



DYNA-MAC HOLDINGS LTD.

(Incorporated in the Republic of Singapore)

(Company Registration No: 200305693E)

UNAUDITED RESULTS FOR THE SECOND QUARTER ENDED 30 JUNE 2020

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1(a)(i) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SECOND QUARTER ENDED 30 JUNE

| | Group | | | Group | | |
|---|-----------------|----------------|-----------|-----------------|----------------|-----------|
| | 3 months ended | 3 months ended | Change | 6 months ended | 6 months ended | Change |
| | 30-Jun-20 | 30-Jun-19 | % | 30-Jun-20 | 30-Jun-19 | % |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| Revenue | 10,987 | 18,873 | -41.8% | 51,351 | 32,568 | 57.7% |
| Cost of sales | (16,012) | (13,649) | 17.3% | (51,629) | (22,059) | NM |
| Gross (loss)/profit | (5,025) | 5,224 | NM | (278) | 10,509 | NM |
| Gross profit margin | NM | 27.7% | | NM | 32.3% | |
| Other income | 1,889 | 450 | NM | 2,788 | 819 | NM |
| Other expenses | (692) | (402) | 72.1% | (708) | (402) | 76.1% |
| Administrative expenses | (10,340) | (4,884) | NM | (15,563) | (10,314) | 50.9% |
| Finance costs | (313) | (158) | 98.1% | (463) | (314) | 47.5% |
| (Loss)/profit before tax | (14,481) | 230 | NM | (14,224) | 298 | NM |
| Income tax expense | - | (165) | NM | - | (166) | NM |
| Net (loss)/profit for the financial period | (14,481) | 65 | NM | (14,224) | 132 | NM |
| Net profit margin | NM | 0.3% | | NM | 0.4% | |
| Attributable to:- | | | | | | |
| Equity holders of the Company | (14,477) | 237 | NM | (14,184) | 276 | NM |
| Non-controlling interest | (4) | (172) | -97.7% | (40) | (144) | -72.2% |
| Net (loss)/profit for the financial period | (14,481) | 65 | NM | (14,224) | 132 | NM |
| Other comprehensive income:- | | | | | | |
| Items that may be subsequently reclassified to profit or loss:- | | | | | | |
| Currency translation differences arising from consolidation | 921 | 558 | 65.1% | 494 | 380 | 30.0% |
| Total comprehensive (loss)/income for the financial period | (13,560) | 623 | NM | (13,730) | 512 | NM |
| Attributable to:- | | | | | | |
| Equity holders of the Company | (13,559) | 777 | NM | (13,719) | 647 | NM |
| Non-controlling interest | (1) | (154) | -99.4% | (11) | (135) | -91.9% |
| Total comprehensive (loss)/income for the financial period | (13,560) | 623 | NM | (13,730) | 512 | NM |

NM- not meaningful

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

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

| | Group | | | Group | | |
|--|----------------|----------------|--------|----------------|----------------|--------|
| | 3 months ended | 3 months ended | Change | 6 months ended | 6 months ended | Change |
| | 30-Jun-20 | 30-Jun-19 | % | 30-Jun-20 | 30-Jun-19 | % |
| | \$'000 | \$'000 | % | \$'000 | \$'000 | % |
| The Group's profit is stated after charging/(crediting):- | | | | | | |
| Rental income ^(Note 1) | (16) | (382) | -95.8% | (25) | (404) | -93.8% |
| Interest income - bank deposits | (31) | (59) | -47.5% | (108) | (130) | -16.9% |
| Amortisation of deferred capital grants | (38) | (37) | 2.7% | (75) | (99) | -24.2% |
| Government grants and rebates | (2,318) | 48 | NM | (2,361) | (83) | NM |
| Finance costs | 313 | 158 | 98.1% | 463 | 314 | 47.5% |
| Amortisation of club memberships | 4 | 4 | 0.0% | 7 | 7 | -6.3% |
| Depreciation of property, plant and equipment | 1,821 | 1,863 | -2.3% | 3,649 | 3,768 | -3.1% |
| Depreciation of right-of-use assets | 644 | 657 | -2.0% | 1,287 | 1,298 | -0.8% |
| Gain on disposal of property, plant and equipment | - | (3) | NM | - | (20) | NM |
| Impairment loss on trade and other receivables | 435 | - | NM | 435 | - | NM |
| Loss on striking-off of a subsidiary | 203 | - | NM | 203 | - | NM |
| Foreign exchange loss, net | 893 | 444 | NM | 49 | 317 | -84.5% |

Note 1 - Rental income comprises mainly of rental income from small administration office to subcontractors.

NM - not meaningful

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE

| | Group | | Company | |
|---|----------------------------------|--------------------------------|----------------------------------|--------------------------------|
| | Unaudited 30-Jun-20 \$'000 | Audited 31-Dec-19 \$'000 | Unaudited 30-Jun-20 \$'000 | Audited 31-Dec-19 \$'000 |
| ASSETS | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 40,801 | 27,186 | 327 | 563 |
| Trade and other receivables | 18,218 | 25,369 | 5,159 | 5,359 |
| Inventories | 1,253 | 1,282 | - | - |
| Contract assets | 16,817 | 14,575 | - | - |
| Other current assets | 1,173 | 854 | 20 | 11 |
| | 78,262 | 69,266 | 5,506 | 5,933 |
| Assets held for sale | - | 9,500 | - | - |
| | 78,262 | 78,766 | 5,506 | 5,933 |
| Non-Current Assets | | | | |
| Club memberships | 146 | 290 | - | - |
| Investment in subsidiaries | - | - | 122,453 | 122,453 |
| Property, plant and equipment | 45,773 | 49,342 | - | - |
| Right-of-use assets | 28,684 | 29,971 | - | - |
| | 74,603 | 79,603 | 122,453 | 122,453 |
| Total Assets | 152,865 | 158,369 | 127,959 | 128,386 |
| LIABILITIES | | | | |
| Current Liabilities | | | | |
| Trade and other payables | 36,374 | 32,333 | 109 | 167 |
| Contract liabilities | 3,833 | 80 | - | - |
| Borrowings | 13,946 | 13,308 | - | - |
| Deferred government grants and rebates | 1,116 | 149 | - | - |
| Lease liabilities | 2,227 | 2,246 | - | - |
| | 57,496 | 48,116 | 109 | 167 |
| Non-Current Liabilities | | | | |
| Deferred government grants and rebates | 348 | 423 | - | - |
| Deferred income tax liabilities | 16 | 16 | - | - |
| Lease liabilities | 27,119 | 28,198 | - | - |
| | 27,483 | 28,637 | - | - |
| Total Liabilities | 84,979 | 76,753 | 109 | 167 |
| Net Assets | 67,886 | 81,616 | 127,850 | 128,219 |
| EQUITY | | | | |
| Capital and Reserves Attributable to Equity Holders of the Company | | | | |
| Share capital | 145,271 | 145,271 | 145,271 | 145,271 |
| Other reserves | 123 | 291 | - | - |
| Accumulated losses | (77,915) | (64,364) | (17,421) | (17,052) |
| Share Capital and Reserves | 67,479 | 81,198 | 127,850 | 128,219 |
| Non-controlling interests | 407 | 418 | - | - |
| Total Equity | 67,886 | 81,616 | 127,850 | 128,219 |

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

| As at 30-Jun-20 | | As at 31-Dec-19 | | |
|--------------------------------------|------------------|------------------------|------------------|---|
| Secured | Unsecured | Secured | Unsecured | |
| \$'000 | \$'000 | \$'000 | \$'000 | |
| Amount repayable in one year or less | 13,946 | - | 13,308 | - |

Details of any collateral: -

The Group's borrowings are mainly secured by deeds of guarantee and indemnity from the Company.

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SECOND QUARTER

| | Group | | Group | |
|---|-----------------|----------------|----------------|----------------|
| | 3 months ended | 3 months ended | 6 months ended | 6 months ended |
| | 30-Jun-20 | 30-Jun-19 | 30-Jun-20 | 30-Jun-19 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| OPERATING ACTIVITIES | | | | |
| Loss before tax | (14,481) | 230 | (14,224) | 298 |
| Adjustments for: | | | | |
| - Amortisation of club memberships | 4 | 4 | 7 | 7 |
| - Amortisation of deferred capital grants | (38) | (37) | (75) | (99) |
| - Depreciation of property, plant and equipment | 1,821 | 1,863 | 3,649 | 3,768 |
| - Depreciation of right-of-use assets | 644 | 657 | 1,287 | 1,298 |
| - Finance costs | 313 | 158 | 463 | 314 |
| - Impairment loss on trade and other receivables | 435 | - | 435 | - |
| - Interest income | (31) | (59) | (108) | (130) |
| - Loss on striking-off of a subsidiary | 203 | - | 203 | - |
| - Gain on disposal of property, plant and equipment | - | (3) | - | (20) |
| - Gain on disposal of club membership | (36) | - | (36) | - |
| - Property, plant and equipment written off | - | 85 | - | 85 |
| - Unrealised translation loss | 755 | 555 | 261 | 388 |
| | (10,411) | 3,453 | (8,138) | 5,909 |
| Changes in working capital | | | | |
| - Contract assets | 11,439 | 21,631 | (2,242) | 18,230 |
| - Contract liabilities | 3,833 | 10,816 | 3,753 | 11,672 |
| - Inventories | (1) | 162 | 29 | 282 |
| - Other current assets | (384) | (59) | (319) | (326) |
| - Trade and other receivables | 2,921 | (24,410) | 6,862 | (12,624) |
| - Trade and other payables | 1,552 | (5,554) | 4,769 | (19,508) |
| Cash flows generated from operations | 8,949 | 6,039 | 4,714 | 3,635 |
| Interest received | 114 | 59 | 150 | 130 |
| Income tax paid | - | (8) | - | (9) |
| Net cash flows generated from operating activities | 9,063 | 6,090 | 4,864 | 3,756 |
| INVESTING ACTIVITIES | | | | |
| - Additions to property, plant and equipment | (66) | (4) | (81) | (23) |
| - Proceeds from disposal of property, plant and equipment | - | 3 | - | 20 |
| - Proceeds from disposal of investment properties | 9,500 | - | 9,500 | - |
| - Proceeds from disposal of club membership | 19 | - | 19 | - |
| - Proceeds from government grants | - | - | - | 746 |
| Net cash flows generated from investing activities | 9,453 | (1) | 9,438 | 743 |
| FINANCING ACTIVITIES | | | | |
| - Interest expense paid | (149) | (205) | (258) | (244) |
| - Payment of principal portion of lease liabilities | (542) | (524) | (1,079) | (1,044) |
| - Repayment of lease liabilities | (4) | (11) | (7) | (23) |
| - Proceeds from/(repayment of) bank borrowings | (8,122) | 484 | 626 | (161) |
| Net cash flows used in financing activities | (8,817) | (256) | (718) | (1,472) |
| Net increase in cash and cash equivalents | 9,699 | 5,833 | 13,585 | 3,027 |
| Cash and cash equivalents at the beginning of the period | 31,138 | 22,105 | 27,186 | 24,925 |
| Effect of currency translation on cash and cash equivalents | (36) | 5 | 30 | (9) |
| Cash and cash equivalents at the end of the period | 40,801 | 27,943 | 40,801 | 27,943 |

The Group is required to maintain certain minimum deposits with banks for banking facilities. Included in cash and cash equivalents are fixed deposits of \$31.0m (2Q 2019: \$6.0m) designated by the Group for this purpose.

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY

| | Attributable to equity holders of the Company | | | | Non-controlling interest | Total equity | |
|--|---|--------------------|---------------------------|--------------------------------------|--------------------------|--------------|-----------------|
| | Share capital | Accumulated losses | Asset revaluation reserve | Foreign currency translation reserve | | | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Group | | | | | | | |
| Balance at 1 January 2020 | 145,271 | (64,364) | 633 | (342) | 81,198 | 418 | 81,616 |
| Loss for the period | - | (14,184) | - | - | (14,184) | (40) | (14,224) |
| Other comprehensive income | - | - | - | 465 | 465 | 29 | 494 |
| Transfer between reserves | - | 633 | (633) | - | - | - | - |
| Total comprehensive loss for the period | - | (14,184) | - | 465 | (13,719) | (11) | (13,730) |
| Balance at 30 June 2020 | 145,271 | (78,548) | 633 | 123 | 67,479 | 407 | 67,886 |
| Company | | | | | | | |
| Balance at 1 January 2020 | 145,271 | (17,052) | - | - | 128,219 | - | 128,219 |
| Total comprehensive loss for the period | - | (369) | - | - | (369) | - | (369) |
| Balance at 30 June 2020 | 145,271 | (17,421) | - | - | 127,850 | - | 127,850 |

| | Attributable to equity holders of the Company | | | | Non-controlling interest | Total equity | |
|--|---|--------------------|---------------------------|--------------------------------------|--------------------------|--------------|----------------|
| | Share capital | Accumulated losses | Asset revaluation reserve | Foreign currency translation reserve | | | Total |
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | |
| Group | | | | | | | |
| Balance at 1 January 2019 | 145,271 | (40,651) | 633 | (503) | 104,750 | 690 | 105,440 |
| Profit for the period | - | 276 | - | - | 276 | (144) | 132 |
| Other comprehensive income | - | - | - | 371 | 371 | 9 | 380 |
| Total comprehensive income for the period | - | 276 | - | 371 | 647 | (135) | 512 |
| Balance at 30 June 2019 | 145,271 | (40,375) | 633 | (132) | 105,397 | 555 | 105,952 |
| Company | | | | | | | |
| Balance at 1 January 2019 | 145,271 | (11,899) | - | - | 133,372 | - | 133,372 |
| Total comprehensive loss for the period | - | (335) | - | - | (335) | - | (335) |
| Balance at 30 June 2019 | 145,271 | (12,234) | - | - | 133,037 | - | 133,037 |

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

| Number of Ordinary Shares '000 | Resultant issued share capital \$'000 |
|--------------------------------------|---|
| 1,023,211 | 145,271 |

Balance as at 30 June 2020 and 30 June 2019

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

The Company did not hold any treasury shares as at 30 June 2020 and 30 June 2019. The Company's total number of issued shares excluding treasury shares as at 30 June 2020 and 30 June 2019 is 1,023,211,000.

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

Not applicable.

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

The figures have not been audited or reviewed by the Group's independent auditor.

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

Not applicable.

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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period, as those used for the audited consolidated financial statements for the financial year ended 31 December 2019.

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

The Group adopted the new/revised SFRS(I)s that are effective for the annual periods beginning on or after 1 January 2020. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I)s, SFRS(I) interpretations and amendments to the SFRS(I)s.

The following are the new or amended SFRS(I)s, and SFRS(I) Interpretations, that are relevant to the Group:

- Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*

The adoption of the above SFRS(I)s, SFRS(I) Interpretations and amendments to SFRS(I)s did not have any significant impact on the financial statements of the Group.

6. **(Loss)/earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

| | Group | | Group | |
|---|----------------|----------------|----------------|----------------|
| | 3 months ended | 3 months ended | 6 months ended | 6 months ended |
| | 30-Jun-20 | 30-Jun-19 | 30-Jun-20 | 30-Jun-19 |
| (Loss)/earnings per share (based on consolidated net (loss)/profit attributable to equity holders):- | | | | |
| Based on weighted average number of ordinary shares in issue (cents) | (1.41) | 0.02 | (1.39) | 0.03 |
| On a fully diluted basis (cents) | (1.41) | 0.02 | (1.39) | 0.03 |
| Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share ('000) | 1,023,211 | 1,023,211 | 1,023,211 | 1,023,211 |
| Weighted average number of ordinary shares in issue for calculation of diluted (loss)/earnings per share ('000) | 1,023,211 | 1,023,211 | 1,023,211 | 1,023,211 |

There were no potentially dilutive shares for the financial period ended 30 June 2020.

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

| | Group | | Company | |
|--|-----------|-----------|-----------|-----------|
| | 30-Jun-20 | 31-Dec-19 | 30-Jun-20 | 31-Dec-19 |
| Net asset value per ordinary share based on existing share capital (cents) | 6.59 | 7.94 | 12.49 | 12.53 |
| Number of shares ('000) | 1,023,211 | 1,023,211 | 1,023,211 | 1,023,211 |

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.

Statement of Comprehensive Income Overview

Revenue

Revenue decreased by \$7.9m or 41.8% from \$18.9m in the second quarter ended 30 June 2019 ("2Q2019") to \$11.0m in the second quarter ended 30 June 2020 ("2Q2020"). The decrease was mainly due to the slower progress of the projects resulting from production stand down during the Circuit Breaker period.

Revenue increased by \$18.8m or 57.7% from \$32.6m in the first half year ended 30 June 2019 ("1H2019") to \$51.4m in the half year ended 30 June 2020 ("1H2020"). The increase was mainly due to higher revenue recorded in 1Q2020 (\$40.3m) as compared to that of 1Q2019 (\$13.7m) as the projects were in the initial phase of production, partially offset by the lower revenue recognized in 2Q2020 as a result of higher cost needed to complete the projects, coupled with slower progress of the projects resulting from production stand down during the Circuit Breaker period as mentioned above.

Gross (loss)/profit

Gross (loss)/profit declined from \$5.2m gross profit in 2Q2019 to gross loss of \$5.0m in 2Q2020. This was mainly due to higher cost recognised as a result of higher cost needed to complete the projects.

Gross (loss)/profit declined from \$10.5m gross profit in 1H2019 to gross loss of \$0.3m in 1H2020. The gross loss was mainly due to higher cost recognised as a result of higher cost needed to complete the projects as mentioned above, partially offset by the gross profit recognised in projects during the period.

Other income

Other income increased by \$1.4m from \$0.5m in 2Q2019 to \$1.9m in 2Q2020. The increase was mainly due to income recognised from the government job support scheme.

Other income increased by \$2.0m from \$0.8m in 1H2019 to \$2.8m in 1H2020. The increase was mainly due to income recognised from the government job support scheme.

Other expenses

Other expenses increased by \$0.3m from \$0.4m in 2Q2019 / 1H2019 to \$0.7m in 2Q2020 / 1H2020, mainly arose from impairment loss from trade and other receivables.

Administrative expenses

Administrative expenses increased by \$5.4m from \$4.9m in 2Q2019 to \$10.3m in 2Q2020. The increase was mainly due to production salaries and related costs being re-classified from cost of sales during the production stand-down and suspension period.

Administrative expenses increased by \$5.3m or 50.9% from \$10.3m in 1H2019 to \$15.6m in 1H2020. The increase was mainly due to production salaries and related costs being re-classified from cost of sales during the production stand-down and suspension period.

Finance expenses

Finance expenses increased by \$0.1m from \$0.2m in 2Q2019 to \$0.3m in 2Q2020. The increase comprised mainly interest expenses on bank borrowings.

Finance expenses increased by \$0.2m or 47.5% from \$0.3m in 2Q2019 to \$0.5m in 2Q2020. The increase comprised mainly interest expenses on bank borrowings.

Income tax expense

The Group did not recognise deferred tax asset on carried forward trade losses and capital allowances due to the uncertainty of its utilisation. The income tax expense was attributable to income tax provision by the subsidiaries in 2Q2019 and 1H2019.

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

Statement of financial position

Current assets

Total current assets decreased by \$0.5m from \$78.8m as at 31 December 2019 to \$78.3m as at 30 June 2020.

Cash and cash equivalents increased by \$13.6m from \$27.2m as at 31 December 2019 to \$40.8m as at 30 June 2020 mainly due to proceed from disposal of assets held for sale and collection of accounts receivable, net of working capital requirements.

Trade and other receivables decreased by \$7.2m from \$25.4m as at 31 December 2019 to \$18.2m as at 30 June 2020 mainly due to prompt payment by customers.

Contract Assets increased by \$2.2m from \$14.6m as at 31 December 2019 to \$16.8m as at 30 June 2020 mainly due to the timing of billing to customers.

Assets held for sale decreased by \$9.5m from 31 December 2019 to 30 June 2020 due to disposal of the properties.

Non-current assets

Non-current assets decreased by \$5.0m from \$79.6m as at 31 December 2019 to \$74.6m as at 30 June 2020 mainly due to depreciation of property, plant and equipment and right-of-use assets.

Right-of-use assets arose from the adoption of SFRS(I) 16 *Leases* on 1 January 2019. It comprises mainly land leases.

Current liabilities

Total current liabilities increased by \$9.4m from \$48.1m as at 31 December 2019 to \$57.5m as at 30 June 2020.

Trade and other payables increased by \$4.0m from \$32.3m as at 31 December 2019 to \$36.4m as at 30 June 2020 mainly due to higher payables recorded in line with higher progress achieved from the projects carried out in 2Q2020.

Contract liabilities increased by \$3.8m from 31 December 2019 to \$3.8m as at 30 June 2019 mainly due to advanced billings to customers.

Non-current liabilities

Total non-current liabilities decreased by \$1.1m from \$28.6m as at 31 December 2019 to \$27.5m as at 30 June 2020 mainly due to repayment of lease liabilities of \$1.1m.

Deferred government grants and rebates (Current and Non-current) increased by \$0.9m mainly due to deferred grant income relating to Job Support Scheme amounting to \$1.0m partially offset by amortisation of deferred capital grants of \$0.1m.

Lease liabilities (Current and Non-current) decreased by \$1.1m mainly due to repayment of lease liabilities.

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

Statement of cash flows

The Group registered an increase in cash and cash equivalent of \$12.9m from \$27.9m as at 30 June 2019 to \$40.8m as at 30 June 2020.

Net cash flows generated from operating activities in 2Q2020 was \$4.9m mainly due to higher cash inflow from working capital.

Net cash flows generated from investing activities in 2Q2020 was \$9.4m mainly due to proceeds from disposal of the assets held for sale.

Net cash flows used in financing activities in 2Q2020 was \$0.7m. This was mainly due to payment of bank borrowings and lease liabilities.

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

No forecast or prospect statement has been previously disclosed to the shareholders.

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

The Covid-19 pandemic continues to have an adverse impact on the Group's business activities.

Although the Group was able to operate as an essential service provider, our level of activities was severely constrained by Covid-19 measures. Reduced workforce and production stand-down during the CB period have delayed the progress of our on-going projects and resulted in increased costs to completing them.

This uncertainty in manpower supply has also in turn affected prospective follow-on and future projects that the Group have been bidding for. While government grants and support measures provided partial relief, the Group has accelerated and stepped up cost-containment measures (which includes pay-cuts for staff, management and directors) to lessen the strain on its cash-flow and liquidity and to safeguard the longer term sustainability of its business.

The Group has a net order book of S\$45.9m as at 30 June 2020 with completion and deliveries extending into 3Q2021. With the expected gradual release of workers from the dormitories, the Group is working rigorously to catch up on project delays and simultaneously making every concerted effort to build up our order book. As announced on 16 July 2020, the Group has additionally secured new projects of S\$37.4m for fabrication of pipe spools and construction of topside modules for FPSO vessels. That said, the outlook for the year ahead remains exceptionally challenging.

11. **Dividends**

- (a) **Current financial period reported on**
Any dividend declared for the current financial period reported on?

No.

- (b) **Corresponding period of the immediately preceding financial year**
Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

- (c) **Date payable**

Not applicable.

- (d) **Books closure date**

Not applicable.

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

No dividend has been declared for the quarter ended 30 June 2020.

13. Interested person transaction disclosure

| Name of Interested Person | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | | Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000) | |
|--|---|---------------------------------|---|---------------------------------|
| | 6 months ended 30-Jun-20 \$'000 | 6 months ended 30-Jun-19 \$'000 | 6 months ended 30-Jun-20 \$'000 | 6 months ended 30-Jun-19 \$'000 |
| PURCHASES AND OTHER EXPENSES | | | | |
| Asian Lift Pte Ltd Rental of floating crane/barge | - | - | 129 | - |
| REVENUE | | | | |
| Keppel FELS Limited Other Adhoc projects (other services) ie: Barge Hiring/Provision of Berthing Space/Subcontracting Services | - | - | - | 1,234 |
| Keppel Shipyard Limited Subcontracting Services | - | - | 2,134 | 4,604 |

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

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

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

The Board of Directors of the Company hereby confirms to the best of its knowledge nothing has come to its attention which may render the unaudited financial results for the period ended 30 June 2020 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Ah Cheng
Executive Director and CEO
14 August 2020