

LEY CHOON GROUP HOLDINGS LTD

(Company Registration No. 198700318G)

ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 30 SEPTEMBER 2017

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LEY CHOON GROUP HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE SECOND QUARTER AND SIX MONTHS ENDED 30 SEPTEMBER 2017

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			6 Months		
	30 Sep	30 Sep	Change	30 Sep	30 Sep	Change
	2017	2016		2017	2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	27,774	29,495	(5.8)	52,110	58,564	(11.0)
Cost of sales	(23,184)	(22,670)	2.3	(44,424)	(44,882)	(1.0)
Gross profit	4,590	6,825	(32.7)	7,686	13,682	(43.8)
Other income	491	4,348	(88.7)	1,635	5,120	(68.1)
Selling and distribution expenses	(226)	(163)	38.7	(381)	(264)	44.3
Administrative expenses	(3,451)	(5,105)	(32.4)	(6,670)	(9,735)	(31.5)
Other operating expenses	(223)	(620)	(64.0)	(558)	(1,034)	(46.0)
Finance costs	(654)	(615)	6.3	(704)	(2,470)	(71.5)
Profit before taxation	527	4,670	(88.7)	1,008	5,299	(81.0)
Taxation	-	(1)	n/m	-	(1)	n/m
Profit for the period	527	4,669	(88.7)	1,008	5,298	(81.0)
Other comprehensive income/(loss) after tax:						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences	203	112	81.3	418	(500)	n/m
Other comprehensive income/(loss) for the period, net of tax of nil	203	112	81.3	418	(500)	n/m
Total comprehensive income for the period	730	4,781	(84.7)	1,426	4,798	(70.3)

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		
	30 Sep	30 Sep		30 Sep	30 Sep	Change %
	2017	2016		2017	2016	
	S\$'000	S\$'000		S\$'000	S\$'000	
Profit attributable to:						
Owners of the Company	527	4,669	(88.7)	1,008	5,298	(81.0)
Profit for the period	<u>527</u>	<u>4,669</u>	(88.7)	<u>1,008</u>	<u>5,298</u>	(81.0)
Total comprehensive income attributable to:						
Owners of the Company	730	4,781	(84.7)	1,426	4,798	(70.3)
Total comprehensive income for the period	<u>730</u>	<u>4,781</u>	(84.7)	<u>1,426</u>	<u>4,798</u>	(70.3)

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			6 Months		
	30 Sep	30 Sep	Change	30 Sep	30 Sep	Change
	2017	2016	%	2017	2016	%
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Impairment losses on trade made/(reversed)	13	(28)	n/m	13	(28)	n/m
Write-down on development property	-	656	n/m	-	957	n/m
Amortisation of land use rights	18	18	-	35	35	-
Depreciation of property, plant and equipment	2,297	2,497	(8.0)	4,604	5,428	(15.2)
Foreign exchange loss/(gain), net	218	(103)	n/m	524	(4)	n/m
Change in fair value of financial assets at fair value through profit or loss	9	-	n/m	5	(32)	(115.6)
Interest income	-	(2)	n/m	(1)	(18)	(94.4)
Dividend income from other investments	-	-	-	(1)	(1)	-
Gain on disposal of property, plant and equipment	(24)	(166)	(85.5)	(32)	(328)	(90.2)
Gain on disposal of non-current assets classified as held for sale	-	(3,591)	n/m	-	(3,591)	n/m
Finance costs	654	615	6.3	704	2,470	(71.5)
Provision for legal claims and damages made	200	-	n/m	200	-	n/m
Operating lease expenses	317	445	(28.8)	705	837	(15.8)

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 2017 S\$'000	As at 31 Mar 2017 S\$'000	As at 30 Sep 2017 S\$'000	As at 31 Mar 2017 S\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	59,248	62,164	-	-
Land use rights	3,087	3,085	-	-
Subsidiaries	-	-	77,483	77,383
Club membership	229	229	-	-
Deferred tax assets	1,039	1,036	154	154
	<u>63,603</u>	<u>66,514</u>	<u>77,637</u>	<u>77,537</u>
Current Assets				
Inventories	10,718	9,960	-	-
Contracts work in progress	19,541	19,782	-	-
Trade and other receivables	27,220	28,086	6,984	5,942
Other investments	51	56	-	-
Cash and bank balances	8,917	6,638	11	110
Fixed deposits	2,551	1,720	-	-
	<u>68,998</u>	<u>66,242</u>	<u>6,995</u>	<u>6,052</u>
Total assets	<u>132,601</u>	<u>132,756</u>	<u>84,632</u>	<u>83,589</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	79,807	71,117	146,026	137,336
Accumulated losses	(46,972)	(47,980)	(104,680)	(104,673)
Other reserves	428	10	(884)	(884)
Total equity	<u>33,263</u>	<u>23,147</u>	<u>40,462</u>	<u>31,779</u>
Non-Current Liabilities				
Borrowings	51,874	53,017	15,557	15,500
Deferred tax liabilities	314	314	-	-
	<u>52,188</u>	<u>53,331</u>	<u>15,557</u>	<u>15,500</u>
Current Liabilities				
Borrowings	11,650	18,262	-	3,465
Trade and other payables	33,046	35,715	28,613	32,845
Current tax payable	13	60	-	-
Provisions	2,441	2,241	-	-
	<u>47,150</u>	<u>56,278</u>	<u>28,613</u>	<u>36,310</u>
Total liabilities	<u>99,338</u>	<u>109,609</u>	<u>44,170</u>	<u>51,810</u>
Total equity and liabilities	<u>132,601</u>	<u>132,756</u>	<u>84,632</u>	<u>83,589</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 2017 S\$'000	As at 31 Mar 2017 S\$'000
<u>Unsecured</u>		
Loan from controlling shareholders	-	3,465
	-	3,465
<u>Secured</u>		
Bank loans	10,670	12,880
Finance lease liabilities	980	1,917
	11,650	14,797
Total	11,650	18,262

(b) Amount repayable after one year

	As at 30 Sep 2017 S\$'000	As at 31 Mar 2017 S\$'000
	<u>Secured</u>	
Bank overdrafts	-	10,036
Bank loans	35,181	26,117
Convertible bond (Murabaha Facility)	15,557	15,500
Finance lease liabilities	1,136	1,364
Total	51,874	53,017

(c) Details of any collateral

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\$6.8 million as at 30 September 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

	6 Months Period ended	
	30 Sep 2017	30 Sep 2016
	S\$'000	S\$'000
Cash Flows from Operating Activities:		
Profit for the period	1,008	5,298
Adjustments for:		
Amortisation of land use rights	35	35
Depreciation of property, plant and equipment	4,604	5,428
Provision for legal claims and damages made	200	-
Impairment losses on trade receivables	13	(28)
Write-down on development property	-	957
Gain on disposal of property, plant and equipment	(32)	(328)
Gain on disposal of non-current assets classified as held for sale	-	(3,591)
Fair value gain on other investments	5	(32)
Dividend income from other investments	(1)	(1)
Interest income	(1)	(18)
Finance costs	704	2,470
Gain on disposal of a subsidiary	-	1
Operating profit before working capital changes	<u>6,535</u>	<u>10,191</u>
Changes in inventories	(769)	(4,757)
Changes in contracts work in progress	80	4,197
Changes in trade and other receivables	915	1,323
Changes in trade and other payables	(1,015)	(6,172)
Cash generated from operations	<u>5,746</u>	<u>4,782</u>
Income taxes refunded/(paid)	3	(1)
Net cash generated from operating activities	<u>5,749</u>	<u>4,781</u>
Cash Flows from Investing Activities:		
Interest received	1	18
Purchase of property, plant and equipment	(1,925)	(2,100)
Dividend received from other investments	1	1
Proceeds from disposal of property, plant and equipment	267	1,071
Proceeds from disposal of non-current assets classified as held for sale	-	6,800
Net cash (used in)/generated from investing activities	<u>(1,656)</u>	<u>5,790</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)

	6 Months Period ended	
	30 Sep 2017	30 Sep 2016
	S\$'000	S\$'000
Cash Flows from Financing Activities:		
Interest paid	(1,834)	(300)
Proceeds from loans from financial institutions	1,229	1,219
Restructuring of bank overdrafts to loans from financial institutions	10,036	-
Proceeds from rights issue	8,886	-
Share issuance expenses	(196)	-
Repayment of loans from financial institutions	(4,369)	(6,176)
Repayment of bills payable	-	(8,896)
Repayment of finance lease liabilities	(1,165)	(2,659)
Loan from controlling shareholders	(3,465)	-
Cash restricted in use	-	2,085
Fixed deposits pledged with banks	(831)	2,374
Net cash generated from/(used in) financing activities	8,291	(12,353)
Net increase/(decrease) in cash and cash equivalents	12,384	(1,782)
Cash and cash equivalents at beginning of period	(3,398)	2,570
Exchange differences on translation of cash and cash equivalents	(69)	9
Cash and cash equivalents at end of period	8,917	797

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

	6 Months Period ended	
	30 Sep 2017	30 Sep 2016
	S\$'000	S\$'000
Cash and cash equivalents	8,917	797
Bank overdrafts	-	13,818
Cash restricted in use	-	1,177
Fixed deposits pledged	2,551	1,435
	11,468	17,227
Comprising the following:		
Cash at bank and on hand	8,917	15,792
Fixed deposits	2,551	1,435
	11,468	17,227

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

<u>Group</u>	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 2016	71,117	(65,726)	146	489	6,026
Profit for the period	-	5,298	-	-	5,298
Other comprehensive loss for the period					
- Currency translation differences	-	-	-	(500)	(500)
Total comprehensive income/(loss) for the period	-	5,298	-	(500)	4,798
Balance at 30 Sep 2016	71,117	(60,428)	146	(11)	10,824
Balance at 1 April 2017	71,117	(47,980)	243	(233)	23,147
Profit for the period	-	1,008	-	-	1,008
Other comprehensive income for the period					
- Currency translation differences	-	-	-	418	418
Total comprehensive income for the period	-	1,008	-	418	1,426
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 Sep 2017	79,807	(46,972)	243	185	33,263

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 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>
Balance at 1 April 2017	137,336	(884)	(104,673)	31,779
Loss for the period/Total comprehensive loss for the period	-	-	(7)	(7)
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	<u>8,690</u>	<u>-</u>	<u>-</u>	<u>8,690</u>
Balance at 30 Sep 2017	<u>146,026</u>	<u>(884)</u>	<u>(104,680)</u>	<u>40,462</u>

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 September 2017 (and 31 March 2017), the Company's issued and paid-up share capital was S\$146,026,238 (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	30 September 2017	31 March 2017
Total number of issued shares excluding treasury shares	1,184,813,992	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 2017.

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.

As at 30 September 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.

Earnings per share (EPS in cents)	2 nd Quarter ended		6 Months	
	30 Sep	30 Sep	30 Sep	30 Sep
	2017	2016	2017	2016
<u>Continuing operations</u>				
EPS based on weighted average number of ordinary shares on issue (cents)	0.04	0.79	0.10	0.89
EPS based on a fully diluted basis (cents)	0.04	0.79	0.10	0.89
Weighted average number of shares	1,184,813,992	592,406,996	1,032,665,748	592,406,996

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 30 Sep 2017	As at 31 Mar 2017	As at 30 Sep 2017	As at 31 Mar 2017
Net asset value (NAV in cents)				
NAV per ordinary share	2.81	3.91	3.42	5.36
Number of shares	1,184,813,992	592,406,996	1,184,813,992	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 – Q2FY18 vs Q2FY17

Revenue

Revenue decreased by approximately S\$1.7 million or 5.8% to S\$27.8 million for the second quarter ended 30 September 2017 ("**Q2FY18**") compared to the corresponding quarter ended 30 September 2016 ("**Q2FY17**") of S\$29.5 million. The decrease was due mainly to lower revenue contribution of S\$0.9 million from small diameter pipe projects as a result of completion of projects and also the decrease in sales of construction materials by S\$0.6 million during the period.

Gross profit

Gross profit was S\$4.6 million with a gross profit margin of 16.5% for Q2FY18 compared to S\$6.8 million with a gross profit margin of 23.1% for Q2FY17. The decrease in the gross profit and the gross profit margin were due mainly to higher operational costs and change in project mix.

Other income

Other income for Q2FY18 decreased by approximately S\$3.9 million or 88.7% to S\$0.5 million compared to Q2FY17 due mainly to the absence of gain on disposal of office building at No.4 Sungei Kadut Street 2 in the current period.

Selling and distribution expenses

Selling and distribution expenses for Q2FY18 increased by approximately S\$0.06 million or 38.7% to S\$0.2 million compared to Q2FY17 due mainly to higher commission expenses incurred during the period.

Administrative expenses

Administrative expenses for Q2FY18 decreased by approximately S\$1.7 million or 32.4% to S\$3.5 million compared to Q2FY17 due mainly to the decrease in professional fees expenses by S\$0.6 million, decrease in depreciation expenses by S\$0.3 million for office building as a result of the extension of lease period and decrease in rental expenses by S\$0.3 million during the period.

Other operating expenses

Other operating expenses for Q2FY18 decreased by approximately S\$0.4 million or 64.0% to S\$0.2 million compared to Q2FY17 due mainly to the absence of impairment loss on development property in the current reporting period partially offset by an increase in the foreign exchange losses during the period.

Finance costs

Finance costs for Q2FY18 remained stable at S\$0.6 million.

Net profit after tax

The Group reported a net profit after tax of S\$0.5 million for Q2FY18 compared to S\$4.7 million for Q2FY17 due to the various reasons as explained above.

Six months review – 6MFY18 vs 6MFY17

Revenue

Revenue decreased by approximately S\$6.5 million or 11.0% to S\$52.1 million for the six months ended 30 September 2017 ("**6MFY18**") compared to the corresponding period ended 30 September 2016 ("**6MFY17**") of S\$58.6 million. The decrease was due mainly to lower revenue contribution of S\$6.1 million, S\$3.5 million and S\$2.9 million from airport, small diameter pipe and roadwork projects respectively as a result of completion of these projects; partially offset by higher revenue from big diameter pipe projects amounting to S\$3.6 million.

Gross profit

Gross profit was S\$7.7 million with a gross profit margin of 14.7% for Q2FY18 compared to S\$13.7 million with a gross profit margin of 23.4% for Q2FY17. The decrease in the gross profit and the gross profit margin were due mainly to higher operating costs and change in project mix.

Other income

Other income for 6MFY18 decreased by approximately S\$3.5 million or 68.0% to S\$1.6 million compared to 6MFY17 due mainly to the absence of gain on disposal of office building at No.4 Sungei Kadut Street 2 in current period.

Selling and distribution expenses

Selling and distribution expenses for 6MFY18 increased by approximately S\$0.1 million or 44.3% to S\$0.4 million compared to 6MFY17 due mainly to higher commission expenses.

Administrative expenses

Administrative expenses for 6MFY18 decreased by approximately S\$3.1 million or 31.5% to S\$6.7 million compared to 6MFY17 due mainly to the decrease in professional fees expenses by S\$1.0 million, decrease in depreciation expenses by S\$0.7 million, decrease in rental expenses by S\$0.5 million and also decrease in administrative staff costs by S\$0.5 million.

Other operating expenses

Other operating expenses for 6MFY18 decreased by approximately S\$0.5 million or 46.0% to S\$0.5 million compared to 6MFY17 due mainly to the absence of impairment loss on development property in the current reporting period partially offset by an increase in the foreign exchange losses during the period.

Finance costs

Finance costs for 6MFY18 decreased by approximately S\$1.8 million or 71.5% to S\$0.7 million compared to 6MFY17 due mainly to the reversal of over accrued finance costs as well as the reduction in borrowings.

Net profit after tax

The Group reported a net profit after tax of S\$1.0 million for 6MFY18 compared to S\$5.3 million for 6MFY17 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\$2.9 million from S\$62.2 million as at 31 March 2017 to S\$59.3 million as at 30 September 2017, mainly due to depreciation of S\$4.6 million, partially offset by additions of plant and machinery amounting S\$1.9 million during the period.

Current assets

The Group's current assets increased by S\$2.8 million from S\$66.2 million as at 31 March 2017 to S\$69.0 million as at 30 September 2017, mainly attributable to the following:

- (a) increase in cash and cash equivalents by S\$3.1 million to S\$11.5 million as at 30 September 2017 compared to S\$8.4 million as at 31 March 2017 mainly due to proceeds from rights issue, positive operating cashflow of S\$5.7 million partially offset by repayment of borrowings;
- (b) increase in inventories by S\$0.8 million to S\$10.7 million as at 30 September 2017 due to more materials purchased for new projects;
which have been partially offset by the following:
- (c) decrease in trade and other receivables by S\$0.9 million to S\$27.2 million as at 30 September 2017 due to improved collection from customers during the period;
- (d) decrease in contracts work in progress by S\$0.2 million to S\$19.5 million as at 30 September 2017 due to increased billings.

Current liabilities

The Group's current liabilities decreased by S\$9.1 million from S\$56.3 million as at 31 March 2017 to S\$47.2 million as at 30 September 2017, mainly due to the decrease in borrowings by S\$6.6 million as well as the decrease in trade and other payables by S\$2.7 million.

Non-current liabilities

The Group's non-current liabilities decreased by S\$1.1 million from S\$53.3 million as at 31 March 2017 to S\$52.2 million as at 30 September 2017 mainly due to lower bank borrowings.

Consolidated statement of cash flow

The Group's cash and cash equivalents stood at S\$8.9 million as at 30 September 2017, as compared to S\$0.8 million as at 30 September 2016.

Net cash generated from operating activities

Net cash generated from operating activities was S\$5.7 million, comprising operating profit before working capital changes of S\$6.5 million, partially offset by net working capital investment of S\$0.8 million.

The net working capital investment of S\$0.8 million was due mainly to the following:

- (a) decrease in trade and other payables of approximately S\$1.0 million due to more payment to the creditors;
- (b) increase in inventories of approximately S\$0.8 million due to more materials purchased for new projects; partially offset by
- (c) decrease in trade and other receivables of approximately S\$0.9 million due to improved collection from customers; as well as
- (d) decrease in contracts work in progress of approximately S\$0.08 million due to increased billings.

Net cash used in investing activities

Net cash used in investing activities of approximately S\$1.7 million was due mainly to purchase of property, plant and equipment amounting to S\$1.9 million.

Net cash generated from financing activities

Net cash generated from financing activities of approximately S\$8.3 million was due mainly to net proceeds from rights issue of S\$8.7 million, restructuring of bank overdrafts to loans from financial institutions amounting to approximately S\$10.0 million, which was partially offset by repayment of loans with interest to financial institutions and controlling shareholders of S\$5.5 million and S\$3.5 million respectively.

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 will continue to see strong growth in 2017 with more infrastructure projects in the pipeline. In August and October 2017, the Group had secured two contracts worth approximately S\$5.25 million for water repairs and other contract work for network services. In a recent announcement dated 26 October 2017, the Group has secured contracts worth approximately S\$2.6 million in aggregate for closed-circuit television survey of sewers and resurfacing of roadworks.

The Group is actively tendering for new projects locally as well as overseas. To date, the Group's unfulfilled order book based on secured contracts stands at approximately S\$139 million.

In accordance with the Debt Restructuring Agreement which was signed on 23 September 2016, a further milestone principal repayment of approximately S\$3.9 million under the cash sweep mechanism will be achieved in Q3FY18.

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 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.

S/N	Use of Proceeds	Amount Allocated (S\$'000)	Amount Utilised as at 30 Sep 2017 (S\$'000)	Amount Remaining as at 30 Sep 2017 (S\$'000)
1	Offsetting the ZC Outstanding Loan	3,400	3,400	-
2	Funding new projects or investments when opportunities arise for business expansion	2,100	1,513	587
3	General working capital ⁽¹⁾	3,100	3,100	-
	Total	8,600	8,013	587

Note:

(1) General working capital includes, *inter alia*, payment to supplier and salary related expenses

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 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 2017 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

13 November 2017