

**Unaudited Full Year Financial Statement and Dividend Announcement
For the Financial Year Ended 31 December 2018**

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

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**

Financial year ended 31 December 2018 (“FY2018”) vs. financial year ended 31 December 2017 (“FY2017”)

	Group		Increase / (Decrease) %
	FY2018 (Unaudited) S\$'000	FY2017 (Restated) S\$'000	
Revenue	26,134	31,637	(17.4)
Cost of works	(18,610)	(23,660)	(21.3)
Gross profit	7,524	7,977	(5.7)
Other losses-net	(2,688)	(1,818)	47.9
Expenses:			
- Administrative	(4,233)	(2,935)	44.2
- Finance	(281)	(463)	(39.3)
Profit before income tax	322	2,761	(88.3)
Income tax expense	(71)	(468)	(84.8)
Net profit for the year	251	2,293	(89.1)
Other comprehensive income:			
Items that may be reclassified to profit or loss subsequently			
- Currency translation differences arising from consolidation	13	(22)	N.M.
Total comprehensive income for the year	264	2,271	(88.4)
Earnings per share attributable to equity holders of the Company			
Basic	0.003	0.023	(86.9)
Diluted	0.003	0.022	(86.4)

N.M. - Not meaningful

The Group's profit before income tax is arrived at after crediting/ (charging):

	Group		Increase / (Decrease) %
	FY2018 (Unaudited) S\$'000	FY2017 (Restated) S\$'000	
Gain on foreign exchange	3	244	(98.8)
Loss on disposal of property, plant and equipment	(2,884)	(2,496)	15.5
Government grants income	65	102	(36.3)
Interest income-bank deposits	9	8	12.5
Bad debts reliefs*	-	242	N.M.
Loss allowance for trade and retention receivables	(1,206)	-	N.M.
Bad trade receivables written off	(213)	(299)	(28.8)
Interest expense	(281)	(463)	(39.3)
Depreciation of property, plant and equipment	(1,530)	(1,816)	(15.7)
Professional fees	(666)	(397)	67.8

N.M. – Not meaningful

* Bad debts reliefs are output tax on bad debts recovered from the Inland Revenue Authority of Singapore.

	Group		Increase / (Decrease) %
	FY2018 (Unaudited) S\$'000	FY2017 (Restated) S\$'000	
Income Tax Expense			
Tax expense attributable to profit is made up of			
- Current income tax			
Singapore	26	83	(68.7)
- Deferred income tax	80	413	(80.6)
	106	496	(78.6)
Over provision in prior financial years			
- Current income tax	(16)	(6)	166.7
- Deferred income tax	(19)	(22)	(13.6)
Income tax expense	71	468	(84.8)

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 of the immediately preceding financial year

	Group		
	31 Dec 2018 (Unaudited) S\$'000	31 Dec 2017 (Restated) S\$'000	1 Jan 2017 (Restated) S\$'000
ASSETS			
Current assets			
Cash and bank balances	2,396	2,848	2,954
Trade and other receivables (Note 1)	7,047	9,083	14,991
Contract assets	18,333	15,958	13,785
Income tax recoverable	643	515	-
Total current assets	28,419	28,404	31,730
Non-current assets			
Property, plant and equipment	32,840	39,356	46,869
Deferred tax assets	-	-	329
Total non-current assets	32,840	39,356	47,198
Total assets	61,259	67,760	78,928
LIABILITIES			
Current liabilities			
Trade and other payables (Note 2)	5,423	5,748	18,087
Contract liabilities	-	211	520
Income tax payable	26	49	6
Borrowings	4,239	9,718	10,703
Total current liabilities	9,688	15,726	29,316
Non-current liabilities			
Borrowings	128	261	76
Deferred tax liabilities	317	255	190
Total non-current liabilities	445	516	266
Total liabilities	10,133	16,242	29,582
NET ASSETS	51,126	51,518	49,346
EQUITY			
Share capital	32,291	32,291	32,291
Retained earnings	44,463	44,868	42,674
Merger reserve	(25,628)	(25,628)	(25,628)
Currency translation reserve	-	(13)	9
Total equity	51,126	51,518	49,346

	Company		
	31 Dec 2018 (Unaudited) S\$'000	31 Dec 2017 (Restated) S\$'000	1 Jan 2017 (Restated) S\$'000
ASSETS			
Current assets			
Cash and bank balances	13	109	129
Trade and other receivables (Note 1)	989	5,705	9,519
Total current assets	1,002	5,814	9,648
Non-current assets			
Property, plant and equipment	-	-	1,678
Investment in subsidiaries	27,070	27,070	27,070
Total non-current assets	27,070	27,070	28,748
Total assets	28,072	32,884	38,396

LIABILITIES

Current liabilities

Trade and other payables (Note 2)	58	534	1,999
Income tax payable	6	31	-
Borrowings	-	-	5,000
Total liabilities	64	565	6,999
NET ASSETS	28,008	32,319	31,397

EQUITY

	31 Dec 2018 (Unaudited) S\$'000	31 Dec 2017 (Restated) S\$'000	1 Jan 2017 (Restated) S\$'000
Share capital	32,291	32,291	32,291
Retained earnings / (accumulated losses)	(4,283)	28	(894)
Total equity	28,008	32,319	31,397

Notes:

- (1) The Group's trade and other receivables as at the end of respective financial periods comprised the following:

	31 Dec 2018 (Unaudited) S\$'000	31 Dec 2017 (Restated) S\$'000	1 Jan 2017 (Restated) S\$'000
Trade receivables - non-related parties	2,663	1,716	8,906
Less: Allowance for impairment of trade receivables	(1,178)	-	(3,653)
	1,485	1,716	5,253
Retention receivables	5,665	6,641	9,031
Less: Allowance for impairment of retention receivables	(582)	-	(474)
	5,083	6,641	8,557
Other receivables	187	197	293
Less: Allowance for impairment of other receivables	-	-	(236)
	187	197	57
Deposits	273	456	1,201
Less: Allowance for impairment of deposits	-	-	(107)
	273	456	1,094
Loan to associated company	-	-	100
Less: Allowance for impairment of loan to associated company	-	-	(100)
	-	-	-
Prepayments	19	73	30
Total	7,047	9,083	14,991

- (2) The Group's trade and other payables as at the end of respective financial periods comprised the following:

	31 Dec 2018 (Unaudited) S\$'000	31 Dec 2017 (Restated) S\$'000	1 Jan 2017 (Restated) S\$'000
Trade payables	3,278	3,433	15,211
Other payables	1,337	1,361	1,048
Accrued operating expenses	808	954	1,828
Total	5,423	5,748	18,087

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

	As at 31 Dec 2018 (Unaudited)		As at 31 Dec 2017 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	133	-	130	-
Bank loans	1,000	3,106	1,000	8,588

Amount repayable after one year

	As at 31 Dec 2018 (Unaudited)		As at 31 Dec 2017 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Finance lease liabilities	128	-	261	-
Bank loans	-	-	-	-

Details of any collateral:

Finance leases as at 31 December 2018 and 31 December 2017 are secured by the leased assets (motor vehicle, office equipment as well as plant and machineries).

Bank loans of S\$1.0 million as at 31 December 2018 and 31 December 2017 are secured by fixed deposits of S\$1.0 million pledged to the bank.

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**

	FY2018 (Unaudited) S\$'000	FY2017 (Restated) S\$'000
Cash flows from operating activities		
Net profit for the year	251	2,293
Adjustments for:		
Income tax expense	71	468
Loss on disposal of property, plant and equipment	2,884	2,496
Depreciation of property, plant and equipment	1,530	1,816
Interest income-bank deposits	(9)	(8)
Interest expense	281	463
Bad trade receivables written off	213	299
Loss allowance for trade and retention sum receivables	1,206	-
Loss/(Gain) on unrealised currency translation	8	(58)
Operating cash flows before changes in working capital	6,435	7,769
Changes in working capital		
Trade and other receivables	(67)	5,093
Contract assets	(2,375)	(2,172)
Trade and other payables	(325)	(12,339)
Contract liabilities	(211)	(309)
Cash generated from / (used in) operations	3,457	(1,958)
Income tax paid	(33)	(34)
Net cash from / (used in) operating activities	3,424	(1,992)
Cash flows from investing activities		
Interest income	9	8
Additions of property, plant and equipment	(1,467)	(2,311)
Proceeds from disposals of property, plant & equipment	3,574	5,965
Net cash from investing activities	2,116	3,662
Cash flows from financing activities		
Dividend paid to shareholders	(99)	(99)
Interest paid	(281)	(463)
Bank deposit pledged	(9)	(8)
Proceeds from borrowings	2,952	15,021
Repayment of finance lease	(130)	(126)
Repayment of convertible bond	-	(5,000)
Repayment of bank borrowings	(8,434)	(11,108)
Net cash used in financing activities	(6,001)	(1,783)
Net decrease in cash and cash equivalents	(461)	(113)
Cash and cash equivalents at the beginning of the financial year	1,826	1,939
Cash and cash equivalents at end of the financial year	1,365	1,826

Note:

- (1) Cash and cash equivalents at the end of the respective financial years comprise the following:

	FY2018 (Unaudited) S\$'000	FY2017 (Restated) S\$'000
Cash at bank and on hand	1,365	1,826
Short-term bank deposit	1,031	1,022
Cash and bank balances per consolidated statement of financial position	2,396	2,848
Less: short-term bank deposit pledged	(1,031)	(1,022)
Cash and cash equivalents per consolidated statement of cash flows	1,365	1,826

- 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**

Group	Share capital S\$'000	Retained earnings S\$'000	Currency translation reserve S\$'000	Merger reserve S\$'000	Total S\$'000
(Unaudited)					
Balance as at 1 January 2018	32,291	44,868	(13)	(25,628)	51,518
Effect on adoption of SFRS(I) 9 (Note 1)	-	(557)	-	-	(557)
	32,291	44,311	(13)	(25,628)	50,961
Total comprehensive income for the financial year	-	251	13	-	264
Dividend paid for FY2017	-	(99)	-	-	(99)
Balance as at 31 December 2018	32,291	44,463	-	(25,628)	51,126
(Restated)					
Balance as at 1 January 2017					
As previously reported	32,291	40,525	1	(25,628)	47,189
Prior year adjustments (Note 2)	-	2,149	8	-	2,157
As restated	32,291	42,674	9	(25,628)	49,346
Total comprehensive income for the financial year :					
As previously reported	-	730	(18)	-	712
Prior year adjustments (Note 2)	-	1,563	(4)	-	1,559
As restated	-	2,293	(22)	-	2,271
Dividends paid for FY2016	-	(99)	-	-	(99)
Balance as at 31 December 2017	32,291	44,868	(13)	(25,628)	51,518

Company	Share capital S\$'000	(Accumulated losses) / Retained earnings S\$'000	Total S\$'000
(Unaudited)			
Balance as at 1 January 2018	32,291	28	32,319
Effect on adoption of SFRS(I) 9 (Note 1)	-	(4,204)	(4,204)
Total comprehensive income for the financial year	-	(8)	(8)
Dividend paid for FY2017	-	(99)	(99)
Balance as at 31 December 2018	32,291	(4,283)	28,008
(Restated)			
Balance as at 1 January 2017			
As previously reported	32,291	(852)	31,439
Prior year adjustments	-	(42)	(42)
As restated	32,291	(894)	31,397
Total comprehensive income for the financial year			
As previously reported	-	979	979
Prior year adjustments	-	42	42
As restated	-	1,021	1,021
Dividends paid for FY2016	-	(99)	(99)
Balance as at 31 December 2017	32,291	28	32,319

Notes:

- (1) Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 9 Financial Instruments, introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risks from the initial recognition. The new impairment approach resulted in increase in impairment loss allowances on trade and other receivables, due to earlier recognition of credit losses. The Group adopted the simplified model for its trade receivables and recorded an allowance for lifetime expected losses from initial recognition.

Upon application of the expected credit loss model, the impairment loss allowances on trade receivables, retention receivables and contract assets as at 1 January 2018 has increased by \$557,000 at the Group’s level. There is no impact at the Company’s level.

The changes in accounting policies resulting from the adoption of SFRS(I) 9 should be applied by the Group retrospectively. However, the Group applied the short-term exemption under SFRS(I) 1 to adopt SFRS(I) 9 on 1 January 2018. Therefore, the financial instruments recognised for the financial year ended 31 December 2017 were measured in accordance with Financial Reporting Standards (“**FRS**”) 39 and the comparative information in the financial statements for financial year ended 31 December 2018 need not be restated. The differences in the carrying amounts of financial assets resulting from the adoption of SFRS(I) 9 are recognized in retained earnings as at 1 January 2018.

- (2) SFRS(I) 15 Revenue from Contracts with Customers introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all revenue recognition requirements under FRS. SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customers and introduces a new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The Group has applied the changes in accounting policies retrospectively to each reporting year presented, using the full retrospective approach. As such, the comparative FY2017 figures in this report is not comparable to the previously announced FY2017 figures.

In conjunction with the application of SFRS(I) 15, the Group has revisited all the salient terms of its contracts, including the arrangements of sale and buyback of steel beams typically stipulate in these contracts. The accounting treatment of these arrangements involves significant judgement and estimates. The incumbent auditors and another independent accounting firm are of the view that treating the steel beams as PPE items (as opposed to inventories, as previously reported) would more faithfully represent and reflect the economic substance of such arrangements. Accordingly, the Group reclassified such inventories and related items under trade and other receivables to PPE.

- 1(d) (ii) Details of any changes in the company's share capital arising from right 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.**

	Number of Shares	Share capital (S\$)
As at 30 June 2018 and 31 December 2018	<u>99,200,000</u>	<u>32,269,650</u>

The Company did not have any outstanding convertibles, subsidiary holdings or treasury shares as at 31 December 2017 and 31 December 2018.

- 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.**

	Company As at 31 December 2018	Company As at 31 December 2017
Total number of issued shares excluding treasury shares	<u>99,200,000</u>	<u>99,200,000</u>

The Company did not have any treasury shares as at 31 December 2018 and 31 December 2017.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year reported on.

1(d) (v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during, and at the end of the current financial year reported on.

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 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 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 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

In December 2017, the Accounting Standards Council issued the Singapore Financial Reporting Standards (International) ("**SFRS(I)s**"), which comprise standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Singapore-incorporated companies listed on the Singapore Exchange will apply SFRS(I)s with effect from annual periods beginning on or after 1 January 2018. Hence, the Group's financial statements for the financial year ended 31 December 2018 has been prepared in accordance with SFRS(I)s. These are the Group's first financial statements prepared in accordance with SFRS(I)s, and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied. In the previous financial years, the financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("**FRS**").

In preparing the opening SFRS(I) statement of financial position as at 1 January 2017 (the Group's date of transition to SFRS(I)), the Group has adjusted amounts reported previously in the financial statements prepared in accordance with previous FRS. In addition, the Group also concurrently applied the relevant and applicable SFRS(I)s which generally do not have a material

effect on the financial statements, except for mainly SFRS(I) 15 *Revenue from Contracts with Customers* and SFRS(I) 9 *Financial Instruments*. These effects have been reflected in the Statements of Changes in Equity set out at paragraph 1(d)(i).

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

	Group	
	FY2018 (Unaudited)	FY2017 (Restated)
Net profit attributable to equity holders of the Company (S\$'000)	251	2,293
Basic earnings per share (EPS) in Singapore cents ⁽¹⁾	0.003	0.023
Diluted EPS in Singapore cents	0.003 ⁽²⁾	0.022 ⁽³⁾

Notes:

- (1) The basic EPS for FY2018 and FY2017 and the diluted EPS for FY2018 were calculated based on the weighted average number of ordinary shares in issue during FY2018 and FY2017 of 99,200,000 shares.
- (2) The basic and diluted EPS were the same for FY2018 as there were no potentially dilutive ordinary securities existing during the financial year.
- (3) The diluted EPS for FY2017 was calculated based on 111,104,000 shares assuming full conversion of the convertible bonds issued to Keong Hong Holdings Limited and adding back the interest paid to the said bond in FY2017 to the net profit attributable to equity holders of the Company.

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 (Restated)	31 Dec 2018 (Unaudited)	31 Dec 2017 (Restated)
Net asset value (S\$'000)	51,126	51,518	28,008	32,319
Number of issued shares ('000)	99,200	99,200	99,200	99,200
Net asset value per ordinary share based on issued share capital (S\$)	0.52	0.52	0.28	0.33

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.

Review of the Income Statement of the Group

FY2018 vs. FY2017

Revenue

Our total revenue decreased by S\$5.5 million from S\$31.6 million in FY2017 to S\$26.1 million in FY2018. Revenue derived from the structural steelworks services segment (the "**Steelworks Segment**") accounted for approximately 89.0% of our Group's total revenue.

Steelworks Segment

Revenue from steelworks segment includes revenue from services rendered for design and drawing of structures, supervision of projects, installation and removal of beams and deck panels as well as net revenue from sale and buyback (or leasing) of steel beams.

The decrease in revenue from the Steelworks Segment by 14.7% from S\$27.3 million in FY2017 to S\$23.3 million in FY2018 was mainly due to the decrease in the work done as several projects were reaching completion in FY2018. The decrease was partially offset by higher revenue contributed from projects in their early to mid-stages that includes Tanah Merah Station Project, Maxwell Station Project, Bedok South Station and newly commenced projects, namely Prince Edward Station Project, Siglap Station Project and Deep Tunnel Sewerage System Phase 2 Project.

Tunneling Segment

Revenue from the tunneling services segment (the "**Tunneling Segment**") decreased from S\$4.3 million in FY2017 to S\$2.9 million in FY2018 mainly due to decrease in work done for Stevens Station Tunnel Project, Jurong Island Pioneer transmission Cable Tunnel Project and Shenton Way Station Tunnel Project as they were reaching completion.

Cost of works

Cost of works decreased by approximately S\$5.1 million or 21.3% from S\$23.7 million in FY2017 to S\$18.6 million in FY2018. This was in line with the decrease in revenue for the Steelworks Segment and Tunneling Segment.

Steelworks Segment

Our cost of works for the Steelworks Segment decreased by 19.8% from approximately S\$19.7 million in FY2017 to S\$15.8 million in FY2018 mainly due to decrease in employee compensation of S\$2.7 million, worksite expenses of S\$0.5 million and rental expenses of S\$0.7 million which is in line with the decrease in revenue.

Tunneling Segment

Our cost of works for the Tunneling Segment decreased by 28.2% from approximately S\$3.9 million in FY2017 to S\$2.8 million in FY2018 mainly due to decrease in employee compensation of S\$1.0 million and worksite expenses of S\$0.1 million which is in line with the decrease of revenue.

Gross profit

In view of the abovementioned, our Group's gross profit decreased by 5.7% from S\$8.0 million in FY2017 to S\$7.5 million in FY2018.

Our gross profit margin increased from 25.2% in FY2017 to 28.8% in FY2018.

Other losses - net

Our Group recognized other losses of S\$2.7 million in FY2018 as compared to S\$1.8 million in FY2017. The net increase of S\$0.9 million was mainly due to the net effect of the following:

- an increase in loss on disposal of property, plant and equipment of S\$0.4 million from its sale; offset by
- a decrease in gain on foreign currency exchange of S\$0.2 million due to the weakening of USD against SGD, and
- the absence of bad debt relief received under the GST (General) Regulations of approximately S\$0.2 million in FY2017 in relation to uncollectible debts that were previously written off.

Administrative expenses

Administrative expenses increased by approximately of 44.2% from S\$2.9 million in FY2017 to S\$4.2 million in FY2018. This was mainly due to:-

- an increase of employee compensation of S\$0.2 million;
- an increase in non-recurring professional fees of S\$0.2 million due to actions taken against subcontractors for trade related matters;
- an increase in loss allowance for trade and retention receivables of S\$1.2 million; offset by
- a decrease in depreciation of S\$0.1 million, trade receivables written off of approximately of S\$0.1 million and a decrease in other expenses of approximately S\$0.1 million.

Finance expenses

Finance expenses comprised entirely of interest expense, which decreased by 39.3% from S\$0.5 million in FY2017 to S\$0.3 million in FY2018 mainly due to the absence of the interest payable on convertible bond which was redeemed in FY2017.

Profit before income tax

In view of the foregoing, the Group recorded a profit before tax of S\$0.3 million in FY2018, a decrease of S\$2.5 million as compared to the profit before tax of S\$2.8 million in FY2017, mainly due to the above-mentioned factors.

Income tax expense

Income tax expense of approximately S\$0.1 million was recorded in FY2018 as compared to S\$0.5 million in FY2017.

Review of the Financial Position of the Group

Current assets

Our current assets maintained at approximately S\$28.4 million as at 31 December 2018 as increases in contract assets arising from recognition of unbilled work done for ongoing projects, income tax recoverable and trade receivables of approximately S\$3.5 million were offset by an increase of S\$1.2 million of loss allowance for trade receivables, a decrease in cash and bank balances by approximately S\$0.5 million as explained under the section 'Review of the Cash Flow Statement of the Group', a decrease in retention sum of S\$1.6 million due to collection of retention sum from main contractors as several projects are reaching completion and a decrease in deposit of S\$0.2 million due to refund of dormitories and storage yard deposit.

Non-Current assets

Our non-current assets decreased by approximately S\$6.5 million to S\$32.8 million as at 31 December 2018. The decrease was mainly due to the disposal of property, plant and equipment with a net book value of S\$6.5 million and depreciation of property, plant and equipment of approximately S\$1.5 million, offset by purchase of property, plant and equipment of S\$1.5 million during FY2018.

Current liabilities

Our current liabilities decreased by approximately S\$6.0 million to S\$9.7 million as at 31 December 2018 and 31 December 2017, mainly due to:

- (i) a decrease in trade and other payables of approximately S\$0.3 million, as a result of:
 - decrease in accrued operating expenses of approximately S\$0.1 million due to lower accrued operating expenses related to project costs which was in line with the decrease in revenue;
 - decrease in trade payables of S\$0.2 million due to repayment to suppliers;
- (ii) a decrease in current borrowings by S\$5.5 million mainly due to the repayment of bank borrowings and finance lease obligations of approximately S\$8.5 million, partially offset by the drawdown of short-term bank borrowings of approximately S\$3.0 million. Management has obtained a waiver from the lending bank in relation to the technical lapse of non-compliance with certain financial covenants in respect of a term loan with an outstanding balance of approximately S\$2.8 million as at 31 December 2018.; and
- (iii) a decrease in contract liabilities of approximately S\$0.2 million due to utilisation of advance received from customers.

Equity

As at 31 December 2018, our equity of approximately S\$51.1 million comprised mainly share capital of S\$32.3 million and net reserves of S\$18.8 million.

Review of the Cash Flow Statement of the Group

Net cash generated from operating activities

In FY2018, we recorded net cash inflow from operating activities of approximately S\$3.4 million, which was a result of operating cash flows before changes in working capital of approximately S\$6.4 million, adjusted for net working capital outflow of approximately S\$3.0 million. Our working capital outflows were mainly due to an increase in contract assets of approximately S\$2.4 million, a decrease in trade and other payables of S\$0.3 million and contract liabilities of S\$0.2 million and an increase in trade and other receivables of approximately S\$0.1 million.

Net cash generated from investing activities

Net cash generated from investing activities amounted to approximately S\$2.1 million, which was mainly attributable to proceeds from disposal of property, plant and equipment of approximately S\$3.6 million, offset by an additional of property, plant and equipment of S\$1.5 million.

Net cash used in financing activities

Net cash used in financing activities amounted to approximately S\$6.0 million in FY2018, which was mainly due to repayment of bank borrowings and finance lease, a bank deposit pledged as well as interest paid and dividend payment to shareholders for an aggregate of approximately S\$9.0 million, and partially offset by proceeds from bank borrowings of approximately S\$3.0 million.

As at 31 December 2018, our cash and cash equivalents were approximately S\$1.4 million as a result of the abovementioned.

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

Not applicable. No forecast or prospect statement has been previously issued to the shareholders for the current financial period reported on.

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 outlook for the Singapore construction industry for the next 12 months remains positive. The Building and Construction Authority projected S\$27 billion to S\$32 billion worth of construction contracts to be awarded to the industry players in 2019⁽¹⁾. We are therefore cautiously optimistic that we are likely to be awarded some major public-sector projects such as the North-South Corridor, new MRT works and Deep Tunnel Sewerage System (DTSS) Phase 2.

Our established track record and strong technical expertise have put us in a favourable position to benefit from the anticipated public-sector projects.

On the other hand, we expect pressure from the acute constraint of labour supply and increasing manpower costs in Singapore. Nevertheless, the Group will endeavour to manage its costs and overheads so as to preserve a healthy bottom-line.

Source:

- (1) Building and Construction Authority. (14 January 2019). Singapore's Total Construction Demand to Remain Strong This Year. Available at: https://www.bca.gov.sg/newsroom/others/MR_Prospect2019.pdf (Accessed on 15 February 2019).

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended or 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?

Yes. A first and final dividend (one-tier tax exempt) of 0.1 Singapore cents (S\$0.001) per ordinary share was declared for FY2017 and paid on 24 May 2018.

(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 or recommended for FY2018 after taking into consideration of the Group's capital commitment plan and its cash flow requirements.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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.

	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all IPTs conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	FY2018 S\$	FY2017 S\$	FY2018 S\$	FY2017 S\$
<u>Keong Hong Construction Pte. Ltd.</u> - Strutting works for Raffles Hospital Extension Project	-	70,697 ⁽¹⁾	-	-
<u>Keong Hong Holdings Limited</u> - Interest paid on the convertible bond	-	156,250 ⁽²⁾	-	-
Total	-	226,947	-	-

Notes:

(1) The Company had on 16 December 2015 entered into a contract with Keong Hong Construction Pte. Ltd. in relation to strutting works for Raffles Hospital Extension Project. The value of contract amounted to S\$794,697. A total amount of S\$70,697 of work was done in 2017.

(2) The Company had fully redeemed the principal amount of the bond on 05 September 2017.

The Group does not have a general mandate for IPTs.

Save for as disclosed, there were no IPTs exceeding S\$100,000 entered into during the financial year reported on.

14. 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 Catalist Rules

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

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.

Business Segments

	FY2018 (Unaudited)			FY2017 (Restated)		
	Structural Steel S\$'000	Tunneling S\$'000	Total S\$'000	Structural Steel S\$'000	Tunneling S\$'000	Total S\$'000
Sales	23,250	2,884	26,134	27,309	4,328	31,637
Cost of works	(15,835)	(2,775)	(18,610)	(19,719)	(3,941)	(23,660)
Gross profit	7,415	109	7,524	7,590	387	7,977
Other losses - net			(2,688)			(1,818)
Administrative expenses			(4,233)			(2,935)
Finance expenses			(281)			(463)
Profit before tax			322			2,761
Income tax expenses			(71)			(468)
Net Profit			251			2,293

The Company only operates in one geographical location, Singapore.

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 above.

17. **A breakdown of sales as follows:**

	Group		
	FY2018 (Unaudited) S\$'000	FY2017 (Restated) S\$'000	Increase / (Decrease) %
(a) Sales reported for first half year	13,334	19,343	(31.1)
(b) Operating profit after tax before deducting minority interests reported for first half year	24	510	(95.3)
(c) Sales reported for second half year	12,800	12,294	(4.1)
(d) Operating profit after tax before deducting minority interests reported for second half year	227	1,783	(87.3)

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

Total Annual Dividend

	FY2018 (S\$'000)	FY2017 (S\$'000)
Ordinary	-	99
Preference	-	-
Total	-	99

FY2018

Not applicable.

FY2017

The first and final dividend of 0.1 Singapore cents (S\$0.001) per ordinary share was approved by the shareholders at the AGM held on 27 April 2018 and was paid on 24 May 2018.

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.**

Not applicable. There are no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

HOOI YU KOH
Executive Chairman and CEO
31 March 2019

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not 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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).
