

LEY CHOON GROUP HOLDINGS LIMITED

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 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

	3 rd Quarter ended		Change %	9 Months Period ended		
	31 Dec	31 Dec		31 Dec	31 Dec	Change %
	2016	2015		2016	2015	
	\$'000	\$'000		\$'000	\$'000	
Continuing operations						
Revenue	27,635	30,769	(10.2)	86,199	60,640	42.1
Cost of sales	(23,247)	(27,846)	(16.5)	(68,129)	(82,670)	(17.6)
Gross profit/(loss)	<u>4,388</u>	<u>2,923</u>	50.1	<u>18,070</u>	<u>(22,030)</u>	n/m
Other income	9,054	687	1217.9	13,974	2,494	460.3
Selling and distribution expenses	(445)	(140)	217.9	(709)	(509)	39.3
Administrative expenses	(3,980)	(4,782)	(16.8)	(13,649)	(14,771)	(7.6)
Other operating expenses	(2)	(270)	(99.3)	(79)	(304)	(74.0)
Finance costs	(448)	(940)	(52.3)	(2,950)	(3,303)	(10.7)
Profit/(loss) from continuing operations before taxation	<u>8,567</u>	<u>(2,522)</u>	n/m	<u>14,657</u>	<u>(38,423)</u>	n/m
Taxation	345	(328)	n/m	344	(735)	n/m
Profit/(loss) from continuing operations after taxation	<u>8,912</u>	<u>(2,850)</u>	n/m	<u>15,001</u>	<u>(39,158)</u>	n/m
Loss from discontinued operation, net of tax (Note 1)	(156)	(4)	3800.0	(947)	(7,385)	(87.2)
Profit/(loss) for the period	<u>8,756</u>	<u>(2,854)</u>	n/m	<u>14,054</u>	<u>(46,543)</u>	n/m
Other comprehensive income/(loss) after tax:						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences	377	-	n/m	(123)	(38)	223.7
Other comprehensive income/(loss) for the period, net of tax of nil	<u>377</u>	<u>-</u>	n/m	<u>(123)</u>	<u>(38)</u>	223.7
Total comprehensive income/(loss) for the period	<u>9,133</u>	<u>(2,854)</u>	n/m	<u>13,931</u>	<u>(46,581)</u>	n/m

Note 1 : Discontinued operation relates to result of Ley Choon Development Pte Ltd which was disposed on 30 November 2016.

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)

	3 rd Quarter ended			9 Months		
	31 Dec	31 Dec	Change	31 Dec	31 Dec	Change
	2016	2015		2016	2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(loss) attributable to:						
Owners of the Company						
- Profit/(loss) from continuing operations, net of tax	8,912	(2,850)	n/m	15,001	(39,209)	n/m
- Loss from discontinued operation, net of tax	(156)	(4)	3800.0	(947)	(7,385)	(87.2)
	<u>8,756</u>	<u>(2,854)</u>	n/m	<u>14,054</u>	<u>(46,594)</u>	n/m
Non-controlling interests						
- Profit from continuing operations, net of tax	-	-	-	-	51	n/m
	<u>8,756</u>	<u>(2,854)</u>	n/m	<u>14,054</u>	<u>(46,543)</u>	n/m
Total comprehensive income/(loss) attributable to:						
Owners of the Company						
- Profit/(loss) from continuing operations, net of tax	9,289	(2,850)	n/m	14,878	(39,247)	n/m
- Loss from discontinued operation, net of tax	(156)	(4)	3800.0	(947)	(7,385)	(87.2)
	<u>9,133</u>	<u>(2,854)</u>	n/m	<u>13,931</u>	<u>(46,632)</u>	n/m
Non-controlling interests						
- Profit from continuing operations, net of tax	-	-	-	-	51	n/m
	<u>9,133</u>	<u>(2,854)</u>	n/m	<u>13,931</u>	<u>(46,581)</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:

	3 rd Quarter ended			9 Months		
	31 Dec	31 Dec	Change	Period ended		
	2016	2015		31 Dec	31 Dec	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Impairment loss on trade receivables reversed	-	-	-	(28)	(13)	115.4
Write-down on development property	-	-	-	957	7,367	(87.0)
Amortisation of land use rights	19	17	11.8	54	56	(3.6)
Depreciation of property, plant and equipment	2,191	2,923	(25.0)	7,619	9,393	(18.9)
Foreign exchange (gain)/loss, net	(686)	212	n/m	(690)	(51)	1252.9
Change in fair value of financial assets designated at fair value through profit or loss	-	-	-	(32)	36	n/m
Interest income	-	(2)	n/m	(18)	(24)	(25.0)
Dividend income from other investments	-	-	-	(1)	(2)	(50.0)
(Gain)/loss on disposal of property, plant and equipment	(3)	79	n/m	(331)	(49)	575.5
Gain on disposal of non-current assets classified as held for sale	(7,765)	-	n/m	(11,356)	-	n/m
Finance costs	529	940	(43.7)	2,999	3,303	(9.2)
Provision for liquidated damages reversed	-	(2,896)	n/m	-	(2,054)	n/m
Provision for legal claims and damages reversed	-	-	-	(122)	-	n/m
Gain on disposal of subsidiary	45	-	n/m	45	(7)	n/m
Operating lease expenses	349	413	(15.5)	1,186	1,257	(5.6)

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 Dec 2016	31 Mar 2016	31 Dec 2016	31 Mar 2016
	\$'000	\$'000	\$'000	\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	61,414	65,005	-	-
Land use rights	3,191	3,253	-	-
Subsidiaries	-	-	55,084	55,084
Club membership	229	229	-	-
Deferred tax assets	869	890	154	154
	<u>65,703</u>	<u>69,377</u>	<u>55,238</u>	<u>55,238</u>
Current Assets				
Inventories	10,544	5,208	-	-
Development property	-	10,200	-	-
Contracts work in progress	20,119	24,993	-	-
Trade and other receivables	30,188	34,414	2,371	2,436
Other investments	43	11	-	-
Cash and bank balances	10,413	14,296	29	23
Fixed deposits	1,435	3,810	-	-
	<u>72,742</u>	<u>92,932</u>	<u>2,400</u>	<u>2,459</u>
Non-current assets classified as held for sale	-	7,654	-	-
	<u>72,742</u>	<u>100,586</u>	<u>2,400</u>	<u>2,459</u>
Total assets	<u>138,445</u>	<u>169,963</u>	<u>57,638</u>	<u>57,697</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	71,117	71,117	137,336	137,336
Accumulated losses	(51,672)	(65,726)	(129,771)	(126,963)
Other reserves	512	635	(884)	(981)
Total equity	<u>19,957</u>	<u>6,026</u>	<u>6,681</u>	<u>9,392</u>
Non-Current Liabilities				
Borrowings	62,563	3,927	15,473	-
	<u>62,563</u>	<u>3,927</u>	<u>15,473</u>	<u>-</u>
Current Liabilities				
Borrowings	12,637	106,805	3,419	18,080
Trade and other payables	41,047	50,764	32,065	30,225
Provisions	2,241	2,441	-	-
	<u>55,925</u>	<u>160,010</u>	<u>35,484</u>	<u>48,305</u>
Total liabilities	<u>118,488</u>	<u>163,937</u>	<u>50,957</u>	<u>48,305</u>
Total equity and liabilities	<u>138,445</u>	<u>169,963</u>	<u>57,638</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 Dec 2016	31 Mar 2016
	\$'000	\$'000
Unsecured		
Loan from controlling shareholders	3,419	3,279
Convertible bond (Murabaha Facility)	-	14,801
	3,419	18,080
Secured		
Bank overdrafts	-	8,462
Bank loans	6,663	54,976
Bills payable	-	21,484
Finance lease liabilities	2,555	3,803
	9,218	88,725
Total	12,637	106,805

(b) Amount repayable after one year

	As at	As at
	31 Dec 2016	31 Mar 2016
	\$'000	\$'000
Secured		
Bank overdrafts	9,988	-
Bank loans	35,540	-
Convertible bond (Murabaha Facility)	15,473	-
Finance lease liabilities	1,562	3,927
Total	62,563	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) 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 \$11.8 million as at 31 December 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

	9 Months Period ended	
	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Cash Flows from Operating Activities:		
Profit/(loss) before taxation from continuing operations	14,657	(38,423)
Loss before taxation from discontinued operations	(947)	(7,385)
Total profit/(loss) before taxation	13,710	(45,808)
Adjustments for:		
Bad debts written off	-	(32)
Amortisation of land use rights	54	56
Depreciation of property, plant and equipment	7,619	9,393
Provision for legal claims and damages reversed	(122)	-
Provision for liquidated damages reversed	-	(2,054)
Impairment loss on trade receivables reversed	(28)	(13)
Write-down on development property	957	7,367
Gain on disposal of property, plant and equipment	(331)	(49)
Gain on disposal of non-current assets classified as held for sale	(11,356)	-
Fair value (gain)/loss on other investments	(32)	36
Dividend income from other investments	(1)	(2)
Interest income	(18)	(24)
Finance costs	2,999	3,303
Loss/(gain) on disposal of a subsidiary	45	(7)
Operating profit/(loss) before working capital changes	13,496	(27,834)
Changes in inventories	(5,321)	(981)
Changes in contracts work in progress	4,976	43,919
Changes in trade and other receivables	4,245	(4,994)
Changes in trade and other payables	(13,173)	10,564
Cash generated from operations	4,223	20,674
Income taxes refunded	-	542
Net cash generated from operating activities	4,223	21,216
Cash Flows from Investing Activities:		
Development property	899	(2,072)
Interest received	18	24
Purchase of property, plant and equipment	(4,650)	(2,347)
Dividend received from other investments	1	2
Proceeds from disposal of property, plant and equipment	1,022	3,212
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	27,800	(2,620)

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)

	9 Months Period ended	
	31 Dec 2016 \$'000	31 Dec 2015 \$'000
Cash Flows from Financing Activities:		
Interest paid	(2,559)	(2,162)
Proceeds from loans from financial institutions	1,250	13,343
Proceeds from bills payable	-	21,321
Repayment of loans from financial institutions	(22,115)	(15,865)
Repayment of bills payable	(12,758)	(23,460)
Repayment of finance lease liabilities	(3,614)	(6,174)
Loan from controlling shareholders	-	609
Cash restricted in use	3,262	(4,940)
Fixed deposits pledged with banks	2,374	(641)
Net cash used in financing activities	<u>(34,160)</u>	<u>(17,969)</u>
Net (decrease)/increase in cash and cash equivalents	(2,137)	627
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	(8)	350
Cash and cash equivalents at end of period	<u>425</u>	<u>(858)</u>

During the 9 months period ended 31 Dec 2016, the Group acquired property, plant and equipment with an aggregate cost of \$4,650,000 (9 months period ended 31 Dec 2015: \$2,347,000), of which \$nil (9 months period ended 31 Dec 2015: \$nil) were acquired under finance leases.

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	<u>11,545</u>
Loss on disposal of a subsidiary	(45)
Net cash inflow	<u>11,500</u>

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)

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	425	(858)
Bank overdrafts	9,988	8,542
Cash restricted in use	-	4,940
Fixed deposits pledged	1,435	7,031
	<u>11,848</u>	<u>19,655</u>

Comprising the following:

Cash at bank and on hand	10,413	12,624
Fixed deposits	1,435	7,031
	<u>11,848</u>	<u>19,655</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	Accumulated profits/(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 April 2015	71,117	(5,628)	146	2,233	67,868	409	68,277
(Loss)/profit for the period	-	(46,594)	-	-	(46,594)	51	(46,543)
Other comprehensive loss for the period							
- Currency translation differences	-	-	-	(38)	(38)	-	(38)
Total comprehensive (loss)/income for the period	-	(46,594)	-	(38)	(46,632)	51	(46,581)
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 Dec 2015	71,117	(52,222)	146	2,195	21,236	-	21,236
Balance at 1 April 2016	71,117	(65,726)	146	489	6,026	-	6,026
Profit for the period	-	14,054	-	-	14,054	-	14,054
Other comprehensive loss for the period							
- Currency translation differences	-	-	-	(123)	(123)	-	(123)
Total comprehensive income/(loss) for the period	-	14,054	-	(123)	13,931	-	13,931
Balance at 31 Dec 2016	71,117	(51,672)	146	366	19,957	-	19,957

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 April 2015	137,336	(981)	(38,931)	97,424
Loss for the period/Total comprehensive loss for the period	-	-	(1,585)	(1,585)
Balance at 31 Dec 2015	137,336	(981)	(40,516)	95,839
Balance at 1 April 2016	137,336	(981)	(126,963)	9,392
Loss for the period/Total comprehensive loss for the period	-	97	(2,808)	(2,711)
Balance at 31 Dec 2016	137,336	(884)	(129,771)	6,681

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 31 Dec 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	31 December 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)	3rd Quarter ended		9 Months	
	31 Dec	31 Dec	31 Dec	31 Dec
	2016	2015	2016	2015
Continuing operations				
EPS based on weighted average number of ordinary shares on issue (cents)	1.50	(0.48)	2.53	(6.62)
EPS based on a fully diluted basis (cents)	1.50	(0.48)	2.53	(6.62)
Discontinued operations				
EPS based on weighted average number of ordinary shares on issue (cents)	(0.03)	(0.00)	(0.16)	(1.25)
EPS based on a fully diluted basis (cents)	(0.03)	(0.00)	(0.16)	(1.25)
Weighted average number of shares	592,406,996	592,406,996	592,406,996	592,406,996

As at 31 December 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	As at	As at	As at
	31 Dec	31 Mar	31 Dec	31 Mar
	2016	2016	2016	2016
NAV per ordinary share	3.37	1.02	1.13	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

Third quarter review – Q3FY17 vs Q3FY16

Revenue

Revenue decreased by approximately \$3.1 million or 10.2% to \$27.6 million for the third quarter ended 31 December 2016 ("**Q3FY17**") compared to the corresponding quarter ended 31 December 2015 ("**Q3FY16**") of \$30.7 million. The decrease was due mainly to completion of some projects and decrease in sale of construction materials during the period.

Gross profit

Gross profit was \$4.4 million or 15.9% of gross margin for Q3FY17 compared to gross profit of approximately \$2.9 million or 9.5% of gross margin for Q3FY16 due mainly to lower cost as a result of better usage and deployment of internal resources.

Other income

Other income for Q3FY17 increased by approximately \$8.4 million or 1217.9% to \$9.1 million compared to Q3FY16 due mainly to gain on disposal of office building at 55 Kranji Crescent together with the plant and equipment of \$7.8 million during the period.

Selling and distribution expenses

Selling and distribution expenses for Q3FY17 increased by approximately \$0.3 million or 217.9 % to \$0.4 million compared to Q3FY16 due mainly to higher transport expenses incurred during the period.

Administrative expenses

Administrative expenses for Q3FY17 decreased by approximately \$0.8 million or 16.8% to \$4.0 million compared to Q3FY16 due mainly to lower depreciation expense and property tax for office building as a result of extension of lease period.

Other operating expenses

Other operating expenses for Q3FY17 decreased by approximately \$0.3 million or 99.3% to \$0.002 million compared to Q3FY16 due mainly to reclassification of exchange gain arising from revaluation of foreign currency balances to other income.

Finance costs

Finance costs for Q3FY17 decreased by approximately \$0.5 million or 52.3% to \$0.5 million compared to Q3FY16 due mainly to reversal of interest overaccrued as well as reduction in borrowings.

Income tax

Income tax for Q3FY17 amounted to a credit of \$0.3 million as compared to \$0.3 million tax expense, mainly due to the reversal of tax provision in current period.

Net profit/(loss) after tax

The Group reported a net profit after tax of \$8.8 million for Q3FY17 compared to a net loss after tax of \$2.9 million for Q3FY16 due to the various reasons as explained above.

Nine months review – 9MFY17 vs 9MFY16

Revenue

Revenue increased by approximately \$25.6 million or 42.1% to \$86.2 million for the nine months ended 31 December 2016 ("**9MFY17**") compared to the corresponding period ended 31 December 2015 ("**9MFY16**") of \$60.6 million. The variance was due mainly to the absence of revenue adjustments amounting \$34.4 million which adversely impacted revenue in the prior period.

Gross profit/(loss)

Gross profit was \$18.1 million or 21.0% of gross margin for 9MFY17 compared to gross loss of approximately \$22.0 million for 9MFY16 due to the absence of adjustments in revenue as explained above.

Other income

Other income for 9MFY17 increased by approximately \$11.5 million or 460.3% to \$14.0 million compared to 9MFY16 due mainly to gain on disposal of No. 4 Sungei Kadut Street 2 and at 55 Kranji Crescent.

Selling and distribution expenses

Selling and distribution expenses for 9MFY17 increased by approximately \$0.2 million or 39.3% to \$0.7 million compared to 9MFY16 due mainly to higher transport expenses.

Administrative expenses

Administrative expenses for 9MFY17 decreased by approximately \$1.1 million or 7.6% to \$13.6 million compared to 9MFY16 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 9MFY17 decreased by approximately \$0.2 million or 74.0% to \$0.08 million compared to 9MFY16 due mainly to reclassification of exchange gain arising from revaluation of foreign currency balances to other income.

Finance costs

Finance costs for 9MFY17 decreased by approximately \$0.4 million or 10.7% to \$3.0 million compared to 9MFY16 due mainly to reversal of interest overaccrued as well as reduction in borrowings.

Income tax

Income tax for 9MFY17 amounted to a credit of \$0.3 million, as compared to an expense of \$0.7 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 \$14.1 million for 9MFY17 compared to a net loss after tax of \$46.5 million for 9MFY16 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 \$3.6 million from \$65.0 million as at 31 March 2016 to \$61.4 million as at 31 December 2016, mainly due to depreciation of \$7.6 million, partially offset by additions amounting \$4.7 million during the period.

Current assets

The Group's current assets decreased by \$27.9 million from \$100.6 million as at 31 March 2016 to \$72.7 million as at 31 December 2016, 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 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;
- (c) decrease in cash and cash equivalents by \$6.3 million to \$11.8 million as at 31 December 2016 compared to \$18.1 million as at 31 March 2016 mainly due to repayment of borrowings;
- (d) decrease in contracts work in progress by \$4.9 million to \$20.1 million as at 31 December 2016 compared to \$25.0 million as at 31 March 2016 due to increased billings;

- (e) decrease in trade and other receivables by \$4.2 million to \$30.2 million as at 31 December 2016 compared to \$34.4 million as at 31 March 2016 due to more collection from customers during the period; and

which have been partially offset by the following:

- (f) increase in inventories by \$5.3 million to \$10.5 million as at 31 December 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 \$104.1 million from \$160.0 million as at 31 March 2016 to \$55.9 million as at 31 December 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 \$58.7 million from \$3.9 million as at 31 March 2016 to \$62.6 million as at 31 December 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 recorded a surplus of \$0.4 million as at 31 December 2016 compared to a deficit of \$0.8 million as at 31 December 2015.

Net cash generated from operating activities

Net cash generated from operating activities was \$4.2 million, comprising operating profit before working capital changes of \$13.5 million, partially offset by net working capital outflow of \$9.3 million.

The net working capital outflow of \$9.3 million was due mainly to the following:

- (a) decrease in trade and other payables of approximately \$13.2 million due to more payment to the creditors;
- (b) increase in inventories of approximately \$5.3 million due to more materials purchased for new projects; partially offset by
- (c) decrease in contracts work in progress of approximately \$5.0 million due to increased billings; as well as
- (d) decrease in trade and other receivables of approximately \$4.2 million due to more collection from customers.

Net cash generated from investing activities

Net cash generated from investing activities of approximately \$27.8 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 \$4.7 million.

Net cash used in financing activities

Net cash used in financing activities of approximately \$34.2 million was due mainly to repayment of loans from financial institutions, bills payable, finance lease liabilities and interest paid amounting to approximately \$41.0 million, which was partially offset by proceeds from loans from financial institutions, cash restricted in use and fixed deposits amounting to approximately \$6.9 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 for the second quarter ended 30 September 2016.

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.

In the news release of the Building and Construction Authority (BCA) dated 6 January 2017, BCA projects the total construction demand or the value of construction contracts to be awarded this year to reach between \$28.0 billion and \$35.0 billion, higher than the preliminary estimate of \$26.1 billion last year. The projected stronger construction demand is due to an anticipated increase in public sector construction demand from about \$15.8 billion last year to between \$20.0 billion and \$24.0 billion this year. The public sector is expected to contribute about 70% of the total construction demand. BCA estimates public sector construction demand to be between \$18.0 billion to \$23.0 billion per annum from 2018 to 2021, 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.

In view of 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 \$2.7 million in November 2016. The Group's unfulfilled order book stands at approximately \$157 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 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	3rd Quarter ended 31 Dec 2016 \$'000	9 Months Period ended 31 Dec 2016 \$'000	3rd Quarter ended 31 Dec 2016 \$'000	9 Months Period ended 31 Dec 2016 \$'000
Purchases from: Pan Asian Holdings Limited	-	-	2,392	6,098
Purchases from: Sing & San Construction Pte Ltd	-	131	-	-
Purchases from: Harribell Pte Ltd	-	176	-	-
Services rendered from: Zheng Choon Holding Pte Ltd	-	141	-	-
Services rendered to: Pan Asian Holdings Limited	-	135	-	-
Sales to: Sing & San Construction Pte Ltd	-	-	360	652
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 nine-months period ended 31 December 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

13 February 2017