TRANSIT-MIXED CONCRETE LTD

ANNUAL REPORT 2018

QUALITY

VALUE

SERVICE

CONTENTS

TRIBUTE TO MR CHUA ENG HIM

Transit-Mixed Concrete Ltd would not be the Company that it is today without the leadership of our Founder, Chief Executive Officer, Managing Director and Director of the Company, Mr Chua Eng Him. Mr Chua's passing on January 2018 was a significant loss to the Group.

Mr Chua held the position of CEO cum director since May 1980 and oversaw all activities of the Company, particularly in the marketing and financial aspects. He also took an active role in the management of the Company's subsidiaries. Under his more than three decade watch, the Group was able to successfully navigate through the ever-evolving construction industry and establish its position within the local industry in Singapore and Malaysia.

With his keen foresight and visionary spirit, Mr Chua endeavoured to seize opportunities present within the market and develop the Group's capabilities even further to reach new heights. His ability to anticipate industry trends and determination to explore viable business prospects resulted in the Group's growth and success through the years.

A graduate of the University of Singapore with a Bachelor of Science, Mr Chua was more than just a well-respected leader, but also a supportive colleague who was driven to maximise the potential of each employee.

We wish to extend our sympathies and prayers to Mr Chua's family and closest friends. We are grateful for his contributions which helped shaped the Company and we strive to continue the legacy he leaves behind.

OUR **VISION**

To meet the increasing needs of the construction industry through profitable growth and to maintain an increasing core of loyal, satisfied customers by delivering good quality, service and value.

OUR **MISSION**

To work closely with our customers to ensure that we continue to meet their expectations.

CORPORATE INFORMATION

Board of Directors
Mr Tan Kok Hiang (Chairman)
Mr Yap Boh Lim
Mr Tan Hwee Yong
Mr Low Wing Hong
Dr Yap Eng Ching (Alternate to Mr Yap Boh Lim)

Audit Committee
Mr Tan Kok Hiang (Chairman)
Mr Tan Hwee Yong
Mr Yap Boh Lim
Dr Yap Eng Ching (Alternate to Mr Yap Boh Lim)

Nominating Committee
Mr Tan Hwee Yong (Chairman)
Mr Tan Kok Hiang
Mr Yap Boh Lim
Dr Yap Eng Ching (Alternate to Mr Yap Boh Lim)

Remuneration Committee
Mr Tan Kok Hiang (Chairman)
Mr Tan Hwee Yong
Mr Low Wing Hong

Company Secretary
Ms Chen Lee Lee

Company Registration No.
197902587H

Registered Office
150 Changi Road #03-05
Guthrie Building
Singapore 419973
Tel: (65) 63443922
Fax: (65) 63420990
Website: www.tmcltd.com.sg
Email: tmcltd@tmcltd.com.sg

Registrar & Share Transfer Office
M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Auditors
KPMG LLP
Public Accountants and Chartered Accountants
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581
Partner-in-charge: Mr Loo Kwok Chiang, Adrian
(wef financial year ended 29 February 2016)

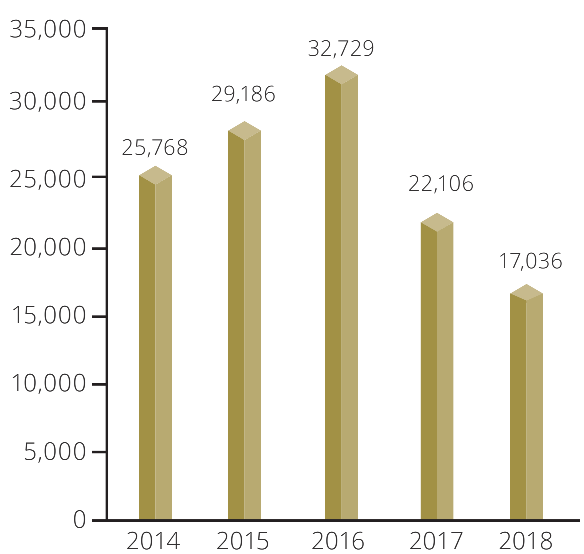
Principal Banker of the Group
United Overseas Bank Limited
80 Raffles Quay
UOB Plaza 1
Singapore 048624

FINANCIAL HIGHLIGHTS

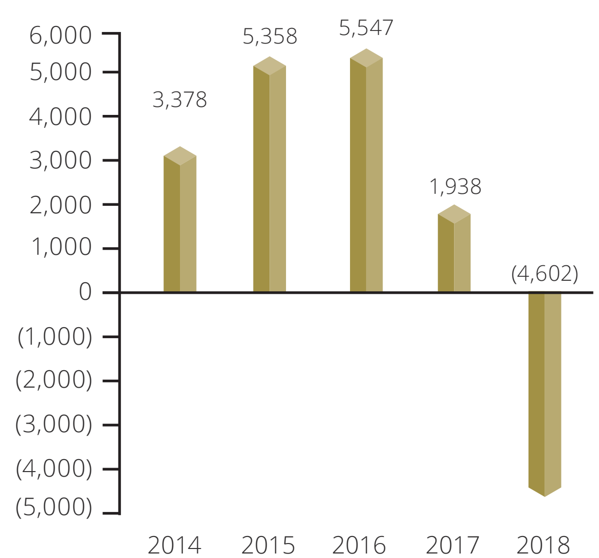
FINANCIAL YEAR ENDED 28 FEBRUARY

	2014 $'000	2015 $'000	2016 $'000	2017 $'000	2018 $'000
Revenue	25,768	29,186	32,729	22,106	**17,036**
Profit/(Loss) before tax	4,145	5,732	6,166	2,017	**(5,030)**
Profit/(Loss) for the year	3,519	5,490	5,725	1,883	**(4,760)**
Profit/(Loss) attributable to owners of the company	3,378	5,358	5,547	1,938	**(4,602)**
Earnings/(Loss) per share (cents)	4.85	7.70	7.97	2.78	**(6.61)**
Shareholders' equity	18,895	22,104	24,625	24,000	**17,988**
Total assets	30,637	33,314	36,026	31,311	**25,455**
Total liabilities	11,045	10,406	10,514	6,524	**6,458**
Net asset value per ordinary share (cents)	27.15	31.76	35.39	34.49	**25.85**
Return on equity (%)	17.88	24.24	22.53	8.08	**NA**
Dividends (cents)	3.00	3.50	4.00	2.50	**1.00**

REVENUE
($'000)



PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY ($'000)



LETTER TO SHAREHOLDERS

Dear Valued Shareholders,

On behalf of the Board of Directors of Transit-Mixed Concrete Ltd and its subsidaries ("the Group"), I am pleased to present to you the annual report for the financial year ended 28 February 2018 ("FY2018").

The past financial year was a challenging period for the Group. We faced economic headwinds and challenging business conditions which had substantial effects across our business segments. Furthermore, we faced heightened competition due to the increased use of prefabricated concrete and the slowdown of construction activities in Singapore and Malaysia. As a result of the above-mentioned factors, Group turnover fell by 23% from $22.1 million in FY2017 to $17.0 million in FY2018. Correspondingly, the Group's gross profit dropped by 77% from $3.1 million in FY2017 to $727,000 in FY2018. All in, the Group registered a loss attributable to owners of $4.6 million compared to a profit of $1.9 million in the previous financial year. This was due mainly to an impairment loss on plant and equipment of $4.0 million for the year under review.

According to the Building Construction Authority (BCA) in its January 2018 report, total construction demand in Singapore for 2017 was at $24.5 billion, well below the projected estimates of $28.0 billion to $35.0 billion for the year. The total construction demand was lower than expected due to the rescheduling of a few major public sector infrastructure projects such as the North-South Corridor, which is now slated for 2018. I believe the Group's soft performance for FY2018 reflects this.

Outlook and Strategy

For 2018, the BCA forecasts the value of construction contracts awarded in Singapore to amount to between $26 billion and $31 billion, which was adjusted from its initial projected range of $26 billion to $35 billion. In contrast, the public sector construction is expected to strengthen this year from $15.5 billion in 2017 to between $16 billion and $19 billion in 2018.

Key large public sector projects lined up for this year include major contracts for the North-South Corridor, new MRT works, Deep Tunnel Sewerage System (DTSS) phase 2, an automotive hub at Jalan Terusan, a multi-storey recycling facility in Northern Singapore, various educational facilities for Institutes for Higher Learning, and the redevelopment of the National Skin Centre and Woodland Integrated Health Campus.

Private sector construction demand is also expected to improve from $9 billion in 2017 to between $10 billion and $12 billion in 2018, due to a promising economic outlook and an upturn in property market sentiment.

As for the Malaysian construction industry, Master Builders Association Malaysia (MBAM) has projected the value of construction jobs awarded in 2018 at approximately RM180 billion. MBAM also expects the local construction industry to grow at 7.5% per annum, on the back of major projects such as the Pan-Borneo Highway in Sabah and East Coast Rail Line.

Given the muted outlook for the domestic construction industry, the Group is focused on leveraging its strengths as it navigates through an increasingly crowded market. According to the Ministry of Trade and Industry (MTI) in its February 2018 report, the Singapore economy is projected to remain firm but moderate, with a slightly above the middle forecast range of 1.5% to 3.5% for 2018.

The road ahead is expected to be challenging with continued competition within the industry and depressed pricing for concrete pumping services and ready-mixed concrete. The Group will work diligently to overcome such conditions by enhancing its operational efficiency and securing better-margin opportunities ahead. We will also continue our efforts to adapt to changing circumstances by managing costs effectively and exercising financial prudence.

Conclusion

As the Group continues to work towards strengthening its performance. We remain steadfast in our commitment towards delivering the best for our customers and shareholders. The Group's unwavering resilience and dedication is a testament to the legacy of our late Chief Executive Officer, Mr Chua Eng Him, who passed away in January 2018. We would like to express our deepest sorrows and convey our condolences to the family of Mr Chua.

In conclusion, the Board would like to express its gratitude to the directors, management and staff for their continued support and guidance as the Group enters a new chapter full of uncertainties and opportunities. Our thanks also extend to our customers and shareholders for their continued trust and loyalty.

Tan Kok Hiang
Chairman of the Board

Financial and Operational Highlights

For the financial year ended 28 February 2018, the Group recorded a sales turnover of $17.0 million, a 23% decline from $22.1 million in the preceding year. This was due mainly to a slowdown in construction activities in Singapore and Malaysia, increased use of prefabricated concrete and keen competition within the industry. On the backdrop of a challenging operating environment, the Group's gross profit saw a 77% decrease to $727,000 compared to $3.1 million in the previous year.

The Group incurred a loss attributable to owners of $4.6 million, as compared to a profit of $1.9 million in the previous year. This was due mainly to lower revenue and gross profit, and an impairment loss on plant and equipment of $4.0 million in FY2018. Other income for FY2018 was at $91,000 as compared to $644,000 in FY2017.

On account of lower revenue during the financial year, trade and other receivables were down from $7.3 million in FY2017 to $5.8 million in FY2018. In contrast, trade and other payables were up at $4.5 million compared with $3.9 million in the previous year, due to the increase in purchase of raw materials for the production of ready-mixed concrete in Johor. The Group's cash and cash equivalents improved to $3.1 million in FY2018 compared with $2.0 million in FY2017.

Over the years, the Group has managed to ease its gearing ratio, bringing it further down from 2% in FY2017 to 1% in FY2018. Net asset value as of 28 February 2018 was 25.85 cents, as compared to 34.49 cents in the previous financial year.

As for the geographical breakdown, Singapore continued to serve as the main contributor of our business activities, comprising about 60% of the Group's revenue, while the remaining 40% of revenue was from our Malaysia operations. Sales in Singapore amounted to $10.2 million in FY2018, a 28% dip from $14.1 million in FY2017. Revenue generated from Malaysia was $6.8 million, down 15% from $8.0 million in the previous financial year.

Business Segments

Ready-Mixed Concrete

Revenue for the Group's ready-mixed concrete segment decreased 15.4% to $6.0 million in FY2018 from $7.1 million in FY2017. The fall was attributable to keen competition in Malaysia.

The segment yielded a reportable segment loss before tax of $480,000 in FY2018, as compared to a reportable segment loss before tax of $164,000 in FY2017.

Concrete Pumping Services

The Concrete Pumping Services segment saw a 30% decrease in revenue from $13.0 million in FY2017 to $9.1 million in FY2018. The decline was due to a slowdown in construction activities in Singapore. The Group's major projects under this segment included the New State Courts at Havelock Road, Bukit Timah First Diversion Canal C3, MRT Thomson Lines T205, T225 & T228, and MRT East Coast Lines T305 & T308.

The segment recorded a segment loss before tax of $4.8 million in FY2018, as compared to a reportable segment profit before tax of $1.8 million in FY2017. This was due mainly to lower revenue and gross profit, and an impairment loss on plant and equipment of $4.0 million in FY2018.

Waste Management

Revenue from the Group's Waste Management segment amounted to $1.9 million in FY2018, a decrease of 9.5% from the $2.1 million registered in FY2017. Under this segment, the Group's major projects included cleaning contracts at SIA Engineering Company Ltd, Changi Airport (Terminals 1, 2 and 3), Nanyang Technological University, Ngee Ann Polytechnic, Republic Polytechnic and a group of about 100 schools.

The reportable segment profit before tax was $429,000 in FY2018, a moderation from $501,000 in FY2017.

Tan Kok Hiang, 68

is the Chairman of the Board. He was appointed an independent non-executive director of the Company since 25 September 1997 and is also the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee. He was last elected as a director on 22 June 2016 and is standing for re-election at the coming annual general meeting. There is no relationship (including immediate family relationship) between Mr Tan and the other directors of the Company or its 10% shareholders. As on 28 February 2018, he has served as a director for 20 years 5 months. He is presently also an independent director of 3 other public companies namely EnviroHub Holdings Ltd, ICP Ltd and LHT Holding Ltd. Other than this, he does not hold any other principal commitments or any directorships in other listed companies over the preceding 3 years. Mr Tan has more than 30 years of experience in accounting, finance, strategic planning and risks management. He holds a Bachelor of Accountancy (Honours) degree from the University of Singapore and is a member of the Singapore Institute of Directors.

Yap Boh Lim, 80

is a founding member and has been a director of the Company since it was incorporated on 31 August 1979. He is a non-independent non-executive director and a member of the Audit and Nominating Committees. He was last elected as a director on 22 June 2016 and is standing for re-election at the coming annual general meeting. As on 28 February 2018, he has served as a director for 38 years 6 months. He also holds directorships in a number of related corporations. Other than Dr Yap Eng Ching, there is no relationship (including immediate family relationship) between Mr Yap and the other directors of the Company or its 10% shareholders. He does not hold any other principal commitments or any directorships in other listed companies over the preceding 3 years. He is a Barrister-at-Law and had since 2005 retired from practice.

Tan Hwee Yong, 59

was appointed an independent non-executive director of the Company on 18 May 2007 and is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He was last elected as a director on 28 June 2017. There is no relationship (including immediate family relationship) between Mr Tan and the other directors of the Company or its 10% shareholders. As on 28 February 2018, he has served as a director for 10 years 9 months. Currently, he is the executive director of Bernard Valuers & Real Estate Consultants Pte Ltd and does not hold any other principal commitments or any directorships in other listed companies over the preceding 3 years. He holds a Bachelor of Science degree in Estate Management from the National University of Singapore and a Master of Commerce degree in Accounting from the University of Adelaide. Mr Tan has more than 30 years of experience in property valuation, agency, management and consultancy.

Low Wing Hong, 52
was appointed a non-independent non-executive director of the Company on 29 August 2007 and is a member of the Remuneration Committee. He was last elected as a director on 28 June 2017. As on 28 February 2018, he has served as a director for 10 years 6 months. There is no relationship (including immediate family relationship) between Mr Low and the other directors of the Company. His present directorships include 3 other private companies. Currently, he is the Investment Manager of Kheng Leong Company (Private) Limited. Other than this, he does not hold any other principal commitments or any directorships in other listed companies currently or over the preceding 3 years. Mr Low holds a Bachelor of Accountancy degree from the National University of Singapore. He has more than 20 years of experience in investment management and tax and business advisory.

Dr Yap Eng Ching, 52, Alternate to Yap Boh Lim
was appointed an alternate director to Mr Yap Boh Lim on 15 September 2009. Dr Yap is the son of Mr Yap Boh Lim. Other than Mr Yap, there is no relationship (including immediate family relationship) between Dr Yap and the other directors of the Company or its 10% shareholders. He does not hold any other principal commitments or any directorships in other listed companies currently or over the preceding 3 years. Currently, he is a Rehabilitation Physician with the National Healthcare Group. He holds a Bachelor of Medicine and Surgery degree from the University of Bristol, UK. He is a Member of the Royal College of Physicians Ireland, and a Fellow of the Academy of Medicine Singapore.

KEY MANAGEMENT PERSONNEL

Liu Kien Fang, David
Mr Liu has been appointed Group General Manager/ Acting CEO of the Company on 1 June 2018. He holds a Diploma in Business Management from the Singapore Institute of Management. He is responsible for the Group's overall management, including the profit and loss of the business and the management of the Group's day-to-day operations and undertake to perform such duties as may from time to time be assigned by or under the authority of the Board of Directors.

Loke Kai Hoong
Mr Loke is the General Manager of the Company. He holds a Bachelor of Business from the Royal Melbourne Institute of Technology and a Diploma in Mechanical Engineering from the Singapore Polytechnic. Mr Loke joined the Company in April 1996 and is responsible for the development and management of the Group's waste management business.

Chen Lee Lee
Ms Chen is the Finance Manager of the Company. She oversees all the financial and accounting functions of the Group. Ms Chen has more than 30 years of working experience in the auditing, accounting and administration field. Ms Chen joined the Company in May 1998 and is a member of the Institute of Singapore Chartered Accountants.

Kek Yong Hock
Mr Kek is the Marketing Manager responsible for the marketing of ready-mixed concrete and concrete pumping services. He is also responsible for providing technical assistance to the customers. Mr Kek has been with the Company for more than 30 years and holds a diploma in Civil Engineering from the Singapore Polytechnic.

Lee Kim Keow
Mr Lee is the Operations Manager in charge of installation and maintenance of plant and equipment. He has been with the Company for more than 30 years. Mr Lee is involved in all aspects of production and operation activities.

Yeo Tin Check
Mr Yeo is the Pump Operations Manager responsible for the effective use of manpower and equipment in the concrete pumping services business segment, particularly with the deployment and allocation of the concrete pumping equipment to the Group's projects. He has been with the Company for more than 30 years.

The concept of sustainability has always been a key element of the Group's history that spans over nearly four decades. While it may have not been formally documented, we have always pursued ways to better conduct our business for the good of our stakeholders and society at large.

As sustainable business practices gain traction on a global scale with the adoption of more systemic measures to enhance accountability, we wholeheartedly embrace these positive developments and see it as putting to paper what we already have in practice.

The key areas we intend to address going forward include Environmental, Social and Governance ("ESG") factors. These factors are the cornerstones of which our report will be structured.

In our industry, there are multiple factors of varying weightage that play a role in the sustainability of our business. For the period under review, we have identified two main factors to review in detail – health and safety, and consumption of resources such as electricity and paper. We will continue to identify other factors relevant for inclusion in our sustainability report while fine-tuning the content and matrices of existing factors.

Health and Safety

The Group's business is divided into three main segments – ready-mixed concrete, concrete pumping services and waste management. The nature of our business requires continuous operation of heavy machinery and working in locations where safety is a significant priority. As such we have long recognised the need to prioritise the welfare of our workforce especially at the operations level.

The Group augments its safety practices by adhering to industry best practices for an additional layer of assurance that we conduct our business according to internationally recognised standards. This reassures our staff and customers about the quality we deliver and how we deliver it.

1. bizSAFE Level Star

bizSafe is a five-step programme for companies to build up their workplace safety and health standards. A benefit of the certification is that it allows us to submit contracts and tenders with other bizSAFE partners, main construction firms, the government sectors and other bodies. The certification is well-recognised and provides reassurance to our current and future clients.

We undertook an audit in May 2017 and successfully renewed our bizSAFE Level Star which is the highest level of recognition under the bizSAFE programme. The audit was conducted by a Ministry of Manpower ("MOM")-approved Workplace Safety and Health ("WSH") auditor to assess the implementation of our risk management programme that was implemented over a period of 13 weeks. It involved appointing a team for training, assessing relevant workplace elements, implementation of suitable plans, and setting in place record-keeping protocols.

The audit concluded that we had established, implemented, communicated and maintained risk assessment for the identified hazardous activities in accordance to the WSH (Risk Management) Regulations thus enabling us to renew our bizSAFE Level Star certification.

2. Occupational Health and Safety Assessment Series ("OHSAS")

We also concluded a triennial sustainability audit in accordance with the requirements of OHSAS 18001: 2007 International Standards. This is an internationally applied British Standard for occupational health and safety management systems. It helps various organizations to put in place demonstrably sound occupational health and safety performance. It is a widely recognised and popular occupational health and safety management system.

OHSAS promotes a safe and healthy working environment by providing a framework that helps organizations to identify and control health and safety risks, reduce the potential for accidents, aid legal compliance and improve overall performance.

The audit's findings were positive. It said, 'The management is very committed and display full co-operation throughout the audit process. The staff were also well-trained and knowledgeable in their work processes. Good implementation of operation system procedures such as Safe Work Procedure ("SWP") and proper monitoring system are in place.' It added that all the requirements were met since the last audit with no adverse customer or external party complaints, or any fines from the authorities.

The Group is committed to the following Occupational Health & Safety ("OHS") Policy:

- Identifying safety & health hazards and its associated risks including appropriate control measures.
- Preventing or eliminating injury and ill health whenever reasonably practicable to do so.
- Meeting relevant OHS legislations and other requirements.
- Implementing OHS objectives & targets and management programs.
- Providing OHS training and communicating OHS concerns with our employees and all relevant external parties including contractors and visitors.
- Monitoring and evaluating OHS performance to continually improve OHS management systems in our workplace.

Environmental Factors

The Group understands that it too has a role to play in contributing to a cleaner and more sustainable future by being more efficient in energy consumption and the use of materials. Every step in the right direction brings us closer to achieving a mutually-beneficial goal of a greener tomorrow.

We are looking into the following areas for improvement:

- Reduce electricity consumption such as in lighting and air conditioning.

- Better integration of recycling of materials such as toners, paper and waste separation.
- Reduce overall usage of paper.

Outside of the office, we are also looking into how we can improve the ready-mixed concrete production process to reduce the amount of pollutants generated. The CO2 emissions and high volume of noise are but some of the areas which we will be studying. We will also be looking into avenues for better compliance with Singapore pollutant management requirements for our waste management business segment.

Targets

We will be looking to continually improve on the various indicators that were mentioned. Health and safety is a top priority and we hope that with our new guidelines and ongoing communication with our staff, we are able to reduce the number of worksite incidents.

In our management of resource consumption, we will constantly raise awareness of environmental issues among employees and encourage them to adopt environmentally responsible behaviour. We will closely monitor and lessen our impact to the environment and craft out a more accurate and meaningful blueprint of how to better manage and reduce our energy consumption.

Sustainability Reporting Framework

As we continue to improve upon our reporting framework, we will study other audits and factors for inclusion in our sustainability report. These should be in line with SGX requirements and can be implemented in phases to facilitate the drafting of a more comprehensive and holistic report. We will also continue to evaluate the suitability of existing audits and adapt where needed in future reports.

Board Statement

The Board has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of the material ESG factors.

The Board will continue to uphold proper governance of the Group via good corporate citizenship practices such as environmental awareness, ethical behaviour and sound corporate governance. Further details on our latest corporate governance practices can be found in our Corporate Governance Statement.

Moving forward, the Board will be closely managing the ESG impact year on year and monitoring the refinement and customisation of the report. We look forward to sharing more with our shareholders and working to improve the lives and environs of all our stakeholders.

CORPORATE
GOVERNANCE STATEMENT

The Company is committed to adhering to the principles and guidelines of the Code of Corporate Governance 2012 ("Code") so as to ensure greater transparency and protection of shareholders' interests. The Group has complied substantially with the principles and guidelines of the Code. This statement describes the Company's corporate governance practices with specific reference to the principles of the Code and describes any deviation from any guideline of the Code together with an appropriate explanation.

Board Matters

Principle 1: The Board's Conduct of Affairs

The Board's role is to:

- set strategic plans of the Group;
- review management performance;
- approve key operational initiatives, annual budgets, major investments, divestment proposals and funding decisions;
- maintain a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets;
- approve the nominations of directors and appointment of key management personnel;
- set the Group's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met; and
- consider sustainability issues, e.g. environmental and social factors, as part of it strategic formulation.

All directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company.

The Board delegates the authority to make decisions to its Board Committees, namely the Audit Committee (the "AC"), the Nominating Committee (the "NC") and the Remuneration Committee (the "RC") to assist the Board in the discharge of specific responsibilities. The roles of each committee are set out in their respective written terms of reference.

The Board meets regularly throughout the year on a quarterly basis. Ad-hoc meetings are convened when circumstances require. The Company's Constitution provides for telephonic and video-conference meetings. The number of Board meetings held in the financial year, as well as the attendance of the directors at meetings, is disclosed below:

Directors' Attendance At Board And Board Committee Meetings For FY2018

	Board		AC		NC		RC	
Name	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**	**No. of Meetings Held**	**No. of Meetings Attended**
Tan Kok Hiang	8	8	4	4	1	1	1	1
Tan Hwee Yong	8	8	4	4	1	1	1	1
Chua Eng Him (passed away on 30/1/2018)	8	2	–	–	1	1	–	–
Yap Boh Lim/ Yap Eng Ching	8	8	4	4	–	–	–	–
Low Wing Hong	8	8	–	–	–	–	1	1

Matters which require Board's specific approval include:

- half-yearly and full-year financial results announcements of the Group;
- corporate strategy and business plans;
- annual budgets, major investments, divestment proposals and any investments or expenditures exceeding $250,000;
- annual report and financial statements;
- remuneration packages of the directors and the key management personnel; and
- interim dividends and other returns to shareholders.

The Company will provide a formal letter of appointment to each new director, setting out the director's duties and obligations. Every new director will receive comprehensive and tailored induction on joining the Board which includes his duties as a director and how to discharge those duties, and briefings to familiarise himself with the Group's business and governance practices. For those who do not have prior experience as a director of a public listed company, training in areas such as accounting, legal and industry-specific knowledge as appropriate will be provided. All the directors are appropriately qualified and experienced to discharge their responsibilities. The Company will initiate relevant training for directors, particularly on relevant new laws, regulations and changing commercial risks, from time to time.

Principle 2: Board Composition and Guidance

Currently, the Board comprises 4 directors, 2 of whom are independent non-executive directors. The NC reviews the independence of each director annually in accordance with the Code's definition of what constitutes an independent director. For FY2018, the NC is of the view that independent directors made up at least one-third of the Board and that no individual or small group of individuals dominates the Board's decision making. Under certain circumstances set out in Guideline 2.2, the independent directors should make up at least half of the Board. However, the Company is not required to comply with this guideline as the Chairman of the Board and the Chief Executive Officer ("CEO")/acting CEO are different persons and the Chairman has no relationship with the Company.

While the Company's Constitution allows for the appointment of a maximum of 9 directors, the NC is of the view that the current Board size of 4 directors is appropriate, taking into account the nature and scope of the Company's operations.

Independent Directors

Our independent directors, namely Mr Tan Kok Hiang and Mr Tan Hwee Yong, have served on the Board for more than 9 years as independent directors. Their independence have been thoroughly and rigorously reviewed by the NC and the Board. The Board is satisfied that Mr Tan Kok Hiang and Mr Tan Hwee Yong are considered independent as they have met all the conditions and criteria of independence under the Code. Mr Tan Kok Hiang and Mr Tan Hwee Yong have no relationship with the Company, its related corporations, its 10% shareholders or its officers and do not receive any compensation from the Group or any of its related corporations for the provision of services other than the directors' fees which are approved by shareholders at the Annual General Meeting ("AGM"). The Board is assured that Mr Tan Kok Hiang and Mr Tan Hwee Yong are independent in character and judgement and there are no relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

The Board as a group provides an appropriate balance and diversity of skills, experience and knowledge of the Company. At present, the Board does not have any female director. The directors contribute core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. The Board takes into account the need for progressive refreshing of the Board.

Taking into account the Board size of 4 directors in the Company, the directors all of whom are non-executive do constructively challenge and help develop proposals on strategy and perform effective check on the performance of management at Board meetings.

Principle 3: Chairman and CEO/Acting CEO

There is a clear division of responsibilities between the Chairman of the Board and the CEO/acting CEO. The Group keeps the posts of Chairman and CEO/acting CEO separate so as to ensure a balance of power and authority at the top of the Group. Under certain circumstances set out in Guideline 3.3, every company should appoint an independent director to be the lead independent director. However, the Company is not required to comply with this guideline as the Chairman of the Board and the CEO/acting CEO are different persons and the Chairman has no relationship with the Company.

The Board has delegated the day-to-day running of the Group to the CEO/acting CEO while the Chairman of the Board is primarily responsible for the effective working of the Board.

The Chairman's responsibilities include leading the Board to ensure its effectiveness on all aspects of its role, setting its agenda and ensuring that adequate time is available for discussion of all agenda items, in particular strategic issues, promoting a culture of openness and debate at the Board, ensuring that the directors receive complete, adequate and timely information, ensuring effective communication with shareholders, encouraging constructive relations within the Board and between the Board and management, facilitating the effective contribution of all directors and promoting high standards of corporate governance.

Principle 4: Board Membership

The NC was established in March 2002. The NC comprises 3 members, 2 of whom, including the Chairman are independent non-executive directors.

The NC's role is to:

- oversee the appointment and induction process for directors and key management personnel;
- review composition of the Board and make recommendations to the Board on the appropriate skill mix, personal qualities and experience required for the effective performance of the Board;
- review the selection, appointment and succession planning process of the CEO;
- review, assess and recommend the re-appointment or re-election of directors, taking into consideration each director's contribution and ability to adequately carry out his duties as director;
- ascertain annually, whether independent directors meet the independence criteria set out in the Code;
- develop a process for evaluating the effectiveness of the Board as a whole and assessing the contribution of individual director to the effectiveness of the Board; and
- review training and professional development programs for the Board.

Under the Company's Constitution, not less than one-third of the directors are to retire from office by rotation at each AGM of the Company. CEO who is also a director is not subject to retirement by rotation. The Board agreed that the Company's Constitution shall not be amended to provide for retirement of the CEO as the position of CEO is specialised and requires an experienced and knowledgeable person to perform the day-to-day running of the Group's operation.

In the process for selection of new directors, the NC will seek suitable qualified persons, usually through a network of contacts and select the relevant expertise required. The NC will conduct interviews with the candidates and recommend to the Board, the most suitable candidate for appointment to the Board. Candidates are selected for their character, judgement, business experience and acumen. Scientific expertise, prior government service and familiarity with national and international issues affecting business are also among the relevant criteria. Final approval of a candidate is determined by the full Board.

The Board noted that none of the directors has directorship in more than 3 other public listed companies and hence does not prescribe the maximum number of listed company board representations which directors may hold. Where a director has multiple listed company board representations, the NC will evaluate whether or not a director is able to and has been adequately carrying out his duties as director of the Company, taking into consideration the director's number of listed company board representations and other principal commitments.

Dr Yap Eng Ching, an alternate director to Mr Yap Boh Lim since 15 September 2009, was appointed to assist Mr Yap who is currently 80 years old. Dr Yap is familiar with the Company's affairs and as an alternate director bears all the duties and responsibilities of a director. The NC and the Board have found Dr Yap to be appropriately qualified.

CORPORATE
GOVERNANCE STATEMENT

The Board comprises suitably qualified members and the date of appointment and date of last re-election of each director are set out below:

Current members	Date of appointment	Nature of appointment	Prime/Other functions	Last re-election	Academic and professional qualifications
Tan Kok Hiang	25/9/97	Independent, non-executive	Chairman of Board, AC and RC, member of NC	22/6/16	Bachelor of Accountancy (Hons), University of Singapore
Yap Boh Lim	31/8/79	Non-executive	Member of AC and NC	22/6/16	Barrister-at-Law
Tan Hwee Yong	18/5/07	Independent, non-executive	Chairman of NC, member of AC and RC	28/6/17	Bachelor of Science, National University of Singapore
Low Wing Hong	29/8/07	Non-executive	Member of RC	28/6/17	Bachelor of Accountancy, National University of Singapore
Yap Eng Ching (Alternate to Yap Boh Lim)	15/9/09	Alternate director	Alternate director	N.A.	Bachelor of Medicine and Surgery University of Bristol, UK

Principle 5: Board Performance

The NC has established a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board. On an annual basis, each director completes a peer assessment questionnaire on the other directors individually and submits to the NC for comments, feedback and compilation, following which the NC will recommend to the Board for discussion and endorsement at the Board meeting. The assessment parameter includes attendance at meetings of the Board and Board Committees, intensity of participation at meetings, quality of interventions and special contributions. The performance of each director will be taken into account for re-election. The Chairman of the Board will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors. For FY2018, the NC and the Board are satisfied that each director continues to contribute effectively and demonstrate commitment to the role.

Each director will also evaluate the performance of the Board as a whole taking into consideration a set of performance criteria including board composition and size, director's qualification, development of governance framework, reviewing independence of independent directors and maintaining a sound system of risk management and internal controls. For FY2018, as evaluated against the performance criteria, the NC is satisfied with the effectiveness of the Board as a whole.

Principle 6: Access to Information

Directors receive a regular supply of information from management about the Group so that they are equipped to play as full a part as possible in Board meetings. Detailed Board papers are prepared for each Board meeting and are normally circulated a week in advance of each meeting. The Board papers include sufficient information from management on financial, business and corporate issues to enable the directors to be properly briefed on issues to be considered at Board meetings. Information provided includes background or explanatory information relating to matters to be brought before the Board, copies of disclosure documents, budgets, forecasts and monthly internal financial statements.

All directors have unrestricted access to the Company's records and information and receive detailed financial and operational reports from senior management during the year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult with other employees and seek additional information on request.

In addition, directors have separate and independent access to the advice and services of the Company Secretary, who is responsible to the Board for ensuring that established procedures and relevant statutes and regulations are complied with. The Company Secretary attends all Board meetings and is responsible to ensure that Board procedures are followed and that applicable rules are complied with. The appointment and removal of the Company Secretary are subject to the Board's approval as a whole.

Should directors, either individually or as a group, in the furtherance of their duties, need independent professional advice, the professional advisor selected must be approved by the Board. The cost of such professional advice shall be borne by the Company.

Remuneration Matters

Principle 7: Procedures for developing Remuneration Policies

The RC was established in March 2002. The RC comprises 3 members, all non-executive, 2 of whom, including the Chairman are independent directors.

The RC reviews and approves recommendations on remuneration policies and packages for the Board and key management personnel. The review covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind. The RC also reviews the Company's obligations arising in the event of termination of executive director's and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous. The RC's recommendations are made in consultation with the Chairman of the Board and submitted for endorsement by the entire Board. If necessary, the RC will seek expert advice inside and/or outside the Company on remuneration of all directors.

Annual reviews of the compensation of directors are also carried out by the RC to ensure that executive director and key management personnel are appropriately rewarded, giving due regard to the financial and commercial health and business needs of the Group.

Principle 8: Level and Mix of Remuneration

The remuneration package of the CEO/acting CEO includes a basic salary and a performance related bonus which is linked to the financial performance of the Group. The CEO/acting CEO has a service agreement with the Company and the service agreement and the remuneration package have been reviewed by the RC and approved by the Board. The Company does not have any long-term incentive schemes. The Company does not use any contractual provisions to allow the Company to reclaim incentive components of remuneration from any executive director and key management personnel in exceptional circumstances of misstatement of financial results, or misconduct resulting in financial loss to the Company.

The Chairman and the non-executive directors do not have service agreements with the Company. Non-executive directors receive directors' fees which are set in accordance with a remuneration framework comprising basic fee and/or attendance fee. The remuneration of non-executive directors is determined by the Board, taking into account factors such as effort, time spent and responsibilities of the directors, and is subject to approval of shareholders at each AGM. Non-executive directors are not over-compensated to the extent that their independence may be compromised. Executive directors, if any, do not receive directors' fees.

Principle 9: Disclosure on Remuneration

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance to attract, retain and motivate key management personnel and directors. The remuneration packages offered by the Group are comparable to those of other companies of similar size and nature. For FY2018, subject to shareholders' approval, it is proposed that directors' fees of $110,000 be paid. A breakdown of the directors' remuneration is also disclosed on page 80.

The remuneration of the directors of the Company for FY2018 is as follows:

	Total Remuneration $'000	Fee %	Salary %	Bonus %	Total %
Chua Eng Him (passed away on 30/1/2018)	115	–	100	–	100
Tan Kok Hiang	33	100	–	–	100
Yap Boh Lim	26	100	–	–	100
Tan Hwee Yong	30	100	–	–	100
Low Wing Hong	21	100	–	–	100

The remuneration of the top 5 key management personnel of the Group (who are not directors or CEO/acting CEO) for FY2018 is as follows:

Below $250,000	Salary %	Bonus %	Total %
Loke Kai Hoong	88	12	100
Chen Lee Lee	88	12	100
Kek Yong Hock	89	11	100
Lee Kim Keow	92	8	100
Yeo Tin Check	92	8	100

The Company does not disclose in aggregate the total remuneration paid to the top 5 key management personnel of the Group (who are not directors or CEO/acting CEO) for the purpose of maintaining confidentiality of staff remuneration matters.

For FY2018, the Company and its subsidiaries do not have any employee who is an immediate family member of a director or CEO/acting CEO whose remuneration exceeds $50,000.

The CEO/acting CEO's remuneration package is linked to the Group's performance. It includes a variable bonus element which is performance-related to ensure that he is fairly remunerated. The detailed breakdown of remuneration in percentage terms into fixed salary and bonus also display a link between remuneration paid to CEO/acting CEO and key management personnel, and performance.

The Company does not have any employee share scheme.

Accountability And Audit

Principle 10: Accountability

In presenting the annual financial statements and interim announcements to shareholders, it is the aim of the Board to provide shareholders with a balanced and comprehensible assessment of the Group's position and prospects. The Board releases the Group's half and full-year results via the SGXNET and annual reports are issued within the mandatory period. Management currently provides the Board with appropriate detailed management accounts of the Group's performance, position and prospects on a monthly basis. The Board ensures that legislative and relevant regulatory requirements, including requirements under the listing rules of the securities exchange are complied with.

Principle 11: Risk Management and Internal Controls

The Board is responsible for ensuring that management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. Risk assessment and evaluation takes place as an integral part of the annual strategic planning cycle. The management regularly reviews the Group's business and operational activities to identify the area of risks as well as documenting the mitigating actions in place and the proposals in respect of each significant risk. The Board determines the Company's levels of risk tolerance and oversees management in the design, implementation and monitoring of the risk management and internal control systems.

The Board and the AC regularly review the adequacy and effectiveness of the Group's risk management and internal control framework including financial, operational, compliance and information technology controls.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the AC and the Board are satisfied with the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls, and risk management systems.

For FY2018, due to the demise of the CEO, Mr Chua Eng Him, the Board has received assurance from the Finance Manager that overall, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the risk management and internal control systems within the Group are effective. The Board has played a supervisory role to the senior management team since the demise of Mr Chua Eng Him in January 2018.

For FY2018, the Board has considered sustainability issues as part of its strategic formulation, determined the material ESG (environmental, social and governance) factors and overseen the management and monitoring of the material ESG factors.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

Principle 12: Audit Committee

The AC comprises 3 directors, all non-executive, the majority of whom, including the Chairman are independent. The Chairman of the AC, Mr Tan Kok Hiang, is a non-practising certified public accountant. The other members, Mr Yap Boh Lim is a Barrister-at-Law while Mr Tan Hwee Yong is a licensed appraiser. The NC is of the view that the members of the AC have relevant accounting or related financial management expertise or experience to discharge their responsibilities.

The AC's role is to:

- review the audit plans and scope of audit examination of the external auditors and approve the audit plans of the internal auditors;
- evaluate the overall effectiveness of both the internal and external audits through regular meetings with each group of auditors;
- review the adequacy of the internal audit function;
- determine that no restrictions are being placed by management upon the work of the internal and external auditors;
- evaluate the adequacy of the internal control systems of the Group by reviewing written reports from the internal and external auditors, and management's responses and actions to correct any deficiency;

- evaluate adherence to the Group's administrative, operating and annual accounting controls;
- review the annual and interim financial statements and announcements to shareholders before submission to the Board for adoption;
- review interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")) to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its minority shareholders;
- discuss with the internal and external auditors of fraud risks or internal control observation or implication of any Singapore or other applicable laws, rules and regulations; and
- consider other matters as requested by the Board.

The AC is authorised to investigate any matter within its terms of reference, and has full access to management and also full discretion to invite any director or executive officer to attend its meetings, as well as reasonable resources to enable it to discharge its function properly. Annually, the AC meets with the internal auditors and the external auditors separately, without the presence of management. This is to review the adequacy of audit arrangements, with particular emphasis on the scope and quality of their audits, the independence and objectivity of the external auditors and the observations of the auditors.

The aggregate amount of fees paid to the external auditors amounted to approximately $85,000 for audit services and $3,000 for non-audit services.

The AC has undertaken a review of all non-audit services provided by the auditors and confirm that they would not, in the AC's opinion, affect the independence of the auditors.

The Company has put in place a whistleblower policy and procedures which provide employees with well defined and accessible channels within the Group through which employees may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The policy aims to encourage reporting of such matters in good faith, with the confidence that retaliatory action will not be taken against any employee who has made reports of violations or suspected violations. The AC ensures that arrangements are in place for the independent investigation of such matters and for appropriate follow up action.

The external auditors help to keep the AC members abreast of changes to accounting standards and issues which have a direct impact on financial statements by providing them with regular updates and briefings on key changes to regulatory requirements and reporting, accounting and auditing standards.

The AC had discussed the key audit matters for FY2018 with management and the external auditors. The AC concurs with the basis and conclusions included in the Independent Auditors' Report with respect to the key audit matters.

No former partner or director of the Company's existing auditing firm or auditing corporation is a member of the AC.

Principle 13: Internal Audit

The Group outsourced its internal audit function to RSM Risk Advisory Pte Ltd, a reputable company which is a member of the Institute of Internal Auditors Singapore. Their methodology for internal audit is aligned with the requirements of the IPPF (International Professional Practices Framework). The internal auditors report directly to the Chairman of the AC on audit matters and to the CEO/acting CEO on administrative matters. The AC approves the hiring, removal, evaluation and compensation of the company to which the internal audit is outsourced. The internal auditors have unfettered access to all the Company's documents, records, properties and personnel, including access to the AC.

The AC, on an annual basis, assesses the effectiveness of the internal auditors by examining the scope of the internal auditors' work, quality of their reports, their relationship with the external auditors and their independence of the areas reviewed.

Shareholder Rights And Responsibilities

Principle 14: Shareholder Rights
Principle 15: Communication with Shareholders
Principle 16: Conduct of Shareholder Meetings

Information on changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares is publicly released to shareholders via the SGXNET. The Board releases the Group's half and full-year results via the SGXNET and annual reports are issued within the mandatory period. The Company does not have an investor relations team taking into account the size of the Company. However, the Board is open to the views of shareholders on matters relating to the Group during shareholders' meetings or on an ad-hoc basis. Dialogue with shareholders is mainly conducted during shareholders' meetings.

Shareholders of the Company are informed of shareholders' meeting through annual report and notice of AGM and/or circulars provided to shareholders. The notice is also published in newspapers and announced via the SGXNET. The Company's Constitution allows a member of the Company to appoint proxies to attend and vote instead of the member.

At shareholders' meeting, shareholders are given the opportunity to communicate their views on various matters affecting the Company. The Chairman of the Board and the respective Chairman of the AC, NC and RC will be present and available to address relevant queries by shareholders. The external auditors will also be present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The minutes are made available to shareholders upon their request in writing.

Separate resolutions are proposed at general meetings on each substantially separate issue. "Bundling" of resolutions are avoided unless the resolutions are interdependent and linked so as to form one significant proposal. The Company employs electronic polling and put all resolutions to vote by poll and makes an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages. The Company is not implementing voting in absentia by mail or electronic means as the authentication of shareholder identity and other related security and integrity of the information still remain a concern.

The Company does not have a fixed dividend policy. The Company paid an interim dividend of 1 cent per share over the year in review. Any declaration and payment of dividends in future will depend on underlying net profit for each financial year.

Dealings In Securities

The Company has adopted the best practices on dealing in securities set out in the SGX-ST Listing Manual, whereby there should be no dealings in the Company's securities by its officers during the period commencing one month prior to the announcement of Company's annual or half-year results and ending on the date of announcement of the relevant results. Directors and executives are also expected to observe insider trading laws at all times even when dealing in securities within the permitted trading period and are discouraged from dealing in the Company's securities on short-term considerations.

Interested Person Transactions

The Company has adopted internal procedures, in accordance with Chapter 9 of the SGX-ST Listing Manual, to identify and report and where necessary, review and seek approval for interested person transactions. The Company has an existing agreement for the lease of office premises with Mr Chua Eng Him who was a director and the CEO of the Company until his demise on 30 January 2018. Rental paid under this agreement for FY2018 amounted to $79,762 for the Group and the Company. This interested person transaction has been reviewed by the AC.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 28 February 2018.

In our opinion:

(a) the financial statements set out on pages 37 to 88 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 28 February 2018 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors in office at the date of this statement are as follows:

Yap Boh Lim
Tan Kok Hiang
Tan Hwee Yong
Low Wing Hong
Yap Eng Ching (Alternate to Yap Boh Lim)

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Companies Act, Chapter 50 (the Act), particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and related corporations (other than wholly-owned subsidiaries) are as follows:

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	**At end of the year**	**At beginning of the year**	**At end of the year**
Company				
Ordinary shares				
Chua Eng Him (deceased 30 January 2018)	20,731,566	–	–	–
Yap Boh Lim	14,252,104	14,252,104	–	–
Yap Eng Ching	500,000	500,000	–	–

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
<u>Subsidiaries</u>				
<u>Crescent Concrete Sdn. Bhd.</u>				
Ordinary shares of RM1.00 each fully paid				
Chua Eng Him (deceased 30 January 2018)	–	–	1,330,000	–
Yap Boh Lim	–	–	1,330,000	1,330,000

By virtue of Section 7 of the Act, Chua Eng Him is deemed to have interests in all wholly-owned subsidiaries of Transit-Mixed Concrete Ltd at the beginning of the financial year and ceased to have deemed interest since 30 January 2018. Yap Boh Lim is deemed to have interests in all wholly-owned subsidiaries of Transit-Mixed Concrete Ltd at the beginning and at the end of the financial year.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning or at the end of the financial year.

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 March 2018.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Share options

During the financial year, there were:

(i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and

(ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

As at the end of the financial year, there were no unissued shares of the Company or its subsidiaries under options granted by the Company or its subsidiaries.

DIRECTORS' STATEMENT

Audit Committee

The members of the Audit Committee during the year and at the date of this statement comprise two independent directors and a non-executive director as follows:

Tan Kok Hiang	(Chairman, independent and non-executive director)
Tan Hwee Yong	(Independent and non-executive director)
Yap Boh Lim	(Non-executive director)

The Audit Committee performs the functions specified in Section 201B of the Act, the Singapore Exchange Securities Trading Limited (SGX-ST) Listing Manual and the Code of Corporate Governance.

The Audit Committee has held four meetings since the last directors' statement. In performing its functions, the Audit Committee met with the Company's external and internal auditors to discuss the scope of their work, the results of their examination and evaluation of the Group's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the internal and external auditors;
- half-yearly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption;
- interested person transactions (as defined in Chapter 9 of the SGX-ST Listing Manual); and
- the significant matters impacting the financial statements and the accounting principles and judgement of items as adopted by management for these significant matters.

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the Board of Directors that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company, subsidiaries and associated company, we have complied with Rules 712 and 715 of the SGX-ST Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors

Yap Boh Lim
Director

Tan Kok Hiang
Director

30 May 2018

INDEPENDENT
AUDITORS' REPORT

Members of the Company
Transit-Mixed Concrete Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Transit-Mixed Concrete Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 28 February 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 37 to 88.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 28 February 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the *'Auditors' responsibilities for the audit of the financial statements*' section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (ACRA) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Valuation of plant and equipment ($13.3 million)
(Refer to Note 4 to the financial statements)</td></tr>
<tr><td>The key audit matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>Risk

In the current year, the Group identified indicators of impairment in the concrete pumping services segment, a cash-generating-unit ("CGU") of the Group. Due to weak market conditions and intense competition, the profitability of the Singapore unit of the concrete pumping services segment ("Singapore Concrete Pumping Unit") continues to decline in the current year. Management performed an impairment assessment on the Singapore Concrete Pumping Unit. This involves a comparison of the carrying value of the non-financial asset of the Singapore Concrete Pumping Unit to its recoverable amount determined based on the value-in-use method.

Management's value-in-use computations includes judgement used in estimating the future cash flow from the Singapore Concrete Pumping Unit which are subject to estimation uncertainties.

Based on management's assessment, the recoverable amount of the Singapore Concrete Pumping Unit is lower than its carrying amount. Consequently, the Group recognised an allowance for impairment loss of $3,985,000.</td><td>Our response

We evaluated the basis of identification of CGUs by management.

We reviewed the valuation methodology used in determining the recoverable amount.

We reviewed the key assumptions used in the cash flow projections to derive the recoverable amount of the Singapore Concrete Pumping Unit. We compared the growth rates used in the cash flow projections to past performance and prevailing industry reports. We compared management's estimate of the residual values of plant and equipment to brokers' quotes. We compared the discount rates to market observable data, including risk premiums of peer companies.

Our findings

We found management's identification of CGUs to be appropriate.

We found the valuation methodology and key assumptions used in the value-in-use calculations to be within range.</td></tr>
</table>

Valuation of trade receivables ($5.2 million) (Refer to Note 9 to the financial statements)	
The key audit matter	*How the matter was addressed in our audit*
Risk The Group's credit exposure is concentrated in customers in the construction sector residing in Singapore and Malaysia, which is subject to business cycles. The recovery of trade receivables is further dependent on the progress and performance of certain long-term infrastructure projects, subject to operational and other risks.	Our response We reviewed the aging profile of trade receivables and management's assessment of recoverability of the individually significant trade receivables. We challenged management's assessment and checked past payment patterns and subsequent cash receipts from customers. We tested management's collective assessment of the remaining portfolio of trade receivables using the incurred-loss model. Our findings We found management's estimate of the provision for doubtful debts which has incorporated the relevant factors in forming the estimate, to be balanced.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless the law or regulations preclude public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Loo Kwok Chiang, Adrian.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
30 May 2018

STATEMENTS OF FINANCIAL POSITION

As at 28 February 2018

	Note	Group 2018 $	Group 2017 $	Company 2018 $	Company 2017 $
Non-current assets					
Plant and equipment	4	13,317,908	19,930,290	1,948,861	3,167,483
Investment in subsidiaries	5	–	–	12,705,060	12,740,060
Investment in joint venture	7	1,857,054	629,519	2,135,507	943,006
Deferred tax asset	13	465,554	469,000	449,000	469,000
Total non-current assets		15,640,516	21,028,809	17,238,428	17,319,549
Current assets					
Inventories	8	903,888	1,010,452	–	–
Trade and other receivables	9	5,823,975	7,251,145	1,398,629	2,194,149
Cash and cash equivalents	10	3,086,937	2,020,322	2,202,621	1,559,147
Total current assets		9,814,800	10,281,919	3,601,250	3,753,296
Total assets		25,455,316	31,310,728	20,839,678	21,072,845
Equity attributable to owners of the Company					
Share capital	11	11,190,764	11,190,764	11,190,764	11,190,764
Reserves	12	6,797,624	12,809,169	2,100,568	4,714,201
Total equity attributable to owners of the Company		17,988,388	23,999,933	13,291,332	15,904,965
Non-controlling interests	6	1,009,114	786,536	–	–
Total equity		18,997,502	24,786,469	13,291,332	15,904,965
Non-current liabilities					
Deferred tax liabilities	13	1,818,324	2,149,013	–	–
Finance lease obligations	14	44,856	83,297	–	–
Total non-current liabilities		1,863,180	2,232,310	–	–
Current liabilities					
Trade and other payables	15	4,461,604	3,905,317	7,548,346	5,167,880
Current tax liabilities		18,417	19,774	–	–
Finance lease obligations	14	114,613	366,858	–	–
Total current liabilities		4,594,634	4,291,949	7,548,346	5,167,880
Total liabilities		6,457,814	6,524,259	7,548,346	5,167,880
Total equity and liabilities		25,455,316	31,310,728	20,839,678	21,072,845

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 28 February 2018

	Note	Group 2018 $	Group 2017 $
Revenue	16	17,036,098	22,106,336
Cost of sales		(16,309,498)	(19,004,059)
Gross profit		726,600	3,102,277
Other income	18	91,128	643,856
Selling, general and administrative expenses		(1,932,678)	(1,862,191)
Other operating expenses		(3,985,000)	–
Net finance (cost)/income	19	(50,287)	35,925
Share of profit of joint venture, net of tax	7	120,551	96,754
(Loss)/Profit before tax	17	(5,029,686)	2,016,621
Tax credit/(expense)	20	269,944	(133,557)
(Loss)/Profit for the year		(4,759,742)	1,883,064
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations		45,439	(172,763)
		45,439	(172,763)
Total comprehensive income for the year		(4,714,303)	1,710,301
(Loss)/Profit for the year attributable to:			
Owners of the Company		(4,602,351)	1,938,102
Non-controlling interests	6	(157,391)	(55,038)
(Loss)/Profit for the year		(4,759,742)	1,883,064
Total comprehensive income attributable to:			
Owners of the Company		(4,619,729)	1,810,276
Non-controlling interests		(94,574)	(99,975)
Total comprehensive income for the year		(4,714,303)	1,710,301
(Loss)/Earnings per share (cents)			
- basic and fully diluted	21	(6.61)	2.78

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 28 February 2018

Group	Share capital $	Foreign currency translation reserve $	Retained earnings $	Total attributable to owners of the Company $	Non-controlling interests $	Total $
2017						
At 1 March 2016	11,190,764	(461,122)	13,895,693	24,625,335	886,511	25,511,846
Total comprehensive income for the year						
Profit for the year	–	–	1,938,102	1,938,102	(55,038)	1,883,064
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	–	(127,826)	–	(127,826)	(44,937)	(172,763)
Total other comprehensive income for the year	–	(127,826)	–	(127,826)	(44,937)	(172,763)
Total comprehensive income for the year	–	(127,826)	1,938,102	1,810,276	(99,975)	1,710,301
Transactions with owners, recorded directly in equity						
Distributions to owners						
Final tax-exempt dividend to owners of 2 cents per share in respect of 2016	–	–	(1,391,816)	(1,391,816)	–	(1,391,816)
Interim tax-exempt dividend to owners of 1.5 cents per share in respect of 2017	–	–	(1,043,862)	(1,043,862)	–	(1,043,862)
Total distributions to owners	–	–	(2,435,678)	(2,435,678)	–	(2,435,678)
At 28 February 2017	11,190,764	(588,948)	13,398,117	23,999,933	786,536	24,786,469

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 28 February 2018

Group	Share capital $	Foreign currency translation reserve $	Retained earnings $	Total attributable to owners of the Company $	Non-controlling interests $	Total $
2018						
At 1 March 2017	11,190,764	(588,948)	13,398,117	23,999,933	786,536	24,786,469
Total comprehensive income for the year						
Profit for the year	–	–	(4,602,351)	(4,602,351)	(157,391)	(4,759,742)
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	–	(17,378)	–	(17,378)	62,817	45,439
Total other comprehensive income for the year	–	(17,378)	–	(17,378)	62,817	45,439
Total comprehensive income for the year	–	(17,378)	(4,602,351)	(4,619,729)	(94,574)	(4,714,303)
Transactions with owners, recorded directly in equity						
Distributions to owners						
Final tax-exempt dividend to owners of 1 cent per share in respect of 2017	–	–	(695,908)	(695,908)	–	(695,908)
Interim tax-exempt dividend to owners of 1 cent per share in respect of 2018	–	–	(695,908)	(695,908)	–	(695,908)
Total distributions to owners	–	–	(1,391,816)	(1,391,816)	–	(1,391,816)
Changes in ownership interests in subsidiary						
Formation of a subsidiary with non-controlling interests	–	–	–	–	317,152	317,152
Total changes in ownership interests in subsidiary	–	–	–	–	317,152	317,152
Total transactions with owners	–	–	(1,391,816)	(1,391,816)	317,152	(1,074,664)
At 28 February 2018	11,190,764	(606,326)	7,403,950	17,988,388	1,009,114	18,997,502

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 28 February 2018

	Note	Group 2018 $	2017 $
Cash flows from operating activities			
(Loss)/Profit before tax		(5,029,686)	2,016,621
Adjustments for:			
Depreciation of plant and equipment	4	3,537,415	3,598,131
Write-off of plant and equipment	4	26,117	–
Impairment loss on plant and equipment	17	3,985,000	–
Reversal of gain on disposal of plant and equipment	17	194,972	–
Gain on disposal of plant and equipment	17	(67,989)	(525,068)
Interest income	19	(6,064)	(6,586)
Interest expense	19	24,613	73,299
Allowance for doubtful receivables	17	–	17,091
Bad debts written off	17	51,115	33,887
Share of profit of joint venture		(120,551)	(96,754)
		2,594,942	5,110,621
Changes in:			
Inventories		106,564	93,040
Trade and other receivables		721,237	2,494,478
Trade and other payables		912,606	(1,152,719)
Cash generated from operations		4,335,349	6,545,420
Income taxes paid		(58,656)	(120,409)
Net cash from operating activities		4,276,693	6,425,011
Cash flows from investing activities			
Interest received		6,064	6,586
Purchase of plant and equipment	4	(1,411,751)	(3,001,274)
Proceeds from disposal of plant and equipment		842,981	–
Investment in joint venture		(1,192,500)	(632,652)
Net cash used in investing activities		(1,755,206)	(3,627,340)
Cash flows from financing activities			
Interest expense paid		(24,613)	(73,299)
Proceeds from non-controlling interest upon the formation of a subsidiary		317,152	–
Loan from non-controlling interest		165,542	–
Repayment of finance lease obligations		(396,091)	(1,365,776)
Dividends paid		(1,391,816)	(2,435,678)
Net cash used in financing activities		(1,329,826)	(3,874,753)
Net increase/(decrease) in cash and cash equivalents		1,191,661	(1,077,082)
Cash and cash equivalents at beginning of the year		2,020,322	3,146,513
Effects of exchange rate fluctuations on cash held		(125,046)	(49,109)
Cash and cash equivalents at end of the year	10	3,086,937	2,020,322

Significant non-cash transactions:

During the year, the Group purchased plant and equipment amounting to $Nil (2017: $521,860) which remains unpaid as at the reporting date. In addition, the Group acquired plant and equipment of $105,405 (2017: $677,079) under finance lease arrangements.

During the year, the Group disposed of plant and equipment for a total consideration of $381,274 (2017: $1,185,002), of which $154,379 (2017: $1,185,002) remains as outstanding receivable as at the reporting date.

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 30 May 2018.

1. Domicile and activities

Transit-Mixed Concrete Ltd (the Company) is incorporated in Singapore. The address of the Company's registered office is 150 Changi Road #03-05, Guthrie Building, Singapore 419973.

The principal activities of the Company are those of an investment holding company, supply of ready-mixed concrete and the manufacture and sale of ready-mixed concrete. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

The financial statements of the Group as at and for the year ended 28 February 2018 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities), and the Group's investment in joint venture.

2. Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the accounting policies below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company's functional currency.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

2. Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are discussed below:

Recoverable amount of plant and equipment

The Group evaluates whether there are any indicators of impairment for plant and equipment at each reporting date and determines the amount of impairment losses as a result of the decrease in the future cash flows derived from the continued use of the plant and equipment.

An impairment loss is recognised when value in use of the plant and equipment is less than its carrying amount as at the reporting date. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the plant and equipment. Any significant changes to market conditions may result in additional impairment risk on the carrying amount of plant and equipment. Significant changes to the estimates used by management to derive the future cash flows from the asset and in determining the discount rate may result in a higher impairment loss than initially estimated.

Impairment of loans and receivables

The Group evaluates whether there is any objective evidence that loans and receivables are impaired and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the loans and receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs of doubtful debts would be higher than estimated.

2.5 Changes in accounting policies

Revised Standards

The Group has applied the following amendments for the first time for the annual period beginning on 1 March 2017:

- *Disclosure Initiative (Amendments to FRS 7);*
- *Recognition of Deferred Tax Assets for Unrealised Losses (Amendments to FRS 12); and*
- *Clarification of the scope of FRS 112 (Improvements to FRSs 2016).*

Other than the amendments to FRS 7, the adoption of these amendments did not have any impact on the current or prior period and is not likely to affect future periods.

Disclosure initiative (Amendments to FRS 7)

From 1 March 2017, as a result of the amendments to FRS 7, the Group has provided additional disclosure in relation to the changes in liabilities arising from financing activities for the year ended 28 February 2018. Comparative information has not been presented (see Note 14).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities.

3.1 Consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 *Business Combination* as at the date of acquisition, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value on the acquisition date and is included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Non-controlling interests (“NCI”) that are present ownership interests and entitle their holders to a proportionate share of the acquiree’s net assets in the event of liquidation are measured either at fair value or at NCI’s proportionate share of the recognised amounts of the acquiree’s identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

3. Significant accounting policies (cont'd)

3.1 Consolidation (cont'd)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Joint venture

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investment in joint venture is accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that joint control commences until the date that joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from intra-group transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. Significant accounting policies (cont'd)

3.1 Consolidation (cont'd)

Subsidiaries and joint venture in the separate financial statements

Investments in subsidiaries and joint venture are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Singapore dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

3. Significant accounting policies (cont'd)

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets as loans and receivables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables, excluding prepayments.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and short-term deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments. For the purpose of the statement of cash flows, bank overdrafts that are repayable on demand and that form an integral part of the Group's cash management are included in cash and cash equivalents.

Non-derivative financial liabilities

The Group initially recognises debt securities issued on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

3. Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities (cont'd)

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and financial lease obligations.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantee is transferred to profit or loss.

3.4 Plant and equipment

Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of plant and equipment have different useful lives, they are accounted for as separate items (major components) of plant and equipment.

The gain or loss on disposal of an item of plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

3. Significant accounting policies (cont'd)

3.4 Plant and equipment (cont'd)

Subsequent costs

The cost of replacing a component of an item of plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of plant and equipment are recognised in the profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of plant and equipment, unless it is included in the carrying amount of another asset.

Depreciation is recognised from the date that the plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Plant and machinery	2 to 10 years
Office equipment, furniture and fittings	5 to 10 years
Motor vehicles	5 to 10 years
Computers	1 to 2 years
Trucks and mixers	5 to 10 years
Concrete pumps	5 to 10 years
Renovation and electrical installations	1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's statement of financial position.

3. Significant accounting policies (cont'd)

3.6 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined based on the first-in first-out principle or on weighted average basis and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.7 Impairment

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss including an interest in a joint venture, is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, or economic conditions that correlate with defaults.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant loans and receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

In assessing collective impairment, the Group uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When the Group considers that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

3. Significant accounting policies (cont'd)

3.7 Impairment

Non-derivative financial assets

Joint venture

An impairment loss in respect of an investment in joint venture is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax asset, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated to reduce the carrying amounts of the assets in the CGU on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.8 Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

3. Significant accounting policies (cont'd)

3.8 Employee benefits (cont'd)

Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.9 Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.10 Revenue recognition

Sale of goods

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue is recognised when significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognised as a reduction of revenue as the sales are recognised.

Rendering of services

Revenue from services performed is recognised as and when the services are performed.

Rental revenue

Revenue from rental is being recognised on a straight-line basis over the rental term or by usage, depending on the contractual arrangement.

Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

3. Significant accounting policies (cont'd)

3.11 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.12 Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses on financial assets and financial liabilities are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

3.13 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and joint ventures to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

3. Significant accounting policies (cont'd)

3.13 Tax (cont'd)

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.14 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.15 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO and the Board of Directors (the chief operating decision maker) to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the Group's CEO and the Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses and income.

Segment capital expenditure is the total cost incurred during the year to acquire plant and equipment.

3. Significant accounting policies (cont'd)

3.16 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards

Applicable to 2019 financial statements

In December 2017, the Accounting Standards Council (ASC) issued the Singapore Financial Reporting Standards (International) (SFRS(I)). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB) at 31 December 2017 that are applicable for annual period beginning on 1 January 2018. Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group's financial statements for the financial year ending 28 February 2019 will be prepared in accordance with SFRS(I). As a result, this will be the last set of financial statements prepared under the current FRS.

In adopting the new framework, the Group will be required to apply the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International).*

In addition to the adoption of the new framework, the Group will also concurrently apply the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

- SFRS(I) 15 *Revenue from Contracts with Customers* which includes the clarifications to IFRS 15 *Revenue from Contracts with Customers* issued by the IASB in April 2016;
- SFRS(I) 9 *Financial Instruments* which includes the amendments to IFRS 4 *Insurance Contracts – Applying* IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts* issued by the IASB in September 2016;
- requirements in SFRS(I) 2 *Share-based Payment* arising from the amendments to IFRS 2 – *Classification and Measurement of Share-based Payment Transactions* issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 *Investment Property* arising from the amendments to IAS 40 – *Transfers of Investment Property* issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – *Deletion of short-term exemptions for first-time adopters issued* by the IASB in December 2016;
- requirements in SFRS(I) 1-28 *Investments in Associates and Joint Ventures* arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and
- SFRS(I) INT 22 *Foreign Currency Transactions and Advance Consideration*.

Preliminarily, the Group does not expect the application of the above standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 9.

3. Significant accounting policies (cont'd)

3.16 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

Applicable to 2019 financial statements (cont'd)

The Group's impact assessment of SFRS(I) 1, SFRS(I) 15 and SFRS(I) 9 is set out below.

SFRS(I) 1

When the Group adopts SFRS(I) in 2018, the Group will apply SFRS(I) 1 with 1 March 2017 as the date of transition for the Group and the Company. SFRS(I) 1 generally requires that the Group applies SFRS(I) on a retrospective basis, as if such accounting policy had always been applied. If there are changes to accounting policies arising from new or amended standards effective in 2019, restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to the FRS financial statements. The Group does not expect the application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 to have any significant impact on the financial statements.

SFRS(I) 15

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. The Group plans to adopt SFRS(I) 15 in its financial statements for the year ending 28 February 2019, using the retrospective approach. As a result, the Group will apply all of the requirements of IFRS 15 retrospectively, except as described below, and the comparative period presented in the 2019 financial statements will be restated.

The Group plans to use the practical expedients for completed contracts. This means that completed contracts that began and ended in the same comparative reporting period, as well as completed contracts at the beginning of the earliest period presented, are not restated.

The expected impact upon the adoption of SFRS(I) 15 are described below. The information below reflects the Group's expectations of the tax implications arising from the changes in accounting treatment. Tax effects may change when the transition adjustments are finalised.

(i) Identification of performance obligations

The Group currently recognises revenue for goods and services in accordance with the terms and conditions of its revenue arrangements. Under SFRS(I) 15, the Group is required to identify distinct performance obligations (PO) in bundled arrangements and account for each PO separately, unless it can be demonstrated that the Group provides a significant integrated service; and the goods or services within the contract are highly dependent on or highly integrated with other goods or services.

The Group has evaluated the criteria required for contracts with multiple performance obligations and has put in place a process to assess, track and monitor the recognition of revenue for each performance obligation. Based on their preliminary assessment, the Group assessed that there are no current revenue arrangements with multiple performance obligations that might result in a significant impact on the timing and amount of revenue recognition.

3. Significant accounting policies (cont'd)

3.16 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 15 (cont'd)

(ii) Variable consideration

The Group's contracts may include variable considerations such as discounts, penalties, including liquidated damages for delays, or other similar terms. Under SFRS(I) 15, the Group is required to estimate the amount of consideration to which it expects to be entitled and variable amounts are included in contract revenue to the extent that it is highly probable that there will be no significant reversal when the uncertainty is resolved.

(iii) Presentation of contract related assets and liabilities

Under SFRS(I) 15, for each revenue contract entered into, the Group presents contract assets or contract liabilities in its statement of financial position when the Group has performed the transfer of goods/services to the customer and has established the right to payment for the transfer (contract asset), or the customer had paid a consideration in advance of the transfer of goods/services to the Group (contract liability).

Based on the Group's preliminary assessment, the Group does not expect a material impact arising from the adoption of SFRS(I) 15.

SFRS(I) 9

SFRS(I) 9 contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Changes in accounting policies resulting from the adoption of SFRS(I) 9 will generally be applied by the Group retrospectively.

- The Group is currently assessing their options in respect of the exemption in SFRS(I) 1 allowing it not to restate comparative information in the 2019 SFRS(I) financial statements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 would then be recognised in retained earnings and reserves as at 1 March 2018.

- The following assessments have to be made on the basis of facts and circumstances that existed at 1 March 2018.

  - The determination of the business model within which a financial asset is held.

  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  - The designation of an investment in equity instruments that is not held for trading as at fair value through other comprehensive income (FVOCI).

  - The designation and revocation of previous designations of certain financial assets and financial liabilities measured at fair value through profit or loss (FVTPL).

3. Significant accounting policies (cont'd)

3.16 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 9 (cont'd)

The Group's expectation of the implications arising from changes in the accounting treatment are described below. However, the actual tax effect may change when the transition adjustments are finalised by the Group.

Expected credit losses on financial assets

SFRS(I) 9 replaces the current 'incurred loss' model with an "expected credit loss" (ECL) model. The new impairment model applies to financial assets measured at amortised cost, certain loan commitments and financial guarantee contracts, but not to equity investments.

The Group plans to apply the simplified approach and record lifetime ECL on all trade receivables. Preliminarily, the Group assessed that any deviation in impairment losses for trade and other receivables as a result of adopting the new standard is expected to increase the impairment for trade receivables as at 1 March 2018.

The Group is currently finalising their assessment and tests of the ECL model and the quantum of the transition adjustments will be finalised upon the completion of their tests.

<u>Applicable to financial statements for the year 2020 and thereafter</u>

The following new SFRS(I), amendments to and interpretations of SFRS(I) are effective for annual periods beginning after 1 March 2018:

Applicable to 2020 financial statements

- SFRS(I) 16 *Leases*
- IFRIC 23 *Uncertainty over Income Tax Treatments*

Applicable to 2022 financial statements

- SFRS(I) 17 *Insurance Contracts*

The Group is still in the process of assessing the impact of the new SFRS(I)s, amendments to and interpretations of SFRS(I)s on the financial statements. The Group's preliminary assessment of SFRS(I) 16 is as described below. The Group also preliminarily assessed that SFRS(I) 17 is not relevant to the Group as the Group does not issue insurance contracts.

3. Significant accounting policies (cont'd)

3.16 Full convergence with International Financial Reporting Standards (IFRS) and adoption of new standards (cont'd)

SFRS(I) 16

SFRS(I) 16 replaces existing lease accounting guidance. SFRS(I) 16 is effective for annual periods beginning on or after 1 March 2019, with early adoption permitted if SFRS(I) 15 is also applied. SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use (ROU) assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

The Group plans to adopt the standard when it becomes effective in 2020 and expects to apply the standard using the modified retrospective approach. The Group also expects the ROU assets recognised at date of initial application to be equal to their lease liabilities.

The Group is likely to elect the practical expedient not to reassess whether a contract contains a lease at the date of initial application, 1 March 2019. Accordingly, existing lease contracts that are still effective on 1 March 2019 continue to be accounted for as lease contracts under SFRS(I) 16. The Group has performed a preliminary assessment of the impact on its financial statements based on its existing operating lease arrangements (refer to Note 22).

Until 2018, the approximate financial impact of the standard is unknown due to factors that impact calculation of lease liabilities such as discount rate, expected term of leases including renewal options and exemptions for short-term leases. The Group will continue to assess its portfolio of leases to calculate the impending impact of transition to the new standard.

The Group as lessee

The Group expects its existing operating lease arrangements to be recognised as ROU assets with corresponding lease liabilities under SFRS(I) 16. As at 28 February 2018, the operating lease commitments (of less than a year) on an undiscounted basis amount is not significant to the consolidated total assets and consolidated total liabilities. Under the new standard, remaining lease payments of the operating leases will be recognised at their present value discounted using appropriate discount rate. In addition, the nature of expenses related to those leases will now change as SFRS(I) 16 replaces the straight-line operating lease expense with depreciation charge of ROU assets and interest expense on lease liabilities.

4. Plant and equipment

Group	Plant and machinery	Office equipment, furniture and fittings	Motor vehicles	Computers	Trucks and mixers	Concrete pumps	Renovation and electrical installations	Total
	$	$	$	$	$	$	$	$
Cost								
At 1 March 2016	2,451,030	137,809	3,490,711	213,683	349,545	38,205,775	59,563	44,908,116
Additions	139,168	894	256,954	2,755	–	1,294,272	–	1,694,043
Disposals	(34,778)	–	–	–	–	(5,606,778)	–	(5,641,556)
Translation adjustments	(47,212)	(4,754)	(104,274)	(37)	–	(55,423)	–	(211,700)
At 28 February 2017	2,508,208	133,949	3,643,391	216,401	349,545	33,837,846	59,563	40,748,903
At 1 March 2017	2,508,208	133,949	3,643,391	216,401	349,545	33,837,846	59,563	40,748,903
Additions	797,003	67,226	127,958	–	–	3,109	–	995,296
Disposals	(67,390)	–	(273,374)	–	–	(1,625,605)	–	(1,966,369)
Write-off	–	–	–	–	–	(26,117)	–	(26,117)
Translation adjustments	92,145	8,728	132,695	46	–	65,917	–	299,531
At 28 February 2018	3,329,966	209,903	3,630,670	216,447	349,545	32,255,150	59,563	40,051,244
Accumulated depreciation								
At 1 March 2016	1,519,797	119,613	1,593,921	208,091	217,897	19,003,715	59,563	22,722,597
Depreciation charge for the year	211,652	7,206	316,034	6,666	19,109	3,037,464	–	3,598,131
Disposals	(31,300)	–	–	–	–	(5,381,644)	–	(5,412,944)
Translation adjustments	(32,897)	(4,122)	(32,954)	(37)	–	(19,161)	–	(89,171)
At 28 February 2017	1,667,252	122,697	1,877,001	214,720	237,006	16,640,374	59,563	20,818,613
At 1 March 2017	1,667,252	122,697	1,877,001	214,720	237,006	16,640,374	59,563	20,818,613
Depreciation charge for the year	285,939	9,191	301,201	1,681	19,109	2,920,294	–	3,537,415
Impairment loss	–	–	–	–	–	3,985,000	–	3,985,000
Disposals	(65,217)	–	(214,881)	–	–	(1,468,360)	–	(1,748,458)
Translation adjustments	48,901	5,575	51,322	46	–	34,922	–	140,766
At 28 February 2018	1,936,875	137,463	2,014,643	216,447	256,115	22,112,230	59,563	26,733,336
Carrying amounts								
At 1 March 2016	931,233	18,196	1,896,790	5,592	131,648	19,202,060	–	22,185,519
At 28 February 2017	840,956	11,252	1,766,390	1,681	112,539	17,197,472	–	19,930,290
At 28 February 2018	1,393,091	72,440	1,616,027	–	93,430	10,142,920	–	13,317,908

4. Plant and equipment (cont'd)

Concrete pumps, plant and machinery and motor vehicles with carrying amounts of $Nil (2017: $438,620), $Nil (2017: $42,328) and $727,234 (2017: $782,085), respectively, are held under non-cancellable finance leases with terms ranging between 12 months and 36 months.

Company	Plant and machinery	Office equipment, furniture and fittings	Motor vehicles	Computers	Trucks and mixers	Concrete pumps	Renovation and electrical installations	Total
	$	$	$	$	$	$	$	$
Cost								
At 1 March 2016	16,100	45,918	524,899	166,456	137,228	8,936,484	59,563	9,886,648
Disposals	–	–	–	–	–	(3,480,558)	–	(3,480,558)
At 28 February 2017	16,100	45,918	524,899	166,456	137,228	5,455,926	59,563	6,406,090
At 1 March 2017	16,100	45,918	524,899	166,456	137,228	5,455,926	59,563	6,406,090
Disposals	–	–	(271,374)	–	–	–	–	(271,374)
Write-off	–	–	–	–	–	(11,625)	–	(11,625)
At 28 February 2018	16,100	45,918	253,525	166,456	137,228	5,444,301	59,563	6,123,091
Accumulated depreciation								
At 1 March 2016	16,100	45,825	320,205	163,344	122,352	5,481,903	59,563	6,209,292
Depreciation charge for the year	–	93	27,845	3,112	–	362,067	–	393,117
Disposals	–	–	–	–	–	(3,363,802)	–	(3,363,802)
At 28 February 2017	16,100	45,918	348,050	166,456	122,352	2,480,168	59,563	3,238,607
At 1 March 2017	16,100	45,918	348,050	166,456	122,352	2,480,168	59,563	3,238,607
Depreciation charge for the year	–	–	24,604	–	–	362,066	–	386,670
Impairment loss	–	–	–	–	–	762,000	–	762,000
Disposals	–	–	(213,047)	–	–	–	–	(213,047)
At 28 February 2018	16,100	45,918	159,607	166,456	122,352	3,604,234	59,563	4,174,230
Carrying amounts								
At 1 March 2016	–	93	204,694	3,112	14,876	3,454,581	–	3,677,356
At 28 February 2017	–	–	176,849	–	14,876	2,975,758	–	3,167,483
At 28 February 2018	–	–	93,918	–	14,876	1,840,067	–	1,948,861

4. Plant and equipment (cont'd)

Impairment loss on concrete pump equipment

Concrete pumps

In 2018, due to uncertain market conditions and intense competition, the Group's leasing revenue from concrete pumps continues on a declining trend. Management assessed that there were indicators of impairment on the concrete pump equipment and consequently, carried out an impairment assessment on the recoverable amount of the concrete pump equipment.

The recoverable amount of the concrete pump equipment was estimated based on the present value of the future cash flows expected to be derived from the concrete pump service business segment (i.e. value in use). Value in use was determined by discounting the pre-tax future cash flows generated from the continuing use of the CGU. The key assumptions applied in the computation of value in use include: (i) pre-tax discount rate of 11.4%, (ii) average revenue growth rate of 3.0%, and (iii) residual value at 10% of the cost of the concrete pump equipment.

The cash flow projections were based on the forecasts prepared by management which considered current operating results and recent industry outlook.

Based on management's analysis, the recoverable amount of the concrete pump equipment was lower than its carrying amount. As such, management recognised an impairment loss of $3,985,000 to the profit or loss ("other operating expenses"). Impairment loss recognised in respect of the CGU are allocated to reduce the carrying amounts of each concrete pump equipment on a pro rata basis. Following the impairment loss recognised in the concrete pumps, the recoverable amounts are equal to their carrying amounts and any adverse fluctuations on key assumptions may lead to additional impairment losses in future periods.

5. Investment in subsidiaries

	Company	
	2018	**2017**
	$	**$**
Investment in subsidiaries, at cost	13,395,880	13,395,880
Impairment losses	(690,820)	(655,820)
	12,705,060	12,740,060

Incorporation of new subsidiary

During the year, the Group, together with a non-controlling shareholder, incorporated Crescent Forest Ready Mix Sdn. Bhd. ("Crescent Forest") with a paid-up share capital of $330,000. The Group's contributed capital of $330,000 which represents a 51% interests in Crescent Forest.

Impairment of subsidiaries

The impairment losses represent the write-down of investment in TMC (Beijing) Materials Co Ltd. and TMC Pumping System Pte. Ltd. recognised in prior years.

5. Investment in subsidiaries (cont'd)

Impairment of subsidiaries (cont'd)

Management assessed that:

- the investment in TMC (Beijing) Materials Co Ltd. was impaired as the entity has been inactive and is not generating cash flows. In the prior years, management assessed that the investment amount of $527,820 was impaired and recognised a full impairment of the investment.
- the investment in TMC Pumping System Pte. Ltd. was impaired as the entity is loss making. In the prior years, management assessed that $128,000 of the investment was impaired.

In the current year, management assessed that additional $35,000 of the investment in TMC Pumping System Pte. Ltd. was impaired as a result of operating losses suffered.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation/ Principal place of business	Effective equity interest held by the Group	
			2018	2017
			%	%
TMC Pumping System Pte. Ltd. [3]	Supply of concrete pumping services	Singapore	100	100
TMC (Beijing) Materials Co Ltd. [3]	Inactive	People's Republic of China	100	100
TMC Concrete Pumping Services Pte. Ltd. [1]	Supply of concrete pumping services	Singapore	100	100
TMC Waste Management Pte. Ltd. [1]	Provision of waste management services	Singapore	100	100
Transit-Mixed Concrete (M) Sdn. Bhd. [2] and its subsidiaries	Supply of ready-mixed concrete and provision of batching services	Malaysia	100	100
Held under Transit-Mixed Concrete (M) Sdn. Bhd.				
Crescent Concrete Sdn. Bhd. [2]	Manufacture of concrete and related products	Malaysia	66.5	66.5
Crescent Forest Ready Mix Sdn. Bhd. [3]	Manufacture of concrete and related products	Malaysia	51	–

5. Investment in subsidiaries (cont'd)

Impairment of subsidiaries (cont'd)

Name of subsidiary	Principal activities	Country of incorporation/ Principal place of business	Effective equity interest held by the Group	
			2018	**2017**
			%	**%**
Held under Transit-Mixed Concrete (M) Sdn. Bhd. (cont'd)				
Optocorp Sdn. Bhd. [3] and its subsidiaries	Inactive	Malaysia	100	100
Mustajab Ilmu Sdn. Bhd. [3]	Rental of truck mixers	Malaysia	100	100
Warta Suci Sdn. Bhd. [3]	Rental of truck mixers	Malaysia	100	100
Pinespeed Sdn. Bhd. [3] and its subsidiaries	Inactive	Malaysia	100	100
Pesiaran Makmur Sdn. Bhd.[3]	Rental of truck mixers	Malaysia	100	100
Prestige Portfolio Sdn. Bhd.[3]	Rental of truck mixers	Malaysia	100	100

[1] Audited by KPMG LLP Singapore

[2] Audited by a member firm of KPMG International

[3] Audited by other certified public accountants

KPMG LLP is the auditor of all significant Singapore-incorporated subsidiaries. Another member firm of KPMG International is the auditor of a significant foreign-incorporated subsidiary. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

Judgements made in applying accounting policies

During the year, the Group assessed the terms and conditions of the shareholders' agreement of subsidiaries that are not wholly-owned by the Group. The Group made critical judgements over:

(a) their ability to exercise power over its investees;

(b) their exposure or rights to variable returns for its investments with those investees; and

(c) their ability to use its power to affect those returns.

The Group's judgement included considerations of their power exercised at the board of the respective investees and rights and obligations arising from board reserve of matters as agreed with the other shareholders.

6. Non-controlling interests

Name of subsidiary	Principal activities	Country of incorporation/ Principal place of business	Ownership interest held by non-controlling interests 2018 %	2017 %
Crescent Concrete Sdn. Bhd.	Manufacture of concrete and related products	Malaysia	33.5	33.5
Crescent Forest Ready Mix Sdn. Bhd.	Manufacture of concrete and related products	Malaysia	49	–

The following summarises the financial information of Crescent Concrete Sdn. Bhd. and Crescent Forest Ready Mix Sdn. Bhd. prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies, if any.

	Crescent Concrete Sdn. Bhd $	Crescent Forest Ready Mix Sdn. Bhd $	Total $
2018	33.5%	49%	
Revenue	4,891,282	1,434,977	
Loss for the year/period	(196,905)	(186,587)	
Other comprehensive income	157,923	20,232	
Total comprehensive income	(38,982)	(166,355)	
Attributable to non-controlling interests:			
- Loss for the year/period	(65,963)	(91,428)	(157,391)
- Other comprehensive income	52,904	9,913	62,817
- **Total comprehensive income**	(13,059)	(81,515)	(94,574)
Non-current assets	1,426,591	689,266	
Current assets	2,797,628	1,397,026	
Non-current liabilities	(44,856)	–	
Current liabilities	(1,870,476)	(1,605,399)	
Net assets	2,308,887	480,893	
Net assets attributable to non-controlling interests	773,477	235,637	1,009,114
Cash flows from/(used in) operating activities	122,703	(248,723)	
Cash flows from/(used in) investing activities	10,648	(749,567)	
Cash flows (used in)/from financing activities (dividends to non-controlling interests: $Nil)	(198,169)	1,013,564	
Net (decrease)/increase in cash and cash equivalents	(64,818)	15,274	

6. Non-controlling interests (cont'd)

	Crescent Concrete Sdn. Bhd $
2017	33.5%
Revenue	6,988,961
Loss for the year	(164,292)
Other comprehensive income	(134,140)
Total comprehensive income	(298,432)
Attributable to non-controlling interests:	
- Loss for the year	(55,038)
- Other comprehensive income	(44,937)
- **Total comprehensive income**	(99,975)
Non-current assets	1,511,414
Current assets	2,882,414
Non-current liabilities	(143,865)
Current liabilities	(1,902,095)
Net assets	2,347,868
Net assets attributable to non-controlling interests	786,536
Cash flows from operating activities	732,891
Cash flows used in investing activities	(27,349)
Cash flows used in financing activities (dividends to non-controlling interests: $Nil)	(524,244)
Net increase in cash and cash equivalents	181,298

7. Investment in joint venture

	Group		Company	
	2018 $	2017 $	2018 $	2017 $
Investment in joint venture	1,857,054	629,519	2,135,507	943,006

In July 2014, the Company and PT Acset Indonusa Tbk ("PT Acset"), incorporated a joint venture company, PT ATMC Pump Services ("PT ATMC") in Indonesia. In July 2015, the Company subscribed and paid for the 45% interest in PT ATMC. In March 2016, the Company and PT Acset contributed shareholder's capital of $628,290 and $767,910 with shareholding interest of 45% and 55%, respectively.

During the year, the Company and PT Acset made additional capital contributions of $1,192,500 and $1,457,500, respectively. There were no change to the shareholdings held by the Company and PT Acset subsequent to the additional capital contribution in the year.

7. Investment in joint venture (cont'd)

Name	Principal activities	Country of incorporation/ Principal place of business	Ownership interest	
			2018 %	2017 %
Joint venture held by the Company:				
PT ATMC	Leasing of concrete pumps	Indonesia	45	45

The following table summarises the financial information of PT ATMC, based on its financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	2018 $	2017 $
Revenue	1,807,266	1,071,262
Profit for the year [a]	267,890	215,009
Other comprehensive income	(406,108)	9,693
Total comprehensive income	(138,218)	224,702
[a] Includes:		
- Depreciation	473,545	281,412
- Income tax expense	75,636	51,223
Non-current assets	3,878,770	2,762,957
Current assets [b]	1,377,018	680,652
Non-current liabilities [c]	(34,714)	(43,511)
Current liabilities [d]	(349,370)	(1,040,173)
Net assets	4,871,704	2,359,925
[b] Includes cash and cash equivalents	650,782	191,461
[c] Includes non-current financial liabilities (excluding trade and other payables and provisions)	(10,669)	(26,825)
[d] Includes current financial liabilities (excluding trade and other payables and provisions)	(14,073)	(18,861)
Group's interest in net assets of investee at beginning of the year	629,519	332,560
Capital contributed to subscribe new equity shares in the year	1,192,500	628,290
Share of profit for the year	120,551	96,754
Share of other comprehensive income	(182,749)	4,362
Elimination of unrealised loss/(profit) on downstream sale of equipment	97,233	(432,447)
Carrying amount of interest in investee at end of the year	1,857,054	629,519

7. Investment in joint venture (cont'd)

The joint venture is audited by another certified public accountant and is not considered to be significant to the Group. For this purpose, a joint venture is considered significant as defined under the Singapore Exchange Limited Listing Manual if Group's share of its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

8. Inventories

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Raw materials and consumables	155,780	115,234	–	–
Spare parts and accessories	748,108	895,218	–	–
	903,888	1,010,452	–	–

During the year, inventories recognised as cost of sales amounted to $6,164,914 (2017: $6,413,819).

9. Trade and other receivables

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Trade receivables	5,290,211	5,689,291	20,219	264,636
Deposit receivables	173,826	160,276	47,304	62,694
Other receivables	141,460	95,602	7,229	10,121
Amounts due from joint venture				
- trade	8,953	84,549	–	–
- non-trade	154,379	1,185,002	–	939,012
Amounts due from subsidiaries				
- non-trade	–	–	1,323,877	917,686
Allowance for doubtful trade receivables	(111,276)	(151,363)	–	–
Loans and receivables	5,657,553	7,063,357	1,398,629	2,194,149
Prepayments	166,422	187,788	–	–
	5,823,975	7,251,145	1,398,629	2,194,149

The non-trade amounts due from subsidiaries and joint venture are unsecured, interest-free and are repayable on demand.

9. Trade and other receivables (cont'd)

The ageing of loans and receivables at the reporting date is as follows:

	2018		2017	
	Gross	Impairment losses	Gross	Impairment losses
	$	$	$	$
Group				
Not past due	2,399,331	–	2,410,905	–
Past due 0 - 30 days	1,151,401	–	1,088,046	–
Past due 31 - 120 days	1,167,248	–	2,576,279	–
More than > 120 days	1,050,849	(111,276)	1,139,490	(151,363)
	5,768,829	(111,276)	7,214,720	(151,363)
Company				
Not past due	1,389,662	–	1,620,030	–
Past due 0 - 30 days	3,681	–	1,196	–
Past due 31 - 120 days	5,286	–	59,936	–
More than > 120 days	–	–	512,987	–
	1,398,629	–	2,194,149	–

The movements in impairment allowance in respect of loans and receivables during the year were as follows:

	Group	
	2018	2017
	$	$
At 1 March	(151,363)	(136,214)
Impairment loss recognised during the year	–	(73,091)
Impairment loss utilised during the year	44,000	–
Impairment allowance reversed during the year	–	56,000
Effect of movements in exchange rates	(3,913)	1,942
At 28 February	(111,276)	(151,363)

Based on past default rates, other than the allowances provided above, the Group believes that no impairment allowance is necessary in respect of the loans and receivables as these receivables are due from customers and other counterparties that have a good payment record with the Group.

10. Cash and cash equivalents

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Cash at bank and in hand	2,083,716	1,012,046	1,199,400	550,871
Fixed deposits	1,003,221	1,008,276	1,003,221	1,008,276
Cash and cash equivalents in the statement of cash flows	3,086,937	2,020,322	2,202,621	1,559,147

The weighted average effective interest rates per annum relating to fixed deposits for the Group is 1.0% (2017: 0.9%), at the reporting date.

The Company maintains bank overdraft facilities amounting to $1,500,000 (2017: $1,500,000). The bank overdraft is secured by a debenture incorporating fixed and floating charges over all present and future assets of the Company. The Group did not utilise its bank overdrafts facilities as at 28 February 2018 (2017: Nil).

11. Share capital

	2018		2017	
	No. of shares	$	No. of shares	$
Group and Company				
At beginning and end of the financial year	69,590,800	11,190,764	69,590,800	11,190,764

All issued ordinary shares are fully paid, with no par value. All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

11. Share capital (cont'd)

Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

The Board of Directors monitors the return on capital, which the Group defines as net income divided by equity.

When monitoring capital, the Group also takes into account its gearing ratio:

	Group	
	2018	**2017**
	$	**$**
Finance lease obligations	159,469	450,155
Net debt	159,469	450,155
Total equity attributable to owners of the Company	17,988,388	23,999,933
Net debt to equity ratio at the end of financial year	0.9%	1.9%

There were no changes in the Group's approach to capital management during the year. The Group is not subject to externally imposed capital requirements.

12. Reserves

	Group		Company	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Foreign currency translation reserve	(606,326)	(588,948)	–	–
Retained earnings	7,403,950	13,398,117	2,100,568	4,714,201
	6,797,624	12,809,169	2,100,568	4,714,201

The foreign currency translation reserve comprises foreign currency differences arising from the translation of the financial statements of foreign operations.

12. Reserves (cont'd)

Dividends

The following exempt (one-tier) dividends were declared and paid by the Group and Company:

	Group and Company	
	2018	**2017**
	$	**$**
Paid by the Company to owners of the Company		
Interim dividend of 1.0 cent per ordinary share in respect of year 2018 (2017: 1.5 cents per ordinary share in respect of year 2017)	695,908	1,043,862
Final dividend of 1.0 cent per ordinary share in respect of year 2017 (2017: 2.0 cents per ordinary share in respect of year 2016)	695,908	1,391,816
	1,391,816	2,435,678

For the financial year ended 28 February 2017, the final tax-exempt (one-tier) dividend of 1.0 cent (2016: 2.0 cents) per ordinary share amounting to $695,908 (2016: $1,391,816) was declared by the directors on 26 April 2017 (2016: 26 April 2016). The exempt (one-tier) dividends were not accrued as at 28 February 2017. There were no dividends declared subsequent to the financial year ended 28 February 2018.

13. Deferred tax assets/(liabilities)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2018	**2017**	**2018**	**2017**
	$	**$**	**$**	**$**
Group				
Plant and equipment	–	–	(2,129,405)	(2,714,013)
Unabsorbed capital allowances and unutilised tax losses	776,635	1,034,000	–	–
Deferred tax assets/(liabilities)	776,635	1,034,000	(2,129,405)	(2,714,013)
Set off of tax	(311,081)	(565,000)	311,081	565,000
Net deferred tax assets/(liabilities)	465,554	469,000	(1,818,324)	(2,149,013)
Company				
Plant and equipment	–	–	(461,000)	(469,000)
Unabsorbed capital allowances and unutilised tax losses	910,000	938,000	–	–
Deferred tax assets/(liabilities)	910,000	938,000	(461,000)	(469,000)
Set off of tax	(461,000)	(469,000)	461,000	469,000
Net deferred tax assets/(liabilities)	449,000	469,000	–	–

13. Deferred tax assets/(liabilities) (cont'd)

Movements in deferred tax balances during the year:

	Balance as at 1 March 2016 $	Recognised in profit or loss (Note 20) $	Balance as at 28 February 2017 $	Recognised in profit or loss (Note 20) $	Balance as at 28 February 2018 $
Group					
Plant and equipment	(2,652,333)	(61,680)	(2,714,013)	584,608	(2,129,405)
Unabsorbed capital allowances and unutilised tax losses	1,056,000	(22,000)	1,034,000	(257,365)	776,635
	(1,596,333)	(83,680)	(1,680,013)	327,243	(1,352,770)
Company					
Plant and equipment	(410,000)	(59,000)	(469,000)	8,000	(461,000)
Unabsorbed capital allowances and unutilised tax losses	1,056,000	(118,000)	938,000	(28,000)	910,000
	646,000	(177,000)	469,000	(20,000)	449,000

Deferred tax liabilities and assets are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority.

14. Finance lease obligations

	Group	
	2018 $	2017 $
Non-current portion	44,856	83,297
Current portion	114,613	366,858
	159,469	450,155

In FY2018, the Group entered into one (2017: three) finance lease arrangements with term of 36 months (2017: 12 to 36 months). The Group incurred interest cost from the finance lease arrangement at effective interest rates of 6.60% per annum (2017: 2.63% per annum to 6.80% per annum). The carrying amount of the leased assets is disclosed in Note 4.

14. Finance lease obligations (cont'd)

	Future minimum lease payments 2018 $	Interest 2018 $	Principal 2018 $	Future minimum lease payments 2017 $	Interest 2017 $	Principal 2017 $
Group						
Within one year	126,546	11,933	114,613	387,665	20,807	366,858
Between one and five years	49,466	4,610	44,856	92,027	8,730	83,297
	176,012	16,543	159,469	479,692	29,537	450,155

In the prior periods, the Company provided an intra-group financial guarantee to a bank in respect of finance lease facilities amounting to $220,296 (as at 28 February 2017) granted to wholly-owned subsidiaries. The fair value of the financial liability attributable to the intra-group financial guarantee was assessed to be immaterial as the financial guarantee, on a standalone basis, does not change the financing cost in the lease arrangement. The financial guarantee was discharged by the bank during the year.

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Liabilities Finance lease obligations $
Balance as at 1 March 2017	450,155
Changes from financing cash flows	
Repayment of lease obligations	(396,091)
Interest paid	(24,613)
Total changes from financing cash flows	(420,704)
The effect of changes in foreign exchange rates	
Other changes	
Liability-related	
New finance leases	105,405
Interest expense	24,613
Total liability-related changes	130,018
Balance as at 28 February 2018	159,469

15. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Trade payables	3,210,849	2,394,854	30,062	37,824
Accruals	814,808	853,681	682,976	732,898
Payables for plant and equipment	–	521,860	–	–
Other payables	270,405	134,922	8,491	8,491
Loan from non-controlling interest	165,542	–	–	–
Amounts due to subsidiaries				
- non-trade	–	–	6,826,817	4,388,667
	4,461,604	3,905,317	7,548,346	5,167,880

The non-trade amounts due to subsidiaries and loan from non-controlling interest are unsecured, interest-free and repayable on demand. The payables for plant and equipment have credit terms of 3 to 6 months.

16. Revenue

	Group	
	2018	2017
	$	$
Sale of products	6,225,129	7,497,598
Rendering of services	10,810,969	14,608,738
	17,036,098	22,106,336

17. (Loss)/Profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2018	**2017**
	$	**$**
Audit fee paid to		
- auditor of the Company	85,269	82,265
- other auditors	8,664	5,907
Non-audit fee paid to		
- auditor of the Company	3,155	2,649
- other auditors	11,053	12,989
Wages and salaries expenses	4,154,100	4,927,136
Contributions to defined contribution plans	236,878	280,254
Bad debts written off	51,115	33,887
Allowance for doubtful receivables	–	17,091
Depreciation expense	3,537,415	3,598,131
Impairment loss on plant and equipment	3,985,000	–
Loss on disposal of plant and equipment (net)		
- reversal of gain on disposal of plant and equipment	194,972	–
- gain on disposal of plant and equipment	(67,989)	–
Operating lease expenses included in		
- cost of sales	837,802	901,139
- selling, general and administrative expenses	88,531	81,724

In the previous year, the Group sold plant and equipment to its joint venture for a consideration of $1,185,002. The Group recognised a gain on disposal of plant and equipment of $528,546.

In the current year, the joint venture requested to return certain plant and equipment to the Group as they were unable to deploy the plant and equipment. Subsequent to their negotiations, the Group agreed to the return of these plant and equipment and to refund the sales consideration of the plant and equipment in full to the non-controlling interests. As a result, the Group recognised a reversal of gain on disposal of plant and equipment of $194,972.

18. Other income

	Group 2018 $	Group 2017 $
Gain on disposal of plant and equipment (net)	–	525,068
Government grants	49,864	105,215
Other miscellaneous income	41,264	13,573
	91,128	643,856

19. Net finance (cost)/income

	Group 2018 $	Group 2017 $
Finance income:		
- Interest income on bank deposits	6,064	6,586
- Net foreign currency exchange gain	–	102,638
	6,064	109,224
Finance cost:		
- Net foreign currency exchange loss	(31,738)	–
- Finance lease obligations	(24,613)	(73,299)
	(56,351)	(73,299)
	(50,287)	35,925

20. Tax (credit)/expense

	Group 2018 $	Group 2017 $
Current tax expense		
- Current year	86,285	54,674
- Over provision in prior years	(28,986)	(4,797)
	57,299	49,877
Deferred tax (credit)/expense		
- Movements in temporary differences	(327,243)	61,283
- Under provision in prior years	–	22,397
	(327,243)	83,680
Total tax (credit)/expense	(269,944)	133,557

20. Tax (credit)/expense (cont'd)

Reconciliation of effective tax rate

	Group	
	2018	**2017**
	$	**$**
(Loss)/Profit before tax	(5,029,686)	2,016,621
Tax using the Singapore tax rate of 17% (2017: 17%)	(855,047)	342,826
Effect of different tax rates in foreign jurisdictions	(18,111)	14,276
Tax effects of:		
- Expenses not deductible for tax purposes	664,705	23,785
- Income not subject to tax	–	(106,710)
- Tax incentive	(77,555)	(158,220)
- Current year losses for which no deferred tax asset was recognised	45,050	–
- (Over)/Under provision of tax in respect of prior years	(28,986)	17,600
	(269,944)	133,557

Tax incentive

The tax incentive above refers to the Productivity and Innovation Credit scheme (PIC), which allows businesses that invest in a range of productivity and innovation activities to claim enhanced deductions and/or allowances at 400% of expenditure incurred for each category of activity from years of assessment 2011 to 2018. Accordingly, the tax charge of the Company for the financial years ended 28 February 2018 and 28 February 2017 had been reduced based on the above tax incentives.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses amounting to $265,000 (2017: $Nil) because it is not probable that future taxable profit will be available against which the Group can utilise the benefits. The use of the tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the country in which the Group operates. The tax losses do not expire under current tax legislation.

21. (Loss)/Earnings per share

The calculation of basic and fully diluted (loss)/earnings per share is based on the following:

	Group	
	2018	2017
(Loss)/Profit for the year attributable to owners of the Company	(4,602,351)	1,938,102
Weighted average number of ordinary shares	69,590,800	69,590,800

There are no class of capital or financial instruments that might have a dilutive effect on the Group's (loss)/earnings per share.

22. Commitments

Operating lease commitments – the Group and the Company as lessee

The Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases for staff accommodations and various site offices. The leases typically run for a period of one to three years, with an option to renew the lease after that date. None of the leases include contingent rentals.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Group		Company	
	2018	2017	2018	2017
	$	$	$	$
Payable within 1 year	658,250	661,367	79,762	79,762
Payable after 1 year but within 5 years	5,326	96,357	–	79,762
	663,576	757,724	79,762	159,524

Included in the future aggregate minimum lease payments of the Group and Company are $79,762 (2017: $159,524) which will be payable to the estate of a key management personnel/controlling shareholder, Mr Chua Eng Him (deceased 30 January 2018), in the next 1 year (2017: 2 years).

23. Related party transactions

Key management personnel compensation

Key management personnel compensation included in selling, general and administrative expenses comprises:

	Group	
	2018	**2017**
	$	**$**
Key management compensation		
- Salaries, other short-term benefits and contributions to defined contribution plans*	633,199	686,906
Non-executive directors		
- Fees	110,000	100,000
	743,199	786,906

* Includes executive directors' remuneration.

Other transactions with key management personnel

The Company has an existing agreement for the lease of its office premises with a former director of the Company, Mr Chua Eng Him (deceased on 30 January 2018). Rental paid under this agreement for the financial year amounted to $79,762 (2017: $79,762) for the Group and Company, which has been reviewed by the Audit Committee.

Other related party transactions

Other than those transactions disclosed elsewhere in the financial statements, the following were significant transactions with related parties, based on terms agreed between the parties:

	Group	
	2018	**2017**
	$	**$**
Joint Venture		
- Sale of equipment	307,530	1,185,002
- Return on sale of equipment	(375,804)	–
- Sale of parts	6,845	82,837

23. Related party transactions (cont'd)

Other related party transactions (cont'd)

	Company 2018 $	Company 2017 $
Subsidiaries		
- Management fee income (within other income)	744,000	746,400
- Equipment rental income (within revenue)	643,400	1,080,000
- Sale of equipment	–	16,500
- Office rental income	79,762	79,762
- Production overheads paid on behalf of Company	–	(298,519)
Joint Venture		
- (Return)/Sale of equipment	(375,804)	939,012

24. Financial risk management

Overview

The Group and Company have exposures to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's and Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Risk management framework

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and cost of managing the risks. Management continually monitors the Group's and Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's and Company's activities.

The Audit Committee oversees how management monitors compliance with the Group's and Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and the Company. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the result of which are reported to the Audit Committee.

The Group's and Company's activities expose it to credit risk, liquidity risk and foreign currency risk. The Group's and Company's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial markets on the Group's and Company's financial performance. At the reporting date, the Group and Company do not have significant interest rate risk exposure.

24. Financial risk management (cont'd)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a debtor or a counterparty to settle its financial and contractual obligations to the Group/Company as and when they fall due.

Guarantees

The Group's policy is to provide financial guarantees only to wholly-owned subsidiaries. The maximum exposure of the Company in respect of the intra-group financial guarantee at the reporting date is $Nil (2017: $220,296).

Trade and other receivables

The Group and Company have a credit policy in place which establishes credit limits for customers and monitors outstanding balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. If the customers are independently rated, these ratings are used. Otherwise, the credit quality of customers is assessed after taking into account its financial position and the Group's past experience with the customer. The Group does require the customer to provide personal guarantees in respect of certain trade and other receivables.

The Group and Company establish an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposure, and a collective loss component established for group of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

At the reporting date, there were no significant concentrations of credit risk due to the Group's varied base of customers. The maximum exposure to credit risk is represented by the respective carrying amounts of each financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated.

Liquidity risk

The Group and Company monitor liquidity risk and maintain a level of cash and cash equivalents (including bank overdraft) as deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flow.

Typically, the Group and Company ensure that they have sufficient cash on demand to meet expected operational expenses for a period of 60 days; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

24. Financial risk management (cont'd)

Liquidity risk (cont'd)

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments:

	Note	Carrying amount	Contractual cash flows	Within 6 months	Within 7-12 months	Within 1 to 5 years
			Cash flows			
		$	$	$	$	$
Group						
2018						
Trade and other payables	15	4,461,604	4,461,604	4,461,604	–	–
Finance lease obligations	14	159,469	176,012	64,140	62,406	49,466
		4,621,073	4,637,616	4,525,744	62,406	49,466
2017						
Trade and other payables	15	3,905,317	3,905,317	3,905,317	–	–
Finance lease obligations	14	450,155	479,692	227,678	159,987	92,027
		4,355,472	4,385,009	4,132,995	159,987	92,027
Company						
2018						
Trade and other payables	15	7,548,346	7,548,346	7,548,346	–	–
2017						
Trade and other payables	15	5,167,880	5,167,880	5,167,880	–	–
Intra-group financial guarantee	14	–	220,296	220,296	–	–
		5,167,880	5,388,176	5,388,176	–	–

The maturity analysis shows the contractual undiscounted cash flows of the Group and the Company's financial liabilities on the basis of their earliest possible contractual maturity.

Except for the cash flow arising from the intra-group financial guarantee, it is not expected that the cash flows included in the maturity analysis of the Group and the Company could occur significantly earlier, or at significantly different amounts.

24. Financial risk management (cont'd)

Market risk

Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rate will affect the Group's and Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Foreign currency risk

The Group and Company incur foreign currency risk on amounts due from joint venture (2017: amounts due from joint venture) which are denominated in United States Dollar (2017: United States Dollar). The Group's and Company's exposure to foreign currency risk is closely monitored by management on an ongoing basis. The Group does not use any derivative financial instruments to hedge against the foreign currency risk.

At the reporting date, the Group's and the Company's exposure to foreign currency, other than the respective functional currencies of the Group's entities, is as follows:

	Group USD $	Company USD $
28 February 2018		
Amounts due from joint venture	154,379	–
28 February 2017		
Amounts due from joint venture	1,267,839	939,012

Sensitivity analysis

A 10% strengthening of the Singapore dollar, as indicated below, against the United States Dollar (2017: United States Dollar) at reporting date would have (decreased)/increased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecasted sales and purchases. The analysis is performed on the same basis for 2017, as indicated below.

	Group Profit or loss $	Company Profit or loss $
28 February 2018		
USD	(15,438)	–
28 February 2017		
USD	(126,784)	(93,901)

A 10% weakening of the Singapore dollar against the above foreign currencies would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

24. Financial risk management (cont'd)

Fair values

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost approximate their fair values as at 28 February 2018 and 28 February 2017 because of their short period to maturity.

Financial instrument by category – Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are as follows:

	Note	Loans and receivables	Other financial liabilities	Total carrying amount	Fair value
		$	$	$	$
Group					
2018					
Financial assets					
Cash and cash equivalents	10	3,086,937	–	3,086,937	3,086,937
Loans and receivables	9	5,657,553	–	5,657,553	5,657,553
		8,744,490	–	8,744,490	8,744,490
Financial liabilities					
Trade and other payables	15	–	(4,461,604)	(4,461,604)	(4,461,604)
Finance lease obligations	14	–	(159,469)	(159,469)	(159,469)
		–	(4,621,073)	(4,621,073)	(4,621,073)
2017					
Financial assets					
Cash and cash equivalents	10	2,020,322	–	2,020,322	2,020,322
Loans and receivables	9	7,063,357	–	7,063,357	7,063,357
		9,083,679	–	9,083,679	9,083,679
Financial liabilities					
Trade and other payables	15	–	(3,905,317)	(3,905,317)	(3,905,317)
Finance lease obligations	14	–	(450,155)	(450,155)	(450,155)
		–	(4,355,472)	(4,355,472)	(4,355,472)

24. Financial risk management (cont'd)

Fair values (cont'd)

	Note	Loans and receivables $	Other financial liabilities $	Total carrying amount $	Fair value $
Company					
2018					
Financial assets					
Cash and cash equivalents	10	2,202,621	–	2,202,621	2,202,621
Loans and receivables	9	1,398,629	–	1,398,629	1,398,629
		3,601,250	–	3,601,250	3,601,250
Financial liabilities					
Trade and other payables	15	–	(7,548,346)	(7,548,346)	(7,548,346)
2017					
Financial assets					
Cash and cash equivalents	10	1,559,147	–	1,559,147	1,559,147
Loans and receivables	9	2,194,149	–	2,194,149	2,194,149
		3,753,296	–	3,753,296	3,753,296
Financial liabilities					
Trade and other payables	15	–	(5,167,880)	(5,167,880)	(5,167,880)

25. Segment reporting (Group)

Operating segments

The Group has three reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they cater to different markets and customer base. For each of the strategic business units, the Group's CEO and Board of Directors (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

Ready-mixed concrete	:	Manufacture and supply of ready-mixed concrete.
Concrete pumping services	:	Supply of concrete pumping services.
Waste management	:	Provision of waste management services.

Information regarding the results of each reportable segment is included below. Performance is measured based on profit from operating activities before unallocated corporate expenses, unallocated other income and tax, as included in the internal management reports that are reviewed by the Group's CEO and Board of Directors. Segment profit from operating activities is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

25. Segment reporting (Group) (cont'd)

Information about reportable segments

	Ready-mixed concrete		Concrete pumping services		Waste management		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
	$	$	$	$	$	$	$	$
External revenues	5,975,422	7,060,323	9,121,588	12,951,144	1,939,088	2,094,869	17,036,098	22,106,336
Inter-segment revenue - pump rental	–	–	643,400	1,164,600	–	–	643,400	1,164,600
Inter-segment revenue - pump parts	–	–	103,548	91,755	–	–	103,548	91,755
Interest income	6,064	6,586	–	–	–	–	6,064	6,586
Finance expense	(18,372)	(50,887)	(5,916)	(21,957)	(325)	(455)	(24,613)	(73,299)
Depreciation expense	(352,708)	(289,835)	(3,025,288)	(3,163,846)	(159,419)	(144,450)	(3,537,415)	(3,598,131)
Income tax credit/ (expense)	104,480	19,832	146,464	(112,389)	19,000	(41,000)	269,944	(133,557)
Reportable segment (loss)/profit before tax	(480,023)	(164,057)	(4,787,943)	1,840,919	429,213	500,549	(4,838,753)	2,177,411
Other material non-cash items:								
- Impairment loss on plant and equipment	–	–	(3,985,000)	–	–	–	(3,985,000)	–
- (Loss)/Gain on disposal of plant and equipment	10,130	–	(136,946)	528,546	(167)	(3,478)	(126,983)	525,068
- (Allowance for)/Reversal of doubtful receivables	–	(73,091)	–	56,000	–	–	–	(17,091)
- Bad debts written off	–	–	(45,350)	(27,437)	(5,765)	(6,450)	(51,115)	(33,887)
Reportable segment assets	5,790,209	3,827,659	18,412,891	26,169,100	1,252,216	1,313,969	25,455,316	31,310,728
Capital expenditure	805,328	257,847	52,710	1,294,273	137,258	141,923	995,296	1,694,043
Reportable segment liabilities	3,344,684	2,827,215	2,934,452	3,484,209	178,678	212,835	6,457,814	6,524,259

25. Segment reporting (Group) (cont'd)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2018 $	2017 $
Revenue		
Total revenue for reportable segments	17,783,046	23,362,691
Elimination of inter-segment revenue	(746,948)	(1,256,355)
Consolidated revenue	17,036,098	22,106,336
Profit or loss		
Total (loss)/profit before tax for reportable segments	(4,838,753)	2,177,411
Unallocated amounts:		
- Other corporate expenses & income	(190,933)	(160,790)
Consolidated (loss)/profit before tax	(5,029,686)	2,016,621

Geographical segments

The Ready-Mixed Concrete, Concrete Pumping Services and Waste Management segments are managed and operate primarily in Singapore and Malaysia. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment non-current assets are based on the geographical location of the assets.

Geographical information

	Revenue $	Non-current assets [1] $
2018		
Singapore	10,227,346	10,694,027
Malaysia	6,808,752	2,623,881
Indonesia	–	1,857,054
	17,036,098	15,174,962
2017		
Singapore	14,130,709	17,712,821
Malaysia	7,975,627	2,217,469
Indonesia	–	629,519
	22,106,336	20,559,809

[1] Exclude deferred tax assets

Major customer

Revenue from one (2017: one) customer of the Group's concrete pumping services segment contributed $675,427 (2017: $1,066,000) of the Group's total revenue.

ANALYSIS OF SHAREHOLDINGS

As at 15 May 2018

Class of shares	:	Ordinary shares
Voting rights	:	1 vote for each share
No. of treasury shares	:	Nil
No. of subsidiary holdings	:	Nil

Summary of Shareholdings by Size

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of total issued shares
1 to 99	2	0.19	113	0.00
100 to 1,000	532	51.85	518,000	0.74
1,001 to 10,000	353	34.41	1,926,000	2.77
10,001 to 1,000,000	134	13.06	13,686,477	19.67
1,000,001 and above	5	0.49	53,460,210	76.82
Total	1,026	100	69,590,800	100

Shareholdings Held in Hands of Public

24.92% of the shareholding is held in the hands of the public and Rule 723 of the Listing Manual is complied with.

Top 20 Shareholders

No.	Name of shareholders	No. of shares	% of total issued shares
1	Chua Eng Him (deceased)	20,154,566	28.96
2	Kheng Leong Company (Private) Limited	15,252,104	21.92
3	Yap Boh Lim	14,252,104	20.48
4	LF Developments Pte Ltd	2,801,000	4.02
5	Chan Yin Lan	1,000,436	1.44
6	Woodlands Transport Service Pte Ltd	1,000,000	1.44
7	WTS Logistics & Trading Pte Ltd	1,000,000	1.44
8	Citibank Nominees Singapore Pte Ltd	870,700	1.25
9	DBS Nominees Pte Ltd	804,400	1.15
10	Cheong Wai Ngan Gillian	724,000	1.04
11	A-Power Investment Pte Ltd	719,200	1.03
12	Hee Geok Lin	577,000	0.83
13	Yap Eng Chew	500,000	0.72
14	Yap Eng Ching	500,000	0.72
15	Chua Wee Keng	499,000	0.72
16	Chua Hoong Tat Franz	494,800	0.71
17	Chua Seng Guan	479,897	0.69
18	Chang Ling Seow	282,000	0.40
19	Wong Man On	277,500	0.40
20	HSBC (Singapore) Nominees Pte Ltd	243,000	0.35
	Total	62,431,707	89.71

ANALYSIS OF SHAREHOLDINGS

As at 15 May 2018

Substantial Shareholders

	Direct interest		Deemed interest	
Name of substantial shareholders	No. of shares	% of total issued shares	No. of shares	% of total issued shares
Chua Eng Him (deceased)	20,154,566	28.96	577,000[(1)]	0.83
Kheng Leong Company (Private) Limited	15,252,104	21.92	–	–
Wee Ee Cheong	–	–	15,252,104[(2)]	21.92
Wee Ee Chao	–	–	15,252,104[(3)]	21.92
Wee Ee Lim	–	–	15,252,104[(4)]	21.92
Wee Investments (Pte) Limited	–	–	15,252,104[(5)]	21.92
Yap Boh Lim	14,252,104	20.48	–	–

Notes

(1) The 577,000 shares are held by Hee Geok Lin, wife of Chua Eng Him (deceased).

(2) Wee Ee Cheong is deemed to have an interest in the 15,252,104 shares held by Kheng Leong Company (Private) Limited.

(3) Wee Ee Chao is deemed to have an interest in the 15,252,104 shares held by Kheng Leong Company (Private) Limited.

(4) Wee Ee Lim is deemed to have an interest in the 15,252,104 shares held by Kheng Leong Company (Private) Limited.

(5) Wee Investments (Pte) Limited is deemed to have an interest in the 15,252,104 shares held by Kheng Leong Company (Private) Limited.

NOTICE OF
ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 38th annual general meeting of Transit-Mixed Concrete Ltd will be held at Connaught Room, Level 2, Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on Wednesday, 27 June 2018 at 10.00 a.m. to transact the following business:

ORDINARY BUSINESS

1 To receive and adopt the directors' statement and audited financial statements for the year ended 28 February 2018 and the auditors' report thereon.

2 To re-elect Mr Yap Boh Lim, a director who will retire by rotation pursuant to Article 89 of the Company's Constitution and who, being eligible, will offer himself for re-election.

Note: Mr Yap Boh Lim, if re-elected as a director, will remain a member of the audit committee and nominating committee and Dr Yap Eng Ching will continue to act as his alternate. Mr Yap Boh Lim is a non-independent director. Key information on Mr Yap Boh Lim and Dr Yap Eng Ching is set out on pages 10 and 11 of the annual report.

3 To re-elect Mr Tan Kok Hiang, a director who will retire by rotation pursuant to Article 89 of the Company's Constitution and who, being eligible, will offer himself for re-election.

Note: Mr Tan Kok Hiang, if re-elected as a director, will remain a member and the chairman of the audit committee and remuneration committee, and a member of the nominating committee. Mr Tan Kok Hiang is an independent director. Key information on Mr Tan Kok Hiang is set out on page 10 of the annual report.

4 To re-appoint KPMG LLP as auditors of the Company and to authorise the directors to fix their remuneration.

SPECIAL BUSINESS

5 To consider and, if thought fit, to pass with or without modifications, the following resolution as ordinary resolution:

"That directors' fees of S$110,000 for the year ended 28 February 2018 be and are hereby approved." (2017: S$100,000)

6 To consider and, if thought fit, to pass with or without modifications, the following resolution as ordinary resolution:

"That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the directors of the Company to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided always that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the passing of this resolution, of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the passing of this resolution, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or exercise of share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

OTHER BUSINESS

7 To transact such other business as can be transacted at an annual general meeting of the Company.

By Order of the Board

Chen Lee Lee
Company Secretary

Singapore
6 June 2018

Notes

1 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

2 A proxy need not be a member of the Company.

3 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 150 Changi Road #03-05, Guthrie Building, Singapore 419973 not less than 48 hours before the time appointed for holding the meeting.

Statement pursuant to Article 52 of the Company's Constitution

The ordinary resolution proposed in item 5 above is to approve the payment of directors' fees for the year ended 28 February 2018.

The ordinary resolution proposed in item 6 above is to authorise the directors from the date of the above meeting until the date of the next annual general meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares and convertible securities which the directors may allot and issue under this resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed. For issues of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed.

Personal data privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the annual general meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the annual general meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the annual general meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

TRANSIT-MIXED CONCRETE LTD
(Incorporated In The Republic Of Singapore)
Company Registration No. 197902587H

IMPORTANT
1 Relevant intermediaries as defined in Section 181 of the Companies Act, Cap. 50 may appoint more than two proxies to attend, speak and vote at the annual general meeting.
2 For CPF/SRS investors who have used their CPF/SRS monies to buy Transit-Mixed Concrete Ltd shares, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3 By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the notice of annual general meeting dated 6 June 2018.

PROXY FORM

I/We ______________________ NRIC/Passport/Co. Reg. No. ______________

of ____

being a member/members of Transit-Mixed Concrete Ltd hereby appoint:

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate)

Name	Address	NRIC/Passport No.	Proportion of Shareholdings	
			No. of Shares	%

as my/our proxy/proxies to attend, speak and vote for me/us on my/our behalf at the 38th annual general meeting of the Company to be held at Connaught Room, Level 2, Carlton Hotel Singapore, 76 Bras Basah Road, Singapore 189558 on Wednesday, 27 June 2018 at 10.00 a.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the annual general meeting as indicated hereunder. If no specific direction as to voting is given, the proxy/proxies may vote or abstain from voting at his/their discretion, as he/they may on any other matter arising at the annual general meeting.

No.	Resolutions	No. of Votes For*	No. of Votes Against*
Ordinary Business			
1	To receive and adopt the directors' statement and audited financial statements		
2	To re-elect Mr Yap Boh Lim as director		
3	To re-elect Mr Tan Kok Hiang as director		
4	To re-appoint KPMG LLP as auditors and to authorise the directors to fix their remuneration		
Special Business			
5	To approve directors' fees		
6	To authorise the directors to allot and issue shares and convertible securities		

*Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant resolution, please indicate the number of shares in the boxes provided.

Dated this __________ day of ________________ 2018

Total Number of Ordinary Shares Held

____
Signature(s) of Member(s) or Common Seal

IMPORTANT
PLEASE READ NOTES OVERLEAF

NOTES

1 If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares entered against his name in the Depository Register and registered in his name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by the member.

2 (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.

3 A proxy need not be a member of the Company.

4 The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 150 Changi Road #03-05, Guthrie Building, Singapore 419973, not later than 10.00 a.m. on Monday, 25 June 2018.

5 Completion and return of this instrument appointing a proxy or proxies shall not preclude a member from attending and voting at the meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy, to the meeting.

6 The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7 Where an instrument appointing a proxy or proxies is signed on behalf of a member by an attorney, the letter or power of attorney or a duly certified copy thereof shall (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

8 A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the meeting in accordance with Section 179 of the Companies Act, Cap. 50.

9 The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing a proxy or proxies if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the meeting, as provided by The Central Depository (Pte) Limited to the Company.

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