



## **DYNA-MAC HOLDINGS LTD.**

(Incorporated in the Republic of Singapore)

(Company Registration No: 200305693E)

### **UNAUDITED RESULTS FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER 2019**

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**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.**

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE FOURTH QUARTER AND FULL YEAR ENDED 31 DECEMBER**

	Group			Group		
	3 months ended	3 months ended	Change	12 months ended	12 months ended	Change
	31-Dec-19	31-Dec-18	%	31-Dec-19	31-Dec-18	%
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	29,101	16,813	73.1%	97,841	115,314	-15.2%
Cost of sales	(44,060)	(10,693)	NM	(96,149)	(92,728)	3.7%
<b>Gross (loss)/profit</b>	<b>(14,959)</b>	<b>6,120</b>	<b>NM</b>	<b>1,692</b>	<b>22,586</b>	<b>-92.5%</b>
Gross (loss)/profit margin	-51.4%	36.4%		1.7%	19.6%	
Other income	228	1,558	-85.4%	1,078	3,057	-64.7%
Other expenses	(4,111)	(600)	NM	(4,726)	(600)	NM
Administrative expenses	(5,490)	(6,881)	-20.2%	(21,474)	(23,205)	-7.5%
Finance costs	(115)	(143)	-19.6%	(540)	(359)	50.4%
<b>(Loss)/profit before tax</b>	<b>(24,447)</b>	<b>54</b>	<b>NM</b>	<b>(23,970)</b>	<b>1,479</b>	<b>NM</b>
Income tax credit/(expense)	225	17	NM	(28)	17	NM
<b>Net (loss)/profit for the financial year</b>	<b>(24,222)</b>	<b>71</b>	<b>NM</b>	<b>(23,998)</b>	<b>1,496</b>	<b>NM</b>
Net (loss)/profit margin	-83.2%	0.4%		-24.5%	1.3%	
<b>Attributable to:-</b>						
Equity holders of the Company	(24,209)	130	NM	(23,791)	1,517	NM
Non-controlling interest	(13)	(59)	-78.0%	(207)	(21)	NM
<b>Net (loss)/profit for the financial year</b>	<b>(24,222)</b>	<b>71</b>	<b>NM</b>	<b>(23,998)</b>	<b>1,496</b>	<b>NM</b>
<b>Other comprehensive income:-</b>						
Items that may be subsequently reclassified to profit or loss:-						
Currency translation differences arising from consolidation	(458)	185	NM	174	(109)	NM
<b>Total comprehensive income for the financial year</b>	<b>(24,680)</b>	<b>256</b>	<b>NM</b>	<b>(23,824)</b>	<b>1,387</b>	<b>NM</b>
<b>Attributable to:-</b>						
Equity holders of the Company	(24,664)	294	NM	(23,630)	1,431	NM
Non-controlling interest	(16)	(38)	-57.9%	(194)	(44)	NM
<b>Total comprehensive income for the financial year</b>	<b>(24,680)</b>	<b>256</b>	<b>NM</b>	<b>(23,824)</b>	<b>1,387</b>	<b>NM</b>

*NM- not meaningful*

**1(a)(ii) The statement of comprehensive income is arrived at after charging/(crediting) the following:-**

	Group			Group		
	3 months ended	3 months ended	Change	12 months ended	12 months ended	Change
	31-Dec-19	31-Dec-18		31-Dec-19	31-Dec-18	
	\$'000	\$'000	%	\$'000	\$'000	%
<b>The Group's (loss)/profit is stated after charging/(crediting):-</b>						
Rental income <sup>(Note 1)</sup>	(26)	(246)	-89.4%	(133)	(431)	-69.1%
Interest income - bank deposits	(81)	(78)	3.8%	(310)	(319)	-2.8%
Amortisation of deferred capital grants	(37)	-	NM	(174)	-	NM
Government grants	(73)	-	NM	(161)	(132)	22.0%
Finance costs	115	143	-19.6%	540	359	50.4%
Amortisation of club memberships	4	4	0.0%	14	15	-6.7%
Depreciation of property, plant and equipment	1,847	3,312	-44.2%	7,475	9,015	-17.1%
Depreciation of right-of-use assets	644	-	NM	2,586	-	NM
Reversal of impairment of property, plant and equipment	-	-	NM	-	(1,213)	NM
Reversal of prepayment written off	-	-	NM	-	(243)	NM
Property, plant and equipment written off	-	-	NM	85	-	NM
Loss/(gain) on disposal of property, plant and equipment	18	11	63.6%	(2)	(75)	-97.3%
Impairment loss on contract assets	69	-	NM	69	-	NM
Impairment loss on trade and other receivables	103	-	NM	103	-	NM
Inventory written back	(463)	(10,662)	-95.7%	-	(10,662)	NM
Fair value losses on investment properties	3,900	600	NM	3,900	600	NM
Provision for slow-moving inventory	5,154	-	NM	5,154	-	NM
Loss on striking-off of a subsidiary	78	-	NM	78	-	NM
Foreign exchange loss/(gain), net	714	233	NM	664	(504)	NM

Note 1 - Rental income mainly comprises provision of yard facilities to subcontractors.

*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.

UNAUDITED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER

	Group		Company	
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	\$'000	\$'000	\$'000	\$'000
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash equivalents	27,186	24,925	563	172
Trade and other receivables	25,369	31,244	5,359	6,493
Inventories	1,282	12,196	-	-
Contract assets	14,575	22,714	-	-
Other current assets	854	590	11	11
	<b>69,266</b>	<b>91,669</b>	<b>5,933</b>	<b>6,676</b>
Assets held for sale	9,500	13,400	-	-
	<b>78,766</b>	<b>105,069</b>	<b>5,933</b>	<b>6,676</b>
<b>Non-Current Assets</b>				
Club memberships	290	304	-	-
Investment in subsidiaries	-	-	122,453	126,821
Property, plant and equipment	49,342	55,973	-	-
Right-of-use assets	29,971	-	-	-
	79,603	56,277	122,453	126,821
<b>Total Assets</b>	<b>158,369</b>	<b>161,346</b>	<b>128,386</b>	<b>133,497</b>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Trade and other payables	32,255	35,516	167	125
Contract liabilities	80	329	-	-
Borrowings	13,322	20,025	-	-
Deferred capital grants	149	-	-	-
Lease liabilities	2,232	-	-	-
	<b>48,038</b>	<b>55,870</b>	<b>167</b>	<b>125</b>
<b>Non-Current Liabilities</b>				
Borrowings	5	19	-	-
Deferred capital grants	423	-	-	-
Deferred income tax liabilities	16	17	-	-
Lease liabilities	28,193	-	-	-
	28,637	36	-	-
<b>Total Liabilities</b>	<b>76,675</b>	<b>55,906</b>	<b>167</b>	<b>125</b>
<b>Net Assets</b>	<b>81,694</b>	<b>105,440</b>	<b>128,219</b>	<b>133,372</b>
<b>EQUITY</b>				
<b>Capital and Reserves Attributable to Equity Holders of the Company</b>				
Share capital	145,271	145,271	145,271	145,271
Other reserves	420	130	-	-
Accumulated losses	(64,493)	(40,651)	(17,052)	(11,899)
<b>Share Capital and Reserves</b>	<b>81,198</b>	<b>104,750</b>	<b>128,219</b>	<b>133,372</b>
Non-controlling interests	496	690	-	-
<b>Total Equity</b>	<b>81,694</b>	<b>105,440</b>	<b>128,219</b>	<b>133,372</b>

**1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-**

	As at 31-Dec-19		As at 31-Dec-18	
	Secured	Unsecured	Secured	Unsecured
	\$'000	\$'000	\$'000	\$'000
Amount repayable in one year or less	13,322	-	32	19,993
Amount repayable after one year	5	-	19	-

Details of any collateral: -

The Group's borrowings are secured by legal mortgages over certain properties of the group and rights to the lease of motor vehicles under finance lease.

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.

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

	Group		Group	
	3 months ended	3 months ended	12 months ended	12 months ended
	31-Dec-19	31-Dec-18	31-Dec-19	31-Dec-18
	\$'000	\$'000	\$'000	\$'000
<b>OPERATING ACTIVITIES</b>				
(Loss)/profit before tax	(24,447)	54	(23,970)	1,479
Adjustments for:				
- Amortisation of club memberships	4	4	14	15
- Amortisation of deferred capital grants	(37)	-	(174)	-
- Depreciation of property, plant and equipment	1,847	3,312	7,475	9,015
- Depreciation of right-of-use assets	644	-	2,586	-
- Fair value losses on investment properties	3,900	600	3,900	600
- Finance costs	115	143	540	359
- Impairment loss on contract assets	69	-	69	-
- Impairment loss on trade and other receivables	103	-	103	-
- Interest income	(81)	(78)	(310)	(319)
- Inventory written back	(463)	(10,662)	-	(10,662)
- Loss on striking-off of a subsidiary	78	-	78	-
- Loss/(gain) on disposal of property, plant and equipment	18	11	(2)	(75)
- Property, plant and equipment written off	-	-	85	-
- Reversal of impairment of property, plant and equipment	-	-	-	(1,213)
- Reversal of prepayment written off	-	-	-	(243)
- Provision for slow-moving inventory	5,154	-	5,154	-
- Unrealised translation loss/(gain)	230	466	313	(82)
	<b>(12,866)</b>	<b>(6,150)</b>	<b>(4,139)</b>	<b>(1,126)</b>
<b>Changes in working capital</b>				
- Contract assets	(9,961)	5,174	8,070	(9,256)
- Contract liabilities	(8,563)	328	(249)	(898)
- Inventories	5,772	157	5,760	524
- Other current assets	178	187	(264)	120
- Trade and other receivables	6,900	106	5,918	(17,048)
- Trade and other payables	10,014	309	(2,860)	2,973
<b>Cash flows (used in)/generated from operations</b>	<b>(8,526)</b>	<b>111</b>	<b>12,236</b>	<b>(24,711)</b>
Interest received	79	48	292	285
Income tax paid	(19)	-	(28)	(314)
<b>Net cash flows (used in)/generated from operating activities</b>	<b>(8,466)</b>	<b>159</b>	<b>12,500</b>	<b>(24,740)</b>
<b>INVESTING ACTIVITIES</b>				
- Additions to property, plant and equipment	(608)	191	(955)	(454)
- Proceeds from disposal of property, plant and equipment	(17)	1	3	197
- Proceeds from government grants	-	-	746	-
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(625)</b>	<b>192</b>	<b>(206)</b>	<b>(257)</b>
<b>FINANCING ACTIVITIES</b>				
- Dividends paid to non-controlling interest	(583)	-	(583)	-
- Interest expense paid	(137)	(234)	(589)	(359)
- Payment of principal portion of lease liabilities	(534)	-	(2,106)	-
- Repayment of finance lease liabilities	(4)	8	(32)	(106)
- (Repayment of)/proceeds from bank borrowings	(3,553)	(184)	(6,685)	13,321
<b>Net cash flows (used in)/generated from financing activities</b>	<b>(4,811)</b>	<b>(410)</b>	<b>(9,995)</b>	<b>12,856</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(13,902)</b>	<b>(59)</b>	<b>2,299</b>	<b>(12,141)</b>
Cash and cash equivalents at the beginning of the quarter/year	41,117	24,946	24,925	37,088
Effect of currency translation on cash and cash equivalents	(29)	38	(38)	(22)
<b>Cash and cash equivalents at the end of the quarter/year</b>	<b>27,186</b>	<b>24,925</b>	<b>27,186</b>	<b>24,925</b>

The Group is required to maintain certain minimum deposits with banks for banking facilities. Included in cash and cash equivalents are deposits of \$21.0 million designated by the Group for this purpose.

- 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.

UNAUDITED STATEMENT OF CHANGES IN EQUITY

	Attributable to equity holders of the Company				Non-controlling interest	Total equity	
	Share capital	Accumulated losses	Asset revaluation reserve	Foreign currency translation reserve			Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Group</b>							
Balance at 1 January 2019	145,271	(40,651)	633	(503)	104,750	690	105,440
Loss for the year	-	(23,791)	-	-	(23,791)	(207)	(23,998)
Other comprehensive income	-	-	-	161	161	13	174
<b>Total comprehensive income for the year</b>	-	<b>(23,791)</b>	-	<b>161</b>	<b>(23,630)</b>	<b>(194)</b>	<b>(23,824)</b>
Striking-off of a subsidiary	-	(51)	-	129	78	-	78
<b>Balance at 31 December 2019</b>	<b>145,271</b>	<b>(64,493)</b>	<b>633</b>	<b>(213)</b>	<b>81,198</b>	<b>496</b>	<b>81,694</b>
<b>Company</b>							
Balance at 1 January 2019	145,271	(11,899)	-	-	133,372	-	133,372
Total comprehensive income for the year	-	(5,153)	-	-	(5,153)	-	(5,153)
<b>Balance at 31 December 2019</b>	<b>145,271</b>	<b>(17,052)</b>	-	-	<b>128,219</b>	-	<b>128,219</b>

	Attributable to equity holders of the Company				Non-controlling interest	Total equity	
	Share capital	Accumulated losses	Asset revaluation reserve	Foreign currency translation reserve			Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
<b>Group</b>							
Balance at 1 January 2018 (FRS framework)	145,271	(42,124)	633	(340)	103,440	734	104,174
Cumulative effects of adopting SFRS(I)	-	(44)	-	(77)	(121)	-	(121)
Balance at 1 January 2018 (SFRS(I) framework)	145,271	(42,168)	633	(417)	103,319	734	104,053
Profit for the year	-	1,517	-	-	1,517	(21)	1,496
Other comprehensive income	-	-	-	(86)	(86)	(23)	(109)
<b>Total comprehensive income for the year</b>	-	<b>1,517</b>	-	<b>(86)</b>	<b>1,431</b>	<b>(44)</b>	<b>1,387</b>
<b>Balance at 31 December 2018</b>	<b>145,271</b>	<b>(40,651)</b>	<b>633</b>	<b>(503)</b>	<b>104,750</b>	<b>690</b>	<b>105,440</b>
<b>Company</b>							
Balance at 1 January 2018	145,271	(8,328)	-	-	136,943	-	136,943
Total comprehensive income for the year	-	(3,571)	-	-	(3,571)	-	(3,571)
<b>Balance at 31 December 2018</b>	<b>145,271</b>	<b>(11,899)</b>	-	-	<b>133,372</b>	-	<b>133,372</b>

- 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.**

Number of Ordinary Shares	Resultant issued share capital \$
1,023,211,000	145,271,346

Balance as at 31 December 2019

- 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 Company did not hold any treasury shares as at 31 December 2019 and 31 December 2018. The Company’s total number of issued shares excluding treasury shares as at 31 December 2019 and 31 December 2018 is 1,023,211,000.

- 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.**

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 by the Group’s independent auditor.

- 3. Where 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.**

Except 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 financial period, as those used for the audited consolidated financial statements as at 31 December 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 applied SFRS(I)16 – *Leases*, which are mandatory effective from 1 January 2019.

The Group applied SFRS(I)16 on 1 January 2019 using the modified retrospective approach. Under this approach, the Group elected the following practical expedients:-

- calculates lease assets and lease liabilities as at 1 January 2019;
- does not restate the comparative information; and
- recognises an adjustment in equity as at 1 January 2019.

At transition, for leases previously classified as operating leases, the Group has chosen, on a lease-by-lease basis, to measure the Right-of-use (“ROU”) asset at an amount equal to the lease liability (subject to certain adjustments). Therefore, the initial recognition of such leases on 1 January 2019 will not have an impact on equity.



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. (cont'd)**

As at 1 January 2019, the adoption of SFRS(I) 16 resulted in the following key effects at the Group:

	<b>Group</b>
	<b>1-Jan-19</b>
	<b>SFRS(I)</b>
	<b>16</b>
	\$'000
<b>Assets</b>	
Property, plant and equipment	(26)
Right-of-use assets	32,469
<b>Liabilities</b>	
Lease liabilities	32,443

6. **(Loss)/earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:-**

	<b>Group</b>			
	<b>3 months ended</b>	<b>3 months ended</b>	<b>12 months ended</b>	<b>12 months ended</b>
	<b>31-Dec-19</b>	<b>31-Dec-18</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
(Loss)/earnings per share (based on consolidated net (loss)/profit attributable to equity holders):-				
Based on weighted average number of ordinary shares in issue (cents)	(2.37)	0.01	(2.33)	0.15
On a fully diluted basis (cents)	(2.37)	0.01	(2.33)	0.15
Weighted average number of ordinary shares in issue for calculation of basic (loss)/earnings per share ('000)	1,023,211	1,023,211	1,023,211	1,023,211
Weighted average number of ordinary shares in issue for calculation of diluted (loss)/earnings per share ('000)	1,023,211	1,023,211	1,023,211	1,023,211

There were no potentially dilutive shares for the financial year ended 31 December 2019.

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 the financial year**

	<b>Group</b>		<b>Company</b>	
	<b>31-Dec-19</b>	<b>31-Dec-18</b>	<b>31-Dec-19</b>	<b>31-Dec-18</b>
Net asset value per ordinary share based on existing share capital (cents)	7.94	10.24	12.53	13.03
Number of shares ('000)	1,023,211	1,023,211	1,023,211	1,023,211

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.**

#### **Statement of comprehensive income overview**

##### **Revenue**

For the quarter ended 31 December 2019 ("4Q2019"), the Group's revenue of \$29.1 million was higher by \$12.3 million, as compared to corresponding period last year mainly due to higher project progress achieved during the quarter.

However, on a full year basis, revenue decreased by \$17.5 million, or 15.2% from \$115.3 million for the year ended 31 December 2018 ("FY2018") to \$97.8 million for the year ended 31 December 2019 ("FY2019"). This was mainly due to lower project progress achieved in FY2019 as compared to FY2018.

##### **Gross (loss)/profit**

The Group incurred a gross loss of \$15.0 million in 4Q2019 compared to a gross profit \$6.1 million in 4Q2018. The loss was attributed to higher costs estimates provided to complete existing projects, under-recovery of direct overheads due to under-utilization of production facilities and provision for slow-movement of inventory due to low order book.

As a result, the Group achieved a gross profit of \$1.7 million for FY2019, a decrease of \$20.9 million or 92.5% from \$22.6 million in FY2018.

##### **Other income**

Other income decreased by \$1.3 million, or 85.4% and \$2.0 million, or 64.7% in 4Q2019 and FY2019 respectively. This was mainly due to the absence of impairment of property, plant and equipment written back in FY2018, net foreign exchange gain recognized in FY2018 and the decrease in gain on disposal of property, plant and equipment in FY2019.

##### **Other expenses**

Other expenses increased by \$3.5 million and \$4.1 million in 4Q2019 and FY2019 respectively mainly due to fair value losses on asset-held-for sale of \$3.9 million and net foreign exchange loss recognized during the year.

##### **Administrative expenses**

Administrative expenses of \$5.5 million and \$21.5 million in 4Q2019 and FY2019 respectively were lower than the corresponding periods by \$1.4 million, or 20.2% and \$1.7 million or 7.5% mainly due to lower indirect staff costs during the year but partially offset by higher marketing cost incurred to explore overseas opportunities.

##### **Finance costs**

Finance costs were mainly interest expenses on bank borrowings which were minimal for both years under review.

##### **Income tax (expense)/credit**

The income tax expense was mainly attributable to income tax expenses incurred by the subsidiaries.

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. (cont'd)**

#### **Statement of financial position overview**

##### **Current assets**

Total current assets decreased by \$26.3 million from \$105.1 million as at 31 December 2018 to \$78.8 million as at 31 December 2019. This was mainly due to a decrease of \$5.9 million in trade and other receivables, \$10.9 million in inventories, \$8.1 million in contract assets and \$3.9 million in assets held for sale, partially offset by an increase of \$2.3 million and \$0.3 million in cash and cash equivalents and other current assets respectively.

**Trade and other receivables** decreased by \$5.9 million from \$31.2 million as at 31 December 2018 to \$25.3 million as at 31 December 2019 mainly due to prompt collection of trade receivables.

**Inventories** decreased by \$10.9 million from \$12.2 million as at 31 December 2018 to \$1.3 million as at 31 December 2019 due to utilization of materials for current projects and provision for slow-movement of inventory due to low order books amounting to \$5.2 million.

**Contract assets** decreased by \$8.1 million from \$22.7 million as at 31 December 2018 to \$14.6 million as at 31 December 2019 mainly due to timing difference from milestone billing.

**Assets held for sale** decreased by \$3.9 million from \$13.4 million as at 31 December 2018 to \$9.5 million as at 31 December 2019 mainly due to fair value losses on investment properties.

**Cash and cash equivalents** increased by \$2.3 million from \$24.9 million as at 31 December 2018 to \$27.2 million as at 31 December 2019 mainly due to net changes in working capital.

**Other current assets** increased by \$0.3 million from \$0.6 million as at 31 December 2018 to \$0.9 million as at 31 December 2019 mainly due to the increase in deposits and prepayments.

##### **Non-current assets**

Non-current assets increased by \$23.3 million from \$56.3 million as at 31 December 2018 to \$79.6 million as at 31 December 2019. This was mainly due to the recognition of right-of-use assets of \$30.0 million offset by the decrease in property, plant and equipment of \$6.6 million.

**Right-of-use assets** arose from the adoption of SFRS(I) 16 *Leases* on 1 January 2019. It comprises mainly land leases.

**Property, plant and equipment** decreased by \$6.6 million as at 31 December 2019 mainly due to depreciation expenses of \$7.5 million and property, plant and equipment written off amounting to \$0.1 million. This was partially offset by the purchase of property, plant and equipment of approximately \$1.0 million.

##### **Current liabilities**

Total current liabilities decreased by \$7.9 million from \$55.9 million as at 31 December 2018 to \$48.0 million as at 31 December 2019. This was mainly due to decrease of \$3.3 million in trade and other payables, contract liabilities of \$0.2 million and borrowings of \$6.7 million. This was offset by the increase in deferred capital grants and lease liabilities of \$0.1 million and \$2.2 million respectively.

**Trade and other payables** decreased by \$3.3 million from \$35.5 million as at 31 December 2018 to \$32.2 million as at 31 December 2019 mainly due to prompt payment made to suppliers.

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. (cont'd)**

**Statement of financial position overview (cont'd)**

**Current liabilities (cont'd)**

**Contract liabilities** decreased by \$0.2 million from \$0.3 million as at 31 December 2018 to \$0.1 million as at 31 December 2019 due to recognition of revenue upon progress achieved by the projects.

**Borrowings** decreased by \$6.7 million from \$20.0 million as at 31 December 2018 to \$13.3 million as at 31 December 2019 due to net repayment of bank borrowings.

**Non-current liabilities**

Total non-current liabilities increased by \$28.6 million as at 31 December 2019. This was mainly due to the recognition of deferred capital grants of \$0.4 million and increase of lease liabilities of \$28.2 million.

**Deferred capital grants (current and non-current)** arose from the government grant received for the purchase of property, plant and equipment.

**Lease liabilities (current and non-current)** arose from the recognition of lease obligations from the adoption of SFRS(I) 16 *Leases*.

**Statement of cash flows overview**

In FY2019, net cash flows generated from operating activities of \$12.5 million arose from loss for the year, after changes in working capital and other adjustments.

Net cash flows used in investing activities in FY2019 of \$0.2 million was mainly due to the purchase of property, plant and equipment offset by the proceeds from government grants.

Net cash flows used in financing activities in FY2019 of \$10.0 million arose from net repayment of bank borrowings, payment of principal portion of lease liabilities, dividends paid to non-controlling interest and interest expenses paid.

Overall, the Group recorded an increase in cash and cash equivalent of \$2.3 million from \$24.9 million as at 31 December 2018 to \$27.2 million as at 31 December 2019.

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 has been previously disclosed to the shareholders.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

2019 was a challenging year for the Group. Competition was and remains intense. Margins were and remain depressed. Although the Group is experiencing an increase in enquiries from our long-standing customers and new potential customers, the market environment is expected to remain challenging in 2020 due to global economic risks as well as the impact of the COVID-19 outbreak.

As at 31 December 2019, the Group had a net order book comprising of existing and new projects amounting to \$84.9 million with completion and deliveries extending into 1Q2021. The Group will continue to make every concerted effort to secure new orders as well as maintain effective execution of our existing order book.

Our Group's founder, Executive Chairman and Chief Executive Officer passed away on 26 October 2019. We have identified the replacement CEO and will be making announcement of his appointment shortly.

**11. Dividends**

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

No.

**(b) Corresponding period of the immediately preceding financial year  
Any dividend declared for the corresponding period of the immediately preceding financial year?**

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been recommended for the financial year ended 31 December 2019 due to the loss incurred.

**13. Segmented revenue and results 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.**

Management manages and monitors the business in the two primary business segments: Module business and Ad hoc project.

The segment information is as follows: -

	12 months ended 31-Dec-2019			12 months ended 31-Dec-2018		
	Module Business \$'000	Ad Hoc Project (Other Services) \$'000	Total \$'000	Module Business \$'000	Ad Hoc Project (Other Services) \$'000	Total \$'000
<b>Sales</b>						
Total segment sales – sales to external parties	85,646	12,195	97,841	114,724	590	115,314
<b>Gross (loss)/profit</b>	<b>(869)</b>	<b>2,561</b>	<b>1,692</b>	<b>21,923</b>	<b>663</b>	<b>22,586</b>
Other income			1,078			3,057
Other expenses			(4,726)			(600)
Administrative expenses			(21,474)			(23,205)
Finance costs			(540)			(359)
<b>(Loss)/profit before tax</b>			<b>(23,970)</b>			<b>1,479</b>
Income tax (expense)/credit			(28)			17
<b>Net (loss)/profit</b>			<b>(23,998)</b>			<b>1,496</b>

13. **Segmented revenue and results 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. (cont'd)**

**Revenue by geographical segments**

	<b>31-Dec-19 \$'000</b>	<b>31-Dec-18 \$'000</b>
Asia Pacific	15,982	30,161
Europe	78,012	85,153
Others	3,847	-
	<b>97,841</b>	<b>115,314</b>

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

Please refer to paragraph 8 above.

15. **A breakdown of sales as follows:-**

	<b>12 months ended 31-Dec-19 \$'000</b>	<b>12 months ended 31-Dec-18 \$'000</b>	<b>Change %</b>
(a) Sales reported for the financial year	97,841	115,314	-15.2%
(b) Operating (loss)/profit after tax before deducting non-controlling interests reported for the financial year	(23,998)	1,496	NM

16. **A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

	<b>31-Dec-19 \$'000 Proposed</b>	<b>31-Dec-18 \$'000 Distributed</b>
Ordinary	Nil	Nil

17. Interested person transaction disclosure

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested person transactions conducted under a shareholders' mandate pursuant to Rule 920 of the SGX Listing Manual (excluding transactions less than \$100,000)	
	12 months ended 31-Dec-19 \$'000	12 months ended 31-Dec-18 \$'000	12 months ended 31-Dec-19 \$'000	12 months ended 31-Dec-18 \$'000
<b>REVENUE</b>				
<b>Keppel FELS Limited</b> Other Adhoc projects (other services) ie: Barge Hiring/Provision of Berthing Space/Subcontracting Services	-	-	1,363	98
<b>Keppel Shipyard Limited</b> Subcontracting Services	-	-	7,925	420



**18. Report of Persons Occupying Managerial Positions Who Are Related to a Director, Chief Executive Officer or Substantial Shareholder**

Pursuant to Rule 704(11) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the particulars of persons occupying managerial positions in the Company who are related to the Directors, Chief Executive Officer or Substantial Shareholders of the Company are set as below:-

Name	Age	Family Relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Lim Tjew Yok	60	Brother-in-law of Chief Marketing Officer, Mr Teo Boon Hwee and Uncle of Ms Lim Rui Ping.	Executive Director and Chief Technical Officer since 2011. Promoted to Chief Operating Officer as at February 2013. Responsible for the operation functions of yard management and development, maintenance and facilities, information technology, project management, procurement and sub-contracting, overseas project management in Malaysia.	Not Applicable.
Teo Boon Hwee	63	Brother-in-law of Chief Operating Officer, Mr Lim Tjew Yok, Alternate Director to Ms Lim Rui Ping and Uncle of Ms Lim Rui Ping.	Chief Marketing Officer since 2011. Responsible for overseas expansion of business feasibilities, marketing, business development, contracts and commercial, tender and estimation, overseas project management in China, promotion advertising, clients' co-ordination and Government relationship including MPA, JTC and EDB.	Not Applicable.
Lim Rui Ping	34	Niece of Chief Operating Officer, Mr Lim Tjew Yok and Chief Marketing Officer, Mr Teo Boon Hwee.	Ms Lim Rui Ping has been appointed as the Non-Executive Director since November 2019.	Not Applicable.

**19. Confirmation pursuant to Rule 720(1) of the listing manual**

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**20. Confirmation pursuant to Rule 705(5) of the listing manual**

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial results for the year ended 31 December 2019 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Lim Tjew Yok  
Executive Director and COO  
29 February 2020