

LEY CHOON GROUP HOLDINGS LIMITED

THIRD QUARTER FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 30 SEPTEMBER 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

	3 rd Quarter ended		Change	9 Months Period ended		Change
	30 Sep 2013	30 Sep 2012		30 Sep 2013	30 Sep 2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	35,283	43,332	(18.6)	109,818	106,284	3.3
Cost of sales	(28,493)	(34,321)	(17.0)	(85,434)	(83,908)	1.8
Gross profit	6,790	9,011	(24.6)	24,384	22,376	9.0
Other income	12,279	1,194	928.4	13,411	2,655	405.1
Distribution expenses	(406)	(299)	35.8	(921)	(515)	78.8
Administrative expenses	(4,208)	(4,126)	2.0	(12,532)	(10,026)	25.0
Other operating expenses	(101)	(12,192)	(99.2)	(252)	(12,950)	(98.1)
Results from operating activities	14,354	(6,412)	n/m	24,090	1,540	n/m
Finance costs	(1,220)	(872)	39.9	(3,387)	(2,237)	51.4
Profit/(Loss) before tax	13,134	(7,284)	n/m	20,703	(697)	n/m
Tax expense	(368)	(912)	(59.6)	(1,728)	(2,173)	(20.5)
Profit/(Loss) for the period	12,766	(8,196)	n/m	18,975	(2,870)	n/m
Other comprehensive (expense)/income						
Foreign currency translation differences – foreign operations	(196)	(99)	n/m	438	(200)	n/m
Total comprehensive income/(expense) for the period	12,570	(8,295)	n/m	19,413	(3,070)	n/m

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		Change	9 Months		Change
	30 Sep 2013	30 Sep 2012		30 Sep 2013	30 Sep 2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Profit/(Loss) attributable to:						
Owners of the Company	12,795	(8,297)	n/m	18,676	(3,047)	n/m
Non-controlling interests	(29)	101	(128.7)	299	177	68.9
Profit/(Loss) for the period	<u>12,766</u>	<u>(8,196)</u>	n/m	<u>18,975</u>	<u>(2,870)</u>	n/m
Total comprehensive income/(expense) attributable to:						
Owners of the Company	12,599	(8,396)	n/m	19,114	(3,247)	n/m
Non-controlling interests	(29)	101	(128.7)	299	177	68.9
Total comprehensive income/(expense) for the period	<u>12,570</u>	<u>(8,295)</u>	n/m	<u>19,413</u>	<u>(3,070)</u>	n/m

n/m – not meaningful

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

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

	3 rd Quarter ended			9 Months		
	30 Sep 2013	30 Sep 2012	Change	30 Sep 2013	30 Sep 2012	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Bad debts written off	-	17	n/m	-	17	n/m
Amortisation of lease prepayment	14	-	n/m	45	-	n/m
Depreciation of property, plant and equipment	2,154	1,977	9.0	6,255	5,508	13.6
Depreciation of investment property	7	-	n/m	7	-	n/m
Foreign exchange (gain)/loss	(283)	104	n/m	31	108	(71.3)
Goodwill on consolidation written off	-	11,298	n/m	-	11,298	n/m
Change in fair value of financial assets designated at fair value through profit or loss	4	(14)	n/m	8	(12)	n/m
Interest income	(9)	(22)	(59.1)	(20)	(28)	(28.6)
Dividend income from quoted shares	(1)	-	n/m	(2)	-	n/m
Gain on disposal of property, plant and equipment	(11,356)	(190)	n/m	(11,440)	(506)	n/m
Finance costs	1,220	872	39.9	3,387	2,237	51.4
Operating lease expenses	597	528	13.1	1,667	1,464	13.9
Reverse takeover costs expensed off	-	864	n/m	-	1,626	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 Sep 2013 \$'000	As at 31 Dec 2012 \$'000	As at 30 Sep 2013 \$'000	As at 31 Dec 2012 \$'000
Assets				
Lease prepayment	3,365	2,102	-	-
Property, plant and equipment	75,694	66,084	-	-
Investment property	2,056	2,101	-	-
Investments in subsidiaries	-	-	110,000	110,000
Club membership	271	271	-	-
Non-current assets	81,386	70,558	110,000	110,000
Inventories	5,186	7,093	-	-
Development property	13,622	-	-	-
Contracts work-in-progress	107,327	84,037	-	-
Trade and other receivables	38,204	29,152	27,640	4,574
Financial assets designated at fair value through profit or loss	84	92	-	-
Cash and cash equivalents	36,205	23,891	602	7,097
Current assets	200,628	144,265	28,242	11,671
Total assets	282,014	214,823	138,242	121,671
Equity				
Share capital	71,117	55,527	137,336	121,746
Capital reserve	-	-	(1,127)	(969)
Foreign currency translation reserve	131	(307)	-	-
Accumulated profits/(loss)	39,463	21,763	1,274	(993)
Equity attributable to owners of the Company	110,711	76,983	137,483	119,784
Non-controlling interests	672	1,020	-	-
Total equity	111,383	78,003	137,483	119,784
Liabilities				
Loans and borrowings	49,335	38,692	-	-
Deferred tax liabilities	3,989	3,986	-	-
Non-current liabilities	53,324	42,678	-	-
Loans and borrowings	89,283	54,389	-	-
Trade and other payables	25,105	37,016	759	1,887
Provisions	106	106	-	-
Current tax payable	2,813	2,631	-	-
Current liabilities	117,307	94,142	759	1,887
Total liabilities	170,631	136,820	759	1,887
Total equity and liabilities	282,014	214,823	138,242	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 Sep 2013 \$'000	As at 31 Dec 2012 \$'000
<u>Secured</u>		
Bank overdrafts	1,364	266
Bank loans	47,247	25,188
Bills payable	35,276	24,205
Finance lease liabilities	5,396	4,730
Total	89,283	54,389

(b) Amount repayable after one year

	Group	
	As at 30 Sep 2013 \$'000	As at 31 Dec 2012 \$'000
<u>Secured</u>		
Bank loans	41,397	31,658
Finance lease liabilities	7,938	7,034
Total	49,335	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; and/or corporate guarantees by 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 \$19.6 million as at 30 Sep 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

	9 Months Period ended	
	30 Sep 2013	30 Sep 2012
	\$'000	\$'000
Cash flows from operating activities:		
Profit/(Loss) for the year	18,975	(2,870)
Adjustments for:		
Bad debts written off	-	17
Amortisation of lease prepayment	45	-
Depreciation of investment property	7	-
Depreciation of property, plant and equipment	6,255	5,508
Change in fair value of financial assets designated at fair value through profit or loss	8	(12)
Gain on disposal of property, plant and equipment	(11,440)	(506)
Goodwill on consolidation written off	-	11,298
Dividend from quoted shares	(2)	-
Interest income	(20)	(28)
Finance costs	3,387	2,237
Tax expense	1,728	2,173
	<u>18,943</u>	<u>17,817</u>
Changes in working capital:		
Development property	(13,622)	-
Inventories	1,907	(3,355)
Contracts work-in-progress	(23,290)	(24,820)
Trade and other receivables	(9,052)	(6,235)
Trade and other payables	(9,845)	12,995
	<u>(34,959)</u>	<u>(3,598)</u>
Cash used in operating activities	<u>(34,959)</u>	<u>(3,598)</u>
Tax paid	(1,542)	(1,620)
Net cash used in operating activities	<u>(36,501)</u>	<u>(5,218)</u>
Cash flows from investing activities:		
Decrease in balances with related parties (non-trade)	-	535
Dividend from quoted shares	2	-
Interest received	20	28
Acquisition of lease prepayment	(1,308)	-
Acquisition of property, plant and equipment	(13,645)	(19,776)
Acquisition of club membership	-	(229)
Proceeds from disposal of property, plant and equipment	15,190	931
Effect of acquisition of a subsidiary	(389)	829
	<u>(130)</u>	<u>(17,682)</u>
Net cash used in investing activities	<u>(130)</u>	<u>(17,682)</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

	9 Months Period ended	
	30 Sep 2013	30 Sep 2012
	\$'000	\$'000
Cash flows from financing activities:		
Interest paid	(3,387)	(2,237)
Proceeds from bank borrowings	51,143	28,618
Proceeds from bill payables	73,945	36,224
Proceeds from issue of share capital	16,212	12,677
Share issuance expenses	(622)	(381)
Repayment of bank borrowings	(19,346)	(13,054)
Repayment of bill payables	(62,873)	(33,835)
Repayment of finance lease liabilities	(4,401)	(3,670)
Decrease in balances with related parties (non-trade)	(519)	-
Cash distribution to shareholders	(1,546)	(2,000)
Capital injection by minority shareholders	-	245
Increase in fixed deposits pledged with bank	(6,009)	(524)
Dividends paid	(1,234)	(4,000)
Net cash generated from financing activities	<u>41,363</u>	<u>18,063</u>
Net increase/(decrease) in cash and cash equivalents	4,732	(4,837)
Cash and cash equivalents at beginning of period	17,136	23,681
Effect of exchange rate fluctuations on cash held	474	(200)
Cash and cash equivalents at end of period	<u>22,342</u>	<u>18,644</u>
Cash and cash equivalents		
Cash at bank and on hand	23,707	19,131
Fixed deposits	<u>12,498</u>	<u>4,693</u>
	36,205	23,824
Bank overdrafts	(1,365)	(487)
Deposits pledged	<u>(12,498)</u>	<u>(4,693)</u>
Cash and cash equivalents in the unaudited consolidated statement of cash flows	<u>22,342</u>	<u>18,644</u>

During the 9 months period ended 30 Sep 2013, the Group acquired property, plant and equipment with an aggregate cost of \$19,615,000 (9 months period ended 30 Sep 2012: \$22,602,000), of which \$5,970,000 (9 months period ended 30 Sep 2012: \$2,826,000) 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/(expense) for the period						
Loss for the period	-	(3,047)	-	(3,047)	177	(2,870)
Other comprehensive expense						
Foreign currency translation differences – foreign operations	-	-	(200)	(200)	-	(200)
Total comprehensive income/(expense)	-	(3,047)	(200)	(3,247)	177	(3,070)
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)
Increase in share capital arising from reverse acquisition	12,093	-	-	12,093	-	12,093
Share issuance expenses	(381)	-	-	(381)	-	(381)
Issue of shares pursuant to share placement exercise	12,678	-	-	12,678	-	12,678
Total transactions with owners	39,390	(17,000)	-	22,390	-	22,390
Change in ownership interests in subsidiaries						
Capital injection in a subsidiary without a change in control	-	-	-	-	247	247
Total change in ownership interests in subsidiaries	39,390	(17,000)	-	22,390	247	22,637
At 30 September 2012	55,527	22,227	(200)	77,554	844	78,398

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	-	18,676	-	18,676	299	18,975
Other comprehensive income						
Foreign currency translation differences – foreign operations	-	-	438	438	-	438
Total comprehensive income	-	18,676	438	19,114	299	19,413
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)
Issue of shares pursuant to share placement exercise	16,212	-	-	16,212	-	16,212
Shares issuance expenses	(622)	-	-	(622)	-	(622)
Total transactions with owners	15,590	(1,234)	-	14,356	-	14,356
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 September 2013	71,117	39,463	131	110,711	672	111,383

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	-	-	(4,199)	(4,199)
Transactions with owners recognized directly in equity				
Issue of shares by way of exercise of warrants	5	-	-	5
Cash distribution to shareholders	-	(1,497)	-	(1,497)
Capital reduction	(58,018)	1,497	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	120,805
At 30 September 2012	121,746	-	(1,492)	120,254
At 1 January 2013	121,746	(969)	(993)	119,784
Total comprehensive income for the period				
Profit for the period/Total comprehensive income	-	-	3,501	3,501
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)
Cash distribution to Entitled Shareholders*	-	(158)	-	(158)
Issue of shares pursuant to share placement exercise	16,212	-	-	16,212
Shares issuance expenses	(622)	-	-	(622)
Total transactions with owners	15,590	(158)	(1,234)	14,198
At 30 September 2013	137,336	(1,127)	1,274	137,483

* 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.

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 in the issued and paid up share capital of the Company (the "**Placement**").

Pursuant to the completion of the Placement on 16 August 2013, the total number of issued and paid-up ordinary shares of the Company has increased to 592,406,996 shares (31 December 2012: 493,672,996 shares).

As at 30 September 2013 (and 31 December 2012), the Company's issued and paid-up share capital was S\$137,336,285 (S\$121,745,086).

There was no treasury share held by the Company.

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 were exercised. 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 as set out in the circular dated 21 June 2012, the warrants were 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 September 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 September 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 September 2013	31 December 2012
Total number of issued shares excluding treasury shares (after share consolidation)	592,406,996	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.

Earnings/(Loss) per share (EPS)	3 rd Quarter ended		9 Months Period ended	
	30 Sep 2013	30 Sep 2012	30 Sep 2013	30 Sep 2012
Continuing operations				
EPS based on weighted average number of ordinary shares on issue (cents)	2.36	(1.80)	3.66	(0.73)
EPS based on a fully diluted basis (cents)	2.36	(1.80)	3.66	(0.73)
Weighted average number of shares (after Share Consolidation)	543,039,996	459,856,900	510,309,494	415,353,403

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

As at reporting period, there were no outstanding warrants. For the previous 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 Sep 2013	As at 31 Dec 2012	As at 30 Sep 2013	As at 31 Dec 2012
NAV per ordinary share (cents)	18.69	15.59	23.21	24.26
Number of shares (after Share Consolidation)	592,406,996	493,672,996	592,406,996	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

Third quarter review – Q3FY13 vs Q3FY12

Revenue

Revenue decreased by approximately \$8.0 million or 18.6% to \$35.3 million for the third quarter ended 30 Sep 2013 ("**Q3FY13**") compared to the corresponding quarter ended 30 Sep 2012 ("**Q3FY12**") of \$43.3 million. The decrease was mainly attributable to lower revenue recognized for certain projects nearing completion during the current period as compared to the same period of the previous financial year.

Gross profit

Gross profit decreased by approximately 24.6% to \$6.8 million for Q3FY13 compared to approximately \$9.0 million for Q3FY12, attributable to the lower revenue recognition as explained above. The overall gross profit margin also decreased from approximately 20.8% for Q3FY12 to approximately 19.2% for Q3FY13 due to higher labour and direct operational costs incurred during the current period.

Other income

Other income for Q3FY13 increased by approximately \$11.1 million or 928.4% compared to Q3FY12 due to gain recognized on disposal of building at 61 Senoko Drive.

Distribution expenses

Distribution expenses for Q3FY13 increased by approximately \$0.1 million or 35.8% compared to Q3FY12 due to increase in commission paid to joint venture partner for projects in Brunei.

Other operating expenses

Other expenses for Q3FY13 decreased by approximately \$12.1 million or 99.2% compared to Q3FY12, due to the absence of one-off impairment of goodwill on consolidation in relation to the reverse take-over in FY12.

Finance costs

Finance costs for Q3FY13 increased by approximately \$0.3 million or 39.9% compared to Q3FY12, due mainly to increase in bank borrowings.

Income tax

Income tax for Q3FY13 decreased by approximately \$0.5 million compared to Q3FY12 due mainly to decrease in profit before tax (after adjusting for the gain on disposal of 61 Senoko Drive).

Net profit after tax

The Group reported a net profit after tax of \$12.8 million for Q3FY13 compared to a net loss after tax of \$8.2 million for Q3FY12 due to the various reasons as disclosed above.

Nine months review – 9MFY13 vs 9MFY12

Revenue

Revenue increased by approximately \$3.5 million or 3.3% to \$109.8 million for the nine months ended 30 Sep 2013 ("**9MFY13**") compared to the corresponding period ended 30 Sep 2012 ("**9MFY12**") of \$106.3 million, though the revenue has declined in Q3FY13 (i.e. on quarter-on-quarter basis) for the reasons mentioned earlier. The increase was mainly attributable to the new projects secured during the current period.

Gross profit

Gross profit increased by approximately 9.0% to \$24.4 million for 9MFY13 compared to approximately \$22.4 million for 9MFY12, attributable to the higher revenue recognised from new projects with higher margin. The overall gross profit margin also increased from approximately 21.1% for 9MFY12 to approximately 22.2% for 9MFY13, attributable to these new projects.

Other income

Other income for 9MFY13 increased by approximately \$10.8 million or 405.1% compared to 9MFY12 due to gain recognized on disposal of building at 61 Senoko Drive.

Distribution expenses

Distribution expenses for 9MFY13 increased by approximately \$0.4 million or 78.8% compared to 9MFY12 due to increase in commission paid to joint venture partner for projects in Brunei and more oversea business traveling.

Administrative expenses

Administrative expenses for 9MFY13 increased by approximately \$2.5 million or 25.0% compared to 9MFY12 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 9MFY13 decreased by approximately \$12.7 million or 98.1% compared to 9MFY12, due to the absence of impairment of goodwill on consolidation in relation to the reverse take-over in FY12.

Finance costs

Finance costs for 9MFY13 increased by approximately \$1.1 million or 51.4% compared to 9MFY12, due mainly to increase in bank borrowings.

Income tax

Income tax for 9MFY13 decreased by approximately \$0.4 million compared to 9MFY12 due mainly to decrease in profit before tax of \$1.3 million (after adjusting for the gain on disposal of 61 Senoko Drive in the 9MFY13 and adjusting for the goodwill on consolidation written off in 9MFY12).

Net profit after tax

The Group reported a net profit after tax of \$19.0 million for 9MFY13 compared to a net loss after tax of \$2.8 million for 9MFY12 due to the various reasons as disclosed above.

Consolidated Statement of financial position

Non-current assets

The Group's non-current assets increased by \$10.8 million from \$70.6 million as at 31 December 2012 to \$81.4 million as at 30 September 2013, mainly attributable to the a) increase in capital expenditure, as a result of lease prepayment towards the purchase of land use rights in Yantai-PRC amounting to S\$1.3 M, b) construction costs incurred on the Group's leasehold building, plant & machinery at No. 3 Sungei Kadut Drive amounting to S\$7.0 M, Singapore, and purchase of additional plant and equipment amounting to S\$2.5 M.

Current assets

The Group's current assets increased by \$56.3 million from \$144.3 million as at 31 December 2012 to \$200.6 million as at 30 September 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 \$23.3 million to \$107.3 million as at 30 September 2013 compared to \$84.0 million as at 31 December 2012, mainly attributable to the costs incurred in relation to the additional projects secured.

Liabilities

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

Consolidated Statement of Cash flow

The Group's cash and cash equivalents was \$22.3 million for 9MFY13 compared to \$18.6 million for 9MFY12.

Net cash from operating activities

Net cash used in operating activities was \$36.5 million, comprising cash from operating activities before working capital changes of \$18.9 million, net working capital outflow of \$53.9 million and net income tax paid of \$1.5 million.

The net working capital outflow of \$53.9 million was due mainly to the following:

- (a) increase in contract work-in-progress of approximately \$23.3 million due to costs incurred on new contracts and projects that had yet to be billed to customers pending certification by consultants;
- (b) decrease in trade and other payables of approximately \$9.8 million mainly due to increase in payment to the creditors during the period;
- (c) increase in development property of approximately \$13.6 million due mainly to the purchase of property at No. 241 Pasir Panjang Road, Singapore;
- (d) increase in trade and other receivables of approximately \$9.1 million mainly due to increase in billing and lower collection during the period; and partially offset by item (e) below;
- (e) decrease in inventories of approximately \$1.9 million due to more materials used for projects.

Net cash used in investing activities

Net cash used in investing activities of approximately \$0.1 million was due mainly to purchase of plant and equipment and construction expenditure paid for leasehold building at No. 3 Sungei Kadut Drive, Singapore which was partially offset by the proceeds from the sale of building at 61 Senoko Drive.

Net cash generated from financing activities

Net cash from financing activities of approximately \$41.4 million was due mainly to additional bank borrowings for project financing purposes and proceeds from New Shares placement; 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 focus on our core competency in the Pipes and Roads segment which mainly involves public infrastructure construction and maintenance as government projects will continue to be a fundamental and important part of our business. Over the next twelve months, the Group expects revenue contribution from the Construction Materials segment as our two asphalt premix plants will enable us to undertake large-scale 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 our prospects in the next twelve months amidst a more challenging environment due to rising business costs and the tightening of the labour market in Singapore.

As at the date of this announcement, our order book based on secured contracts stands at approximately \$201.8 million, with some projects completing in 2015.

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 for the 3rd quarter ended 30 September 2013.

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	3rd Quarter ended 30 Sep 2013 \$'000	9 Months Period ended 30 Sep 2013 \$'000	3rd Quarter ended 30 Sep 2013 \$'000	9 Months Period ended 30 Sep 2013 \$'000
Purchases from: Pan Asian Holdings Limited	Nil	Nil	786	2,612
Sales to: Sing & San Construction Pte Ltd	Nil	Nil	113	361

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 Sep 2013 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Toh Choo Huat

Executive Chairman and Chief Executive Officer

13 November 2013