



TIONG WOON CORPORATION HOLDING LTD
(Company Registration No. 199705837C)

Second Quarter and First Half Financial Statements and Dividend Announcement for the Period Ended 31 December 2019

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) %	Group		Increase/ (Decrease) %
	2QFY2020 S\$'000	2QFY2019 S\$'000		1HFY2020 S\$'000	1HFY2019 S\$'000	
Revenue	37,254	28,496	31	76,199	56,951	34
Cost of sales	(23,245)	(19,772)	18	(47,393)	(39,108)	21
Gross profit	14,009	8,724	61	28,806	17,843	61
Other income	689	73	844	809	187	333
Impairment written back/(loss) on financial assets-net	3	(287)	NM	(1,080)	(240)	350
Other (losses)/gains - net	(1,478)	369	NM	(103)	(872)	(88)
Expenses						
- Administrative	(330)	(333)	(1)	(612)	(675)	(9)
- Other operating	(7,064)	(6,324)	12	(13,411)	(11,958)	12
- Finance	(879)	(672)	31	(1,832)	(1,464)	25
Share of (loss)/profit of associated companies	(15)	105	NM	(6)	312	NM
Share of profit of a joint venture	18	3	500	4	1	300
Profit before income tax	4,953	1,658	199	12,575	3,134	301
Income tax expense	(934)	(643)	45	(3,521)	(953)	269
Total profit	4,019	1,015	296	9,054	2,181	315
Other comprehensive income/(loss):						
Items that may be subsequently reclassified to profit or loss:						
Currency translation differences arising from consolidation - gain/(loss)	567	(276)	NM	438	(438)	NM
Fair value loss on cash flow hedges	-	(1)	(100)	-	(2)	(100)
	567	(277)	NM	438	(440)	NM
Total comprehensive income	4,586	738	521	9,492	1,741	445
Profit/(Loss) attributable to:						
Equity holders of the Company	4,037	1,026	293	9,083	2,202	312
Non-controlling interest	(18)	(11)	64	(29)	(21)	38
	4,019	1,015	296	9,054	2,181	315
Total comprehensive income/(loss) attributable to:						
Equity holders of the Company	4,607	764	503	9,524	1,788	433
Non-controlling interest	(21)	(26)	(19)	(32)	(47)	(32)
	4,586	738	521	9,492	1,741	445

Denotes: NM - not meaningful

1(a)(ii) Note to the Statement of Comprehensive Income

	Group		Increase/ (Decrease)	Group		Increase/ (Decrease)
	2QFY2020	2QFY2019		1HFY2020	1HFY2019	
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Profit after income tax was stated after crediting/(charging):						
Depreciation of property, plant and equipment	(7,901)	(7,292)	8	(15,664)	(14,757)	6
Depreciation of right-of-use assets	(289)	-	NM	(581)	-	NM
Currency exchange (loss)/gain - net	(1,593)	438	NM	(440)	(830)	(47)
Gain on disposal of property, plant and equipment	154	79	95	332	186	78
Fair value loss on financial assets at fair value through profit or loss	(19)	(40)	(53)	(27)	(117)	(77)
Impairment loss on trade receivables	-	(381)	(100)	(1,102)	(381)	189
Write-back of impairment loss on trade receivables	3	94	(97)	22	141	(84)
Interest income	59	8	638	99	16	519
Interest expense	(900)	(780)	15	(1,800)	(1,575)	14
Under provision in prior years' current income tax	-	(144)	(100)	-	(144)	(100)
Over provision in prior years' deferred tax	-	12	(100)	-	12	(100)

Denotes: NM - not meaningful

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

	Group		Company	
	As at 31/12/2019	As at 30/06/2019	As at 31/12/2019	As at 30/06/2019
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	31,616	14,155	287	389
Financial assets at fair value through profit or loss	341	369	-	-
Trade and other receivables	54,934	53,524	-	-
Tax recoverable	43	39	-	-
Inventories	1,569	2,815	-	-
Other current assets	2,401	1,704	5	9
	90,904	72,606	292	398
Non-current assets				
Other receivables	-	-	47,344	47,348
Investment in associated companies	2,939	2,942	1,020	1,020
Investment in a joint venture	2,043	2,050	2,074	2,074
Investment in subsidiaries	-	-	40,944	40,944
Property, plant and equipment	369,990	370,699	-	-
Right-of-use assets	12,893	-	-	-
Deferred income tax assets	536	566	-	-
	388,401	376,257	91,382	91,386
Total assets	479,305	448,863	91,674	91,784
LIABILITIES				
Current liabilities				
Trade and other payables	51,681	45,202	1,912	1,922
Current income tax liabilities	2,170	1,583	-	-
Borrowings	16,328	22,578	-	-
	70,179	69,363	1,912	1,922
Non-current liabilities				
Trade and other payables	22,253	19,584	-	-
Borrowings	96,130	79,996	-	-
Deferred income tax liabilities	29,253	27,458	-	-
	147,636	127,038	-	-
Total liabilities	217,815	196,401	1,912	1,922
NET ASSETS	261,490	252,462	89,762	89,862
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	87,340	87,340	87,340	87,340
Other reserves	(2,293)	(2,734)	-	-
Retained earnings	176,333	167,714	2,422	2,522
	261,380	252,320	89,762	89,862
Non-controlling interest	110	142	-	-
Total equity	261,490	252,462	89,762	89,862

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

	Group	
	As At 31/12/2019	As At 30/06/2019
	S\$'000	S\$'000
Amount repayable in one year or less (secured)		
- Bank borrowings	4,494	6,857
- Finance lease liabilities	9,533	10,407
	14,027	17,264
Amount repayable in one year or less (unsecured)		
- Bank borrowings	1,350	5,314
- Lease liabilities	951	-
	16,328	22,578
Amount repayable after one year (secured)		
- Bank borrowings	57,548	59,782
- Finance lease liabilities	26,555	20,214
	84,103	79,996
Amount repayable after one year (unsecured)		
- Lease liabilities	12,027	-
	96,130	79,996
Total borrowings	112,458	102,574

Details of any collateral:

- (a) Bank borrowings of the Group are secured by a first legal charge over certain of the Group's property, plant and equipment.
- (b) Finance lease liabilities of the Group are secured over the leased machinery and 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		Group	
	2QFY2020	2QFY2019	1HFY2020	1HFY2019
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Total profit	4,019	1,015	9,054	2,181
Adjustments for:				
Income tax expense	934	643	3,521	953
Depreciation of property, plant and equipment	7,901	7,292	15,664	14,757
Depreciation of right-of-use assets	289	-	581	-
Gain on disposal of property, plant and equipment	(154)	(79)	(332)	(186)
Fair value loss on financial assets at fair value through profit or loss	19	40	27	117
Impairment (written back)/loss on trade receivables - net	(3)	287	1,080	240
Interest income	(59)	(8)	(99)	(16)
Interest expense	900	780	1,800	1,575
Share of loss/(profit) of associated companies	15	(105)	6	(312)
Share of profit of a joint venture	(18)	(3)	(4)	(1)
Translation differences	672	(295)	304	571
Operating cashflow before working capital changes	14,515	9,567	31,602	19,879
Change in operating assets and liabilities:				
Inventories	(190)	(59)	1,246	(70)
Trade and other receivables	82	(136)	(2,367)	(6,684)
Other current assets	307	253	(697)	(848)
Trade and other payables	3,119	9,483	5,055	12,186
Cash generated from operations	17,833	19,108	34,839	24,463
Income tax paid	(742)	(519)	(1,121)	(621)
Net cash provided by operating activities	17,091	18,589	33,718	23,842
Cash flows from investing activities				
Purchase of property, plant and equipment	(2,569)	-	(3,346)	(9,658)
Investment in an associated company	-	-	(16)	-
Interest received	59	8	99	16
Deposit pledged	(164)	(705)	(164)	(705)
Proceeds from disposal of property, plant and equipment	278	144	405	849
Net cash used in investing activities	(2,396)	(553)	(3,022)	(9,498)
Cash flows from financing activities				
Proceeds from borrowings	1,370	-	1,370	11,219
Repayment of borrowings	(1,240)	(10,363)	(5,101)	(12,395)
Repayment of finance lease liabilities	(3,422)	(3,638)	(6,914)	(7,686)
Principal repayment of a lease liabilities	(245)	-	(496)	-
Interest paid	(901)	(773)	(1,795)	(1,564)
Dividends paid to equity holders of the Company	(464)	-	(464)	-
Net cash used in financing activities	(4,902)	(14,774)	(13,400)	(10,426)
Net increase in cash and cash equivalents	9,793	3,262	17,296	3,918
Cash and cash equivalents at beginning of financial period	20,952	9,157	13,449	8,501
Cash and cash equivalents at end of financial period	30,745	12,419	30,745	12,419
Cash and cash equivalents at end of financial period	31,616	13,126	31,616	13,126
Less: Deposit pledged	(871)	(707)	(871)	(707)
Cash and cash equivalents per statement of cash flows	30,745	12,419	30,745	12,419

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 equity holders of the Company

	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000	Non- controlling Interest S\$'000	Total Equity S\$'000
Balance at 1 July 2019	87,340	(2,734)	167,714	252,320	142	252,462
Total comprehensive income/(loss)	-	(129)	5,046	4,917	(11)	4,906
Balance at 30 September 2019	87,340	(2,863)	172,760	257,237	131	257,368
Total comprehensive income/(loss)	-	570	4,037	4,607	(21)	4,586
Dividend relating to 2019 paid	-	-	(464)	(464)	-	(464)
Balance at 31 December 2019	87,340	(2,293)	176,333	261,380	110	261,490
Balance at 1 July 2018	87,340	(2,574)	164,769	249,535	198	249,733
Total comprehensive income/(loss)	-	(152)	1,176	1,024	(21)	1,003
Balance at 30 September 2018	87,340	(2,726)	165,945	250,559	177	250,736
Total comprehensive income/(loss)	-	(262)	1,026	764	(26)	738
Balance at 31 December 2018	87,340	(2,988)	166,971	251,323	151	251,474

Company

	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
Balance at 1 July 2019	87,340	2,522	89,862
Total comprehensive loss	-	(96)	(96)
Balance at 30 September 2019	87,340	2,426	89,766
Total comprehensive income	-	460	460
Dividend relating to 2019 paid	-	(464)	(464)
Balance at 31 December 2019	87,340	2,422	89,762
Balance at 1 July 2018	87,340	2,551	89,891
Total comprehensive loss	-	(83)	(83)
Balance at 30 September 2018	87,340	2,468	89,808
Total comprehensive income	-	363	363
Balance at 31 December 2018	87,340	2,831	90,171

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.

There were no treasury shares and outstanding convertibles as at 31 December 2019 and 31 December 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 shares as at 31 December 2019 was 232,235,253 (30 June 2019: 232,235,253).

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the six months ended 31 December 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 Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those used in the most recently audited annual financial statements.

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.

On 1 July 2019, the Group adopted new or amended SFRS(I)s and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year, including SFRS(I) 16 Leases. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I). Upon the adoption of SFRS(I) 16 Leases, the Group applied certain transition reliefs under a simplified approach and did not restate comparative amounts. Practical expedients were applied to recognise right-of-use ("ROU") assets that were equivalent to its lease liabilities of approximately S\$13.5 million on the balance sheet on 1 July 2019. Recognition exemptions for short-term leases and leases of low-value items are used as permitted by the standard. Under SFRS(I) 16, the recognition of operating lease expenses on a straight-line basis is replaced with the combination of depreciation expenses for ROU assets and interest expense on lease liabilities.

- 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.

<u>Earnings per Share</u>	Group			
	2QFY2020	2QFY2019	1HFY2020	1HFY2019
(i) Based on weighted average number of ordinary shares in issue (cents)	1.74	0.44	3.91	0.95
(ii) On a fully diluted basis (cents)	1.74	0.44	3.91	0.95

Earnings per ordinary share on existing issued share capital are computed based on the weighted average number of ordinary shares in issue during the period of 232,235,253 (31 December 2018: 232,235,253).

There is no difference between the basic and diluted earnings per share.

- 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	
	As At 31/12/2019	As At 30/06/2019	As at 31/12/2019	As At 30/06/2019
Net asset value per ordinary share (cents)	112.55	108.65	38.65	38.69
Number of shares in issue	232,235,253	232,235,253	232,235,253	232,235,253

- 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 on Group's Financial Results

3 Months ended 31 December 2019 (2QFY2020) vs 3 Months ended 31 December 2018 (2QFY2019)

Revenue

	2QFY2020	2QFY2019	Increase/ (Decrease)	1HFY2020	1HFY2019	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Heavy Lift and Haulage	33,581	27,368	23	66,006	54,810	20
Marine Transportation	1,835	996	84	3,779	1,999	89
Trading	1,838	132	1292	6,414	142	4417
	37,254	28,496	31	76,199	56,951	34

Revenue was S\$37.3 million in 2QFY2020, an increase of S\$8.8 million or 31% from S\$28.5 million in 2QFY2019. The increase was attributable to the increase in contributions from all segments.

Review on Group's Financial Results (Cont'd)

Heavy Lift and Haulage segment revenue increased by S\$6.2 million or 23% from S\$27.4 million in 2QFY2019 to S\$33.6 million in 2QFY2020, mainly due to more projects executed in Singapore.

Marine Transportation segment revenue increased by S\$0.8 million or 84% from S\$1.0 million in 2QFY2019 to S\$1.8 million in 2QFY2020, mainly due to more chartering jobs.

Trading segment revenue increased by S\$1.7 million or 1292% from S\$0.1 million in 2QFY2019 to S\$1.8 million in 2QFY2020, mainly due to higher value equipment was sold in 2QFY2020.

Gross Profit was S\$14.0 million in 2QFY2020, an increase of S\$5.3 million or 61% from S\$8.7 million in 2QFY2019, mainly due to higher turnover from all segments. **Gross Profit Margin** was higher at 38% in 2QFY2020 as compared to 31% in 2QFY2019, mainly due to improved performance from Heavy Lift and Haulage and Marine Transportation segments.

Other Income was S\$0.7 million in 2QFY2020, an increase of S\$0.6 million or 844% from S\$0.1 million in 2QFY2019, mainly due to higher insurance claims received in 2QFY2020.

Other (Losses)/Gains - net recorded a loss of S\$1.5 million in 2QFY2020, as compared to a gain of S\$0.4 million in 2QFY2019. This was mainly attributable to operational exchange loss of S\$1.6 million in 2QFY2020 as compared to operational exchange gain of S\$0.3 million in 2QFY2019.

Other Operating Expenses were S\$7.1 million in 2QFY2020, an increase of S\$0.8 million or 12% from S\$6.3 million in 2QFY2019, mainly due to an increase in manpower costs and depreciation of right-of-use assets.

Finance Expenses were S\$0.9 million in 2QFY2020, an increase of S\$0.2 million or 31% from S\$0.7 million in 2QFY2019, mainly due to higher interest expense arising from the recognition of lease liabilities following the adoption of SFRS (I) 16 Leases from 1 July 2019.

Income Tax Expense was S\$0.9 million in 2QFY2020, an increase of S\$0.3 million or 45% from S\$0.6 million in 2QFY2019. This was mainly due to increase in profit earned in current financial period.

Profit/(Loss) before Income Tax

	2QFY2020	2QFY2019	Increase/ (Decrease)	1HFY2020	1HFY2019	Increase/ (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Heavy Lift and Haulage	4,416	2,142	106	9,613	3,939	144
Marine Transportation	525	(468)	NM	1,330	(777)	NM
Trading	12	(16)	NM	1,632	(28)	NM
	4,953	1,658	199	12,575	3,134	301

Profit before Income Tax was S\$5.0 million in 2QFY2020, an increase of S\$3.3 million or 199%, from S\$1.7 million in 2QFY2019.

Heavy Lift and Haulage segment recorded a profit before income tax of S\$4.4 million in 2QFY2020, an increase of S\$2.3 million or 106%, from S\$2.1 million in 2QFY2019, mainly due to higher turnover and improved performance in 2QFY2020.

Marine Transportation segment reported a profit before income tax of S\$0.5 million for 2QFY2020 as compared to a loss before income tax of S\$0.5 million in 2QFY2019, mainly due to higher turnover and improved performance in 2QFY2020.

Trading segment registered a profit before income tax of S\$0.01 million in 2QFY2020 as compared to a loss before income tax of S\$0.02 million in 2QFY2019, mainly due to higher gain from the sale of equipment in 2QFY2020.

Review of Statements of Financial Position and Cash Flows

Cash and cash equivalents per consolidated statement of cash flow increased by S\$17.3 million from S\$13.4 million as at 30 June 2019 to S\$30.7 million as at 31 December 2019 mainly due to net cash inflows from operating activities of S\$33.7 million. This was offset by the net cash outflow from investing activities and financing activities of S\$3.0 million and S\$13.4 million respectively. Net cash outflow from financing activities of S\$13.4 million resulted mainly from the repayment of borrowings of S\$12.5 million and payment of dividend to shareholders of S\$0.5 million.

Inventories decreased by S\$1.2 million from S\$2.8 million as at 30 June 2019 to S\$1.6 million as at 31 December 2019, mainly due to sale of trading equipment and parts in 2QFY2020.

Other current assets increased by S\$0.7 million from S\$1.7 million as at 30 June 2019 to S\$2.4 million as at 31 December 2019, mainly due to the increase in prepayments for insurance premium.

Right-of-use assets of S\$12.9 million as at 31 December 2019 was recognised due to the adoption of SFRS (I) 16 Leases as at 1 July 2019. Accordingly, right-of-use assets that are equivalent to its lease liabilities of approximately S\$13.5 million with an accumulated depreciation of S\$0.6 million were recognised on the balance sheet as at 31 December 2019.

Total trade and other payables increased by S\$9.1 million from S\$64.8 million as at 30 June 2019 to S\$73.9 million as at 31 December 2019, mainly due to increase in purchases of equipment with longer credit terms.

Total borrowings increased by S\$9.9 million from S\$102.6 million as at 30 June 2019 to S\$112.5 million as at 31 December 2019, mainly due to recognition of lease liabilities of \$13.0 million following the adoption of SFRS (I) 16 Leases as at 1 July 2019.

Current income tax liabilities increased by S\$0.6 million from S\$1.6 million as at 30 June 2019 to S\$2.2 million as at 31 December 2019, mainly due to increase in provision of income tax made for the current period.

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

Not applicable.

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 is cautious that the operating environment continues to be challenging and competitive. Amid an increasingly competitive and uncertain global outlook, the Group believes that the major infrastructure projects and pipeline of building projects in Singapore will lend support for more business opportunities.

The Group remains committed to effectively managing operating costs and business risks to stay competitive. It will continue to explore strategic collaborations and leverage on its capabilities and track record as a one-stop integrated heavy lift specialist and service provider to target complex and high value projects to grow the business.

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

No interim dividend for the six months ended 31 December 2019 is recommended (31 December 2018: Nil).

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

The Company does not have a shareholder's mandate for interested person transactions pursuant to Rule 920(1)(a)(ii) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

13 Negative Confirmation of Interim Financial Results Pursuant to Rule 705(5) of the SGX-ST Listing Manual

The Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial statements of the Company and the Group for Second Quarter and Half Year ended 31 December 2019 to be false or misleading, in any material aspect.

14 Undertakings from Directors and Executive Officers Pursuant to Rule 720(1) of the SGX-ST Listing Manual

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

**By Order of the Board
Mr Ang Kah Hong
Executive Chairman and Managing Director
12 February 2020**