

Swee Hong Limited

Full Year Unaudited Financial Statement

for the year ended

30th June 2019

(Company Registration No.: 198001852R)
(Incorporated in the Republic of Singapore)

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

1(a)(i) Group income statement, together with comparative statement for the corresponding year of the immediately preceding financial year

	Unaudited FY2019 S\$'000	Group Audited FY2018 S\$'000	Increase / (Decrease)
Revenue	25,143	49,108	(49%)
Cost of works	(46,041)	(45,052)	2%
Gross (loss)/profit	(20,898)	4,056	n.m.
Other gains – net	1,519	490	210%
Expenses			
- Distribution and marketing	(7)	(14)	(50%)
- Administrative	(2,873)	(2,035)	41%
- Other operating expenses	(33,563)	-	100%
- Finance	(1,031)	(1,264)	(18%)
(Loss)/profit before income tax	(56,853)	1,233	n.m.
Income tax expense	-	-	-
Net (loss)/profit	(56,853)	1,233	(n.m.)
Other comprehensive gain:			
Items that may be reclassified subsequently to profit or loss:			
Financial assets, at FVOCI			
- Fair value gains - equity investments	*	4	(100%)
Currency translation differences arising from consolidation			
- Gains	*	19	(100%)
Other comprehensive gain, net of tax	*	23	(100%)
Total comprehensive (loss)/income	(56,853)	1,256	n.m.
Net (loss)/profit attributable to:			
Equity holders of the Company	(56,853)	1,233	n.m.
Non-controlling interests	*	-	n.m.
	(56,853)	1,233	n.m.
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company	(56,853)	1,256	n.m.
Non-controlling interests	*	-	n.m.
	(56,853)	1,256	n.m.

* Amount below S\$1,000.

n.m. denotes not meaningful.

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1(a)(ii) The net (loss)/profit attributable to shareholders of the Company includes the following charges/(credits):

	Unaudited FY2019 S\$'000	Group Audited FY2018 S\$'000	Increase / (Decrease)
Foreign exchange (gains)/losses - net	(105)	241	(144%).
Dividend income	(1)	(1)	n.m.
Gain on disposal of property, plant and equipment	(58)	(3)	n.m.
Loss on disposal of assets classified as held-for-sale	-	44	n.m.
Property, plant and equipment written off	106	-	100%
Gain on de-registration of a subsidiary corporation	-	(7)	n.m.
Amortisation of deferred income	(141)	(35)	303%
Bank interest income	(23)	(16)	44%
Government grant	(53)	(35)	51%
Income from sales of scrap materials	(1,136)	(668)	70%
Currency translation gains – net	*	(19)	(100%)
Other income	(2)	(9)	(78%)
Interest expenses	1,031	1,264	(18%)
Impairment allowances on contract assets	32,317	-	100%
Late payment interest charges	1,246	-	100%
Deprecation of property, plant and equipment	1,354	1,749	(23%)

* Amount below S\$1,000.

n.m. denotes not meaningful.

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1(b)(i) Statement of financial position, together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	Unaudited As at 30 June 2019 S\$'000	Audited As at 30 June 2018 S\$'000	Unaudited As at 30 June 2019 S\$'000	Audited As at 30 June 2018 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	576	2,329	566	2,322
Trade and other receivables	709	1,913	730	1,930
Contract assets	2,871	36,889	2,871	36,889
Construction contract work-in-progress	185	957	185	957
	<u>4,341</u>	<u>42,088</u>	<u>4,352</u>	<u>42,098</u>
Non-current assets				
Financial assets, at FVPL	15	15	15	15
Investment in subsidiary corporations	-	-	4	2
Property, plant and equipment	3,996	5,433	3,996	5,433
	<u>4,011</u>	<u>5,448</u>	<u>4,015</u>	<u>5,450</u>
Total assets	<u>8,352</u>	<u>47,536</u>	<u>8,367</u>	<u>47,548</u>
LIABILITIES				
Current liabilities				
Trade and other payables	24,043	13,470	24,032	14,253
Contract liabilities	2,031	-	2,031	-
Deferred income	142	142	142	142
Borrowings	16,898	15,585	16,898	15,585
	<u>43,114</u>	<u>29,197</u>	<u>43,103</u>	<u>29,980</u>
Non-current liabilities				
Deferred income	249	391	249	391
Borrowings	7,849	7,751	7,849	7,751
	<u>8,098</u>	<u>8,142</u>	<u>8,098</u>	<u>8,142</u>
Total liabilities	<u>51,212</u>	<u>37,339</u>	<u>51,201</u>	<u>38,122</u>
NET (LIABILITIES)/ ASSETS	<u>(42,860)</u>	<u>10,197</u>	<u>(42,834)</u>	<u>9,426</u>
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	56,575	52,778	56,575	52,778
Other reserves	5	6	5	6
Accumulated losses	(99,440)	(42,587)	(99,414)	(43,358)
	<u>(42,860)</u>	<u>10,197</u>	<u>(42,834)</u>	<u>9,426</u>
Non-controlling interests	*	-	-	-
TOTAL EQUITY	<u>(42,860)</u>	<u>10,197</u>	<u>(42,834)</u>	<u>9,426</u>

* Amount below S\$1,000.

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Notes to Statement of Financial Position

(i) Trade and other receivables

	Group		Company	
	Unaudited As at 30 June 2019 S\$'000	Audited As at 30 June 2018 S\$'000	Unaudited As at 30 June 2019 S\$'000	Audited As at 30 June 2018 S\$'000
Trade receivables – net	495	1,038	495	1,038
Non-trade receivables				
- Subsidiary corporations	-	-	21	17
- Related corporations	46	261	46	261
- Non-related parties	26	293	26	293
Deposits	109	229	109	229
Prepayments	33	92	33	92
	<u>709</u>	<u>1,913</u>	<u>730</u>	<u>1,930</u>

The non-trade amount due from subsidiary corporations and related corporations are unsecured, interest-free and are receivable on demand.

(ii) Contract assets and liabilities

	Group		Company	
	Unaudited As at 30 June 2019 S\$'000	Audited As at 30 June 2018 S\$'000	Unaudited As at 30 June 2019 S\$'000	Audited As at 30 June 2018 S\$'000
Contract assets	35,188	36,889	35,188	36,889
Impairment allowances on contract assets	(32,317)	-	(32,317)	-
	<u>2,871</u>	<u>36,889</u>	<u>2,871</u>	<u>36,889</u>
Contract liabilities	<u>2,031</u>	<u>-</u>	<u>2,031</u>	<u>-</u>

Contract assets primarily relate to the Group's rights to consideration for work completed but not billed at the reporting date arising from construction contracts. Contract assets are transferred to trade receivables when the rights become unconditional. This usually occurs when the Group invoices the customer.

Contract liabilities relate to the Company billed but the performance obligations had not been satisfied under its contracts at the end of the reporting year.

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1(b)(ii) Aggregate amount of the Group's borrowings and debts securities

	Group			
(a) Amount repayable in one year or less, or on demand	Unaudited		Audited	
	As at 30 June 2019		As at 30 June 2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Borrowings	1,695	14,922	1,706	13,600
Finance lease liabilities	281	-	279	-
(b) Amounts repayable after one year				
	Unaudited		Audited	
	As at 30 June 2019		As at 30 June 2018	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Finance lease liabilities	448	-	858	-
Convertible bonds	-	7,401	-	6,893

On 19 February 2018, the Company issued 5% convertible bonds denominated in Singapore Dollars with a nominal value of S\$7.0 million. The bonds are due for repayment three years from the issue date at their nominal value of S\$7.0 million or may be converted into shares of the Company at the holder's option at the conversion price of S\$0.015 per share during the conversion period from 19 August 2019 up to 15 days before the maturity date of 18 February 2021. Please refer to the Company's announcements dated 31 August 2017, 7 September 2017, 7 February 2018 and 18 February 2018 as well as the Company's circular dated 23 January 2018 for more information on the convertible bonds.

The finance lease liabilities of S\$729,000 are secured by a guarantee provided by the Company's Immediate Holding Company. As at 30 June 2019, the carrying amounts of plant and machinery held under finance leases are with net book value of S\$992,000.

The loan from the Immediate Holding Company amounting to S\$7.9 million is unsecured, interest-free and repayable on demand.

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

	Group Unaudited Current year ended 30 June 2019 S\$'000	Audited Previous year ended 30 June 2018 S\$'000
Cash flows from operating activities		
Net (loss)/profit	(56,853)	1,233
Adjustments for:		
Depreciation of property, plant and equipment	1,354	1,749
Gain on disposal of property, plant and equipment - net	(58)	(3)
Loss on disposal of assets classified as held-for-sale	-	44
Accrual for cost overrun incurred for final stages of Civil Engineering project	6,500	-
Impairment allowances on contract assets	32,317	-
Gain on de-registration of a subsidiary corporation	-	(7)
Interest income	(23)	(16)
Dividend income	(1)	(1)
Interest expenses	1,031	1,264
Late payment interest charges	1,246	-
Amortisation of deferred income	(141)	(35)
Property, plant and equipment written off	106	-
Unrealised currency translation losses- net	*	312
Operating cash (outflow)/inflow before working capital changes	(14,522)	4,540
Changes in working capital:		
Construction contract work-in-progress	771	(480)
Trade and other receivables	1,204	2,709
Trade and other payables	2,136	(6,698)
Contract assets	1,701	(14,031)
Contract liabilities	2,031	-
Cash flows used in operations	(6,679)	(13,960)
Interest received	23	16
Net cash used in operating activities	(6,656)	(13,944)
Cash flows from investing activities		
Additions to property, plant and equipment	(123)	(14)
Proceeds from disposal of property, plant and equipment	158	24
Dividends received	1	-
Net cash provided by investing activities	36	10
Cash flows from financing activities		
Proceeds from borrowings	9,303	15,032
Proceeds from issuance of convertible bonds	-	7,000
Convertible bonds issue cost paid	-	(262)
Proceed from finance lease under sale and lease back - net	-	1,424
Proceeds from issuance of new ordinary shares pursuant to exercise of warrants	4,000	-
Share issue expenses	(203)	-
Repayment of borrowings	(7,158)	(6,444)
Repayment of finance lease liabilities	(415)	(287)
Interest paid	(659)	(1,052)
Fixed deposit unpledged/ (pledged)	1,732	(1,786)
Net cash provided by financing activities	6,600	13,625
Net decrease in cash and cash equivalents	(20)	(309)
Cash and cash equivalents		
Beginning of financial year	488	852
Effects of currency translation on cash and cash equivalents	(11)	(55)
End of financial year	457	488

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For the purpose of presenting the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group Unaudited As at 30 June 2019 S\$'000	Audited As at 30 June 2018 S\$'000
Cash and cash equivalents		
Cash at bank and on hand	457	488
Fixed deposits at bank	119	1,841
Cash and cash equivalents per consolidated statement of financial position	576	2,329
Less: Fixed deposits pledged	(119)	(1,841)
Cash and cash equivalents per consolidated statement of cash flows	457	488

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 year of the immediately preceding financial year

Statement of changes in equity

Group	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
As at 1 July 2018	52,778	(42,587)	6	-	10,197
Loss for the financial year	-	(56,853)	-	*	(56,853)
Issuance of new ordinary shares pursuant to exercise of warrants	4,000	-	-	-	4,000
Share issue expenses	(203)	-	-	-	(203)
Other comprehensive loss for the financial year	-	-	(1)	*	(1)
As at 30 June 2019	56,575	(99,440)	5	*	(42,860)
As at 1 July 2017	52,778	(43,820)	(17)	-	8,941
Profit for the financial year	-	1,233	-	-	1,233
Other comprehensive income for the financial year	-	-	23	-	23
As at 30 June 2018	52,778	(42,587)	6	-	10,197
Company	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
As at 1 July 2018	52,778	(43,358)	6	-	9,426
Loss for the financial year	-	(56,056)	-	-	(56,056)
Issuance of new ordinary shares pursuant to exercise of warrants	4,000	-	-	-	4,000
Share issue expenses	(203)	-	-	-	(203)
Other comprehensive loss for the financial year	-	-	(1)	-	(1)
As at 30 June 2019	56,575	(99,414)	5	-	(42,834)
As at 1 July 2017	52,778	(44,591)	2	-	8,189
Profit for the financial year	-	1,233	-	-	1,233
Other comprehensive income for the financial year	-	-	4	-	4
As at 30 June 2018	52,778	(43,358)	6	-	9,426

* Amount below S\$1,000.

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Other reserves	Group		Company	
	Unaudited As at 30 June 2019 S\$'000	Audited As at 30 June 2018 S\$'000	Unaudited As at 30 June 2019 S\$'000	Audited As at 30 June 2018 S\$'000
(a) Composition:				
Fair value reserve	5	6	5	6
Currency translation reserve	*	-	-	-
	<u>5</u>	<u>6</u>	<u>5</u>	<u>6</u>
(b) Movements:				
(i) Fair value reserve				
Beginning of financial year	6	2	6	2
Fair value (losses) / gains	(1)	4	(1)	4
End of financial year	<u>5</u>	<u>6</u>	<u>5</u>	<u>6</u>
(ii) Currency translation reserve				
Beginning of financial year	-	(19)	-	-
Net currency translation differences of financial statements of foreign subsidiary corporation	*	19	-	-
End of financial year	<u>*</u>	<u>-</u>	<u>-</u>	<u>-</u>

* Amount below S\$1,000.

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 year 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 year reported on and as at the end of the corresponding year of the immediately preceding financial year

Share Capital

	Number of shares	Issued and paid up share capital (S\$)
As at 1 July 2018	2,832,159,507	52,778,324
Issuance of new shares pursuant to exercise of warrants		
- on 1 February 2019	200,000,000	1,917,839
- on 22 April 2019	200,000,000	1,878,800
As at 30 June 2019	<u>3,232,159,507</u>	<u>56,574,963</u>

During the financial year ended 30 June 2019, the ordinary share capital of the Company has increased from 2,832,159,507 to 3,232,159,507 Shares after the allotment and issuance of (1) 200,000,000 ordinary shares on 1 February 2019 pursuant to the exercise of 200,000,000 warrants and (2) 200,000,000 ordinary shares on 22 April 2019 pursuant to the exercise of 200,000,000 warrants. As a result, the Company's issued and paid-up capital increased to \$56,574,963 as at year ended 30 June 2019.

Warrants

On 1 February 2019 and 22 April 2019, the Company had completed the exercise of 200,000,000 warrants and allotment of 200,000,000 shares respectively. Remaining 100,000,000 warrants outstanding will expired on 8 August 2019.

Treasury shares

As at 30 June 2019 and 2018, there were no treasury shares held.

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Convertible bonds

S\$7,000,000 convertible bonds due on 18 February 2021

We refer to the Company's announcement dated 31 August 2017, 7 September 2017, 7 February 2018 and 18 February 2018, regarding the Company's issuance of S\$7,000,000 convertible bonds due on 18 February 2021. The convertible bonds are convertible at the holder's option at any time from 19 August 2019 up to 15 days before the maturity date of 18 February 2021 into fully paid ordinary shares of the Company at an initial conversion price of S\$0.015 per share. As at 30 June 2019, there was no conversion of bonds into equity shares. Assuming all the bonds are fully converted as at 30 June 2019, the number of new shares to be issued would be 466,666,666.

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

	Number of ordinary shares	
	30 June 2019	30 June 2018
Total number of issued shares excluding treasury shares	3,232,159,507	2,832,159,507

Following the completion of exercises of 200,000,000 warrants and allotment of 200,000,000 shares on 1 February 2019 and 22 April 2019 respectively, as at the date of this announcement, the number of issued and paid up Shares in the capital of the Company has increased from 2,832,159,507 Shares to 3,232,159,507 Shares.

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 year reported on

Not applicable.

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

The figures have not been audited or reviewed.

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 computation methods used in the preparation of the financial statements for the current reporting year as compared with the audited annual financial statements for the financial year ended 30 June 2018.

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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 adopted all new and revised Financial Reporting Standard ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual year beginning on or after 1 July 2018, where applicable.

The adoption of these new/revised FRS and INT FRS did not result in any substantial change to the Group's accounting policies and has no material/significant impact on the financial statements of the Group for the current reporting year or prior years reporting year.

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

	Group Unaudited As at 30 June 2019	Audited As at 30 June 2018
Net (loss)/profit attributable to equity holders of the Company (S\$ '000)	(56,853)	1,233
Weighted average number of ordinary shares outstanding for basic earnings per share ('000)	2,947,776	2,832,160
Basic earnings per share (cents per share)	(1.93)	0.04
Weighted average number of ordinary shares outstanding for diluted earnings per share ('000)	2,947,776	2,832,160
Diluted earnings per share (cents per share)	n.m.	0.04
<i>n.m. denotes not meaningful.</i>		

For the financial year ended 30 June 2019, the calculation for the diluted earnings per share did not assume conversion of outstanding warrants and convertible bonds because the conversion price is anti-dilutive.

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 year reported on and
(b) immediately preceding financial year

	Group Unaudited As at 30 June 2019	Audited As at 30 June 2018	Company Unaudited As at 30 June 2019	Audited As at 30 June 2018
Net (liabilities) / assets (S\$'000)	(42,860)	10,197	(42,834)	9,426
Number of shares ('000)	3,232,160	2,832,160	3,232,160	2,832,160
Net (liabilities)/ assets value per ordinary shares (cents)	(1.33)	0.36	(1.33)	0.33

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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 year 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 year reported on

Review of the Group's performance

(Financial year ended 30 June 2019 ("FY2019") vs. Financial year ended 30 June 2018 ("FY2018"))

Revenue

	FY2019		FY2018		Increase/ (decrease)	Increase/ (decrease)
	S\$'000		S\$'000		S\$'000	
Civil Engineering	24,702	98%	47,358	96%	(22,656)	(48%)
Tunnelling	441	2%	1,750	4%	(1,309)	(75%)
	<u>25,143</u>	100%	<u>49,108</u>	100%	<u>(23,965)</u>	

Revenue from Civil Engineering projects decreased by S\$22.7 million from S\$47.4 million in FY2018 to S\$24.7 million in FY2019 due to lower level of project activities as one of the Company's major civil engineering project is nearing completion.

Revenue from Tunnelling projects decreased by S\$1.3 million from S\$1.8 million in FY2018 to S\$0.4 million in FY2019 due to the completion of existing Tunnelling projects. New Tunnelling projects with current order book amounting to S\$79.9 million have just commenced.

Gross (loss)/profit

	FY2019		FY2018		Increase/ (decrease)	Increase/ (decrease)
	S\$'000		S\$'000		S\$'000	
Civil Engineering	(20,938)	100%	4,697	116%	(25,635)	n.m.
Tunnelling	40	0%	(641)	(16%)	681	305%
	<u>(20,898)</u>	100%	<u>4,056</u>	100%	<u>(24,954)</u>	

In line with the substantial drop in Group's revenue and lower level of project activities, the Group suffered a gross loss of S\$20.9 million in FY2019 as compared to a gross profit of S\$4.1 million in FY2018, a decline of approximately S\$24.9 million. The decline is mainly due to cost overrun incurred during the final stages of one of the Company's major Civil engineering project.

Review of the Group's performance (Cont'd)

Other gains

Other gains increased by S\$1.0 million from S\$0.5 million in FY2018 to S\$1.5 million in FY2019 mainly due to an increase in sales of scrap material.

Distribution and marketing expenses

The Group did not incur significant distribution and marketing expenses during the year.

Administrative expenses

Administrative expenses increased by S\$0.9 million from S\$2.0 million in FY2018 to S\$2.9 million in FY2019 mainly due to an increase in bad debt written off.

Other operating expenses

Other operating expenses incurred approximately of S\$33.6 million in FY2019 mainly due to an impairment allowances on contract assets of approximately S\$ 32.3 million and late interest payment charges of approximately S\$1.2 million incurred.

Finance cost

Finance costs decreased by S\$0.3 million from S\$1.3 million in FY2018 to S\$1.0 million in FY2019 mainly due to repayment of term loan during the financial year.

Loss for the financial year

As a result of the above factors, the Group reported a loss from net profit of S\$1.2 million in FY2018 to net loss of S\$56.9 million in FY2019.

Review of the Group's Financial Position

(Financial year ended 30 June 2019 ("FY2019") vs. Financial year ended 30 June 2018 ("FY2018"))

Current assets

Current assets decreased by approximately S\$37.8 million from S\$42.1 million in FY2018 to S\$4.3 million in FY2019. The decrease was mainly due to a decrease in contract assets of approximately S\$32.3 million as a result of impairment allowance on contract assets.

Non-current assets

Non-current assets decreased by approximately S\$1.4 million from S\$5.4 million in FY2018 to S\$4.0 million as at FY2019. The decrease in non-current assets was mainly due to depreciation charges.

Current liabilities

Current liabilities increased by approximately S\$13.9 million from S\$29.2 million in FY2018 to S\$43.1 million in FY2019. The increase in current liabilities was mainly due to contract liabilities of approximately S\$2.3 million and increase in trade payables of approximately S\$10.5 million.

Non-current liabilities

Non-current liabilities remained unchanged.

Review of the Group's Cash Flows

(Financial year ended 30 June 2019 ("FY2019") vs. Financial year ended 30 June 2018 ("FY2018"))

Net cash used in operating activities

The Group used net cash of approximately S\$6.7 million for operating activities in FY2019. Major movements of the cash flow from operating activities comprised of:

- (a) net operating cash outflow before working capital of S\$14.5 million.

Net cash provided by investing activities

The Group generated net cash of approximately S\$36,000 from investing activities in FY2019 mainly due to:

- (a) sale proceeds from disposal of plant and equipment of approximately S\$158,000; and
- (b) which was offset by the addition of plant and equipment of approximately S\$123,000.

Net cash provided by financing activities

The group generated net cash of approximately S\$6.6 million from financing activities in FY2019 mainly due to:

- (a) proceeds from the issuance of new ordinary shares pursuant to the exercise of S\$4.0 million of warrants; and
- (b) net proceeds of borrowings of approximately S\$2.1 million.

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

The company had on 27 November 2019 issued a profit guidance announcement on SGXNET to inform shareholders that the Group would be expecting to report a net loss for FY2019. The results in this announcement are in line with the previous announcement made.

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

Business Outlook

Based on BCA website, there's S\$30 billion worth of new construction projects to be rolled out in year 2019/2020 (source BCA website https://www.bca.gov.sg/newsroom/others/MR_Prospects2019.pdf), of which S\$6.5 million is expected to be from public projects. DTSS (Deep Tunnel Sewage System) is also expected to kick off phase 2 and there will be projects worth about S\$10 billion (source PUB website <https://tunnellingjournal.com/tunnelling-begins-singapores-dtss-phase-2/>). As such, the Group's strategy is to secure as much new projects as possible during this period. Despite challenges, we endeavour to secure more new projects due to the new lease of life after the successful execution of the scheme of arrangement.

The current total order book is at S\$82.4 million.

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On the going concern assumption on which the financial statements of the Group are prepared are deemed to be inappropriate. The Board is of the opinion that adjustment will have to be made to, inter alia, restate the carrying value of the Group's assets to their recoverable amounts, non-current assets may be reclassified to current assets and provisions may have to be made for further liabilities which may arise. The Company will engage an external consultant to perform an independent review and to submit its recommendations.

11 Dividend

(a) Current Financial Year Reported On

Any dividend declared for the current financial year reported on?

None.

(b) Corresponding Year of the Immediately Preceding Financial Year

Any dividend declared for the corresponding year of the immediately preceding financial year?

None.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12 If no dividend has been declared/recommended, a statement to that effect

No dividend had been declared for the year ended 30 June 2019.

13 Interested person transactions disclosure

The Group has obtained a general mandate from shareholders of the Company for Interested Person Transactions ("IPTs") under Rule 920 of the Listing Manual of the SGX-ST from shareholders in the Annual General Meeting held on 26 October 2018. Details of the IPTs (excluding transactions less than S\$100,000) of the Group for 4Q2019 are as follow:

Name of interested Person	Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under the shareholders' mandate pursuant to Rule 920 of the Listing Manual)
Econ Geotech Pte Ltd	S\$'000 300

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14 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

Business Segments

The Group's operating segments are its strategic business units which offer different services and are managed separately. The reportable segment presentation is based on the Group's management and internal reporting structure used for its strategic decision-making purposes.

The Group's activities comprise the following reportable segments:

- (i) Civil Engineering – The business division of our Group that carries out civil engineering works which include road construction works, road maintenance works, sewerage rehabilitation (excluding tunnelling works), drains (excluding tunnelling works), soil improvement works and other infrastructure works.
- (ii) Tunnelling – The business division of our Group that carries out micro tunnelling works.

Currently, the business segments operate only in Singapore.

Year ended 30 June 2019	Civil Engineering SS\$'000	Tunnelling SS\$'000	Common and all other segments SS\$'000	Total SS\$'000
Revenue	24,702	441	-	25,143
Gross loss	(20,938)	40	-	(20,838)
Other income	-	-	1,519	1,519
Distribution and marketing expenses	-	-	(7)	(7)
Administrative expenses	-	-	(2,873)	(2,873)
Other operating expenses	(32,317)	-	(1,246)	(33,563)
Finance expenses	-	-	(1,031)	(1,031)
Loss before income tax	(53,255)	40	(3,638)	(56,853)
Less: Income tax expense	-	-	-	-
Net loss from operations	(53,255)	40	(3,638)	(56,853)
Net loss includes:				
- Depreciation of property, plant and equipment	1,269	52	33	1,354
Segment assets	7,065	502	784	8,351
Total assets include:				
- Additions to property, plant and equipment	1,369	57	12	1,438
Segment liabilities	16,227	2,305	26,180	44,712

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Business Segments (Cont'd)

Year ended 30 June 2018	Civil Engineering SS\$'000	Tunnelling SS\$'000	Common and all other segments SS\$'000	Total SS\$'000
Revenue	47,358	1,750	-	49,108
Gross profit/(loss)	4,697	(641)	-	4,056
Other income	-	-	490	490
Distribution and marketing expenses	-	-	(14)	(14)
Administrative expenses	-	-	(2,035)	(2,035)
Finance expenses	-	-	(1,264)	(1,264)
Profit/(loss) before income tax	4,697	(641)	(2,823)	1,233
Less: Income tax expense	-	-	-	-
Net profit/(loss) from operations	4,697	(641)	(2,823)	1,233
Net profit includes:				
- Depreciation of property, plant and equipment	1,647	69	33	1,749
Segment assets	41,115	3,067	3,354	47,536
Total assets include:				
- Additions to property, plant and equipment	1,369	57	12	1,438
Segment liabilities	6,828	928	29,583	37,339

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

As explained in Section 8 above.

There are no factors leading to material changes in contributions to turnover by business segment. Civil engineering continues to be our main business segment with micro tunnelling as our secondary segment. As the Group operates only in Singapore, there is no geographical factor involved.

16 A breakdown of sales

	30 June 2019 SS\$'000	30 June 2018 SS\$'000	Increase/ (decrease) SS\$'000
a) Sales reported for first half year	15,268	31,601	(16,333)
b) Operating profit after taxation reported for first half of the year	54	649	(595)
c) Sales reported for second half year	9,875	17,507	(7,632)
d) Operating loss after taxation reported for second half of the year	(56,799)	584	(57,383)

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

No dividend had been declared for FY2019 and FY2018.

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18 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 (13) in the format as shown. If there is no such person, the issuer must make an appropriate negative statement.

There were no persons occupying a managerial position during the year who were related to any director or chief executive officer or substantial shareholder of the company.

19 Use of proceeds

Pursuant to the subsequent exercise of 200,000,000 warrants and allotment of 200,000,000 shares on 22 April 2019, the Company had obtained proceeds of S\$2,000,000. The Company has fully utilised the proceeds in the following manner:

<u>Purpose</u>	<u>Amount S\$</u>	<u>Percentage Allocation (%)</u>
Working capital for trade creditor payment, repayment of borrowings and salary related expenses	2,000,000	100

20 Confirmation by the Company pursuant to Rule 720(1) of the SGX-ST Listing Manual

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

21 Negative confirmation pursuant to Rule 705(5) of the Listing Manual

Due to the uncertainties of the outcome discussed in section 10 above, and any unforeseen circumstances may raise further adjustments may require to be made to the Group's management accounts at that point in time with the resultant that the unaudited financial statements of the Company and the Group for 4Q19 may not reflective of the Company and Group's financial statements for the financial year ending 30 June 2019. Save as aforementioned, the Board of Directors of the Company (the "Board") confirm to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited financial statements of the Group for the year ended 30 June 2019 to be false or misleading in any material aspect.

**FOR AND ON BEHALF OF THE BOARD
BY ORDER OF THE BOARD**

Yeo Junyu

Executive Director

2 December 2019

Moorthy Varadhan

Executive Director

2 December 2019