



# YONGNAM HOLDINGS LIMITED

(Company Registration No. 199407612N)  
(Incorporated in the Republic of Singapore on 19 October 1994)

This quarterly reporting announcement is mandatory, made pursuant to the Singapore Exchange Securities Trading's ("SGX-ST") requirements, as required under Rule 705(2C) of the SGX-ST Listing Manual

## CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2022

### A CONDENSED INTERIM CONSOLIDATED INCOME STATEMENT

	Group					
	Q3 FY2022	Q3 FY2021	Fav /	9 Months	9 Months	Fav /
	30/9/2022	30/9/2021	(Unfav)	30/9/2022	30/9/2021	(Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	28,650	31,397	(8.7)	103,346	89,965	14.9
Cost of sales	(36,342)	(33,568)	(8.3)	(108,268)	(95,193)	(13.7)
Gross profit/(loss)	(7,692)	(2,171)	(254.3)	(4,922)	(5,228)	5.9
Other income	185	566	(67.3)	2,149	2,714	(20.8)
General and administrative expenses	(2,623)	(2,713)	3.3	(7,523)	(6,820)	(10.3)
Interest income	2	-	nm	2	-	nm
Finance costs	(2,661)	(2,589)	(2.8)	(8,855)	(7,953)	(11.3)
Share of results of an associated company, net of tax	(332)	666	nm	(617)	634	nm
Loss before exceptional items and tax	(13,121)	(6,241)	(110.2)	(19,766)	(16,653)	(18.7)
Exceptional items (Note 1)	(260)	(4,290)	93.9	(2,842)	(8,127)	65.0
Loss before tax	(13,381)	(10,531)	(27.1)	(22,608)	(24,780)	8.8
Taxation	-	5	nm	(157)	(44)	(256.8)
Loss after tax	(13,381)	(10,526)	(27.1)	(22,765)	(24,824)	8.3

Attributable to:

Owners of the Company	(18,237)	(10,542)	(73.0)	(28,011)	(24,973)	(12.2)
Non-controlling interests	4,856	16	nm	5,246	149	nm
	(13,381)	(10,526)	(27.1)	(22,765)	(24,824)	8.3

#### Note 1 : Exceptional item

Loss on disposal of property, plant & equipment (Note 1(a))	-	4,290	nm	763	7,397	89.7
Site expenses for preparation / return of yards	260	-	nm	1,844	730	(152.6)
Restructuring Staff cost	-	-	nm	235	-	nm
	260	4,290	93.9	2,842	8,127	65.0

nm - not meaningful

#### Note 1 (a)

The Group has identified steel beams and columns of low utilisation and has no immediate use for upcoming projects. This group of steel beams and columns are surplus to the current project requirement, and are scrapped to better manage the Group's cash flow.

The accompanying explanatory notes in Section F form an integral part of the unaudited condensed interim consolidated financial statements.

**B CONDENSED INTERIM BALANCE SHEET**

	Note	Group		Company	
		30/9/2022	31/12/2021	30/9/2022	31/12/2021
		\$'000	\$'000	\$'000	\$'000
<b>Non-current assets</b>					
Property, plant and equipment	1	200,479	215,026	-	-
Right-of-use assets	1	34,975	41,317	-	-
Investment in subsidiaries		-	-	121,442	120,120
Investment in associated company		13	630	-	-
Investment securities		1,044	1,184	-	-
Restricted bank balances		2,505	2,505	-	-
Deferred tax assets		4	11	-	-
		<b>239,020</b>	<b>260,673</b>	<b>121,442</b>	<b>120,120</b>
<b>Current assets</b>					
Inventories	2	15,926	17,606	-	-
Contract assets	3	44,991	45,043	-	-
Trade debtors	4	11,754	16,857	-	-
Other receivables and deposits		6,686	6,592	-	-
Prepayments		1,847	1,189	15	4
Cash and bank balances		1,733	2,914	14	19
		<b>82,937</b>	<b>90,201</b>	<b>29</b>	<b>23</b>
<b>Current liabilities</b>					
Contract liabilities	5	21,817	29,316	-	-
Trade creditors		59,754	52,927	-	-
Other creditors and accruals		20,937	15,002	1,648	1,342
Borrowings	6	90,720	37,240	-	-
Lease liabilities		7,885	11,290	-	-
Bond payable		600	900	600	900
Convertible bonds (liability)	6	5,728	7,363	5,728	7,363
Convertible bonds (derivative)	6	-	905	-	737
Income tax payable		146	65	-	-
		<b>207,587</b>	<b>155,008</b>	<b>7,976</b>	<b>10,342</b>
<b>Net current liabilities</b>	<b>7</b>	<b>(124,650)</b>	<b>(64,807)</b>	<b>(7,947)</b>	<b>(10,319)</b>
<b>Non-current liabilities</b>					
Borrowings	6	6,473	63,115	-	-
Lease liabilities		36,074	39,627	-	-
		<b>42,547</b>	<b>102,742</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>71,823</b>	<b>93,124</b>	<b>113,495</b>	<b>109,801</b>
<b>Equity</b>					
Share capital		152,369	149,384	152,369	149,384
Reserves		(77,026)	(47,494)	(38,874)	(39,583)
		<b>75,343</b>	<b>101,890</b>	<b>113,495</b>	<b>109,801</b>
Non-controlling interest		(3,520)	(8,766)	-	-
		<b>71,823</b>	<b>93,124</b>	<b>113,495</b>	<b>109,801</b>

The accompanying explanatory notes in Section F form an integral part of the unaudited condensed interim consolidated financial statements

**Note 1: Property, plant and equipment and Right-of-use assets**

Property, plant and equipment reduced mainly due to disposal of strutting assets and depreciation charges during the period. Right-of-use assets decreased due to depreciation charges during the period.

**Note 2: Inventories**

Inventories decreased due to consumption of steel materials by projects.

**Note 3: Contract assets**

Contract assets maintained at the similar level.

**Note 4: Trade debtors**

Trade debtor decreased due to increased collection of billings during the period.

**Note 5: Contract liabilities**

Contract liabilities decreased due to increased work done for on-going projects.

**Note 6: Net Borrowings and convertible bonds**

Net borrowing decreased marginally due to payment of bank borrowings during the period. The Group is currently in negotiations to restructure its current facilities with its lenders.

Convertible bonds decreased due to the conversion of bonds into equity shares by certain bondholders. As announced on 27 October 2022, the Company has entered into a second supplemental agreement with each of convertible bond holders to extend the maturity date of the bonds by six months to 27 April 2023.

**Note 7: Net Current Liabilities**

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows, primarily from its projects. The Group has been able to secure an order book of \$404.9 million and is in active pursuit of potential projects totaling \$980 million. The Group is also actively engaging its lenders to secure their continued support for the revision of repayment terms. As announced on 20 April 2022, the Group is also seeking strategic investor(s) to strengthen and reinforce the Company's capital structure. The Group is having on-going discussions with various strategic investors and financier to explore various fund raising options. In the event of short-term cash flow gaps the Group will consider monetizing its steel beams and columns assets. However, in doing so, the Group's business may be affected as the Group may have to purchase new steel beams and columns to carry new projects if any such projects are awarded to the Group.

**C CONDENSED INTERIM CONSOLIDATED CASH FLOW STATEMENT**

	Q3 FY2022 30/09/2022	Q3 FY2021 30/09/2021	9 Months 30/09/2022	9 Months 30/09/2021
	\$'000	\$'000	\$'000	\$'000
<b>Operating activities</b>				
Loss before tax	(13,381)	(10,531)	(22,608)	(24,780)
Add/(less):				
Depreciation	6,226	6,514	19,110	20,993
Consumption allowance for steel beams and columns	439	723	663	3,717
Interest income	(2)	-	(2)	-
Finance costs	2,661	2,589	8,855	7,953
Provision for onerous contracts	-	(333)	-	109
Loss on disposal of property, plant & equipment	624	4,119	1,347	7,481
Net gain on fair value of derivative instruments held at FVTPL	-	-	(837)	-
Share of results of an associated company	332	(666)	617	(634)
Effects of changes in foreign exchange	(473)	44	(679)	(120)
<b>Operating cash flows before changes in working capital</b>	<b>(3,574)</b>	<b>2,459</b>	<b>6,466</b>	<b>14,719</b>
(Increase)/Decrease in inventories	(636)	(3,332)	3,735	(188)
Decrease in trade, other receivables and contract assets	11,879	3,379	8,188	150
(Decrease)/Increase in trade, other creditors and contract liabilities	(1,520)	7,470	5,460	3,048
<b>Cash flows generated from operations</b>	<b>6,149</b>	<b>9,976</b>	<b>23,849</b>	<b>17,729</b>
Income tax paid	-	(122)	(66)	(175)
Interest received	2	-	2	-
Interest paid	(2,198)	(3,210)	(7,572)	(8,249)
<b>Net cash flows from operating activities</b>	<b>3,953</b>	<b>6,644</b>	<b>16,213</b>	<b>9,305</b>
<b>Investing activities</b>				
Purchase of property, plant & equipment	(3,473)	(3,741)	(9,843)	(14,612)
Proceeds from disposal of property, plant & equipment	1,376	6,716	5,781	16,866
<b>Net cash flows used in investing activities</b>	<b>(2,097)</b>	<b>2,975</b>	<b>(4,062)</b>	<b>2,254</b>
<b>Financing activities</b>				
Proceeds from issuance of shares	-	-	-	5,407
Proceeds from borrowings	-	-	-	1,565
Repayment of borrowings	(48)	(2,980)	(4,376)	(7,877)
Repayment of bond payable	-	-	(300)	-
Decrease in restricted bank balances	-	(628)	-	(238)
Lease payments	(2,686)	(2,963)	(8,615)	(9,177)
<b>Net cash flows used in financing activities</b>	<b>(2,734)</b>	<b>(6,571)</b>	<b>(13,291)</b>	<b>(10,320)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(878)</b>	<b>3,048</b>	<b>(1,140)</b>	<b>1,239</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(12)</b>	<b>5</b>	<b>(41)</b>	<b>36</b>
Cash and bank balances at beginning of period	2,623	3,722	2,914	5,500
<b>Cash and bank balances at end of period</b>	<b>1,733</b>	<b>6,775</b>	<b>1,733</b>	<b>6,775</b>

*The accompanying explanatory notes in Section F form an integral part of the unaudited condensed interim consolidated financial statements*

**D CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>Group</b>					
	Q3 FY2022 30/9/2022	Q3 FY2021 30/9/2021	Fav/ (Unfav)	9 Months 30/9/2022	9 Months 30/9/2021	Fav/ (Unfav)
	\$'000	\$'000	%	\$'000	\$'000	%
Loss after tax	(13,381)	(10,526)	(27.1)	(22,765)	(24,824)	8.3
Foreign currency translation	(726)	(102)	(611.8)	(1,381)	(422)	(227.3)
Total comprehensive loss	(14,107)	(10,628)	(32.7)	(24,146)	(25,246)	4.4
Attributable to:						
Owners of the Company	(18,963)	(10,644)	(78.2)	(29,392)	(25,395)	(15.7)
Non-controlling interests	4,856	16	nm	5,246	149	nm
	(14,107)	(10,628)	(32.7)	(24,146)	(25,246)	4.4

nm - not meaningful

**E CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY**

	Share capital \$'000	Capital reserves \$'000	Share option reserves \$'000	Foreign currency translation reserves \$'000	Fair value reserves \$'000	Retained earnings \$'000	Non-controlling interests \$'000	Total \$'000
<b>GROUP</b>								
Balance at 1 January 2022	149,384	6,837	12,800	(6,737)	(409)	(59,985)	(8,766)	93,124
Conversion of bonds	2,502	-	-	-	-	-	-	2,502
Total comprehensive income/ (loss) for the year	-	-	-	(655)	(96)	(9,774)	390	(10,135)
Balance at 30 June 2022	151,886	6,837	12,800	(7,392)	(505)	(69,759)	(8,376)	85,491
Conversion of bonds	483	-	-	-	-	-	-	483
Total comprehensive income/ (loss) for the year	-	-	-	(726)	(44)	(18,237)	4,856	(14,151)
Balance at 30 September 2022	152,369	6,837	12,800	(8,118)	(549)	(87,996)	(3,520)	71,823
Balance at 1 January 2021	141,445	6,837	12,800	(6,553)	(303)	(32,742)	(8,920)	112,564
Issue of shares	5,407	-	-	-	-	-	-	5,407
Total comprehensive income/ (loss) for the year	-	-	-	(320)	37	(14,431)	133	(14,581)
Balance at 30 June 2021	146,852	6,837	12,800	(6,873)	(266)	(47,173)	(8,787)	103,390
Issue of shares	1,500	-	(1,500)	-	-	-	-	-
Total comprehensive income/ (loss) for the year	-	-	-	(102)	(115)	(10,542)	16	(10,743)
Balance at 30 September 2021	148,352	6,837	11,300	(6,975)	(381)	(57,715)	(8,771)	92,647
<b>COMPANY</b>								
Balance at 1 January 2022	149,384	-	12,800	-	-	(52,383)	-	109,801
Conversion of bonds	2,502	-	-	-	-	-	-	2,502
Total comprehensive income for the year	-	-	-	-	-	696	-	696
Balance at 30 June 2022	151,886	-	12,800	-	-	(51,687)	-	112,999
Conversion of bonds	483	-	-	-	-	-	-	483
Total comprehensive income for the year	-	-	-	-	-	13	-	13
Balance at 30 September 2022	152,369	-	12,800	-	-	(51,674)	-	113,495
Balance at 1 January 2021	141,445	-	12,800	-	-	(51,632)	-	102,613
Issue of shares	5,407	-	-	-	-	-	-	5,407
Total comprehensive income for the year	-	-	-	-	-	18	-	18
Balance at 30 June 2021	146,852	-	12,800	-	-	(51,614)	-	108,038
Issue of shares	1,500	-	(1,500)	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	15	-	15
Balance at 30 September 2021	148,352	-	11,300	-	-	(51,599)	-	108,053

## F NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1 Basis of preparation

The condensed quarterly financial statements for the 9 months ended 30 September 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting. This quarterly reporting announcement is mandatory, made pursuant to the Singapore Exchange Securities Trading's ("SGX-ST") requirements, as required under Rule 705(2C) of the SGX-ST Listing Manual. The condensed 9 months financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 1.1

The condensed interim financial statements are presented in Singapore dollar which is the Group's functional currency.

#### 1.1 New and amended standards adopted by the Group

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2022. The adoption of these amendments did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial period.

#### 1.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The following are the critical accounting estimates in applying the Group's accounting policies in the financial statements for the nine months ended 30 September 2022:

##### 1.2 (a) Revenue recognition on construction contracts

For construction contracts where the Group satisfies its performance obligations over time, management has determined that a cost-based input method provides a faithful depiction of the Group's performance in transferring control of the construction contracts to the customers, as it reflects the Group's efforts incurred to date relative to the total inputs expected to be incurred for the construction contracts. The measure of progress is based on the costs incurred to date as a proportion of total costs expected to be incurred up to the completion of the construction contracts.

Significant assumptions are required to estimate the total construction and other related costs and the recoverable variation works that affect the progress of construction contracts. In making these estimates, management has relied on past experience and knowledge of the project directors and managers. Management takes into consideration the historical trends of the amounts incurred in its other construction contracts of similar nature.

Contract revenue and contract costs recognised for the financial period ended 30 September 2022 are disclosed in the condensed interim consolidated income statement.

##### 1.2 (b) Impairment assessment on non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit ("CGU") exceeds its recoverable amount, which is determined based on value in use calculations. The value-in-use calculation is based on a discounted cash flow model. The recoverable amount is most sensitive to the discount rate used to present value the expected future cash flows. The Group also performed sensitivity analysis on the key assumptions, including discount rate, expected future cash inflows and projected revenue growth rate, to determine that reasonably possible change to the assumptions would not result in a material difference to the outcome of the impairment test.

##### Steel beams and columns

For the purpose of this condensed interim financial statements for the nine months ended 30 September 2022, management has reviewed and considered the cash flows projections for the CGU. As there were no impairment indicators at 30 September 2022, no impairment testing was performed.

### 2 Loss before tax

The following items have been included in arriving at loss before tax:

	Q3 FY2022	Q3 FY2021	9 Months	9 Months
	30/9/2022	30/9/2021	30/9/2022	30/9/2021
	\$'000	\$'000	\$'000	\$'000
Loss on disposal of property, plant & equipment	624	4,119	1,347	7,481
Depreciation	6,226	6,514	19,110	20,993
Strut consumption allowance	439	723	663	3,717
Provision for onerous contracts	-	(333)	-	109

### 3 Segment and revenue information

The primary format, by geographical segments, is based on the Group's management and internal reporting structure. Inter-segment pricing, if any, is determined on an arm's length basis.

The Group mainly operates in two geographical areas, namely Singapore and Rest of Asia Pacific. The Singapore geographical segment operates in all four of the Group's business segments, whilst the Rest of Asia Pacific geographical segment operates in the specialist civil engineering, structural steelworks and design and build business segments. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Singapore \$'000	Rest of Asia Pacific \$'000	Eliminations \$'000	Group \$'000
<b>9 months ended 30 September 2022</b>				
<b>Revenue</b>				
External customers	75,036	28,310	-	103,346
Inter-segment revenue	(252)	9,576	(9,324)	-
Total revenue	74,784	37,886	(9,324)	103,346
Depreciation	14,500	4,610	-	19,110
<b>Result</b>				
Segment result	(14,232)	413	681	(13,138)
Share of results of associated companies				(617)
Finance income				2
Finance cost				(8,855)
Loss before tax				(22,608)
Tax				(157)
Loss after tax				(22,765)
Non-current assets	143,645	95,375	-	239,020

#### Revenue by Business Segments

	Q3 FY2022 \$'000	Q3 FY2021 \$'000	9 months FY2022 \$'000	9 months FY2021 \$'000
Structural steelworks	8,740	11,840	36,736	34,599
Specialist civil engineering	19,881	18,907	66,520	55,349
Mechanical engineering	28	2	51	2
Design and Build	1	648	39	15
	28,650	31,397	103,346	89,965

### 4 Earning per share

Earnings per share for the year based on net profit attributable to shareholders:-

	Group		Group	
	Q3 FY2022 30/09/2022	Q3 FY2021 30/09/2021	9 Months 30/09/2022	9 Months 30/09/2021
(i) Based on weighted average number of shares in issue (cents)	(2.68)	(1.85)	(4.12)	(4.37)
(ii) On a fully diluted basis (cents) #	(2.33)	(1.34)	(3.58)	(3.22)
(i) Weighted average number of shares in issue	679,268,774	571,364,793	679,268,774	571,364,793
(ii) Weighted average number of shares for diluted earnings	782,668,774	761,364,793	782,668,774	761,364,793

# - Based on the weighted average number of units during the period, adjusted for effects of potential dilutive units arising from the assumed conversion of the outstanding convertible bonds to ordinary shares.

## 5 Net asset value per share

	Group (cents)		Company (cents)	
	30/9/2022	31/12/2021	30/9/2022	31/12/2021
Net asset value per share	10.70	15.86	16.12	17.09

## 6 Property, plant and equipments

Group	Freehold land	Leasehold property	Plant and machinery	Motor vehicles	Office equipment and furniture	Steel beams and columns	Cranes	Total
<u>As at 31 December 2021</u>								
Cost	29,667	56,476	34,724	5,144	7,460	263,486	36,147	433,104
Accumulated amortisation and impairment	-	(37,671)	(28,947)	(4,684)	(7,169)	(107,516)	(32,091)	(218,078)
Net Book value	29,667	18,805	5,777	460	291	155,970	4,056	215,026

### 9 months ended 30 September 2022

Opening net book value	29,667	18,805	5,777	460	291	155,970	4,056	215,026
Addition	-	5	189	58	114	11,892	1,592	13,850
Disposal/Write off	-	-	-	-	(1)	(15,041)	-	(15,042)
Depreciation	-	(2,223)	(1,028)	(181)	(125)	(8,241)	(755)	(12,553)
Strut consumption allowance	-	-	-	-	-	(522)	-	(522)
Exchange differences	(1,310)	(8)	6	7	-	1,038	(13)	(280)
Closing net book value	28,357	16,579	4,944	344	279	145,096	4,880	200,479

### As at 30 September 2022

Cost	28,357	56,418	34,649	5,007	7,492	252,439	37,934	422,296
Accumulated amortisation and impairment	-	(39,839)	(29,705)	(4,663)	(7,213)	(107,343)	(33,054)	(221,817)
Net Book value	28,357	16,579	4,944	344	279	145,096	4,880	200,479

## 7 Borrowings

	As at 30/9/2022		As at 31/12/2021	
	\$'000		\$'000	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	92,455	4,593	42,741	3,667
Amount repayable after one year	4,003	2,470	59,613	3,502

## G Other Information Required by Listing Rule Appendix 7

### 1 REVIEW

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 30 September 2022 and the related condensed consolidated income statement and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the 9 months period then ended and certain explanatory notes have not been audited or reviewed.

### 2 SHARE CAPITAL

There was a total of 61,400,000 new shares issued during the period from 1 January 2022 to 30 September 2022 arising from conversion of convertible bond.

As at 30 September 2022, there is 103,400,000 unissued ordinary shares (31 December 2021: 164,800,000) which may be issued on conversion of convertible bonds of the Company.

As at 30 September 2022, the total number of issued shares was 703,942,767 (31 December 2021: 642,542,767).

### 3 AUDIT

These figures have not been audited or reviewed by the auditors.



#### 4 REVIEW OF THE PERFORMANCE OF THE GROUP

The Group's revenue for the three months ended September 30, 2022 ("3QFY2022") decreased by 8.7% to \$28.7 million compared to \$31.4 million in the previous corresponding period ended September 30, 2021 ("3QFY2021").

Revenue from Specialist Civil Engineering projects increased by 5.2% from \$18.9 million in Q3FY2021 to \$19.9 million in Q3FY2022. The contributions for the review period came mainly from Changi Terminal 5 and North-South Corridor N103 projects, as well as infrastructural projects in Hong Kong.

Revenue from Structural Steelwork decreased by 26.2%, from \$11.8 million in Q3FY2021 to \$8.7 million in Q3FY2022. Key contributors include projects for Punggol Sport Hub Complex, Singapore General Hospital and ICA Building.

As construction costs remained high due to increased energy and raw material costs, as well as a tight labour market, the Group's margins for certain projects have been eroded. This resulted in the Group's gross loss in Q3FY2022 increasing to \$7.7 million, compared to a gross loss of \$2.2 million in Q3FY2021.

Other income decreased from \$0.6 million in Q3FY2021 to \$0.2 million in Q3FY2022 mainly due to lower Government job support grant and foreign work levies rebate received in Q3FY2022. General and administrative expenses reduced marginally to \$2.6 million in Q3FY2022, compared to \$2.7 million in Q3FY2021. On the other hand, Finance costs increased from \$2.6 million to \$2.7 million due to higher interest rate in Q3 FY2022.

Exceptional expenses decreased significantly by \$4 million to \$0.3 million in Q3FY2022, compared \$4.3 million recorded in Q3FY2021. This was due to the disposal of low-usage strutting materials in FY2021.

As a result of the higher gross loss, the Group incurred a loss before tax of \$13.4 million in Q3FY2022, compared to a loss before tax of \$10.5 million in Q3FY2021. Net asset value per share decreased by 32.5% from 15.86 Singapore cents as at 31 December 2021 to 10.70 Singapore cents as at 30 September 2022.

The Group's net gearing is higher at 1.38 times as at 30 September 2022, compared to 1.12 times as at 31 December 2021.

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

Not applicable. The Group has not previously disclosed any forecast or prospect statements to its shareholders.

#### 6 A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or event that may effect the group in the next reporting period and the next 12 months

The construction industry continues to battle against a highly competitive operating environment where costs have been kept high by increased energy and construction material prices, and exacerbated by a tight labour supply. Margins of projects secured prior to the COVID pandemic are adversely impacted.

The ability of the Group to fulfil its obligations is dependent on the Group generating sufficient cash flows, primarily from its projects. As at 30 September 2022, the Group had secured an order book of \$404.9 million. The Group is also actively engaging its lenders to secure their continued support for the revision of repayment terms. As announced on 20 April 2022, the Group is also seeking strategic investor(s) to strengthen and reinforce the Company's capital structure and the Group is currently conducting discussions with various strategic investors and financier to explore various fund-raising options. In the event of short-term cash flow gaps, the Group will consider monetizing its steel beams and columns assets. However, in doing so, the Group's business may be affected as the Group may have to purchase new steel beams and columns to carry out new projects when such new projects are awarded to the Group.

The Group is currently in pursuit of potential projects in Singapore and Hong Kong amounting to about \$980 million. Included in this pipeline are mega commercial developments such as the Marina Bay Sands Integrated Resort expansion as well as public infrastructure projects including the MRT Jurong Regional Line and the Cross Island Line.

Resumption of the construction of Changi Airport Terminal 5, as well as developments in the Jurong Lake District, Paya Lebar and Tengah areas over the next few years will bring new project opportunities to the local construction industry. Regionally, governments are expected to prime infrastructural developments to invigorate their economies stifled by the COVID pandemic.

Against a highly competitive backdrop, the Group will exercise caution when it actively seeks new projects and business opportunities in Singapore as well as in the region.

**7 DIVIDEND**

**(a) Current financial period reported on**

None

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

None

**(c) If no dividend has been declared / recommended, a statement to the effect and the reason**

No dividend is recommended for period ended 30 September 2022 as the Board of Directors deems it appropriate to conserve funds for the Group's business activities and working capital requirement.

**8 Interested Person Transactions**

The Group has not obtained a general mandate from shareholders for Interested Party Transactions pursuant to Rule 920(1)(a)ii.

**9 Negative assurance**

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the nine months ended 30 September 2022 to be false or misleading, in any material aspect.

**10 Confirmation that the issuer has procured undertakings from all its directors and executive officers**

The Company confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of Singapore Exchange Securities Trading Limited.

**SEOW SOON YONG**  
Chief Executive Officer

**CHIA SIN CHENG**  
Finance & Executive Director

Date: 11 November 2022