

# **Swee Hong Limited**

**First Quarter**

**Unaudited Financial Statement**

**for the period ended**

**30 September 2018**

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

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

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

|  | Current<br>three months<br>ended 30<br>September 2018<br>S\$'000 | Group<br>Previous<br>three months<br>ended 30<br>September 2017<br>S\$'000 | Increase /<br>(Decrease) |
|--|--|--|--------------------------|
| <b>Revenue</b>                                     | 7,948  | 14,220   | (44%)                    |
| Cost of works                                      | (7,298)  | (12,987)   | (44%)                    |
| <b>Gross profit</b>                                | 650  | 1,233  | (47%)                    |
| Other gains – net                                  | 51   | 16   | 219%                     |
| <b>Expenses</b>                                    |  |  |                          |
| -Administrative                                    | (484)  | (709)  | (32%)                    |
| -Finance   | (189)  | (159)  | 19%                      |
| <b>Profit before income tax</b>                    | 28   | 381  | (93%)                    |
| Income tax expense                                 | -  | -  | -                        |
| <b>Net profit</b>                                  | 28   | 381  | (93%)                    |
| <b>Total comprehensive income</b>                  | 28   | 381  | (93%)                    |
| <b>Net profit attributable to:</b>                 |  |  |                          |
| Equity holders of the Company                      | 28   | 381  | (93%)                    |
| <b>Total comprehensive income attributable to:</b> |  |  |                          |
| Equity holders of the Company                      | 28   | 381  | (93%)                    |

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

|   | Current<br>three months<br>ended 30<br>September 2018<br>S\$'000 | Group<br>Previous<br>three months<br>ended 30<br>September 2017<br>S\$'000 | Increase /<br>(Decrease) |
|---|--|--|--------------------------|
| Foreign exchange losses - net                     | 8  | -  | n.m.                     |
| Dividend income                                   | *  | *  | n.m.                     |
| Gain on disposal of property, plant and equipment | (2)  | -  | n.m.                     |
| Amortisation of deferred income                   | (36)   | -  | n.m.                     |
| Bank interest income                              | (10)   | *  | n.m.                     |
| Government grant                                  | (2)  | (10)   | (80%)                    |
| Sales of scrap                                    | (8)  | (6)  | 33%                      |
| Other income                                      | (1)  | -  | n.m.                     |
| Interest expenses                                 | 189  | 159  | 19%                      |
| Deprecation of property, plant and equipment      | 339  | 460  | (26%)                    |

\* Amount below S\$1,000.

n.m. denotes not meaningful.

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

**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<br>As at<br>30 September<br>2018<br>S\$'000 | Audited<br>As at<br>30 June<br>2018<br>S\$'000 | Unaudited<br>As at<br>30 September<br>2018<br>S\$'000 | Audited<br>As at<br>30 June<br>2018<br>S\$'000 |
| <b>ASSETS</b>   |   |  |   |  |
| <b>Current assets</b>   |   |  |   |  |
| Cash and cash equivalents   | 2,231   | 2,329  | 2,222   | 2,322  |
| Trade and other receivables   | 41,029  | 38,802   | 41,047  | 38,819   |
| Construction contract work-in-progress                                    | 626   | 957  | 626   | 957  |
|   | <u>43,886</u>   | <u>42,088</u>                                  | <u>43,895</u>   | <u>42,098</u>                                  |
| <b>Non-current assets</b>   |   |  |   |  |
| Available-for-sale financial assets                                       | 15  | 15   | 15  | 15   |
| Investment in subsidiary corporations                                     | -   | -  | 2   | 2  |
| Property, plant and equipment   | 5,092   | 5,433  | 5,092   | 5,433  |
|   | <u>5,107</u>  | <u>5,448</u>                                   | <u>5,109</u>  | <u>5,450</u>                                   |
| <b>Total assets</b>   | <u>48,993</u>   | <u>47,536</u>                                  | <u>49,004</u>   | <u>47,548</u>                                  |
| <b>LIABILITIES</b>  |   |  |   |  |
| <b>Current liabilities</b>  |   |  |   |  |
| Trade and other payables  | 16,466  | 13,470   | 17,248  | 14,253   |
| Deferred income   | 142   | 142  | 142   | 142  |
| Borrowings  | 14,286  | 15,585   | 14,286  | 15,585   |
|   | <u>30,894</u>   | <u>29,197</u>                                  | <u>31,676</u>   | <u>29,980</u>                                  |
| <b>Non-current liabilities</b>  |   |  |   |  |
| Deferred income   | 355   | 391  | 355   | 391  |
| Borrowings  | 7,519   | 7,751  | 7,519   | 7,751  |
|   | <u>7,874</u>  | <u>8,142</u>                                   | <u>7,874</u>  | <u>8,142</u>                                   |
| <b>Total liabilities</b>  | <u>38,768</u>   | <u>37,339</u>                                  | <u>39,550</u>   | <u>38,122</u>                                  |
| <b>NET ASSETS</b>   | <u>10,225</u>   | <u>10,197</u>                                  | <u>9,454</u>  | <u>9,426</u>                                   |
| <b>EQUITY</b>   |   |  |   |  |
| <b>Capital and reserves attributable to equity holders of the Company</b> |   |  |   |  |
| Share capital   | 52,778  | 52,778   | 52,778  | 52,778   |
| Other reserves  | 6   | 6  | 6   | 6  |
| Accumulated losses  | (42,559)  | (42,587)                                       | (43,330)  | (43,358)                                       |
| <b>TOTAL EQUITY</b>   | <u>10,225</u>   | <u>10,197</u>                                  | <u>9,454</u>  | <u>9,426</u>                                   |

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

**Notes to Statement of Financial Position**

**(i) Trade and other receivables**

|                           | Group                           |                            | Company                         |                            |
|---------------------------|---------------------------------|----------------------------|---------------------------------|----------------------------|
|                           | 30 September<br>2018<br>S\$'000 | 30 June<br>2018<br>S\$'000 | 30 September<br>2018<br>S\$'000 | 30 June<br>2018<br>S\$'000 |
| Trade receivables – net   | 4,795                           | 1,038                      | 4,795                           | 1,038                      |
| Construction contracts:   |                                 |                            |                                 |                            |
| - Due from customers      | 35,545                          | 36,889                     | 35,545                          | 36,889                     |
| Non-trade receivables     |                                 |                            |                                 |                            |
| - Subsidiary corporations | -                               | -                          | 18                              | 17                         |
| - Related corporations    | 77                              | 262                        | 77                              | 262                        |
| - Non-related parties     | 273                             | 293                        | 273                             | 293                        |
| Deposits                  | 222                             | 228                        | 222                             | 228                        |
| Prepayments               | 117                             | 92                         | 117                             | 92                         |
|                           | <b>41,029</b>                   | <b>38,802</b>              | <b>41,047</b>                   | <b>38,819</b>              |

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

**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 |                                   |  |                                 |
|                                      | As at 30 September 2018<br>Secured<br>S\$'000          | Unaudited<br>Unsecured<br>S\$'000 | As at 30 June 2018<br>Secured<br>S\$'000 | Audited<br>Unsecured<br>S\$'000 |
| Borrowings                           | 1,709  | 12,351                            | 1,706                                    | 13,600                          |
| Finance lease liabilities            | 226  | -                                 | 279                                      | -                               |
|                                      |  |                                   |  |                                 |
| (b) Amounts repayable after one year | As at 30 September 2018<br>Secured<br>S\$'000          | Unaudited<br>Unsecured<br>S\$'000 | As at 30 June 2018<br>Secured<br>S\$'000 | Audited<br>Unsecured<br>S\$'000 |
| Finance lease liabilities            | 626  | -                                 | 858                                      | -                               |
| Convertible bonds                    | -  | 6,893                             | -  | 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 2018 to 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\$852,000 are secured by a guarantee provided by immediate holding company. As at 30 September 2018, the carrying amounts of plant and machinery held under finance leases are with net book value of S\$1.1 million.

The loan from immediate holding company amounting to S\$3.4 million is unsecured, interest-free and repayable on demand.

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

**Notes to Statement of Financial Position**

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

|  | <b>Group</b>  |  |
|--|---|--|
|  | <b>Unaudited<br/>Current<br/>three months ended<br/>30 September 2018<br/>S\$'000</b> | <b>Unaudited<br/>Previous<br/>three months ended<br/>30 September 2017<br/>S\$'000</b> |
| <b>Cash flows from operating activities</b>                  |   |  |
| Net profit   | 28  | 381  |
| Adjustments for:   |   |  |
| Depreciation of property, plant and equipment                | 339   | 460  |
| Amortisation of deferred income                              | (36)  | -  |
| Gains on disposal of property, plant and equipment - net     | (2)   | -  |
| Interest income  | (10)  | *  |
| Dividend income  | *   | *  |
| Interest expenses  | 189   | 159  |
| Unrealised currency translation losses                       | 11  | -  |
| <b>Operating cash flows before working capital changes</b>   | <b>519</b>  | <b>1,000</b>   |
| <b>Changes in working capital:</b>                           |   |  |
| Construction contract work-in-progress                       | 330   | (72)   |
| Trade and other receivables                                  | (2,201)   | (7,531)  |
| Trade and other payables                                     | 3,053   | 1,052  |
| Cash generated from/(used in) operations                     | 1,701   | (5,551)  |
| Interest received  | *   | *  |
| <b>Net cash provided by/(used in) operating activities</b>   | <b>1,701</b>  | <b>(5,551)</b>   |
| <b>Cash flows from investing activities</b>                  |   |  |
| Additions to property, plant and equipment                   | (32)  | -  |
| Proceeds from disposal of property, plant and equipment      | 35  | -  |
| Dividends received   | *   | -  |
| <b>Net cash provided by investing activities</b>             | <b>3</b>  | <b>-</b>   |
| <b>Cash flows from financing activities</b>                  |   |  |
| Proceeds from borrowings                                     | 2,300   | 5,472  |
| Repayment of borrowings                                      | (3,500)   | -  |
| Repayment of finance lease liabilities                       | (285)   | -  |
| Interest paid  | (327)   | (159)  |
| <b>Net cash (used in)/provided by financing activities</b>   | <b>(1,812)</b>  | <b>5,313</b>   |
| <b>Net decrease in cash and cash equivalents</b>             | <b>(108)</b>  | <b>(238)</b>   |
| <b>Cash and cash equivalents</b>                             |   |  |
| Beginning of financial period                                | 488   | 852  |
| Effects of currency translation on cash and cash equivalents | (3)   | -  |
| <b>End of financial period</b>                               | <b>377</b>  | <b>614</b>   |

\* Amount below S\$1,000.

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

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

|  | Group             |                   |
|--|-------------------|-------------------|
|  | 30 September 2018 | 30 September 2017 |
|  | S\$'000           | S\$'000           |
| <b>Cash and cash equivalents</b>   |                   |                   |
| Cash at bank and on hand   | 377               | 614               |
| Fixed deposits at bank   | 1,854             | -                 |
| Cash and cash equivalents per consolidated statement of financial position | 2,231             | 614               |
| Less: Fixed deposits pledged   | (1,854)           | -                 |
| Cash and cash equivalents per consolidated statement of cash flows         | 377               | 614               |

**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**

**Statement of change in equity**

| Group                           | Share capital | Accumulated | Other reserves | Total equity |
|---------------------------------|---------------|-------------|----------------|--------------|
|                                 | S\$'000       | losses      | S\$'000        | S\$'000      |
|                                 |               | S\$'000     | S\$'000        |              |
| <b>As at 1 July 2018</b>        | 52,778        | (42,587)    | 6              | 10,197       |
| Profit for the financial period | -             | 28          | -              | 28           |
| <b>As at 30 September 2018</b>  | 52,778        | (42,559)    | 6              | 10,225       |
| <b>As at 1 July 2017</b>        | 52,778        | (43,820)    | (17)           | 8,941        |
| Profit for the financial period | -             | 381         | -              | 381          |
| <b>As at 30 September 2017</b>  | 52,778        | (43,439)    | (17)           | 9,322        |
| <b>Company</b>                  |               |             |                |              |
|                                 | Share capital | Accumulated | Other reserves | Total equity |
|                                 | S\$'000       | losses      | S\$'000        | S\$'000      |
|                                 |               | S\$'000     |                |              |
| <b>As at 1 July 2018</b>        | 52,778        | (43,358)    | 6              | 9,426        |
| Profit for the financial period | -             | 28          | -              | 28           |
| <b>As at 30 September 2018</b>  | 52,778        | (43,330)    | 6              | 9,454        |
| <b>As at 1 July 2017</b>        | 52,778        | (44,591)    | 2              | 8,189        |
| Profit for the financial period | -             | 381         | -              | 381          |
| <b>As at 30 September 2017</b>  | 52,778        | (44,210)    | 2              | 8,570        |

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

| Other reserves   | Group                           |                                 | Company                         |                                 |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|  | 30 September<br>2018<br>S\$'000 | 30 September<br>2017<br>S\$'000 | 30 September<br>2018<br>S\$'000 | 30 September<br>2017<br>S\$'000 |
| <b>(a) Composition:</b>  |                                 |                                 |                                 |                                 |
| Fair value reserve   | 6                               | 2                               | 6                               | 2                               |
| Currency translation reserve   | -                               | (19)                            | -                               | -                               |
|  | <u>6</u>                        | <u>(17)</u>                     | <u>6</u>                        | <u>2</u>                        |
| <b>(b) Movements:</b>  |                                 |                                 |                                 |                                 |
| <b>(i) Fair value reserve</b>  |                                 |                                 |                                 |                                 |
| Beginning of financial period  | 6                               | 2                               | 6                               | 2                               |
| Fair value gains   | -                               | -                               | -                               | -                               |
| End of financial period  | <u>6</u>                        | <u>2</u>                        | <u>6</u>                        | <u>2</u>                        |
| <b>(ii) Currency translation reserve</b>   |                                 |                                 |                                 |                                 |
| Beginning of financial period  | -                               | (19)                            | -                               | -                               |
| Net currency translation differences of financial statements of foreign subsidiary corporation | -                               | -                               | -                               | -                               |
| End of financial period  | <u>-</u>                        | <u>(19)</u>                     | <u>-</u>                        | <u>-</u>                        |

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

#### Share Capital

During the financial period ended 30 September 2018, there has been no increase in the issued and paid-up share capital of the Company.

#### Warrants

As at 30 September 2018 and 2017, the 500,000,000 warrants remained outstanding.

#### Treasury shares

As at 30 September 2018 and 2017, there were no treasury shares held.

#### 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 into fully paid ordinary shares of the Company at an initial conversion price of S\$0.015 per share. As at 30 September 2018, there was no conversion of bonds into equity shares. Assuming all the bonds are fully converted as at 30 September 2018, the number of new shares to be issued would be 466,666,666.

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

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

|                         | Number of shares | Share capital (S\$) |
|-------------------------|------------------|---------------------|
| As at 1 July 2018       | 2,832,159,507    | 52,778,324          |
| As at 30 September 2018 | 2,832,159,507    | 52,778,324          |

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

Not applicable.

**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 period as compared with the audited annual financial statements for the financial year ended 30 June 2018.

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

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 period or prior years reporting period.



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

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

|  | Group<br>Unaudited<br>30 September 2018 | Unaudited<br>30 September 2017 |
|--|---|--------------------------------|
| Net profit attributable to equity holders of the Company (S\$ '000)                        | 28                                      | 381                            |
| Weighted average number of ordinary shares outstanding for basic earnings per share ('000) | 2,832,160                               | 2,832,160                      |
| Basic earnings per share (cents per share)   | 0.001                                   | 0.013                          |

For the financial period ended 30 September 2018, the calculation for the diluted earnings per share did not assume conversion of 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 period reported on and  
(b) immediately preceding financial year

|  | Group                             |                            | Company                           |                            |
|--|-----------------------------------|----------------------------|-----------------------------------|----------------------------|
|  | 30 September<br>2018<br>Unaudited | 30 June<br>2018<br>Audited | 30 September<br>2018<br>Unaudited | 30 June<br>2018<br>Audited |
| Net assets (S\$'000)                         | 10,225                            | 10,197                     | 9,454                             | 9,426                      |
| Number of shares ('000)                      | 2,832,160                         | 2,832,160                  | 2,832,160                         | 2,832,160                  |
| Net assets value per ordinary shares (cents) | 0.36                              | 0.36                       | 0.33                              | 0.33                       |

**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 the Group's performance**

**(First quarter of FY2019 ("1Q2019") vs. First quarter of FY2018 ("1Q2018"))**

**Revenue**

|                   | 30 September<br>2018<br>S\$'000 |             | Group<br>30 September<br>2017<br>S\$'000 |             | Increase/<br>(decrease)<br>S\$'000 | Increase/<br>(decrease) |
|-------------------|---------------------------------|-------------|--|-------------|------------------------------------|-------------------------|
| Civil Engineering | 7,948                           | 100%        | 14,032                                   | 99%         | (6,084)                            | (43%)                   |
| Tunnelling        | -                               | -           | 188                                      | 1%          | (188)                              | (100%)                  |
|                   | <u>7,948</u>                    | <u>100%</u> | <u>14,220</u>                            | <u>100%</u> | <u>(6,272)</u>                     |                         |

(Company Registration No.: 198001852R)  
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**Review of the Group's performance (Cont'd)**

Revenue from Civil Engineering segment decreased by S\$6.3 million from S\$14.2 million in 1Q2018 to S\$7.9 million in 1Q2019 due to lower revenue recognised for Civil Engineering projects during the financial period.

No revenue from Tunnelling segment was recorded in 1Q2019 compared to S\$188,000 in 1Q2018 due to the Tunnelling projects having been substantially completed in the previous financial period.

**Gross profit**

|                   | 30 September<br>2018<br>S\$'000 |             | 30 September<br>2017<br>S\$'000 |             | Increase/<br>(decrease)<br>S\$'000 | Increase/<br>(decrease) |
|-------------------|---------------------------------|-------------|---------------------------------|-------------|------------------------------------|-------------------------|
| Civil Engineering | 650                             | 100%        | 1,801                           | 146%        | (1,151)                            | (64%)                   |
| Tunnelling        | -                               | -           | (568)                           | (46%)       | 568                                | (100%)                  |
|                   | <u>650</u>                      | <u>100%</u> | <u>1,233</u>                    | <u>100%</u> | <u>(583)</u>                       |                         |

In line with the lower sales generated during the financial period, gross profit decreased by S\$583,000 from S\$1.2 million in 1Q2018 to S\$650,000 in 1Q2019.

**Other gains**

Other gains increased by S\$35,000 from S\$16,000 in 1Q2018 to S\$51,000 in 1Q2019 mainly due to the amortisation of deferred income from sale and lease back transaction of \$36,000.

**Administrative expenses**

Administrative expenses decreased by S\$225,000 from S\$709,000 in 1Q2018 to S\$484,000 in 1Q2019 mainly due to a decrease in professional charges incurred.

**Finance cost**

Finance expense relates to interest expenses on borrowing costs for working capital purposes. Finance costs increased slightly by S\$30,000 from S\$159,000 in 1Q2018 to S\$189,000 in 1Q2019 mainly due to the increase of term loan in the last financial year.

**Profit for the financial period**

As a result of the above factors, the Group recorded a decrease in net profit by S\$353,000 from S\$381,000 in 1Q2018 to S\$28,000 in 1Q2019.

**Review of the Group's Financial Position**

**(30 September 2018 vs. 30 June 2018)**

**Current assets**

Current assets increased by approximately S\$1.8 million from S\$42.1 million as at 30 June 2018 to S\$43.9 million as at 30 September 2018. The increase were mainly due to an increase in trade receivables of approximately S\$3.8 million, offset by a decrease in construction contracts due from customers of approximately S\$1.3 million and a decrease in construction contract work-in-progress of approximately S\$331,000.

**Non-current assets**

Non-current assets decreased by approximately S\$341,000 from S\$5.4 million as at 30 June 2018 to S\$5.1 million as at 30 September 2018. The decrease in non-current assets was mainly due to depreciation charges.

**Review of the Group's Financial Position (Cont'd)**

**Current liabilities**

Current liabilities increased by approximately S\$1.7 million from S\$29.2 million as at 30 June 2018 to S\$30.9 million as at 30 September 2018. The increase in current liabilities were mainly due to an increase in trade and other payables of approximately S\$3.0 million, offset by a net decrease in borrowings of approximately S\$1.3 million.

**Non-current liabilities**

Non-current liabilities decreased by approximately S\$268,000 from S\$8.1 million as at 30 June 2018 to S\$7.9 million as at 30 September 2018. The decrease in non-current liabilities was mainly due to repayment of borrowings of approximately S\$232,000.

**Review of Group's Cash Flows**

**(First quarter of FY2019 ("1Q2019") vs. First quarter of FY2018 ("1Q2018"))**

**Net cash provided by operating activities**

In 1Q2019, net cash provided by operating activities of S\$1.7 million consisted of operating cash inflow before working capital changes of S\$519,000, net of working capital inflow of S\$1.2 million. The net working capital inflow arose mainly due to an increase in trade receivables of approximately of S\$2.2 million and increase of trade payables of approximately S\$3.0 million.

**Net cash provided by investing activities**

Net cash provided by investing activities amounted to approximately S\$3,000 in 1Q2019 mainly due to:

- (a) proceeds from disposal of plant and equipment of approximately S\$35,000; and
- (b) offset by addition of plant and equipment of approximately S\$32,000.

**Net cash used in financing activities**

Net cash used in financing activities amounted to approximately S\$1.8 million in 1Q2019 mainly due to:

- (a) proceeds from borrowings of approximately S\$2.3 million primarily in relation to loans to finance the working capital for the Group's on-going projects;
- (b) partial offset by repayment of borrowings of approximately S\$3.5 million; and
- (c) partial offset by payment of interest of approximately S\$327,000.

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

No forecast or prospect statement was previously disclosed to shareholders.

**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 year and the next 12 months**

**Business Outlook**

The Building and Construction Authority (BCA) has, in its media release on 11 January 2018, forecasted the total construction demand or value of construction contracts to be awarded in 2018 to reach between S\$26.0 billion and S\$31.0 billion, from S\$24.8 billion in 2017. The public sector is expected to contribute about 61% of the total construction demand, contributed by an increase in demand for more public projects in the pipeline such as transport infrastructure, public housing and redevelopment of residential estates. The remainder 39% will come from the private sector which is expected to improve by the increase in construction demand for private residential projects and commercial projects. In light of this, the Group is cautiously optimistic of the construction outlook in the next 12 months.

The Group successfully tendered a new project amounting to S\$37.2 million which was duly announced on 13 November 2018 and continues to tender for new projects and is waiting for the results of the tenders as at the date of this announcement.

**11 Dividend**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

None.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period 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/recommendeded, a statement to that effect**

No dividend had been declared for the financial period ended 30 September 2018.

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

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**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 1Q2019 are as follow:

| Name of interested Person | Aggregate value of all IPTs (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<br>181  |

**14 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.

**15 Confirmation pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of the Company (the “Board”) confirms to the best of their knowledge, nothing has come to their attention of the Board which may render the unaudited financial statements of the Group for the period ended 30 September 2018 to be false or misleading in any material aspect.

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

**Peter Moe**  
Independent Director and Non-Executive Chairman  
14 November 2018

**Moorthy Varadhan**  
Executive Director  
14 November 2018