

ACROMEC LIMITED

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



UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 SEPTEMBER 2019 (“FY2019”)

This announcement has been prepared by ACROMEC Limited (the “Company”) and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST assumes 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.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: 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 FY2019.

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		
	2019 S\$'000	2018 (restated)⁽¹⁾ S\$'000	
Revenue	31,904	41,441	(23)
Cost of sales	(25,981)	(38,331)	(32)
Gross profit	<u>5,923</u>	<u>3,110</u>	90
Other operating income	110	209	(47)
	<u>6,033</u>	<u>3,319</u>	82
Administrative expenses	(5,009)	(5,062)	(1)
Other operating expenses	(825)	(1,601)	(48)
Finance costs	(171)	(120)	43
Profit/(Loss) before income tax	28	(3,464)	N.M
Income tax credit/(expenses)	10	7	N.M
Profit/(Loss) for the year	<u>38</u>	<u>(3,457)</u>	N.M
Other Comprehensive income/(loss)			
Exchange translation difference	(2)	-	N.M
Total Comprehensive income for the year	<u>36</u>	<u>(3,457)</u>	N.M
Profit/(Loss) attributable to:			
Owners of the Company	30	(3,425)	N.M
Non-controlling interests	8	(32)	N.M
Total comprehensive income/(loss) attributable to:			
Owners of the Company	28	(3,425)	N.M
Non-controlling interests	<u>8</u>	<u>(32)</u>	N.M

N.M : not meaningful

Note:

(1) The effect of the restatement has been described in section 5.

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

	Group		Increase/ (Decrease) %
	Financial Year Ended 30 Sep	2018	
	2019 S\$'000	2018 S\$'000	
Profit for the financial year is arrived at after (charging)/crediting the following:			
Depreciation	(614)	(582)	5
(Loss) on disposal of property, plant and equipment	-	(17)	N.M
Interest income	38	34	12
Foreign exchange (loss)/gain (Net)	<u>(20)</u>	<u>10</u>	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 2019	30 Sep 2018 (restated) ⁽²⁾	30 Sep 2019	30 Sep 2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Investment in subsidiaries	-	-	13,078	11,078
Goodwill	278	278	-	-
Investment property	1,673	1,710	-	-
Property, plant and equipment	1,751	2,060	-	-
Total non-current assets	3,702	4,048	13,078	11,078
Current assets				
Trade receivables	7,603	4,330	-	-
Other receivables, deposits and prepayments	238	312	28	38
Contract assets	2,786	4,011	-	-
Amounts due from subsidiary	-	-	317	406
Loan to subsidiary	-	-	2,165	4,465
Cash and bank balances ⁽¹⁾	8,879	8,982	73	62
Total current assets	19,506	17,635	2,583	4,971
Total assets	23,208	21,683	15,661	16,049
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	7,838	7,568	217	283
Bill payables	3,414	1,206	-	-
Contract liabilities	1,715	2,188	-	-
Income tax payable	76	67	30	30
Bank loans	118	415	-	-
Finance leases	83	86	-	-
Total current liabilities	13,244	11,530	247	313
Net current assets	6,262	6,105	2,336	4,658
Non-current liabilities				
Bank loans	1,825	1,944	-	-
Finance leases	47	132	-	-
Deferred tax liabilities	31	52	-	-
Total non-current liabilities	1,903	2,128	-	-
Net assets	8,061	8,025	15,414	15,736

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

Share capital	16,225	16,225	16,225	16,225
Merger reserve	(4,718)	(4,718)	-	-
Foreign translation reserves	(2)	-	-	-
Retained earnings	(4,200)	(4,230)	(811)	(489)
Shareholders' equity	<u>7,305</u>	<u>7,277</u>	<u>15,414</u>	<u>15,736</u>
Non-controlling interests	<u>756</u>	<u>748</u>	<u>-</u>	<u>-</u>
Total equity	<u>8,061</u>	<u>8,025</u>	<u>15,414</u>	<u>15,736</u>
Total liabilities and equity	<u>23,208</u>	<u>21,683</u>	<u>15,661</u>	<u>16,049</u>

Note:

- (1) The amount stated includes fixed deposits of S\$3,248,000 (30 September 2018: S\$3,241,000) pledged as collaterals for banking facilities.
- (2) The effect of the restatement has been described in section 5

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 2019		30 Sep 2018	
	Secured S\$’000	Unsecured S\$’000	Secured S\$’000	Unsecured S\$’000
Amount repayable in one year or less, or on demand	3,615	-	1,707	-
Amount repayable after one year	1,872	-	2,076	-
Total borrowings	<u>5,487</u>	<u>-</u>	<u>3,783</u>	<u>-</u>

Details of collateral

- i. Bill payables of S\$3,414,000 (30 September 2018: S\$1,206,000) is secured by fixed deposits pledged with banks.
- ii. Bank loans of S\$1,943,000 (30 September 2018: S\$2,059,000) and Nil (30 September 2018: S\$300,000) are secured on the Group’s properties and fixed deposits pledged respectively.
- iii. Finance leases of S\$130,000 (30 September 2018: S\$218,000) 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	
	2019	2018
	S\$'000	(restated)
	S\$'000	S\$'000
Operating activities		
Profit/(Loss) before income tax	28	(3,464)
Adjustments for:		
Depreciation	614	582
Impairment loss on doubtful debts	-	802
Interest income	(38)	(34)
Interest expense	171	120
Loss on disposal of property, plant and equipment	-	17
Operating cash flows before movements in working capital	775	(1,977)
<i>Movements in working capital</i>		
Trade receivables	(3,273)	(832)
Other receivables, deposits and prepayments	73	(164)
Contract assets/(liabilities) (net)	752	(2,487)
Trade and other payables	228	(1,369)
Bill payables	2,209	(967)
Cash generated from / (used in) operations	764	(7,796)
Interest received	38	34
Income taxes paid	(2)	(13)
Net cash from / (used in) operating activities	800	(7,775)
Investing activities		
Purchase of property, plant and equipment	(226)	(616)
Contribution from Non-Controlling Interest on incorporation of subsidiary	-	10
Net cash used in investing activities	(226)	(606)
Financing activities		
Proceed from issuance of new shares	-	3,696
Increase in fixed deposits pledged	(7)	(8)
Proceeds from borrowings	-	520
Repayment of borrowings	(505)	(197)
Interest paid	(171)	(120)
Net cash (used in)/from financing activities	(683)	3,891
Net decrease in cash and cash equivalents	(109)	(4,490)
Cash and cash equivalents at beginning of financial year	5,741	10,231
Effects of foreign exchange rate changes	(2)	-
Cash and cash equivalents at end of financial year ⁽¹⁾	5,630	5,741

Note:

(1) The amount stated excludes fixed deposits of S\$3,248,000 (30 September 2018: S\$3,241,000) 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	Translation reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
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 for the financial year	-	-	-	(2)	(2)	-	(2)
Balance as at 30 September 2019	16,225	(4,718)	(4,200)	(2)	7,305	756	8,061
Balance as at 1 October 2017	12,529	(4,718)	(805)	-	7,006	770	7,776
Loss for the financial year, representing total comprehensive loss	-	-	(3,425)	-	(3,425)	(32)	(3,457)
Non-controlling interests from acquisition of subsidiary	-	-	-	-	-	10	10
Issuance of new shares as consideration for acquisition of subsidiary	3,696	-	-	-	3,696	-	3,696
Balance as at 30 September 2018	16,225	(4,718)	(4,230)	-	7,277	748	8,025

Company	Share capital	(Accumulated losses) / Retained earnings	Total
	S\$'000	S\$'000	S\$'000
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/>		
Balance as at 1 October 2017	12,529	(176)	12,353
Total comprehensive loss for the financial year	-	(313)	(313)
Issuance of new shares pursuant to the placement exercise	3,696	-	3,696
	<hr/>		
Balance as at 30 September 2018	16,225	(489)	15,736
	<hr/>		

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 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 2019	138,563,978	S\$16,225,000
Issued and paid-up share capital as at 31 March 2019	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 2019 and 30 September 2018.

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 2019 is 138,563,978 (30 September 2018: 138,563,978). There were no treasury shares held by the Company as at 30 September 2019 and 30 September 2018.

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 2019.

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 2019.

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 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.

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.**

The Group and the Company have adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)) on 1 October 2018 and have prepared its financial information under SFRS(I) for the year ended 30 September 2019. SFRS(I) allows first-time adopters exemptions from retrospective application of certain requirements under SFRS(I). The Group and the Company have applied the exemptions where applicable.

There is no change in the previous accounting policies under previous financial reporting standards (“FRS”) or material adjustments on the initial transition to the new financial reporting framework other than those arising from the application of SFRS(I) 15 *Revenue for Contracts with Customers*. The application of SFRS(I) 15 has not resulted in any material impact on net profit or net asset value of prior years. It has however resulted in reclassification of the following items in the Statement of Comprehensive Income and Statement of Financial Position.

Consolidated Statement of Comprehensive Income for FY2018

	As previously reported under FRS	Initial application of SFRS(I) 15	As adjusted under SFRS(I)
	S\$'000	S\$'000	%
Revenue	42,311	(870)	41,441
Cost of sales	(39,201)	870	(38,331)

Consolidated Statement of Financial Position as at 30 September 2018

	As previously reported under FRS	Initial application of SFRS(I) 15	As adjusted under SFRS(I)
	S\$'000	S\$'000	%
<u>Current assets</u>			
Trade receivables	5,609	(1,279)	4,330
Amount due from contract customers	2,732	(2,732)	-
Contract assets	-	4,011	4,011
<u>Current liabilities</u>			
Amount due to contract customers	2,188	(2,188)	-
Contract liabilities	-	2,188	2,188

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 2019	2018
Profit/(Loss) attributable to owners of the Company (S\$'000)	<u>30</u>	<u>(3,425)</u>
Weighted average number of ordinary shares	<u>138,563,978</u>	<u>132,865,348</u>
Earnings/(Loss) per share (basic and diluted) (cents)	<u>0.02</u>	<u>(2.58)</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 2019 and 30 September 2018 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-2019	30-Sep-2018	30-Sep-2019	30-Sep-2018
Net Asset Value per share (cents)	<u>5.27</u>	<u>5.25</u>	<u>11.12</u>	<u>11.36</u>
Net Asset Value (S\$'000)	<u>7,305</u>	<u>7,277</u>	<u>15,414</u>	<u>15,736</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 mainly due to decreased business activities from lower order book as the Group had taken the opportunity to consolidate and strengthen its controls and processes to prepare itself for turnaround and future business growth.

Notwithstanding that, the Group recorded higher gross profit arising from effective project cost management and control, resulting in gross profit margin increasing from approximately 7% to 19%.

Other operating income decreased mainly due to the lower grants received.

Administrative expenses remained stable as it continues to keep a lid on its costs, amid keen competition. Other operating expenses decreased mainly due to the absence of impairment of trade receivables that was previously provided in financial year ended 2018 ("FY2018").

Finance cost increased mainly due to the higher interest rates and increase in bills payable in FY2019 as the Group conserves its cash position for the new renewable energy business.

Taxation of the Group is negligible. Non-controlling interests arose mainly due to share of results of Golden Harvest.

Despite lower revenue, the Group turned in a net profit attributable to shareholders of approximately S\$30,000 for FY2019, a turnaround from a net loss of S\$3.42 million in FY2018.

REVIEW OF GROUP'S FINANCIAL POSITION

Non-current assets decreased mainly due to depreciation of property, plant and equipment and investment property.

Current assets increased mainly due to the increase in trade receivables from slower collections.

Non-current liabilities decreased mainly due to repayment of bank borrowings and Finance leases. The Group's borrowings were mainly incurred by Golden Harvest to finance the purchase of its investment property and its leasehold property from which it operates.

Current liabilities increased mainly due to increase in bill payables as the Group seeks to conserve its cash for the new renewable energy business. This increase is offset by decrease in amount due to contract customer.

REVIEW OF GROUP'S CASH FLOWS

Overall, the Group's cash and cash equivalents as at the end of FY2019 remained stable at S\$5.63 million as compared to the end of FY2018.

Cash generated from operating activities for FY2019 amounted to S\$0.80 million contributed by profit from operations. This was in turn used for investing activities of S\$0.23 million mainly for purchase of equipment and in financing activities of \$0.68 million due to interest payments and principal repayment of borrowings.

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 Group has taken the opportunity in FY2019 to consolidate its position and tightened its processes so as to prepare itself for turnaround and future business growth.

Tender activities for its controlled environment business are high as the Group sees activities in the sectors that it serves. Against this backdrop, the Group actively develops its business through direct negotiations and bidding for projects, underpinned by its healthy balance sheet and established track record. The Group hopes that these efforts will translate to order wins.

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

The Group had expanded its geographical reach last year with the incorporation of a 67% owned subsidiary in Indonesia, P.T. Acromec Trading Indonesia. The subsidiary has commenced business during the year. The Group believes that the penetration into new geographical markets, including, amongst others, Indonesia, will be beneficial for its long-term growth as such markets are poised for growth in the foreseeable future.

The Group's maintenance business has grown in FY2019. It hopes to continue this momentum in the coming year. 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. During the financial year, the Group has concluded its first renewable energy agreement with a customer, Chew's Agriculture Pte Ltd to build,

own and operate a waste-to-energy plant at their premise. Accordingly, the Group will allocate more resources to execute the agreement and at the same time grow this new business segment. A separate team has been dedicated, together with our green energy partner, Green Energy Resources (M) Sdn Bhd (a subsidiary of GPP Holdings Bhd, which recently debut on the LEAP Market of Bursa Malaysia Securities Berhad), to see this through.

11. Dividend:

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

Not applicable.

(b) Corresponding period of the immediately preceding financial year

Not applicable.

(c) Date payable

Not applicable

(d) Book 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 or recommended for the financial year ended 30 September 2019 as the Group seeks to conserve its cash for its new renewable energy business.

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. Updates on use of IPO proceeds

	Amount allocated	Amount utilised	Balance of net proceeds as at at the date of this announcement
	S\$ million	S\$ million	S\$ million
Expansion through acquisitions, and/or strategic alliances and venture into new geographical markets	1.00	1.00 ⁽¹⁾	-
Working capital to expand business operations through securing more projects and projects of a larger scale	3.50	3.50 ⁽²⁾	-
Net proceeds from IPO	<u>4.50</u>	<u>4.50</u>	<u>-</u>

Notes:

(1) Utilised for payment of purchase consideration for acquisition of 60% of the issued and paid-up share capital of Golden Harvest and the expansion into Indonesia

(2) Utilised for settlement of supplier invoices for our projects

Placement Exercise Proceeds

	Amount allocated	Amount utilised	Balance of net proceeds as at at the date of this announcement
	S\$ million	S\$ million	S\$ million
General working capital purposes	3.70	2.20 ⁽¹⁾	1.50

Note:

(1) Utilised for payment of supplier invoices for our projects

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					
	FY2019			FY2018		
	EPC	Maintenance	Consolidated Total	EPC	Maintenance	Consolidated Total
Revenue from external customers	25,759	6,145	31,904	36,431	5,010	41,441
Cost of sales	(21,736)	(4,245)	(25,981)	(34,925)	(3,406)	(38,331)
Gross Profit	4,023	1,900	5,923	1,506	1,604	3,110
Segment results			775			(2,796)
Depreciation and Amortisation expense			(614)			(582)
Interest income			38			34
Finance costs			(171)			(120)
Profit/(Loss) before tax			28			(3,464)
Taxation			10			7
Profit/(Loss) for the financial year			38			(3,457)

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 FY2019 and FY2018 was mainly contributed by its EPC business segment. Revenue from the EPC business segment decreased from 88% in FY2018 to 80% in FY2019. This is due to decreased business activities as the Group consolidated its position in FY2019 following the losses incurred in the previous year.

Revenue contribution from Maintenance business segment however increased from 20% in FY2019 from 12% in FY2018. This is in line with the Group's 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		
		FY2019	FY2018	Change
(a)	Sales reported for first half year	12,239	22,238	(45%)
(b)	Operating profit after tax reported for first half year	12	61	(80%)
(c)	Sales reported for second half year	19,665	19,203	2%
(d)	Operating profit/(loss) after tax reported for second half year	26	(3,518)	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 FY2019 and FY2018.

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
28 November 2019

Chew Chee Keong
Executive Director