position in certain entities.

Net profit after tax

The Group reported a net loss after tax of \$32.8 million for FY14 compared to a net profit after tax of \$14.3 million for FY13 due to the various reasons as disclosed above.

Consolidated Statement of financial position

Non-current assets

The Group's property, plant and equipment increased by \$15.9 million from \$82.2 million as at 31 December 2013 to \$98.1 million as at 31 December 2014. The increase is mainly due to the following:

- (a) capital expenditure in relation to motor vehicles and plant and equipment of \$11.4 million for project usage; and
- (b) capital expenditure in relation to leasehold building at Singapore and Yantai by \$4.5 million

Current assets

The Group's current assets decreased by \$45.4 million from \$213.7 million as at 31 December 2013 to \$168.3 million as at 31 December 2014, mainly attributable to the following:

- (a) decrease in cash and cash equivalents by \$13.5 million to \$20.2 million as at 31 December 2014 compared to \$33.7 million as at 31 December 2013 due to repayment of bank borrowings;
- (b) decrease in trade and other receivables by \$16.9 million to \$30.1 million as at 31 December 2014 compared to \$47.0 million as at 31 December 2013 due to higher collection from the customers;
- (c) decrease in contract work-in-progress by \$17.7 million to \$95.7 million as at 31 December 2014 compared to \$113.4 million as at 31 December 2013 mainly due to adjustments in revenue in relation to certain projects due to disagreement of scope of works for certain completed projects by the customers and additional costs provided for certain on-going projects, as explained above;

which was partially offset by the following:

- (d) increase in development property by \$2.2 million to \$15.9 million as at 31 December 2014 compared to \$13.7 million as at 31 December 2013 due to additional development cost incurred in respect of the property at No.241 Pasir Panjang Road, Singapore; and
- (e) increase in inventories by \$0.5 million to \$6.3 million as at 31 December 2014 compared to \$5.8 million as at 31 December 2013 due to less consumption of materials for certain projects.

Current Liabilities

The Group's current liabilities increased by \$21.9 million from \$142 million as at 31 December 2013 to \$163.8 million as at 31 December 2014, significantly attributable to the increase in trade and other payables by \$19.9 million to \$52.3 million as at 31 December 2014 compared to \$32.4 million as at 31 December 2013 significantly due to longer payment terms with the creditors and also higher accrual of certain costs.

Non-current Liabilities

The Group's non-current liabilities decreased by \$19.7 million from \$52.5 million as at 31 December 2013 to \$32.8 million as at 31 December 2014, significantly due to:

- (a) decrease in long-term borrowings and hire purchase by \$18.3 million as a result of repayment of bank borrowings;
- (b) decrease in deferred tax liabilities by \$1.4 million as a result of lower taxable profit earned by certain entities.

Consolidated Statement of Cash flow

The Group's cash and cash equivalents was \$1.5 million for FY14 compared to \$19.8 million for FY13.

Net cash from operating activities

Net cash generated from operating activities was \$31.5 million, comprising cash used in operating activities before working capital changes of \$10.7 million, net inflow of working capital of \$44.0 million and net income tax paid of \$1.8 million.

The net working capital inflow of \$44.0 million was due mainly to the following:

- (a) decrease in contract work-in-progress of approximately \$11.3 million due to adjustments in revenue in relation to certain projects due to disagreement of certain scope of works for certain completed projects by the customers and additional costs provided for certain on-going projects as a result of the Group's percentage of cost-revenue recognition policy, as explained above;
- (b) increase in trade and other payables of approximately \$18.6 million mainly due to longer payment terms with the creditors and higher accrual of certain costs during the period;
- (c) increase in development property of approximately \$2.2 million due to additional development cost incurred in respect of the property at No.241 Pasir Panjang Road, Singapore;
- (c) decrease in trade and other receivables of approximately \$16.8 million mainly due to higher collection from the customers during the period; and
- (d) increase in inventories of approximately \$0.5 million due to less consumption of materials for projects.

Net cash used in investing activities

Net cash used in investing activities of approximately \$18.1 million was due mainly to purchase of motor vehicles and plant and equipment for project usage; and construction expenditure incurred in respect of the leasehold building at No. 3 Sungei Kadut Drive, Singapore and the construction waste recycling at Yantai, People's Republic of China.

Net cash generated from financing activities

Net cash used in financing activities of approximately \$31.3 million was due mainly to repayment of bank borrowings.

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

The actual results of 4QFY2014 are in line with the announcement released on 25 February 2015.

10. A commentary at the date of 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.

The construction demand in Singapore is expected to remain strong. In a Building and Construction Authority's news release dated 8 January 2015, construction contracts for the built environment sector is expected to reach between \$29 billion to \$36 billion in 2015, with public sector projects expecting to account for 60% or \$18 billion to \$21 billion of the total construction demand. For 2016 to 2019, the annual construction demand is expected to be sustained between \$27 billion to \$36 billion in 2016 and 2017 and \$26 billion to \$37 billion in 2018 and 2019 per annum, in view of mega public sector infrastructure projects required to meet the expected growth in Singapore's population.

The Group will continue to tender for PUB and LTA projects, such as the construction of portable water & NEWater pipeline, construction of North-South Expressway, the diversion of underground services of power cable, water mains & gas pipeline to facilitate the construction of Downtown MRT line, Thomson MRT line, etc., to further strengthen its order book.

The business environment remains challenging with rising subcontractor and labour costs, and the Group will be cautious and prudent in its tendering process to protect its margins.

As at the date of this announcement, the Group's unfulfilled order book based on secured contracts stands at approximately \$188 million, with projects completing from 2015 to 2018. The Group's order book may not be indicative of its revenue for any successive periods.

11. Dividends

(a) Current financial period

Any dividend declared for the current financial period reported on?

No.

(b) Previous corresponding financial period

Any dividend declared for the previous corresponding financial period reported on?

Name of dividends	Final
Dividend Type	Cash
Dividend amount per share	\$0.0025, Tax exempt, one-tier

(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 the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(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.

Not applicable.

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

No dividend has been declared.

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.

The Group had originally obtained a general mandate for the recurrent interested/related party transactions from the shareholders in the extraordinary general meeting held on 13 July 2012 which was last renewed in the recent Annual General Meeting held on 25 April 2014. The approved interested/related parties are a) Pan Asian Holdings Limited, b) Hen Sheng Civil Engineering Pte. Ltd., and c) Sing & San Construction Pte Ltd and their respective Associates.

The aggregate values of such transactions are as follow:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
Name of Interested Person and/or Related Person	4th Quarter ended 31 Dec 2014 \$'000	12 Months Period ended 31 Dec 2014 \$'000	4th Quarter ended 31 Dec 2014 \$'000	12 Months Period ended 31 Dec 2014 \$'000
Purchases from: Pan Asian Holdings Limited	Nil	Nil	1,480	4,715
Sales to: Sing & San Construction Pte Ltd	Nil	Nil	178	488

14. Confirmation pursuant to Rule 705(5) of the listing manual

Not required for full year results announcement.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **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.**

Business segment

For the financial year ended 31 Dec 2014

	Pipes and roads S\$'000	Construction materials S\$'000	Others S\$'000	Total S\$'000
External revenue	147,299	9,492	-	156,791
Inter-segment revenue	64,170	26,031	-	90,201
Total revenue	211,469	35,523	-	246,992
Interest income	-	-	28	28
Interest expenses	-	-	(5,273)	(5,273)
Depreciation	(7,583)	(965)	(1,608)	(10,156)
Reportable segment (loss)/profit before income tax	(16,537)	3,869	(21,156)	(33,824)
Reportable segment assets	170,040	16,900	83,690	270,630
Capital expenditure	13,829	6,158	7,324	27,311
Reportable segment liabilities	72,742	7,826	116,074	196,642

For the financial year ended 31 Dec 2013

	Pipes and roads S\$'000	Construction materials S\$'000	Others S\$'000	Total S\$'000
External revenue	145,437	7,728	-	153,165
Inter-segment revenue	42,283	19,172	-	61,455
Total revenue	187,720	26,900	-	214,620
Interest income	-	-	24	24
Interest expenses	(445)	-	(4,078)	(4,523)
Depreciation	(6,456)	(840)	(1,173)	(8,533)
Reportable segment profit/(loss) before income tax	22,816	1,503	(7,954)	16,365
Reportable segment assets	197,485	13,478	90,676	301,639
Capital expenditure	13,748	438	15,380	29,566
Reportable segment liabilities	70,926	12,081	111,457	194,464

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

Revenue from pipes and roads segments increased due mainly to more revenue recognized for road related works amongst other projects.

Revenue from construction materials segment increased due to sale to new customers.

Segment profit decreased for pipes and road segment due mainly to adjustments in revenue, provision for additional costs, etc. in relation to certain projects.

The increase in loss for others segment was due mainly to absence of gain on disposal of office building at 61 Senoko Drive in FY13.

17. A breakdown of sales.

	Current financial year ended 31 Dec 2014 \$'000	Previous financial year ended 31 Dec 2013 \$'000	Change %
(a) Sales reported for first half year	71,662	74,535	(3.9)
(b) Operating (loss)/profit after tax before deducting minority interests reported for first half year	(24,918)	6,208	(501.4)
(c) Sales reported for second half year	85,129	78,630	8.3
(d) Operating (loss)/profit after tax before deducting minority interests reported for second half year	(7,906)	8,114	(197.4)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's (Company) latest full year and its previous full year.

	Current financial year ended 31 Dec 2014 \$'000	Previous financial year ended 31 Dec 2013 \$'000
Ordinary	1,482	1,234
Preference	-	-
Total	1,482	1,234

19. Pursuant to Rule 704(11) of the SGX-ST Listing Manual, the Company confirms that, as far as the Company is aware and save as set out below, there are no other persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company or its principal subsidiaries are as follows:

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current Position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Seow Soon Kee	49	Spouse of Mr Toh Choo Huat ("TCH")	Group Administrative Manager	N.A
Toh Chiew Boon	51	Brother of TCH, Mr Toh Chew Leong ("TCL"), Mr Toh Swee Kim ("TSK")	Assistant Construction Manager	Operations Manager
Ang Boon Lian	57	Spouse of Madam Toh Ley Keow who is the sister of TCH, TCL and TSK	Operation Resource Manager	Assistant Logistic Manager
Lim Tong Lee	53	Brother-in-law of Mdm Oh Ah Ber who is the spouse of TSK	Senior Construction Manager	N.A
Toh Kai Sheng	30	Son of Mr Toh Chew Chai ("TCC")	Financial Controller	Head Operational Information
Toh Kai Hock	33	Son of TCC	Information Technology and Human Resource Director	Group IT Manager
Toh Chew Chai	61	Brother of TCH, TCL and TSK	Deputy Chief Operating Officer	Logistic Director
Toh Ting Xuan	26	Daughter of TCH	Tender & Contract Manager	Assistant Business Development Manager
Toh Kai Yang	27	Son of TCC	Operations Command and Inventory Manager	Operations Command Manager

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer
28 February 2015