

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2020

2(A) GOING CONCERN

For the financial year ended 31 March 2020, the Group incurred a net loss of S\$4,592,000 (2019: S\$9,605,000). In addition, as at 31 March 2020, the Group and the Company had net current liabilities of S\$18,714,000 (2019: net current assets of S\$23,674,000) and S\$9,815,000 (2019: S\$30,209,000), respectively. Notwithstanding this, the directors are of the view that the going concern assumption is appropriate for the preparation of the financial statements, due to the following:

- (i) For the financial year ended 31 March 2020, the Group continues to generate net operating cash inflows of S\$8,996,000 (2019: S\$2,462,000). Having regard to measures to tighten controls over expenses and to better manage the Group's working capital, the directors believe that the Group is able to continue to generate sufficient cash flows from operations.
- (ii) As at 31 March 2020, the Group and the Company had net assets of S\$18,452,000 (2019: S\$23,200,000) and S\$28,592,000 (2019: S\$32,794,000), respectively, which include cash and bank balances and fixed deposits amounting to S\$2,995,000 (2019: S\$5,169,000) for the Group.
- (iii) As disclosed in Note 16 to the financial statements, the Group did not meet the financial covenants in respect of its restructured borrowings for the relevant periods ended 30 June 2019 and 31 December 2019. Nonetheless, the Group had obtained waivers of compliance with those financial covenants from the relevant lenders before the end of the financial year. The Group had also obtained waivers of compliance with the financial covenants relating to 30 June 2020 and 31 December 2020 from the relevant lenders before the date of authorisation of the financial statements.
- (iv) The Group is currently in discussions with the lenders on certain amendments to the terms, including the financial covenants and extension of repayment period from 31 March 2021 to 31 March 2024, in the debt restructuring agreement.
- (v) At the end of the reporting period, the Group's unfulfilled order book based on secured contracts stood at S\$131.7 million. In addition to that, as disclosed in Note 34 to the financial statements, subsequent to the end of the financial year, the Group has been awarded various contracts worth approximately S\$86.11 million in total. In the press release dated 17 September 2020, Building and Construction Authority announced that it projects the total construction demand this year to range between S\$18 billion and S\$23 billion. The projection is mainly based on the sustained public sector

construction demand, which is expected to reach between S\$11 billion and S\$14 billion and contribute to about 60% of the projected demand for this year.

Based on the above, the directors believe that the Group and Company have sufficient working capital and financial resources to enable them to meet their liabilities as and when they fall due and continue as going concern for 12 months from the end of the reporting period.

The financial statements do not include any adjustments relating to the recoverability and classification of reported asset amounts or the amounts and classification of liabilities that would be required if the going concern basis is found to be inappropriate.