



TIONG WOON CORPORATION HOLDING LTD
(Company Registration No. 199705837C)

Second Quarter and First Half Financial Statements and Dividend Announcement for the Period Ended 31 December 2017

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.

	Group		Increase/ (Decrease) %	Group		Increase/ (Decrease) %
	2QFY2018 S\$'000	2QFY2017 S\$'000		1HFY2018 S\$'000	1HFY2017 S\$'000	
Revenue	28,200	31,257	(10)	51,685	65,646	(21)
Cost of sales	(20,333)	(22,475)	(10)	(38,568)	(49,374)	(22)
Gross profit	7,867	8,782	(10)	13,117	16,272	(19)
Other income	495	312	59	639	539	19
Other gains - net	81	1,811	(96)	102	3,974	(97)
Expenses						
- Administrative	(345)	(311)	11	(661)	(727)	(9)
- Other operating	(6,299)	(6,439)	(2)	(11,962)	(12,685)	(6)
- Finance	(787)	(1,041)	(24)	(1,589)	(2,047)	(22)
Share of loss of associated companies	(106)	(45)	136	(99)	(159)	(38)
Share of profit/(loss) of a joint venture	12	(45)	NM	7	(59)	NM
Profit/(Loss) before income tax	918	3,024	(70)	(446)	5,108	NM
Income tax expense	(490)	(1,015)	(52)	(705)	(1,683)	(58)
Total profit/(loss)	428	2,009	(79)	(1,151)	3,425	NM
Other comprehensive income/(loss):						
Items that may be subsequently reclassified to profit or loss:						
Currency translation differences arising from consolidation - gain/(loss)	665	(203)	NM	1,197	(297)	NM
Fair value gain on cash flow hedges	6	29	(79)	14	13	8
	671	(174)	NM	1,211	(284)	NM
Total comprehensive income	1,099	1,835	(40)	60	3,141	(98)
Profit/(Loss) attributable to:						
Equity holders of the Company	520	1,816	(71)	(917)	3,320	NM
Non-controlling interest	(92)	193	NM	(234)	105	NM
	428	2,009	(79)	(1,151)	3,425	NM
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	1,186	1,633	(27)	269	3,041	(91)
Non-controlling interest	(87)	202	NM	(209)	100	NM
	1,099	1,835	(40)	60	3,141	(98)

Denotes: NM - not meaningful

1(a)(ii) Note to the Statement of Comprehensive Income

	Group		Increase/ (Decrease)	Group		Increase/ (Decrease)
	2QFY2018	2QFY2017		1HFY2018	1HFY2017	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit/(Loss) after income tax was stated after crediting/(charging):						
Depreciation of property, plant and equipment	(7,598)	(7,824)	(3)	(15,321)	(15,636)	(2)
Currency exchange (loss)/gain - net	(165)	1,563	NM	(591)	2,062	NM
Gain on disposal of property, plant and equipment	678	140	384	1,073	1,421	(24)
(Loss)/Gain on disposal of a subsidiary	(461)	-	NM	(461)	322	NM
Fair value gain/(loss) on financial assets at fair value through profit or loss	50	(17)	NM	107	6	1683
Impairment loss on trade receivables	-	-	NM	-	(18)	(100)
Write-back of impairment loss on trade receivables	163	396	(59)	206	532	(61)
Interest income	9	26	(65)	14	37	(62)
Interest expense	(806)	(916)	(12)	(1,613)	(1,883)	(14)
Under provision in prior years' current income tax	(10)	(25)	(60)	(10)	(25)	(60)
Over provision in prior years' deferred tax	-	-	NM	4	14	(71)

Denotes: 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	
	As at 31/12/2017	As at 30/06/2017	As at 31/12/2017	As at 30/06/2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	9,166	10,879	98	213
Financial assets at fair value through profit or loss	568	462	-	-
Trade and other receivables	42,749	42,835	-	-
Tax recoverable	79	53	-	-
Inventories	1,456	1,510	-	-
Other current assets	1,958	1,843	181	9
	55,976	57,582	279	222
Non-current assets				
Other receivables	-	-	47,505	47,820
Investment in associated companies	2,965	3,121	1,020	1,020
Investment in a joint venture	2,022	2,074	2,074	2,074
Investment in subsidiaries	-	-	40,938	41,720
Property, plant and equipment	365,863	380,236	-	-
Deferred income tax assets	478	491	-	-
	371,328	385,922	91,537	92,634
Total assets	427,304	443,504	91,816	92,856
LIABILITIES				
Current liabilities				
Trade and other payables	34,055	42,370	1,791	1,831
Current income tax liabilities	1,338	1,708	-	-
Borrowings	25,642	29,871	-	-
Derivative financial instruments	2	12	-	-
	61,037	73,961	1,791	1,831
Non-current liabilities				
Borrowings	92,254	95,305	-	-
Derivative financial instruments	-	4	-	-
Deferred income tax liabilities	26,808	26,646	-	-
	119,062	121,955	-	-
Total liabilities	180,099	195,916	1,791	1,831
NET ASSETS	247,205	247,588	90,025	91,025
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	87,340	87,340	87,340	87,340
Other reserves	(3,014)	(4,200)	-	-
Retained earnings	162,657	163,574	2,685	3,685
	246,983	246,714	90,025	91,025
Non-controlling interest	222	874	-	-
Total equity	247,205	247,588	90,025	91,025

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

	Group	
	As At 31/12/2017	As At 30/06/2017
	S\$'000	S\$'000
Amount repayable in one year or less (secured)		
- Bank borrowings	7,744	9,161
- Finance lease liabilities	16,681	19,215
	24,425	28,376
Amount repayable in one year or less (unsecured)		
- Bank borrowings	1,217	1,495
	25,642	29,871
Amount repayable after one year (secured)		
- Bank borrowings	64,599	63,079
- Finance lease liabilities	27,655	32,226
	92,254	95,305
Total borrowings	117,896	125,176

Details of any collateral:

- (a) Bank borrowings of the Group are secured by a first legal charge over certain of the Group's property, plant and equipment.
- (b) Finance lease liabilities of the Group are secured over the leased plant and equipment and motor vehicles.

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		Group	
	2QFY2018 S\$'000	2QFY2017 S\$'000	1HFY2018 S\$'000	1HFY2017 S\$'000
Cash flows from operating activities				
Total profit/(loss)	428	2,009	(1,151)	3,425
Adjustments for:				
Income tax expense	490	1,015	705	1,683
Depreciation of property, plant and equipment	7,598	7,824	15,321	15,636
Gain on disposal of property, plant and equipment	(678)	(140)	(1,073)	(1,421)
Loss/(Gain) on disposal of a subsidiary	461	-	461	(322)
Fair value (gain)/loss on financial assets at fair value through profit or loss	(50)	17	(107)	(6)
Write-back of impairment on trade receivables	(163)	(396)	(206)	(514)
Interest income	(9)	(26)	(14)	(37)
Interest expense	806	916	1,613	1,883
Share of loss of associated companies	106	45	99	159
Share of (profit)/loss of a joint venture	(12)	45	(7)	59
Translation differences	(14)	(253)	230	(368)
Operating cashflow before working capital changes	8,963	11,056	15,871	20,177
Change in operating assets and liabilities:				
Inventories	1,618	153	54	(468)
Trade and other receivables	651	3,038	25	(2,465)
Other current assets	255	763	(137)	(96)
Trade and other payables	(4,792)	(4,942)	(4,443)	4,308
Cash generated from operations	6,695	10,068	11,370	21,456
Income tax paid	(513)	(1,165)	(736)	(1,450)
Net cash provided by operating activities	6,182	8,903	10,634	20,006
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,065)	(1,695)	(3,735)	(3,042)
Disposal of subsidiary, net of cash disposed of	(99)	-	(99)	(71)
Interest received	9	26	14	37
Fixed deposit unpledged	-	686	2,204	801
Proceeds from disposal of property, plant and equipment	2,076	213	2,631	1,838
Net cash provided by/(used in) investing activities	921	(770)	1,015	(437)
Cash flows from financing activities				
Proceeds from borrowings	1,800	2,386	9,947	3,636
Repayment of borrowings	(3,861)	(2,790)	(9,323)	(5,156)
Repayment of finance lease liabilities	(4,952)	(5,180)	(10,182)	(10,378)
Interest paid	(795)	(913)	(1,600)	(1,837)
Dividends paid to equity holders of the Company	-	(464)	-	(464)
Net cash used in by financing activities	(7,808)	(6,961)	(11,158)	(14,199)
Net (decrease)/increase in cash and cash equivalents	(705)	1,172	491	5,370
Cash and cash equivalents at beginning of financial period	9,586	15,351	8,390	11,153
Cash and cash equivalents at end of financial period	8,881	16,523	8,881	16,523
Cash and cash equivalents at end of financial period	9,166	19,001	9,166	19,001
Less: Fixed deposit pledged	(285)	(2,478)	(285)	(2,478)
Cash and cash equivalents per statement of cash flows	8,881	16,523	8,881	16,523

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

<u>Group</u>	<u>Attributable to equity holders of the Company</u>					
	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000	non- controlling Interest S\$'000	Total Equity S\$'000
Balance at 1 July 2017	87,340	(4,200)	163,574	246,714	874	247,588
Total comprehensive income/(loss)	-	520	(1,437)	(917)	(122)	(1,039)
Balance at 30 September 2017	87,340	(3,680)	162,137	245,797	752	246,549
Total comprehensive income/(loss)	-	666	520	1,186	(87)	1,099
Disposal of a subsidiary	-	-	-	-	(443)	(443)
Balance at 31 December 2017	87,340	(3,014)	162,657	246,983	222	247,205
Balance at 1 July 2016	87,340	(3,645)	173,377	257,072	(2,214)	254,858
Total comprehensive income/(loss)	-	(96)	1,504	1,408	(102)	1,306
Disposal of a subsidiary	-	-	-	-	3,357	3,357
Balance at 30 September 2016	87,340	(3,741)	174,881	258,480	1,041	259,521
Total comprehensive income/(loss)	-	(183)	1,816	1,633	202	1,835
Transfer from other reserve to retained earnings arising from statutory requirement in China	-	(301)	301	-	-	-
Dividend relating to 2016 paid	-	-	(464)	(464)	-	(464)
Balance at 31 December 2016	87,340	(4,225)	176,534	259,649	1,243	260,892
<u>Company</u>						
	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000			
Balance at 1 July 2017	87,340	3,685	91,025			
Total comprehensive loss	-	(73)	(73)			
Balance at 30 September 2017	87,340	3,612	90,952			
Total comprehensive loss	-	(927)	(927)			
Balance at 31 December 2017	87,340	2,685	90,025			
Balance at 1 July 2016	87,340	3,681	91,021			
Total comprehensive loss	-	(81)	(81)			
Balance at 30 September 2016	87,340	3,600	90,940			
Total comprehensive income	-	685	685			
Dividend relating to 2016 paid	-	(464)	(464)			
Balance at 31 December 2016	87,340	3,821	91,161			

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 were no treasury shares and outstanding convertibles as at 31 December 2017 and 31 December 2016.

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.

The total number of issued shares as at 31 December 2017 was 232,235,253 (30 June 2017: 232,235,253).

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 31 December 2017.

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 Company's auditors.

3 Whether 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 30 June 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.

The adoption of the new and revised Financial Reporting Standards which took effect from the current reporting period is assessed to have no material impact to the results of the Group and of the Company for the financial year ending 30 June 2018.

- 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.

<u>Earnings/(Loss) per Share</u>	Group			
	2QFY2018	2QFY2017	1HFY2018	1HFY2017
(i) Based on weighted average number of ordinary shares in issue	0.22	0.78	(0.39)	1.43
(ii) On a fully diluted basis (cents)	0.22	0.78	(0.39)	1.43

Earnings/(Loss) per ordinary share on existing issued share capital are computed based on the weighted average number of ordinary shares in issue during the period of 232,235,253 (31 December 2016: 232,235,253).

There is no difference between the basic and diluted earnings per share.

- 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		Company	
	As At 31/12/2017	As At 30/06/2017	As at 31/12/2017	As At 30/06/2017
Net asset value per ordinary share (cents)	106.35	106.23	38.76	39.20
Number of shares in issue	232,235,253	232,235,253	232,235,253	232,235,253

- 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 on Group's Financial Results

3 Months ended 31 December 2017 (2QFY2018) vs 3 Months ended 31 December 2016 (2QFY2017)

Revenue

	2QFY2018	2QFY2017	Increase/ (Decrease)	1HFY2018	1HFY2017	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Heavy Lift and Haulage	25,010	25,545	(2)	47,804	52,960	(10)
Marine Transportation	593	1,118	(47)	968	1,975	(51)
Engineering Services	681	3,420	(80)	920	9,066	(90)
Trading	1,916	1,174	63	1,993	1,645	21
	28,200	31,257	(10)	51,685	65,646	(21)

Revenue was S\$28.2 million in 2QFY2018, a decrease of S\$3.1 million or 10% from S\$31.3 million in 2QFY2017. The decrease was mainly attributed to the decrease in contributions from the Engineering Services segment.

Review on Group's Financial Results (Cont'd)

Heavy Lift and Haulage segment revenue decreased by S\$0.5 million or 2% from S\$25.5 million in 2QFY2017 to S\$25.0 million in 2QFY2018. There were fewer projects executed in Singapore and the Middle East but there was increase in projects from Malaysia in 2QFY2018.

Marine Transportation segment revenue decreased by S\$0.5 million or 47% from S\$1.1 million in 2QFY2017 to S\$0.6 million in 2QFY2018, mainly due to fewer and shorter chartering jobs secured as a result of the downturn in the offshore and marine industry.

Engineering Services segment revenue decreased by S\$2.7 million or 80% from S\$3.4 million in 2QFY2017 to S\$0.7 million in 2QFY2018, mainly due to the substantial completion of a project in the Middle East. There were also contributions from certain projects in Singapore and Vietnam in 2QFY2017 but none in 2QFY2018.

Trading segment revenue increased by S\$0.7 million or 63% from S\$1.2 million in 2QFY2017 to S\$1.9 million in 2QFY2018, mainly due to more equipment sold in 2QFY2018.

Gross Profit was S\$7.9 million in 2QFY2018, a decrease of S\$0.9 million or 10% from S\$8.8 million in 2QFY2017 due to lower revenue. **Gross Profit Margin** was consistent at 28% for both 2QFY2018 and 2QFY2017.

Other Income was S\$0.5 million in 2QFY2018, an increase of S\$0.2 million or 59% from S\$0.3 million in 2QFY2017, mainly due to higher insurance claims received.

Other Gains -net was S\$0.1 million in 2QFY2018, a decrease of S\$1.7 million or 96% from S\$1.8 million in 2QFY2017. This was mainly attributable to gain on disposal of plant and equipment of S\$0.7 million which was offset by loss on disposal of a subsidiary of S\$0.5 million and operational exchange loss of S\$0.2 million in 2QFY2018 as compared to operational exchange gain of S\$1.7 million and gain on disposal of plant and equipment of S\$0.1 million 2QFY2017.

Administrative Expenses were S\$0.4 million in 2QFY2018, an increase of S\$0.1 million or 11% from S\$0.3 million in 2QFY2017, mainly due to higher professional fees incurred.

Finance Expenses were S\$0.8 million in 2QFY2018, a decrease of S\$0.2 million or 24% from S\$1.0 million in 2QFY2017, mainly due to the lower bank borrowings.

Profit/(Loss) before Income Tax

	2QFY2018	2QFY2017	Increase/ (Decrease)	1HFY2018	1HFY2017	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Heavy Lift and Haulage	1,732	3,411	(49)	1,277	6,466	(80)
Marine Transportation	(488)	(856)	(43)	(963)	(1,026)	(6)
Engineering	(397)	377	NM	(856)	(587)	46
Trading	71	92	(23)	96	255	(62)
	918	3,024	(70)	(446)	5,108	NM

Profit before Income Tax was S\$0.9 million in 2QFY2018, a decrease of S\$2.1 million or 70%, from S\$3.0 million in 2QFY2017.

Heavy Lift and Haulage segment recorded a profit before income tax of S\$1.7 million in 2QFY2018, a decrease of S\$1.7 million or 49%, from S\$3.4 million in 2QFY2017, mainly due to exchange loss of S\$0.1 million which was offset by write-back of impairment loss on trade receivables of S\$0.1 million in 2QFY2018 as compared to exchange gain of S\$1.4 million and write-back of impairment loss on trade receivables of S\$0.4 million in 2QFY2017.

Marine Transportation segment incurred a loss before income tax of S\$0.5 million in 2QFY2018, a decrease of S\$0.4 million or 43%, from S\$0.9 million in 2QFY2017, mainly due to exchange gain of S\$0.1 million and write-back of impairment loss on trade receivables of S\$0.1 million in 2QFY2018 as compared to exchange loss of S\$0.1 million in 2QFY2017.

Review on Group's Financial Results (Cont'd)

Engineering Services segment registered a loss before income tax of S\$0.4 million in 2QFY2018 as compared to a profit before income tax of S\$0.4 million in 2QFY2017. This was mainly attributable to loss on disposal of a subsidiary of S\$0.5 million in 2QFY2018. There were higher margins generated from the completion of certain projects in Singapore and Vietnam in 2QFY2017.

Trading segment reported a profit before income tax of S\$0.1 million in both 2QFY2018 and 2QFY2017.

The effective tax rate of the Group was higher, mainly due to losses incurred by overseas subsidiaries which cannot be offset against profit earned by other entities in the Group.

Review of Statements of Financial Position and Cash Flows

Cash and cash equivalents per consolidated statement of cash flow increased by S\$0.5 million from S\$8.4 million as at 30 June 2017 to S\$8.9 million as at 31 December 2017 mainly due to net cash inflows from operating activities and investing activities of S\$10.6 million and S\$1.0 million respectively. This was offset by the net cash outflow from financing activities of S\$11.2 million. Net cash outflow from financing activities of S\$11.2 million resulted mainly from the repayment of borrowings of S\$19.5 million offset by proceeds from borrowings of S\$9.9 million.

As at 31 December 2017, the Group was in a net current liabilities position of S\$5.1 million. The Group had sufficient undrawn financing facilities committed from large reputable financial institutions to meet its commitments as well as to repay debts as and when they fall due for the next twelve months from 31 December 2017.

Total trade and other payables decreased by S\$8.3 million from S\$42.4 million as at 30 June 2017 to S\$34.1 million as at 31 December 2017. The decrease was mainly due to payments to creditors for purchases of equipment and services; and payment to the main contractor for the redevelopment of its premises at 15 Pandan Crescent.

Total borrowings decreased by S\$7.3 million from S\$125.2 million as at 30 June 2017 to S\$117.9 million as at 31 December 2017, mainly due to repayment of bank borrowings.

Current income tax liabilities decreased by S\$0.4 million from S\$1.7 million as at 30 June 2017 to S\$1.3 million as at 31 December 2017, mainly due to payment of income tax during the current period.

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

Not applicable.

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.

The operating environment continues to be challenging and competitive amid the slowdown in demand in the key markets we operate in. The Group expects that the on-going public sector infrastructure development in Singapore will provide support for more business opportunities.

The Group remains committed to effectively manage operating costs and business risks to stay competitive. It will continue to explore strategic collaborations and leverage on its capabilities and track record as a one-stop integrated heavy lift specialist and service provider to target complex and high value projects to grow the business.

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

No interim dividend for the six months ended 31 December 2017 is recommended (31 December 2016: Nil).

12 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 Company does not have a shareholder's mandate for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

13 Negative Confirmation of Interim Financial Results Pursuant to Rule 705(5) of the SGX-ST Listing Manual

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for Second Quarter and Half Year ended 31 December 2017 to be false or misleading, in any material aspect.

14 Undertakings from Directors and Executive Officers Pursuant to Rule 720(1) of the SGX-ST Listing Manual

The Company confirms that it had procured undertakings from all Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX-ST Listing Manual.

**By Order of the Board
Mr Ang Kah Hong
Executive Chairman and Managing Director
8 February 2018**