

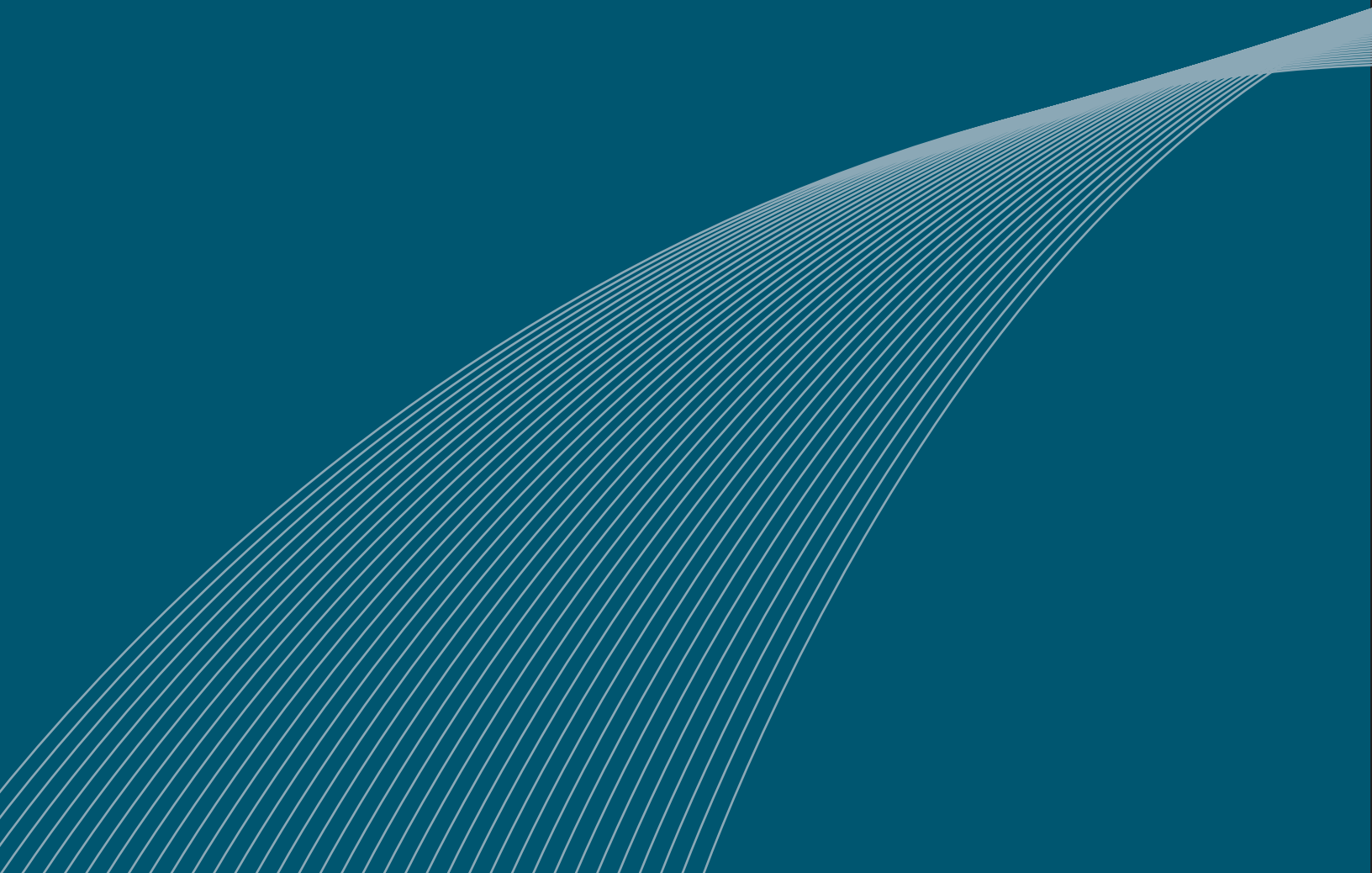


TRANSIT-MIXED CONCRETE LTD

2020

ANNUAL REPORT

**QUALITY
VALUE
SERVICE**



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OUR VISION

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

OUR MISSION

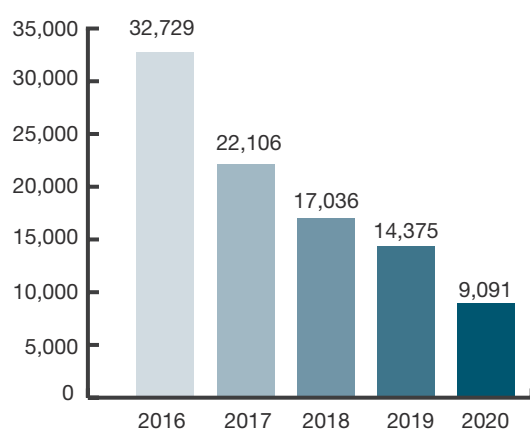
To work closely with our customers to ensure that we continue to meet their expectations.

FINANCIAL HIGHLIGHTS

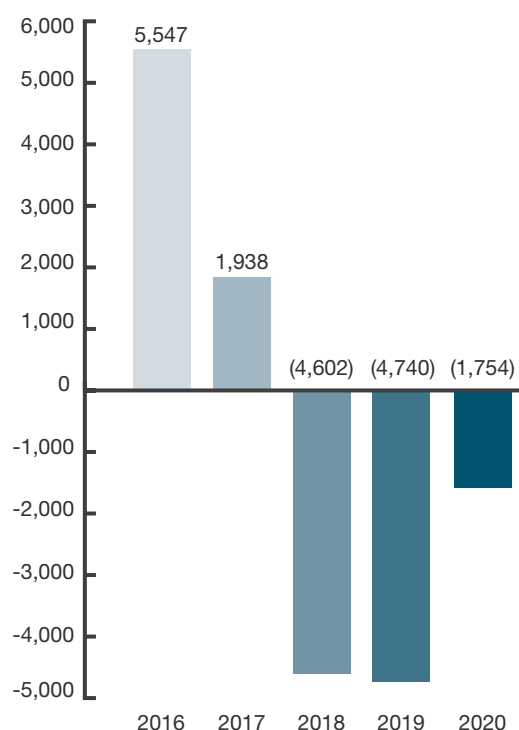
Financial year ended 29 February

	2016 \$'000	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000
Revenue	32,729	22,106	17,036	14,375	9,091
Profit/(Loss) before income tax	6,166	2,017	(5,030)	(6,249)	(1,984)
Profit/(Loss) for the year	5,725	1,883	(4,760)	(5,587)	(1,655)
Profit/(Loss) attributable to owners of the company	5,547	1,938	(4,602)	(4,740)	(1,754)
Earnings/(Loss) per share (cents)	7.97	2.78	(6.61)	(6.81)	(2.52)
Shareholders' equity	24,625	24,000	17,988	13,185	11,496
Total assets	36,026	31,311	25,455	16,793	13,759
Total liabilities	10,514	6,524	6,458	3,461	1,887
Net asset value per ordinary share (cents)	35.39	34.49	25.85	18.95	16.52
Return on equity (%)	22.53	8.08	-	-	-
Dividends (cents)	4.00	2.50	1.00	-	-

Revenue (\$'000)



Profit/(Loss) Attributable to Owners of the Company (\$'000)



ACTING CEO'S STATEMENT

Dear Valued Shareholders,

On behalf of the Board of Directors of Transit-Mixed Concrete Ltd and its subsidiaries ("the Group"), I am pleased to present the annual report for the financial year ended 29 February 2020 ("FY2020").

During the year, the Group continued to be faced with keen competition and a challenging business environment, amidst global economic uncertainties and trade tensions between the United States and China. Towards the end of our financial year, we were faced with the beginning of the pandemic COVID-19 which would cause major disruption to the global economy, including Singapore.

For the year under review, the increasing use of prefabricated concrete and the slow commencement of certain major construction projects have impacted the performance of our concrete pumping services segment. Nonetheless, Group revenue for the continuing operations rose by 1% to \$9.1 million as compared to FY2019. For FY2020, we recorded a gross profit of \$987,000 as compared to a gross loss of \$479,000 in FY2019. This was mainly due to a 45% fall in depreciation to \$1.6 million, arising from lower asset values after substantial impairment charges in FY2019. A lower impairment charge of \$1.7 million for FY2020 resulted in a reduced loss attributable to owners of \$1.8 million compared to \$3.5 million in FY2019.

Meanwhile, the Group's discontinued operations recorded a gain attributable to owners of \$73,000 as compared to a loss of \$1.2 million for the previous year due mainly to a recovery of debts previously provided for of \$345,000 for the current year.

Outlook and Strategy

For the coming financial year ending 28 February 2021, ongoing challenges are expected to weigh on our performance. Moreover, the challenging environment has been exacerbated by the COVID-19 pandemic that has severely disrupted economic activities globally. In Singapore, attempts to curb its transmission have resulted in protocols that required suspension of non-essential services and curbs in manpower usage to prevent the rapid spreading of the virus. Such measures have significantly affected the construction industry, bringing it to a virtual standstill. Due to the numerous delayed projects, the construction sector in Singapore is expected to shrink by 11.4% this year.

At TMC, we prioritise the safety and health of our staff and are doing our part to mitigate the effects of the pandemic. Safety measures as advised by Singapore health and manpower ministries are in place and we will continue to be vigilant. From a business standpoint, we will continue to monitor our working capital and adapt accordingly.

ACTING CEO'S STATEMENT

Moving forward, Singapore's Ministry of Trade and Industry forecasts that Singapore's gross domestic product ("GDP") will contract between 4% to 7% this year, and it is likely to be the country's worst recession. Under these circumstances, we are resolved to leverage on our experience and expertise to normalise our business as soon as we can.

Although near-term prospects may appear murky, signs of improvement are on the horizon in light of Singapore's reopening of the economy. A Monetary Authority of Singapore survey reported that experts are anticipating a 4.8% GDP recovery in 2021.

Conclusion

The outlook for the coming financial year will remain challenging, so we will continue to focus on our core business and look into initiatives to improve operational efficiency and deliver sustainable results.

In conclusion, the Board of Directors and I would like to offer our sincere appreciation to our shareholders, the management team and staff, our customers, bankers and other stakeholders for their continued and steadfast support and trust.

Liu Kien Fang

Acting Chief Executive Officer

OPERATING & FINANCIAL REVIEW

Continuing operations

For the financial year ended 29 February 2020, the Group recorded a sales turnover of \$9.1 million, a 1% improvement from \$9.0 million in the preceding year. Group sales growth was flat as a result of poor sales performance from the concrete pumping services segment which was constantly affected by keen competition, growing use of prefabricated concrete in the construction industry and the slow commencement of certain major construction projects.

The Group saw a gross profit of \$987,000 as opposed to a gross loss of \$479,000 in the previous financial year. This was caused by a fall in depreciation of 45% to \$1.6 million from \$2.9 million in the previous year. Against the backdrop of a challenging operating environment, the Group continued to incur a loss attributable to owners of \$1.8 million compared with \$3.5 million for FY2019. The reduction in loss was mainly due to the aforementioned gross profit of \$987,000 and a lower impairment loss on plant and equipment of \$1.7 million as compared to \$2.3 million in the previous year.

Discontinued operations

The Group ceased its ready-mixed concrete operation in early 2019 due to deteriorating market conditions in Malaysia. The discontinued operations recorded a gain attributable to owners of \$73,000 as compared to a loss of \$1.2 million for the previous year. This was in consequence of lower expenses incurred, mainly depreciation cost and impairment loss on plant and equipment and a recovery of debts previously provided for of \$345,000 for the current financial year.

Continuing and discontinued operations

In tandem with the lower business activities, trade and other receivables were down from \$3.9 million in FY2019 to \$3.2 million in FY2020. Trade and other payables also decreased from \$2.8 million to \$1.6 million. The Group's cash and cash equivalents amounted to \$4.8 million compared with \$3.5 million in the previous year.

In the year under review, the Group paid off its finance lease obligations and has no borrowing as at the end of the financial year. Net asset value as of 29 February 2020 was 16.52 cents as compared to 18.95 cents in the previous year.

From a geographical standpoint, Singapore accounted for almost all of the Group's revenue largely due to the winding down of our ready-mixed concrete business. Domestic sales amounted to \$8.9 million or 98% of the Group's revenue, while the remaining 2% or \$229,000 was derived from our Malaysia operations.

Business Segments

Concrete Pumping Services

Revenue for the Group's concrete pumping services segment slid 3% to \$7.0 million in FY2020, as compared to \$7.2 million in the previous year. The decline was due mainly to the increased use of prefabricated concrete, heightened competition within the industry and delayed commencement of major infrastructure projects. The Group's major projects in this segment included MRT Thomson-East Coast Line T216, T225, T305 & T308, Stirling Residences Condominium, Glory at Market Street, Deep Tunnel Sewerage System Phase 2 & 3, National Cancer Centre and HDB at Bukit Batok N4 C22 & C23.

The segment posted a reportable segment loss before tax of \$2.4 million as compared to \$4.3 million in FY2019. The reportable segment loss before tax in FY2020 was mainly attributable to a low sales turnover and an impairment loss on plant and equipment of \$1.7 million. The reduction in segment loss was due mainly to falls in depreciation from \$2.7 million to \$1.4 million and impairment loss on plant and equipment from \$2.3 million to \$1.7 million.

Waste Management

Revenue for the Group's waste management segment was \$2.1 million in FY2020, a 17% increase from the \$1.8 million attained in the previous year. The Group's major projects under this segment included cleaning contracts at SIA Engineering Company Ltd, Changi Airport (Terminal 1, 2 and 3), Shell Eastern Petroleum, Ngee Ann Polytechnic and groups of about 90 schools.

With the improvement in sales, the reportable segment profit before tax doubled from \$239,000 in FY2019 to \$501,000 for the year under review.

Ready-Mixed Concrete (Discontinued operations)

The Group's discontinued operations recorded a reportable segment profit before tax of \$160,000 in FY2020, as compared to a reportable segment loss before tax of \$2.0 million in FY2019. This was due to lower expenses incurred, mainly depreciation cost and impairment loss on plant and equipment.

BOARD OF DIRECTORS

Tan Kok Hiang, 70

is the Chairman of the Board. He was appointed an independent non-executive director of the Company since 25 September 1997 and is also the Chairman of the Audit and Remuneration Committees and a member of the Nominating Committee. He was last elected as a director on 27 June 2018 and is standing for re-election at the coming annual general meeting. There is no relationship (including immediate family relationship) between Mr Tan and the other directors of the Company, the Company or its substantial shareholders. As on 29 February 2020, he has served as a director for 22 years 5 months. He is presently also an independent director of 3 other public companies namely EnviroHub Holdings Ltd, ICP Ltd and LHT Holding Ltd. Other than this, he does not hold any other principal commitments or any directorships in other listed companies over the preceding 3 years. Mr Tan has more than 30 years of experience in accounting, finance, strategic planning and risks management. He holds a Bachelor of Accountancy (Honours) degree from the University of Singapore and is a member of the Singapore Institute of Directors.

Yap Boh Lim, 82

is a founding member and has been a director of the Company since it was incorporated on 31 August 1979. He is a non-independent non-executive director and a member of the Audit and Nominating Committees. He was last elected as a director on 27 June 2018 and will not be seeking re-election as a director of the Company at the coming annual general meeting. Accordingly, he will retire as a director at the coming annual general meeting and will cease to be a member of the Audit and Nominating Committees. As on 29 February 2020, he has served as a director for 40 years 6 months. Other than Dr Yap Eng Ching, there is no relationship (including immediate family relationship) between Mr Yap and the other directors of the Company, the Company or its other substantial shareholders. He does not hold any other principal commitments or any directorships in other listed companies over the preceding 3 years. He is a Barrister-at-Law and had since 2005 retired from practice.

Khoo Ho Tong, 79

was appointed an independent non-executive director of the Company on 17 January 2019 and is the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He was last elected as a director on 26 June 2019. There is no relationship (including immediate family relationship) between Mr Khoo and the other directors of the Company, the Company or its substantial shareholders. As on 29 February 2020, he has served as a director for 1 year 2 months. He does not hold any other principal commitments and his directorship in listed companies in the preceding 3 years included Nam Lee Pressed Metal Industries Limited. Mr Khoo is a lifetime member of the Institute of Singapore Chartered Accountants and a life fellow member of CPA Australia. Mr Khoo was a practicing public accountant for over 35 years and last a Partner of PKF Singapore, an international accounting and business advisory firm.

Low Wing Hong, 54

was appointed a non-independent non-executive director of the Company on 29 August 2007 and is a member of the Remuneration Committee. He was last elected as a director on 26 June 2019. As on 29 February 2020, he has served as a director for 12 years 6 months. There is no relationship (including immediate family relationship) between Mr Low and the other directors of the Company. His present directorships include 2 other private companies. Currently, he is the Investment Manager of Kheng Leong Company (Private) Limited, a substantial shareholder of the Company. Other than this, he does not hold any other principal commitments or any directorships in other listed companies currently or over the preceding 3 years. Mr Low holds a Bachelor of Accountancy degree from the National University of Singapore. He has more than 20 years of experience in investment management and tax and business advisory.

Dr Yap Eng Ching, 54, Alternate to Yap Boh Lim

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

KEY MANAGEMENT PERSONNEL

Liu Kien Fang David

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

Loke Kai Hoong

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

Chen Lee Lee

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

Lee Mow Sang, Dick

Mr Lee is the Marketing Manager responsible for the marketing of concrete pumping services in Singapore. He is also responsible for providing technical assistance to the customers. Mr Lee joined the Company in January 2019 and holds a Bachelor of Applied Science Construction Management and Economic from the Curtin University of Technology.

Lee Kim Keow

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

The Board of Directors has overall responsibility for overseeing the Group's sustainability issues. The Board of Directors is assisted by the Group CEO/acting CEO in its management, monitoring of sustainability matters, including strategy and practices, sustainability performance and targets and its application of the SGX sustainability reporting guidelines.

The key areas we addressed included Environmental, Social and Governance ("ESG") factors. These factors are the cornerstones of which our report will be structured and will be re-evaluated for its materiality to the Group.

Safe Working Environment

The Group is committed towards a safety culture and strives to maintain a record of low workplace incidence. Our workforce is regulated under the Employment Act, Retirement & Re-employment Act, Workplace Safety & Health Act, Work Injury Compensation Act to protect the rights and welfare of our employees.

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

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

1. bizSAFE Level Star

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

We are in the process of renewing our bizSAFE Level Star certification which expired on 5 May 2020. The renewal will conclude that we have established, implemented, communicated and maintained risk assessment for the identified hazardous activities in accordance to the WSH (Risk Management) Regulations.

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

Our OHSAS certification expired on 5 May 2020. Currently, we are undergoing a triennial sustainability audit in accordance with the requirements of OHSAS 18001: 2007 International Standards for the renewal process whereby the existing OHSAS 18001: 2007 will be replaced and upgraded to ISO 45001:2018. This is an internationally applied British Standard for occupational health and safety management systems.

Good implementation of operation system procedures such as Safe Work Procedure ("SWP") and proper monitoring system are in place. The Group is committed to the following Occupational Health & Safety ("OHS") Policy:

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

Our workers are also constantly reminded to be careful during work and to wear the appropriate personal protective equipment ("PPE"). Other PPE are provided to workers according to their area of responsibility.

SUSTAINABILITY REPORT

	FY2020 Performance	FY2020 Target	FY2021 Target
Number of fatalities	Zero	Zero	Zero
Number of workplace injuries	10	Less than 6	Less than 10
Occupational diseases	Zero	Zero	Zero

Staff Training

Training is important for the Group as it helps employees learn specific knowledge or skills to improve productivity in their current roles and is arranged on a regular basis. Some examples of training courses offered to technical employees are as follows:

- Advanced Workplace Safety and Health Course;
- Familiarization Course + Skill Assessment (Tradesmen);
- Confined Space Course/ Manhole Safety Course; and
- Work-At-Heights Course.

	FY2020 Performance	FY2020 Target	FY2021 Target
Average hours of training per employee	7 hours	7 hours	7 hours

Environmental Regulations

The Group is committed to adhere to necessary regulation for its operational business units such as the NEA Environmental Protection Management Act (Air Pollution and Vehicular Emissions).

The following processes are in place to prevent unnecessary pollution:

- Installation of odour filtration system to our vacuum trucks;
- Vacuum trucks are registered with PUB and designated to discharge only single-type waste to enhance the efficiency of treatment plant;
- Drivers are to turn off the engine when the vehicle is stationary; and
- Vehicles are sent for annual inspection which includes checking the exhaust emission level.

	FY2020 Performance	FY2020 Target	FY2021 Target
Offences and fines	Zero	Zero	Zero

Environmental Factors

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

We are looking into the following areas for improvement:

- Reduce electricity consumption such as in lighting and air conditioning;
- Better integration of recycling of materials such as toners, paper and waste separation; and
- Reduce overall usage of paper.

Anti-Corruption Practices

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

	FY2020 Performance	FY2020 Target	FY2021 Target
Number of incidents	Zero	Zero	Zero

Key Stakeholder Engagement Approach

Stakeholders	Approach
Shareholders & Investors	Annual reports, financial results & other relevant disclosures via SGXNET and dialogue with shareholders is mainly conducted during annual general meeting
Customers	Regular formal or informal meetings to exchange views and discuss important matters and data security for customer information
Employees	Code of conduct, performance appraisal and training & career development
Suppliers	Communication process with suppliers, supplier performance review and products updates by suppliers via exhibition, office presentation and site visits
Government and Regulators	SGXNET announcements, annual reports, sustainability reports and prevailing laws & regulations on environment and waste management

Sustainability Reporting Framework

The Group has applied the Global Reporting Initiative (GRI) framework and selected relevant GRI to prepare its sustainability report. As we continue to improve upon our reporting framework, we will study other audits and factors for inclusion in our sustainability report. These should be in line with SGX requirements and can be implemented in phases to facilitate the drafting of a more comprehensive and holistic report. We will also continue to evaluate the suitability of existing audits and adapt where needed in future reports.

Board Statement

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

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

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

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr Tan Kok Hiang

(Chairman and independent non-executive director)

Mr Yap Boh Lim

(Non-independent non-executive director)

Mr Low Wing Hong

(Non-independent non-executive director)

Mr Khoo Ho Tong

(Independent non-executive director)

Dr Yap Eng Ching

(Alternate to Mr Yap Boh Lim)

AUDIT COMMITTEE

Mr Tan Kok Hiang (Chairman)

Mr Khoo Ho Tong

Mr Yap Boh Lim

Dr Yap Eng Ching (Alternate to Mr Yap Boh Lim)

NOMINATING COMMITTEE

Mr Khoo Ho Tong (Chairman)

Mr Tan Kok Hiang

Mr Yap Boh Lim

Dr Yap Eng Ching (Alternate to Mr Yap Boh Lim)

REMUNERATION COMMITTEE

Mr Tan Kok Hiang (Chairman)

Mr Khoo Ho Tong

Mr Low Wing Hong

COMPANY SECRETARY

Ms Chen Lee Lee

COMPANY REGISTRATION NO.

197902587H

REGISTERED OFFICE

150 Changi Road #03-05

Guthrie Building

Singapore 419973

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Website: www.tmcld.com.sg

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REGISTRAR & SHARE TRANSFER OFFICE

M & C Services Private Limited

112 Robinson Road #05-01

Singapore 068902

AUDITORS

KPMG LLP

Public Accountants and Chartered Accountants

16 Raffles Quay #22-00

Hong Leong Building

Singapore 048581

Partner-in-charge: Mr Loo Kwok Chiang, Adrian
(wef financial year ended 29 February 2016)

PRINCIPAL BANKER OF THE GROUP

United Overseas Bank Limited

80 Raffles Place

UOB Plaza 1

Singapore 048624

CORPORATE GOVERNANCE STATEMENT

The Company is committed to adhering to the principles and provisions of the Code of Corporate Governance 2018 (“Code”) so as to ensure greater transparency and protection of shareholders’ interests. The Group has complied substantially with the principles and provisions of the Code. This statement describes the Company’s corporate governance practices with specific reference to the principles of the Code and describes any deviation from any provisions of the Code together with an appropriate explanation.

Board Matters

Principle 1: The Board’s Conduct of Affairs

The Board’s role is to:

- provide entrepreneurial leadership, and set strategic objectives, which should include appropriate focus on value creation, innovation and sustainability;
- ensure that the necessary resources are in place for the Company to meet its strategic objectives;
- establish and maintain a sound risk management framework to effectively monitor and manage risks, and to achieve an appropriate balance between risks and company performance;
- constructively challenge management and review its performance;
- instil an ethical corporate culture and ensure that the Company’s values, standards, policies and practices are consistent with the culture;
- ensure transparency and accountability to key stakeholder groups;
- approve key operational initiatives, annual budgets, major investments, divestment proposals and funding decisions; and
- consider sustainability issues, e.g. environmental and social factors, for the Company as part of its strategic formulation.

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

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

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

CORPORATE GOVERNANCE STATEMENT

Directors' Attendance At Board And Board Committee Meetings For FY2020

	Board		AC		NC		RC		AGM
Name	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	No. of Meetings Held	No. of Meetings Attended	AGM Held on 26 June 2019 Attended
Tan Kok Hiang	7	7	4	4	1	1	1	1	1
Yap Boh Lim/ Yap Eng Ching	7	7	4	4	1	1	–	–	1
Low Wing Hong	7	7	–	–	–	–	1	1	1
Khoo Ho Tong	7	5	4	4	1	1	1	1	1

Matters which require Board's specific approval include:

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

The Company will provide a formal letter of appointment to each new director, setting out the director's duties and obligations. Every new director will receive comprehensive and tailored induction on joining the Board which includes his duties as a director and how to discharge those duties, and briefings to familiarise himself with the Group's business and governance practices. For one who does not have prior experience as a director of a public listed company, he must undergo training in the roles and responsibilities of a director of a listed issuer as specified by the Exchange within one year from the date of his appointment to the Board.

All the directors are appropriately qualified and experienced to discharge their responsibilities. The Company will initiate relevant training for directors, particularly on relevant new laws, regulations and changing commercial risks, from time to time.

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

CORPORATE GOVERNANCE STATEMENT

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

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

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

Principle 2: Board Composition and Guidance

Currently, the Board comprises 4 directors, 2 of whom are independent directors. The NC reviews the independence of each director annually in accordance with the listing rule and the Code's definition of what constitutes an independent director. For FY2020, independent directors made up at least half of the Board and no individual or small group of individuals dominates the Board's decision making.

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

Independent Directors

1 of our independent directors namely Mr Tan Kok Hiang has served on the Board for more than 9 years as an independent director. His independence has been thoroughly and rigorously reviewed by the NC and the Board. The Board is satisfied that Mr Tan Kok Hiang (notwithstanding that he has served on the Board beyond 9 years) and Mr Khoo Ho Tong are considered independent as they have met all the conditions and criteria of independence under the listing rules and the Code. Mr Tan Kok Hiang and Mr Khoo Ho Tong have no relationship with the Company, its related corporations, its substantial shareholders or its officers and do not receive any compensation from the Group or any of its related corporations for the provision of services other than the directors' fees which are approved by shareholders at the Annual General Meeting ("AGM"). The Board is assured that Mr Tan Kok Hiang and Mr Khoo Ho Tong are independent in conduct, character and judgement, and there are no relationships or circumstances that could interfere, or be reasonably perceived to interfere, with the exercise of their independent business judgement in the best interests of the Company.

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

CORPORATE GOVERNANCE STATEMENT

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

Principle 3: Chairman and CEO/Acting CEO

There is a clear division of responsibilities between the Chairman of the Board and the Chief Executive Officer (“CEO”)/acting CEO. The Group keeps the posts of Chairman and CEO/acting CEO separate so as to ensure a balance of power and authority at the top of the Group. Under certain circumstances set out in Provision 3.3, every company should appoint an independent director to be the lead independent director. However, the Company is not required to comply with this guideline as the circumstances outlined in the provision do not exist in the Company.

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

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

Principle 4: Board Membership

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

The NC carries out its duties in accordance with the terms of reference which include the following key terms:

- reviews the succession plans for directors, in particular the appointment and/or replacement of the Chairman, the Acting CEO and key management personnel;
- reviews the process and criteria for evaluation of the performance of the Board, Board Committees and directors;
- reviews the training and professional development programmes for the Board and directors;
- recommends the appointment and re-appointment of directors (including alternate directors, if any);
- ascertain annually, whether independent directors meet the independence criteria set out in the listing rules and the Code; and
- reviews the composition of the Board and make recommendations to the Board on the appropriate skill mix, personal qualities and experience required for the effective performance of the Board.

CORPORATE GOVERNANCE STATEMENT

Under the Company's Constitution, not less than one-third of the directors are to retire from office by rotation at each AGM of the Company. All directors must submit themselves for re-nomination and re-appointment at least once every 3 years.

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

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

Dr Yap Eng Ching, an alternate director to Mr Yap Boh Lim since 15 September 2009, was appointed to assist Mr Yap who is currently 82 years old. Dr Yap is familiar with the Company's affairs and as an alternate director bears all the duties and responsibilities of a director. The NC and the Board have found Dr Yap to be appropriately qualified.

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

Current members	Date of appointment	Nature of appointment	Prime/Other functions	Last re-election	Academic and professional qualifications
Tan Kok Hiang	25/9/97	Independent, non-executive	Chairman of Board, AC and RC, member of NC	27/6/18	Bachelor of Accountancy (Hons), University of Singapore
Yap Boh Lim	31/8/79	Non-executive	Member of AC and NC	27/6/18	Barrister-at-Law
Low Wing Hong	29/8/07	Non-executive	Member of RC	26/6/19	Bachelor of Accountancy, National University of Singapore
Khoo Ho Tong	17/1/19	Independent, non-executive	Chairman of NC, member of AC and RC	26/6/19	Lifetime member of the Institute of Singapore Chartered Accountants, Life fellow member of CPA Australia
Yap Eng Ching (Alternate to Yap Boh Lim)	15/9/09	Alternate director	Alternate director	N.A.	Bachelor of Medicine and Surgery, University of Bristol, UK

CORPORATE GOVERNANCE STATEMENT

Principle 5: Board Performance

The NC has established a formal annual assessment of the effectiveness of the Board as a whole and its Board Committees and the contribution by each director to the effectiveness of the Board. On an annual basis, each director completes a peer assessment questionnaire on the other directors individually and submits to the NC for comments, feedback and compilation, following which the NC will recommend to the Board for discussion and endorsement at the Board meeting. The assessment parameter includes attendance at meetings of the Board and Board Committees, intensity of participation at meetings, quality of interventions and special contributions. The performance of each director will be taken into account for re-election. The Chairman of the Board will act on the results of the performance evaluation, and, in consultation with the NC, propose, where appropriate, new members to be appointed to the Board or seek the resignation of directors. For FY2020, the NC and the Board are satisfied that each director continues to contribute effectively and demonstrate commitment to the role.

Each director will also evaluate the performance of the Board and its Board Committees as a whole taking into consideration a set of performance criteria including board composition and size, director's qualification, development of governance framework, reviewing independence of independent directors and maintaining a sound system of risk management and internal controls. For FY2020, as evaluated against the performance criteria, the NC is satisfied with the effectiveness of the Board as a whole.

The evaluation process of the overall performance of the Board, its Board Committees and each director was conducted without an external facilitator for FY2020.

Remuneration Matters

Principle 6: Procedures for developing Remuneration Policies

The RC was established in March 2002. The RC comprises 3 members, all non-executive, 2 of whom, including the Chairman are independent directors. The RC is responsible for ensuring a formal and transparent procedure for developing policies on executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel.

The RC carries out its duties in accordance with the terms of reference which include the following key terms:

- reviews and approves recommendations on remuneration policies and packages for the Board and key management personnel which covers all aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses, options and benefits-in-kind;
- reviews the Company's obligations arising in the event of termination of executive director's and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous;
- carries out annual reviews of the compensation of directors to ensure that executive director and key management personnel are appropriately rewarded, giving due regard to the financial and commercial health and business needs of the Group; and
- seeks expert advice inside and/or outside the Company on remuneration matters, if necessary.

CORPORATE GOVERNANCE STATEMENT

Principle 7: Level and Mix of Remuneration

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

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

Principle 8: Disclosure on Remuneration

The Group's remuneration policy is to provide compensation packages at market rates which reward successful performance to attract, retain and motivate key management personnel and directors. The remuneration packages offered by the Group are comparable to those of other companies of similar size and nature. For FY2020, subject to shareholders' approval, it is proposed that directors' fees of \$110,000 be paid. A breakdown of the directors' remuneration is also disclosed on page 95.

The remuneration of the directors/acting CEO of the Company for FY2020 is as follows:

	Total Remuneration \$'000	Fee %	Salary %	Bonus %	Total %
Liu Kien Fang	156	–	92	8	100
Tan Kok Hiang	33	100	–	–	100
Yap Boh Lim	27	100	–	–	100
Khoo Ho Tong	29	100	–	–	100
Low Wing Hong	21	100	–	–	100

CORPORATE GOVERNANCE STATEMENT

The Company has only 4 key management personnel. The remuneration of the 4 key management personnel (who are not directors or CEO/acting CEO) for FY2020 is as follows:

<u>Below \$250,000</u>	Salary %	Bonus %	Total %
Loke Kai Hoong	94	6	100
Chen Lee Lee	91	9	100
Dick Lee	96	4	100
Lee Kim Keow	93	7	100

The Company does not disclose in aggregate the total remuneration paid to the 4 key management personnel (who are not directors or CEO/acting CEO) for the purpose of maintaining confidentiality of staff remuneration matters.

For FY2020, the Company and its subsidiaries do not have any employee who is a substantial shareholder or an immediate family member of a director, the CEO/acting CEO or a substantial shareholder whose remuneration exceeds \$100,000.

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

The Company does not have any employee share scheme.

Principle 9: Risk Management and Internal Controls

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

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

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

CORPORATE GOVERNANCE STATEMENT

For FY2020, the Board has received assurance from the acting CEO and the CFO or equivalent position that overall, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances, and the risk management and internal control systems within the Group are adequate and effective.

For FY2020, the Board has considered sustainability issues as part of its strategic formulation, determined the material ESG (environmental, social and governance) factors and overseen the management and monitoring of the material ESG factors.

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

Accountability And Audit

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

Principle 10: Audit Committee

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

The AC carries out its duties in accordance with the terms of reference which include the following key terms:

- reviews the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any announcements relating to the Company's financial performance;
- reviews at least annually the adequacy and effectiveness of the Company's internal controls and risk management systems;
- reviews the assurance from the acting CEO and the CFO or equivalent position on the financial records and financial statements;
- makes recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

CORPORATE GOVERNANCE STATEMENT

- reviews the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;
- meets with the external auditors, and with the internal auditors, in each case without the presence of management, at least annually;
- reviews the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on. The Company publicly discloses, and clearly communicates to employees, the existence of a whistle-blowing policy and procedures for raising such concerns; and
- reviews interested person transactions (as defined in Chapter 9 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST")) to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its minority shareholders.

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

The aggregate amount of fees paid to the external auditors amounted to approximately \$80,000 for audit services. There is no non-audit service provided by the external auditors.

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

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

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

The AC had discussed the key audit matters for FY2020 with management and the external auditors. The AC concurs with the basis and conclusions included in the Independent Auditors' Report with respect to the key audit matters.

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

CORPORATE GOVERNANCE STATEMENT

Internal Audit

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

The AC, on an annual basis, assesses the effectiveness of the internal auditors by examining the scope of the internal auditors' work, quality of their reports, their relationship with the external auditors and their independence of the areas reviewed. The AC is satisfied that the internal audit function is independent, effective and adequately resourced.

Shareholder Rights And Engagement

Principle 11: Shareholder Rights and Conduct of General Meetings

Principle 12: Engagement with Shareholders

Principle 13: Engagement with Stakeholders

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

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

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

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. These minutes are available to shareholders on the Company's website.

CORPORATE GOVERNANCE STATEMENT

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

The Company does not have a fixed dividend policy. No dividend has been declared over the year in review. Any declaration and payment of dividends in future will depend on underlying net profit for each financial year.

The Company takes a strategic and pragmatic approach in managing stakeholders’ expectations to support its long-term strategy. Its key stakeholders include shareholders, investors, suppliers, customers, employees, government and regulators and the community. To understand stakeholders’ expectations, the Company engages and fosters trusted relationships through listening to their views and responding to their concerns. Further details on its key engagement approach can be found in the Sustainability Report.

Dealings In Securities

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

Interested Person Transactions

The Company has adopted internal procedures, in accordance with Chapter 9 of the SGX-ST Listing Manual, to identify and report and where necessary, review and seek approval for interested person transactions. There is no interested person transaction during the year.

DIRECTORS' STATEMENT

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 29 February 2020.

In our opinion:

- (a) the financial statements set out on pages 37 to 107 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 29 February 2020 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards (International); and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

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

Directors

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

Yap Boh Lim
Tan Kok Hiang
Low Wing Hong
Yap Eng Ching (Alternate to Yap Boh Lim)
Khoo Ho Tong

Directors' interests

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

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year
Company				
Ordinary shares				
Yap Boh Lim	14,252,104	14,252,104	–	–
Yap Eng Ching	500,000	500,000	–	–

DIRECTORS' STATEMENT

	Holdings in the name of the director, spouse or infant children		Other holdings in which the director is deemed to have an interest	
	At beginning of the year	At end of the year	At beginning of the year	At end of the year

Subsidiaries

Crescent Concrete Sdn. Bhd.

Ordinary shares of RM1.00 each fully paid

Yap Boh Lim	–	–	1,330,000	1,330,000
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By virtue of Section 7 of the Act, Yap Boh Lim is deemed to have interests in all wholly-owned subsidiaries of Transit-Mixed Concrete Ltd at the beginning and at the end of the financial year.

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

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 March 2020.

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

Share options

During the financial year, there were:

- (i) no options granted by the Company or its subsidiaries to any person to take up unissued shares in the Company or its subsidiaries; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company or its subsidiaries.

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

Audit Committee

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

Tan Kok Hiang	(Chairman, independent and non-executive director)
Khoo Ho Tong	(Independent and non-executive director)
Yap Boh Lim	(Non-executive director)
Yap Eng Ching	(Non-executive director, alternate to Yap Boh Lim)

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

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

The Audit Committee also reviewed the following:

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

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

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

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

DIRECTORS' STATEMENT

Auditors

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

On behalf of the Board of Directors

Yap Boh Lim
Director

Tan Kok Hiang
Director

28 July 2020

INDEPENDENT AUDITORS' REPORT

Members of the Company
Transit-Mixed Concrete Ltd

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Transit-Mixed Concrete Ltd (the Company) and its subsidiaries (the Group), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 29 February 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 37 to 107.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 29 February 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for opinion

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

Key audit matters

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Transit-Mixed Concrete Ltd

Concrete Pumping Services Segment Valuation of non-financial assets	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
Risk The Group identified indicators of impairment in the concrete pumping services segment ("CPS Segment"). Due to weak market conditions and intense competition, the profitability of the CPS Segment continues to incur losses in the current year. The outbreak of the coronavirus pandemic compounded the uncertainties over timing of cash flows derived from the customer projects. As part of their analysis, the Group estimated the future cash flows of the CPS Segment based on latest available data and expected market conditions. Using their estimates of future cash flows, the Group computed the value-in-use ("VIU") of the CPS Segment. The Group performed further analysis to estimate the fair value less costs to sell ("FVLCS") of the CPS Segment. The fair value less costs to sell was estimated using the market approach applying relevant market multiples derived using market comparable data. On the basis that the FVLCS of the CPS Segment is higher than its VIU, the Group adopted the FVLCS as the recoverable amount of the non-financial assets. Judgement and estimates are used to determine the appropriateness of the market multiple adopted and the reasonableness of forecast inputs used in the computation of the FVLCS amount. Consequently, the valuation of non-financial assets in the concrete pump service segment is a key audit matter.	Our response We considered the result of our retrospective review of the prior year's cash flow forecasts against actual achieved to assess the reasonableness of the Group's estimates of the future cash flows attributable to the operations in the CPS Segment. We assessed the Group's VIU estimate as follow: • We challenged the Group's projected future cash forecasts of the CPS Segment taking into consideration the results of our retrospective review and the existing market condition of the construction sector. • We reviewed the reasonableness of the discount rate applied in the current year and assessed if it was derived based on comparable market data and contains relevant factors reflecting the current uncertainties in the construction sector. We assessed the Group's FVLCS estimate as follow: • We obtained valuation specialists assistance to review the appropriateness of the valuation methodology and market multiple adopted by the Group. • We cross-checked management's revenue forecasts to our work performed over the Group's projected future cash forecasts as described above. We found the Group's assessment that FVLCS is higher than VIU to be appropriate. Based on our procedures, we found the valuation methodology applied to be appropriate and valuation inputs used are within range.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Transit-Mixed Concrete Ltd

Valuation of trade receivables	
<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
Risk The Group's credit exposure is concentrated with customers in the construction sector in Singapore and Malaysia, which is subject to business cycles. The current COVID-19 pandemic outbreak exerted additional pressures on the construction sector which may negatively impact the financial health of the Group's customers. The recovery of trade receivables is dependent on the progress and performance of the construction projects subject to operational and other risks faced by customers. Judgement is required in determining when a trade receivable is credit-impaired which includes consideration of customers past payment trends, relevant industry conditions and observable data such as significant financial difficulty of the customer and breach of contract by the customer. In estimating expected credit losses for trade receivables, judgement is made to determine if past credit loss information reflect the appropriate levels of credit risk of the trade receivables and if additional adjustments are required to be made to the ECL estimate.	Our response We tested the trade receivables ageing profile prepared by management for the purpose of placing reliance on the trade receivables ageing profile for our analysis. We reviewed management's identification of credit-impaired trade receivables including the bases adopted by management in the identification. We challenged the identified trade receivables by taking into account past payment trends, industry data and observable data specific to the relevant customers. We reviewed management's assessment of the recoverability of individually significant credit-impaired trade receivables by challenging management's estimates taking into account historical payment records and subsequent receipts after year end. We tested the Group's measurement of the expected credit losses (ECL) arising from trade receivables by obtaining an understanding on the data and assumptions of the ECL model adopted by management. As part of our test, we compared the inputs used to derive the expected credit loss rates against historical receivables collection data and considered if the loss rates derived reflects the Group's credit risk exposure. We reviewed the Group's estimate of the forward looking overlay applied to the ECL model taking into account our understanding of the Group's sector exposures and historical market loss factors of comparable credit loss events. We found management's estimate of impairment loss on trade receivables, which has incorporated the relevant factors in forming the estimate to be within range.

INDEPENDENT AUDITORS' REPORT

Members of the Company
Transit-Mixed Concrete Ltd

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the Annual Report other than the financial statements and our auditors' report thereon. Other than the Directors' Statement, which we have obtained prior to the date of this auditors' report, the other sections included in the Annual Report are expected to be made available to us after that date.

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

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

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of management and directors for the financial statements

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

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

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

Auditors' responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Transit-Mixed Concrete Ltd

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITORS' REPORT

Members of the Company
Transit-Mixed Concrete Ltd

Report on other legal and regulatory requirements

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

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

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

28 July 2020

STATEMENTS OF FINANCIAL POSITION

As at 29 February 2020

		Group		Company	
	Note	2020	2019	2020	2019
		\$	\$	\$	\$
Non-current assets					
Plant and equipment	4	2,739,107	6,089,027	475,356	1,035,118
Right-of-use assets	5	21,773	–	–	–
Investment in subsidiaries	6	–	–	5,178,060	10,810,060
Investment in joint venture	8	2,127,121	1,957,896	2,135,507	2,135,507
Total non-current assets		4,888,001	8,046,923	7,788,923	13,980,685
Inventories	9	632,637	701,459	–	–
Trade and other receivables	10	3,217,243	3,886,120	117,872	115,886
Cash and cash equivalents	11	4,835,843	3,459,893	3,494,966	2,471,381
		8,685,723	8,047,472	3,612,838	2,587,267
Assets held for sale	12	185,431	698,890	–	–
Current assets		8,871,154	8,746,362	3,612,838	2,587,267
Total assets		13,759,155	16,793,285	11,401,761	16,567,952
Equity attributable to owners of the Company					
Share capital	13	11,190,764	11,190,764	11,190,764	11,190,764
Reserves	14	305,494	1,994,456	(5,449,574)	280,048
Total equity attributable to owners of the Company		11,496,258	13,185,220	5,741,190	11,470,812
Non-controlling interests	7	376,391	147,259	–	–
Total equity		11,872,649	13,332,479	5,741,190	11,470,812
Non-current liabilities					
Deferred tax liabilities	15	198,329	618,543	–	–
Lease liabilities	16	7,400	–	–	–
Total non-current liabilities		205,729	618,543	–	–
Current liabilities					
Trade and other payables	17	1,581,099	2,797,675	5,660,571	5,097,140
Contract liabilities	18	–	34,203	–	–
Current tax liabilities		83,000	854	–	–
Lease liabilities	16	16,678	9,531	–	–
Total current liabilities		1,680,777	2,842,263	5,660,571	5,097,140
Total liabilities		1,886,506	3,460,806	5,660,571	5,097,140
Total equity and liabilities		13,759,155	16,793,285	11,401,761	16,567,952

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 29 February 2020

	Note	Group	
		2020	2019
		\$	\$
Continuing operations			
Revenue	18	9,091,171	8,981,321
Cost of sales		(8,104,664)	(9,460,290)
Gross profit/(loss)		986,507	(478,969)
Other income		32,836	95,762
Selling, general and administrative expenses		(1,467,311)	(1,466,030)
Impairment loss on trade receivables		(208,211)	(230,463)
Other operating expenses		(1,663,620)	(2,286,000)
Finance income	21	42,766	24,929
Finance costs		(2,012)	–
Share of profit of joint venture, net of tax	8	135,665	121,924
Loss before tax from continuing operations		(2,143,380)	(4,218,847)
Tax credit		316,056	690,522
Loss from continuing operations		(1,827,324)	(3,528,325)
Discontinued operations			
Loss from discontinued operations (net of tax)	12	172,222	(2,058,798)
Loss for the year		(1,655,102)	(5,587,123)
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations			
- Continuing operations		32,940	(48,961)
- Discontinued operations		81	(28,939)
		33,021	(77,900)
Total comprehensive income for the year		(1,622,081)	(5,665,023)

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 29 February 2020

	Note	Group	
		2020 \$	2019 \$
Loss for the year attributable to:			
Continuing operations			
- Owners of the Company		(1,827,324)	(3,528,325)
Discontinued operations			
- Owners of the Company		73,310	(1,211,379)
- Non-controlling interests	7	98,912	(847,419)
		<u>172,222</u>	<u>(2,058,798)</u>
Loss for the year		<u>(1,655,102)</u>	<u>(5,587,123)</u>
Total comprehensive income attributable to:			
Continuing operations			
- Owners of the Company		(1,794,384)	(3,577,286)
Discontinued operations			
- Owners of the Company		71,885	(1,225,882)
- Non-controlling interests	7	100,418	(861,855)
		<u>172,303</u>	<u>(2,087,737)</u>
Total comprehensive income for the year		<u>(1,622,081)</u>	<u>(5,665,023)</u>
Loss per share (cents)			
Continuing operations			
- basic and fully diluted	23	(2.63)	(5.07)
Discontinued operations			
- basic and fully diluted	23	<u>0.11</u>	<u>(1.74)</u>

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 29 February 2020

	Share capital \$	Foreign currency translation reserve \$	Retained earnings \$	Total attributable to owners of the Company \$	Non-controlling interests \$	Total \$
Group						
2019						
At 1 March 2018	11,190,764	(606,326)	7,403,950	17,988,388	1,009,114	18,997,502
Total comprehensive income for the year						
Loss for the year	–	–	(4,739,704)	(4,739,704)	(847,419)	(5,587,123)
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	–	(63,464)	–	(63,464)	(14,436)	(77,900)
Total other comprehensive income for the year	–	(63,464)	–	(63,464)	(14,436)	(77,900)
Total comprehensive income for the year	–	(63,464)	(4,739,704)	(4,803,168)	(861,855)	(5,665,023)
At 28 February 2019	11,190,764	(669,790)	2,664,246	13,185,220	147,259	13,332,479

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 29 February 2020

	Note	Share capital \$	Capital reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total attributable to owners of the Company \$	Non-controlling interests \$	Total \$
Group								
2020								
At 1 March 2019		11,190,764	–	(669,790)	2,664,246	13,185,220	147,259	13,332,479
Total comprehensive income for the year								
Loss for the year		–	–	–	(1,754,014)	(1,754,014)	98,912	(1,655,102)
Other comprehensive income, net of tax								
Foreign currency translation differences for foreign operations		–	–	31,515	–	31,515	1,506	33,021
Total other comprehensive income for the year		–	–	31,515	–	31,515	1,506	33,021
Total comprehensive income for the year		–	–	31,515	(1,754,014)	(1,722,499)	100,418	(1,622,081)
Transactions with owners, record directly in equity								
Changes in ownership interests in subsidiary								
Waiver of loans from a non-controlling interest shareholder	14	–	162,252	–	–	162,252	–	162,252
Acquisition of non-controlling interests without a change in control	28	–	–	–	(128,715)	(128,715)	128,714	(1)
Total transactions with owners		–	162,252	–	(128,715)	33,537	128,714	162,251
At 29 February 2020		11,190,764	162,252	(638,275)	781,517	11,496,258	376,391	11,872,649

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

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 29 February 2020

	Note	2020 \$	Group 2019 \$
Cash flows from operating activities			
Loss before tax		(1,983,658)	(6,248,645)
Adjustments for:			
Depreciation of plant and equipment	4	1,592,730	3,332,644
Depreciation of right-of-use assets	5	20,307	–
Write-off of plant and equipment	19	–	47,752
Impairment loss on plant and equipment	19	1,661,541	2,761,856
Impairment loss on right-of-use assets	19	2,079	–
Loss on disposal of plant and equipment	19	81,761	58,869
Loss on disposal of certain assets held for sale	19	37,637	–
Interest income	21	(41,145)	(22,210)
Interest expense	21	2,777	15,574
Impairment loss on trade receivables	19	216,441	914,245
Bad debts written off	19	39,597	10,396
Bad debts recovered	19	(392,979)	–
Share of profit of joint venture	8	(135,665)	(121,924)
		1,101,423	748,557
Changes in:			
Inventories		68,822	202,429
Trade and other receivables		805,818	1,251,293
Trade and other payables		(1,054,324)	(1,663,929)
Contract liabilities		(34,203)	34,203
Cash generated from operations		887,536	572,553
Income taxes paid		(9,512)	(90,268)
Net cash from operating activities		878,024	482,285
Cash flows from investing activities			
Interest received		41,145	22,210
Purchase of plant and equipment		(37,208)	(232,635)
Proceeds from disposal of plant and equipment		49,888	283,867
Proceeds from disposal of assets held for sale		475,822	–
Net cash from investing activities		529,647	73,442
Cash flows from financing activities			
Interest expense paid		(2,777)	(15,574)
Payment of lease liabilities (2019: payment of finance lease liabilities)		(29,612)	(149,938)
Net cash used in financing activities		(32,389)	(165,512)
Net increase in cash and cash equivalents		1,375,282	390,215
Cash and cash equivalents at beginning of the year		3,459,893	3,086,937
Effects of exchange rate fluctuations on cash held		668	(17,259)
Cash and cash equivalents at end of the year	11	4,835,843	3,459,893

Significant non-cash transactions:

During the year, the non-controlling interests shareholder waived the requirement for a subsidiary to repay loan amount of \$162,252. The Group recognised the waiver of loan as a transaction with owners in equity.

In prior year, the Group disposed of plant and equipment for a total consideration of \$521,946 which \$238,079 remains as outstanding receivable as at the reporting date.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 July 2020.

1. Domicile and activities

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

The principal activities of the Company are those of an investment holding company, supply of ready-mixed concrete and the manufacture and sale of ready-mixed concrete. The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The financial statements of the Group as at and for the year ended 29 February 2020 comprise the Company and its subsidiaries (together referred to as the Group and individually as Group entities), and the Group's investment in joint venture.

2. Basis of preparation

2.1 Statement of compliance

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

This is the first set of the Group's annual financial statements in which SFRS(I) 16 Leases has been applied. The related changes to significant accounting policies are described in Note 2.5.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except when stated otherwise.

2.3 Functional and presentation currency

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

2.4 Use of estimates and judgements

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

2. Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

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

Valuation of non-financial assets

The Group evaluates whether there are any indicators of impairment for its non-financial assets at each reporting date. If there are indicators of impairment, the Group evaluates the impairment loss to be recognised. An impairment loss is recognised when the recoverable amount of non-financial assets is less than its carrying amount as at the reporting date. The recoverable amount is determined based on the higher of fair value less costs to sell and value-in-use calculations prepared on the basis of management's assumptions and estimates.

The Group applied judgement in determining the valuation methodology to be applied to estimate the value in use and fair value less costs to sell. Forecasts of future cash flows are used as input into the relevant valuation methodologies and such forecasts contain the use of judgement and estimates. In the Group's computation of value in use and fair value less costs to sell, these forecasts of future cash flows are used.

In the current financial year, the outbreak of the global Coronavirus (COVID-19) pandemic has affected the Group's operations significantly. The Group's revenue projects were delayed as government measures, such as safe distancing and limitations on physical movements, were imposed to curtail the spread of COVID-19 virus. As the extent and duration of these developments remain uncertain as at the issue date of this report, the Group's future cash flows used in determining recoverable amount contain significant estimation uncertainties. The outcome of the COVID-19 pandemic is likely to continue to evolve and may result in changes to the estimates used by management.

Adverse developments in market conditions increase the risk of additional impairment losses on the carrying amount of plant and equipment.

Valuation of trade receivables

Trade receivable balances are subjected to the expected credit losses (ECL) impairment model. Measurement of ECL allowance for trade receivables and key assumptions in determining the weighted-average loss rates is disclosed in Note 26.

Management measures loss allowances on trade receivables at amounts equal to lifetime ECL using a provision matrix which involved significant management judgement in estimating loss rates. In addition, the COVID-19 pandemic (as mentioned above) has also increased the credit risks of the Group's debtors. Judgement is exercised to determine the appropriate forward-looking factors to be used as an input into the ECL model.

Management's assessment of individually significant credit-impaired balances are based on currently available information and the actual recovery of these balances may defer from the estimates and judgements exercised.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

2. Basis of preparation (Cont'd)

2.4 Use of estimates and judgements (Cont'd)

Valuation of assets held for sale

Non-financial assets classified as held for sale are measured at the lower of their carrying amounts and fair value less costs. Estimates of fair value less costs are made based on information currently available to the Group which may deviate from actual realisation.

Valuation of investment in subsidiaries

The Group determines whether there is impairment on the investments in subsidiaries where events or changes in circumstances indicate that the carrying amount of the investments may be impaired. If any such indications exist, the recoverable amount is estimated. The level of allowance is evaluated by the Group on the basis of factors that affect the recoverability of the investments. These factors include, but are not limited to, the activities and financial position of the entities. Actual events that result in deviations from management's estimation may result in higher impairment losses on the investments.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

2. Basis of preparation (Cont'd)

2.5 Changes in significant accounting policies

The Group has applied the following SFRS(I)s, amendments to and interpretations of SFRS(I) for the first time for the annual period beginning on 1 March 2019:

- SFRS(I) 16 *Leases*
- SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*
- *Long-term Interests in Associates and Joint Ventures* (Amendments to SFRS(I) 1-28)
- *Prepayment Features with Negative Compensation* (Amendments to SFRS(I) 9)
- *Previously Held Interest in a Joint Operation* (Amendments to SFRS(I) 3 and 11)
- *Income Tax Consequences of Payments on Financial Instruments Classified as Equity* (Amendments to SFRS(I) 1-12)
- *Borrowing Costs Eligible for Capitalisation* (Amendments to SFRS(I) 1-23)
- *Plan Amendment, Curtailment or Settlement* (Amendments to SFRS(I) 1-19)

Other than SFRS(I) 16, the application of these amendments to standards and interpretations does not have a material effect on the financial statements.

SFRS(I) 16 Leases

The Group applied SFRS(I) 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 March 2019. Accordingly, the comparative information presented for 2019 is not restated – i.e. it is presented, as previously reported, under SFRS(I) 1-17 and related interpretations. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in SFRS(I) 16 have not generally been applied to comparative information.

Definition of a lease

Previously, the Group determined at contract inception whether an arrangement was or contained a lease under SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*. The Group now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in SFRS(I) 16.

On transition to SFRS(I) 16, the Group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. The Group applied SFRS(I) 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under SFRS(I) 1-17 and SFRS(I) INT 4 were not reassessed for whether there is a lease under SFRS(I) 16. Therefore, the definition of a lease under SFRS(I) 16 was applied only to contracts entered into or changed on or after 1 March 2019.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

2. Basis of preparation (Cont'd)

2.5 Changes in significant accounting policies (Cont'd)

As a lessee

As a lessee, the Group leases many assets including staff accommodations and workshop. The Group previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group. Under SFRS(I) 16, the Group recognises right-of-use assets and lease liabilities for most of these leases – i.e. these leases are on-balance sheet.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price. However, for leases of property-related assets the Group has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

Leases classified as operating leases under SFRS(I) 1-17

Previously, the Group classified leases of staff accommodations and workshop leases as operating leases under SFRS(I) 1-17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the respective lessee entities incremental borrowing rates applicable to the leases as at 1 March 2019. The Group elected to measure the right-of-use assets at 1 March 2019 at an amount equal to the lease liabilities determined.

The Group used a number of practical expedients when applying SFRS(I) 16 to leases previously classified as operating leases under SFRS(I) 1-17. In particular, the Group:

- did not recognise right-of-use assets and liabilities for leases for which the lease term ends within 12 months of the date of initial application;
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

Leases classified as finance leases under SFRS(I) 1-17

The Group leases its motor vehicle previously classified as finance leases under SFRS(I) 1-17. For this finance lease, the carrying amount of the right-of-use asset and the lease liability at 1 March 2019 were determined at the carrying amount of the lease asset and lease liability under SFRS(I) 1-17 immediately before that date.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

2. Basis of preparation (Cont'd)

2.5 Changes in significant accounting policies (Cont'd)

Impact on financial statements

Impact on transition

The Group has elected not to recognise a right-of-use assets and lease liabilities for leases which the lease term ends within 12 months of the date of initial application. There is no extension options under these lease arrangements. As these leases, previously accounted as operating leases, have lease term of less than 12 months as at 1 March 2019, hence there is no right-of-use assets and lease liabilities have been recognised as at 1 March 2019.

The Group discounted lease payments using its incremental borrowing rate at 1 March 2019. The weighted-average rate applied is 6.25%.

	1 March 2019 \$
Operating lease commitments at 28 February 2019 as disclosed under SFRS(I) 1-17 in the Group's consolidated financial statements	571,596
Discounted using the incremental borrowing rate at 1 March 2019	557,511
Recognition exemption for leases with less than 12 months of lease term at transition	(557,511)
Lease liabilities recognised at 1 March 2019	–

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except for the changes in significant accounting policies adopted in the current year as stated in Note 2.5.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method in accordance with SFRS(I) 3 *Business Combination* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group accounts for business combinations using the acquisition method when control is transferred to the Group.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

Business combinations (Cont'd)

The Group measures goodwill at the date of acquisition as:

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

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

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

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

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

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

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

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to NCI arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

Loss of control

When the Group loses control over a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any related non-controlling interests and the other components of equity related to the subsidiary. Any resulting gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost.

Joint venture

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

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

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

Transactions eliminated on consolidation

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.1 Basis of consolidation (Cont'd)

Subsidiaries and joint venture in the separate financial statements

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

3.2 Foreign currencies

Foreign currency transactions

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

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

Foreign operations

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.3 Financial instruments

Recognition and initial measurement

Non-derivative financial assets and liabilities

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised costs

A financial asset is measured at amortised cost: if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

Classification and subsequent measurement (Cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the respective financial assets is evaluated and reported to the Group's Management;
- the risks that affect the performance of the business model and how those risks are managed; how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of disposals of investments in prior periods, the reasons for such disposals and its expectations about future activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Non-derivative financial assets: Assessment of whether contractual cash flows are solely payments of principal and interest

For the purpose of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial assets contains a contractual term that could change the timing and amount of contractual cash flows that would not meet this condition. In making this assessment, the Group considers:

- terms that features contingent events that would change the amount or timing of cash flows;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

Classification and subsequent measurement (Cont'd)

Non-derivative financial assets: Assessment of whether contractual cash flows are solely payments of principal and interest (Cont'd)

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at amortised costs

The assets are subsequently measured at amortised costs using the effective interest method. The amortised costs is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment losses are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Non-derivative financial liabilities

Financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument. Such financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Other financial liabilities comprise trade and other payables and lease liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.3 Financial instruments (Cont'd)

Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount of the liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting

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

Cash and cash equivalents

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

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with SFRS(I) 1-12.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.4 Plant and equipment

Recognition and measurement

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

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

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

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

Subsequent costs

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

Depreciation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.5 Leases

The Group applied SFRS(I) 16 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under SFRS(I) 1-17 and SFRS(I) INT 4.

Policy applicable from 1 March 2019

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in SFRS(I) 16.

This policy is applied to contracts entered into, on or after 1 March 2019.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.5 Leases (Cont'd)

As a lessee (Cont'd)

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and leases of low-value assets

Where applicable, the Group elects not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The election for short-term leases shall be made by classes of assets to which the right of use relates. A class of underlying asset is a grouping of underlying assets of a similar nature and use in an entity's operations. The election for leases for which the underlying asset is of low value is made on a lease-by-lease basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.5 Leases (Cont'd)

Leases - Policy applicable before 1 March 2019

For contracts entered into before 1 March 2019, the Group determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
 - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
 - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
 - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

As a lessee

In the comparative period, as a lessee the Group classified leases that transferred substantially all of the risks and rewards of ownership as finance leases. When this was the case, the leased assets were measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Minimum lease payments were the payments over the lease term that the lessee was required to make, excluding any contingent rent. Subsequent to initial recognition, the assets were accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases were classified as operating leases and were not recognised in the Group's statement of financial position. Payments made under operating leases were recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received were recognised as an integral part of the total lease expense, over the term of the lease.

3.6 Inventories

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.7 Impairment

Non-derivative financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised costs.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group generally applies the simplified approach to provide for ECLs for trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.7 Impairment (Cont'd)

Non-derivative financial assets (Cont'd)

General approach (Cont'd)

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset remains outstanding beyond management's expected range of past due days taking into consideration past payment trends, macroeconomic and industry conditions.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.7 Impairment (Cont'd)

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Joint venture

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

Non-financial assets

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.8 Employee benefits

Defined contribution plans

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

Short-term benefits

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

3.9 Revenue recognition

Sale of goods and rendering of services

Revenue from sale of goods and services in the ordinary course of business is recognised when the Group satisfies a performance obligation (PO) by transferring control of a promised good or service to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative standalone selling prices of the promised goods or services. The individual standalone selling price of a good or service that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods and/or services with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those performance obligations.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods or services. The transaction price may be fixed or variable and is adjusted for time value of money if the contract includes a significant financing component. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer. When consideration is variable, the estimated amount is included in the transaction price to the extent that it is highly probable that a significant reversal of the cumulative revenue will not occur when the uncertainty associated with the variable consideration is resolved.

Revenue may be recognised at a point in time or over time following the timing of satisfaction of the PO. If a PO is satisfied over time, revenue is recognised based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.9 Revenue recognition (Cont'd)

Sale of goods and rendering of services (Cont'd)

A contract asset is recognised when the value of goods delivered or services rendered for a contract exceeds payments received from the customer. The contract asset is transferred to trade receivables when the entitlement to payment becomes unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

The classification of a contract asset and contract liability is determined separately for each individual customer contract.

3.10 Dividend income

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

3.11 Finance income and finance costs

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- the foreign currency gain or loss on financial assets and financial liabilities.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.12 Income tax expense

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

The Group has determined that interest and penalties related to income tax, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under SFRS(I) 1-37 *Provisions, Contingent Liabilities and Contingent Assets*.

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

Current tax assets and liabilities are offset only if certain criteria are met.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.12 Income tax expense (Cont'd)

Deferred tax asset are recognised for unused tax losses, unused tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the current taxable temporary difference is insufficient to recognise a deferred tax asset in full, the future taxable profits, are adjusted for reversals of existing temporary differences are considered. Based on the business plans for individual subsidiaries in the Group, deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available when they can be used.

3.13 Earnings per share

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

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

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

3.14 Segment reporting

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

3. Significant accounting policies (Cont'd)

3.15 Assets held for sale and discontinued operations

Assets that are highly probable to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, the assets classified as held for sale are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses, if any, on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Plant and equipment once classified as held for sale are not depreciated. In addition, equity accounting of joint venture ceases once classified as held for sale.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3.16 New standards and interpretations not yet adopted

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 March 2019 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

These new standards, interpretations and amendments are:

- *Amendments to References to Conceptual Framework in SFRS(I) Standards*
- *Definition of a Business* (Amendments to SFRS(I) 3)
- *Definition of Material* (Amendments to SFRS(I) 1-1 and SFRS(I) 1-8)
- *SFRS(I) 17 Insurance Contracts*

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

4. Plant and equipment

Group	Plant and machinery \$	Office equipment, furniture and fittings \$	Motor vehicles \$	Computers \$	Trucks and mixers \$	Concrete pumps \$	Renovation and electrical installations \$	Total \$
Cost								
At 1 March 2018	3,329,966	209,903	3,630,670	216,447	349,545	32,255,150	59,563	40,051,244
Additions	136,482	2,180	90,263	3,710	–	–	–	232,635
Disposals	(686,671)	–	(906,809)	–	(137,229)	(767,001)	–	(2,497,710)
Write-off	(59,596)	–	–	–	–	–	–	(59,596)
Foreign exchange translation adjustments	(32,396)	(3,109)	(35,403)	(14)	–	(14,495)	–	(85,417)
Reclassification to assets held for sale (Note 12)	(901,983)	(154,825)	(1,249,007)	–	–	–	–	(2,305,815)
At 28 February 2019	1,785,802	54,149	1,529,714	220,143	212,316	31,473,654	59,563	35,335,341
At 1 March 2019	1,785,802	54,149	1,529,714	220,143	212,316	31,473,654	59,563	35,335,341
Additions	8,025	–	26,760	2,423	–	–	–	37,208
Disposals	(17,550)	–	(97,293)	(44,704)	–	(631,152)	–	(790,699)
Foreign exchange translation adjustments	–	–	–	–	–	900	–	900
At 29 February 2020	1,776,277	54,149	1,459,181	177,862	212,316	30,843,402	59,563	34,582,750
Accumulated depreciation and impairment losses								
At 1 March 2018	1,936,875	137,463	2,014,643	216,447	256,115	22,112,230	59,563	26,733,336
Depreciation charge for the year	363,302	6,873	294,204	2,495	19,109	2,646,661	–	3,332,644
Impairment loss	290,033	–	185,823	–	–	2,286,000	–	2,761,856
Disposals	(521,847)	–	(511,698)	–	(122,353)	(760,997)	–	(1,916,895)
Write-off	(11,844)	–	–	–	–	–	–	(11,844)
Foreign exchange translation adjustments	(17,963)	(1,946)	(17,092)	(14)	–	(8,843)	–	(45,858)
Reclassification to assets held for sale (Note 12)	(704,078)	(117,416)	(785,431)	–	–	–	–	(1,606,925)
At 28 February 2019	1,334,478	24,974	1,180,449	218,928	152,871	26,275,051	59,563	29,246,314
Accumulated depreciation and impairment losses								
At 1 March 2019	1,334,478	24,974	1,180,449	218,928	152,871	26,275,051	59,563	29,246,314
Depreciation charge for the year	121,800	990	96,336	3,438	19,109	1,351,057	–	1,592,730
Impairment loss	–	780	28,897	40	16,058	1,615,766	–	1,661,541
Disposals	(17,550)	–	(90,327)	(44,704)	–	(506,469)	–	(659,050)
Foreign exchange translation adjustments	–	–	–	–	–	2,108	–	2,108
At 29 February 2020	1,438,728	26,744	1,215,355	177,702	188,038	28,737,513	59,563	31,843,643
Carrying amounts								
At 1 March 2018	1,393,091	72,440	1,616,027	–	93,430	10,142,920	–	13,317,908
At 28 February 2019	451,324	29,175	349,265	1,215	59,445	5,198,603	–	6,089,027
At 29 February 2020	337,549	27,405	243,826	160	24,278	2,105,889	–	2,739,107

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

4. Plant and equipment (Cont'd)

Company	Plant and machinery \$	Office equipment, furniture and fittings \$	Motor vehicles \$	Computers \$	Trucks and mixers \$	Concrete pumps \$	Renovation and electrical installations \$	Total \$
Cost								
At 1 March 2018	16,100	45,918	253,525	166,456	137,228	5,444,301	59,563	6,123,091
Disposals	-	-	(157,555)	-	(137,228)	(4,900)	-	(299,683)
At 28 February 2019	16,100	45,918	95,970	166,456	-	5,439,401	59,563	5,823,408
At 1 March 2019	16,100	45,918	95,970	166,456	-	5,439,401	59,563	5,823,408
Write-off	-	-	-	(21,874)	-	-	-	(21,874)
At 29 February 2020	16,100	45,918	95,970	144,582	-	5,439,401	59,563	5,801,534
Accumulated depreciation and impairment losses								
At 1 March 2018	16,100	45,918	159,607	166,456	122,352	3,604,234	59,563	4,174,230
Depreciation charge for the year	-	-	14,344	-	-	362,066	-	376,410
Impairment loss	-	-	-	-	-	465,000	-	465,000
Disposals	-	-	(100,588)	-	(122,352)	(4,410)	-	(227,350)
At 28 February 2019	16,100	45,918	73,363	166,456	-	4,426,890	59,563	4,788,290
At 1 March 2019	16,100	45,918	73,363	166,456	-	4,426,890	59,563	4,788,290
Depreciation charge for the year	-	-	6,029	-	-	239,366	-	245,395
Impairment loss	-	-	6,599	-	-	307,768	-	314,367
Write-off	-	-	-	(21,874)	-	-	-	(21,874)
At 29 February 2020	16,100	45,918	85,991	144,582	-	4,974,024	59,563	5,326,178
At 1 March 2018	-	-	93,918	-	14,876	1,840,067	-	1,948,861
At 28 February 2019	-	-	22,607	-	-	1,012,511	-	1,035,118
At 29 February 2020	-	-	9,979	-	-	465,377	-	475,356

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

4. Plant and equipment (Cont'd)

Impairment loss on non-financial assets

Continuing operation

Concrete pumping services segment ("CPS Segment")

In the prior years, the Group had assessed the recoverable amount of the concrete pump equipment was estimated based on the present value of the future cash flows expected to be derived from the concrete pumping services segment (i.e. value in use). The cash flow projections were based on the forecasts prepared by management which considered current operating results and latest available industry information.

The Group re-assessed the value in use ("VIU") of the concrete pump equipment, the key assumptions applied in the computation of VIU include:

Key assumptions	2020	2019
Average revenue growth rate*	7%	9%
Earnings before interest, taxes, depreciation and amortisation rate*	-36% to 10%	12% to 17%
Discount rate	9%	9.5%
Residual value	10% of the cost of the concrete pump equipment	10% of the cost of the concrete pump equipment

* Based on the average useful life of the concrete pump equipment

In their assessment of future cash flows, the Group had factored into their estimates the following:

- lower revenue growth rates due to the uncertain market conditions and intense competition experienced in the recent two years;
- estimated delays in revenue from significant infrastructure construction projects taking into account the estimation uncertainties in forecasting timing of such projects.

The Group assessed that the indicative fair values of its non-financial assets may be higher than the VIU. On that basis, the Group performed additional analyses to estimate the fair value less cost to sell ("FVLCS") of the CPS Segment.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

4. Plant and equipment (Cont'd)

The FVLCS is categorised as Level 3 fair values based on the inputs to the valuation technique used. The table below shows the valuation techniques and assumptions used in measuring Level 3 fair values:

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs
FVLCS of the CPS Segment	<i>Market approach</i> The fair value is estimated using the market enterprise value/ revenue multiple applied to Group's forward revenue forecast.	- Expected future revenues - Enterprise value/ revenue market multiple	- The estimated fair value would increase(decrease) by approximately 5% if expected future revenue increased/(decreased) by 5%. - The estimated fair value would increase(decrease) by approximately 10% if the enterprise value/ revenue market multiple is higher (lower) by a factor of 0.1 time.

Given that FVLCS is higher than the VIU, the recoverable amount is determined using FVLCS. The carrying amount of the CPS segment is higher than FVLCS and accordingly, impairment loss is recognised as follow:

	Impairment loss recognised in the current year	
	2020	2019
	\$	\$
Plant and equipment	1,661,541	2,761,856
Right-of-use assets	2,079	–
	<u>1,663,620</u>	<u>2,761,856</u>

Following the impairment loss recognised in the concrete pumps, the recoverable amounts are equal to their carrying amounts. Any adverse fluctuations on key assumptions may lead to additional impairment losses in future periods.

Given the heightened uncertainty over the length and severity of the COVID-19 outbreak in Singapore and Malaysia in which the Group operates and the ongoing measures being adopted by the governments to address the outbreak, valuations may be subjected to downside risks which may be more significant than under normal market conditions. As such, the recoverable amount of the CPS Segment may be significantly lower if the evolving conditions of the COVID-19 outbreak adversely affects the CPS Segment's financial performance.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

4. Plant and equipment (Cont'd)

Assets held for sale

In the prior year, the Group announced the cessation of the operations of Concrete Forest Ready Mix Sdn. Bhd. and Crescent Concrete Sdn. Bhd. These companies represent the ready-mixed concrete segment which is principally operating in Malaysia. The Group is actively marketing the plant and equipment for sale in the secondary market.

The Group measured these plant and equipment based on the lower of their carrying amount and fair value less cost of disposal. The Group estimates the fair value less cost of disposal for these plant and equipment based on available transacted prices of comparable assets in the recent 12 months and/or indicative prices obtained from quotations and/or contracted agreements with interested parties till the reporting date.

At 29 February 2020, the remaining plant and equipment held for sale has carrying amounts of \$185,431. No impairment has been recognised as the Group secured binding offers for these plant and equipment at the disposal value approximating the carrying amount of the plant and equipment.

In the prior year, the Group recognised an impairment loss of \$475,856 to write down the carrying amount of these plant and equipment to its fair value less cost to sell of \$698,890.

5. Right-of-use assets

The Group leases staff accommodations and workshop. The leases typically run for a period of 1 to 3 years, with an option to renew the lease after that date. Lease payments are renegotiated to reflect market rentals.

Group	Note	Staff accommodations \$	Workshop \$	Total \$
Cost				
At 1 March 2019 (at adoption of SFRS(I) 16)		–	–	–
Additions		33,258	10,901	44,159
Balance at 29 February 2020		33,258	10,901	44,159
Accumulated depreciation and impairment losses				
At 1 March 2019		–	–	–
Depreciation charge for the year		16,690	3,617	20,307
Impairment loss	4	2,079	–	2,079
Balance at 29 February 2020		18,769	3,617	22,386
Carrying amounts				
At 1 March 2019		–	–	–
At 29 February 2020		14,489	7,284	21,773

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

6. Investment in subsidiaries

	Company	
	2020	2019
	\$	\$
Investment in subsidiaries, at cost	13,395,880	13,395,880
Impairment losses	(8,217,820)	(2,585,820)
	<u>5,178,060</u>	<u>10,810,060</u>

In the current year, the Company reviewed its cost of investments in subsidiaries operating in the concrete pumping services segment to have indicators of impairment. The indicators of impairment were primarily attributable to the continued losses incurred by the concrete pumping services segment.

Management estimated the recoverable amounts of these subsidiaries based on their FVLCS. The FVLCS of the investment in subsidiaries were determined based on the recoverability of the subsidiaries' underlying assets and liabilities, which comprise mainly plant and equipment, inventories, monetary assets and monetary liabilities. The recoverable values of the subsidiaries' plant and equipment and monetary receivables are based on the assessments disclosed in Note 4 (plant and equipment) and Note 26 (credit risk), respectively.

Based on their assessment, the Group recognised allowance for impairment on its investment in subsidiaries of \$5,632,000 (2019: \$1,895,000).

The investment in TMC (Beijing) Materials Co Ltd. was fully impaired in the prior years as the entity has been inactive and is not generating cash flows.

Details of the subsidiaries are as follows:

Name of subsidiaries	Principal activities	Country of incorporation/ Principal place of business	Effective equity interest held by the Group	
			2020 %	2019 %
TMC Pumping System Pte. Ltd.	Supply of concrete pumping services	Singapore	100	100
TMC (Beijing) Materials Co Ltd.	Inactive	People's Republic of China	100	100
TMC Concrete Pumping Services Pte. Ltd. ^[1]	Supply of concrete pumping services	Singapore	100	100
TMC Waste Management Pte. Ltd. ^[1]	Provision of waste management services	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

6. Investment in subsidiaries (Cont'd)

Name of subsidiaries	Principal activities	Country of incorporation/ Principal place of business	Effective equity interest held by the Group	
			2020 %	2019 %
Transit-Mixed Concrete (M) Sdn. Bhd. and its subsidiaries ^[2]	Supply of ready-mixed concrete and provision of batching services	Malaysia	100	100
Held under Transit-Mixed Concrete (M) Sdn. Bhd.				
Crescent Concrete Sdn. Bhd. ^[2]	Manufacture of concrete and related products	Malaysia	66.5	66.5
Crescent Forest Ready Mix Sdn. Bhd. ^[3]	Manufacture of concrete and related products	Malaysia	100	51
Optocorp Sdn. Bhd. and its subsidiaries ^[4]	Strike off	Malaysia	–	100
Mustajab Ilmu Sdn. Bhd.	Strike off	Malaysia	–	100
Warta Suci Sdn. Bhd.	Strike off	Malaysia	–	100
Pinespeed Sdn. Bhd. and its subsidiaries	Dormant	Malaysia	100	100
Pesiaran Makmur Sdn. Bhd.	Rental of truck mixers	Malaysia	100	100
Prestige Portfolio Sdn. Bhd.	Rental of truck mixers	Malaysia	100	100

^[1] Audited by KPMG LLP Singapore.

^[2] Audited by a member firm of KPMG International.

^[3] On 29 January 2020, one of the subsidiary, Transit-Mixed Concrete (M) Sdn. Bhd., acquired an additional 49% equity interest in Crescent Forest Ready Mix Sdn. Bhd. ("CF") for a cash consideration of \$1 increasing its ownership in CF from 51% to 100%. The Group recognised a reduction in non-controlling interest of \$128,714 (net liabilities) and a decrease in retained earnings of \$128,715.

^[4] Optocorp Sdn Bhd and its subsidiaries were strike-off on 29 March 2019.

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

7. Non-controlling interests

Name of subsidiaries	Principal activities	Country of incorporation/ Principal place of business	Ownership interest held by non-controlling interests	
			2020 %	2019 %
Crescent Concrete Sdn. Bhd.	Manufacture of concrete and related products	Malaysia	33.5	33.5
Crescent Forest Ready Mix Sdn. Bhd.	Manufacture of concrete and related products	Malaysia	–	49

The following summarises the financial information of Crescent Concrete Sdn. Bhd. and Crescent Forest Ready Mix Sdn. Bhd. prepared in accordance with SFRS(I).

	Crescent Concrete Sdn. Bhd \$	Crescent Forest Ready Mix Sdn. Bhd \$	Total \$
2020	33.5%	–	
Revenue	–	–	
(Loss)/Profit for the year	(104,418)	276,640	
Other comprehensive income	(695)	776	
Total comprehensive income^[1]	(105,113)	277,416	
Attributable to non-controlling interests:			
- (Loss)/Profit for the year	(34,980)	133,892	98,912
- Other comprehensive income	(233)	1,739	1,506
Total comprehensive income	(35,213)	135,631	100,418

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

7. Non-controlling interests (Cont'd)

	Crescent Concrete Sdn. Bhd \$	Crescent Forest Ready Mix Sdn. Bhd \$	Total \$
	33.5%	–	
2020			
Non-current assets	–	–	
Current assets	945,020	–	
Assets held for sale	185,431	–	
Non-current liabilities	–	–	
Current liabilities	(6,890)	–	
Net assets	1,123,561	–	
Net assets attributable to non-controlling interests	376,391	–	376,391
Cash flows used in operating activities	(33,337)	(193,448)	
Cash flows from investing activities	271,053	204,770	
Cash flows used in financing activities	(10,464)	(56,872)	
Net increase/(decrease) in cash and cash equivalents	227,252	(45,550)	

^[1] The net profit in Crescent Forest Ready Mix Sdn. Bhd. comprise of bad debts recovered from receivables of \$345,152 during the year.

	Crescent Concrete Sdn. Bhd \$	Crescent Forest Ready Mix Sdn. Bhd \$	Total \$
	33.5%	49%	
2019			
Revenue	1,528,482	3,865,421	
Loss for the year	(1,041,240)	(1,017,558)	
Other comprehensive income	(21,794)	(14,561)	
Total comprehensive income	(1,063,034)	(1,032,119)	
Attributable to non-controlling interests:			
- Loss for the year	(348,816)	(498,603)	(847,419)
- Other comprehensive income	(7,301)	(7,135)	(14,436)
Total comprehensive income	(356,117)	(505,738)	(861,855)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

7. Non-controlling interests (Cont'd)

	Crescent Concrete Sdn. Bhd \$	Crescent Forest Ready Mix Sdn. Bhd \$	Total \$
	33.5%	49%	
2019			
Non-current assets	–	–	
Current assets	1,375,261	266,549	
Assets held for sale	467,102	231,788	
Non-current liabilities	–	–	
Current liabilities	(613,694)	(1,037,817)	
Net assets/(liabilities)	1,228,669	(539,480)	
Net assets attributable to non-controlling interests	411,604	(264,345)	147,259
Cash flows (used in)/from operating activities	(39,316)	80,460	
Cash flows from/(used in) investing activities	159,603	(43,775)	
Cash flows used in financing activities	(159,475)	(49)	
Net (decrease)/increase in cash and cash equivalents	(39,188)	36,636	

8. Investment in joint venture

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Investment in joint venture	2,127,121	1,957,896	2,135,507	2,135,507

Name	Principal activities	Country of incorporation/ Principal place of business	Ownership interest	
			2020 %	2019 %
Joint venture held by the Company:				
PT ATMC Pump Services (“PT ATMC”)	Provision of concrete pumping services	Indonesia	45	45

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

8. Investment in joint venture (Cont'd)

The following table summarises the financial information of PT ATMC:

	2020 \$	2019 \$
Revenue	3,523,730	2,763,212
Profit for the year ^a	301,478	270,941
Other comprehensive income	74,576	(46,849)
Total comprehensive income	376,054	224,092
^a Includes:		
- Depreciation	877,242	701,659
- Income tax expense	93,044	80,836
Non-current assets	5,426,113	4,555,365
Current assets ^b	2,881,340	1,860,854
Non-current liabilities ^c	(651,518)	(53,783)
Current liabilities ^d	(2,184,083)	(1,266,634)
Net assets	5,471,852	5,095,802
^b Includes cash and cash equivalents	673,784	203,899
^c Includes non-current financial liabilities (excluding trade and other payables and provisions)	(609,504)	(7,872)
^d Includes current financial liabilities (excluding trade and other payables and provisions)	(278,806)	(13,467)
Group's interest in net assets of investee at beginning of the year	1,957,896	1,857,054
Share of profit for the year	135,665	121,924
Share of other comprehensive income	33,560	(21,082)
Carrying amount of interest in investee at end of the year	2,127,121	1,957,896

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

9. Inventories

	2020 \$	2019 \$
Raw materials and consumables	–	22,435
Spare parts and accessories	632,637	679,024
	<u>632,637</u>	<u>701,459</u>

During the year, inventories recognised as cost of sales amounted to \$986,223 (2019: \$5,829,580).

10. Trade and other receivables

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Trade receivables	3,154,788	4,083,706	8,226	22,610
Deposits	89,791	144,650	30,055	55,967
Other receivables	62,122	371,862	–	–
Amounts due from joint venture				
- trade	97,141	10,321	–	–
- non-trade	–	154,379	–	–
Amounts due from subsidiaries				
- non-trade	–	–	79,591	37,309
Impairment loss for trade receivables	(359,388)	(1,018,461)	–	–
Loans and receivables	3,044,454	3,746,457	117,872	115,886
Prepayments	172,789	139,663	–	–
	<u>3,217,243</u>	<u>3,886,120</u>	<u>117,872</u>	<u>115,886</u>

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

11. Cash and cash equivalents

	Group		Company	
	2020 \$	2019 \$	2020 \$	2019 \$
Cash at bank and in hand	1,722,498	1,337,694	734,768	349,182
Fixed deposits	3,113,345	2,122,199	2,760,198	2,122,199
Cash and cash equivalents in the statement of cash flows	<u>4,835,843</u>	<u>3,459,893</u>	<u>3,494,966</u>	<u>2,471,381</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

11. Cash and cash equivalents (Cont'd)

The weighted average effective interest rate per annum relating to fixed deposits for the Group and the Company is 1.6% (2019: 1.5%). The maturity term of the fixed deposits is less than 3 months (2019: 3 months) at the reporting date.

The Company maintains bank overdraft facilities amounting to \$1,500,000 (2019: \$1,500,000). The bank overdraft is secured by a debenture incorporating fixed and floating charges over all present and future assets of the Company. The Company did not utilise the bank overdrafts facilities as at 29 February 2020 and 28 February 2019.

12. Assets held for sale

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Plant and equipment	185,431	698,890	–	–

On 16 January 2019 and 18 February 2019, the Group announced that the subsidiaries, Concrete Forest Ready Mix Sdn. Bhd. and Crescent Concrete Sdn. Bhd. (collectively the “Ceased Entities”), had ceased their ready-mixed concrete operations in Malaysia.

As a result of the cessation of business operations, the Group expects to recover the carrying amount of the non-financial assets (which comprises mainly of plant and equipment) of the Ceased Entities through sales rather than continuing use. Accordingly, the non-financial assets for the Ceased Entities were reclassified to assets held for sale.

Impairment losses relating to the assets held for sale

2020

At 29 February 2020, the remaining plant and equipment held for sale has carrying amounts of \$185,431. No impairment has been recognised as the Group has binding sale agreement for these plant and equipment with a disposal value of \$185,431.

2019

In the prior year, the Group recognised an impairment loss of \$475,856 to write down the carrying amount of these plant and equipment to its fair value less cost to sell of \$698,890.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

12. Assets held for sale (Cont'd)

Impairment losses relating to the assets held for sale (Cont'd)

The assets held for sale are stated at their fair value less costs to sell value and comprised the following asset:

	Group	
	2020	2019
	\$	\$
Carrying amount:		
Plant and machinery	–	487,938
Office equipment, furniture and fittings	–	37,409
Motor vehicles	185,431	649,399
	185,431	1,174,746
Impairment loss recognised on assets held for sale	–	(475,856)
	185,431	698,890

Results of discontinued operations

	Group	
	2020	2019
	\$	\$
Revenue	–	5,393,903
Other income	47,796	24,291
Expenses	(233,226)	(7,447,992)
Bad debts losses recovered in the current year	345,152	–
Profit/(Loss) from operating activities	159,722	(2,029,798)
Tax credit/(expense)	12,500	(29,000)
Profit/(Loss) from discontinued operations, net of tax	172,222	(2,058,798)

Cash flows from/(used in) discontinued operations

Net cash (used in)/from operating activities	(226,785)	41,144
Net cash from investing activities	475,823	115,828
Net cash used in financing activities	(67,336)	(159,524)
Net cash inflow/(outflows) for the year	181,702	(2,552)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

13. Share capital

	2020		2019	
	No. of shares	\$	No. of shares	\$
Company				
At beginning and end of the financial year	69,590,800	11,190,764	69,590,800	11,190,764

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

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

Capital management

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

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

	Group	
	2020 \$	2019 \$
Lease liabilities	24,078	9,531
Net debt	24,078	9,531

	Group	
	2020 \$	2019 \$
Total equity attributable to owners of the Company	11,496,258	13,185,220
Net debt to equity ratio at the end of financial year	0.21%	0.07%

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

14. Reserves

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Capital reserve	162,252	–	–	–
Foreign currency translation reserve	(638,275)	(669,790)	–	–
Retained earnings	781,517	2,664,246	(5,449,574)	280,048
	<u>305,494</u>	<u>1,994,456</u>	<u>(5,449,574)</u>	<u>280,048</u>

Capital reserve represents waiver of loans from a non-controlling interest shareholder during the year.

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

15. Deferred tax liabilities (net)

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities	
	2020	2019	2020	2019
	\$	\$	\$	\$
Group				
Plant and equipment	–	–	(281,027)	(692,543)
Unabsorbed capital allowances and unutilised tax losses	82,698	74,000	–	–
Deferred tax assets/(liabilities)	82,698	74,000	(281,027)	(692,543)
Set off of tax	(82,698)	(74,000)	82,698	74,000
Net deferred tax assets/(liabilities)	<u>–</u>	<u>–</u>	<u>(198,329)</u>	<u>(618,543)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

15. Deferred tax liabilities (net) (Cont'd)

Movements in deferred tax balances during the year:

	Balance as at 1 March 2018 \$	Recognised in profit or loss (Note 22) \$	Balance as at 28 February 2019 \$	Recognised in profit or loss (Note 22) \$	Balance as at 29 February 2020 \$
Group					
Plant and equipment	(2,129,405)	1,436,862	(692,543)	411,516	(281,027)
Unabsorbed capital allowances and unutilised tax losses	776,635	(702,635)	74,000	8,698	82,698
	<u>(1,352,770)</u>	<u>734,227</u>	<u>(618,543)</u>	<u>420,214</u>	<u>(198,329)</u>
Company					
Plant and equipment	(461,000)	461,000	–	–	–
Unabsorbed capital allowances and unutilised tax losses	910,000	(910,000)	–	–	–
	<u>449,000</u>	<u>(449,000)</u>	<u>–</u>	<u>–</u>	<u>–</u>

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

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the temporary differences can be utilised.

	2020 \$	2019 \$
Group		
Deductible temporary differences	–	34,106
Unutilised tax losses	173,179	173,179
Unutilised capital allowances	4,624,699	4,352,612
	<u>4,797,878</u>	<u>4,559,897</u>
Company		
Unutilised capital allowances	<u>4,178,010</u>	<u>4,105,592</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

15. Deferred tax liabilities (net) (Cont'd)

Tax losses carried forward

Tax losses of \$173,179 (2019: \$173,179) which pertaining to the Group's Malaysia subsidiary, Crescent Concrete Sdn. Bhd., will expire in year 2026. Pursuant to the Malaysia Finance Act 2018, unutilised tax losses can only be carried forward up to 7 consecutive year of assessment. The remaining tax losses, plant and equipment, deductible temporary differences and unabsorbed capital allowances do not expire under current tax legislation.

16. Lease liabilities

The Group leases staff accommodations and workshop. The leases typically run for a period of 1 to 2 years with an option to new the lease after that date. Lease payments are renegotiated at the end of initial lease term to reflect market rentals.

The Group leases office, equipment and office space with contract terms of 1 year or less. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right of use assets and lease liabilities for these leases. The Group's lease arrangements do not contain renewal options to the Group.

Lease liabilities of the Group are payable as follows:

	Group	
	2020	2019
	\$	\$
Lease liabilities (2019: Finance lease liabilities)		
Current	16,678	9,531
Non-current	7,400	–
	<u>24,078</u>	<u>9,531</u>

Terms and debt repayment schedule

	Currency	Year of maturity	2020		2019	
			Face value	Carrying amount	Face value	Carrying amount
			\$	\$	\$	\$
Lease liabilities (2019: Finance lease liabilities)	SGD	2021	5,400	5,344	–	–
Lease liabilities (2019: Finance lease liabilities)	Malaysia Ringgit	2020-2022	20,140	18,734	10,533	9,531
			<u>25,540</u>	<u>24,078</u>	<u>10,533</u>	<u>9,531</u>

The total cash outflow for leases recognised in the statement of cash flows is \$32,389, including interest expense of \$2,777.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

16. Lease liabilities (Cont'd)

Amounts recognised in profit or loss

	Group \$
2020 – Lease under SFRS(I) 16	
Interest on lease liabilities	2,777
Expenses relating to short-term leases	<u>130,640</u>
2019 - Operating lease under SFRS(I) 1-17	
Lease expense	867,832
Interest on finance lease liabilities	<u>15,574</u>

Comparative information under SFRS(I) 1-17

Finance lease liabilities were payable as follows:

	Future minimum lease payments 2019 \$	Interest 2019 \$	Principal 2019 \$
Group			
Within one year	<u>10,533</u>	<u>1,002</u>	<u>9,531</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

16. Lease liabilities (Cont'd)

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

	Lease liabilities (2019: Finance lease liabilities) \$
Balance as at 1 March 2018	159,469
Changes from financing cash flows	
Payment of finance lease liabilities	(149,938)
Interest paid	(15,574)
Total changes from financing cash flows	(165,512)
Other changes	
Liability-related	
Interest expense	15,574
Total liability-related changes	15,574
Balance as at 28 February 2019	9,531
Balance as at 1 March 2019	9,531
Changes from financing cash flows	
Payment of lease liabilities	(29,612)
Interest paid	(2,777)
Total changes from financing cash flows	(32,389)
Other changes	
Liability-related	
New lease liabilities in the year	44,159
Interest expense	2,777
Total liability-related changes	46,936
Balance as at 29 February 2020	24,078

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

17. Trade and other payables

	Group		Company	
	2020	2019	2020	2019
	\$	\$	\$	\$
Trade payables	742,435	1,747,503	25,721	39,441
Accruals	830,560	804,728	683,106	668,678
Other payables	8,104	83,192	8,104	8,103
Loan from non-controlling interest	–	162,252	–	–
Amounts due to subsidiaries - non-trade	–	–	4,943,640	4,380,918
	<u>1,581,099</u>	<u>2,797,675</u>	<u>5,660,571</u>	<u>5,097,140</u>

The non-trade amounts due to subsidiaries and loan from non-controlling interest are unsecured, interest-free and repayable on demand.

During the year, the non-controlling interest shareholder waived the settlement of the loan of \$162,252 provided to a subsidiary. The Group had recognised the waiver of loan as a transaction with owners in equity.

18. Revenue

	Group	
	2020	2019
	\$	\$
Continuing operations		
Sale of goods	107,990	228,928
Rendering of services	8,983,181	8,752,393
	<u>9,091,171</u>	<u>8,981,321</u>
	Group	
	2020	2019
	\$	\$
Discontinued operations		
Sale of ready-mixed concrete (Note 12)	<u>–</u>	<u>5,393,903</u>

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

18. Revenue (Cont'd)

Concrete pumping services segment

Nature of goods	The Group's concrete pumping services segment is engaged to provide concrete pumping services and ad-hoc sales of equipment parts.
When revenue is recognised	Revenue is recognised at a point in time. The revenue is determined based on the concrete volume pumped through the equipment (i.e. usage-based consumption). The service term of concrete pumps are typically short-term (i.e. for period of less than 12 months).
Significant payment terms	Invoices are issued on monthly basis based on the concrete volume pumped to date and are payable within 30-60 days.
Variable consideration	There is no warranty provided for the services. There are no variable considerations such as volume discounts and sales rebates provided to customers.

Waste management services segment

Nature of goods	The Group's provides waste management services to customers in the construction sector in Singapore.
When revenue is recognised	Revenue is recognised when service is completed (i.e. at point in time) as the Group will only have the enforceable right to payment for such services at its completion. The waste management services are short-term (i.e. for period of less than one month).
Significant payment terms	Invoices are issued at the completion of services rendered and are payable within 30-60 days. There are cases whereby the customer is required to pay 50% in advance before service rendered. The service will be rendered shortly after (a few days) from the payment date. There are no other instance where the Group receives advances from its customers. On this basis, the Group assessed that there is no significant financing component in revenue transactions.
Variable consideration	There is no warranty provided for the services. There are no variable considerations such as volume discounts and sales rebates provided to customers.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

18. Revenue (Cont'd)

Ready-mixed concrete segment (Discontinued)

Nature of goods	The Group's ready-mixed concrete segment manufactures and sell ready-mixed concrete to customers.
When revenue is recognised	Revenue is recognised at a point in time when goods are delivered to the customer and control of the goods is transferred to the customer in accordance with the terms and conditions (including incoterms) as agreed with the customer.
Significant payment terms	Invoices for all revenue streams are issued upon delivery of goods and are payable within 30-60 days.
Variable consideration	There is no right to return and warranty for the goods sold. There are no variable considerations such as volume discounts and sales rebates provided to customers.

Disaggregation of revenue from contracts with customers

In the following table, revenue from contracts with customers is disaggregated by primary geographical markets, products and service lines and timings of revenue recognition. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments (See Note 27).

	Reportable Segment							
	Ready-mixed concrete (Discontinued)		Concrete pumping segment		Waste management segment		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
Primary geographical markets								
Singapore	-	-	6,778,080	6,511,874	2,083,732	1,821,321	8,861,812	8,333,195
Malaysia	-	5,393,903	229,359	648,126	-	-	229,359	6,042,029
Total	-	5,393,903	7,007,439	7,160,000	2,083,732	1,821,321	9,091,171	14,375,224
Major product/service lines								
Sale of ready-mixed concrete	-	5,393,903	-	-	-	-	-	5,393,903
Sale of parts	-	-	107,990	228,928	-	-	107,990	228,928
Concrete pumping services	-	-	6,899,449	6,931,072	-	-	6,899,449	6,931,072
Waste management services	-	-	-	-	2,083,732	1,821,321	2,083,732	1,821,321
Total	-	5,393,903	7,007,439	7,160,000	2,083,732	1,821,321	9,091,171	14,375,224
Timing of revenue recognition								
At a point in time	-	5,393,903	7,007,439	7,160,000	2,083,732	1,821,321	9,091,171	14,375,224

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

18. Revenue (Cont'd)

Contract balances

The following table provides information about trade receivables and contract liabilities from contracts with customers.

	2020 \$	2019 \$
Trade receivables (net of allowance for impairment loss of trade receivables)	2,892,541	3,065,245
Contract liabilities	–	34,203

The contract liabilities primarily relate to advance consideration received from customers for the provision of waste management services in March 2019.

Changes in the contract liabilities balances during the year are as follows:

	Contract Liabilities	
	2020 \$	2019 \$
Revenue recognised that was included in the contract liability balance at the beginning of the year	(34,203)	–
Increase due to cash received, excluding amounts recognised as revenue during the year	–	34,203

The Group applies the practical expedient in paragraph 121 of SFRS(I) 15 and does not disclose information about its remaining performance obligations if:

- the performance obligation is part of a contract that has an original expected duration of one year or less; or
- the Group has a right to invoice a customer in an amount that corresponds directly with its performance to date, then it recognises revenue in that amount.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

19. Loss before tax

The following items have been included in arriving at loss before tax:

	Group	
	2020	2019
	\$	\$
Audit fee paid to		
- auditor of the Company	80,000	80,000
- other auditors	17,497	25,767
Non-audit fee paid to		
- other auditors	14,484	14,984
Wages and salaries expenses	3,281,060	4,041,647
Contributions to defined contribution plans	164,873	220,359
Bad debts written off	39,597	10,396
Bad debts recovered		
- continuing operations	(47,827)	-
- discontinued operations	(345,152)	-
Impairment loss on trade receivables		
- continuing operations	216,441	230,463
- discontinued operations	-	683,782
Depreciation expense of plant and equipment	1,592,730	3,332,644
Depreciation expense of right-of-use assets	20,307	-
Impairment loss on plant and equipment	1,661,541	2,761,856
Impairment loss on right-of-use assets	2,079	-
Write-off of plant and equipment	-	47,752
Loss on disposal of plant and equipment (net)	81,761	58,869
Loss on disposal of certain assets held for sale	37,637	-

20. Other income

	Group	
	2020	2019
	\$	\$
Government grants	14,998	21,615
Other miscellaneous income	65,634	98,438
	80,632	120,053

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

21. Net finance income

	Note	Group 2020 \$	Group 2019 \$
Interest income under the effective method on:			
- Fixed deposits		41,145	22,210
- Net foreign exchange gain		1,621	2,719
Finance income		42,766	24,929
Finance cost:			
- Interest on lease liabilities (2019: finance lease interests)	16	(2,777)	(15,574)
		(2,777)	(15,574)
Net finance income recognised in profit or loss		39,989	9,355

22. Tax credit

	Group 2020 \$	Group 2019 \$
Current tax expense		
- Current year	83,231	84,926
- Under/(over) provision in respect of prior years	8,427	(12,221)
	91,658	72,705
Deferred tax		
- Movements in temporary differences	(384,782)	(687,022)
- Over provision of deferred tax expense in respect of prior years	(35,432)	(47,205)
	(420,214)	(734,227)
Total tax credit	(328,556)	(661,522)
Reconciliation of effective tax rate		
Loss before tax from continuing and discontinued operations	(1,983,658)	(6,248,645)
Tax using the Singapore tax rate of 17% (2019: 17%)	(337,222)	(1,062,270)
Effect of different tax rates in foreign jurisdictions	(6,857)	(126,170)
Tax effects of:		
- Expenses not deductible for tax purposes	100,650	663,274
- Tax incentive	(98,578)	(76,930)
- Deferred tax assets not recognised	40,456	-
- Over provision of tax in respect of prior years	(27,005)	(59,426)
	(328,556)	(661,522)

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

23. Loss per share

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

	Group	
	2020	2019
Continuing operations		
Loss for the year attributable to owners of the Company (\$)	(1,827,324)	(3,528,325)
Weighted average number of ordinary shares	69,590,800	69,590,800
Discontinued operations		
Profit/(Loss) for the year attributable to owners of the Company (\$)	73,310	(1,211,379)
Weighted average number of ordinary shares	69,590,800	69,590,800

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

24. Commitments

Future minimum lease payments under short-term and low-value asset leases are as follows:

	Group	Company
	\$	\$
2020		
Less than one year	742,070	74,256

Comparative information under SFRS(I) 1-17

The Group and the Company have commitments for future minimum lease payments under non-cancellable operating leases for staff accommodations and various site offices. The leases typically run for a period of one year. None of the leases include contingent rentals.

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

	Group	Company
	\$	\$
2019		
Payable within 1 year	571,596	79,762

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

25. Related party transactions

Key management personnel compensation

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The directors and senior management are considered as key management personnel of the Group.

Key management personnel compensation comprises:

	Group	
	2020	2019
	\$	\$
Key management compensation		
- Salaries, other short-term benefits	538,694	502,460
- Contributions to defined contribution plan	41,524	47,363
- Directors' fees	110,000	106,623
	<u>690,218</u>	<u>656,446</u>

Other related party transactions

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

	Group	
	2020	2019
	\$	\$
Joint venture		
- Sale of parts	<u>-</u>	<u>3,155</u>
	Company	
	2020	2019
	\$	\$
Subsidiaries		
- Management fee income (within other income)	744,000	744,000
- Equipment rental income (within revenue)	612,000	631,200
- Office rental income	<u>79,762</u>	<u>79,762</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

26. Financial risk management

Overview

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

- credit risk
- liquidity risk
- market risk

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

Risk management framework

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

The Audit Committee oversees how management monitors compliance with the Group's and Company's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group and the Company.

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

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

The carrying amount of financial assets in the statements of financial position represent the Group's maximum to credit risk, before taking into account any collateral held. The Group do not require any collateral in respect of their financial assets.

Impairment losses on financial assets recognised in profit or loss were as follows:

	Group	
	2020	2019
	\$	\$
Impairment losses on trade and other receivables	216,441	914,245

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

26. Financial risk management (Cont'd)

Credit risk (Cont'd)

The Group and Company have a credit policy in place which establishes credit limits for customers and monitors outstanding balances on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount.

The Group does not require collateral in respect of trade and other receivables. The Group does not have trade receivables for which no loss allowance is recognised because of collateral.

A summary of the Group's exposures to credit risk are as follows:

	2020		2019	
	Not credit-impaired \$	Credit-impaired \$	Not credit-impaired \$	Credit-impaired \$
Group				
Customers within:				
• two or more years' trading history with the Group	2,530,623	285,119	2,496,732	291,825
• Less than two years' trading history with the Group	436,187	–	578,834	726,636
Total gross carrying amount	2,966,810	285,119	3,075,566	1,018,461
Loss allowance	(74,269)	(285,119)	–	(1,018,461)
	<u>2,892,541</u>	<u>–</u>	<u>3,075,566</u>	<u>–</u>
Company				
Customers within:				
• two or more years' trading history with the Company	8,226	–	22,610	–
Total gross carrying amount	8,226	–	22,610	–
Loss allowance	–	–	–	–
	<u>8,226</u>	<u>–</u>	<u>22,610</u>	<u>–</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

26. Financial risk management (Cont'd)

Credit risk (Cont'd)

Expected credit loss assessment for trade receivables

The Group first identified trade receivables that are credit-impaired and for which default event(s) had occurred. For such receivables, the Group assessed specifically the probability of recovery to the receivables balances and recognised the difference as an impairment loss.

The Group uses an allowance matrix to measure the ECLs for the remaining of trade receivables which comprises a large customer base with small balances and which are not credit impaired. The loss rates applied to the allowance matrix are calculated based on historical credit loss experience in the past 3 years. In the current year, the Group assessed and estimated forward-looking overlay adjustments on the historical credit loss rates taking into consideration the uncertainties in existing market conditions including the consideration of COVID-19 pandemic on the construction sector in Singapore and Malaysia. These forward looking overlay aims to reflect the differences in economic conditions during the period over which the historical credit loss data has been compiled, current conditions and the Group's expectations of the economic conditions that might affect recoverability of the Group's trade receivables.

The following table provides information about the exposure to Group's credit risk and ECLs for trade receivables:

Group	Weighted average loss rate %	Gross carrying amount \$	Impairment loss allowance \$
2020			
Credit impaired receivables	100	285,119	(285,119)
Remaining receivables:			
Not past due	2.02	1,760,063	(35,556)
Past due 1 – 30 days	2.08	647,450	(13,440)
Past due 31 – 120 days	1.77	477,098	(8,450)
More than 120 days	20.47	82,199	(16,823)
		<u>3,251,929</u>	<u>(359,388)</u>
2019			
Credit impaired receivables	100	1,018,461	(1,018,461)
Remaining receivables:			
Not past due	0.00*	695,528	–
Past due 1 – 30 days	0.00*	737,641	–
Past due 31 – 120 days	0.00*	1,238,911	–
More than 120 days	0.00*	403,486	–
		<u>4,094,027</u>	<u>(1,018,461)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

26. Financial risk management (Cont'd)

Credit risk (Cont'd)

Expected credit loss assessment for trade receivables (Cont'd)

Company	Weighted average loss rate %	Gross carrying amount \$	Impairment loss allowance \$
2020			
Not past due	0.00*	4,545	–
Past due 1 – 30 days	0.00*	3,681	–
		<u>8,226</u>	<u>–</u>
2019			
Not past due	0.00*	7,961	–
Past due 1 – 30 days	0.00*	9,994	–
Past due 31 – 120 days	0.00*	3,799	–
More than 120 days	0.00*	856	–
		<u>22,610</u>	<u>–</u>

* Loss rate is less than 0.1%.

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment losses in respect of trade receivables during the year was as follows:

	Group Lifetime ECL	
	2020 \$	2019 \$
At 1 March	1,018,461	111,276
Impairment loss recognised	216,441	914,245
Reversal of impairment loss due to debt recovery	(392,979)	–
Utilisation of impairment loss	(477,104)	–
Effect of movement in exchange rates	(5,431)	(7,060)
At 29/ 28 February	<u>359,388</u>	<u>1,018,461</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

26. Financial risk management (Cont'd)

Cash and cash equivalents

The Group and the Company held cash and cash equivalents of \$4,835,843 and \$3,494,966, respectively, at 29 February 2020 (2019: \$3,459,893 and \$2,471,381, respectively). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated AAA to Baa1 (2019: AAA to Baa1) based on Moody's ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was negligible.

Non-trade amounts due from subsidiaries and joint venture

The Company held receivables from its subsidiaries of \$79,591 (2019: \$37,309) and the Group held receivables from its joint venture of Nil (2019: \$154,379). These balances are amounts extended to subsidiaries and joint venture to satisfy short term funding requirements. Impairment on these balances has been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Deposits and other receivables

Impairment on these balances have been measured on the 12-month expected loss basis which reflects the low credit risk of the exposures. The amount of the allowance on these balances is insignificant.

Liquidity risk

The Group and Company monitor liquidity risk and maintain a level of cash and cash equivalents as deemed adequate to finance its operations and to mitigate the effects of fluctuations in cash flows under both normal and stressed conditions. As at 29 February 2020, the Group's current assets (excluding assets held for sale) exceeds its current liabilities by \$7,004,946 (2019: \$5,205,209).

The Group is significantly exposed to the construction sector in Singapore and Malaysia. Its operation and financial performance are driven by the sufficiency of construction activities and projects. As such, liquidity requirements and cash flow positions are subject to fluctuations and market exposures. The Group's earnings and cash flows will be influenced by the COVID-19 operating environment.

In assessing its liquidity risks, the Group stress-tested its cash flow projections based on various scenarios. Based on its tests, the Group believes that it has the adequate cash flows and resources to meet its financial obligations in the next 12 months from the date of these financial statements.

The Group also has available undrawn credit facilities of \$1,500,000 which they can utilise in the event of unforeseen circumstances.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

26. Financial risk management (Cont'd)

Liquidity risk (Cont'd)

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

		Cash flows				
Note	Carrying amount	Contractual cash flows	Within 6 months	Within 7-12 months	Within 1 to 5 years	
	\$	\$	\$	\$	\$	
Group						
2020						
Trade and other payables	17	1,581,099	1,581,099	1,581,099	–	
Lease liabilities	16	24,078	25,540	11,521	6,121	
		1,605,177	1,606,639	1,592,620	6,121	
2019						
Trade and other payables	17	2,797,675	2,797,675	2,797,675	–	
Finance lease liabilities	16	9,531	10,533	10,533	–	
		2,807,206	2,808,208	2,808,208	–	
Company						
2020						
Trade and other payables	17	5,660,571	5,660,571	5,660,571	–	
2019						
Trade and other payables	17	5,097,140	5,097,140	5,097,140	–	

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

Market risk

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

26. Financial risk management (Cont'd)

Foreign currency risk

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

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

	Group USD \$
2019	
Amounts due from joint venture	<u>154,379</u>

Sensitivity analysis

A 10% strengthening of the Singapore dollar, as indicated below, against the USD at reporting date would have decreased profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonably possible at the end of the reporting period. The analysis assumes that all other variables, in particular interest rates, remain constant.

	Group Profit or loss \$
2019	
USD	<u>(15,438)</u>

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

Determination of fair values

Financial assets and liabilities

The carrying amounts of other financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents and trade and other payables) are assumed to approximate their fair values because of their short period to maturity.

On the same basis, no fair value hierarchy information is disclosed for the Group's and Company's financial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

26. Financial risk management (Cont'd)

Accounting classification and fair values

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statement of financial position, are included in the table below. Further, for the current year, the fair value disclosure of lease liabilities is also not required.

		Carrying amount		
	Note	Amortised cost \$	Other financial liabilities \$	Total \$
Group				
2020				
Financial assets not measured at fair value				
Cash and cash equivalents	11	4,835,843	–	4,835,843
Trade and other receivables*	10	3,044,454	–	3,044,454
		<u>7,880,297</u>	<u>–</u>	<u>7,880,297</u>
Financial liabilities not measured at fair value				
Trade and other payables	17	<u>–</u>	<u>(1,581,099)</u>	<u>(1,581,099)</u>
2019				
Financial assets not measured at fair value				
Cash and cash equivalents	11	3,459,893	–	3,459,893
Trade and other receivables*	10	3,746,457	–	3,746,457
		<u>7,206,350</u>	<u>–</u>	<u>7,206,350</u>
Financial liabilities not measured at fair value				
Trade and other payables	17	<u>–</u>	<u>(2,797,675)</u>	<u>(2,797,675)</u>
Company				
2020				
Financial assets not measured at fair value				
Cash and cash equivalents	11	3,494,966	–	3,494,966
Trade and other receivables*	10	117,872	–	117,872
		<u>3,612,838</u>	<u>–</u>	<u>3,612,838</u>
Financial liabilities not measured at fair value				
Trade and other payables	17	<u>–</u>	<u>(5,660,571)</u>	<u>(5,660,571)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

26. Financial risk management (Cont'd)

Accounting classification and fair values (Cont'd)

	Note	Carrying amount		
		Amortised	Other	Total
		cost	financial	
		\$	\$	\$
Company				
2019				
Financial assets not measured at fair value				
Cash and cash equivalents	11	2,471,381	–	2,471,381
Trade and other receivables*	10	115,886	–	115,886
		<u>2,587,267</u>	<u>–</u>	<u>2,587,267</u>
Financial liabilities not measured at fair value				
Trade and other payables	17	–	(5,097,140)	(5,097,140)

* Exclude prepayments.

27. Segment reporting

Operating segments

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

27. Segment reporting (Cont'd)

Information about reportable segments

	Ready-mixed concrete (Discontinued)		Concrete pumping services		Waste management services		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$	\$	\$
External revenues	-	5,393,903	7,007,439	7,160,000	2,083,732	1,821,321	9,091,171	14,375,224
Inter-segment revenue - pump rental	-	-	612,000	631,200	-	-	612,000	631,200
Inter-segment revenue - pump parts	-	-	84,193	66,817	-	-	84,193	66,817
Interest income	-	-	41,145	22,210	-	-	41,145	22,210
Finance expense	(765)	(15,574)	(2,012)	-	-	-	(2,777)	(15,574)
Depreciation of plant and equipment	-	(426,470)	(1,428,686)	(2,739,302)	(164,044)	(166,892)	(1,592,730)	(3,332,664)
Depreciation of right-of-use assets	-	-	(20,307)	-	-	-	(20,307)	-
Share of profit of joint venture	-	-	135,665	121,924	-	-	135,665	121,924
Reportable segment profit/ (loss) before tax	159,722	(2,029,798)	(2,447,878)	(4,309,580)	500,552	239,080	(1,787,604)	(6,100,298)
Other material non-cash items:								
- Impairment loss on plant and equipment	-	(475,856)	(1,661,541)	(2,286,000)	-	-	(1,661,541)	(2,761,856)
- Impairment loss on right-of-use assets	-	-	(2,079)	-	-	-	(2,079)	-
- (Loss)/Gain on disposal of plant and equipment	-	(61,417)	(81,761)	2,548	-	-	(81,761)	(58,869)
- Loss on disposal of certain assets held for sale	(37,637)	-	-	-	-	-	(37,637)	-
- Impairment loss on trade receivables	-	(683,782)	(214,221)	(230,463)	(2,220)	-	(216,441)	(914,245)
- Bad debts written off	-	(1,667)	(33,838)	(8,729)	(5,759)	-	(39,597)	(10,396)
- Bad debts recovered	345,152	-	47,827	-	-	-	392,979	-
Reportable segment assets	545,249	1,689,560	11,989,988	13,754,357	1,223,918	1,349,368	13,759,155	16,793,285
Additions of plant and equipment	-	47,734	27,960	30,913	9,248	153,988	37,208	232,635
Additions of right-of-use assets	-	-	44,159	-	-	-	44,159	-
Reportable segment liabilities	8,877	1,382,663	1,602,267	1,869,534	275,362	208,609	1,886,506	3,460,806

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

27. Segment reporting (Cont'd)

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

	2020 \$	2019 \$
Revenue		
Total revenue for reportable segments	9,787,364	15,073,241
Elimination of inter-segment revenue	(696,193)	(698,017)
Revenue from continuing and discontinued operations	<u>9,091,171</u>	<u>14,375,224</u>
Profit or loss		
Total loss before tax for reportable segments	(1,787,604)	(6,100,298)
Unallocated amounts:		
- Other corporate expenses	(196,054)	(148,347)
Loss before tax from continuing and discontinued operations	<u>(1,983,658)</u>	<u>(6,248,645)</u>

Geographical segments

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

Geographical information

	Revenue			Non-current assets		
	(Continuing)	(Discontinued)	Total	(Continuing)	(Discontinued)	Total
	\$	\$	\$	\$	\$	\$
2020						
Singapore	8,861,812	—	8,861,812	2,696,747	—	2,696,747
Malaysia	229,359	—	229,359	64,133	—	64,133
Indonesia	—	—	—	2,127,121	—	2,127,121
	<u>9,091,171</u>	<u>—</u>	<u>9,091,171</u>	<u>4,888,001</u>	<u>—</u>	<u>4,888,001</u>
2019						
Singapore	8,333,195	—	8,333,195	5,859,853	—	5,859,853
Malaysia	648,126	5,393,903	6,042,029	229,174	—	229,174
Indonesia	—	—	—	1,957,896	—	1,957,896
	<u>8,981,321</u>	<u>5,393,903</u>	<u>14,375,224</u>	<u>8,046,923</u>	<u>—</u>	<u>8,046,923</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 29 February 2020

27. Segment reporting (Cont'd)

Geographical information (Cont'd)

Major customer

Revenue from one (2019: one) customer of the Group's concrete pumping services segment contributed \$486,211 (2019: \$738,982) representing 5% (2019: 5%) of the Group's total revenue.

28. Acquisition of non-controlling interest

On 29 January 2020, the Group's subsidiary, Transit-Mixed Concrete (M) Sdn. Bhd., acquired an additional 49% equity interest in Crescent Forest Ready Mix Sdn. Bhd. ("CF") for a cash consideration of \$1 increasing its ownership in CF from 51% to 100%.

The carrying amount of CF's net liabilities in the Group's consolidated financial statements financial statements on the date of acquisition was \$262,681.

	Group 2020 \$
Carrying amount of NCI acquired (\$262,681 (net liabilities) x 49%)	(128,714)
Consideration paid to NCI	(1)
Decrease in equity attributable to owners of the Group	<u>(128,715)</u>

ANALYSIS OF SHAREHOLDINGS

As at 17 July 2020

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

Summary of Shareholdings by Size

Size of shareholdings	No. of shareholders	% of shareholders	No. of shares	% of total issued shares
1 to 99	2	0.21	113	0.00
100 to 1,000	511	52.52	497,200	0.71
1,001 to 10,000	324	33.30	1,773,000	2.55
10,001 to 1,000,000	131	13.46	13,860,277	19.92
1,000,001 and above	5	0.51	53,460,210	76.82
Total	973	100	69,590,800	100

Shareholdings Held in Hands of Public

24.78% of the shareholding is held in the hands of the public and Rule 723 of the Listing Manual is complied with.

Top 20 Shareholders

No.	Name of shareholders	No. of shares	% of total issued shares
1	Estate of Chua Eng Him, Deceased	20,154,566	28.96
2	Kheng Leong Company (Private) Limited	15,252,104	21.92
3	Yap Boh Lim	14,252,104	20.48
4	LF Developments Pte Ltd	2,801,000	4.01
5	Chan Yin Lan	1,000,436	1.44
6	Woodlands Transport Service Pte Ltd	1,000,000	1.44
7	WTS Logistics & Trading Pte Ltd	1,000,000	1.44
8	HSBC (Singapore) Nominees Pte Ltd	915,200	1.31
9	Citibank Nominees Singapore Pte Ltd	813,000	1.17
10	A-Power Investment Pte Ltd	743,200	1.07
11	Cheong Wai Ngan Gillian	724,000	1.04
12	Hee Geok Lin	577,000	0.83
13	Yap Eng Chew	500,000	0.72
14	Yap Eng Ching	500,000	0.72
15	Chua Wee Keng	499,000	0.72
16	Chua Hoong Tat Franz	494,800	0.71
17	Chua Seng Guan	479,897	0.69
18	DBS Nominees Pte Ltd	398,300	0.57
19	Wong Man On	277,500	0.40
20	Raffles Nominees (Pte) Limited	269,600	0.39
	Total	62,651,707	90.03

ANALYSIS OF SHAREHOLDINGS

As at 17 July 2020

Substantial Shareholders

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

Notes

- (1) The 577,000 shares are held by Hee Geok Lin, wife of Chua Eng Him (deceased).
- (2) Wee Ee Cheong is deemed to have an interest in the 15,252,104 shares held by Kheng Leong Company (Private) Limited.
- (3) Wee Ee Chao is deemed to have an interest in the 15,252,104 shares held by Kheng Leong Company (Private) Limited.
- (4) Wee Ee Lim is deemed to have an interest in the 15,252,104 shares held by Kheng Leong Company (Private) Limited.
- (5) Wee Investments (Pte) Limited is deemed to have an interest in the 15,252,104 shares held by Kheng Leong Company (Private) Limited.

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-APPOINTMENT

The following information relating to Mr Tan Kok Hiang who is standing for re-election as a director at the Annual General Meeting of the Company on 25 August 2020, is provided pursuant to Rule 720(6) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

Name of Director	Tan Kok Hiang
Date of first appointment as a director	25 September 1997
Date of last re-election as a director	27 June 2018
Age	70
Country of principal residence	Singapore
The Board's comments on the re-election	Mr Tan has continued to discharge his duties well and his expertise will continue to benefit the Company and set the direction for growth
Whether the appointment is executive, and if so, the area of responsibility	Non-executive
Job title	Independent Non-executive Director, Chairman of Board, Audit Committee, Remuneration Committee and Member of Nominating Committee
Professional qualifications	Bachelor of Accountancy (Hons), University of Singapore
Working experience and occupation(s) during the past 10 years	Managing director of Dragafi Pte Ltd
Shareholding interest in the listed issuer and its subsidiaries	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No
Conflict of interest (including any competing business)	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes
Other principal commitments including directorships Past (for the last 5 years) Present	<u>Past</u> Ultima Investment Pte Ltd <u>Present</u> Conifers Investment Pte Ltd EnviroHub Holdings Ltd Fullmark.com Pte Ltd Fullmark Pte Ltd Fullmark Data Pte Ltd Fei Long Resources Pte Ltd ICP Ltd Kwong Joo Kongs LHT Holdings Ltd Pacific Traders Pte Ltd

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-APPOINTMENT

Name of Director	Tan Kok Hiang
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No
(c) Whether there is any unsatisfied judgment against him?	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No

ADDITIONAL INFORMATION ON DIRECTOR SEEKING RE-APPOINTMENT

Name of Director	Tan Kok Hiang
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of :— (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No No No No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 40th Annual General Meeting of the Company will be convened and held by way of electronic means on Tuesday, 25 August 2020 at 10.00 a.m. to transact the business as set out below.

This Notice has been made available on SGXNET and the Company's website at www.tmcld.com.sg. A printed copy of this Notice will not be despatched to members.

ORDINARY BUSINESS

1. To receive and adopt the directors' statement and audited financial statements for the year ended 29 February 2020 and the auditors' report thereon. (Resolution 1)
2. To re-elect Mr Tan Kok Hiang, a director who will retire by rotation pursuant to Article 89 of the Company's Constitution and who, being eligible, will offer himself for re-election. (Resolution 2)

Note: Mr Tan Kok Hiang, if re-elected as a director, will remain a member and the chairman of the audit committee and remuneration committee and a member of the nominating committee. Mr Tan is an independent director. Detailed information on Mr Tan is set out on pages 8 and 110 to 112 of the Annual Report 2020.

3. To note the retirement of Mr Yap Boh Lim as a director under Article 89 of the Company's Constitution.

Note: Upon the retirement of Mr Yap Boh Lim, he will cease to be a member of the audit committee and nominating committee, and Dr Yap Eng Ching will cease to be his alternate director.

4. To re-appoint KPMG LLP as auditors of the Company and to authorise the directors to fix their remuneration. (Resolution 3)

SPECIAL BUSINESS

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

"That directors' fees of S\$110,000 for the year ended 29 February 2020 be and are hereby approved."
(2019: S\$106,623) (Resolution 4)

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

"That pursuant to Section 161 of the Companies Act, Cap. 50 and the listing rules of the Singapore Exchange Securities Trading Limited, authority be and is hereby given to the directors of the Company to allot and issue shares and convertible securities in the Company (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter to such persons and upon such terms and conditions and for such purposes as the directors may in their absolute discretion deem fit, provided always that the aggregate number of shares and convertible securities to be issued pursuant to this resolution does not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the passing of this resolution,

NOTICE OF ANNUAL GENERAL MEETING

of which the aggregate number of shares and convertible securities to be issued other than on a pro rata basis to shareholders of the Company does not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company as at the date of the passing of this resolution, and for the purpose of this resolution, the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) shall be based on the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed (after adjusting for new shares arising from the conversion or exercise of convertible securities or exercise of share options or vesting of share awards which are outstanding or subsisting at the time this resolution is passed and any subsequent bonus issue, consolidation or subdivision of the Company's shares), and unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier.”

(Resolution 5)

OTHER BUSINESS

7. To transact such other business as can be transacted at an Annual General Meeting of the Company.

By Order of the Board

Chen Lee Lee
Company Secretary

Singapore
7 August 2020

Statement pursuant to Article 52 of the Company's Constitution

The ordinary resolution 4 proposed in item 5 above is to approve the payment of directors' fees for the year ended 29 February 2020.

The ordinary resolution 5 proposed in item 6 above is to authorise the directors from the date of the above meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares and convertible securities which the directors may allot and issue under this resolution shall not exceed 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed. For issues of shares and convertible securities other than on a pro rata basis to all shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings, if any) in the capital of the Company at the time this resolution is passed.

NOTICE OF ANNUAL GENERAL MEETING

Notes

1. This Annual General Meeting (“AGM”) is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company’s announcement dated 7 August 2020 which has been uploaded together with this Notice of AGM on SGXNET on the same day. This announcement may also be accessed at the Company’s website at www.tmcld.com.sg.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 13 August 2020.

4. The Chairman of the Meeting, as proxy, need not be a member of the Company.
5. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - if submitted electronically, be submitted via email to the Company’s Share Registrar, M & C Services Private Limited at gpa@mncsingapore.com; or
 - if submitted by post, be deposited at registered office of the Company at 150 Changi Road #03-05, Guthrie Building, Singapore 419973,

in either case, by 10.00 a.m. on 23 August 2020.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

6. By (a) submitting an instrument appointing the Chairman of the Meeting as proxy to attend, speak and vote at the AGM and/or any adjournment thereof, (b) completing the pre-registration in accordance with the Company’s announcement dated 7 August 2020, or (c) submitting any question prior to the AGM in accordance with the Company’s announcement dated 7 August 2020, a member of the Company consents to the collection, use and disclosure of the member’s personal data by the Company (or its agents or service providers) for the following purposes: (i) processing, administration and analysis by the Company (or its agents or service providers) of proxy forms appointing the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof); (ii) processing of the pre-registration for purposes of granting access to members to the live audio-visual webcast or live audio-only stream of the AGM proceedings; (iii) addressing substantial and relevant questions from members received before the AGM and if necessary, following up with the relevant members in relation to such questions; (iv) preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (including any adjournment thereof); and (v) enabling the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and/or guidelines.

TRANSIT-MIXED CONCRETE LTD

(Incorporated In The Republic Of Singapore)
Company Registration No. 197902587H

PROXY FORM

This proxy form has been made available on SGXNET and the Company's website at www.tmcld.com.sg. A printed copy of this proxy form will not be despatched to members.

IMPORTANT

1. The Annual General Meeting ("AGM") is being convened and will be held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions to the Chairman of the Meeting in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman of the Meeting as proxy at the AGM, are set out in the Company's announcement dated 7 August 2020 which has been uploaded together with the Notice of AGM on SGXNET on the same day. This announcement may also be accessed at the Company's website at www.tmcld.com.sg.
3. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. Please read the notes overleaf which contain instructions on, among others, the appointment of the Chairman of the Meeting as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.
4. For CPF/SRS investors who have used their CPF/SRS monies to buy shares in Transit-Mixed Concrete Ltd, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks/ SRS Operators to submit their votes by 5.00 p.m. on 13 August 2020.
5. By submitting an instrument appointing the Chairman of the Meeting as proxy, the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 7 August 2020.

I/We _____ NRIC/Passport/Co. Reg. No. _____

of _____

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

the Chairman of the Meeting

as my/our proxy to attend, speak and vote for me/us on my/our behalf at the 40th Annual General Meeting of the Company to be held by way of electronic means on Tuesday, 25 August 2020 at 10.00 a.m. and at any adjournment thereof.

I/We have indicated with an "X" in the appropriate box against each item below how I/we wish the Chairman of the Meeting as my/our proxy to vote, or to abstain from voting.

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

Note: Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to exercise all your votes "For" or "Against" the relevant resolution or to abstain from voting on the relevant resolution, please indicate with an "X" in the relevant box provided above. Alternatively, if you wish the Chairman of the Meeting as your proxy to exercise some of your votes "For" or some of your votes "Against" the relevant resolution, and/or to abstain from voting on the relevant resolution, please insert the relevant number of votes in the relevant boxes provided above. **In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.**

Dated this _____ day of _____ 2020

Total Number of Ordinary Shares Held

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

IMPORTANT: PLEASE READ NOTES OVERLEAF

NOTES

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (maintained by The Central Depository (Pte) Limited), you should insert that number of shares. If you have shares registered in your name in the Register of Members (maintained by or on behalf of the Company), you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If the number of shares is not inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. Due to the current COVID-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman of the Meeting as proxy, a member (whether individual or corporate) must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the form of proxy, failing which the appointment of the Chairman of the Meeting as proxy for that resolution will be treated as invalid.

CPF or SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 5.00 p.m. on 13 August 2020.

3. The Chairman of the Meeting, as proxy, need not be a member of the Company.
4. The instrument appointing the Chairman of the Meeting as proxy must be submitted to the Company in the following manner:
 - if submitted electronically, be submitted via email to the Company's Share Registrar, M & C Services Private Limited at gpa@mncsingapore.com; or
 - if submitted by post, be deposited at the registered office of the Company at 150 Changi Road #03-05, Guthrie Building, Singapore 419973,

in either case, by 10.00 a.m. on 23 August 2020.

A member who wishes to submit an instrument of proxy must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current COVID-19 situation in Singapore, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of its representative or attorney duly authorised.
6. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument (including any related attachment). In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject an instrument appointing the Chairman of the Meeting as proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as provided by The Central Depository (Pte) Limited to the Company.



TRANSIT-MIXED CONCRETE LTD

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