

LEY CHOON GROUP HOLDINGS LTD

(Company Registration No. 198700318G)

ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGXST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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LEY CHOON GROUP HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE FIRST QUARTER AND THREE MONTHS ENDED 30 JUNE 2018

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

	1st Quarter ended		
	30 Jun	30 Jun	
	2018	2017	Change
	S\$'000	S\$'000	%
Revenue	25,767	24,336	5.9
Cost of sales	(21,730)	(21,240)	2.3
Gross profit	4,037	3,096	30.4
Other income	952	1,144	(16.8)
Selling and distribution expenses	(103)	(155)	(33.5)
Administrative expenses	(3,613)	(3,219)	12.2
Other operating expenses	(44)	(335)	(86.9)
Finance costs	(742)	(50)	n/m
Profit before taxation	487	481	1.2
Taxation	-	-	-
Profit for the period	487	481	1.2
Other comprehensive (loss)/income after tax:			
Items that may be reclassified subsequently to profit or loss			
Currency translation differences	(263)	215	n/m
Other comprehensive (loss)/income for the period, net of tax of nil	(263)	215	n/m
Total comprehensive income for the period	224	696	(67.8)

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)

	1st Quarter ended		
	30 Jun	30 Jun	
	2018	2017	Change
	S\$'000	S\$'000	%
Profit attributable to:			
Owners of the Company	487	481	1.2
Profit for the period	<u>487</u>	<u>481</u>	1.2
Total comprehensive income attributable to:			
Owners of the Company	224	696	(67.8)
Total comprehensive income for the period	<u>224</u>	<u>696</u>	(67.8)

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:

	1st Quarter ended		
	30 Jun 2018 S\$'000	30 Jun 2017 S\$'000	Change %
Amortisation of land use rights	18	17	5.9
Depreciation of property, plant and equipment	2,288	2,307	(0.8)
Foreign exchange loss, net	39	306	(87.3)
Change in fair value of financial assets at fair value through profit or loss	5	(4)	n/m
Interest income	(5)	-	n/m
Dividend income from other investments	(1)	(1)	-
Gain on disposal of property, plant and equipment	(43)	(8)	437.5
Finance costs	742	50	n/m
Operating lease expenses	414	520	(20.4)

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
	30 Jun 2018	31 Mar 2018	30 Jun 2018	31 Mar 2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	53,536	55,913	-	-
Land use rights	3,059	3,105	-	-
Subsidiaries	-	-	82,954	82,954
Club membership	229	229	-	-
Deferred tax assets	623	625	-	-
	<u>57,447</u>	<u>59,872</u>	<u>82,954</u>	<u>82,954</u>
Current Assets				
Inventories	12,281	12,839	-	-
Contract assets	20,556	17,690	-	-
Trade and other receivables	29,832	31,543	5,056	4,157
Other investments	52	58	-	-
Cash and bank balances	6,687	4,665	7	6
Fixed deposits	1,707	2,537	-	-
	<u>71,115</u>	<u>69,332</u>	<u>5,063</u>	<u>4,163</u>
Total assets	<u>128,562</u>	<u>129,204</u>	<u>88,017</u>	<u>87,117</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	79,807	79,807	146,026	146,026
Accumulated losses	(45,988)	(46,475)	(101,713)	(101,225)
Other reserves	813	1,076	(884)	(884)
Total equity	<u>34,632</u>	<u>34,408</u>	<u>43,429</u>	<u>43,917</u>
Non-Current Liabilities				
Borrowings	46,949	44,509	15,643	15,614
Deferred tax liabilities	49	48	-	-
	<u>46,998</u>	<u>44,557</u>	<u>15,643</u>	<u>15,614</u>
Current Liabilities				
Borrowings	12,199	14,870	-	-
Trade and other payables	32,180	32,816	28,945	27,586
Current tax payable	112	112	-	-
Provisions	2,441	2,441	-	-
	<u>46,932</u>	<u>50,239</u>	<u>28,945</u>	<u>27,586</u>
Total liabilities	<u>93,930</u>	<u>94,796</u>	<u>44,588</u>	<u>43,200</u>
Total equity and liabilities	<u>128,562</u>	<u>129,204</u>	<u>88,017</u>	<u>87,117</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
	30 Jun 2018	31 Mar 2018
	S\$'000	S\$'000
<u>Secured</u>		
Bank loans	11,441	14,096
Finance lease liabilities	758	774
Total	12,199	14,870

(b) Amount repayable after one year

	As at	As at
	30 Jun 2018	31 Mar 2018
	S\$'000	S\$'000
<u>Secured</u>		
Bank loans	30,730	28,149
Convertible bond (Murabaha Facility)	15,643	15,614
Finance lease liabilities	576	746
Total	46,949	44,509

(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 S\$3.0 million as at 30 June 2018.

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

	3 Months Period ended	
	30 Jun 2018	30 Jun 2017
	S\$'000	S\$'000
Cash Flows from Operating Activities:		
Profit before taxation	487	481
Adjustments for:		
Amortisation of land use rights	18	17
Depreciation of property, plant and equipment	2,288	2,307
Gain on disposal of property, plant and equipment	(43)	(8)
Fair value loss/(gain) on other investments	5	(4)
Dividend income from other investments	(1)	(1)
Interest income	(5)	-
Finance costs	742	50
Operating profit before working capital changes	3,491	2,842
Changes in inventories	564	(261)
Changes in contract assets	(2,793)	1,147
Changes in trade and other receivables	1,960	1,151
Changes in trade and other payables	(1,258)	(5,581)
Net cash generated from/(used in) operating activities	1,964	(702)
Cash Flows from Investing Activities:		
Interest received	5	-
Purchase of property, plant and equipment	(41)	(469)
Dividend received from other investments	1	1
Proceeds from disposal of property, plant and equipment	157	99
Proceeds from disposal of non-current assets classified as held for sale	-	-
Proceeds from disposal of other investments	-	-
Disposal of a subsidiary, net of cash disposed of	-	-
Net cash generated from/(used in) investing activities	122	(369)

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)

	3 Months Period ended	
	30 Jun 2018	30 Jun 2017
	S\$'000	S\$'000
Cash Flows from Financing Activities:		
Interest paid	(636)	(668)
Proceeds from loans from financial institutions	1,240	1,221
Proceeds from rights issue	-	8,886
Share issuance expenses	-	(196)
Repayment of loans from financial institutions	(1,318)	(3,250)
Repayment of finance lease liabilities	(187)	(698)
Loan from controlling shareholders	-	(3,465)
Fixed deposits pledged with banks	829	(697)
Net cash (used in)/generated from financing activities	(72)	1,133

Net increase in cash and cash equivalents	2,014	62
Cash and cash equivalents at beginning of period	4,665	(3,398)
Exchange differences on translation of cash and cash equivalents	8	(47)
Cash and cash equivalents at end of period	6,687	(3,383)

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

	3 Months Period ended	
	30 Jun 2018	30 Jun 2017
	S\$'000	S\$'000
Cash and cash equivalents	6,687	(3,383)
Bank overdrafts	-	9,640
Fixed deposits pledged	1,707	2,417
	8,394	8,674
Comprising the following:		
Cash at bank and on hand	6,687	6,257
Fixed deposits	1,707	2,417
	8,394	8,674

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	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 Apr 2017	71,117	(47,980)	243	(233)	23,147
Profit for the period	-	481	-	-	481
Other comprehensive loss for the period					
- Currency translation differences	-	-	-	215	215
Total comprehensive income for the period	-	481	-	215	696
Contributions by and distributions to owners					
-Issue of shares pursuant to rights issue	8,886	-	-	-	8,886
-Share issuance expenses	(196)	-	-	-	(196)
Transactions with owners in their capacity as owners	8,690	-	-	-	8,690
Balance at 30 June 2017	79,807	(47,499)	243	(18)	32,533
Balance at 1 April 2018	79,807	(46,475)	243	833	34,408
Profit for the period	-	487	-	-	487
Other comprehensive (loss)/income for the period					
- Currency translation differences	-	-	-	(263)	(263)
Total comprehensive income/(loss) for the period	-	487	-	(263)	224
Balance at 30 June 2018	79,807	(45,988)	243	570	34,632

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
	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 Apr 2017	137,336	(884)	(104,673)	31,779
Loss for the period/Total comprehensive loss for the period	-	-	(4)	(4)
Contributions by and distributions to owners				
-Issue of shares pursuant to rights issue	8,886	-	-	8,886
-Share issuance expenses	(196)	-	-	(196)
Transactions with owners in their capacity as owners	8,690	-	-	8,690
Balance at 30 June 2017	146,026	(884)	(104,677)	40,465
Balance at 1 April 2018	146,026	(884)	(101,225)	43,917
Loss for the period/Total comprehensive loss for the period	-	-	(488)	(488)
Balance at 30 June 2018	146,026	(884)	(101,713)	43,429

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 30 June 2018 (and 31 March 2018), the Company's issued and paid-up share capital was S\$146,026,238 (and S\$146,026,238).

There were no treasury shares held by the Company.

There were no subsidiary shareholding as at 30 June 2018 (and 31 March 2018).

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	30 June 2018	31 March 2018
Total number of issued shares excluding treasury shares	1,184,813,992	1,184,813,992

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 2018, except for the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments* with effect from 1 April 2018. There is no significant impact to the financial statements for the three-month period ended 30 June 2018 arising from the adoption of SFRS (I) 15 and SFRS(I) 9.

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.

As explained above, there is no significant impact to the financial statements for the three-month period ended 30 June 2018 arising from the adoption of SFRS (I) 15 and SFRS(I) 9.

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.

As at 30 June 2018, 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.

	1st Quarter ended	
	30 Jun	30 Jun
Earnings per share (EPS in cents)	2018	2017
<u>Continuing operations</u>		
EPS based on weighted average number of ordinary shares on issue (cents)	0.04	0.05
EPS based on a fully diluted basis (cents)	0.04	0.05
Weighted average number of shares	1,184,813,992	878,845,543

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	
	As at 30 Jun 2018	As at 31 Mar 2018
Net asset value (NAV in cents)		
NAV per ordinary share	2.92	2.90
Number of shares	1,184,813,992	1,184,813,992

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

Revenue

Revenue increased by approximately S\$1.4 million or 5.9% to S\$25.8 million for the three months ended 30 June 2018 ("Q1FY19") compared to the corresponding period ended 30 June 2017 ("Q1FY18") of S\$24.3 million. This was due mainly to the increase in revenue from big diameter pipe projects and distribution cable projects by S\$3.0 million and S\$2.6 million respectively, partially offset by decrease in revenue from small diameter pipe projects, airport projects and gas transmission pipe projects by S\$1.9 million, S\$1.4 million and S\$1.0 million respectively.

Gross profit

Gross profit was S\$4.0 million with a gross profit margin of 15.7% for Q1FY19 compared to S\$3.1 million with a gross profit margin of 12.7% for Q1FY18. The increase in gross profit and gross profit margin is due mainly to higher revenue which includes projects with higher margins.

Other income

Other income for Q1FY19 decreased by approximately S\$0.2 million or 16.8% to S\$0.9 million compared to Q1FY18 due mainly to absence of income from repair work during the period.

Selling and distribution expenses

Selling and distribution expenses for Q1FY19 decreased by approximately S\$0.05 million or 33.5 % to S\$0.1 million compared to Q1FY18 due mainly to lower commission expenses and travelling expenses incurred during the period.

Administrative expenses

Administrative expenses for Q1FY19 increased by approximately S\$0.4 million or 12.2% to S\$3.6 million compared to Q1FY18 due mainly to the increase in legal fees expenses during the period.

Other operating expenses

Other operating expenses for Q1FY19 decreased by approximately S\$0.3 million or 86.9% to S\$0.04 million compared to Q1FY18 due mainly to lower foreign exchange losses during the period.

Finance costs

Finance costs for Q1FY19 increased by approximately S\$0.7 million compared to Q1FY18 due mainly to absence of reversal of overaccrued finance costs during the period.

Net profit after tax

The Group reported a net profit after tax of S\$0.5 million for Q1FY19 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 S\$2.4 million from S\$55.9 million as at 31 March 2018 to S\$53.5 million as at 30 June 2018, due mainly to depreciation of S\$2.3 million during the period.

Current assets

The Group's current assets increased by S\$1.8 million from S\$69.3 million as at 31 March 2018 to S\$71.1 million as at 30 June 2018, attributable mainly to the following:

- (a) increase in contract assets by S\$2.8 million to S\$20.5 million as at 30 June 2018 compared to S\$17.7 million as at 31 March 2018 due mainly to increase in revenue from projects;
- (b) increase in cash and cash equivalents by S\$1.2 million to S\$8.4 million as at 30 June 2018 compared to S\$7.2 million as at 31 March 2018 due mainly to higher collections;

which have been partially offset by the following:

- (c) decrease in trade and other receivables by S\$1.7 million to S\$29.8 million as at 30 June 2018 compared to S\$31.5 million as at 31 March 2018 due mainly to more collection from customers during the period;
- (d) decrease in inventories by S\$0.5 million to S\$12.3 million as at 30 June 2018 compared to S\$12.8 million as at 31 March 2018 due mainly to more usage of materials for projects.

Current liabilities

The Group's current liabilities decreased by S\$3.3 million from S\$50.2 million as at 31 March 2018 to S\$46.9 million as at 30 June 2018, due mainly to the decrease in borrowings by S\$2.7 million as well as the decrease in trade and other payables by S\$0.6 million.

Non-current liabilities

The Group's non-current liabilities increased by S\$2.4 million from S\$44.6 million as at 31 March 2018 to S\$47.0 million as at 30 June 2018 due mainly to reclassification of certain bank borrowings from current liabilities.

Consolidated statement of cash flow

The Group's cash and cash equivalents stood at a surplus of S\$6.7 million as at 30 June 2018, as compared to a deficit of S\$3.4 million as at 30 June 2017.

Net cash generated from operating activities

Net cash generated from operating activities was S\$2.0 million, comprising operating profit before working capital changes of S\$3.5 million, partially offset by net working capital investment of S\$1.5 million.

The net working capital investment of S\$1.5 million was due mainly to the following:

- (a) decrease in trade and other receivables of approximately S\$2.0 million due to more collection from customers;
- (b) decrease in inventories of approximately S\$0.5 million due to more usage of materials for projects; partially offset by
- (c) increase in contract assets of approximately S\$2.8 million due to increase in revenue from projects;
- (d) decrease in trade and other payables of approximately S\$1.2 million due to more payments to the creditors.

Net cash generated from investing activities

Net cash generated from investing activities of approximately S\$0.1 million was due mainly to proceeds from disposal of property, plant and equipment.

Net cash used in financing activities

Net cash used in financing activities of approximately S\$0.07 million was due mainly to repayment of borrowings and finance lease liabilities.

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 demand from infrastructure construction sector remains strong despite the competitive environment, with major infrastructure projects in the pipeline. The Group is optimistic in securing more projects locally as well as overseas.

The Group has recently secured contracts worth approximately S\$5.3 million in aggregate for infrastructure works in relation to the installation and maintenance pipelines in June 2018. With these contracts secured to date, the Group's unfulfilled order book stands at approximately S\$127 million.

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 not obtained a general mandate from shareholders for interested party transactions. The Group has no interested party transaction during the period.

- 14. Disclosure on the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of the proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

Not applicable.

- 15. 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 Ling Chung Yee Roy, being Directors of the Company, hereby confirms 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 three-months period ended 30 June 2018 to be false or misleading in any material aspect.

- 16. 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.

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer

14 August 2018