BENG KUANG MARINE LIMITED

Registration No. 199400196M

Unaudited Financial Statement For The Year Ended 31 December 2020

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

1(a) 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.

	GROUP			GROUP		
	2nd Half 2020 S$'000	2nd Half 2019 S$'000	Increase / (Decrease)	FY 2020 S$'000	FY 2019 S$'000 Restated[1]	Increase / (Decrease)
Continuing Operations						
Revenue	21,217	32,196	(34%)	42,667	58,358	(27%)
Cost of sales	(24,510)	(26,549)	(8%)	(44,245)	(48,453)	(9%)
Gross (loss)/profit	(3,293)	5,647	NM	(1,578)	9,905	NM
Other (losses)/gain, net	(8,746)	554	NM	(5,770)	642	NM
Expenses						
- Selling and distribution	(256)	(351)	(27%)	(548)	(725)	(24%)
- Administrative	(4,838)	(5,234)	(8%)	(9,851)	(11,526)	(15%)
- Finance	(823)	(1,103)	(25%)	(1,974)	(2,060)	(4%)
Loss before income tax from Continuing Operations	(17,956)	(487)	3,587%	(19,721)	(3,764)	424%
Income tax expense	(268)	(533)	(50%)	(195)	(351)	(44%)
Net loss from Continuing Operations	(18,224)	(1,020)	1,687%	(19,916)	(4,115)	384%
Discontinued Operations						
Net (loss) / gain for the period from Discontinued Operation	-	(74)	NM	-	3,612	NM
Net loss	(18,224)	(1,094)	1,566%	(19,916)	(503)	3,859%
(Loss) / profit attributable to:						
Equity holders of the Company	(13,383)	(1,220)	997%	(15,395)	5	NM
Non-controlling interests	(4,841)	126	NM	(4,521)	(508)	790%
	(18,224)	(1,094)	1,566%	(19,916)	(503)	3,859%

NM - Not meaningful

Notes:

[1] The Group's comparative income statement for the year ended 31 December 2019 had been restated to reclass the post-tax gain on disposal of net assets constituting discontinued operations from "Other gains, net" to "Net gain for the period from Discontinued Operation".

1(a) 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. (Cont'd)

	GROUP			GROUP		
	2nd Half 2020	2nd Half 2019	Increase / (Decrease)	FY 2020	FY 2019	Increase / (Decrease)
	S$'000	S$'000 Restated		S$'000	S$'000 Restated	
Net loss after tax	(18,224)	(1,094)	1,566%	(19,916)	(503)	3,859%
Currency translation differences arising from consolidation	(604)	37	NM	(349)	83	NM
Other comprehensive (loss) / gains, net of tax	(604)	37	NM	(349)	83	NM
Total comprehensive loss	(18,828)	(1,057)	1,681%	(20,265)	(420)	4,725%
Total comprehensive (loss) / profit attributable to:						
Equity holders of the Company	(13,857)	(1,178)	1,076%	(15,684)	108	NM
Non-controlling interests	(4,971)	121	NM	(4,581)	(528)	768%
	(18,828)	(1,057)	1,681%	(20,265)	(420)	4,725%
(Loss) / profit attributable to equity holders of the Company relates to:						
Continuing Operations	(13,383)	(1,146)	1,068%	(15,395)	(3,607)	327%
Discontinued Operations	-	(74)	NM	-	3,612	NM
	(13,383)	(1,220)	997%	(15,395)	5	NM

Notes

The Group's loss from operations is arrived at after (charging) / crediting

	GROUP		GROUP	
	2nd Half 2020	2nd Half 2019	FY 2020	FY 2019
	S$'000	S$'000	S$'000	S$'000
Continuing Operations				
Interest income	5	13	10	19
Interest expense on borrowings	(823)	(1,103)	(1,974)	(2,060)
Foreign exchange loss	(1,852)	(242)	(859)	(543)
Gain on disposal of property, plant and equipment	260	122	385	303
Property, plant and equipment written off	(8)	(18)	(8)	(130)
Depreciation of property, plant and equipment	(4,192)	(4,679)	(8,675)	(7,824)
Credit loss allowance - net	269	(173)	(401)	(201)
Inventory written back/written down/written off	(228)	3	(228)	3
Impairment loss on property, plant and equipment	(9,260)	-	(9,260)	-
Government grants	1,789	176	3,463	269
Discontinued Operations				
Interest expense on borrowings	-	-	-	(283)
Foreign exchange losses	-	(11)	-	(16)
Gain on disposal of property, plant and equipment	-	-	-	3
Property, plant and equipment written off	-	-	-	(112)
Depreciation of property, plant and equipment	-	-	-	(401)
Credit loss allowance	-	(317)	-	(317)
Post-tax gain on disposal of net assets constituting discontinued operations	-	-	-	5,810

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	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets				
Cash and bank balances	4,365	4,435	341	15
Trade and other receivables	21,660	23,426	91,579	87,852
Contract assets	7,007	7,393	-	-
Inventories	4,062	5,051	-	-
	37,094	40,305	91,920	87,867
Non-current assets				
Trade and other receivables	-	2,470	-	-
Investment in subsidiaries	-	-	5,108	5,030
Intangible assets	64	64	-	-
Property, plant and equipment	55,371	72,330	2,463	3,488
Deferred income tax assets	880	761	15	9
	56,315	75,625	7,586	8,527
Total assets	93,409	115,930	99,506	96,394
LIABILITIES				
Current liabilities				
Trade and other payables	29,071	26,620	30,551	26,026
Contract liabilities	442	350	-	-
Deferred income	-	81	-	-
Current income tax liabilities	443	378	-	14
Borrowings and overdrafts	20,698	22,311	9,318	9,427
	50,654	49,740	39,869	35,467
Non-current liabilities				
Trade and other payables	1,439	1,411	-	-
Borrowings	9,092	12,049	5,998	7,568
Deferred tax liabilities	25	21	-	-
	10,556	13,481	5,998	7,568
Total liabilities	61,210	63,221	45,867	43,035
NET ASSETS	32,199	52,709	53,639	53,359
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	49,651	49,651	49,651	49,651
Other reserves	(1,902)	(1,614)	-	-
Retained (losses)/profits	(11,004)	4,392	3,988	3,708
	36,745	52,429	53,639	53,359
Non-controlling interests	(4,546)	280	-	-
Total equity	32,199	52,709	53,639	53,359

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

Amount repayable in one year or less, or on demand

	As at 31-Dec-20		As at 31-Dec-19	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Bank borrowings and overdrafts	200	11,458	300	12,111
Term loans	5,107	1,546	6,716	885
Lease liabilities	2,387	-	2,299	-

Amount repayable after one year

	As at 31-Dec-20		As at 31-Dec-19	
	S$'000		S$'000	
	Secured	Unsecured	Secured	Unsecured
Term loans	-	2,711	-	3,927
Bond	-	4,195	-	3,986
Lease liabilities	2,186	-	4,136	-

Details of any collateral

Included in the Group's secured borrowings are:-

(a) S$3,481,000 as at 31 December 2020 (30 June 2020: S$4,048,000) in respect of loans are secured by vessels.

(b) S$1,826,000 as at 31 December 2020 (30 June 2020: S$2,051,000) in respect of loans are secured by immovable properties.

(c) Finance lease obligations are secured by the underlying equipment.

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	
	FY 2020	**FY 2019**
	S$'000	**S$'000**
Cash flows from operating activities		
Net loss	(19,916)	(503)
Adjustments for:		
Credit loss allowance - net	401	201
Inventory written back/written down/written off	228	(3)
Income tax expense	195	1,103
Gain on disposal of property, plant and equipment	(385)	(303)
Property, plant and equipment written off	8	130
Depreciation of property, plant and equipment	8,675	8,225
Impairment loss on property, plant and equipment	9,260	-
Interest income	(10)	(19)
Interest expenses	1,974	2,343
Post-tax gain on disposal of net assets constituting discontinued operations	-	(5,831)
Unrealised currency translation loss	372	427
	802	5,770
Changes in working capital		.
Inventories	762	5,987
Contract assets	386	(1,544)
Trade and other receivables	3,834	1,766
Trade and other payables	2,480	1,374
Contract liabilities	92	(132)
Deferred income	(81)	(245)
Cash flows generated from operations	8,275	12,976
Interest received	10	19
Interest paid	(1,834)	(1,906)
Income taxes paid	(246)	(659)
Net cash flows generated from operating activities	6,205	10,430
Cash flows from investing activities		
Addition to property, plant and equipment	(1,975)	(3,890)
Proceeds from disposal of property, plant and equipment	1,138	1,385
Proceeds from disposal of subsidiary, net of cash disposed of	-	93
Net cash inflow on asset held-for-sale	-	13,417
Net cash outflow from acquisition of non-controlling interests	-	(38)
Net cash flows (used in) / generated from investing activities	(837)	10,967
Cash flows from financing activities		
Repayment of borrowings, net	(2,571)	(15,646)
Repayment of convertible bond	-	(1,000)
Repayment of lease liabilities	(2,377)	(1,850)
Repayment of bills payable	(266)	(130)
Interest paid	(292)	(615)
Dividend paid to non-controlling interest	(245)	(1,607)
Net cash flows used in financing activities	(5,751)	(20,848)
Net (decrease) / increase in cash and cash equivalents	(383)	549
Cash and cash equivalents		
Beginning of the year	1,948	1,405
Effects of currency translation on cash and cash equivalents	(41)	(6)
End of financial year	1,524	1,948

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.

	Attributable to equity holders of the Company							
	Share capital	Retained profits	Translation reserves	Equity component of convertible bonds	Premium paid on acquisition of non-controlling interest	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
GROUP								
Balance as at 1 January 2019	49,651	4,484	(1,665)	163	(52)	52,581	2,594	55,175
Effects of adopting SFRS(I) 16	-	(260)	-	-	-	(260)	-	(260)
Balance as at 1 January 2019 (restated)	49,651	4,224	(1,665)	163	(52)	52,321	2,594	54,915
Dividend paid to non-controlling interest	-	-	-	-	-	-	(1,607)	(1,607)
Acquisition of non-controlling interest	-	-	-	-	-	-	(58)	(58)
Disposal of subsidiary to non-controlling interest	-	-	-	-	-	-	(121)	(121)
Transfer of other reserve on extinguishment of convertible bond	-	163	-	(163)	-	-	-	-
Total comprehensive income / (loss) for the year	-	5	103	-	-	108	(528)	(420)
Balance as at 31 December 2019	**49,651**	**4,392**	**(1,562)**	-	**(52)**	**52,429**	**280**	**52,709**
Balance as at 1 January 2020	49,651	4,392	(1,562)	-	(52)	52,429	280	52,709
Total comprehensive loss	-	(15,396)	(288)	-	-	(15,684)	(4,581)	(20,265)
Dividend paid to non-controlling interest	-	-	-	-	-	-	(245)	(245)
Balance as at 31 December 2020	**49,651**	**(11,004)**	**(1,850)**	-	**(52)**	**36,745**	**(4,546)**	**32,199**
COMPANY								
Balance as at 1 January 2019	49,651	4,235	-	163	-	54,049	-	54,049
Transfer of other reserve on extinguishment of convertible	-	163	-	(163)	-	-	-	-
Total comprehensive loss for the year	-	(690)	-	-	-	(690)	-	(690)
Balance as at 31 December 2019	**49,651**	**3,708**	**-**	**-**	**-**	**53,359**	**-**	**53,359**
Balance as at 1 January 2020	49,651	3,708	-	-	-	53,359	-	53,359
Total comprehensive income for the year	-	280	-	-	-	280	-	280
Balance as at 31 December 2020	**49,651**	**3,988**	**-**	**-**	**-**	**53,639**	**-**	**53,639**

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 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 holdings 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.

Ordinary shares

	No.of ordinary shares	S$'000
Balance as at 30 June 2020 and 31 December 2020	135,010,406	49,651

Convertibles

The 2015 convertible bonds have been exchanged for non-convertible 2022 bonds at an aggregate principal amount of S$4.0 million bearing interest at 9.0% per annum. The exchange bonds will mature on or around 26 April 2022. The remaining S$1.0 million of the convertible bonds has been redeemed.

	As at 31-Dec-20	As at 31-Dec-19
	No. of shares	No. of shares
Outstanding option to subscribe new shares	Nil	Nil

Treasury Shares

The Company did not have any treasury shares and subsidiary holdings as at 31 December 2020 and 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 immediate preceding year.

	As at 31-Dec-20	As at 31-Dec-19
	No. of shares	No. of shares
Issued and fully paid	135,010,406	135,010,406

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

None.

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.

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

The figures have not been audited nor reviewed by the auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

3A Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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.

The group has applied consistent accounting policies and methods of computation in the financial statements for the current reporting period compared with those of the audited financial statements for the financial year ended 31 December 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.

Not applicable.

6 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.

Earnings per ordinary share for the period based on net profit attributable to shareholders (in cents):

	Group	
	FY 2020	**FY 2019**
a) Based on weighted average number of ordinary shares on issue; and		
From Continuing Operations	-11.40	-2.67
From Discontinued Operations	0.00	2.68
Total	-11.40	0.01
Weighted no.of shares in issue	135,010,406	135,010,406
b) On a fully diluted basis		
From Continuing Operations	-11.40	-2.67
From Discontinued Operations	0.00	2.68
Total	-11.40	0.01

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	
	31-Dec-20	31-Dec-19	31-Dec-20	31-Dec-19
Net asset value per ordinary share based on issued share capital at end of the period / year (in cents)	27.22	38.83	39.73	39.52

The Group and the Company's net assets value per ordinary share for the periods have been computed based on the share capital of 135,010,406 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

Income statement review

	2nd Half results			
Group Turnover	**2nd Half 2020**	**2nd Half 2019**	**+ / (-)**	**+ / (-)**
	S$'million	S$'million	S$'million	%
Infrastructure & Engineering ("IE")	9.48	9.41	0.07	0.7
Corrosion Prevention ("CP")	5.29	9.90	(4.61)	(46.6)
Supply & Distribution ("SD")	1.84	2.99	(1.15)	(38.5)
Shipping & Others ("SH")	4.61	9.90	(5.29)	(53.4)
	21.22	**32.20**	**(10.98)**	**(34.1)**

The Group's revenue decreased by 34.1% or S$10.98 million from S$32.20 million in 2H2019 to S$21.22 million in 2H2020. This was largely due to the severe impact of the COVID-19 Pandemic. In order to comply with the circuit breaker measures imposed by Singapore Government and the phased reopening of our businesses, our foreign workers engaged in the Infrastructure Engineering ("IE") and Corrosion Prevention ("CP") Divisions were confined to their dormitories for about 6 months in FY2020.

Revenue for our IE division remained stable at S$9.48 million in 2H2020 as compared to S$9.41 million in 2H2019. IE division has shown stronger recovery in the midst of COVID-19 mainly attributable to more fabrication projects secured by our Batam Yard. Also, some projects that were delayed during first half of year 2020 were re-scheduled to commence work in 2H2020. During this period, we secured recurring orders construction for new pedestal cranes for a reputable Middle Eastern client. Nevertheless, the additional costs incurred in complying with COVID-19 safe management measures had negative impact on operating margins.

Revenue for our CP division decreased by S$4.61 million from S$9.90 million in 2H2019 to S$5.29 million in 2H2020. Though our foreign workers returned to Singapore worksites by October 2020, productivity and output were significantly reduced compared to pre-COVID-19 situation. This was due to strict compliance with safe management measure and had affected the profit margins.

Revenue for our SD division decreased by S$1.15 million from S$2.99 million in 2H2019 to S$1.84 million in 2H2020. Demand for marine and industrial hardware products remained weak as industrial activities across Singapore were adversely affected by COVID-19 as of end of 2H2020.

Revenue for our SH division decreased by S$5.29 million from S$9.90 million in 2H2019 to S$4.61 million in 2H2020. Our livestock carriers encountered disruption and delay of voyages to abide country to country's rules and regulations to control spread of COVID-19 which adversely affected booking of subsequent charters. In October 2020, one of our livestock carriers encountered an accident and incurred substantial costs in bringing the vessel out of Australia to Indonesia for repairs as there were considerable local restrictions because of the COVID-19 Pandemic. The Group incurred US$2.50 million bulk of which was due to vessel transfer.

The Group received government grant of S$1.79 million in 2H2020 for COVID-19 business support schemes provided by the Singapore Government.

Finance charges decreased by S$0.28 million from S$1.10 million in 2H2019 to S$0.82 million in 2H2020 primarily as a result of reduction in bank borrowings.

Foreign exchange loss inclusive of discontinued operations was S$1.85 million for 2H2020 as compared to S$0.24 million for 2H2019 due to weaker US dollar against Singapore dollar during the period.

Depreciation expenses decreased by S$0.49 million from S$4.68 million in 2H2019 to S$4.19 million in 2H2020.

The Group's gross profit decreased from gain of S$5.65 million in 2H2019 to loss of S$3.29 million in 2H2020. Net loss attributable to shareholders widened from S$1.22 million in 2H2019 to net loss S$13.38 million in 2H2020 mainly due to (i) S$9.26 million impairment charge on the 2 livestock carriers to fair market valuation taking into consideration adverse change in business environment because of COVID-19 outbreak; (ii) based on US$2.5 million on expected total repair costs for one of the livestock vessels; (iii) the aggregate S$10.98 million decline in the Group's revenue due to the COVID-19 pandemic and (iv) S$1.85 million on foreign exchange loss.

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: (Cont'd)

(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 (Cont'd)

(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)

	Full Year results			
Group Turnover	**FY 2020**	**FY 2019**	**+ / (-)**	**+ / (-)**
	S$'million	S$'million	S$'million	%
Infrastructure & Engineering ("IE")	16.97	16.25	0.72	4.4
Corrosion Prevention ("CP")	10.67	19.89	(9.22)	(46.4)
Supply & Distribution ("SD")	3.83	5.90	(2.07)	(35.1)
Shipping & Others ("SH")	11.20	16.32	(5.12)	(31.4)
	42.67	**58.36**	**(15.69)**	**(26.9)**

The Group's revenue decreased by 26.9% or S$15.69 million from S$58.36 million in FY2019 to S$42.67 million in FY2020. Singapore Government declared circuit breaker measures in response to the COVID-19 pandemic in April 2020. Hence from 7 April 2020, all our CP and IE operations in Singapore ceased and resumed only in October 2020, when our foreign workers returned to their Singapore worksites.

Revenue for our IE division increased by S$0.72 million from S$16.25 million in FY2019 to S$16.97 million in FY2020. One of the reasons was attributable to Batam fabrication projects secured during 2H2019 carried forward into 1Q2020. Secondly, our IE division managed to secure more short term fabrication projects for our yard at Batam from established clients in Singapore. Lastly, towards the end of FY2020, we received purchase order for manufacturing of new pedestal cranes from a reputable middle eastern client from the offshore sector.

Revenue for our CP division decreased by S$9.22 million from S$19.89 million in FY2019 to S$10.67 million in FY2020 as the segment was adversely affected by COVID-19 outbreak. The nature of its business was largely labour intensive and reliant on foreign workers residing in workers' dormitories. The inability of foreign workers to work during the circuit breaker period exerted a heavy toll on the performance of CP division.

Revenue for our SD division decreased by S$2.07 million from S$5.90 million in FY2019 to S$3.83 million in FY2020 due to weak demand for marine and industrial hardware products as well as worsening effect on COVID-19 where the industrial sector across Singapore is still battling the uncertainties on economic recovery from COVID-19 pandemic.

Revenue for our SH division decreased by S$5.12 million from S$16.32 million in FY2019 to S$11.20 million in FY2020. Our livestock carriers voyages took longer period to complete round trips due to compliance with strict measures on COVID-19 from ports to ports as well as constantly changing rules and regulations to control COVID-19 outbreak. During October 2020, one of our livestock carriers encountered an accident and incurred substantial costs in bringing the vessel out of Australia to Indonesia for repairs as there were considerable local restrictions because of the COVID-19 pandemic. The Group incurred US$2.50 million bulk of which was due to vessel transfer.

The Group received government grant of S$3.46 million in FY2020 for COVID-19 business support schemes provided by the Singapore Government.

Interest expense on borrowings from continuing operations decreased by 4.4% or S$0.09 million from S$2.06 million in FY2019 to S$1.97 million in FY2020 as a result of reduced borrowings.

Foreign exchange loss was S$0.86 million due to weaker US dollar against Singapore dollar for the year ended FY2020.

Depreciation expenses increased by S$0.86 million from S$7.82 million in FY2019 to S$8.68 million in FY2020 mainly due to three years lease of office and equipment commencing on 25 June 2019.

The Group's recorded gross loss of S$1.58 million in FY2020 compared to gross profit S$9.90 million in FY2019 largely due to the adverse impact of COVID-19 pandemic. Net profit attributable to shareholders of S$5,000 in FY2019 swung to net loss of S$15.40 million in FY2020 mainly due to (i) S$9.26 million impairment charge on two livestock carriers to fair market valuation taking into consideration the adverse change in business environment; (ii) based on USS$2.5 million incurred on expected repair costs for one of the livestock vessels; (iii) the aggregate total decline in revenue due to the COVID-19 pandemic and (iv) S$0.86 million on exchange loss.

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: (Cont'd)

(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 (Cont'd)

(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)

CASHFLOW STATEMENT

Net cash inflow generated from operating activities was S$6.21 million in FY2020 which include business support schemes of S$3.46 million provided by the Singapore Government. This was attributable to changes in working capital mainly generated from decrease in trade and other receivables by S$3.83 million; decrease in inventories by S$0.76 million; decrease in contract assets by S$0.39 million; and increase in trade and other payables by S$2.48 million.

Net cash outflow used in investing activities was S$0.84 million in FY2020 due to expenditure of S$0.68 million for interim drydocking cost of Barkly Pearl; acquisition of property, plant and equipment of S$1.30 million; and proceeds from disposal of plant and machinery of S$1.14 million.

Net cash outflow used in financing activities was S$5.75 million in FY2020. This was mainly due to repayment of S$2.57 million on borrowings; S$2.38 million on repayment of lease liabilities; S$0.27 million on repayment in bills payable; and S$0.29 million interest paid.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of S$0.38 million for FY2020.

ASSETS AND LIABILITIES

The Group registered total assets of S$93.41 million as at 31 December 2020.

The Group's current assets decreased from S$40.31 million as at 31 December 2019 to S$37.09 million as at 31 December 2020 mainly due to the decrease of trade and other receivables from S$23.43 million to S$21.66 million; the decrease of contract assets from S$7.39 million to S$7.01 million; and the decrease of Inventories from S$5.05 million to S$4.06 million.

Ageing of the trade receivables as of 31 December 2020 are as follow:-

	Dec-20 S$'000	Dec-19 S$'000	Increase / (Decrease) S$'000
Current	2,395	3,933	(1,538)
less than 90 days	6,372	8,500	(2,128)
91 to 150 days	2,275	1,823	452
151 to 365 days	2,584	1,077	1,507
More than 365 days	2,207	3,358	(1,151)
	15,833	18,691	(2,858)

The Board notes that the trade receivables for 151 to 365 days and more than 365 days has increased by S$0.35 million from S$4.44 million in 31 December 2019 to S$4.79 million 31 December 2020 and will closely monitor the collectability of such trade receivables. In addition, the Group carries out impairment loss testing on its trade receivables on a quarterly basis. As and when trade receivables are deemed uncollectable, the Company will make the necessary impairment loss provisions.

The Group's non current assets decreased from S$75.63 million as at 31 December 2019 to S$56.32 million as at 31 December 2020 mainly due to impairment charge of S$9.26 million for two livestock vessels to fair market value taking into consideration the changes in business environment as a result of COVID-19 outbreak head on; S$2.47 million decrease due to the reclassification of a trade debt from non-current to current assets; and S$8.68 million for depreciation on property, plant and equipment.

Total liabilities for the Group decreased by S$2.01 million from S$63.22 million as at 31 December FY2019 to S$61.21 million as at 31 December 2020.

The Group's current liabilities increased by S$0.91 million from S$49.74 million as at 31 December 2019 to S$50.65 million as at 31 December 2020. This was mainly due to increase in S$2.45 million on trade and other payables from S$26.62 million to S$29.07 million; and decrease in S$1.61 million on borrowings from S$22.31 million to S$20.70 million.

The Group's non current liabilities decreased from S$13.48 million as at 31 December 2019 to S$10.56 million as at 31 December 2020 mainly due to decrease in borrowings from S$12.05 million to S$9.09 million.

The Group registered net current liabilities of S$13.56 million as at 31 December 2020 as compared to S$9.44 million as at 31 December 2019. The increase was primarily due to decrease in trade debtor as a result of reduced business activities as compared to FY2019 as well as an increase in trade and other payables to finance the repair costs of the livestock carrier. The Group is actively reviewing its operations to identify and monetise under-performing assets. At the same time, the Group is focused on regaining momentum by securing more work with the re-opening of the economy both locally and globally. These will allow us to overcome the net current liabilities position.

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, available bank facilities, existing banking relationships and other possible financing options as well as its Group's existing assets, the Group is able to meet its short-term obligations as and when they fall due.

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

On 8 June 2020 and 28 July 2020, the Company made update announcements regarding COVID-19 impact on its business. On 29 January 2021, the Company made a profit guidance announcement. The current results are in line with the aforementioned announcements.

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 outlook for recovery of the global economy from the COVID-19 pandemic and the marine, offshore oil and gas sectors remains uncertain. Although foreign workers have returned to worksites, costs of employing these workers have increased due to compliance with stringent COVID-19 safe management measures.

11 Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial period?

None

(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.

After considering the Group's financial position and the difficult business environment, no dividend is declared or recommended for the profit under review.

13 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 Group has not obtained 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 Group has obtained 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 ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half 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.

BUSINESS SEGMENTS

	Infrastruc-ture Engineering	Corrosion Prevention	Supply & Distribution	Shipping	Others	Total for Continuing Operations
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
2020						
Total segment sales	17,855	11,898	5,684	11,265	-	46,702
Inter-segment sales	(896)	(1,225)	(1,854)	(60)	-	(4,035)
Sales to external customers	16,959	10,673	3,830	11,205	-	42,667
Results:						
Segment result	(777)	655	334	(15,912)	(83)	(15,783)
Interest expense	(162)	(423)	(183)	(1,206)	-	(1,974)
Interest Income	6	4	-	-	-	10
(Loss) / profit from operating segments	(933)	236	151	(17,118)	(83)	(17,747)
Unallocated administrative expenses						(1,974)
Loss before income tax						(19,721)
Income tax expense						(195)
Net loss						(19,916)
Loss attributable to non-controlling interest						4,521
						(15,395)
Net profit includes:						
- Depreciation of property, plant and equipment	2,387	1,713	886	3,689	-	8,675
Other information						
Segments assets	34,897	12,130	6,301	40,081	-	93,409
Segments assets includes:-						
Additions to: Property, plant and equipment	726	849	65	702	-	2,342
Segment liabilities	(11,840)	(21,437)	(5,927)	(11,134)	(8)	(50,346)
2019						
Total segment sales	16,882	21,195	8,161	16,346	-	62,584
Inter-segment sales	(633)	(1,302)	(2,265)	(26)	-	(4,226)
Sales to external customers	16,249	19,893	5,896	16,320	-	58,358
Results:						
Segment result	(912)	3,759	590	(3,087)	(83)	267
Interest expense	(152)	(128)	(271)	(1,509)	-	(2,060)
Interest Income	7	1	10	-	-	18
(Loss) / profit from operating segments	(1,057)	3,632	329	(4,596)	(83)	(1,775)
Unallocated administrative expenses						(1,989)
Loss before income tax						(3,764)
Income tax expense						(351)
Net loss						(4,115)
Loss attributable to non-controlling interest						508
						(3,607)
Net profit includes:						
- Depreciation of property, plant and equipment	2,176	1,400	879	3,369	-	7,824
Other information						
Segments assets	37,568	15,845	8,518	53,576	423	115,930
Segments assets includes:-						
Additions to: Property, plant and equipment	622	123	42	3,258	-	4,045
Segment liabilities	(12,826)	(23,048)	(6,730)	(9,005)	(11)	(51,620)

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

Not applicable.

17 A breakdown of sales as follows:-

	GROUP			
	FY 2020 S$'000	**FY 2019 S$'000**	**+ / (-) S$'000**	**+ / (-) %**
Continuing Operations				
First Half				
(a) Revenue	21,450	26,162	(4,712)	(18%)
(b) Operating loss after tax before deducting non-controlling interests	(1,692)	(3,095)	1,403	NM
Second Half				
(a) Revenue	21,217	32,196	(10,979)	(34%)
(b) Operating loss after tax before deducting non-controlling interests	(18,224)	(1,020)	(17,204)	1,687%
Discontinued Operations				
First Half				
(a) Revenue	-	1,603	(1,603)	NM
(b) Operating profit after tax before deducting non-controlling interests	-	3,686	(3,686)	NM
Second Half				
(a) Revenue	-	327	(327)	NM
(b) Operating loss after tax before deducting non-controlling interests	-	(74)	74	NM

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

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details).

	Latest Full Year 2018	Previous Full Year
	S$'000	S$'000
Ordinary	-	-
Preference	-	-
Total:	-	-

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.

Name	Age	Family Relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Chua Beng Yong	59	Brother of Chua Beng Kuang (Executive Chairman and substantial shareholder) and Chua Meng Hua (Managing Director and substantial shareholder)	Current Position: Chief Operating Officer Duties: Responsible for overseeing the Group's businesses, particularly in infrastructure engineering division, including its marketing and business development. Position first held in: 2011 Year of employment: Since 1990.	Changes in duties: No change. Changes in position: No change.
Chua Beng Hock	57	Brother of Chua Beng Kuang (Executive Chairman and substantial shareholder) and Chua Meng Hua (Managing Director and substantial shareholder)	Current Position: Deputy Chief Operating Officer Duties: Responsible for overseeing the Group's businesses, particularly in corrosion prevention division, including its marketing and business development. Position first held in: 2011 Year of employment: Since 1990.	Changes in duties: No change. Changes in position: No change.
Chua Min Kong	61	Brother of Chua Beng Kuang (Executive Chairman and substantial shareholder) and Chua Meng Hua (Managing Director and substantial shareholder)	Current Position: Manager Duties: Responsible for overseeing the process plant operations in Batam yard. Position first held in: 2011 Year of employment: Since 1998.	Changes in duties: No change. Changes in position: No change.

BY ORDER OF THE BOARD

Chua Beng Kuang
Executive Chairman
25 Feb 2021

Chua Meng Hua
Managing Director and Chief Executive Officer