



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

First Quarter Financial Statement and Dividend Announcement for the Period Ended 30 September 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)
	1QFY2020	1QFY2019	%
	S\$'000	S\$'000	
Revenue	38,945	28,455	37
Cost of sales	(24,148)	(19,336)	25
Gross profit	14,797	9,119	62
Other income	120	114	5
Impairment (loss)/written back on financial assets - net	(1,083)	47	NM
Other gains/(losses) - net	1,375	(1,241)	NM
Expenses			
- Administrative	(282)	(342)	(18)
- Other operating	(6,347)	(5,634)	13
- Finance	(953)	(792)	20
Share of profit of associated companies	9	207	(96)
Share of loss of a joint venture	(14)	(2)	600
Profit before income tax	7,622	1,476	416
Income tax expense	(2,587)	(310)	735
Total profit	5,035	1,166	332
Other comprehensive (loss)/income:			
Items that may be subsequently reclassified to profit or loss:			
Currency translation differences arising from consolidation			
- Losses	(129)	(162)	(20)
Fair value losses on cash flow hedges	-	(1)	(100)
	(129)	(163)	(21)
Total comprehensive income	4,906	1,003	389
Profit/(Loss) attributable to:			
Equity holders of the Company	5,046	1,176	329
Non-controlling interest	(11)	(10)	10
	5,035	1,166	332
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company	4,917	1,024	380
Non-controlling interest	(11)	(21)	(48)
	4,906	1,003	389

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

	Group		
	1QFY2020	1QFY2019	Increase/ (Decrease)
	S\$'000	S\$'000	%
Profit after income tax was stated after crediting/(charging):			
Depreciation of property, plant and equipment	(7,763)	(7,465)	4
Depreciation of right-of-use assets	(292)	-	NM
Currency exchange gain/(loss) - net	1,153	(1,268)	NM
Gain on disposal of property, plant and equipment	178	107	66
Fair value loss on financial assets at fair value through profit or loss	(8)	(77)	(90)
Impairment loss on trade receivables	(1,102)	-	NM
Impairment written back on trade receivables	19	47	(60)
Interest income	40	8	400
Interest expense	(900)	(795)	13

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 30/09/2019 S\$'000	As at 30/06/2019 S\$'000	As at 30/09/2019 S\$'000	As at 30/06/2019 S\$'000
ASSETS				
Current assets				
Cash and cash equivalents	21,659	14,155	319	389
Financial assets at fair value through profit or loss	361	369	-	-
Trade and other receivables	54,505	53,524	-	-
Tax recoverable	41	39	-	-
Inventories	1,380	2,815	-	-
Other current assets	2,708	1,704	20	9
Derivative financial instruments	-	-	-	-
	80,654	72,606	339	398
Non-current assets				
Other receivables	-	-	47,347	47,348
Investment in associated companies	3,022	2,942	1,020	1,020
Investment in a joint venture	2,082	2,050	2,074	2,074
Investment in subsidiaries	-	-	40,944	40,944
Property, plant and equipment	374,324	370,699	-	-
Right-of-use assets	12,838	-	-	-
Deferred income tax assets	566	566	-	-
	392,832	376,257	91,385	91,386
Total assets	473,486	448,863	91,724	91,784
LIABILITIES				
Current liabilities				
Trade and other payables	50,548	45,202	1,958	1,922
Current income tax liabilities	2,399	1,583	-	-
Borrowings	15,593	22,578	-	-
	68,540	69,363	1,958	1,922
Non-current liabilities				
Trade and other payables	23,446	19,584	-	-
Borrowings	95,274	79,996	-	-
Deferred income tax liabilities	28,858	27,458	-	-
	147,578	127,038	-	-
Total liabilities	216,118	196,401	1,958	1,922
NET ASSETS	257,368	252,462	89,766	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	(2,863)	(2,734)	-	-
Retained earnings	172,760	167,714	2,426	2,522
	257,237	252,320	89,766	89,862
Non-controlling interest	131	142	-	-
Total equity	257,368	252,462	89,766	89,862

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

	Group	
	As At 30/09/2019	As At 30/06/2019
	S\$'000	S\$'000
Amount repayable in one year or less (secured)		
- Bank borrowings	4,560	6,857
- Finance lease liabilities	10,023	10,407
	14,583	17,264
Amount repayable in one year or less (unsecured)		
- Bank borrowings	-	5,314
- Lease liabilities	1,010	-
	15,593	22,578
Amount repayable after one year (secured)		
- Bank borrowings	58,702	59,782
- Finance lease liabilities	24,702	20,214
	83,404	79,996
Amount repayable after one year (unsecured)		
- Lease liabilities	11,870	-
	95,274	79,996
Total borrowings	110,867	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	
	1QFY2020	1QFY2019
	S\$'000	S\$'000
Cash flows from operating activities		
Total profit	5,035	1,166
Adjustments for:		
Income tax expense	2,587	310
Depreciation of property, plant and equipment	7,763	7,465
Depreciation of right-of-use assets	292	-
Gain on disposal of property, plant and equipment	(178)	(107)
Fair value loss on financial assets at fair value through profit of loss	8	77
Impairment loss/(written back) on trade receivables - net	1,083	(47)
Interest income	(40)	(8)
Interest expense	900	795
Share of profit of associated companies	(9)	(207)
Share of loss of a joint venture	14	2
Translation differences	(368)	866
Operating cashflow before working capital changes	17,087	10,312
Change in operating assets and liabilities:		
Inventories	1,436	(11)
Trade and other receivables	(2,449)	(6,548)
Other current assets	(1,004)	(1,101)
Trade and other payables	1,936	2,703
Cash generated from operations	17,006	5,355
Income tax paid	(379)	(102)
Net cash provided by operating activities	16,627	5,253
Cash flows from investing activities		
Purchase of property, plant and equipment	(777)	(9,658)
Interest received	40	8
Investment in an associated company	(16)	-
Proceeds from disposal of property, plant and equipment	127	705
Net cash used in investing activities	(626)	(8,945)
Cash flows from financing activities		
Proceeds from borrowings	-	11,219
Repayment of borrowings	(3,861)	(2,032)
Repayment of finance lease liabilities	(3,492)	(4,048)
Principal repayment of lease liabilities	(251)	-
Interest paid	(894)	(791)
Net cash (used in)/provided by financing activities	(8,498)	4,348
Net increase in cash and cash equivalents	7,503	656
Cash and cash equivalents at beginning of financial period	13,449	8,501
Cash and cash equivalents at end of financial period	20,952	9,157
Cash and cash equivalents at end of financial period	21,659	9,158
Less: Fixed deposit pledged	(707)	(1)
Cash and cash equivalents per statement of cash flows	20,952	9,157

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

<u>Group</u>	<u>Attributable to Equity Holders of the Company</u>					Total Equity S\$'000
	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000	Non- controlling Interest S\$'000	
Balance at 1 July 2019	87,340	(2,734)	167,714	252,320	142	252,462
Total comprehensive income/(loss) for the period	-	(129)	5,046	4,917	(11)	4,906
Balance at 30 September 2019	87,340	(2,863)	172,760	257,237	131	257,368
Balance at 1 July 2018	87,340	(2,574)	164,769	249,535	198	249,733
Total comprehensive income/(loss) for the period	-	(152)	1,176	1,024	(21)	1,003
Balance at 30 September 2018	87,340	(2,726)	165,945	250,559	177	250,736

<u>Company</u>	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
	Balance at 1 July 2019	87,340	2,522
Total comprehensive loss for the period	-	(96)	(96)
Balance at 30 September 2019	87,340	2,426	89,766
Balance at 1 July 2018	87,340	2,551	89,891
Total comprehensive loss for the period	-	(83)	(83)
Balance at 30 September 2018	87,340	2,468	89,808

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 30 September 2019 and 30 September 2018.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares as at 30 September 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 three months ended 30 September 2019.

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

The figures have not been audited or reviewed by the Company's auditors.

3 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\$13.1 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	
	1QFY2020	1QFY2019
(i) Based on weighted average number of ordinary shares in issue (cents)	2.17	0.51
(ii) On a fully diluted basis (cents)	2.17	0.51

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 (30 September 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 30/09/2019	As At 30/06/2019	As at 30/09/2019	As At 30/06/2019
Net asset value per ordinary share (cents)	110.77	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 30 September 2019 (1QFY2020) vs 3 Months ended 30 September 2018 (1QFY2019)

<u>Revenue</u>	1QFY2020	1QFY2019	Increase/ (Decrease)
	S\$'000	S\$'000	%
Heavy Lift and Haulage	32,425	27,442	18
Marine Transportation	1,943	1,002	94
Trading	4,577	11	NM
	<u>38,945</u>	<u>28,455</u>	<u>37</u>

Revenue was S\$38.9 million in 1QFY2020, an increase of S\$10.4 million or 37% from S\$28.5 million in 1QFY2019. The increase was mainly attributable to the increase in contribution from Heavy Lift and Haulage and Trading segments.

Heavy Lift and Haulage segment revenue increased by S\$5.0 million or 18% from S\$27.4 million in 1QFY2019 to S\$32.4 million in 1QFY2020, mainly due to more projects executed in Singapore.

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

Marine Transportation segment revenue increased by S\$0.9 million or 94% from S\$1.0 million in 1QFY2019 to S\$1.9 million in 1QFY2020, mainly due to more chartering jobs.

Trading segment revenue increased by S\$4.6 million as there was sale of equipment and trading parts in 1QFY2020 as compared to only sale of trading parts in 1QFY2019.

Gross Profit was S\$14.8 million in 1QFY2020, an increase of S\$5.7 million or 62% from S\$9.1 million in 1QFY2019, mainly due to higher turnover from the Heavy Lift and Haulage and Trading segments. **Gross Profit Margin** was higher at 38% in 1QFY2020 as compared to 32% in 1QFY2019, mainly due to improved performance from the Heavy Lift and Haulage and Marine Transportation segments.

Impairment (Loss)/Written Back on Financial Assets - net recorded an impairment loss on trade receivable of \$1.1 million in 1QFY2020, as compared to an impairment written back on trade receivables of S\$0.05 million in 1QFY2019 due to expected credit loss recorded in 1QFY2020 pursuant to SFRS(I) 9 Financial Instruments.

Other Gains/(Losses) - net recorded a gain of S\$1.4 million in 1QFY2020 as compared to a loss of S\$1.2 million in 1QFY2019. This was mainly attributable to operational exchange gain of S\$1.2 million and gain on disposal of plant and equipment of S\$0.2 million in 1QFY2020, as compared to operational exchange loss of S\$1.3 million which was offset by gain on disposal of property, plant and equipment of S\$0.1 million in 1QFY2019.

Other Operating Expenses were S\$6.3 million in 1QFY2020, an increase of S\$0.7 million or 13% from S\$5.6 million in 1QFY2019 mainly due to higher manpower and related costs.

Finance Expenses were S\$1.0 million in 1QFY2020, an increase of S\$0.2 million or 20% from S\$0.8 million in 1QFY2019 mainly due to higher interest expense arising from the recognition of lease liabilities following the adoption of SFRS (I) 16 Leases in 1QFY2020.

Share of Profit of Associated Companies was S\$0.01 million in 1QFY2020 as compared to S\$0.2 million in 1QFY2019 due to lower profit earned by the associated companies in 1QFY2020.

Income Tax Expense was S\$2.6 million in 1QFY2020, an increase of S\$2.3 million or 735% from S\$0.3 million in 1QFY2019. This was mainly due to increase in tax provision made for current financial period. The effective tax rate of the Group was higher, mainly due to losses incurred by overseas subsidiaries which cannot be offset against profit earned by other entities in the Group.

<u>Profit/(Loss) before Income Tax</u>	1QFY2020	1QFY2019	Increase/ (Decrease)
	S\$'000	S\$'000	%
Heavy Lift and Haulage	5,196	1,797	189
Marine Transportation	806	(310)	NM
Trading	1,620	(11)	NM
	7,622	1,476	416

Profit before Income Tax was S\$7.6 million in 1QFY2020, an increase of S\$6.1 million or 416% from S\$1.5 million in 1QFY2019.

Heavy Lift and Haulage segment profit before income tax was S\$5.2 million in 1QFY2020, an increase of S\$3.4 million or 189% from S\$1.8 million in 1QFY2019. This was mainly due to higher turnover in 1QFY2020.

Marine Transportation segment recorded a profit before income tax of S\$0.8 million in 1QFY2020, as compared to a loss before income tax of S\$0.3 million in 1QFY2019, mainly due to higher turnover and improved performance in 1QFY2020.

Trading segment recorded a profit before income tax of S\$1.6 million in 1QFY2020, as compared to a loss before income tax of S\$0.01 million in 1QFY2019, mainly due to higher gain from the sale of equipment in 1QFY2020.

Review of Statements of Financial Position and Cash Flows

Cash and cash equivalents per consolidated statement of cash flow increased by S\$7.5 million from S\$13.4 million as at 30 June 2019 to S\$20.9 million as at 30 September 2019 mainly due to net cash inflows from operating activities of S\$16.6 million. This was offset by the net cash outflow from investing activities and financing activities of S\$0.6 million and S\$8.5 million respectively. Net cash outflow from financing activities of S\$8.5 million resulted mainly from the repayment of borrowings of S\$7.6 million.

Inventories decreased by S\$1.4 million from S\$2.8 million as at 30 June 2019 to S\$1.4 million as at 30 September 2019, mainly due to sale of trading equipment in 1QFY2020.

Other current assets increased by S\$1.0 million from S\$1.7 million as at 30 June 2019 to S\$2.7 million as at 30 September 2019, mainly due to the increase in prepayments for insurance premium.

Right-of-use assets of S\$12.8 million as at 30 September 2019 was recognized 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\$13.1 million with an accumulated depreciation of S\$0.3 million were recognised on the balance sheet as at 30 September 2019.

Total trade and other payables increased by S\$9.2 million from S\$64.8 million as at 30 June 2019 to S\$74.0 million as at 30 September 2019, mainly due to increase in purchases of equipment with longer credit terms.

Total borrowings increased by S\$8.3 million from S\$102.6 million as at 30 June 2019 to S\$110.9 million as at 30 September 2019, mainly due to recognition of lease liabilities of \$12.9 million following the adoption of SFRS (I) 16 Leases as at 1 July 2019.

Current income tax liabilities increased by S\$0.8 million from S\$1.6 million as at 30 June 2019 to S\$2.4 million as at 30 September 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 three months ended 30 September 2019 is recommended (30 September 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 the First Quarter ended 30 September 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 its 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**

14 November 2019