

LEY CHOON GROUP HOLDINGS LIMITED

FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE PERIOD ENDED 31 MARCH 2016

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3, Q4, Q5), HALF-YEAR AND FULL YEAR RESULTS

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

	5 th Quarter ended		Change	15 Months Period ended		Change
	31 Mar 2016	31 Mar 2015		31 Mar 2016	31 Mar 2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Continuing operations						
Revenue	26,710	25,056	6.6	109,121	156,584	(30.3)
Cost of sales	(29,140)	(22,589)	29.0	(131,563)	(166,684)	(21.1)
Gross (loss)/profit	(2,430)	2,467	n/m	(22,442)	(10,100)	122.2
Other income	908	1,033	(12.1)	4,240	4,533	(6.5)
Distribution expenses	(238)	(61)	290.2	(713)	(761)	(6.3)
Administrative expenses	(4,963)	(5,048)	(1.7)	(24,570)	(22,477)	9.3
Other operating expenses	(3,234)	(39)	8192.3	(10,738)	(10,166)	5.6
Results from operating activities	(9,957)	(1,648)	504.2	(54,223)	(38,971)	39.1
Finance costs	(4,214)	(1,226)	243.7	(8,738)	(6,473)	35.0
Loss before tax	(14,171)	(2,874)	393.1	(62,961)	(45,444)	38.5
Tax credit/(expense)	668	(352)	n/m	(418)	6,105	n/m
Loss from continuing operations	(13,503)	(3,226)	318.6	(63,379)	(39,339)	61.1
Discontinued operation						
(Loss) /profit from discontinued operation, net of tax (Note 1)	-	(105)	n/m	1	120	(99.2)
Loss for the period/year	(13,503)	(3,331)	305.4	(63,378)	(39,219)	61.6
Other comprehensive (loss)/income						
Foreign currency translation differences – foreign operations	(1,002)	684	n/m	(1,060)	1,657	n/m
Total comprehensive loss for the period/year	(14,505)	(2,647)	448.0	(64,438)	(37,562)	71.6

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)

	5 th Quarter ended		Change	15 Months Period ended		Change
	31 Mar 2016	31 Mar 2015		31 Mar 2016	31 Mar 2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Loss attributable to:						
Owners of the Company	(13,503)	(3,280)	311.7	(63,378)	(39,277)	61.4
Non-controlling interests	-	(51)	n/m	-	58	n/m
Loss for the period/year	(13,503)	(3,331)	305.4	(63,378)	(39,219)	61.6
Total comprehensive loss attributable to:						
Owners of the Company	(14,505)	(2,596)	458.7	(64,438)	(37,620)	71.3
Non-controlling interests	-	(51)	n/m	-	58	n/m
Total comprehensive loss for the period/year	(14,505)	(2,647)	448.0	(64,438)	(37,562)	71.6

Note 1

Discontinued operation					
Revenue	-	4,030		7,315	29,293
Expenses	-	(4,128)		(7,301)	(29,126)
Profit/(loss) from operation	-	(98)		14	167
Finance costs	-	(8)		(13)	(34)
Profit before tax from discontinued operation	-	(106)		1	133
Tax expense	-	1		-	(13)
(Loss) /profit from discontinued operation, net of tax	-	(105)		1	120

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:

	5 th Quarter ended		Change	15 Months Period ended		Change
	31 Mar 2016	31 Mar 2015		31 Mar 2016	31 Mar 2015	
	\$'000	\$'000	%	\$'000	\$'000	%
Bad debts written off	-	-	-	-	7	n/m
Impairment loss on trade receivables	161	32	403.1	148	210	(29.5)
Impairment loss on property, plant and equipment	-	-	-	-	8,507	n/m
Write down on development property	1,129	-	n/m	8,496	-	n/m
Amortisation of lease prepayment	15	19	(21.1)	90	93	(3.2)
Depreciation of property, plant and equipment	2,817	3,488	(19.2)	15,698	13,644	15.1

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

	5 th Quarter ended			15 Months		
	31 Mar 2016 \$'000	31 Mar 2015 \$'000	Change %	31 Mar 2016 \$'000	31 Mar 2015 \$'000	Change %
Foreign exchange loss, net	211	99	113.1	259	491	(47.3)
Change in fair value of financial assets designated at fair value through profit or loss	-	-	-	36	3	1100.0
Interest income	(16)	(14)	14.3	(54)	(42)	28.6
Dividend income from quoted shares	-	-	-	(2)	(1)	100.0
Loss/(gain) on disposal of property, plant and equipment	39	(127)	n/m	(137)	(103)	33.0
Loss on disposal of investment property	-	-	-	-	502	n/m
Provision for foreseeable losses made/(reversed)	502	(106)	n/m	517	215	140.5
Provision for liquidated damages (reversed)/made	(120)	-	n/m	(2,174)	6,101	n/m
Provision for legal claims and damages	635	-	n/m	635	-	n/m
Provision for stock obsolescence	417	-	n/m	417	-	n/m
Finance costs	4,214	1,234	241.5	8,751	6,507	34.5
Gain on disposal of subsidiary	-	-	-	(7)	-	n/m
Operating lease expenses	449	413	8.7	2,121	2,650	(20.0)

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 Mar 2016 \$'000	As at 31 Dec 2014 \$'000	As at 31 Mar 2016 \$'000	As at 31 Dec 2014 \$'000
Assets				
Lease prepayment	3,253	3,477	-	-
Property, plant and equipment	65,005	89,616	-	-
Investments in subsidiaries	-	-	55,084	70,464
Club membership	229	229	-	-
Deferred tax assets	890	799	154	154
Non-current assets	<u>69,377</u>	<u>94,121</u>	<u>55,238</u>	<u>70,618</u>
Inventories	5,208	6,276	-	-
Development property	10,200	15,940	-	-
Non-current assets held for sale	7,654	-	-	-
Contracts work-in-progress	24,993	95,697	-	-
Trade and other receivables	34,414	30,923	2,436	42,271
Financial assets designated at fair value through profit or loss	11	85	-	-
Cash and cash equivalents	18,106	20,195	23	52
Current assets	<u>100,586</u>	<u>169,116</u>	<u>2,459</u>	<u>42,323</u>
Total assets	<u><u>169,963</u></u>	<u><u>263,237</u></u>	<u><u>57,697</u></u>	<u><u>112,941</u></u>
Equity				
Share capital	71,117	71,117	137,336	137,336
Capital reserve	146	146	(981)	(981)
Foreign currency translation reserve	489	1,549	-	-
Accumulated losses	(65,726)	(2,348)	(126,963)	(38,481)
Equity attributable to owners of the Company	<u>6,026</u>	<u>70,464</u>	<u>9,392</u>	<u>97,874</u>
Non-controlling interests	-	460	-	-
Total equity	<u>6,026</u>	<u>70,924</u>	<u>9,392</u>	<u>97,874</u>
Liabilities				
Loans and borrowings	3,927	43,313	-	14,609
Non-current liabilities	<u>3,927</u>	<u>43,313</u>	<u>-</u>	<u>14,609</u>
Loans and borrowings	106,805	96,492	18,080	-
Trade and other payables	50,764	46,301	30,225	458
Provisions	2,441	6,207	-	-
Current liabilities	<u>160,010</u>	<u>149,000</u>	<u>48,305</u>	<u>458</u>
Total liabilities	<u>163,937</u>	<u>192,313</u>	<u>48,305</u>	<u>15,067</u>
Total equity and liabilities	<u><u>169,963</u></u>	<u><u>263,237</u></u>	<u><u>57,697</u></u>	<u><u>112,941</u></u>

1(b)(ii) Aggregate amount of the Group's borrowing and debt securities

(a) Amount repayable in one year or less, or on demand

	Group	
	As at 31 Mar 2016 \$'000	As at 31 Dec 2014 \$'000
<u>Unsecured</u>		
Loan from controlling shareholders	3,279	-
<u>Secured</u>		
Bank overdrafts	8,462	11,479
Bank loans	69,777	44,881
Bills payable	21,484	33,137
Finance lease liabilities	3,803	6,995
	<u>103,526</u>	<u>96,492</u>
Total	<u>106,805</u>	<u>96,492</u>

(b) Amount repayable after one year

	Group	
	As at 31 Mar 2016 \$'000	As at 31 Dec 2014 \$'000
<u>Unsecured</u>		
Convertible bonds	-	14,609
<u>Secured</u>		
Bank loans	-	22,231
Finance lease liabilities	3,927	6,473
	<u>3,927</u>	<u>28,704</u>
Total	<u>3,927</u>	<u>43,313</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 properties;
- (ii) charge over certain of the Group's plant and equipment;
- (iii) legal mortgage over the Group's development property;
- (iv) corporate guarantees by the Company; and/or
- (v) fixed deposits of the Group.

The Group's lease obligations under finance leases are secured by the lessors' title to the leased assets. The carrying amount of the assets under finance lease is \$17.5 million as at 31 March 2016.

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

	15 Months Period ended	
	31 Mar 2016	31 Mar 2015
	\$'000	\$'000
Cash flows from operating activities:		
Loss for the year	(63,378)	(39,219)
Adjustments for:		
Bad debts written off	-	7
Club membership written off	-	42
Amortisation of lease prepayment	90	93
Provision for liquidated damage (reversed)/made	(2,174)	6,101
Provision for foreseeable losses	517	215
Provision for legal claims and damages	635	-
Provision for stock obsolescence	417	-
Depreciation of property, plant and equipment	15,698	13,644
Impairment loss on trade receivables	148	210
Write down on development property	8,496	-
Impairment loss on property, plant and equipment	-	8,507
Change in fair value of financial assets designated at fair value through profit or loss	36	3
Gain on disposal of property, plant and equipment	(137)	(103)
Loss on disposal of investment property	-	502
Gain on disposal of subsidiary	(7)	-
Dividend income from quoted shares	(2)	(1)
Interest income	(54)	(42)
Finance costs	8,751	6,507
Tax expense/(credit)	418	(6,092)
	<u>(30,546)</u>	<u>(9,626)</u>
Changes in working capital:		
Development property	(2,756)	(3,100)
Inventories	1	(322)
Contracts work-in-progress	64,534	26,885
Trade and other receivables	(16,659)	12,279
Trade and other payables	16,077	12,652
	<u>30,651</u>	<u>38,768</u>
Cash generated from operations	<u>30,651</u>	<u>38,768</u>
Tax refunded/(paid)	344	(2,308)
	<u>30,995</u>	<u>36,460</u>
Net cash generated from operating activities		
Cash flows from investing activities:		
Interest received	54	42
Acquisition of lease prepayment	-	(11)
Acquisition of property, plant and equipment	(3,609)	(21,699)
Proceeds from disposal of property, plant and equipment	3,485	2,175
Proceeds from disposal of investment property	-	1,543
Proceeds from disposal of financial assets designated at fair value through profit or loss	37	-
Dividend income from quoted shares	2	1
Disposal of a subsidiary, net of cash disposed of (Note 2)	(1,476)	-
	<u>(1,507)</u>	<u>(17,949)</u>
Net cash used in investing activities		
Cash flows from financing activities:		
Interest paid	(5,962)	(6,431)
Proceeds from issue of convertible bonds	-	14,679

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)

	15 Months Period ended	
	31 Mar 2016	31 Mar 2015
	\$'000	\$'000
Proceeds from bank borrowings	14,858	15,041
Proceeds from bill payables	49,384	134,188
Repayment of bank borrowings	(25,507)	(46,246)
Repayment of bill payables	(54,936)	(149,639)
Repayment of finance lease liabilities	(9,666)	(9,697)
Balances with related parties (non-trade)	-	870
Loan from controlling shareholders	3,118	2,509
Cash restricted-in-use	(3,262)	-
Decrease in fixed deposits pledged with banks	3,377	6,108
Dividends paid	-	(1,482)
Net cash used in financing activities	<u>(28,596)</u>	<u>(40,100)</u>
Net increase/(decrease) in cash and cash equivalents	892	(21,589)
Cash and cash equivalents at beginning of period	1,530	19,769
Effect of exchange rate fluctuations on cash and cash equivalents	150	(15)
Cash and cash equivalents at end of period	<u>2,572</u>	<u>(1,835)</u>
Cash and cash equivalents		
Cash at banks and on hand	14,296	9,015
Fixed deposits	3,810	6,390
	18,106	15,405
Bank overdrafts	(8,462)	(10,850)
Cash restricted-in-use	(3,262)	-
Fixed deposits pledged	(3,810)	(6,390)
Cash and cash equivalents in the unaudited consolidated statement of cash flows	<u>2,572</u>	<u>(1,835)</u>

During the 15 months period ended 31 Mar 2016, the Group acquired property, plant and equipment with an aggregate cost of \$4,271,000 (15 months period ended 31 Mar 2015: \$28,896,000), of which \$662,000 (15 months period ended 31 Mar 2015: \$7,197,000) were acquired under finance leases.

Note 2

Summary of effect of disposal of a subsidiary, Ley Choon EWC Sdn Bhd.

	\$'000
Property, plant and equipment	1,713
Trade and other receivables	11,516
Inventories	640
Contracts work-in-progress	3,345
Cash and cash equivalents	1,962
Trade and other payables	(10,570)
Loans and borrowings	(7,652)
Provision for income tax	(14)
Net assets	940
Group's share of net assets disposed	479
Gain on disposal of subsidiary	7
Consideration received	486
Less: Cash disposed	(1,962)
Net cash outflow	<u>(1,476)</u>

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/(losses) \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total \$'000
At 1 January 2014	71,117	35,131	-	576	106,824	351	107,175
Total comprehensive (loss)/income for the year							
(Loss)/profit for the year	-	(39,277)	-	-	(39,277)	58	(39,219)
Other comprehensive income							
Foreign currency translation differences	-	-	-	1,657	1,657	-	1,657
Total other comprehensive income for the year	-	-	-	1,657	1,657	-	1,657
Total comprehensive (loss)/income	-	(39,277)	-	1,657	(37,620)	58	(37,562)
Transactions with owners recognised directly in equity							
One-tier tax exempt final dividend of \$0.0025 per ordinary share in respect of the year ended 31 December 2013	-	(1,482)	-	-	(1,482)	-	(1,482)
Issue of convertible bonds	-	-	146	-	146	-	146
Total transactions with owners	-	(1,482)	146	-	(1,336)	-	(1,336)
At 31 March 2015	71,117	(5,628)	146	2,233	67,868	409	68,277
At 1 January 2015	71,117	(2,348)	146	1,549	70,464	460	70,924
Total comprehensive loss for the year							
Loss for the year	-	(63,378)	-	-	(63,378)	-	(63,378)
Other comprehensive loss							
Foreign currency translation differences	-	-	-	(1,060)	(1,060)	-	(1,060)
Total other comprehensive loss for the year	-	-	-	(1,060)	(1,060)	-	(1,060)
Total comprehensive loss	-	(63,378)	-	(1,060)	(64,438)	-	(64,438)

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>Group</u>	Share capital \$'000	Accumulated profits/(losses) \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Equity attributable to owners of the Company \$'000	Non-controlling interests \$'000	Total \$'000
Change in ownership interest in subsidiaries							
Disposal of non-controlling interest without a change in control	-	-	-	-	-	(460)	(460)
Total change in ownership interest in subsidiaries	-	-	-	-	-	(460)	(460)
At 31 March 2016	71,117	(65,726)	146	489	6,026	-	6,026

<u>Company</u>	Share capital \$'000	Capital reserve \$'000	Accumulated (losses)/profits \$'000	Total \$'000
At 1 January 2014	137,336	(1,127)	3,825	140,034
Total comprehensive loss for the year				
Loss for the year/Total comprehensive loss for the year	-	-	(41,274)	(41,274)
Transactions with owners recognised directly in equity				
One-tier tax exempt final dividend of \$0.0025 per ordinary share in respect of the year ended 31 December 2013	-	-	(1,482)	(1,482)
Issue of convertible bonds	-	146	-	146
Total transactions with owners	-	146	(1,482)	(1,336)
At 31 March 2015	137,336	(981)	(38,931)	97,424
At 1 January 2015	137,336	(981)	(38,481)	97,874
Total comprehensive loss for the period				
Loss for the year/Total comprehensive loss for the year	-	-	(88,482)	(88,482)
At 31 March 2016	137,336	(981)	(126,963)	9,392

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 31 March 2016 and 31 December 2014, the Company's issued and paid-up share capital was S\$137,336,285 and S\$137,336,285, respectively.

There was no treasury share held by the Company.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Actual	31 March 2016	31 December 2014
Total number of issued shares excluding treasury shares	592,406,996	592,406,996

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.

There were no significant changes in accounting policies and methods of computation adopted in financial statements for the current reporting period as compared to the most recent audited annual financial statements for the year ended 31 December 2014.

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.**

(Loss)/Earnings per share (EPS)	5 th Quarter ended		15 Months Period ended	
	31 Mar 2016	31 Mar 2015	31 Mar 2016	31 Mar 2015
Continuing operations				
EPS based on weighted average number of ordinary shares on issue (cents)	(2.28)	(0.54)	(10.70)	(6.65)
EPS based on a fully diluted basis (cents)	(2.28)	(0.54)	(10.70)	(6.65)
Discontinued operation				
EPS based on weighted average number of ordinary shares on issue (cents)	-	(0.02)	-	0.02
EPS based on a fully diluted basis (cents)	-	(0.02)	-	0.02
Weighted average number of shares	592,406,996	592,406,996	592,406,996	592,406,996

As at the reporting date, convertible bonds were excluded from the diluted weighted average number of ordinary shares calculation as their effect is anti-dilutive.

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 Mar 2016	As at 31 Dec 2014	As at 31 Mar 2016	As at 31 Dec 2014
NAV per ordinary share (cents)	1.02	11.89	1.59	16.52
Number of shares	592,406,996	592,406,996	592,406,996	592,406,996

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (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

The announcement covered a period of fifteen months from 1 January 2015 to 31 March 2016 ("**15MFY16**") after the change in financial year end from 31 December to 31 March. The corresponding period of the previous financial year end also covered a period of fifteen months from 1 January 2014 to 31 March 2015 ("**15MFY15**"), for comparative purpose.

On 2 June 2015, the Group disposed 51% shareholding interest in a subsidiary, Ley Choon EWC Sdn Bhd ("LC EWC"). The results of LC EWC are presented separately on the statement of profit or loss and other comprehensive income as "Loss or profit from discontinued operation, net of tax".

Fifth quarter review – Q5FY16 vs Q5FY15

Revenue

Revenue increased by approximately \$1.6 million or 6.6% to \$26.7 million for the fifth quarter ended 31 March 2016 ("**Q5FY16**") compared to the corresponding quarter ended 31 March 2015 ("**Q5FY15**") of \$25.1 million. The increase was mainly attributable to the higher percentage of work completed for ongoing projects, after taking into the adjustments in revenue in relation to certain projects as below:

- a) reduction in contract sum as a result of disagreement in scope of work by the customers, amounting to approximately \$4.3 million; and
- b) reduction in percentage of completion as a result of increase in estimated cost to complete, amounting to approximately \$3.4 million.

Excluding the effects of the above adjustments, the revenue would have been \$34.4 million.

Gross loss

Gross loss was \$2.4 million for Q5FY16 compared to gross profit of approximately \$2.5 million for Q5FY15 due to lower revenue recognized as explained above and the following adjustments:

- i) estimated provision for foreseeable losses for on-going projects due to additional work to be performed to complete the projects amounting to approximately \$0.5 million;
- ii) provision for rectification work for completed projects amounting to approximately \$0.4 million.

Excluding the effects of the above adjustments, the gross profit would have been \$6.2 million or 18.0%.

Other income

Other income for Q5FY16 decreased by approximately \$0.1 million or 12.1% to \$0.9 million compared to Q5FY15 due mainly to decrease in scrap sales.

Distribution expenses

Distribution expenses for Q5FY16 increased by approximately \$0.2 million or 290.2% to \$0.2 million compared to Q5FY15 due mainly to commission expenses incurred.

Administrative expenses

Administrative expenses for Q5FY16 decreased by approximately \$0.08 million or 1.7% to \$5.0 million compared to Q5FY15 due mainly to decrease in depreciation for plant and machinery.

Other operating expenses

Other operating expenses for Q5FY16 increased by approximately \$3.2 million or 8192.3% to \$3.2 million compared to Q5FY15 due mainly to additional buyer stamp duty incurred and additional impairment on development property at No.241 Pasir Panjang Road, Singapore.

Finance costs

Finance costs for Q5FY16 increased by approximately \$3.0 million or 243.7% to \$4.2 million compared to Q5FY15 due mainly to accrual of additional interest for the bank loans arising from the debt restructuring exercise.

Income tax

Income tax credit for Q5FY16 amounted to \$0.7 million, as compared to tax expense of \$0.4 million for Q5FY15. This was mainly due to reversal of overprovision of tax expense during the period.

Net loss after tax

The Group reported a net loss after tax of \$13.5 million for Q5FY16 compared to a net loss after tax of \$3.3 million for Q5FY15 due to the various reasons as disclosed above.

Excluding the effects of the above adjustments, net loss after tax would have been \$4.9 million or 14.2%.

Fifteen months review – 15MFY16 vs 15MFY15

Revenue

Revenue decreased by approximately \$47.5 million or 30.3% to \$109.1 million for 15MFY16 compared to approximately \$156.6 million for 15MFY15. The decrease was mainly attributable to a) decline in percentage of work completed for ongoing projects and b) adjustments (significantly adjusted in Q2FY16) in revenue, recognized previously, as explained below:

- i) work done but disagreed by customers due to deviation from the original scope of work and hence not claimable amounting to approximately \$6.1 million from seven pipe projects;
- ii) variation in contract sum and budgeted cost for the following:

- (a) approximately \$13.4 million for six cable projects due to reduction in quantity following final quantity surveying exercise;
 - (b) approximately \$12.5 million for five roadwork projects due to extension of contract; and
 - (c) approximately \$4.1 million for six oil and gas pipe projects due to change of work method which resulted in lower rate;
- iii) additional costs provided to complete certain on-going projects which has resulted a) lower percentage of completion and b) adjustments in revenue, as the policy of recognition of revenue is based on percentage of completion for the following projects:
- (a) approximately \$5.5 million for a sewer diversion project due to extension of completion deadline as well as further aggravation of soil condition; and
 - (b) approximately \$0.6 million for a sewer rehabilitation project in Sri Lanka due to increase in manpower and machinery cost to speed up the project.

Excluding the effects of the above adjustments, the revenue would have been \$151.3 million.

Gross loss

Gross loss increased by approximately \$12.3 million or 122.2% to \$22.4 million for 15MFY16 compared to approximately \$10.1 million for 15MFY15 due to reasons explained above as well as the following adjustments:

- i) estimated liquidated damages due to delay in completion of a sewer diversion project amounting to approximately \$0.9 million;
- ii) estimated foreseeable losses for on-going projects due to additional work to be performed to complete the projects amounting to approximately \$0.5 million; and
- iii) provision for rectification work for completed projects amounting to approximately \$0.7 million.

Excluding the effects of the above adjustments, the gross profit would have been \$21.9 million or 14.5%.

Other income

Other income for 15MFY16 decreased by approximately \$0.3 million or 6.5% to \$4.2 million compared to 15MFY15 due mainly to decrease in scrap sales and absence of sponsorship received in relation to opening ceremony for new office building in FY2015.

Distribution expenses

Distribution expenses for 15MFY16 decreased by approximately \$0.05 million or 6.3% to \$0.7 million compared to 15MFY15 due mainly to less travelling and insurance expenses.

Administrative expenses

Administrative expenses for 15MFY16 increased by approximately \$2.1 million or 9.3% to \$24.6 million compared to 15MFY15 due mainly to increase in depreciation for the

new office building, partially offset by decrease in administrative staff cost and office expenses.

Other operating expenses

Other operating expenses for 15MFY16 increased by approximately \$0.6 million or 5.6% to \$10.7 million compared to 15MFY15 due mainly to additional buyer stamp duty fee incurred and impairment loss on development property at No. 241 Pasir Panjang Road, Singapore, partially offset by the absence of impairment loss on property, plant and equipment in 15MFY15.

Finance costs

Finance costs for 15MFY16 increased by approximately \$2.3 million or 35.0% to \$8.7 million compared to 15MFY15 due mainly to accrual of additional interest for bank loans arising from the debt restructuring exercise.

Income tax

Income tax expense for 15MFY16 amounted to \$0.4 million, as compared to tax credit of \$6.1 million in the corresponding period. This was mainly due to absence of deferred tax expense reversal in the current year.

Net loss after tax

The Group reported a net loss after tax of \$63.4 million for 15MFY16 compared to a net loss after tax of \$39.2 million for 15MFY15 due to the various reasons as disclosed above.

Excluding the effects of the above adjustments, net loss after tax would have been \$19.1 million or 12.6%.

Consolidated Statement of Financial Position

Non-current assets

The Group's property, plant and equipment decreased by \$24.6 million from \$89.6 million as at 31 December 2014 to \$65.0 million as at 31 March 2016, mainly due to the following:

- (a) reclassification to non-current assets held for sale for two office buildings located at No. 4 Sungei Kadut Street 2, Singapore and 55 Kranji Crescent, Singapore, , as the Group has plans to dispose these assets which is in line with the ongoing debt restructuring exercise;
- (b) depreciation of new office building located at No. 3 Sungei Kadut Drive, Singapore;
- (c) disposal of subsidiary in Brunei; and
- (d) disposal of certain property, plant and equipment.

Current assets

The Group's current assets decreased by \$68.5 million from \$169.1 million as at 31 December 2014 to \$100.6 million as at 31 March 2016, mainly attributable to the following:

- (a) decrease in contract work-in-progress by \$70.7 million to \$25.0 million as at 31 March 2016 compared to \$95.7 million as at 31 December 2014 due to work being completed and the following:
 - (i) adjustments in revenue for some on-going projects due to disagreement in scope of works amounting to approximately \$42.2 million; and
 - (ii) additional costs provided to complete certain on-going project amounting to approximately \$2.1 million;
- (b) decrease in cash and cash equivalents by \$2.1 million to \$18.1 million as at 31 March 2016 compared to \$20.2 million as at 31 December 2014 due to disposal of subsidiary in Brunei and repayment of bank borrowings;
- (c) decrease in development property by \$5.7 million to \$10.2 million as at 31 March 2016 (after adjusting for additional development cost of \$2.8 million prior to impairment) compared to \$15.9 million as at 31 December 2014 mainly due to impairment loss on development property at No.241 Pasir Panjang Road, Singapore;
- (d) decrease in inventories by \$1.1 million to \$5.2 million as at 31 March 2016 compared to \$6.3 million as at 31 December 2014 due to absence in inventory as a result of disposal of subsidiary in Brunei and provision for stock obsolescence; and the above decreases were partially offset by the following;
- (e) increase in trade and other receivables by \$3.5 million to \$34.4 million as at 31 March 2016 compared to \$30.9 million as at 31 December 2014 due to increase in billing for projects;
- (f) increase in non-current assets held for sale by \$7.6 million as at 31 March 2016 compared to nil as at 31 December 2014 as the Group has plans to dispose the two properties which are in line with the ongoing debt restructuring exercise.

Current liabilities

The Group's current liabilities increased by \$11.0 million from \$149.0 million as at 31 December 2014 to \$160.0 million as at 31 March 2016 mainly due to reclassification of long-term bank borrowings from non-current liabilities as a result of debt restructuring exercise. The reclassification has resulted in net current liabilities position as at 31 March 2016 as compared to net current asset position as at 31 December 2014.

Non-current liabilities

The Group's non-current liabilities decreased by \$39.4 million from \$43.3 million as at 31 December 2014 to \$3.9 million as at 31 March 2016 mainly due to reclassification of long-term bank borrowings to current liabilities as a result of debt restructuring exercise.

Consolidated Statement of Cash Flow

The Group's cash and cash equivalents was a surplus of \$2.6 million as at 31 March 2016 compared to a deficit of \$1.8 million as at 31 March 2015.

Net cash generated from operating activities

Net cash generated from operating activities was \$31.0 million, comprising cash used in operating activities before working capital changes of \$30.5 million, net working capital inflow of \$61.2 million and net income tax refund of \$0.3 million.

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

- (a) decrease in contract work-in-progress of approximately \$64.5 million due to work being completed and the following:
 - (i) disagreement on certain scope of works for some completed projects by the customers; and
 - (ii) additional costs provided to complete certain on-going projects;
- (b) increase in trade and other payables of approximately \$16.1 million mainly due to less payment to the creditors during the period; and partially offset by;
- (c) increase in trade and other receivables of approximately \$16.6 million mainly due to increase in billings for projects;
- (d) increase in development property of approximately \$2.8 million due to additional development cost incurred for the property at No. 241 Pasir Panjang Road, Singapore.

Net cash used in investing activities

Net cash used in investing activities of approximately \$1.5 million was due mainly to effect of disposal of subsidiary in Brunei.

Net cash used in financing activities

Net cash used in financing activities of approximately \$28.6 million was due mainly to repayment of bank borrowings, bills payable, finance lease liabilities and interest amounting to approximately \$96.1 million and was offset by the proceed from bank borrowings and bills payable amounting to approximately \$64.2 million and loan from controlling shareholder of approximately \$3.1 million.

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

The actual results of 5QFY2016 are in line with the announcement released on 9 November 2015.

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.

In the press release dated 15 January 2016, the Building and Construction Authority ("BCA") projected construction demand to be between \$27 billion and \$34 billion, with 65% driven by public sector demand. Construction demand from public sector remains high in year 2016 with key projects such as PUB's water reclamation and sewerage projects, Changi Airport's 3-runway system (package 2), improvement works to the Kranji Expressway and Pan-Island Expressway. BCA estimates public sector construction demand to be between \$16 billion and \$20 billion annually from 2017 to 2020. Civil engineering construction demand is expected to remain strong beyond 2016 due to major infrastructure works including the construction of new MRT lines, the North-South Expressway, associated infrastructure works for Changi Airport Terminal 5 and phase 2 of the Deep Tunnel Sewerage System.

With the high demand from public sector on infrastructure works, the Group will continue to tender for more projects to strengthen its order book. In January and February 2016, the Group has secured four contracts totalling approximately S\$14.4 million from PUB. To date, the Group's unfulfilled order book based on secured contracts stands at approximately S\$119 million.

The Group, with the assistance of Professional Advisors, has been in discussion with the Lenders for debt restructuring plan, working towards finalizing the Term Sheet and an announcement will be released upon execution of the Term Sheet.

11. Dividends

(a) Current financial period

Any dividend declared for the current financial period reported on? No.

(b) Previous corresponding financial period

Any dividend declared for the previous corresponding financial period reported on? No.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared.

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

The Group has 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 29 May 2015. The approved interested/related parties are a) Pan Asian Holdings Limited (formerly known as Pan Asia Water Solutions Limited), b) HS E&C Pte Ltd (formerly known as 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	5th Quarter ended 31 Mar 2016 \$'000	15 Months Period ended 31 Mar 2016 \$'000	5th Quarter ended 31 Mar 2016 \$'000	15 Months Period ended 31 Mar 2016 \$'000
Purchases from: Pan Asian Holdings Limited	-	-	286	5,969
Service rendered from: Zheng Choon Holding Pte Ltd	-	165	-	-
Sales to: Sing & San Construction Pte Ltd	-	-	-	568
Sales to: HS E&C Pte Ltd	-	-	-	384

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

Not required for full year results announcement.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720 (1) of the Listing Manual.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

Business segment

For the 15 months period ended 31 Mar 2016

	Pipes and roads S\$'000	Construction materials S\$'000	Others S\$'000	Total S\$'000
External revenue	102,851	13,585	-	116,436
Inter-segment revenue	39,622	15,225	-	54,847
Total revenue	142,473	28,810	-	171,283
Interest income	-	-	54	54
Interest expenses	(433)	(103)	(8,215)	(8,751)
Impairment loss on development property	-	-	(8,496)	(8,496)
Depreciation and amortization	(8,470)	(1,760)	(5,558)	(15,788)
Reportable segment (loss)/profit before income tax	(27,041)	1,429	(37,348)	(62,960)

For the financial year ended 31 Mar 2016

Reportable segment assets	85,426	17,935	66,602	169,963
Capital expenditure	2,828	383	1,060	4,271
Reportable segment liabilities	64,631	11,884	87,422	163,937

For the 15 months period ended 31 Mar 2015

	Pipes and roads S\$'000	Construction materials S\$'000	Others S\$'000	Total S\$'000
External revenue	175,003	10,874	-	185,877
Inter-segment revenue	68,362	29,379	-	97,741
Total revenue	243,365	40,253	-	283,618
Interest income	-	-	42	42
Interest expenses	(554)	-	(5,953)	(6,507)
Depreciation and amortization	(9,567)	(1,308)	(2,862)	(13,737)
Impairment loss on property, plant and equipment	(1,935)	(116)	(6,456)	(8,507)
Reportable segment (loss)/profit before income tax	(16,168)	4,040	(33,183)	(45,311)

For the financial year ended 31 Dec 2014

Reportable segment assets	168,104	15,304	79,829	263,237
Capital expenditure	13,829	4,679	8,814	27,322
Reportable segment liabilities	72,742	7,826	111,745	192,313

17. 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 and profit from pipes and roads segments decreased due mainly to decreased percentage of work completed for ongoing projects and adjustments in revenue, provision for additional costs, etc. in relation to certain projects.

Revenue and profit from construction materials segment decreased due mainly to lesser usage of materials for ongoing projects. However, the external revenue under Construction Materials Segment has increased as a result of higher sale of asphalt premix to external customers.

The increase in loss for others segment was due mainly to impairment loss on development property at No. 241 Pasir Panjang Road, Singapore.

18. A breakdown of sales.

	15 months period ended 31 Mar 2016 \$'000	15 months period ended 31 Mar 2015 \$'000	Change %
(a) Sales reported for first 6 months *	33,517	71,661	(53.2)
(b) Operating (loss)/profit after tax before deducting minority interests reported for first 6 months	(34,792)	(24,918)	39.6
(c) Sales reported for next 6 months *	56,209	85,130	(34.0)
(d) Operating (loss)/profit after tax before deducting minority interests reported for next 6 months	(15,083)	(10,970)	37.5
(e) Sales reported for next 3 months *	26,710	29,086	(8.2)
(f) Operating (loss)/profit after tax before deducting minority interests reported for next 3 months	(13,503)	(3,331)	305.4

*- Sales reported include amount from discontinued operation which is reflected in Note 1.

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

	15 months period ended 31 Mar 2016 \$'000	12 months period ended 31 Dec 2014 \$'000
Ordinary	-	1,482
Preference	-	-
Total	-	1,482

20. Pursuant to Rule 704(13) 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
Toh Chew Leong	57	Brother of Mr. Toh Choo Huat ("TCH") who is the Executive Chairman & CEO	Deputy Chief Executive Officer from 29/09/2015	Executive Director until 28/09/2015
Toh Swee Kim	53	Brother of TCH	Chief Operating Officer of the Group from 29/09/2015	Executive Director until 28/09/2015
Toh Chew Chai	62	Brother of TCH	Deputy Chief Operating Officer, since 17/02/2014	N.A
Toh Chiew Boon	52	Brother of TCH	Construction Manager, since 01/04/2016	Assistant Construction Manager, since 01/03/2014 to 31/03/2016
Ang Boon Lian	58	Brother-in-law of TCH	Resigned on 30/11/2015	N.A
Toh Kai Sheng	31	Nephew of TCH	HR & Finance Director, since 01/02/2016	Group's Financial Controller from 01/03/2015 to 31/01/2016
Toh Kai Hock	34	Nephew of TCH	IT Director and Deputy CPO since 01/02/2016	IT & HR Director from 06/12/2014 to 31/01/2016
Toh Kai Yang	27	Nephew of TCH	Operations & EHS Manager since 01/11/2015	Ops Command cum Inventory Manager from 01/10/2014 to 31/10/2015
Toh Ting Xuan	27	Daughter of TCH	Senior Contracts Manager, since 01/04/2016	Tender & Contract Manager, since 01/12/2014 to 31/03/2016

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer 30 May 2016