
UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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PART I - INFORMATION REQUIRED FOR FULL YEAR RESULTS ANNOUNCEMENTS

- 1(a)(i) **An income statement and statement of comprehensive income, or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year**

Consolidated Income Statement and Consolidated Statement of Comprehensive Income (FY2018 vs FY2017)

	FY2018 (Unaudited) S\$'000	FY2017 (Audited) S\$'000	Increase/ (Decrease) %
Revenue	109,127	70,456	54.9%
Cost of Sales	(94,718)	(57,974)	63.4%
Gross profit	14,409	12,482	15.4%
Other income	2,784	2,448	13.7%
Administrative expenses	(17,517)	(11,791)	48.6%
Finance costs	(1,861)	(1,201)	55.0%
(Loss)/profit before tax	(2,185)	1,938	N/M
Income tax credit/(expense)	335	(365)	N/M
(Loss)/profit net of tax	(1,850)	1,573	N/M
<u>Other comprehensive (loss)/income, net of tax-</u>			
Foreign currency translation	2	(16)	N/M
Total comprehensive (loss)/income	(1,848)	1,557	N/M
(Loss)/profit net of tax attributable to:			
Owners of the Company	(1,187)	1,573	N/M
Non-controlling interests	(663)	-	N/M
	(1,850)	1,573	N/M
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(1,181)	1,557	N/M
Non-controlling interests	(667)	-	N/M
	(1,848)	1,557	N/M

N/M – Not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

(Loss)/profit for the year is stated after charging/(crediting):

	FY2018 (Unaudited) S\$'000	FY2017 (Audited) S\$'000	Increase/ (Decrease) %
Impairment of trade and other receivables	2,341	137	N/M
Write-back of doubtful trade receivables	(66)	(329)	N/M
Depreciation of property, plant and equipment	2,760	1,873	47.4%
Impairment/(write-back) of contract assets	1,098	(200)	N/M
Loss on disposal of property, plant and equipment, net	139	166	-16.3%

N/M – Not meaningful

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

	Group			Company		
	31 Dec 2018	31 Dec 2017	1-Jan-17	31 Dec 2018	31 Dec 2017	1-Jan-17
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS						
Non-current assets						
Property, plant and equipment	37,025	37,631	37,012	-	21,233	18,576
Investment property ###	-	-	-	28,541	8,354	8,594
Goodwill *	13,451	980	980	-	-	-
Investment in subsidiaries	-	-	-	29,734	17,734	17,734
Other receivables	-	314	-	-	-	-
Deferred tax assets	39	39	39	-	-	-
	<u>50,515</u>	<u>38,964</u>	<u>38,031</u>	<u>58,275</u>	<u>47,321</u>	<u>44,904</u>
Current assets						
Asset held for sales #	8,521	-	938	-	-	-
Contract assets	40,035	29,894	24,760	-	-	-
Inventories	6,267	2,705	3,135	-	-	-
Prepaid operating expenses	1,097	651	399	47	38	70
Trade and other receivables	22,797	13,093	16,150	657	67	6,850
Income tax recoverable	11	6	546	-	-	-
Cash and cash equivalents	2,621	4,137	3,396	264	847	578
	<u>81,349</u>	<u>50,486</u>	<u>49,324</u>	<u>968</u>	<u>952</u>	<u>7,498</u>
Total assets	<u>131,864</u>	<u>89,450</u>	<u>87,355</u>	<u>59,243</u>	<u>48,273</u>	<u>52,402</u>
EQUITY AND LIABILITIES						
Current liabilities						
Contract liabilities	18	354	55	-	-	-
Trade and other payables	29,637	16,003	14,132	11,492	9,527	12,438
Other liabilities	8,602	4,962	6,404	467	445	268
Loans and borrowings ##	38,463	31,052	22,649	1,532	10,253	2,245
Income tax payable	850	503	163	-	-	-
	<u>77,570</u>	<u>52,874</u>	<u>43,403</u>	<u>13,491</u>	<u>20,225</u>	<u>14,951</u>
Net current assets/(liabilities)	<u>3,779</u>	<u>(2,388)</u>	<u>5,921</u>	<u>(12,523)</u>	<u>(19,273)</u>	<u>(7,453)</u>
Non-current liabilities						
Loans and borrowings	17,838	10,569	19,484	17,626	10,038	17,883
Deferred tax liabilities	147	139	138	-	-	-
	<u>17,985</u>	<u>10,708</u>	<u>19,622</u>	<u>17,626</u>	<u>10,038</u>	<u>17,883</u>
Total liabilities	<u>95,555</u>	<u>63,582</u>	<u>63,025</u>	<u>31,117</u>	<u>30,263</u>	<u>32,834</u>
Net assets	<u>36,309</u>	<u>25,868</u>	<u>24,330</u>	<u>28,126</u>	<u>18,010</u>	<u>19,568</u>
Equity attributable to owners of the Company						
Share capital	30,766	18,766	18,393	30,766	18,766	18,393
Treasury shares	(256)	(256)	(256)	(256)	(256)	(256)
Foreign currency translation reserve	(96)	(102)	(86)	-	-	-
Premium paid on acquisition of non-controlling interests	(355)	(355)	(355)	-	-	-
Merger reserves	(7,442)	(7,442)	(7,442)	-	-	-
Employees share awards reserve	-	135	-	-	135	-
Retained earnings	14,070	15,122	14,076	(2,384)	(635)	1,431
Equity attributable to owners of the Company	<u>36,687</u>	<u>25,868</u>	<u>24,330</u>	<u>28,126</u>	<u>18,010</u>	<u>19,568</u>
Non-controlling interests	(378)	-	-	-	-	-
Total equity	<u>36,309</u>	<u>25,868</u>	<u>24,330</u>	<u>28,126</u>	<u>18,010</u>	<u>19,568</u>
Total equity and liabilities	<u>131,864</u>	<u>89,450</u>	<u>87,355</u>	<u>59,243</u>	<u>48,273</u>	<u>52,402</u>

* Goodwill

The increase in goodwill of S\$12.5 million relates to the estimated provisional goodwill arising from the acquisition of YC Capital Consolidated Sdn Bhd and its subsidiaries ("**YC Group**"), a 51% owned subsidiary of the Company. The carrying amount of the goodwill may change upon the finalisation of the purchase price allocation exercise. The acquisition was completed on 28 March 2018.

Asset held for sale

An asset held for sale of S\$8.5 million relates to the investment property consisting of twelve (12) adjoining plots of leasehold land and a five (5) storey terrace light industrial building erected thereon, bearing the postal address at 1,2,3,4,5,6,7,8,9,10,11 and 12, Jalan Perdana 10/6 and 10/8 Pandan Perdana, 55300 Kuala Lumpur owned by YC Group (collectively, the "**Asset Held for Sale**"). In accordance with the post-completion covenants of the Sales and Purchase Agreements ("**SPA**"), the property is to be disposed off within 12 months from the completion date of the acquisition of YC Group.

Loans and borrowings

A mortgage loan of S\$7.7 million is secured against the Asset Held for Sale of the newly acquired YC Group (the **"Asset Held for Sale Indebtedness"**). As at the end of FY2018, there are some delayed amounts owing in relation to the mortgage loan.

However, pursuant to the circular dated on 19 January 2018, Chu Sau Ben, Choong Hin Seong and Tuan Haji Anuar bin Ahmad have jointly and severally covenanted and undertaken to the Company that, subsequent to completion, they shall make all repayments relating to the Asset Held for Sale Indebtedness on or before the date on which such repayments fall due, including but not limited to repayments under the banking facilities. Given the foregoing, the Group is of the view that the above does not have a significant impact on the operations of the Group.

Investment property

Investment property located at 53 Loyang Drive obtained its Temporary Occupation Permit (**"TOP"**) in January 2018. The investment property is leased to subsidiaries and third parties.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 December 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
38,463	-	31,052	-

Amount repayable after one year

As at 31 December 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
17,838	-	10,569	-

Details of any collateral

Obligations under finance leases are secured over the leased assets, including hire purchases at the YC Group level.

Trade facilities and bank borrowings are secured by corporate guarantees provided by the Company and the relevant assets of the Group. The S\$0.8 million term loan facility provided by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd and Libra Engineering Pte Ltd, subsidiaries of the Company are jointly secured by a personal guarantee provided by the Company's Executive Chairman and Chief Executive Officer, Mr Chu Sau Ben, and a corporate guarantee provided by the Company.

The term loan relating to the leasehold land and building at 53 Loyang Drive, Singapore 508957 (the **"Property"**) is secured by:

- corporate guarantees issued by certain entities in the Group;
- a first legal mortgage over the Property; and
- a legal assignment of rental proceeds or charge over rental account to be executed all current and future rental income of the Property in favour of the financial institution.

A mortgage loan of S\$7.7 million is secured against the Asset Held for Sale of the newly acquired YC Group.

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

	Group	
	FY2018	FY2017
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/profit before tax	(2,185)	1,938
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	2,760	1,873
Write-back of doubtful trade receivables	(66)	(329)
Impairment of trade and other receivables	2,341	137
Impairment/(write-back) of contract assets	1,098	(200)
Loss on disposal of property, plant and equipment, net	139	166
Finance costs	1,861	1,201
Interest income	-	(6)
Impairment of property, plant and equipment	-	5
Translation difference	2	(16)
Operating cash flows before working capital changes, net of effects from acquisition of subsidiaries	5,950	4,769
<u>Changes in working capital:</u>		
Contract assets	(10,791)	(5,296)
Contract liabilities	(336)	299
Inventories	(2,330)	430
Prepaid operating expenses	42	(252)
Trade and other receivables	(9,709)	2,771
Trade and other payables	9,033	1,871
Other liabilities	2,584	(1,442)
Cash flows (used in)/from operations	(5,557)	3,150
Interest paid	(1,861)	(1,201)
Interest received	-	6
Income tax (paid)/refund, net	(150)	515
Net cash flow (used in)/from operating activities	(7,568)	2,470
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,693)	(2,065)
Proceeds from disposal of property, plant and equipment	548	961
Net cash inflow from acquisition of subsidiary	656	-
Net cash flow used in investing activities	(489)	(1,104)
Cash flows from financing activities		
Proceeds from loans and borrowings	13,364	5,158
Repayment of loans and borrowings	(6,823)	(5,860)
Issuance of performance share plan	-	372
Grant of equity-settled share awards to employees	-	135
Net cash flows from/(used in) financing activities	6,541	(195)
Net (decrease)/increase in cash and cash equivalents	(1,516)	1,171
Cash and cash equivalents at 1 January	4,137	2,966
Cash and cash equivalents at 31 December (Note 1)	2,621	4,137

Note 1: Cash and cash equivalents for FY2018 comprised of fixed deposits amounting to S\$1.5 million (FY2017: S\$0.5 million) are pledged to a financial institution to secure certain credit facilities.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Attributable to Owners of the Company								Non-controlling interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	Premium on acquisition of non-controlling interests	Merger reserve	Retained earnings	Employee share awards reserve	Total equity attributable to owners of the parent		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group (Unaudited)										
Balance as at 1 January 2018	18,766	(256)	(102)	(355)	(7,442)	15,649	135	26,395	-	26,395
Effects of adopting SFRS(I) 9	-	-	-	-	-	(527)	-	(527)	-	(527)
Opening balance of 1 January 2018 (SFRS(I) 9)	18,766	(256)	(102)	(355)	(7,442)	15,122	135	25,868	-	25,868
Loss for the financial year	-	-	-	-	-	(1,187)	-	(1,187)	(663)	(1,850)
Other comprehensive income										
Foreign currency translation	-	-	6	-	-	-	-	6	(4)	2
Total comprehensive income for the financial year	-	-	6	-	-	(1,187)	-	(1,181)	(667)	(1,848)
Issuance of new ordinary shares pursuant to acquisition of subsidiaries	12,000	-	-	-	-	-	-	12,000	-	12,000
Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	289	289
Expiry of equity-settled share option granted to employees	-	-	-	-	-	135	(135)	-	-	-
Balance as at 31 December 2018	30,766	(256)	(96)	(355)	(7,442)	14,070	-	36,687	(378)	36,309
Group (Unaudited)										
Balance as at 1 January 2017	18,393	(256)	(86)	(355)	(7,442)	14,076	-	24,330	-	24,330
Profit for the financial year	-	-	-	-	-	1,573	-	1,573	-	1,573
Other comprehensive income										
Foreign currency translation	-	-	(16)	-	-	-	-	(16)	-	(16)
Total comprehensive income for the financial year	-	-	(16)	-	-	1,573	-	1,557	-	1,557
Issuance of Performance Share Plan	373	-	-	-	-	-	-	373	-	373
Grant of equity-settled share awards to employees	-	-	-	-	-	-	135	135	-	135
Balance as at 31 December 2017	18,766	(256)	(102)	(355)	(7,442)	15,649	135	26,395	-	26,395

	Attributable to Owners of the Company				
	Share capital	Treasury shares	Retained earnings	Employee share awards reserve	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Company (Unaudited)					
Balance as at 1 January 2018	18,766	(256)	(635)	135	18,010
Loss for the financial year	-	-	(1,884)	-	(1,884)
Issuance of new ordinary shares pursuant to acquisition of subsidiaries	12,000	-	-	-	12,000
Expiry of equity-settled share option granted to employees	-	-	135	(135)	-
Balance as at 31 December 2018	30,766	(256)	(2,384)	-	28,126
Company (Unaudited)					
Balance as at 1 January 2017	18,393	(256)	1,431	-	19,568
Loss for the financial year	-	-	(2,066)	-	(2,066)
Issuance of Performance Share Plan	373	-	-	-	373
Grant of equity-settled share awards to employees	-	-	-	135	135
Balance as at 31 December 2017	18,766	(256)	(635)	135	18,010

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

The Company had on 28 March 2018 issued and allotted 93,750,000 new ordinary shares in the capital of the Company as consideration for the acquisition of 51% equity interest in YC Group.

	FY2018 (Unaudited)		FY2017 (Audited)	
	No. of Shares	S\$'000	No of Shares	S\$'000
Issued share capital				
At beginning of financial year	121,312,098	18,766	119,269,000	18,393
Issuance pursuant to Performance Share Plan	-	-	2,043,098	373
Issuance of shares as consideration for the acquisition of YC Group	93,750,000	12,000	-	-
At end of financial period	215,062,098	30,766	121,312,098	18,766

The number of treasury shares as at 31 December 2018 was 1,769,900 (31 December 2017: 1,769,900).

There are no outstanding convertibles or subsidiary holdings as at 31 December 2018 and as 31 December 2017 respectively.

- 1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

	31 Dec 2018 Unaudited	31 Dec 2017 Audited
Total number of issued shares	215,062,098	121,312,098
Total number of treasury shares	(1,769,900)	(1,769,900)
Total number of issued shares (excluding treasury shares)	<u>213,292,198</u>	<u>119,542,198</u>

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

Not applicable. There were no sales, transfers, disposals, cancellation and/or use of treasury shares during and as at the end of FY2018.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice**

The figures have not been audited or reviewed by the Company's independent auditors.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in paragraph 5, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

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

The Singapore Accounting Standards Council has introduced a new Singapore financial reporting framework that is equivalent to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). The new framework is referred to as 'Singapore Financial Reporting Standards (International)' ("SFRS(I)") hereinafter.

Subsequent to the last financial year end, as required by the listing requirements of the Singapore Exchange, the Group has adopted SFRS(I) on 1 January 2018 and issued its first set of financial information prepared under SFRS(I) for the six months ended 30 June 2018.

In adopting SFRS(I), the Group is required to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*. The Group also concurrently applied SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*.

The adoption of SFRS(I) 1 has no material impact on the Group's financial statements in the year of application as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I) 1.

The Group also did not elect any other relevant optional exemptions. Accordingly, no other adjustments or restatement are made to the financial statements.

Adoption of SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial Instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The impact arising from SFRS(I) 9 adoption was included in the opening retained earnings at the date of initial application, 1 January 2018. The comparative information was prepared in accordance with the requirements of FRS 39.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Upon adoption of SFRS(I) 9, the Group recognised additional impairment on the Group's trade and other receivables and contract assets of S\$555k. The additional impairment recognised arising from adoption of SFRS(I) 9 above resulted in a corresponding decrease in retained earnings of S\$527k as at 1 January 2018.

Adoption of SFRS(I) 15 *Revenue from Contracts with Customers*

SFRS(I) 15 replaces the previous Singapore Financial Reporting Standards FRS 11 *Construction Contracts*, FRS 18 *Revenue*, and related interpretations.

Revenue is recognised when a customer obtains control of a good or service. A customer obtains control when it has the ability to direct the use of and obtain the benefits from the good or service. The core principle of SFRS(I) 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The adoption of SFRS(I) 15 have no material impact on the Group's financial statements in the year of application as the accounting policies adopted by the Group under the previous accounting framework are consistent with SFRS(I) 15, except for the reclassification of "Gross amount due from customers for contract work-in-progress" and "Gross amount due to customers for contract work-in-progress" to "Contract assets" and "Contract liabilities" respectively.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	FY2018 Unaudited	FY2017 Audited
(Loss)/profit attributable to owners of the Company (S\$'000)	(1,187)	1,573
Weighted average number of ordinary shares in issue	190,689,458	118,724,959
Basic and diluted earnings per ordinary share ("EPS")(Singapore cents)	(0.62)	1.32

The basic and diluted EPS for the respective financial years are computed based on the (loss)/profit attributable to the owners of the Company and the weighted average of the Company's ordinary shares in issue during the respective financial years.

The basic and diluted EPS are the same as there were no potentially dilutive ordinary shares in issue during and as at the end of the respective financial years.

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

	Group		Company	
	31 Dec 2018 (Unaudited)	31 Dec 2017 (Audited)	31 Dec 2018 (Unaudited)	31 Dec 2017 (Audited)
Net asset value per ordinary share based on issued share capital (excluding treasury shares) (Singapore cents)	17.03	21.64	13.19	15.07
Number of issued shares (excluding treasury shares)	213,292,198	119,542,198	213,292,198	119,542,198

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

(i) **Review of the Group's income statement (FY2018 vs FY2017)**

During the year under review, the Group's total revenue increased by S\$38.6 million (54.9%), from S\$70.5 million in FY2017 to S\$109.1 million in FY2018.

This increase was mainly attributable to 1) higher revenue from the mechanical and electrical engineering ("M&E") segment of S\$7.8 million (19.5%) from S\$40.0 million in FY2017 to S\$47.8 million in FY2018, primarily due to increase in work done; 2) higher revenue from the manufacturing segment of S\$5.1 million (36.4%) from S\$14.0 million in FY2017 to S\$19.1 million in FY2018, primarily due to increased sales volume and increased re-sale of coils in FY2018; 3) increase in revenue from the building and construction solutions segment of S\$10.9 million (66.1%) from S\$16.5 million in FY2017 to S\$27.4 million in FY2018 as a result of increasing project realisation with higher order intake secured; and 4) revenue contribution from the travel and tour services business of \$14.9 million following the completion of the acquisition of YC Group in March 2018.

The Group's cost of sales increased by S\$36.7 million (63.3%), from S\$58.0 million in FY2017 to S\$94.7 million in FY2018. The increase was attributable to 1) higher sub-contractor costs in line with the increase in revenue; and 2) consolidation of results of travel and tour services business following the completion of the acquisition of YC Group in March 2018.

The Group's gross profit increased by S\$1.9 million (15.2%) from S\$12.5 million in FY2017 to S\$14.4 million in FY2018, mainly due to 1) an increase of S\$3.4 million (131.5%) from the building and construction solutions segment arising from improved project execution and productivity; 2) gross profit contribution from the travel and tour services business of S\$2.4 million following the completion of the acquisition of YC Group in March 2018; and offset by 3) a decline of S\$3.5 million (46.3%) in gross profit from the M&E segment due to more competitively priced projects.

During the year under review, other income increased by S\$0.4 million (16.7%) from S\$2.4 million in FY2017 to S\$2.8 million in FY2018 mainly attributable to the commencement of receipt of rental income from 53 Loyang Drive property which obtained its Temporary Occupation Permit ("TOP") in January 2018.

Administrative expenses increased by S\$5.7 million (48.3%) from S\$11.8 million in FY2017 to S\$17.0 million in FY2018. This was mainly due to 1) the consolidation of expenses of the travel and tour services business following the completion of the acquisition of YC Group in March 2018; 2) depreciation increased by S\$0.9 million (47.4%) relating to 53 Loyang Drive property which obtained its TOP in January 2018; 3) higher salaries and wages due to an increase in headcount for employees and workers as part of the Group's growth and expansion plans as well as salary adjustments; and 4) the increase in impairment of contracts assets, trade and other receivables by S\$0.5 million by first time adoption of SFRS(I) 9.

Finance costs increased by S\$0.7 million (58.3%) from S\$1.2 million in FY2017 to S\$1.9 million in FY2018, mainly due to 1) the increase in term loan interest relates to the property at 53 Loyang property whereby the interest was capitalised during the construction stage in previous years; and 2) the increase in trade financing and bank overdraft utilised by the Group in FY2018, which is in line with the increase in the Group's project activities.

The Group's loss before tax of S\$2.2 million in FY2018, as compared to profit before tax of S\$1.9 million in FY2017 is mainly due to 1) the provision for impairment allowance of doubtful trade and other receivables of S\$1.1 million arising from travel and tour service business due to the reassessment of the recoverability of the receivables of YC Group by the new management team of YC Group following the

departure of the previous management; 2) the increase in impairment of contracts assets, trade and other receivables by S\$0.5 million arising from the first time adoption of SFRS(l) 9.

Tax credit of S\$0.3 million in FY2018 as compared to tax expense charge of S\$0.4 million in FY2017 is mainly due to the over provision of tax expense in FY2017.

(ii) Review of the Group's financial position

Non-current assets

Non-current assets increase by S\$11.5 million (29.5%) from S\$39.0 million as at 31 December 2017 to S\$50.5 million as at 31 December 2018. The increase is mainly due to 1) the inclusion of S\$0.8 million of property, plant and machinery arising from the consolidation of YC Group; 2) an estimated provisional goodwill of S\$12.5 million which arose from the acquisition of YC Group (please refer to page 5 of this announcement for further details on the provisional goodwill); 3) S\$1.3 million in purchase of property, plant and machinery during the year, partially offset by 4) S\$2.8 million depreciation charged in the review year and repayment received for non-current loan of S\$0.3 million during the year.

Current assets

As at 31 December 2018, current assets stood at S\$81.3 million. This is an increase of S\$30.8 million as compared to S\$50.5 million as at 31 December 2017 due to the following:

- a) increase in contract asset of S\$10.0 million as a result of increased project execution towards the end of the year closing;
- b) an asset held for sales of S\$8.5 million which relates to the Investment Property of YC Group. In accordance with the post-completion covenants of the SPA, the property is to be disposed of within 12 months from the completion date of the acquisition of YC Group;
- c) increase in inventories of S\$3.6 million (131.7%) mainly attributable to 1) bulk purchase of coils used in the production for the manufacturing segment which is in line with increased sales and manufacturing activities during the year; and 2) inventories held by the travel and tour service segment;
- d) increase in trade and other receivables of S\$9.7 million (74.0%) mainly attributable to the travel and tour service segment and the building and construction solutions segment in line with the revenue increase during the year; and
- e) increase in prepaid operating expenses of S\$0.4 million during the year.

Partially offset by

- (f) decrease in cash and cash equivalents of S\$1.5 million in line with the increase in inventories and trade and other receivables during the year.

Current liabilities

As at 31 December 2018, current liabilities stood at S\$77.6 million, which represents an increase of S\$24.7 million as compared to S\$52.9 million as at 31 December 2017. This increase is mainly due to:

- a) increase in trade and other payables of S\$13.6 million (85.2%) in line with the increase in trade and other receivables arising from the consolidation of the travel and tour service segment;
- b) increase in other liabilities of S\$3.6 million (73.4%) mainly due to the higher accrued operating expenses;
- c) increase in tax payable of S\$0.4 million arising from the consolidation of the travel and tour service segment; and
- d) increase in loan and borrowings of S\$7.4 million (23.9%) mainly attributable to 1) mortgage loan of S\$7.8 million in connection with the Asset Held for Sale of YC Group, 2) increase in bank overdraft of

S\$6.6 million, 3) increase in the utilisation trade facilities in line with increase in revenue, and partially offset by 4) the refinancing of the S\$7.3 million construction loan to term, non-current loan;

Offset by

- e) decrease in contract liabilities of S\$0.3 million (94.9%) mainly due to lower advance collections from customers for the building and construction segments.

Non-current liabilities

As at 31 December 2018, non-current liabilities increased by S\$7.3 million to S\$18.0 million from S\$10.7 million as at 31 December 2017, mainly due to the refinancing of the S\$7.3 million construction loan to term, non-current loan which is secured against the property, plant and equipment at 53 Loyang Drive.

Equity attributable to owners of the Company

Equity attributable to owners of the Company amounted to S\$36.7 million as at 31 December 2018, which reflects an increase of S\$10.8 million (41.7%) as compared to S\$25.9 million as at 31 December 2017, mainly arising from 1) S\$1.2 million net loss for the current financial year; and 2) S\$12.0 million arising from the issuance and allotment of 93,750,000 new ordinary shares in the capital of the Company issued to Chu San Ben (Executive Chairman and Chief Executive Officer) as consideration for the acquisition of YC Group.

Review of the Group's cash flow

In FY2018, the net cash flow used in operating activities amounted to S\$7.3 million, mainly due to operating cash flows before working capital changes of S\$5.8 million, adjusted for net working capital outflows of S\$11.1 million, as well as interest paid of S\$1.9 million. The net working capital outflow is mainly due to the increase in gross amount due from contract assets of S\$10.6 million, increase in inventories of S\$2.3 million, increase in trade and other receivables of S\$9.5 million, decrease in gross amount due to contract liabilities of S\$0.3 million, and partially offset by decrease increase in trade and other payables of S\$9.0 million, and the increase in other liabilities of S\$2.6 million.

Net cash used in investing activities of S\$0.5 million in FY2018 is mainly attributable to the purchase of property, plant and equipment of S\$1.7 million, and partially offset by proceeds from disposal of property, plant and equipment of S\$0.5 and net cash inflow from the acquisition of YC Group of S\$0.7 million.

Net cash flow arising from financing activities amounted to S\$6.3 million in FY2018 mainly due to proceeds from loans and borrowing of S\$13.4 million which is mainly attributable to the utilisation of bank overdraft, term loan drawdown and trust receipts for project financing, and partially offset by repayment of loans and borrowings S\$7.1 million.

As at 31 December 2018, the Group's cash and cash equivalents stood at S\$2.6 million.

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

Not applicable as no forecast or prospect statement has been disclosed to shareholders.

10. A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group will increasingly look for growth opportunities abroad to diversify its geographical base and revenue streams given that its core businesses are closely linked to Singapore's building and construction industry which remains challenging. The latest round of government measures to cool the Singapore property market as announced on 5 July 2018 and the recent budget announcement on 18 February 2019, has further raised the need for the Group to venture overseas.

According to the Building and Construction Authority (BCA) of Singapore dated 14 January 2019, it projected the total construction demand (i.e. the value of construction contracts to be awarded) in 2019 to range between S\$27 billion and S\$32 billion, comparable to the S\$30.5 billion (preliminary estimate) awarded in 2018.

The projected outlook is due to sustained public sector construction demand, which is expected to reach between S\$16.5 billion and S\$19.5 billion in 2019, contributing to about 60% of the projected demand for this year. Public construction demand is expected to be boosted by major infrastructure projects and a pipeline of major industrial building projects.

The private sector construction demand is expected to remain steady at between S\$10.5 billion and S\$12.5 billion in 2019, supported by projects including the redevelopment of past en-bloc sales sites concluded prior to the second half of 2018 and new industrial developments.

A subsidiary, Libra Manufacturing Sdn Bhd was set up in Malaysia in March 2018 to engage in the manufacturing of air-conditioning and mechanical ventilation ducts. The Group is also in the process of relocating certain of its manufacturing operations to Malaysia as part of its efforts to optimise cost. The Malaysia plant became fully operational in September FY2018.

The acquisition of a 51% stake in YC Group which was completed on 28 March 2018 was also part of the Group's strategic diversification. As announced by the Company on 19 October 2018 and 19 November 2018 pertaining to the litigation and the departure of the previous management of YC Group, the Group is in the process of reinforcing the operations and internal controls of YC Group.

Notwithstanding the foregoing, the Group remains hopeful of prospects of the travel and tourism industry in Malaysia.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No dividends have been declared or recommended for FY2018.

(b)(i) Amount per share (cents):

Not applicable.

(b)(ii) Previous corresponding period (cents):

No dividends were declared for the corresponding period of the immediately preceding financial year.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)**

Not applicable.

- (d) **The date the dividend is payable**

Not applicable.

- (e) **Book closure date**

Not applicable.

12. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision**

No dividend has been declared or recommended for FY2018 because the Group is not profitable in that financial year.

13. **If the group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

YC Acquisition

As stated in the Company's announcement dated 28 March 2018, the acquisition of 51% of the issued and paid-up share capital in YC Capital Consolidated Sdn. Bhd. (the "**YC Acquisition**") was completed on 28 March 2018 (the "**Completion Date**") after shareholders' mandate was obtained at the extraordinary general meeting of the Company held on 5 February 2018 in accordance with Rule 906(1)(a) of the Catalyst Rules.

As stated in the Company's circular dated 19 January 2018, the Company, Mr Choong Hin Seong, Tuan Haji Anuar bin Ahmad and YC Capital Consolidated Sdn. Bhd. ("**YC Capital**") have agreed to dispose the Asset Held for Sale on or before the date falling 12 months from the Completion Date (the "**Investment Property Disposal**").

Personal guarantee

A S\$0.5 million term loan facility granted by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd in October 2017, a wholly owned subsidiary of the Company, was secured jointly by a corporate guarantee provided by the Company and a personal guarantee provided by Mr Chu Sau Ben.

A S\$0.3 million term loan facility granted by Ethoz Capital Ltd to Libra Engineering Pte. Ltd. in April 2018, a wholly owned subsidiary of the Company, was secured jointly by a corporate guarantee provided by the Company and a personal guarantee provided by Mr Chu Sau Ben.

The aggregate amount outstanding under both term loan facilities granted by Ethoz Capital Ltd as at 31 December 2018 was S\$0.5 million.

A S\$1.0 million term loan facility granted by Ethoz Capital Ltd to Kin Xin Engineering Pte Ltd in January 2015, a wholly owned subsidiary of the Company, was secured jointly by a corporate guarantee provided by the Company and a personal guarantee provided by Mr Chu Sau Ben. This term loan facility was fully settled in January 2018.

A S\$1.0 million term loan facility granted by Malayan Banking Berhad to Libra Engineering Pte. Ltd. in February 2016, a wholly owned subsidiary of the Company, was secured jointly by a corporate guarantee provided by the Company and a personal guarantee provided by Mr Chu Sau Ben. This term loan facility was fully settled in April 2018.

No consideration was and will be paid to Mr Chu Sau Ben for the provision of the personal guarantees disclosed above. Please refer to Section 1(b)(ii) for further details.

Others

The Company did not obtain a general mandate from shareholders for interested person transactions. Save as disclosed above, there were no interested person transactions with an aggregate value of S\$100,000 or more during the current financial period reported on.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set up in Appendix 7H) under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the required format.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. Segmented revenue and results for operating segments of the group in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

	Singapore			Malaysia			
	Investment holding S\$'000	M&E S\$'000	Manufacturing S\$'000	Building & Construction Solutions S\$'000	Travel & Tour Service Business S\$'000	Adjustments & Eliminations S\$'000	Total S\$'000
FY2018 (Unaudited)							
REVENUE							
External revenue	-	47,801	19,070	27,379	14,877	-	109,127
Inter-segment	2,102	518	7,406	569	-	(10,595)	-
Total revenue	2,102	48,319	26,476	27,948	14,877	(10,595)	109,127
RESULTS							
Segment results	2,102	4,151	2,937	3,446	2,444	(671)	14,409
Depreciation	(914)	(264)	(517)	(186)	(283)	(596)	(2,760)
Impairment of contract assets	-	(164)	-	(934)	-	-	(1,098)
Impairment of trade and other receivables	-	-	(333)	(1,161)	(847)	-	(2,341)
Other income	1,065	454	468	2,454	170	(1,827)	2,784
Finance costs	(825)	(176)	(350)	(456)	(54)	-	(1,861)
Other expenses	(3,312)	(2,115)	(2,597)	(3,293)	(2,803)	2,802	(11,318)
(Loss)/profit before tax	(1,884)	1,886	(392)	(130)	(1,373)	(292)	(2,185)
Income tax credit	-	323	-	-	12	-	335
(Loss)/profit for the financial year	(1,884)	2,209	(392)	(130)	(1,361)	(292)	(1,850)
ASSETS							
Additions to property, plant and equipment	115	87	1,014	243	-	-	1,459
Segment assets	58,650	40,150	26,583	37,152	13,867	(44,538)	131,864
LIABILITIES							
Segment liabilities	31,741	20,163	20,818	32,261	14,172	(23,600)	95,555

	Investment holding S\$'000	M&E S\$'000	Manufacturing S\$'000	Building & Construction Solutions S\$'000	Travel & Tour Service Business S\$'000	Adjustments & Eliminations S\$'000	Total S\$'000
FY2017 (Audited)							
REVENUE							
External revenue	-	39,954	14,029	16,473	-	-	70,456
Inter-segment	1,712	25	2,601	1,366	-	(5,704)	-
Total revenue	1,712	39,979	16,630	17,839	-	(5,704)	70,456
RESULTS							
Segment results	1,712	7,732	2,943	27	-	69	12,482
Depreciation	(307)	(333)	(445)	(151)	-	(637)	(1,873)
Write-back of contract assets	-	200	-	-	-	-	200
Impairment of trade and other receivables	-	-	(137)	-	-	-	(137)
Write-back for doubtful other receivables	-	-	43	286	-	-	329
Other income	947	475	303	2,298	-	(2,104)	1,919
Finance costs	(471)	(250)	(227)	(227)	-	(26)	(1,201)
Other expenses	(3,948)	(3,321)	(2,251)	(3,200)	-	2,938	(9,782)
(Loss)/profit before tax	(2,067)	4,503	229	(967)	-	240	1,938
Income tax expense	-	(329)	-	(36)	-	-	(365)
(Loss)/profit for the financial year	(2,067)	4,174	229	(1,003)	-	240	1,573
ASSETS							
Additions to property, plant and equipment	2,724	20	499	220	-	(777)	2,686
Segment assets	21,188	35,944	16,053	35,934	-	(19,142)	89,977
LIABILITIES							
Segment liabilities	30,263	18,014	9,731	24,335	-	(18,761)	63,582

Geographical segments

	Revenue		Non-Current assets		
	FY2018 S\$'000	FY2017 S\$'000	FY2018 S\$'000	31-Dec-17 S\$'000	1-Jan-17 S\$'000
Singapore	94,250	70,456	49,770	38,964	38,031
Malaysia	14,877	-	745	-	-

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

Please refer to Paragraph 8.

17. **A breakdown of sales**

	FY2018 (Unaudited) S\$'000	FY2017 (Audited) S\$'000	Increase/ (Decrease) %
1st Half			
Sales reported for the 1 st half year	55,553	30,829	80.2
Operating profit after tax before deducting non-controlling interests reported for the 1 st half year	484	761	(36.4)
2nd Half			
Sales reported for the 2 nd half year	53,574	39,627	35.2
Operating (loss)/profit after tax before deducting non-controlling interests reported for the 2 nd half year	(2,334)	812	N/M

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

No dividend has been declared/recommended for FY2018 and FY2017.

19. **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the SGX-ST, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:

Name	Age	Family relationship with any director, CEO &/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any during the year
Chu Sau Ben	54	Brother of Executive Director, Chu Siow Leong	<i>Executive Director, Chairman and CEO of Libra Group Limited (Since 2011)</i> Responsible for overall Group strategy and development	No change during the year

Chu Siow Leong	43	Brother of Executive Director, Chairman and CEO, Chu Sau Ben	Executive Director of Libra Group Ltd (Since 2018) and General Manager of Libra Engineering Pte Ltd (Since 2017) Responsible for overseeing the operations and production of the Company	Promoted as Executive Director during FY2018
Chu Kee Yong	46	Sister of Executive Director, Chairman and CEO, Chu Sau Ben and Executive Director, Chu Siow Leong	Assistant General Manager of Libra Engineering Pte Ltd (Since 2015) Responsible for overseeing the operations and production of the Company	No change during the year
Chu Fai Fong	48	Sister of Executive Director, Chairman and CEO, Chu Sau Ben and Executive Director, Chu Siow Leong	Group Credit Controller of Libra Group Limited (since 2013) Responsible for the Group customers' credit evaluation and accounts receivable management	No change during the year

BY ORDER OF THE BOARD

Chu Sau Ben
Executive Chairman and Chief Executive Officer

Date: 1 March 2019