

LEY CHOON GROUP HOLDINGS LIMITED

SECOND QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 JUNE 2013

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3, Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	2 nd Quarter ended		Change	6 Months Period ended		Change
	30 June 2013	30 June 2012		30 June 2013	30 June 2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	38,092	34,758	9.6	74,535	62,952	18.4
Cost of sales	(29,877)	(29,013)	3.0	(56,941)	(49,587)	14.8
Gross profit	8,215	5,745	43.0	17,594	13,365	31.6
Other income	588	614	(4.2)	1,132	1,461	(22.5)
Distribution expenses	(268)	(125)	114.4	(515)	(217)	137.3
Administrative expenses	(4,217)	(2,999)	40.6	(8,324)	(5,900)	41.1
Other operating expenses	(151)	(363)	(58.4)	(151)	(758)	(80.1)
Results from operating activities	4,167	2,872	45.1	9,736	7,951	22.5
Finance costs	(1,148)	(707)	62.4	(2,167)	(1,365)	58.8
Profit before tax	3,019	2,165	39.4	7,569	6,586	14.9
Tax expense	(916)	(423)	116.5	(1,360)	(1,261)	7.9
Profit for the period	2,103	1,742	20.7	6,209	5,325	16.6
Other comprehensive income/(expense)						
Foreign currency translation differences – foreign operations	377	16	n/m	634	(102)	n/m
Total comprehensive income for the period	2,480	1,758	41.1	6,843	5,223	31.0

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	2 nd Quarter ended		Change	6 Months Period ended		Change
	30 June 2013	30 June 2012		30 June 2013	30 June 2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit attributable to:						
Owners of the Company	1,996	1,723	15.8	5,881	5,249	12.0
Non-controlling interests	107	19	463.2	328	76	331.6
Profit for the period	<u>2,103</u>	<u>1,742</u>	20.7	<u>6,209</u>	<u>5,325</u>	16.6
Total comprehensive income attributable to:						
Owners of the Company	2,373	1,739	36.5	6,515	5,147	26.6
Non-controlling interests	107	19	463.2	328	76	331.6
Total comprehensive income for the period	<u>2,480</u>	<u>1,758</u>	41.1	<u>6,843</u>	<u>5,223</u>	31.0

n/m – not meaningful

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

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

	2 nd Quarter ended		Change	6 Months Period ended		Change
	30 June 2013	30 June 2012		30 June 2013	30 June 2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Amortisation of lease prepayment	31	-	n/m	31	-	n/m
Depreciation of property, plant and equipment	2,064	1,798	14.8	4,101	3,531	16.1
Foreign exchange loss	213	6	n/m	314	4	n/m
Change in fair value of financial assets designated at fair value through profit or loss	7	2	n/m	4	2	n/m
Interest income	(8)	(1)	700.0	(11)	(6)	83.3
Dividend income from quoted shares	(1)	-	n/m	(1)	-	n/m
Gain on disposal of property, plant and equipment	(69)	(79)	(12.7)	(84)	(316)	(73.4)
Finance costs	1,148	707	62.4	2,167	1,365	58.8
Operating lease expenses	523	513	1.9	1,070	936	14.3
Reverse takeover costs expensed off	-	353	n/m	-	762	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 30 June 2013 \$'000	As at 31 Dec 2012 \$'000	As at 30 June 2013 \$'000	As at 31 Dec 2012 \$'000
Assets				
Lease prepayment	3,396	2,102	-	-
Property, plant and equipment	72,633	66,084	-	-
Investment property	2,105	2,101	-	-
Investments in subsidiaries	-	-	110,000	110,000
Club membership	271	271	-	-
Non-current assets	78,405	70,558	110,000	110,000
Inventories	6,152	7,093	-	-
Development property	13,622	-	-	-
Contracts work-in-progress	95,216	84,037	-	-
Trade and other receivables	37,107	29,152	12,422	4,574
Financial assets designated at fair value through profit or loss	88	92	-	-
Cash and cash equivalents	14,193	23,891	1,616	7,097
Current assets	166,378	144,265	14,038	11,671
Total assets	244,783	214,823	124,038	121,671
Equity				
Share capital	55,527	55,527	121,746	121,746
Capital reserve	-	-	(1,127)	(969)
Foreign currency translation reserve	327	(307)	-	-
Accumulated profits/(losses)	26,668	21,763	1,441	(993)
Equity attributable to owners of the Company	82,522	76,983	122,060	119,784
Non-controlling interests	701	1,020	-	-
Total equity	83,223	78,003	122,060	119,784
Liabilities				
Loans and borrowings	46,201	38,692	-	-
Deferred tax liabilities	3,990	3,986	-	-
Non-current liabilities	50,191	42,678	-	-
Loans and borrowings	78,030	54,389	-	-
Trade and other payables	30,376	37,016	1,978	1,887
Provisions	106	106	-	-
Current tax payable	2,857	2,631	-	-
Current liabilities	111,369	94,142	1,978	1,887
Total liabilities	161,560	136,820	1,978	1,887
Total equity and liabilities	244,783	214,823	124,038	121,671

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 June 2013 \$'000	As at 31 Dec 2012 \$'000
<u>Secured</u>		
Bank overdrafts	1,623	266
Bank loans	36,199	25,188
Bills payable	35,138	24,205
Finance lease liabilities	5,070	4,730
	<hr/>	<hr/>
Total	78,030	54,389

(b) Amount repayable after one year

	Group	
	As at 30 June 2013 \$'000	As at 31 Dec 2012 \$'000
<u>Secured</u>		
Bank loans	38,805	31,658
Finance lease liabilities	7,396	7,034
	<hr/>	<hr/>
Total	46,201	38,692

(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 of the Company, or corporate guarantee of the Company; and/or
- (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 \$20.6 million as at 30 June 2013.

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 June 2013 \$'000	30 June 2012 \$'000
Cash flows from operating activities:		
Profit for the year	6,209	5,325
Adjustments for:		
Amortisation of lease prepayment	31	-
Depreciation of property, plant and equipment	4,101	3,531
Change in fair value of financial assets designated at fair value through profit or loss	4	2
Gain on disposal of property, plant and equipment	(84)	(316)
Dividend from quoted shares	(1)	-
Interest income	(11)	(6)
Finance costs	2,167	1,365
Tax expense	1,360	1,261
	<u>13,776</u>	<u>11,162</u>
Changes in working capital:		
Development property	(13,622)	-
Inventories	941	(2,104)
Contracts work-in-progress	(11,179)	(11,952)
Trade and other receivables	(7,955)	(4,659)
Trade and other payables	(6,478)	1,609
	<u>(24,517)</u>	<u>(5,944)</u>
Cash used in operating activities	<u>(24,517)</u>	<u>(5,944)</u>
Tax paid	(1,130)	(1,078)
Net cash used in operating activities	<u>(25,647)</u>	<u>(7,022)</u>
Cash flows from investing activities:		
Decrease in balances with related parties (non-trade)	-	535
Dividend from quoted shares	1	-
Interest received	11	6
Acquisition of lease prepayment	(1,325)	-
Acquisition of property, plant and equipment	(7,314)	(11,756)
Proceeds from disposal of property, plant and equipment	410	472
Acquisition of financial assets at fair value through profit or loss	-	(14)
Effect of acquisition of a subsidiary	(389)	246
	<u>(8,606)</u>	<u>(10,511)</u>
Net cash used in investing activities	<u>(8,606)</u>	<u>(10,511)</u>
Cash flows from financing activities:		
Interest paid	(2,167)	(1,365)
Proceeds from bank borrowings	41,308	21,289
Repayment of bank borrowings	(12,217)	(8,098)
Repayment of finance lease liabilities	(2,813)	(2,514)
Decrease in balances with related parties (non-trade)	(162)	-
Decrease/(increase) in fixed deposits pledged with bank	1,149	(505)
Dividends paid	(1,234)	(4,000)
	<u>23,864</u>	<u>4,807</u>
Net cash generated from financing activities	<u>23,864</u>	<u>4,807</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

	6 Months Period ended	
	30 June 2013 \$'000	30 June 2012 \$'000
Net decrease in cash and cash equivalents	(10,389)	(12,726)
Cash and cash equivalents at beginning of period	17,136	23,681
Effect of exchange rate fluctuations on cash held	483	(102)
Cash and cash equivalents at end of period	<u>7,230</u>	<u>10,853</u>
 Cash and cash equivalents		
Cash at bank and on hand	8,853	13,041
Fixed deposits	<u>5,340</u>	<u>4,674</u>
	14,193	17,715
Bank overdrafts	(1,623)	(2,188)
Deposits pledged	<u>(5,340)</u>	<u>(4,674)</u>
Cash and cash equivalents in the unaudited consolidated statement of cash flows	<u>7,230</u>	<u>10,853</u>

During the 6 months period ended 30 June 2013, the Group acquired property, plant and equipment with an aggregate cost of \$10,829,000 (6 months period ended 30 June 2012: \$13,590,000), of which \$3,515,000 (6 months period ended 30 June 2012: \$1,834,000) 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

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 income for the period						
Profit for the period	-	5,249	-	5,249	76	5,325
Other comprehensive expense						
Foreign currency translation differences	-	-	(102)	(102)	-	(102)
Total other comprehensive expense for the period	-	-	(102)	(102)	-	(102)
Total comprehensive income	-	5,249	(102)	5,147	76	5,223
Transactions with owners recognised directly in equity						
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)
Total transactions with owners	15,000	(17,000)	-	(2,000)	-	(2,000)
Change in ownership interests in subsidiaries						
Capital injection in a subsidiary without a change in control	-	-	-	-	246	246
Total change in ownership interests in subsidiaries	-	-	-	-	246	246
At 30 June 2012	31,137	30,523	(102)	61,558	742	62,300

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)

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 2013	55,527	21,763	(307)	76,983	1,020	78,003
Total comprehensive income for the period						
Profit for the period	-	5,881	-	5,881	328	6,209
Other comprehensive income						
Foreign currency translation differences	-	-	634	634	-	634
Total other comprehensive income for the period	-	-	634	634	-	634
Total comprehensive income	-	5,881	634	6,515	328	6,843
Transactions with owners recognised directly in equity						
One-tier tax exempt interim dividend of \$0.0025 per ordinary share in respect of the year ended 31 December 2012	-	(1,234)	-	(1,234)	-	(1,234)
Total transactions with owners	-	(1,234)	-	(1,234)	-	(1,234)
Changes in ownership interests in subsidiaries						
Acquisition of non-controlling interests without a change in control	-	258	-	258	(647)	(389)
Total changes in ownership interests in subsidiaries	-	258	-	258	(647)	(389)
At 30 June 2013	55,527	26,668	327	82,522	701	83,223

1(d)(i) A statement showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

<u>Company</u>	Share Capital \$'000	Capital reserve \$'000	Accumulated (losses)/profits \$'000	Total \$'000
At 1 January 2012	57,462	-	(53,814)	3,648
Total comprehensive expense for the period				
Loss for the period/Total comprehensive expense	-	-	(398)	(398)
Transactions with owners recognized directly in equity				
Issue of shares by way of exercise of warrants/Total transactions with owners	5	-	-	5
At 30 June 2012	57,467	-	(54,212)	3,255
At 1 January 2013	121,746	(969)	(993)	119,784
Total comprehensive income for the period				
Profit for the period/Total comprehensive income	-	-	3,668	3,668
Transactions with owners recognized directly in equity				
One-tier tax exempt interim dividend of \$0.0025 per ordinary share in respect of the year ended 31 December 2012	-	-	(1,234)	(1,234)
Collections due to Entitled Shareholders*	-	(158)	-	(158)
Total transactions with owners	-	(158)	(1,234)	(1,392)
At 30 June 2013	121,746	(1,127)	1,441	122,060

* Entitled shareholders refer to the pre-Reverse Takeover shareholders, who were the registered members of the Company as at 24 July 2012.

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

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

As at 30 June 2013 (and 31 December 2012), the Company's issued and paid-up share capital was S\$121,745,086 (and S\$121,745,086) and there were no shares held as treasury shares.

The Company had 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 amendments to the deed poll executed by the Company on 19 May 2010 and the consolidation of shares subsequent to the acquisition of the entire issued and paid up share capital of Ley Choon Constructions and Engineering Pte Ltd ("Acquisition") as set out in the circular dated 21 June 2012, the warrants have been consolidated at the ratio of every 10 warrants into one consolidated warrant. Therefore, the outstanding warrants subsequent to the consolidation were 14,390,289.

During the financial period ended 30 June 2013, no shares were issued pursuant to the exercise of any warrants.

As announced via SGXNET on 10 May 2013, in accordance with the terms and conditions of the warrants, the rights to subscribe for new ordinary shares in the capital of the Company expired at 5.00 p.m. on Thursday, 13 June 2013, after which time, any rights comprised in the warrants which had not been exercised have lapsed and the warrants ceased to be valid for any purpose whatsoever. Accordingly, the Company did not have any outstanding convertibles as at 30 June 2013.

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 June 2013	31 December 2012
Total number of issued shares excluding treasury shares (after share consolidation)	493,672,996	493,672,996

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standards or practice.

The figures have not been audited or reviewed.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has adopted the following new and revised Financial Reporting Standards (FRS) which came into effect on or after 1 January 2013:

- FRS 19 Employee Benefits (Revised 2011)
- FRS 110 Consolidated Financial Statements
- FRS 113 Fair Value Measurement
- Amendments to FRS 107 Offsetting financial assets and financial liabilities

The adoption of this revised standard did not have any material effect on the financial performance or position of the Group and the Company. Other than those FRS mentioned above, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements for the year ended 31 December 2012.

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.

Earning/(Loss) per share (EPS)	2 nd Quarter ended		6 Months Period ended	
	30 June 2013	30 June 2012	30 June 2013	30 June 2012
<u>Continuing operations</u>				
EPS based on weighted average number of ordinary shares on issue (cents)	0.40	0.40	1.19	1.22
EPS based on a fully diluted basis (cents)	0.40	0.40	1.19	1.22
Weighted average number of shares (after Share Consolidation)	493,672,996	431,908,656	493,672,996	431,908,656

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 share 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 30 June 2013	As at 31 Dec 2012	As at 30 June 2013	As at 31 Dec 2012
NAV per ordinary share (cents)	16.72	15.59	24.72	24.26
Number of shares (after Share Consolidation)	493,672,996	493,672,996	493,672,996	493,672,996

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 – Q2FY13 vs Q2FY12

Revenue

Revenue increased by approximately \$3.3 million or 9.6% to \$38.1 million for the second quarter ended 30 June 2013 ("**Q2FY13**") compared to the corresponding quarter ended 30 June 2012 ("**Q2FY12**") of \$34.8 million. The increase was mainly attributable to the new projects secured during the period.

Gross profit

Gross profit increased by approximately 43.0% to \$8.2 million for Q2FY13 compared to approximately \$5.7 million for Q2FY12, attributable to revenue recognised from the additional projects secured, as mentioned above. The overall gross profit margin also increased from approximately 16.5% for Q2FY12 to approximately 21.6% for Q2FY13 is mainly due to subsequent variation in the contract sum of an on-going project.

Administrative expenses

Administrative expenses for Q2FY13 increased by approximately \$1.2 million or 40.6% compared to Q2FY12 due mainly to higher personnel related costs.

Other operating expenses

Other expenses for Q2FY13 decreased by approximately \$0.2 million or 58.4% compared to Q2FY12, due to the absence of one-off professional fees incurred in relation to the reverse take-over in FY12.

Finance costs

Finance costs for Q2FY13 increased by approximately \$0.4 million or 62.4% compared to Q2FY12, due mainly to increase in bank borrowings.

Income tax

Income tax for Q2FY13 increased by approximately \$0.5 million compared to Q2FY12 due mainly to increase in profit before tax.

Net profit after tax

The Group reported a net profit after tax of \$2.1 million for Q2FY13 compared to a net profit after tax of \$1.7 million for Q2FY12 due to the various reasons as disclosed above.

Six months review – 6MFY13 vs 6MFY12

Revenue

Revenue increased by approximately \$11.6 million or 18.4% to \$74.5 million for the six months ended 30 June 2013 ("6MFY13") compared to the corresponding period ended 30 June 2012 ("6MFY12") of \$62.9 million. The increase was mainly attributable to the new projects secured during the period.

Gross profit

Gross profit increased by approximately 31.6% to \$17.6 million for 6MFY13 compared to approximately \$13.4 million for 6MFY12, attributable to revenue recognised from the additional projects secured, as mentioned above. The overall gross profit margin also increased from approximately 21.2% for 6MFY12 to approximately 23.6% for 6MFY13 due to subsequent variation in the contract sum of certain on-going projects.

Other income

Other income for 6MFY13 decreased by approximately \$0.3 million or 22.5% compared to 6MFY12 due mainly to foreign exchange loss arising from revaluation of foreign currency cash balances in Yantai, People's Republic of China ("PRC"), and lower gain recognized arising from the sale of fixed assets.

Administrative expenses

Administrative expenses for 6MFY13 increased by approximately \$2.4 million or 41.1% compared to 6MFY12 due mainly to higher personnel related costs and increase in rental and property tax for the new leasehold building at No. 3 Sungei Kadut, Singapore.

Other operating expenses

Other expenses for 6MFY13 decreased by approximately \$0.6 million or 80.1% compared to 6MFY12, due to the absence of one-off professional fees incurred in relation to the reverse take-over in FY12.

Finance costs

Finance costs for 6MFY13 increased by approximately \$0.8 million or 58.8% compared to 6MFY12, due mainly to increase in bank borrowings.

Income tax

Income tax for 6MFY13 increased by approximately \$0.1 million compared to 6MFY12 due mainly to increase in profit before tax.

Net profit after tax

The Group reported a net profit after tax of \$6.2 million for 6MFY13 compared to a net profit after tax of \$5.3 million for 6MFY12 due to the various reasons as disclosed above.

Consolidated Statement of financial position

Non-current assets

The Group's non-current assets increased by \$7.8 million from \$70.6 million as at 31 December 2012 to \$78.4 million as at 30 June 2013, mainly attributable to the increase in lease prepayment as a result of the purchase of land use rights in Yantai, PRC, construction costs incurred on the Group's leasehold building and new asphalt plant located at No. 3 Sungei Kadut Drive, Singapore, and purchase of additional plant and equipment.

Current assets

The Group's current assets increased by \$22.1 million from \$144.3 million as at 31 December 2012 to \$166.4 million as at 30 June 2013, significantly attributable to the following:

- (a) Purchase of a development property at No. 241 Pasir Panjang Road, Singapore; and
- (b) Increase in contract work-in progress by \$11.2 million to \$95.2 million as at 30 June 2013 compared to \$84.0 million as at 31 December 2012, mainly attributable to additional projects secured.

Liabilities

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

Consolidated Statement of Cash flow

The Group's cash and cash equivalents was \$7.2 million for 6MFY13 compared to \$10.9 million for 6MFY12.

Net cash from operating activities

Net cash used in operating activities was \$25.6 million, comprising cash from operating activities before working capital changes of \$13.8 million, net working capital outflow of \$38.3 million and net income tax paid of \$1.1 million.

The net working capital outflow of \$38.3 million was due mainly to the following:

- (a) increase in contract work-in-progress of approximately \$11.2 million due to costs incurred on new contracts and projects that had yet to be billed to customers pending certification by consultants, and
- (b) decrease in trade and other payables of approximately \$6.5 million mainly due to increase in payment to the creditors during the period; and
- (c) increase in development property of approximately \$13.6 million due mainly to the purchase of property at No. 241 Pasir Panjang Road, Singapore; and
- (d) increase in trade and other receivables of approximately \$7.9 million mainly due to increase in billing and lower collection during the period; and partially offset by
- (e) decrease in inventories of approximately \$0.9 million due to more materials used for projects.

Net cash used in investing activities

Net cash used in investing activities of approximately \$8.6 million was due mainly to the purchase of an additional plot of land at Yantai, PRC and construction expenditure paid for leasehold building at No. 3 Sungei Kadut Drive, Singapore.

Net cash generated from financing activities

Net cash from financing activities of approximately \$23.9 million was due mainly to additional bank borrowings for project financing purposes; partially offset by repayment of bank borrowings.

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 remains cautiously optimistic and will continue to focus on its core business by leveraging its strong track record which will enable the Group to secure more public sector projects. The second asphalt premix plant which is operational now enables the Group to participate for road-related projects of higher value.

Going forward, 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 announced via SGXNET on 31 July 2013, the Company had on 31 July 2013 entered into separate subscription agreement with two investors, Hiap Hoe Investment Pte. Ltd. and Mr Teo Kian Huat (collectively the "**Subscribers**") pursuant to which the Subscribers have agreed to subscribe for, in aggregate, up to 98,734,000 new ordinary shares (the "**New Shares**") in the issued and paid up share capital of the Company (the "**Placement**"). As announced via SGXNET on 13 August 2013, SGX-ST had on 13 August 2013 granted its approval-in-principle ("**AIP**") for the listing and quotation of the New Shares. Further announcement will be made by the Company in relation to the Placement as and when appropriate.

The AIP granted by the SGX-ST for the listing and quotation of the New Shares is not to be taken as an indication of the merits of the Placement, the New Shares, the Company and/or its subsidiaries.

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? Yes

Name of dividends	Final
Dividend Type	Cash
Dividend amount per share	\$0.13, Tax exempt, one-tier

(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).

Dividend is tax exempt, one tier.

(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.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has originally obtained a general mandate for the recurrent interested/related party transactions from the shareholders in the extraordinary general meeting held on 13 July 2012 and it was subsequently renewed in the recent Annual General Meeting held on 26 April 2013. The approved interested/related parties are a) Pan Asian Holdings Limited (formerly known as Pan Asia Water Solutions Limited), b) Hen Sheng Civil Engineering Pte. Ltd., and c) Sing & San Construction Pte Ltd and their respective Associates.

The aggregate values of such transactions are as follow:

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)	
Name of Interested Person and/or Related Person	2nd Quarter ended 30 June 2013 \$'000	6 Months Period ended 30 June 2013 \$'000	2nd Quarter ended 30 June 2013 \$'000	6 Months Period ended 30 June 2013 \$'000
Purchases from: Pan Asian Holdings Limited	Nil	Nil	333	1,826
Sales to: Sing & San Construction Pte Ltd	Nil	Nil	151	249

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

On behalf of the Board of Directors of the Company, we, Toh Choo Huat and Koh Tiam Teng, 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 June 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer

14 August 2013