

LEY CHOON GROUP HOLDINGS LTD

(Company Registration No. 198700318G)

ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2017

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

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The details of the contact person for the Sponsor is: Name: Mr. Nathaniel C.V. (Registered Professional, RHT Capital Pte. Ltd.) Address: 9 Raffles Place, #29-01, Republic Plaza Tower 1 Singapore 048619 Tel: 6381 6757

LEY CHOON GROUP HOLDINGS LIMITED

UNAUDITED RESULTS FOR THE THIRD QUARTER AND NINE MONTHS ENDED 31 DECEMBER 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

	3 rd Quarter ended			9 Months		
	31 Dec	31 Dec	Change	Period ended		Change
	2017	2016		31 Dec	31 Dec	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	26,415	27,635	(4.4)	78,525	86,199	(8.9)
Cost of sales	(21,883)	(23,247)	(5.9)	(66,307)	(68,129)	(2.7)
Gross profit	4,532	4,388	3.3	12,218	18,070	(32.4)
Other income	337	9,054	(96.3)	1,972	13,974	(85.9)
Selling and distribution expenses	(236)	(445)	(47.0)	(617)	(709)	(13.0)
Administrative expenses	(3,429)	(3,980)	(13.8)	(10,099)	(13,649)	(26.0)
Other operating expenses	(101)	(2)	4,950.0	(659)	(79)	734.2
Finance costs	(758)	(448)	69.2	(1,462)	(2,950)	(50.4)
Profit from continuing operations before taxation	345	8,567	(96.0)	1,353	14,657	(90.8)
Taxation	(10)	345	n/m	(10)	344	n/m
Profit from continuing operations after taxation	335	8,912	(96.2)	1,343	15,001	(91.0)
Loss from discontinued operations, net of tax (Note 1)	-	(156)	n/m	-	(947)	n/m
Profit for the period	335	8,756	(96.2)	1,343	14,054	(90.4)
Other comprehensive income/(loss) after tax:						
Items that may be reclassified subsequently to profit or loss						
Currency translation differences	83	377	(78.0)	501	(123)	n/m
Other comprehensive income/(loss) for the period, net of tax of nil	83	377	(78.0)	501	(123)	n/m
Total comprehensive income for the period	418	9,133	(95.4)	1,844	13,931	(86.8)

Note 1: Discontinued operations relate to the results of Ley Choon Development Pte Ltd which was disposed of 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
	2017	2016		2017	2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit/(loss) attributable to:						
Owners of the Company						
- Profit from continuing operations, net of tax	335	8,912	(96.2)	1,343	15,001	(91.0)
- Loss from discontinued operations, net of tax	-	(156)	n/m	-	(947)	n/m
Profit for the period	<u>335</u>	<u>8,756</u>	(96.2)	<u>1,343</u>	<u>14,054</u>	(90.4)
Total comprehensive income/(loss) attributable to:						
Owners of the Company						
- Profit from continuing operations, net of tax	418	9,289	(95.5)	1,844	14,878	(87.6)
- Loss from discontinued operations, net of tax	-	(156)	n/m	-	(947)	n/m
Total comprehensive income for the period	<u>418</u>	<u>9,133</u>	(95.4)	<u>1,844</u>	<u>13,931</u>	(86.8)

n/m – not meaningful

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

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

	3 rd Quarter ended			9 Months		
	31 Dec	31 Dec	Change	31 Dec	31 Dec	Change
	2017	2016		2017	2016	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Impairment losses on trade receivables reversed	(337)	-	n/m	(324)	(28)	1,057.1
Write-down on development property	-	-	-	-	957	n/m
Amortisation of land use rights	18	19	(5.3)	53	54	(1.9)
Depreciation of property, plant and equipment	2,362	2,191	7.8	6,966	7,619	(8.6)
Foreign exchange loss/(gain), net	113	(686)	n/m	637	(690)	n/m
Change in fair value of financial assets at fair value through profit or loss	-	-	-	5	(32)	n/m
Interest income	-	-	-	(1)	(18)	(94.4)
Dividend income from other investments	-	-	-	(1)	(1)	-
Gain on disposal of property, plant and equipment	(10)	(3)	233.3	(42)	(331)	(87.3)
Gain on disposal of non-current assets classified as held for sale	-	(7,765)	n/m	-	(11,356)	n/m
Finance costs	758	529	43.3	1,462	2,999	(51.3)
Provision for legal claims and damages reversed	-	-	n/m	-	(122)	n/m
Provision for fines and penalty	160	-	n/m	360	-	n/m
Loss on disposal of subsidiary	-	45	n/m	-	45	n/m
Operating lease expenses	507	349	45.3	1,212	1,186	2.2

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 2017	31 Mar 2017	31 Dec 2017	31 Mar 2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-Current Assets				
Property, plant and equipment	57,866	62,164	-	-
Land use rights	3,066	3,085	-	-
Subsidiaries	-	-	77,483	77,383
Club membership	229	229	-	-
Deferred tax assets	1,028	1,036	154	154
	<u>62,189</u>	<u>66,514</u>	<u>77,637</u>	<u>77,537</u>
Current Assets				
Inventories	12,424	9,960	-	-
Contracts work in progress	16,466	19,782	-	-
Trade and other receivables	29,285	28,086	5,912	5,942
Other investments	51	56	-	-
Cash and bank balances	6,346	6,638	7	110
Fixed deposits	2,546	1,720	-	-
	<u>67,118</u>	<u>66,242</u>	<u>5,919</u>	<u>6,052</u>
Total assets	<u>129,307</u>	<u>132,756</u>	<u>83,556</u>	<u>83,589</u>
EQUITY AND LIABILITIES				
Capital and Reserves				
Share capital	79,807	71,117	146,026	137,336
Accumulated losses	(46,637)	(47,980)	(104,682)	(104,673)
Other reserves	511	10	(884)	(884)
Total equity	<u>33,681</u>	<u>23,147</u>	<u>40,460</u>	<u>31,779</u>
Non-Current Liabilities				
Borrowings	49,659	53,017	15,585	15,500
Deferred tax liabilities	314	314	-	-
	<u>49,973</u>	<u>53,331</u>	<u>15,585</u>	<u>15,500</u>
Current Liabilities				
Borrowings	9,953	18,262	-	3,465
Trade and other payables	32,996	35,715	27,511	32,845
Current tax payable	103	60	-	-
Provisions	2,601	2,241	-	-
	<u>45,653</u>	<u>56,278</u>	<u>27,511</u>	<u>36,310</u>
Total liabilities	<u>95,626</u>	<u>109,609</u>	<u>43,096</u>	<u>51,810</u>
Total equity and liabilities	<u>129,307</u>	<u>132,756</u>	<u>83,556</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 31 Dec 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	9,154	12,880
Finance lease liabilities	799	1,917
	9,953	14,797
Total	9,953	18,262

(b) Amount repayable after one year

	As at 31 Dec 2017 S\$'000	As at 31 Mar 2017 S\$'000
<u>Secured</u>		
Bank overdrafts	-	10,036
Bank loans	33,137	26,117
Convertible bond (Murabaha Facility)	15,585	15,500
Finance lease liabilities	937	1,364
Total	49,659	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\$6.7 million as at 31 December 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

	9 Months Period ended	
	31 Dec 2017	31 Dec 2016
	S\$'000	S\$'000
Cash Flows from Operating Activities:		
Profit before taxation from continuing operations	1,353	14,657
Loss before taxation from discontinued operations	-	(947)
Total profit before taxation	<u>1,353</u>	<u>13,710</u>
Adjustments for:		
Amortisation of land use rights	53	54
Depreciation of property, plant and equipment	6,966	7,619
Provision for legal claims and damages reversed	-	(122)
Provision for fines and penalty	360	-
Impairment losses on trade receivables reversed	(324)	(28)
Write-down on development property	-	957
Gain on disposal of property, plant and equipment	(42)	(331)
Gain on disposal of non-current assets classified as held for sale	-	(11,356)
Fair value loss/(gain) on other investments	5	(32)
Dividend income from other investments	(1)	(1)
Interest income	(1)	(18)
Finance costs	1,462	2,999
Loss on disposal of a subsidiary	-	45
Operating profit before working capital changes	<u>9,831</u>	<u>13,496</u>
Changes in inventories	(2,485)	(5,321)
Changes in contracts work in progress	3,068	4,976
Changes in trade and other receivables	(867)	4,245
Changes in trade and other payables	<u>(1,517)</u>	<u>(13,173)</u>
Cash generated from operations	8,030	4,223
Income taxes paid	<u>(31)</u>	<u>-</u>
Net cash generated from operating activities	<u>7,999</u>	<u>4,223</u>
Cash Flows from Investing Activities:		
Development property	-	899
Interest received	1	18
Purchase of property, plant and equipment	(3,043)	(4,650)
Dividend received from other investments	1	1
Proceeds from disposal of property, plant and equipment	355	1,022
Proceeds from disposal of non-current assets classified as held for sale	-	19,010
Disposal of a subsidiary, net of cash disposed of	-	11,500
Net cash (used in)/generated from investing activities	<u>(2,686)</u>	<u>27,800</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)

	9 Months Period ended	
	31 Dec 2017	31 Dec 2016
	S\$'000	S\$'000
Cash Flows from Financing Activities:		
Interest paid	(1,834)	(2,559)
Proceeds from loans from financial institutions	1,229	1,250
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	(7,898)	(22,115)
Repayment of bills payable	-	(12,758)
Repayment of finance lease liabilities	(1,546)	(3,614)
Loan from controlling shareholders	(3,465)	-
Cash restricted in use	-	3,262
Fixed deposits pledged with banks	(826)	2,374
Net cash generated from/(used in) financing activities	4,386	(34,160)
Net increase/(decrease) in cash and cash equivalents	9,699	(2,137)
Cash and cash equivalents at beginning of period	(3,398)	2,570
Exchange differences on translation of cash and cash equivalents	45	(8)
Cash and cash equivalents at end of period	6,346	425

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

	9 Months Period ended	
	31 Dec 2017	31 Dec 2016
	S\$'000	S\$'000
Cash and cash equivalents	6,346	425
Bank overdrafts	-	9,988
Fixed deposits pledged	2,546	1,435
	8,892	11,848
Comprising the following:		
Cash at bank and on hand	6,346	10,413
Fixed deposits	2,546	1,435
	8,892	11,848

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	-	14,054	-	-	14,054
Other comprehensive loss for the period					
- Currency translation differences	-	-	-	(123)	(123)
Total comprehensive income/(loss) for the period	-	14,054	-	(123)	13,931
Balance at 31 Dec 2016	71,117	(51,672)	146	366	19,957
Balance at 1 April 2017	71,117	(47,980)	243	(233)	23,147
Profit for the period	-	1,343	-	-	1,343
Other comprehensive income for the period					
- Currency translation differences	-	-	-	501	501
Total comprehensive income for the period	-	1,343	-	501	1,844
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 31 Dec 2017	79,807	(46,637)	243	268	33,681

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	-	97	(2,808)	(2,711)
Balance at 31 Dec 2016	<u>137,336</u>	<u>(884)</u>	<u>(129,771)</u>	<u>6,681</u>
Balance at 1 April 2017	137,336	(884)	(104,673)	31,779
Loss for the period/Total comprehensive loss for the period	-	-	(9)	(9)
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 31 Dec 2017	<u>146,026</u>	<u>(884)</u>	<u>(104,682)</u>	<u>40,460</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 31 December 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.

There were no subsidiary shareholding as at 31 December 2107 (and 31 March 2017).

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 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 31 December 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.

	9 Months			
	3rd Quarter ended		Period ended	
	31 Dec	31 Dec	31 Dec	31 Dec
Earnings per share (EPS in cents)	2017	2016	2017	2016
<u>Continuing operations</u>				
EPS based on weighted average number of ordinary shares on issue (cents)	0.03	1.50	0.12	2.53
EPS based on a fully diluted basis (cents)	0.03	1.50	0.12	2.53
<u>Discontinued operations</u>				
EPS based on weighted average number of ordinary shares on issue (cents)	-	(0.03)	-	(0.16)
EPS based on a fully diluted basis (cents)	-	(0.03)	-	(0.16)
Weighted average number of shares	1,184,813,992	592,406,996	1,083,566,252	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:**
- current financial period reported on; and**
 - immediately preceding financial year**

	Group		Company	
	As at 31 Dec 2017	As at 31 Mar 2017	As at 31 Dec 2017	As at 31 Mar 2017
Net asset value (NAV in cents)				
NAV per ordinary share	2.84	3.91	3.41	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:**
- 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**
 - 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 – Q3FY18 vs Q3FY17

Revenue

Revenue decreased by approximately S\$1.2 million or 4.4% to S\$26.4 million for the third quarter ended 31 December 2017 ("**Q3FY18**") compared to the corresponding quarter ended 31 December 2016 ("**Q3FY17**") of S\$27.6 million. This was due mainly to decrease in revenue from oil and gas projects by S\$3.7 million and roadwork projects by S\$2.2 million as a result of completion of these projects; partially offset by increase in revenue from a small pipe diversion project by S\$3.3 million and distribution cable projects by S\$1.8 million during the period.

Gross profit

Gross profit was S\$4.5 million with a gross profit margin of 17.2% for Q3FY18 compared to S\$4.4 million with a gross profit margin of 15.9% for Q3FY17. The increase in the gross profit and the gross profit margin were due mainly to lower material costs.

Other income

Other income for Q3FY18 decreased by approximately S\$8.7 million or 96.3% to S\$0.3 million compared to Q3FY17 due mainly to the absence of gain on disposal of office building at No.55 Kranji Crescent in the current period.

Selling and distribution expenses

Selling and distribution expenses for Q3FY18 decreased by approximately S\$0.2 million or 47.0% to S\$0.2 million compared to Q3FY17 due mainly to lower commission expenses incurred during the period.

Administrative expenses

Administrative expenses for Q3FY18 decreased by approximately S\$0.6 million or 13.8% to S\$3.4 million compared to Q3FY17 due mainly to the decrease in professional fees expenses and rental expenses by S\$0.3 million and S\$0.2 million respectively during the period.

Other operating expenses

Other operating expenses for Q3FY18 increased to S\$0.1 million due mainly to the increase in the foreign exchange losses during the period.

Finance costs

Finance costs for Q3FY18 increased by approximately S\$0.3 million or 69.2% to S\$0.7 million compared to Q3FY17 due mainly to absence of reversal of overaccrued finance costs in the current period.

Net profit after tax

The Group reported a net profit after tax of S\$0.3 million for Q3FY18 compared to S\$8.8 million for Q3FY17 due to the various reasons as explained above.

Nine months review – 9MFY18 vs 9MFY17

Revenue

Revenue decreased by approximately S\$7.7 million or 8.9% to S\$78.5 million for the nine months ended 31 December 2017 ("9MFY18") compared to the corresponding period ended 31 December 2016 ("9MFY17") of S\$86.2 million. This was due mainly to decrease in revenue from airport projects by S\$7.0 million, roadwork projects by S\$5.1 million and small diameter pipe projects by S\$3.6 million as a result of completion of these projects; partially offset by increase in revenue from a small pipe diversion project by S\$6.3 million and distribution cable projects by S\$1.9 million.

Gross profit

Gross profit was S\$12.2 million with a gross profit margin of 15.6% for 9MFY18 compared to S\$18.1 million with a gross profit margin of 21.0% for 9MFY17. The decrease in the gross profit and the gross profit margin were due mainly to change in project mix as well as lower margin for new projects.

Other income

Other income for 9MFY18 decreased by approximately S\$12.0 million or 85.9% to S\$2.0 million compared to 9MFY17 due mainly to the absence of gain on disposal of office buildings at No.4 Sungei Kadut Street 2 and 55 Kranji Crescent in the current period.

Selling and distribution expenses

Selling and distribution expenses for 9MFY18 decreased by approximately S\$0.09 million or 13.0% to S\$0.6 million compared to 9MFY17 due mainly to lower commission expenses.

Administrative expenses

Administrative expenses for 9MFY18 decreased by approximately S\$3.5 million or 26.0% to S\$10.1 million compared to 9MFY17 due mainly to the decrease in professional fees expenses by S\$1.4 million, decrease in depreciation expenses by S\$0.8 million, decrease in rental expenses by S\$0.7 million and also decrease in administrative staff costs by S\$0.5 million.

Other operating expenses

Other operating expenses for 9MFY18 increased to S\$0.6 million due mainly to the increase in the foreign exchange losses during the period.

Finance costs

Finance costs for 9MFY18 decreased by approximately S\$1.5 million or 50.4% to S\$1.5 million compared to 9MFY17 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\$1.3 million for 9MFY18 compared to S\$14.1 million for 9MFY17 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\$4.3 million from S\$62.2 million as at 31 March 2017 to S\$57.9 million as at 31 December 2017, mainly due to depreciation of S\$7.0 million, partially offset by additions of plant and machinery amounting S\$3.0 million during the period.

Current assets

The Group's current assets increased by S\$0.9 million from S\$66.2 million as at 31 March 2017 to S\$67.1 million as at 31 December 2017, mainly attributable to the following:

- (a) increase in inventories by S\$2.5 million to S\$12.4 million as at 31 December 2017 due to more materials purchased for new projects;

- (b) increase in trade and other receivables by S\$1.2 million to S\$29.3 million as at 31 December 2017 due to less collection from customers as well as impairment loss on trade receivables reversed during the period;
- (c) increase in cash and cash equivalents by S\$0.5 million to S\$8.9 million as at 31 December 2017 compared to S\$8.4 million as at 31 March 2017 mainly due to proceeds from rights issue, positive operating cashflow of S\$8.0 million partially offset by repayment of borrowings;

which have been partially offset by the following:

- (d) decrease in contracts work in progress by S\$3.3 million to S\$16.5 million as at 31 December 2017 due to increased billings.

Current liabilities

The Group's current liabilities decreased by S\$10.6 million from S\$56.3 million as at 31 March 2017 to S\$45.7 million as at 31 December 2017, mainly due to the decrease in borrowings by S\$8.3 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\$3.3 million from S\$53.3 million as at 31 March 2017 to S\$50.0 million as at 31 December 2017 mainly due to lower bank borrowings.

Consolidated statement of cash flow

The Group's cash and cash equivalents stood at S\$6.3 million as at 31 December 2017, as compared to S\$0.4 million as at 31 December 2016.

Net cash generated from operating activities

Net cash generated from operating activities was S\$8.0 million, comprising operating profit before working capital changes of S\$9.8 million, partially offset by net working capital investment of S\$1.8 million.

The net working capital investment of S\$1.8 million was due mainly to the following:

- (a) increase in inventories of approximately S\$2.5 million due to more materials purchased for new projects;
- (b) decrease in trade and other payables of approximately S\$1.5 million due to more payment to the creditors;
- (c) increase in trade and other receivables of approximately S\$0.9 million due to less collection from customers; partially offset by
- (d) decrease in contracts work in progress of approximately S\$3.1 million due to increased billings.

Net cash used in investing activities

Net cash used in investing activities of approximately S\$2.7 million was due mainly to purchase of property, plant and equipment amounting to S\$3.0 million.

Net cash generated from financing activities

Net cash generated from financing activities of approximately S\$4.4 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\$9.4 million (including the milestone repayment of S\$3.9 million to certain eligible lenders) 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.

Based on the recent news release from Building and Construction Authority ("BCA") on 11 January 2018, BCA projects the total construction demand or the value of construction contracts to be awarded this year to range between \$26.0 billion and \$31.0 billion, up from the preliminary estimate of \$24.5 billion last year. The public sector construction demand is expected to grow from \$15.5 billion last year to between \$16.0 billion and \$19.0 billion this year, contributing to about 60% of total projected demand. BCA anticipates a steady improvement in construction demand and the public sector is expected to contribute \$16.0 billion to \$20.0 billion per annum in 2019 to 2022. The public sector construction demand will continue to be supported by major infrastructure projects which include various developments for Changi Airport Terminal 5 and land transport projects such as Cross Island Line, Jurong Regional Line, Rapid Transit System and High Speed Rail.

In December 2017 and January 2018, the Group had secured three contracts worth in aggregate of approximately S\$36.0 million for the replacement of water mains for network renewal and for supplying and laying of NEWater main.

To date, the Group's unfulfilled order book based on secured contracts stands at approximately S\$155 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 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 31 Dec 2017 (S\$'000)	Amount Remaining as at 31 Dec 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	2,100	-
3	General working capital ⁽¹⁾	3,100	3,100	-
	Total	8,600	8,600	-

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 nine-months period ended 31 December 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

12 February 2018