

LEY CHOON GROUP HOLDINGS LTD

(Company Registration No. 198700318G)

ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

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LEY CHOON GROUP HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 MARCH 2017

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

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

	4 th Quarter ended			12 Months		
	31 Mar	31 Mar		31 Mar	31 Mar	
	2017	2016	Change	2017	2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Continuing operations						
Revenue	29,178	23,425	24.6	115,377	84,065	37.2
Cost of sales	(24,219)	(26,304)	(7.9)	(92,348)	(108,974)	(15.3)
Gross profit/(loss)	4,959	(2,879)	n/m	23,029	(24,909)	n/m
Other income	6,929	696	895.5	20,903	3,190	555.3
Selling and distribution expenses	(132)	(143)	(7.7)	(841)	(652)	29.0
Administrative expenses	(3,218)	(4,462)	(27.9)	(16,867)	(19,233)	(12.3)
Other operating expenses	(3,640)	(1,000)	264.0	(3,719)	(1,304)	185.2
Finance costs	(1,059)	(3,842)	(72.4)	(4,009)	(7,145)	(43.9)
Profit/(loss) from continuing operations before taxation	3,839	(11,630)	n/m	18,496	(50,053)	n/m
Taxation	(147)	675	n/m	197	(60)	n/m
Profit/(loss) from continuing operations after taxation	3,692	(10,955)	n/m	18,693	(50,113)	n/m
Loss from discontinued operations, net of tax (Note 1)	-	(2,550)	n/m	(947)	(9,934)	(90.5)
Profit/(loss) for the period/year	3,692	(13,505)	n/m	17,746	(60,047)	n/m
Other comprehensive income/(loss) after tax:						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences	(599)	(1,706)	(64.9)	(722)	(1,744)	(58.6)
Other comprehensive loss for the period/year, net of tax of nil	(599)	(1,706)	(64.9)	(722)	(1,744)	(58.6)
Total comprehensive income/(loss) for the period/year	3,093	(15,211)	n/m	17,024	(61,791)	n/m

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

	4 th Quarter ended			12 Months		
	31 Mar	31 Mar	Change	31 Mar	31 Mar	Change
	2017	2016		2017	2016	
	\$'000	\$'000		\$'000	\$'000	
Profit/(loss) attributable to:						
Owners of the Company						
- Profit/(loss) from continuing operations, net of tax	3,692	(10,955)	n/m	18,693	(50,113)	n/m
- Loss from discontinued operations, net of tax	-	(2,550)	n/m	(947)	(9,934)	(90.5)
	<u>3,692</u>	<u>(13,505)</u>	n/m	<u>17,746</u>	<u>(60,047)</u>	n/m
Total comprehensive income/(loss) attributable to:						
Owners of the Company						
- Profit/(loss) from continuing operations, net of tax	3,093	(12,661)	n/m	17,971	(51,857)	n/m
- Loss from discontinued operations, net of tax	-	(2,550)	n/m	(947)	(9,934)	(90.5)
	<u>3,093</u>	<u>(15,211)</u>	n/m	<u>17,024</u>	<u>(61,791)</u>	n/m

Note 1 :Discontinued operations relate to the results of Ley Choon Development Pte Ltd which was disposed of on 30 November 2016 and Ley Choon EWC Sdn.Bhd which was disposed of in June 2015

Results of discontinued operations

Revenue	-	3,285	-	3,285
Cost of sales	-	(2,836)	-	(2,836)
Other income	-	-	200	18
Other expense	-	(1,492)	(141)	(1,527)
Finance costs	-	(372)	(49)	(372)
Write-down on development property	-	(1,129)	(957)	(8,496)
Loss before taxation	-	(2,544)	(947)	(9,928)
Taxation	-	(6)	-	(6)
Loss from discontinued operations, net of tax	-	(2,550)	(947)	(9,934)

n/m – not meaningful

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

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

	4th Quarter ended			12 Months		
	Period ended			Period ended		
	31 Mar 2017 \$'000	31 Mar 2016 \$'000	Change %	31 Mar 2017 \$'000	31 Mar 2016 \$'000	Change %
Impairment losses on trade receivables	1,367	161	749.1	1,339	148	804.7
Write-down on development property	-	1,129	n/m	957	8,496	(88.7)
Amortisation of land use rights	16	15	6.7	70	71	(1.4)
Depreciation of property, plant and equipment	2,178	2,817	(22.7)	9,797	12,210	(19.8)
Foreign exchange loss/(gain), net	59	211	(72.0)	(631)	160	n/m
Change in fair value of financial assets at fair value through profit or loss	(13)	-	n/m	(45)	36	n/m
Interest income	-	(16)	n/m	(18)	(40)	(55.0)
Dividend income from other investments	-	-	-	(1)	(2)	(50.0)
Loss /(gain) on disposal of property, plant and equipment	345	39	784.6	14	(10)	n/m
Impairment loss on property, plant and equipment reversed	(6,377)	-	n/m	(6,377)	-	n/m
Impairment loss on property, plant and equipment	2,088	-	n/m	2,088	-	n/m
Gain on disposal of non-current assets classified as held for sale	-	-	-	(11,356)	-	n/m
Finance costs	1,059	4,214	(74.9)	4,058	7,517	(46.0)
Provision for liquidated damages reversed	-	(120)	n/m	-	(2,174)	n/m
Provision for legal claims and damages reversed	-	-	-	(122)	635	n/m
Loss/(gain) on disposal of subsidiary	-	-	-	45	(7)	n/m
Operating lease expenses	513	449	14.3	1,741	1,706	2.1

n/m – not meaningful

1(b)(i) A statement of financial position (for the issuer and group) together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at	As at	As at	As at
	31 Mar 2017	31 Mar 2016	31 Mar 2017	31 Mar 2016
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	62,164	65,005	-	-
Land use rights	3,085	3,253	-	-
Subsidiaries	-	-	77,383	55,084
Club membership	229	229	-	-
Deferred tax assets	1,036	890	154	154
	<u>66,514</u>	<u>69,377</u>	<u>77,537</u>	<u>55,238</u>
Current Assets				
Inventories	9,960	5,208	-	-
Development property	-	10,200	-	-
Contracts work in progress	19,782	24,993	-	-
Trade and other receivables	28,086	34,414	5,942	2,436
Other investments	56	11	-	-
Cash and bank balances	6,638	14,296	110	23
Fixed deposits	1,720	3,810	-	-
	<u>66,242</u>	<u>92,932</u>	<u>6,052</u>	<u>2,459</u>
Non-current assets classified as held for sale	-	7,654	-	-
	<u>66,242</u>	<u>100,586</u>	<u>6,052</u>	<u>2,459</u>
Total assets	<u>132,756</u>	<u>169,963</u>	<u>83,589</u>	<u>57,697</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	71,117	71,117	137,336	137,336
Accumulated losses	(47,980)	(65,726)	(104,673)	(126,963)
Other reserves	10	635	(884)	(981)
Total equity	<u>23,147</u>	<u>6,026</u>	<u>31,779</u>	<u>9,392</u>
Non-Current Liabilities				
Borrowings	53,017	3,927	15,500	-
Deferred tax liabilities	314	-	-	-
	<u>53,331</u>	<u>3,927</u>	<u>15,500</u>	<u>-</u>
Current Liabilities				
Borrowings	18,262	106,805	3,465	18,080
Trade and other payables	35,775	50,764	32,845	30,225
Provisions	2,241	2,441	-	-
	<u>56,278</u>	<u>160,010</u>	<u>36,310</u>	<u>48,305</u>
Total liabilities	<u>109,609</u>	<u>163,937</u>	<u>51,810</u>	<u>48,305</u>
Total equity and liabilities	<u>132,756</u>	<u>169,963</u>	<u>83,589</u>	<u>57,697</u>

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

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

	Group	
	As at	As at
	31 Mar 2017	31 Mar 2016
	\$'000	\$'000
<u>Unsecured</u>		
Loan from controlling shareholders	3,465	3,279
Convertible bond (Murabaha Facility)	-	14,801
	<u>3,465</u>	<u>18,080</u>
<u>Secured</u>		
Bank overdrafts	-	8,462
Bank loans	12,880	54,976
Bills payable	-	21,484
Finance lease liabilities	1,917	3,803
	<u>14,797</u>	<u>88,725</u>
Total	<u>18,262</u>	<u>106,805</u>

(b) Amount repayable after one year

	As at	As at
	31 Mar 2017	31 Mar 2016
	\$'000	\$'000
<u>Secured</u>		
Bank overdrafts	10,036	-
Bank loans	26,117	-
Convertible bond (Murabaha Facility)	15,500	-
Finance lease liabilities	1,364	3,927
Total	<u>53,017</u>	<u>3,927</u>

(c) Details of any collateral

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

- (i) legal mortgage over the Group's leasehold properties;
- (ii) charge over certain of the Group's plant and equipment;
- (iii) charge over shares in the Company's subsidiaries;
- (iv) charge over certain of the Group's bank accounts;
- (v) fixed deposits of the Group;
- (vi) floating charge over all other assets; and/or
- (vii) corporate guarantees by the Company.

The Group's lease obligations under finance leases are secured by the lessors' title to the leased assets. The carrying amount of the assets under finance lease is \$10.6 million as at 31 March 2017.

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

	12 Months Period ended	
	31 Mar 2017	31 Mar 2016
	\$'000	\$'000
Cash Flows from Operating Activities:		
Profit/(loss) before taxation from continuing operations	18,496	(50,053)
Loss before taxation from discontinued operations	(947)	(9,928)
Total profit/(loss) before taxation	17,549	(59,981)
Adjustments for:		
Bad debts written off	-	(32)
Amortisation of land use rights	70	71
Depreciation of property, plant and equipment	9,797	12,210
Provision for legal claims and damages reversed	(122)	635
Provision for liquidated damages reversed	-	(2,174)
Provision for foreseeable losses	434	517
Impairment losses on trade receivables	1,339	148
Write-down on development property	957	8,496
Write-down on inventories	-	417
Loss/(gain) on disposal of property, plant and equipment	14	(10)
Impairment losses on property, plant and equipment reversed, net	(4,289)	-
Gain on disposal of non-current assets classified as held for sale	(11,356)	-
Fair value (gain)/loss on other investments	(45)	36
Dividend income from other investments	(1)	(2)
Interest income	(18)	(40)
Finance costs	4,058	7,517
Loss/(gain) on disposal of a subsidiary	45	(7)
Operating profit/(loss) before working capital changes	18,432	(32,199)
Changes in inventories	(4,777)	(126)
Changes in contracts work in progress	4,736	54,778
Changes in trade and other receivables	4,423	(11,642)
Changes in trade and other payables	(17,559)	18,138
Cash generated from operations	5,255	28,949
Income taxes refunded	-	345
Net cash generated from operating activities	5,255	29,294

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

	12 Months Period ended	
	31 Mar 2017	31 Mar 2016
	\$'000	\$'000
Cash Flows from Investing Activities:		
Development property	-	(1,888)
Interest received	18	40
Purchase of property, plant and equipment	(4,771)	(2,936)
Dividend received from other investments	1	2
Proceeds from disposal of property, plant and equipment	1,743	2,664
Proceeds from disposal of non-current assets classified as held for sale	19,010	-
Proceeds from disposal of other investments	-	37
Disposal of a subsidiary, net of cash disposed of (Note 2)	11,500	(1,476)
Net cash generated from/(used in) investing activities	27,501	(3,557)
Cash Flows from Financing Activities:		
Interest paid	(2,806)	(4,728)
Proceeds from loans from financial institutions	1,215	13,343
Proceeds from bills payable	-	21,321
Repayment of loans from financial institutions	(25,221)	(18,166)
Repayment of bills payable	(12,758)	(23,750)
Repayment of finance lease liabilities	(4,449)	(7,745)
Amount due to joint operation partner (non-trade)	-	(1,905)
Loan from controlling shareholders	-	609
Cash restricted in use	3,262	(3,262)
Fixed deposits pledged with banks	2,090	2,580
Net cash used in financing activities	(38,667)	(21,703)
Net (decrease)/increase in cash and cash equivalents	(5,911)	4,034
Cash and cash equivalents at beginning of year	2,572	(1,832)
Exchange differences on translation of cash and cash equivalents	(59)	370
Cash and cash equivalents at end of year	(3,398)	2,572

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

Note 2

On 30 November 2016, the Company completed the disposal of a subsidiary, Ley Choon Development Pte Ltd. The effects of the disposal on the cashflows of the Group are as follows:

	\$'000
Development property	8,344
Trade and other receivables	3,201
Net assets	11,545
Loss on disposal of a subsidiary	(45)
Net cash inflow	11,500

Reconciliation from cash and cash equivalents in statement of cash flows to cash and bank balances and fixed deposits in statement of financial position

	12 Months Period ended	
	31 Mar 2017	31 Mar 2016
	\$'000	\$'000
Cash and cash equivalents	(3,398)	2,572
Bank overdrafts	10,036	8,462
Cash restricted in use	-	3,262
Fixed deposits pledged	1,720	3,810
	<u>8,358</u>	<u>18,106</u>
Comprising the following:		
Cash at bank and on hand	6,638	14,296
Fixed deposits	1,720	3,810
	<u>8,358</u>	<u>18,106</u>

1(d)(i) A statement 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

Group	Share capital	Accumulated losses	Equity component of convertible bonds	Foreign currency translation reserve	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	71,117	(2,348)	146	1,549	70,464	460	70,924
Loss for the period	-	(63,378)	-	-	(63,378)	-	(63,378)
Other comprehensive loss for the period							
- Currency translation differences	-	-	-	(1,060)	(1,060)	-	(1,060)
Total comprehensive loss for the period	-	(63,378)	-	(1,060)	(64,438)	-	(64,438)
Change in ownership interest in subsidiaries							
- Disposal of a subsidiary	-	-	-	-	-	(460)	(460)
Transactions with owners in their capacity as owners	-	-	-	-	-	(460)	(460)
Balance at 31 Mar 2016	71,117	(65,726)	146	489	6,026	-	6,026
Balance at 1 April 2016	71,117	(65,726)	146	489	6,026	-	6,026
Profit for the year	-	17,746	-	-	17,746	-	17,746
Other comprehensive loss for the year							
- Currency translation differences	-	-	-	(722)	(722)	-	(722)
Total comprehensive income/(loss) for the year	-	17,746	-	(722)	17,024	-	17,024
Contributions by and distributions to owners							
- Changes in convertible bonds *	-	-	97	-	97	-	97
Transactions with owners in their capacity as owners	-	-	97	-	97	-	97
Balance at 31 Mar 2017	71,117	(47,980)	243	(233)	23,147	-	23,147

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

<u>Company</u>	Share capital	Capital reserve	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2015	137,336	(981)	(38,481)	97,874
Loss for the period/Total comprehensive loss for the period	-	-	(88,482)	(88,482)
Balance at 31 Mar 2016	137,336	(981)	(126,963)	9,392
Balance at 1 April 2016	137,336	(981)	(126,963)	9,392
Loss for the period/Total comprehensive loss for the year	-	-	22,290	22,290
Contributions by and distributions to owners				
- Changes in convertible bonds *	-	97	-	97
Transactions with owners in their capacity as owners	-	97	-	97
Balance at 31 Mar 2017	137,336	(884)	(104,673)	31,779

*Due to changes in key terms of the Master Murabaha Facility agreements, which have been assessed to be substantial. The portion relating to the equity component of the convertible bonds is recorded directly in equity.

1(d)(ii) Details of any changes in the company's share capital arising from right 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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 period. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 was no change in the Company's as well as Group's share capital since the end of the previous period reported on.

As at 31 Mar 2017 (and 31 March 2016), the Company's issued and paid-up share capital was S\$137,336,285 (and S\$137,336,285).

There were no treasury shares held by the Company.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Actual	31 March 2017	31 March 2016
Total number of issued shares excluding treasury shares	592,406,996	592,406,996

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

Not applicable.

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

Not applicable.

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

The figures have not been audited or reviewed.

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

Not applicable.

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

There were no significant changes in accounting policies and methods of computation adopted in financial statements for the current reporting period as compared to the most recent audited annual financial statements for the period ended 31 March 2016.

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

Not applicable.

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

	4th Quarter ended		12 Months	
	31 Mar	31 Mar	Period ended	Period ended
Earnings per share (EPS in cents)	2017	2016	31 Mar	31 Mar
			2017	2016
<u>Continuing operations</u>				
EPS based on weighted average number of ordinary shares on issue (cents)	0.62	(1.85)	3.16	(8.46)
EPS based on a fully diluted basis (cents)	0.62	(1.85)	3.16	(8.46)
<u>Discontinued operations</u>				
EPS based on weighted average number of ordinary shares on issue (cents)	-	(0.43)	(0.16)	(1.68)
EPS based on a fully diluted basis (cents)	-	(0.43)	(0.16)	(1.68)
Weighted average number of shares	592,406,996	592,406,996	592,406,996	592,406,996

As at 31 March 2017, the convertible bonds do not have a dilutive effect because the average market price of the Company's ordinary shares for the period does not exceed the conversion price.

7. **Net assets value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**
(a) current financial period reported on; and
(b) immediately preceding financial year

	Group		Company	
	As at	As at	As at	As at
	31 Mar	31 Mar	31 Mar	31 Mar
Net asset value (NAV in cents)	2017	2016	2017	2016
NAV per ordinary share	3.91	1.02	5.36	1.59
Number of shares	592,406,996	592,406,996	592,406,996	592,406,996

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs and earning of the group for the current financial period reported on, including (where applicable) seasonable or cyclical factors; and**
- (b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.**

Comprehensive income statement

Fourth quarter review – Q4FY17 vs Q4FY16

Revenue

Revenue increased by approximately \$5.8 million or 24.6% to \$29.2 million for the fourth quarter ended 31 March 2017 ("Q4FY17") compared to the corresponding quarter ended 31 March 2016 ("Q4FY16") of \$23.4 million. The increase was due mainly to higher revenue contribution from big diameter pipe projects in Pipes and Roads segment, partially offset by lower revenue from Construction Materials segment.

Gross profit/(loss)

Gross profit was \$5.0 million with a gross profit margin of 17.0% for Q4FY17 compared to a gross loss of approximately \$2.9 million for Q4FY16 due mainly to lower cost as a result of better usage and deployment of internal resources.

Other income

Other income for Q4FY17 increased by approximately \$6.2 million or 895.5% to \$6.9 million compared to Q4FY16 due mainly to reversal of impairment losses on property, plant and equipment during the period.

Selling and distribution expenses

Selling and distribution expenses for Q4FY17 decreased by approximately \$0.01 million or 7.7 % to \$0.1 million compared to Q4FY16 due mainly to lower commission expenses incurred during the period.

Administrative expenses

Administrative expenses for Q4FY17 decreased by approximately \$1.2 million or 27.9% to \$3.2 million compared to Q4FY16 due mainly to lower depreciation expense and property tax for office building as a result of extension of lease period as well as lower administrative staff cost and office expenses.

Other operating expenses

Other operating expenses for Q4FY17 increased by approximately \$2.6 million or 264.0% to \$3.6 million compared to Q4FY16 due mainly to additional impairment losses on plant and equipment and motor vehicles and also impairment losses on trade receivables in Yantai of \$2.1 million and \$1.5 million respectively.

Finance costs

Finance costs for Q4FY17 decreased by approximately \$2.8 million or 72.4% to \$1.1 million compared to Q4FY16 due mainly to reduction in borrowings.

Income tax

Income tax for Q4FY17 amounted to a expense of \$0.1 million as compared to tax credit of \$0.7 million mainly due to the provision of tax in current period.

Net profit/(loss) after tax

The Group reported a net profit after tax of \$3.7 million for Q4FY17 compared to a net loss after tax of \$13.5 million for Q4FY16 due to the various reasons as explained above.

Twelve months review – 12MFY17 vs 12MFY16

Revenue

Revenue increased by approximately \$31.3 million or 37.2% to \$115.4 million for the twelve months ended 31 March 2017 ("12MFY17") compared to the corresponding period ended 31 March 2016 ("12MFY16") of \$84.1 million. The increase was due mainly to a 40.7% increase in revenue for the Pipes and Roads segment, partially offset by a 21.2% decline in revenue in the Construction Materials segment.

Gross profit/(loss)

Gross profit was \$23.0 million with a gross profit margin of 20.0% for 12MFY17 compared to gross loss of approximately \$24.9 million for 12MFY16 due to lower subcontractor and operational costs.

Other income

Other income for 12MFY17 increased by approximately \$17.7 million or 555.3% to \$20.9 million compared to 12MFY16 due mainly to gain on disposal of No. 4 Sungei Kadut Street 2 and at 55 Kranji Crescent amounting to \$11.4 million coupled with reversal of impairment losses on property, plant and equipment amounting to \$6.4 million.

Selling and distribution expenses

Selling and distribution expenses for 12MFY17 increased by approximately \$0.2 million or 29.0% to \$0.8 million compared to 12MFY16 due mainly to higher transport expenses.

Administrative expenses

Administrative expenses for 12MFY17 decreased by approximately \$2.4 million or 12.3% to \$16.9 million compared to 12MFY16 due mainly to decreases in administrative staff costs and depreciation of property, plant and equipment, partially offset by the increase in professional fees in relation to the debt restructuring exercise.

Other operating expenses

Other operating expenses for 12MFY17 increased by approximately \$2.4 million or 185.2% to \$3.7 million compared to 12MFY16 due mainly to additional impairment losses on plant and equipment and motor vehicles and also impairment losses on trade receivables in Yantai of \$2.1 million and \$1.5 million respectively.

Finance costs

Finance costs for 12MFY17 decreased by approximately \$3.1 million or 43.9% to \$4.0 million compared to 12MFY16 due mainly to reduction in borrowings.

Income tax

Income tax for 12MFY17 amounted to a credit of \$0.2 million, as compared to an expense of \$0.06 million in prior period, due mainly to unutilized tax losses and unabsorbed capital allowance brought forward.

Net profit/(loss) after tax

The Group reported a net profit after tax of \$17.7 million for 12MFY17 compared to a net loss after tax of \$60.0 million for 12MFY16 due to the various reasons as explained above.

Consolidated statements of financial position

Non-current assets

The Group's property, plant and equipment decreased by \$2.8 million from \$65.0 million as at 31 March 2016 to \$62.2 million as at 31 March 2017, mainly due to depreciation of \$9.8 million, partially offset by additions amounting \$4.8 million and impairment losses on property, plant and equipment reversed (net) amounting to \$4.3 million during the period.

Current assets

The Group's current assets decreased by \$34.3 million from \$100.6 million as at 31 March 2016 to \$66.2 million as at 31 March 2017, mainly attributable to the following:

- (a) decrease in development property by \$10.2 million due to disposal of No. 241 Pasir Panjang Road, Singapore;
- (b) decrease in cash and cash equivalents by \$9.7 million to \$8.4 million as at 31 March 2017 compared to \$18.1 million as at 31 March 2016 mainly due to repayment of borrowings;
- (c) decrease in non-current assets classified as held for sale by \$7.7 million due to disposal of No. 4 Sungei Kadut Street 2 and 55 Kranji Crescent during the period;
- (d) decrease in trade and other receivables by \$6.3 million to \$28.1 million as at 31 March 2017 compared to \$34.4 million as at 31 March 2016 due to more collection from customers during the period;
- (e) decrease in contracts work in progress by \$5.2 million to \$19.8 million as at 31 March 2017 compared to \$25.0 million as at 31 March 2016 due to increased billings; and

which have been partially offset by the following:

- (f) increase in inventories by \$4.8 million to \$10.0 million as at 31 March 2017 compared to \$5.2 million as at 31 March 2016 due to more materials purchased for new projects.

Current liabilities

The Group's current liabilities decreased by \$103.7 million from \$160.0 million as at 31 March 2016 to \$56.3 million as at 31 March 2017, mainly due to reclassification of bank loans to non-current liabilities in accordance with the debt restructuring agreement as well as repayment of bank borrowings during the year.

Non-current liabilities

The Group's non-current liabilities increased by \$49.4 million from \$3.9 million as at 31 March 2016 to \$53.3 million as at 31 March 2017 mainly due to reclassification of bank loans to current liabilities in accordance with the debt restructuring agreement.

Consolidated statement of cash flow

The Group's cash and cash equivalents recorded a deficit of \$3.4 million as at 31 March 2017 compared to a surplus of \$2.6 million as at 31 March 2016.

Net cash generated from operating activities

Net cash generated from operating activities was \$5.3 million, comprising operating profit before working capital changes of \$18.4 million, partially offset by net working capital investment of \$13.2 million.

The net working capital investment of \$13.2 million was due mainly to the following:

- (a) decrease in trade and other payables of approximately \$17.6 million due to more payment to the creditors;
- (b) increase in inventories of approximately \$4.8 million due to more materials purchased for new projects; partially offset by
- (c) decrease in contracts work in progress of approximately \$4.7 million due to increased billings; as well as
- (d) decrease in trade and other receivables of approximately \$4.4 million due to more collection from customers.

Net cash generated from investing activities

Net cash generated from investing activities of approximately \$27.5 million was due mainly to sales proceed from disposal of non-current assets classified as held for sale of approximately \$19.0 million and disposal of a subsidiary of approximately \$11.5 million, partially offset by purchase of property, plant and equipment of \$4.8 million.

Net cash used in financing activities

Net cash used in financing activities of approximately \$38.7 million was due mainly to repayment of loans from financial institutions, bills payable, finance lease liabilities and interest paid amounting to approximately \$45.2 million, which was partially offset by proceeds from loans from financial institutions, cash restricted in use and fixed deposits amounting to approximately \$6.5 million.

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

No forecast or prospect statement has been previously disclosed. Furthermore, there is no deviation from paragraph 10 of the previous financial results announcement.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The public sector construction demand is expected to remain strong, supported by various upcoming mega infrastructure projects such as the Jurong Regional Line, Cross Island Line, and various infrastructure developments for Changi Airport Terminal 5.

With the strong demand from public sector on infrastructure projects, the Group will continue to tender for more projects to strengthen its order book. The Group has recently secured one new contract from Public Utilities Board amounting to \$2.9 million in April 2017. The Group's unfulfilled order book stands at approximately \$139 million.

In recent announcement dated 18 May 2017, the Group has successfully completed the Rights issue on 11 May 2017 which raised net proceeds of approximately \$8.6 million.

After the Rights issue, the total equity will be \$31.8 million and NAV per share will be 2.68 cents.

11. Dividends

(a) Current financial period

Any dividend declared for the current financial period reported on? No.

(b) Previous corresponding financial period

Any dividend declared for the previous corresponding financial period reported on? No.

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

Not applicable

(d) The date the dividend is payable

Not applicable.

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

Not applicable.

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

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has originally obtained a general mandate for the recurrent interested/related party transactions from the shareholders in the extraordinary general meeting held on 13 July 2012 and it was subsequently renewed at every Annual General Meeting. The latest renewal was approved in the Annual General Meeting recently held on 22 July 2016. The approved interested/related parties are a) Pan Asian Holdings Limited (formerly known as Pan Asia Water Solutions Limited), b) HS E&C Pte Ltd (formerly known as Hen Sheng Civil Engineering Pte. Ltd), and c) Sing & San Construction Pte Ltd and their respective Associates.

The aggregate values of such transactions are as follow:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
Name of Interested Person and/or Related Person	4th Quarter ended 31 Mar 2017 \$'000	12 Months Period ended 31 Mar 2017 \$'000	4th Quarter ended 31 Mar 2017 \$'000	12 Months Period ended 31 Mar 2017 \$'000
Purchases from: Pan Asian Holdings Limited	-	-	-	6,188
Purchases from: Sing & San Construction Pte Ltd	-	168	-	-
Purchases from: Harribell Pte Ltd	-	176	-	-
Services rendered from: Zheng Choon Holding Pte Ltd	-	187	-	-
Services rendered to: Pan Asian Holdings Limited	-	135	-	-
Sales to: Sing & San Construction Pte Ltd	-	-	1,141	1,793
Sales to: HS E&C Pte Ltd	-	-	-	232

With the resignation of Mr Koh Tiam Teng as a Director of the Company with effect from 16 December 2016, Pan Asian Holdings Limited has ceased to be an Interested Person with effect from 16 December 2016.

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

On behalf of the Board of Directors of the Company, we, Toh Choo Huat and Low Boon Hwee, being Directors of the Company, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the twelve-months period ended 31 March 2017 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H pursuant to Rule 720(1) of the Listing Manual.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Business segment

For the 12 months period ended 31 Mar 2017

	Pipes and roads S\$'000	Construction materials S\$'000	Others S\$'000	Total S\$'000
External revenue	105,761	9,616	-	115,377
Inter-segment revenue	51,603	9,164	-	60,767
Total revenue	157,364	18,780	-	176,144
Interest income	-	-	18	18
Interest expenses	(144)	(139)	(3,775)	(4,058)
Depreciation and amortization	(5,796)	(1,147)	(2,924)	(9,867)
Impairment losses on property, plant and equipment (reversed)/made, net	(1,505)	(169)	5,963	4,289
Write-down on development property	-	-	(957)	(957)
Reportable segment profit/(loss) before income tax	18,378	1,077	(1,906)	17,549

For the financial year ended 31 Mar 2017

Reportable segment assets	74,789	17,151	40,816	132,756
Capital expenditure	4,338	69	364	4,771
Reportable segment liabilities	30,414	6,750	72,445	109,609

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

<u>For the 12 months period ended</u> <u>31 Mar 2016</u>	Pipes and roads	Construction materials	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	75,147	12,203	-	87,350
Inter-segment revenue	35,430	11,877	-	47,307
Total revenue	110,577	24,080	-	134,657
Interest income	-	-	40	40
Interest expenses	(339)	(103)	(7,075)	(7,517)
Depreciation and amortization	(6,486)	(1,398)	(4,397)	(12,281)
Provision for liquidated damages reversed	2,174	-	-	2,174
Write-down on development property	-	-	(8,496)	(8,496)
Reportable segment (loss)/profit before income tax	(29,345)	1,141	(31,777)	(59,981)
<u>For the financial year ended</u> <u>31 Mar 2016</u>				
Reportable segment assets	85,426	17,935	66,602	169,963
Capital expenditure	1,294	349	1,293	2,936
Reportable segment liabilities	64,631	11,884	87,422	163,937

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

Revenue and profit from Pipes and Roads segment increased due mainly to increased percentage of work completed for ongoing projects and absence of revenue adjustments for certain projects in prior period.

Revenue from Construction Materials segment decreased due mainly to decline in sales to external customers. However gross profit increased due mainly to lower cost as a result of better usage of internal resources.

The decrease in loss for Others segment was due mainly to lower interest expense and depreciation expense as well as lesser impairment loss on development property at No. 241 Pasir Panjang Road, Singapore.

18. A breakdown of sales.

	12 months period ended 31-Mar-17 \$'000	12 months period ended 31-Mar-16 \$'000	Change %
(a) Sales reported for first 6 months *	58,564	29,871	96.1%
(b) Operating (loss)/profit after tax before deducting minority interests reported for first 6 months	5,298	(43,690)	n/m
(c) Sales reported for next 6 months *	56,813	57,479	-1.2%
(d) Operating (loss)/profit after tax before deducting minority interests reported for first 6 months	12,448	(16,357)	n/m

*- Sales reported include amount from discontinued operation which is reflected in Note 1.

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

	12 months period ended 31 Mar 2017 \$'000	12 months period ended 31 Mar 2016 \$'000
Ordinary	-	-
Preference	-	-
Total	-	-

20. Pursuant to Rule 704(13) of the SGX-ST Listing Manual, the Company confirms that, as far as the Company is aware and save as set out below, there are no other persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company or its principal subsidiaries are as follows:

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current Position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Toh Chew Leong	58	Brother of Mr. Toh Choo Huat ("TCH") who is the Executive Chairman & CEO	Deputy Chief Executive Officer from 29/09/2015	N.A
Toh Swee Kim	54	Brother of TCH	Chief Operating Officer of the Group from 29/09/2015	N.A
Toh Chew Chai	63	Brother of TCH	Deputy Chief Operating Officer, since 17/02/2014	N.A
Toh Chiew Boon	53	Brother of TCH	Construction Manager, since 01/04/2016	N.A
Toh Kai Sheng	32	Nephew of TCH	Director, Operations & HR since 01/02/2017	HR & Finance Director from 01/02/2016 to 31/01/2017
Toh Kai Hock	35	Nephew of TCH	IT Director and Deputy CPO since 01/02/2016	N.A
Toh Kai Yang	28	Nephew of TCH	Operations Command & Manpower Manager since 01/01/2017	Operations & EHS Manager from 01/11/2015 to 31/12/2016
Toh Ting Xuan	28	Daughter of TCH	Senior Contracts Manager, since 01/04/2016	N.A

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer

29 May 2017