

## KORI HOLDINGS LIMITED

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### Unaudited Half Year Financial Statement and Dividend Announcement For the Financial Period Ended 30 June 2014

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*KORI HOLDINGS LIMITED (the "**Company**") was listed on Catalist of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 11 December 2012. The initial public offering of the Company (the "**IPO**") was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**" or "**PPCF**").*

*This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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#### **Background**

The Company was incorporated in the Republic of Singapore on 18 May 2012 under the Companies Act (Chapter 50) of Singapore as a private limited company. The Company and its subsidiaries (the "**Group**"), were formed pursuant to a Restructuring Exercise prior to the IPO and listing on Catalist of the SGX-ST ("**Catalist**"). Please refer to the Company's offer document dated 4 December 2012 for further details on the Restructuring Exercise.

The Company was admitted to the Catalist on 11 December 2012.

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

- 1(a) (i) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

Six months ended 30 June 2014 ("HY2014") vs. Six months ended 30 June 2013 ("HY2013")

	Group (Unaudited)		Increase/ (Decrease) %
	HY2014 S\$'000	HY2013 S\$'000	
<b>Revenue</b>	17,225	35,091	(50.9)
Cost of works	(15,728)	(28,264)	(44.4)
<b>Gross profit</b>	<b>1,497</b>	<b>6,827</b>	<b>(78.1)</b>
Other income-net	51	533	(90.4)
<b>Expenses:</b>			
- Administrative	(1,252)	(1,548)	(19.1)
- Finance	(127)	(3)	N.M
<b>Profit before income tax</b>	<b>169</b>	<b>5,809</b>	<b>(97.1)</b>
Income tax expense	(45)	(2,257)	(98.0)
<b>Net Profit for the period</b>	<b>124</b>	<b>3,552</b>	<b>(96.5)</b>
<b>Other comprehensive income:</b>			
Items that may be reclassified to profit or loss subsequently			
- Currency translation differences arising from consolidation	14	6	133.3
<b>Total comprehensive income for the period</b>	<b>138</b>	<b>3,558</b>	<b>(96.1)</b>
<b>Earnings per share attributable to equity holders of the Company</b>			
Basic	0.001	0.04	N.M.
Diluted	0.001	0.04	N.M.

N.M-Not meaningful

The Group's profit before income tax is arrived at after crediting/ (charging):

	Group (Unaudited)		Increase/ (Decrease) %
	HY2014 S\$'000	HY2013 S\$'000	
Gain/(Loss) on foreign currency	57	(105)	N.M
Government grant	81	34	138.2
Interest income	31	2	N.M
Interest expense	(127)	(3)	N.M

Depreciation	(61)	(58)	5.2
N.M-Not meaningful			

	Group (Unaudited)		Increase/ (Decrease) %
	HY2014 S\$'000	HY2013 S\$'000	
<b>Income Tax Expenses</b>			
Tax expense attributable to profit is made up of			
-Current income tax			
Singapore	45	1,050	(95.7)
Foreign	-	-	-
-Deferred income tax	-	-	-
	45	1,050	(95.7)
Under provision in prior financial years	-	1,207	N.M.
	<b>45</b>	<b>2,257</b>	<b>(98.0)</b>

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	
	30 Jun 2014 Unaudited S\$'000	31 Dec 2013 Audited S\$'000	30 Jun 2014 Unaudited S\$'000	31 Dec 2013 Audited S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
Cash & bank balances	4,204	9,216	3,033	5,724
Trade and other receivables	52,152	52,882	8,474	5,916
Inventories	5,828	1,447	-	-
Total current assets	62,184	63,545	11,507	11,640
<b>Non-current assets</b>				
Property, plant and equipment	1,465	1,512	-	-
Investment in subsidiaries	-	-	26,070	26,070
Total non-current assets	1,465	1,512	26,070	26,070
<b>Total assets</b>	<b>63,649</b>	<b>65,057</b>	<b>37,577</b>	<b>37,710</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	15,227	16,369	1,805	1,645
Borrowings	4	27	-	-
Income tax payable	553	934	-	-
Total current liabilities	15,784	17,330	1,805	1,645
<b>Non-current liabilities</b>				
Borrowings	5,000	5,000	5,000	5,000
Deferred tax liabilities	28	28	-	-
Total non-current liabilities	5,028	5,028	5,000	5,000
<b>Total liabilities</b>	<b>20,812</b>	<b>22,358</b>	<b>6,805</b>	<b>6,645</b>
<b>NET ASSETS</b>	<b>42,837</b>	<b>42,699</b>	<b>30,772</b>	<b>31,065</b>

	Group		Company	
	30 Jun 2014	31 Dec 2013	30 Jun 2014	31 Dec 2013
	Unaudited	Audited	Unaudited	Audited
	S\$'000	S\$'000	S\$'000	S\$'000
<b>EQUITY</b>				
Share capital	32,291	32,291	32,291	32,291
Retained earnings / (accumulated losses)	36,166	36,042	(1,519)	(1,226)
Merger reserve	(25,628)	(25,628)	-	-
Currency translation reserve	8	(6)	-	-
Total equity	<b>42,837</b>	<b>42,699</b>	<b>30,772</b>	<b>31,065</b>

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

**Amount repayable in one year or less**

	As at 30 Jun 2014 (Unaudited)		As at 31 Dec 2013 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance Lease Liabilities	4	-	27	-

**Amount repayable after one year**

	As at 30 Jun 2014 (Unaudited)		As at 31 Dec 2013 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Convertible bond	-	5,000	-	5,000

**Details of any collateral**

Finance leases are secured by the leased assets - motor vehicles.

**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**

	<b>HY2014 (Unaudited) S\$'000</b>	<b>HY2013 (Unaudited) S\$'000</b>
<b>Operating activities</b>		
Net profit for the period	124	3,552
Adjustments for:		
Income tax expense	45	2,257
Depreciation	61	58
Interest income	(31)	(2)
Interest expense	127	3
Unrealised currency translation gains	1	5
Operating cash flows before changes in working capital	327	5,873
<b>Changes in working capital</b>		
Trade and other receivables	730	(10,192)
Trade and other payables	(1,266)	3,124
Inventories	(4,381)	(580)
Cash used in operations	(4,590)	(1,775)
Income tax paid	(426)	(3,040)
<b>Net cash (used in) operating activities</b>	<b>(5,016)</b>	<b>(4,815)</b>
<b>Cash flows from investing activities</b>		
Additions of property, plant and equipment	(1)	(86)
<b>Net cash (used in) investing activities</b>	<b>(1)</b>	<b>(86)</b>
<b>Cash flows from financing activities</b>		
Interest received	31	2
Interest paid	(3)	(3)
Repayments of finance leases	(23)	(23)
<b>Net cash generated from/(used in) financing activities</b>	<b>5</b>	<b>(24)</b>
Net (decrease) in cash and cash equivalents	(5,012)	(4,925)
Cash and cash equivalents at the beginning of the financial period	9,216	13,519
<b>Cash and cash equivalents at end of the financial period</b>	<b>4,204</b>	<b>8,594</b>

Note:

(1) Cash and cash equivalents at the end of the financial period comprise the following:

	<b>HY2014 (Unaudited) S\$'000</b>	<b>HY2013 (Unaudited) S\$'000</b>
Cash at bank and on hand	3,201	3,332
Short-term bank deposits	1,003	6,016
<b>Cash and bank balances</b>	<b>4,204</b>	<b>9,348</b>
Cash and bank balances (as above)	4,204	9,348
Less: short-term bank deposit pledged	-	(754)
<b>Cash and cash equivalents</b>	<b>4,204</b>	<b>8,594</b>

**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 period**

<b>Group (Unaudited)</b>	<b>Share capital S\$'000</b>	<b>Retained earnings S\$'000</b>	<b>Merger Reserve S\$'000</b>	<b>Currency translation reserve S\$'000</b>	<b>Total S\$'000</b>
<b>Balance as at 1 January 2014</b>	32,291	36,042	(25,628)	(6)	42,699
Total comprehensive income for the financial period	-	124	-	14	138
<b>Balance as at 30 June 2014</b>	<b>32,291</b>	<b>36,166</b>	<b>(25,628)</b>	<b>8</b>	<b>42,837</b>
<b>Balance as at 1 January 2013</b>	32,291	28,338	(25,628)	(1)	35,000
Total comprehensive income for the financial period	-	3,552	-	6	3,558
<b>Balance as at 30 June 2013</b>	<b>32,291</b>	<b>31,890</b>	<b>(25,628)</b>	<b>5</b>	<b>38,558</b>

<b>Company (Unaudited)</b>	<b>Share capital S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total S\$'000</b>
<b>Balance as at 1 January 2014</b>	32,291	(1,226)	31,065
Total comprehensive loss for the financial period	-	(293)	(293)
<b>Balance as at 30 June 2014</b>	<b>32,291</b>	<b>(1,519)</b>	<b>30,772</b>
<b>Balance as at 1 January 2013</b>	32,291	(482)	31,809
Total comprehensive loss for the financial period	-	(443)	(443)
<b>Balance as at 30 June 2013</b>	<b>32,291</b>	<b>(925)</b>	<b>31,366</b>

- 1(d) (ii) Details of any changes in the company's share capital arising from right 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 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 of the issuer, 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.

	Number of Shares	Share capital (S\$)
As at 30 June 2014	99,200,000	32,290,650
As at 31 December 2013	99,200,000	32,290,650

The Company had on 19 August 2013 issued an unsecured 3-year, 5% convertible bond to Keong Hong Holdings Limited with a principal amount of S\$5 million ("**Convertible Bond**"). The Convertible Bond may be converted at the option of Keong Hong Holdings Limited into ordinary shares of the Company from 31 December 2013 till 18 August 2016, at a conversion price of S\$0.42. As the Convertible Bond has yet to be converted during HY2014, the total number of shares that may be issued upon conversion of the Convertible Bond is 11,904,000. Save for the aforementioned Convertible Bond, the Company did not have any other outstanding convertibles as at 30 June 2014.

There were no outstanding options, convertibles or treasury shares as at 30 June 2013.

- 1(d) (iii) To show the 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

	Company As at 30 June 2014	Company As at 31 December 2013
Total number of issued shares excluding treasury shares	99,200,000	99,200,000

The Company did not have any treasury shares as at 30 June 2014 and 31 December 2013.

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**1(d) (iv) A statement showing all sales, transfers, disposals, 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.

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

The figures have not been audited or 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**

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as in the most recently audited annual financial statements for the financial year ended 31 December 2013.

**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**

In the current financial period, the Group adopted the following relevant new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for the financial periods beginning on or after 1 January 2014.

- Amendments to FRS 19 Defined Benefits Plans: Employee Contribution
- Improvements for FRSs (January 2014)
  - Amendment to FRS 102 Share-based Payment
  - Amendment to FRS 103 Business Combinations
  - Amendments to FRS 108 Operating Segments
  - Amendment to FRS 16 Property, Plant and Equipment
  - Amendment to FRS 24 Related Party Disclosures
  - Amendment to FRS 38 Intangible Assets
- Improvements for FRSs (February 2014)
  - Amendment to FRS 103 Business Combinations
  - Amendment to FRS 113 Fair Value Measurement
  - Amendment to FRS 40 Investment Property
- FRS 114 Regulatory Deferral Accounts (effective for annual periods beginning on or after 1 January 2016)

The adoption of the above FRSs and INT FRS did not result in any substantial change to the Group's accounting policies and has no material impact on the financial statements of the Group for the current financial period reported on.



**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**

	<b>Group (Unaudited)</b>	
	<b>HY2014</b>	<b>HY2013</b>
Net profit attributable to owners of the Company (S\$'000)	124	3,552
Basic earnings per share (EPS) in Singapore dollar <sup>(1)</sup>	0.001	0.04
Diluted EPS in Singapore dollar <sup>(2)</sup>	0.001	0.04

Notes:

(1) The basic EPS for HY2014 and HY2013 was calculated based on the weighted average number of ordinary shares in issue during HY2014 and HY2013 of 99,200,000 shares.

(2) The diluted EPS for HY2014 was calculated based on 111,104,000 shares assuming full conversion of the Convertible Bond.

The basic and diluted EPS for HY2013 were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2013.

**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**

	<b>Group</b>		<b>Company</b>	
	<b>30 Jun 2014 Unaudited</b>	<b>31 Dec 2013 Audited</b>	<b>30 Jun 2014 Unaudited</b>	<b>31 Dec 2013 Audited</b>
Net asset value (S\$'000)	42,837	42,699	30,772	31,065
Number of issued shares ('000)	99,200	99,200	99,200	99,200
Net asset value per ordinary share based on issued share capital (S\$)	0.43	0.43	0.31	0.31

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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 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.**

### **Review of the Income Statement of the Group**

#### **HY2014 vs. HY2013**

##### **Revenue**

Our total revenue decreased by approximately S\$17.9 million or 50.9% from S\$35.1 million in HY2013 to S\$17.2 million in HY2014. Revenue derived from the structural steelworks services segment accounted for approximately 77.0% of our Group's total revenue.

The decrease in revenue from our structural steelworks services segment by approximately 59.2% from S\$32.5 million in HY2013 to S\$13.3 million in HY2014 was due mainly to a substantial amount of work which was done for existing projects in HY2013 as compared to HY2014, coupled with lower revenue recognized from a few newly-awarded projects of smaller contract sum in HY2014.

Revenue from the tunneling services segment increased from S\$2.6 million in HY2013 to S\$4.0 million in HY2014 mainly due to the increased work done for the Rochor Station & Little India Station Project and two newly commenced projects, namely Jalan Besar Station Project and Transmission Cable Tunnel Project. The increase in revenue was partially offset by a decrease in revenue contributed from NEWater Infrastructure Plan Extension Project and Bedok Town Park Station Project which were close to their completion stage.

##### **Cost of works**

Our cost of works decreased by approximately S\$12.5 million or 44.4% from S\$28.2 million in HY2013 to S\$15.7 million in HY2014. This comprised the decrease in cost of works for the structural steelworks services segment of approximately S\$12.6 million, offset by an increase in cost of works for the tunneling services segment of approximately S\$0.1 million.

Our cost of works for the structural steelworks services segment decreased by 49.0% from approximately S\$25.7 million in HY2013 to S\$13.1 million in HY2014 mainly due to decrease in material cost of S\$8.5 million, subcontractors charges of S\$1.4 million and worksite expenses of S\$2.3 million. Less materials and subcontracting works were required due to the decrease in business activities in HY2014 as compared to HY2013.

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Our cost of works for tunneling services segment increased from S\$2.5 million in HY2013 to S\$2.6 million in HY2014 mainly due to an increase in subcontracting works and rental expenses of an aggregate of S\$0.1 million. This increase was in line with the increase in the level of construction activities for projects under this segment and commencement of several new projects.

#### Gross profit

Our Group's gross profit decreased by approximately S\$5.3 million or 78.1% from S\$6.8 million in HY2013 to S\$1.5 million in HY2014. Our gross profit margin decreased from 19.5% in HY2013 to 8.7% in HY2014.

The lower gross profit margin for the structural segment was attributable to lower profit margin for new and current projects as a result of a more competitive pricing environment and costs which were higher than expected for some projects during HY2014.

The gross profit margin for the tunneling service segment increased from 2.0% in HY2013 to 34.1% in HY2014 as a result of higher contract values which were secured for the Rochor Station & Little India Station Project and two newly commenced projects, namely Jalan Besar Station Project and Transmission Cable Tunnel Project.

#### Other income

Other income decreased by S\$0.5 million from S\$533,541 in HY2013 to S\$51,981 in HY2014. This was mainly due to the decrease in income from sales of scrap materials of S\$0.6 million, offset by an increase in net currency gain, interest income earned from loan to Fuchiang and wages credit scheme granted by the Singapore government of an aggregate amount of approximately S\$0.1 million.

#### Administrative expenses

Administrative expenses decreased by approximately of S\$0.3 million or 19.1% from S\$1.5 million in HY2013 to S\$1.2 million in HY2014. The decrease was largely attributable to lower professional fees for HY2014.

#### Finance costs

Finance costs increased by approximately S\$0.1 million in HY2014 due to interest paid for the Convertible Bond.

#### Profit before income tax

The Group recorded a profit before tax of S\$0.2 million in HY2014, a decrease of S\$5.6 million as compared to that in HY2013, mainly due to the above-mentioned factors.

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### Income tax expense

Income tax expense decreased by approximately S\$2.2 million or 98.0% from S\$2.2 million in HY2013 to S\$45,401 in HY2014. The effective tax rate for HY2014 was 26.6% compared to 38.9% for HY2013. The higher effective tax rate in HY2013 was due mainly to the additional tax accounted for in relation to taxes underprovided in respect of earlier financial years.

### **Review of the Financial Position of the Group**

#### Current assets

As at 30 June 2014, our current assets of approximately S\$62.2 million accounted for approximately 97.7% of our total assets. Our current assets comprised the following:

- (i) Cash and bank balances of approximately S\$4.2 million which accounted for 6.8% of our total current assets. Cash and bank balances consisted of cash at bank and on hand of S\$3.2 million and short-term bank deposits of S\$1.0 million;
- (ii) Trade and other receivables of approximately S\$52.1 million, which accounted for 83.9% of our total current assets. Trade and other receivables comprised mainly trade receivables of S\$6.9 million, construction contracts due from customers of S\$43.7 million and loan to Fuchiang of S\$1.0 million. The increase in trade receivables of S\$1.5 million was due mainly to progress billings rendered which were partially offset by receipts from customers during the first half of 2014. The decrease in construction contracts due from customers of S\$2.5 million was due to progress billings on work done billed to customers as at 30 June 2014; and
- (iii) Inventories of approximately S\$5.8 million, which accounted for 9.4% of our total current assets. This increase was due to buy back of materials from projects namely, Newton Station Project, Botanic Garden & Stevens Station Project, Beauty World & Hillview Project, Ubi Station Project, Bedok Town Park Station Project and Bedok Reservoir Station Project, to stockyard for the use in future projects.

#### Non-Current assets

Our non-current assets decreased by S\$47,384, and accounted for approximately 2.3% of our total assets as at 30 June 2014. The decrease was mainly due to purchase of new property, plant and equipment of S\$1,335, which was offset by the depreciation and currency translation differences of property, plant and equipment of S\$48,719 during HY2014.

#### Current liabilities

As at 30 June 2014, our current liabilities of approximately S\$15.8 million accounted for 75.8% of our total liabilities. Our total current liabilities comprised the following:

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- (i) Trade and other payables of approximately S\$15.2 million which accounted for 96.5% of our total current liabilities. Trade and other payables comprised of trade payables of S\$10.6 million, construction contracts due to customers of S\$0.1 million, other payables of S\$2.7 million and accrued operating expenses of S\$1.8 million. The decrease in trade and other payables of S\$1.1 million was mainly due to lower construction activities during HY2014;
  - (ii) Income tax payable of S\$0.6 million which accounted for 3.5% of our total current liabilities; and
  - (iii) Finance lease liabilities of approximately S\$0.004 million which accounted for 0.03% of our total current liabilities.

#### Non-Current liabilities

As at 30 June 2014, our non-current liabilities of approximately S\$5.0 million accounted for 24.2% of our total liabilities. The unsecured 3-year, 5% Convertible Bond issued to Keong Hong Holdings Limited accounted for 99.4% of our total non-current liabilities.

#### Equity

As at 30 June 2014, our equity of approximately S\$42.8 million comprised mainly share capital of S\$32.3 million and net reserves of S\$10.5 million.

### **Review of the Cash Flow Statement of the Group**

#### **Net cash used in operating activities**

In HY2014, we recorded net cash outflow from operating activities of approximately S\$5.0 million, which was a result of operating profit before changes in working capital of approximately S\$0.3 million, adjusted for net working capital outflow of approximately S\$4.9 million as well as income tax paid of approximately S\$0.4 million. Our working capital outflows were mainly due to a decrease in trade and other payables of approximately S\$1.3 million and an increase in inventories of approximately S\$4.4 million, partially offset by a decrease in trade and other receivables of approximately S\$0.7 million.

#### **Net cash used in investing activities**

Net cash used in investing activities amounted to S\$1,335, which was attributable to additions of property, plant and equipment.

#### **Net cash from financing activities**

Net cash from financing activities amounted to approximately S\$4,872, which was mainly due to interest received of S\$31,079, offset by repayment of finance lease liabilities of S\$23,296 and hire purchase interest of S\$2,911.

As at 30 June 2014, our cash and cash equivalents were approximately S\$4.2 million.

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**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 has been previously issued to the shareholders for the current reporting period.

**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 outlook for the Singapore construction industry for the next 12 months remains positive. The Land Transport Authority has fully awarded the Thomson MRT Line Project as at the date of this announcement.

Our established track record and strong technical expertise put us in a favourable position to benefit from the Thomson MRT Line Project.

On the other hand, we expect pressure from the acute constraint of labour supply and increasing manpower cost in Singapore. We intend to partially address these by freeing up some manpower from our Singapore yard through the relocation of a portion of the Singapore yard activities to our new storage yard in Malaysia in the next financial year and will continue to explore opportunities to grow in related activities through, *inter alia*, the acquisition of a 51% stake in Fuchiang which has been completed as at the date of this announcement.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended or declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

**(c) Date payable: Not Applicable**

**(d) Books closure date: Not Applicable**

**12. If no dividend has been declared (recommended), a statement to that effect**

No dividend has been declared or recommended for HY2014.

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.

There were no IPTs during HY2014. The Group does not have a general mandate for IPTs.

**14. Use of IPO proceeds**

As at the date of this announcement, the status of use of IPO proceeds is as below:-

Use of Proceeds	Amount in aggregate (S\$'000)	Amount utilised as at the date of this announcement (S\$'000)	Amount unutilised as at the date of this announcement (S\$'000)
Expansion of the Group's structural steelworks and tunnelling services in Singapore	3,000	(3,000)	-
Expansion of the Group's tunnelling services in overseas markets through joint ventures or strategic alliances	100	-	100
Acquisition of land for a new storage yard	1,000	(1,000)	-
General working capital purposes	305	(305) <sup>(1)</sup>	-
Listing expenses borne by our Company	1,995	(1,995) <sup>(2)</sup>	-
<b>Total</b>	<b>6,400</b>	<b>(6,300)</b>	<b>100</b>

Note:

(1) The amount for general working capital purposes has been utilised mainly for the payment of professional fees and directors' fees.

(2) The Company has reallocated the unutilised amount of approximately S\$22,000 allocated for listing expenses to partially finance the acquisition of land for a new storage yard as announced by the Company on 26 July 2013.

**15. Use of Convertible Bond proceeds**

As announced by the Company previously on 8 July 2014, the net proceeds of S\$4.97 million from the Convertible Bond issue has been fully utilised in accordance with the intended use of the net proceeds.

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**16. Confirmation By The Board Pursuant To Rule 705(5)**

The Directors confirm on behalf of the Board of Directors (the “Board”) that to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited HY2014 financial results for the Company and the Group set out above to be false or misleading in any material aspect.

**By Order of the Board**

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HOOI YU KOH  
CEO/Managing Director  
14 August 2014