



KING WAN CORPORATION LIMITED

Incorporated in Singapore (Company Registration No. 200001034R)

Third Quarter & Nine Months Results – Financial Statement And Related Announcement

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

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

KING WAN CORPORATION LIMITED

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

FINANCIAL PERIOD ENDED 31 DECEMBER 2018

	Note	GROUP THIRD QUARTER ENDED 31 DECEMBER			Increase/ (Decrease)	GROUP 9 MONTHS ENDED 31 DECEMBER			Increase/ (Decrease)
		2018 S\$	2017 S\$			2018 S\$	2017 S\$		
Revenue	1	15,122,902	22,927,065		-34%	53,363,813	56,459,530		-5%
Cost of sales		(14,107,083)	(20,498,168)		-31%	(47,536,576)	(48,622,481)		-2%
Gross profit	2	1,015,819	2,428,897		-58%	5,827,237	7,837,049		-26%
Other operating income									
Dividend income		-	-		n.m	9,686	9,511		2%
Net foreign exchange (loss) gain		(8,334)	-		n.m	6,899	-		n.m
Gain on disposal of property, plant and equipment	3	-	51,779		-100%	-	228,385		-100%
Change in fair value of held-for-trading investments		(11,450)	-		n.m	30	-		n.m
Change in fair value of insurance contract		1,719	-		n.m	13,430	-		n.m
Interest income	4	202,512	240,254		-16%	644,010	701,234		-8%
Management fee income		27,383	29,610		-8%	81,622	89,211		-9%
Rental income		160,314	151,130		6%	487,629	546,350		-11%
Fee income from financial guarantee to associates	5	61,663	78,469		-21%	184,990	235,405		-21%
Sundry income		2,469	20,478		-88%	76,264	95,986		-21%
		436,276	571,720		-24%	1,504,560	1,906,082		-21%
Administrative expenses	6	(1,624,291)	(1,094,031)		48%	(4,906,258)	(4,456,108)		10%
Allowance for amount due from associates		-	(3,085,000)		-100%	-	(3,085,000)		-100%
Share of (loss) profit of associates and joint venture	7	(549,131)	204,408		-369%	(651,423)	160,892		-505%
Finance costs	8	(307,610)	(195,859)		57%	(869,915)	(638,921)		36%
(Loss) Profit before income tax		(1,028,937)	(1,169,865)		-12%	904,201	1,723,994		-48%
Income tax expense	9	(130,749)	(517,689)		-75%	(678,259)	(1,216,540)		-44%
(Loss) Profit for the period		(1,159,686)	(1,687,554)		-31%	225,942	507,454		-55%
Other comprehensive income (loss):									
Item that will not be reclassified subsequently to profit or loss									
Net fair value gain (loss) in equity securities carried at fair value through other comprehensive income ("FVTOCI")	10	1,179,581	2,071,739		-43%	(2,123,245)	222,366		-1055%
Items that may be reclassified subsequently to profit or loss									
Exchange differences on translation of foreign operations		609,693	7,619		7902%	918,799	22,473		3988%
Other comprehensive income (loss) for the period		1,789,274	2,079,358		-14%	(1,204,446)	244,839		-592%
Total comprehensive income (loss) for the period		629,588	391,804		61%	(978,504)	752,293		-230%

Third Quarter (3Q2019) and 9 months ended 31 December 2018 (9M2019)

Note 1 - The decrease in turnover was due to lower volume of Mechanical and Electrical (M&E) contracts in progress in 3Q2019 and 9M2019.

Note 2 - The decrease in gross profit was due to profits of certain projects with relatively lower margin being recognised in 3Q2019 and 9M2019.

Note 3 - Net gain on disposal of property, plant and equipment in 3Q2018 and 9M2018 was due to disposal of older fleet of motor vehicles whereas it was a net loss accounted under 'administrative expenses' in 3Q2019 and 9M2019 (refer to Note 6 below).

Note 4 - Lower interest income from loans to associates and joint venture was due to interests being accrued on a lower carrying amount of advances to associates and joint venture (net of allowances) in 3Q2019 and 9M2019.

Note 5 - Lower fee income from financial guarantees was due to associates and joint venture utilising lesser bank borrowings in 3Q2019 and 9M2019.

Note 6 - Included in administration expenses are the following:

		THIRD QUARTER ENDED			9 MONTHS ENDED		
		31.12.2018 S\$	31.12.2017 S\$	Increase/ (Decrease) S\$	31.12.2018 S\$	31.12.2017 S\$	Increase/ (Decrease) S\$
(Loss allowance) Reversal of loss allowance for trade receivables	i	(4,423)	605,934	(610,357)	416	606,683	(606,267)
Change in fair value on held-for-trading investments		-	(13,534)	13,534	-	(24,508)	24,508
Loss on disposal of property, plant and equipment		(2,020)	-	(2,020)	(38,959)	-	(38,959)
JTC rental		(72,650)	(69,870)	(2,780)	(217,951)	(209,611)	(8,340)
Property tax		(32,500)	(32,500)	-	(97,500)	(97,500)	-
Directors' remuneration		(214,191)	(211,768)	(2,423)	(763,574)	(754,407)	(9,167)
Directors' fees		(44,000)	(38,000)	(6,000)	(132,000)	(123,167)	(8,833)
Staff related expenses	ii	(650,919)	(565,092)	(85,827)	(1,865,356)	(1,723,602)	(141,754)
Depreciation	iii	(219,308)	(232,403)	13,095	(674,525)	(608,132)	(66,393)

i. Lower reversal of loss allowance for trade receivables which were no longer required in 3M2019 compared to 3M2018 .

ii. Higher staff related expenses in 3M2019 compared to 3M2018 was mainly due to adjustment made to salaries.

iii. Higher depreciation in 3M2019 compared to 3M2018 was mainly due to purchase of new motor vehicles in the prior year to replace older fleet.

Note 7 - Higher share of loss of associates and joint venture was mainly due to finance costs incurred by the Group's investment in real estate business in Dalian, China in 3Q2019 and 3M2019. This is partially offset by the recognition of share of profit from its investment in Singapore residential development project.

Note 8 - Higher finance costs was due to higher effective borrowing interest rate in 3Q2019 and 9M2019.

Note 9 - Lower effective tax rate in 3Q2019 compared to 3Q2018 was due to absence of allowance for amount due from associates that is not tax deductible. Higher effective tax rate in 3M2019 compared to 3M2018 was due to higher share of loss of associates that is not tax deductible, and increase in expenses that are not allowed for deduction.

Note 10 - Net fair value loss on FVTOCI in 9M2019 was due to lower closing market price of quoted equity securities at the end of the reporting period.

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

KING WAN CORPORATION LIMITED (GROUP)
STATEMENT OF FINANCIAL POSITION

	As at	As at	As at
	31.12.2018	31.3.2018	1.4.2017
	S\$	S\$	S\$
<u>ASSETS</u>		(Restated*)	(Restated*)
Current Assets:			
Cash and cash equivalents	3,173,830	8,524,522	13,130,401
Trade receivables	13,750,891	18,525,536	10,649,491
Other receivables and prepayments	12,184,070	12,089,625	12,051,199
Held-for-trading investments	294,398	294,368	326,679
Inventories	740,464	955,757	706,622
Construction work-in-progress	14,658,694	12,798,218	13,346,528
Total current assets	44,802,347	53,188,026	50,210,920
Non-current assets			
Other receivables	39,237,496	35,708,867	35,996,653
Property, plant and equipment	4,413,255	5,003,952	3,990,780
Investment in associates and joint venture	3,639,056	3,483,195	2,861,671
Investments	28,291,865	30,401,680	32,225,051
Deferred tax assets	279,239	160,641	-
Total non-current assets	75,860,911	74,758,335	75,074,155
Total assets	120,663,258	127,946,361	125,285,075
<u>LIABILITIES AND EQUITY</u>			
Current Liabilities			
Bank borrowings	16,549,064	18,033,048	19,402,370
Construction work-in-progress	1,776,203	3,801,554	3,294,993
Trade payables	10,872,473	11,704,093	11,270,833
Bills payables	15,526,276	16,918,290	9,772,282
Other payables	3,509,447	1,988,974	2,163,453
Current portion of finance leases	270,790	275,756	272,396
Provision for rectification costs	1,048,701	1,231,153	912,533
Income tax payable	866,237	1,122,870	1,603,483
Total current liabilities	50,419,191	55,075,738	48,692,343
Non-current liabilities			
Bank borrowings	1,169,622	2,666,096	1,299,144
Finance leases	651,421	802,999	179,359
Deferred tax liabilities	-	-	24,359
Total non-current liabilities	1,821,043	3,469,095	1,502,862
Capital and reserves			
Share capital	46,813,734	46,813,734	46,813,734
Retained earnings	36,179,108	35,953,166	27,688,397
Foreign currency translation reserve	1,169,155	250,356	-
Investment revaluation reserve	(15,738,973)	(13,615,728)	587,739
Total equity	68,423,024	69,401,528	75,089,870
Total liabilities and equity	120,663,258	127,946,361	125,285,075

* The 2018 comparatives are restated as the Group has adopted a new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 April 2018. Please refer to item 5 for more details.

KING WAN CORPORATION LIMITED (COMPANY)
STATEMENT OF FINANCIAL POSITION

	As at 31.12.2018	As at 31.3.2018
	S\$	S\$
ASSETS		
Current assets:		
Cash and cash equivalents	334,396	519,996
Other receivables and prepayments	4,286	10,368
Amount due from subsidiaries	6,990,312	6,968,752
Total current assets	7,328,994	7,499,116
Non-current assets:		
Investment in subsidiaries	30,199,413	30,199,413
Investment in associates and a joint venture	941,960	941,960
Investments	21,808,023	23,457,370
Property, plant and equipment	-	-
Total non-current assets	52,949,396	54,598,743
Total assets	60,278,390	62,097,859
LIABILITIES & EQUITY		
Current liabilities:		
Other payables	1,197,382	1,147,748
Amount due to a subsidiary	11,414,268	10,917,634
Income tax payable	525	826
Total current liabilities	12,612,175	12,066,208
Capital and reserves:		
Share capital	46,813,734	46,813,734
Retained earnings	13,078,587	13,794,677
Investment revaluation reserve	(12,226,106)	(10,576,760)
Total equity	47,666,215	50,031,651
Total liabilities and equity	60,278,390	62,097,859

1(b)(ii) Aggregate amount of group's borrowings and debt securities
Amount repayable in one year or less, or on demand

As at 31.12.2018		As at 31.3.2018	
Secured	Unsecured	Secured	Unsecured
\$270,790	\$32,075,340	\$275,756	\$34,951,338

Amount repayable after 1 year

As at 31.12.2018		As at 31.3.2018	
Secured	Unsecured	Secured	Unsecured
\$651,421	\$1,169,622	\$802,999	\$2,666,096

Details of any collateral

Secured liabilities refer to assets purchased under finance lease agreements. Unsecured liabilities refer to banking facilities guaranteed by the Company.

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

**KING WAN CORPORATION LIMITED
STATEMENT OF CASH FLOWS**

	Note	GROUP THIRD QUARTER ENDED		GROUP 9 MONTHS ENDED	
		31.12.2018 S\$	31.12.2017 S\$	31.12.2018 S\$	31.12.2017 S\$
Operating Activities					
Profit before income tax		(1,028,937)	(1,169,865)	904,201	1,723,994
Adjustments for					
Depreciation of property, plant and equipment		219,308	232,403	674,525	608,132
Loss (Gain) on disposal of property, plant and equipment		2,020	(51,779)	38,959	(228,385)
Loss allowance (Reversal) for trade receivables		4,423	(605,934)	(416)	(606,683)
Change in fair value of held-for-trading investments		11,450	13,534	(30)	24,508
Change in fair value of insurance contract		(1,719)	-	(13,430)	-
Dividend income from held-for-trading investments		-	-	(9,686)	(9,511)
Dividend income from investment in equity securities		-	-	(707,748)	(458,549)
Gain on disposal of investment in equity securities		-	(4,544)	-	(11,782)
Interest income		(202,512)	(240,254)	(644,010)	(701,234)
Interest expense		307,610	195,858	869,915	638,921
Allowance for amounts due from associates		-	3,085,000	-	3,085,000
Share of loss (profit) of associates and joint venture		549,131	(204,408)	651,423	(160,892)
Provision for rectification costs		-	424,143	-	472,893
Fee income from financial guarantee to associates and joint venture		(61,663)	(78,469)	(184,990)	(235,405)
Operating cash flows before movements in working capital		(200,889)	1,595,685	1,578,713	4,141,007
Trade receivables		1,944,212	(4,150,339)	4,775,061	(6,656,513)
Other receivables and prepayments		(58,462)	17,163	(48,220)	(58,684)
Construction work-in-progress		(1,609,980)	1,462,884	(3,880,145)	(1,332,163)
Inventories		114,562	53,480	215,293	(205,276)
Trade payables and bill payables		(1,511,357)	2,118,206	(2,223,634)	1,852,693
Other payables		467,403	618,807	1,705,463	1,682,381
Provision for rectification costs		(24,839)	(28,709)	(182,452)	(100,060)
Cash (used in) generated from operations		(879,350)	1,687,177	1,940,079	(676,615)
Income tax paid		(424,594)	(558,532)	(1,053,490)	(1,423,484)
Interest paid		(307,610)	(195,858)	(869,915)	(638,921)
Net cash (used in) from operating activities		(1,611,554)	932,787	16,674	(2,739,020)
INVESTING ACTIVITIES					
Interest received		4,047	4,121	12,898	11,994
Advances to associates and joint venture		(410,000)	(2,085,000)	(2,830,000)	(5,155,000)
Dividends received from held-for-trading investments		-	-	9,686	9,511
Dividends received from investment in equity securities		-	-	707,748	458,549
Purchase of property, plant and equipment	a	(21,758)	(83,829)	(74,833)	(751,094)
Proceeds from disposal of investment in equity securities		-	-	-	240,630
Proceeds from disposal of property, plant and equipment		70	55,000	2,364	235,593
Net cash used in investing activities		(427,641)	(2,109,708)	(2,172,137)	(4,949,817)
FINANCING ACTIVITIES					
Dividends refunded		-	-	-	2,005
Repayment of obligations under finance leases		(64,204)	(115,689)	(212,544)	(327,396)
Proceeds from bank borrowings		-	2,750,000	2,300,000	5,500,000
Repayments of bank borrowings		31,936	(3,308,026)	(5,280,458)	(5,749,272)
Net cash used in financing activities		(32,268)	(673,715)	(3,193,002)	(574,663)
NET DECREASE IN CASH AND CASH EQUIVALENTS		(2,071,463)	(1,850,636)	(5,348,465)	(8,263,500)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		5,246,707	6,745,140	8,524,522	13,130,401
EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON BALANCES HELD IN FOREIGN CURRENCIES		(1,414)	24,344	(2,227)	51,947
CASH AND CASH EQUIVALENTS AT END OF PERIOD	b	3,173,830	4,918,848	3,173,830	4,918,848

Note a

	GROUP THIRD QUARTER ENDED		GROUP 9 MONTHS ENDED	
	31.12.2018 S\$	31.12.2017 S\$	31.12.2018 S\$	31.12.2017 S\$
Purchase of property, plant and equipment	77,758	361,650	130,833	1,652,915
Less : Assets purchased under finance leases arrangement	(56,000)	(277,821)	(56,000)	(901,821)
Net	21,758	83,829	74,833	751,094

Note b

Cash and cash equivalents consist of cash, bank balances and fixed deposits, less bank overdrafts as follows:

	GROUP As at	
	31.12.2018 S\$	31.12.2017 S\$
Cash and bank balances	3,173,830	4,918,848
Bank overdrafts	(691,230)	-
Net	2,482,600	4,918,848

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

STATEMENT OF CHANGES IN EQUITY

GROUP	Share capital	Retained earnings	Foreign currency translation reserve	Investment revaluation reserve	Total
	S\$	S\$	S\$	S\$	S\$
Balance as at 1 April 2017	46,813,734	28,764,158	(1,075,761)	587,739	75,089,870
Impact of adopting SFRS(I) 1	-	(1,075,761)	1,075,761	-	-
Balance as at 1 April 2017 (Restated)	46,813,734	27,688,397	-	587,739	75,089,870
Dividends refunded	-	2,005	-	-	2,005
Total comprehensive income for the year	-	507,454	22,473	222,366	752,293
Balance as at 31 December 2017 (Restated)	46,813,734	28,197,856	22,473	810,105	75,844,168
Balance as at 1 April 2018	46,813,734	37,028,927	(825,405)	(13,615,728)	69,401,528
Impact of adopting SFRS(I) 1	-	(1,075,761)	1,075,761	-	-
Balance as at 1 April 2018 (Restated)	46,813,734	35,953,166	250,356	(13,615,728)	69,401,528
Total comprehensive income (loss) for the year	-	225,942	918,799	(2,123,245)	(978,504)
Balance as at 31 December 2018	46,813,734	36,179,108	1,169,155	(15,738,973)	68,423,024

** The 2018 comparatives are restated as the Group has adopted a new Singapore financial reporting framework, Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 April 2018. Please refer to item 5 for more details.*

COMPANY	Share capital	Retained earnings	Investment revaluation reserve	Total
	S\$	S\$	S\$	S\$
Balance as at 1 April 2017	46,813,734	5,247,543	479,969	52,541,246
Dividends refunded	-	2,005	-	2,005
Total comprehensive loss for the year	-	(820,256)	178,898	(641,358)
Balance as at 31 December 2017	46,813,734	4,429,292	658,867	51,901,893
Balance as at 1 April 2018	46,813,734	13,794,677	(10,576,760)	50,031,651
Total comprehensive loss for the year	-	(716,090)	(1,649,346)	(2,365,436)
Balance as at 31 December 2018	46,813,734	13,078,587	(12,226,106)	47,666,215

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 are no changes in the Company's share capital since the end of the previous period reported on.

As at 31 December 2018, the Company does not have any outstanding convertibles or treasury shares (as at 31 December 2017 : Nil).

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.

The total number of issued shares as at 31 December 2018 is 349,176,870 (as at 31 December 2017 : 349,176,870).

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.

As at 31 December 2018, the Company does not have any treasury shares.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

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 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 item 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as those applied in the preparation of the audited financial statements for the financial year ended 31 March 2018.

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

As required by the listing rules of the Singapore Exchange, the Group has applied Singapore Financial Reporting Standards (International) (SFRS(I)) with effect from 1 April 2018. Changes to the Group's accounting policies have been made as required, in accordance with the respective SFRS(I).

The adoption of SFRS(I) does not result in changes to the Group's and the Company's accounting policies and has no material effect on the accounts reported for the current or prior financial periods except as disclosed below:

• SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

The Group has elected to reset the foreign currency translation reserve for all foreign operations to zero as at the date of transition to SFRS(I) 1 on 1 April 2017. As a result, foreign currency translation reserve as at 1 April 2017 of S\$1,075,761 has been classified to retained earnings.

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

	Group		Group	
	Third Quarter ended		9 Months ended	
	31.12.2018	31.12.2017	31.12.2018	31.12.2017
(i) Basic earnings per share (in cents)	(0.35)	(0.49)	0.06	0.15
Weighted Average Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870
(ii) Diluted earnings per share (in cents)	(0.35)	(0.49)	0.06	0.15
Weighted Average Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	As at		As at	
	31.12.2018	31.03.2018	31.12.2018	31.03.2018
Net Asset Value Per Ordinary Share (in cents)	19.60	19.88	13.65	14.33
Number of Shares	349,176,870	349,176,870	349,176,870	349,176,870

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

STATEMENT OF COMPREHENSIVE INCOME

Third Quarter ended 31 December 2018 (3Q2019)

The Group's revenue for 3Q2019 recorded S\$15.12 million, a 34% decrease compared to the corresponding quarter last year (3Q2018). There was comparatively lower volume of ongoing Mechanical and Electrical (M&E) contracts during the current quarter for revenue recognition. Gross profit margin for 3Q2019 was 6.72%, which was lower than 10.59% achieved in 3Q2018 as a result of profits of certain projects with relatively lower margin being recognised in the current quarter.

The Group's net loss after income tax for 3Q2019 was S\$1.16 million, lower compared to net loss of S\$1.69 million in the corresponding quarter last year (3Q2018). This was mainly due to absence of allowance for amount due from associates in the current quarter, which was partially offset with the lower gross profit achieved, higher share of loss of associates and joint venture, as well as higher administrative expenses resulting from a lower reversal of loss allowance for trade receivables.

9 Months ended 31 December 2018 (9M2019)

Similarly, the Group's revenue for 9M2019 recorded S\$53.36 million, a 5% decrease compared to the corresponding period last year (9M2018). Gross profit margin for 9M2019 was 10.92%, which was lower than the 13.88% achieved in 9M2018.

The Group's net profit after income tax for 9M2019 was S\$0.23 million, lower compared to net profit of S\$0.51 million in the corresponding period last year (9M2018). This was mainly due to lower gross profit achieved in the current period, higher finance costs, and share of loss of associates and joint venture, which was partially offset with the absence of allowance for amount due from associates.

EARNINGS PER SHARE (EPS) AND NET ASSET VALUE PER SHARE (NAV)

Loss per share for 3Q2019 was 0.35 cents, compared to 0.49 cents in 3Q2018. EPS for 9M2019 was 0.06 cents, compared to 0.15 cents in 9M2018.

NAV for the Group stood at 19.60 cents per share at 31 December 2018, a decrease from 19.88 cents per share at 31 March 2018. This decrease was due to net fair value loss on investment in equity securities carried at FVTOCI, which was partially offset by the net profit achieved during the current period.

STATEMENT OF FINANCIAL POSITION

The Group's equity base stood at S\$68.42 million as at 31 December 2018, a decrease from S\$69.40 million as at 31 March 2018.

Total current assets amounted to S\$44.80 million as at 31 December 2018, lower than the S\$53.19 million as at 31 March 2018. The decrease was mainly due to the decrease in cash and cash equivalents and collection of trade receivables for repayment of bank borrowings, trade and bill payables during the current period.

Non-current assets increased to S\$75.86 million as at 31 December 2018 from S\$74.76 million as at 31 March 2018. The increase was mainly due to additional loans advanced to associates and joint venture, as well as accrual of interest income on loans to associates and joint venture, which was partially offset with the decrease in net fair value of investment in equity securities carried at FVTOCI during the current period.

Current liabilities decreased to S\$50.42 million as at 31 December 2018 from S\$55.08 million as at 31 March 2018 was mainly due to repayment of bank borrowings, trade and bill payables during the current period.

Non-current liabilities decreased to S\$1.82 million as at 31 December 2018 from S\$3.47 million as at 31 March 2018 was mainly due to repayments of term loans and finance leases during the current period.

The debt-equity ratio decreased to 0.50 as at 31 December 2018 as compared to 0.56 as at 31 March 2018 was due to net repayment of bank borrowings, bill payables and finance leases during the current period.

STATEMENT OF CASH FLOWS

Third Quarter (3Q2019) and 9 Months ended 31 December 2018 (9M2019)

Net cash used in operating activities amounted to S\$1.61 million in 3Q2019 (inflow in 9M2019 : S\$0.02 million), compared to an inflow of S\$0.93 million in 3Q2018 (outflow in 9M2018 : S\$2.74 million). The inflow in 9M2019 was mainly due to collection of trade receivables which was partially offset by the repayment of trade and bills payables during the current period.

Net cash used in investing activities amounted to S\$0.43 million in 3Q2019 (9M2019 : S\$2.17 million), lower than S\$2.17 million used in 3Q2018 (9M2018 : S\$4.95 million). The outflow in 9M2019 was mainly due to loans extended to associate and joint venture of the Group which was partially offset by the dividends received from investment in equity securities during the current period.

Net cash used in financing activities amounted to S\$0.03 million in 3Q2019 (9M2019 : S\$3.19 million), compared to an outflow of S\$0.67 million in 3Q2018 (9M2018 : S\$0.57 million). The outflow in 9M2019 was due to net repayment of bank borrowings and finance leases during the current period.

As a result of the aforementioned, cash and cash equivalents (net of bank overdrafts) stood at S\$2.48 million as at 31 December 2018.

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

No forecast had been issued.

10. A commentary at the date of the announcement of the 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 Mechanical and Electrical (M&E) business segment is expected to remain challenging in the next 12 months with continuous pressures on contract values and stiff competition for new projects. Based on order books secured, the M&E business will remain the core business for the Group and is expected to contribute positively to the Group's results for the next 12 months.

As at the date of this Announcement, the Group has approximately S\$167.6 million worth of M&E engineering contracts on hand.

11. Dividend

(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.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("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 Company does not have any shareholders' mandate for interested person transactions pursuant to Rule 920 of the Listing Manual.

14. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720 (1).

The Company confirms compliance with Rule 720(1).

15. Confirmation pursuant to Rule 705(5) of the Listing Manual

We confirm on behalf of the Board of Directors, that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited third quarter financial results of the Group and the Company for the period ended 31 December 2018 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Chua Kim Hua
Executive Chairman

Chua Eng Eng
Managing Director

13 February 2019

BY ORDER OF THE BOARD

Catherine Lim Siok Ching
Company Secretary

13 February 2019