



HUATONG GLOBAL LIMITED
(Company Registration Number: 201422395Z)

**Unaudited Financial Statement and Dividend Announcement
For the Half Year Ended 30 June 2018 (“HY2018”)**

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), 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

	Group		
	HY2018 Unaudited S\$'000	HY2017 Unaudited (Restated*) S\$'000	(+/-) %
	Revenue	90,469	67,801
Cost of sales and services	(73,932)	(52,533)	40.7
Gross profit	16,537	15,268	8.3
Other income	1,641	1,008	62.8
Administrative expenses	(10,747)	(9,185)	17.0
Other expenses	(638)	(190)	235.8
Finance costs	(1,262)	(1,003)	25.8
Share of result of joint venture	1,162	(81)	nm
Profit before income tax	6,693	5,817	15.1
Income tax expense	(967)	(679)	42.4
Net profit for the period	5,726	5,138	11.4
Other comprehensive income:			
<i>Item that may be reclassified subsequently to profit or loss:</i>			
Fair value changes on available-for-sale financial assets	42	(190)	nm
Gain on revaluation of property, plant and equipment	552	-	nm
Other comprehensive income for the financial period	594	(190)	nm
Total comprehensive income for the financial period	6,320	4,948	27.7
Profit attributable to:			
Owners of the parent	5,881	5,226	12.5
Non-controlling interests	(155)	(88)	76.1
	5,726	5,138	11.4
Total comprehensive income attributable to:			
Owners of the parent	6,475	5,036	28.6
Non-controlling interests	(155)	(88)	76.1
	6,320	4,948	27.7

nm denotes not meaningful

** The 2017 comparative figures have been restated to take into account the adjustments on adoption of Singapore Financial Reporting Standards (International) SFRS(I) framework and new/revised SFRS(I) as detailed in section 5 of this announcement.*

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

The Group's profit before income tax has been arrived at after charging / (crediting) the following:

	Group		
	HY2018	HY2017	(+/-)
	Unaudited S\$'000	Unaudited (Restated*) S\$'000	%
Depreciation of property, plant and equipment	6,325	7,603	(16.8)
Amortisation of intangible assets	7	3	nm
Fair value gain on available-for-sale financial assets	(70)	(77)	(9.1)
Interest expenses	1,173	927	26.5
Employee benefits expense	17,576	15,022	17.0
Operating lease expense	3,615	3,338	8.3
Interest income	(100)	(98)	2.0
Loss/(gain) on disposal of plant and equipment	360	(86)	nm
Foreign exchange (gain)/loss, net	(3)	61	nm

nm denotes not meaningful

** The 2017 comparative figures have been restated to take into account the adjustments on adoption of Singapore Financial Reporting Standards (International) SFRS(I) framework and new/revised SFRS(I) as detailed in section 5 of this announcement.*

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	
	30.06.2018 Unaudited S\$'000	31.12.2017 Audited (Restated*) S\$'000	30.06.2018 Unaudited S\$'000	31.12.2017 Audited S\$'000
Assets				
Non-current assets				
Property, plant and equipment	91,050	89,163	-	-
Available-for-sale financial assets	5,133	4,957	-	-
Investments in subsidiaries	-	-	41,735	41,735
Investment in a joint venture	1,339	177	-	-
Prepayments	91	207	-	-
Intangible asset	113	106	21	22
	97,726	94,610	41,756	41,757
Current assets				
Amount due from contract customers	59,578	48,476	-	-
Available-for-sale financial assets	2,578	2,344	-	-
Inventories	1,555	2,633	-	-
Trade and other receivables	42,829	59,972	3,029	3,029
Prepayments	947	1,060	-	8
Cash and cash equivalents	3,741	4,228	272	264
	111,228	118,713	3,301	3,301
Non-current assets classified as held for sale	11,085	11,156	-	-
Total current assets	122,313	129,869	3,301	3,301
Total assets	220,039	224,479	45,057	45,058
Liabilities				
Current liabilities				
Amounts due to contract customers	44	11,508	-	-
Trade and other payables	52,327	45,465	126	125
Finance lease payables	13,428	13,209	-	-
Bank borrowings	38,683	42,374	-	-
Deferred income	91	99	-	-
Current income tax payable	918	645	-	-
	105,491	113,300	126	125
Liabilities directly associated with non-current assets classified as held for sale	1,555	2,581	-	-
Total current liabilities	107,046	115,881	126	125

Huatong Global Limited

Unaudited Financial Statements and Dividend Announcement for Half Year Ended 30 June 2018

	Group		Company	
	30.06.2018	31.12.2017	30.06.2018	31.12.2017
	Unaudited	Audited (Restated)*	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current liabilities				
Finance lease payables	20,255	20,217	-	-
Bank borrowings	15,501	16,602	-	-
Deferred income	-	41	-	-
Deferred tax liabilities	6,119	6,107	-	-
	41,875	42,967	-	-
Total liabilities	148,921	158,848	126	125
Net assets	71,118	65,631	44,931	44,933
Equity				
Share capital	38,676	38,676	38,676	38,676
Other reserves	(14,825)	(15,419)	-	-
Accumulated profits	48,009	42,961	6,255	6,257
Equity attributable to owners of the parent	71,860	66,218	44,931	44,933
Non-controlling interests	(742)	(587)	-	-
Total equity	71,118	65,631	44,931	44,933

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 30 June 2018			As at 31 December 2017		
	(Unaudited)			(Audited)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Repayable within one year	26,702	26,964	53,666	28,344	29,820	58,164
Repayable after one year	35,058	698	35,756	35,477	1,342	36,819
Total	61,760	27,662	89,422	63,821	31,162	94,983

Secured Borrowings
Bank borrowings

As at 30 June 2018, the Group's bank borrowings amounted to S\$54.2 million (FY2017: S\$59.0 million), of which S\$26.5 million (FY2017: S\$27.8 million) was secured by mortgages over a leasehold property and beneficial interest arising from certain insurance policies undertaken by the Group.

Obligations under finance lease

As at 30 June 2018, the Group's obligations under finance leases amounted to S\$35.2 million (FY2017: S\$36.0 million). Finance leases were secured by the Group's leased plant and equipment with net carrying amount of S\$55.8 million as at 30 June 2018 (FY2017: S\$59.3 million).

All the bank borrowings and finance leases were supported by corporate guarantees given by the Company.

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

	Group	
	HY2018 Unaudited S\$'000	HY2017 Unaudited (Restated*) S\$'000
Cash flows from operating activities		
Profit before income tax	6,693	5,817
Adjustments for:		
Depreciation of property, plant and equipment	6,325	7,603
Amortisation of intangible assets	7	3
Fair value changes on available-for-sale financial assets	(70)	(77)
Reversal of allowance for impairment of available-for-sale financial assets	(241)	-
Loss/(Gain) on disposal of plant and equipment	360	(86)
Amortisation of gain on sale and leaseback transactions	(50)	(50)
Interest expense	1,173	927
Interest income	(100)	(98)
Share of results of joint venture	(1,162)	81
Unrealised exchange difference, net	14	(44)
Operating cash flows before working capital changes	12,949	14,076
Working capital changes:		
Trade and other receivables	17,144	(6,725)
Prepayments	229	(147)
Amounts due from contract customers, net	(22,566)	(11,566)
Inventories	1,077	1,031
Trade and other payables	5,087	(394)
Cash generated from/(used in) operations	13,920	(3,725)
Interest received	10	10
Income tax paid	(682)	(214)
Net cash from/(used in) operating activities	13,248	(3,929)
Cash flows from investing activities		
Purchase of property, plant and equipment	(961)	(3,498)
Additions to intangible assets	(14)	(2)
Interest received	89	88
Proceeds from disposal of property, plant and equipment	2,196	412
Proceeds from partial redemption of available-for-sale financial assets	50	-
Net cash from/(used in) investing activities	1,360	(3,000)

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

	Group	
	HY2018 Unaudited	HY2017 Unaudited (Restated)
	S\$'000	S\$'000
Cash flows from financing activities		
Proceeds from trust receipts	47,749	35,758
Repayment of trust receipts	(54,469)	(26,369)
Proceeds from term loans	6,000	1,800
Repayment of term loans	(4,192)	(2,091)
Interest paid	(1,173)	(927)
Dividends paid	(833)	(606)
Repayment of finance lease payables	(7,922)	(8,995)
Repayment to related parties	(255)	-
Net cash used in financing activities	(15,095)	(1,430)
Net change in cash and bank balances	(487)	(8,359)
Cash and bank balances at beginning of the financial period	4,228	14,313
Cash and bank balances at end of the financial period	3,741	5,954

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

Company	Accumulated		
	Share capital	profits	Total equity
	\$'000	\$'000	\$'000
(Unaudited)			
Balance at 1 January 2018	38,676	6,257	44,933
Profit for the financial period, representing total comprehensive income for the financial period	-	831	831
Dividends	-	(833)	(833)
Balance at 30 June 2018	38,676	6,255	44,931
(Unaudited)			
Balance at 1 January 2017	38,676	7,212	45,888
Loss for the financial period, representing total comprehensive income for the financial period	-	(186)	(186)
Dividends	-	(606)	(606)
Balance at 30 June 2017	38,676	6,420	45,096

Huatong Global Limited

Unaudited Financial Statements and Dividend Announcement for Half Year Ended 30 June 2018

Consolidated Statement of Changes in equity

Group	Attributable to owners of the company					Total equity
	Share capital	Accumulated profits	Other reserves	Equity attributable to owners of the parent	Non-controlling interests	
(Unaudited)	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2018	38,676	42,448	(14,906)	66,218	(587)	65,631
Effects on adoption of SFRS(I) 9	-	513	(513)	-	-	-
Balance at 1 January 2018 (restated)	38,676	42,961	(15,419)	66,218	(587)	65,631
Profit for the financial period	-	5,881	-	5,881	(155)	5,726
Other comprehensive income:						
Gain on revaluation of property, plant and equipment	-	-	552	552	-	552
Fair value changes on available-for-sale financial assets	-	-	42	42	-	42
	-	-	594	594	-	594
Total comprehensive income for the financial period	-	5,881	594	6,475	(155)	6,320
Transactions with owners of the parent:						
Dividends	-	(833)	-	(833)	-	(833)
Total transactions with owners of the parent:	-	(833)	-	(833)	-	(833)
Balance at 30 June 2018	38,676	48,009	(14,825)	71,860	(742)	71,118
(Unaudited)						
Balance at 1 January 2017	38,676	35,154	(15,991)	57,839	(148)	57,691
Effects on adoption of SFRS(I) 9	-	344	(344)	-	-	-
Balance at 1 January 2017 (restated)	38,676	35,498	(16,335)	57,839	(148)	57,691
Profit for the financial period	-	5,149	-	5,149	(88)	5,061
Other comprehensive income:						
Fair value changes on available-for-sale financial assets	-	-	(113)	(113)	-	(113)
	-	-	(113)	(113)	-	(113)
Total comprehensive income for the financial period	-	5,149	(113)	5,036	(88)	4,948
Transactions with owners of the parent:						
Dividends	-	(606)	-	(606)	-	(606)
Total transactions with owners of the parent:	-	(606)	-	(606)	-	(606)
Balance at 30 June 2017	38,676	40,041	(16,448)	62,269	(236)	62,033

1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares of the issuer and subsidiary holdings, 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 from 31 December 2017 to 30 June 2018.

There were no outstanding options, convertibles, treasury shares or subsidiary holdings as at 30 June 2018 and 30 June 2017.

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

	30.06.2018	31.12.2017
Total number of issued shares excluding treasury shares	151,384,600	151,384,600

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have neither been audited nor reviewed by the Company’s auditors.

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

Except as disclosed in section 5 below, the Group and the Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those of the audited financial statements for the financial year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the IFRS, Singapore Financial standards (International) (SFRS(I)s), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the half year ended 30 June 2018. The new framework will have no material impact on the financial statements in the year of application except as follows:

(1) SFRS(I) 9 Financial instruments (Classification and measurement)

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group can elect to recognise the gains and losses in other comprehensive income. Debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets can also be measured at fair value through other comprehensive income ("OCI").

On the initial adoption of SFRS(I) 9 on 1 January 2018, the investments in life insurances previously classified as available-for-sale ("AFS") financial assets at fair value through OCI is now measured at fair value through profit or loss. Cumulative fair value changes in the AFS reserve has been reclassified to retained earnings as at 1 January 2017.

The following 2017 comparative figures that have been restated with significant impact arising from the adoption of SFRS(I) 9 are summarized below:

STATEMENT OF COMPREHENSIVE INCOME	Group		
	30.06.2017 SFRS S\$'000	Adjustment S\$'000	30.06.2017 SFRS(I) 9 S\$'000
Other income	931	77	1,008
Profit before income tax	5,740	77	5,817
Other comprehensive income:			
Fair value changes on available-for-sale financial assets	(113)	(77)	(190)
Other comprehensive income for the financial period	(113)	(77)	(190)
Total comprehensive income for the financial period	4,948	-	4,948

EQUITY	Group		
	01.01.2017 SFRS	01.01.2017 Effect on adoption of SFRS(I) 9	01.01.2017 SFRS(I) 9
	S\$'000	S\$'000	S\$'000
Share capital	38,676	-	38,676
Accumulated profits	35,154	344	35,498
Other reserves	(15,991)	(344)	(16,335)
Equity attributable to owners of the parent	57,839	-	57,839
Non-controlling Interests	(148)	-	(148)
Total equity	57,691	-	57,691

	Group		
	01.01.2018 SFRS	01.01.2018 Effect on adoption of SFRS(I) 9	01.01.2018 SFRS(I) 9
	S\$'000	S\$'000	S\$'000
Share capital	38,676	-	38,676
Accumulated profits	42,448	513	42,961
Other reserves	(14,906)	(513)	(15,419)
Equity attributable to owners of the parent	66,218	-	66,218
Non-controlling Interests	(587)	-	(587)
Total equity	65,631	-	65,631

(2) SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under SFRS.

SFRS(I) 15 establishes a five step model to account for revenue arising from contracts with customers, and introduces a new contracts costs guidance. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

The adoption of SFRS(I) 15 had not resulted in material impact. Hence, financial information for prior periods were not restated.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group		Company	
	30.06.2018 Unaudited	31.12.2017 Audited	30.06.2018 Unaudited	31.12.2017 Audited
Net asset value per ordinary share (Singapore cents)	47.5	43.7	29.7	29.7
Number of ordinary shares in issue	151,384,600	151,384,600	151,384,600	151,384,600

- (a) Basic earnings per share ("**EPS**") is calculated by dividing the net profit for the financial period attributable to owners of the parent by the weighted average number of ordinary shares in issue during the financial period.
- (b) The basic and diluted EPS are the same as there were no potential dilutive ordinary shares in issue as at 30 June 2018 and 30 June 2017.

7. Net asset 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.

	Group		Company	
	30.06.2018 Unaudited	31.12.2017 Audited	30.06.2018 Unaudited	31.12.2017 Audited
Net asset value per ordinary share (Singapore cents)	47.5	43.7	29.7	29.7
Number of ordinary shares in issue	151,384,600	151,384,600	151,384,600	151,384,600

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of comprehensive income of the Group for half year ended 30 June 2018 ("HY2018") vs. for half year ended 30 June 2017 ("HY2017")

Revenue

Revenue increased by S\$22.7 million or 33.4% from S\$67.8 million in HY2017 to S\$90.5 million in HY2018 mainly due to higher revenue from the Group's civil engineering services segments, partially offset by lower revenue derived from the sale of construction materials and inland logistics segment.

Revenue from the civil engineering services increased by approximately S\$26.3 million or 52.1% from S\$50.5 million in HY2017 to S\$76.8 million in HY2018. The increase was mainly due to the additional contracts the Group secured in 2017 being in full swing in HY2018.

Revenue from the sale of construction materials segment decreased by approximately S\$3.1 million or 25.8% from S\$12.0 million in HY2017 to S\$8.9 million in HY2018. The decrease was mainly due to lower demand of construction materials from our customers.

Revenue from the inland logistics segment decreased by approximately S\$0.6 million or 11.3% from S\$5.3 million in HY2017 to S\$4.7 million in HY2018. The decrease was mainly due to lower demand for construction materials which in turn impacted our inland logistics support services.

Cost of sales and services

Cost of sales increased by approximately S\$21.4 million or 40.7%, from S\$52.5 million in HY2017 to S\$73.9 million in HY2018 mainly due to an increase in direct material costs, higher costs incurred for sub-contracting works, higher repair and maintenance cost and higher direct labour cost in HY2018.

Direct material costs increased by approximately S\$10.9 million or 64.9% from S\$16.8 million in HY2017 to S\$27.7 million in HY2018. The increase was mainly due to increase in raw materials purchased for the Group's civil engineering projects and higher fuel costs in HY2018.

Sub-contract costs increased by approximately S\$6.3 million or 56.8% from S\$11.1 million in HY2017 to S\$17.4 million in HY2018 mainly due to the engagement of more subcontractors to support the Group's civil engineering projects in HY2018.

Repair and maintenance costs increased by approximately S\$2.4 million or 52.2% from \$4.6 million in HY2017 to S\$7.0 million in HY2018. The increase was in line with intensive use of our machines and vehicles to support our projects during HY2018.

Direct labour costs increased by approximately S\$1.7 million or 23.9% from S\$7.1 million in HY2017 to S\$8.8 million in HY2018 as more labour was deployed.

Depreciation expenses on our income-generating assets decreased by approximately S\$1.3 million or 17.8% from S\$7.3 million in HY2017 to S\$6.0 million in HY2018 due to the cessation of depreciation for the assets classified as held for sale in HY2018.

Gross profit

As a result of the foregoing, the Group's gross profit increased by approximately S\$1.2 million or 8.3% from S\$15.3 million in HY2017 to S\$16.5 million in HY2018.

Other income

Other income increased by approximately S\$0.6 million or 62.8% from S\$1.0 million in HY2017 to S\$1.6 million in HY2018. The increase was mainly due to the change of the fair value of an available-for-sales finance asset of S\$0.2 million in HY2018.

Administrative expenses

Administrative expenses increased by approximately S\$1.5 million or 17.0% from S\$9.2 million in HY2017 to S\$10.7 million in HY2018 mainly due to increase in staff cost and related expenses.

Other expenses

Other expenses in HY2018 amounted to S\$0.6 million as compared to S\$0.2 million in HY2017. The increase was mainly due to a loss of S\$0.4 million from the disposal of plant and equipment in HY2018.

Finance costs

Finance costs increased by approximately S\$0.3 million or 25.8% from S\$1.0 million in HY2017 to S\$1.3 million in HY2018 primarily due to higher utilisation of bank facilities for working capital purpose as well as higher interest rate in HY2018.

Share of profit of joint venture

The Group recorded a profit of S\$1.2 million from the share of profit of a joint venture company in HY2018 as compared a loss of S\$81,000 from the share of loss in HY2017..

Profit before income tax

As a result of the above, the Group's profit before income tax increased by approximately S\$0.9 million or 15.1% from S\$5.8 million in HY2017 to S\$6.7 million in HY2018.

Income tax expenses

Income tax expense increased by approximately S\$0.3 million or 42.4% from S\$0.7 million in HY2017 to S\$1.0 million in HY2018 which was in line with the higher profit before income tax in HY2018.

Net profit

As a result of the above, net profit increased by approximately S\$0.6 million or 11.4% from S\$5.1 million in HY2017 to S\$5.7 million in HY2018.

Net profit attributable to owners of the parent increased by approximately S\$0.7 million or 12.5% from S\$5.2 million in HY2017 to S\$5.9 million in HY2018.

Statement of financial position of the Group as at 30 June 2018

Non-current Assets

As at 30 June 2018, the Group had a total of S\$91.1 million Property Plant and Equipment ("PPE") as compared to S\$89.2 million as at 31 December 2017. The increase was mainly due to the additions of PPE of approximately S\$10.1 million during the financial period and revaluation gain of approximately S\$0.6 million for the Group's leasehold property following a valuation report by an independent property valuer as at 30 June 2018, partially offset by the depreciation charge of S\$6.3 million and a disposal of PPE with a carrying amount of S\$2.6 million.

As at 30 June 2018, the Group's available-for-sales financial assets ("AFS") amounted to S\$5.1 million as compared to S\$5.0 million as 31 December 2017. The increase was mainly due to the unrealised exchange gain and an increase in the fair value of these AFS during the financial period.

As at 30 June 2018, the Group's investment in a joint venture increased by S\$1.2 million as compared to S\$177,000 as at 31 December 2017 due to the share of profit of the joint venture in HY2018.

Current assets

Amount due from contract customers increased by approximately S\$11.1 million to S\$59.6 million as at 30 June 2018 from S\$48.5 million as at 31 December 2017, mainly due to a higher amount of unbilled revenue as at 30 June 2018.

Trade and other receivables decreased by approximately S\$17.2 million to S\$42.8 million as at 30 June 2018 from S\$60.0 million as at 31 December 2017 following collections from customers in HY2018.

Inventory decreased by approximately S\$1.0 million to S\$1.6 million as at 30 June 2018 from S\$2.6 million as at 31 December 2017, mainly due to sale of materials as well as drawdown of the hardware parts and consumables for repair and maintenance of Group's machineries, equipment and vehicles in HY2018.

Current AFS increased by approximately S\$0.3 million to S\$2.6 million as at 30 June 2018 from S\$2.3 million as 31 December 2017 due to a net increase in the fair value of the AFS during the financial period.

Cash and cash equivalents decreased by approximately S\$0.5 million to S\$3.7 million as at 30 June 2018 when compared to S\$4.2 million as at 31 December 2017. Cash and cash equivalents were mainly used for meeting working capital requirements, purchasing of PPEs and repayment of bank loan and finance lease liabilities during the financial period.

Non-current assets classified as held for sale as at 30 June 2018 amounted to S\$11.1 million which is comparable to the amount recorded as at 31 December 2017.

Current liabilities

Amount due to contract customers decreased from S\$11.5 million as at 31 December 2017 to S\$44,000 as at 30 June 2018, mainly due to most of those advanced billings made for certain projects as at 31 December 2017 have been recognised in HY2018.

Trade and other payable increased by approximately \$6.8 million to S\$52.3 million as at 30 June 2018 from S\$45.5 million as at 31 December 2017 in tandem with the increased cost of sales.

Short-term bank borrowings decreased by approximately S\$3.7 million to S\$28.7 million as at 30 June 2018 from S\$42.4 million as at 31 December 2017, mainly due to net repayment of banking facilities in HY2018.

Non-current liabilities

Total non-current liabilities decreased by S\$1.1 million to S\$41.9 million as at 30 June 2018 from S\$43.0 million as at 31 December 2017, mainly due to a decrease in bank borrowings of approximately S\$1.1 million due to the repayment of bank borrowings in HY2018.

Working Capital

The Group posted a net working capital of approximately S\$15.2 million as at 30 June 2018.

Statement of Cash flows of the Group for HY2018

As at 30 June 2018, the Group recorded cash and cash equivalents of S\$3.7 million as compared to S\$4.2 million as at 31 December 2017.

Net cash flows generated from operating activities for HY2018, after meeting working capital requirements and net of tax, were S\$13.2 million. Net working capital inflow of S\$1.0 million was the net effect of decrease in trade and others receivables of S\$17.1 million, decrease in inventories of S\$1.1 million, increase in trade and other payables of S\$5.1 million and increase in net amounts due to contract customers of S\$22.6 million.

Net cash from investing activities for the HY2018, amounted to S\$1.4 million, mainly due to the proceeds received from disposal of PPE of S\$2.2 million, partially offset by purchase of additional PPE of S\$1.0 million during HY2018.

Net cash used in financing activities for the HY2018 amounted to S\$14.8 million, was mainly due to the net effect of net repayment of trust receipts of S\$6.7 million, net drawdown of bank loans of S\$1.8 million, repayment of finance lease payables of S\$7.9 million, interest payment of S\$0.8 million and dividend payment of S\$0.8 million.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the 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 leverage on its reputation as a key industry player with its track record to seek opportunities both in public infrastructure projects and private sector's construction projects.

On 3 July 2018, the Group announced the Group proposed a dual primary listing of its ordinary shares on the Main Board of the Stock Exchange of Hong Kong Limited (the "SEHK") (the "Proposed Dual Listing"). As at the date of this announcement, preparatory works are on-going and no application has been made (i) to the SEHK for the listing of, and permission to deal in, the Shares, on the Main Board of the SEHK, or (ii) to the "SGX-ST" in connection with the Proposed Dual Listing. The Company will make further announcements to keep Shareholders updated on any material updates in relation to the Proposed Dual Listing as and when appropriate.

11. If a decision regarding dividend has been made:-

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

No dividend has been declared or recommended for HY2018.

(b)(i) Amount per share (cents)

Not applicable.

(b)(ii) Previous corresponding period (cents)

Not applicable.

(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 as no dividend has been declared or recommended for HY2018.

(d) The date the dividend is payable.

Not applicable as no dividend has been declared or recommended for HY2018.

(e) Book closure date

Not applicable as no dividend has been declared or recommended for HY2018.

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

No interim dividend has been declared or recommended for HY2018.

13. If the group has obtained a general mandate from shareholders for interested person transactions (“IPT”), 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.

Other than the IPTs disclosed in paragraph (c)(i) of page 156 of the offer document dated 1 December 2014 as set out in the below table, there were no additional IPTs of S\$100,000 and above for the financial period under review.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period 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 during the financial period under review under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
NHL Holding Pte Ltd (“NHL”)	S\$000	S\$000
– Lease of construction equipment and vehicles from NHL	1,612	Not applicable

The Group does not have a general mandate from shareholders for recurrent interested person transactions.

14. Use of IPO proceeds

The Company refers to the net proceeds amounting to S\$4.1 million (excluding listing expenses of approximately S\$1.4 million) raised from the IPO on the Catalist Board of the SGX-ST on 9 December 2014. As at the date of this announcement, the status on the use of the IPO net proceeds is as follows:

Use of Proceeds	Amount Allocated (S\$'000)	Amount Utilised (S\$'000)	Amount Unutilised (S\$'000)
To explore opportunities in mergers and acquisitions, joint ventures and strategic alliances	1,500	(170)	1,330
To increase LSS production	1,000	(1,000)	-
General working capital purposes	1,611	(1,611) ⁽¹⁾	-
Listing expenses	1,389	(1,389)	-
Total	5,500	(4,170)	1,330

Note:

(1) Amount for general working capital purpose has been utilised for the payment of general and administrative expenses.

The above utilisations are in accordance with the intended use of the IPO net proceeds and percentage allocated, as stated in the offer document dated 1 December 2014.

15. Confirmation pursuant to Rule 705 (5) of the Catalist Listing Manual

The Board of Directors of the Company confirm that to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements for the financial period ended 30 June 2018 to be false or misleading in any material aspects.

16. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7H) pursuant to Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Ng Kian Ann Patrick
Executive Director and CEO
14 August 2018