

ACROMEC LIMITED

(incorporated in the Republic of Singapore)
(Company Registration Number: 201544003M)



UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2020 (“FY2020”)

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The contact person for the Sponsor is Mr Joseph Au, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.

Background

ACROMEC Limited (together with its subsidiaries, the “Group”) was listed on Catalist of the SGX-ST on 18 April 2016, pursuant to an initial public offering (the “IPO”) exercise. The Group is primarily a Singapore-based specialist engineering services provider in the field of controlled environments. It currently serves mainly the healthcare, pharmaceutical, biomedical science, research and academia, and electronics sectors.

The Group’s business is currently divided into two main reportable business segments:

- (1) Engineering, Procurement and Construction (“EPC”) segment; and
- (2) Maintenance segment.

The EPC segment provides engineering, procurement and construction services, specialising in architectural, mechanical, electrical and process works within controlled environments. The Maintenance segment provides maintenance and repair services for facilities and equipment of controlled environments and their supporting infrastructure.

The Group has expanded and diversified its core business to include the renewable energy business in FY2019 following the approval by shareholders at an extraordinary general meeting held on 4 July 2019. The renewable energy business segment includes but not limited to the building, owning and operating of power plants involving the generation of electricity using sustainable sources. The renewable energy is not a reportable business segment as there are no material contributions to revenues and profits as at the end of FY2020.

PART I: INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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.

	Group		Increase/ (Decrease) %
	Financial Year Ended 30 Sep		
	2020 S\$'000	2019 S\$'000	
Revenue	23,101	31,904	(28)
Cost of sales	(19,936)	(25,981)	(23)
Gross profit	3,165	5,923	(47)
Other operating income	473	110	N.M
	3,638	6,033	40
Administrative expenses	(3,880)	(5,009)	(23)
Other operating expenses	(1,063)	(825)	29
Finance costs	(236)	(171)	38
(Loss)/Profit before income tax	(1,541)	28	N.M
Income tax credit	24	10	N.M
(Loss)/Profit for the year	(1,517)	38	N.M
Other Comprehensive income/(loss)			
Exchange translation difference	-	(2)	N.M
Total comprehensive (loss)/income for the year	(1,517)	36	N.M
(Loss)/Profit attributable to:			
Owners of the Company	(1,514)	30	N.M
Non-controlling interests	(3)	8	N.M
Total comprehensive (loss)/income attributable to:			
Owners of the Company	(1,514)	29	N.M
Non-controlling interests	(3)	7	N.M

N.M : not meaningful

1(a)(ii) Notes to the statement of comprehensive income

	Group		
	Financial Year Ended 30		Increase/
	Sep		(Decrease)
	2020	2019	%
	S\$'000	S\$'000	
Profit for the financial year is arrived at after (charging)/crediting the following:			
Depreciation	(807)	(614)	31
Impairment of Goodwill	(95)	-	N.M
Loss on disposal of property, plant and equipment	(11)	-	N.M
Interest income	43	38	13
Foreign exchange gain (Net)	30	13	N.M

N.M : not meaningful

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

	Group		Company	
	30 Sep 2020	30 Sep 2019	30 Sep 2020	30 Sep 2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Investment in subsidiaries	-	-	15,034	13,078
Goodwill	183	278	-	-
Investment property	1,637	1,673	-	-
Property, plant and equipment	5,806	1,751	-	-
Right-of-use assets	1,334	-	-	-
Total non-current assets	8,960	3,702	15,034	13,078
Current assets				
Trade receivables	4,630	7,603	-	-
Other receivables, deposits and prepayments	868	238	20	28
Contract assets	1,793	2,786	-	-
Amounts due from subsidiary	-	-	14	317
Loan to subsidiary	-	-	415	2,165
Cash and bank balances ⁽¹⁾	7,324	8,879	42	73
Total current assets	14,615	19,506	491	2,583
Total assets	23,575	23,208	15,525	15,661
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	6,569	7,838	369	217
Bill payables	300	3,414	-	-
Contract liabilities	2,377	1,715	-	-
Lease liabilities	226	83	-	-
Income tax payable	54	76	30	30
Bank loans	2,915	118	-	-
Total current liabilities	12,441	13,244	399	247
Net current assets	2,174	6,262	92	2,336
Non-current liabilities				
Bank loans	4,948	1,825	-	-
Lease Liabilities	171	47	-	-
Deferred tax liabilities	22	31	-	-
Total non-current liabilities	5,141	1,903	-	-
Net assets	5,993	8,061	15,126	15,414

**Equity attributable to the owners
of the Company**

Share capital	16,225	16,225	16,225	16,225
Merger reserve	(4,718)	(4,718)	-	-
Capital reserve	196	-	-	-
Foreign translation reserves	(2)	(2)	-	-
Retained earnings	(5,714)	(4,200)	(1,099)	(811)
Shareholders' equity	<u>5,987</u>	<u>7,305</u>	<u>15,126</u>	<u>15,414</u>
Non-controlling interests	<u>6</u>	<u>756</u>	<u>-</u>	<u>-</u>
Total equity	<u>5,993</u>	<u>8,061</u>	<u>15,126</u>	<u>15,414</u>
Total liabilities and equity	<u>23,575</u>	<u>23,208</u>	<u>15,525</u>	<u>15,661</u>

Note:

- (1) The amount stated includes fixed deposits of S\$3,256,000 (30 September 2019: S\$3,248,000) pledged as collaterals for banking facilities.

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 at the end of the immediately preceding financial year

	30 Sep 2020		30 Sep 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	508	2,813	3,615	-
Amount repayable after one year	1,885	3,187	1,872	-
Total borrowings	<u>2,393</u>	<u>6,000</u>	<u>5,487</u>	<u>-</u>

Details of collateral

- i. Bill payables of S\$300,000 (30 September 2019: S\$3,415,000) is secured by fixed deposits pledged with banks.
- ii. Bank loans of S\$1,863,000 (30 September 2019: S\$1,942,000) is secured on the Group's properties. Bank loans of S\$6,000,000 is unsecured.
- iii. Lease liabilities of S\$230,000 (30 September 2019: S\$130,000) is secured on the Group's motor vehicles.

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	
	Financial Year Ended	
	30 Sep	
	2020	2019
	S\$'000	S\$'000
Operating activities		
(Loss)/Profit before income tax	(1,541)	28
Adjustments for:		
Depreciation	807	614
Impairment loss on goodwill	94	-
Interest income	(43)	(38)
Interest expense	236	171
Loss on disposal of property, plant and equipment	11	-
Operating cash flows before movements in working capital	(436)	775
<i>Movements in working capital</i>		
Trade receivables	2,972	(3,273)
Other receivables, deposits and prepayments	(630)	73
Contract assets (net)	1,655	752
Trade and other payables	(2,051)	228
Bill payables	(3,115)	2,209
Cash (used in)/generated from operations	(1,605)	764
Interest received	43	38
Income taxes paid	(7)	(2)
Net cash (used in)/from operating activities	(1,569)	800
Investing activities		
Purchase of property, plant and equipment	(4,728)	(226)
Acquisition of non-controlling interests in a subsidiary	(550)	-
Net cash used in investing activities	(5,278)	(226)
Financing activities		
Increase in fixed deposits pledged	(7)	(7)
Proceeds from borrowings	6,300	-
Repayment of borrowings	(772)	(505)
Interest paid	(236)	(171)
Net cash from/(used in) financing activities	5,285	(683)
Net decrease in cash and cash equivalents	(1,563)	(109)
Cash and cash equivalents at beginning of financial year	5,630	5,741
Effects of foreign exchange rate changes	-	(2)
Cash and cash equivalents at end of financial year ⁽¹⁾	4,068	5,630

Note:

- (1) The amount stated excludes fixed deposits of S\$3,256,000 (30 September 2019: S\$3,248,000) pledged as collaterals for banking facilities.

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

Group	Attributable to Owners of the Company						Non-controlling interests	Total Equity
	Share capital	Merger reserve	(Accumulated losses) / Retained earnings	Capital reserves	Translation reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance as at 1 October 2019	16,225	(4,718)	(4,200)	-	(2)	7,305	756	8,061
Loss for the financial year	-	-	(1,514)	-	-	(1,514)	(3)	(1,517)
Acquisition of non-controlling interest in a subsidiary				196	-	196	(747)	(551)
Balance as at 30 September 2020	16,225	(4,718)	(5,714)	196	(2)	5,987	6	5,993
Balance as at 1 October 2018	16,225	(4,718)	(4,230)	-	-	7,277	748	8,025
Profit for the financial year	-	-	30	-	-	30	8	38
Other comprehensive loss	-	-	-	-	(2)	(2)	-	(2)
Balance as at 30 September 2019	16,225	(4,718)	(4,200)	-	(2)	7,305	756	8,061

Company	Share capital	(Accumulated losses) / Retained earnings	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2019	16,225	(811)	15,414
Total comprehensive loss for the financial year	-	(288)	(288)
	<hr/>		
Balance as at 30 September 2020	16,225	(1,099)	(15,126)
	<hr/>		
Balance as at 1 October 2018	16,225	(489)	15,736
Total comprehensive loss for the financial year	-	(322)	(322)
	<hr/>		
Balance as at 30 September 2019	16,225	(811)	15,414
	<hr/>		

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

	Company	
	Number of ordinary shares	Issued and paid-up share capital
Issued and paid-up share capital as at 30 September 2020	138,563,978	S\$16,225,000
Issued and paid-up share capital as at 31 March 2020	138,563,978	S\$16,225,000

There are no changes in the Company's share capital since the end of the previous period reported on. There were no outstanding convertibles, treasury shares and subsidiary holdings 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 total number of issued ordinary shares as at 30 September 2020 is 138,563,978 (30 September 2019: 138,563,978). There were no treasury shares held by the Company as at 30 September 2020 and 30 September 2019.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial year ended 30 September 2020.

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

Not applicable. The Company did not have subsidiary holdings during and as at the end of the current financial year ended 30 September 2020.

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

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

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

Not applicable.

- 3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) Updates on the efforts taken to resolve each outstanding audit issue.**
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

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.**

The Group has consistently applied the same accounting policies and methods of computation for the current financial year compared to the most recently audited annual financial statements except for the new accounting policies adopted as mentioned in section 5.

- 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.**

There is no change to the Group's accounting policies from prior year, other than those arising from the application of SFRS(I) 16 *Leases* which is effective from October 1, 2019, and the election of certain transition options available under SFRS(I) 16.

The Group has elected to apply SFRS(I) 16 retrospectively in accordance with SFRS(I) 16:C5(b). The Group adopted the simplified transition approach and the comparative amount for the year prior to first adoption was not restated. All right-of-use ("ROU") assets will be measured at the amount of the lease liability (adjusted for any prepaid or accrued lease expenses).

Management has applied the transition exemption to:

- Short-term leases; and
- Leases of low value assets

	October 1, 2019
	\$'000
Operating lease commitments as at September 30, 2019	621
Less: Short-term leases	(153)
Less: Effect of discounting the above amounts	(21)
Add: Finance lease liabilities recognised under SFRS(I) 1-17 at September 30, 2019	129
Lease liabilities recognised as at October 1, 2019	<u>576</u>

During the year, the right of use of a leasehold property and motor vehicles previously recognised within Property, plant and equipment which amounted to \$1,090,000 was reclassified to 'right-of-use assets' under SFRS(I) 16 at date of initial application.

Consequently, right-of-use assets of \$1,537,000 was recognised on October 1, 2019.

The Group and the Company adopted the following new Singapore Financial Reporting Standards (International) ("SFRS(I)"), interpretations and amendments to SFRS(I)s effective from 1 January 2020 are not expected to have a significant impact on the Group's consolidated financial statements and the Company's financial statements:

- Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) 1-8 *Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material*
- Amendments to SFRS(I) 3 *Business Combinations: Definition of a Business*
- Amendments to References to the Conceptual Framework in SFRS(I) Standards

6. 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	
	Financial Year Ended 30 Sep 2020	2019
(Loss)/Profit attributable to owners of the Company (S\$'000)	<u>(1,514)</u>	<u>30</u>
Weighted average number of ordinary shares	<u>138,563,978</u>	<u>138,563,978</u>
(Loss)/Earnings per share (basic and diluted) (cents)	<u>(1.09)</u>	<u>0.02</u>

The basic and dilutive earnings per share is the same as there were no potentially dilutive ordinary shares in issue, for the financial year ended 30 September 2020 and 30 September 2019 respectively.

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

	Group		Company	
	30-Sep-2020	30-Sep-2019	30-Sep-2020	30-Sep-2019
Net Asset Value per share (cents)	<u>4.32</u>	<u>5.27</u>	<u>10.92</u>	<u>11.12</u>
Net Asset Value (S\$'000)	<u>5,987</u>	<u>7,305</u>	<u>15,126</u>	<u>15,414</u>
Number of ordinary shares used	<u>138,563,978</u>	<u>138,563,978</u>	<u>138,563,978</u>	<u>138,563,978</u>

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

REVIEW OF GROUP RESULTS

Revenue decreased by 28% for the year mainly due to decreased business activities as the effects of the COVID-19 pandemic affected the Group's projects. Construction activities at our work sites have been slow and hampered due to restrictions imposed on workers to counter the widespread infection at dormitories and import of procurement of materials as COVID-19 spread globally. Project owners also exercise caution, delaying to award project tenders following the effects of COVID-19.

The gross profit margin also decreased from approximately 19% to 14% this year due to additional cost incurred in manpower and overheads as projects were delayed due to COVID-19 restrictions. Accordingly, the Group recorded lower gross profit.

Other operating income increased mainly due to the increase of government grants received.

Administrative expenses dipped 23% mainly due to staff costs, in part contributed by government's COVID-19 subsidy, and also the overall decrease in other administrative costs as the Group continues to keep a lid on its costs. Other operating expenses increased mainly due to increase in depreciation as a result of depreciation of right-of-use assets. The right-of-use asset was recognised due to adoption of SFRS(I) 16, previously accounted for as rental expenses. Finance cost increased mainly due to increase in bank borrowings under the Enterprise Financing Scheme, which were undertaken to beef up the Group's cashflows as it deals with the uncertainty of the pandemic.

Taxation and share of profit of non-controlling interest of the Group is negligible. .

On the back of lower revenue during the COVID-19 pandemic, the Group turned in a net loss attributable to shareholders in FY2020.

REVIEW OF GROUP'S FINANCIAL POSITION

Non-current assets increased mainly due to additions to property, plant and equipment arising from the construction of its waste-to-energy plant for the Group's renewable energy business and the recognition of right-of-use asset as a result of adoption of SFRS(I) 16. The plant is currently under construction as at the end of the financial year.

Current assets decreased mainly due to the decrease in trade receivables and contract assets arising from lower business activities. Cash and bank balances also dipped in line with lower business activities.

Current liabilities decreased mainly due to decrease in bills payable and trade payables due to lower business activities. This is however offset by increase in bank borrowings undertaken during the year under the Enterprise Financing Scheme.

Non-current liabilities increased mainly due to bank borrowings undertaken during the financial year under the Enterprise Financing Scheme.

REVIEW OF GROUP'S CASH FLOWS

Overall, the Group's cash and cash equivalents as at the end of FY2020 decreased to S\$4.07 million as compared to S\$5.6 million at the end of FY2019.

Cash used in operating activities for FY2020 amounted to S\$1.57 million attributed mainly to loss from operations. Cash used in investing activities of S\$5.3 million mainly relate to the construction of waste-to-energy plant of S\$4.70 million and \$550,000 was used to acquire the remaining 40% interest of Golden Harvest. With Golden Harvest's expertise and track record in the maintenance services sector, the Group's maintenance segment business has been growing steadily over the years. This acquisition will increase the Group's maintenance business contribution where it provides recurring revenue and income streams and adds stability to the Group's largely project-based business.

Cash from financing activities amounted to \$5.3 million due to bank borrowings undertaken offset by principal and interest repayments.

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

Not applicable. No forecast or prospect statement was previously made to 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 COVID-19 pandemic has interrupted lives and livelihoods, and affected the global economy, including Singapore. Disruptions in global supply chains, coupled with domestic workforce interruptions, has led to delays in the execution of its projects. Force majeure notices have been served and as far as possible, the Group is working closely with its customers to mitigate their impact. The situation has now improved and most of our projects have gradually restarted.

Singapore has been impacted but has now managed to contain the spread of COVID-19 locally, gradually relaxing restriction measures and opening up its economy. Specifically, the built environment sector that the Group operates in, is gradually improving and business activities is resuming as the COVID-19 situation remains under control.

Generally, there has been a slow-down of awards of new tenders as many wait to assess the impact of the pandemic. Tender activities is slowly picking up and the Group hopes to see resumption of tender activities soon to pre-COVID-19 levels. The Group will continue to actively develop its business through direct negotiations and bidding for projects.

However, the Group expects continued pressures on its margins as competition remains keen. The Group is continually taking steps to streamline its processes and manage its costs amid a tight foreign labour market.

The Group's maintenance business contribution is expected to grow, following the acquisition of the remaining 40% stake in Golden Harvest. The maintenance business provides the Group with recurring income and revenue streams which augments well and adds stability to the Group's existing revenue which are largely project-based business.

The Group has embarked into the renewable energy sector as it sees growth potential. This is also in line with its expansion and diversification strategy to provide the Group with sustainable revenue and income streams. The Group, through its subsidiary, Neo Tiew Power Pte Ltd, is constructing its inaugural waste-to-energy plant at Chew's Agriculture Pte Ltd's ("Chew's") farm at Neo Tiew Road, where it has entered into an agreement with Chew's to build, own and operate a waste-to-energy plant at their premise. The Group would collect and treat the chicken manure at the farm and in turn supply electricity back to Chew's at competitive prices. The plant is currently undergoing construction and is expected to commence operation in the first half of year ending 30 September 2021.

The Group has also recently concluded a joint venture agreement with Nutara Investment Pte Ltd ("Nutara") with Nutara taking a 30% equity interest in Neo Tiew Power Pte Ltd. They will therefore co-invest and execute the agreement with Chew's.

The Group has and will allocate more resources to execute the agreement and at the same time grow this new renewable energy business segment so as to garner more waste-to-energy projects in the future.

11. Dividend:

If a decision regarding dividend has been made:

(a) Whether an interim (final) dividend has been declared (recommended); and
Nil.

(b)(i) Amount per share:
Nil.

(b)(ii) Previous corresponding period:
Nil.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax and the country where the dividend is derived.(If the dividend is not taxable in the hands of the shareholders, this must be stated)

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for the financial year ended 30 September 2020 in view of the financial loss for the year as a result of the COVID-19 pandemic.

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

The Group does not have a shareholders' mandate for interested person transactions.

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

The Company has procured undertakings from all its directors and executive officers as set out in Appendix 7H under Rule 720(1).

15. Additional information pursuant to Rule 706(A)

On 30 September 2020, the Company has announced that it has completed its acquisition of the remaining 40% interest in Golden Harvest, making its effective interest in Golden Harvest to 100%. Please refer to the Company's announcements dated 23 September 2020 and 30 September 2020 for more details.

On 12 October 2020, the Company disposed 10% of its interest of Golden Harvest to a strategic third party for a consideration of S\$137,500. The consideration was based on arm's length negotiations between the Company and the third party, after taking into consideration the net tangible assets of Golden Harvest as at 31 July 2020 and its current year's earnings.

On 26 November 2020, the Company has announced that it has completed its joint venture agreement with Nutara. Accordingly, the Company's 80% owned subsidiary, Acropower Pte Ltd, has disposed 30% interest in its 100% owned subsidiary, Neo Tiew Power Pte Ltd, to Nutara, making the Group's effective interest in Neo Tiew Power Pte Ltd to 56%. Please refer to the Company's announcements dated 10 September 2020 and 26 November 2020 for more details.

PART II INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

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

For management purposes, the Group is organised into two operating segments:

- (i) Engineering, Procurement and Construction ("EPC") segment; and
- (ii) Maintenance segment.

The EPC segment provides engineering, procurement and construction services, specialising in architectural, mechanical, electrical and process works within controlled environment.

The Maintenance segment provides maintenance and repair services for facilities and equipment of controlled environments and their supporting infrastructure.

Business segment

	Segment Information - S\$'000					
	FY2020			FY2019		
	EPC	Maintenance	Consolidated Total	EPC	Maintenance	Consolidated Total
Revenue from external customers	18,185	4,916	23,101	25,759	6,145	31,904
Cost of sales	(16,608)	(3,328)	(19,936)	(21,736)	(4,245)	(25,981)
Gross profit	1,577	1,588	3,165	4,023	1,900	5,923
Segment results			(554)			775
Depreciation and amortisation expense			(807)			(614)
Interest income			43			38
Finance costs			(223)			(171)
(Loss)/Profit before tax			(1,541)			28
Taxation			24			10
(Loss)/Profit for the financial year			(1,517)			38

Geographical segments

The Group's activities are mainly located in Singapore. The geographical locations of the Group's customers and assets are mainly in Singapore. Accordingly, there are no geographical segments presented.

17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

The Group's revenue for FY2020 and FY2019 was mainly contributed by its EPC business segment. Revenue from the EPC business segment remained stable at about 79% in FY2020 compared to 81% in FY2019.

Revenue contribution from Maintenance business segment remained stable at 21% in FY2019 from 19% in FY2019. The Group continues its focus to grow the Maintenance business as it provides the Group with recurring revenue and income streams, thereby adding stability to the Group's revenue which are largely project-based.

Material earnings changes from the EPC business segment has been explained in Note 8 of this announcement. There is no material change in Maintenance business segment earnings.

18. A breakdown of sales as follows:

(All figures in S\$'000)

		Group		
		FY2020	FY2019	Change
(a)	Sales reported for first half year	11,899	12,239	(2.8%)
(b)	Operating (loss)/profit after tax before deducting non-controlling interests for first half year	(445)	18	N.M.
(c)	Sales reported for second half year	11,202	19,665	(43%)
(d)	Operating (loss)/profit after tax before deducting non-controlling interests for second half year	(1,072)	20	N.M.

N.M : not meaningful

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

There was no dividend declared or paid in FY2020 and FY2019.

20. 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.

We confirm that none of the persons occupying managerial positions in the Group is a relative of a director or chief executive officer or substantial shareholder of the Company.

On behalf of the Board of Directors

Lim Say Chin
Executive Chairman and Managing Director
27 November 2020

Chew Chee Keong
Executive Director