



# **CSC HOLDINGS LIMITED**

(Company Registration Number: 199707845E)

## **Financial Statements Announcement**

**for the Second Quarter Ended 30 September 2017**

**(For the Financial Year Ending 31 March 2018)**

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## Review of the Performance of the Group

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

2QFY18 – for the 3 months ended 30 September 2017

1QFY18 – for the 3 months ended 30 June 2017

2QFY17 – for the 3 months ended 30 September 2016

1HFY18 – for the 6 months ended 30 September 2017

1HFY17 – for the 6 months ended 30 September 2016

#### Review of Results for the Second Quarter Ended 30 September 2017

	2QFY18 \$'000	1QFY18 \$'000	Change %	2QFY17 \$'000	Change %	1HFY18 \$'000	1HFY17 \$'000	Change %
<b>Revenue</b>	92,451	77,471	19.3	62,505	47.9	169,922	131,614	29.1
<b>Gross Profit</b>	4,271	3,604	18.5	205	N.M.	7,875	2,207	N.M.
Other Income	1,047	344	N.M.	461	N.M.	1,391	1,793	(22.4)
Operating Expenses	(7,007)	(5,832)	20.1	(6,587)	6.4	(12,839)	(13,162)	(2.5)
<b>Loss from Operating Activities</b>	(1,689)	(1,884)	(10.4)	(5,921)	(71.5)	(3,573)	(9,162)	(61.0)
Net Finance Expenses	(938)	(1,032)	(9.1)	(731)	28.3	(1,970)	(1,668)	18.1
Share of Profit/(Loss) of a Joint Venture	-	1	(100.0)	(67)	(100.0)	1	(31)	N.M.
<b>Loss before Tax</b>	(2,627)	(2,915)	(9.9)	(6,719)	(60.9)	(5,542)	(10,861)	(49.0)
Tax Expense	(59)	(23)	N.M.	(847)	(93.0)	(82)	(1,429)	(94.3)
<b>Loss for the period</b>	(2,686)	(2,938)	(8.6)	(7,566)	(64.5)	(5,624)	(12,290)	(54.2)
<b>EBITDA</b>	4,779	4,661	2.5	823	480.7	9,440	4,384	115.3

<b>Gross Profit Margins</b>	4.6%	4.7%	0.3%	4.6%	1.7%
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#### Revenue

The Group recorded a 29.1% year-on-year increase in revenue to \$169.9 million for 1HFY18. Revenue for 2QFY18 also rose by 47.9% to \$92.5 million compared to 2QFY17. The improvement was largely due to higher work volume as the Group had secured more projects in Singapore during the period under review.

Quarter-on-quarter, revenue for 2QFY18 also recorded an improvement of 19.3% over 1QFY18 in line with the higher level of business activities in 2QFY18.

#### Gross Profit and Gross Profit Margins (GPM)

Gross profit for 1HFY18 and 2QFY18 were higher than their respective comparable periods, in line with the higher revenues recorded. The improvement in GPM reflected higher contract prices for the projects secured as demand for the foundation engineering works continued an upward trend.

Quarter-on-quarter, gross profit for 2QFY18 improved in line with the higher revenue recorded.

#### Other Income

The Group recorded lower other income of \$1.4 million for 1HFY18 (1HFY17: \$1.8 million), as a result of a smaller gain from the disposal of older equipment during the period under review.

Other income of \$1.0 million for 2QFY18 was higher compared to \$0.5 million in 2QFY17 and \$0.3 million in 1QFY18. This took into account a higher gain of \$0.7 million from the disposal of older equipment in 2QFY18 (2QFY17: \$0.3 million; 1QFY18: \$0.1 million).

## **Operating Expenses**

	2QFY18 \$'000	1QFY18 \$'000	Change %	2QFY17 \$'000	Change %	1HFY18 \$'000	1HFY17 \$'000	Change %
<b>Other Operating Expenses</b>	6,870	6,658	3.2	6,423	7.0	13,528	13,044	3.7
Impairment Losses Recognised/ (Reversed) on Trade and Other Receivables	41	(509)	N.M.	3	N.M.	(468)	(38)	N.M.
Exchange Loss/(Gain)	96	(317)	N.M.	161	N.M.	(221)	156	N.M.
<b>Net Operating Expenses</b>	<b>7,007</b>	<b>5,832</b>	<b>20.1</b>	<b>6,587</b>	<b>6.4</b>	<b>12,839</b>	<b>13,162</b>	<b>(2.5)</b>
<b>Other Operating Expenses /Revenue</b>	<b>7.4%</b>	<b>8.6%</b>		<b>10.3%</b>		<b>8.0%</b>	<b>9.9%</b>	

Other operating expenses for 1HFY18 and 2QFY18 were \$13.5 million and \$6.9 million respectively (1HFY17: \$13.0 million; 2QFY17: \$6.4 million).

Other operating expenses to revenue ratio improved to 8.0% for 1HFY18 (1HFY17: 9.9%) and 7.4% for 2QFY18 (2QFY17: 10.3%), as a result of higher revenues recorded for the periods under review.

Sequentially, other operating expenses to revenue ratio for 2QFY18 also recorded an improvement as a result of higher revenue in the period under review.

## **Net Finance Expenses**

	2QFY18 \$'000	1QFY18 \$'000	Change %	2QFY17 \$'000	Change %	1HFY18 \$'000	1HFY17 \$'000	Change %
Interest Income	50	62	(19.4)	44	13.6	112	112	-
Interest Expenses	(799)	(760)	5.1	(746)	7.1	(1,559)	(1,540)	1.2
<b>Net Interest Expenses</b>	<b>(749)</b>	<b>(698)</b>	<b>7.3</b>	<b>(702)</b>	<b>6.7</b>	<b>(1,447)</b>	<b>(1,428)</b>	<b>1.3</b>
Imputed Interest on Non- Current Assets	(189)	(334)	(43.4)	(29)	N.M.	(523)	(240)	N.M.
<b>Net Finance Expenses</b>	<b>(938)</b>	<b>(1,032)</b>	<b>(9.1)</b>	<b>(731)</b>	<b>28.3</b>	<b>(1,970)</b>	<b>(1,668)</b>	<b>18.1</b>

Net interest expenses for 1HFY18 and 2QFY18 were comparable to the respective corresponding periods a year ago.

Quarter-on-quarter, 2QFY18 net interest expenses was marginally higher than 1QFY18 due to the higher level of business activities in 2QFY18.

## **Loss for the period**

Earnings before interest, tax, depreciation and amortization (EBITDA) for both 1HFY18 and 2QFY18 registered improvements of more than 100% over their previous corresponding periods respectively.

Taking into account the above factors, the Group recorded a net loss of \$5.6 million for 1HFY18 compared to a net loss of \$12.3 million in 1HFY17. Similarly, net loss for the Group narrowed to \$2.7 million for 2QFY18 compared to \$7.6 million in 2QFY17.

Loss per share of 0.27 cent for 1HFY18 and 0.13 cent for 2QFY18 were 54.2% and 63.9% lower compared to 1HFY17 and 2QFY17.

## **STATEMENT OF FINANCIAL POSITION**

### **Property, Plant and Equipment**

Net book value of property, plant and equipment as at 30 September 2017 was \$159.3 million (31 March 2017: \$164.9 million).

In 1H FY18, the Group acquired \$6.3 million worth of new plant and equipment to replace older equipment. The Group disposed of plant and equipment with carrying values of \$1.5 million and recorded a \$0.9 million gain on the disposal. Depreciation charge for 1H FY18 was \$13.0 million (1H FY17: \$13.6 million).

### **Net Current Assets**

As at 30 September 2017, net current assets of the Group was \$11.1 million (31 March 2017: \$14.5 million). Current ratio (current assets / current liabilities) was 1.06 (31 March 2017: 1.09).

The Group's inventories stood at \$23.3 million as at 30 September 2017 (31 March 2017: \$25.3 million).

Trade and other receivables were \$147.3 million (31 March 2017: \$137.3 million) while trade and other payables were \$101.4 million (31 March 2017: \$85.0 million), in line with the higher level of business activities.

### **Borrowings**

As at 30 September 2017, total borrowings of the Group was \$87.8 million (31 March 2017: \$85.7 million) as the Group drew down some short term borrowings to finance the increased business activities.

Debt to equity ratio as at 30 September 2017 was 0.53 (31 March 2017: 0.50).

### **Equity and Net Asset Value**

As at 30 September 2017, the Group's equity was \$165.7 million (31 March 2017: \$170.8 million), while net asset value per ordinary share was 7.6 cents (31 March 2017: 7.8 cents).

## CASH FLOW

	2QFY18 \$'000	1QFY18 \$'000	Change %	2QFY17 \$'000	Change %	1HFY18 \$'000	1HFY17 \$'000	Change %
<b>Cash Flow from Operating Activities</b>	(456)	6,541	N.M.	13,251	N.M.	6,085	5,590	8.9
<b>Cash Flow from Investing Activities</b>	(3,296)	510	N.M.	(2,914)	13.1	(2,786)	(4,469)	(37.7)
<b>Cash Flow from Financing Activities</b>	(3,187)	(978)	N.M.	(8,757)	(63.6)	(4,165)	(8,843)	(52.9)
<b>Cash and Cash Equivalents</b>	12,350	19,299	36.0	17,910	(31.0)	12,350	17,910	(31.0)

### **Cash Flow from Operating Activities**

Net cash inflow from operating activities for 1HFY18 of \$6.1 million was largely similar to the \$5.6 million recorded in 1HFY17.

The Group recorded a net cash outflow of \$0.5 million for 2QFY18, compared to a net cash inflow of \$13.3 million for 2QFY17 and \$6.5 million for 1QFY18. The net cash outflow in 2QFY18 was mainly due to an increase in trade and other receivables of \$3.5 million as a result of higher business activities in 2QFY18. These receivables were subsequently collected in October 2017.

### **Cash Flow from Investing Activities**

The Group recorded a lower net cash outflow from investing activities of \$2.8 million for 1HFY18, compared to \$4.5 million a year ago. The Group invested \$1.7 million for the development of commercial properties in Seremban, Negeri Sembilan, Malaysia and a residential property project in Hertford, United Kingdom, in 1HFY17.

The net cash outflow for 2QFY18 of \$3.3 million was higher than 2QFY17 and 1QFY18 mainly due to the cost of acquiring new plant and equipment to replace older equipment for its increased business activities.

### **Cash Flow from Financing Activities**

The Group's net cash outflow from financing activities was \$4.2 million for 1HFY18 (1HFY17: \$8.8 million) and \$3.2 million for 2QFY18 (2QFY17: \$8.8 million; 1QFY18: \$1.0 million), following the net repayment of bank borrowings during the periods under review.

### **Cash and Cash Equivalents**

Taking into consideration the abovementioned factors, the Group's cash and cash equivalents stood at \$12.4 million as at 30 September 2017 (30 September 2016: \$17.9 million; 30 June 2017: \$19.3 million).

## Outlook

The Group maintains a cautious view of the prospects of the construction industry in the year ahead. Demand for construction services is expected to remain relatively muted, amid the long-drawn scarcity of private-sector developments in recent years. In this regard, the Group expects that the construction industry will continue to be supported by government spending in the infrastructure, residential and industrial sectors.

In the months ahead, the Group will continue to build up its order book, while maintaining its focus on optimising asset utilisation and operational efficiency to ensure it remains on a competitive footing.

As at 8 November 2017, the Group's order book was approximately \$200 million (4 August 2017: \$250 million), with the bulk of the contracts to be completed within the next 6 months. The Group will continue to manage and adjust its resources in tandem with future market demand.

## Consolidated Statement of Profit or Loss for the 2nd Quarter ended 30 September 2017

	Note	Group			Group		
		2nd Quarter ended		Change	6 months ended		Change
		30-Sep-17	30-Sep-16		30-Sep-17	30-Sep-16	
		\$'000	\$'000	%	\$'000	\$'000	%
<b>Revenue</b>		92,451	62,505	47.9	169,922	131,614	29.1
Cost of sales	A	(88,180)	(62,300)	41.5	(162,047)	(129,407)	25.2
<b>Gross profit</b>		4,271	205	N.M.	7,875	2,207	N.M.
Other income	B	1,047	461	N.M.	1,391	1,793	(22.4)
Distribution expenses		(138)	(209)	(34.0)	(319)	(356)	(10.4)
Administrative expenses	C	(6,744)	(6,320)	6.7	(12,844)	(12,762)	0.6
Other operating (expenses)/income	D	(125)	(58)	N.M.	324	(44)	N.M.
<b>Results from operating activities</b>		(1,689)	(5,921)	(71.5)	(3,573)	(9,162)	(61.0)
Finance income		50	44	13.6	112	112	0.0
Finance expenses		(988)	(775)	27.5	(2,082)	(1,780)	17.0
<b>Net finance expenses</b>		(938)	(731)	28.3	(1,970)	(1,668)	18.1
Share of (loss)/profit of a joint venture (net of tax)		-	(67)	(100.0)	1	(31)	N.M.
<b>Loss before tax</b>		(2,627)	(6,719)	(60.9)	(5,542)	(10,861)	(49.0)
Tax expense	E	(59)	(847)	(93.0)	(82)	(1,429)	(94.3)
<b>Loss for the period</b>		(2,686)	(7,566)	(64.5)	(5,624)	(12,290)	(54.2)
<b>Attributable to:</b>							
Owners of the Company		(2,772)	(7,928)	(65.0)	(5,912)	(12,800)	(53.8)
Non-controlling interests		86	362	(76.2)	288	510	(43.5)
<b>Loss for the period</b>		(2,686)	(7,566)	(64.5)	(5,624)	(12,290)	(54.2)

Gross profit margin

4.6% 0.3%

4.6% 1.7%

Net loss margin

-2.9% -12.1%

-3.3% -9.3%



## Consolidated Statement of Comprehensive Income for the 2nd Quarter ended 30 September 2017

	Group			Group		
	2nd Quarter ended		Change	6 months ended		Change
	30-Sep-17	30-Sep-16		30-Sep-17	30-Sep-16	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>Loss for the period</b>	(2,686)	(7,566)	(64.5)	(5,624)	(12,290)	(54.2)
<b>Other comprehensive income</b>						
<b>Items that are or may be reclassified subsequently to profit or loss:</b>						
Foreign currency translation differences						
- foreign operations	45	74	(39.2)	495	(737)	N.M.
<b>Other comprehensive income for the period, net of tax</b>	45	74	(39.2)	495	(737)	N.M.
<b>Total comprehensive income for the period</b>	(2,641)	(7,492)	(64.7)	(5,129)	(13,027)	(60.6)
<b>Attributable to:</b>						
Owners of the Company	(2,719)	(7,890)	(65.5)	(5,452)	(13,525)	(59.7)
Non-controlling interests	78	398	(80.4)	323	498	(35.1)
<b>Total comprehensive income for the period</b>	(2,641)	(7,492)	(64.7)	(5,129)	(13,027)	(60.6)

## Statement of Financial Position as at 30 September 2017

DESCRIPTION	Note	Group		Company	
		30-Sep-17	31-Mar-17	30-Sep-17	31-Mar-17
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	1	159,315	164,929	26	31
Goodwill		1,452	1,452	-	-
Investments in:					
- subsidiaries		-	-	118,592	114,592
- associates		1,630	904	-	-
- a joint venture		-	704	-	-
Other investments		752	879	-	-
Trade and other receivables		13,378	10,544	-	-
Deferred tax assets		279	252	19	19
		176,806	179,664	118,637	114,642
<b>Current assets</b>					
Inventories	2	23,278	25,257	-	-
Trade and other receivables		147,295	137,287	23,047	26,485
Cash and cash equivalents		18,639	18,532	1,014	1,398
		189,212	181,076	24,061	27,883
Assets held for sale	1	274	-	-	-
		189,486	181,076	24,061	27,883
<b>Total assets</b>		366,292	360,740	142,698	142,525

# Statement of Financial Position as at 30 September 2017 (cont'd)

DESCRIPTION	Note	Group		Company	
		30-Sep-17	31-Mar-17	30-Sep-17	31-Mar-17
		\$'000	\$'000	\$'000	\$'000
<b>Equity attributable to owners of the Company</b>					
Share capital		80,300	80,292	80,300	80,292
Reserves		59,200	64,652	50,406	49,403
		139,500	144,944	130,706	129,695
<b>Non-controlling interests</b>		26,198	25,900	-	-
<b>Total equity</b>		165,698	170,844	130,706	129,695
<b>Non-current liabilities</b>					
Loans and borrowings		20,774	21,632	21	26
Deferred tax liabilities		1,468	1,726	-	-
		22,242	23,358	21	26
<b>Current liabilities</b>					
Loans and borrowings		67,058	64,050	10	10
Trade and other payables		101,367	84,960	11,918	12,753
Excess of progress billings over construction work-in-progress		186	186	-	-
Provisions		8,790	15,917	-	-
Current tax payable		951	1,425	43	41
		178,352	166,538	11,971	12,804
<b>Total liabilities</b>		200,594	189,896	11,992	12,830
<b>Total equity and liabilities</b>		366,292	360,740	142,698	142,525

## Consolidated Statement of Cash Flows for the 2nd Quarter ended 30 September 2017

	2nd Quarter ended		6 months ended	
	<u>30-Sep-17</u>	<u>30-Sep-16</u>	<u>30-Sep-17</u>	<u>30-Sep-16</u>
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from operating activities</b>				
Loss for the period	(2,686)	(7,566)	(5,624)	(12,290)
Adjustments for:				
Allowance for foreseeable losses (reversed)/recognised on construction work-in-progress	(43)	-	142	-
Bad debts written off	1	9	1	9
Depreciation of property, plant and equipment	6,468	6,811	13,012	13,577
Gain on disposal of property, plant and equipment	(741)	(335)	(854)	(1,182)
Impairment losses recognised/(reversed) on trade and other receivables	41	3	(468)	(38)
Inventories written down	49	-	49	-
Net finance expenses	938	731	1,970	1,668
Provision for liquidated damages	174	1,018	36	869
Provision made/(reversed) for rectification costs	87	(30)	558	(8)
Share of loss/(profit) of a joint venture (net of tax)	-	67	(1)	31
Tax expense	59	847	82	1,429
<b>Operating activities before working capital changes</b>	<b>4,347</b>	<b>1,555</b>	<b>8,903</b>	<b>4,065</b>
Changes in working capital:				
Inventories	(82)	989	(318)	(2,955)
Trade and other receivables	(3,533)	15,488	(13,662)	10,303
Trade and other payables	(858)	(4,551)	11,774	(5,373)
Cash (used in)/generated from operations	(126)	13,481	6,697	6,040
Taxes paid	(380)	(274)	(724)	(562)
Interest received	50	44	112	112
<b>Net cash (used in)/generated from operating activities</b>	<b>(456)</b>	<b>13,251</b>	<b>6,085</b>	<b>5,590</b>

## Consolidated Statement of Cash Flows for the 2nd Quarter ended 30 September 2017 (cont'd)

	2nd Quarter ended		6 months ended	
	<u>30-Sep-17</u>	<u>30-Sep-16</u>	<u>30-Sep-17</u>	<u>30-Sep-16</u>
	\$'000	\$'000	\$'000	\$'000
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment	(4,967)	(3,014)	(6,771)	(5,964)
Proceeds from disposal of:				
- property, plant and equipment	1,671	1,004	3,566	3,148
- a joint venture in previous year	-	-	419	-
Acquisition of an associate	-	(904)	-	(904)
Incorporation of a joint venture	-	-	-	(749)
<b>Net cash used in investing activities</b>	<b>(3,296)</b>	<b>(2,914)</b>	<b>(2,786)</b>	<b>(4,469)</b>
<b>Cash flows from financing activities</b>				
Interest paid	(795)	(756)	(1,551)	(1,545)
Dividends paid:				
- non-controlling interests of a subsidiary	(90)	-	(90)	-
Proceeds from:				
- bank loans	3,350	6,000	4,325	17,445
- bills payable	16,431	8,275	25,923	17,847
- issue of shares from exercise of warrants, net of expenses	8	-	8	-
Repayment of:				
- bank loans	(8,214)	(8,984)	(10,811)	(11,893)
- bills payable	(10,906)	(9,089)	(16,513)	(20,929)
- finance lease liabilities	(2,971)	(4,203)	(6,456)	(8,768)
Decrease/(Increase) in fixed deposits pledged	-	-	1,000	(1,000)
<b>Net cash used in financing activities</b>	<b>(3,187)</b>	<b>(8,757)</b>	<b>(4,165)</b>	<b>(8,843)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(6,939)</b>	<b>1,580</b>	<b>(866)</b>	<b>(7,722)</b>
Cash and cash equivalents at 1 July/1 April	19,299	16,413	13,090	25,935
Effect of exchange rate changes on balances held in foreign currencies	(10)	(83)	126	(303)
<b>Cash and cash equivalents at 30 September</b>	<b>12,350</b>	<b>17,910</b>	<b>12,350</b>	<b>17,910</b>
Comprising:				
Cash and cash equivalents	18,639	23,587	18,639	23,587
Bank overdrafts	(6,289)	(4,677)	(6,289)	(4,677)
	12,350	18,910	12,350	18,910
Less:				
Fixed deposits pledged as security for bank facilities	-	(1,000)	-	(1,000)
Cash and cash equivalents in the consolidated cash flow statement	12,350	17,910	12,350	17,910

## Statements of Changes in Equity for the 2nd Quarter ended 30 September 2017

<u>Group</u>	Share capital	Capital reserve	Reserve for own shares	Reserve on consolidation	Foreign currency translation reserve	Revaluation reserve	Other reserve	Accumulated profits	Total attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2016	80,289	17,798	(2,354)	116	(6,648)	-	(881)	65,929	154,249	25,554	179,803
<b>Total comprehensive income for the period</b>											
Profit or loss	-	-	-	-	-	-	-	(7,928)	(7,928)	362	(7,566)
<b>Other comprehensive income</b>											
Foreign currency translation differences	-	-	-	-	38	-	-	-	38	36	74
Total other comprehensive income	-	-	-	-	38	-	-	-	38	36	74
Total comprehensive income for the period	-	-	-	-	38	-	-	(7,928)	(7,890)	398	(7,492)
<b>Transactions with owners of the Company, recorded directly in equity</b>											
Total transactions with owners of the Company	-	-	-	-	-	-	-	-	-	-	-
<b>At 30 September 2016</b>	<b>80,289</b>	<b>17,798</b>	<b>(2,354)</b>	<b>116</b>	<b>(6,610)</b>	<b>-</b>	<b>(881)</b>	<b>58,001</b>	<b>146,359</b>	<b>25,952</b>	<b>172,311</b>
At 1 July 2017	80,292	17,798	(2,354)	116	(6,967)	11,665	(881)	42,542	142,211	26,145	168,356
<b>Total comprehensive income for the period</b>											
Profit or loss	-	-	-	-	-	-	-	(2,772)	(2,772)	86	(2,686)
<b>Other comprehensive income</b>											
Foreign currency translation differences	-	-	-	-	53	-	-	-	53	(8)	45
Transfer of revaluation surplus	-	-	-	-	-	(163)	-	163	-	-	-
Total other comprehensive income	-	-	-	-	53	(163)	-	163	53	(8)	45
Total comprehensive income for the period	-	-	-	-	53	(163)	-	(2,609)	(2,719)	78	(2,641)
<b>Transactions with owners of the Company, recorded directly in equity</b>											
<b>Contributions by and distributions to owners</b>											
Issue of shares from exercise of warrants	8	-	-	-	-	-	-	-	8	-	8
Dividend paid to non-controlling interests	-	-	-	-	-	-	-	-	-	(90)	(90)
Total contributions by and distributions to owners	8	-	-	-	-	-	-	-	8	(90)	(82)
<b>Changes in ownership interests in a subsidiary</b>											
Capital contribution by non-controlling interests of a subsidiary	-	-	-	-	-	-	-	-	-	65	65
Total changes in ownership interests in a subsidiary	-	-	-	-	-	-	-	-	-	65	65
Total transactions with owners of the Company	8	-	-	-	-	-	-	-	8	(25)	(17)
<b>At 30 September 2017</b>	<b>80,300</b>	<b>17,798</b>	<b>(2,354)</b>	<b>116</b>	<b>(6,914)</b>	<b>11,502</b>	<b>(881)</b>	<b>39,933</b>	<b>139,500</b>	<b>26,198</b>	<b>165,698</b>

## Statements of Changes in Equity for the 2nd Quarter ended 30 September 2017 (cont'd)

<u>Company</u>	Share capital	Capital reserve	Reserve for own shares	Accumulated profits	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2016	80,289	17,798	(2,354)	32,259	127,992
Total comprehensive income for the period	-	-	-	488	488
<b>Transactions with owners of the Company, recorded directly in equity</b>					
Total transactions with owners	-	-	-	-	-
<b>At 30 September 2016</b>	<b>80,289</b>	<b>17,798</b>	<b>(2,354)</b>	<b>32,747</b>	<b>128,480</b>
At 1 July 2017	80,292	17,798	(2,354)	34,005	129,741
Total comprehensive income for the period	-	-	-	957	957
<b>Transactions with owners of the Company, recorded directly in equity</b>					
Issue of shares from rights issue	8	-	-	-	8
Total transactions with owners	8	-	-	-	8
<b>At 30 September 2017</b>	<b>80,300</b>	<b>17,798</b>	<b>(2,354)</b>	<b>34,962</b>	<b>130,706</b>

### Note:

#### Capital reserve

Capital Reduction Reserve

<u>Group</u>	<u>Company</u>
\$'000	\$'000
17,798	17,798

The Capital Reduction Reserve shall not be treated or used by the Company as a distributable reserve for dividend purposes in accordance with Article 142 of the Articles of Association of the Company and the Companies Act, Chapter 50 of Singapore.

## Notes to the Financial Statements

### Notes to the Consolidated Statement of Profit or Loss

The Group is reporting its second quarter results for the period from 1 July 2017 to 30 September 2017 with comparative figures for the 3 months period from 1 July 2016 to 30 September 2016.

#### A Cost of sales

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	\$'000	\$'000	\$'000	\$'000
Cost of sales includes the following items:				
Allowance for foreseeable losses (reversed)/ recognised on construction work-in-progress	(43)	-	142	-
Depreciation of property, plant and equipment	6,115	6,638	12,296	13,202
Inventories written down	49	-	49	-
Provision for liquidated damages	174	1,018	36	869
Provision made/(reversed) for rectification costs	87	(30)	558	(8)

#### B Other income

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	\$'000	\$'000	\$'000	\$'000
Other income includes the following item:				
Gain on disposal of property, plant and equipment	741	335	854	1,182

#### C Administrative expenses

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	\$'000	\$'000	\$'000	\$'000
Administrative expenses includes the following items:				
Depreciation of property, plant and equipment	353	173	716	375
Exchange loss/(gain)	96	161	(221)	156



## Notes to the Consolidated Statement of Profit or Loss (cont'd)

### D Other operating expenses/(income)

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	\$'000	\$'000	\$'000	\$'000
Other operating expenses/(income) includes the following items:				
Bad debts written off	1	9	1	9
Impairment losses recognised/(reversed) on trade and other receivables <sup>(1)</sup>	41	3	(468)	(38)

<sup>(1)</sup> The Group's accounts receivables position is reviewed on a periodic basis. Impairment losses are made where required, after assessing the probability of recovering the accounts receivables. These impairment losses do not relate to any major customers. Amounts written back are cash recovered from receivables previously impaired.

### E Tax expense

	Group			
	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	\$'000	\$'000	\$'000	\$'000
Current tax expense				
- current period/year	537	679	803	1,173
- over provided in prior years	(483)	(155)	(436)	(343)
	54	524	367	830
Deferred tax expense/(credit)				
- current period/year	(52)	131	68	108
- under/(over) provided in prior years	57	192	(353)	491
	5	323	(285)	599
	59	847	82	1,429

## Notes to the Consolidated Statement of Profit or Loss (cont'd)

### F Interested person transactions

The Company had not obtained a shareholders' mandate for the interested person transactions under Chapter 9 of the Listing Manual.

Interested person transactions carried out during the 2nd quarter ended 30 September 2017 under Chapter 9 of the Listing Manual are as follows:

Name of interested person	Aggregate value of all interested person transactions during the period 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)	
	2nd Quarter ended 30/09/2017	6 months ended 30/09/2017	2nd Quarter ended 30/09/2017	6 months ended 30/09/2017
	\$'000	\$'000	\$'000	\$'000
Tat Hong HeavyEquipment (Pte.) Ltd. <sup>(1)</sup>	775	1,393	Nil	Nil
Tat Hong Plant Leasing Pte Ltd <sup>(1)</sup>	565	964	Nil	Nil
THAB Development Sdn Bhd <sup>(2)</sup>	321	643	Nil	Nil

Note:

<sup>(1)</sup> Tat Hong HeavyEquipment (Pte.) Ltd. and Tat Hong Plant Leasing Pte Ltd are related corporations of TH Investments Pte Ltd, a substantial shareholder of the Company.

<sup>(2)</sup> With reference to the Group's announcement on 25 October 2013, the Group entered into a Shareholders' Agreement ("SHA") with Tat Hong International Pte Ltd, AME Land Sdn Bhd and BP Lands Sdn Bhd in relation to THAB Development Sdn Bhd ("THAB"), to jointly undertake mixed property development in Iskandar Malaysia.

Pursuant to the SHA, the Group subscribed for shares equivalent to 5% of the enlarged share capital of THAB for RM0.5 million (equivalent to \$0.2 million) and granted a shareholder's loan of RM4.4 million (equivalent to \$1.7 million) to THAB in October 2013.

In 1HFY18, the Group had granted additional shareholder's loans of RM2.0 million (equivalent to \$0.6 million) to THAB for financing of property development.

## Notes to the Statement of Financial Position

### 1 Property, plant and equipment

The movement in property, plant and equipment is as follows:

	Group	
	As at 30/09/2017 \$'000	As at 31/03/2017 \$'000
<u>Cost/Valuation</u>		
Opening balance	377,544	369,373
Additions	6,319	16,924
Reclassification from inventories	3,419	2,260
Revaluation	-	11,828
Elimination of accumulated depreciation against cost on revaluation	-	(2,983)
Transfer to inventories	(4,495)	(7,421)
Reclassification to assets held for sale	(1,296)	-
Disposals/Write-offs	(7,521)	(9,679)
Translation differences on consolidation	1,098	(2,758)
Closing balance	375,068	377,544
<u>Accumulated depreciation and impairment losses</u>		
Opening balance	212,615	201,461
Depreciation charge	13,012	26,941
Impairment loss	-	98
Elimination of accumulated depreciation against cost on revaluation	-	(2,983)
Transfer to inventories	(3,437)	(5,400)
Reclassification to assets held for sale	(1,022)	-
Disposals/Write-offs	(6,069)	(5,755)
Translation differences on consolidation	654	(1,747)
Closing balance	215,753	212,615
Carrying amount	159,315	164,929

### 2 Inventories

	Group	
	As at 30/09/2017 \$'000	As at 31/03/2017 \$'000
Equipment and machinery held for sale	11,838	13,783
Spare parts	9,767	9,983
Construction materials on sites	1,673	1,491
	23,278	25,257
Allowance for inventory obsolescence	-	-
	23,278	25,257

## Notes to the Statement of Financial Position (cont'd)

### 3 Excess of progress billings over construction work-in-progress

	Group	
	As at 30/09/2017 \$'000	As at 31/03/2017 \$'000
Costs incurred and attributable profits	416,547	391,411
Progress billings	(305,423)	(289,141)
	<u>111,124</u>	<u>102,270</u>
Progress billings in excess of construction work-in-progress	(186)	(186)
Amount due from customers for contract works <sup>(1)</sup>	<u>111,310</u>	<u>102,456</u>
	<u>111,124</u>	<u>102,270</u>

<sup>(1)</sup> Included in trade and other receivables under current assets of statement of financial position.

### 4 Aggregate amount of Group's borrowings and debt securities

#### Amount repayable in one year or less, or on demand

As at 30/09/2017	
Secured	Unsecured
\$'000	\$'000
11,689	55,369

As at 31/03/2017	
Secured	Unsecured
\$'000	\$'000
13,697	50,353

#### Amount repayable after one year

As at 30/09/2017	
Secured	Unsecured
\$'000	\$'000
20,622	152

As at 31/03/2017	
Secured	Unsecured
\$'000	\$'000
21,124	508

#### Details of any collateral

The Group's total borrowings were \$87.8 million (31 March 2017: \$85.7 million) and consist of finance leases and bank loans. Included in the borrowings repayable within one year were bills payable amounting to \$14.8 million (31 March 2017: \$5.3 million).

The overdrafts, bills payable, finance lease liabilities and bank loan facilities are secured by legal mortgages over the Group's assets listed below and guaranteed by the Company. Out of which \$10,389,000 (31 March 2017: \$9,828,000) are also guaranteed by a related corporation:

- \$18,157,000 (31 March 2017: \$20,779,000) in respect of plant and machinery acquired under finance leases. Out of which \$Nil (31 March 2017: \$1,991,000) are also secured by a charge over the fixed deposits of the Company;
- \$13,482,000 (31 March 2017: \$13,407,000) which are secured by a charge over the leasehold land and properties; and
- \$672,000 (31 March 2017: \$635,000) which are secured by a mortgage over the plant and machinery.

## Notes to the Statement of Changes in Equity

### 1 Changes in the Company's Share Capital

As at 30 September 2017, the issued and fully paid-up share capital of the Company was 2,209,389,581 (31 March 2017: 2,208,589,581) ordinary shares. Movement in the Company's issued and fully paid-up share capital during the 3 months ended 30 September 2017 was as follows:

	Number of shares	\$'000
As at 1 July 2017	2,208,589,581	80,292
Exercise of warrants	800,000	8
As at 30 September 2017	<u>2,209,389,581</u>	<u>80,300</u>

The total number of ordinary shares issued (excluding treasury shares) as at 30 September 2017 was 2,188,869,581 (31 March 2017: 2,188,069,581) ordinary shares.

During the 3 months ended 30 September 2017, 800,000 warrants were exercised at \$0.01 each pursuant to the Rights cum Warrants Issue on 30 December 2015. As at 30 September 2017, there were outstanding warrants of 1,440,301,590 (30 September 2016: 1,441,396,590) for conversion into ordinary shares, representing 65.8% (30 September 2016: 65.9%) of the total number of ordinary shares issued (excluding treasury shares).

There were no share buybacks for the 3 months ended 30 September 2017. There were 20,520,000 shares held as treasury shares as at 30 September 2017 (30 September 2016: 20,520,000 shares), representing 0.9% (30 September 2016: 0.9%) of the total number of ordinary shares issued (excluding treasury shares). There were no sales, transfers, cancellation and/or use of treasury shares as at 30 September 2017.

There were no subsidiary holdings in the Company as at 30 September 2017. There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 September 2017.

## Audit

The Group's figures have been reviewed by the Company's auditors in accordance with Singapore Standard on Review Engagements 2410 "*Review of Interim Financial Information Performed by the Independent Auditor of the Entity*". The auditors' review report is issued in relation to the Group's Condensed Consolidated Interim Financial Report which is attached to the financial statements announcement.

## Accounting Policies

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 March 2017, except for the adoption of accounting standards (including its consequential amendments) and interpretations applicable for the financial period beginning on or after 1 April 2017.

Financial Reporting Standards (FRS) which became effective for the Group's financial year beginning 1 April 2017 are as follows:

Amendments to FRS 7 *Statement of Cash Flows*

Amendments to FRS 12 *Income Taxes*

Amendments to FRS 112 *Disclosure of Interests in Other Entities*

The adoption of the above amendments to FRS does not expect any significant impact on the Group's financial position or performance.

## Loss Per Share

### (a) Basic loss per ordinary share

	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
Based on the weighted average number of ordinary shares on issue	(0.13) cents	(0.36) cents	(0.27) cents	(0.59) cents
	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	\$'000	\$'000	\$'000	\$'000
Basic loss per ordinary share is based on:				
Net loss attributable to ordinary shareholders	(2,772)	(7,928)	(5,912)	(12,800)
	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	Number of shares			
Weighted average number of:				
Issued ordinary shares at beginning of the period	2,208,589,581	2,208,294,581	2,208,589,581	2,208,294,581
Issue of shares via exercise of warrants	243,478	-	122,404	-
Ordinary shares held as treasury shares	(20,520,000)	(20,520,000)	(20,520,000)	(20,520,000)
Weighted average number of ordinary shares used to compute loss per ordinary share	2,188,313,059	2,187,774,581	2,188,191,985	2,187,774,581

### (b) Diluted loss per ordinary share

	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
On a fully diluted basis	(0.13) cents	(0.36) cents	(0.27) cents	(0.59) cents
	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	\$'000	\$'000	\$'000	\$'000
Diluted loss per ordinary share is based on:				
Net loss attributable to ordinary shareholders	(2,772)	(7,928)	(5,912)	(12,800)

For the purpose of calculating the diluted loss per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive warrants with the potential ordinary shares weighted for the period outstanding.

The weighted average number of ordinary shares in issue is as follows:

	2nd Quarter ended		6 months ended	
	30/09/2017	30/09/2016	30/09/2017	30/09/2016
	Number of shares			
Weighted average number of:				
Ordinary shares used in the calculation of basic loss per ordinary share	2,188,313,059	2,187,774,581	2,188,191,985	2,187,774,581
Potential ordinary shares issuable under exercise of warrants	*	*	*	*
Weighted average number of ordinary issued and potential shares assuming full conversion	2,188,313,059	2,187,774,581	2,188,191,985	2,187,774,581

\* The Group was in a loss position for the periods under review, the warrants were not included in the computation of diluted loss per ordinary share as these potential ordinary shares were anti-dilutive.

## Net Asset Value

	As at 30/09/2017	As at 31/03/2017
<b>Group</b>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	7.6 cents	7.8 cents
<b>Company</b>		
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at the end of the period reported on	6.0 cents	5.9 cents

The net asset value per ordinary share is calculated based on net asset value of \$165.7 million (31 March 2017: \$170.8 million) over the total number of ordinary shares issued (excluding treasury shares) as at 30 September 2017 of 2,188,869,581 (31 March 2017: 2,188,069,581) ordinary shares.

## Variance from Prospect Statement

No forecast or prospect statement has been disclosed to shareholders.

## Dividend

No dividend has been declared/recommended in the current financial period and the corresponding period of the immediately preceding financial year.

## Confirmation

The directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the financial results for the period under review to be false or misleading in any material respect.

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

## Whitewash Waiver in relation to Rights Cum Warrants Issue

Capitalised terms used below, unless otherwise defined, shall have the same meanings as defined in the circular to shareholders of the Company dated 12 November 2015.

In connection with the Rights cum Warrants Issue that was undertaken by the Company, a Whitewash Waiver was granted on 12 October 2015 by the Securities Industry Council of Singapore whereby TH Investments Pte Ltd and its Concert Parties (comprising Tat Hong Investments Pte Ltd, Chwee Cheng & Sons Pte Ltd, Mr Ng Chwee Cheng, Chwee Cheng Trust, Mr Ng San Tiong Roland, Mr Ng Sun Ho Tony, Mr Ng San Wee David and Mr Ng Sun Giam Roger) ("Concert Party Group") are waived from the requirement to make a general offer made pursuant to Rule 14 of the Singapore Code on Takeovers and Mergers (the "Code") as a result of the subscription for their pro-rate entitlement of the Rights Shares and Warrants Shares arising from the exercise of pro-rata entitlement of the Warrants under the Rights cum Warrants Issue.

## **Whitewash Waiver in relation to Rights Cum Warrants Issue (cont'd)**

The following disclosure note is provided in connection with the requirements of Note 2 on Section 2 of Appendix 1 of the Code.

- (a) In the Extraordinary General Meeting held on 27 November 2015, the Independent Shareholders of the Company approved the Whitewash Resolution waiving their rights to receive a mandatory general offer from the Concert Party Group, for all the issued shares in the capital of the Company not already owned or controlled by them, as a result of the Concert Party Group's subscription of the Rights Shares and Warrants Shares arising from the exercise of the Warrants under the Rights cum Warrants Issue. The Whitewash Resolution is subject to the acquisition of the Warrant Shares by the Concert Party Group upon the exercise of the Warrants being completed by 29 December 2020 (inclusive), which is within five (5) years of the date of issue of the Warrants;
- (b) As at the latest practicable date, 3 November 2017, the Concert Party Group holds in aggregate:
  - (i) 1,155,618,407 Shares, representing approximately 52.80% of the voting rights in the Company; and
  - (ii) 276,232,590 Warrants, out of which 113,942,490 Warrants were pursuant to the Whitewash Waiver;
- (c) The maximum potential voting rights of the Concert Party Group in the Company, assuming that only the Concert Party Group (but not other shareholders) converts their Warrants in full is approximately 58.08% (based on the enlarged share capital of the Company of 2,465,102,171 Shares (excluding treasury shares) immediately following the allotment and issue of 276,232,590 Warrant Shares to the Concert Party Group);
- (d) Having approved the Whitewash Resolution on 27 November 2015, Shareholders have waived their rights to receive a general offer from Concert Party Group at the highest price paid by the Concert Party Group for the Shares in the past 6 months preceding the date of the acquisition of the Warrant Shares; and
- (e) Having approved the Whitewash Resolution on 27 November 2015, Shareholders could be foregoing an opportunity to receive a general offer from another person who may be discouraged from making a general offer in view of the potential dilution effect of the Warrants.

**By Order of the Board**

**Lee Quang Loong**  
**Chief Financial Officer / Company Secretary**  
**9 November 2017**