

## ACROMEK LIMITED

(Company registration number: 201544003M)



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### UNAUDITED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MARCH 2018

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*This announcement has been prepared by ACROMEK Limited (“ACROMEK” or the “Company”) and its contents have been reviewed by the Company’s Sponsor, SAC Capital Private Limited for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this announcement.*

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#### **Background**

ACROMEK Limited (together with its subsidiaries, the “Group”) was listed on Catalist of the SGX-ST on 18 April 2016, pursuant to an initial public offering (the “IPO”) exercise. The Group is primarily a Singapore-based specialist engineering services provider in the field of controlled environments. It currently serves mainly the healthcare, pharmaceutical, biomedical science, research and academia, and electronics sectors.

The Group’s business is divided into two main business segments:

- (1) Engineering, Procurement and Construction (“EPC”) segment; and
- (2) Maintenance segment.

The EPC segment provides engineering, procurement and construction services, specialising in architectural, mechanical, electrical and process works within controlled environment. The Maintenance segment provides maintenance and repair services for facilities and equipment of controlled environments and their supporting infrastructure.

**ACROMECH LIMITED**

(Company registration number: 201544003M)

**ACROMECH****PART I: INFORMATION REQUIRED FOR HALF-YEAR ANNOUNCEMENT**

**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.**

	<b>Group</b>		Increase/ (Decrease)  %
	<b>Half-year ended 31 Mar</b>		
	<b>2018 S\$'000</b>	<b>2017 S\$'000</b>	
Revenue	22,238	21,009	6
Cost of sales	(19,317)	(20,603)	(6)
Gross profit	<u>2,921</u>	<u>406</u>	>100
Other operating income	100	75	33
	<u>3,021</u>	<u>481</u>	>100
Administrative expenses	(2,524)	(2,607)	(3)
Other operating expenses	(370)	(215)	72
Finance costs	(66)	(29)	>100
Profit/(Loss) before income tax	61	(2,370)	N.M.
Income tax expenses	-	-	N.M.
Profit/(Loss) for the period, representing total comprehensive income for the period	<u>61</u>	<u>(2,370)</u>	<u>N.M.</u>
Profit/(Loss) attributable to:			
Owners of the Company	64	(2,379)	N.M.
Non-controlling interests	(3)	9	N.M.
Total comprehensive income/(loss) attributable to:			
Owners of the Company	64	(2,379)	N.M.
Non-controlling interests	<u>(3)</u>	<u>9</u>	<u>N.M.</u>

N.M.: not meaningful

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**1(a)(ii) Notes to the statement of comprehensive income**

	<b>Group</b>		Increase/ (Decrease) %
	<b>Half-year ended 31 Mar</b>		
	<b>2018</b>	<b>2017</b>	
	<b>S\$'000</b>	<b>S\$'000</b>	
Profit for the financial period is arrived at after (charging)/crediting the following:			
Depreciation of property, plant and equipment	(249)	(120)	>100
Interest income	16	14	14
Foreign exchange gain (Net)	<u>5</u>	<u>26</u>	(81)

N.M.: Not meaningful

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

	Group		Company	
	31 Mar 2018 S\$'000	30 Sep 2017 S\$'000	31 Mar 2018 S\$'000	30 Sep 2017 S\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Investment in subsidiaries	-	-	11,094	10,793
Goodwill	278	278	-	-
Investment property	1,747	1,748	-	-
Property, plant and equipment	2,319	2,005	-	-
<b>Total non-current assets</b>	<b>4,344</b>	<b>4,031</b>	<b>11,094</b>	<b>10,793</b>
<b>Current assets</b>				
Trade receivables	5,243	4,675	-	-
Other receivables, deposits and prepayments	507	148	38	18
Amounts due from contract customers	1,282	1,177	-	-
Amount due from subsidiary	-	-	341	621
Loan to subsidiary	-	-	4,800	300
Cash and bank balances <sup>(1)</sup>	10,675	13,465	160	1,059
<b>Total current assets</b>	<b>17,707</b>	<b>19,465</b>	<b>5,339</b>	<b>1,998</b>
<b>Total assets</b>	<b>22,051</b>	<b>23,496</b>	<b>16,433</b>	<b>12,791</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
Trade and other payables	6,962	8,817	587	81
Bill payables	-	2,173	-	-
Amounts due to contract customers	929	2,217	-	-
Amount due to subsidiary	-	-	-	207
Tax payable	70	80	30	30
Bank loans	116	105	-	-
Finance leases	86	86	-	-
<b>Total current liabilities</b>	<b>8,163</b>	<b>13,478</b>	<b>617</b>	<b>318</b>
<b>Net current assets</b>	<b>9,544</b>	<b>5,987</b>	<b>4,722</b>	<b>1,680</b>
<b>Non-current liabilities</b>				
Other payables	120	120	-	120
Bank loans	2,001	1,845	-	-
Finance leases	175	218	-	-
Deferred tax liabilities	59	59	-	-
<b>Total non-current liabilities</b>	<b>2,355</b>	<b>2,242</b>	<b>-</b>	<b>120</b>
<b>Net assets</b>	<b>11,533</b>	<b>7,776</b>	<b>15,816</b>	<b>12,353</b>

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	Group		Company	
	31 Mar 2018 S\$'000	30 Sep 2017 S\$'000	31 Mar 2018 S\$'000	30 Sep 2017 S\$'000
<b>Equity attributable to the owners of the Company</b>				
Share capital	16,225	12,529	16,225	12,529
Merger reserve	(4,718)	(4,718)	-	-
Retained earnings	(741)	(805)	(409)	(176)
<b>Shareholders' equity</b>	<u>10,766</u>	<u>7,006</u>	<u>15,816</u>	<u>12,353</u>
<b>Non-controlling interests</b>	<u>767</u>	<u>770</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>	<u>11,533</u>	<u>7,776</u>	<u>15,816</u>	<u>12,353</u>
<b>Total liabilities and equity</b>	<u>22,051</u>	<u>23,496</u>	<u>16,433</u>	<u>12,791</u>

Note:

- (1) The amount stated includes fixed deposits pledged as collaterals for banking facilities. 31 March 2018: S\$3,240,000 (30 September 2017: S\$3,234,000)

**ACROMEK LIMITED**

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

	31 Mar 2018		30 Sep 2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	202	-	2,364	-
Amount repayable after one year	2,176	-	2,063	-
Total borrowings	<u>2,378</u>	<u>-</u>	<u>4,427</u>	<u>-</u>

**Details of collaterals**

- i. Bill payables of nil (30 September 2017: S\$2,173,000) was secured by fixed deposits pledged with banks.
- ii. Bank loans of S\$2,117,000 (30 September 2017: S\$1,950,000) is secured on the Group's properties.
- iii. Finance leases of S\$261,000 (30 September 2017: S\$304,000) is secured on the Group's motor vehicles.

**ACROMECH LIMITED**

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**ACROMECH****1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Group</b>	
	<b>Half-year ended 31 Mar</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Operating activities</b>		
Profit/(Loss) before income tax	61	(2,370)
Adjustments for:		
Depreciation	249	120
Interest income	(16)	(14)
Interest expense	66	29
Operating cash flows before movements in working capital	360	(2,235)
Trade receivables	(568)	877
Other receivables, deposits and prepayments	(359)	(6)
Downpayment from customers	-	2,927
Amounts due from (to) contract customers – net	(1,393)	2,474
Trade and other payables	(1,856)	1,124
Bill payables	(2,173)	(122)
Cash generated from operations	(5,989)	5,039
Interest received	17	17
Income taxes paid	(10)	(39)
Net cash (used in)/from operating activities	(5,982)	5,017
<b>Investing activities</b>		
Purchase of property, plant and equipment	(562)	(31)
Net cash from acquisition of subsidiary	-	295
Net cash (used in)/from investing activities	(562)	264
<b>Financing activities</b>		
Proceeds from issuance of new shares	3,696	-
Increase in pledged deposits	(6)	-
Proceeds from borrowings	167	-
Repayment of finance leases	(43)	(82)
Interest paid	(66)	(29)
Net cash from/(used in) financing activities	3,748	(111)
Net (decrease)/increase in cash and cash equivalents	(2,796)	5,170
Cash and cash equivalents at beginning of financial period	10,231	6,114
Cash and cash equivalents at end of financial period (Note A)	7,435	11,284

**Note A:**

	<b>Group</b>	
	<b>Half-year ended 31 Mar</b>	
	<b>2018</b>	<b>2017</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash at bank and on hand	7,435	11,284
Fixed deposits	-	-
Cash and cash equivalents at end of financial period	7,435	11,284

**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

**Group**

	Attributable to Owners of the Company					Total Equity
	Share capital	Merger reserve	(Accumulated losses)/ Retained earnings	Total	Non-controlling interests	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at 1 October 2017	12,529	(4,718)	(805)	7,006	770	7,776
Profit for the financial period, representing total comprehensive income	-	-	64	64	(3)	61
Issuance of new shares pursuant to placement exercise	3,696	-	-	3,696	-	3,696
Balance as at 31 March 2018	16,225	(4,718)	(741)	10,766	767	11,533
Balance as at 1 October 2016	11,753	(4,718)	3,780	10,815	-	10,815
(Loss)/Profit for the financial period, representing total comprehensive income	-	-	(2,379)	(2,379)	9	(2,370)
Non-controlling interests from acquisition of subsidiary	-	-	-	-	735	735
Issuance of new shares as consideration for acquisition of subsidiary	776	-	-	776	-	776
Balance as at 31 March 2017	12,529	(4,718)	1,401	9,212	744	9,956



**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 (continued)**

**Company**

	Share capital	(Accumulated Losses) / Retained Earnings	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2017	12,529	(176)	12,353
Issuance of new shares pursuant to placement exercise	3,696	-	3,696
Total comprehensive loss for the period	-	(233)	(233)
Balance as at 31 March 2018	16,225	(409)	15,816
Balance as at 1 October 2016	11,753	11	11,764
Issuance of new shares as consideration for acquisition of subsidiary	776	-	776
Total comprehensive loss for the period	-	(119)	(119)
Balance as at 31 March 2017	12,529	(108)	12,421

**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.**



	Company	
	Number of ordinary shares	Issued and paid-up share capital
Issued and paid-up share capital as at 31 March 2018	138,563,978	S\$16,225,000
Issued and paid-up share capital as at 30 September 2017	122,563,978	S\$12,529,000

The Company issued 16,000,000 new shares on 7 February 2018 as part of a private placement exercise. Please refer to the announcements dated 7 February 2018 and 31 January 2018 for more details. Following the allotment and issuance of the aforesaid new shares, the total number of issued shares of the Company has increased from 122,563,978 shares to 138,563,978 shares. There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2018 and 31 March 2017.

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

The total number of issued ordinary shares, excluding treasury shares, as at 31 March 2018 was 138,563,978 (30 September 2017: 122,563,978). There were no treasury shares held by the Company as at 31 March 2018 and 30 September 2017.

**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 the current financial period ended 31 March 2018.

**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 does not have subsidiary holdings.

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

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

**3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of 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.**

The Group had consistently applied the same accounting policies and methods of computation for the current financial period compared to the most recently audited annual financial statements.

**5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.**

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:**

	Group	
	31-Mar-2018	31-Mar-2017
Profit/(Loss) attributable to owners of the Company (S\$'000)	<u>64</u>	<u>(2,379)</u>
Weighted average number of ordinary shares	<u>126,787,090</u>	<u>121,382,754</u>
Earnings / (Loss) per share (basic and diluted) (cents)	<u>0.05</u>	<u>(1.96)</u>

The basic and diluted earnings / (loss) per share is the same as there were no potentially dilutive ordinary shares in issue, for the half year ended 31 March 2018 and 31 March 2017.

**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-Mar-2018	30-Sep-2017	31-Mar-2018	30-Sep-2017
Net Asset Value per share (cents)	7.77	5.72	11.41	10.08
Net Asset Value (S\$'000)	10,766	7,006	15,816	12,353
Number of ordinary shares used	<u>138,563,978</u>	<u>122,563,978</u>	<u>138,563,978</u>	<u>122,563,978</u>

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

#### **REVIEW OF GROUP RESULTS**

Revenue for the half-year ended 31 March 2018 ("HY2018") increased by 6% or S\$1.23 million to S\$22.24 million as compared to half-year ended 31 March 2017 ("HY2017") of S\$21.01 million. This was due to the stable level of business activities on execution of the Group's major projects.

Cost of sales decreased by 6% or S\$1.29 million to S\$19.32 million in HY2018 from S\$20.60 million in HY2017. Accordingly, gross profit increased by S\$2.52 million to S\$2.92 million in HY2018 from S\$0.40 million in HY2017.

Gross profit margin for HY2018 at 13.1% was a significant improvement from the same period last year as the Group transited from the impact of cost overruns experienced in the Group's major projects which were substantially completed in the last financial year ended 30 September 2017 ("FY2017"). Other operating income remained relatively stable in absolute terms.

The Group continues to keep a lid on its costs, amid a tight foreign labour market and keen competition. Administrative expenses were kept in check at S\$2.52 million for HY2018 or a 3% reduction as compared with HY2017. Other operating expenses of S\$0.37 million increased by 72% or S\$0.16 million in HY2018 as compared to HY2017 mainly due to an increase in depreciation charge arising from the renovation of the Group's new office premises after the expiry of its previous lease. Finance costs increased by S\$37,000 from S\$29,000 in HY2017 to S\$66,000 in HY2018 mainly attributable to the finance costs of Golden Harvest Engineering Pte Ltd ("Golden Harvest"). The inclusion of finance costs from Golden Harvest in HY2017 only began after the acquisition of Golden Harvest was completed in January 2017. Therefore, a higher finance cost was captured in HY2018 as compared to HY2017.

Non-controlling interests relate to its share of results from Golden Harvest.

Due to the above reasons, the Group reported a net profit attributable to owners of the Company of approximately S\$64,000 for HY2018, as compared to a net loss of S\$2.38 million in the same period a year ago.

## **REVIEW OF GROUP'S FINANCIAL POSITION**

Non-current assets increased by S\$0.31 million from S\$4.03 million as at 30 September 2017 to S\$4.34 million as at 31 March 2018. The increase was mainly due to costs incurred on renovation of the Group's new office premises after the expiry of its previous lease.

Current assets as at 31 March 2018 decreased to S\$17.71 million by 9% or S\$1.76 million from S\$19.47 million as at 30 September 2017, mainly due to the decrease in cash and bank balances which was offset by the increase in trade receivables. Trade receivables increased by 12% due to timing difference of billings for execution of its major projects.

Current liabilities as at 31 March 2018 decreased to S\$8.16 million by 39% or S\$5.32 million as compared to S\$13.48 million as at 30 September 2017, mainly due to repayment of bills payable and the decrease in trade and other payables and amounts due to contract customers. Trade and other payables and amounts due to contract customers decreased as at 31 March 2018 when compared to 30 September 2017 due to timing differences of payments to suppliers and increase in accruals of project costs due to the cost overruns on execution of a few of the Group's major projects in FY2017.

The Group's bank borrowings of S\$2.12 million and finance leases of S\$0.26 million as at 31 March 2018 were incurred by Golden Harvest. The bank borrowings were incurred to finance the purchase of the subsidiary's investment property and its leasehold property from which it operates. The finance leases are mainly used to finance the purchase of its motor vehicles.

Cash and bank balances decreased by 21% or S\$2.79 million from S\$13.47 million as at 30 September 2017 to S\$10.68 million as at 31 March 2018 mainly due to repayment of bills payable and timing differences of payment to suppliers.

## **REVIEW OF GROUP'S CASH FLOWS**

Overall, the Group's cash and cash equivalents decreased S\$2.80 million for HY2018.

Cash used in operating activities amounted to S\$5.98 million, mainly due to settlement of bill payables and the decrease in trade and other payables and amounts due to contract customers. Cash used in investing activities is due to cost incurred on renovation of the Group's new office premise. Cash from financing activities of S\$3.75 million is mainly due to proceeds from issuance of new shares.

## **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 was previously made to 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.**

The Group continues to see activities in the sectors that it serves. Against this backdrop, the Group continues to actively develop its business through direct negotiations and bidding for projects, underpinned by its strong balance sheet and established track record.

The Group's foray into the nascent renewable energy sector is progressing as planned with its first potential project to build, own and operate a waste-to-energy plant on the future farm site of Chew's Agriculture Pte Ltd ("Chew"). A memorandum of understanding ("MOU") had been signed by Acropower Pte Ltd ("Acropower"), ACROMEK's 80% owned subsidiary, in March 2018 with HL Plus Pte Ltd. Chew is a subsidiary of HL Plus Pte Ltd. Under the MOU, it is intended for the plant to collect and convert chicken manure from Chew for treatment and conversion into biogas, which will be used to generate electricity, which it intends to sell back to Chew. Barring unforeseen circumstances, the Group is optimistic that this MOU will translate to definitive agreements in the near future and relevant announcements will be made as and when appropriate.

The Group has also expanded its geographical reach with the recent incorporation of a 67% owned subsidiary in Indonesia, P.T. Acromek Trading Indonesia, to provide engineering products and solutions to customers in Indonesia. This is in line with the Group's expansion plan as set out in the Company's Offer Document dated 6 April 2016. The Group believes that the penetration into new geographical markets, including, amongst others, Indonesia, will be beneficial for its long-term growth as such markets are poised for growth in the foreseeable future.

The Group continues to focus on growing its maintenance business as it provides the Group with recurring income and revenue streams. Recurring revenue augments well and adds stability to the Group's largely project-based business.

The Group may face continued pressures on its margins as competition is expected to remain keen. The Group is actively taking steps to streamline its processes and manage its costs amid a tight foreign labour market so as to achieve cost and operational optimisation.

At the date of this announcement, the order book of the Group stands at approximately S\$12 million.

**11. Dividend:**

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

Nil.

**(b) Corresponding period of the immediately preceding financial year**

Nil.

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**(c) Date payable**

Not applicable.

**(d) Book closure date**

Not applicable.

**12. If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared or recommended.

**13. If the Group has obtained a general mandate from shareholders for interested person transactions (“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 does not have a shareholders’ mandate for interested person transactions.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

The Company has procured undertakings from all its directors and executive officers as set out in Appendix 7H under Rule 720(1).

**15. Updates on use of IPO proceeds and placement exercise proceeds**

**IPO Proceeds**

	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Balance of net proceeds as at at the date of this announcement</b>
	<b>S\$ million</b>	<b>S\$ million</b>	<b>S\$ million</b>
Expansion through acquisitions and venture into new geographical markets	1.00	0.64 <sup>(1)</sup>	0.36
General working capital	3.50	3.50 <sup>(2)</sup>	-
Net proceeds from IPO	<u>4.50</u>	<u>4.14</u>	<u>0.36</u>

Notes:

- (1) Utilised for payment of purchase consideration for acquisition of 60% of the issued and paid-up share capital of Golden Harvest
- (2) Utilised for payment of supplier invoices for our projects

**ACROMEC LIMITED**

(Company registration number: 201544003M)

**ACROMEC****Placement Exercise Proceeds**

	<b>Amount allocated</b>	<b>Amount utilised</b>	<b>Balance of net proceeds as at at the date of this announcement</b>
	<b>S\$ million</b>	<b>S\$ million</b>	<b>S\$ million</b>
General working capital purposes	3.70	1.1 <sup>(1)</sup>	2.60

Note:

(1) Utilised for payment of supplier invoices for our projects

**16. Confirmation by the Board Pursuant to Rule 705(5)**

The Board of Directors confirms, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for half year ended 31 March 2018 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

**Lim Say Chin**  
Executive Chairman and Managing Director  
14 May 2018

**Chew Chee Keong**  
Executive Director