



AA GROUP HOLDINGS LTD

(Company Registration No.: 200412064D)
(Incorporated in the Republic of Singapore)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the SGX-ST assumes 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 ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors of AA Group Holdings Ltd. (the “Company”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2019 (“FY2019”). The financial information in respect of FY2019 presented in this announcement has not been audited.

1(a)(i) An income statement and the statement of comprehensive income together with a comparative statement for the corresponding year of the immediately preceding financial year

	The Group		% change
	FY2019	FY2018	
	S\$'000	S\$'000	
Continued operations			
Revenue	22,161	19,594	13.1%
Cost of sales	(14,032)	(14,081)	(0.3%)
Gross profit	8,129	5,513	47.5%
Other income	2,103	160	n.m.
Administrative costs	(8,231)	(4,967)	65.7%
Distribution costs	(1,022)	(1,120)	(8.8%)
Other expenses	(2,096)	(1,613)	29.9%
(Provision)/write back of impairment loss on financial assets, net	(3,949)	96	n.m.
Finance income	137	542	(74.7%)
Finance costs	(406)	(342)	18.7%
Loss before income tax	(5,335)	(1,731)	n.m.
Income tax (expense)/credit	(63)	40	n.m.
Loss for the year from continuing operations	(5,398)	(1,691)	n.m.
Discontinued operations			
Loss for the year from discontinued operations	-	(4,012)	n.m.
Total loss for the year	(5,398)	(5,703)	(5.3%)
Other comprehensive (loss)/income, net of income tax			
- Currency translation differences arising from consolidation	(7)	286	n.m.
- Currency translation differences arising from disposal of subsidiaries	-	4,195	n.m.
Total comprehensive loss for the year	(5,405)	(1,222)	n.m.
Loss from continuing operation, net of tax attributable to:			
Equity holders of the Company	(5,364)	(1,657)	n.m.
Non-controlling interests	(34)	(34)	0.0%
	(5,398)	(1,691)	n.m.
Loss from discontinued operation, net of tax attributable to:			
Equity holders of the Company	-	(4,012)	n.m.
Total loss attributable to:			
Equity holders of the Company	(5,364)	(5,669)	(5.4%)
Non-controlling interests	(34)	(34)	0.0%
	(5,398)	(5,703)	(5.3%)
Total comprehensive loss attributable to:			
Equity holders of the Company	(5,371)	(1,188)	n.m.
Non-controlling interests	(34)	(34)	0.0%
	(5,405)	(1,222)	n.m.

“n.m.” denotes not meaningful

1(a)(ii) Breakdown and explanatory notes to the income statement

Loss before income tax is arrived at after charging/(crediting) the following:

Continuing operations:

	The Group		% change
	FY2019	FY2018	
	S\$'000	S\$'000	
Depreciation of property, plant and equipment	3,371	3,024	11.5%
Depreciation of right-of-use assets	559	-	n.m.
Amortisation of intangible assets	918	495	85.5%
Gain on disposal of property, plant and equipment	(1)	-	n.m.
Provision/(write back) of impairment loss on financial assets, net	3,949	(96)	n.m.
Impairment loss on goodwill	1,125	1,108	1.5%
Interest expense	406	342	18.7%
Interest income	(137)	(542)	(74.7%)

“n.m.” denotes 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

	Note	The Group		The Company	
		31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
		SS'000	SS'000	SS'000	SS'000
Non-Current Assets					
Property, plant and equipment		55,992	59,527	-	-
Right - of - use assets	1	7,495	-	-	-
Intangible assets		2,764	1,566	-	-
Goodwill		2,506	5,388	-	-
Investments in subsidiaries		-	-	34,000	36,700
Financial assets, at fair value through other comprehensive income		150	150	-	-
		68,907	66,631	34,000	36,700
Current Assets					
Inventories		123	100	-	-
Trade and other receivables		4,161	16,446	-	1,942
Other current assets	2	427	494	155	6
Cash and bank balances		6,643	3,116	89	81
		11,354	20,156	244	2,029
Total Assets		80,261	86,787	34,244	38,729
Current Liabilities					
Trade and other payables		5,847	9,613	12,143	11,457
Hire purchase creditors		27	51	-	-
Bank borrowings		-	3,789	-	-
Lease liabilities	1	486	-	-	-
Bond payable		-	-	1,000	-
Income tax liabilities		1,572	1,699	-	-
		7,932	15,152	13,143	11,457
Non-Current Liabilities					
Hire purchase creditors		27	53	-	-
Bank borrowings		-	820	-	-
Deferred tax liabilities		9,407	9,549	-	-
Other liabilities	3	648	648	-	-
Lease liabilities	1	7,087	-	-	-
Bond payable		-	-	-	1,000
		17,169	11,070	-	1,000
Total liabilities		25,101	26,222	13,143	12,457
Equity					
Capital and reserves attributable to equity holders of the Company					
Share capital		35,225	35,225	35,225	35,225
Reserves		19,950	25,321	(14,124)	(8,953)
		55,175	60,546	21,101	26,272
Non-controlling interests		(15)	19	-	-
Total Equity		55,160	60,565	21,101	26,272
Total Liabilities and Equity		80,261	86,787	34,244	38,729

Note 1

As disclosed in paragraph 5, the Group has adopted SFRS(I) 16 resulting in the recognition of right-of-use assets and lease liabilities for its leases previously classified as operating leases as of 1 January 2019.

Note 2

These relate primarily to deposits and prepayments.

Note 3

This pertains to security deposits received from customers from the leasing and service income segment.

(b)(ii) Aggregate amount of group borrowings and debt securities**Continuing operations****Amount payable in one year or less, or on demand**

	Note	As at 31 December 2019		As at 31 December 2018	
		The Group	The Company	The Group	The Company
		Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bond payable	4	-	1,000	-	-
Bank borrowings		-	-	3,789	-
Hire purchase creditors		27	-	51	-

Amount payable after one year

	Note	As at 31 December 2019		As at 31 December 2018	
		The Group	The Company	The Group	The Company
		Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bond payable	4	-	-	-	1,000
Bank borrowings		-	-	820	-
Hire purchase creditors		27	-	53	-

Note 4

As at 31 December 2017, the Company and the Group had unsecured borrowings of S\$7,000,000 which were classified as current liabilities as the Company had intended to repay the bond (which was issued to Poh Huat Heng Corporation Pte Ltd (“PHH”) in 2017 and matures on 20 February 2020) in full within one year or less. However, the Company only repaid S\$6,000,000 and an outstanding amount of S\$1,000,000 remains, which is payable on 20 February 2020. Therefore, as at 31 December 2019, the Company had unsecured borrowings of S\$1,000,000 repayable within one year. The remaining S\$1,000,000 was fully paid on 20 February 2020. As PHH is a wholly-owned subsidiary of the Company, there are no unsecured borrowings held by the Group.

Details of any collateral

The Group has repaid all of its bank borrowings during the financial year and has an open banking facility that is pledged against a subsidiary’s leasehold properties, as and when the facilities are being drawn down. The hire purchase assets of the Group comprise of secured motor vehicles and office equipment.

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

	The Group	
	FY2019	FY2018
	S\$'000	S\$'000
Cash Flows from Operating Activities:		
Loss before income tax – Continuing operations	(5,335)	(1,732)
Loss before income tax – Discontinued operations	-	(4,012)
Adjustments:		
Impairment loss on goodwill	1,125	1,108
Provision/(write back) of impairment loss on financial assets, net	3,949	(96)
Loss on disposal of subsidiaries	-	53
Amortisation of intangible assets	918	495
Depreciation of property, plant and equipment	3,371	3,024
Depreciation of right-of-use assets	559	-
Property, plant and equipment written off	-	75
Impairment loss on property, plant and equipment	54	-
Gain on disposal of property, plant and equipment	(1)	-
Net foreign exchange loss-unrealised	(7)	12
Interest income	(137)	(542)
Interest expense	406	342
Operating cash flows before changes in working capital	4,902	(1,273)
Changes in working capital:		
Inventories	(23)	3,468
Trade and other receivables, and other current assets	8,404	7,580
Trade and other payables	(3,766)	(6,795)
Cash generated from operations	9,517	2,980
Interest received	137	58
Interest paid	(406)	(342)
Tax refund	89	-
Income tax paid	(781)	(949)
Net cash from operating activities	8,556	1,747
Cash Flow from Investing Activities		
Net cash outflow on the acquisition of subsidiaries	-	(382)
Proceeds from disposal of subsidiaries	-	7,347
Purchase of property, plant and equipment	(10)	(254)
Proceeds from disposal of property, plant and equipment	121	8
Net cash from investing activities	111	6,719
Cash Flows from Financing Activities:		
Proceed from issuance of ordinary shares	*	94
Repayment of hire purchase creditors	(50)	(130)
Repayments of money market loans	(3,000)	(1,520)
Repayment of term loans	(1,609)	(702)
Prepayment of leases liabilities	(481)	-
Repayment of bond	-	(6,000)
Net cash used in financing activities	(5,140)	(8,258)
Net increase in cash and cash equivalents	3,527	208
Cash and cash equivalents at the beginning of the year	3,116	2,908
Cash and cash equivalents at end of the year	6,643	3,116

* amount less than S\$1,000.

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group	Attributable to equity holders of the Company						Non-controlling	Total
	Share Capital	Merger Reserve	Translation Reserve	Retained Earnings	Total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 1 January 2019	35,225	(6,478)	5	31,794	60,546	19	60,565	
Loss for the year	-	-	-	(5,364)	(5,364)	(34)	(5,398)	
Other comprehensive income for the year								
<i>Exchange differences on translation of foreign operations</i>	-	-	(7)	-	(7)	-	(7)	
Total comprehensive loss for the year	-	-	(7)	(5,364)	(5,371)	(34)	(5,405)	
Issue of ordinary shares	*	-	-	-	*	-	*	
Balance as at 31 December 2019	35,225	(6,478)	(2)	26,430	55,175	(15)	55,160	

* amount less than S\$1,000.

The Group	Attributable to equity holders of the Company						Non-controlling	Total
	Share Capital	Merger Reserve	Translation Reserve	Retained Earnings	Total			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 1 January 2018	28,131	(6,478)	(4,476)	37,849	55,026	53	55,079	
Adoption of FRS109	-	-	-	(386)	(386)	-	(386)	
Balance as at 1 January 2018, adjusted	28,131	(6,478)	(4,476)	37,463	54,640	53	54,693	
Issuance of ordinary shares	7,094	-	-	-	7,094		7,094	
Loss for the year	-	-	-	(5,669)	(5,669)	(34)	(5,703)	
Other comprehensive income for the year								
<i>Exchange differences on translation of foreign operations</i>	-	-	286	-	286	-	286	
<i>Reclassification of currency translation reserve upon disposal of subsidiaries</i>	-	-	4,195	-	4,195	-	4,195	
Total comprehensive loss for the year	-	-	4,481	(5,669)	(1,188)	(34)	(1,222)	
Balance as at 31 December 2018	35,225	(6,478)	5	31,794	60,546	19	60,565	

The Company

	Share Capital	Accumulated (Losses)	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2019	35,225	(8,953)	26,272
Issue of ordinary shares	*	-	-
Total comprehensive loss for the year	-	(5,171)	(5,171)
Balance as at 31 December 2019	<u>35,225</u>	<u>(14,124)</u>	<u>21,101</u>

The Company

	Share Capital	Accumulated (Losses)	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2018	28,131	(9,441)	18,690
Issue of ordinary shares	7,094	-	7,094
Total comprehensive loss for the year	-	488	488
Balance as at 31 December 2018	<u>35,225</u>	<u>(8,953)</u>	<u>26,272</u>

* amount less than S\$1,000.

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 in 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.

The Company allotted and issued 962,762,010 rights shares on 23 December 2016 pursuant to the Rights cum Warrants Issue undertaken by the Company.

As part of the Rights cum Warrants Issue, there were 962,762,010 free detachable unlisted warrants issued which can be converted into 962,762,010 new shares in the Company.

In FY2019, 6,100 warrants were exercised and converted into 6,100 new ordinary shares in the Company, following which the total number of issued shares (excluding treasury shares) increased from 1,780,854,461 to 1,780,860,561. The remaining warrants that were not exercised have expired on 20 December 2019.

The Company does not have any treasury shares as at 31 December 2019 and 31 December 2018. Further, the subsidiaries do not hold any shareholdings in the Company as at 31 December 2019 and 31 December 2018.

1(d)(iii) 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.

	As at 31 December 2019	As at 31 December 2018
Total number of issued shares	1,780,860,561	1,780,854,461

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 as the Company did not have treasury shares during and as at the end of FY2019.

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

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

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

Not applicable.

3A. Latest financial statements subject to an adverse opinion, qualified opinion or disclaimer of opinion.

Not applicable as the Company is not required to do compulsory quarterly reporting.

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 Note 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 of the audited financial statements for the financial year ended 31 December 2018.

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

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and SFRS(I) Interpretations ("SFRS(I) INT") which became effective for the accounting periods beginning on or after 1 January 2019. Except for the adoption of SFRS(I) 16 Leases, the adoption of the other new and revised SFRS(I) and SFRS(I) INT are currently assessed to have no material financial impact on the Group's financial statements for the current financial period reported on.

Adoption of SFRS(I) 16 Leases SFRS(I) 16 Leases introduces a single, on-balance sheet lease accounting model for lessees where the distinction between operating and finance leases is removed. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. The accounting for lessors has not changed significantly.

The Group adopted SFRS(I) 16 on 1 January 2019, using the modified retrospective approach, where comparative amounts for the year prior to first adoption will not be restated. The Group applied the practical expedient to recognise amounts of ROU assets equal to its lease liabilities on 1 January 2019 and recognition exemptions for short-term leases and leases of low value items in accordance with SFRS(I) 16. Subsequent to initial recognition, ROU assets are carried at cost less accumulated depreciation and any accumulated impairment losses while the carrying amount of lease liabilities will take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

The adoption of SFRS(I) 16 resulted in the Group recognising ROU assets and lease liabilities of S\$8.05 million and S\$8.05 million respectively for its leases previously classified as operating leases as of 1 January 2019.

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

Earnings per ordinary share ("EPS")	The Group	
	FY2019	FY2018
<u>Continuing operations:</u>		
Loss attributable to owners of the Company (S\$'000)	(5,364)	(1,657)
Weighted average number of ordinary shares excluding treasury shares for computing basic EPS ('000)	2,394,965	2,341,295
Weighted average number of ordinary shares excluding treasury shares for computing diluted EPS ('000)	2,167,985	2,709,109
<u>Loss per share (Singapore cents)</u>		
- Basic basis ⁽¹⁾	(0.22)	(0.07)
- Diluted basis ⁽²⁾	(0.25)	(0.06)

Notes:

- (1) Loss per share were calculated based on the weighted average number of issued shares in each of FY2019 and FY2018, being 2,394,964,950 and 2,341,295,179 ordinary shares respectively.
- (2) Loss per share were calculated based on the weighted average number of issued shares and outstanding warrants (if any) in each of FY2019 and FY2018, being 2,167,985,063 and 2,709,109,851 ordinary shares respectively.

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

	The Group		The Company	
	As at 31 December 2019	As at 31 December 2018	As at 31 December 2019	As at 31 December 2018
Net Asset Value (“NAV”)				
Net assets (S\$'000)	55,161	60,565	21,101	26,272
Number of ordinary shares used in calculating NAV per ordinary share ('000)	1,780,860	1,780,854	1,780,860	1,780,854
Net asset value per ordinary share (Singapore cents) ⁽¹⁾	3.10	3.40	1.18	1.48

Note:

- (1) NAV per share were computed based on the issued share capital of 1,780,860,561 ordinary shares as at 31 December 2019 and 1,780,854,461 ordinary shares as at 31 December 2018.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Statement of Comprehensive Income

The Group has entered into a contractual arrangement to dispose Allied Advantage Sdn. Bhd. and its subsidiary (collectively the “Discontinued Operations”), and the disposal was completed in January 2019.

Continuing operations

Revenue

During the financial year ended 31 December 2019 (“FY2019”), the revenue has increased by 13.10% or S\$2.57 million, amounting to approximately S\$22.16 million from S\$19.59 million in the financial year ended 31 December 2018 (“FY2018”), mainly due to the contribution of revenue from PHH of approximately S\$2.38 million, which was acquired by the Group in December 2018.

Cost of Sales

In FY2019, the cost of sales has decreased by 0.35% or S\$0.05 million to approximately S\$14.03 million. The decrease was mainly due to the cost of inventories arising from the supply and manufacturing activities, depreciation of the investment property, and the depreciation of property, plant and equipment.

Gross Profit

Gross profit arising from continued operation in FY2019 amounted to approximately S\$8.13 million; an increase of S\$2.62 million or 47.45% as compared to FY2018. This was mainly attributable to the contribution from PHH.

Other Income

In FY2019, the Group’s other operating income increased substantially by 1214.38% or S\$1.94 million. It is mainly due to the contribution from PHH to the other income and supply of labour amounting to S\$0.96 million and S\$0.63 million respectively.

Administrative Costs

Compared to FY2018, the Group’s administrative costs increased by approximately S\$3.26 million or 65.71%, which is mainly due to the full year consolidation of PHH acquired in FY2018.

Distribution Costs

The Group's distribution costs arose from the supply and manufacturing activities of W&P Corporation ("WPC") and W&P Precast ("WPP"). It reduced slightly by 8.75% or \$0.10 million as compared to FY2018.

Other Expenses

The Group's other operating costs has increased by 29.94% or S\$0.48 million in FY2019 as compared to FY2018, due mainly to an increase in amortization of intangible assets arising from PHH acquisition amounting to S\$0.42 million and impairment of goodwill for WPC amounting to S\$1.13 million, which was partially offset by an absence of impairment of goodwill from WPP amount to S\$1.13 million which has been fully impaired.

(Provision)/Write back of impairment loss on financial assets, net

The Group's net impairment loss on financial assets increased from S\$0.10 million to S\$3.95 million as a result of the impairment loss on the loans provided to Epicentre Pte Ltd and Broadwell Ltd amounting to S\$1.92 million and S\$2.31 million respectively.

Finance Income and Costs

The Group's finance income decreased from S\$0.54 million to S\$0.14 million during the year as a result of lower interest income earned by the Group. Whilst the Group's finance cost increased fairly by 18.71% to S\$0.41 million as a result of additional finance costs recognized from SFRS(I)16.

Income Tax Expense

The Group's income tax for FY2019 amounted to approximately S\$0.06 million, in which S\$0.65 million is in relation to the reversal of deferred tax liabilities arising from timing difference between depreciation and tax capital allowances and the offsetting amount of approximately S\$0.71 million is the current income tax expenses arising from the chargeable income as a result of the Group's business activities in FY2019.

Discontinued Operations

Discontinued operations pertain to the results of Allied Advantage Sdn Bhd and its subsidiaries up to the date of disposal in FY2018. A loss of S\$4.01 million was recorded by discontinued operations in FY2018 due mainly to a loss from the operation amounting to S\$3.96 million and the remaining loss of S\$0.05 million is due from subsidiaries.

Balance Sheet

Property, Plant and Equipment

As at 31 December 2019, the Group's property, plant and equipment ("PPE") amounted to approximately S\$55.99 million which constituted 81.26% of the Group's non-current assets. The decrease is mainly due to the depreciation charged during the year as at 31 December 2019.

Right-Of-Use Assets

In relation to the adoption of SFRS(I) 16, the Group has recognized the rights-of-use assets amounting to S\$7.50 million as at 31 December 2019.

Intangible Assets

The Group's intangible assets are in relation to the fair value of the contractual rental agreements entered into with Engineering Manufacturing Services (S) Pte. Ltd. ("EMS") and non-contractual customer relationships with PHH. Compared to 31 December 2018, the increase is mainly due to the purchase price allocation ("PPA") performed in relation to the acquisition of PHH amounting to S\$2.11 million.

Goodwill

Compared to 31 December 2018, the decrease in the carrying amount of the Group's goodwill was mainly due to an impairment of goodwill of WPC during the year amounting to S\$1.12 million and a re-allocation of PHH's goodwill to intangible assets and deferred tax liability amounting to S\$2.11 million and S\$0.36 million respectively.

Inventories

As at 31 December 2019, the inventories increased slightly by S\$0.02 million.

Trade and other receivables

Compared to 31 December 2018, trade and other receivables improved by 74.70% or S\$12.28 million, mainly due to a recovery of the trade balances and impairment loss on financial assets amounting to S\$8.34 million and S\$3.95 million respectively.

Cash and Bank Balance

The increase in the Group's cash and bank balances was mainly due to the cash inflow arising from the receivables recovery.

Trade and other payables

Trade and other payables amounted to S\$5.85 million which constituted 73.71% of the Group's current liabilities. The decrease was mainly due to the repayments during the financial year ended 31 December 2019.

Lease Liabilities

As at 31 December 2019, the Group recognized lease liabilities of S\$7.57 million due to the adoption of SFRS(I) 16.

Bank Borrowings

The Group has settled the bank borrowings of S\$4.61 million during the financial year ended 31 December 2019.

Tax Liabilities

As at 31 December 2019, the current tax liabilities arose mainly from the net chargeable income generated by EMS for the financial year ended 31 December 2019.

Statement of Cash Flows

In FY2019, the net increase in the Group's cash and cash equivalents amounted to approximately S\$3.53 million, which is attributable to the followings:

Net cash generated from operating activities of S\$8.56 million

The operating cash outflows before changes in working capital amounted to S\$4.90 million and the net cash generated from operating activities is mainly due to an increase in trade and other receivables, and other current assets and a decrease in trade and other payables amounting to S\$8.40 million and S\$3.77 million respectively.

Net cash generated from investing activities of S\$0.11 million

The net cash generated from investing activities is mainly due to the proceeds from disposal of plants and equipment amounting to S\$0.12 million.

Net cash used in financing activities of S\$5.14 million

The net cash used in financing activities is mainly due to the settlement of borrowings amounting to S\$4.61 million and repayment of lease liabilities amounting to S\$0.48 million.

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 was made in the previous announcement.

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.

As at the date of the announcement, the Group is principally engaged in the following business:

- (a) Supply and manufacturing of ready-mix concrete;
- (b) Supply of precast concrete products;
- (c) Providing one-stop high value-added general warehousing and logistics services, industrial, office space for engineering, manufacturing, industrial training and workers' dormitory facilities; and
- (d) Providing underground cable installation and road reinstatement services.

Considering the uncertain global and regional economic environments, as well as stiff competition from other players in the respective industries coupled with the recent COVID-19 epidemic, the Group continues to remain vigilant and maintains a cautious outlook.

As the COVID-19 situation is still evolving, there is a significant degree of uncertainty over the length and severity of the outbreak, and hence the overall impact on our business. With the weakening of the economic conditions, we will also see a slowdown in our business. Though the business environment seems to remain highly challenging in the near future, the Group expects a consistent flow of revenue contribution from the general warehousing and logistics services, industrial, office space for engineering, manufacturing, industrial training and workers' dormitory facilities, mainly arising from contracted leasing/service income.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?
No dividend is declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
No dividend is declared for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect and the reason for the decision

No dividend has been declared or recommended for the financial year ended 31 December 2019. The available funds will be retained for working capital use.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

(i) Business segments

Group Consolidated Profit and Loss Statement

	Continuing segment					Total SS'000
	Leasing and service income SS'000	Supply of precast concrete products SS'000	Supply and manufacturing ready-mix concrete SS'000	Provision of underground cable installation SS'000	Others SS'000	
<u>FY 2019</u>						
Revenue						
- Sale of goods	-	3,836	8,937	4,090	-	16,863
- Service income	4,653	-	-	-	-	4,653
- Rental income	4,488	-	-	-	-	4,488
- Inter-segment sales	(1,146)	(804)	(186)	(1,707)	-	(3,843)
Sales to external parties	7,995	3,032	8,751	2,383	-	22,161
Segment results	3,625	2,000	1,699	805	-	8,129
Allocated operating income /(expenses) – net	(2,050)	(998)	(1,645)	(4,736)	(3,766)	(13,195)
Finance income	57	-	-	-	80	137
Finance costs	(318)	(5)	(25)	(58)	-	(406)
Profit/(Loss) before income tax	1,314	997	29	(3,989)	(3,686)	(5,335)
Income tax	(125)	5	-	72	(15)	(63)
Profit/(Loss) for the year	1,189	1,002	29	(3,917)	(3,701)	(5,398)
Segment assets - unallocated	31,019	2,902	2,173	5,511	34,258	75,863
Segment liabilities - unallocated	13,291	3,728	3,800	3,190	16,978	40,987

	Continuing segment					Discontinued Segment			
	Leasing and service income SS'000	Supply of precast concrete products SS'000	Supply and manufacturing ready-mix concrete SS'000	Provision of underground cable installation SS'000	Others SS'000	Total SS'000	Manufacturing of speaker parts SS'000	Construction activities SS'000	Total SS'000
<u>FY 2018</u>									
Revenue									
- Sale of goods	-	3,205	7,439	-	-	10,644	2,873	-	2,873
- Service income	4,923	-	220	-	-	5,143	-	-	-
- Rental income	4,975	-	-	-	-	4,975	-	-	-
- Inter-segment sales	(907)	(261)	-	-	-	(1,168)	-	-	-
Sales to external parties	8,991	2,944	7,659	-	-	19,594	2,873	-	2,873
Segment results	3,898	170	1,444	-	-	5,512	(3,605)	-	(3,605)
Allocated operating income /(expenses) – net	(1,453)	(2,093)	(1,872)	-	(2,027)	(7,445)	(225)	(42)	(267)
Finance income	382	-	-	-	160	542	-	-	-
Finance costs	(329)	(6)	(8)	-	-	(343)	(88)	-	(88)
Profit/(Loss) before income tax	2,498	(1,929)	(436)	-	(1,867)	(1,734)	(3,918)	(42)	(3,960)
Income tax	44	(1)	-	-	(3)	40	-	-	-
Profit/(Loss) for the year	2,542	(1,930)	(436)	-	(1,870)	(1,694)	(3,918)	(42)	(3,960)
Segment assets - unallocated	60,710	2,081	3,154	19,961	1,988	87,894	20,349	686	21,035
Segment liabilities - unallocated	17,949	472	2,874	4,450	466	26,211	16,450	452	16,902

Group Consolidated Balance Sheet

	As at 31 December 2019 S\$'000	As at 31 December 2018 S\$'000
Assets		
Total assets	80,261	86,787
Liabilities		
Total liabilities	25,101	26,222

(ii) Geographical segment

The Group's continuing operation is primarily carried out in Singapore, no segmented revenue and results for geographical segment is presented.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Note 8 of this announcement.

15. A breakdown of sales as follows:

	Group FY2019 S\$'000	Group FY2018 S\$'000	Increase / (Decrease) %
Sales reported for first half year	11,458	9,801	16.9%
Operating (loss)/profit after tax reported for first half year	(3,800)	235	n.m
Sales reported for second half year	10,703	9,793	9.3%
Operating loss after tax reported for the second half year	(1,598)	(1,926)	(17.0%)

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

Not applicable.

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

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

18. Update on the use of proceeds from the Rights Issue

As at 31 December 2019, 281,822,350 Warrants have been exercised and the Company has raised net proceeds of approximately S\$3,381,868. The Company has applied the proceeds of approximately S\$3,381,000 as follows:

Intended use	Percentage allocated	Amount utilised as at 31 December 2019 (S\$'000)	Balance (S\$'000)
For business expansion through the setting up of a subsidiary and the intended businesses of such subsidiary	At the discretion of the directors	2,000 (59%)	NIL
Working capital purposes		1,381 (41%)	NIL
Total	100	3,381 (100%)	NIL

The use of proceeds is consistent with the intended use as disclosed in the circular to shareholders dated 31 October 2016, in relation to the issuance of renounceable non-underwritten rights cum warrants of up to 962,762,010 shares with up to 962,762,010 free detachable unlisted warrants.

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.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Jun Hao	31	Nephew of Executive Director, Tan Poh Guan	Director, Engineering Manufacturing Services (S) Pte. Ltd., January 2019 – Present Director, Poh Huat Heng Corporation Pte. Ltd., August 2014 – Present	NA

20. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Listing Manual.

The Company hereby confirms that it has procured signed undertakings from all its directors and relevant executive officers in the format as set out in Appendix 7H of the Listing Manual in accordance with Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Tan Poh Guan
 Executive Director
 24 February 2020