

## LEY CHOON GROUP HOLDINGS LIMITED

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

	4 <sup>th</sup> Quarter ended		Change	12 Months Period ended		Change
	31 Dec 2013	31 Dec 2012		31 Dec 2013	31 Dec 2012	
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	43,347	42,166	2.8	153,165	148,450	3.2
Cost of sales	(41,372)	(37,154)	11.4	(126,806)	(121,062)	4.7
<b>Gross profit</b>	1,975	5,012	(60.6)	26,359	27,388	(3.8)
Other income	574	432	32.9	13,985	3,087	353.0
Distribution expenses	(369)	(172)	114.5	(1,290)	(687)	87.8
Administrative expenses	(5,329)	(4,357)	22.3	(17,861)	(14,383)	24.2
Other operating expenses	(53)	(149)	(64.4)	(305)	(13,099)	(97.7)
<b>Results from operating activities</b>	(3,202)	766	n/m	20,888	2,306	n/m
Finance costs	(1,136)	(904)	25.7	(4,523)	(3,141)	44.0
<b>(Loss)/Profit before tax</b>	(4,338)	(138)	n/m	16,365	(835)	n/m
Tax expense	(315)	(149)	111.4	(2,043)	(2,322)	(12.0)
<b>(Loss)/Profit for the period/year</b>	(4,653)	(287)	n/m	14,322	(3,157)	n/m
<b>Other comprehensive (expense)/income</b>						
Foreign currency translation differences – foreign operations	445	(107)	n/m	883	(307)	n/m
<b>Total comprehensive (expense)/income for the period/year</b>	(4,208)	(394)	n/m	15,205	(3,464)	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)**

	4 <sup>th</sup> Quarter ended		Change	12 Months Period ended		Change
	31 Dec 2013	31 Dec 2012		31 Dec 2013	31 Dec 2012	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>(Loss)/Profit attributable to:</b>						
Owners of the Company	(4,332)	(464)	n/m	14,344	(3,511)	n/m
Non-controlling interests	(321)	177	(281.4)	(22)	354	(106.2)
<b>(Loss)/Profit for the period/year</b>	<u>(4,653)</u>	<u>(287)</u>	n/m	<u>14,322</u>	<u>(3,157)</u>	n/m
<b>Total comprehensive (expense)/income attributable to:</b>						
Owners of the Company	(3,887)	(571)	n/m	15,227	(3,818)	n/m
Non-controlling interests	(321)	177	(281.4)	(22)	354	(106.2)
<b>Total comprehensive (expense)/income for the period/year</b>	<u>(4,208)</u>	<u>(394)</u>	n/m	<u>15,205</u>	<u>(3,464)</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:

	4 <sup>th</sup> Quarter ended			12 Months Period ended		
	31 Dec 2013	31 Dec 2012	Change	31 Dec 2013	31 Dec 2012	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Bad debts written off	170	34	n/m	170	51	n/m
Amortisation of lease prepayment	19	-	n/m	64	-	n/m
Depreciation of property, plant and equipment	2,214	1,865	18.7	8,469	7,373	14.9
Depreciation of investment property	7	26	(73.1)	14	26	(46.2)
Foreign exchange (gain)/loss	470	(222)	n/m	501	(114)	n/m
Goodwill on consolidation written off	-	-	n/m	-	11,298	n/m
Change in fair value of financial assets designated at fair value through profit or loss	(6)	(3)	n/m	2	(15)	n/m
Interest income	(4)	2	n/m	(24)	(26)	(7.7)
Dividend income from quoted shares	-	(2)	n/m	(2)	(2)	n/m
Gain on disposal of property, plant and equipment	20	3	n/m	(11,420)	(503)	n/m
Finance costs	1,136	904	25.7	4,523	3,141	44.0
Operating lease expenses	619	577	7.3	2,287	2,041	12.0
Reverse takeover costs expensed off	-	(78)	n/m	-	1,548	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 2013 \$'000	As at 31 Dec 2012 \$'000	As at 31 Dec 2013 \$'000	As at 31 Dec 2012 \$'000
<b>Assets</b>				
Lease prepayment	3,405	2,102	-	-
Property, plant and equipment	82,191	66,084	-	-
Investment property	2,045	2,101	-	-
Investments in subsidiaries	-	-	110,000	110,000
Club membership	271	271	-	-
<b>Non-current assets</b>	<b>87,912</b>	<b>70,558</b>	<b>110,000</b>	<b>110,000</b>
Inventories	5,827	7,093	-	-
Development property	13,708	-	-	-
Contracts work-in-progress	113,393	84,037	-	-
Trade and other receivables	46,990	29,152	30,028	4,574
Financial assets designated at fair value through profit or loss	88	92	-	-
Cash and cash equivalents	33,721	23,891	597	7,097
<b>Current assets</b>	<b>213,727</b>	<b>144,265</b>	<b>30,625</b>	<b>11,671</b>
<b>Total assets</b>	<b>301,639</b>	<b>214,823</b>	<b>140,625</b>	<b>121,671</b>
<b>Equity</b>				
Share capital	71,117	55,527	137,336	121,746
Capital reserve	-	-	(1,127)	(969)
Foreign currency translation reserve	576	(307)	-	-
Accumulated profits/(losses)	35,131	21,763	3,825	(993)
<b>Equity attributable to owners of the Company</b>	<b>106,824</b>	<b>76,983</b>	<b>140,034</b>	<b>119,784</b>
<b>Non-controlling interests</b>	<b>351</b>	<b>1,020</b>	<b>-</b>	<b>-</b>
<b>Total equity</b>	<b>107,175</b>	<b>78,003</b>	<b>140,034</b>	<b>119,784</b>
<b>Liabilities</b>				
Loans and borrowings	48,027	38,692	-	-
Deferred tax liabilities	3,712	3,986	-	-
<b>Non-current liabilities</b>	<b>51,739</b>	<b>42,678</b>	<b>-</b>	<b>-</b>
Loans and borrowings	106,342	54,389	-	-
Trade and other payables	32,877	37,016	581	1,887
Provisions	106	106	-	-
Current tax payable	3,400	2,631	10	-
<b>Current liabilities</b>	<b>142,725</b>	<b>94,142</b>	<b>591</b>	<b>1,887</b>
<b>Total liabilities</b>	<b>194,464</b>	<b>136,820</b>	<b>591</b>	<b>1,887</b>
<b>Total equity and liabilities</b>	<b>301,639</b>	<b>214,823</b>	<b>140,625</b>	<b>121,671</b>

## 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 2013 \$'000	As at 31 Dec 2012 \$'000
<b>Secured</b>		
Bank overdrafts	1,454	266
Bank loans	53,267	25,188
Bills payable	45,465	24,205
Finance lease liabilities	6,156	4,730
<b>Total</b>	<u>106,342</u>	<u>54,389</u>

(b) Amount repayable after one year

	Group	
	As at 31 Dec 2013 \$'000	As at 31 Dec 2012 \$'000
<b>Secured</b>		
Bank loans	39,224	31,658
Finance lease liabilities	8,803	7,034
<b>Total</b>	<u>48,027</u>	<u>38,692</u>

(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;
- (iv) corporate guarantees by the Company; and/or
- (v) 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 \$22.5 million as at 31 December 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**

	<b>12 Months Period ended</b>	
	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities:</b>		
Profit/(Loss) for the year	14,322	(3,157)
Adjustments for:		
Bad debts written off	170	51
Amortisation of lease prepayment	64	-
Depreciation of investment property	14	26
Depreciation of property, plant and equipment	8,469	7,373
Change in fair value of financial assets designated at fair value through profit or loss	2	(15)
Gain on disposal of property, plant and equipment	(11,420)	(503)
Goodwill on consolidation written off	-	11,298
Impairment loss on trade receivables reversed, net	-	(15)
Dividend income from quoted shares	(2)	(2)
Interest income	(24)	(26)
Finance costs	4,523	3,141
Tax expense	2,043	2,322
	<u>18,161</u>	<u>20,493</u>
<b>Changes in working capital:</b>		
Development property	(13,708)	-
Inventories	1,266	(2,791)
Contracts work-in-progress	(29,356)	(32,503)
Trade and other receivables	(17,578)	(14,526)
Trade and other payables	(1,813)	11,729
	<u>(43,028)</u>	<u>(17,598)</u>
<b>Cash used in operating activities</b>	<u>(43,028)</u>	<u>(17,598)</u>
Tax paid	(1,548)	(1,620)
<b>Net cash used in operating activities</b>	<u>(44,576)</u>	<u>(19,218)</u>
<b>Cash flows from investing activities:</b>		
Balances with related parties (non-trade)	(10)	535
Dividend income from quoted shares	2	2
Interest received	24	26
Acquisition of lease prepayment	(1,207)	-
Acquisition of property, plant and equipment	(19,116)	(19,620)
Acquisition of club membership	-	(229)
Proceeds from disposal of property, plant and equipment	15,224	1,176
Effect of acquisition of a subsidiary	(389)	1,725
	<u>(5,472)</u>	<u>(16,385)</u>
<b>Net cash used in investing activities</b>	<u>(5,472)</u>	<u>(16,385)</u>

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

	<b>12 Months Period ended</b>	
	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from financing activities:</b>		
Interest paid	(4,523)	(3,141)
Proceeds from bank borrowings	60,374	36,620
Proceeds from bill payables	112,075	53,847
Proceeds from issue of share capital	16,212	12,678
Share issuance expenses	(622)	(381)
Repayment of bank borrowings	(24,729)	(13,385)
Repayment of bill payables	(90,815)	(45,754)
Repayment of finance lease liabilities	(6,048)	(4,839)
Decrease in balances with related parties (non-trade)	(780)	1,794
Cash distribution to shareholders	(1,546)	(2,000)
Capital injection by minority shareholders	-	246
Increase in fixed deposits pledged with bank	(6,009)	(2,320)
Dividends paid	(1,234)	(4,000)
<b>Net cash generated from financing activities</b>	<u>52,355</u>	<u>29,365</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,307	(6,238)
<b>Cash and cash equivalents at beginning of period</b>	17,136	23,681
Effect of exchange rate fluctuations on cash held	326	(307)
<b>Cash and cash equivalents at end of period</b>	<u>19,769</u>	<u>17,136</u>
<b>Cash and cash equivalents</b>		
Cash at bank and on hand	21,223	17,402
Fixed deposits	<u>12,498</u>	<u>6,489</u>
	33,721	23,891
Bank overdrafts	(1,454)	(266)
Deposits pledged	<u>(12,498)</u>	<u>(6,489)</u>
Cash and cash equivalents in the unaudited consolidated statement of cash flows	<u>19,769</u>	<u>17,136</u>

During the financial year ended 31 December 2013, the Group acquired property, plant and equipment with an aggregate cost of \$28,359,000 (2012: \$27,681,000), of which \$9,243,000 (2012: \$8,061,000) 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**

<b>Group</b>	<b>Share capital \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Equity attributable to owners of the Company \$'000</b>	<b>Non-controlling interests \$'000</b>	<b>Total \$'000</b>
At 1 January 2012	16,137	42,274	-	58,411	420	58,831
<b>Total comprehensive income/(expense) for the year</b>						
Loss for the year	-	(3,511)	-	(3,511)	354	(3,157)
<b>Other comprehensive expense</b>						
Foreign currency translation differences – foreign operations	-	-	(307)	(307)	-	(307)
<b>Total comprehensive (expense)/income</b>	-	(3,511)	(307)	(3,818)	354	(3,464)
<b>Transactions with owners recognised directly in equity</b>						
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
<b>Change in ownership interests in subsidiaries</b>						
Capital injection in a subsidiary without a change in control	-	-	-	-	246	246
Total change in ownership interests in subsidiaries	-	-	-	-	246	246
<b>At 31 December 2012</b>	<b>55,527</b>	<b>21,763</b>	<b>(307)</b>	<b>76,983</b>	<b>1,020</b>	<b>78,003</b>

**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)**

<b>Group</b>	<b>Share capital \$'000</b>	<b>Accumulated profits \$'000</b>	<b>Foreign currency translation reserve \$'000</b>	<b>Equity attributable to owners of the Company \$'000</b>	<b>Non-controlling interests \$'000</b>	<b>Total \$'000</b>
At 1 January 2013	55,527	21,763	(307)	76,983	1,020	78,003
<b>Total comprehensive income for the year</b>						
Profit for the year	-	14,344	-	14,344	(22)	14,322
<b>Other comprehensive income</b>						
Foreign currency translation differences – foreign operations	-	-	883	883	-	883
<b>Total comprehensive income</b>	-	14,344	883	15,227	(22)	15,205
<b>Transactions with owners recognised directly in equity</b>						
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
<b>Changes in ownership interests in subsidiaries</b>						
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)
<b>At 31 December 2013</b>	<b>71,117</b>	<b>35,131</b>	<b>576</b>	<b>106,824</b>	<b>351</b>	<b>107,175</b>

**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>	<b>Share Capital \$'000</b>	<b>Capital reserve \$'000</b>	<b>Accumulated (losses)/profits \$'000</b>	<b>Total \$'000</b>
At 1 January 2012	57,462	-	(53,814)	3,648
<b>Total comprehensive expense for the year</b>				
Loss for the year/Total comprehensive expense	-	-	(3,700)	(3,700)
<b>Transactions with owners recognized directly in equity</b>				
Issue of shares by way of exercise of warrants	5	-	-	5
Cash distribution to Entitled Shareholders*	-	(2,466)	-	(2,466)
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	(969)	56,521	119,836
<b>At 31 December 2012</b>	<b>121,746</b>	<b>(969)</b>	<b>(993)</b>	<b>119,784</b>
At 1 January 2013	121,746	(969)	(993)	119,784
<b>Total comprehensive income for the year</b>				
Profit for the year/Total comprehensive income	-	-	6,052	6,052
<b>Transactions with owners recognized directly in equity</b>				
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
<b>At 31 December 2013</b>	<b>137,336</b>	<b>(1,127)</b>	<b>3,825</b>	<b>140,034</b>

\* 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 (the "**New 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 31 December 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 which were subsequently consolidated.

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 year ended 31 December 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 31 December 2013.

As announced via SGXNET on 13 February 2014, the Company had on 13 February 2014 entered into a master murabaha facility agreement (the "**Master Murabaha Facility Agreement**") with The Islamic Bank of Asia Limited (the "**Bank**") on for the provision of a Singapore dollar murabaha facility (the "**Facility**") in an aggregate amount of up to

S\$15,000,000. Under the terms of the Master Murabaha Facility Agreement, the Bank shall have an option to convert the Deferred Sale Price (as defined in the Master Murabaha Facility Agreement) into fully-paid ordinary shares of the Company ("**Conversion Shares**") at a conversion price of S\$0.1929 per Conversion Share (subject to adjustments as set out in the Master Murabaha Facility Agreement (the "**Proposed Issue of Conversion Rights**"). The Company will be seeking the specific approval of the Shareholders for the Proposed Issue of Conversion Rights and the issue of the Conversion Shares at an extraordinary general meeting to be convened at a later date and a circular containing further details of, *inter alia*, the Proposed Issue of Conversion Rights and the issue of the Conversion Shares will be despatched to the shareholders at a later date.

**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.**

<b>Actual</b>	<b>31 December 2013</b>	<b>31 December 2012</b>
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.**

Earning/(Loss) per share (EPS)	4 <sup>th</sup> Quarter ended		Year ended	
	31 Dec 2013	31 Dec 2012	31 Dec 2013	31 Dec 2012
<b><u>Continuing operations</u></b>				
EPS based on weighted average number of ordinary shares on issue (cents)	(0.73)	(0.09)	2.70	(0.81)
EPS based on a fully diluted basis (cents)	(0.73)	(0.09)	2.70	(0.81)
Weighted average number of shares (after Share Consolidation)	592,406,996	493,672,996	531,002,564	434,922,287

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

As at reporting date, 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 31 Dec 2013	As at 31 Dec 2012	As at 31 Dec 2013	As at 31 Dec 2012
NAV per ordinary share (cents)	18.03	15.59	23.64	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**

**Fourth quarter review – Q4FY13 vs Q4FY12**

Revenue

Revenue increased by approximately \$1.1 million or 2.8% to \$43.3 million for the fourth quarter ended 31 Dec 2013 ("Q4FY13") compared to the corresponding quarter of the previous year ended 31 Dec 2012 ("Q4FY12") of \$42.2 million. The increase was mainly attributable to more revenue recognized for certain ongoing projects during the current period as compared to the same period of the previous financial year.

Gross profit

Gross profit decreased by approximately \$3.0 Million or 60.6% to \$2.0 million for Q4FY13 compared to approximately \$5.0 million for Q4FY12, mainly due to reversals of over-recognition of revenue of approximately \$5.3 million in relation to certain projects due to allocation of cost and non-approval of certain scope of works and variation orders by some of our customers. The overall gross profit margin also decreased from approximately 11.9% for Q4FY12 to approximately 4.6% for Q4FY13 due to higher labour and direct operational costs during the period.

Other income

Other income for Q4FY13 increased by approximately \$0.1 million or 32.9% compared to Q4FY12 due to more income generated from the training services provided to third parties.

Distribution expenses

Distribution expenses for Q4FY13 increased by approximately \$0.2 million or 114.5% compared to Q4FY12 due to increase in commission expenses incurred by our 51% owned subsidiary at Brunei.

#### Administrative expenses

Administrative expenses for Q4FY13 increased by approximately \$1.0 million or 22.3% compared to Q4FY12, due to higher personnel related cost and increase in property tax for the new leasehold building at No. 3 Sungei Kadut Drive, Singapore.

#### Finance costs

Finance costs for Q4FY13 increased by approximately \$0.2 million or 25.7% compared to Q4FY12, due mainly to increase in bank borrowings.

#### Income tax

Income tax for Q4FY13 increased by approximately \$0.2 million compared to Q4FY12 mainly attributable to the higher taxable profit earned by certain entities.

#### Net profit after tax

The Group reported a net loss after tax of \$4.7 million for Q4FY13 compared to a net loss after tax of \$0.3 million for Q4FY12 due to the various reasons as disclosed above.

### **Twelve months review – FY13 vs FY12**

#### Revenue

Revenue increased by approximately \$4.7 million or 3.2% to \$153.2 million for the twelve months ended 31 Dec 2013 ("**FY13**") compared to the corresponding period ended 31 Dec 2012 ("**FY12**") of \$148.5 million. The increase was mainly attributable to more revenue recognized for certain ongoing projects during the current year.

#### Gross profit

Gross profit decreased by approximately 3.8% to \$26.4 million for FY13 compared to approximately \$27.4 million for FY12 for the various reasons set out in the paragraph entitled "Gross Profit" in the Fourth quarter review – 4QFY13 vs 4QFY12 above. The overall gross profit margin also decreased from approximately 18.4% for FY12 to approximately 17.2% for FY13 due to higher labour and direct operational costs during the year.

#### Other income

Other income for FY13 increased by approximately \$10.9 million or 353.0% to \$14.0 million due to gain recognized on the disposal of an industrial building at 61 Senoko Drive, Singapore.

#### Distribution expenses

Distribution expenses for FY13 increased by approximately \$0.6 million or 87.8% compared to FY12 due to increase in commission expenses incurred by our 51% owned subsidiary at Brunei and higher travelling expenses.

### Administrative expenses

Administrative expenses for FY13 increased by approximately \$3.5 million or 24.2% compared to FY12 due mainly to higher personnel related costs as the Group expanded its road construction and maintenance business and entered into the high tension cable laying business. The higher administrative expenses were also partially due to increase in rental and property tax for the new leasehold building at No. 3 Sungei Kadut, Drive, Singapore.

### Other operating expenses

Other expenses for FY13 decreased by approximately \$12.8 million or 97.7% compared to FY12, due to the absence of impairment of goodwill on consolidation in relation to the reverse take-over in FY12.

### Finance costs

Finance costs for FY13 increased by approximately \$1.4 million or 44.0% compared to FY12, due mainly to increase in bank borrowings.

### Income tax

Income tax for FY13 decreased by approximately \$0.3 million or 12.0% compared to FY12 due mainly to decrease in profit before tax. (after adjusting for the gain on disposal of 61 Senoko Drive in FY13 and adjusting for the goodwill on consolidation written off in FY12)

### Net profit after tax

The Group reported a net profit after tax of \$14.3 million for FY13 compared to a net loss after tax of \$3.2 million for FY12 due to the various reasons as disclosed above.

## **Consolidated Statement of financial position**

### Non-current assets

The Group's non-current assets increased by \$17.3 million from \$70.6 million as at 31 December 2012 to \$87.9 million as at 31 December 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 million, b) construction costs incurred on the Group's new leasehold building at No. 3 Sungei Kadut Drive, Singapore amounting to S\$10.0 million and c) purchase of additional plant and equipment amounting to S\$6.0 million.

### Current assets

The Group's current assets increased by \$69.4 million from \$144.3 million as at 31 December 2012 to \$213.7 million as at 31 December 2013, significantly attributable to the following:

- (a) Purchase of a development property at No. 241 Pasir Panjang Road, Singapore; of \$13.7 million and

- (b) Increase in contracts work-in-progress by \$29.4 million to \$113.4 million as at 31 December 2013 compared to \$84.0 million as at 31 December 2012, mainly attributable to the project costs incurred in relation to the additional projects secured.
- (c) Increase in trade and other receivables by \$17.8 million to \$47.0 million as at 31 December 2013 compared to \$29.2 million as at 31 December 2012, mainly due to increase in general progress billing for the ongoing projects and final billing for certain completed projects.

#### 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 \$19.8 million for FY13 compared to \$17.1 million for FY12.

#### Net cash from operating activities

Net cash used in operating activities was \$44.6 million, comprising cash from operating activities before working capital changes of \$18.2 million, net working capital outflow of \$61.2 million and net income tax paid of \$1.6 million.

The net working capital outflow of \$61.2 million was due mainly to the following:

- (a) increase in contract work-in-progress of approximately \$29.4 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 \$1.8 million mainly due to increase in payment to the creditors during the period;
- (c) increase in development property of approximately \$13.7 million due mainly to the purchase of property at No. 241 Pasir Panjang Road, Singapore;
- (d) increase in trade and other receivables of approximately \$17.6 million mainly due to increase in progress billing for ongoing projects and final billing for certain completed projects; and;
- (e) decrease in inventories of approximately \$1.3 million due to more materials used for projects.

#### Net cash used in investing activities

Net cash used in investing activities of approximately \$5.5 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 \$52.4 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. The 4Q2013 and FY2013 results are in line with the commentary made in paragraph 10 of the third quarter results announcement released on 13 November 2013.

**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 outlook of Singapore's infrastructure construction sector remains robust, underpinned by the large-scale government-led infrastructure development to accommodate a population of 6.9 million by 2030. The Group is hopeful to benefit from the forthcoming tenders from PUB and LTA, such as the public sewer rehabilitation programs, the construction of portable water & NEWater pipeline, construction of North-South Expressway, the diversion of underground services of power cable, water mains & gas pipeline to facilitate the construction of Downtown MRT line, Thomson MRT line, etc.

The Group's strong presence and technical know-how in the pipe and road works allow it to tender jobs selectively to maintain profitability. 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 labour costs and shortages of experienced and skilled manpower.

As at the date of this announcement, our order book based on secured contracts stands at approximately \$189 million, with some projects completing in 2015.

**11. Dividends**

**(a) Current financial period**

Any dividend declared for the current financial period reported on?

The Directors are pleased to recommend a tax exempt one-tier final dividend of \$0.0025 per share in respect of the financial year ended 31 December 2013 for approval by the shareholders of the Company at the forthcoming Annual General Meeting.

Name of dividends	Final
Dividend Type	Cash
Dividend amount per share	\$0.0025, Tax exempt, one-tier

**(b) Previous corresponding financial period**

Any dividend declared for the previous corresponding financial period reported on?

No dividend was declared for the previous corresponding financial period.

**(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**

To be announced.

**(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.**

To be announced.

**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)	
<b>Name of Interested Person and/or Related Person</b>	<b>4<sup>th</sup> Quarter ended 31 Dec 2013 \$'000</b>	<b>12 Months Period ended 31 Dec 2013 \$'000</b>	<b>4<sup>th</sup> Quarter ended 31 Dec 2013 \$'000</b>	<b>12 Months Period ended 31 Dec 2013 \$'000</b>
Purchases from: Pan Asian Holdings Limited	Nil	Nil	1,309	3,921
Purchases from: Hen Sheng Civil Engineering Pte Ltd	Nil	Nil	642	642
Sales to: Sing & San Construction Pte Ltd	Nil	Nil	131	492
Services by: Pan Asian Holdings Ltd	Nil	Nil	32	123

**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**

<b><u>For the financial year ended 31 Dec 2013</u></b>	<b>Pipes and roads</b>	<b>Construction materials</b>	<b>Others*</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
External revenue	145,437	7,728	-	153,165
Inter-segment revenue	42,754	19,172	-	61,926
Total revenue	<u>188,191</u>	<u>26,900</u>	<u>-</u>	<u>215,091</u>
Interest income	-	-	24	24
Interest expenses	(445)	-	(4,078)	(4,523)
Depreciation	(6,456)	(840)	(1,173)	(8,469)
Reportable segment profit/(loss) before income tax	<u>22,816</u>	<u>1,503</u>	<u>(7,954)</u>	<u>16,365</u>
Reportable segment assets	<u>197,485</u>	<u>13,478</u>	<u>90,676</u>	<u>301,639</u>
Capital expenditure	<u>13,748</u>	<u>438</u>	<u>14,173</u>	<u>28,359</u>
Reportable segment liabilities	<u>70,926</u>	<u>12,081</u>	<u>111,457</u>	<u>194,464</u>

<b><u>For the financial year ended 31 Dec 2012</u></b>	<b>Pipes and roads</b>	<b>Construction materials</b>	<b>Others*</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
External revenue	144,035	4,415	-	148,450
Inter-segment revenue	62,478	18,309	-	80,787
Total revenue	<u>206,513</u>	<u>22,724</u>	<u>-</u>	<u>229,237</u>
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	<u>23,250</u>	<u>1,258</u>	<u>(25,343)</u>	<u>(835)</u>
Reportable segment assets	<u>146,857</u>	<u>12,306</u>	<u>55,660</u>	<u>214,823</u>
Capital expenditure	<u>8,187</u>	<u>5,145</u>	<u>14,349</u>	<u>27,681</u>
Reportable segment liabilities	<u>51,935</u>	<u>10,885</u>	<u>74,000</u>	<u>136,820</u>

Note: **Others** refer to general corporate activities and others

**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 more revenue recognized for certain ongoing projects.

Revenue from construction materials segment increased due to sale to new customers.

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

The decrease in segment loss for others segment was due mainly to absence of impairment of goodwill on consolidation in relation to the reverse take-over in FY12 and gain recognized on disposal of building at 61 Senoko Drive, Singapore in FY13.

**17. A breakdown of sales.**

	<b>Current financial year ended 31 Dec 2013 \$'000</b>	<b>Previous financial year ended 31 Dec 2012 \$'000</b>	<b>Change %</b>
(a) Sales reported for first half year	74,535	62,952	18.4
(b) Operating profit/(loss) after tax before deducting minority interests reported for first half year	6,208	5,326	16.6
(c) Sales reported for second half year	78,630	85,498	(8.0)
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	8,114	(8,483)	(195.7)

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

	<b>Current financial year ended 31 Dec 2013 \$'000</b>	<b>Previous financial year ended 31 Dec 2012 \$'000</b>
Ordinary	1,234	2,000
Preference	-	-
Total	1,234	2,000

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	48	Spouse of Mr Toh Choo Huat ("TCH")	Group Administration Manager	General Manager (Admin)
Toh Chiew Boon	50	Brother of TCH, Mr Toh Chew Leong ("TCL"), Mr Toh Swee Kim ("TSK")	Operations Manager	Assistant Logistic Manager
Ang Boon Lian	56	Spouse of Madam Toh Ley Keow who is the sister of TCH, TCL and TSK	Assistant Logistic Manager	N.A
Lim Tong Lee	52	Brother-in-law of Mdm Oh Ah Ber who is the spouse of TSK	Senior Construction Manager	N.A
Toh Kai Sheng	29	Son of Mr Toh Chew Chai ("TCC")	Head Operational Information	Project Manager
Toh Kai Hock	32	Son of TCC	Group IT Manager	N.A
Toh Chye Tiong	55	Son of TCH's cousin	Operations Manager	N.A
Toh Chew Chai	60	Brother of TCH, TCL and TSK	Deputy Chief Operating Officer	Senior Project Director
Toh Ting Xuan	25	Daughter of TCH	Business Development Executive	Senior Quantity Surveyor
Toh Kai Yang	26	Son of TCC	Management Trainee	Management Trainee

**BY ORDER OF THE BOARD**

Toh Choo Huat  
Executive Chairman and Chief Executive Officer

28 February 2014