



## **DYNA-MAC HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No: 200305693E)

### **UNAUDITED RESULTS FOR THE THIRD QUARTER ENDED 30 SEPTEMBER 2020**

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#### **TABLE OF CONTENTS**

<b>SN</b>	<b>Description</b>	<b>Page</b>
1	Unaudited Consolidated Statement of Comprehensive Income	2
2	Unaudited Statement of Financial Position – Group and Company	4
3	Unaudited Consolidated Statement of Cash Flows	6
4	Unaudited Statement of Changes in Equity – Group and Company	7
5	Selected Notes to the Financial Statements	8
6	(Loss) / Earnings per Share	9
7	Net Asset Value per Share	9
8	Review of performance of the Group	10
9	Forecast / Prospect Statement	13
10	Commentary	13
11	Dividends	13
12	Interested Person Transaction Disclosure	14
13	Confirmation pursuant to Rule 720(1) of the Listing Manual	14
14	Confirmation pursuant to Rule 705(5) of the Listing Manual	14

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

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

	Group					
	3 months ended 30-Sep-20	3 months ended 30-Sep-19	Change	9 months ended 30-Sep-20	9 months ended 30-Sep-19	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	2,636	36,172	-92.7%	53,987	68,740	-21.5%
Cost of sales	(24,520)	(30,030)	-18.3%	(76,149)	(52,089)	46.2%
<b>Gross (loss) / profit</b>	<b>(21,884)</b>	<b>6,142</b>	<b>NM</b>	<b>(22,162)</b>	<b>16,651</b>	<b>NM</b>
Gross profit margin	<i>NM</i>	17.0%		-41.1%	24.2%	
Other income	1,466	31	<i>NM</i>	4,254	850	<i>NM</i>
Other expenses	(2,990)	(213)	<i>NM</i>	(3,698)	(615)	<i>NM</i>
Administrative expenses	(8,915)	(5,670)	57.2%	(24,478)	(15,984)	53.1%
Finance costs	(262)	(111)	<i>NM</i>	(725)	(425)	70.6%
<b>(Loss) / profit before tax</b>	<b>(32,585)</b>	<b>179</b>	<b><i>NM</i></b>	<b>(46,809)</b>	<b>477</b>	<b><i>NM</i></b>
Income tax credit / (expense)	17	(87)	<i>NM</i>	17	(253)	<i>NM</i>
<b>Net (loss) / profit for the financial period</b>	<b>(32,568)</b>	<b>92</b>	<b><i>NM</i></b>	<b>(46,792)</b>	<b>224</b>	<b><i>NM</i></b>
Net profit margin	<i>NM</i>	0.3%		-86.7%	0.3%	
<b>Attributable to:-</b>						
Equity holders of the Company	(32,559)	142	<i>NM</i>	(46,743)	418	<i>NM</i>
Non-controlling interest	(9)	(50)	-82.0%	(49)	(194)	-74.7%
<b>Net (loss) / profit for the financial period</b>	<b>(32,568)</b>	<b>92</b>	<b><i>NM</i></b>	<b>(46,792)</b>	<b>224</b>	<b><i>NM</i></b>
<b>Other comprehensive income:-</b>						
Items that may be subsequently reclassified to profit or loss:-						
Currency translation differences arising from consolidation	(223)	252	<i>NM</i>	271	632	-57.1%
<b>Total comprehensive (loss) / income for the financial period</b>	<b>(32,791)</b>	<b>344</b>	<b><i>NM</i></b>	<b>(46,521)</b>	<b>856</b>	<b><i>NM</i></b>
<b>Attributable to:-</b>						
Equity holders of the Company	(32,788)	387	<i>NM</i>	(46,507)	1,034	<i>NM</i>
Non-controlling interest	(3)	(43)	-93.0%	(14)	(178)	-92.1%
<b>Total comprehensive (loss) / income for the financial period</b>	<b>(32,791)</b>	<b>344</b>	<b><i>NM</i></b>	<b>(46,521)</b>	<b>856</b>	<b><i>NM</i></b>

*NM- Not Meaningful*

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

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

	Group					
	3 months ended	3 months ended	Change	9 months ended	9 months ended	Change
	30-Sep-20	30-Sep-19		30-Sep-20	30-Sep-19	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>The Group's (loss) / profit is stated after charging / (crediting):-</b>						
Amortisation of club memberships	** -	3	NM	7	10	-30.0%
Amortisation of deferred capital grants	(37)	(38)	-2.6%	(112)	(137)	-18.2%
Depreciation of property, plant and equipment	1,816	1,860	-2.4%	5,465	5,628	-2.9%
Depreciation of right-of-use assets	643	644	-0.2%	1,930	1,942	-0.6%
Finance costs	262	111	NM	725	425	70.6%
Foreign exchange gain, net	(80)	(367)	-78.2%	(31)	(50)	-38.0%
Gain on disposal of club membership	(7)	-	NM	(43)	-	NM
Gain on disposal of property, plant and equipment	-	-	NM	-	(20)	NM
Government grants income	(1,348)	(5)	NM	(3,709)	(88)	NM
Impairment loss on property, plant and equipment	1,455	-	NM	1,455	85	NM
Impairment loss on trade and other receivables	5	-	NM	440	-	NM
Interest income - bank deposits	(8)	(99)	-91.9%	(116)	(229)	-49.3%
Inventory written off	-	463	NM	-	463	NM
Loss on striking-off of a subsidiary	-	-	NM	203	-	NM
Property, plant and equipment written off	1,618	-	NM	1,618	-	NM
Provision for onerous contracts	15,641	-	NM	15,641	-	NM
Provision for slow-moving inventory	1,245	-	NM	1,245	-	NM
Rental income <sup>(Note 1)</sup>	(15)	297	NM	(40)	(107)	-62.6%

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

\*\* - Amount less than \$1,000

NM - Not Meaningful

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

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 30 SEPTEMBER

	Group		Company	
	Unaudited	Audited	Unaudited	Audited
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	27,726	27,186	190	563
Trade and other receivables	16,980	25,369	5,160	5,359
Inventories	-	1,282	-	-
Contract assets	8,470	14,575	-	-
Other current assets	1,101	854	26	11
	<b>54,277</b>	<b>69,266</b>	<b>5,376</b>	<b>5,933</b>
Assets held for sale	-	9,500	-	-
	<b>54,277</b>	<b>78,766</b>	<b>5,376</b>	<b>5,933</b>
<b>Non-Current Assets</b>				
Club memberships	18	290	-	-
Investment in subsidiaries	-	-	122,453	122,453
Property, plant and equipment	41,106	49,342	-	-
Right-of-use assets	28,041	29,971	-	-
	<b>69,165</b>	<b>79,603</b>	<b>122,453</b>	<b>122,453</b>
<b>Total Assets</b>	<b>123,442</b>	<b>158,369</b>	<b>127,829</b>	<b>128,386</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	25,273	32,333	119	167
Provision for onerous contracts	15,641	-	-	-
Contract liabilities	5,182	80	-	-
Borrowings	7,699	13,308	-	-
Deferred capital and grants income	1,116	149	-	-
Lease liabilities	2,233	2,246	-	-
	<b>57,144</b>	<b>48,116</b>	<b>119</b>	<b>167</b>
<b>Non-Current Liabilities</b>				
Borrowings	4,301	-	-	-
Deferred capital and grants income	311	423	-	-
Deferred income tax liabilities	16	16	-	-
Lease liabilities	26,575	28,198	-	-
	<b>31,203</b>	<b>28,637</b>	<b>-</b>	<b>-</b>
<b>Total Liabilities</b>	<b>88,347</b>	<b>76,753</b>	<b>119</b>	<b>167</b>
<b>Net Assets</b>	<b>35,095</b>	<b>81,616</b>	<b>127,710</b>	<b>128,219</b>
<b>EQUITY</b>				
<b>Capital and Reserves Attributable to Equity Holders of the Company</b>				
Share capital	145,271	145,271	145,271	145,271
Other reserves	(106)	291	-	-
Accumulated losses	(110,474)	(64,364)	(17,561)	(17,052)
<b>Share Capital and Reserves</b>	<b>34,691</b>	<b>81,198</b>	<b>127,710</b>	<b>128,219</b>
Non-controlling interests	404	418	-	-
<b>Total Equity</b>	<b>35,095</b>	<b>81,616</b>	<b>127,710</b>	<b>128,219</b>

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

	As at 30-Sep-20		As at 31-Dec-19	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less	7,699	-	13,308	-
Amount repayable after one year	4,301	-	-	-

Details of any collateral: -

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

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

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE THIRD QUARTER

	Group			
	3 months ended 30-Sep-20	3 months ended 30-Sep-19	9 months ended 30-Sep-20	9 months ended 30-Sep-19
	\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>				
(Loss) / Profit before tax	(32,585)	179	(46,809)	477
Adjustments for:				
- Amortisation of club memberships	** -	3	7	10
- Amortisation of deferred capital grants	(37)	(38)	(112)	(137)
- Depreciation of property, plant and equipment	1,816	1,860	5,465	5,628
- Depreciation of right-of-use assets	643	644	1,930	1,942
- Finance costs	262	111	725	425
- Gain on disposal of club membership	(7)	-	(43)	-
- Gain on disposal of property, plant and equipment	-	-	-	(20)
- Impairment loss on property, plant and equipment	1,455	-	1,455	85
- Impairment loss on trade and other receivables	5	-	440	-
- Interest income	(8)	(99)	(116)	(229)
- Inventory written off	-	463	-	463
- Loss on striking-off of a subsidiary	-	-	203	-
- Property, plant and equipment written off	1,618	-	1,618	-
- Provision for onerous contracts	15,641	-	15,641	-
- Provision for slow moving inventory	1,245	-	1,245	-
- Unrealised translation (gain) / loss	(208)	(305)	54	83
	<b>(10,160)</b>	<b>2,818</b>	<b>(18,297)</b>	<b>8,727</b>
<b>Changes in working capital</b>				
- Contract assets	8,347	(199)	6,105	18,031
- Contract liabilities	1,349	(3,358)	5,102	8,314
- Inventories	8	(294)	37	(12)
- Other current assets	72	(116)	(247)	(442)
- Trade and other receivables	1,104	11,642	7,966	(982)
- Trade and other payables	(11,203)	6,634	(6,434)	(12,874)
<b>Cash flows (used in) / generated from operations</b>	<b>(10,483)</b>	<b>17,127</b>	<b>(5,768)</b>	<b>20,762</b>
Income tax received / (paid)	17	-	17	(9)
Interest received	16	83	166	213
<b>Net cash flows (used in) / generated from operating activities</b>	<b>(10,450)</b>	<b>17,210</b>	<b>(5,585)</b>	<b>20,966</b>
<b>INVESTING ACTIVITIES</b>				
- Additions to property, plant and equipment	(221)	(324)	(302)	(347)
- Proceeds from disposal of club memberships	222	-	241	-
- Proceeds from disposal of assets held for sale	-	-	9,500	-
- Proceeds from disposal of property, plant and equipment	-	-	-	20
- Proceeds from capital grants	-	-	-	746
<b>Net cash flows generated from / (used in) investing activities</b>	<b>1</b>	<b>(324)</b>	<b>9,439</b>	<b>419</b>
<b>FINANCING ACTIVITIES</b>				
- Interest expense paid	(116)	(208)	(374)	(452)
- Payment of principal portion of lease liabilities	(561)	(533)	(1,647)	(1,600)
- Repayment of bank borrowings	(1,934)	(2,971)	(1,308)	(3,132)
<b>Net cash flows used in financing activities</b>	<b>(2,611)</b>	<b>(3,712)</b>	<b>(3,329)</b>	<b>(5,184)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(13,060)</b>	<b>13,174</b>	<b>525</b>	<b>16,201</b>
Cash and cash equivalents at the beginning of the period	40,801	27,943	27,186	24,925
Effect of currency translation on cash and cash equivalents	(15)	-	15	(9)
<b>Cash and cash equivalents at the end of the period</b>	<b>27,726</b>	<b>41,117</b>	<b>27,726</b>	<b>41,117</b>

\*\* - Amount less than \$1,000

The Group is required to maintain certain minimum deposits with banks for banking facilities. Included in cash and cash equivalents are restricted cash of \$21.1m (3Q 2019: \$15.0m) designated by the Group for this purpose.

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

**UNAUDITED STATEMENT OF CHANGES IN EQUITY**

	Attributable to equity holders of the Company				Non-controlling interest	Total equity	
	Share capital	Accumulated losses	Asset revaluation reserve	Foreign currency translation reserve			Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Group</b>							
Balance at 1 January 2020	145,271	(64,364)	633	(342)	81,198	418	81,616
Loss for the period	-	(46,743)	-	-	(46,743)	(49)	(46,792)
Other comprehensive income	-	-	-	236	236	35	271
Disposal of assets held for sale	-	633	(633)	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	<b>(46,110)</b>	<b>(633)</b>	<b>236</b>	<b>(46,507)</b>	<b>(14)</b>	<b>(46,521)</b>
<b>Balance at 30 September 2020</b>	<b>145,271</b>	<b>(110,474)</b>	-	<b>(106)</b>	<b>34,691</b>	<b>404</b>	<b>35,095</b>
<b>Company</b>							
Balance at 1 January 2020	145,271	(17,052)	-	-	128,219	-	128,219
Total comprehensive loss for the period	-	(509)	-	-	(509)	-	(509)
<b>Balance at 30 September 2020</b>	<b>145,271</b>	<b>(17,561)</b>	-	-	<b>127,710</b>	-	<b>127,710</b>

	Attributable to equity holders of the Company				Non-controlling interest	Total equity	
	Share capital	Accumulated losses	Asset revaluation reserve	Foreign currency translation reserve			Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Group</b>							
Balance at 1 January 2019	145,271	(40,651)	633	(503)	104,750	690	105,440
Profit for the period	-	418	-	-	418	(194)	224
Other comprehensive income	-	-	-	616	616	16	632
<b>Total comprehensive income for the period</b>	-	<b>418</b>	-	<b>616</b>	<b>1,034</b>	<b>(178)</b>	<b>856</b>
Dividend declared by a subsidiary	-	-	-	-	-	-	-
<b>Balance at 30 September 2019</b>	<b>145,271</b>	<b>(40,233)</b>	<b>633</b>	<b>113</b>	<b>105,784</b>	<b>512</b>	<b>106,296</b>
<b>Company</b>							
Balance at 1 January 2019	145,271	(11,899)	-	-	133,372	-	133,372
Total comprehensive income for the period	-	(481)	-	-	(481)	-	(481)
<b>Balance at 30 September 2019</b>	<b>145,271</b>	<b>(12,380)</b>	-	-	<b>132,891</b>	-	<b>132,891</b>

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

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

Balance as at 30 September 2020 and 30 September 2019

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

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

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

Not applicable.

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

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

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

Not applicable.

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

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

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

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

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

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

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

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

	Group			
	3 months ended	3 months ended	9 months ended	9 months ended
	30-Sep-20	30-Sep-19	30-Sep-20	30-Sep-19
(Loss) / earnings per share (based on consolidated net (loss) / profit attributable to equity holders):-				
Based on weighted average number of ordinary shares in issue (cents)	(3.18)	0.01	(4.57)	0.04
On a fully diluted basis (cents)	(3.18)	0.01	(4.57)	0.04
Weighted average number of ordinary shares in issue for calculation of basic (loss) / earnings per share ('000)	1,023,211	1,023,211	1,023,211	1,023,211
Weighted average number of ordinary shares in issue for calculation of diluted (loss) / earnings per share ('000)	1,023,211	1,023,211	1,023,211	1,023,211

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

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

	Group		Company	
	30-Sep-20	31-Dec-19	30-Sep-20	31-Dec-19
Net asset value per ordinary share based on existing share capital (cents)	3.39	7.94	12.48	12.53
Number of shares ('000)	1,023,211	1,023,211	1,023,211	1,023,211

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

#### **Statement of Comprehensive Income Overview**

##### **Revenue**

Revenue decreased by \$33.6m or 92.7% from \$36.2m in the third quarter ended 30 September 2019 ("3Q2019") to \$2.6m in the third quarter ended 30 September 2020 ("3Q2020"). The decrease was mainly due to the slower progress of the projects.

Revenue decreased by \$14.7m or 21.5% from \$68.7m in the 9 months ended 30 September 2019 ("9M2019") to \$54.0m in the 9 months ended 30 September 2020 ("9M2020"). The decrease was mainly due to slower progress of the projects as there was little physical progress since the end of April up to the beginning of September as the workers were locked up in the dormitory due to restrictions arising from COVID-19.

##### **Gross (loss) / profit**

Gross (loss) / profit declined from \$6.1m gross profit in 3Q2019 to gross loss of \$21.9m in 3Q2020. This was mainly due to provision for unavoidable cost of fulfilling certain construction contracts with customers, that were in excess of the economic benefits expected to be received coupled with provision for slow moving inventories.

Gross (loss) / profit declined from \$16.7m gross profit in 9M2019 to gross loss of \$22.2m in 9M2020. This was mainly due to provision for unavoidable cost of fulfilling certain construction contracts with customers, that were in excess of the economic benefits expected to be received coupled with provision for slow moving inventories.

##### **Other income**

Other income increased by \$1.4m from \$0.1m in 3Q2019 to \$1.5m in 3Q2020. The increase was mainly due to income recognised from the government job support scheme.

Other income increased by \$3.4m from \$0.9m in 9M2019 to \$4.3m in 9M2020. The increase was mainly due to income recognised from the government job support scheme and income earned from sales of scrapped materials.

##### **Other expenses**

Other expenses increased by \$2.8m from \$0.2m in 3Q2019 to \$3.0m in 3Q2020 and increased by \$3.1m from \$0.6m in 9M2019 to \$3.7m in 9M2020. The increase mainly arose from property, plant and equipment written off of \$1.6m and impairment loss of property, plant and equipment of \$1.5m.

##### **Administrative expenses**

Administrative expenses increased by \$3.2m or 57.2% from \$5.7m in 3Q2019 to \$8.9m in 3Q2020. The increase was mainly due to production salaries and related costs being re-classified from cost of sales during the production stand-down and suspension period .

Administrative expenses increased by \$8.5m or 53.1% from \$16.0m in 9M2019 to \$24.5m in 9M2020. The increase was mainly due to production salaries and related costs being re-classified from cost of sales during the production stand-down and suspension period , coupled with impairment loss on trade and other receivables.

##### **Finance expenses**

Finance expenses increased by \$0.2m from \$0.1m in 3Q2019 to \$0.3m in 3Q2020 and increased by \$0.3m or 70.6% from \$0.4m in 9M2019 to \$0.7m in 9M2020. The increase was mainly due to interest expenses on bank borrowings.

##### **Income tax credit / (expense)**

The Group did not recognise deferred tax asset on carried forward trade losses and capital allowances due to the uncertainty of its utilisation. The income tax credit in 3Q2020 is tax refund from prior year's assessment.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: -**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)**

**Statement of financial position**

**Current assets**

Total current assets decreased by \$24.5m from \$78.8m as at 31 December 2019 to \$54.3m as at 30 September 2020.

**Cash and cash equivalents** increased by \$0.5m from \$27.2m as at 31 December 2019 to \$27.7m as at 30 September 2020 mainly due to net cash flows generated from investing activities of \$9.4m offset by net cash flows used in operating activities and financing activities of \$5.6m and \$3.3m respectively.

**Trade and other receivables** dropped by \$8.4m from \$25.4m as at 31 December 2019 to \$17.0m as at 30 September 2020 mainly due to prompt payment by customers.

**Contract Assets** decreased by \$6.1m from \$14.6m as at 31 December 2019 to \$8.5m as at 30 September 2020 mainly due to slower progress of the projects.

**Assets held for sale** of \$9.5m as at 31 December 2019 was disposal of in the second quarter of 2020.

**Non-current assets**

Non-current assets decreased by \$10.4m from \$79.6m as at 31 December 2019 to \$69.2m as at 30 September 2020 mainly due to depreciation of property, plant and equipment; write-off of right-of-use assets, property, plant and equipment and impairment loss of property, plant and equipment..

**Current liabilities**

Total current liabilities increased by \$9.0m from \$48.1m as at 31 December 2019 to \$57.1m as at 30 September 2020.

**Trade and other payables** declined by \$7.0m from \$32.3m as at 31 December 2019 to \$25.3m as at 30 September 2020 mainly due to lower payables recorded, in line with slower progress of the projects.

**Provision for onerous contracts** of \$15.6m as at 30 September 2020 arose from unavoidable cost of fulfilling certain construction contracts with customers, that were in excess of the economic benefits expected to be received from the contracts.

**Contract liabilities** increased by \$5.1m from \$0.1m as at 31 December 2019 to \$5.2m as at 30 September 2020 mainly due to advanced billings to customers.

**Non-current liabilities**

Total non-current liabilities rose by \$2.6m from \$28.6m as at 31 December 2019 to \$31.2m as at 30 September 2020 mainly due to proceeds from bank borrowings.

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

**Lease liabilities (Current and Non-current)** decreased by \$1.6m mainly due to repayment of lease liabilities.

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

**Statement of cash flows**

The Group registered a decrease in cash and cash equivalent of \$13.4m from \$41.1m as at 30 September 2019 to \$27.7m as at 30 September 2020.

Net cash flows used in operating activities in 3Q2020 and 9M2020 were \$10.5m and \$5.6m respectively mainly due to less cash inflow from working capital.

Net cash flows generated from investing activities in 9M2020 of \$9.4m mainly due to proceed of disposal of assets held for sale and proceed from disposal of club memberships, partially offset by additions to property, plant and equipment.

Net cash flows used in financing activities in 3Q2020 and 9M2020 were \$2.6m and \$3.3m respectively. This was mainly due to repayment of bank borrowings and lease liabilities.

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

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

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

The Group's business activities continue to be adversely impacted by worldwide low oil price and the Covid-19 pandemic. The global demand and volume for FPSOs have dropped significantly, leading to stark competition in the market we operate in.

On top of that, the downtime and the restricted workforce stemming from the Covid-19 Circuit Breaker measures continue to cause significant disruption and delay in the execution of existing projects and to the prospective follow on and future projects that we have been bidding for. As we accelerate activity in 2H2020 to catch up with our project schedule, we had to contend with elevated labour costs, amongst other challenges, to fill the gap in the shortfall to our workforce from the limited pool of workers. This has in turn affected the progress we have been striving to make through cost-cutting measures to contain our high overheads.

In the midst of an extremely difficult operating environment, the Group is pleased to have concurrently announced that it has secured new fabrication projects from both new and repeat customers for a total provisional sum of S\$157.50 million. Adding on to the Group's net order book of S\$75.72 million as at 30 September 2020, this brings our order book to \$226.92 million as at the date of this announcement (after adjusting for the cancellation of a contract by an existing customer valued at S\$6.30 million as announced). Completion and deliveries for these projects will spread over approximately 20 months and as such, the Group expects to derive sustained revenue streams from these projects up to 2Q 2022. That said, the outlook for the year ahead remains challenging and fraught with uncertainties, with awarded projects subject to heightened risk of cancellation, deferral or rescheduling by customers.

The Group presses on with its cost-cutting measures and risk management initiatives to mitigate the uncertainty in the recovery period of Covid-19 on its overall business performance. At the same time, the Group has stepped up efforts to explore business opportunities with a view to extending its service offerings to complementary industries such as the clean/renewable energy sectors.

**11. Dividends**

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

No.

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

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

**13. Interested person transaction disclosure**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	9 months ended 30-Sep-20 \$'000	9 months ended 30-Sep-19 \$'000	9 months ended 30-Sep-20 \$'000	9 months ended 30-Sep-19 \$'000
<b>PURCHASES AND OTHER EXPENSES</b>				
<b>Green Scan Pte Ltd</b> Subcontracting Services	-	-	313	126
<b>Asian Lift Pte Ltd</b> Rental of floating crane/barge	-	-	227	27
<b>REVENUE</b>				
<b>Keppel FELS Limited</b> Other Adhoc projects (other services) ie: Barge Hiring/Provision of Berthing Space/Subcontracting Services	-	-	-	1,363
<b>Keppel Shipyard Limited</b> Subcontracting Services	-	-	5,203	5,852

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

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

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

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

BY ORDER OF THE BOARD

Lim Ah Cheng  
Executive Director and CEO  
09 November 2020