

LEY CHOON GROUP HOLDINGS LIMITED

FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 DECEMBER 2012

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

Introduction

On 25 July 2012, Ley Choon Group Holdings Limited (“the **Company**”) completed its Acquisition (acquisition of the entire issued and paid-up capital of Ley Choon Constructions and Engineering Pte Ltd and its subsidiaries (“**LC Group**”). The Acquisition resulted in a Reverse Takeover (“**RTO**”) of the Company.

The Acquisition has been accounted as a RTO and the legal subsidiary, LC Group, is regarded as the acquirer and the Company, previously known as Ultro Technologies Limited (“**Ultro**”) before completion on 25 July 2012, as the acquiree for accounting purposes. As such, the consolidated financial statements have been prepared and presented as a continuation of LC Group’s financial statements.

In conjunction with the Acquisition, the Company also acquired the entire equity interests in Ranoda (M) Sdn Bhd, now known as Ley Choon (M) Sdn Bhd (“**LCM**”).

The above accounting treatment is only applied to the consolidated financial statements of the Group. At the Company level, the investment in LC Group is accounted for as an investment in a subsidiary.

Basis of preparation of the Financial Statements

At Group Level

The Acquisition has been accounted for as a reverse acquisition in accordance to FRS 103 Business Combinations, and LC Group is deemed to be the acquirer for accounting purposes. Accordingly, the consolidated statement of financial position as at 31 December 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the twelve-month period ended 31 December 2012 have been presented as a continuation of the LC Group financial position, results and changes in equity and cash flows.

Since such consolidated financial statements represent a continuation of the LC Group:

- (a) the assets and liabilities of LC Group are recognized and measured in the consolidated statement of financial position at their pre-combination carrying amounts;
- (b) the assets and liabilities of Ultro and its subsidiary, LCM (the “**Ultro Group**”), the acquiree, are recognized and measured in accordance with FRS103;

- (c) the retained earnings and other equity balances recognized in the consolidated financial statements are the retained earnings and other equity balances of the LC Group immediately before the business combination;
- (d) the amount recognized as issued equity interest in the consolidated financial statements is determined by adding to the issued equity of LC Group immediately before the business combination to the fair value of Ultro Group. However, the equity structure appearing in the consolidated financial statements (i.e. the number and type of equity instruments used) shall reflect the equity structure of the legal parent (i.e. the Company), including the equity instruments issued by the legal parent (i.e. the Company) to effect the combination; and
- (e) the comparative figures presented in these consolidated financial statements are that of consolidated financial statements of LC Group.

Consolidated financial statements prepared following a reverse acquisition shall reflect the fair values of the assets, liabilities and contingent liabilities of the legal parent (i.e. the acquiree for accounting purposes). Therefore, the cost of the business combination for the acquisition is allocated to the identifiable assets, liabilities and contingent liabilities of the legal parent that satisfy the recognition criteria at their fair values at 25 July 2012.

At Company Level

Reverse acquisition accounting applies only at the Group level. Therefore, in the Company's financial statements, the investment in the legal subsidiary (i.e. LC Group) is accounted for at cost less accumulated impairment losses, if any, in the Company's statement of financial position.

Notes :

- The Group's consolidated statement of comprehensive income for the 12 months ended 31 December 2012 refers to the Enlarged Group which consists of the results of LC Group for the period from 1 January to 31 December 2012 and the results of Ultro and LCM for the period from 25 July 2012 to 31 December 2012.
- The Group's consolidated statement of comprehensive income for the 12 months ended 31 December 2011 refers to the results of LC Group for the period from 1 January 2011 to 31 December 2011.
- The Group's consolidated statement of comprehensive income for the period from 1 Oct 2012 to 31 December 2012 refers to the Enlarged Group which consists of the results of LC Group for the period from 1 October 2012 to 31 December 2012 and the results of Ultro and LCM for the period from 1 October 2012 to 31 December 2012.
- The Group's consolidated statement of comprehensive income for the period from 1 October 2011 to 31 December 2011 refers to the results of LC Group for the period from 1 October 2011 to 31 December 2011.
- The Group's consolidated statement of financial position as at 31 December 2012 refers to the Enlarged Group which consists of the financial position of LC Group, Ultro and LCM as at 31 December 2012.
- The Group's consolidated statement of financial position as at 31 December 2011 refers to the financial position of LC Group.
- The Group's consolidated statement of cash flow for the 12 months ended 31 December 2012 refers to the cash flows of LC Group for the period for 1 January to 31 December 2012 and cash flows of Ultro and LCM for the period 25 July 2012 to 31 December 2012.

- The Group's consolidated statement of cash flow for the 12 months ended 31 December 2011 refers to the cash flows of LC Group.
- The Company's financial position as at 31 December 2012 and 31 December 2011 refers to that of the Company.

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)

	4 th Quarter ended		Change	12 Months Period ended		Change
	31 Dec 2012	31 Dec 2011		31 Dec 2012	31 Dec 2011	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	42,166	36,664	15.0	148,450	126,843	17.0
Cost of sales	(37,154)	(27,695)	34.2	(121,062)	(97,783)	23.8
Gross profit	5,012	8,969	(44.1)	27,388	29,060	(5.8)
Other income	433	364	19.0	3,087	1,475	109.3
Distribution expenses	(172)	(128)	34.4	(687)	(377)	82.2
Administrative expenses	(4,357)	(3,860)	12.9	(14,383)	(11,460)	25.5
Other expenses (note 1)	(149)	(569)	(73.8)	(13,099)	(706)	n/m
Results from operating activities	767	4,776	(83.9)	2,306	17,992	(87.2)
Finance costs	(904)	(578)	56.4	(3,141)	(2,129)	47.5
(Loss)/Profit before tax	(137)	4,198	(103.3)	(835)	15,863	(105.3)
Tax (expense)/credit	(149)	1,137	(113.1)	(2,322)	(847)	174.1
(Loss) /Profit for the period/year (note 2)	(286)	5,335	(105.4)	(3,157)	15,016	(121.0)
Other comprehensive expense						
Foreign currency translation differences – foreign operations	(108)	-	n/m	(307)	-	n/m
Total comprehensive (expense)/income for the period/year	(394)	5,335	(107.4)	(3,464)	15,016	(123.1)

Note 1: Other expenses include the impairment of goodwill on consolidation in relation to the excess of the cost of the reverse acquisition over the net fair values of the assets, liabilities and contingent liabilities of Ulro and LCM amounting to \$11.3 million.

Note 2: Without the impairment of goodwill on consolidation, the profit for the period for the twelve months ended 31 December 2012 would have been \$8.1 million.

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)

	4 th Quarter ended		Change	12 Months Period ended		Change
	31 Dec 2012	31 Dec 2011		31 Dec 2012	31 Dec 2011	
	\$'000	\$'000	%	\$'000	\$'000	%
(Loss) / Profit attributable to:						
Owners of the Company	(463)	5,274	(108.8)	(3,511)	14,856	(123.6)
Non-controlling interests	177	61	190.2	354	160	121.3
(Loss) / Profit for the period/year	(286)	5,335	(105.4)	(3,157)	15,016	(121.0)
Total comprehensive (expense)/income attributable to:						
Owners of the Company	(571)	5,274	(110.8)	(3,818)	14,856	(125.7)
Non-controlling interests	177	61	190.2	354	160	121.3
Total comprehensive (expense)/income for the period/year	(394)	5,335	(107.4)	(3,464)	15,016	(123.1)

n/m – not meaningful

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

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

	4 th Quarter ended		Change	12 Months Period ended		Change
	31 Dec 2012	31 Dec 2011		31 Dec 2012	31 Dec 2011	
	\$'000	\$'000	%	\$'000	\$'000	%
Bad debts written off	34	-	n/m	51	-	n/m
Depreciation of investment property	26	-	n/m	26	-	n/m
Depreciation of property, plant and equipment	1,865	1,711	9.0	7,373	6,340	16.3
Foreign exchange (gain)/loss, net	(222)	51	n/m	(114)	51	n/m
Changes in fair value of financial assets	(2)	-	n/m	(15)	-	n/m
Impairment loss on trade receivables reversed	(15)	(21)	n/m	(15)	(21)	n/m
Goodwill on consolidation written off	-	-	n/m	11,298	-	n/m
Interest income	2	(4)	n/m	(26)	(28)	n/m
(Loss)/gain on disposal of property, plant and equipment	3	(76)	n/m	(503)	(130)	n/m
Finance costs	904	578	56.4	3,141	2,129	47.5
Operating lease expenses	577	506	14.0	2,041	1,928	5.9
RTO expenses	-	648	n/m	1,548	648	n/m

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 31 Dec 2012 \$'000	As at 31 Dec 2011 \$'000	As at 31 Dec 2012 \$'000	As at 31 Dec 2011 \$'000
Assets				
Property, plant and equipment	68,186	48,554	-	-
Investment property	2,101	-	-	-
Investments in subsidiaries	-	-	110,000	-
Deposit pledged with bank	-	-	-	2,454
Club membership	271	42	-	-
Non-current assets	<u>70,558</u>	<u>48,596</u>	<u>110,000</u>	<u>2,454</u>
Inventories	7,093	4,302	-	-
Contracts work-in-progress	84,037	51,534	-	-
Trade and other receivables	29,152	15,198	4,574	439
Financial assets designated at fair value through profit or loss	92	77	-	-
Cash and cash equivalents	23,891	28,168	7,097	2,240
Current assets	<u>144,265</u>	<u>99,279</u>	<u>11,671</u>	<u>2,679</u>
Total assets	<u><u>214,823</u></u>	<u><u>147,875</u></u>	<u><u>121,671</u></u>	<u><u>5,133</u></u>
Equity				
Share capital	55,527	16,137	121,746	57,462
Accumulated profits/(losses)	21,763	42,274	(993)	(53,814)
Capital reserve	-	-	(969)	-
Foreign currency translation reserve	(307)	-	-	-
Equity attributable to owners of the Company	<u>76,983</u>	<u>58,411</u>	<u>119,784</u>	<u>3,648</u>
Non-controlling interests	<u>1,020</u>	<u>420</u>	<u>-</u>	<u>-</u>
Total equity	<u><u>78,003</u></u>	<u><u>58,831</u></u>	<u><u>119,784</u></u>	<u><u>3,648</u></u>
Liabilities				
Loans and borrowings	38,692	24,424	-	-
Deferred tax liabilities	3,986	3,893	-	-
Deferred income	-	-	-	100
Non-current liabilities	<u>42,678</u>	<u>28,317</u>	<u>-</u>	<u>100</u>
Loans and borrowings	54,389	34,159	-	-
Trade and other payables	37,016	24,478	1,887	1,265
Provisions	106	106	-	-
Current tax payable	2,631	1,984	-	-
Deferred income	-	-	-	120
Current liabilities	<u>94,142</u>	<u>60,727</u>	<u>1,887</u>	<u>1,385</u>
Total liabilities	<u><u>136,820</u></u>	<u><u>89,044</u></u>	<u><u>1,887</u></u>	<u><u>1,485</u></u>
Total equity and liabilities	<u><u>214,823</u></u>	<u><u>147,875</u></u>	<u><u>121,671</u></u>	<u><u>5,133</u></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 2012	As at 31 Dec 2011
	\$'000	\$'000
<u>Secured</u>		
Bank overdrafts	266	318
Bank loans	25,188	13,697
Bills payable	24,205	16,111
Finance lease liabilities	4,730	4,033
Total	54,389	34,159

(b) Amount repayable after one year

	Group	
	As at 31 Dec 2012	As at 31 Dec 2011
	\$'000	\$'000
<u>Secured</u>		
Bank loans	31,658	19,915
Finance lease liabilities	7,034	4,509
Total	38,692	24,424

(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 buildings;
- (ii) charge over certain of the Group's plant and equipment;
- (iii) joint and several guarantees by certain directors and shareholders of the Company; and
- (iv) fixed deposits of the Group.

The Group's lease obligations under finance lease are secured by the lessor's title to the leased assets. The carrying value of the assets under finance lease is \$18.4 million as at 31 December 2012.

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

	12 Months Period ended	
	31 Dec 2012 \$'000	31 Dec 2011 \$'000
Cash flows from operating activities:		
(Loss)/Profit for the year	(3,157)	15,016
Adjustments for:		
Bad debts written off	51	-
Depreciation of investment property	26	-
Depreciation of property, plant and equipment	7,373	6,340
Change in fair value of financial assets	(15)	-
Gain on disposal of property, plant and equipment	(503)	(130)
Goodwill on consolidation written off	11,298	-
Impairment loss on trade receivables reversed, net	(15)	(21)
Interest income	(26)	(28)
Finance costs	3,141	2,129
Provision for legal claims and damages reversed	-	(230)
Tax expense	2,322	847
	<u>20,495</u>	<u>23,923</u>
Changes in working capital:		
Inventories	(2,791)	937
Contracts work-in-progress	(32,503)	(18,320)
Trade and other receivables	(13,991)	(1,626)
Trade and other payables	13,519	3,525
Provisions	-	(40)
	<u>(15,271)</u>	<u>8,399</u>
Cash (used in)/generated from operating activities	<u>(15,271)</u>	<u>8,399</u>
Income tax (paid)/refunded	(1,620)	106
Net cash (used in)/generated from operating activities	<u>(16,891)</u>	<u>8,505</u>
Cash flows from investing activities:		
Interest received	26	28
Acquisition of property, plant and equipment	(19,620)	(7,807)
Proceeds from disposal of property, plant and equipment	1,176	711
Acquisition of financial assets at fair value through profit or loss	-	(21)
Acquisition of club membership	(229)	-
Cash distribution to shareholders	(2,000)	-
Capital injection by minority shareholders	246	-
Effect of acquisition of a subsidiary	1,725	-
	<u>(18,676)</u>	<u>(7,089)</u>
Net cash used in investing activities	<u>(18,676)</u>	<u>(7,089)</u>
Cash flows from financing activities:		
Interest paid	(3,141)	(2,129)
Proceeds from bank borrowings	44,711	28,970
Proceeds from issue of share capital	12,678	-
Share issuance expenses	(381)	-
Repayment of bank borrowings	(13,385)	(11,277)
Payment of finance lease liabilities	(4,833)	(4,995)
(Decrease)/increase in deposits pledged with bank	(2,320)	63
Dividends paid	(4,000)	(3,000)
	<u>29,329</u>	<u>7,632</u>
Net cash generated from financing activities	<u>29,329</u>	<u>7,632</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

	12 Months Period ended	
	31 Dec 2012	31 Dec 2011
	\$'000	\$'000
Net (decrease)/increase in cash and cash equivalents	(6,238)	9,048
Cash and cash equivalents at beginning of year	23,681	14,633
Effect of exchange rate fluctuations on cash held	(307)	-
Cash and cash equivalents at end of year	<u>17,136</u>	<u>23,681</u>
 Cash and cash equivalents		
Cash at bank and on hand	17,402	23,999
Fixed deposits	<u>6,489</u>	<u>4,169</u>
	23,891	28,168
Bank overdrafts	(266)	(318)
Deposits pledged	<u>(6,489)</u>	<u>(4,169)</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>17,136</u>	<u>23,681</u>

During the financial year ended 31 December 2012, the Group acquired property, plant and equipment with an aggregate cost of \$27,681,000 (2011: \$10,392,000), of which \$8,061,000 (2011: \$2,585,000) were acquired under finance leases.

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

Actual Group	Share capital \$'000	Accumulated profits \$'000	Foreign currency translation reserve \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2011	16,137	32,418	-	48,555	260	48,815
Total comprehensive income for the year						
Profit for the year/Total comprehensive income	-	14,856	-	14,856	160	15,016
Transactions with owners recognized directly in equity						
Contributions by and distributions to owners						
One-tier tax exempt interim dividend of \$0.20 per ordinary share in respect of the year ended 31 December 2010	-	(3,000)	-	(3,000)	-	(3,000)
One-tier tax exempt interim dividend of \$0.13 per ordinary share in respect of the year ended 31 December 2011	-	(2,000)	-	(2,000)	-	(2,000)
Total transactions with owners	-	(5,000)	-	(5,000)	-	(5,000)
At 31 December 2011	16,137	42,274	-	58,411	420	58,831

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)

Actual Group	Share capital \$'000	Accumulated profits \$'000	Foreign currency translation reserve \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2012	16,137	42,274	-	58,411	420	58,831
Total comprehensive (expense)/income for the year						
(Loss)/Profit for the year	-	(3,511)	-	(3,511)	354	(3,157)
Other comprehensive expense						
Foreign currency translation differences	-	-	(307)	(307)	-	(307)
Total other comprehensive expense for the year	-	-	(307)	(307)	-	(307)
Total comprehensive (expense)/income	-	(3,511)	(307)	(3,818)	354	(3,464)
Transactions with owners recognized directly in equity Contributions by and distributions to owners						
Issue of bonus shares	15,000	(15,000)	-	-	-	-
One-tier tax exempt interim dividend of \$0.13 per ordinary share in respect of the year ended 31 December 2011	-	(2,000)	-	(2,000)	-	(2,000)
Increase in share capital arising from reverse acquisition	12,093	-	-	12,093	-	12,093
Issue of shares pursuant to share placement exercise	12,678	-	-	12,678	-	12,678
Shares issuance expenses	(381)	-	-	(381)	-	(381)
Changes in ownership interests in subsidiaries						
Capital injection by non-controlling interest in a subsidiary without a change in control	-	-	-	-	246	246
Total transactions with owners	39,390	(17,000)	-	22,390	246	22,636
At 31 December 2012	55,527	21,763	(307)	76,983	1,020	78,003

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 S\$'000	Accumulated losses S\$'000	Capital reserve S\$'000	Total S\$'000
At 1 January 2011, as previously reported	59,313	(51,295)	-	8,018
Prior years adjustment (note 3)	(1,851)	-	-	(1,851)
	57,462	(51,295)	-	6,167
Total comprehensive income for the year				
Loss for the year, as previously reported	-	(4,370)	-	(4,370)
Prior years adjustment (note 3)	-	1,851	-	1,851
Loss for the year/ Total comprehensive income	-	(2,519)	-	(2,519)
At 31 December 2011	57,462	(53,814)	-	3,648
At 1 January 2012	57,462	(53,814)	-	3,648
Total comprehensive income for the year				
Loss for the year/Total comprehensive income	-	(3,700)	-	(3,700)
Transactions with owners recognized directly in equity				
Issue of shares by way of exercise of warrants	5	-	-	5
Net assets available for distribution to shareholders	-	-	(2,466)	(2,466)
Cash distribution to shareholders	(1,497)	-	1,497	-
Capital reduction	(56,521)	56,521	-	-
Increase in share capital arising from the acquisition of LC Group	110,000	-	-	110,000
Issue of shares pursuant to share placement exercise	12,678	-	-	12,678
Share issuance expenses	(381)	-	-	(381)
Total transactions with owners	64,284	56,521	(969)	119,836
At 31 December 2012	121,746	(993)	(969)	119,784

Note 3: In the financial statements of the Company for FY2011, the translation reserve amounting to S\$1.851 million was incorrectly charged to the profit and loss instead of debiting the share capital and now it has been rectified as prior year adjustment and restated correctly.

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.

	Company	
	No. of shares Issued	Share capital \$'000
Issued and fully paid up		
As at 1 Jan 2012	431,858,656	57,462
Issue of shares by way of exercise of warrant	50,000	5
Issue of new shares pursuant to RTO	3,928,571,429	110,000
Capital reduction	-	(56,521)
Cash distribution to shareholders	-	(1,497)
	<u>4,360,480,085</u>	<u>109,449</u>
Shares Consolidation (every 10 ordinary shares into one consolidated share, disregard fractional shares)	(3,924,432,089)	
Issue of shares pursuant to share placement exercise	57,625,000	12,678
Share issue expenses	-	(381)
As at 31 Dec 2012	<u>493,672,996</u>	<u>121,746</u>

There was no treasury shares held by the Company.

The Company issued 143,952,885 warrants in June 2010 and these warrants were listed on the SGX-ST on 17 June 2010. Each warrant entitles the warrant holder to subscribe for 1 new share in the share capital of the Company at an exercise price of S\$0.10 in cash during the exercise period. During the period ended 31 December 2012, 50,000 warrants have been converted. The outstanding warrants as at 31 December 2012 were 143,902,885.

As announced via SGXNET on 24 July 2012, pursuant to the Deed Poll's amendments and consolidation of shares subsequent to the Acquisition, the warrants have been consolidated in the ratio of every 10 warrants into one consolidated warrant. Therefore, the outstanding warrants subsequent to the consolidation were 14,390,289.

- 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 2012	31 December 2011
Total number of issued shares excluding treasury shares (after share consolidation)	493,672,996	43,185,866

- 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.**

The Group has adopted the following new and revised Financial Reporting Standards (FRS) which came into effect on or after 1 January 2012:

- Amendments to FRS 107 Disclosures – Transfers of Financial Assets
- Amendments to FRS 12 Deferred Tax – Recovery of Underlying Assets

Other than those FRS mentioned above, there were no 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 December 2011.

- 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.**

The adoption of the new and revised FRS and interpretation to FRS is assessed to have no material impact on the results of the Group and of the Company for the financial period ended 31 December 2012.

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.

Earning/(Loss) per share (EPS)	4 th Quarter ended		12 Months Period ended	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
<u>Continuing operations</u>				
EPS based on weighted average number of ordinary shares on issue (cents)	(0.09)	1.34	(0.81)	3.78
EPS based on a fully diluted basis	(0.09)	1.34	(0.81)	3.78
Weighted average number of shares (after Share Consolidation)	493,672,996	392,857,130	434,922,287	392,857,130

On 25 July 2012, the Company consolidated every 10 ordinary shares into one consolidated share ("Share Consolidation").

As at the reporting period, warrants were excluded from the diluted weighted average number of ordinary shares calculation as their effect would have been anti-dilutive. The average market value of the Company's shares for the purposes of calculating the dilutive effect of warrants was based on quoted market prices for the period during which the warrants were outstanding.

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)	Group		Company	
	As at 31 Dec 2012	As at 31 Dec 2011	As at 31 Dec 2012	As at 31 Dec 2011
NAV per ordinary share (cents)	15.59	14.87	24.26	8.45
Number of shares (after Share Consolidation)	493,672,996	392,857,130	493,672,996	43,185,866

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.**

Note to consolidated statement of comprehensive income

Fourth quarter review – Q4FY12 vs Q4FY11

Revenue

Revenue increased by approximately \$5.5 million or 15.0% to \$42.2 million for the fourth quarter ended 31 December 2012 ("**Q4FY12**") compared to the corresponding quarter ended 31 December 2011 ("**Q4FY11**") of \$36.7 million. The increase was due mainly to addition of new contracts such as the Proposed 1400mm Diameter Water Pipeline from Seletar West Link to Sungei Punggol, Resurfacing of taxiways, Supply, Laying and Diversion of 100mm to 1600mm Dia Ductile Iron and/or Steel Watermains and Proposed Rehabilitation works to aircraft parking stand.

Gross profit

Gross profit decreased by approximately \$4.0 million or 44.1% from approximately \$9.0 million for Q4FY11 to approximately \$5.0 million for Q4FY12. Gross profit margin decreased from approximately 24.5% for Q4FY11 to approximately 11.9% for Q4FY12 due to loss incurred for an airport project, coupled with increase in operating costs such as direct labour costs and cost of hire of machinery to cater for project requirements.

Administrative expenses

Administrative expenses for Q4FY12 increased by approximately \$0.5 million or 12.9% due mainly to higher personnel related costs and increase in rental of new office building at No.3 Sungei Kadut, Singapore and professional fees incurred for the purchase of land at Yantai, China.

Other expenses

Other expenses for Q4FY12 decreased from approximately \$0.6 million for Q4FY11 to approximately \$0.1 million for Q4FY12 due mainly to lesser fees incurred for RTO exercise.

Finance costs

Finance costs for Q4FY12 increased by approximately \$0.3 million or 56.4% due mainly to increase in bank borrowings.

Income tax

Income tax for Q4FY12 increased by approximately \$1.3 million due mainly to a tax refund in Q4FY11 from the tax authority.

Net loss after tax

The Group reported a net loss after tax of \$0.3 million for Q4FY12 compared to a net profit after tax of \$5.3 million for Q4FY11 due to the various reasons explained above.

Twelve months review – 12MFY12 vs 12MFY11

Revenue

Revenue increased by approximately \$21.6 million or 17.0% to \$148.4 million for the twelve months ended 31 December 2012 (“**12MFY12**”) compared to the corresponding period ended 31 December 2011 (“**12MFY11**”) of \$126.8 million. The increase was mainly due to increase in the recognition of revenue from new contracts such as NEWater Infrastructure Plan Extension (NIPE) – NIPE Contract C6 – Supply, Delivery and Laying of 2200mm Diameter NEWater Pipeline along Pioneer Road from Shipyard Road to Sungei Lanchar Drainage Reserve, NIPE Contract 5 - Supply, Delivery and Laying of 2200mm Diameter NEWater Pipeline along Pioneer Road from Gul Road to Shipyard Road, Proposed 1400mm Diameter Water Pipeline from Seletar West Link to Sungei Punggol, Resurfacing of taxiways, Supply, Laying and Diversion of 100mm to 1600mm Dia Ductile Iron and/or Steel Watermains and Proposed Rehabilitation works to aircraft parking stand.

Gross profit

Gross profit decreased by approximately \$1.7 million or 5.8% from approximately \$29.1 million for 12MFY11 to approximately \$27.4 million for 12MFY12. Gross profit margin decreased from approximately 22.9% for 12MFY11 to approximately 18.4% for 12MFY12 due to loss incurred for an airport project, increase in operating costs such as direct materials costs, direct labour costs and cost of hire of machinery to cater for project requirements.

Other income

Other income for 12MFY12 increased by approximately \$1.6 million or 109.3% due mainly to increase in rental income from office and warehouse.

Administrative expenses

Administrative expenses for 12MFY12 increased by approximately \$2.9 million or 25.5% due mainly to higher personnel related costs, increase in rental of new office building at No.3 Sungei Kadut, Singapore, professional fees incurred for the purchase of land at Yantai, China and increase in depreciation on the purchase of motor vehicles.

Other expenses

Other expenses for 12MFY12 increased from approximately \$0.7 million for 12MFY11 to approximately \$13.1 million for 12MFY12 due mainly to fees incurred for RTO exercise and one-off impairment of goodwill of \$11.3 million arising from RTO.

Finance costs

Similar to Q4 review, finance costs for 12MFY12 increased by approximately \$1.0 million or 47.5% due mainly to increase in bank borrowings.

Income tax

Similar to Q4 review, income tax for 12MFY12 increased by approximately \$1.5 million due mainly to a tax refund in Q4FY11 from the tax authority.

Net loss after tax

The Group reported a net loss after tax of \$3.2 million for 12MFY12 compared to a net profit after tax of \$15.0 million for 12MFY11 due to the various reasons explained above. However, excluding the one-off impairment of goodwill amounting to \$11.3 million, the Group achieved a net profit of \$8.1 million.

Note to the consolidated statement of financial position

Non-current assets

The Group's non-current assets increased by \$22.0 million from \$48.6 million as at 31 December 2011 to \$70.6 million as at 31 December 2012. The increase was due mainly to the following:

- (a) Property, plant and equipment increased due mainly to the purchase of leasehold building and land at No 3 Sungei Kadut Drive, Singapore and purchase of land at Yantai, China.
- (b) Investment property increased due mainly to the acquisition of LCM which holds an investment property.

Current assets

The Group's current assets increased by \$45.0 million from \$99.3 million as at 31 December 2011 to \$144.3 million as at 31 December 2012. The increase was due mainly to the following:

- (a) Contract work-in-progress increased due mainly to the increase in unbilled revenue of new contracts and projects that had yet to be billed to customers pending certification by consultants.
- (b) Inventories increased due mainly to increase in material acquisitions for certain projects during the period.
- (c) Trade and other receivables increased due mainly to increase in billings raised for projects.

Liabilities

The Group's liabilities increased due mainly to an increase in bank borrowings to finance working capital and capital expenditure.

Note to consolidated statement of cash flow

The Group's cash and cash equivalents was \$17.1 million for 12MFY12 compared to \$23.7 million for 12MFY11.

Net cash from operating activities

Net cash used in operating activities was \$16.9 million, comprising cash from operating activities before working capital changes of \$20.5 million, net working capital outflow of \$35.8 million and net income tax paid of \$1.6 million.

The net working capital outflow of \$35.8 million was due mainly to the following:

- (a) Increase in inventories of approximately \$2.8 million due to purchase of materials for new projects;
- (b) Increase in contract work-in-progress of approximately \$32.5 million due to increase in unbilled revenue of new contracts and projects that had yet to be billed to customers pending certification by consultants; and
- (c) Increase in trade and other receivables of approximately \$14.0 million due to increase in billings raised for projects;

and was partially offset by increase in trade and other payables of approximately \$13.5 million mainly due to increase in purchases during the period.

Net cash used in investing activities

Net cash used in investing activities of approximately \$18.7 million was due mainly to purchase of leasehold building and land at No 3 Sungei Kadut Drive, Singapore, purchase of land at Yantai, China and cash distribution to the shareholders of former Ultro prior to RTO completion, and was partially offset by proceeds from the disposal of plant and equipment and effect of acquisition of a subsidiary.

Net cash used in financing activities

Net cash from financing activities of approximately \$29.3 million was due mainly to additional bank borrowings for project financing purposes and proceeds from share placement exercise; and was partially offset by repayment of bank borrowings and payment of dividends.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement has been previously disclosed.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group will continue to actively participate in the tendering for new projects and remain positive of its prospects in the next 12 months amidst a more challenging environment due to rising business costs and shortages of experienced and skilled manpower.

As at the date of this announcement, the Group has an order book of approximately S\$156 million, to be fulfilled over the next two years. The project pipeline includes an approximately S\$45.0 million contract won from Penta Ocean Construction Co, Ltd. for the design and construction of a 6m diameter segmental tunnel with laying of twin 2200mm and twin 1200mm diameter pipelines from Jurong Island to Gul Road/Pioneer Road Junction, three contracts worth a total of approximately S\$48.7 million for maintenance of roads, road-related facilities and road structures, two contracts worth a total of approximately S\$34.9 million for the laying of 2200mm diameter NEWater pipes and another two contracts worth a total of approximately S\$9.0 million for watermain repairs and other contract work . The Group also won a contract of approximately S\$15.3 million for rehabilitation works to aircraft parking stand. In January 2013, the Group was awarded a S\$16.2 million contract for the design and construction of sewer diversion works along Woodland Avenue 2.

For FY2013, the Directors intend to recommend and distribute dividends of not less than 30% of our net profits attributable to our Shareholders for FY2013 and barring any unforeseen circumstances, an interim dividend may be declared for the first quarter of 2013. Investors should note that the foregoing statement is merely a statement of the Directors' present intention and shall not constitute legally binding statements in respect of the Group's future plans, profitability or ability to pay dividends in any of the periods discussed.

11. Dividends

(a) Whether a final ordinary dividend has been declared (recommended); and

No final dividend for the year ended 31 December 2012 is recommended.

(b) (i) Amount per share: Nil
(ii) Previous corresponding period: Nil

(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 recommended.

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.

Pursuant to the extraordinary general meeting held on 25 July 2012, the Group has obtained a general mandate for the recurrent interested/related person transactions entered into by the Group with Pan Asian Holdings Limited (formerly known as Pan Asia Water Solutions Limited), Hen Sheng Civil Engineering Pte. Ltd., Sing & San Construction Pte Ltd and their respective Associates (as defined in the Circular to the shareholders dated 21 June 2012).

The aggregate values of such transactions are as follow:

Description	4th Quarter ended 31 Dec2012 \$'000	12 Months Period ended 31 Dec2012 \$'000
Purchases from interested persons	943	7,053
Sales to interested persons	104	681
Services rendered to interested persons	20	119

14. Confirmation pursuant to Rule 705(5) of the listing manual

Not required for full year results announcement.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer’s most recently audited annual financial statements, with comparative information for the immediately preceding year.

Business segment

For the financial year ended 31 Dec 2012

	Pipes and roads S\$'000	Construction materials S\$'000	Others S\$'000	Total S\$'000
External revenue	144,035	4,415	-	148,450
Inter-segment revenue	62,478	18,309	-	80,787
Total revenue	206,513	22,724	-	229,237
Interest income	-	-	26	26
Interest expenses	(394)	-	(2,747)	(3,141)
Depreciation	(5,593)	(604)	(1,176)	(7,373)
Reportable segment profit/(loss) before income tax	23,250	1,258	(25,343)	(835)
Reportable segment assets	146,857	12,306	55,660	214,823
Capital expenditure	8,187	5,145	14,349	27,681
Reportable segment liabilities	51,935	10,885	74,000	136,820

For the financial year ended 31 Dec 2011

	Pipes and roads S\$'000	Construction materials S\$'000	Others S\$'000	Total S\$'000
External revenue	121,810	5,033	-	126,843
Inter-segment revenue	37,213	14,955	-	52,168
Total revenue	159,023	19,988	-	179,011
Interest income	-	-	28	28
Interest expenses	(522)	-	(1,607)	(2,129)
Depreciation	(5,460)	(399)	(481)	(6,340)
Reportable segment profit/(loss) before income tax	26,193	1,259	(11,589)	15,863
Reportable segment assets	99,552	7,623	40,700	147,875
Capital expenditure	3,935	1,603	4,854	10,392
Reportable segment liabilities	32,833	7,002	49,209	89,044

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Revenue from pipes and roads segments increased due mainly to increase in the recognition of revenue from new contracts as explained under paragraph 8 above.

Segment profit decreased for pipes and road segment due mainly to higher operating cost incurred for some projects.

The increase in segment loss for others segment was due mainly to impairment of goodwill arising from the RTO

17. A breakdown of sales.

	Current financial year ended 31 Dec 2012 \$'000	Previous financial year ended 31 Dec 2011 \$'000	Change %
(a) Sales reported for first half year	62,952	54,881	14.7
(b) Operating profit/(loss) after tax before deducting minority interests reported for first half year	5,326	4,786	11.3
(c) Sales reported for second half year	85,498	71,962	18.8
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	(8,483)	10,230	(182.9)

18. A breakdown of the total annual dividend (in dollar value) for the issuer's (Company) latest full year and its previous full year.

	Current financial year ended 31 Dec 2012 \$'000	Previous financial year ended 31 Dec 2011 \$'000
Ordinary	-	-
Preference	-	-
Total	-	-

19. Pursuant to Rule 704(11) of the SGX-ST Listing Manual, the Company confirms that, as far as the Company is aware and save as set out below, there are no other persons occupying managerial positions in the Company or any of its principal subsidiaries who are related to a director or chief executive officer or substantial shareholder of the Company or its principal subsidiaries are as follows:

Name	Age	Family Relationship with any Director and/or Substantial Shareholder	Current Position and duties, and the year position was first held	Details of changes in duties and position held, if any, during the year
Seow Soon Kee	47	Spouse of Mr Toh Choo Huat ("TCH")	Group Administration Manager; 2012	General Manager (Group Admin); 2010
Toh Chiew Boon	49	Brother of TCH, Mr Toh Chew Leong ("TCL"), Mr Toh Swee Kim ("TSK")	Assistant Logistic Manager; 2012	N.A
Ang Boon Lian	55	Spouse of Madam Toh Ley Keow who is the sister of TCH, TCL and TSK	Assistant Logistic Manager; 2011	N.A
Lim Tong Lee	51	Brother-in-law of Mdm Oh Ah Ber who is the spouse of TSK	Senior Construction Manager; 2011	N.A
Seow Ruqing	25	Niece of Ms Seow Soon Kee who is the spouse of TCH	Senior Human Resource Executive; 2012	Human Resource Executive; 2011
Toh Kai Sheng	28	Son of Mr Toh Chew Chai ("TCC")	Project Manager; 2011	N.A
Toh Kai Hock	31	Son of TCC	Group IT Manager; 2012	IT Manager; 2011
Toh Chye Tiong	54	Son of TCH's cousin	Operations Manager; 2003	N.A
Toh Chew Chai	59	Brother of TCH, TCL and TSK	Logistic Director; 2012	Assistant Logistic Director; 2011

BY ORDER OF THE BOARD

Toh Choo Huat
 Executive Chairman and Chief Executive Officer
 1 March 2013