TAT HONG HOLDINGS LTD

Registration Number: 199105392H

Unaudited First Quarter Financial Statements Announcement
For The Quarter Ended 30 June 2017

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

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

	Group (First Quarter)		
	3 months ended		
	30 June 2017 S$'000	**30 June 2016** S$'000	**% Change**
Revenue	118,329	116,732	1
Cost of sales	(87,941)	(81,813)	8
Gross profit	30,388	34,919	(13)
Other operating income including interest income	3,736	4,760	(22)
Distribution expenses	(6,407)	(7,059)	(9)
Administrative expenses	(25,265)	(26,186)	(4)
Other operating expenses	(995)	(5,056)	(80)
Finance expense	(5,420)	(5,437)	0
Share of results of associates (net of tax)	658	413	59
Share of results of joint ventures (net of tax)	18	(141)	NM
Loss before income tax	(3,287)	(3,787)	(13)
Income tax (expense)/credit	(957)	1,036	NM
Loss for the period	(4,244)	(2,751)	54
Attributable to:			
Owners of the Company	(5,086)	(3,578)	42
Non-controlling interests	842	827	2
Loss for the period	(4,244)	(2,751)	54

NM: Not meaningful

1(a)(ii) Statement Of Comprehensive Income

	Group (First Quarter)		
	3 months ended		
	30 June 2017 S$'000	**30 June 2016** S$'000	**% Change**
Loss for the period	(4,244)	(2,751)	54
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Net gain/(loss) on translation of net investment in foreign entities	543	(12,833)	NM
Effective portion of changes in fair value of cash flow hedges	(424)	(209)	103
Foreign currency translation differences reclassified to profit or loss upon disposal of subsidiaries	375	-	NM
Net change in fair value of available-for-sale financial assets	(85)	114	NM
Other comprehensive income/(loss) for the period, net of income tax	409	(12,928)	NM
Total comprehensive loss for the period	(3,835)	(15,679)	(76)
Attributable to:			
Owners of the company	(4,694)	(14,437)	(67)
Non-controlling interests	859	(1,242)	NM
Total comprehensive loss for the period	(3,835)	(15,679)	(76)

1(a)(iii) Notes to income statements

	Group (First Quarter)		
	3 months ended		
	30 June 2017 S$'000	30 June 2016 S$'000	% Change
Depreciation of property, plant and equipment	(17,790)	(18,680)	(5)
Gain on disposal of property, plant and equipement	2,588	1,771	46
Amortisation of intangible assets	(289)	(246)	17
Allowance recognised for inventories	(1,064)	(13)	8,085
Write back for trade receivables	7	2	250
Bad debts written off	-	(171)	NM
Realised foreign exchange gain/(loss), net, included in "other operating expenses"	852	(1,002)	NM
Unrealised foreign exchange loss, net, included in "other operating expenses"	(570)	(4,184)	(86)
(Loss)/gain on fair value adjustment on derivatives, net, included in "unrealised foreign exchange loss"	(514)	1,595	NM
Interest income	265	249	6
Share-based payment expenses	(16)	(25)	(36)
Loss on disposal of subsidiaries	(400)	(148)	170
Gain on liquidation of a subsidiary	-	164	NM
Over provision of income tax expense	152	180	(16)
Cost of long service and annual leave	(690)	(339)	104

NM: 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	
	30 June 2017	31 March 2017	30 June 2017	31 March 2017
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Property, plant and equipment	722,976	738,009	981	1,057
Subsidiaries	-	-	372,435	372,435
Associates	42,127	40,791	12,466	12,466
Joint ventures	3,791	3,806	4,716	4,716
Other financial assets	1,035	1,033	951	949
Deferred tax assets	10,589	10,757	-	-
Intangible assets	9,343	9,243	-	-
Trade and other receivables	-	62	-	-
	789,861	803,701	391,549	391,623
Current assets				
Assets held for sale	2,884	4,065	-	-
Inventories	136,226	145,013	-	-
Trade and other receivables	204,467	193,065	231,535	225,322
Cash and cash equivalents	116,655	114,284	14,442	26,065
	460,232	456,427	245,977	251,387
Total assets	1,250,093	1,260,128	637,526	643,010
Equity attributable to owners of the Company				
Share capital	366,879	366,879	366,879	366,879
Reserve for own shares	(2,571)	(2,622)	(2,571)	(2,622)
Share-based payment reserve	345	392	345	392
Capital reserves	28,674	28,638	(1,914)	(1,926)
Fair value reserve	453	962	313	808
Currency translation reserve	(42,876)	(43,753)	-	-
Accumulated profits	231,781	236,867	35,434	39,716
	582,685	587,363	398,486	403,247
Non-controlling interests	35,893	34,628	-	-
Total equity	618,578	621,991	398,486	403,247
Non-current liabilities				
Trade and other payables	2,660	2,590	90	121
Financial liabilities	193,648	209,883	85,033	87,384
Notes payable	98,285	98,235	98,285	98,235
Deferred tax liabilities	28,799	28,326	-	-
	323,392	339,034	183,408	185,740
Current liabilities				
Trade and other payables	162,447	157,159	39,110	37,482
Financial liabilities	142,584	141,779	16,519	16,519
Current tax payable	3,092	165	3	22
	308,123	299,103	55,632	54,023
Total liabilities	631,515	638,137	239,040	239,763
Total equity and liabilities	1,250,093	1,260,128	637,526	643,010

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

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 31 March 2017	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	S$'000	S$'000	S$'000
80,909	61,675	75,000	66,779

Amount repayable after one year

As at 30 June 2017		As at 31 March 2017	
Secured	**Unsecured**	**Secured**	**Unsecured**
S$'000	S$'000	S$'000	S$'000
103,078	90,570	118,373	91,510

Details of any collateral

Included in the Group's secured borrowings are borrowings of:

(i) S$5,750,000 (31 March 2017: S$6,358,000) secured by a charge over four barges and a work boat of a subsidiary with a carrying value of S$13,807,000 (31 March 2017: S$15,784,000);

(ii) S$88,750,000 (31 March 2017: S$91,899,000) in respect of property, plant and equipment acquired under finance leases with a carrying value of S$159,369,000 (31 March 2017: S$161,371,000);

(iii) S$68,646,000 (31 March 2017: S$74,979,000) secured by equipment of subsidiaries with a carrying value of S$159,910,000 (31 March 2017: S$162,447,000);

(iv) S$3,204,000 (31 March 2017: S$4,164,000) secured by a charge over leasehold land and building of subsidiaries with a carrying value of S$21,360,000 (31 March 2017: S$21,570,000);

(v) S$2,673,000 (31 March 2017: S$2,700,000) secured by a charge over freehold land and building of a subsidiary with a carrying value of S$4,747,000 (31 March 2017: S$4,629,000); and

(vi) S$14,964,000 (31 March 2017: S$13,274,000) secured by amounts owing by certain customers to the Group's subsidiaries.

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.

	Group	
	3 months ended	
	30 June 2017	30 June 2016
	S$'000	S$'000
Operating activities:		
Loss for the period	(4,244)	(2,751)
Adjustments for:		
Depreciation of property, plant and equipment	17,790	18,680
Gain on disposal of property, plant and equipment	(2,588)	(1,771)
Loss/(gain) on fair value adjustment on derivatives, net	514	(1,595)
Amortisation of intangible assets	289	246
Cost of long service and annual leave	690	339
Loss on disposal of subsidiaries	400	148
Gain on liquidation of a subsidiary	-	(164)
Share of results of associates	(658)	(413)
Share of results of joint ventures	(18)	141
Provisions made/(reversed)	34	(21)
Share-based payment expenses	16	25
Finance income	(265)	(249)
Finance expense	5,420	5,437
Income tax expense/(credit)	957	(1,036)
Operating profit before working capital changes	18,337	17,016
Changes in working capital:		
Inventories	9,527	9,984
Trade and other receivables	(6,365)	2,154
Trade and other payables	4,545	(18,982)
Cash generated from operations	26,044	10,172
Income taxes paid	(826)	(2,207)
Payment for long service and annual leave and others	(1,445)	(1,727)
Net cash from operating activities	23,773	6,238
Investing activities:		
Purchase of property, plant and equipment	(913)	(7,951)
Purchase of intangible assets	(383)	(454)
Proceeds from disposal of property, plant and equipment	11,427	4,627
Net cash inflow from disposal of subsidiaries	228	10
Distribution from liquidation of a subsidiary	-	164
Loan to a joint venture	(1,623)	-
Investment in other financial assets, net	(73)	(167)
Interest received	265	249
Net cash from/(used in) investing activities	8,928	(3,522)
Financing activities:		
Net repayment of trust receipts	-	(3,336)
Proceeds from bank loans	13,556	39,558
Repayment of bank loans	(23,290)	(62,274)
Proceeds from finance lease obligations	-	310
Repayment of finance lease obligations	(15,209)	(18,031)
Change in bank balances earmarked for certain banking facilities	346	(18)
Interest paid	(5,167)	(5,567)
Net cash used in financing activities	(29,764)	(49,358)
Net increase/(decrease) in cash and cash equivalents during the period	2,937	(46,642)
Cash and cash equivalents at beginning of the period	92,538	130,072
Effect of exchange rate fluctuations on cash held	(219)	(1,104)
Cash and cash equivalents at end of the period	95,256	82,326

	Group	
	30 June 2017 S$'000	30 June 2016 S$'000
Cash and cash equivalents		
Cash, bank balances and fixed deposits with banks	116,655	82,974
Bank balances earmarked for certain banking facilities	(21,399)	(648)
Cash and cash equivalents at end of the period	95,256	82,326

Notes:

During the 3 months ended 30 June 2017, the Group acquired property, plant and equipment with an aggregate cost of S$12,539,000 (30 June 2016: S$9,045,000) of which S$11,626,000 (30 June 2016: S$1,094,000) was acquired by means of finance leases and loans.

In addition, property, plant and equipment of S$446,000 (30 June 2016: S$719,000) was transferred from inventories during the 3 months ended 30 June 2017, of which S$nil (30 June 2016: S$310,000) was financed by means of finance leases.

Property, plant and equipment with carrying amount amounting to S$266,000 (30 June 2016: S$6,409,000) was transferred to inventories due to change in the use of assets.

In February 2017, the Company raised net proceeds of S$41.0 million from the issue of 125,521,284 shares pursuant to a renounceable underwritten rights issue on the basis of 1 rights share for every 5 existing shares. As of 30 June 2017, S$20.5 million has been utilised for the repayment of loans, S$2.7 million for professional fees and S$3.7 million for inventory purchases. This is in accordance with its stated use.

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.

The Group	Share capital	Reserve for own shares	Share-based payment reserve	Capital reserves	Fair value reserve	Currency translation reserve	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 April 2016	**325,849**	**(2,673)**	**517**	**29,564**	**174**	**(43,410)**	**275,680**	**585,701**	**43,982**	**629,683**
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	(3,578)	(3,578)	827	(2,751)
Other comprehensive income										
Net loss on translation of net investment in foreign entities	-	-	-	(115)	-	(10,649)	-	(10,764)	(2,069)	(12,833)
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(209)	-	-	(209)	-	(209)
Net change in fair value of available-for-sale financial assets	-	-	-	-	114	-	-	114	-	114
Total other comprehensive income	-	-	-	(115)	(95)	(10,649)	-	(10,859)	(2,069)	(12,928)
Total comprehensive income for the period	-	-	-	(115)	(95)	(10,649)	(3,578)	(14,437)	(1,242)	(15,679)
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Cancellation of share options	-	-	(28)	-	-	-	28	-	-	-
Value of employee services received for issue of performance shares	-	-	25	-	-	-	-	25	-	25
Performance shares awarded using treasury shares	-	51	(63)	12	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company	-	51	(66)	12	-	-	28	25	-	25
At 30 June 2016	**325,849**	**(2,622)**	**451**	**29,461**	**79**	**(54,059)**	**272,130**	**571,289**	**42,740**	**614,029**

The Group	Share capital	Reserve for own shares	Share-based payment reserve	Capital reserves	Fair value reserve	Currency translation reserve	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 April 2017	**366,879**	**(2,622)**	**392**	**28,638**	**962**	**(43,753)**	**236,867**	**587,363**	**34,628**	**621,991**
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	-	(5,086)	(5,086)	842	(4,244)
Other comprehensive income										
Net loss on translation of net investment in foreign entities	-	-	-	24	-	502	-	526	17	543
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(424)	-	-	(424)	-	(424)
Foreign currency translation differences reclassified to profit or loss upon disposal of subsidiaries	-	-	-	-	-	375	-	375	-	375
Net change in fair value of available-for-sale financial assets	-	-	-	-	(85)	-	-	(85)	-	(85)
Total other comprehensive income	-	-	-	24	(509)	877	-	392	17	409
Total comprehensive income for the period	-	-	-	24	(509)	877	(5,086)	(4,694)	859	(3,835)
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Value of employee services received for issue of performance shares	-	-	16	-	-	-	-	16	-	16
Performance shares awarded using treasury shares	-	51	(63)	12	-	-	-	-	-	-
Total contributions by and distributions to owners of the Company	-	51	(47)	12	-	-	-	16	-	16
Changes in ownership interests in subsidiaries										
Disposal of subsidiaries	-	-	-	-	-	-	-	-	406	406
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	-	406	406
At 30 June 2017	**366,879**	**(2,571)**	**345**	**28,674**	**453**	**(42,876)**	**231,781**	**582,685**	**35,893**	**618,578**

The Company	Share capital	Reserve for own shares	Share based payment reserve	Capital reserves	Fair value reserve	Accumulated profits	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 April 2016	**325,849**	**(2,673)**	**517**	**(1,938)**	**134**	**46,112**	**368,001**
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(3,124)	(3,124)
Other comprehensive income							
Net changes in fair value of available-for-sale financial assets	-	-	-	-	(209)	-	(209)
Total other comprehensive income	-	-	-	-	(209)	-	(209)
Total comprehensive income for the period	-	-	-	-	(209)	(3,124)	(3,333)
Contributions by and distributions to owners of the Company							
Cancellation of share options	-	-	(28)	-	-	28	-
Value of employee services received for issue of performance shares	-	-	25	-	-	-	25
Performance shares awarded using treasury shares	-	51	(63)	12	-	-	-
Total contributions by and distributions to owners of the Company	-	51	(66)	12	-	28	25
At 30 June 2016	**325,849**	**(2,622)**	**451**	**(1,926)**	**(75)**	**43,016**	**364,693**

The Company	Share capital	Reserve for own shares	Share based payment reserve	Capital reserves	Fair value reserve	Accumulated profits	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 April 2017	**366,879**	**(2,622)**	**392**	**(1,926)**	**808**	**39,716**	**403,247**
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(4,282)	(4,282)
Other comprehensive income							
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(424)	-	(424)
Net changes in fair value of available-for-sale financial assets	-	-	-	-	(71)	-	(71)
Total other comprehensive income	-	-	-	-	(495)	-	(495)
Total comprehensive income for the period	-	-	-	-	(495)	(4,282)	(4,777)
Contributions by and distributions to owners of the Company							
Value of employee services received for issue of performance shares	-	-	16	-	-	-	16
Performance shares awarded using treasury shares	-	51	(63)	12	-	-	-
Total contributions by and distributions to owners of the Company	-	51	(47)	12	-	-	16
At 30 June 2017	**366,879**	**(2,571)**	**345**	**(1,914)**	**313**	**35,434**	**398,486**

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 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.

Ordinary Shares

During the 3 months ended 30 June 2017, 77,500 performance shares that were granted previously had vested on 30 April 2017. The market price of each performance share on the vesting date was S$0.40 per share. The performance shares were awarded from the treasury shares.

Other than the above, there were no changes in the Company's share capital since 31 March 2017.

Performance Shares

There were nil performance shares granted but not vested as at 30 June 2017 (30 June 2016: 77,500).

Share Option

No share options under the Tat Hong Employee Share Option Scheme 2006 were exercised during the 3 months ended 30 June 2017 (30 June 2016: nil).

During the 3 months ended 30 June 2017, 40,000 share options were cancelled (30 June 2016: 90,000). As at 30 June 2017, there were 1,063,000 (30 June 2016: 1,328,000) outstanding share options exercisable at the price of S$1.08 per share.

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.

As at 30 June 2017, the Company's issued and paid up capital less treasury shares comprised 753,205,207 ordinary shares (31 March 2017: 753,127,707).

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.

	FY2018	FY2017
Balance as at 1 April	3,986,400	4,063,900
Performance shares awarded using treasury shares	(77,500)	(77,500)
Balance as at 30 June	3,908,900	3,986,400

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

As at 30 June 2017, there were no sales, transfers, cancellation and/or use of subsidiary holdings.

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

The figures have not been audited nor reviewed by the auditors.

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.

Except as disclosed in Paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the consolidated financial statements for the current reporting period as those applied in the audited financial statements for the year ended 31 March 2017.

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.

In the current financial period, the Group adopted the applicable new and revised Singapore Financial Reporting Standards ("FRSs") and related Interpretations ("INT FRSs") that are relevant to its operations and effective for annual periods beginning on or after 1 April 2017. The adoption of these new/revised FRSs and INT FRSs does not result in changes to the Group's accounting policies and has no material effect on the financial statements.

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 (First Quarter)	
	3 months ended 30 Jun 2017	3 months ended 30 Jun 2016 (restated)
Net loss attributable to owners of the Group (S$'000)	(5,086)	(3,578)
Weighted average ordinary shares ('000) for calculation of:		
- Basic earnings per share	753,257	630,672
- Diluted earnings per share	753,257	630,672
Earnings per ordinary share ("EPS") (SGD cents) of the Group:		
(a) Based on the weighted average number of ordinary shares on issue	(0.68)	(0.57)
(b) On a fully diluted basis	(0.68)	(0.57)

In February 2017, the Company issued 125,521,284 ordinary shares for cash pursuant to a renounceable underwritten rights issue on the basis of 1 rights share for every 5 existing shares in the capital of the Company. The comparatives have been restated to account for the effect of the rights issue.

As at 30 June 2017, there were 1,063,000 (30 June 2016: 1,328,000) share options which were granted on 30 September 2009 available for conversion to ordinary shares. The share options are deemed to be anti-dilutive (30 June 2016: anti-dilutive) and are not included in the weighted average number of ordinary shares for the purpose of computing diluted earnings per share.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year.

	Group		Company	
	30 June 2017	31 March 2017	30 June 2017	31 March 2017
Net asset value per ordinary share (S$)	0.77	0.78	0.53	0.54
Net tangible asset per ordinary share (S$)	0.76	0.77	0.53	0.54

Net asset value and net tangible asset per ordinary share as at 30 June 2017 and 31 March 2017 were computed based on 753,205,207 and 753,127,707 shares respectively.

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 cashflow, working capital, assets or liabilities of the group during the current financial period reported on.

Income statement

The Group's revenue in the quarter ended 30 June 2017 ("1QFY2018") increased marginally by 1% to S$118.3 million compared to S$116.7 million posted in the corresponding quarter ended 30 June 2016 ("1QFY2017").

A breakdown of the Group's revenue by business segments is set out below:

	Group		
Revenue	**1QFY2018**	**1QFY2017**	**Change**
	S$'000	S$'000	%
Crane Rental	31,319	37,608	(17)
Tower Crane Rental	26,515	24,479	8
General Equipment Rental	13,956	11,143	25
Distribution	46,539	43,502	7
Total	118,329	116,732	1

Crane Rental revenue fell by 17% to S$31.3 million, mainly due to lower rental rate in Singapore and lower activity levels in Batam and completion of projects in Hong Kong, mitigated by higher crane utilisation rates in Malaysia and Australia.

Tower Crane Rental division posted an 8% increase in revenue to S$26.5 million in 1QFY2018, mainly attributable to higher tonnage rented out from an enlarged fleet. Excluding the impact of the weaker RMB, revenue would have increased 10% in 1QFY2018.

General Equipment Rental division recorded a healthy 25% increase to S$14.0 million mainly due to improved utilisation rate and longer hire period as well as commencement of new projects.

Revenue from Distribution division in 1QFY2018 also recorded an increase of 7% to S$46.5 million, mainly due to higher equipment and parts sales in Australia, partially offset by lower demand for cranes in Singapore, Hong Kong and overseas markets such as Middle East and Japan.

Gross profit for 1QFY2018 declined by 13% to S$30.4 million. Gross profit margin fell from 29.9% to 25.7%, mainly attributable to lower margins from the Crane Rental and Tower Crane Rental divisions. These were partially compensated by improved margins from the General Equipment Rental division from improved utilisation rates and cost savings following an intensive rationalisation programme which started in FY2016 and better margins from the Distribution division in Australia.

The Group's other operating income decreased 22% or S$1.1 million to S$3.7 million in 1QFY2018, mainly attributable to lower grants income received in 1QFY2018.

The Group's total operating costs decreased by 15% to S$32.7 million largely due to the foreign exchange gain recorded in 1QFY2018 as opposed to the foreign exchange loss reported in 1QFY2017. Total operating expenses, excluding foreign exchange differences, for 1QFY2018 remained comparable to 1QFY2017.

1QFY2018's finance costs of S$5.4 million was comparable to 1QFY2017 as the effect of loan repayment was offset by higher interest rates compared with the same period a year earlier.

The Group recorded a pre-tax loss of S$3.3 million primarily due to the decline in gross profit and other income, partially offset by lower operating expenses. Income tax expenses of S$1.0 million brought loss attributable to shareholders to S$5.1 million compared with a net loss of S$3.6 million in the previous corresponding quarter which had recorded net tax credits amounting to S$1.0 million primarily for tax benefits recognised in China and Australia.

Balance Sheet (as at 30 June 2017 vs 31 March 2017)

- The decrease of S$15.0 million in the Group's net carrying amount of property, plant and equipment was mainly attributable to the disposals of property, plant and equipment, depreciation charges, partially offset by the additions of property, plant and equipment.
- Equipment with a net book value of S$1.2 million previously reclassified as "Assets held for sale" was subsequently disposed for a cash consideration of approximately S$1.7 million.
- Inventories decreased by approximately S$8.8 million due to disposals of inventory in Singapore and Australia and prudent inventory management.
- Trade and other receivables increased by approximately S$11.4 million largely due to timing of sales and collections, increase in tax recoverable, prepayments and amount owed by a joint venture.
- Trade and other payables increased by S$5.3 million largely due to purchase of inventories in Australia.
- Total financial liabilities decreased by S$15.4 million mainly due to net repayment.
- Net gearing as at 30 June 2017 was 0.55 times (31 March 2017: 0.57 times).

Cash flow

As at 30 June 2017, the Group recorded a cash and cash equivalents of S$116.7 million of which S$21.4 million was earmarked for certain banking facilities. The net increase of S$2.9 million in cash and cash equivalents during 1QFY2018 resulted mainly from proceeds from the disposal of property, plant and equipment and net cash inflow from operating activities; partially offset by the net repayment of bank loans, finance lease obligations and interest.

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

The macro environment was largely similar to that disclosed in Paragraph 10 of the Group's Financial Statements for the Fourth Quarter and Full Year ended 31 March 2017 which was released via the SGXNET on 30 May 2017.

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.

While the Group anticipates continued challenging trading conditions in the ASEAN countries, it expects continued healthy demand in the People's Republic of China ("China") and is cautiously optimistic of improving market and economic outlooks in Australia.

The market weakness and competitive pricing pressures in the ASEAN countries will continue to impact the Crane Rental Division. On the other hand, the Group has experienced early signs of improved market sentiments in Australia.

The Tower Crane Rental Division in China is expected to perform well on the back of a strong pipeline of committed projects in the building, infrastructure, transport and power generation sectors.

The increase in infrastructure spending in Australia is expected to lift revenues from the General Equipment Rental Division.

Whilst the Distribution Division will benefit from improved demand in Australia, continued weakness in the heavy equipment market is expected in the ASEAN countries.

Notwithstanding the above, the Group will continue its fleet rationalisation activities. The Group will also continue to take advantage of its strong China presence to explore opportunities in China's One Belt One Road initiative.

11. Dividend

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on? No

(b) Corresponding period of the immediately preceding financial year

Any dividend recommended for the 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/recommended for the current financial period reported on.

13. Interested Person Transactions

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)				Aggregate value of all interested person transactions conducted under the shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)			
	Group (First Quarter) 3 months ended		Group (Year-To-Date) 3 months ended		Group (First Quarter) 3 months ended		Group (Year-To-Date) 3 months ended	
	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016	30 June 2017	30 June 2016
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
(A) Sale								
CS Construction & Geotechnic Pte Ltd	-	-	-	-	-	400	-	400
L&M Foundation Specialist Pte Ltd	-	-	-	-	303	106	303	106
THL Foundation Equipment Pte Ltd	-	-	-	-	150	250	150	250
CS Bored Pile System Pte Ltd	-	-	-	-	136	148	136	148
Tat Hong Investments Pte Ltd	667	-	667	-	-	-	-	-
Ng Sun Ho	-	410	-	410	-	-	-	-
(B) Purchase								
BP-Ubi Industrial Pte Ltd	-	-	-	-	157	152	157	152

14. Confirmation of Procuring Undertakings from Directors and Executive Officers

The company has procured undertakings from all its Directors and executive officers (in the format set out in Appendix 7.7 of the Listing Manual) under Rule 720(1) of the Listing Manual.

By Order of the Board
Jennie Hong Chok Hane
Group CFO / Company Secretary
14 August 2017

STATEMENT PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

We confirm on behalf of the Board of Directors that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the financial results of the Group and Company (comprising the statement of financial position, consolidated statement of comprehensive income, statement of changes in equity and consolidated statement of cash flow, together with their accompanying notes) as at 30 June 2017 and the results of the business, changes in equity and cash flows of the Group for the 3 months ended on that date, to be false or misleading in any material respect.

ON BEHALF OF THE DIRECTORS

Ng San Tiong
Managing Director

Ng Sang Kuey
Director