

FULL YEAR FINANCIAL STATEMENTS AND RELATED ANNOUNCEMENT FOR THE YEAR ENDED 31 JULY 2020

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

I(a) 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.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Group		
	31/07/20	31/07/19	Change
	S\$'000	S\$'000	%
Revenue	77,683	76,562	1
Cost of Sales	(69,754)	(64,521)	8
Gross Profit	7,929	12,041	(34)
Finance Income	200	583	(66)
Other Income and Gains	3,202	2,411	33
Administrative Expenses	(8,183)	(9,304)	(12)
Finance Costs	(854)	(374)	128
Other Losses	(16,846)	(1,156)	1,357
(Loss) / Profit Before Tax From Continuing Operations	(14,552)	4,201	(446)
Income Tax Expense	(1,315)	(864)	52
(Loss) / Profit From Continuing Operations, Net of Tax	(15,867)	3,337	(575)
Other Comprehensive (Loss) / Income:			
Item that will not be reclassified to profit or loss:			
Fair Value Changes on Equity Shares at FVTOCI, Net of Tax	(766)	(34)	2,153
Item that may be reclassified subsequently to profit or loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(695)	(88)	690
Other Comprehensive (Loss) / Income for the Year, Net of Tax:	(1,461)	(122)	1,098
Total Comprehensive (Loss) / Income	(17,328)	3,215	(639)
(Loss) / Profit Attributable to:			
Owners of the Parent, Net of Tax	(11,259)	3,790	(397)
Non-Controlling Interests, Net of Tax	(4,608)	(453)	917
(Loss) / Profit Net of Tax	(15,867)	3,337	(575)
Total Comprehensive (Loss) / Income Attributable to:			
Owners of the Parent	(12,720)	3,668	(447)
Non-Controlling Interests	(4,608)	(453)	917
Total Comprehensive (Loss) / Income	(17,328)	3,215	(639)

I(a) 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. (Cont'd)

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 (Cont'd)**

Notes to the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group	
	31/07/20	31/07/19
	S\$'000	S\$'000
The profit or loss is arrived at after (charging) / crediting the following:		
Amortisation of lease premium prepayment	(26)	(26)
Allowance for impairment loss on property, plant and equipment	(7,596)	–
Bad debts written off – trade receivables	(901)	(793)
Depreciation of property, plant and equipment	(3,474)	(3,071)
Depreciation of right-of-use assets	(629)	–
Dividend income	139	123
Foreign exchange adjustments (losses)/gains	(622)	91
Gain on disposal of plant and equipment	17	135
Government grants	1,417	153
Intangible assets written off	–	(283)
Lease termination fee	(1,260)	–
Loss on disposal of subsidiary	(2,253)	–
Property, plant and equipment written off	(4,206)	(80)
Reversal of impairment loss on trade receivables	–	355
Reversal of custom duty import and goods and services tax	1,122	–
Supplier rebate	22	714

I(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.

STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31/07/20	31/07/19	31/07/20	31/07/19
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
<u>Non-Current Assets</u>				
Property, Plant and Equipment	63,570	72,821	–	–
Right-of-Use Assets	7,817	–	–	–
Investments in Subsidiaries	–	–	6,145	6,923
Other Receivables	–	–	26,328	32,758
Other Financial Assets	2,259	2,997	2,259	2,997
Other Non-Financial Assets	869	895	–	–
Total Non-Current Assets	74,515	76,713	34,732	42,678
<u>Current Assets</u>				
Inventories	399	583	–	–
Trade and Other Receivables	14,415	21,129	744	1,544
Contract Assets	32,572	35,063	–	–
Other Non-Financial Assets	458	351	36	28
Cash and Cash Equivalents	36,196	39,329	7,888	13,142
Total Current Assets	84,040	96,455	8,668	14,714
Total Assets	158,555	173,168	43,400	57,392
EQUITY AND LIABILITIES				
<u>Equity</u>				
Share Capital	22,890	22,890	22,890	22,890
Retained Earnings	104,743	117,400	20,127	33,531
Other Reserves	(1,773)	(312)	(51)	715
Equity, Attributable to Owners of the Parent, Total	125,860	139,978	42,966	57,136
Non-Controlling Interests	1,405	3,229	–	–
Total Equity	127,265	143,207	42,966	57,136
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	1,535	1,367	–	–
Finance Leases	–	10	–	–
Lease Liabilities	7,644	–	–	–
Other Financial Liabilities	5,016	6,623	–	–
Total Non-Current Liabilities	14,195	8,000	–	–
<u>Current Liabilities</u>				
Income Tax Payable	1,086	650	292	128
Trade and Other Payables	13,485	19,123	142	128
Finance Leases	–	13	–	–
Lease Liabilities	366	–	–	–
Other Financial Liabilities	1,726	1,389	–	–
Contract Liabilities	432	786	–	–
Total Current Liabilities	17,095	21,961	434	256
Total Liabilities	31,290	29,961	434	256
Total Equity and Liabilities	158,555	173,168	43,400	57,392

I(b)(ii) Aggregate amount of Group's borrowings and debt securities.

	<u>As at 31/07/20</u>	<u>As at 31/07/19</u>
	S\$'000	S\$'000
<u>Secured</u>		
Amount repayable in one year or less, or on demand	1,726	1,402
Amount repayable after one year	5,016	6,633
	<u>6,742</u>	<u>8,035</u>
<u>Unsecured</u>		
Amount repayable in one year or less, or on demand	366	–
Amount repayable after one year	7,644	–
	<u>8,010</u>	<u>–</u>

Details of any collateral:

The Group's borrowings were secured by the legal mortgage on Group's freehold land, freehold property, plant and machinery and covered by corporate guarantee by the Company.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	31/07/20	31/07/19
	S\$'000	S\$'000
<u>Cash Flows From Operating Activities</u>		
(Loss) / Profit Before Tax	(14,552)	4,201
Adjustments for:		
Interest Expense	854	374
Interest Income	(200)	(583)
Amortisation of Lease Premium	26	26
Allowance for Impairment on Property, Plant and Equipment	7,596	–
Intangible Assets Written Off	–	283
Depreciation of Property, Plant and Equipment	3,474	3,071
Depreciation of Right-of-Use Assets	629	–
Dividend Income	(139)	(123)
Gain on Disposal of Plant and Equipment	(17)	(135)
Loss on Disposal of Subsidiary	2,253	–
Property, Plant and Equipment Written Off	4,206	80
Operating Cash Flows before Changes in Working Capital	4,130	7,194
Trade and Other Receivables and Contract Assets	3,298	2,741
Inventories	191	152
Trade and Other Payables and Contract Liabilities	648	(385)
Net Cash Flows From Operations	8,267	9,702
Income Taxes Paid	(696)	(2,205)
Income Taxes Refund	–	136
Net Cash Flows From Operating Activities	7,571	7,633
<u>Cash Flows From Investing Activities</u>		
Dividend Received	108	78
Advance Payment for Purchase of Property, Plant and Equipment	–	–
Purchase of Property, Plant and Equipment	(6,930)	(30,146)
Proceeds from Disposal of Plant and Equipment	31	208
Acquisition of Non-Controlling Interest in a subsidiary	–	(60)
Interest Received	200	583
Net Cash Flows Used in Investing Activities	(6,591)	(29,337)
<u>Cash Flows From Financing Activities</u>		
Cash restricted in use	–	–
Increase / (Decrease) in Bill Payables	85	(1,023)
Interest Paid	(854)	(374)
Issuance of Ordinary Shares to Non-Controlling Interest in Subsidiaries	–	3,454
Disposal of Subsidiary, Net of Cash	(198)	–
Proceed from Borrowings	–	7,690
Repayment of Borrowings	(1,247)	(2,788)
Repayment of Finance Lease Obligations	(11)	(92)
Repayment of Lease Liabilities Principal	(419)	–
Dividend Paid to Equity Owners	(1,398)	(2,447)
Net Cash Flows (Used in) / From Financing Activities	(4,042)	4,420
Net Decrease in Cash and Cash Equivalents	(3,062)	(17,284)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	39,329	56,601
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(71)	12
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	36,196	39,329

I(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. (Cont'd)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

	Group	
	31/07/20	31/07/19
	S\$'000	S\$'000
<u>Cash and Cash Equivalents in the Statement of Cash Flows:</u>		
Cash and cash equivalents per statement of financial position	36,196	39,329
Cash restricted in use over three months	-	-
Bank overdrafts	-	-
Cash and cash equivalents for statement of cash flows purpose at end of period	<u>36,196</u>	<u>39,329</u>

I(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.

STATEMENTS OF CHANGES IN EQUITY

	Total Equity	Attributable to Parent Sub-total	Share Capital	Retained Earnings	Other Reserves¹	Non- Controlling Interests
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group						
Current Year:						
Opening Balance at 1 August 2019	143,207	139,978	22,890	117,400	(312)	3,229
Changes in Equity:						
Total Comprehensive Loss for the Year	(17,328)	(12,720)	–	(11,259)	(1,461)	(4,608)
Disposal of Subsidiary	2,784	–	–	–	–	2,784
Dividends Paid	(1,398)	(1,398)	–	(1,398)	–	–
Closing Balance at 31 July 2020	127,265	125,860	22,890	104,743	(1,773)	1,405
Previous Year:						
Opening Balance at 1 August 2018	139,045	138,791	22,890	116,091	(190)	254
Changes in Equity:						
Total Comprehensive Income for the Year	3,215	3,668	–	3,790	(122)	(453)
Dividends Paid	(2,447)	(2,447)	–	(2,447)	–	–
Acquisition of Non-Controlling Interest Without a Change in Control	(60)	(34)	–	(34)	–	(26)
Issuance of Ordinary Shares to Non- Controlling Interest in Subsidiaries	3,454	–	–	–	–	3,454
Closing Balance at 31 July 2019	143,207	139,978	22,890	117,400	(312)	3,229

	Total Equity	Share Capital	Retained Earnings	Other Reserves
	S\$'000	S\$'000	S\$'000	S\$'000
Company				
Current Year:				
Opening Balance at 1 August 2019	57,136	22,890	33,531	715
Changes in Equity:				
Total Comprehensive Income for the Year	(12,772)	–	(12,006)	(766)
Dividends Paid	(1,398)	–	(1,398)	–
Closing Balance at 31 July 2020	42,966	22,890	20,127	(51)
Previous Year:				
Opening Balance at 1 August 2018	58,509	22,890	34,870	749
Changes in Equity:				
Total Comprehensive Income for the Year	1,074	–	1,108	(34)
Dividends Paid	(2,447)	–	(2,447)	–
Closing Balance at 31 July 2019	57,136	22,890	33,531	715

¹ Other reserves consist of foreign currency translation reserve and equity instruments at fair value through other comprehensive income reserve.

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 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, 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.

There is no new share issued since 31 January 2020.

During the financial year, the Company did not purchase any shares under the share buyback mandate. As at 31 July 2020, the Company held 500,000 treasury shares (31 July 2019: 500,000).

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.

As at 31 July 2020, the total number of issued shares (excluding treasury shares) was 349,500,000 (31 July 2019: 349,500,000).

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

There were no sales, transfers, disposal, cancellation and / or use of treasury shares during the financial period.

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 in accordance with Singapore Auditing Standards.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

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 for adoption of the new and revised Singapore Financial Reporting Standards (International) as disclosed in the paragraph 5 below, the Group's accounting policies and methods of computation for the current reporting period are consistent with the audited financial statements for the year ended 31 July 2019.

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.

For the current reporting year new or revised financial reporting standards were issued by the Singapore Accounting Standards Council. Those applicable to the Group are listed below.

<u>SFRS(I) No.</u>	<u>Title</u>
SFRS(I) 9	Amendments: Prepayment Features with Negative Compensation
SFRS(I) 16	Leases (and Leases - Illustrative Examples & Amendments to Guidance on Other Standards)
SFRS(I) INT 23	Uncertainty over Income Tax Treatments
SFRS(I) 1-12	Improvements (2017) – Amendments: Income Taxes
SFRS(I) 1-23	Improvements (2017) – Amendments: Borrowing Costs
SFRS(I) 3	Improvements (2017) – Amendments: Business Combinations

SFRS(I) 16 Leases

The financial reporting standard on leases is effective for annual periods beginning on or after 1 January 2019 and it supersedes the previous reporting standard and the related interpretations on leases. For the lessee almost all leases are brought onto the statements of financial position under a single model (except leases of less than 12 months and leases of low-value assets), eliminating the distinction between operating and finance leases. Thus, the entity has recognised a right-of-use asset and a corresponding liability in respect of all these leases (unless they qualify for low value or short-term leases) which might have a material impact on the amounts recognised in the financial statements. The amount by which each financial statement line item is impacted (debits / (credits)) in the current reporting year 2020 by the application of the new standard on leases are disclosed in the relevant notes to the financial statements. The reporting entity elected to apply the modified retrospective approach for this standard new standard on leases. Under the modified retrospective approach the comparative Information is not restated and therefore there is no presentation of a third column for the statement of financial position. Any cumulative effect of initially applying this standard is adjusted against the opening balance of retained earnings at the date of initial application.

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: -

	<u>Group</u>	
	<u>31/07/20</u>	<u>31/07/19</u>
	<u>cents</u>	<u>cents</u>
Basic earnings per share	(3.22)	1.08

Basic earnings per share for the period ended 31 July 2020 and 2019 is calculated by dividing the Group's net profit attributable to owners of the parent over the weighted average number of ordinary shares in issue of 349,500,000 ordinary shares.

Diluted earnings per share is not presented as there were no potential dilutive ordinary shares existing during the respective financial periods.

- 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	
	31/07/20	31/07/19	31/07/20	31/07/19
	cents	cents	cents	cents
Net asset value per share	36.01	40.05	12.29	16.35

Net asset value per share is calculated based on the shareholders' equity of the Group / Company as at the end of the financial periods and the issued share capital (excluding treasury shares) of 349,500,000 ordinary shares as at 31 July 2020 and 31 July 2019.

- 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 Group's performance

For the 12 months ended 31 July 2020 ("FY2020"), the Group reported a revenue of \$77.7 million, an increase of 1% as compared to \$76.6 million for the 12 months ended 31 July 2019 ("FY2019"). The increase was mainly due to the increase in revenue from the structural steel business.

Revenue from the structural steel business was \$76.0 million in FY2020 as compared to \$75.0 million in FY2019. Despite the closure of construction sites during the Circuit Breaker period from 7 April 2020 to 1 June 2020, the revenue from the structural steel business increased marginally.

The revenue generated by the waste management and treatment business was \$1.1 million in FY2020 as compared to \$0.7 million in FY2019. However, segment revenue remained relatively low as market demand for wood pellets was adversely affected by the COVID-19 pandemic, which resulted in lower average selling prices during the period.

The Group's gross profit margin decreased from 15.7% in FY2019 to 10.2% in FY2020. The decrease was mainly due to the operating costs incurred in spite of low revenue generated during the lockdown restrictions in Thailand and the Circuit Breaker measures in Singapore since 2HFY2020.

Finance income decreased by 66% from \$0.6 million in FY2019 to \$0.2 million in FY2020. The decrease was mainly due to lower fixed deposit placement during the year.

Other income and gains increased by 33% from \$2.4 million in FY2019 to \$3.2 million in FY2020. The increase was mainly due to increases in government grants received and reversal of custom duty import and goods and services tax, partially offset by the decreases in supplier rebate, scrap income and absence of reversal of impairment loss on trade receivables during the year.

Administrative expenses decreased by 12% from \$9.3 million in FY2019 to \$8.2 million in FY2020. The decrease was mainly due to the decreases in foreign worker levy expense, donations and rental expense arising from the adoption of SFRS(I) 16, partially offset by the increase in depreciation of right-of-use assets arising from the adoption of SFRS(I) 16.

Finance costs increased by 128% from \$0.4 million in FY2019 to \$0.9 million in FY2020. The increase was mainly due to interest expense on lease liabilities arising from the adoption of SFRS(I) 16.

- 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:-***
- (c) 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***
 - (d) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)***

Review of Group's performance (Cont'd)

Other losses increased from \$1.2 million in FY2019 to \$16.8 million in FY2020. The other losses in FY2020 were mainly in relation the impairment loss arising from a property of a subsidiary in Singapore due to prevailing market condition, property, plant and equipment written off and lease termination fee arising from a subsidiary which was disposed during the year and loss on disposal of a subsidiary. The amount recorded in FY2019 was mainly in relation to bad debts written off on trade receivables and intangible assets written off.

The Group's loss before tax was \$14.6 million in FY2020 as compared to profit before tax of \$4.2 million in FY2019. The loss position was mainly due to the decrease in gross profit margin and the increase in other losses as explained above.

Review of changes in working capital, assets and liabilities

The movement in the Group's assets and liabilities are as follows:

- (i) Total assets decreased from \$173.2 million as at 31 July 2019 to \$158.6 million as at 31 July 2020. This was mainly due to the decreases in other financial assets, trade and other receivables, contract assets, cash and cash equivalents and the decrease in property, plant and equipment in relation to the disposal of a subsidiary and the allowance for impairment loss, partially offset by the increase in right-of-use assets arising from the adoption of SFRS(I) 16.
- (ii) Total liabilities increased from \$30.0 million as at 31 July 2019 to \$31.3 million as at 31 July 2020. This was mainly due to the increases in income tax payable, other financial liabilities and the increase in lease liabilities arising from the adoption of SFRS(I) 16, partially offset by the decrease in trade and other payables, long term borrowings and contract liabilities.

Review of changes in cash flow

The net cash flows generated from operating activities amounted to \$7.6 million in FY2019 and FY2020.

The net cash flows used in investing activities amounted to \$6.6 million in FY2020 as compared to \$29.3 million in FY2019. The net cash flows used in investing activities in both FY2020 and FY2019 were mainly for the purchase of property, plant and equipment.

The net cash flows used in financing activities amounted to \$4.0 million in FY2020 as compared to net cash flows from financing activities of \$4.4 million in FY2019. The net cash flows used in financing activities in FY2020 was mainly due to repayment of borrowings and payment of dividends. The net cash flows from financing activities in FY2019 was mainly contributed by the proceeds from borrowings and proceeds from issuance of ordinary shares to non-controlling interest in subsidiaries.

Cash and cash equivalents for the statement of cash flows of the Group stood at \$36.2 million as at 31 July 2020 as compared to \$39.3 million as at 31 July 2019, representing a decrease of \$3.1 million.

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

No yearly forecast or prospect statement has been previously disclosed.

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.

Impact of COVID-19

The disruptions to economic activity in major economies around the world from the COVID-19 pandemic have been more severe than expected. Singapore's economy shrank by 13.2% year-on-year in 2Q 2020, worsening from the 0.3% contraction in 1Q 2020, due to the Circuit Breaker ("CB") measures as well as weak external demand amidst a global economic downturn caused by the pandemic. Consequently, the Ministry of Trade and Industry (MTI) has made a downward revision of Singapore's GDP growth forecast for 2020 from "-7.0% to -4.0%" to "-7.0% to -5.0%"¹.

Singapore's construction sector has been hit hard by the COVID-19 pandemic, contracting by 59.3% year-on-year in 2Q 2020, down a further 1.2% from 1Q 2020². The impact of the pandemic on the Group's business was severe in 2H FY2020 due to the suspension of construction activities during the CB period as well as manpower disruptions arising from additional measures to curb the spread of the virus, including movement restrictions at foreign worker dormitories.

Financially, the impact of COVID-19 in FY2020 was partially cushioned by the government's Job Support Scheme (JSS) as well as the Foreign Worker Levy (FWL) waiver and rebates for S-Pass and work permit holders. These schemes will continue to provide some relief for the Group's manpower costs in FY2021.

The Group has gradually resumed operations since August 2020 with the required COVID-19 measures in place including Safe Entry scanning, Trace Together app, temperature screening, use of masks, and safe distancing for employees at the workplace. The Group's factory-converted dormitory, which was subject to movement restrictions since April 2020, was declared clear of COVID-19 in August 2020. Since then, the Group's Singapore factory has resumed full operations.

Most of the Group's projects have restarted operations to-date. The Group expects more external worksites to restart gradually in the coming months, subject to approvals by the relevant authorities. At the same time, the Group's supply chain remains strong with no material impact from the pandemic.

The Group has taken steps to protect the long-term sustainability of its businesses during and post-COVID-19. Some of the key measures undertaken include ensuring and prioritizing the health, safety and well-being of its employees, subcontractors and their workers, clients and other stakeholders and cutting costs to mitigate the adverse financial impact of COVID-19 and protect jobs. Since August 2020, the Group has implemented company-wide salary cuts ranging from 7% to 15% for all employees. The management team of the Group has taken salary cut of up to 50%.

¹ MTI, "MTI Narrows 2020 GDP Growth Forecast to "-7.0 to -5.0 Per Cent", 11 August 2020

² MTI, "MTI Narrows 2020 GDP Growth Forecast to "-7.0 to -5.0 Per Cent", 11 August 2020

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. (Cont'd)*

Order book and industry outlook

As at 23 September 2020, T T J's projects order book stand at \$168 million. These projects were originally expected to be substantially completed between FY2020 and FY2022, but may experience delays due to the impact from the COVID-19 pandemic. Meanwhile, the Group continues to receive a mix of project enquiries from the public and private sectors. On 28 April 2020, the Group announced that it had secured several new structural steel contracts worth S\$52 million.

The growth of the Group's waste management and treatment business has been further impacted by the onset of COVID-19, which has resulted in weaker demand and lower average selling prices for its wood pellets. As such, the Group has temporarily stopped the operations at its Thailand factory with a view to resume its operations when the global economy recovers. Meanwhile, construction of the Group's new-build wood pellet manufacturing plant in Singapore, which was originally expected to TOP in December 2020, has been deferred subject to the recovery of the global economy.

Overall, the COVID-19 pandemic and its knock-on economic impact are expected to impair the Group's earnings capacity and ability to secure new projects in the next 12 months. The Group will continue to be prudent in cash conservation and cash flow management to ensure its operations remain sustainable in this challenging environment.

With cash resources of approximately \$36.2 million as at 31 July 2020, the Group is of the view that it has sufficient liquidity to meet its near-term debt obligations and operational needs. The Group has no significant capital expenditure planned and its balance sheet remains fairly strong with a low gearing of 11.11%.

The Board will monitor the evolving situation and will make any necessary announcement(s) as and when there are material developments.

11 Dividend

(a) Current financial period reported on 31 July 2020

- (i) Any dividend declared for the current financial period reported on? No
- (ii) Any dividend recommended for the current financial period reported on? Yes

Name of Dividend : First & Final
Dividend Type : Cash
Dividend Amount per Share : 0.4 cent per ordinary share
Tax Rate : Tax exempt (One-tier)

(b) Corresponding period of the immediately preceding financial year

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

Name of Dividend : First & Final
Dividend Type : Cash
Dividend Amount per Share : 0.4 cent per ordinary share
Tax Rate : Tax exempt (One-tier)

(c) Date payable

The proposed final dividend, if approved by the shareholders at the forthcoming AGM to be held on 30 November 2020, will be paid on 21 December 2020.

(d) Books closure date

The Share Transfer Books and Register of Members of the Company will be closed on 8 December 2020 for the preparation of dividend warrants. Duly completed transfers in respect of ordinary shares in the capital of the Company received by the Company's Registrar, B.A.C.S. Private Limited, up to 5.00 p.m. on 7 December 2020 will be registered to determine shareholders' entitlement to the proposed final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. on 7 December 2020 will be entitled to the proposed final dividend.

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

Not applicable.

13 If the Group has obtained a general mandate from shareholders for IPTs, 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.

The Group has not obtained a general mandate from its shareholders for IPTs.

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual of SGX-ST

The Company hereby confirms that it has procured undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 15 *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.*

Profit or Loss from Continuing Operations and Reconciliations

	Structural steel	Waste management and treatment	Other	Adjustments and eliminations	Group
	SS'000	SS'000	SS'000	SS'000	SS'000
Continuing Operations FY2020					
Revenue by Segment					
Sales to external parties	76,003	1,062	618	–	77,683
Inter-segment sales	–	–	1,527	(1,527)	–
Total revenue	76,003	1,062	2,145	(1,527)	77,683
Recurring EBITDA	4,665	(2,500)	2,095	–	4,260
Allowance for impairment loss on property, plant and equipment	(16)	(7,580)	–	–	(7,596)
Depreciation of property, plant and equipment	(2,548)	(913)	(13)	–	(3,474)
Depreciation of right-of-use assets	(315)	(246)	(68)	–	(629)
Finance costs	(273)	(554)	(27)	–	(854)
Interest income	62	–	138	–	200
Loss on disposal of subsidiary Property, plant and equipment written off	(2,253)	–	–	–	(2,253)
	(3,526)	(680)	–	–	(4,206)
Loss before tax from continuing operations	(4,204)	(12,473)	2,125	–	(14,552)
Income tax expenses					(1,315)
Loss from continuing operations					<u>(15,867)</u>
Continuing Operations FY2019					
Revenue by Segment					
Sales to external parties	74,968	726	868	–	76,562
Inter-segment sales	–	–	1,418	(1,418)	–
Total revenue	74,968	726	2,286	(1,418)	76,562
Recurring EBITDA	7,632	(1,770)	1,201	–	7,063
Depreciation of property, plant and equipment	(2,617)	(441)	(13)	–	(3,071)
Finance costs	(160)	(214)	–	–	(374)
Interest income	167	167	249	–	583
Profit/(Loss) before tax from continuing operations	5,022	(2,258)	1,437	–	4,201
Income tax expenses					(864)
Profit from continuing operations					<u>3,337</u>

Assets and Reconciliations

	Structural steel	Waste management and treatment	Other	Unallocated	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Total assets for reportable segments	114,865	31,998	11,692	–	158,555
Total group assets	114,865	31,998	11,692	–	158,555

2019

Total assets for reportable segments	124,265	31,195	17,708	–	173,168
Total group assets	124,265	31,195	17,708	–	173,168

Expenditure for non-current assets

2020	358	6,572	–	–	6,930
2019	3,647	29,497	2	–	33,146

Liabilities and Reconciliations

	Structural steel	Waste management and treatment	Other	Unallocated	Group
	\$'000	\$'000	\$'000	\$'000	\$'000
2020					
Total liabilities for reportable segments	17,666	10,836	167	–	28,669
Unallocated:					
Income tax payable	–	–	–	1,086	1,086
Deferred tax liabilities	–	–	–	1,535	1,535
Total group liabilities	17,666	10,836	167	2,621	31,290

2019

Total liabilities for reportable segments	19,313	8,472	159	–	27,944
Unallocated:					
Income tax payable	–	–	–	650	650
Deferred tax liabilities	–	–	–	1,367	1,367
Total group liabilities	19,313	8,472	159	2,017	29,961

Geographical Information

	Revenue		Non-current assets	
	31/07/20 \$'000	31/07/19 \$'000	31/07/20 \$'000	31/07/19 \$'000
Singapore	76,621	75,836	40,570	40,426
Malaysia	–	–	20,475	21,745
India	–	–	323	113
Thailand	1,062	726	10,888	11,432
Total	77,683	76,562	72,256	73,716

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to paragraph 8.

17 A breakdown of sales as follows:-

	Group		
	31/07/20	31/07/19	Change
	S\$'000	S\$'000	%
(a) Sales reported for first half year	42,353	33,768	25
(b) Operating profit after tax before deducting non-controlling interests reported for first half year	981	1,822	(46)
(c) Sales reported for second half year	35,330	42,794	(17)
(d) Operating (loss) / profit after tax before deducting non-controlling interests reported for second half year	(16,848)	1,515	(1,212)

18 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

	As at 31/07/20	As at 31/07/19
	S\$'000	S\$'000
Proposed first and final dividend	1,398	1,398

19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of its knowledge, there is no person occupying a managerial position in the Company or in any of its principal subsidiaries, who is a relative of a Director or Chief Executive Officer or Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

Teo Hock Chwee
Chairman and Managing Director

Chiong Su Been
Executive Director and Chief Financial Officer

23 September 2020
Singapore