AA GROUP HOLDINGS LTD.
(Company Registration No.: 200412064D)

FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR AND FULL YEAR RESULTS

The Board of Directors of AA Group Holdings Ltd. (the "**Company**") is pleased to announce the consolidated results of the Company and its subsidiaries (the "**Group**") for the financial year ended 31 December 2018 ("**FY2018**"). The financial information in respect of FY2018 presented in this announcement has not been audited.

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

	Group		
	FY2018	**FY2017**	
	S$'000	**S$'000**	**% change**
Continued operations			
Revenue	19,474	11,185	74.11%
Cost of sales	(13,933)	(7,778)	79.13%
Gross profit	5,541	3,407	62.64%
Other operating income	160	36,315	-99.56%
Administrative costs	(4,897)	(3,956)	23.79%
Distribution costs	(1,120)	(471)	137.79%
Other operating costs	(501)	(425)	17.88%
Finance income	542	170	218.82%
Finance costs	(344)	(129)	166.67%
(Loss)/profit before income tax	**(619)**	**34,911**	-101.77%
Income tax expense	(536)	(176)	204.55%
(Loss)/profit for the year from continuing operations	**(1,155)**	**34,735**	-103.33%
Discontinued operations			
Loss for the year from discontinued operations	(4,013)	(5,393)	-25.59%
Total (loss)/profit for the year	**(5,168)**	**29,342**	-117.61%
Other comprehensive income/(loss), net of income tax			
- Exchange differences on translation of foreign operations	277	241	14.94%
- Reclassification of currency translation reserve upon disposal of subsidiaries	4,195	-	N.M
Total comprehensive (loss)/profit for the year	**(696)**	**29,583**	-102.35%
Attributable to:			
Equity holder of the Company			
- Continuing Operations	3,071	34,739	-91.16%
- Discontinued Operations	(3,735)	(5,152)	-27.50%
	(664)	29,587	-102.24%
Non-controlling interests			
- Continuing Operations	(32)	(4)	700.00%
- Discontinued Operations	-	-	N.M
	(32)	(4)	700.00%
	(696)	**29,583**	

"n.m." denotes not meaningful

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

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

Continuing operations:

	Group		
	FY2018 S$'000	FY2017 S$'000	% change
Depreciation of property, plant and equipment	3,023	3,061	-1.24%
Amortisation of intangible assets	495	412	20.15%
Bargain purchase arising from acquisition of a subsidiary	-	(35,505)	n.m.
Gain on disposal of quoted securities	-	(600)	n.m.
Allowance for impairment of trade receivables	60	144	-58,33%
Interest expense	344	129	166.67%
Interest income	(542)	(170)	218.82%

"n.m." denotes not meaningful

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

	Group		Company	
	31-Dec-18 S$'000	31-Dec-17 S$'000	31-Dec-18 S$'000	31-Dec-17 S$'000
Non-Current Assets				
Property, plant and equipment	59,527	61,562	-	-
Intangible assets	1,567	2,061	-	-
Goodwill	6,526	2,233	-	-
Investments in subsidiaries	-	-	36,700	27,700
Financial assets, available for sale	-	150	-	-
Financial assets, at fair value through other comprehensive income	150	-	-	-
	67,770	66,006	36,700	27,700
Current Assets				
Inventories	100	90	-	-
Trade and other receivables	17,072	11,526	2,238	2,318
Other current assets	136	185	6	6
Fixed deposits		-	-	-
Cash and bank balances	3,116	2,908	81	563
	20,424	14,709	2,325	2,887
Assets directly related to disposal group classified as held for sale	-	23,678	-	7,000
	20,424	38,387	2,325	9,887
Total Assets	**88,194**	**104,393**	**39,025**	**37,587**
Current Liabilities				
Trade payables	9,673	6,240	11,457	11,357
Hire purchase creditors	48	175	-	-
Bank borrowings	3,789	5,298	-	-
Bond payable	-	7,000	-	7,000
Current tax liabilities	1,722	1,604	-	-
	15,232	20,317	11,457	18,357
Liabilities directly associated with assets classified as held for sale	-	16,142	-	540
	15,232	36,459	11,457	18,897
Non-Current Liabilities				
Hire purchase creditors	59	41	-	-
Bank borrowings	820	1,533	-	-
Deferred tax liabilities	10,102	10,632	-	-
Bond payable	-	-	1,000	-
Other liabilities	648	648	-	-
	11,629	12,854	1,000	-
Total liabilities	**26,861**	**49,313**	**12,457**	**18,897**

Cont'd	Group		Company	
	31-Dec-18	31-Dec-17	31-Dec-18	31-Dec-17
	S$'000	S$'000	S$'000	S$'000
Capital and reserves:				
Share capital	35,225	28,131	35,225	28,131
Reserves	26,087	26,896	(8,657)	(9,441)
Equity attributable to owners of the Company	61,312	55,027	26,568	18,690
Non-controlling interests	21	53	-	-
Total Equity	**61,333**	**55,080**	**26,568**	**18,690**
Total Liabilities and Equity	**88,194**	**104,393**	**39,025**	**37,587**

(b)(ii) Aggregate amount of group borrowings and debt securities

Continuing operations

Amount payable in one year or less, or on demand

	As at 31 December 2018		As at 31 December 2017	
	Group Secured	Company Secured	Group Secured	Company Secured
	S$'000	S$'000	S$'000	S$'000
Bond payable	-	-	7,000*	7,000*
Bank borrowings	3,789	-	5,298	-
Hire purchase creditors	48	-	175	-

** Unsecured*

Amount payable after one year

	As at 31 December 2018		As at 31 December 2017	
	Group Secured	Company Secured	Group Secured	Company Secured
	S$'000	S$'000	S$'000	S$'000
Bond payable	-	1,000*	-	-
Bank borrowings	820	-	1,533	-
Hire purchase creditors	59	-	41	-

** Unsecured*

*As at 31 December 2017, the Company and the Group had unsecured borrowings of S$7,000,000 which were classified as current liabilities as the Company had intended to repay the bond (which was issued to Poh Huat Heng Corporation Pte Ltd ("**PHH**") in 2017 and matures on 20 February 2020) in full within one year or less. However, the Company only repaid S$6,000,000 and an outstanding amount of S$1,000,000 remains, which is payable in 2020. Therefore, as at 31 December 2018, the Company had unsecured borrowings of S$1,000,000 repayable after one year. As PHH became a wholly-owned subsidiary of the Company from 17 December 2018, as at 31 December 2018, there are no unsecured borrowings held by the Group.*

Details of any collateral

All of the Group's secured borrowings were either obtained through a pledge of assets of property, plant and equipment by the Group or personal guarantee provided jointly and severally by directors.

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

	Group	
	FY2018	FY2017
	S$'000	S$'000
Cash Flows from Operating Activities:		
(Loss)/profit before income tax – Continuing operations	(619)	34,912
Loss before income tax – Discontinued operations	(4,013)	(5,760)
Negative goodwill arising from acquisition of a subsidiary	-	(35,505)
Allowance for impairment of trade receivables	60	441
Loss on disposal of subsidiaries	53	-
Gain on disposal of quoted securities	-	(600)
Amortisation of intangible assets	495	412
Amortisation of prepaid land lease payments	-	9
Depreciation of property, plant and equipment	3,179	4,665
Property, plant and equipment written off	75	-
Impairment of property, plant and equipment on transfer of assets classified as held for sales	-	3,982
Impairment of property, plant and equipment	-	1,851
Net foreign exchange loss-unrealised	20	45
Inventories written down	-	36
Interest income	(542)	(170)
Interest expense	344	616
Operating cash flows before changes in working capital	(948)	4,934
Changes in working capital:		
Inventories	3,468	189
Trade and other receivables, and other current assets	7,462	292
Trade and other payables	(7,761)	180
Cash generated from operations	2,221	5,595
Interest received	58	80
Interest paid	(344)	(596)
Income tax paid	(983)	(58)
Tax refund	-	22
Net cash from operating activities	**952**	**5,043**
Cash Flow from Investing Activities		
Net cash outflow on the acquisition of subsidiaries	(382)	(5,707)
Proceeds from disposal of subsidiaries	7,347	-
Loans receivable due from third party companies	-	(8,590)
Purchase of property, plant and equipment	(254)	(2,195)
Proceeds from disposal of property, plant and equipment	8	135
Net cash from/(used in) investing activities	**6,719**	**(16,357)**
Cash Flows from Financing Activities:		
Proceed from issuance of ordinary shares	94	3,288
Repayment of loan to shareholders	-	(1,730)
Proceeds from bills payable		14,636
Repayment of bills payable	-	(14,376)
Repayment of hire purchase creditors	(192)	(1,803)
Proceeds from money market loans	1,980	4,500
Repayment of term loans	(4,284)	(665)
Repayment to directors	-	(13)
Repayment of bond	(6,000)	-
Net cash (used in)/generated from financing activities	**(8,402)**	**3,837**
Net decrease in cash and cash equivalents	(731)	(7,477)
Cash and cash equivalents at the beginning of the year	3,847	10,384
Effect of exchange rate changes on the balance of cash held in foreign currencies	-	1
Cash and cash equivalents at end of the year	**3,116**	**2,908**

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

Group

	Attributable to equity holders of the Company						
	Share Capital	Merger Reserve	Translation Reserve	Retained Earnings	Total	Non-controlling	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 31 December 2017	28,131	(6,478)	(4,476)	37,850	55,027	53	55,080
Adoption of FRS109	-	-	-	(145)	(145)	-	(145)
Balance as at 1 January 2018, adjusted	28,131	(6,478)	(4,476)	37,705	54,882	53	54,935
Issuance of ordinary shares	7,094	-	-	-	7,094	-	7,094
Loss for the year	-	-	-	(5,136)	(5,136)	(32)	(5,168)
Other comprehensive income for the year							
Exchange differences on translation of foreign operations	-	-	277	-	277	-	277
Reclassification of currency translation reserve upon disposal of subsidiaries	-	-	4,195	-	4,195	-	4,195
Total comprehensive loss for the year	-	-	4,472	(5,136)	(664)	(32)	(696)
Balance as at 31 December 2018	35,225	(6,478)	(4)	32,569	61,312	21	61,333

Group

	Attributable to equity holders of the Company						
	Share Capital	Merger Reserve	Translation Reserve	Accumulated Earnings	Total	Non-controlling	Total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 January 2017	22,143	(6,478)	(4,717)	8,503	19,451	-	19,451
Issuance of ordinary shares	5,988	-	-	-	5,988		5,988
Acquisition in the year	-	-	-	-	-	57	57
Profit/(loss) for the year	-	-	-	29,347	29,347	(4)	29,343
Other comprehensive income for the year							
Exchange differences on translation of foreign operations	-	-	241	-	241	-	241
Total comprehensive loss for the year	-	-	241	29,347	29,588	(4)	29,584
Balance as at 31 December 2017	28,131	(6,478)	(4,476)	37,850	55,027	53	55,080

Company

	Share Capital	Accumulated (Losses)	Total
	S$'000	S$'000	S$'000
Balance as at 1 January 2018	28,131	(9,441)	18,690
Issue of ordinary shares	7,094	-	7,094
Total comprehensive income for the year	-	784	784
Balance as at 31 December 2018	35,225	(8,657)	26,568

Company

	Share Capital	Accumulated (Losses)	Total
	S$'000	S$'000	S$'000
Balance as at 1 January 2017	22,143	(2,892)	19,251
Issue of ordinary shares	5,988	-	5,988
Total comprehensive loss for the year	-	(6,549)	(6,549)
Balance as at 31 December 2017	28,131	(9,441)	18,690

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

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

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

In FY2018, 7,836,000 warrants were exercised and converted into 7,836,000 new ordinary shares in the Company. Further, the Company issued 350,000,000 ordinary shares as consideration for the acquisition of Poh Huat Heng Corporation Pte Ltd, following which the total number of issued shares (excluding treasury shares) increased from 1,423,018,461 to 1,780,854,461. The number of outstanding warrants as at 31 December 2018 is 680,945,760.

The Company does not have any treasury shares as at 31 December 2018 and 31 December 2017. Further, the subsidiaries do not hold any shareholdings in the Company as at 31 December 2018 and 31 December 2017.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 December 2018	As at 31 December 2017
Total number of issued shares	1,780,854,461	1,423,018,461

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

Not applicable as the Company did not have treasury shares during and as at the end of FY2018.

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

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

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

Not applicable.

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

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period as those of the audited financial statements for the financial year ended 31 December 2018.

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

In December 2017, the Accounting Standards Council ("ASC") issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"). SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") at 31 December 2017 that are applicable for annual period beginning on 1 January 2018.

Singapore-incorporated companies that have issued, or are in the process of issuing, equity or debt instruments for trading in a public market in Singapore, will apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I) on 1 January 2018. In addition to the adoption of the new framework, the Group concurrently applies the new SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s which are mandatorily effective from the same date.

The Group does not expect the application of the new standards and interpretations to have a significant impact on the financial statements, except for SFRS(I) 1, SFRS(I) 9 and SFRS(I) 15.

<u>SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)</u>

SFRS(I) 1 required that the Group applied SFRS(I) on a retrospective basis and restatement of comparatives may be required because of SFRS(I) 1 requires both the operating balance sheet and comparative information to be prepared using the most current accounting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application, but these are often different from those specific transition provisions in individual FRSs applied to FRS financial statements. The adoption of SFRS(I) 1 does not have any significant impact on the Group's financial statements.

<u>SFRS(I) 9 Financial Instruments</u>

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. The Group's trade receivables are subjected to the expected credit loss impairment model under SFRS(I) 9.

The Group has elected to apply the short-term exemption to adopt SFRS(I) 9 on 1 January 2018. Accordingly, the requirements of SFRS 39 Financial Instruments: Recognition and Measurement are applied to financial instruments up to the financial year ended 31 December 2017. The Group is also exempted from complying with SFRS(I) 7 Financial Instruments: Disclosure to the extent that the disclosures required by SFRS(I) 7 relate to the items within scope of SFRS(I) 9.

SFRS(I) 9 requires the Group to record expected credit losses ("ECL") on all of its loans and trade receivables, either on a 12-month or lifetime basis. The Group adopts the simplified approach and records lifetime ECL on all trade receivables. As a result, receivables and retained earnings as at 1 January 2018 were adjusted by S$145,000.

<u>SFRS(I) 15 Revenue from Contracts with Customers</u>

SFRS(I) 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. The adoption of SFRS(I) 15 does not have any significant impact on the Group's financial statements.

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

	FY2018	FY2017
Continuing operations:		
Earnings/(Loss) per share (Singapore cents)		
- Basic basis (1)	**(0.05)**	**2.63**
- Diluted basis (2)	**(0.04)**	**2.01**

Notes:

(1) Earnings/(Loss) per share were calculated based on the weighted average number of issued shares in each of FY2018 and FY2017, being 2,341,295,179 and 1,319,239,496 ordinary shares respectively.

(2) Earnings/(Loss) per share were calculated based on the weighted average number of issued shares and outstanding warrants (if any) in each of FY2018 and FY2017, being 2,592,169,933 and 1,732,508,552 ordinary shares respectively.

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

	Group		Company	
	As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Net asset value per ordinary share (Singapore cents) (1)	**3.44**	**3.87**	**1.49**	**1.68**

Note:

(1) NAV per share were computed based on the issued share capital of 1,780,854,461 ordinary shares as at 31 December 2018 and 1,423,108,461 ordinary shares as at 31 December 2017.

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

Statement of Comprehensive Income

During the financial year ended 31 December 2017 ("FY2017"), the Group has entered into contractual arrangement to dispose Toko Construction Pte Ltd and, Allied Advantage Sdn. Bhd. and its subsidiary (collectively the "Discontinued Operations"). The disposals were completed in February 2019 and January 2019 respectively. The profit or loss arising from the Discontinued Operations has been reclassified to "Loss for the year from discontinued operations".

Continuing operations

(a) During the financial year ended 31 December 2018 ("FY2018"), the revenue amounting to approximately S$19.47 million arose from the Group's continued operations, that are mainly in relation to the contracted leasing/service income, the manufacturing of articles of concrete, cement and plaster, and supply/manufacture of ready-mix concrete, precast component and related products, which amounted to S$8.87 million, S$7.66 million and S$2.94 million respectively.

(b) In FY2018, the cost of sales amounting to approximately S$13.93 million is mainly in relation to cost of inventories arising from the supply and manufacturing activities, and depreciation of the investment property and, property, plant and equipment.

(c) Gross profit arising from continued operation in FY2018 amounted to approximately S$5.54 million or 28.45%, which is attributable to the leasing activities and the manufacturing/supply of ready-mix concrete, precast component and related products.

(d) In FY2018, the Group's other operating income decreased substantially. It is mainly due to a one-off bargain purchase amounting to approximately S$35.51 million, which arose from the acquisition of Engineering Manufacturing Services (S) Pte Ltd ("EMS") in February 2017.

(e) Compared to FY2017, the Group's administrative expenses increased by approximately S$0.94 million or 23.79%, which is mainly due to the full year consolidation of subsidiaries acquired in FY 2017 and recording the additional administrative expenses as part of the Group's results in FY2018.

(f) The Group's distribution costs arose from the supply and manufacturing activities of W&P Corporation ("WPC") and WP Precast ("WPP"). It increased by $0.65 million as compared to FY 2017, mainly due to full year consolidation of the upkeep of motor vehicles expenses.

(g) The Group's other expenses are mainly in relation to the amortisation of intangible asset and the depreciation expenses recognised in the Group's continued operations is mainly in relation to the leasehold property held by EMS.

(h)The Group's income tax for FY2018 amounted to approximately S$0.54 million. S$0.41 million is in relation to deferred tax arising from timing difference between depreciation and tax capital allowances while approximately S$0.95 million is current income tax expenses arising from the chargeable income as a result of the Group's business activities in FY2018.

<u>Statement of Comprehensive Income</u>

<u>Discontinued operations</u>

(a) Discontinued operations pertain to the results of Allied Advantage Sdn Bhd and its subsidiaries and Toko Construction Pte. Ltd. up to the date of disposal in FY18. A loss of $4.01 million was recorded by discontinued operations this year due mainly to loss from the operation amounting to S$3.96 million.

<u>Balance Sheet</u>

(a) As at 31 December 2018, the Group's property, plant and equipment ("PPE") amounted to approximately S$59.53 million which constituted 87.84% of the Group's non-current assets. The decrease is mainly due to the disposal PPE arising from subsidiaries disposal amounting to approximately S$11.73 million.

(b) The intangible assets are in relation to the fair value of the contractual rental agreements entered with EMS on the date of acquisition in FY2017 (the "Agreements"). Compared to 31 December 2017, the decrease is mainly due to recognition of amortisation expenses of S$0.49 million.

(c) Compared to 31 December 2017, the increase in the carrying amount of the Group's goodwill is mainly due to the goodwill arising from the consolidations of Poh Huat Heng Corporation Pte. Ltd. ("PHH") (i.e. the newly acquired subsidiary on 17 December 2018) amounting to approximately S$4.29 million.

(d) As at 31 December 2018, the inventories increased slightly by S$0.01 million.

(e) Compared to 31 December 2017, the trade and other receivables increased by 48.12% while other current assets and decreased by 26.49%. This is mainly due to the consolidation of the newly acquired subsidiary in FY2018 amounting to approximately S$9.80 million.

(f) "Assets classified as held for sale" and "Liabilities directly associated with assets classified as held for sale" are in relation to assets and liabilities held by Toko and AASB respectively. Both disposal was completed in early 2019.

(g) The increase in the Group's cash and bank balances is mainly due to the cash inflow arising from the disposal of subsidiaries.

(h) The Group's bank borrowings are used mainly for working capital purpose.

(i) As at 31 December 2018, the current tax liabilities mainly arose from the net chargeable income generated by EMS for the financial year ended 31 December 2018.

(j) Compared to 31 December 2017, the increase in the Group's share capital is mainly due to issuance of ordinary shares as part of the settlement of the purchase considerations of PHH, and issuance of shares arising from the exercise of warrants in FY2018.

<u>Statement of Cash flows</u>

In FY2018, the net decrease in the Group's cash and cash equivalents amounted to approximately S$0.73 million, which is attributable to the followings:

(i) Net cash generated from operating activities: S$0.95 million;
(ii) Net cash generated from investing activities: S$6.72 million; and
(iii) Net cash used in financing activities: S$8.40 million.

(i) *The operating cash outflows before changes in working capital amounted to S$0.95 million and the net cash generated from operating activities is mainly due to decrease in inventories and trade and other receivables, and other current assets amounting to S$3.47 million and S$7.46 million respectively.*
(ii) *The net cash generated from investing activities is mainly attributable to net cash inflow arising from the disposal of subsidiaries of S$7.35 million, acquisition of subsidiary of S$0.38 million and purchase of plant and equipment of S$0.26 million.*
(iii) *The net cash used in financing activities is mainly due to payments of bond amounting to S$6.00 million and net repayments for bank borrowing amounting to S$2.30 million.*

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

No forecast or prospect statement was made in the previous announcement.

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

As at the date of the announcement, the Group is principally engaged in the following business:
(a) Supply and manufacturing of ready-mix concrete, precast component and related products;
(b) Manufacturing of articles of concrete, cement and plaster; and
(c) Providing one-stop high value-added general warehousing and logistics services, industrial and office space for engineering, and manufacturing and industrial training and workers' dormitory facilities.
(d) Providing underground cable installation and road reinstatement service

The Group expects its supply and manufacturing business to be challenging as most know that the industry is probably at the trough of the market cycle and the Group faces increased competition in this sector. However, the Group expects a consistent flow of revenue contribution from Engineering Manufacturing Services (S) Pte Ltd for the next 12 months, mainly arising from contracted leasing/service income.

Considering the uncertain global and regional economic environments, as well as stiff competition from other players in the respective industries, the management of the Group maintains a cautious outlook and expects the business environment to remain highly challenging for the next 12 months.

The Group will continue to look for the right opportunities to diversify its businesses and revenue streams. This could happen through further acquisitions, investments or the starting of new businesses. It is important that the Group stays diversified so that it will be able to ride any potential storm that comes its way.

11. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?
No dividend is declared for the current financial period reported on.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?
No dividend is declared for the corresponding period of the immediately preceding financial year.

(c) Date payable
Not applicable.

(d) Books closure date
Not applicable.

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

No dividend has been declared or recommended for the financial year ended 31 December 2018. The available fund will be retained for working capital use.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

(i) Business segments

Group Consolidated Profit and Loss Statement

	Continuing segment					Discontinued Segment		
	Leasing and service income S$'000	Manufacturing of articles of concrete, cement and plaster S$'000	Supply and manufacturing of ready-mix concrete products S$'000	Others S$'000	Total S$'000	Manufacturing of speaker parts S$'000	Construction activities S$'000	Grand total S$'000
FY 2018								
Revenue	8,871	2,944	7,659	-	19,474	2,873	-	22,347
Segment results	3,910	186	1,444	-	5,540	(3,605)	-	1,935
Allocated operating income /(expenses) – net	(1,480)	(998)	(1,872)	(2,007)	(6,357)	(278)	(42)	(6,677)
Finance income	383	-	-	160	543	-	-	543
Finance costs	(331)	(6)	(8)	-	(345)	(88)	-	(433)
Loss before income tax	2,482	(818)	(436)	(1,847)	(619)	(3,971)	(42)	(4,632)
Income tax	(532)	(1)	-	(3)	(536)	-	-	(536)
Loss for the year	1,950	(819)	(436)	(1,850)	(1,155)	(3,971)	(42)	(5,168)
Segment assets - unallocated	65,376	2,476	3,182	17,160	88,194	-	-	88,194
Segment liabilities - unallocated	18,605	1,010	3,430	3,816	26,861	-	-	26,861

	Continuing segment					Discontinued Segment		
	Leasing and service income S$'000	Manufacturing of articles of concrete, cement and plaster S$'000	Supply and manufacturing of ready-mix concrete products S$'000	Others S$'000	Total S$'000	Manufacturing of speaker parts S$'000	Construction activities S$'000	Grand total S$'000
FY 2017								
Revenue	7,637	886	2,662	-	11,185	17,641	14	28,840
Segment results	2,968	33	405	-	3,406	1,632	8	5,046
Allocated operating income /(expenses) – net	34,055	(236)	(757)	(1,599)	31,463	(6,369)	(528)	24,566
Finance income	58	-	-	112	170	-	-	170
Finance costs	(121)	(3)	(4)	-	(128)	(503)	-	(631)
Loss before income tax	36,960	(206)	(356)	(1,487)	34,911	(5,240)	(520)	29,151
Income tax	(243)	50	17	-	(176)	367	-	191
Loss for the year	36,717	(156)	(339)	(1,487)	34,735	(4,873)	(520)	29,342
Segment assets - unallocated	69,493	2,559	3,495	5,168	80,715	22,981	697	104,393
Segment liabilities - unallocated	21,347	562	3,234	8,028	33,171	15,720	422	49,313

Group Consolidated Balance Sheet

	As at 31 December 2018 S$'000	As at 31 December 2017 S$'000
Assets		
Total assets	88,194	104,393
Liabilities		
Total liabilities	26,861	49,313

(ii) Geographical segment

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

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

Please refer to Note 8 of this announcement.

15. A breakdown of sales as follows:

	Group FY2018 S$'000	Group FY2017 S$'000	Increase / (Decrease) %
Sales reported for first half year	9,801	12,828*	-24%
Operating profit after tax reported for first half year	235	35,879*	-99%
Sales reported for second half year	9,673	16,012	-40%
Operating loss after tax reported for the second half year	(1,390)	(6,537)	-79%

** Prior to reclassification of operating subsidiaries as discontinued operations in 2nd half of FY2017.*

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

	2018 S$ '000	2017 S$ '000
Ordinary shares	-	-
Preference shares	-	-
Total	-	-

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

During the financial year ended 31 December 2018, there is no IPTs between any interested person and the Group.

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

With reference to the announcement dated 03 April 2017, the net proceeds of approximately $9.54 million (after deducting expenses of about $88,000) raised from the Rights Issue as follows:

Intended use	Percentage allocated	Amount utilised (S$'000)	Balance (S$'000)
For business expansion and financing business ventures through acquisitions and/or strategic investments	80-95	S$8,214 (86%)	NIL
Working capital purposes	5-20	S$1,326 (14%)	NIL
Total	**100**	**S$9,540 (100%)**	**NIL**

The use of proceeds from the Rights Issue is in accordance with the stated use as disclosed to shareholders of the Company.

As at 31 December 2018, 281,816,250 Warrants have been exercised and the Company has raised net proceeds of approximately S$3,381,795. The Company has applied the proceeds of approximately S$3,369,000 as follows:

Intended use	Amount utilised (S$'000)
For business expansion through the setting up of a subsidiary and the intended businesses of such subsidiary	S$2,000 (59%)
Working capital purposes	S$1,369 (41%)
Total	S$3,369 (100%)

The remaining net proceeds is S$12,795. This is consistent with the intended use as disclosed in the Previous Announcements and the Offer Information Statement.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Jun Hao	30	Nephew of Executive Director, Tan Poh Guan	Director, Engineering Manufacturing Services (S) Pte. Ltd., January 2019 – Present Director, Poh Huat Heng Corporation Pte. Ltd., August 2014 – Present	NA

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

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

BY ORDER OF THE BOARD

Lai Choong Hon
Executive Director
1 March 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The Sponsor has not independently verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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