

UNAUDITED ABRIDGED FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 JUNE 2017

FINANCIAL HIGHLIGHTS FOR THE SIX MONTHS ENDED 30 JUNE 2017

	30 June 2017 Unaudited US\$	30 June 2016 Unaudited US\$	Change
Revenue	11,579,479	8,564,691	▲
EBITDA	713,649	633,561	▲
EBITDA/Turnover	6%	7%	▼
Basic Earnings Per Share (cents)	0.06	0.05	▲
Headline Earnings Per Share (cents)	0.06	0.03	▲

CHAIRMAN'S STATEMENT

INTRODUCTION

I am pleased to present my statement for the half year ended 30 June 2017. As alluded to in my last update, the business operating environment has continued to be challenging. A shortage of cash and foreign currency constraints have hampered our ongoing operations during the period under review. We are now beginning to experience emerging inflationary pressures.

GROUP PERFORMANCE

The consolidated financial results comprise the financial performance of the contracting and property development businesses. Total revenue for the six months period improved by 35% to \$11,579,479 (June 2016: \$8,564,691) on the back of a firm order book. Gross profit margins deteriorated in the period to 12% (2016: 15%) largely due to significantly compromised productivity emanating from excessive rainfalls received in the first quarter. Overhead efficiencies improved to 13% (2016: 16%) mainly driven by the growth in the topline and continued cost containment strategies, resulting in an improved EBITDA of \$713,649 (2016: \$633,561).

Due to the improvement in turnover coupled with the overhead efficiencies, Profit before tax of \$185,081 improved by 23% from the comparative period of \$150,138.

The Group generated cash from operations of \$1,622,035 (June 2016: \$321,150) mainly due to stringent cash collection measures implemented in the period. Cash and cash equivalents increased by \$458,431 to close off the period at \$1,238,698. Capital expenditure incurred in the period amounted to \$914,166 (June 2016: \$727,497). As at 30 June 2017, borrowing levels were at \$500,700 (December 2016: \$705,834). However, subsequent to the reporting date, borrowing levels increased by \$1.5 million which was applied to expansionary capital expenditure key to the execution of the firm order book.

PROSPECTS

Despite the economic difficulties, the last eighteen months period has seen a significant increase in tendering activities, an indication of the opportunities that still exist within the built environment. The Board has put in place strategies to follow up, monitor and convert these opportunities to order book. The current order book has improved significantly in terms of both value and tenures, spanning beyond the 31 December 2017 financial year.

DIVIDEND DECLARATION

Given the potential growth prospects that are currently under consideration and the need for additional capital expenditure, the Board has made the decision not to declare an interim dividend.

APPRECIATION

On behalf of the Board, I extend my appreciation to our valued customers, suppliers and other key stakeholders for their continued support, as well as to the executives and staff for their valuable contribution towards the attainment of these results in a difficult environment. I also wish to thank my colleagues on the Board for their valuable contribution.



G. Sebborn
20 September 2017

ABRIDGED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		30 June 2017 Unaudited US\$	30 June 2016 Unaudited US\$
Revenue		11,579,479	8,564,691
Profit before depreciation	4.1	713,649	633,561
Depreciation		(502,652)	(553,645)
Profit before interest and tax		210,997	79,916
Net interest received/(paid)		(25,916)	32,633
Share of joint venture profit		-	37,589
Profit before tax		185,081	150,138
Taxation		(47,659)	(38,661)
Profit for the period		137,422	111,477
Number of shares in issue (millions)	4.2	232	220.5
Basic earnings per share (cents)		0.06	0.05
Headline earnings per share (cents)		0.06	0.03

ABRIDGED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	30 June 2017 Unaudited US\$	30 June 2016 Unaudited US\$
Profit for the period	137,422	111,477
Other comprehensive income:		
Available for sale financial assets	225,886	278,658
Income tax relating to components of other comprehensive income	(2,259)	(2,787)
Other comprehensive income for the year, net of tax	223,627	275,871
Total comprehensive income for the period	361,049	387,348

ABRIDGED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 June 2017 Unaudited US\$	31 December 2016 Audited US\$
ASSETS			
Non-current assets			
Property, plant and equipment	4.3	7,143,484	6,731,970
Investment property	4.4	4,467,500	4,467,500
Investments	4.5	1,544,451	1,318,567
		13,155,435	12,518,037
Current assets			
Bank balances and cash		1,238,698	780,267
Contracts in progress and accounts receivable	4.6	11,701,134	10,125,492
Inventories		908,090	954,819
Current tax asset		16,145	63,802
		13,864,067	11,924,380
Total assets		27,019,502	24,442,417
EQUITY AND LIABILITIES			
Share capital		2,320,199	2,204,937
Share premium		402,987	260,063
Reserves		9,898,901	9,846,543
Shareholders' equity		12,622,087	12,311,543
Non-current liabilities			
Interest bearing borrowings	4.7	240,700	315,567
Deferred tax		1,252,990	1,250,731
		1,493,690	1,566,298
Current liabilities			
Interest bearing borrowings	4.7	260,000	390,267
Accounts payable	4.8	12,643,725	10,174,309
		12,903,725	10,564,576
Total equity and liabilities		27,019,502	24,442,417

ABRIDGED CONSOLIDATED STATEMENT OF CASH FLOWS

	30 June 2017 Unaudited US\$	30 June 2016 Unaudited US\$
Net cash from operating activities	1,622,035	321,150
Net cash invested	(914,166)	(138,621)
Net cash flow from financing activities	(249,438)	196,432
Net increase in cash and cash equivalents	458,431	378,961
Opening cash and cash equivalents	780,267	737,173
Closing cash and cash equivalents	1,238,698	1,116,134

ABRIDGED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	30 June 2017 Unaudited US\$	31 December 2016 Audited US\$
Shareholders' equity at the beginning of the period	12,311,543	11,790,662
Share based payments reserve	-	(1,570)
Other comprehensive income	223,627	610,729
Issue of shares	258,186	-
Dividend paid	(308,691)	(595,333)
Profit for the period	137,422	507,055
Shareholders' equity at the end of the period	12,622,087	12,311,543

SUPPLEMENTARY INFORMATION

1. Basis of presentation

Statement of compliance

The abridged financial results for the six months ended 30 June 2017 have been prepared using accounting policies consistent with International Financial Reporting Standards (IFRSs) and International Accounting Standards (IAS). The same accounting policies, presentation and methods followed in the abridged financial results are as applied in the Group's latest annual financial statements.

2. Currency reporting

The abridged interim consolidated financial statements are presented in United States Dollars, which is the functional currency of the Group.

3. Significant accounting policies

The principal accounting policies of the Company are consistent, in all material respects, with those adopted in the previous year.

4. Notes to the abridged consolidated financial statements

	30 June 2017 Unaudited US\$	30 June 2016 Unaudited US\$
4.1 Profit before tax		
Profit before tax is shown after charging/(crediting) the following items:		
Staff costs	740,751	659,950
Compensation of directors and key management:		
for services as directors	31,248	31,248
for management services	328,880	255,739
4.2 Scrip dividend		
During the period under review, 11,526,162 new shares were issued as a result of the scrip dividend that was declared on 29 March 2017. These shares were issued on 2 June 2017.		
4.3 Property, plant and equipment		
Movement for the period:		
Balance at the beginning of the period	6,731,970	6,004,892
Capital expenditure	914,166	1,972,227
Depreciation	(502,652)	(1,086,443)
Disposals	-	(158,706)
Balance at the end of the period	7,143,484	6,731,970
4.4 Investment property		
Movement for the period:		
Balance at beginning of the period	4,467,500	4,485,500
Disposals	-	(18,000)
Balance at end of the period	4,467,500	4,467,500
The investment property was revalued at the end of December 2016 by independent valuers on the open market basis.		
4.5 Investments		
Financial assets carried at fair value through other comprehensive income	1,544,451	1,318,567
4.6 Contracts in progress and accounts receivable		
Contracts receivable and contract work in progress	6,118,513	6,545,933
Trade receivables	1,746,062	890,030
Prepayments	3,205,423	2,237,256
Deposits and other receivables	802,075	639,633
	11,872,073	10,312,852
Less: Allowance for credit losses	(170,939)	(187,360)
Receivables at end of the period	11,701,134	10,125,492
The Company provides for receivables aged above 90 days on a case by case basis where subsequent developments suggest that recovery of the amounts is in doubt.		
4.7 Interest bearing borrowings		
Long term	240,700	315,567
Short term	260,000	390,267
	500,700	705,834
The short term loans represent a reclassification to current liabilities as per IFRS 7. The loans have a tenure of two years and accrue interest at an effective rate of 7% per annum. These loans are fully secured against immoveable property and a notarial general covering bond over moveable assets, including a cession of book debts.		
4.8 Accounts payable		
Trade	2,764,075	760,486
Contract accruals and other payables	8,088,685	7,364,794
Subcontractor liabilities	1,790,965	2,049,029
	12,643,725	10,174,309
4.9 Capital commitments		
Authorised but not contracted for	1,162,994	2,065,336
This expenditure will be financed from internal resources and existing facilities.		
4.10 Contingent liabilities		
Bank guarantees on construction contracts in respect of performance, advance payments, retentions, bids and temporary imports.	8,034,328	9,863,930

