

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT

FOR THE FULL YEAR ENDED 30 JUNE 2020

Part I - Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Profit or Loss**

	Second Half-Year Ended		Increase / (decrease) %	Full Year Ended		Increase / (decrease) %
	30-Jun-20 S\$'000	30-Jun-19 S\$'000		30-Jun-20 S\$'000	30-Jun-19 S\$'000	
Revenue	16,028	23,153	(31)	37,475	49,856	(25)
Cost of sales	(16,443)	(17,089)	(4)	(32,821)	(37,793)	(13)
<b>Gross profit</b>	<b>(415)</b>	<b>6,064</b>	(NM)	<b>4,654</b>	<b>12,063</b>	(61)
Other operating income	785	56	>500	754	158	377
Distribution costs	(2,833)	(2,901)	(2)	(5,573)	(5,844)	(5)
Administrative expenses	(1,600)	(1,760)	(9)	(3,114)	(3,433)	(9)
Impairment loss on trade and other receivables	(471)	(177)	166	(904)	(237)	281
Other operating expenses	(16)	(35)	(54)	-	(14)	(100)
<b>Results from operating activities</b>	<b>(4,550)</b>	<b>1,247</b>	NM	<b>(4,183)</b>	<b>2,693</b>	NM
Finance income	30	110	(73)	100	246	(59)
Finance cost	(87)	(8)	>500	(173)	(38)	355
<b>(Loss) / profit before tax</b>	<b>(4,607)</b>	<b>1,349</b>	NM	<b>(4,256)</b>	<b>2,901</b>	NM
Tax credit / (expense)	110	(144)	NM	94	(506)	NM
<b>Net (loss) / profit for the period</b>	<b>(4,497)</b>	<b>1,205</b>	NM	<b>(4,162)</b>	<b>2,395</b>	NM
<b>(Loss) / earnings per share</b>						
Basic (cents)	(2.03)	0.54		(1.87)	1.08	
Diluted (cents)	(2.03)	0.54		(1.87)	1.08	

**Consolidated Statement of Comprehensive Income**

	Second Half-Year Ended		Increase / (decrease) %	Full Year Ended		Increase / (decrease) %
	30-Jun-20 S\$'000	30-Jun-19 S\$'000		30-Jun-20 S\$'000	30-Jun-19 S\$'000	
<b>Net (loss) / profit for the period</b>	<b>(4,497)</b>	<b>1,205</b>	NM	<b>(4,162)</b>	<b>2,395</b>	NM
<b>Other comprehensive income:</b>						
Foreign currency translation difference arising from consolidation	12	(4)	(400)	(3)	(57)	(95)
<b>Total comprehensive income for the period</b>	<b>(4,485)</b>	<b>1,201</b>	NM	<b>(4,165)</b>	<b>2,338</b>	NM
<b>Attributable to:</b>						
Equity holders of the Company	(4,485)	1,201	NM	(4,165)	2,338	NM
<b>Total comprehensive income for the period</b>	<b>(4,485)</b>	<b>1,201</b>	NM	<b>(4,165)</b>	<b>2,338</b>	NM

Confirmed and Approved:-

Name:  
Date:

1(a)(ii) Net (loss) / profit for the period has been arrived at after crediting / (charging) the following:

	Second Half-Year Ended			Full Year Ended		
	30-Jun-20 S\$'000	30-Jun-19 S\$'000	Increase / (decrease) %	30-Jun-20 S\$'000	30-Jun-19 S\$'000	Increase / (decrease) %
Depreciation of property, plant and equipment	(536)	(376)	43	(856)	(886)	(3)
Depreciation of right-of-use assets	(86)	-	NA	(167)	-	NA
Interest income	30	110	(73)	100	246	(59)
(Allowance) / reversal of inventory impairment, net	(4,473)	599	NM	(4,636)	226	NM
Allowance of doubtful debts, trade	(471)	(177)	166	(904)	(237)	281
Recovery of doubtful debts, trade	28	18	56	37	73	(49)
Foreign exchange gain / (loss), net	261	(34)	NM	175	8	>500
(Loss) / gain on disposal of property, plant and equipment	(16)	(1)	>500	16	(14)	NM
Government grants	474	15	>500	479	20	>500
Sundry income	22	23	(4)	47	57	(18)

NA denotes not applicable

NM denotes 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.

#### Statement of Financial Position

	Group		Company	
	30-Jun-20 S\$'000	30-Jun-19 S\$'000	30-Jun-20 S\$'000	30-Jun-19 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	16,065	8,663	16,054	8,538
Right-of-use assets	4,084	-	4,063	-
Investment in subsidiaries	-	-	5,025	6,524
Investment in joint venture	-	-	-	50
Trade and other receivables	-	1,334	6,157	7,491
Deferred tax assets	428	329	342	244
	<b>20,577</b>	<b>10,326</b>	<b>31,641</b>	<b>22,847</b>
<b>Current assets</b>				
Inventories	47,814	49,883	39,972	37,074
Trade and other receivables	9,454	14,408	12,059	15,721
Other financial assets	-	1,001	-	1,001
Cash and cash equivalents	10,852	15,101	9,628	13,521
	<b>68,120</b>	<b>80,393</b>	<b>61,659</b>	<b>67,317</b>
<b>Total assets</b>	<b>88,697</b>	<b>90,719</b>	<b>93,300</b>	<b>90,164</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	45,750	45,750	45,750	45,750
Reserves	(40)	(37)	-	-
Retained earnings	34,497	39,991	36,716	40,141
<b>Total equity</b>	<b>80,207</b>	<b>85,704</b>	<b>82,466</b>	<b>85,891</b>
<b>Non-current liabilities</b>				
Deferred grant liabilities	788	-	788	-
Lease liabilities	4,022	-	4,004	-
	<b>4,810</b>	<b>-</b>	<b>4,792</b>	<b>-</b>
<b>Current liabilities</b>				
Trade and other payables	3,102	4,483	5,482	3,751
Deferred grant liabilities	395	-	395	-
Lease liabilities	125	-	122	-
Current tax liabilities	58	532	43	522
	<b>3,680</b>	<b>5,015</b>	<b>6,042</b>	<b>4,273</b>
<b>Total liabilities</b>	<b>8,490</b>	<b>5,015</b>	<b>10,834</b>	<b>4,273</b>
<b>Total equity and liabilities</b>	<b>88,697</b>	<b>90,719</b>	<b>93,300</b>	<b>90,164</b>

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

	As at 30 June 2020		As at 30 June 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	-	-	-	-
Amount repayable after one year	-	-	-	-
	-	-	-	-

**Details of any collateral**

The Group's banking and credit facilities are secured by a corporate guarantee.

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.

**Consolidated Statement of Cash Flow**

	Second Half-Year Ended		Full Year Ended	
	30-Jun-20 S\$'000	30-Jun-19 S\$'000	30-Jun-20 S\$'000	30-Jun-19 S\$'000
<b>Cash flows from operating activities</b>				
(Loss) / profit for the period	(4,497)	1,205	(4,162)	2,395
<b>Adjustments for :</b>				
Depreciation of property, plant and equipment	536	376	856	886
(Gain) / loss on disposal of property, plant and equipment	16	1	(16)	14
Depreciation of right-of-use assets	86	-	167	-
Finance income	(30)	(110)	(100)	(246)
Finance cost	87	8	173	38
Tax (credit) / expense	(110)	144	(94)	506
	<b>(3,912)</b>	<b>1,624</b>	<b>(3,176)</b>	<b>3,593</b>
<b>Changes in operating assets and liabilities:</b>				
Trade and other receivables	4,296	1,384	6,288	(1,543)
Deferred grant liabilities	1,183	-	1,183	-
Trade and other payables	(2,601)	1,497	(1,381)	1,353
Inventories	4,573	(5,957)	2,069	(8,864)
<b>Net cash generated from / (used in) operations</b>	<b>3,539</b>	<b>(1,452)</b>	<b>4,983</b>	<b>(5,461)</b>
Income tax paid	(209)	(98)	(478)	(176)
<b>Net cash generated from / (used in) operating activities</b>	<b>3,330</b>	<b>(1,550)</b>	<b>4,505</b>	<b>(5,637)</b>
<b>Cash flows from investing activities</b>				
Proceed from sales of property, plant and equipment	2	3	34	3
Acquisition of property, plant and equipment	(3,529)	(2,269)	(8,276)	(3,020)
Proceeds from redemption of debt securities	-	-	1,000	-
Interest received	30	110	100	246
<b>Net cash used in investing activities</b>	<b>(3,497)</b>	<b>(2,156)</b>	<b>(7,142)</b>	<b>(2,771)</b>
<b>Cash flows from financing activities</b>				
Dividend paid	-	-	(1,332)	(666)
Interest paid	(88)	(9)	(173)	(38)
Proceeds from borrowings	1,565	425	2,292	1,556
Lease principal payment	(54)	-	(104)	-
Repayment of borrowings	(2,459)	(1,147)	(2,292)	(3,560)
<b>Net cash used in financing activities</b>	<b>(1,036)</b>	<b>(731)</b>	<b>(1,609)</b>	<b>(2,708)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,203)</b>	<b>(4,437)</b>	<b>(4,246)</b>	<b>(11,116)</b>
Cash and cash equivalents at beginning of the period	12,043	19,542	15,101	26,274
Effect of exchange rate fluctuations on cash held	12	(4)	(3)	(57)
<b>Cash and cash equivalents at end of the period</b>	<b>10,852</b>	<b>15,101</b>	<b>10,852</b>	<b>15,101</b>
<b>Cash and cash equivalents comprise:</b>				
Cash and bank balances	10,852	8,101	10,852	8,101
Short-term bank deposits	-	7,000	-	7,000
	<b>10,852</b>	<b>15,101</b>	<b>10,852</b>	<b>15,101</b>

- 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 Changes in Equity**

	Group			Total S\$'000
	Share capital S\$'000	Translation reserve S\$'000	Retained earnings S\$'000	
<b>At 1 July 2018</b>	<b>45,750</b>	<b>20</b>	<b>38,262</b>	<b>84,032</b>
Total comprehensive income for the year	-	(57)	2,395	<b>2,338</b>
Dividend paid	-	-	(666)	<b>(666)</b>
<b>At 30 June 2019</b>	<b>45,750</b>	<b>(37)</b>	<b>39,991</b>	<b>85,704</b>
<b>At 1 July 2019</b>	<b>45,750</b>	<b>(37)</b>	<b>39,991</b>	<b>85,704</b>
Total comprehensive loss for the period	-	(3)	(4,162)	<b>(4,165)</b>
Dividend paid	-	-	(1,332)	<b>(1,332)</b>
<b>At 30 June 2020</b>	<b>45,750</b>	<b>(40)</b>	<b>34,497</b>	<b>80,207</b>

**Statement of Changes in Equity**

	Company		
	Share capital S\$'000	Retained earnings S\$'000	Total S\$'000
<b>At 1 July 2018</b>	<b>45,750</b>	<b>38,512</b>	<b>84,262</b>
Total comprehensive income for the year	-	2,295	<b>2,295</b>
Dividend paid	-	(666)	<b>(666)</b>
<b>At 30 June 2019</b>	<b>45,750</b>	<b>40,141</b>	<b>85,891</b>
<b>At 1 July 2019</b>	<b>45,750</b>	<b>40,141</b>	<b>85,891</b>
Total comprehensive loss for the period	-	(2,093)	<b>(2,093)</b>
Dividend paid	-	(1,332)	<b>(1,332)</b>
<b>At 30 June 2020</b>	<b>45,750</b>	<b>36,716</b>	<b>82,466</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, if any, against the total number of issued shares excluding treasury shares and subsidiary holding 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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 was no change in the Company's share capital since the end of the previous financial year reported on. The Company did not have any outstanding options, convertibles or treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

- 1(d)(iii) To show the 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.

222,000,000 ordinary shares were issued as at 30 June 2020 and 30 June 2019. There were no treasury shares as at the end of the current financial year and as at the end of the immediately preceding financial year.

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

Not applicable. The Company did not have any treasury shares during and as at the end of current financial year reported on.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company did not have any subsidiary holdings during and as at the end of current financial year reported on.

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 auditors of the Company.

3 Where the figures have been audited or reviewed, the auditors' report (including any modifications 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 Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year compared to the most recently audited financial statements for the financial year ended 30 June 2019.

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.

With effect from 1 July 2019, the Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16: Leases; using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. In compliance with SFRS(I) 16, the Group and the Company have applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 July 2019. Subsequent to initial recognition, the Group and the Company depreciate the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognise interest expenses on the 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.

	Group		Group	
	Second Half-Year Ended 30-Jun-20	30-Jun-19	Full Year Ended 30-Jun-20	30-Jun-19
(Loss) / profit attributable to equity holders of the Company (S\$'000)	(4,497)	1,205	(4,162)	2,395
Weighted average number of ordinary shares used in the computation of basic and diluted EPS ('000)	222,000	222,000	222,000	222,000
Basic and fully diluted (loss) / earnings per share (Singapore cents)	(2.03)	0.54	(1.87)	1.08

The diluted and basic EPS are the same for FY2020 and FY2019 as there were no potentially dilutive ordinary shares as at 30 June 2020 and 30 June 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 financial year.

**Net Asset Value per ordinary share**<sup>1</sup>

	Group		Company	
	30-Jun-20 Singapore Cents	30-Jun-19 Singapore Cents	30-Jun-20 Singapore Cents	30-Jun-19 Singapore Cents
Net asset value per ordinary share based on issued share	0.36	0.39	0.37	0.39

<sup>1</sup> The net asset value per ordinary share for the Group and the Company as at 30 June 2020 and 30 June 2019 is computed based on the share capital of the Company of 222,000,000 shares.

- 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.

**Consolidated Statement of Profit & Loss**

**For the second half-year ended 30 June 2020 (2H2020) vs. second half-year ended 30 June 2019 (2H2019)**

Group revenue decreased by S\$7.1 million or 31% to S\$16.0 million for 2H2020 compared with S\$23.1 million for the corresponding half-year of the preceding financial year (2H2019). The decrease was mainly due to lower sales to customers in the Engineering and Construction segment and the drop in sales from this segment can largely be attributable to lower project orders.

Gross loss of S\$0.4 million was recorded for 2H2020 compared to gross profit of S\$6.1 million for 2H2019. The decrease of S\$6.5 million was due to lower sales 2H2020 coupled with additional allowance for impairment of inventories. Similarly, gross margin also saw a decline for 2H2020 at 3% (2H2019: 26%). The drop of 29 percentage points in gross margin was due to the increase in allowance for impairment on inventories. Without the allowance for impairment of inventories, the gross margins would have remained fairly constant for both 2H2020 and 2H2019.

Distribution costs decreased marginally by S\$0.1 million or 2% to S\$2.8 million for 2H2020 (2H2019: S\$2.9 million), mainly due to lower warehousing expenses as the lease for a third party warehouse ended. The decrease in warehousing expenses was offset by an increase in depreciation of leasehold properties at 32 Gul Crescent which received its temporary occupation permit in January 2020.

Administrative expenses decreased by S\$0.2 million or 9% to S\$1.6 million for 2H2020 (2H2019: S\$1.8 million), due to lower payroll-related costs.

Impairment loss on trade and other receivables increased by S\$0.3 million or 166% to S\$0.5 million for 2H2020 (2H2019: S\$0.2 million), mainly due to higher allowance for impairment of receivables recorded for a certain customer in respect of the cessation of our joint-venture entity in New Zealand.

Net other operating income increased by S\$748,000 to S\$769,000 in 2H2020 (2H2019: S\$21,000). This was mainly due to increase in government grant recognised of S\$459,000, and net exchange gain of S\$261,000 for 2H2020 compared to an exchange loss for 2H2019 of S\$34,000.

Finance income decreased by S\$80,000 or 73% to S\$30,000 for 2H2020 (2H2019: S\$110,000), mainly due to lower short-term bank deposits.

Finance cost increased by S\$79,000 to S\$87,000 for 2H2020 (2H2019: S\$8,000), mainly due to the recognition of interest expenses on lease accounting following the adoption of SFRS(I) 16.

Tax credit of S\$0.1 million was recognised for 2H2020, whereas tax expense of S\$0.1 million was recognised for 2H2019. The difference was mainly due to an increase in deferred tax assets recognised in 2H2020 in relation to the allowance for impairment of inventories.

Due to the above factors, the Group incurred a net loss of S\$4.5 million for 2H2020 compared to a net profit of S\$1.2 million for 2H2019.

**Consolidated Statement of Profit & Loss**

**For the full year ended 30 June 2020 (FY2020) vs. full year ended 30 June 2019 (FY2019)**

Revenue for financial year ended 30 June 2020 (FY2020) decreased by S\$12.4 million or 25% to \$37.5 million compared with S\$49.9 million in the last financial year ended 30 June 2019 (FY2019). The decrease in revenue was mainly due to lower sales to customers in the Engineering and Construction segment, and the drop in sales from this segment can largely be attributable to lower project orders.

Gross profit decreased by S\$7.4 million or 61% to S\$4.7 million for FY2020 (FY2019: S\$12.1 million), due to lower sales volume and increase in allowance for impairment of inventories. Similarly, gross margin also decreased by 12 percentage points to 12% for FY2020 (FY2019: 24%), largely due to increase in allowance for impairment of inventories. Without the allowance for impairment of inventories, the gross margins would have remained fairly constant for both FY2020 and FY2019.

Distribution costs decreased by S\$0.3 million or 5% to S\$5.6 million for FY2020 (FY2019: S\$5.8 million), mainly due to lower warehousing expenses.

Administrative expenses decreased by S\$0.3 million or 9% to S\$3.1 million for FY2020 (FY2019: S\$3.4 million), mainly due to lower payroll-related costs.

Impairment loss on trade and other receivables increased by S\$0.7 million or 281% to S\$0.9 million for FY2020 (FY2019: S\$0.2 million), largely due to the impairment of receivables recorded for a certain customer in respect of the cessation of our joint-venture entity in New Zealand.

Net other operating income S\$754,000 was recorded for FY2020 (FY2019: S\$144,000). The increase in net operating income of S\$610,000 was largely due to increase in government grant recognised of S\$459,000 and foreign exchange gain of S\$167,000.

Finance income decreased by S\$146,000 or 59% to S\$100,000 for FY2020 (FY2019: S\$246,000), largely due to lower interest from debt securities and short-term bank deposits.

Finance cost increased by S\$135,000 or 355% to S\$173,000 for FY2020 (FY2019: S\$38,000), largely due to the recognition of interest expenses on lease accounting following the adoption of SFRS(I) 16.

Tax credit of S\$0.1 million was recorded for FY2020, largely due to the recognition of deferred tax asset in relation to the allowance for impairment of inventories.

Due to the above factors, the Group recorded a net loss of S\$4.2 million for FY2020 compared to a net profit of S\$2.4 million for FY2019.

### **Statement of Financial Position**

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

Non-current assets increased by S\$10.3 million to S\$20.6 million as at 30 June 2020 compared with S\$10.3 million as at 30 June 2019, largely due to increase in property, plant and equipment (PPE) of S\$7.4 million, right-of-use (ROU) assets of S\$4.1 million and deferred tax assets of S\$0.1 million, offset by a reduction in trade and other receivables of S\$1.3 million.

The increase in PPE was mainly attributable to the redevelopment of our leasehold property located at 32 Gul Crescent. The Group's adoption of SFRS(I) 16 Leases, effective from 1 July 2019, necessitates the recognition of right-of-use (ROU) assets and its corresponding lease liabilities, which were mainly related to leases of our leasehold properties. Accordingly, ROU assets of S\$4.1 million have been recognised as at 30 June 2020. The increase in deferred tax assets of \$0.1 million was largely in relation to the allowance for impairment of inventories. The decrease in trade and other receivables of S\$1.3 million as at 30 June 2019 was in relation to one of our customers which was partly repaid and the remainder being recorded as doubtful debts upon the cessation of our joint-venture arrangement.

#### **Current assets**

Current assets decreased by S\$12.3 million to S\$68.1 million as at 30 June 2020 (30 June 2019: S\$80.4 million), due to decrease in trade and other receivables of S\$5.0 million, decrease in inventories of S\$2.1 million, other financial assets of S\$1.0 million and cash and cash equivalents of S\$4.2 million.

The decrease in trade and other receivables was largely attributable to lower sales volume. Inventories decreased mainly due to higher allowance for impairment of inventories as certain project-and-customer specific stock were written down to residual value. Debt securities classified as other financials assets were fully redeemed during the current financial year. The decrease in cash and cash equivalents will be explained under the Cash Flows Statement section.

#### **Non-current liabilities**

As at 30 June 2020, lease liabilities of S\$4.0 million have been recognised as a result of the Group's adoption of SFRS(I) 16. The deferred grant liabilities was in relation to a portion of government grant to be recognised over a period of time in line with our accounting policy.

#### **Current liabilities**

Current liabilities decreased by S\$1.3 million to S\$3.7 million as at 30 June 2020 (30 June 2019: S\$5.0 million), due to decrease in trade and other payables of S\$1.4 million and current tax liabilities of S\$0.5 million, offset by an increase in deferred grant liabilities of S\$0.4 million and lease liabilities of S\$0.1 million.

The decrease in trade and other payables was mainly due to a lower volume of purchases, in line with the decrease in sales. Current tax liabilities decreased due to payments made during the year coupled with lower income tax provision for current year as a result of lower taxable income. Lease liabilities were recognised as a result of the Group's adoption of SFRS(I) 16.

#### **Shareholders' equity**

As at 30 June 2020, the shareholders' equity stood at S\$80.2 million (30 June 2019: S\$85.7 million). The decrease of S\$5.5 million was due to dividend payment of S\$1.3 million and net loss for the current financial year of S\$4.2 million.

**Consolidated Statement of Cash Flow**  
**Second half-year ended 30 June 2020 (2H2020)**

For 2H2020, net cash generated from operating activities was S\$3.3 million. This was mainly due to operating cash outflows of S\$3.9 million, adjusted for net cash inflows from changes in operating assets and liabilities of S\$7.5 million, offset by payments for income tax of S\$0.2 million.

The net cash inflows from changes in operating assets and liabilities were due to decrease in trade and other receivables of S\$4.3 million, inventories of S\$4.6 million, increase in deferred grant liabilities of S\$1.2 million, offset by decrease in trade and other payables of S\$2.6 million.

Cash flows used in investing activities was S\$3.5 million, mainly due to capital expenditures on the redevelopment of our property located at 32 Gul Crescent.

Cash flows used in financing activities was S\$1.0 million, mainly due to net repayment of borrowings of S\$0.9 million.

**Full year ended 30 June 2020 (FY2020)**

Cash and cash equivalents decreased by S\$4.2 million to S\$10.9 million as at 30 June 2020 (30 June 2019: S\$15.1 million).

For FY2020, net cash generated from operating activities was S\$4.5 million. This was mainly due to operating cash outflows of S\$3.2 million, adjusted for net cash inflows from changes in operating assets and liabilities of S\$8.2 million, offset by cash outflows for payments for income tax of S\$0.5 million.

The net cash inflows from changes in operating assets and liabilities were due to decrease in trade and other receivables of S\$6.3 million, decrease in inventories of S\$2.1 million and increase in deferred grant liabilities of S\$1.2 million, offset by decrease in trade and other payables of S\$1.4 million.

Cash flows used in investing activities was S\$7.1 million, mainly due to capital expenditures of S\$8.3 million for the redevelopment of our property located at 32 Gul Crescent, offset by redemption of debt securities upon maturity of S\$1.0 million and interest received of S\$0.1 million.

Cash flows used in financing activities was S\$1.6 million, mainly due to dividend payment of S\$1.3 million, interest payment of S\$0.2 million and lease principal payment of S\$0.1 million.

- 9 [Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.](#)

The results were in line with the guidance contained in the announcement entitled "Business Update" issued by the Company via SGXNet on 5 June 2020 and the announcement entitled "Profit Guidance" issued by the Company on 11 August 2020 via SGXNet.

- 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 virus outbreak continues to weigh on the world economy. Although oil and nickel prices have recovered from their early fall and are in a stable range, demand for our products continue at a reduced level due to reduced business activity from our customers.

- 11 [Dividend](#)  
[\(a\) Current Financial Period Reported On](#)  
No

[\(b\) Corresponding Period of the Immediately Preceding Financial Year](#)

Yes

Name of Dividend:	Final
Dividend Type:	Cash
Dividend Rate:	0.6 Singapore cents
Tax Rate:	One-tier tax exempt

[\(c\) 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 declared (recommended) for the financial year ended 30 June 2020.

In view of the net loss position for the current financial year and also the economic uncertainties brought on by the COVID-19 pandemic, the Group wishes to conserve its current financial resources.



- 13 If the Group has obtained a general mandate from shareholders for interested persons transactions ("IPT") 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 Group does not have a general mandate from shareholders for IPTs.
- 14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).  
The Company hereby 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).

## PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR RESULTS

- 15 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

The Group has essentially one business or operating segment, which is the trading and sales of stainless steel products, as the risks and returns of the products are substantially similar. These products comprise mainly bars, plates, pipes, tubes, flanges and fittings which are stainless steel materials of varying grades and specifications for use in the respective industries to which the Group sells its products. The Group's resource allocation is market-oriented with focus on the respective industries.

### Full year ended 30 June 2020

	Marine and shipbuilding	Oil & gas and petrochemical	Engineering and construction	Trading and others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	6,140	9,057	8,772	13,506	37,475
Gross profit	1,286	(970)	904	3,434	4,654
Unallocated costs					(9,764)
					(5,110)
Other operating income and finance income					854
Profit before tax					(4,256)
Tax expense					94
Net profit for the year					(4,162)
<u>Assets</u>					
Trade receivables	1,299	1,708	1,438	2,201	6,646
Others – unallocated					82,051
					<u>88,697</u>
<u>Unallocated</u>					
Liabilities					8,490
Capital expenditures					8,276
Depreciation of property, plant and equipment					856

### Full year ended 30 June 2019

	Marine and shipbuilding	Oil & gas and petrochemical	Engineering and construction	Trading and others	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	5,511	9,024	19,025	16,296	49,856
Gross profit	1,497	2,648	2,740	5,178	12,063
Unallocated costs					(9,566)
					2,497
Other operating income and finance income					404
Profit before tax					2,901
Tax expense					(506)
Net profit for the year					<u>2,395</u>
<u>Assets</u>					
Trade receivables	1,755	2,749	4,788	4,535	13,827
Others – unallocated					76,892
					<u>90,719</u>
<u>Unallocated</u>					
Liabilities					5,015
Capital expenditures					3,020
Depreciation of property, plant and equipment					886

Information on income, expenses, assets and liabilities, other than as identified and allocated to the respective segments, is not provided by segment as it is neither meaningful nor practicable to allocate these items by segment.

### Geographical Segments

In presenting information on the basis of geographical segments, segment revenue is based on sales to the respective geographical markets, while segment assets and capital expenditure are based on the geographical location of the assets.

### Revenue by geographical markets

	Group	
	FY2020 S\$'000	FY2019 S\$'000
Singapore	17,778	23,159
Indonesia	8,372	9,377
Malaysia	4,651	6,022
China	1,963	5,529
Other ASEAN countries	1,653	1,899
Others <sup>1</sup>	3,058	3,870
<b>Total revenue</b>	<b>37,475</b>	<b>49,856</b>

<sup>1</sup> Others mainly include Australia, New Zealand, India, South America and Middle East.

### Non-current assets and capital expenditure by geographical locations

Group	Carrying amounts of segment non-current assets #		Capital expenditure	
	2020 S\$'000	2019 S\$'000	2020 S\$'000	2019 S\$'000
Singapore	20,144	8,646	8,276	3,017
China	5	17	-	3
	<b>20,149</b>	<b>8,663</b>	<b>8,276</b>	<b>3,020</b>

# Non-current assets exclude trade and other receivables and deferred tax assets.

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earning by the operating segments.

Refer to Section 8.

17 A breakdown of sales as follows:

	Group		
	Latest financial year S\$'000	Previous financial year S\$'000	Increase / decrease %
<b>Revenue reported for:</b>			
The first half year	21,447	26,703	(19.7)
The second half year	16,028	23,153	(30.8)
	<b>37,475</b>	<b>49,856</b>	<b>(24.8)</b>
<b>Operating profit / (loss) after tax before deducting minority interests reported for:</b>			
The first half year	335	1,190	(71.8)
The second half year	(4,497)	1,205	NM
	<b>(4,162)</b>	<b>2,395</b>	<b>NM</b>

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

	Latest full year S\$'000	Previous full year S\$'000
Final dividend (one-tier tax exempt)	-	1,332

- 19 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there is no such persons, the issuer must make an appropriate negative statement.

As at the date of this Announcement, there is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial Shareholder of the Company.

**BY ORDER OF THE BOARD**

Kua Ghim Siong  
Chief Executive Officer  
28 August 2020