ACROMEC

ACROMEC LIMITED

TRANSFORMING INNOVATING LIFE

ANNUAL REPORT 2019

TABLE OF CONTENTS

This annual report has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist.

This annual report has not been examined or approved by the SGX-ST. The SGX-ST assumes no responsibility for the contents of this annual report, including the correctness of any of the statements or opinions made or reports contained in this annual report.

The contact person for the Sponsor is Mr Joseph Au, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and Email: sponsorship@ppcf.com.sg).

THEME RATIONALE & COVER STORY

TRANSFORMING & INNOVATING LIFE

As a specialist engineering service provider for controlled environments, Acromec has been at the forefront of innovation for the design and construction of facilities such as laboratories, medical and sterile cleanrooms for the last 23 years. Through continued innovation, we hope to build facilities that improve quality of life for our users.

Lives will inevitably be transformed as the world shifts its reliance to sustainable sources of energy. We need to be part of this transformation before it becomes too late to save our environment. As such, in 2019, Acromec forayed into the renewable energy sector, generating electricity from novel, yet sustainable sources, such as our waste-to-energy power plant at Chew's Agriculture Pte Ltd ("Chew's Agriculture")'s poultry farm in Singapore.

COVER STORY

We made headway into the renewable energy sector through our 80% subsidiary, Acropower Pte. Ltd. ("Acropower"). In 2018, we were engaged by Chew's Agriculture, which owns a chicken egg production farm, to solve a waste disposal issue that they were facing at their new premises at Neo Tiew Road, off Lim Chu Kang. As a solution, we proposed to build, own, and operate a Waste-to-Energy ("WTE") plant at their new site that will convert chicken manure from the farm into usable electricity. This plant will undertake the treatment of manure, and the gasification of manure into synthesis gas ("syngas"). Finally, the generated syngas will be used as fuel to run a generator that will produce and supply electricity to the farm. These processes are self-sustainable, efficient, and carbon friendly.

As at time of publication, we are pleased to report that the development of the plant is gaining traction.

This project is an example of our belief in the power that renewable energy has to alleviate the pressing global warming problem. From what we understand, about 25% of manmade global warming is caused by methane emissions. The shift towards reliance on renewable energy sources will transform our lives in many ways. Our WTE plant will be part of this transformation. It will reduce Chew's Agriculture's carbon dioxide and methane emissions, thus directly improving the farm's sustainability, and reducing its impact on global warming.

Acromec has also been on the lookout for innovative ways to improve our current core business. We are exploring potential opportunities to diversify our revenue stream by expanding our design and construction expertise in the healthcare sector to the food and agriculture sector, and we hope to see tangible results from this in time to come. The award for the construction of Chew's Agriculture's new farm was a good start.

WHO WE ARE

Specialist Engineering Service Provider for Controlled Environments

We are principally an established specialist engineering services provider in the field of controlled environments. Our expertise is in the design and construction of facilities requiring controlled environments such as laboratories, medical and sterile facilities and cleanrooms.

We specialise in architectural, mechanical, electrical and process works within controlled environments, and provide integrated services through our two main business segments: (1) engineering, procurement and construction, and (2) maintenance.

Our customers comprise mainly hospitals and medical centres, government agencies, research and development ("R&D") companies and agencies, R&D units of multinational corporations, tertiary educational institutions, pharmaceutical companies, semiconductor manufacturing companies, and multinational engineering companies.

Renewable Energy Specialist Service Provider

During the financial year, the Group has made diversification plans to expand its core specialist engineering services provider business and embarked on a new business segment in the renewable energy industry. This business involves the generation of electricity using sustainable energy sources.

OUR MISSION

To consistently create and deliver market leading Engineering Services ahead of competition at competitive price through excellence in our operations.

OUR VISION

To be the leading Specialist Engineering Company in the field of controlled environment preferred by customers, employees and investors.

OUR CORE VALUES

COMMITMENT
We devote ourselves completely to meet our commitments.

INTEGRITY
We hold ourselves to the highest standards of fairness and honesty in everything we do.

EMPATHY
We understand and share the feelings of one another.

INNOVATION
We strive to create new ideas and translate them into value-added products and services to serve customers' needs.

RESPECT
We value each other and recognise that everyone has a unique set of strengths that complement each other as a team.

WHAT WE DO

CONTROLLED ENVIRONMENT

CLEANROOMS

A cleanroom is an enclosed space in which airborne particulates, contaminants and pollutants are kept within strict limits. Cleanrooms are typically used in manufacturing and scientific research.

Cleanrooms have various sizes and specifications, which comply with Class 1 or ISO 3 to Class 100,000 or ISO 8 standards

We build cleanrooms for customers such as STATS ChipPAC Ltd, A*Star and ASE Singapore Pte Ltd.

MEDICAL AND STERILE FACILITIES

Environmental parameters in these facilities are controlled to provide clean environments to reduce risk of infection to patients and/or contain infectious diseases.

They include operating theatres, theatre sterile services units, intensive care units, isolation wards, and fertility centres.

We have built medical and sterile facilities for hospitals and medical centres such as National University Hospital, Singapore General Hospital, Tan Tock Seng Hospital, Changi General Hospital, Virtus Fertility Centre and Aptus Surgery Centre.

WHAT WE DO

LABORATORIES

Environmental parameters in laboratories provide controlled conditions in which scientific or technological research, experiments or measurements are performed.

They are many types of laboratories, forensic and diagnostic laboratories; containment laboratories for biomedical research, including the more sophisticated and challenging Bio Safety Level 3 ("BSL3") laboratories, which are high containment laboratories that allow work to be done with indigenous or exotic agents which may cause serious or potentially lethal disease . They also have laboratories for research in chemical and materials, clean technology, electronics and pharmaceutical products.

We have built laboratories for facility owners such as P&G, Singapore General Hospital, National University of Singapore and Johnson Matthey Singapore Private Limited.

MAINTENANCE

We provide maintenance and repair services for facilities and equipment of controlled environments and their supporting infrastructure. We provide both corrective and preventive or routine maintenance services to ensure reliability and minimal disruptions to our customers' operations.

Our corrective maintenance services are available 24 hours a day and seven days a week whereas our preventive maintenance work is carried out in accordance with an agreed schedule.

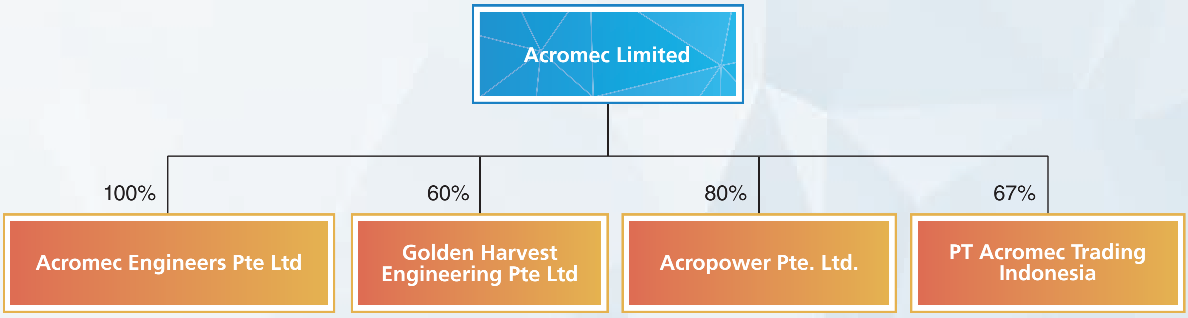
WHAT WE DO

RENEWABLE ENERGY

RENEWABLE ENERGY

We can "build-own-operate", "build-own-transfer", or just simply construct waste-to-energy power plants that rely on sustainable sources for our customers. We focus our efforts on growing the business, which we commenced in FY2019, initially in Singapore. Thereafter, we will consider expanding the Renewable Energy business to new geographical markets in the Asia Pacific region which are poised for growth.

GROUP STRUCTURE



Our Subsidiaries

Name	Principal place of business	Principal business activities	Paid-up capital	Effective equity interest held by Group
Acromec Engineers Pte Ltd	Singapore	Specialist engineering services in the field of controlled environments	S$6,500,000	100%
Golden Harvest Engineering Pte Ltd	Singapore	Maintenance and installation services for air-conditioning and mechanical ventilation systems	S$170,000	60%
Acropower Pte. Ltd.	Singapore	Waste to energy, power generation	S$50,000	80%
PT Acromec Trading Indonesia	Indonesia	Import and distribution of laboratory furniture and accessories	IDR 2,626,000,000	67%

GROUP PROPERTIES

Location	Description	Land area (sq. feet)	Tenure	Expiry date
51 Bukit Batok Crescent #02-22 Unity Centre Singapore 658077	Workshop and Office (own use)	3,681	Leasehold	June 2031
1 West Coast Drive #01- K15 NEWest Singapore 128020	Property held for investment	398	Leasehold	September 2034

ACROMEC MILESTONES

1996 – 2001

THE EARLY YEARS

Our Group's business was founded in 1996 by our Executive Directors, Lim Say Chin, Chew Chee Keong and our Non-Executive Director Goi Chew Leng who decided to venture into the engineering business, specialising in architectural and mechanical works within controlled environments.

We commenced business from a small office in Ubi Industrial Estate, where we initially took on sub-contracting works mainly for the electronics sector. By 2001, our work scope had expanded to include the full suite of engineering, procurement and construction services. We were awarded contracts from end-customers such as Chartered Silicon Partners Pte Ltd, Chartered Semiconductor Manufacturing Pte Ltd, and Hewlett Packard Singapore.

2001 – 2007

DIVERSIFYING OUR BUSINESS

In 2001, we decided to expand our business and explore other business opportunities to reduce our dependency on the electronics sector. In 2002, we made a breakthrough in the biomedical science and research and academia sectors by securing projects for Viacell Singapore Research Centre and Novartis Institute of Tropical Diseases, which were located in Science Park II.

In 2003, we entered into the high containment laboratory space as awareness for the need for such facilities increased with the severe acute respiratory syndrome ("SARS") epidemic hitting Singapore shores. We secured our maiden high containment BSL3 laboratory project, when we were commissioned by Novartis Institute of Tropical Diseases to set up their four-storey main research facility in Biopolis, which included a BSL3 laboratory.

Thereafter, we were subsequently commissioned to build two other BSL3 laboratories for Temasek Life Science Laboratory and the National Environment Agency at a time when there were few BSL3 laboratories in Singapore.

During this period, we continued to serve customers in the electronics sector, garnering repeat orders from existing customers and at the same time, securing orders from new customers such as ASE Singapore Pte Ltd, United Test and Assembly Centre Ltd, and ASM Technology Singapore Pte Ltd.

2007 – 2011

GROWING OUR BUSINESS,
OPERATING ON A HIGHER PLATFORM

With our strong track record, we began to operate on a higher platform by undertaking bigger scale and more complex projects as a main contractor.

Some of the notable projects during this period include:

- Laboratory and support space over two levels at Immunos located in Biopolis for A*Star.
- Drug research facility for Lilly Singapore Centre for Drug Discovery Pte Ltd.
- NUS-GE Singapore Water Technology Centre for National University of Singapore.
- A 21,000 sqm semiconductor testing and assembly facility, which included Class 100, Class 1,000 and Class 10,000 cleanrooms, central cooling plant, process cooling system, clean compressed air system and central vacuum system for ASE Singapore Pte Ltd.
- A manufacturing facility which included Class 100 and Class 1,000 cleanrooms, waste water treatment plant, ultra clean water plant, processed air exhaust system, and bulk and specialty gas system for FormFactor Singapore Pte Ltd.
- State-of-the-art cleanroom facility at the NUS Graphene Centre, where research into graphene, a new material, is conducted.

Our business during this period also broadened to include the design, assembly and supply of laboratory furniture, so as to better manage its quality. A notable contract was the teaching and laboratory facilities for the School of Physical and Mathematical Science at Nanyang Technological University.

ACROMEC MILESTONES

2011 – 2012

SCALING NEW HEIGHTS THROUGH ENTRY INTO THE HEALTHCARE SECTOR

In 2011, our Executive Directors saw tremendous growth potential in the healthcare sector due to the Singapore government's plans to build new hospitals and upgrade existing medical facilities.

Leveraging on our engineering expertise in controlled environments, we secured our maiden project in the healthcare sector where we were commissioned to construct ten operating theatres and a theatre sterile services unit for the ambulatory surgical centre at the NUH Medical Centre.

In 2012, we secured another contract for the construction of one of the largest BSL3 laboratories in Singapore at The Academia at the Singapore General Hospital.

2012 – 2018

POISED FOR FURTHER GROWTH

From 2012 to 2014, we secured and completed our largest project worth more than S$20.0 million, which involved the fitting-out of a testing and assembly plant for a customer in the electronics sector.

Other notable projects in recent years include the following:

- The fitting-out of BSL3 core facility at the NUS Yong Loo Lin School of Medicine.
- The construction of laboratories, including laboratories compliant with the Current Good Manufacturing Practice regulations and a technically challenging sniff sensory laboratory for research of fragrances used in personal products, at Procter & Gamble's Singapore Innovation Centre.
- The construction of facilities at Virtus Fertility Centre, including a fertility clinic and an embryology laboratory.
- The fitting-out of chemical processing laboratory at the Johnson Matthey Singapore Technology Centre.
- The fitting-out of fast-track state-of-the-art Class 1, Class 10 and Class 100 cleanrooms at Fusionopolis for A*Star.
- The fitting-out of state-of-the-art hybrid operating theatres at the National Heart Centre at SGH.
- The construction and fitting-out of day surgery operation medical centre for Aptus Surgery Centre at Level 7 Paragon, Orchard.
- The supply, installation and fitting-out of laboratory furniture for the DuPont Company Analytical Lab and Food Research Lab.
- The construction and fitting-out of manufacturing cleanroom facility and office for Biotronik.
- The construction and fitting-out of Centre for Assisted Reproduction (Care) At Block 5 Level 1 of SGH.
- The supply and installation of laboratory furniture, fume hood and safety cabinet for DSO National Laboratories' new chemical research laboratory.
- The fitting-out of Galleria's chemical laboratory, office and technical test salon for Procter & Gamble.
- The refurbishment and upgrading of Ward 53 at National University Hospital.
- The fitting out of the operating theatre facilities at Level 2, NUH Kent Ridge Wing.
- The fitting out of the BSL3 laboratory for National Centre for Infectious Diseases.
- The expansion of biopharmaceutical plant at Tuas for Lonza Biologics Tuas Pte Ltd.
- The conversion of general office to a Class 10,000 cleanroom, and upgrading existing Class 10,000 wafer level chip scale cleanroom to Class 1,000 cleanroom for ASE Singapore Pte Ltd.
- The construction and fitting-out of office and research laboratories for Evonik Innovation Centre.
- The construction and fitting-out of 3800 sq.m. BioReliance laboratory, M lab Collaboration Centre and Media Development Services Lab for MERCK Training & Collaboration Centre.

In 2015 and 2016, we received recognition as a Singapore SME 1000 Company. We also garnered two awards in 2016: Runners-up for the Most Transparent Company Award (New Offer category) at the 17th Securities Investors Association (Singapore) Investors' Choice Award; and the 2016 Enterprise 50 (E50) award before we listed in April 2016.

2018 – PRESENT

DIVERSIFICATION INTO RENEWABLE ENERGY

In 2018, Acromec incorporated 80% owned subsidiary, Acropower, with our green energy partner to explore opportunities as it saw growth potential in the renewable energy sector which is buoyed by governments around the world pledging to increase energy production using sustainable sources. In May 2019, Acropower signed its inaugural contract in with Chew's Agriculture to build, own, and operate a waste-to-energy plant at their farm premise. The said plant will process and convert chicken manure into energy and supply the electricity generated back to Chew's. Shareholders' approval for the diversification of this new business was obtained on 4 July 2019.

CHAIRMAN'S MESSAGE

DEAR SHAREHOLDERS,

This has been a year of consolidation for us, where we tightened our controls and processes in preparation for future growth. Additionally, we have taken steps to innovate and transform our business, particularly with our diversification into the renewable energy sector, as well as explored opportunities to expand our core engineering, procurement and construction ("EPC") business.

We are pleased to report that our maiden project in the renewable energy sector – building a waste-to-energy power plant for Chew's Agriculture's new poultry farm at Neo Tiew Road, off Lim Chu Kang – is gaining traction. The project is through our 80%-owned subsidiary, Acropower, and is a collaboration with our green energy power partner, Green Energy Resources (M) Sdn Bhd, who owns the remaining 20% of Acropower.

This power plant will treat and convert chicken manure from the farm into electricity, which will then be sold back to the farm for its own consumption, for a period of 15 years at a competitive price of no more than 10% discount to the prevailing Energy Market Authority's electricity tariff rate. The agreement with Chew's Agriculture stipulates that its farm will purchase at least 0.5 megawatts per hour of electricity from us and this will be scaled up when the new farm ramps up egg production beyond a certain level.

In addition, we have also been awarded a S$7.6 million contract to install air-conditioning, ventilation, plumbing, sanitary, electrical and fire-protection systems within the farm.

LIM SAY CHIN
Executive Chairman and Managing Director

CHAIRMAN'S MESSAGE

While the Group's business is largely project-based and is dependent on us winning tenders for the design and construction of facilities requiring controlled environments such as laboratories, medical and sterile facilities and cleanrooms, our maintenance business, however, provides the Group with recurring income and a complementary stable revenue stream. Additionally, we have been considering expanding our EPC business into the food and agriculture sectors, in line with our Government's recent focus into this sector, by leveraging on our existing expertise in designing and building controlled environments for the healthcare industry.

Regionally, we have expanded our footprint by setting up a 67%-owned subsidiary in Indonesia – PT Acromec Trading Indonesia. Its first year of operations has been encouraging, and we foresee more growth opportunities ahead, as we deepen our penetration in this market.

FINANCIAL HIGHLIGHTS

We closed the financial year ended 30 September 2019 ("FY2019") with a 23% dip in revenue to S$31.9 million, mainly due to a decrease in business activities as the Group rechannelled its focus into consolidating its controls and processes in preparation for future business growth.

Despite the lower revenue, the Group recorded a net profit of approximately S$30,000 for FY2019, reversing a net loss of S$3.42 million in the previous year. Gross profit rose by 90% to S$5.9 million, thereby generating a 12 percentage point rise in gross profit margin to 19%, thanks to better cost management and control during the year.

Net asset value attributable to shareholders as at 30 September 2019 remained relatively unchanged at S$7.3 million. Cash and cash equivalents stood at S$8.88 million.

BUSINESS PROSPECTS

We believe that the renewable energy segment has potential for growth, especially with the Singapore government's commitment to its goal of reducing carbon emissions from electricity generation, as detailed in its Climate Action Plan, as well as plans for the implementation of a carbon tax. We envisage that this will motivate companies to embrace renewable energy in order to reduce their carbon footprint and operating costs. Already, we are seeing a growth in interest from potential customers who have approached us after hearing about our work at Chew's Agriculture.

Additionally, our existing controlled environments business faces good prospects, as the Singapore government looks to improve and expand the country's healthcare infrastructure in the near future. We believe these government initiatives will translate into opportunities for our Group and along with our established track record and proven expertise, we are in good stead to grow our business through direct negotiations and tenders.

With our robust business fundamentals, barring unforeseen circumstances, we are confident of the continued demand for our specialized engineering services. Regardless of the state of the business environment, there will always be a need to expand and enhance facilities that require controlled environments such as operating theatres in hospitals, semi-conductor wafer fabrication and specialty chemicals manufacturing, laboratories for food fragrances, as well as a host of other facilities requiring precise control of temperature, humidity, pressure, sound, odour and particle sizes.

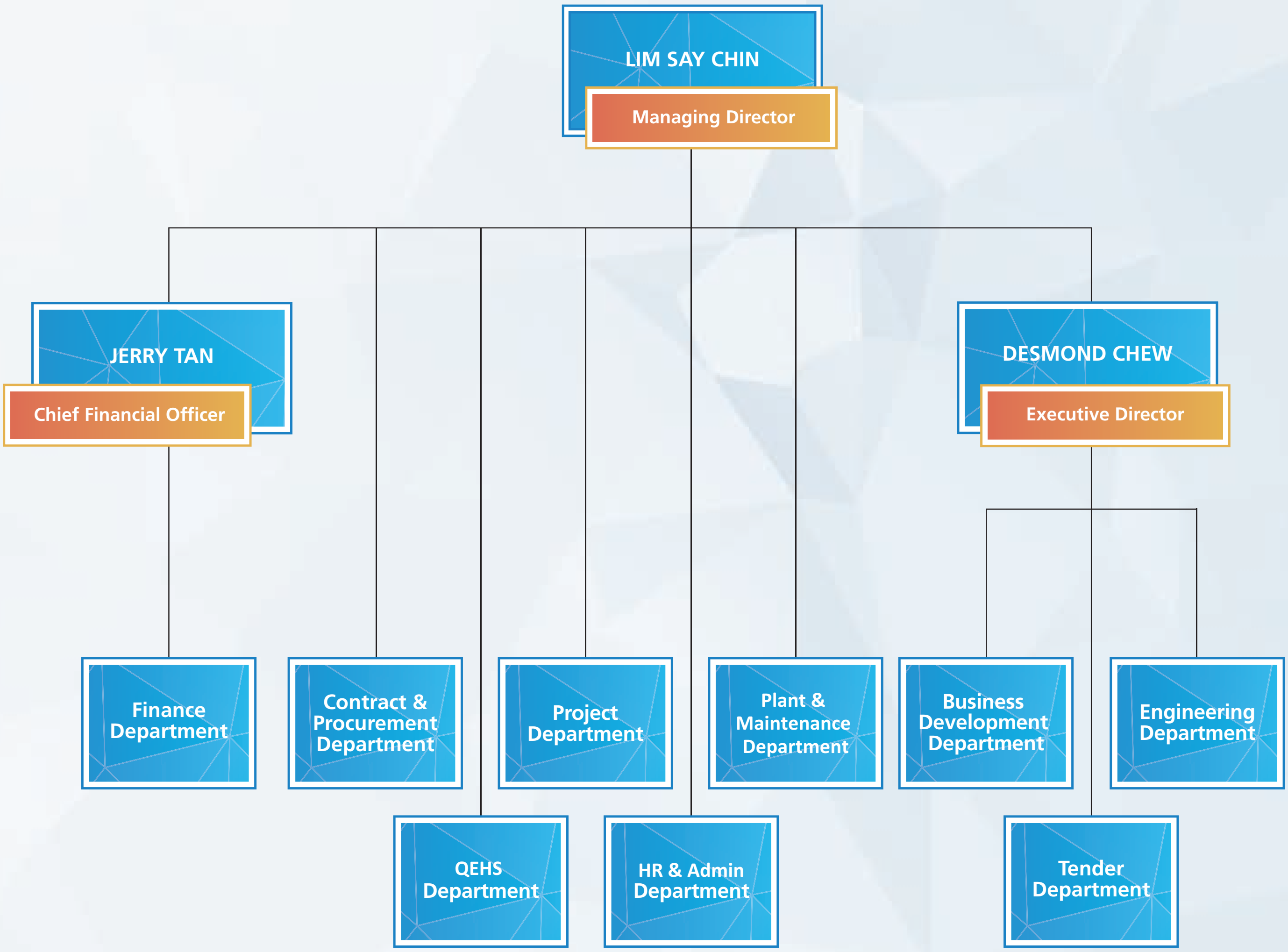
CHAIRMAN'S MESSAGE

ACKNOWLEDGEMENTS

I would like to take this moment to express my appreciation to our board, management and staff for their hard work and commitment during such trying times. I am also grateful to our business associates and partners for their support and encouragement.

To all of our shareholders - thank you for believing in us. We assure you that we are committed to going the distance while we navigate Acromec to new levels of growth.

ORGANISATION CHART



BOARD OF DIRECTORS

MR. LIM SAY CHIN
Executive Chairman and Managing Director

Lim Say Chin was appointed to our Board on 22 December 2015 and is our Executive Chairman and Managing Director. Lim Say Chin co-founded our Group with our Executive Director, Chew Chee Keong and our Non-Executive Director Goi Chew Leng. Lim Say Chin has been instrumental in successfully leading our Group to become an established player in our industry. He started his career as an engineering assistant in Singapore Aero-Components Overhaul Pte Ltd in August 1983 before he became a technical officer in INDECO Engineers Pte Ltd in May 1985, overseeing the maintenance team at the National University Hospital. He then joined NEXUS Technology Pte Ltd in May 1987 as a design draftsmen and left as a project engineer in February 1988. Between March 1988 and April 1991, Lim Say Chin was a project engineer of SUPERSYMMETRY Services Pte Ltd and helped to set up and operate the company's office in Thailand. In May 1991, Lim Say Chin joined Kyodo-Allied Industrials Pte Ltd as a sales manager where he was responsible for the business development of the company's cleanroom business and related products. From September 1994 to August 1996, Lim Say Chin was a project manager in Hopkinson Engineering Pte Ltd where he was responsible for submission of tenders, design and management of projects. Since December 1996, Lim Say Chin has been the Managing Director of Acromec Engineers and has been responsible for formulating corporate strategies as well as ensuring the smooth operation of our Group. Lim Say Chin graduated with a Technical Diploma in Mechanical Engineering in August 1983 and an Advanced Diploma in Building Services Engineering in August 1991, both from Ngee Ann Polytechnic. He subsequently obtained a Bachelor of Engineering degree with Honours in Mechanical Engineering from University of Glasgow in July 1994. He currently also oversees the project management, contract and procurement activities, human resources & admin and quality environment healthy safety department of the Group.

MR. CHEW CHEE KEONG
Executive Director

Chew Chee Keong was appointed to our Board on 22 December 2015 and is our Executive Director. Together with Lim Say Chin, our Executive Chairman and Managing Director, and Goi Chew Leng, our Non-Executive Director, Chew Chee Keong co-founded our Group. He currently oversees the tender, engineering and business development functions of the Group. He started his career as a mechanical engineer and was responsible for project planning, building services system design, project coordination as well as testing and commissioning of building services for residential and commercial buildings. In July 1996, Chew Chee Keong joined ACROMEC Engineers as a director. Chew Chee Keong graduated with a Diploma in Mechanical Engineering from Singapore Polytechnic in May 1989 and a Bachelor of Engineering degree with Honours in Mechanical Engineering from the University of Glasgow in July 1994.

MR. GOI CHEW LENG
Non-Executive Director

Goi Chew Leng was appointed to our Board on 22 December 2015 as our Executive Director and was re-designated as our Non-Executive Director on 15 May 2019. Together with Lim Say Chin, our Executive Chairman and Managing Director, and Chew Chee Keong, our Executive Director, Goi Chew Leng co-founded our Group. He started his career as a project engineer where he was responsible for project management. He joined ACROMEC Engineers in January 1997 as an executive director. Goi Chew Leng graduated with a Diploma in Mechanical Engineering from Ngee Ann Polytechnic in August 1990 and a Bachelor of Engineering degree with Honours in Mechanical Engineering from the University of Glasgow in July 1994.

BOARD OF DIRECTORS

MR. YEE KIT HONG
Lead Independent Director

Yee Kit Hong is our Lead Independent Director and was appointed to our Board on 16 March 2016. Prior to joining Ernst & Young in July 1982, he worked as a project accountant in Morrison Knudsen Low Keng Huat and as an accountant in Brown & Roots, as well as an audit senior in Wilson Green & Gibbs. He was an assurance and tax manager at Ernst & Young prior to his departure in September 1989. Since October 1989, Yee Kit Hong has been a partner at Kit Yee & Co, a firm providing audit, accountancy and taxation advice or related services. He is a principal partner responsible for providing assurance, advisory, consultancy and taxation services to clients. Yee Kit Hong is a fellow of The Institute of Chartered Accountants in England and Wales and a fellow of the Institute of Singapore Chartered Accountants. He is also admitted as an accredited tax practitioner by the Singapore Institute of Accredited Tax Professionals and a full member of the Singapore Institute of Directors. Yee Kit Hong graduated with a Bachelor of Accountancy degree from the University of Singapore in June 1971. He is currently an independent director of Global Palm Resources Holding Limited, Nam Cheong Limited and Koon Holdings Limited.

MS. ELAINE BEH PUR-LIN
Independent Director

Elaine Beh Pur-Lin is our Independent Director and was appointed to our Board on 16 March 2016. Elaine Beh is a partner at Virtus Law LLP, a law firm in Singapore and her principal areas of practice are in capital markets and mergers and acquisitions. She graduated with a Bachelor of Law (Honours) degree from the National University of Singapore in 1989. She is an advocate and solicitor of the Supreme Court of Singapore and a member of the Law Society of Singapore and the Singapore Law Academy, and an ordinary member of the Singapore Institute of Directors. She is currently an independent director of Sanli Environmental Limited.

SENIOR MANAGEMENT

MR. JERRY TAN
Chief Financial Officer

Jerry Tan is our Chief Financial Officer and a key executive of our Group. He oversees the overall finance, treasury, tax and accounting functions of our Group, including internal controls and corporate governance, and ensuring compliance with regulations. He has more than 20 years of experience spanning audit, finance, accounting and compliance, having worked in companies listed in Hong Kong and Singapore. During the course of his career, he has held regional finance roles, overseeing various local and overseas finance teams, including setting up of regional subsidiaries of the group he was leading. Prior to joining the Group in September 2015, he was with Rotary Engineering Limited, a listed company in Singapore, as a senior manager (group finance) to oversee all compliance and financial reporting matters. He was also involved in setting up group policies and authority guidelines in Rotary Engineering Limited. Jerry graduated with a Bachelor of Accountancy with Honours degree from Nanyang Technological University in June 1995 and is a member of the Institute of Singapore Chartered Accountants.

MR. ER. ANTON SETIAWAN
Country Manager

Er. Anton Setiawan is our Country Manager for Indonesia, based in Singapore. He is in charge of our Indonesia operations and is responsible to spearhead and expand our presence in Indonesia. He is also our Senior Manager for Engineering and Business Development. He has 14 years of experience in mechanical & electrical ("M&E"), laboratory, and mission critical building design and fit-out. As Principal Engineer and Senior Manager in Engineering and Business Development, he leads and supervises a team of Business Development personnel, M&E engineers and designers. Prior to joining the Group in November 2016, Anton has completed various ranges of building and fit-out projects in Singapore and Southeast Asia, including laboratories, healthcare facilities, and mixed developments. He provides his expertise in heating, ventilation and air conditioning, compressed gases, and laboratory design which are in compliance with the Building and Construction Authority Regulation. As a certified Green Mark Professional and holding a Master of Science in Sustainable Building Design from University of Nottingham, Anton possesses know-how in holistic sustainable design which helps to reduce client's operational cost. In 2005, he joined Shinryo Corporation Singapore Pte Ltd as a mechanical engineer where he generally supports the engineering design, calculations and site testing and commissioning works. In 2008, he has also worked as an associate in the M&E Group at T.Y. Lin International Pte Ltd, supporting the delivery of multiple projects. Anton graduated with a Bachelor Degree in Mechanical Engineering from Nanyang Technological University in June 2005 and Master of Science in Sustainable Building Design from University of Nottingham in October 2012.


STEAM

OPERATIONS REVIEW

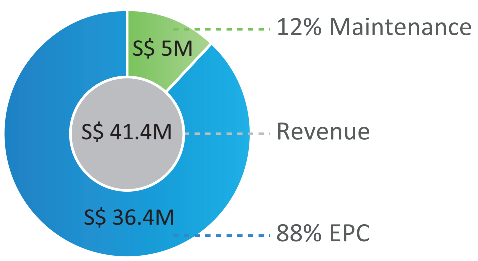
OVERVIEW

In FY2019, the Group took the opportunity to consolidate its operations and tighten its processes to prepare itself for future business growth. We continually work towards being lean and nimble, and maintaining a healthy balance sheet that will enable us to pursue potential opportunities as they arise.

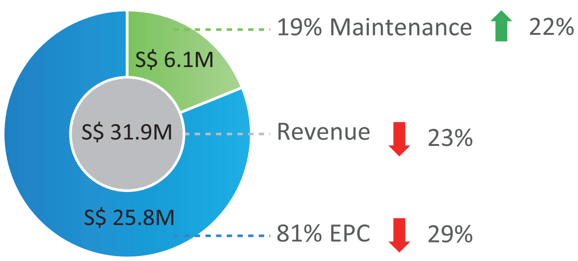
Tender activities for the Group's controlled environment business are high, though competition remains keen. We continue to actively engage with the market through direct negotiations and bidding for projects, leveraging on our established track record and strong fundamentals to edge out the competition. Additionally, we are working to grow our maintenance business sustainably, so as to provide stable and recurring income to the Group's revenue which have largely been project-based so far.

The Group has also expanded its geographical reach, with business at its 67% owned subsidiary in Indonesia, P.T. Acromec Trading Indonesia, during the year in review. The penetration into new geographical markets is likely to be beneficial in the long run, as such emerging markets are poised for growth in the foreseeable future.

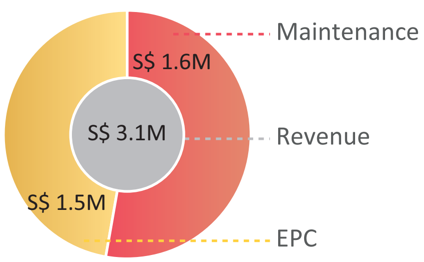
Revenue FY 2018



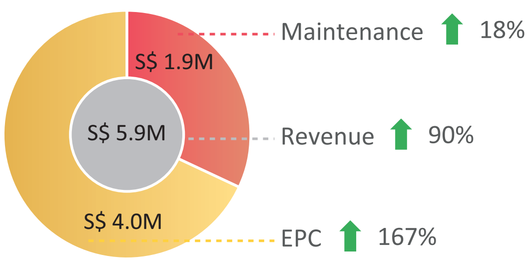
Revenue FY 2019



Gross Profit FY 2018



Gross Profit FY 2019



The engineering, procurement and construction ("EPC"), and maintenance segments accounted for 81% and 19% of revenue respectively in FY2019 as compared to 88% and 12% in FY2018.

Revenue from the EPC segment dropped by 29% to S$25.8 million in FY2019 due to decreased business activities as the Group consolidated our operations during the year in preparation for future business growth.

EPC's gross profit rose by 167% to S$4.0 million in FY2019. Gross profit margin increased from 4% in FY2018 to 16% in FY2019 as a result of better cost management and control during the year.

Revenue from maintenance segment jumped by 22% to S$6.1 million in FY2019 in line with the Group's focus to grow the maintenance business, which will provide the Group with recurring income and complementary stable revenue stream.

The maintenance segment's gross profit margin maintained relatively unchanged at 31% in FY2019 compared to 32% in FY2018.

OPERATIONS REVIEW

NOTABLE PROJECTS

In the past year, our business has benefitted from the completion of several notable projects.

National University Centre for Oral Health, Singapore ("NUCOHS")

Acromec was a sub-contractor for NUCOHS and supplied, delivered and installed the laboratory furniture such as loose cabinets, fume hoods, steam cleaners, plaster sinks, exhaust hoods and plaster dispensers for NUCOHS, which is the third national specialty centre of NUH.

MERCK Pte Ltd – MERCK Training & Collaboration Centre

Acromec (partnering with PM Group Asia) was the main contractor for the construction of MERCK Pte Ltd's 3800 sqm BioReliance laboratory, M Lab Collaboration Centre, and Media Development Services Lab at the Ascent Building located at 2 Science Park Drive.

Novaptus Surgery Centre Pte Ltd – Day Surgery Centre

Acromec was the main contractor for Novaptus Surgery Centre Pte Ltd for additions and alterations to its new tenant office area at Level 4 of Camden Medical Centre. The project site has a total area of about 550 sqm including four operation theatres, one endoscopy room, one decontamination room, and one theatre sterile supply unit. The additions and alterations works encompassed the integration of various medical components such as the anaesthesia pendant, surgical pendant and surgical lighting into an advanced one-touch control panel.

Temasek Life Sciences Laboratory

Acromec was appointed as the main contractor to oversee the replacement of ACMV equipment located at 1 Research Link, National University of Singapore, which included the planning, engineering, equipment replacement and installation, as well as testing and commissioning of the ACMV equipment.

OPERATIONS REVIEW

Mount Alvernia Hospital

Acromec was appointed as the main contractor by Mount Alvernia Hospital for additions and alterations of the new endoscopy centre at Medical Centre B. The project involved work for a lead-lined operating theatre (including preparation room, scrub room and decontamination room), four endoscopy rooms, an endoscopy preparation room, disposal room, changing rooms, sterile store, non-sterile store, equipment room and bed recovery areas. Acromec was also appointed by Mount Alvernia Hospital to expand and update on their existing fire protection system.

Parkway Laboratory

Acromec was appointed as a direct contractor by Parkway Laboratory to handle fitting out works at Level 4 and Level 7, 2 Aljunied Avenue 1. The project involved work for a microbiology laboratory, an analytical laboratory, a pathology laboratory, a PCR laboratory, cold rooms, and office areas.

We take pride in the depth of our technical knowledge, wide-ranging expertise and robust operational processes that we have harnessed over the last 23 years and we will continue to review and refine them to stay ahead of the race. We also adopt an innovative approach in our operations, from the design, construction and installation of equipment, to the testing and commissioning and handover of the facility to our highly valued customers, thereby continually improving our productivity and our service quality. We believe all these will put us in good stead as we scale up to execute more high specification and larger scale projects.

OPERATIONS REVIEW

ON GOING PROJECTS

Q Squared Solutions Pte Ltd

Acromec (partnering with CBRE Pte Ltd) has been appointed as the main contractor by Q Squared Solutions Pte Ltd to design and build their new office and laboratory located at Alexandra Technopark Tower B. The whole site has a total area of about 2,480 sqm including two open offices, pathology rooms, flow cytometry rooms and one open lab area scheduled to be completed in two phases within five months.

TUV SUD PSB

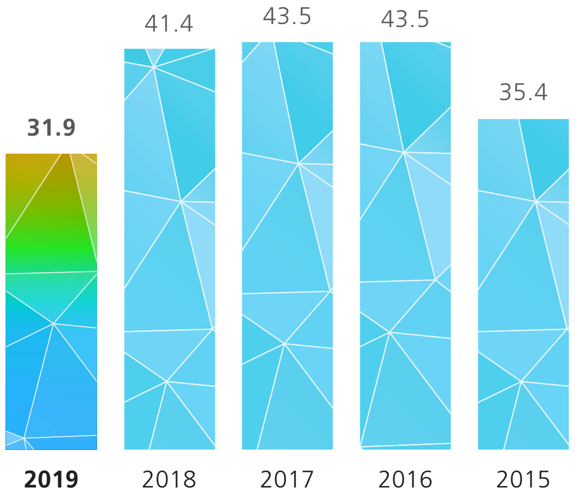
Acromec has been appointed as a subcontractor by Nakano Singapore (Pte) Ltd for the supply, delivery, installation, testing and commissioning, and maintenance of laboratory furniture and equipment for a 7-storey development at 13 International Business Park. The building will have testing, certification and laboratory facilities with ancillary offices and a basement. Our project is scheduled to be completed within 8 months.

Chew's Agriculture Pte Ltd

Acromec has been appointed as a sub-contractor by Chew's Agriculture to handle the construction of mechanical, electrical, plumbing, and sanitary facilities for their new poultry farm at Neo Tiew Road, off Lim Chu Kang. The project site spans 198,930 sqm and consists a total of 38 single storey buildings, 26 of which are egg poultry farms, while the remaining 12 are ancillary facilities including staff quarters and disinfectant buildings.

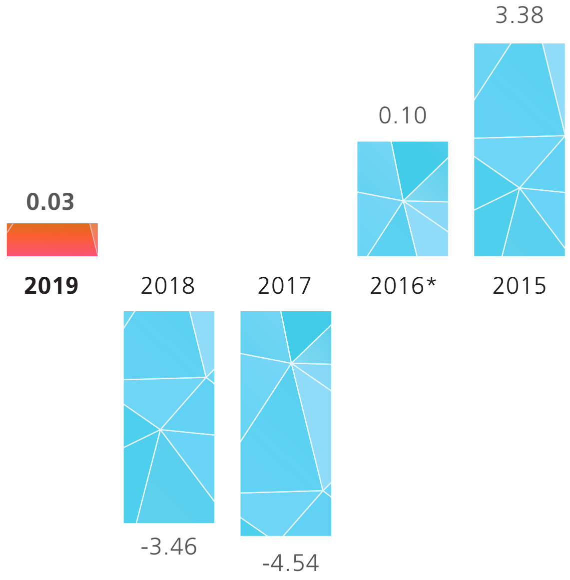
FINANCIAL HIGHLIGHTS

REVENUE ($'M)

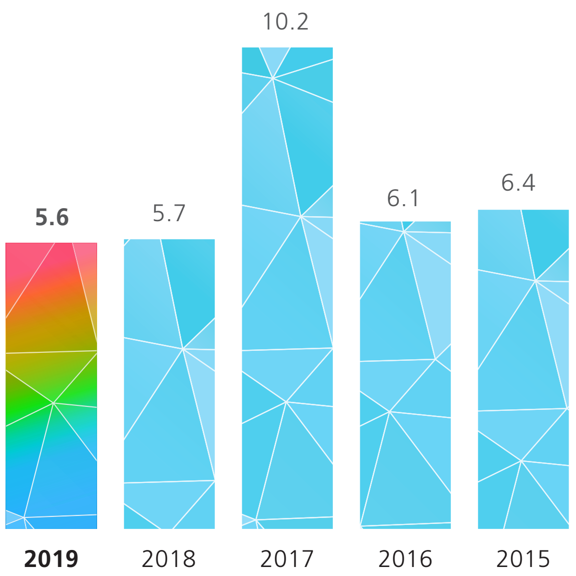


PROFIT FOR THE YEAR ($'M)

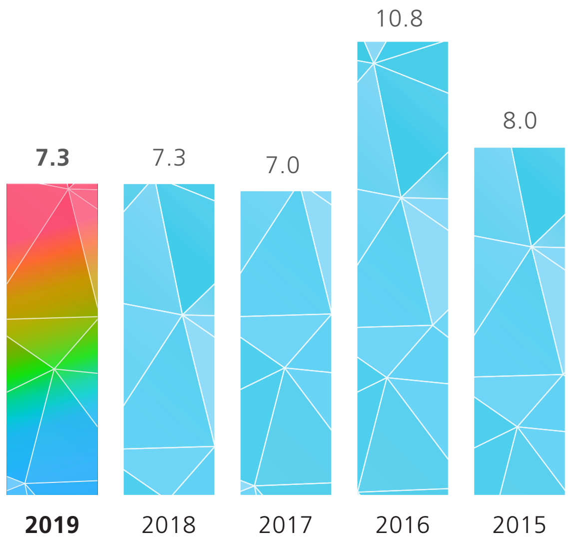
* Excluding one-off IPO expenses



CASH AND CASH EQUIVALENTS ($'M)



NET ASSETS ($'M)



CORPORATE INFORMATION

BOARD OF DIRECTORS:

LIM SAY CHIN
(Executive Chairman and Managing Director)

CHEW CHEE KEONG
(Executive Director)

GOI CHEW LENG
(Non-Executive Non-Independent Director)

YEE KIT HONG
(Lead Independent Director)

ELAINE BEH PUR-LIN
(Independent Director)

AUDIT COMMITTEE:

YEE KIT HONG (Chairman)
ELAINE BEH PUR-LIN
GOI CHEW LENG

NOMINATING COMMITTEE:

ELAINE BEH PUR-LIN (Chairman)
YEE KIT HONG
GOI CHEW LENG

REMUNERATION COMMITTEE:

YEE KIT HONG (Chairman)
ELAINE BEH PUR-LIN
GOI CHEW LENG

COMPANY SECRETARY:

Wee Mae Ann

REGISTERED OFFICE:

4 Kaki Bukit Avenue 1
#04-04 Kaki Bukit Industrial Estate
Singapore 417939
Tel: 67431300
Fax: 67431159

SHARE REGISTRAR:

BOARDROOM CORPORATE & ADVISORY SERVICES PTE. LTD.
50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

AUDITORS:

DELOITTE & TOUCHE LLP
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

Partner in charge:
Chua How Kiat
(from financial year 2019)

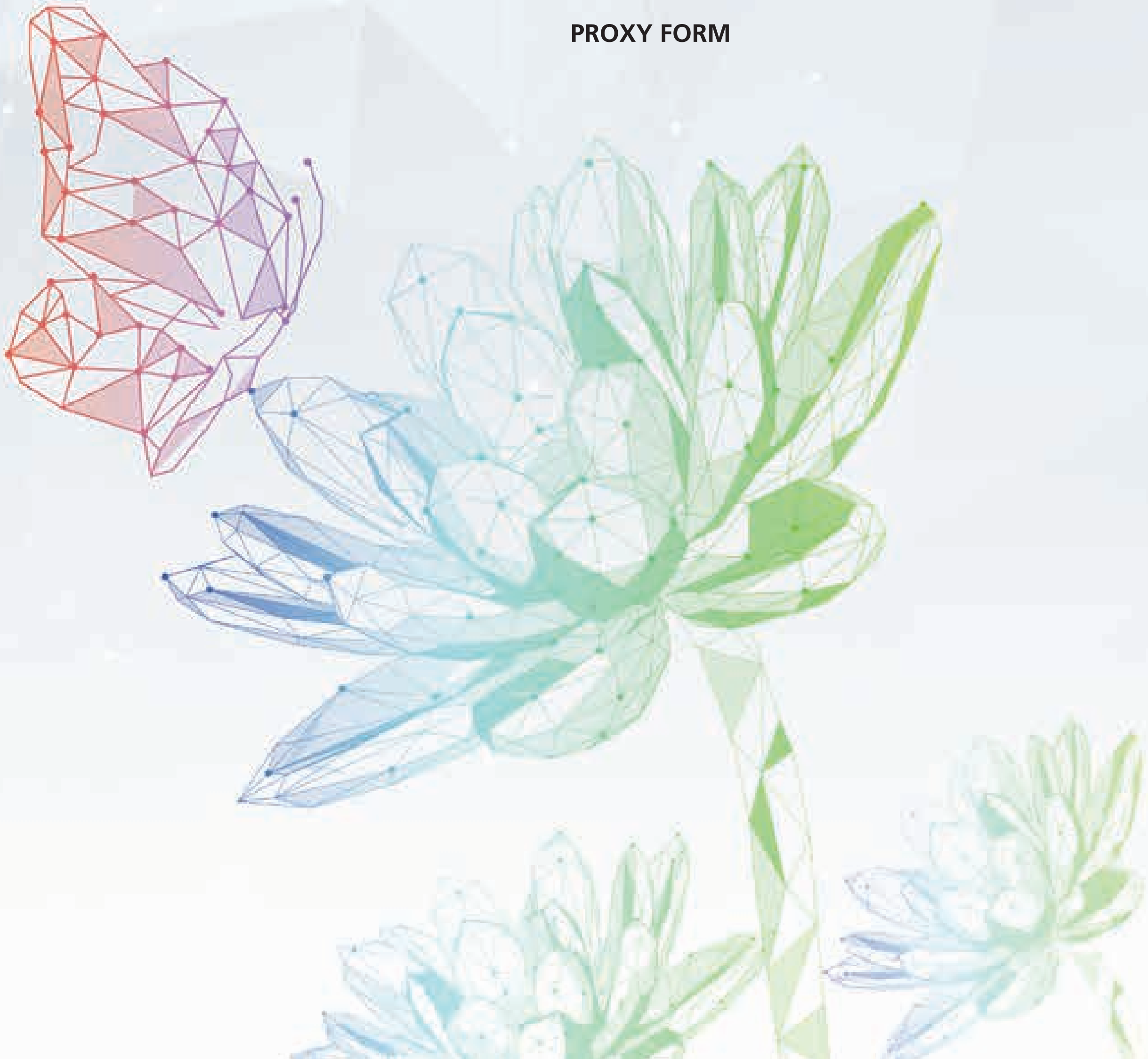
PRINCIPAL BANKER:

DBS BANK LTD
MALAYAN BANKING BERHAD, SINGAPORE BRANCH

CONTINUING SPONSOR:

PRIMEPARTNERS CORPORATE FINANCE PTE. LTD.
16 Collyer Quay
#10-00
Income at Raffles
Singapore 049318

FINANCIAL CONTENTS



CORPORATE GOVERNANCE REPORT

ACROMEC Limited (the "**Company**", and together with its subsidiaries, the "**Group**") is committed to maintaining a high standard of corporate governance. The Company understands that good corporate governance is an integral element of a sound corporation and enables it to be more transparent and forward-looking. In addition, sound corporate governance is an effective safeguard against fraud and dubious financial engineering, and hence helps to protect shareholders' interests. This also helps the Company to create long-term value and returns for its shareholders.

The Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist (the "**Catalist Rules**") requires all listed companies to describe in their Annual Reports, their corporate governance practices, with specific reference to the principles of the Code of Corporate Governance dated 6 August 2018 (the "**Code**").

The Company is pleased to report on its corporate governance processes and activities as required by the Code ("**Report**"). For easy reference, sections of the Code under discussion in this Report are specifically identified. However, this Report should be read as a whole as other sections of this Report may also have an impact on the specific disclosures.

Statement of Compliance

The Board of Directors of the Company (the "**Board**" or the "**Directors**") confirms that for the financial year ended 30 September 2019 ("**FY2019**"), the Company has generally adhered to the principles and guidelines as set out in the Code, save as otherwise explained below.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

As at the date of this Report, the Board comprises the following members, all of whom have the appropriate core competencies and diversity of experience needed to enable them to effectively contribute to the Group.

Lim Say Chin	Executive Chairman and Managing Director
Chew Chee Keong	Executive Director
Goi Chew Leng	Non-Executive non-Independent Director
Yee Kit Hong	Lead Independent Director
Elaine Beh Pur-Lin	Independent Director

The principal functions of the Board, in addition to carrying out its statutory responsibilities, *inter alia*, are as follows:

- overseeing and approving the formulation of the Group's overall long-term strategic objectives and directions, corporate strategy and objectives as well as business plans, taking into consideration sustainability issues;

- overseeing and reviewing the management of the Group's business affairs and financial controls, performance and resource allocation, including ensuring that the required financial and human resources are available for the Group to meet its objectives;

- establishing a framework of prudent and effective controls to assess and manage risks and safeguard shareholders' interests and the Group's assets;

CORPORATE GOVERNANCE REPORT

- to review the Management's performance;
- to set the Group's values and standards and ensure that obligations to shareholders and other stakeholders are understood and met;
- to approve the release of the Group's half-year and full-year financial results and related party transactions of a material nature; and
- to assume the responsibilities for corporate governance.

Every Director is expected, in the course of carrying out his duties, to act in good faith to provide insights and objectively take decisions in the interest of the Company. Any director facing a conflict of interests will recuse himself from discussions and decisions involving the issue of conflict.

To assist in the execution of its responsibilities, the Board has established three Board Committees, comprising an Audit Committee (the "**AC**"), a Nominating Committee (the "**NC**") and a Remuneration Committee (the "**RC**"). These committees function within clearly defined written terms of reference and operating procedures.

The Board meets regularly on a half-yearly basis and ad hoc Board Committee or Board meetings are convened when they are deemed necessary. In between Board meetings, other important matters will be tabled for the Board's approval by way of circulating resolutions in writing. The Constitution of the Company provides for meetings of the Board to be held by way of telephonic conference.

The approval of the Board is required for matters such as corporate restructuring, mergers and acquisitions, major investments and divestments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, major corporate actions such as share issuance, the release of the Group's half-year and full-year results, declaration of dividends and interested person transactions.

The attendance of the Directors at scheduled Board Committee and Board meetings held in FY2019 is set out below:

		Board Committees		
	Board	**AC**	**NC**	**RC**
Number of meetings held	2	2	1	1
	Number of meetings attended			
Lim Say Chin	2	–	–	–
Chew Chee Keong	2	–	–	–
Goi Chew Leng	2	–	1	–
Yee Kit Hong	2	2	1	1
Pan Chuan-Chih George[(1)]	2	2	1	1
Elaine Beh Pur-Lin	2	2	1	1

Note:

(1) Mr Pan Chuan-Chih George resigned as a director of the Company with effect from 15 May 2019.

CORPORATE GOVERNANCE REPORT

Directors with multiple board representations will ensure that sufficient time and attention are given to the affairs of the Group.

The Company recognises that the flow of relevant, complete and accurate information on a timely basis is critical for the Board to discharge its duties effectively. The Management provides the Board with half-yearly management accounts, as well as relevant background or explanatory information relating to the matters that would be discussed at the Board meetings, prior to the scheduled meetings. All directors are also furnished with updates on the financial position and any material developments of the Group as and when necessary.

The Board has separate and independent access to the Company Secretary and the Management at all times. The Board will have independent access to professional advice when required at the Company's expense, subject to the approval of the Executive Chairman.

Under the direction of the Executive Chairman, the Company Secretary facilitates information flow within the Board and its committees and between the Management and non-Executive Directors. The Company Secretary attends all meetings of the Board and Board committees and ensures that all Board procedures are followed and applicable rules and regulations are complied with. The minutes of all Board committee meetings are circulated to the Board. The appointment and removal of the Company Secretary are subject to the approval of the Board as a whole.

Directors may request to visit the Group's operating facilities and meet with the Group's management (the "**Management**") to gain a better understanding of the Group's business operations and corporate governance practices. Newly appointed Directors will receive a formal letter explaining their duties and responsibilities, and will undergo orientation and be briefed on the business and governance practices of the Group as well as industry-specific knowledge. No new Directors were appointed to the Board in FY2019.

All Directors who are appointed and who have no prior experience as directors of a listed company in Singapore will undergo training via courses organised by the Singapore Institute of Directors or other training institutions in areas such as accounting, legal and industry specific knowledge, where appropriate, in connection with their duties. They may also attend briefings on the roles and responsibilities as directors of a listed company in Singapore.

The Directors are also encouraged to keep themselves abreast of the latest developments relevant to the Group and attendance of appropriate courses and seminars will be arranged and funded by the Company. The external auditors, during their presentation of the audit plan, will update the Directors on the new or revised financial reporting standards on an annual basis.

CORPORATE GOVERNANCE REPORT

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The Board comprises five Directors, of whom two are independent, namely, Mr Yee Kit Hong and Ms Elaine Beh Pur-Lin. Mr Lim Say Chin is our Executive Chairman and Managing Director. The Company notes that Provision 2.2 of the Code requires that independent Directors should make up a majority of the Board where the Chairman is not independent. As there is a strong independent element on the Board given the size of the Board, the Board is of the view that it is not necessary nor cost-effective to have independent directors make up a majority of the Board. Non-Executive Directors make up a majority of the Board.

The independence of each Director is reviewed annually by the NC and the Board. Each Independent Director is required to complete a checklist annually to confirm his independence based on the guidelines as set out in the Code. The NC adopts the Code's definition of what constitutes an "independent" director in its review. The NC takes into account, among other things, whether a Director has business relationships with the Company, its related companies, its substantial shareholders or its officers, and if so, whether such relationships could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company. The NC and the Board are of the view that all its Independent Directors have satisfied the criteria of independence as a result of its review. There is no Director who is deemed to be independent by the Board notwithstanding the existence of a relationship set out in the Code, that would otherwise deem him not to be independent.

The independence of any Director who has served on the Board beyond nine years from the date of his first appointment will be subject to more rigorous review, taking into account the need for progressive refreshing of the Board. As at the date of this Report, none of the Independent Directors have served on the Board for a period exceeding nine years from the date of their appointments.

The Board has examined its size and is of the view that it is an appropriate size for effective decision-making, taking into account the scope and nature of the operations of the Group and the requirements of the Group's business. The NC is of the view that no individual or small group of individuals dominate the Board's decision-making.

The composition of the Board is reviewed on an annual basis by the NC to ensure that the Board has the appropriate mix of expertise and experience, and collectively possesses the necessary core competencies for effective functioning and informed decision-making. The Board as a group provides an appropriate balance of diversity of skills, experience, gender and knowledge of the Company, with core competencies in accounting and finance, legal expertise, business and management experience, industry knowledge, strategic planning and customer-based experience and knowledge. This enables the Management to benefit from the external and expert perspectives of the Directors who collectively possess the core competencies relevant to the direction and growth of the Group.

Where necessary or appropriate and at least once a year, the Independent Directors on the Board will meet without the presence of the Management. The Independent Directors communicate regularly to discuss matters related to the Group, including the performance of the Management. Where appropriate, the Lead Independent Director provides feedback to the Executive Chairman after such meetings.

The profiles of our Directors are set out on pages 14 and 15 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

Mr Lim Say Chin, the Executive Chairman and Managing Director of the Company, is responsible for formulating corporate strategies, leading the Group's marketing and business development activities as well as ensuring the smooth operation of the Group.

Despite the positions of Chairman and Managing Director being held by one individual, the Board is of the view that as all major decisions are made in consultation with the Board and with the establishment of the three Board Committees, there are adequate safeguards in place to ensure accountability and unfettered decision-making, as well as to prevent an uneven concentration of power and authority in a single individual.

The Chairman, in consultation with the Management, ensures:

- that Board meetings are held as and when necessary to enable the Board to perform its duties responsibly, while not interfering with the flow of the Company's operations;

- that the agenda for Board meetings are prepared, with the assistance of the Company Secretary;

- the exercise of control over the quality, quantity and timeliness of information between the Management and the Board and the facilitation of effective contribution from the Independent Directors;

- effective communication with shareholders and compliance with corporate governance best practices; and

- compliance with the Company's guidelines on corporate governance.

In view that Mr Lim Say Chin is both the Executive Chairman and Managing Director, Mr Yee Kit Hong has been appointed as the Lead Independent Director. He is available to shareholders where they have concerns or issues which communication with the Company's Executive Chairman and Managing Director and/or Chief Financial Officer has failed to resolve or where such communication is inappropriate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The NC is responsible for making recommendations on all board appointments and re-nominations, having regard to the contribution and performance of the Director seeking re-election.

The NC comprises Ms Elaine Beh Pur-Lin, Mr Yee Kit Hong and Mr Goi Chew Leng. The chairman of the NC is Ms Elaine Beh Pur-Lin. A majority of the NC, including the chairman of the NC, is independent. The chairman of the NC is not, and is not directly associated with, any substantial shareholder of the Company. The NC holds at least one meeting in each financial year.

CORPORATE GOVERNANCE REPORT

The written terms of reference of the NC have been approved and adopted, and they include the following:–

(a) developing and maintaining a formal and transparent process for director appointments and re-nomination and making recommendations to the Board on director appointment and re-appointment (including the appointment of alternate Directors, if any), and recommending to the Board re-nominations of existing Directors for re-election in accordance with the Company's Constitution, having regard to their competencies, commitment, contribution and performance and taking into consideration the composition and progressive renewal of the Board;

(b) making recommendations to the Board on relevant matters relating to the review of succession plans for the Directors, in particular, for the Executive Chairman and Managing Director as well as for key management personnel;

(c) reviewing and approving any new employment of related persons and the proposed terms of their employment;

(d) determining on an annual basis, and as and when circumstances require, whether or not a Director is independent;

(e) in respect of a Director who has multiple board representations on various companies, to review and decide whether or not such Director is able to and has been adequately carrying out his duties as a Director, having regard to the competing time commitments that are faced by the Director when serving on multiple boards and discharging his duties towards other principal commitments;

(f) reviewing training and professional development programs for the Board;

(g) developing a process for evaluating the performance of the Board, its committees and the Directors and propose objective performance criteria, as approved by the Board, that allows comparison with its industry peers, and address how the Board has enhanced long-term shareholders' value; and

(h) to assess the effectiveness of the Board as a whole and its Board committees and the contribution by the Executive Chairman and each individual Director to the effectiveness of the Board.

The NC determines annually, and as and when circumstances require, whether a director is independent, taking into consideration the disclosures by the Directors of any relationships with the Company, its related corporations, its substantial shareholders or its officers and the checklist completed by each independent director to confirm his or her independence. Such checklist is drawn up based on the guidelines provided in the Code. Having made its review, the NC is of the view that Mr Yee Kit Hong and Ms Elaine Beh Pur-Lin have satisfied the criteria for independence.

The Company does not have a formal criteria of selection for the appointment of new Directors to the Board. When the need for a new Director arises, or where it is considered that the Board would benefit from the services of a new Director with particular skills or to replace a retiring Director, the NC, in consultation with the Board, will determine the selection criteria and will select candidates with the appropriate expertise and experience for the position. In its search and nomination process for new Directors, the NC may rely on search companies, personal contacts and recommendations for the right candidates. The NC ensures that the newly appointed Directors are aware of their duties and obligations.

Board appointments are made by the Board after the NC has, upon reviewing the resume of the proposed Director and conducting appropriate interviews, recommended the appointment to the Board. The NC is also in charge of re-nominating the Directors, having regard to their contribution and performance. Pursuant to the Constitution of the Company, one-third of the Directors shall retire from office at the Company's annual general meeting every year, provided that all Directors shall retire from office at least once every three years. All newly appointed Directors who are appointed by the Board are required to retire at the next annual general meeting following their appointment. The retiring Directors are eligible to offer themselves for re-election. Each member of the NC abstains from voting on any resolutions and making any recommendations and/or participating in any deliberations of the NC in respect of the assessment of his own performance or re-nomination as Director.

CORPORATE GOVERNANCE REPORT

The dates of initial appointment and last re-election of the Directors, together with their directorships in other listed companies, are set out below:–

Director	Position	Date of Initial Appointment	Date of Last Re-election	Current directorships in listed companies	Past directorships in listed companies (in last three years)
Lim Say Chin	Executive Chairman and Managing Director	22 December 2015	25 January 2018	–	–
Chew Chee Keong	Executive Director	22 December 2015	30 January 2019	–	Chew's Group Limited
Goi Chew Leng	Non-Executive non-Independent Director	22 December 2015	24 January 2017	–	–
Yee Kit Hong	Lead Independent Director	16 March 2016	25 January 2018	Global Palm Resources Holdings Limited Nam Cheong Limited Koon Holdings Limited	KOP Limited Yinda Infocomm Limited
Elaine Beh Pur-Lin	Independent Director	16 March 2016	24 January 2017	Sanli Environmental Limited	–

According to Article 108 of the Company's Constitution, Ms Elaine Beh Pur-Lin and Mr Goi Chew Leng will retire at the Company's forthcoming annual general meeting and will be eligible for re-election and the NC has recommended the aforesaid re-election. There are no relationships, including immediate family relationships, between each of Ms Elaine Beh Pur-Lin and Mr Goi Chew Leng and the other Directors, the Company, its related corporations, its substantial shareholders or officers, which may affect their independence. In recommending the re-election of Ms Elaine Beh Pur-Lin and Mr Goi Chew Leng, the NC has considered the Directors' overall contributions and performance. The Board has accepted the NC's recommendations.

When a Director has multiple board representations, the NC also considers whether or not the Director is able to and has adequately carried out his duties as a Director of the Company. The NC is satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations. The NC is of the view that the matter relating to multiple board representations should be left to the judgement of each Director given that time requirements for different board representations vary. As such, the NC and the Board have decided that there is no necessity to determine the maximum number of listed company board representations which a Director may hold. None of the Directors hold more than four directorships in listed companies concurrently. There is currently no alternate Director on the Board.

Key information regarding the Directors, including their shareholdings in the Company, is set out on pages 14, 15 and 44 of this Annual Report. None of the Directors hold shares in the subsidiaries of the Company.

CORPORATE GOVERNANCE REPORT

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board's performance is linked to the overall performance of the Group. The Board ensures that the Company is in compliance with the applicable laws, and members of our Board are required to act in good faith, with due diligence and care, and in the best interests of the Company and its shareholders.

The NC is responsible for assessing the effectiveness of the Board as a whole and for assessing the contribution of the Chairman and each individual Director to the effectiveness of the Board. In view of the size and composition of the Board, the Board deems it unnecessary for the NC to assess the effectiveness of each Board Committee.

The NC has established a review process and proposed objective performance criteria set out in assessment checklists which are approved by the Board. The NC assesses the Board's effectiveness as a whole by completing a Board Assessment Checklist, which takes into consideration factors such as the Board's structure, conduct of meetings, risk management and internal control, and the Board's relationship with the Management. The NC also assesses the Board's performance based on a set of quantitative criteria and financial performance indicators as well as share price performance.

The NC assesses the individual Directors' performance by completing an Individual Director Assessment Checklist, which takes into consideration factors such as commitment of time for meetings, level of participation and contribution at such meetings and the technical knowledge of the Directors. The evaluation of individual Directors aims to assess whether each Director continues to contribute effectively and demonstrate commitment to the role, including commitment of time for Board and Board Committee meetings, and any other duties. The Executive Chairman will be briefed on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors, in consultation with the NC.

The NC, having reviewed the overall performance of the Board as a whole, as well as the performance of each individual Director, is satisfied with the performance of the Board and each individual Director for the period under review.

The performance criteria are not subject to changes from year to year. Nonetheless, where circumstances deem it necessary for any of the criteria to be changed, the Board will justify such changes.

The Board and the NC have endeavoured to ensure that Directors appointed to the Board possess the background, experience, business knowledge, finance and management skills critical to the Group's business. They have also ensured that each Director, with his special contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

Principle 6: The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC makes recommendations to the Board on the framework of remuneration, and the specific remuneration packages for each Director.

The RC comprises Mr Yee Kit Hong, Ms Elaine Beh Pur-Lin and Mr Goi Chew Leng. The chairman of the RC is Mr Yee Kit Hong. A majority of the RC, including the chairman of the RC, is independent. The RC holds at least one meeting in each financial year.

The written terms of reference of the RC have been approved and adopted, and they include the following:–

(a) reviewing and recommending to the Board a framework of remuneration for the Directors and executive officers and determining specific remuneration packages of each Director and executive officer. The RC shall cover all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, awards to be granted under the Company's performance share scheme, and benefits in kind;

(b) reviewing annually the remuneration, bonuses, pay increase and/or promotions of employees who are related to the Directors or substantial shareholders of the Company to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities;

(c) reviewing the Company's obligations arising in the event of termination of service contracts entered into between the Group and its Executive Directors or executive officers, as the case may be, to ensure that the service contracts contain fair and reasonable termination clauses which are not overly onerous to the Group;

(d) if necessary, seeking expert advice within and/or outside the Company on remuneration matters, ensuring that existing relationships, if any, between the Company and its appointed remuneration consultants will not affect the independence and objectivity of the remuneration consultants; and

(e) reviewing annually the remuneration package in order to maintain their attractiveness to retain and motivate the Directors and executive officers and to align the interests of the Directors and executive officers with the long-term interests of the Company.

The members of the RC are familiar with executive compensation matters as they manage their own businesses and/or are holding other directorships. The RC has access to expert advice regarding executive compensation matters, if required. The Board did not engage any external remuneration consultant to advise on remuneration matters for FY2019.

The RC's recommendations will be submitted for endorsement by the Board. No Director is involved in deciding his own remuneration.

CORPORATE GOVERNANCE REPORT

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

In setting remuneration packages, the Company takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual Directors and key management personnel. The remuneration package is designed to allow the Company to better align the interests of the Executive Directors and key management personnel with those of shareholders and link rewards to corporate and individual performance. The Company also ensures that the remuneration is appropriate to attract, retain and motivate the directors to provide good stewardship of the Company and key management personnel to successfully manage the Company for the long term.

The Independent and non-Executive Directors receive directors' fees for their effort and time spent, responsibilities and contribution to the Board, subject to shareholders' approval at annual general meetings. The Independent and non-Executive Directors are not over-compensated to the extent that their independence may be compromised. Remuneration for the Executive Directors comprises a basic salary component and a variable component that is the incentive bonus, based on the performance of the Group as a whole.

The Company has entered into fixed-term service agreements with the Executive Chairman and Managing Director, Mr Lim Say Chin and the Executive Director, Mr Chew Chee Keong. The service agreements are automatically renewed on a year-to-year basis on the same terms or otherwise on such terms and conditions as the parties may agree in writing. The Executive Directors are entitled to receive an annual incentive bonus based on the audited profit before tax ("**PBT**") of the Group. The amount of the incentive bonus is subject to the Group achieving certain predetermined PBT targets.

The Company recognises the importance of motivating each employee and in this regard, the Acromec Performance Share Scheme (the "**Scheme**") was approved at the extraordinary general meeting on 16 March 2016. Details on the Scheme are set out in the Company's offer document dated 6 April 2016 (the "**Offer Document**"). The Scheme is administered by the Remuneration Committee and one Executive Director. No award was granted under the Scheme in FY2019.

CORPORATE GOVERNANCE REPORT

Disclosure on Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The Board is of the view that full disclosure of the specific remuneration of each individual director and key management personnel is not in the best interests of the Company, taking into account the sensitive nature of the subject, the competitive business environment the Group operates in and the potential negative impact such disclosure will have on the Group.

The level and mix of remuneration paid or payable to the Directors and executive officers for FY2019 are set out as follows:–

Remuneration bands	Salary & CPF %	Bonus %	Director's Fee %	Other Benefits %	Total %
Directors					
$250,001 to $500,000					
Lim Say Chin	100	–	–	–	100
Chew Chee Keong	100	–	–	–	100
Less than $250,000					
Goi Chew Leng[(1)]	93	–	7[(2)]	–	100
Yee Kit Hong	–	–	100[(2)]	–	100
Pan Chuan-Chih George[(3)]	–	–	100[(2)]	–	100
Elaine Beh Pur-Lin	–	–	100[(2)]	–	100
Key Management Personnel					
Less than $250,000					
Jerry Tan	97	2	–	1	100
Anton Setiawan	87	4	–	9	100
David Ng[(4)]	89	–	–	11	100

Notes:–

(1) Mr Goi Chew Leng was re-designated from Executive Director to non-Executive non-Independent Director on 15 May 2019.

(2) Directors' fees are subject to approval by the shareholders of the Company at the forthcoming annual general meeting.

(3) Mr Pan Chuan-Chih George resigned as Independent Director on 15 May 2019.

(4) Mr David Ng resigned as Executive Officer on 30 November 2018.

There were no employees of the Company or its subsidiaries who were immediate family members of any Director, the Managing Director or a substantial shareholder of the Company and whose remuneration exceeded S$100,000 during FY2019. During the year, there were no employees who were substantial shareholders of the Company.

The aggregate remuneration paid to the above key management personnel of the Group (excluding the Executive Directors) in FY2019 amounted to S$341,975.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Company does not have a separate risk management committee. The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective control system will preclude all errors and irregularities, as a system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can provide only reasonable and not absolute assurance against material misstatement or loss.

The Group has implemented a system of internal controls designed to provide reasonable but not absolute assurance that assets are safeguarded, proper accounting records are maintained, operational controls are adequate and business risks are suitably managed. The Board determines the nature and extent of the significant risks which the Company is willing to take in achieving its strategic objectives and value creation. The Board oversees the Management in the design, implementation and monitoring of the risk management and internal control systems, and reviews the adequacy and effectiveness of such systems at least annually.

The internal auditors conduct annual reviews of the effectiveness of the Group's key internal controls, including financial, operational, compliance and information technology controls, and risk management. Any material non-compliance or lapses in internal controls, together with recommendations for improvement, are reported to the AC and the Board. The timely and proper implementation of all required corrective, preventive or improvement measures are closely monitored.

The Board has received assurance from the Executive Chairman and Managing Director and the Chief Financial Officer (a) that the financial records have been properly maintained and the financial statements for the financial year ended 30 September 2019 give a true and fair view of the Company's operations and finances, and (b) regarding the adequacy and effectiveness of the Company's risk management and internal control systems.

Based on the assurance from the Executive Chairman and Managing Director and the Chief Financial Officer referred to in the preceding paragraph, the various internal controls put in place by the Group, the work performed and reports submitted by the external and internal auditors of the Group and the reviews carried out by the Board and the AC, the Board, with the concurrence of the AC, is satisfied with the adequacy and effectiveness of the Group's the risk management and internal control systems (including financial, operational, compliance and information technology controls and risk management systems) as at 30 September 2019.

CORPORATE GOVERNANCE REPORT

Audit Committee

Principle 10: The Board has an Audit Committee ("AC") which discharges its duties objectively.

The AC comprises Mr Yee Kit Hong, Ms Elaine Beh Pur-Lin and Mr Goi Chew Leng. The chairman of the AC is Mr Yee Kit Hong. The majority of the AC, including the chairman of the AC, is independent. No former partner or director of the Company's existing audit firm or auditing corporation is a member of the AC. The members of the AC have sufficient accounting or financial management expertise, as interpreted by the Board in its business judgment, to discharge the AC's functions. The AC holds at least two meetings in each financial year.

The written terms of reference of the AC have been approved and adopted, and they include the following:–

(a) reviewing the audit plans and scope of work of the external auditors and the internal auditors, including the results of the external and internal auditors' review and evaluation of the Group's system of internal controls, the management letters on the internal controls and the Management's response, and monitoring the implementation of the internal control recommendations made by the external and internal auditors;

(b) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, prior to the incorporation of such results in the Company's annual report;

(c) reviewing the interim financial results and annual consolidated financial statements and the external auditors' report on the annual consolidated financial statements, and discussing any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore financial reporting standards as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from their audits including any matters which the auditors may wish to discuss in the absence of Management to ensure the integrity of the financial statements of the Group and any announcements relating to the Company's financial performance, where necessary, before submission to the Board for approval;

(d) reviewing and discussing with the external and internal auditors, any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group's operating results or financial position and the Management's response;

(e) reviewing and ensuring the co-ordination between internal auditors, external auditors and the Management, including the assistance given by the Management to the auditors;

(f) reviewing the audit plan of the external auditor and the result of the external auditor's review and evaluation of the Group's system of internal accounting controls that are relevant to the statutory audit;

(g) making recommendations to the Board on the proposals to the shareholders with regard to the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;

(h) reviewing the audit plan of the internal auditor, including the results of the internal auditor's review and evaluation of the Group's system of internal controls;

CORPORATE GOVERNANCE REPORT

(i) reviewing and ratifying any interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approving interested person transactions where the value thereof amount to 3% or more of the latest audited NTA of the Group (either individually or as part of a series or are aggregated with other transactions involving the same interested person during the same financial year), or any agreement or arrangement with an interested person that is not in the ordinary course of business of the Group, prior to the Group's entry into the transaction, agreement or arrangement;

(j) reviewing potential conflicts of interests (if any);

(k) reviewing the policy and arrangements by which employees of the Group and any other persons may, in confidence, report to the Chairman of the AC, concerns about possible improprieties in financial reporting or other matters and ensuring that there are arrangements in place for such concerns to be safely raised and independently investigated, and for appropriate follow-up action to be taken;

(l) reviewing the adequacy, effectiveness, independence, scope and results of the external audit and the Company's internal audit function;

(m) reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls, and risk management systems;

(n) reviewing the scope and results of the external audit and its cost effectiveness and the independence and objectivity of the external auditor, and where the external auditor also provides a substantial volume of non-audit services to the Company, keeping the nature and extent of such services under review, seeking to maintain objectivity;

(o) reviewing the assurance from the Managing Director and the Chief Financial Officer on the financial records and financial statements; and

(p) undertaking such other reviews and projects as may be requested by the Board and reporting to the Board its findings from time to time on matters arising and requiring the attention of the AC.

The AC has full authority to investigate any matter within its terms of reference, full access to and cooperation from the Management, and full discretion to invite any Director, executive officer or other employee of the Group to attend its meetings, and is given reasonable resources to enable it to discharge its functions properly and effectively.

The Group has implemented a whistle-blowing policy which aims to provide an avenue for employees and external parties to raise concerns about misconduct or improprieties in the Group and at the same time assure them that they will be protected from victimization for whistle-blowing in good faith. Cases that are significant will be reviewed by the AC for adequacy or investigation actions and resolutions. A copy of this policy, including the contact details of the AC, is available on the Company's website.

The AC meets with the external and internal auditors without the presence of the Management, at least annually.

The external auditors update the AC on any changes in accounting standards impacting the financial statements of the Group before an audit commences. Significant matters that were discussed with the Management and the external auditors have been included as key audit matters in the Auditors' Report for FY2019 on pages 47 to 48 of this Annual Report.

CORPORATE GOVERNANCE REPORT

The AC undertook a review of the independence and objectivity of the external auditors through discussions with the external auditors as well as reviewing the non-audit fees paid to them. The AC received an audit report from the external auditors setting out the non-audit services provided and the fees charged for FY2019. A breakdown of the audit and non-audit fees paid to the Company's auditors is disclosed on page 99 of this Annual Report.

Having undertaken a review of the non-audit services provided during FY2019, the AC is of the view that the objectivity and independence of the external auditors are not in any way impaired by reason of their provision non-audit services to the Group. Moreover, the AC is satisfied that these services were provided efficiently by the external auditors as a result of their existing knowledge of the business. As such, the AC has recommended to the Board that Deloitte & Touche LLP be nominated for re-appointment as external auditor at the forthcoming AGM.

The Company has complied with Rules 712 and 715 of the Catalist Rules in relation to its external auditors.

The Company outsources the internal audit function to an external professional firm to perform the review and test of controls of the Group's processes.

The AC approves the appointment of the internal auditors. The internal auditors, BDO LLP, report directly to the chairman of the AC and administratively to the Managing Director. The internal auditor has full access to the Company's documents, records, properties and personnel. The AC is satisfied that the internal audit firm is staffed by suitably qualified and experienced persons.

The internal auditors plan its internal audit schedules in consultation with, but independent of, the Management. The internal audit plan is submitted to the AC for approval prior to the commencement of the internal audit. The AC will review the activities of the internal auditors, including overseeing and monitoring of the implementation of improvements required on internal control weaknesses identified. The internal auditors carry out their work in accordance with International Standards for the Professional Practice of Internal Auditing set by the Institute of Internal Auditors.

The AC has reviewed and is satisfied with the independence, adequacy and effectiveness of the Company's internal audit function.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company supports the Code's principle to encourage communication with and participation by shareholders. Shareholders are informed of general meetings through notices published in the newspapers, through reports or circulars sent to all shareholders and via SGXNet. Shareholders are encouraged to attend the AGM to ensure a greater level of shareholder participation. The Constitution allows a shareholder of the Company to appoint up to two proxies to attend the AGM and vote in place of the shareholder, unless the shareholder is a relevant intermediary (as defined in Section 181 of the Companies Act). A relevant intermediary is entitled to appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such shareholder.

CORPORATE GOVERNANCE REPORT

All resolutions are put to vote by poll and shareholders are entitled to vote in accordance with established voting rules and procedures. An announcement of the detailed results is made after the conclusion of the AGM. The Board notes that there should be separate resolutions at general meetings on each substantially separate issue and supports the Code's principles as regards "bundling" of resolutions. In the event that there are resolutions which are interlinked, the Board will provide reasons and material implications.

All directors attend the general meetings of shareholders, and the external auditor will also be present to assist in addressing queries from shareholders relating to the conduct of audit and the preparation and content of the auditor's report. All directors were present at the last AGM held on 30 January 2019.

Minutes of general meetings, including relevant substantial comments or queries from shareholders relating to the agenda of the meeting and responses from the Board or the Management, are available to shareholders upon their request.

The Company does not have a formal dividend policy. The form, frequency and amount of dividends will depend on the Group's earnings, financial position, results of operations, capital needs, plans for expansion, and other factors as the Board may deem appropriate. There was no dividend declared for FY2019 as the Group seeks to conserve its cash for its new renewable energy business.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company strives for timeliness and consistency in its disclosures to shareholders. It is the Company's policy to keep all shareholders informed of developments or changes that will have a material impact on the Company's share price, through announcements via SGXNet. Such announcements are communicated on an immediate basis, or as soon as possible where immediate disclosure is not practicable. Shareholders are provided with an update on the Group's performance, position and prospects through the Company's annual report.

The Company's half year and full year results announcements, corporate presentations, announcements and press releases are issued via SGXNet. Shareholders have access to information on the Group via the Company's website. The Company discloses all material information on a timely basis to all shareholders. Where there is inadvertent disclosure made to a select group, the Company will endeavour to make the same disclosure publicly to all others promptly.

Shareholders are given the opportunity to pose questions to the Board or the Management at the general meetings. The members of the AC, NC and RC will be present at the AGM to answer questions relating to matters overseen by the respective committees.

To enhance and encourage communication with shareholders and investors, the Company provides the contact information of its investor relations consultants in its press releases. Shareholders and investors can send their enquiries through email or telephone.

CORPORATE GOVERNANCE REPORT

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company has identified stakeholders as those who are impacted by the Group's business and operations as well as those who have a material impact on the Group's business and operations. Such stakeholders include employees, contractors and suppliers, government and regulators, community, and shareholders and investors. The Company engages its stakeholders through various channels to ensure that the business interests of the Group are balanced against the needs and interests of its stakeholders.

The Company maintains a corporate website at http://www.acromec.com to communicate and engage with stakeholders.

SUSTAINABILITY MANAGEMENT

Our second sustainability report will be prepared in accordance with the Global Reporting Initiative Standards, Core Option and in line with the requirements of the Catalist Rules on sustainability reporting. The report will highlight the key economic, environmental, social and governance factors such as economic performance, environmental compliance and occupational health and safety. More details and information will be available in the full report that will be published before the end of February 2020.

RISK MANAGEMENT

The Company does not have a Risk Management Committee. However, the Management regularly reviews the Group's business and operational activities to identify areas of significant business risks, as well as appropriate measures through which to control and mitigate these risks. The Management reviews all significant control policies and procedures, and highlights all significant matters to the Board and the AC.

In response to the increasing scale and complexity of operations, the Group has also adopted the enterprise risk management framework ("**ERM Framework**") which is in line with the ISO31000 – Risk Management and Guidelines and the recommended best practices standard. The ERM Framework will be reviewed regularly, taking into the account changes in the business and operation environments as well as evolving corporate governance requirements. Identified risks that affect the achievement of the business objectives and financial performance of the Group over a short-medium term are summarised in the Group's risks register, and are ranked according to their likelihood and consequential impact to the Group as a whole. The identified risks are then managed and mitigated by counter measures.

The ERM Framework is not intended to and does not replace the internal control framework that the Group has in place, but rather incorporates the internal control framework within it. The Group is able to leverage on the ERM Framework to satisfy internal control needs and to move towards a fuller risk management process.

DEALING IN SECURITIES

In compliance with the Catalist Rules on dealings in securities, Directors and employees of the Company are advised not to deal in the Company's shares on short-term considerations or when they are in possession of unpublished price-sensitive information. The Company shall not deal in and prohibits dealings in its shares by its Directors, officers and employees during the period commencing one month before the announcement of the Company's half-year and full-year financial statements, and ending on the date of the announcement of the results.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS

The Company has established procedures to ensure that all transactions with interested persons are reported in a timely manner to the AC, and that the transactions are carried out on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders.

During FY2019, the Group did not enter into any interested person transactions of S$100,000 and more. The Group does not have a general mandate pursuant to Rule 920 of the Catalist Rules for interested person transactions.

MATERIAL CONTRACTS

Save for the service agreements between the Executive Directors and the Company, there were no material contracts of the Group involving the interests of the Executive Chairman and Managing Director, each Director or controlling shareholder, either still subsisting at the end of FY2019 or if not then subsisting, entered into since the end of the previous financial year.

NON-SPONSOR FEES

SAC Capital Private Limited ceased to be the Company's sponsor on 22 May 2019 and the appointment of PrimePartners Corporate Finance Pte. Ltd. as the Company's sponsor took effect on 23 May 2019. There were no non-sponsor fees paid to either SAC Capital Private Limited or PrimePartners Corporate Finance Pte. Ltd. in FY2019.

USE OF IPO PROCEEDS

The utilisation of the net proceeds from the Company's initial public offering as of 31 December 2019 is set out as below:

		Amount allocated S$'million	Amount utilised S$'million	Balance amount S$'million
(a)	Working capital to expand our business operations through securing more projects and projects of a larger scale	3.50	3.50(1)	–
(b)	Expansion through acquisitions, joint ventures and/or strategic alliances and venturing into new geographical markets	1.00	1.00(2)	–
	Total	**4.50**	**4.50**	**–**

Notes:

(1) Utilised for the settlement of supplier invoices for the Group's projects.

(2) Utilised for the payment of purchase consideration for the acquisition of 60% of the issued and paid-up shares capital of Golden Harvest Engineering Pte Ltd and expansion into Indonesia.

USE OF PLACEMENT PROCEEDS

As at 31 December 2019, the Group had utilised S$2.2 million of the S$3.7 net proceeds from the Company's placement exercise. The aforesaid sum was utilised for general working capital purposes for the settlement of supplier invoices for the Group's projects.

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended September 30, 2019.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 52 to 110 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at September 30, 2019, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Lim Say Chin
Chew Chee Keong
Goi Chew Leng
Yee Kit Hong
Elaine Beh Pur-Lin

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures in the Company or any other body corporate.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the share capital and debentures of the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act except as follows:

Name of directors and Company in which interests are held	Shareholdings registered in name of directors		Shareholdings in which directors are deemed to have an interest	
	At beginning of year	At end of year	At beginning of year	At end of year
	Ordinary shares		Ordinary shares	
Lim Say Chin[1]	6,000,000	6,000,000	66,130,645[2]	66,130,645[2]
Chew Chee Keong[1]	6,000,000	6,526,000	66,130,645[2]	66,130,645[2]
Goi Chew Leng[1]	6,000,000	6,000,000	66,130,645[2]	66,130,645[2]
Yee Kit Hong	100,000	100,000	–	–
Elaine Beh Pur-Lin	50,000	50,000	–	–

(1) By virtue of Section 7 of the Singapore Companies Act, these directors are deemed to have an interest in all the related corporations of the Company.

(2) These directors are deemed interested in the shares held by Ingenieur Holdings Pte. Ltd. by virtue of their controlling interest in Ingenieur Holdings Pte. Ltd.

The directors' interests in the shares and options of the Company at October 21, 2019 were the same at September 30, 2019.

4 SHARE OPTIONS

(a) Options to take up unissued shares

During the year, no options to take up unissued shares of the Company or any corporation in the Group were granted.

(b) Options exercised

During the year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

(c) Unissued shares under option

At the end of the financial year, there were no unissued shares of the Company or any corporation in the Group under options.

5 **AUDIT COMMITTEE**

The Audit Committee of the Company, comprising all non-executive directors, is chaired by Mr Yee Kit Hong, the Lead Independent Director, and include non-Executive non-Independent Director Mr Goi Chew Leng and Independent Director Ms Elaine Beh Pur-Lin. The Audit Committee has met two times since the last Annual General Meeting ("AGM") and has reviewed the following, where relevant, with the executive directors and external and internal auditors of the Company:

(a) The audit plans and scope of work of the external and internal auditors, including the results of the external and internal auditors' review and evaluation of the system of internal controls, management letters on the internal controls and management's response, and monitor the implementation of the internal control recommendations made by the external and internal auditors;

(b) The interim financial results and annual consolidated financial statements and the external auditor's report on the annual consolidated financial statements, and discuss any significant adjustments, major risk areas, changes in accounting policies and practices, significant financial reporting issues and judgements, compliance with Singapore Financial Reporting Standards (International) ("SFRS(I)") as well as compliance with the Catalist Rules and other statutory or regulatory requirements, concerns and issues arising from the audits including any matters which the auditors may wish to discuss in the absence of management to ensure the integrity of the financial statements of the Group and any announcements relating to the financial performance before submission to our Board of Directors for approval;

(c) The adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls and risk management systems, prior to the incorporation of such results in the annual report;

(d) Any suspected fraud, irregularity or infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on our Group's operating results or financial position and the management's response;

(e) The independence and objectivity of the external auditors, taking into account the non-audit services provided by the external auditors, if any;

(f) The co-ordination among the internal auditors, the external auditors and the management, including assistance given by our management to the auditors;

(g) Interested person transactions falling within the scope of Chapter 9 of the Catalist Rules, and approve interested person transactions where necessary;

(h) Any potential conflicts of interests and set out a framework to resolve or mitigate such potential conflicts of interests;

DIRECTORS' STATEMENT

5 AUDIT COMMITTEE (CONTINUED)

(i) The policy and procedures by which employees of the Group or any other persons may, in confidence, report to the Chairman of the Audit Committee, concerns about possible improprieties in matters of financial reporting or other matters and ensure that there are arrangements in place for such concerns to be safely raised and for independent investigation and appropriate follow-up actions in relation thereto; and

(j) The proposals to the shareholders with regard to the appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of engagement of the external auditors.

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external and internal auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP for re-appointment as external auditors of the Group at the forthcoming AGM of the Company.

6 AUDITORS

The auditors, Deloitte & Touche LLP, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Lim Say Chin
Director

Chew Chee Keong
Director

December 20, 2019

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying financial statements of Acromec Limited (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at September 30, 2019, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 52 to 110.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at September 30, 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of *Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

Key Audit Matter

<table>
<tr><th>Key audit matter</th><th>How the scope of our audit responded to the key audit matter</th></tr>
<tr><td>

Accounting for construction contracts

Revenue from engineering, procurement and construction projects is recognised via the output method under SFRS(I) 15. Under the output method, revenue is recognised over time on the basis of direct measurement of the value to the customer for the goods or services transferred to date relative to the remaining goods or services promised under the contract.

This measurement of progress towards the complete satisfaction of the Group's performance obligations under a contract is measured by external independent quantity surveyors' or the Group's internal project engineers' estimates.

This revenue accounted for approximately 81% of the Group's total revenue and its associated areas of estimates and judgements are as follows:

- the estimation of total contract costs to completion;
- profit margin forecast after consideration of variation orders, claims and liquidated damages; and
- ascertain whether circumstances exist where total contract costs exceed total contract revenues which would result in the expected loss being recognised as an expense immediately.

The Group's disclosure of the above significant estimates is provided in Note 3 to the financial statements, and further information related to the revenue is provided in Note 21.

</td><td>

Our audit procedures on the contract revenue and costs included, among others:

- evaluated management's process on the accounting for contract revenues and tested the design and implementation of the relevant key controls over the recognition of contract revenue;
- selected sample of significant contracts and performed amongst others, the following audit procedures:

  (a) examination of contract documentation and discussions on the status of contracts where construction is in progress with senior management of the Group;

  (b) reviewed components of budgets (including retrospective review), cost committed to date and discussed with project management personnel regarding their assessment of probable actual costs, potential foreseeable losses and status of the selected projects;

  (c) checked that contract revenue is recognised using the output method under SFRS(I) 15 and is based on the measurement of progress towards the complete satisfaction of performance obligations to the customer as determined by external independent quantity surveyors' or the Group's internal project engineers' estimates;

  (d) evaluated the competency, capabilities and objectivity of the quantity surveyors and project engineers engaged by management; and

  (e) recomputed the revenue recognised for the current financial year based on the respective contracts with customers and verified that the associated cost is recognised as incurred under SFRS(I) 15.

We have also assessed and validated the adequacy and appropriateness of the disclosures made in the financial statements.

</td></tr>
</table>

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ACROMEC LIMITED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Mr Chua How Kiat.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

December 20, 2019

STATEMENTS OF FINANCIAL POSITION

SEPTEMBER 30, 2019

	Note	Group			Company		
		September 30, 2019 S$	September 30, 2018 S$	October 1, 2017 S$	September 30, 2019 S$	September 30, 2018 S$	October 1, 2017 S$
			(Restated)	(Restated)			
ASSETS							
Current assets							
Cash and bank balances	6	**8,878,933**	8,982,520	13,464,960	**73,404**	61,906	1,058,889
Trade receivables	7	**7,602,658**	4,329,877	4,300,192	**–**	–	–
Contract assets	8	**2,785,865**	4,010,953	1,552,365	**–**	–	–
Other receivables, deposits and prepayments	9	**238,744**	311,974	147,790	**344,699**	443,930	638,760
Loan to a subsidiary	10	**–**	–	–	**2,165,056**	4,465,056	300,000
Total current assets		**19,506,200**	17,635,324	19,465,307	**2,583,159**	4,970,892	1,997,649
Non-current assets							
Property, plant and equipment	11	**1,750,722**	2,060,416	2,004,694	**–**	–	–
Investment property	12	**1,673,136**	1,709,553	1,748,487	**–**	–	–
Goodwill	13	**277,518**	277,518	277,518	**–**	–	–
Investment in subsidiaries	14	**–**	–	–	**13,077,769**	11,077,769	10,792,825
Total non-current assets		**3,701,376**	4,047,487	4,030,699	**13,077,769**	11,077,769	10,792,825
Total assets		**23,207,576**	21,682,811	23,496,006	**15,660,928**	16,048,661	12,790,474
LIABILITIES AND EQUITY							
Current liabilities							
Trade and other payables	15	**7,838,181**	7,568,173	8,816,715	**217,177**	282,919	287,419
Bill payables	16	**3,414,619**	1,205,956	2,173,380	**–**	–	–
Contract liabilities	8	**1,714,850**	2,188,249	2,216,996	**–**	–	–
Finance leases	17	**82,626**	86,045	86,045	**–**	–	–
Bank loans	18	**117,610**	414,721	105,169	**–**	–	–
Tax payable		**76,283**	66,847	79,693	**30,000**	30,000	30,000
Total current liabilities		**13,244,169**	11,529,991	13,477,998	**247,177**	312,919	317,419
Non-current liabilities							
Bank loans	18	**1,824,854**	1,944,291	1,844,875	**–**	–	–
Other payables	15	**–**	–	120,383	**–**	–	120,383
Finance leases	17	**47,228**	131,768	217,813	**–**	–	–
Deferred tax liabilities		**30,571**	52,171	59,093	**–**	–	–
Total non-current liabilities		**1,902,653**	2,128,230	2,242,164	**–**	–	120,383
Total liabilities		**15,146,822**	13,658,221	15,720,162	**247,177**	312,919	437,802
Capital and reserves							
Share capital	19	**16,225,036**	16,225,036	12,529,036	**16,225,036**	16,225,036	12,529,036
Merger reserve	20	**(4,718,040)**	(4,718,040)	(4,718,040)	**–**	–	–
Foreign translation reserve		**(1,356)**	(207)	–	**–**	–	–
Accumulated losses		**(4,200,150)**	(4,230,363)	(805,206)	**(811,285)**	(489,294)	(176,364)
Equity attributable to owners of the Company		**7,305,490**	7,276,426	7,005,790	**15,413,751**	15,735,742	12,352,672
Non-controlling interests		**755,264**	748,164	770,054	**–**	–	–
Net equity		**8,060,754**	8,024,590	7,775,844	**15,413,751**	15,735,742	12,352,672
Total liabilities and equity		**23,207,576**	21,682,811	23,496,006	**15,660,928**	16,048,661	12,790,474

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED SEPTEMBER 30, 2019

	Note	Group	
		2019	**2018**
		S$	**S$**
			(Restated)
Revenue	21	**31,904,345**	41,440,438
Cost of sales		**(25,980,998)**	(38,331,263)
Gross profit		**5,923,347**	3,109,175
Other operating income	22	**109,583**	210,319
Administrative expenses		**(5,008,875)**	(5,062,781)
Other operating expenses		**(825,231)**	(1,600,645)
Finance costs	23	**(171,081)**	(120,039)
Profit (Loss) before income tax	24	**27,743**	(3,463,971)
Income tax credit	25	**10,136**	6,924
Profit (Loss) for the year		**37,879**	(3,457,047)
Other comprehensive loss			
Item that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations		**(1,715)**	(207)
Total comprehensive income (loss) for the year		**36,164**	(3,457,254)
Profit (Loss) for the year attributable to:			
Owners of the Company		**30,213**	(3,425,157)
Non-controlling interests		**7,666**	(31,890)
		37,879	(3,457,047)
Total comprehensive income (loss) attributable to:			
– Owners of the Company		**29,064**	(3,425,364)
– Non-controlling interests		**7,100**	(31,890)
		36,164	(3,457,254)
Earnings (Loss) per share (“EPS”):			
– Basic and diluted (cents)	26	**0.02**	(2.58)

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED SEPTEMBER 30, 2019

	Note	Share capital S$	Merger reserve S$	Foreign currency translation reserves S$	Accumulated losses S$	Equity Attributable to owners of the Company S$	Non-controlling interests S$	Net S$
Group								
Balance as at October 1, 2017		12,529,036	(4,718,040)	–	(805,206)	7,005,790	770,054	7,775,844
Transactions with owners, recognised directly in equity:								
Non-controlling interest arising from incorporation of a subsidiary		–	–	–	–	–	10,000	10,000
Issue of share capital	19	3,696,000	–	–	–	3,696,000	–	3,696,000
Total		3,696,000	–	–	–	3,696,000	10,000	3,706,000
Total comprehensive loss for the year:								
Loss for the year		–	–	–	(3,425,157)	(3,425,157)	(31,890)	(3,457,047)
Other comprehensive loss for the year		–	–	(207)	–	(207)	–	(207)
Total		–	–	(207)	(3,425,157)	(3,425,364)	(31,890)	(3,457,254)
Balance as at September 30, 2018		16,225,036	(4,718,040)	(207)	(4,230,363)	7,276,426	748,164	8,024,590
Balance as at October 1, 2018		**16,225,036**	**(4,718,040)**	**(207)**	**(4,230,363)**	**7,276,426**	**748,164**	**8,024,590**
Total comprehensive income for the year:								
Profit for the year		**–**	**–**	**–**	**30,213**	**30,213**	**7,666**	**37,879**
Other comprehensive loss for the year		**–**	**–**	**(1,149)**	**–**	**(1,149)**	**(566)**	**(1,715)**
Total		**–**	**–**	**(1,149)**	**30,213**	**29,064**	**7,100**	**36,164**
Balance as at September 30, 2019		**16,225,036**	**(4,718,040)**	**(1,356)**	**(4,200,150)**	**7,305,490**	**755,264**	**8,060,754**

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

YEAR ENDED SEPTEMBER 30, 2019

	Note	Share capital S$	Accumulated losses S$	Net S$
Company				
Balance as at October 1, 2017		12,529,036	(176,364)	12,352,672
Transactions with owners, recognised directly in equity:				
Issue of share capital	19	3,696,000	–	3,696,000
Loss for the year, representing total comprehensive loss for the year		–	(312,930)	(312,930)
Balance as at September 30, 2018		**16,225,036**	**(489,294)**	**15,735,742**
Loss for the year, representing total comprehensive loss for the year		**–**	**(321,991)**	**(321,991)**
Balance as at September 30, 2019		**16,225,036**	**(811,285)**	**15,413,751**

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2019

	Group	
	2019	2018
	S$	S$
		(Restated)
Operating activities		
Profit (Loss) before income tax	**27,743**	(3,463,971)
Adjustments for:		
Depreciation of property, plant and equipment	**577,689**	542,938
Depreciation of investment property	**36,417**	38,934
Loss allowance on trade receivables	**–**	802,007
Interest income	**(37,555)**	(33,960)
Interest expense	**171,081**	120,039
Loss on disposal of property, plant and equipment	**–**	17,535
Operating cash flows before movements in working capital	**775,375**	(1,976,478)
Trade receivables	**(3,272,781)**	(831,692)
Other receivables, deposits and prepayments	**73,230**	(164,184)
Contract assets/liabilities	**751,689**	(2,487,335)
Trade and other payables (Note A)	**227,608**	(1,368,925)
Bill payables (Note B)	**2,208,663**	(967,424)
Cash generated from (used in) operations	**763,784**	(7,796,038)
Income taxes paid	**(2,028)**	(12,844)
Interest received	**37,555**	33,960
Net cash from (used in) operating activities	**799,311**	(7,774,922)
Investing activities		
Purchase of property, plant and equipment (Note A)	**(225,595)**	(616,195)
Investment in subsidiary by non-controlling interests	**–**	10,000
Net cash used in investing activities	**(225,595)**	(606,195)
Financing activities		
Increase in fixed deposits pledged	**(7,307)**	(7,823)
Proceeds from share issuance (net of capitalised expenses)	**–**	3,696,000
Proceeds from drawdown of bank loans	**–**	520,340
Repayment of finance leases	**(87,959)**	(86,045)
Repayment of bank loans	**(416,548)**	(111,372)
Interest paid	**(171,081)**	(120,039)
Net cash (used in) from financing activities	**(682,895)**	3,891,061
Net decrease in cash and cash equivalents	**(109,179)**	(4,490,056)
Cash and cash equivalents at beginning of year	**5,741,054**	10,231,317
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	**(1,715)**	(207)
Cash and cash equivalents at end of year (Note 6)	**5,630,160**	5,741,054

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED SEPTEMBER 30, 2019

Notes to Consolidated Statement of Cash Flows:

Note A

During the year, total purchase of property, plant and equipment amounted to S$267,995 (2018: S$616,195) of which S$42,400 (2018: $Nil) relates to purchases paid on behalf by a related party that is unpaid at the end of the reporting period and is presented in "Trade and other payables" (Note 15).

Cash payments made for property, plant and equipment amounted to S$225,595 (2018: S$616,195).

Note B

During the year, total gross cash flows arising from the Group's trade financing facilities that was settled by the bank amounted to S$10,444,799 of which S$8,236,136 relates to amounts repaid by the Group to the bank under the terms of the credit financing arrangements.

The net cash inflow arising from the Group's trade financing facilities amounted to S$2,208,663 (Note 16) and is presented under "operating activities" as management is of the view that the payment terms with the bank approximates the average payment cycle within the Group's industry.

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

1 GENERAL

The Company (Registration No. 201544003M) is incorporated in the Republic of Singapore with its registered office and principal place of business at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939. The Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited ("SGX-ST") on April 18, 2016. The financial statements are expressed in Singapore dollars.

The principal activities of the Company is that of investment holding.

The principal activities of the subsidiaries are disclosed in Note 14 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the year ended September 30, 2019 were authorised for issue in accordance with a resolution of the Board of Directors on December 20, 2019.

For all periods up to and including the year ended September 30, 2018, the financial statements were prepared in accordance with the previous framework, Financial Reporting Standards in Singapore ("FRSs"). These financial statements for the year ended September 30, 2019 are the first set that the Group and the Company have prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)"). Details of first-time adoption of SFRS(I) are included in Note 29 to the financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements have been prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (International) ("SFRS(I)s").

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of SFRS(I) 1-17 Leases, and measurements that have some similarities to fair value but are not fair value, such as value in use in SFRS(I) 1-36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(b) Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

(c) Level 3 inputs are unobservable inputs for the asset or liability.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

BASIS OF CONSOLIDATION – The Group resulted from the Restructuring Exercise on March 15, 2016 which involves an entity under common control. Accordingly, the consolidated financial statements had been accounted for using the principles of merger accounting where financial statement items of the merged entities for the reporting periods in which the common control combination occurs were included in the consolidated financial statements of the Group as if the consolidation had occurred from the date when the merged entities first came under the control of the same shareholders.

All significant intercompany transactions and balances between the entities in the Group are eliminated on combination.

For all other entities that are to be consolidated within the Group after 2016, control is achieved where the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiary

Changes in the Group's ownership interests in subsidiary that do not result in the Group losing control over the subsidiary is accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under SFRS(I) 9, or when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investment in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

BUSINESS COMBINATIONS – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with changes in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

Changes in the Group's ownership interests in existing subsidiary (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the SFRS(I) are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with SFRS(I) 1-12 *Income Taxes* and SFRS(I) 1-19 *Employee Benefits* respectively;

- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement by the Group of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer are measured in accordance with SFRS(I) 2 *Share-based Payment* at the acquisition date; and

- Assets (or disposal groups) that are classified as held for sale in accordance with SFRS(I) 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another SFRS(I).

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS – Financial assets and financial liabilities are recognised on the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets are recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

All financial assets are recognised and de-recognised on a trade date basis where the purchase or sale of financial assets is under a contract whose terms require delivery of assets within the time frame established by the market concerned.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are subsequently measured at fair value through profit or loss ("FVTPL").

Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial instruments other than purchased or originated credit-impaired financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transactions costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. On the other hand, the gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Classification of financial assets (Continued)

Amortised cost and effective interest method (Continued)

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost. For financial instruments other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired. For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

For purchased or originated credit-impaired financial assets, the Group recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition. The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired.

Interest income is recognised in profit or loss and is included in the “other operating income” line item.

Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate as at each reporting date. Specifically, for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss in the “other operating income/expense” line item.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses (“ECL”) on financial assets which are measured at amortised cost or at FVTOCI, contract assets, as well as on loan commitments and financial guarantee contracts. No impairment loss is recognised for investment in equity instruments (if any). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables and contract assets. The ECL on these financial assets are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the risk profile of debtors, general economic conditions and an assessment of both the current and forward-looking information at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12m ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12m ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition.

In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information includes the future prospects of the industries in which the Group's debtors operate and consideration of various external sources of actual and forecasted economic information that relate to the Group's core operations and industry.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the aforegoing, the Group assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a financial asset to have low credit risk when it has an internal or external credit rating of 'investment grade' as per globally understood definition.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

For financial guarantee contracts, the date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the counterparty; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criteria is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Measurement and recognition of expected credit losses

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for loan commitments and financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

Where lifetime ECL is measured on a collective basis to cater for cases where evidence of significant increases in credit risk at the individual instrument level may not yet be available, the financial instruments are grouped on the following basis:

- Nature of financial instruments (i.e. the Group's trade and other receivables, and amounts due from customers are each assessed as a separate group. Loan to a subsidiary are assessed for expected credit losses on an individual basis);
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics. If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of financial assets (Continued)

Measurement and recognition of expected credit losses (Continued)

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12m ECL at the current reporting date.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities and equity instruments (Continued)

Other financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing borrowings are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Assets in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Such cost includes professional fees and, for qualifying assets (where applicable), borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is charged so as to write off the cost of assets over their estimated useful lives, using the straight-line method, on the following bases:

Renovation	–	3 years
Furniture and fittings and office equipment	–	3 years
Computer equipment and software	–	3 years
Motor vehicles	–	5 to 6 years
Factory machinery	–	3 years
Leasehold property	–	60 years

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amounts of the asset and is recognised in profit or loss.

Fully depreciated assets still in use are retained in the financial statements.

INVESTMENT PROPERTY – Investment property, which is property held to earn rentals and/or for capital appreciation is stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged on the cost of the investment property in equal annual installments over 60 years.

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

GOODWILL – Goodwill arising in a business combination is recognised as an asset at the date that control is acquired (the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a subsidiary or the relevant cash generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

IMPAIRMENT OF NON-FINANCIAL ASSETS EXCLUDING GOODWILL – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (CONTINUED)

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

GOVERNMENT GRANTS – Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Other government grants are recognised as income over the periods necessary to match them with the costs for which they are intended to compensate, on a systematic basis. Government grants that are receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

REVENUE RECOGNITION – The Group recognises revenue from the following major sources:

- Construction contracts (i.e. project revenue from contracts with customers)

- Rendering of maintenance services

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control of a product or service to a customer.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction contracts

The Group derives its revenue from the provision of engineering, procurement and construction services under contracts with customers. Such contracts are entered into before the services begin. Under the terms of the contract, the Group is restricted from redirecting the engineering, procurement and construction services to another customer and has an enforceable right to payment for work performed.

Project revenue from construction contracts with customers is recognised when the Group transfers control of a product or service to a customer. Control is transferred over time and revenue is recognised over time via the output method by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

- the company's performance creates and enhances an asset that the customer controls as the Group performs; or

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Under the output method, revenue is recognised over time on the basis of direct measurement of the value to the customer for the goods or services transferred to date relative to the remaining goods or services promised under the contract. This measurement of progress towards the complete satisfaction of the Group's performance obligations under a contract is measured by external independent quantity surveyors' or the Group's internal project engineers' estimates. The associated cost relating to the construction contracts are recognised in the period in which they are incurred.

The Group becomes entitled to invoice customers for work performed under the project based on achieving a series of performance-related milestones. The Group will previously have recognised a contract asset for any work performed but has not been billed to customer. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. A contract liability is recognised if the milestone payment or billings exceeds the revenue recognised to date under the output method. There is not considered to be a significant financing component in the contracts with customers as the period between the recognition of revenue under the output method and the milestone payment is usually less than one year.

Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable. Amounts billed for work performed but not yet paid by the customer are included in the statement of financial position under trade receivables. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction contracts (Continued)

Provision for liquidated damages, which represents the estimated costs of compensation required for not completing certain construction contracts in accordance with the stipulated schedule, constitutes a consideration payable to the customer and is accounted for as a reduction of the consideration specified in the contract with customers.

Rendering of maintenance services

Revenue from maintenance services are provided as a fixed-price contract, with contract terms generally within one year. Revenue from fixed price contracts are non-project related and include maintenance and installation services which are recognised over time when the customers simultaneously receive and consume the benefits from the company's performance. Such services are recognised using a straight-line basis over the term of the contract.

Management has assessed that the stage of completion is determined as the proportion of the total time expected to complete the service that has elapsed at the end of the reporting period as an appropriate measure of progress towards complete satisfaction of these performance obligations under SFRS(I) 15. Payment for revenue from support services is not due from the customer until the services are complete and therefore a contract asset (when applicable) is recognised over the period in which these services are performed representing the entity's right to consideration for the services performed to date.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT OBLIGATIONS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entities are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in Singapore dollars, which is the functional currency of the Company and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

CASH AND CASH EQUIVALENTS IN THE STATEMENT OF CASH FLOWS – Cash and cash equivalents in the statement of cash flows comprise fixed deposits, cash at bank and on hand that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

SEGMENT REPORTING – An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses.

Operating segments are reported in a manner consistent with the internal reporting provided to members of management and the chief operating decision makers who are responsible for allocating resources and assessing performance of the operating segments.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

Management is of the opinion that there are no critical judgments that have a significant effect on the amounts recognised in the financial statements, except for the key sources of estimation uncertainty as disclosed below.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Assessment of recoverability of trade and other receivables

The assessment of recoverability of trade and other receivables of the Group is based on the ongoing evaluation of collectability and ageing analysis of the outstanding debts and on management's estimate of the ultimate realisation of these receivables, including creditworthiness and the past collection history of each debtor. A loss allowance is made for estimated losses resulting from the subsequent inability of the customer to make required payments. During the year, the Group made a loss allowance amounting to S$Nil (2018: S$802,007) on its trade receivables.

If the financial conditions of the customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required in future period. The carrying amounts of trade and other receivables at the end of the reporting period are disclosed in Notes 7 and 9 to the financial statements respectively.

Project revenue and costs

As described in Note 2 to the financial statements, revenue associated with a project is recognised by reference to the measurement of progress of each project's activity at the end of the reporting period, using quantity surveyors' or project engineers' estimates. Project cost are recognised as expenses in the period in which they are incurred. When it is probable that the total project costs will exceed the total project revenue, the expected loss is recognised as an expense immediately. These computations are based on the presumption that the outcome of a project can be estimated reliably.

Management has performed the cost studies, taking into account the costs to date and costs to complete for each project. Management has also reviewed the status and the physical proportion of the contract work completed of such projects and is satisfied that the estimates to complete are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery. In addition, management has assessed each project individually according to its technical requirements and circumstances in order to estimate project cost accrual.

Revenue arising from additional claims and variation orders, whether billed or unbilled, is recognised when negotiations have reached an advanced stage such that it is probable that the customer will accept the claims or approve the variation orders, and where the amount of such claims and variation orders can be measured reliably.

The assessment for liquidated damages is based on management's estimate of the extension of time for the construction contract that management is able to negotiate with the customer. Based on management's assessment, liquidated damages amounting to S$Nil (2018: S$870,000, October, 1 2017: S$Nil) has been recognised and is presented as a net off against revenue from projects (Note 21).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty (Continued)

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at the end of the reporting period was S$277,518 (2018: S$277,518, October 1, 2017: S$277,518). Details of the goodwill is provided in Note 13 to the financial statements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	Group			Company		
	September 30, 2019 S$	September 30, 2018 S$	October 1, 2017 S$	September 30, 2019 S$	September 30, 2018 S$	October 1, 2017 S$
		(Restated)	(Restated)			
Financial assets						
Amortised cost	**16,648,102**	13,458,943	17,851,570	**2,561,947**	4,932,497	1,981,405
Financial liabilities						
Amortised cost	**13,325,118**	11,275,954	13,205,891	**217,177**	207,919	249,313
Contingent Consideration (Note 22)	–	75,000	158,489	–	75,000	158,489

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

The Group does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives

Management monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (including interest rate risk and foreign exchange risk), credit risk and liquidity risk.

(i) Interest rate risk management

The Group's exposure to interest rate risk are restricted to its interest-bearing bank balances, bills payables, finance leases and bank loans as disclosed in Notes 6, 16, 17 and 18 respectively.

The Group adopts a practice to continuously seek alternative banking facilities which provide competitive interest rates to finance and/or refinance its working capital requirement.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the year and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents the management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points higher or lower and all other variables were held constant, the Group's profit (loss) before income tax would decrease (increase) by S$26,785 (2018: S$17,825). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings.

(ii) Foreign exchange risk management

Foreign exchange risk arising from changes in foreign currency exchange rates has a financial effect on the Group in the current reporting period and in future years. The Group's balances and transactions are predominantly in Singapore dollars, which is its functional currency.

At the end of the reporting period, the carrying amounts of significant monetary assets and monetary liabilities denominated in currencies other than the respective Group entities' functional currency are as follows:

	Assets		Liabilities	
	2019	**2018**	**2019**	**2018**
	S$	**S$**	**S$**	**S$**
United States dollars	**185,435**	79,177	**–**	–
Euro	**19,062**	15,202	**–**	–

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(ii) Foreign exchange risk management (Continued)

Foreign exchange risk sensitivity analysis

The sensitivity rate used when reporting foreign currency risk to key management personnel is 10%, which is the change in foreign exchange rate that management deems reasonably possible which will affect outstanding foreign currency denominated monetary items at period end.

If the relevant foreign currency strengthens by 10% against the functional currency of each Group entity, the Group's profit (loss) before income tax will increase (decrease) by:

	2019 S$	2018 S$
United States dollars	**18,544**	7,918
Euro	**1,906**	1,520

If the relevant foreign currency weakens by 10% against the functional currency of each Group entity, the Group's profit (loss) before income tax will decrease (increase) by the same amount above.

(iii) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. As at September 30, 2019, the Group's maximum exposure to credit risk without taking into account any collateral held or other credit enhancements, which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Company arises from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group's current credit risk grading framework comprises the following categories:

Category	Description	Basis for recognising expected credit losses (ECL)
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	Other receivables: 12-month ECL Trade receivables and contract assets: Lifetime ECL – not credit-impaired
Doubtful	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime ECL – not credit-impaired
In default	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime ECL – credit-impaired
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(iii) Credit risk management (Continued)

The table below details the credit quality of the Group and Company's financial assets and other items, as well as maximum exposure to credit risk by credit risk rating grades:

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
Group						
September 30, 2019						
Trade receivables	7	(i)	Lifetime ECL – simplified approach	**8,404,665**	**(802,007)**	**7,602,658**
Contract assets	8	(i)	Lifetime ECL – simplified approach	**2,785,865**	**–**	**2,785,865**
Other receivables	9	Performing	12-month ECL	**157,780**	**–**	**157,780**
					(802,007)	
September 30, 2018 (Restated)						
Trade receivables	7	(i)	Lifetime ECL – simplified approach	5,131,884	(802,007)	4,329,877
Contract assets	8	(i)	Lifetime ECL – simplified approach	4,010,953	–	4,010,953
Other receivables	9	Performing	12-month ECL	146,546	–	146,546
					(802,007)	
October 1, 2017 (Restated)						
Trade receivables	7	(i)	Lifetime ECL – simplified approach	4,300,192	–	4,300,192
Contract assets	8	(i)	Lifetime ECL – simplified approach	1,552,365	–	1,552,365
Other receivables	9	Performing	12-month ECL	86,418	–	86,418
					–	

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(iii) Credit risk management (Continued)

	Note	Internal credit rating	12-month or lifetime ECL	Gross carrying amount $	Loss allowance $	Net carrying amount $
Company						
September 30, 2019						
Amount due from subsidiaries	9	Performing	12-month ECL	**317,230**	**–**	**317,230**
Loan to a subsidiary	10	Performing	12-month ECL	**2,165,056**	**–**	**2,165,056**
					–	
September 30, 2018						
Amount due from subsidiaries	9	Performing	12-month ECL	405,535	–	405,535
Loan to a subsidiary	10	Performing	12-month ECL	4,465,056	–	4,465,056
					–	
October 1, 2017						
Other receivables	9	Performing	12-month ECL	1,946	–	1,946
Amount due from subsidiaries	9	Performing	12-month ECL	620,570	–	620,570
Loan to a subsidiary	10	Performing	12-month ECL	300,000	–	300,000
					–	

(i) For trade receivables and contract assets, the Group has applied the simplified approach in SFRS(I) 9 to measure the loss allowance at lifetime ECL. The expected credit losses on trade receivables and contract assets are estimated using a provision matrix by reference to past default experience of the debtor and analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of the conditions at the reporting date. Notes 7 and 8 includes further details on the loss allowance for these assets respectively.

Trade receivables consist of amounts due from various customers which are spread across several industries. Ongoing credit evaluation is performed on the financial condition of accounts receivable. Of the Group's total trade receivables balance at the end of the reporting period, there is a concentration of credit of 43.2% (2018: 37.1%, October 1, 2017: 42.8%) which relates to three customers (2018: three customers, October 1, 2017: two customers).

Apart from the above, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(iii) Credit risk management (Continued)

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition, and considers reasonable and supportable information, as described in Note 2.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-rating assigned by international credit-rating agencies.

Relevant information with regard to the exposure of credit risk and expected credit losses for trade receivables and contract assets are set out in Notes 7 and 8 respectively.

(iv) Liquidity risk management

Liquidity risk is the risk that the Group is unable to meet its obligations as and when they fall due. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and mitigate the effect of fluctuation in cash flows. The management of the Group manages liquidity risk by maintaining adequate reserves and actual cash flows and matching the maturity profiles of financial assets and liabilities to the extent possible.

At the end of the reporting period, all financial assets and financial liabilities of the Group and Company are non-interest bearing and are repayable on demand or due within 1 year from the end of the reporting period, except for finance leases and bank loans which are interest bearing as disclosed in Notes 17 and 18 to the financial statements respectively.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** (CONTINUED)

(c) **Financial risk management policies and objectives** (Continued)

(iv) Liquidity risk management (Continued)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year S$	Within 2 to 5 years S$	After 5 years S$	Adjustments S$	Total S$
2019						
Non-interest bearing	**–**	**7,838,181**	**–**	**–**	**–**	**7,838,181**
Finance lease liabilities (fixed rate)	**5.57**	**93,520**	**54,616**	**–**	**(18,282)**	**129,854**
Variable interest rate instruments	**3.93**	**3,733,063**	**652,594**	**1,471,689**	**(500,263)**	**5,357,083**
		11,664,764	**707,210**	**1,471,689**	**(518,545)**	**13,325,118**
2018						
Non-interest bearing	–	7,493,173	–	–	–	7,493,173
Finance lease liabilities (fixed rate)	5.57	97,356	149,269	–	(28,812)	217,813
Fixed interest rate instruments	4.35	303,291	–	–	(3,291)	300,000
Variable interest rate instruments	3.35	1,385,643	652,594	1,636,949	(410,218)	3,264,968
Contingent consideration	5.25	75,000	–	–	–	75,000
		9,354,463	801,863	1,636,949	(442,321)	11,350,954
October 1, 2017						
Non-interest bearing	–	8,778,609	–	–	–	8,778,609
Finance lease liabilities (fixed rate)	5.57	97,356	246,624	–	(40,122)	303,858
Variable interest rate instruments	3.37-4.16	2,389,438	571,259	1,562,142	(399,415)	4,123,424
Contingent consideration	5.25	40,000	133,000	–	(14,511)	158,489
		11,305,403	950,883	1,562,142	(454,048)	13,364,380

4 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL MANAGEMENT** (CONTINUED)

(c) Financial risk management policies and objectives (Continued)

(v) Fair value of financial assets and financial liabilities

The carrying value of the cash and cash equivalents, trade and other receivables and payables and other liabilities approximate their respective fair values due to the relatively short-term maturity of these financial assets and financial liabilities, except contingent considerations amounting to S$Nil (2018: S$75,000, October 1, 2018: S$158,489) which has been valued based on the present value of the probability of expected payoff.

(d) Capital management policies and objectives

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The capital structure of the Group consists of debt, which includes bill payables (Note 16), finance leases (Note 17) and bank loans (Note 18), and equity attributable to owners of the Group, comprising issued capital, net of reserves and accumulated losses.

The Group's overall strategy remains unchanged from prior year.

5 **RELATED PARTY AND SUBSIDIARY TRANSACTIONS**

(a) Related party transactions:

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transaction with a related party:

	2019 S$	2018 S$
Purchase of property, plant and equipment paid on behalf by a related party	**42,400**	–

Compensation of directors and key management personnel

The remuneration of directors and key management personnel during the year was as follows:

	2019 S$	2018 S$
Short-term benefits	**1,103,427**	1,212,339
Central Provident Funds	**57,897**	52,560
	1,161,324	1,264,899

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

5 RELATED PARTY AND SUBSIDIARY TRANSACTIONS (CONTINUED)

(b) Transaction with subsidiary:

	2019	2018
	S$	S$
Management fee income from a subsidiary	**(828,743)**	(908,870)

6 CASH AND BANK BALANCES

	Group			Company		
	September 30, 2019	September 30, 2018	October 1, 2017	September 30, 2019	September 30, 2018	October 1, 2017
	S$	S$	S$	S$	S$	S$
Cash at bank	**5,616,513**	5,726,554	10,218,347	**73,404**	61,906	1,058,889
Cash on hand	**13,647**	14,500	12,970	**–**	–	–
Fixed deposits	**3,248,773**	3,241,466	3,233,643	**–**	–	–
Total	**8,878,933**	8,982,520	13,464,960	**73,404**	61,906	1,058,889
Less: Fixed deposits pledged	**(3,248,773)**	(3,241,466)	(3,233,643)	**–**	–	–
Cash and cash equivalents per consolidated statement of cash flows	**5,630,160**	5,741,054	10,231,317	**73,404**	61,906	1,058,889

Certain fixed deposits are pledged as collaterals in respect of trade loan facilities granted by the banks. The fixed deposits earned interest at 0.50% to 1.40% (2018: 0.35% to 0.80%, October 1, 2017: 0.35% to 0.78%) per annum and have tenures ranging from 6 to 12 months (2018 and October 1, 2017:6 to 12 months).

7 TRADE RECEIVABLES

	Group		
	September 30, 2019	September 30, 2018	October 1, 2017
	S$	S$	S$
		(Restated)	**(Restated)**
Trade receivables – Outside parties	**8,404,665**	5,131,884	4,300,192
Less: Loss allowance for trade receivables	**(802,007)**	(802,007)	–
Net	**7,602,658**	4,329,877	4,300,192

The average credit period is 30 days (2018 and October 1, 2017: 30 days). No interest is charged on the outstanding trade receivables. Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses (ECL).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

7 TRADE RECEIVABLES (CONTINUED)

The ECL on trade receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The ECL is adjusted for factors that are specific to the debtor, general economic conditions of the industry in which the debtor operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier.

The following table details the risk profile of trade receivables from contracts with customers based on the Group's provision matrix. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished between the Group's different customer base.

	Expected weighted credit loss rate %	Estimated total gross carrying amount at default S$	Lifetime ECL S$	Total S$
September 30, 2019				
Current (not past due)	*	**5,625,742**	**–**	**5,625,742**
1 to 30 days past due	*	**1,359,447**	**–**	**1,359,447**
31 to 60 days past due	*	**218,191**	**–**	**218,191**
61 to 90 days past due	*	**45,989**	**–**	**45,989**
91 to 120 days past due	*	**3,124**	**–**	**3,124**
More than 120 days past due	**69.6**	**1,152,172**	**(802,007)**	**350,165**
		8,404,665	**(802,007)**	**7,602,658**
September 30, 2018 (restated)				
Current (not past due)	*	3,388,411	–	3,388,411
1 to 30 days past due	*	378,494	–	378,494
31 to 60 days past due	*	63,545	–	63,545
61 to 90 days past due	73.3	1,094,215	(802,007)	292,208
91 to 120 days past due	*	178,806	–	178,806
More than 120 days past due	*	28,413	–	28,413
		5,131,884	(802,007)	4,329,877
October 1, 2017 (restated)				
Current (not past due)	*	4,056,021	–	4,056,021
1 to 30 days past due	*	165,260	–	165,260
31 to 60 days past due	*	48,204	–	48,204
61 to 90 days past due	*	15,405	–	15,405
91 to 120 days past due	*	460	–	460
More than 120 days past due	*	14,842	–	14,842
		4,300,192	–	4,300,192

* The weighted credit loss rate is assessed as negligible.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

7 TRADE RECEIVABLES (CONTINUED)

The table below shows the movement in lifetime ECL that has been recognised for trade receivables in accordance with the simplified approach set out in SFRS(I) 9:

		Group	
	September 30, 2019	**September 30, 2018**	**October 1, 2017**
	S$	**S$**	**S$**
At beginning of the year	**802,007**	–	–
Change in loss allowance due to new trade receivables originated, net of those derecognised due to settlement (Note 24)	**–**	802,007	–
At end of the year	**802,007**	802,007	–

8 CONTRACT ASSETS/LIABILITIES

Contract assets

		Group	
	September 30, 2019	**September 30, 2018**	**October 1, 2017**
	S$	**S$**	**S$**
		(Restated)	**(Restated)**
Amount due from customers for contract work	**1,470,723**	2,732,036	1,177,236
Retention receivables	**1,315,142**	1,278,917	375,129
Total	**2,785,865**	4,010,953	1,552,365

Included under contract asset in 2018 is an amount of S$275,389 which was recognised as unbilled revenue as it relates to work performed for a customer under the contract but not invoiced to the customer at the end of prior reporting period. In 2019, the amount was subsequently written off against revenue as management has assessed and is of the view that the prospect of recovery is remote.

Amount due from customers for contract work are balances due from customers under construction contracts that arise when the Group receives payments from customers in line with a series of performance – related milestones. A contract asset is recognised when the Group has performed under the contract but has not yet billed the customer. Contract assets are transferred to receivables when the rights to consideration become unconditional.

Payment for contract work is not due from the customer until the work is completed and therefore a contract asset is recognised over the period in which the contract work is performed to represent the Group’s right to consideration for the services transferred to date.

Retention monies on construction contracts have been classified as current because they are expected to be realised in the normal operating cycle of the Group.

8 CONTRACT ASSETS/LIABILITIES (CONTINUED)

Contract assets (Continued)

Management always estimates the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the construction industry. None of the amounts due from customers at the end of the respective reporting period is past due.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for the contract assets.

Contract liabilities

	Group		
	September 30, 2019 S$	**September 30, 2018 S$**	**October 1, 2017 S$**
		(Restated)	**(Restated)**
Amounts related to construction contracts	**1,714,850**	2,188,249	2,216,996

Contract liabilities relating to construction contracts are balances due to customers under construction contracts. These arise when a particular milestone billing or payment exceeds the revenue recognised to date under the output method.

There was no revenue recognised in the current reporting period that related to performance obligations that were satisfied in a prior year. The Group's revenue recognised that was included in the contract liability balance at the beginning of the period relating to construction contracts amounted to S$2,188,249 (2018: S$2,216,996).

There were no significant changes in the contract liability balances during the reporting period.

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Group			Company		
	September 30, 2019 S$	**September 30, 2018 S$**	**October 1, 2017 S$**	**September 30, 2019 S$**	**September 30, 2018 S$**	**October 1, 2017 S$**
Deposits	**142,793**	127,794	76,195	**–**	–	–
Prepayments	**72,233**	165,428	61,372	**21,212**	38,395	16,244
Amount due from a subsidiary	**–**	–	–	**317,230**	405,535	620,570
Other receivables	**23,718**	18,752	10,223	**6,257**	–	1,946
	238,744	311,974	147,790	**344,699**	443,930	638,760

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

9 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONTINUED)

Amount due from a subsidiary is interest-free, unsecured and repayable on demand.

Other receivables are considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties adjusted for factors that are specific to the debtors and general economic conditions of the industry in which the debtors operate, in estimating the probability of default of each of these financial assets occurring within their respective loss assessment time horizon, as well as the loss upon default in each case.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

10 LOAN TO A SUBSIDIARY

		Company	
	September 30, 2019	**September 30, 2018**	**October 1, 2017**
	S$	**S$**	**S$**
Loans receivable from a subsidiary	**2,165,056**	4,465,056	300,000

The loan to a subsidiary is interest-free, unsecured and repayable on demand.

For purpose of impairment assessment, loan to a subsidiary is considered to have low credit risk as they are not due for payment at the end of the reporting period and there has been no significant increase in the risk of default on the receivables since initial recognition. Accordingly, for the purpose of impairment assessment for these receivables, the loss allowance is measured at an amount equal to 12-month expected credit losses (ECL).

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for loan to a subsidiary.

During the year, the Company acquired certain equity interest of a subsidiary amounting to S$2,000,000. The consideration was settled by way of conversion of the loan receivable from the subsidiary into an investment in the subsidiary (Note 14).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

11 PROPERTY, PLANT AND EQUIPMENT

Group	Renovation	Furniture and fittings and office equipment	Computer equipment and software	Motor vehicle	Factory machinery	Leasehold property	Construction in progress	Total
	S$	S$	S$	S$	S$	S$		S$
Cost:								
At October 1, 2017	30,255	487,017	536,037	1,037,699	74,600	1,000,000	–	3,165,608
Additions	390,068	186,001	40,126	–	–	–	–	616,195
Disposals	(1,665)	–	(15,534)	(48,792)	–	–	–	(65,991)
At September 30, 2018	418,658	673,018	560,629	988,907	74,600	1,000,000	–	3,715,812
Additions	1,600	26,758	34,244	–	–	–	205,393	267,995
At September 30, 2019	**420,258**	**699,776**	**594,873**	**988,907**	**74,600**	**1,000,000**	**205,393**	**3,983,807**
Accumulated depreciation:								
At October 1, 2017	29,800	305,033	394,940	344,588	72,267	14,286	–	1,160,914
Depreciation for the year	95,958	96,915	110,175	220,410	933	18,547	–	542,938
Disposals	(93)	(15,292)	–	(33,071)	–	–	–	(48,456)
At September 30, 2018	125,665	386,656	505,115	531,927	73,200	32,833	–	1,655,396
Depreciation for the year	130,107	133,459	65,487	230,155	933	17,548	–	577,689
At September 30, 2019	**255,772**	**520,115**	**570,602**	**762,082**	**74,133**	**50,381**	**–**	**2,233,085**
Carrying amount:								
At September 30, 2019	**164,486**	**179,661**	**24,271**	**226,825**	**467**	**949,619**	**205,393**	**1,750,722**
At September 30, 2018	292,993	286,362	55,514	456,980	1,400	967,167	–	2,060,416
At October 1, 2017	455	181,984	141,097	693,111	2,333	985,714	–	2,004,694

The carrying amount of the Group's motor vehicles included an amount of S$185,956 (2018: S$339,653, October 1, 2017: S$506,364) secured in respect of asset held under finance leases (Note 17).

The carrying amount of the Group's leasehold property amounting to S$949,619 (2018: $967,167, October 1, 2017: $985,714) is secured in respect of banking facilities granted to the Group (Note 18).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

12 INVESTMENT PROPERTY

	S$
At cost:	
At October 1, 2017, September 30, 2018 and 2019	**1,750,000**
Accumulated depreciation:	
At October 1, 2017	**1,513**
Depreciation for the year	**38,934**
At September 30, 2018	**40,447**
Depreciation for the year	**36,417**
At September 30, 2019	**76,864**
Carrying amount:	
September 30, 2019	**1,673,136**
September 30, 2018	**1,709,553**
October 1, 2017	**1,748,487**

Fair value measurement of the Group's investment property

The fair values of the Group's investment property at the end of the reporting period amounted to S$1,870,000 (2018: S$1,970,000, October 1,2017: S$1,750,000) and have been determined on the basis of valuations carried out by independent qualified professional valuers having an appropriate recognised professional qualification and recent experience in the valuation of similar properties in similar locations, and not related to the Group.

The valuation of the investment property is determined by market comparison and the fair value of the investment property is categorised as Level 3 of the fair value hierarchy. The significant unobservable input used in the valuation model is the recent sales transaction prices for similar properties, adjusted for size, location, time and other relevant factors. Any significant isolated increase (decrease) in market rate per square foot would result in significantly higher (lower) fair value measurement.

The investment property is mortgaged to the bank to secure a bank loan (Note 18) taken up by the Group.

The Group's investment property is not leased out during the year and there is no rental income derived from the investment property. There is no direct operating expenses (including repairs and maintenance) arising from the investment property.

13 GOODWILL

	Group		
	September 30, 2019 S$	**September 30, 2018 S$**	**October 1, 2017 S$**
Cost and carrying amount:			
Goodwill allocated to maintenance services segment	**277,518**	277,518	277,518

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated to maintenance services of the Group (Golden Harvest Engineering Pte. Ltd.).

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and returns on earnings before interest, tax, depreciation and amortisation ("EBITDA") during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Returns on EBITDA is based on past results and expectations of future changes in the market.

The growth rate used to extrapolate the cash flows of the CGUs beyond the forecast period of 5 years is 1% (2018: 1%, October 1, 2017: 2%), which does not exceed the long-term growth rate for the relevant markets. The discount rate of 10.21% (2018: 8.22%, October 1, 2017: 12.77%) applied to the cash flows projections is derived from the weighted average cost of capital plus a reasonable risk premium applicable to the CGUs at the date of assessment of the recoverable amounts.

No impairment loss has been recognised for the Group based on the above basis.

As at September 30, 2019, any reasonably possible change to the certain key assumptions applied will not likely result in the recoverable amounts to be below the carrying amounts of the CGU.

14 INVESTMENT IN SUBSIDIARIES

	Company		
	September 30, 2019 S$	**September 30, 2018 S$**	**October 1, 2017 S$**
Unquoted equity shares, at cost	**13,077,769**	11,077,769	10,792,825

During the year, the Company acquired certain equity interest of a subsidiary amounting to S$2,000,000. The consideration was settled by way of conversion of the loan receivable (Note 10) from a subsidiary into an investment in the subsidiary.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest of the Group			Principal activity
		2019 %	2018 %	2017 %	
Acromec Engineers Pte Ltd[1]	Singapore	**100**	100	100	Specialist engineering services in the field of controlled environments.
Golden Harvest Engineering Pte Ltd[1]	Singapore	**60**	60	60	Maintenance and installation services for air-conditioning and mechanical ventilation systems.
Acropower Pte. Ltd[1]	Singapore	**80**	80	–	Generation of electricity by other sources (e.g. solar power, biofuels etc.).
PT Acromec Trading Indonesia[2]	Indonesia	**67**	67	–	Import and distribution of laboratory furniture and accessories.

[1] Audited by Deloitte & Touche LLP, Singapore.

[2] In 2018, the subsidiary was not audited for consolidation purpose as the subsidiary is not material.

Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Country of incorporation and operation	Proportion of ownership interest of the Group			Profit (loss) allocated to non-controlling interests			Accumulated non-controlling interests		
		2019 S$	2018 S$	2017 S$	2019 S$	2018 S$	2017 S$	2019	2018 S$	2017 S$
Golden Harvest Engineering Pte. Ltd.	Singapore	**60**	60	60	**16,497**	(30,816)	35,155	**755,735**	739,238	770,054
Other individually immaterial subsidiaries					**(8,831)**	(1,074)	–	**(471)**	8,926	–
					7,666	(31,890)	35,155	**755,264**	748,164	770,054

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

14 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information in respect of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

	Golden Harvest Engineering Pte. Ltd.		
	2019	**2018**	**2017**
	S$	**S$**	**S$**
Current assets	**1,701,972**	1,482,330	1,419,686
Non-current assets	**2,829,024**	2,953,515	3,254,470
Current liabilities	**701,508**	513,125	607,536
Non-current liabilities	**1,898,853**	2,074,625	2,100,188
Equity attributable to owners of the Company	**1,154,900**	1,108,857	1,196,379
Non-controlling interests	**755,735**	739,238	770,054
Revenue	**3,714,735**	3,206,992	2,523,271
Profit (Loss) for the financial year representing total comprehensive (loss) income for the year, net of tax	**41,243**	(77,041)	87,886
Profit (Loss) attributable to owners of the company	**24,746**	(46,225)	52,731
Profit (Loss) attributable to non-controlling interests	**16,497**	(30,816)	35,155
Total Profit (Loss) for the year	**41,243**	(77,041)	87,886
Net cash inflow (outflow) from operating activities	**258,946**	(517,313)	(826,830)
Net cash (outflow) inflow from investing activities	**(7,460)**	574	(993,964)
Net cash (outflow) inflow from financing activities	**(270,437)**	(41,837)	85,224
Net cash outflow	**(18,951)**	(558,576)	(81,910)

15 TRADE AND OTHER PAYABLES

	Group			Company		
	September 30, 2019	**September 30, 2018**	**October 1, 2017**	**September 30, 2019**	**September 30, 2018**	**October 1, 2017**
	S$	**S$**	**S$**	**S$**	**S$**	**S$**
Current:						
Trade payables:						
– Outside parties	**6,241,445**	5,987,489	6,793,528	**68,040**	47,919	1,752
Other payables:						
– Outside parties	**45,050**	66,583	170	**–**	–	–
– Subsidiary (Note 5)	**–**	–	–	**–**	–	206,561
– Related party	**42,400**	–	13,400	**–**	–	–
Accruals	**429,243**	510,253	752,275	**149,137**	235,000	79,106
Accrued project costs	**1,080,043**	1,003,848	1,257,342	**–**	–	–
	7,838,181	7,568,173	8,816,715	**217,177**	282,919	287,419
Non-current:						
Accruals	**–**	–	120,383	**–**	–	120,383

The average credit period for trade payable is 60 days (2018: 60 days, October 1, 2017: 60 days).

The amount due from a related party is unsecured, interest free and repayable on demand.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

16 BILL PAYABLES

Bill payables and other credit facilities from banks are secured on the fixed deposits pledged (Note 6) and corporate guarantees from the Company. The bill payables bears an weighted average interest rate of 3.93% (2018: 4.84%, October 1, 2017: 3.37%) per annum and is repayable within next 12 months.

17 FINANCE LEASES

Group	Minimum lease payments			Present value of minimum lease payments		
	September 30, 2019	**September 30, 2018**	**October 1, 2017**	**September 30, 2019**	**September 30, 2018**	**October 1, 2017**
	S$	**S$**	**S$**	**S$**	**S$**	**S$**
Within one year	**85,908**	97,356	97,356	**82,626**	86,045	86,045
In the second to fifth years inclusive	**54,599**	149,269	246,624	**47,228**	131,768	217,813
Less: Future finance charges	**(10,653)**	(28,812)	(40,122)	**–**	–	–
Present value of lease obligations	**129,854**	217,813	303,858	**129,854**	217,813	303,858
Less: Amount due for settlement within 12 months				**(82,626)**	(86,045)	(86,045)
Amount due for settlement after 12 months				**47,228**	131,768	217,813

It is the Group's policy to lease certain of its motor vehicles under finance leases. The average lease term was 5 years (2018 and October 1, 2017: 5 years) and the average effective interest rate was 5.57% (2018 and October 1, 2017: 5.57%). Interest rates were fixed at the contract date, and thus exposed the Group to fair value interest rate risk. All leases were on fixed repayment basis and no arrangements had been entered into for contingent rental payments.

The fair value of the Group's lease obligations approximated their carrying amount.

The Group's obligations under finance leases were secured by the lessors' title to the leased assets (Note 11).

18 BANK LOANS

	Group		
	September 30, 2019	**September 30, 2018**	**October 1, 2017**
	S$	**S$**	**S$**
Secured – at amortised cost:			
Bank loans	**1,942,464**	2,359,012	1,950,044
Less: Amount due for settlement within 12 months (shown under current liabilities)	**(117,610)**	(414,721)	(105,169)
Amount due for settlement after 12 months	**1,824,854**	1,944,291	1,844,875

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

18 BANK LOANS (CONTINUED)

The Group has four principal bank loans:

(a) loan of S$1,470,529 (2018: S$1,553,534, October 1, 2017: S$1,416,423) which is secured on the Group's investment property (Note 12) and a joint personal guarantee from minority shareholders. The loan was raised on November 4, 2013. Monthly repayments commenced on September 5, 2014 and will continue until September 5, 2034. The loan carries interest at the prevailing enterprise financing rate (EFR) which is currently at 5% per annum.

(b) loan of S$226,921 (2018: S$242,986, October 1, 2017: S$256,102) which is secured on the Group's leasehold property (Note 11) and a joint personal guarantee from minority shareholders. The loan was raised on February 3, 2016. Monthly repayments commenced on July 1, 2016 and will continue until June 1, 2031. The loan carries interest at 2.75%, 2.45%, 1.50% and 0.50% per annum below the bank's Non-Residential Mortgage Board Rate (NMBR) for the 1st, 2nd, 3rd and following years respectively. The loan currently carries interest at 2.58% (2018: 4.00%, October 1, 2017: 3.05%) per annum.

(c) loan of S$245,014 (2018: S$262,492, October 1, 2017: S$277,519) which is secured on the Group's leasehold property (Note 11) and a joint personal guarantee from minority shareholders. The loan was raised on February 3, 2016. Monthly repayments commenced on July 1, 2016 and will continue until June 1, 2031. The loan carries interest at 3.25%, 2.95%, 2.00% and 1.00% per annum below the bank's Non-Residential Mortgage Board Rate (NMBR) for the 1st, 2nd, 3rd and following years respectively. The loan currently carries interest at 3.50% (2018: 3.50%, October 1, 2017: 2.55%) per annum.

(d) loan of S$300,000 which is unsecured. The loan was raised on August 8, 2018 and is due on November 8, 2018. The loan carries an interest rate of 4.35% per annum. As the loan is short-term, management is of the view that the carrying amount of the loan approximates its fair value. The loan was fully repaid in 2019.

19 SHARE CAPITAL

	Group and Company	
	Number of ordinary shares	S$
Issued and paid up:		
At October 1, 2017	122,563,978	12,529,036
Issue of share capital[i]	16,000,000	3,696,000
At September 30, 2018 and 2019	138,563,978	16,225,036

(i) In 2018, the Company issued 16,000,000 ordinary shares at S$0.24 per share. The net proceeds of S$3,696,000 was arrived at after setting off listing expenses of S$144,000.

Fully paid ordinary shares, which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

20 MERGER RESERVE

Merger reserve represents the difference between the amount of the share capital of the subsidiary at the date on which they are acquired by the Group and the nominal amount of the share capital issued as consideration for the acquisition using the principles of merger accounting applicable to business combination under common control.

21 REVENUE

The Group derives its revenue from the transfer of services over time in the following major service lines. This is consistent with the revenue information that is disclosed for each reportable segment under SFRS(I) 8 (Note 28).

	Group	
	2019	**2018**
	S$	**S$**
		(Restated)
Revenue from projects	**25,758,733**	36,430,576
Revenue from maintenance services rendered	**6,145,612**	5,009,862
	31,904,345	41,440,438
Timing of revenue recognition		
Over time	**31,904,345**	41,440,438

The following table shows the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) as at the end of the reporting period.

As permitted under SFRS(I) 1, the transaction price allocated to (partially) unsatisfied performance obligations as of September 30, 2018 is not disclosed, using the transition provisions of SFRS(I) 15.

	Group
	2019
	$
Construction contracts	**6,540,796**

Management expects that the transaction price allocated to the unsatisfied contracts as of September 30, 2019 will be recognised as revenue during the next reporting period.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

22 OTHER OPERATING INCOME

	Group	
	2019	2018
	S$	S$
Bank interest	**13,063**	16,396
Fixed deposit interest	**24,492**	17,564
Reversal of accruals for contingent consideration	**–**	83,489
Grants received	**53,825**	89,888
Sundry income	**18,203**	2,982
	109,583	210,319

In 2017, the Group made a provision for contingent consideration amounting to S$158,489 which relates to the arrangement entered into with the vendors as a result of the acquisition of a subsidiary in prior years. Under the acquisition arrangement, the Group would have to make payments in trenches to the vendors in the two subsequent year after the acquisition if certain profit targets are met. In 2018, an amount of S$83,489 was reversed to the profit or loss as no payments were made. During the year, the remaining amount of S$75,000 was paid to the vendors. At the end of the reporting period, no further provision for contingent consideration was made by the Group.

23 FINANCE COSTS

	Group	
	2019	2018
	S$	S$
Interest expense on:		
– Finance leases	**11,311**	11,311
– Bill payables	**95,002**	55,280
– Bank loans	**64,768**	53,448
	171,081	120,039

24 PROFIT (LOSS) BEFORE INCOME TAX

Profit (Loss) before income tax has been arrived at after charging (crediting):

	Group	
	2019	2018
	S$	S$
Depreciation of property, plant and equipment (Note 11)	**577,689**	542,938
Depreciation of investment property (Note 12)	**36,417**	38,934
Impairment loss on trade receivables (Note 7)	**–**	802,007
Loss on disposal of property, plant and equipment	**–**	17,535
Directors' remuneration	**726,344**	825,840
Directors' fees	**117,000**	119,000
Audit fee – paid to auditors of the Company	**113,000**	100,000
Non-audit fee – paid to auditors of the Company	**9,000**	9,000
Net foreign exchange gain	**(12,720)**	(9,852)
Cost of defined contribution plans	**541,546**	566,029
Employee benefits expenses (including costs of defined contribution plans)	**6,449,037**	6,660,766

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

25 INCOME TAX CREDIT

	Group	
	2019	**2018**
	S$	**S$**
Current tax	**11,464**	–
Deferred tax	**(21,600)**	(6,924)
	(10,136)	(6,924)

Domestic income tax is calculated at 17% (2018: 17%) of the estimated assessable profit (loss) for the year.

The total income tax for the year can be reconciled to the accounting profit (loss) before income tax as follows:

	Group	
	2019	**2018**
	S$	**S$**
Profit (Loss) before income tax	**27,743**	(3,463,971)
Tax at Singapore statutory tax rate of 17%	**4,716**	(588,875)
Effect of tax rate of subsidiary operating in other jurisdiction	**(1,673)**	–
Effect of expenses that are not deductible in determining taxable profit	**72,744**	109,005
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	**–**	443,561
Effect of previously unrecognised and unused tax offsets utilised during the year	**(68,524)**	–
Income tax rebate	**(12,314)**	(15,133)
Others	**(5,085)**	44,518
Income tax credit	**(10,136)**	(6,924)

At the end of the reporting period, the Group had unabsorbed tax losses of approximately S$6,256,985 (2018: S$6,256,985) and unutilised capital allowances of S$22,363 (2018: S$Nil) available for carry forward for offsetting against future taxable income subject to the conditions imposed by law including the retention of majority shareholders as defined. The related tax benefits have not been recognised because of uncertainty of its utilisation.

26 EARNINGS (LOSS) PER SHARE

The calculation of the earnings (loss) per share attributable to the ordinary owners of the Company is based on the following data.

Earnings figures are calculated as follows:

	2019 S$	2018 S$
Earnings (loss) attributable to owners of the Company	**30,213**	(3,425,157)

	2019	2018
	Number of shares ('000)	
Weighted average number of ordinary shares for purposes of earnings per share	**138,564**	132,865
Earnings (Loss) per share – Basic (cents)	**0.02**	(2.58)

The basic earnings (loss) per share is calculated by dividing the earnings (loss) for the year attributable to owners of the Company by the weighted average number of ordinary shares for basic loss per share computation.

There are no dilutive potential ordinary shares for 2019 and 2018.

27 OPERATING LEASE ARRANGEMENTS

The Group as lessee

	Group	
	2019 S$	2018 S$
Minimum lease payments under operating leases recognised as expense in the year	**422,089**	397,883

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases which fall due after the financial year end as follows:

	Group	
	2019 S$	2018 S$
Within one year	**432,953**	321,574
In the second to fifth years inclusive	**187,886**	352,537
	620,839	674,111

Operating lease payments represent rental payable by the Group for its office, motor vehicles and dormitories. The lease arrangements are negotiated for an average term of 1 to 3 years (2018: 1 to 3 years).

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

28 SEGMENT INFORMATION

For the purpose of resource allocation and assessment of segment performance, the Group's chief operating decision makers have focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the segments of the Group's under SFRS(I) 8 *Operating Segments*.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristic, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, method of distribution, and if applicable, the nature of the regulatory environment.

For management purposes, the Group is currently organised into two main operating segments:

(1) Engineering, Procurement and Construction segment; and

(2) Maintenance segment.

The Engineering, Procurement and Construction segment provides engineering, procurement and construction services, specialising in architectural, mechanical, electrical and process works within controlled environment.

The Maintenance segment provides installation and maintenance services for controlled environments and supporting infrastructure.

Segment revenues and results

	Engineering, Procurement and Construction S$	Maintenance S$	Total S$
September 30, 2019			
Revenue	25,758,733	6,145,612	31,904,345
Cost of sales	(21,736,162)	(4,244,836)	(25,980,998)
Gross profit	4,022,571	1,900,776	5,923,347
Segment result	626,017	149,358	775,375
Depreciation expense			(614,106)
Interest income			37,555
Finance costs			(171,081)
Profit before income tax			27,743
Income tax credit			10,136
Profit for the year			37,879

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

28 SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

	Engineering, Procurement and Construction S$	Maintenance S$	Total S$
September 30, 2018 (restated)			
Revenue	36,430,576	5,009,862	41,440,438
Cost of sales	(34,925,362)	(3,405,901)	(38,331,263)
Gross profit	1,505,214	1,603,961	3,109,175
Segment result	(2,464,951)	(331,069)	(2,796,020)
Depreciation expense			(581,872)
Interest income			33,960
Finance costs			(120,039)
Loss before income tax			(3,463,971)
Income tax credit			6,924
Loss for the year			(3,457,047)

Revenue reported above represented revenue generated from external customers. There are inter-segment sales in the year amounting to S$569,621 (2018: S$332,828).

Segment assets

There is no segment assets disclosed as the assets are jointly used by the reportable segments and it is not a Group's practice to report segment assets to the chief operating decision maker.

Geographical segments

The Group's activities and customers are primarily located in Singapore. The geographical locations of the Group's non-current assets are in Singapore.

Major customer information

The Group's revenue derived from customers who individually account for 10% or more of the Group's revenue is detailed below:

	2019 S$	2018 S$
Engineering, Procurement and Construction		
Top 1st customer	**7,390,000**	8,516,352
Top 2nd customer	**4,408,000**	4,194,724
Top 3rd customer	**4,225,500**	2,753,888

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

29 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK

The Group and the Company adopted the new financial reporting framework – Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first time for financial year ended September 30, 2019 and SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)* has been applied in the first set of SFRS(I) financial statements. SFRS(I) is identical to the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (IASB).

As a first-time adopter of SFRS(I), the Group and the Company have applied retrospectively, accounting policies based on each SFRS(I) effective as at the end of the first SFRS(I) reporting period (September 30, 2019), except for areas of exceptions and optional exemptions set out in SFRS(I) 1. In the first set of SFRS(I) financial statements for the financial year ended September 30, 2019, an additional opening statement of financial position as at date of transition (October 1, 2017) is presented, together with related notes. Reconciliation statements from previously reported FRS amounts and explanatory notes on transition adjustments are presented for equity as at date of transition (October 1, 2017) and as at the end of last financial period under FRS (September 30, 2018), and for total comprehensive income and cash flows reported for the last financial period under FRS (for the year ended September 30, 2018). Additional disclosures are made for specific transition adjustments if applicable.

There is no change to the Group's and the Company's previous accounting policies under FRS or material adjustments on the initial transition to the new framework, other than those arising from the application of SFRS(I) 15 *Revenue for Contracts with Customers* and the election of certain transition options available under SFRS(I) 1.

There is no significant changes in classifications of the Group's and the Company's financial assets as a result of the application of SFRS(I) 9 *Financial Instruments*.

Management has elected the transition exemptions as permitted under SFRS(I) 1 and accordingly the transaction price allocated to (partially) unsatisfied performance obligations as of September 30, 2018 is not disclosed.

The effects of transition to SFRS(I) and the initial application of SFRS(I) 15 are presented and explained below.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

29 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

(A) Impact on the Statement of Financial Position as at October 1, 2017 (date of transition to SFRS(I))

	As previously reported under FRS S$	Initial application of SFRS(I) 15 S$	Note	As adjusted under SFRS(I) S$
Current assets				
Cash and bank balances	13,464,960	–		13,464,960
Trade receivables	4,675,321	(375,129)	(a)	4,300,192
Amounts due from contract customers	1,177,236	(1,177,236)	(b)	–
Contract assets	–	1,552,365	(a), (b)	1,552,365
Other receivables, deposits and prepayments	147,790	–		147,790
Non-current assets				
Property, plant and equipment	2,004,694	–		2,004,694
Investment property	1,748,487	–		1,748,487
Goodwill	277,518	–		277,518
Current liabilities				
Bank loans	105,169	–		105,169
Trade and other payables	8,816,715	–		8,816,715
Bill payables	2,173,380	–		2,173,380
Amounts due to contract customers	2,216,996	(2,216,996)	(c)	–
Contract liabilities	–	2,216,996		2,216,996
Finance leases	86,045	–		86,045
Tax payable	79,693	–		79,693
Non-current liabilities				
Bank loans	1,844,875	–		1,844,875
Other payables	120,383	–		120,383
Finance leases	217,813	–		217,813
Deferred tax liabilities	59,093	–		59,093
Capital and reserves				
Share capital	12,529,036	–		12,529,036
Merger reserve	(4,718,040)	–		(4,718,040)
Accumulated losses	(805,206)	–		(805,206)
Non-controlling interests	770,054	–		770,054

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

29 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

(B) Impact on the Statement of Financial Position as at September 30, 2018 (end of last period reported under FRS)

	As previously reported under FRS S$	Initial application of SFRS(I) 15 S$	Note	As adjusted under SFRS(I) S$
Current assets				
Cash and bank balances	8,982,520	–		8,982,520
Trade receivables	5,608,794	(1,278,917)	(a)	4,329,877
Amount due from contract customer	2,732,036	(2,732,036)	(b)	–
Contract assets	–	4,010,953	(a), (b)	4,010,953
Other receivables, deposits and prepayments	311,974	–		311,974
Non-current assets				
Property, plant and equipment	2,060,416	–		2,060,416
Investment property	1,709,553	–		1,709,553
Goodwill	277,518	–		277,518
Current liabilities				
Bank loans	414,721	–		414,721
Trade and other payables	7,568,173	–		7,568,173
Bill payables	1,205,956	–		1,205,956
Amounts due to contract customers	2,188,249	(2,188,249)	(c)	–
Contract liabilities	–	2,188,249		2,188,249
Finance leases	86,045	–		86,045
Tax payable	66,847	–		66,847
Non-current liabilities				
Bank loans	1,944,291	–		1,944,291
Finance leases	131,768	–		131,768
Deferred tax liabilities	52,171	–		52,171
Capital and reserves				
Share capital	16,225,036	–		16,225,036
Merger reserve	(4,718,040)	–		(4,718,040)
Foreign exchange reserves	(207)	–		(207)
Accumulated losses	(4,230,363)	–		(4,230,363)
Non-controlling interests	748,164	–		748,164

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

29 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

(C) Impact on the Statement of Profit or Loss and Other Comprehensive Income for the year ended September 30, 2018 (last period reported under FRS)

	As previously reported under FRS S$	Initial application of SFRS(I) 15 S$	Note	As adjusted under SFRS(I) S$
Revenue	42,310,438	(870,000)	(d)	41,440,438
Cost of sales	(39,201,263)	870,000	(d)	(38,331,263)
Gross profit	3,109,175	–		3,109,175
Other operating income	210,319	–		210,319
Administrative expenses	(5,062,781)	–		(5,062,781)
Other operating expenses	(1,600,645)	–		(1,600,645)
Finance costs	(120,039)	–		(120,039)
Loss before income tax	(3,463,971)	–		(3,463,971)
Income tax credit (expense)	6,924	–		6,924
Loss for the year	(3,457,047)	–		(3,457,047)
Other comprehensive loss				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations	(207)	–		(207)
Total comprehensive loss for the year	(3,457,254)	–		(3,457,254)
Loss for the year attributable to:				
Owners of the Company	(3,425,157)	–		(3,425,157)
Non-controlling interests	(31,890)	–		(31,890)
	(3,457,047)	–		(3,457,047)
Total comprehensive loss attributable to:				
– Owners of the Company	(3,425,364)	–		(3,425,364)
– Non-controlling interests	(31,890)	–		(31,890)
	(3,457,254)	–		(3,457,254)

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

29 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

Notes to the reconciliations:

SFRS(I) 15 Revenue for Contacts with Customers

(a) Retention receivable is reclassified as contract assets because the Group has not obtained the unconditional rights to consideration. A right to consideration is unconditional if only the passage of time is required before payment is due. Under the customer's contract terms for the Group's construction contracts, retention receivable is usually due for settlement after 12 months upon the completion of the projects. There was no impact on the statement of profit or loss as a result of the above reclassifications.

(b) Under SFRS(I) 15, revenue recognised prior to the date on which it is invoiced to the customer is recognised as a contract asset. This balance was previously recognised as part of amounts due from contract customers and has now been reclassified. There was no impact on the statement of profit or loss as a result of the above reclassifications.

(c) The contract liability balance includes an amount reclassified from amounts due to contract customers. This had no impact on the statement of profit or loss.

(d) Under SFRS(I) 15, provisions for liquidated damages was previously recognised as part of 'cost of sales' line. This has now been set off against the 'revenue' line in the profit or loss in order to reflect the amount of consideration that the Group expects to be entitled in exchange for transferring promised goods or services to a customer.

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

29 ADOPTION OF A NEW FINANCIAL REPORTING FRAMEWORK (CONTINUED)

(D) Impact on the Statement of Cash Flows for the year ended September 30, 2018 (last financial year reported under FRS)

	As previously reported under FRS S$	Initial application of SFRS(I) 15 S$	As adjusted under SFRS(I) S$
Operating activities			
Loss before income tax	(3,463,971)	–	(3,463,971)
Adjustments for:			
Depreciation of property, plant and equipment	542,938	–	542,938
Depreciation of investment property	38,934	–	38,934
Impairment loss on doubtful debts	802,007	–	802,007
Interest income	(33,960)	–	(33,960)
Interest expense	120,039	–	120,039
Loss on disposal of property, plant and equipment	17,535	–	17,535
Operating cash flows before movements in working capital	(1,976,478)	–	(1,976,478)
Trade receivables	(1,735,480)	903,788	(831,692)
Other receivables, deposits and prepayments	(164,184)	–	(164,184)
Contract assets/Contract liabilities	–	(2,487,335)	(2,487,335)
Amounts due from contract customers – net	(1,583,547)	1,583,547	–
Trade and other payables	(1,368,925)	–	(1,368,925)
Bill payables	(967,424)	–	(967,424)
Cash used in from operations	(7,796,038)	–	(7,796,038)
Income taxes paid	(12,844)	–	(12,844)
Interest received	33,960	–	33,960
Net cash used in operating activities	(7,774,922)	–	(7,774,922)
Investing activities			
Purchase of property, plant and equipment	(616,195)	–	(616,195)
Proceeds on disposal of property, plant and equipment	–	–	–
Investment in subsidiary by non-controlling interests	10,000	–	10,000
Net cash used in investing activities	(606,195)	–	(606,195)
Financing activities			
Increase in fixed deposits pledged	(7,823)	–	(7,823)
Proceeds from share issuance (net of capitalised expenses)	3,696,000	–	3,696,000
Proceeds from drawdown of bank loans	520,340	–	520,340
Repayment of finance leases	(86,045)	–	(86,045)
Repayment of bank loans	(111,372)	–	(111,372)
Interest paid	(120,039)	–	(120,039)
Net cash from financing activities	3,891,061	–	3,891,061
Net decrease in cash and cash equivalents	(4,490,056)	–	(4,490,056)
Cash and cash equivalents at beginning of year	10,231,317	–	10,231,317
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(207)	–	(207)
Cash and cash equivalents at end of year	5,741,054		5,741,054

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2019

30 STANDARDS ISSUED BUT NOT EFFECTIVE

At the date of authorisation of these financial statements, the following SFRS(I) pronouncements were issued but not effective and are expected to have an impact to the Group and the Company in the periods of their initial application:

Effective for annual periods beginning on or after January 1, 2019

- SFRS(I) 16 *Leases*
- Annual Improvements to SFRS(I)s 2015-2017 Cycle

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

SFRS(I) 16 *Leases*

The Standard provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessees and lessors. The identification of leases, distinguishing between leases and service contracts, are determined on the basis of whether there is an identified asset controlled by the customer.

Significant changes to lessee accounting are introduced, with the distinction between operating and finance leases removed and assets and liabilities recognised in respect of all leases (subject to limited exemptions for short-term leases and leases of low value assets). The Standard maintains substantially the lessor accounting approach under the existing framework.

Management has performed a preliminary analysis of SFRS(I) 16 Leases, and does not expect any material adjustments to arise other than the change in the accounting for leases as a lessee under SFRS(I) 16. Upon adoption of SFRS(I) 16, all non-cancellable lease obligations other than those which fall within the above exemptions, will be recognised as liabilities concurrently with the recognition of right of use of assets. Note 27 provides information on the non-cancellable lease obligations existing at September 30, 2019.

SHAREHOLDING STATISTICS

AS AT 9 DECEMBER 2019

Issued and paid-up capital	:	$16,858,043
Number of shares	:	138,563,978
Class of shares	:	Ordinary shares
Voting rights	:	One vote per share

The Company does not hold any treasury shares and subsidiary holdings.

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS

As at 9 December 2019

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHAREHOLDINGS
100 – 1,000	50	6.60	34,700	0.03
1,001 – 10,000	301	39.76	1,895,600	1.37
10,001 – 1,000,000	393	51.92	27,535,867	19.87
1,000,001 and above	13	1.72	109,097,811	78.73
Grand Total	**757**	**100.00**	**138,563,978**	**100.00**

SUBSTANTIAL SHAREHOLDERS

As recorded in the Register of Substantial Shareholders as at 9 December 2019

	DIRECT INTEREST		DEEMED INTEREST	
NAME OF SHAREHOLDERS	NO. OF SHARES	%[2]	NO. OF SHARES	%[2]
Lim Say Chin[1]	6,000,000	4.33	66,130,645	47.73
Chew Chee Keong[1]	6,526,000	4.71	66,130,645	47.73
Goi Chew Leng[1]	6,000,000	4.33	66,130,645	47.73
Ingenieur Holdings Pte. Ltd.	66,130,645	47.73	–	–

Notes:

(1) Lim Say Chin, Chew Chee Keong and Goi Chew Leng are deemed to have an interest in 66,130,645 shares held by Ingenieur Holdings Pte. Ltd. by virtue of Section 7 of the Companies Act, Chapter 50.

(2) The percentages of issued share capital are calculated based on 138,563,978 issued shares in the capital of the Company as at 9 December 2019.

SHAREHOLDING STATISTICS

AS AT 9 DECEMBER 2019

TWENTY LARGEST SHAREHOLDERS

As at 9 December 2019

	NAME OF SHAREHOLDER	NO. OF SHARES	% OF SHAREHOLDINGS
1	INGENIEUR HOLDINGS PTE LTD	66,130,645	47.73
2	MAYBANK KIM ENG SECURITIES PTE. LTD.	8,350,300	6.03
3	CHEW CHEE KEONG	6,526,000	4.71
4	GOI CHEW LENG	6,000,000	4.33
5	LIM SAY CHIN	6,000,000	4.33
6	TAN PENG YAOW	4,020,000	2.90
7	PHILLIP SECURITIES PTE LTD	2,921,700	2.11
8	LIM TIONG KHENG STEVEN	1,943,800	1.40
9	TAN SZE SENG	1,845,200	1.33
10	LIANG KUM KEONG	1,470,266	1.06
11	RAFFLES NOMINEES (PTE.) LIMITED	1,429,300	1.03
12	WONG CHOO WAI (HUANG ZUWEI)	1,370,000	0.99
13	DBS NOMINEES (PRIVATE) LIMITED	1,090,600	0.79
14	CHOAH LEONG YEW	895,100	0.65
15	OCBC SECURITIES PRIVATE LIMITED	811,600	0.59
16	QUEK GHEE LEONG	802,667	0.58
17	NG PEI ENG (HUANG PEIYING)	800,000	0.58
18	TIONG HUA TING	700,000	0.51
19	LEONG BENG KONG	653,900	0.47
20	LIM HONG MENG	600,000	0.43
	TOTAL	**114,361,078**	**82.55**

FREE FLOAT

Based on the information provided to the Company as at 9 December 2019, approximately 38.80% of the issued ordinary shares of the Company was held by the public. Accordingly, Rule 723 of the Listing Manual Section B: Rules of Catalist of the SGX-ST has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**") of ACROMEC LIMITED (the "**Company**") will be held at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939 on Thursday, 23 January 2020 at 9.30 a.m. for the following purposes:

AS ORDINARY BUSINESS

Resolution 1

1. To receive and adopt the audited financial statements for the financial year ended 30 September 2019, together with the Directors' Statement and Independent Auditors' Report.

Resolution 2

2. To re-elect Mr Goi Chew Leng who is retiring pursuant to Article 108 of the Company's Constitution (the "**Constitution**") and who, being eligible, offers himself for re-election as a Director of the Company.

   *Mr Goi Chew Leng will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Board does not consider him to be independent for the purpose of Rule 704(7) of the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**").*

   [see Explanatory Note (i)]

Resolution 3

3. To re-elect Ms Elaine Beh Pur-Lin who is retiring pursuant to Article 108 of the Constitution and who, being eligible, offers herself for re-election as a Director of the Company.

   Ms Elaine Beh Pur-Lin will, upon re-election as a Director of the Company, remain as a member of the Audit Committee and the Board considers her to be independent for the purpose of Rule 704(7) of the Catalist Rules.

   [see Explanatory Note (i)]

Resolution 4

4. To approve the payment of Directors' fees of S$117,000 for the financial year ended 30 September 2019.

Resolution 5

5. To re-appoint Deloitte & Touche LLP as the Company's Independent Auditors and to authorise the Directors of the Company to fix their remuneration.

6. To transact any other ordinary business that may be properly transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

Resolution 6

7. To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution, with or without modifications:

"Authority to allot and issue shares

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, and the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Catalist Rules**"), authority be and is hereby given to the directors of the Company (the "**Directors**") to:

(A) (i) allot and issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(B) (notwithstanding that the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this authority was in force,

provided that:

(1) the aggregate number of Shares to be issued pursuant to this authority (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed one hundred per cent (100%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) (as calculated in accordance with sub-paragraph (2) below) ("**Issued Shares**"), of which the aggregate number of Shares to be issued other than on a pro-rata basis to the existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this authority) does not exceed fifty per cent (50%) of the total number of Issued Shares;

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of Issued Shares shall be based on the total number of issued Shares (excluding treasury shares and subsidiary holdings) at the time this authority is given, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from the exercise of share options or vesting of share awards which are outstanding or subsisting at the time this authority is given, provided the options or awards were granted in compliance with Part VIII of Chapter 8 of the Catalist Rules; and

(ii) any subsequent bonus issue, consolidation or sub-division of Shares;

NOTICE OF ANNUAL GENERAL MEETING

(3) in exercising the authority conferred by this Resolution, the Directors shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see Explanatory Note (ii)]

Resolution 7

8. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

"Authority to allot and issue shares pursuant to the Acromec Performance Share Scheme

That pursuant to Section 161 of the Companies Act, Chapter 50 of Singapore, the directors of the Company (the "**Directors**") be authorised and empowered to grant awards in accordance with the provisions of the Acromec Performance Share Scheme (the "**Share Scheme**") and to allot and issue from time to time such number of shares in the capital of the Company ("**Shares**") as may be required to be issued pursuant to the vesting of the awards under the Share Scheme, provided that the aggregate number of new Shares which may be issued pursuant to the vesting of awards under the Share Scheme, when added to the number of new Shares issued and issuable in respect of all awards granted under the Share Scheme and any other share-based incentive scheme of the Company for the time being in force, shall not exceed fifteen per cent (15%) of the total number of issued Shares (excluding treasury shares and subsidiary holdings) preceding that date of grant of award and such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting of the Company is required by law to be held, whichever is earlier."

[see Explanatory Note (iii)]

Resolution 8

9. To consider and, if thought fit, pass the following resolution as an Ordinary Resolution:

"Share purchase mandate

That:

(a) for the purposes of Sections 76C and 76E of the Companies Act, Chapter 50 (the "**Companies Act**"), the exercise by the Directors of the Company of all the powers of the Company to purchase or otherwise acquire ordinary shares ("**Shares**") in the issued share capital of the Company not exceeding in aggregate the Prescribed Limit (as hereafter defined), at such price or prices as may be determined by the directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) market purchases (each a "**Market Purchase**") on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") transacted through one or more duly licensed stockbrokers appointed by the Company for the purpose; and/or

NOTICE OF ANNUAL GENERAL MEETING

(ii) off-market purchases (each an "**Off-Market Purchase**") effected otherwise than on the SGX-ST in accordance with any equal access scheme as may be determined or formulated by the directors of the Company as they consider fit, such scheme shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the directors of the Company pursuant to the Share Purchase Mandate may be exercised by the directors of the Company at any time and from time to time during the period commencing from the passing of this Resolution and expiring on the earliest of:

(i) the date on which the next annual general meeting of the Company is held or required by law to be held;

(ii) the date on which Share purchases have been carried out to the full extent of the Share Purchase Mandate; or

(iii) the date on which the authority contained in the Share Purchase Mandate is varied or revoked by an ordinary resolution of shareholders of the Company in general meeting;

(c) in this Resolution:

"**Prescribed Limit**" means 10% of the issued ordinary Shares (excluding treasury shares and subsidiary holdings, if any) of the Company as at the date of the passing of this Resolution; and "**Maximum Price**" in relation to a Share to be purchased, means an amount (excluding brokerage, commissions, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price; and

(ii) in the case of an Off-Market Purchase: 120% of the Average Closing Price,

where:

"**Average Closing Price**" is the average of the closing market prices of a Share over the last five Market Days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase by the Company or, as the case may be, the day of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted for any corporate action that occurs after such five-market day period;

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of Shares from shareholders of the Company stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

"**Market Day**" means a day on which the SGX-ST is open for trading in securities; and

NOTICE OF ANNUAL GENERAL MEETING

(d) the directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.

[see Explanatory Note (iv)]

BY ORDER OF THE BOARD

WEE MAE ANN
Company Secretary
Singapore
8 January 2020

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Detailed information on the Directors who are proposed to be re-appointed can be found under the sections entitled "**Board of Directors**" and "**Additional Information on Directors Seeking Re-Election**" in the Company's Annual Report 2019.

(ii) Under the Catalist Rules, a share issue mandate approved by shareholders as a ordinary resolution will enable directors of an issuer to issue an aggregate number of new shares and convertible securities of the issuer of up to 100% of the issued share capital of the issuer (excluding treasury shares and subsidiary holdings) as at the time of passing of the resolution approving the share issue mandate, of which the aggregate number of new shares and convertibles securities issued other than on a pro-rata basis to existing shareholders must be not more than 50% of the issued share capital of the issuer (excluding treasury shares and subsidiary holdings).

Ordinary Resolution 6, if passed, will empower the Directors from the date of the above AGM until the date of the next annual general meeting, to allot and issue Shares and/or Instruments. The aggregate number of Shares (including Shares to be issued in pursuance of Instruments made or granted) which the Directors may allot and issue under this Resolution, shall not exceed 100% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). For issues of Shares and convertible securities other than on a pro-rata basis to all shareholders, the aggregate number of Shares and convertible securities to be issued shall not exceed 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings). This authority will, unless previously revoked or varied at a general meeting, expire at the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue Shares pursuant to any convertible securities issued under this authority.

(iii) Ordinary Resolution 7, if passed, will empower the Directors to grant awards under the Share Scheme and to allot and issue Shares pursuant to the vesting of the awards under the Share Scheme, provided that the aggregate number of new Shares which may be issued under the Share Scheme, when added to the number of Shares issued and issuable in respect of all awards granted under the Share Scheme and any other share-based incentive scheme of the Company for the time being in force, shall not exceed 15% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) preceding that date of grant of award.

(iv) Ordinary Resolution 8, if passed, will renew the mandate to permit the Company to purchase or otherwise acquire its issued ordinary shares on the terms and subject to the conditions of this Resolution. Further details are set out in the Appendix which is enclosed with the Company's Annual Report.

Notes:

(1) Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM may appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

(2) Where a member appoints more than one proxy, he shall specify the proportion of his shareholding to be represented by each proxy in the instrument appointing the proxies.

(3) A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

(4) If the member is a corporation, the instrument appointing the proxy must be executed under its common seal or signed by its duly authorised officer or attorney.

(5) The duly executed instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939 not less than 72 hours before the time appointed for holding the AGM.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), and (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2019

Mr Goi Chew Leng and Ms Elaine Beh Pur-Lin are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 23 January 2020 ("**AGM**") (collectively, the "**Retiring Directors**" and each a "**Retiring Director**").

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating to the Retiring Directors is set out below:

	Mr Goi Chew Leng	**Ms Elaine Beh Pur-Lin**
Date of Appointment	22 December 2015	16 March 2016
Date of last re-appointment	24 January 2017	24 January 2017
Age	49	53
Country of principal residence	Singapore	Singapore
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Mr Goi Chew Leng, is of the view that he is suitable for re-appointment as non-Executive non-Independent Director of the Company.	The Board of Directors of the Company, having considered, among others, the recommendation of the NC and the qualifications, work experience and competencies of Ms Elaine Beh Pur-Lin, is of the view that she is suitable for re-appointment as Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-Executive non-Independent Director, member of the Audit, Nominating and Remuneration Committees.	Independent Director, chairman of the Nominating Committee and member of the Audit and Remuneration Committees.
Professional qualification	Bachelor of Engineering	Bachelor of Laws
Working experience and occupation(s) during the past 10 years	January 1997 – May 2019: Executive Director, Acromec Engineers Pte Ltd	February 2014 – Current: Partner, Virtus Law LLP 1996 – October 2013: Partner, Colin Ng & Partners LLP
Shareholding interest in the listed issuer and its subsidiaries	Company: 6,000,000	Company: 50,000
Any relationship (including immediate family relationships with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of Interest (including any competing business)	Nil	Nil

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2019

	Mr Goi Chew Leng	Ms Elaine Beh Pur-Lin
Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# (for the last 5 years)		
Past	Acromec Engineers Pte Ltd Aim Controls Pte. Ltd.	Nil
Present	Ingenieur Holdings Pte Ltd	Sanli Environmental Limited
Disclose the following matters concerning an appointment of director.		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2019

	Mr Goi Chew Leng	**Ms Elaine Beh Pur-Lin**
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2019

	Mr Goi Chew Leng	**Ms Elaine Beh Pur-Lin**
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION

FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2019

	Mr Goi Chew Leng	**Ms Elaine Beh Pur-Lin**
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable as this relates to the re-election of a Director	Not applicable as this relates to the re-election of a Director

This page has been intentionally left blank

ACROMEC LIMITED

(Company Registration No. 201544003M)
(Incorporated in the Republic of Singapore)

ANNUAL GENERAL MEETING
PROXY FORM

I/We ________________________ (Name) ________________ (NRIC/Passport/Registration Number)

of ____ (Address)
being a member/members of ACROMEC LIMITED (the "**Company**") hereby appoint:–

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport Number**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person or both of the persons above, the Chairman of the Annual General Meeting ("**AGM**"), as my/our proxy/proxies to attend and to vote for me/us on my/our behalf, at the AGM of the Company to be held at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939 on Thursday, 23 January 2020 at 9.30 a.m., and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the resolutions to be proposed at the AGM as indicated hereunder. If no specific directions as to voting is given, the proxy/proxies will vote or abstain from voting at his/her/their discretion, as he/she/they will on any other matter arising at the AGM and at any adjournment thereof.

No.	**Resolutions relating to:–**	**For**	**Against**
	Ordinary Business		
1.	Audited financial statements for financial year ended 30 September 2019		
2.	Re-election of Mr Goi Chew Leng as a Director		
3.	Re-election of Ms Elaine Beh Pur-Lin as a Director		
4.	Approval of Directors' fees of S$117,000 for financial year ended 30 September 2019		
5.	Re-appointment of Deloitte & Touche LLP as auditors of the Company		
	Special Business		
6.	General authority to allot and issue shares		
7.	Authority to allot and issue shares pursuant to the Acromec Performance Share Scheme		
8.	Share purchase mandate renewal		

(Please indicate with a cross [X] in the space provided whether you wish your vote to be cast for or against the resolution as set out in the Notice of AGM. Alternatively, if you wish to exercise your votes both for and against the resolution, please indicate the number of shares in the respective spaces provided.)

Dated this ________ day of ________________ 2020

Total number of Shares in:	**No. of Shares**
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Member(s) or Common Seal

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:–

1. Unless otherwise permitted under the Companies Act, Chapter 50 of Singapore (the "**Companies Act**"), a member of the Company entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in this proxy form.

3. A member who is a relevant intermediary (as defined in the Companies Act) may appoint more than two proxies, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member.

4. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), you should insert that number of shares. If you have shares registered in your name in the Register of Members of the Company, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares. If no number is inserted, this proxy form shall be deemed to relate to all the shares held by you.

5. This proxy form duly executed must be deposited at the registered office of the Company at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939 not less than 72 hours before the time set for the AGM.

6. This proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where this proxy form is executed by a corporation, it must be executed either under its common seal or under the hand of an officer or attorney duly authorised.

7. Where this proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with this proxy form, failing which this proxy form shall be treated as invalid.

8. The Company shall be entitled to reject a proxy form which is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of shares entered in the Depository Register, the Company may reject a proxy form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

9. By submitting this proxy form, a member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 January 2020.

This page has been intentionally left blank

This page has been intentionally left blank

ACROMEC LIMITED

4 KAKI BUKIT AVENUE 1, #04-04
SINGAPORE 417939
WWW.ACROMEC.COM