

# **LEY CHOON GROUP HOLDINGS LTD**

(Company Registration No. 198700318G)

## **ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

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## LEY CHOON GROUP HOLDINGS LIMITED

### UNAUDITED RESULTS FOR THE FOURTH QUARTER AND TWELVE MONTHS ENDED 31 MARCH 2019

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

**1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	4 <sup>th</sup> Quarter ended		Change %	12 Months Period ended		
	31 Mar 2019	31 Mar 2018		31 Mar 2019	31 Mar 2018	Change %
	S\$'000	S\$'000		S\$'000	S\$'000	
Revenue	27,900	27,137	2.8	102,973	105,662	(2.5)
Cost of sales	(29,690)	(22,763)	30.4	(98,236)	(89,070)	10.3
<b>Gross (loss)/profit</b>	<u>(1,790)</u>	<u>4,374</u>	n/m	<u>4,737</u>	<u>16,592</u>	(71.5)
Other income	702	582	20.6	3,188	2,554	24.8
Selling and distribution expenses	(43)	(199)	(78.4)	(238)	(816)	(70.8)
Administrative expenses	(2,868)	(3,107)	(7.7)	(12,074)	(13,206)	(8.6)
Other operating expenses	(418)	(597)	(30.0)	(1,704)	(1,256)	35.7
Finance costs	(776)	(751)	3.3	(3,040)	(2,213)	37.4
<b>(Loss)/profit before taxation</b>	<u>(5,193)</u>	<u>302</u>	n/m	<u>(9,131)</u>	<u>1,655</u>	n/m
Taxation	(651)	(140)	365.0	(474)	(150)	216.0
<b>(Loss)/profit for the period</b>	<u>(5,844)</u>	<u>162</u>	n/m	<u>(9,605)</u>	<u>1,505</u>	n/m
<b>Other comprehensive (loss)/income after tax:</b>						
<b>Items that may be reclassified subsequently to profit or loss</b>						
Currency translation differences	78	565	(86.2)	(469)	1,066	n/m
<b>Other comprehensive (loss)/income for the period, net of tax of nil</b>	<u>78</u>	<u>565</u>	(86.2)	<u>(469)</u>	<u>1,066</u>	n/m
<b>Total comprehensive (loss)/income for the period</b>	<u>(5,766)</u>	<u>727</u>	n/m	<u>(10,074)</u>	<u>2,571</u>	n/m

**1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)**

	4 <sup>th</sup> Quarter ended		Change %	12 Months Period ended		
	31 Mar	31 Mar		31 Mar	31 Mar	Change %
	2019	2018		2019	2018	
	S\$'000	S\$'000		S\$'000	S\$'000	
<b>(Loss)/profit attributable to:</b>						
Owners of the Company	(5,844)	162	n/m	(9,605)	1,505	n/m
<b>(Loss)/profit for the period</b>	<u>(5,844)</u>	<u>162</u>	n/m	<u>(9,605)</u>	<u>1,505</u>	n/m
<b>Total comprehensive (loss)/income attributable to:</b>						
Owners of the Company	(5,766)	727	n/m	(10,074)	2,571	n/m
<b>Total comprehensive (loss)/income for the period</b>	<u>(5,766)</u>	<u>727</u>	n/m	<u>(10,074)</u>	<u>2,571</u>	n/m

*n/m – not meaningful*

## 1(a)(ii) Notes to consolidated statement of comprehensive income

The statement of comprehensive income is arrived at after charging/(crediting) the following:

	4 <sup>th</sup> Quarter ended			12 Months Period ended		
	31 Mar	31 Mar	Change	31 Mar	31 Mar	Change
	2019	2018		2019	2018	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Impairment losses on trade receivables made/(reversed), net	1,142	(95)	n/m	876	(419)	n/m
Amortisation of land use rights	18	19	(5.3)	69	72	(4.2)
Depreciation of property, plant and equipment	2,121	2,371	(10.5)	8,645	9,337	(7.4)
Foreign exchange (gain)/ loss, net	(859)	489	n/m	422	1,126	(62.5)
Change in fair value of financial assets at fair value through profit or loss	4	(7)	n/m	9	(2)	n/m
Interest income	(31)	(30)	3.3	(32)	(31)	3.2
Dividend income from other investments	-	-	-	(1)	(1)	-
Loss on disposal of property, plant and equipment	147	55	167.3	171	13	1,215.4
Impairment loss on property, plant and equipment made, net	121	-	n/m	121	-	n/m
Finance costs	776	751	3.3	3,040	2,213	37.4
Provision for fines and penalty (reversed)/made	-	(160)	n/m	-	200	n/m
Write-down on inventories	-	85	n/m	-	85	n/m
Operating lease expenses	573	377	52.0	2,107	1,589	32.6

*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**

	<b>Group</b>		<b>Company</b>	
	<b>As at 31 Mar 2019 S\$'000</b>	<b>As at 31 Mar 2018 S\$'000</b>	<b>As at 31 Mar 2019 S\$'000</b>	<b>As at 31 Mar 2018 S\$'000</b>
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	46,981	55,913	-	-
Land use rights	2,930	3,105	-	-
Subsidiaries	-	-	78,734	82,954
Club membership	229	229	-	-
Deferred tax assets	-	625	-	-
	50,140	59,872	78,734	82,954
<b>Current Assets</b>				
Inventories	6,882	12,839	-	-
Contract assets	22,784	17,690	-	-
Trade and other receivables	31,868	31,543	4,133	4,157
Other investments	49	58	-	-
Cash and bank balances	3,568	4,665	5	6
Fixed deposits	1,601	2,537	-	-
	66,752	69,332	4,138	4,163
<b>Total assets</b>	116,892	129,204	82,872	87,117
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserves</b>				
Share capital	79,807	79,807	146,026	146,026
Accumulated losses	(57,214)	(46,475)	(112,348)	(101,225)
Other reserves	607	1,076	(884)	(884)
<b>Total equity</b>	23,200	34,408	32,794	43,917
<b>Non-Current Liabilities</b>				
Borrowings	50,579	44,509	15,731	15,614
Deferred tax liabilities	35	48	-	-
	50,614	44,557	15,731	15,614
<b>Current Liabilities</b>				
Borrowings	7,469	14,870	-	-
Trade and other payables	33,083	32,816	34,347	27,586
Current tax payable	85	112	-	-
Provisions	2,441	2,441	-	-
	43,078	50,239	34,347	27,586
<b>Total liabilities</b>	93,692	94,796	50,078	43,200
<b>Total equity and liabilities</b>	116,892	129,204	82,872	87,117

## 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	As at
	31 Mar 2019	31 Mar 2018
	S\$'000	S\$'000
<b><u>Secured</u></b>		
Bank loans	6,710	14,096
Finance lease liabilities	759	774
<b>Total</b>	<b>7,469</b>	<b>14,870</b>

(b) Amount repayable after one year

	As at	As at
	31 Mar 2019	31 Mar 2018
	S\$'000	S\$'000
<b><u>Secured</u></b>		
Bank loans	34,736	28,149
Convertible bond (Murabaha Facility)	15,731	15,614
Finance lease liabilities	112	746
<b>Total</b>	<b>50,579</b>	<b>44,509</b>

(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) charge over shares in the Company's subsidiaries;
- (iv) charge over certain of the Group's bank accounts;
- (v) fixed deposits of the Group;
- (vi) floating charge over all other assets; and/or
- (vii) corporate guarantees by the Company.

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 S\$2.6 million as at 31 March 2019.

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

	<b>12 Months Period ended</b>	
	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows from Operating Activities:</b>		
(Loss)/profit before taxation	(9,131)	1,655
Adjustments for:		
Amortisation of land use rights	69	72
Depreciation of property, plant and equipment	8,645	9,337
Provision for fines and penalty	-	200
Provision for foreseeable losses	107	30
Impairment losses on trade receivables made/(reversed), net	876	(419)
Write-down on inventories	-	85
Loss on disposal of property, plant and equipment	171	13
Impairment losses on property, plant and equipment made, net	121	-
Fair value loss on other investments	9	(2)
Dividend income from other investments	(1)	(1)
Interest income	(32)	(31)
Finance costs	3,040	2,213
<b>Operating profit before working capital changes</b>	<b>3,874</b>	<b>13,152</b>
Changes in inventories	5,918	(2,990)
Changes in contract assets	(5,341)	1,667
Changes in trade and other receivables	(4,294)	(2,753)
Changes in trade and other payables	2,141	(1,323)
<b>Cash generated from operations</b>	<b>2,298</b>	<b>7,753</b>
Income taxes refunded/(paid)	164	(33)
<b>Net cash generated from operating activities</b>	<b>2,462</b>	<b>7,720</b>
<b>Cash Flows from Investing Activities:</b>		
Interest received	32	31
Purchase of property, plant and equipment	(651)	(3,683)
Dividend received from other investments	1	1
Proceeds from disposal of property, plant and equipment	336	586
<b>Net cash used in investing activities</b>	<b>(282)</b>	<b>(3,065)</b>

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

	<b>12 Months Period ended</b>	
	<b>31 Mar 2019</b>	<b>31 Mar 2018</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Cash Flows from Financing Activities:</b>		
Interest paid	(2,597)	(2,518)
Proceeds from loans from financial institutions	1,240	1,251
Proceeds from rights issue	-	8,886
Share issuance expenses	-	(196)
Repayment of loans from financial institutions	(2,029)	(7,961)
Repayment of finance lease liabilities	(794)	(1,761)
Loan from controlling shareholders	-	(3,465)
Fixed deposits pledged with banks	936	(817)
<b>Net cash used in financing activities</b>	<u>(3,244)</u>	<u>(6,581)</u>
<b>Net decrease in cash and cash equivalents</b>	(1,064)	(1,926)
<b>Cash and cash equivalents at beginning of period</b>	4,665	(3,398)
Restructuring of bank overdrafts to loans from financial institutions	-	10,036
Exchange differences on translation of cash and cash equivalents	(33)	(47)
<b>Cash and cash equivalents at end of period</b>	<u>3,568</u>	<u>4,665</u>

**1(d)(i) A statement 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**

<u>Group</u>	Share capital	Accumulated losses	Equity component of convertible bonds	Foreign currency translation reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2017</b>	71,117	(47,980)	243	(233)	23,147
Profit for the period	-	1,505	-	-	1,505
Other comprehensive income for the period					
- Currency translation differences	-	-	-	1,066	1,066
<b>Total comprehensive income for the period</b>	-	1,505	-	1,066	2,571
Contributions by and distributions to owners					
- Issue of shares pursuant to rights issue	8,886	-	-	-	8,886
- Share issuance expenses	(196)	-	-	-	(196)
<b>Transactions with owners in their capacity as owners</b>	8,690	-	-	-	8,690
<b>Balance at 31 March 2018</b>	79,807	(46,475)	243	833	34,408
<b>Balance at 1 April 2018</b>	79,807	(46,475)	243	833	34,408
Adjustment on initial application of SFRS (I) 9 (net of tax)	-	(1,134)	-	-	(1,134)
<b>Adjusted balance at 1 April 2018</b>	79,807	(47,609)	243	833	33,274
Loss for the period	-	(9,605)	-	-	(9,605)
Other comprehensive loss for the period					
- Currency translation differences	-	-	-	(469)	(469)
<b>Total comprehensive loss for the period</b>	-	(9,605)	-	(469)	(10,074)
<b>Balance at 31 March 2019</b>	79,807	(57,214)	243	364	23,200

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

<u>Company</u>	<b>Share capital</b>	<b>Capital reserve</b>	<b>Accumulated losses</b>	<b>Total equity</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Balance at 1 April 2017</b>	137,336	(884)	(104,673)	31,779
Profit for the period/Total comprehensive profit for the period	-	-	3,448	3,448
Contributions by and distributions to owners				
-Issue of shares pursuant to rights issue	8,886	-	-	8,886
-Share issuance expenses	(196)	-	-	(196)
<b>Transactions with owners in their capacity as owners</b>	<b>8,690</b>	<b>-</b>	<b>-</b>	<b>8,690</b>
<b>Balance at 31 March 2018</b>	<b>146,026</b>	<b>(884)</b>	<b>(101,225)</b>	<b>43,917</b>
<b>Balance at 1 April 2018</b>	146,026	(884)	(101,225)	43,917
Loss for the period/Total comprehensive loss for the period	-	-	(11,123)	(11,123)
<b>Balance at 31 March 2019</b>	<b>146,026</b>	<b>(884)</b>	<b>(112,348)</b>	<b>32,794</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 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 and subsidiary holdings 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 period. 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 since the end of the previous period reported on.

As at 31 March 2019 (and 31 March 2018), the Company’s issued and paid-up share capital was S\$146,026,238 (and S\$146,026,238).

There were no treasury shares held by the Company as at 31 March 2019 (and 31 March 2018)

There were no subsidiary shareholdings as at 31 March 2019 (and 31 March 2018).

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

<b>Actual</b>	<b>31 March 2019</b>	<b>31 March 2018</b>
Total number of issued shares excluding treasury shares	1,184,813,992	1,184,813,992

**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.

**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.

**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 the financial statements for the current reporting period as compared to the most recently audited annual financial statements for the period ended 31 March 2018, except for the adoption of Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments* with effect from 1 April 2018.

**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.**

There is no significant impact to the financial statements for the twelve-month period ended 31 March 2019 arising from the adoption of SFRS(I) 15 and SFRS(I) 9, except for expected credit losses as at 31 March 2018 which have been adjusted in opening retained earnings as at 1 April 2018 in accordance with SFRS(I) 9.

**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.**

As at 31 March 2019, the convertible bonds are excluded from the calculation of diluted weighted average number of ordinary shares in issue as their effect would have been anti-dilutive.

Earnings per share (EPS in cents)	4 <sup>th</sup> Quarter ended		12 Months	
	31 Mar	31 Mar	31 Mar	31 Mar
	2019	2018	2019	2018
EPS based on weighted average number of ordinary shares on issue (cents)	(0.49)	0.01	(0.81)	0.14
EPS based on a fully diluted basis (cents)	(0.49)	0.01	(0.81)	0.14
Weighted average number of shares	1,184,813,992	1,184,813,992	1,184,813,992	1,108,531,447

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	
	As at 31 Mar 2019	As at 31 Mar 2018	As at 31 Mar 2019	As at 31 Mar 2018
Net asset value (NAV in cents)				
NAV per ordinary share	1.96	2.90	2.77	3.71
Number of shares	1,184,813,992	1,184,813,992	1,184,813,992	1,184,813,992

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) seasonable 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.**

**Consolidated statement of comprehensive income statement**

**Fourth quarter review – Q4FY19 vs Q4FY18**

Revenue

Revenue increased by approximately S\$0.8 million or 2.8% to S\$27.9 million for the fourth quarter ended 31 March 2019 ("Q4FY19") compared to the corresponding quarter ended 31 March 2018 ("Q4FY18") of S\$27.1 million. The marginal increase was due mainly to the increase in revenue from small diameter pipe projects and sale of construction materials by S\$3.0 million and S\$1.1 million respectively, partially offset by the decrease in revenue from sewer rehabilitation projects by S\$3.1 million.

Gross profit

Gross loss was S\$1.8 million with a gross loss margin of 6.4% for Q4FY19 compared to gross profit of S\$4.4 million with a gross profit margin of 16.1% for Q4FY18. The decrease in gross profit and gross profit margin was due mainly to increase in direct cost for some projects with deteriorating margin, as well as completion of higher margin projects during the period.

#### Other income

Other income for Q4FY19 increased by approximately S\$0.1 million or 20.6% to S\$0.7 million compared to Q4FY18 due mainly to the increase in sales of scrap materials during the period.

#### Selling and distribution expenses

Selling and distribution expenses for Q4FY19 decreased by approximately S\$0.2 million or 78.4% to S\$0.04 million compared to Q4FY18 due mainly to lower commission expenses incurred during the period.

#### Administrative expenses

Administrative expenses for Q4FY19 decreased by approximately S\$0.2 million or 7.7% to S\$2.9 million compared to Q4FY18 due mainly to the decrease in professional fees expenses and administrative staff cost, partially offset by the increase in rental expenses during the period.

#### Other operating expenses

Other operating expenses for Q4FY19 decreased by approximately S\$0.2 million or 30.0% to S\$0.4 million compared to Q4FY18 due mainly to lower unrealised foreign exchange losses during the period.

#### Finance costs

Finance costs for Q4FY19 marginally increased by approximately S\$0.03 million or 3.3% to S\$0.8 million compared to Q4FY18 due mainly to the increase in interest rates.

#### Income tax

Income tax for Q4FY19 increased by approximately S\$0.5 million or 365.0% to S\$0.6 million mainly due to deferred tax movement during the period.

#### Net loss after tax

The Group reported a net loss after tax of S\$5.8 million for Q4FY19 due to the various reasons as explained above.

### **Twelve months review – 12MFY19 vs 12MFY18**

#### Revenue

Revenue decreased by approximately S\$2.7 million or 2.5% to S\$103.0 million for the twelve months ended 31 March 2019 ("12MFY19") compared to the corresponding period ended 31 March 2018 ("12MFY18") of S\$105.7 million. The marginal decrease was due mainly to the decrease in revenue from pipe diversion projects, gas transmission pipe projects, airport projects and sewer rehabilitation projects by S\$5.9 million, S\$4.9 million, S\$3.6 million and S\$3.0 million respectively as a result of substantial completion, partially offset by the increase in revenue from big diameter pipe projects, distribution cable projects and small diameter pipe projects by S\$6.6 million, S\$4.9 million and S\$3.4 million respectively.

### Gross profit

Gross profit was S\$4.7 million with a gross profit margin of 4.6% for 12MFY19 compared to S\$16.6 million with a gross profit margin of 15.7% for 12MFY18. The decrease in gross profit and gross profit margin was due mainly to increase in direct cost for some projects with deteriorating margin, as well as completion of higher margin projects during the period.

### Other income

Other income for 12MFY19 increased by approximately S\$0.6 million or 24.8% to S\$3.2 million compared to 12MFY18 due mainly to the increase in sales of scrap materials during the period.

### Selling and distribution expenses

Selling and distribution expenses for 12MFY19 decreased by approximately S\$0.6 million or 70.8% to S\$0.2 million compared to 12MFY18 due mainly to lower commission expenses incurred during the period.

### Administrative expenses

Administrative expenses for 12MFY19 decreased by approximately S\$1.1 million or 8.6% to S\$12.1 million compared to 12MFY18 due mainly to the decrease in professional fee expenses and administrative staff costs during the period.

### Other operating expenses

Other operating expenses for 12MFY19 increased by approximately S\$0.4 million or 35.7% to S\$1.7 million compared to 12MFY18 due mainly to impairment loss on trade receivables, partially offset by lower unrealised foreign exchange losses during the period.

### Finance costs

Finance costs for 12MFY19 increased by approximately S\$0.8 million or 37.4% to S\$3.0 million compared to 12MFY18 due mainly to the absence of reversal of over accrued finance costs during the period as well as the increase in interest expenses due to higher SIBOR.

### Income tax

Income tax for 12MFY19 increased by approximately S\$0.3 million or 216.0% to S\$0.5 million mainly due to deferred tax movement during the period.

### Net loss after tax

The Group reported a net loss after tax of S\$9.6 million for 12MFY19 due to the various reasons as explained above.

## **Consolidated statements of financial position**

### **Non-current assets**

The Group's property, plant and equipment decreased by S\$8.9 million from S\$55.9 million as at 31 March 2018 to S\$47.0 million as at 31 March 2019, due mainly to depreciation of S\$8.6 million during the period.

### **Current assets**

The Group's current assets decreased by S\$2.6 million from S\$69.3 million as at 31 March 2018 to S\$66.7 million as at 31 March 2019, attributable mainly to the following:

- (a) decrease in inventories by S\$6.0 million to S\$6.8 million as at 31 March 2019 compared to S\$12.8 million as at 31 March 2018 due mainly to more usage of materials for projects;
- (b) decrease in cash and cash equivalents by S\$2.0 million to S\$5.2 million as at 31 March 2019 compared to S\$7.2 million as at 31 March 2018 due mainly to lower collections;

which have been partially offset by the following:

- (c) increase in contract assets by S\$5.1 million to S\$22.8 million as at 31 March 2019 compared to S\$17.7 million as at 31 March 2018 due mainly to the decrease in billings from projects;
- (d) increase in trade and other receivables by S\$0.3 million to S\$31.8 million as at 31 March 2019 compared to S\$31.5 million as at 31 March 2018 due mainly to less receipts from customers during the period.

### **Current liabilities**

The Group's current liabilities decreased by S\$7.1 million from S\$50.2 million as at 31 March 2018 to S\$43.1 million as at 31 March 2019, due mainly to the decrease in borrowings by S\$7.4 million as a result of reclassification of certain bank borrowings to non-current liabilities.

### **Non-current liabilities**

The Group's non-current liabilities increased by S\$6.0 million from S\$44.6 million as at 31 March 2018 to S\$50.6 million as at 31 March 2019 due mainly to reclassification of certain bank borrowings from current liabilities.

### **Consolidated statement of cash flow**

The Group's cash and cash equivalents stood at S\$3.6 million as at 31 March 2019, as compared to S\$4.7 million as at 31 March 2018.

#### **Net cash generated from operating activities**

Net cash generated from operating activities was S\$2.5 million, comprising operating profit before working capital changes of S\$3.9 million, partially offset by net working capital investment of S\$1.6 million.

The net working capital investment of S\$1.6 million was due mainly to the following:

- (a) increase in contract assets of approximately S\$5.3 million due mainly to the decrease in billings from projects as a result of substantial completion of some projects;
- (b) increase in trade and other receivables of approximately S\$4.3 million due to less receipts from customers; partially offset by
- (c) decrease in inventories of approximately S\$5.9 million due to more usage of materials for projects;
- (d) increase in trade and other payables of approximately S\$2.1 million due to less payments to the creditors.

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

Net cash used in investing activities of approximately S\$0.3 million was due mainly to purchase of property, plant and equipment.

#### **Net cash used in financing activities**

Net cash used in financing activities of approximately S\$3.2 million was due mainly to repayment of borrowings and finance lease liabilities.

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

No forecast or prospect statement has been previously disclosed. Furthermore, there is no deviation from paragraph 10 of the previous financial results announcement.

**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 view of the strong demand from public sector, big infrastructure projects such as the Cross Island Line, developments at Jurong Lake District and Changi Airport Terminal 5 will continue to support the construction demand.

Based on a recent announcement dated 24 April 2019, the Group has secured four contracts worth approximately S\$20.5 million in aggregate for supply and laying of pipes and underground services. Despite competition and rising costs, the Group will continue to tender for new projects. To date, the Group's unfulfilled order book based on secured contracts stands at approximately S\$128.0 million.

**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 and the reason(s) for the decision.**

No dividend has been declared as the Group currently does not have profits available for the declaration of a dividend.

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

The Group has not obtained a general mandate from shareholders for interested party transactions. The Group had no interested party transaction during the period.

- 14. Disclosure on the status on the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of the proceeds is in accordance with the stated use. Where the proceeds have been used for working capital purposes, a breakdown with specific details on how the proceeds have been applied must be disclosed.**

Not applicable.

- 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 7H pursuant to Catalist 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**

<u>For the 12 months period ended</u> <u>31 Mar 2019</u>	<b>Pipes and roads</b>	<b>Construction materials</b>	<b>Others</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
External revenue	91,273	11,700	-	102,973
Inter-segment revenue	33,259	7,976	-	41,235
Total revenue	<u>124,532</u>	<u>19,676</u>	<u>-</u>	<u>144,208</u>
Interest income	-	-	32	32
Interest expenses	(41)	(108)	(2,891)	(3,040)
Depreciation and amortization	(5,091)	(1,019)	(2,604)	(8,714)
Impairment loss on property, plant and equipment made	(55)	(44)	(22)	(121)
Reportable segment profit/(loss) before income tax	<u>994</u>	<u>668</u>	<u>(10,793)</u>	<u>(9,131)</u>

**For the financial year ended**  
**31 Mar 2019**

Reportable segment assets	<u>72,431</u>	<u>13,112</u>	<u>31,349</u>	<u>116,892</u>
Capital expenditure	<u>688</u>	<u>-</u>	<u>108</u>	<u>796</u>
Reportable segment liabilities	<u>23,647</u>	<u>7,507</u>	<u>62,538</u>	<u>93,692</u>

**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. (cont'd)**

<u>For the 12 months period ended</u> <u>31 Mar 2018</u>	<b>Pipes and roads</b>	<b>Construction materials</b>	<b>Others</b>	<b>Total</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
External revenue	96,505	9,157	-	105,662
Inter-segment revenue	37,280	8,228	-	45,508
Total revenue	<u>133,785</u>	<u>17,385</u>	<u>-</u>	<u>151,170</u>
Interest income	-	-	31	31
Interest expenses	(66)	(121)	(2,026)	(2,213)
Depreciation and amortization	(5,528)	(1,047)	(2,834)	(9,409)
Reportable segment profit/(loss) before income tax	<u>12,202</u>	<u>1,210</u>	<u>(11,757)</u>	<u>1,655</u>

**For the financial year ended  
31 Mar 2018**

Reportable segment assets	<u>77,818</u>	<u>14,830</u>	<u>36,556</u>	<u>129,204</u>
Capital expenditure	<u>3,442</u>	<u>3</u>	<u>238</u>	<u>3,683</u>
Reportable segment liabilities	<u>23,925</u>	<u>7,980</u>	<u>62,891</u>	<u>94,796</u>

**17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Revenue and profit from Pipes and Roads segment decreased due mainly to completion of higher margin projects as well as higher operational costs incurred during the period.

Revenue from Construction Materials segment increased due mainly to increase in sales to external customers. However profit from Construction Materials segment decreased due to higher material cost incurred during the period.

The decrease in loss for Others segment was due mainly to decrease in professional fee expenses and administrative staff costs during the period.

**18. A breakdown of sales.**

	<b>12 months period ended 31-Mar-19 \$'000</b>	<b>12 months period ended 31-Mar-18 \$'000</b>	<b>Change %</b>
(a) Sales reported for first 6 months	48,825	52,110	-6.3%
(b) Operating (loss)/profit after tax before deducting minority interests reported for first 6 months	(2,847)	1,008	n/m
(c) Sales reported for next 6 months	54,148	53,552	1.1%
(d) Operating (loss)/profit after tax before deducting minority interests reported for next 6 months	(6,758)	497	n/m

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

Not applicable.

20. Pursuant to Rule 704(10) 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 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	60	Brother of Mr. Toh Choo Huat ("TCH") who is the Executive Chairman & CEO	Deputy Chief Executive Officer from 29/09/2015	N.A
Toh Swee Kim	56	Brother of TCH	Chief Operating Officer of the Group from 29/09/2015	N.A
Toh Chew Chai	65	Brother of TCH	Deputy Chief Operating Officer, since 17/02/2014	N.A
Toh Chiew Boon	55	Brother of TCH	Senior Construction Manager, since 01/07/2017	N.A
Toh Kai Sheng	34	Nephew of TCH	Director, Operations & HR since 01/02/2017	N.A
Toh Kai Hock	37	Nephew of TCH	IT Director and Deputy CPO since 01/02/2016	N.A
Toh Ting Xuan	30	Daughter of TCH	Senior Contracts Manager, since 01/04/2016	N.A
Toh Wei Jie	30	Nephew of TCH	Assistant Project Manager, since 07/10/2018	N.A

**BY ORDER OF THE BOARD**

Toh Choo Huat  
Executive Chairman and Chief Executive Officer

29 May 2019