

LEY CHOON GROUP HOLDINGS LIMITED

SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 2016

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3, 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

	2 nd Quarter ended		Change	6 Months		Change
	30 Sep 2016	30 Sep 2015		30 Sep 2016	30 Sep 2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	29,495	25,440	15.9	58,564	29,871	96.1
Cost of sales	(22,670)	(25,065)	(9.6)	(44,882)	(54,824)	(18.1)
Gross profit/(loss)	6,825	375	1720.0	13,682	(24,953)	n/m
Other income	4,348	799	444.2	5,120	1,824	180.7
Distribution expenses	(163)	(184)	(11.4)	(264)	(369)	(28.5)
Administrative expenses	(5,105)	(4,349)	17.4	(9,735)	(10,016)	(2.8)
Other operating expenses	(620)	(7,369)	(91.6)	(1,034)	(7,404)	(86.0)
Results from operating activities	5,285	(10,728)	n/m	7,769	(40,918)	n/m
Finance costs	(615)	(1,130)	(45.6)	(2,470)	(2,363)	4.5
Profit/(loss) before tax	4,670	(11,858)	n/m	5,299	(43,281)	n/m
Tax expense	(1)	(369)	(99.7)	(1)	(407)	(99.8)
Profit/(loss) for the period	4,669	(12,227)	n/m	5,298	(43,688)	n/m
Other comprehensive income/(loss)						
Foreign currency translation differences – foreign operations	112	459	(75.6)	(500)	(38)	1215.8
Total comprehensive income/(loss) for the period	4,781	(11,768)	n/m	4,798	(43,726)	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)

	2 nd Quarter ended		Change	6 Months Period ended		Change
	30 Sep 2016	30 Sep 2015		30 Sep 2016	30 Sep 2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(loss) attributable to:						
Owners of the Company	4,669	(12,227)	n/m	5,298	(43,739)	n/m
Non-controlling interests	-	-	-	-	51	n/m
Profit/(loss) for the period	<u>4,669</u>	<u>(12,227)</u>	n/m	<u>5,298</u>	<u>(43,688)</u>	n/m
Total comprehensive income/(loss) attributable to:						
Owners of the Company	4,781	(11,768)	n/m	4,798	(43,777)	n/m
Non-controlling interests	-	-	-	-	51	n/m
Total comprehensive income/(loss) for the period	<u>4,781</u>	<u>(11,768)</u>	n/m	<u>4,798</u>	<u>(43,726)</u>	n/m

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:

	2 nd Quarter ended		Change	6 Months Period ended		Change
	30 Sep 2016	30 Sep 2015		30 Sep 2016	30 Sep 2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Impairment loss on trade receivables reversed	(28)	(46)	(39.1)	(28)	(13)	115.4
Write-down on development property	656	7,367	(91.1)	957	7,367	(87.0)
Amortisation of land use rights	18	20	(10.0)	35	39	(10.3)
Depreciation of property, plant and equipment	2,497	3,132	(20.3)	5,428	6,470	(16.1)
Foreign exchange (gain)/loss, net	(103)	(56)	83.9	(4)	(263)	(98.5)
Change in fair value of financial assets designated at fair value through profit or loss	-	1	n/m	(32)	36	n/m
Interest income	(2)	(5)	(60.0)	(18)	(22)	(18.2)
Dividend income from other investments	-	-	-	(1)	(2)	(50.0)
(Gain)/loss on disposal of property, plant and equipment	(166)	37	n/m	(328)	(128)	156.3

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

	2 nd Quarter ended			6 Months		
	30 Sep 2016 \$'000	30 Sep 2015 \$'000	Change %	30 Sep 2016 \$'000	30 Sep 2015 \$'000	Change %
Gain on disposal of non-current assets	(3,591)	-	n/m	(3,591)	-	n/m
Finance costs	615	1,130	(45.6)	2,470	2,363	4.5
Provision for liquidated damages made	-	253	n/m	-	842	n/m
Gain on disposal of subsidiary	-	-	-	-	(7)	n/m
Operating lease expenses	269	442	(39.1)	557	844	(34.0)

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 30 Sep 2016 \$'000	As at 31 Mar 2016 \$'000	As at 30 Sep 2016 \$'000	As at 31 Mar 2016 \$'000
Assets				
Land use rights	3,150	3,253	-	-
Property, plant and equipment	60,719	65,005	-	-
Subsidiaries	-	-	55,084	55,084
Club membership	229	229	-	-
Deferred tax assets	884	890	154	154
Non-current assets	<u>64,982</u>	<u>69,377</u>	<u>55,238</u>	<u>55,238</u>
Inventories	9,955	5,208	-	-
Development property	9,243	10,200	-	-
Contracts work in progress	20,794	24,993	-	-
Trade and other receivables	32,783	34,414	2,466	2,436
Other investments	43	11	-	-
Cash and bank balances	15,792	14,296	210	23
Fixed deposits	1,435	3,810	-	-
	<u>90,045</u>	<u>92,932</u>	<u>2,676</u>	<u>2,459</u>
Non-current assets classified as held for sale	4,445	7,654	-	-
Current assets	<u>94,490</u>	<u>100,586</u>	<u>2,676</u>	<u>2,459</u>
Total assets	<u>159,472</u>	<u>169,963</u>	<u>57,914</u>	<u>57,697</u>
Equity				
Share capital	71,117	71,117	137,336	137,336
Other reserves	135	635	(981)	(981)
Accumulated losses	(60,428)	(65,726)	(129,719)	(126,963)
Total equity	<u>10,824</u>	<u>6,026</u>	<u>6,636</u>	<u>9,392</u>
Liabilities				
Borrowings	70,948	3,927	16,261	-
Non-current liabilities	<u>70,948</u>	<u>3,927</u>	<u>16,261</u>	<u>-</u>
Borrowings	29,936	106,805	3,372	18,080
Trade and other payables	45,323	50,764	31,645	30,225
Provisions	2,441	2,441	-	-
Current liabilities	<u>77,700</u>	<u>160,010</u>	<u>35,017</u>	<u>48,305</u>
Total liabilities	<u>148,648</u>	<u>163,937</u>	<u>51,278</u>	<u>48,305</u>
Total equity and liabilities	<u>159,472</u>	<u>169,963</u>	<u>57,914</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 30 Sep 2016 \$'000	As at 31 Mar 2016 \$'000
Unsecured		
Loan from controlling shareholders	3,372	3,279
Convertible bond	-	14,801
	3,372	18,080
Secured		
Bank overdrafts	-	8,462
Bank loans	23,255	54,976
Bills payable	-	21,484
Finance lease liabilities	3,309	3,803
	26,564	88,725
Total	29,936	106,805

(b) Amount repayable after one year

	As at 30 Sep 2016 \$'000	As at 31 Mar 2016 \$'000
Secured		
Bank overdrafts	13,818	-
Bank loans	26,519	-
Convertible bond	16,261	-
Bills payable	12,588	-
Finance lease liabilities	1,762	3,927
Total	70,948	3,927

(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) legal mortgage over the Group's development property;
- (v) charge over certain of the Group's bank accounts;
- (vi) fixed deposits of the Group;
- (vii) floating charge over all other assets; and/or
- (viii) 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 \$13.5 million as at 30 September 2016.

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

	6 Months Period ended	
	30 Sep 2016 \$'000	30 Sep 2015 \$'000
Cash Flows from Operating Activities:		
Profit/(loss) for the period	5,298	(43,688)
Adjustments for:		
Bad debts written off	-	(32)
Amortisation of land use rights	35	39
Depreciation of property, plant and equipment	5,428	6,470
Provision for liquidated damage	-	842
Impairment loss on trade receivables reversed	(28)	(13)
Write-down on development property	957	7,367
Gain on disposal of property, plant and equipment	(328)	(128)
Gain on disposal of non-current assets classified as held for sale	(3,591)	-
Fair value (gain)/loss on other investments	(32)	36
Dividend income from other investments	(1)	(2)
Interest income	(18)	(22)
Finance costs	2,470	2,363
Gain on disposal of a subsidiary	-	(7)
Tax expense	1	407
	10,191	(26,368)
Changes in working capital:		
Development property	-	(1,723)
Inventories	(4,757)	(480)
Contracts work in progress	4,197	35,257
Trade and other receivables	1,323	(2,136)
Trade and other payables	(6,172)	8,703
	4,782	13,253
Cash generated from operations		
Income taxes (paid)/refunded	(1)	542
Net cash generated from operating activities	4,781	13,795
Cash Flows from Investing Activities:		
Interest received	18	22
Purchase of property, plant and equipment	(2,100)	(1,709)
Dividend received from other investments	1	2
Proceeds from disposal of property, plant and equipment	1,071	1,298
Proceeds from disposal of non-current assets classified as held for sale	6,800	-
Proceeds from disposal of other investments	-	37
Disposal of a subsidiary, net of cash disposed of	-	(1,476)
Net cash generated from/(used in) investing activities	5,790	(1,826)
Cash Flows from Financing Activities:		
Interest paid	(300)	(1,798)
Proceeds from loans from financial institutions	1,219	13,343
Proceeds from bills payable	-	20,753
Repayment of loans from financial institutions	(6,176)	(16,074)
Repayment of bills payable	(8,896)	(23,460)
Repayment of finance lease liabilities	(2,659)	(3,822)

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)

	6 Months Period ended	
	30 Sep 2016	30 Sep 2015
	\$'000	\$'000
Loan from controlling shareholders	-	(491)
Cash restricted in use	2,085	(943)
Decrease /(increase) in fixed deposits pledged with banks	2,374	(640)
Net cash used in financing activities	<u>(12,353)</u>	<u>(13,132)</u>
Net decrease in cash and cash equivalents	(1,782)	(1,163)
Cash and cash equivalents at beginning of period	2,570	(1,835)
Exchange differences on translation of cash and cash equivalents at beginning of period	9	327
Cash and cash equivalents at end of period	<u>797</u>	<u>(2,671)</u>

During the 6 months period ended 30 Sep 2016, the Group acquired property, plant and equipment with an aggregate cost of \$2,100,000 (6 months period ended 30 Sep 2015: \$1,709,000), of which \$nil (6 months period ended 30 Sep 2015: \$nil) were acquired under finance leases.

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

Cash and cash equivalents	797	(2,671)
Bank overdrafts	13,818	8,867
Cash restricted in use	1,177	943
Fixed deposits pledged	1,435	7,030
	<u>17,227</u>	<u>14,169</u>
Comprising the following:		
Cash at bank and on hand	15,792	7,139
Fixed deposits	1,435	7,030
	<u>17,227</u>	<u>14,169</u>

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

Group	Share capital \$'000	Accumulated profits/ (losses) \$'000	Equity component of convertible bonds \$'000	Foreign currency translation reserve \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total \$'000
Balance at 1 April 2015	71,117	(5,628)	146	2,233	67,868	409	68,277
(Loss)/profit for the period	-	(43,739)	-	-	(43,739)	51	(43,688)
Other comprehensive loss for the period - Currency translation differences	-	-	-	(38)	(38)	-	(38)
Total comprehensive (loss)/income for the period	-	(43,739)	-	(38)	(43,777)	51	(43,726)
Change in ownership interest in Subsidiaries - Disposal of a subsidiary	-	-	-	-	-	(460)	(460)
Transactions with owners in their capacity as owners	-	-	-	-	-	(460)	(460)
Balance at 30 Sep 2015	<u>71,117</u>	<u>(49,367)</u>	<u>146</u>	<u>2,195</u>	<u>24,091</u>	<u>-</u>	<u>24,091</u>
Balance at 1 April 2016	71,117	(65,726)	146	489	6,026	-	6,026
Profit for the period	-	5,298	-	-	5,298	-	5,298
Other comprehensive loss for the period - Currency translation differences	-	-	-	(500)	(500)	-	(500)
Total comprehensive income/(loss) for the period	-	5,298	-	(500)	4,798	-	4,798
Balance at 30 Sep 2016	<u>71,117</u>	<u>(60,428)</u>	<u>146</u>	<u>(11)</u>	<u>10,824</u>	<u>-</u>	<u>10,824</u>

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 \$'000	Capital reserve \$'000	Accumulated losses \$'000	Total \$'000
Balance at 1 April 2015	137,336	(981)	(38,931)	97,424
Loss for the period/Total comprehensive loss for the period	-	-	(963)	(963)
Balance at 30 Sep 2015	<u>137,336</u>	<u>(981)</u>	<u>(39,894)</u>	<u>96,461</u>
Balance at 1 April 2016	137,336	(981)	(126,963)	9,392
Loss for the period/Total comprehensive loss for the period	-	-	(2,756)	(2,756)
Balance at 30 Sep 2016	<u>137,336</u>	<u>(981)</u>	<u>(129,719)</u>	<u>6,636</u>

1(d)(ii) Details of any changes in the company's share capital arising from right issues, bonus issue, share buy-back, exercise of share option or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since the end of the previous period reported on.

As at 30 Sep 2016 (and 31 March 2016), the Company's issued and paid-up share capital was S\$137,336,285 (and S\$137,336,285).

There was no treasury share 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	30 September 2016	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, disposal, cancellation and/or use of treasury shares 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.**

Earnings per share (EPS in cents)	2 nd Quarter ended		6 months Period ended	
	30 Sep 2016	30 Sep 2015	30 Sep 2016	30 Sep 2015
<u>Continuing operations</u>				
EPS based on weighted average number of ordinary shares on issue	0.79	(2.06)	0.89	(7.38)
EPS based on a fully diluted basis	0.79	(2.06)	0.89	(7.38)
Weighted average number of shares	592,406,996	592,406,996	592,406,996	592,406,996

As at 30 September 2016, 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

Net asset value (NAV in cents)	Group		Company	
	As at 30 Sep 2016	As at 31 Mar 2016	As at 30 Sep 2016	As at 31 Mar 2016
NAV per ordinary share	1.83	1.02	1.12	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

Second quarter review – Q2FY17 vs Q2FY16

Revenue

Revenue increased by approximately \$4.0 million or 15.9% to \$29.4 million for the second quarter ended 30 September 2016 ("Q2FY17") compared to the corresponding quarter ended 30 September 2015 ("Q2FY16") of \$25.4 million. The increase was due mainly to addition of new projects during the period.

Gross profit

Gross profit was \$6.8 million or 23.1% for Q2FY17 compared to gross profit of approximately \$0.4 million for Q2FY16 due mainly to better direct cost management during the period.

Other income

Other income for Q2FY17 increased by approximately \$3.5 million or 444.2% to \$4.4 million compared to Q2FY16 due mainly to gain on disposal of office building at No. 4 Sungei Kadut Street 2 of \$3.5 million during the period.

Distribution expenses

Distribution expenses for Q2FY17 decreased by approximately \$0.02 million or 11.4% to \$0.2 million compared to Q2FY16 due mainly to less commission and insurance expenses.

Administrative expenses

Administrative expenses for Q2FY17 increased by approximately \$0.8 million or 17.4% to \$5.1 million compared to Q2FY16 due mainly to increase in professional fees in relation to the debt restructuring exercise.

Other operating expenses

Other operating expenses for Q2FY17 decreased by approximately \$6.7 million or 91.6% to \$0.6 million compared to Q2FY16 due mainly to significant write down on development property at No.241 Pasir Panjang Road, Singapore in prior period.

Finance costs

Finance costs for Q2FY17 decreased by approximately \$0.5 million or 45.6% to \$0.6 million compared to Q2FY16 due mainly to reversal of accrual of interest.

Income tax

Income tax for Q2FY17 decreased by approximately \$0.4 million or 99.7% compared to Q2FY16 due mainly to absence of provision for tax as a result of tax losses carried forward from previous year.

Net profit/(loss) after tax

The Group reported a net profit after tax of \$4.6 million for Q2FY17 compared to a net loss after tax of \$12.2 million for Q2FY16 due to the various reasons as explained above.

Six months review – 6MFY17 vs 6MFY16

Revenue

Revenue increased by approximately \$28.7 million or 96.1% to \$58.6 million for the six months ended 30 September 2016 ("**6MFY17**") compared to the corresponding period ended 30 September 2015 ("**6MFY16**") of \$29.9 million. The variance was due mainly to the absence of revenue adjustments amounting \$28.5 million which adversely impacted revenue in the prior period.

Gross profit/(loss)

Gross profit was \$13.7 million or 23.4% for 6MFY17 compared to gross loss of approximately \$25.0 million for 6MFY16 due to the absence of adjustments in revenue as explained above.

Other income

Other income for 6MFY17 increased by approximately \$3.3 million or 180.7% to \$5.1 million compared to 6MFY16 due mainly to gain on disposal of office building at No. 4 Sungei Kadut Street 2.

Distribution expenses

Distribution expenses for 6MFY17 decreased by approximately \$0.1 million or 28.5% to \$0.3 million compared to 6MFY16 due mainly to less commission and insurance expenses.

Administrative expenses

Administrative expenses for 6MFY17 decreased by approximately \$0.3 million or 2.8% to \$9.7 million compared to 6MFY16 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 6MFY17 decreased by approximately \$6.4 million or 86.0% to \$1.0 million compared to 6MFY16 due mainly to significant write down on development property at No.241 Pasir Panjang Road, Singapore in prior period.

Finance costs

Finance costs for 6MFY17 increased by approximately \$0.1 million or 4.5% to \$2.5 million compared to 6MFY16 due mainly to additional interest for bank loans arising from the debt restructuring exercise.

Income tax

Income tax for 6MFY17 decreased by approximately \$0.4 million or 99.8% compared to 6MFY16 due mainly to absence of provision for tax as a result of tax losses carried forward from previous year.

Net profit/(loss) after tax

The Group reported a net profit after tax of \$5.3 million for 6MFY17 compared to a net loss after tax of \$43.7 million for 6MFY16 due to the various reasons as explained above.

Consolidated Statement of financial position

Non-current assets

The Group's property, plant and equipment decreased by \$4.3 million from \$65.0 million as at 31 March 2016 to \$60.7 million as at 30 September 2016, mainly due to depreciation during the period.

Current assets

The Group's current assets decreased by \$6.1 million from \$100.6 million as at 31 March 2016 to \$94.5 million as at 30 September 2016, mainly attributable to the following:

- (a) decrease in cash and cash equivalents by \$0.9 million to \$17.2 million as at 30 September 2016 compared to \$18.1 million as at 31 March 2016 mainly due to repayment of borrowings;
- (b) decrease in contracts work in progress by \$4.2 million to \$20.8 million as at 30 September 2016 compared to \$25.0 million as at 31 March 2016 due to increased billings;
- (c) decrease in trade and other receivables by \$1.6 million to \$32.8 million as at 30 September 2016 compared to \$34.4 million as at 31 March 2016 due to more collection from customers during the period;
- (d) decrease in non-current assets classified as held for sale by \$3.2 million to \$4.4 million as at 30 September 2016 compared to \$7.6 million as at 31 March 2016 due to disposal of office building at No 4 Sungei Kadut Street 2 during the period;
- (e) decrease in development property by \$1.0 million to \$9.2 million as at 30 September 2016 compared to \$10.2 million as at 31 March 2016 due to additional write down on development property at No.241 Pasir Panjang Road, Singapore; and

which have been partially offset by the following:

- (f) increase in inventories by \$4.8 million to \$10.0 million as at 30 September 2016 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 \$82.3 million from \$160.0 million as at 31 March 2016 to \$77.7 million as at 30 September 2016, mainly due to reclassification of bank loans to non-current liabilities in accordance with the debt restructuring agreement.

Non-current liabilities

The Group's non-current liabilities increased by \$67.1 million from \$3.9 million as at 31 March 2016 to \$71.0 million as at 30 September 2016 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 was a surplus of \$0.8 million as at 30 September 2016 compared to a deficit of \$2.7 million as at 30 September 2015.

Net cash generated from operating activities

Net cash generated from operating activities was \$4.8 million. The net working capital outflow of \$5.4 million was due mainly to the following:

- (a) decrease in contract work in progress of approximately \$4.2 million due to increased billings;
- (b) increase in inventories of approximately \$4.7 million due to more materials purchased for new projects;
- (c) decrease in trade and other payables of approximately \$6.2 million due to less payment to the creditors; and
- (d) decrease in trade and other receivables of approximately \$1.3 million due to more collection from customers.

Net cash generated from investing activities

Net cash generated from investing activities of approximately \$5.8 million was due mainly to sales proceed from disposal of office building at No 4 Sungei Kadut Street 2.

Net cash used in financing activities

Net cash used in financing activities of approximately \$12.4 million was due mainly to repayment of loans from financial institutions, bills payable and finance lease liabilities amounting to approximately \$17.7 million, which was partially offset by proceeds from loans from financial institutions, cash restricted in use and fixed deposits amounting to approximately \$5.7 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.

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.

With increasing demand from public sector on infrastructure projects, the Group continue to tender for more projects to strengthen its order book. The Group has recently secured four contracts amounting to \$52.6 million. The Group's unfulfilled order book stands at approximately \$174 million.

On 26 September 2016, the Group and Eligible Lenders have entered into a Debt Restructuring Agreement encapsulating the key terms of restructuring the debt obligations of the Group as previously set out summarily in the Announcement.

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	2nd Quarter ended 30 Sep 2016 \$'000	6 Months Period ended 30 Sep 2016 \$'000	2nd Quarter ended 30 Sep 2016 \$'000	6 Months Period ended 30 Sep 2016 \$'000
Purchases from: Pan Asian Holdings Limited	Nil	Nil	2,307	3,707
Sales to: Sing & San Construction Pte Ltd	Nil	Nil	197	292
Sales to: HS E&C Pte Ltd	Nil	Nil	118	156

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 six-months period ended 30 September 2016 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 7.7 pursuant to Rule 720 (1) of the Listing Manual.

BY ORDER OF THE BOARD

Toh Choo Huat

Executive Chairman and Chief Executive Officer

14 November 2016