



DYNA-MAC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)
 (Company Registration No: 200305693E)

UNAUDITED RESULTS FOR FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2018

TABLE OF CONTENTS

SN	Description	Page
1	Unaudited Consolidated Statement of Comprehensive Income	2
2	Unaudited Statements of Financial Position – Group and Company	4
3	Unaudited Consolidated Statement of Cash Flows	6
4	Unaudited Statements of Changes in Equity – Group and Company	7
5	Selected Notes to the Financial Statements	8
6	Earnings/(Loss) per share	11
7	Net asset value per share	11
8	Review of performance of the Group	12
9	Forecast/ Prospect Statement	14
10	Commentary	14
11	Dividends	14
12	Segment Information	15
13	Sales Information	16
14	Annual Dividend (In Dollar Value)	16
15	Interested Person Transaction Disclosure	17
16	Confirmation pursuant to Rule 720(1) of the Listing Manual	18
17	Confirmation pursuant to the Rule 705(5) of the Listing Manual	18

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.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER

	Group			Group		
	3 months ended 31-Dec-18	3 months ended 31-Dec-17	Change	12 months ended 31-Dec-18	12 months ended 31-Dec-17	Change
	\$'000	(*Restated) \$'000	%	\$'000	(*Restated) \$'000	%
Revenue	15,778	10,923	44.4%	114,279	33,023	NM
Cost of sales	(9,658)	(25,695)	-62.4%	(91,693)	(63,283)	44.9%
Gross profit/ (loss)	6,120	(14,772)	NM	22,586	(30,260)	NM
Gross profit/(loss) margin	38.8%	-135.2%		19.8%	-91.6%	
Other Income	345	1,325	-74.0%	1,844	2,187	-15.7%
Other Expenses	(600)	(2,862)	-79.0%	(600)	(6,036)	-90.1%
Administrative expenses	(5,668)	(7,350)	-22.9%	(21,992)	(24,171)	-9.0%
Finance costs	(143)	(53)	NM	(359)	(321)	11.8%
Profit/(loss) before tax	54	(23,712)	NM	1,479	(58,601)	NM
Income tax credit	17	837	-98.0%	17	568	-97.0%
Net profit/(loss) for the financial period	71	(22,875)	NM	1,496	(58,033)	NM
Net profit margin	0.4%	NM		1.3%	NM	
Attributable to:-						
Equity holders of the Company	129	(21,922)	NM	1,517	(57,247)	NM
Non-controlling interest	(58)	(953)	-93.9%	(21)	(786)	-97.4%
Net profit/(loss) for the financial period	71	(22,875)	NM	1,496	(58,033)	NM
Other comprehensive income:-						
Items that may be subsequently reclassified to profit or loss:-						
Currency translation differences arising from consolidation	185	(564)	NM	(109)	(506)	-78.4%
Total comprehensive income for the financial period	256	(23,439)	NM	1,387	(58,539)	NM
Attributable to:-						
Equity holders of the Company	38,757	(22,497)	NM	1,431	(57,664)	NM
Non-controlling interest	(38,501)	(942)	NM	(44)	(875)	-95.0%
Total comprehensive income for the financial period	256	(23,439)	NM	1,387	(58,539)	NM

NM- not meaningful

**Restated – refer to note 5*

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

The Group's profit is stated after charging/(crediting):-

	Group			Group		
	3 months ended	3 months ended	Change	12 months ended	12 months ended	Change
	31-Dec-18	31-Dec-17		31-Dec-18	31-Dec-17	
	\$'000	\$'000	%	\$'000	\$'000	%
The Group's profit/(loss) is stated after charging/(crediting):-						
Rental income ^(Note 1)	(246)	(1)	NM	(431)	(64)	NM
Interest income - bank deposits	(78)	(144)	-45.8%	(319)	(527)	-39.5%
Finance costs	143	53	NM	359	321	11.8%
Bad debts written off	-	26	NM	-	26	NM
Amortisation of club memberships	4	109	-96.0%	15	109	-86.2%
Depreciation of property, plant and equipment	3,312	2,341	41.5%	9,015	10,062	-10.4%
Fair value losses/(gains) on investment properties	600	(400)	NM	600	(400)	NM
Foreign exchange losses/ (gains), net	233	(385)	NM	(504)	2,673	NM
(Reversal of impairment of)/ Impairment of property, plant and equipment	-	1,703	NM	(1,213)	1,703	NM
Reversal of prepayment written off	-	-	NM	(243)	-	NM
Loss/ (gain) on disposal of property, plant and equipment	11	(65)	NM	(75)	(76)	-1.3%
Inventory (written back)/ written off	(11,697)	1,681	NM	(11,697)	1,681	NM
Government grants	-	(192)	NM	(132)	(192)	-31.3%

Note 1 - Rental income comprises mainly rental income of yard facilities to subcontractors.

NM - not meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Group		Company	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	\$'000	(*Restated) \$'000	\$'000	\$'000
ASSETS				
Current Assets				
Cash and cash equivalents	24,925	37,088	172	361
Trade and other receivables	31,244	14,145	6,493	9,912
Inventories	13,231	2,058	-	-
Contract assets	21,679	13,458	-	-
Other current assets	590	711	11	12
	91,669	67,460	6,676	10,285
Assets held for sale	13,400	32,124	-	-
	105,069	99,584	6,676	10,285
Non-Current Assets				
Club memberships	304	319	-	-
Investment in subsidiaries	-	-	126,821	126,821
Property, plant and equipment	55,973	45,019	-	-
	56,277	45,338	126,821	126,821
Total Assets	161,346	144,922	133,497	137,106
LIABILITIES				
Current Liabilities				
Current income tax liabilities	-	314	-	-
Trade and other payables	35,516	32,543	125	163
Contract liabilities	329	1,227	-	-
Borrowings	20,025	6,715	-	-
	55,870	40,799	125	163
Non-Current Liabilities				
Borrowings	19	52	-	-
Deferred income tax liabilities	17	18	-	-
	36	70	-	-
Total Liabilities	55,906	40,869	125	163
Net Assets	105,440	104,053	133,372	136,943
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	145,271	145,271	145,271	145,271
Other reserves	130	216	-	-
Accumulated losses	(40,651)	(42,168)	(11,899)	(8,328)
Share capital & reserve	104,750	103,319	133,372	136,943
Non-controlling interest	690	734	-	-
Total Equity	105,440	104,053	133,372	136,943

**Restated – refer to note 5*

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

	As at 31-Dec-18		As at 31-Dec-17	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less	32	19,993	44	6,671
Amount repayable after one year	19	-	52	-

Details of any collateral: -

The Group's borrowings are secured by the rights to the leased motor vehicles.

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER

	Group		Group	
	3 months ended	3 months ended	12 months ended	12 months ended
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	\$'000	(*Restated) \$'000	\$'000	(*Restated) \$'000
Cash flows from operating activities				
Profit/(loss) before tax	54	(23,712)	1,479	(58,601)
Adjustments for:				
- Depreciation of property, plant and equipment	3,312	2,341	9,015	10,062
- Loss/ (gain) on disposal of property, plant and equipment	11	(65)	(75)	(76)
- Impairment/ (reversal of impairment) of property, plant and equipment	-	1,703	(1,213)	1,703
- Reversal of prepayment written off	-	-	(243)	-
- Interest income	(78)	(144)	(319)	(527)
- Finance costs	143	53	359	321
- Amortisation of club memberships	4	109	15	109
- Fair value losses/ (gains) on asset held for sale	600	(400)	600	(400)
- Inventory (written back)/ written off	(11,697)	1,681	(11,697)	1,681
- Bad debts written off	-	26	-	26
- Unrealised translation losses/ (gains)	466	(1,684)	(82)	(541)
	(7,185)	(20,092)	(2,161)	(46,243)
Changes in working capital				
- Trade and other receivables	106	2,750	(17,048)	80,022
- Contract assets	6,209	(856)	(8,221)	(13,458)
- Contract liabilities	328	(94)	(898)	1,227
- Inventories	157	(33)	524	(26)
- Other current assets	187	863	120	3,858
- Trade and other payables	309	3,846	2,973	(25,449)
Cash flows from/ (used in) operations	111	(13,616)	(24,711)	(69)
Interest received	48	145	285	513
Income tax paid	-	(2)	(314)	(1,553)
Net cash flows generated from/ (used in) operating activities	159	(13,473)	(24,740)	(1,109)
Cash flows from investing activities				
- Additions to property, plant and equipment	191	(143)	(454)	(2,841)
- Proceeds from disposal of property, plant and equipment	1	118	197	152
- Additions to club memberships	-	(21)	-	(21)
Net cash flows generated from/ (used in) investing activities	192	(46)	(257)	(2,710)
Cash flows from financing activities				
- (Repayments of)/ proceeds from bank borrowings	(184)	(6,434)	13,321	(28,329)
- Repayments of finance lease liabilities	8	(11)	(106)	(42)
- Interest expense paid	(234)	(73)	(359)	(295)
Net cash flows (used in)/ generated from financing activities	(410)	(6,518)	12,856	(28,666)
Net decrease in cash and cash equivalents	(59)	(20,037)	(12,141)	(32,485)
Cash and cash equivalents at the beginning of the financial period	24,946	56,019	37,088	69,535
Effect of currency translation on cash and cash equivalents	38	1,106	(22)	38
Cash and cash equivalents at the end of the financial period	24,925	37,088	24,925	37,088

*Restated – refer to note 5

The Group is required to maintain certain minimum deposits with banks for banking facilities. Included in cash and cash equivalents are fixed deposits of \$12m designated by the Group for this purpose.

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 year.

UNAUDITED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				Non-controlling interest	Total equity	
	Share capital	Accumulated losses	Asset revaluation reserve	Foreign currency translation reserve			Total
	\$'000	\$'000	\$'000	\$'000			\$'000
Group							
Balance at 1 January 2018	145,271	(42,168)	633	(417)	103,319	734	
Profit for the year	-	1,517	-	-	1,517	(21)	
Other comprehensive income	-	-	-	(86)	(86)	(23)	
Total comprehensive income for the period	-	1,517	-	(86)	1,431	(44)	
Balance at 31 December 2018	145,271	(40,651)	633	(503)	104,750	690	
Company							
Balance at 1 January 2018	145,271	(8,328)	-	-	136,943	-	
Total comprehensive income for the period	-	(3,571)	-	-	(3,571)	-	
Balance at 31 December 2018	145,271	(11,899)	-	-	133,372	-	

	Attributable to equity holders of the Company				Non-controlling interest	Total equity	
	Share capital	Retained profits/ (Accumulated loss)	Asset revaluation reserve	Foreign currency translation reserve			Total
	\$'000	(*Restated) \$'000	\$'000	(*Restated) \$'000			\$'000
Group							
Balance as at 1 January 2017	145,271	15,002	633	77	160,983	2,220	
Adoption of SFRS(I) 1	-	77	-	(77)	-	-	
Balance at 1 January 2017	145,271	15,079	633	-	160,983	2,220	
Loss for the year	-	(57,247)	-	-	(57,247)	(786)	
Other comprehensive income	-	-	-	(417)	(417)	(89)	
Total comprehensive income for the period	-	(57,247)	-	(417)	(57,664)	(875)	
Dividend declared by a subsidiary	-	-	-	-	-	(611)	
Balance at 31 December 2017	145,271	(42,168)	633	(417)	103,319	734	
Company							
Balance at 1 January 2017	145,271	(2,927)	-	-	142,344	-	
Total comprehensive income for the period	-	(5,401)	-	-	(5,401)	-	
Balance at 31 December 2017	145,271	(8,328)	-	-	136,943	-	

**Restated – refer to note 5*

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.

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

	Number of Ordinary Shares	Resultant issued share capital \$
Balance at 31 December 2018	1,023,211,000	145,271,346

The Company did not hold any treasury shares as at 31 December 2018 and 31 December 2017. The Company’s total number of issued shares excluding treasury shares as at 31 December 2018 and 31 December 2017 is 1,023,211,000.

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.

Not applicable.

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 Group’s independent auditor.

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.

Except 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 financial period, as those used for the audited consolidated financial statements as at 31 December 2017.

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.

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS (I)s), on 1 January 2018 and has prepared its financial information under SFRS (I)s for the year ended 31 December 2018.

In adopting SFRS(I)s, the Group is required to apply the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group’s opening balance under SFRS(I)s has been prepared as at 1 January 2017, which is the Group’s date of transition to SFRS(I)s.

Application of SFRS(I) 1

Foreign currency translation reserves (“FCTR”)

The Group has elected the optional exemption in SFRS(I) 1 to reset its cumulative FCTR for all foreign operations to nil at the date of transition and reclassify the cumulative FCTR of \$76,286 as at 1 January 2017 determined in accordance with SFRS(I) 1 at that date to retained earnings.

After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition.

Adoption of SFRS(I) 15

Revenue from Contracts with Customers

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively.

Under SFRS(I) 15, the Group recognizes revenue when a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer.

Following the presentation requirements in SFRS(I) 15, the Group has presented certain amounts in the Group’s balance sheet as follows:

- i) Amounts due from customers on construction contracts was presented as contract assets.
- ii) Amounts due to customers on construction contracts was presented as contract liabilities.

Adoption of SFRS (I) 9

Financial Instrument

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. The Group has elected to apply the short-term exemption under SFRS(I) 1 allowing it not to restate comparative information in the 2018 SFRS(I) financial statements. Accordingly, requirements of FRS39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

Under SFRS(I) 9, the Group has adopted the simplified approach under SFRS(I) 9 and recorded lifetime ECL on all trade receivables and contract assets.

Impacts on initial application of SFRS (I)

The following reconciliations summarize the effects of adopting SFRS(I)s on the Group’s financial statements.

	3 months ended 31 Dec 2017			12 months ended 31 Dec 2017		
	As previously reported	Effects of SFRS (I)s	As restated	As previously reported	Effects of SFRS (I)s	As restated
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	10,796	127	10,923	31,392	1,631	33,023
Cost of sales	(22,002)	(3,693)	(25,695)	(61,531)	(1,752)	(63,283)
Others	(8,940)	-	(8,940)	(28,341)	-	(28,341)
Loss before tax	(20,146)	(3,566)	(23,712)	(58,480)	(121)	(58,601)

Impacts on initial application of SFRS (I) (cont'd)

Balance Sheet as at 31 December 2017

	31-Dec-17		
	As previously reported \$'000	Effects of SFRS (I)s \$'000	As restated \$'000
Assets			
Trade and other receivables	26,205	(12,060)	14,145
Contract assets	-	13,458	13,458
Construction contracts work-in-progress	1,430	(1,430)	-
Others	117,319	-	117,319
Total Assets	144,954	(32)	144,922
Liabilities			
Trade and other payables	33,681	(1,138)	32,543
Contract liabilities	-	1,227	1,227
Others	7,099	-	7,099
Total Liabilities	40,780	89	40,869
Equity			
Retained profits*	(42,047)	(121)	(42,168)
Foreign currency translation reserves *	(417)	-	(417)
Others	146,638	-	146,638
Total Equity	104,174	(121)	104,053

*Adjusted for SFRS(I) 1

Consolidated Statement of Cash Flows

	3 months ended 31 December 2017			12 months ended 31 December 2017		
	As previously reported \$'000	Effects of SFRS (I)s \$'000	As restated \$'000	As previously reported \$'000	Effects of SFRS (I)s \$'000	As restated \$'000
Cash flows from operating activities						
Loss before tax	(20,146)	(3,566)	(23,712)	(58,480)	(121)	(58,601)
Others	3,620	-	3,620	12,358	-	12,358
Operating cash flows before changes in working capital	(16,526)	(3,566)	(20,092)	(46,122)	(121)	(46,243)
Changes in working capital						
Trade and other receivables	4,809	(2,059)	2,750	67,962	12,060	80,022
Contract assets	-	(856)	(856)	-	(13,458)	(13,458)
Construction contracts work-in-progress	(1,430)	1,430	-	(1,430)	1,430	-
Contract liabilities	-	(94)	(94)	-	1,227	1,227
Trade and other payables	(1,299)	5,145	3,846	(24,311)	(1,138)	(25,449)
Others	973	-	973	2,792	-	2,792
Net cash flows used in operating activities	(13,473)	-	(13,473)	(1,109)	-	(1,109)
Net cash flows used in investing activities	(46)	-	(46)	(2,710)	-	(2,710)
Net cash flows used in financing activities	(6,518)	-	(6,518)	(28,666)	-	(28,666)
Net decrease in cash and cash equivalents	(20,037)	-	(20,037)	(32,485)	-	(32,485)
Cash and cash equivalents at 31 December	56,019	-	56,019	69,535	-	69,535
Effects of currency translation on cash and cash equivalents	1,106	-	1,106	38	-	38
Cash and cash equivalents at the end of the financial period	37,088	-	37,088	37,088	-	37,088

6. Earnings/(loss) 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:-

	Group			
	3 months ended	3 months ended (*Restated)	12 months ended	12 months ended (*Restated)
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
Earnings/(loss) per share (based on consolidated net profit/(loss) attributable to equity holders):-				
Based on weighted average number of ordinary shares in issue (cents)	0.01	(2.14)	0.15	(5.59)
On a fully diluted basis (cents)	0.01	(2.14)	0.15	(5.59)
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	1,023,211	1,023,211	1,023,211	1,023,211
Weighted average number of ordinary shares in issue for calculation of diluted earnings per share ('000)	1,023,211	1,023,211	1,023,211	1,023,211

There were no potentially dilutive shares for the financial period ended 31 December 2018.

**Restated – refer to note 5*

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 the financial year

	Group		Company	
	31-Dec-18	(*Restated)	31-Dec-18	31-Dec-17
		31-Dec-17		
Net asset value per ordinary share based on existing share capital (cents)	10.24	10.10	13.03	13.38
Number of shares ('000)	1,023,211	1,023,211	1,023,211	1,023,211

**Restated – refer to note 5*

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.**

Income Statement Overview

Revenue

Revenue increased by \$4.9m or 44.4% from \$10.9m in the fourth quarter ended 31 December 2017 ("4Q2017") to \$15.8m in the fourth quarter ended 31 December 2018 ("4Q2018"). The increase was mainly due to higher revenue recognized from the projects in 4Q2018.

Revenue increased by \$81.3m or 246.1% from \$33.0m for the year ended 31 December 2017 ("FY2017") to \$114.3m for the year ended 31 December 2018 ("FY2018"). The increase was mainly due to higher project progress achieved for FY2018.

Gross profit

The Group reported a gross profit of \$6.1m in 4Q2018 as compared to a loss of \$14.8m in 4Q2017. This was mainly due to the reduction in cost of sales in 4Q2018 as a result of recognizing un-utilized inventory of \$11.7m from previously completed projects.

The Group recovered from a loss of \$30.3m in FY2017 to a gross profit of \$22.6m in FY2018. This was in line with higher revenue recognized in FY2018 besides the cost reduction mentioned above.

Other income

Other income of \$1.8m in FY2018 comprised mainly foreign exchange gain of \$0.5m, rental income of \$0.4m and interest income from bank deposits of \$0.3m.

Administrative expenses

Administrative expenses decreased by \$1.7m or 22.9% from \$7.4m in 4Q2017 to \$5.7m in 4Q2018. The decrease was mainly due to write back of property, plant and equipment in 4Q2018 and reduction in general administration expenses.

Administrative expenses decreased by \$2.2m or 9.0% from \$24.2m in FY2017 to \$22.0m in FY2018. The decrease was mainly due to reduction in employee compensation of \$1.1m and general administrative expenses of \$0.7m.

Finance expenses

Finance expenses were mainly interest expenses on bank borrowings which were minimal for both years under review.

Other expenses

Other expenses decreased by \$2.3m or 79.0% from \$2.9m in 4Q2017 to \$0.6m in 4Q2018. The decrease was mainly due to an absence in 4Q2018 of foreign exchange loss as compared to an exchange loss of \$2.7m incurred in 4Q2017, but offset by a valuation loss of \$0.6m in 4Q2018.

Other expenses decreased by \$5.4m or 90.1% from \$6.0m in FY2017 to \$0.6m in FY2018. The decrease was mainly due to an absence in FY2018 of loss on disposal of property, plant and equipment of \$1.7m, inventory write-off of \$1.7m and foreign exchange loss of \$2.7m incurred in FY2017, but offset by a valuation loss of \$0.6m in FY2018.

Income tax credit

The Group did not recognize deferred tax asset on its carried forward trade losses and capital allowances due to the uncertainty of utilization. Correspondingly, the Group did not recognize the income tax expense in FY2018. The income tax credit is attributable to a tax recoverable by one of the subsidiaries in FY2018.

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. (cont'd)**

Statement of financial position

Current assets

Total current assets increased by \$5.5m from \$99.6m as at 31 December 2017 to \$105.1m as at 31 December 2018. This was mainly due to an increase of \$17.1m, \$11.2m and \$8.2m in trade and other receivables, inventories and contract assets respectively but partially offset by a decrease of \$18.7m and \$12.2m in assets held for sale and cash and cash equivalents respectively. The assets held for sale was reclassified back to property, plant and equipment.

Cash and cash equivalents decreased by \$12.2m from \$37.1m as at 31 December 2017 to \$24.9m as at 31 December 2018 mainly due to working capital requirements.

Trade and other receivables increased by \$17.1m from \$14.1m as at 31 December 2017 to \$31.2m as at 31 December 2018 mainly due to higher receivables recorded in line with higher volume of business.

Inventories increased by \$11.2m from \$2.1m as at 31 December 2017 to \$13.2m as at 31 December 2018 mainly due to the recognition of un-utilized inventories from previously completed project.

Contract assets increased by \$8.2m from \$13.5m as at 31 December 2017 to \$21.7m as at 31 December 2018 mainly due to timing of billings to customers.

Non-current assets

Non-current assets increased by \$11.0m from \$45.3m as at 31 December 2017 to \$56.3m as at 31 December 2018 mainly due to the reclassification of a property with a net book value of \$16.6m from asset held for sale to property, plant and equipment, and partially offset by addition of property, plant and equipment and depreciation.

Current liabilities

Total current liabilities increased by \$15.1m from \$40.8m as at 31 December 2017 to \$55.9m as at 31 December 2018 mainly due to an increase of \$3.0m in trade and other payables, increase in short-term borrowings of \$13.3m, but partially offset by a decrease in contract liabilities of \$0.9m, and a decrease in income tax payables of \$0.3m.

Trade and other payables increased by \$3.0m from \$32.5m as at 31 December 2017 to \$35.5m as at 31 December 2018 mainly due to higher payables recorded in line with higher volume of business.

Contract liabilities decreased by \$0.9m from \$1.2m as at 31 December 2017 to \$0.3m as at 31 December 2018 mainly due to recognition of revenue upon progress achieved by the projects.

Statement of cash flows

The Group registered a decrease in cash and cash equivalent of \$12.2m from \$37.1m as at 31 December 2017 to \$24.9m as at 31 December 2018.

Net cash flow used in operating activities in FY2018 was \$24.7m mainly due to working capital requirements.

Net cash used in investing activities in FY2018 was \$0.3m mainly due to additions to property, plant and equipment.

Net cash generated from financing activities in FY2018 was \$12.9m. This was mainly due to drawdown of bank borrowings.

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 to the shareholders.

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 conditions in the oil and gas industry remains challenging. Projects have been the subject of deferment, rescheduling and even cancellation.

That notwithstanding, the Group remains positive over the long term prospects in the oil and gas industry. We continue to make every concerted effort to secure new orders in our segment as well as in other segments such as land module and power plant projects.

We are in the final stages of concluding several projects which are expected to bring our net order book of \$7m as at the date of this report to a net order book in excess of S\$100m. We will make relevant announcements in respect of these projects in due course.

At the same time, we push on with our prudent cost and risk management initiatives and strict monitoring of our expenses and cash-flow.

11. Dividends

(a) **Current financial period reported on**
Any dividend 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 and the reason(s) for the decision.

After deliberation, the board has adopted a prudent approach to conserve cash amidst the current challenging business environment. As such, no interim and final dividend has been declared for FY2018.

13. Segmented revenue and results 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.

Management manages and monitors the business in the two primary business segments: Module business and Ad hoc project.

The segment information is as follows: -

	12 months ended 31 Dec 2018			12 months ended 31 Dec 2017		
	Module Business	Ad Hoc Project (Other Services)	Total	Module Business (*Restated)	Ad Hoc Project (Other Services)	Total (*Restated)
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sales						
Total segment sales – sales to external parties	113,689	590	114,279	31,885	1,138	33,023
Gross Profit/ (loss)	21,923	663	22,586	(30,273)	13	(30,260)
Other income			1,844			2,187
Other expenses			(600)			(6,036)
Administrative expenses			(21,992)			(24,171)
Finance expenses			(359)			(321)
Profit/ (loss) before tax			1,479			(58,601)
Income tax credit			17			568
Net profit/ (loss)			1,496			(58,033)

13. **Segmented revenue and results 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)**

Revenue by geographical segments

Revenue by geography

	31-Dec-18 \$'000	31-Dec-17 (*Restated) \$'000
Asia Pacific	29,486	27,468
Europe	84,793	5,555
	114,279	33,023

14. **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 above.

15. **A breakdown of sales as follows:-**

	Group		
	12 months ended 31-Dec-18 \$'000	12 months ended 31-Dec-17 (*Restated) \$'000	Change %
(a) Sales reported for the financial period	114,279	33,023	NM
(b) Operating loss after tax before deducting non-controlling interests reported for the financial year	1,496	(58,033)	NM

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

	31-Dec-18 \$'000 Proposed	31-Dec-17 \$'000 Distributed
Ordinary	Nil	Nil

17. Interested person transaction disclosure

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	12 months ended 31-Dec-18 \$'000	12 months ended 31-Dec-17 \$'000	12 months ended 31-Dec-18 \$'000	12 months ended 31-Dec-17 \$'000
PURCHASES AND OTHER EXPENSES				
Transactions with L&W United Engineering Pte. Ltd. ("L&W")				
Subcontracting services for steel and piping fabrication	-	842	-	-
Transactions with L&W Marine Engineering Pte. Ltd. ("L&WM")				
Subcontracting services for steel and piping fabrication	-	968	-	-
Transactions with Lim Lie Tjing				
Consultant services in respect of Human Resources	-	18	-	-
Transactions with United Starex International Limited				
Marketing services rendered	-	540	-	-
Transactions with Keppel FELS Limited				
Subcontracting services for steel and piping fabrication	-	-	-	(8)
Keppel Subic Shipyard Inc				
Backcharge of utilities and water supply	1	-	-	2
Backcharge of office maintenance	6	-	-	-
Being yard assist to load 20&40 container	3	-	-	-
REVENUE				
Keppel FELS Limited				
Fabrication of structural blocks	-	-	-	-
Other Adhoc projects (other services)ie: Barge Hiring/Provision of Berthing Space	-	-	98	301
Keppel Shipyard Limited				
Subcontracting services rendered for steel and piping fabrication	-	-	420	1,515

18. Report of Persons Occupying Managerial Positions Who Are Related to a Director, Chief Executive Officer or Substantial Shareholder

Pursuant to Rule 704(11) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the particulars of persons occupying managerial positions in the Company who are related to the Directors, Chief Executive Officer or Substantial Shareholders of the Company are set as below:-

Name	Age	Family Relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lim Tze Jong	61	Brother-in-law of Mr Teo Boon Hwee, Alternate Director to Mr Lim Tze Jong and Chief Marketing Officer, and Brother of Executive Director and Chief Operating Officer, Mr Lim Tjew Yok.	Executive Chairman and CEO since 2011. Responsible for overseeing the overall organisation, management and marketing of the Group, evaluating of current performance and future expansion programme, taking policy decisions, planning for growth, authorising quality and safety policies and steering of the company's objectives as well as its profits.	Not Applicable.
Lim Tjew Yok	59	Brother-in-law of Mr Teo Boon Hwee, Chief Marketing Officer, and Brother of Executive Chairman and CEO, Mr Lim Tze Jong.	Executive Director and Chief Technical Officer since 2011. Promoted to Chief Operating Officer as at February 2013. Responsible for the operation functions of yard management and development, maintenance and facilities, information technology, project management, procurement and sub-contracting, overseas project management in Malaysia.	Not Applicable.
Teo Boon Hwee	62	Brother-in-law of Executive Chairman and CEO, Mr Lim Tze Jong and Executive Director and Chief Operating Officer, Mr Lim Tjew Yok.	Alternate Director to Mr Lim Tze Jong and Chief Marketing Officer since 2011. Responsible for overseas expansion of business feasibilities, marketing, business development, contracts and commercial, tender and estimation, overseas project management in China, promotion advertising, clients' co-ordination and Government relationship including MPA, JTC and EDB.	Not Applicable.

19. Confirmation pursuant to Rule 720(1) of the listing manual

The Company confirms that it has procured undertakings from its Board of Directors and executive officers under Rule 720(1) of the listing manual.

20. Confirmation pursuant to the Rule 705(5) of the listing manual

The Board of Directors of the Company hereby confirms to the best of its knowledge nothing has come to its attention which may render the unaudited financial results for the year ended 31 December 2018 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Tze Jong
Executive Chairman and CEO
28 February 2019