

Half Year Financial Statement and Dividend Announcement for the Period Ended 31 August 2018

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1,Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

- 1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Comprehensive Income for the half year ended 31 August 2018

	Group Half year period ended 31/8/18 S\$'000	Group Half year period ended 31/8/17 S\$'000	+ / (-) %
Revenue	8,172	8,607	(5)
Cost of sales	(8,432)	(7,646)	10
Gross (loss)/profit	(260)	961	NM
Other income	49	56	(13)
Selling, general and administrative expenses	(938)	(898)	4
Net finance income/(cost)	4	(24)	NM
Share of profit of joint venture, net of tax	78	87	(10)
(Loss)/Profit before tax	(1,067)	182	NM
Tax credit/(expense)	130	(89)	NM
(Loss)/Profit for the period	(937)	93	NM
Other comprehensive income			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(85)	(25)	240
	(85)	(25)	240
Total comprehensive income for the period	(1,022)	68	NM
(Loss)/Profit for the period attributable to:			
Owners of the Company	(916)	116	NM
Non-controlling interests	(21)	(23)	(9)
(Loss)/Profit for the period	(937)	93	NM
Total comprehensive income attributable to:			
Owners of the Company	(995)	83	NM
Non-controlling interests	(27)	(15)	80
Total comprehensive income for the period	(1,022)	68	NM

NM denotes not meaningful.

(Loss)/Profit before tax includes the following:

	Group Half year period ended 31/8/18 S\$'000	Group Half year period ended 31/8/17 S\$'000	+ / (-) %
Other income	48	44	9
Interest income	7	3	133
Interest on borrowings	(6)	(15)	(60)
Depreciation	(1,763)	(1,751)	1
Allowance for doubtful debts	(72)	(4)	NM
Foreign exchange gain/(loss)	3	(12)	NM
Gain on disposal of plant and equipment	1	12	(92)

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

Statements of Financial Position as at 31 August 2018

	Group 31/8/18 S\$'000	Group 28/2/18 S\$'000	Company 31/8/18 S\$'000	Company 28/2/18 S\$'000
Non-current assets				
Plant and equipment	11,604	13,318	1,758	1,949
Investment in subsidiaries	-	-	12,705	12,705
Investment in joint venture	1,873	1,857	2,136	2,136
Deferred tax asset	438	465	438	449
Total non-current assets	13,915	15,640	17,037	17,239
Current assets				
Inventories	904	904	-	-
Trade and other receivables	5,387	5,824	82	1,398
Cash and cash equivalents	3,292	3,087	2,265	2,203
Total current assets	9,583	9,815	2,347	3,601
Total assets	23,498	25,455	19,384	20,840
Equity attributable to owners of the Company				
Share capital	11,191	11,191	11,191	11,191
Reserves	5,637	6,798	2,991	2,101
Total equity attributable to owners of the Company	16,828	17,989	14,182	13,292
Non-controlling interests	982	1,009	-	-
Total equity	17,810	18,998	14,182	13,292
Non-current liabilities				
Deferred tax liabilities	1,578	1,818	-	-
Finance lease obligations	17	45	-	-
Total non-current liabilities	1,595	1,863	-	-
Current liabilities				
Trade and other payables	3,950	4,462	5,202	7,548
Current tax liabilities	59	18	-	-
Finance lease obligations	84	114	-	-
Total current liabilities	4,093	4,594	5,202	7,548
Total liabilities	5,688	6,457	5,202	7,548
Total equities and liabilities	23,498	25,455	19,384	20,840

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/8/18 (S\$'000)		As at 28/2/18 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
84	-	114	-

Amount repayable after one year

As at 31/8/18 (S\$'000)		As at 28/2/18 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
17	-	45	-

Details of any collateral

The Group's banking and debt facilities, comprising of overdraft and finance lease obligations, are secured by:

- a) A fixed and floating charge of up to S\$1,500,000 (28/2/2018: S\$1,500,000) on the Company's assets.
- b) Plant and equipment of subsidiaries used as collateral for the finance lease obtained.

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.

Consolidated Statement of Cash Flows for the six months ended 31 August 2018

	Group 31/8/18 S\$'000	Group 31/8/17 S\$'000
Cash flows from operating activities		
(Loss)/Profit before tax	(1,067)	182
Adjustments for:		
Depreciation of plant and equipment	1,763	1,751
Gain on disposal of plant and equipment	(1)	(12)
Allowance for doubtful debts	72	4
Interest income	(7)	(3)
Interest expense	6	15
Share of profit of joint venture	(78)	(87)
	688	1,850
Changes in:		
Inventories	-	61
Trade and other receivables	200	(121)
Trade and other payables	(512)	72
Cash generated from operations	376	1,862
Income taxes paid	(42)	(42)
Net cash from operating activities	334	1,820
Cash flows from investing activities		
Interest received	7	3
Purchase of plant and equipment	(69)	(657)
Proceeds from disposal of plant and equipment	5	623
Investment in joint venture	-	(1,193)
Net cash used in investing activities	(57)	(1,224)
Cash flows from financing activities		
Interest expense paid	(6)	(15)
Repayment of finance lease obligations	(58)	(230)
Net cash used in financing activities	(64)	(245)
Net increase in cash and cash equivalents	213	351
Cash and cash equivalents at beginning of the period	3,087	2,020
Effects of exchange rate fluctuations on cash held	(8)	9
Cash and cash equivalents at end of the period	3,292	2,380
<i>Comprising:</i>		
Cash at bank and in hand	1,282	1,380
Fixed deposits	2,010	1,000
Cash and cash equivalents at end of the period	3,292	2,380

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.

Consolidated Statement of Changes in Equity for the six months ended 31 August 2018

	Share capital S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to owners of the Company S\$'000	Non- controlling interests S\$'000	Total S\$'000
Group (unaudited)						
2018						
At 1 March 2017	11,191	(589)	13,398	24,000	786	24,786
Total comprehensive income for the period						
Profit for the period	-	-	116	116	(23)	93
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	-	(33)	-	(33)	8	(25)
Total other comprehensive income for the period	-	(33)	-	(33)	8	(25)
Total comprehensive income for the period	-	(33)	116	83	(15)	68
At 31 August 2017	11,191	(622)	13,514	24,083	771	24,854
2019						
At 1 March 2018, as previously stated	11,191	(606)	7,404	17,989	1,009	18,998
Adoption of SFR(I) 9	-	-	(166)	(166)	-	(166)
At 1 March 2018, restated	11,191	(606)	7,238	17,823	1,009	18,832
Total comprehensive income for the period						
Loss for the period	-	-	(916)	(916)	(21)	(937)
Other comprehensive income, net of tax						
Foreign currency translation differences for foreign operations	-	(79)	-	(79)	(6)	(85)
Total other comprehensive income for the period	-	(79)	-	(79)	(6)	(85)
Total comprehensive income for the period	-	(79)	(916)	(995)	(27)	(1,022)
At 31 August 2018	11,191	(685)	6,322	16,828	982	17,810

Statement of Changes in Equity for the period ended 31 August 2018

Company	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
2018			
At 1 March 2017	11,191	4,714	15,905
Profit for the period, representing total comprehensive income for the period	-	53	53
At 31 August 2017	11,191	4,767	15,958
2019			
At 1 March 2018	11,191	2,101	13,292
Profit for the period, representing total comprehensive income for the period	-	890	890
At 31 August 2018	11,191	2,991	14,182

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.

Nil.

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.

	31/8/18	28/2/18
Total number of issued shares	69,590,800	69,590,800

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.

Nil.

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

The figures have not been audited or reviewed.

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

NA

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

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). 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, are required to apply SFRS(I) with effect from annual periods beginning on or after 1 January 2018.

The Group adopted SFRS(I) on 1 March 2018 and the first set of SFRS(I) annual financial statements is for the financial year ending 28 February 2019 (first SFRS(I) annual financial statements). Previously, the Group reported its financial information using the Financial Reporting Standards in Singapore (FRS).

The interim financial information included in this announcement is for part of the reporting period covered by the first SFRS(I) annual financial statements. The accounting policies applied in preparing the interim financial information are based on SFRS(I)s that are effective as at 31 August 2018. The Group will prepare its first SFRS(I) annual financial statements by applying the SFRS(I)s that are effective as at 28 February 2019. Any subsequent changes to SFRS(I)s that become effective after 31 August 2018 and are adopted by the Group for its first SFRS(I) annual financial statements, *or changes in the practical expedients or optional exemptions adopted, or changes in the Group's plans to early adopt SFRS(I)s that are not yet effective*, could result in revisions to the Group's accounting policies and the interim financial information disclosed therein.

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 has applied the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International) to prepare the interim financial information included in this announcement with 1 March 2017 as the date of transition.

In addition to the application of SFRS(I) 1, the Group concurrently adopted the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s (collectively "new accounting standards") which are mandatorily effective for the financial year ending 28 February 2019.

- SFRS(I) 15 Revenue from Contracts with Customers which includes the clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;
- SFRS(I) 9 Financial Instruments which includes the amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts issued by the IASB in September 2016;
- requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions issued by the IASB in June 2016;
- requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of Investment Property issued by the IASB in December 2016;
- requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters issued by the IASB in December 2016;
- requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and

- SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration.

The application of SFRS(I) 1 and the adoption of the above new accounting standards did not result in any significant impact to the comparative information for this reporting period, except as described below.

SFRS(I) 9 Financial Instruments

The Group elected to adopt the optional exemption in SFRS(I) 1 allowing it not to restate comparative information in its first SFRS(I) annual financial statements arising from the adoption of SFRS(I) 9 (i.e. comparative information applies FRS 39 Financial Instruments: Measurement and Recognition). Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 were recognised in retained earnings and reserves as at 1 March 2018. The comparative information in this interim announcement is not restated to comply with SFRS(I) 9 and is prepared in accordance with FRS 39.

Impairment

The Group previously recognised an impairment loss on trade and other receivables when there was objective evidence of impairment. Under SFRS(I) 9, loss allowances is measured using the expected credit loss model on either of the following bases:

- 12-month expected credit losses (ECLs). These are ECLs that result from possible default events within the 12 months after the reporting date; or
- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The impact on the Group's financial statements arising from the adoption of SFR(I) 9 is as follows:

<u>Consolidated statement of financial position</u>	1 March 2018 S\$'000
Decrease in trade and receivables	(166)
Decrease in assets	(166)
Decrease in reserves	(166)
Decrease in total equity	(166)

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 Latest period	Group Previous corresponding period
(a) Based on the weighted average number of ordinary shares on issue; and	(1.32) cents	0.17 cents
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(1.32) cents	0.17 cents
Weighted average number of shares	69,590,800	69,590,800

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 31/8/18	Group 28/2/18	Company 31/8/18	Company 28/2/18
Net asset value per ordinary share based on issued share capital at the end of the year (in cents) *	24.18	25.85	20.38	19.10

*Net asset value per ordinary share based on issued share capital at the end of the period/year excludes NCI's share of the Group's net assets.

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.**

- (a) Group turnover fell 5% to \$8.2 million for the half year ended 31 August 2018 compared with \$8.6 million for the previous period. The performance of the Group was affected mainly by keen competition, increased use of prefabricated concrete and a weak construction environment in Singapore and Malaysia.

Against the backdrop of a challenging operating environment and thinning margins, the Group suffered a gross loss of \$260,000 compared with a gross profit of \$961,000 for the last corresponding period. As a result, the Group recorded a net loss attributable to owners of \$916,000 compared with a net profit attributable to owners of \$116,000 for the half year ended 31/8/17.

- (b) In tandem with the decrease in revenue, trade and other receivables were down from \$5.8 million to \$5.4 million while trade and other payables fell from \$4.5 million to \$4.0 million. Cash and cash equivalents of the Group was \$3.3 million compared with \$3.1 million as at the end of the last financial year.

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

The current period's performance is consistent with our comments made in our Full Year Financial Statement Announcement for the year ended 28 February 2018.

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.**

Due to factors such as property market cooling measures, keen competition and slow pick up in major infrastructure projects and construction activities, the Group expects to continue to face challenging conditions.

11. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and
No.

(b)(i) Current financial period reported on

Name of dividend	Interim
Dividend type	Cash
Amount per share	Nil (one tier tax exempt)

(b)(ii) Corresponding period of the immediate preceding financial year

Name of dividend	Interim
Dividend type	Cash
Amount per share	1 cent (one tier tax exempt)

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).
Please refer to 11 (b).

(d) The date the dividend is payable.
NA

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

12. If no dividend has been declared (recommended), a statement to that effect.
No interim dividend has been declared for the current financial period reported on.

13. 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.
NA.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the Half Year Financial Results for the Period ended 31 August 2018 to be false or misleading.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

- 16. 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.**

NA.

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

NA.

- 18. A breakdown of sales as follows:-**

NA.

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

	Latest Full Year (S\$) 28/2/19	Previous Full Year (S\$) 28/2/18
(a) Ordinary	NA	1,391,816
(b) Preference	NA	0
(c) Total	NA	1,391,816

- 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(11) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

NA.

BY ORDER OF THE BOARD

Chen Lee Lee
Company Secretary
10/10/18