



Reclaims Global Limited

绿达环球有限公司

Company Registration No. 201834755M

Registered Address: 10 Tuas South Street 7 Singapore 637114

**Unaudited Full Year Financial Statements and Dividend Announcement
For the Financial Year Ended 31 January 2020**

This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

The contact person for the Sponsor is Ms. Lee Khai Yinn (Tel: +65 6232 3210) at 1 Robinson Road #21-00, AIA Tower, Singapore 048542.

Reclaims Global Limited (the "**Company**") and together with its subsidiaries, the "**Group**") was listed on the Catalist of the SGX-ST on 11 March 2019, pursuant to an initial public offering (the "**IPO**") exercise. The Group is an eco-friendly integrated service provider in the construction industry, specialising in the recycling of construction and demolition waste, customisation of excavation solutions and operating fleet management. The Group's business is organised into three main business segments as follows: (1) recycling; (2) excavation services; and (3) logistics and leasing. Since 2009, the Group has built an established reputation and a proven track record for effective execution and timely delivery of services of different nature and scales.

The Company was incorporated in Singapore on 11 October 2018 under the Companies Act (Chapter 50) of Singapore as a private company limited by shares under the name of "Reclaims Global Pte. Ltd.". On 23 January 2019, pursuant to the restructuring exercise (the "**Restructuring Exercise**") undertaken to rationalise the corporate structure of our Group in preparation for the IPO as disclosed in the Company's offer document dated 1 March 2019 (the "**Offer Document**"), the Company became the parent company of the Group. The Company was converted into a public limited company on 23 January 2019 and the Company's name was changed to "Reclaims Global Limited". Please refer to the Offer Document for further details on the Restructuring Exercise.

For the purposes of this announcement, the Group's results for the financial year ended 31 January 2020 ("**FY2020**") and comparative results for the financial year ended 31 January 2019 ("**FY2019**") have been prepared using the pooling-of-interest method, and the consolidated financial statements are presented as if the combination has occurred since the beginning of the earliest period presented.

Part I Information Required for Quarterly, Half-Year and Full Year Announcements

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

	Group		
	Unaudited FY2020 S\$'000	Audited FY2019 S\$'000	Increase/ (Decrease) %
Revenue	34,213	31,590	8.3
Interest income	6	4	50.0
Other gains	477	315	51.4
Cost of materials, services and consumables	(18,974)	(17,366)	9.3
Other losses	-	(381)	N.M.
Finance costs	(190)	(163)	16.6
Depreciation expense	(2,257)	(2,242)	0.7
Depreciation of right-of-use-asset (Note 2)	(253)	-	N.M.
Amortisation expense (Note 2)	-	(252)	N.M.
Employee benefits expense	(6,628)	(4,823)	37.4
Other expenses	(4,302)	(5,888)	(26.9)
Profit before tax from continuing operations (Note 1)	2,092	794	163.5
Income tax expense	(531)	(524)	1.3
Profit from continuing operations, net of tax and total comprehensive income (Note 1)	1,561	270	478.1
Profit, net of tax and total comprehensive income attributable to owners of the Company	1,561	270	478.1

N.M. = Not meaningful

Note 1:

Excluding listing-related expenses amounting to S\$2.6 million (including an equity-settled share-based payment amounting to S\$1.8 million), profit before tax for FY2019 would have been S\$3.4 million and profit after tax for FY2019 would have been S\$2.9 million.

Note 2:

Please refer to explanation in paragraph 5.

1(a)(ii) Total comprehensive income is arrived after crediting/(charging) the following:

	Group		
	Unaudited FY2020 S\$'000	Audited FY2019 S\$'000	Increase/ (Decrease) %
Foreign exchange adjustment loss	-	(1)	N.M.
Interest income	6	4	50.0
Interest expense	(190)	(163)	16.6
Share-based payment, equity-settled	-	(1,830)	N.M.
Depreciation of property, plant and equipment	(2,257)	(2,242)	0.7
Depreciation of right-of-use-asset / Amortisation expenses (Note 1)	(253)	(252)	0.4
Allowance for impairment of trade receivables	-	(380)	N.M.
Reversal of impairment of trade receivables	-	20	N.M.
Net adjustments for over provision of tax in respect of prior years	46	11	318.2
Gain on disposal of plant and equipment	177	137	29.2
Government grants	241	157	53.5

N.M. = Not meaningful

Note 1:

Please refer to explanation in paragraph 5.

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

	Group		Company	
	Unaudited As at 31 January 2020 S\$'000	Audited As at 31 January 2019 S\$'000	Unaudited As at 31 January 2020 S\$'000	Audited As at 31 January 2019 S\$'000
ASSETS				
Non-current assets				
Investment in subsidiary	-	-	15,327	15,327
Property, plant and equipment	11,616	11,291	-	-
Right-of-use asset (Note 1)	3,989	-	-	-
Other asset, non-current (Note 1)	-	3,989	-	-
Total non-current assets	15,605	15,280	15,327	15,327
Current assets				
Inventories	17	82	-	-
Trade and other receivables	6,884	6,335	4,077	-
Other assets, current	5,394	4,576	42	-
Cash and cash equivalents	4,333	2,138	782	-
Total current assets	16,628	13,131	4,901	-
Total assets	32,233	28,411	20,228	15,327
EQUITY AND LIABILITIES				
Equity				
Share capital	19,388	15,327	19,388	15,327
Retained earnings / (Accumulated losses)	2,953	1,392	784	(52)
Total equity	22,341	16,719	20,172	15,275
Non-current liabilities				
Deferred tax liabilities	715	805	-	-
Other financial liabilities, non- current	2,837	3,142	-	-
Total non-current liabilities	3,552	3,947	-	-
Current liabilities				
Income tax payable	609	528	-	-
Trade and other payables	4,393	4,509	56	52
Other financial liabilities, current	1,338	2,708	-	-
Total current liabilities	6,340	7,745	56	52
Total liabilities	9,892	11,692	56	52
Total equity and liabilities	32,233	28,411	20,228	15,327

Note 1:

Please refer to explanation in paragraph 5.

1(b)(ii) Aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

Amount repayable in one year or less, or on demand:

	Group			
	Unaudited As at 31 January 2020		Audited As at 31 January 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	915	-	1,300	-
Hire-purchase payables	423	-	-	-
Bills payable to bank	-	-	1,408	-
	1,338	-	2,708	-

Amount repayable after one year:

	Group			
	Unaudited As at 31 January 2020		Audited As at 31 January 2019	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	2,351	-	3,142	-
Hire-purchase payables	486	-	-	-
	2,837	-	3,142	-

Details of collaterals relating to the above borrowing(s):

Bank loans

The bank loans are relating to bank borrowings drawn down to finance the land acquisition and construction of the Group's corporate headquarters at 10 Tuas South Street 7 Singapore 637114 ("**Tuas Property**") and are repayable by equal monthly instalments until October 2023.

Bank loans are covered by:

- Corporate guarantee from the Company;
- First legal mortgage over the leasehold Tuas Property; and
- Assignment of all rights, title and benefits under existing and future tenancy agreements and rental income in respect of the leasehold Tuas Property.

Hire-purchase payables

Hire-purchase payables are relating to finance the purchases of plant and equipment and repayable within 2 to 3 years.

The obligations under hire-purchase liabilities are covered by:

- The lessors' charge over the leased assets;
- Joint and several guarantees from certain directors of the Company; and
- Corporate guarantee from the Company.

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

	Group	
	Unaudited FY2020 S\$'000	Audited FY2019 S\$'000
Cash flows from operating activities		
Profit before tax	2,092	794
Adjustments for:		
Interest income	(6)	(4)
Interest expense	190	163
Share-based payment, equity-settled	-	1,830
Depreciation of property, plant and equipment	2,257	2,242
Depreciation of right-of-use-asset	253	-
Amortisation expense	-	(252)
Gain on disposal of plant and equipment	(177)	(137)
Operating cash flows before changes in working capital	4,609	5,140
Inventories	65	(82)
Trade and other receivables	(549)	(773)
Other assets	(1,071)	(3,385)
Trade and other payables	1,384	671
Net cash flows from operations	4,438	1,571
Income taxes paid	(540)	(273)
Net cash flows from operating activities	3,898	1,298
Cash flows from investing activities		
Purchase of plant and equipment	(2,658)	(2,198)
Proceeds from disposal of plant and equipment	746	154
Interest received	6	4
Net cash flows used in investing activities	(1,906)	(2,040)
Cash flows from financing activities		
Dividends paid (Note 1)	(1,500)	(2,500)
Interest paid	(190)	(163)
(Decrease) / Increase in bills payable	(1,408)	1,408
Repayment of borrowings	(1,175)	(1,299)
Repayment of hire-purchase payables	(342)	-
Proceeds from issuance of ordinary shares	4,061	-
Refinance plant and equipment	757	-
Net movements in amounts due to directors	-	(12)
Net movements in amount due from a related party	-	500
Net cash flows from / (used in) financing activities	203	(2,066)
Net increase / (decrease) in cash and cash equivalents	2,195	(2,808)
Cash and cash equivalents, beginning balance	2,138	4,946
Cash and cash equivalents, ending balance	4,333	2,138

Note 1:

Dividend paid of S\$1.5 million during FY2020 pertains to final dividend declared by the Group's subsidiary for FY2018 approved in July 2018.

1(d)(i) Statement (for the issuer and group) showing all changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year

GROUP	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000	Share-based payment reserves (Note 1) S\$'000
FY2020 (Unaudited):				
Balance at 1 February 2019	16,719	15,327	1,392	-
Total comprehensive income for the year	1,561	-	1,561	-
Initial public offering:				
- Issuance of new shares	4,370	4,370	-	-
- Share issue expenses capitalised	(309)	(309)	-	-
Balance at 31 January 2020	22,341	19,388	2,953	-
FY2019 (Audited):				
Balance at 1 February 2018	16,619	1,000	15,619	-
Total comprehensive income for the year	270	-	270	-
Share-based payment, equity-settled (Note 1)	1,830	-	-	1,830
Transfer from share-based payment reserves	-	-	1,830	(1,830)
Dividends paid (Note 2)	(2,000)	-	(2,000)	-
Issuance of share on incorporation date	-*	-*	-	-
Issuance of shares for acquisition of subsidiary	15,327	15,327	-	-
Effect from restructuring exercise	(15,327)	(1,000)	(14,327)	-
Balance at 31 January 2019	16,719	15,327	1,392	-

COMPANY	Total equity S\$'000	Share capital S\$'000	Retained earnings / (Accumulated losses) S\$'000
FY2020 (Unaudited):			
Balance at 1 February 2019	15,275	15,327	(52)
Total comprehensive income for the year	836	-	836
Initial public offering:			
- Issuance of new shares	4,370	4,370	-
- Share issue expenses capitalised	(309)	(309)	-
Balance at 31 January 2020	20,172	19,388	784
FY2019 (Audited):			
At date of incorporation on 11 October 2018	-*	-*	-
Total comprehensive loss for the year	(52)	-	(52)
Issuance of shares for acquisition of subsidiary	15,327	15,327	-
Balance at 31 January 2019	15,275	15,327	(52)

* Amount less than S\$1,000.

1(d)(i) Statement (for the issuer and group) showing all changes in equity, together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)

Note 1:

There is share-based payment arrangement. Based on an agreement entered between the Executive Directors, namely Chan Chew Leh, Tan Kok Huat and Andrew Chew, in January 2018, Andrew Chew is engaged to map out the strategy for the listing of the Group. Pursuant to the agreement, each of Chan Chew Leh and Tan Kok Huat transferred 2.5% of the issued share capital of Reclaims Enterprise Pte. Ltd. to Andrew Chew in April 2018. A further 2.5% of the issued share capital of Reclaims Enterprise Pte. Ltd. each from Chan Chew Leh and Tan Kok Huat is transferred to Andrew Chew during the share swap in connection with the Restructuring Exercise.

The fair value of the share-based payment totalling S\$1,830,000 has been estimated based on the Guideline Public Company Model (GPCM), and was recognised in profit or loss during FY2019 and correspondingly recorded in a share-based payment reserve account. Balance in the share-based payment reserve was transferred to retained earnings as at the end of FY2019.

Note 2:

Dividends on equity shares declared by the Group's subsidiary	Unaudited FY2020 S\$'000	Audited FY2019 S\$'000
Final tax-exempt (1-tier): S\$2.00 per share on 1,000,000 ordinary shares	-	2,000

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Company	
	Number of ordinary shares '000	Share capital S\$'000
Issued and paid-up share capital as at date of incorporation on 11 October 2018	-*	-*
Add: Issuance of shares pursuant to the Restructuring Exercise (before sub-division of shares)	15,327	15,327
Balance at 31 January 2019	15,327	15,327
Sub-division of 15,327,000 ordinary shares	112,000	15,327
Add: Issuance of shares pursuant to Company's initial public offering on 11 March 2019	19,000	4,370
Less: Share issue expenses capitalised	-	(309)
Balance at 31 July 2019 and 31 January 2020	131,000	19,388

* Amount less than S\$1,000.

The Company was incorporated on 11 October 2018 with an issued and paid up capital of S\$1 comprising one ordinary share. Pursuant to the Restructuring Exercise on 23 January 2019, the Company has an issued and paid up capital of S\$15,327,085 comprising 15,327,085 ordinary shares.

During the current financial year, the following took place:

- (i) On 26 February 2019, the 15,327,085 ordinary shares in the issued and paid up capital of the Company were subdivided into 112,000,000 ordinary shares; and
- (ii) On 8 March 2019, the Company issued 19,000,000 new shares pursuant to the IPO. As at the date of this announcement, the issued and paid-up capital (before capitalisation of qualifying share issue expenses) of the Company is S\$19,697,085 comprising 131,000,000 Shares.

There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 January 2020 and 31 January 2019.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	At 31 January 2020 (Unaudited)	At 31 January 2019 (Audited)
Total number of issued ordinary shares (excluding treasury shares)	131,000,000	15,327,085

The Company did not have any treasury shares as at 31 January 2020 and 31 January 2019.

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

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

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

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

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

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

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

Not applicable.

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

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainly relating to going concern.

Not applicable. The Group's latest audited financial statements for FY2019 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Save as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation as presented in the audited combined financial statements of the Group for FY2019.

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

The Group adopted the new and/or revised Singapore Financial Reporting Standards (International) (the "SFRS(I)s") that are effective for reporting periods beginning on or after 1 February 2019. Changes to the Group's accounting policies and methods of computation, including any required by the SFRS(I)s, would be made in accordance with the transition provisions in the respective SFRS(I)s. The adoption of the new and/or revised SFRS(I)s did not result in any substantial changes or significant impact on the financial statements of the Group for FY2020 except as below.

SFRS(I) 16 Leases

The Group has adopted and applied the modified retrospective approach for this new standard on leases. Under the modified retrospective approach the comparative Information is not restated and therefore there is no presentation of a third column for the statement of financial position. The Group has reclassified the prepaid land lease to right-of-use-asset at the date of initial application. There is no material impact to current and prior year financial results.

	31 January 2019	Reclassification	1 February 2019
Other asset, non-current	3,989	253	4,242
Other assets, current	4,576	(253)	4,323

6 Earnings per ordinary share (“EPS”) of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	Unaudited FY2020	Audited FY2019
Profit attributable to owners of the Company (S\$'000)	1,561	270
Weighted average number of ordinary shares ('000)	129,126	112,000
EPS (Basic and diluted) (cents)	1.21	0.24

Diluted EPS is the same as basic EPS as no potential dilutive ordinary shares exist during the respective reporting years.

For comparative and illustrative purposes, the weighted average number of ordinary shares used for the calculation of EPS for FY2019 is based on pre-invitation number of shares of 112,000,000. Excluding listing-related expenses amounting to S\$2.6 million (including an equity-settled share-based payment amounting to S\$1.8 million) recognised during FY2019, the profit net of tax for FY2019 would have been S\$2.9 million, and the related earnings per share based on 112,000,000 of ordinary shares would have been 2.60 cents per share.

7 Net asset value (“NAV”) (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the current financial period reported on and the immediately preceding financial year

	Group		Company	
	31 January 2020	31 January 2019	31 January 2020	31 January 2019
NAV attributable to owners of the Company (S\$'000)	22,341	16,719	20,172	15,275
Total number of issued shares excluding treasury shares ('000)	131,000	131,000	131,000	131,000
NAV per ordinary share (cents)	17.05	12.76	15.40	11.66

For comparative and illustrative purposes, the NAV per ordinary share as at 31 January 2019 was computed based on post-invitation number of shares of 131,000,000.

8 Review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business

(a) Significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factor

Revenue

For FY2020, the Group registered a higher revenue of S\$34.2 million compared to S\$31.6 million during FY2019.

Revenue generated was mainly from the business segments below:

Recycling

Revenue from the recycling segment was generated from the sale of recycled concrete aggregates such as recycled graded stone, recycled quarry dust and 20-mm recycled aggregate. As part of our recycling activities, we may from time to time provide reinstatement works, demolition works, backfilling, compaction and turfing, and disposal of construction and demolition (“C&D”) waste.

Revenue from the recycling segment decreased by S\$1.0 million or 18.0% from S\$5.5 million in FY2019 to S\$4.5 million in FY2020 mainly due to lesser reinstatement and demolition works undertaken by the Group, resulting in lesser amount of C&D waste being recycled and sold.

Excavation services

Our excavation services mainly include earth moving, mass excavation, deep basement excavation, foundation and pile cap excavation.

Revenue from the excavation services segment increased by S\$5.3 million or 36.4% from S\$14.4 million in FY2019 to S\$19.7 million in FY2020 mainly due to increase in the number of excavation projects secured. This is in line with our business direction where we focus more on the excavation projects as they tend to be larger in scale and longer in duration.

Logistics and leasing

Revenue from the logistics and leasing segment is generated from the provision of material transportation and disposal services using our fleet of tipper trucks. From time to time, we lease our equipment such as excavators, tipper trucks, breakers, articulated dump trucks, mobile crushers and mobile screeners.

Revenue from the logistics and leasing segment decreased by S\$1.8 million or 15.3% from S\$11.5 million in FY2019 to S\$9.7 million in FY2020 mainly due to redirection of our resources to the excavation services segment.

Interest income

Our interest income for FY2020 and FY2019 pertains to interest received from fixed deposit placed and our interest-bearing bank account.

Other gains

Other gains increased by S\$0.2 million or 51.4% from S\$0.3 million in FY2019 to S\$0.5 million in FY2020 mainly due to:

- (a) an increase in government grants of S\$0.1 million; and
- (b) gain on disposal of plant and equipment amounting to S\$0.2 million (FY2019: S\$0.1 million).

Cost of materials, services and consumables

Cost of materials, services and consumables increased by S\$1.6 million or 9.3% from S\$17.4 million in FY2019 to S\$19.0 million in FY2020 mainly due to increase in transportation services received, disposal costs and diesel costs.

Other losses

Other losses for FY2019 amounted to S\$0.4 million pertained to allowances made for impairment on trade receivables. There are no such allowances made in FY2020.

Finance costs

Finance costs increased by S\$27,000 or 16.6% from S\$163,000 in FY2019 to S\$190,000 in FY2020 mainly due to the drawdown of various banking facilities, such as hire-purchase facilities and trade financing facility, to support the increased operations.

Depreciation expense

Depreciation expense for FY2020 and FY2019 remained relatively stable, which amounted to S\$2.3 million and S\$2.2 million for respective year. Although additions in plant and equipment is higher in FY2020 compared to FY2019, depreciation and amortisation expense for FY2020 and FY2019 are comparable as more plant and equipment were fully depreciated at the beginning of FY2020 as compared to FY2019.

Depreciation of right-of-use-asset

Depreciation of right-of-use-asset for FY2020 and amortisation expense for FY2019 pertain to amortisation of the prepaid land lease. Please refer to paragraph 5 for further details on the change of classification.

Employee benefits expense

Employee benefits expense increased by S\$1.8 million or 37.4% from S\$4.8 million in FY2019 to S\$6.6 million in FY2020 mainly due to increase in headcount and salary increments during FY2020, as well as an increase of S\$0.2 million in foreigner levy cost as compared to prior year. As at 31 January 2020, the Group had 141 employees as compared to 125 employees as at 31 January 2019.

Other expenses

Other expenses decreased by S\$1.6 million or 26.9% from S\$5.9 million in FY2019 to S\$4.3 million in FY2020. The decrease was mainly due to one off listing-related expenses amounting to S\$2.6 million (including an equity-settled share-based payment amounting to S\$1.8 million) which was incurred in FY2019. The decrease was partially offset by an increase in daily operation expenses, including an additional amount of \$0.4 million due to repair and machines maintenance costs and \$0.3 million from the rental of machineries.

Profit before tax

As a result of the above, profit before tax for FY2020 amounted to S\$2.1 million compared to S\$0.8 million for FY2019. Excluding listing-related expenses amounting to S\$2.6 million, the overall profit before tax has decreased by S\$1.3 million as the Company shifted its focus towards excavation projects which tend to have a lower profit margin.

Income tax expense

The Group operates in Singapore and is subject to Singapore corporate tax. Our effective tax rates for FY2020 and FY2019 were 25.4% and 15.4% (after excluding the listing-related expenses which is not tax-deductible) respectively. The effective tax rate for FY2020 has increased as the enhanced productivity and innovation credit tax benefits has lapsed after year assessment 2018.

(b) Material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Financial Position Review

Non-current assets

Non-current assets were at S\$15.6 million as at 31 January 2020 as compared to S\$15.3 million as at 31 January 2019.

Property, plant and equipment increased by S\$0.3 million or 2.9% from S\$11.3 million as at 31 January 2019 to S\$11.6 million as at 31 January 2020. The increase was mainly due to addition of plant and equipment amounting to S\$3.2 million during FY2020, partially offset by depreciation expense amounting to S\$2.3 million and disposal of plant and equipment of net book value amounting to of S\$0.6 million.

Right-of-use asset (prior period disclosed as "other assets") comprise the prepaid land lease to Jurong Town Corporation for land parcel at 10 Tuas South Street 7 Singapore 637114.

Current assets

Current assets increased by S\$3.5 million or 26.6% from S\$13.1 million as at 31 January 2019 to S\$16.6 million as at 31 January 2020. The increase was mainly due to increase in trade and other receivables, other assets and cash and cash equivalents by S\$0.5 million, S\$0.8 million and S\$2.2 million respectively.

Trade receivables' turnover days was 73 as at 31 January 2020 as compared to 73 as at 31 January 2019.

Other assets as at 31 January 2020 mainly comprise contract assets pertaining to work performed but not billed amounting to S\$4.3 million (31 January 2019: S\$3.9 million). The increase of S\$0.4 million in contract assets was due to the Group undertook more project-based contracts during FY2020 where payment by customers are subject to their payment certification procedures which typically take a longer time to process. There was also an increase of S\$0.6 million in advance payment to suppliers in view of increased operations. The increase was partially offset by depreciation of right-of-use asset amounting to S\$0.2 million (prior period disclosed as "other assets").

Non-current liabilities

Non-current liabilities decreased by S\$0.4 million or 10.0% from S\$3.9 million as at 31 January 2019 to S\$3.5 million as at 31 January 2020. The decrease was mainly due to repayment of bank loans amounting to S\$0.8 million and decrease in deferred tax liabilities amounting to S\$0.1 million. The decrease was partially offset by an increase in hire-purchase payables amounting to S\$0.5 million.

Current liabilities

Current liabilities decreased by S\$1.4 million or 18.1% from S\$7.7 million as at 31 January 2019 to S\$6.3 million as at 31 January 2020. The decrease was due to decrease in trade and other payables and other financial liabilities of S\$0.1 million and S\$1.4 million respectively, partially offset by an increase in income tax payable of S\$0.1 million.

The decrease in other financial liabilities was due to the decrease in bills payable to bank amounting S\$1.4 million.

Trade payables' turnover days was 84 as at 31 January 2020 compared to 63 as at 31 January 2019.

Cash Flow Review

In FY2020, net cash flows from operating activities was S\$3.9 million due to operating cash inflows before changes in working capital of S\$4.6 million, partially offset by net cash outflows from working capital changes of S\$0.2 million and income tax paid of S\$0.5 million. The net cash flows from working capital changes was due mainly to increase in other assets amounting of S\$1.1 million after the increase in operations of the Group which resulted in an increased contract assets balance and advance payments to suppliers and the increase in trade and other receivables of S\$0.5 million, but partially offset by the increase in trade and other payables of S\$1.4 million.

Net cash flows used in investing activities amounting to S\$1.9 million was mainly attributable to cash outflows for purchase of plant and equipment of S\$2.6 million, partially offset by proceeds from disposal of plant and equipment amounting to S\$0.7 million.

Net cash flows from financing activities amounting to S\$0.2 million was mainly due to the receipt of IPO proceeds and the refinancing of the existing plant and equipment by hire-purchase arrangement amounting to S\$4.1 million and S\$0.8 million respectively. These inflows were offset by payment of dividend declared by subsidiary for FY2018, repayment of bank loans, repayment of hire-purchase payables, decrease in bills payable and interest paid of S\$1.5 million, S\$1.2 million, S\$0.3 million, S\$1.4 million and S\$0.2 million respectively.

As a result of the above, there was a net increase of S\$2.2 million in cash and cash equivalents for FY2020. Cash and cash equivalents as at 31 January 2020 stood at S\$4.3 million.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

10 Commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Public sector projects

Based on projection by the Building and Construction Authority of Singapore (“**BCA**”), construction demand to remain strong in 2020 with sustained public sector construction demand. The total construction demand is expected to range between S\$28 billion and S\$33 billion this year, with about 60% contributed by the public sector construction demand. Public sector construction demand is expected to be spurred by major infrastructure projects, which are larger and more complex in scale, such as the Integrated Waste Management Facility, infrastructure works for Changi Airport Terminal 5, Jurong Region MRT Line and Cross Island MRT Line.

From 2021 to 2024, BCA expects the construction demand to hold steady over the medium term. Demand is projected to reach between S\$27 billion and S\$34 billion per year for 2021 and 2022 and between S\$28 billion and S\$35 billion per year for 2023 and 2024. The public sector will continue to lead demand and is expected to contribute S\$16 billion to S\$20 billion per year from 2021 to 2024 with building projects and civil engineering works each taking up about half of the demand. Besides public residential developments, public sector construction demand over the medium term will continue to be supported by various mega infrastructure projects. BCA expects private sector construction demand to stay at a moderate level in view of the likely continued global economic uncertainties and the current overhang in the supply of private residential housing units. In view of the consistent pipeline of public sector projects and the creditworthiness of government agencies, the Group will continue to focus on public sector projects, in particular the excavation projects, as they tend to be larger in scale and longer in duration.

The Group remains vigilant to market changes and alert to take on any opportunities locally and overseas to grow our business.

Recycled product range

Refer to the Company's announcement dated 3 March 2020, the Group has entered into a Memorandum of Agreement dated 28 February 2020 with Malaysian Palm Oil Board to plan and execute the production of strandboard from empty fruit bunch fibre, which is part of the Group strategy to expand their recycled product range. Following that, the Group has entered into a contract to purchase machines for the pilot pre-factory set-up. The assigned team is in the midst of finalising the factory layout plan and detail operations plan.

As the COVID-19 situation is still evolving, uncertainties in the global economy remain. The Group has expected the outbreak of the COVID-19 may affect the business performance and position mainly due to worker recruitments, travel restrictions and other precautionary measures imposed by relevant local authorities. The situation remains uncertain given the continuous support from the governments. The Group will maintain operational and financial prudence amidst a challenging economy and continue to leverage on our strength to seek opportunities in public infrastructure projects and bring enhanced values to our stakeholders.

11 Dividend

(a) Dividend declared for the current financial period

The Board of Directors is pleased to recommend a one-tier tax exempt final dividend of S\$0.0038 per ordinary share in respect of FY2020 (FY2019: nil) for approval by the Company's shareholders at the upcoming annual general meeting of the Company to be convened in due course.

Name of dividend	Final dividend
Dividend type	Cash
Dividend per ordinary shares	0.38 Singapore cents
Total dividend	S\$500,000

Total final dividend recommended is approximately 32% of the Group's net profit attributable to shareholders for FY2020. This is in line with the Board's intention disclosed in the Chairman's Statement of Annual Report for FY2019 to recommend a dividend of not less than 20% of the Group's net profit attributable to shareholders in respect of FY2020.

(b) Dividend declared for the previous corresponding period of the immediately preceding financial year

Not applicable as no dividend was declared for FY2019 as the Group wished to conserve cash for business growth.

(c) Date payable

Subject to approval by the Company's shareholders at the upcoming annual general meeting of the Company to be convened in due course, and to be announced at a later date.

(d) Record date

Subject to approval by the Company's shareholders at the upcoming annual general meeting of the Company to be convened in due course, and to be announced at a later date.

12 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

Not applicable.

13 If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPTs”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Catalyst Rules. If no IPT mandate has been obtained, a statement to that effect.

General mandate for IPTs was obtained at the Extraordinary General Meeting held on 30 May 2019.

In FY2020, the Group entered into the following IPTs:

Name of Interested Persons and nature of transactions	Aggregate value of all IPTs during FY2020 (excluding transactions less than S\$100,000)	
	Not conducted under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules S\$'000	Conducted under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules S\$'000
New Development Construction (“NDC”)⁽¹⁾:		
Rendering of logistics services to NDC	228	567
Leasing of excavator from NDC	27	194
Receipt of excavation services from NDC	349	-
Sales of recycled products to NDC	11	109

Note 1:

NDC is owned by New Development Contractors Pte. Ltd., which in turn is solely owned by Tan Lay Khim, who is the wife of the Executive Chairman of the Company, Chan Chew Leh. As such, NDC is an associate of Chan Chew Leh and is considered an interested person.

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

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalyst Rules.

15 Use of IPO Proceeds

The Company raised gross proceeds of S\$4.4 million from the IPO.

Referring to the Company's unaudited financial results for the financial year ended 31 January 2019 which was announced on 1 April 2019 and the use of proceeds from the IPO announcements on 2 May 2019, 22 May 2019, 4 June 2019, 19 August 2019 and 5 September 2019 (collectively, the "Announcements"), the utilisation and reallocation of the gross proceeds as at the date of this announcement are as follows:

Use of proceeds (as set out in the Offer Document)	Amount allocated S\$'000	Amount re- allocated S\$'000	Aggregate amount utilised per Announce- ments S\$'000	Amount utilised post Announce- ments S\$'000	Amount unutilised S\$'000
Expansion of operational capacity	600	-	(600)	-	-
Expansion of recycled product range	500	-	-	(94)	406
Expansion through acquisition, joint ventures and/or strategic alliances	300	(300)	-	-	-
General working capital purposes	1,363	552	(1,615)	-	300
Net proceeds	2,763	252	(2,215)	(94)	706
Share issue and listing expenses	1,607	(252)	(1,355)	-	-
Gross proceeds	4,370	-	(3,570)	(94)	706

As disclosed in the Company's announcement dated 19 August 2019, no further payment to professional parties and vendors relating to the IPO is required. As such, the unutilised amount of S\$252,000 allocated for share issue and listing expenses has been re-allocated to general working capital purposes.

As disclosed in the Company's announcement dated 5 September 2019, the Group is not in the process of finalising or making any offer for acquisition of business or entering into joint venture or strategic alliance and the amount of S\$300,000 allocated to expansion through acquisition, joint ventures and/ or strategic alliances is not expected to be utilised in the near term. To put the financial resources to better use, the Group has re-allocated the amount of S\$300,000 to general working capital purpose to fund its expanding operations.

As disclosed in the Company's announcement dated 3 March 2020, the Group has entered into a Memorandum of Agreement dated 28 February 2020 with Malaysian Palm Oil Board to plan and execute the production of strandboard from empty fruit bunch fibre, which is part of the Group strategy to expand its recycled product range. As of to date, the Group has utilised S\$94,000 from the IPO proceeds to finance the Phase 1 pilot pre-factory setup costs (including deposit for purchase of machineries and manpower costs).

Save as disclosed above, the above utilisation of gross proceeds is in line with the intended use and allocation of gross proceeds as set out in the Offer Document.

Part II Additional Information Required for Full Year Announcement

16 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Business segments

FY2020	Group				
	Recycling S\$'000	Excavation services S\$'000	Logistics and leasing S\$'000	Unallocated S\$'000	Total S\$'000
Revenue by segment					
Total revenue	4,511	19,668	9,717	317	34,213
Recurring EBITD[#]	1,054	2,062	2,032	(362)	4,786
Depreciation expense	(479)	(1,179)	(353)	(246)	(2,257)
Depreciation of right-of-use-asset	(114)	-	-	(139)	(253)
ORBIT[^]	461	883	1,679	(747)	2,276
Interest income					6
Finance costs					(190)
Income tax expense					(531)
Profit, net of tax					<u>1,561</u>
As at 31 January 2020					
Assets and reconciliations					
Segment assets	6,036	14,860	2,122	4,882	27,900
Cash and cash equivalents					4,333
Total assets					<u>32,233</u>
Liabilities and reconciliations					
Segment liabilities	2,079	3,128	1,220	2,141	8,568
Deferred tax liabilities					715
Income tax payable					609
Total liabilities					<u>9,892</u>
Other material items and reconciliations					
Expenditure for non-current assets	56	2,672	337	86	3,151

[#] Earnings before interests, income taxes, depreciation expense and depreciation of right-of-use asset

[^] Operating results before interests and income taxes

Business segment (Cont'd)

FY2019	Group				
	Recycling S\$'000	Excavation services S\$'000	Logistics and leasing S\$'000	Unallocated S\$'000	Total S\$'000
Revenue by segment					
Total revenue	5,504	14,422	11,466	198	31,590
Recurring EBITDA[#]	1,358	2,266	2,240	(2,417)	3,447
Depreciation and amortisation expense	(756)	(726)	(683)	(329)	(2,494)
ORBIT[^]	602	1,540	1,557	(2,746)	953
Interest income					4
Finance costs					(163)
Income tax expense					(524)
Profit, net of tax					270
As at 31 January 2019					
Assets and reconciliations					
Segment assets	6,598	9,871	4,458	5,346	26,273
Cash and cash equivalents					2,138
Total assets					28,411
Liabilities and reconciliations					
Segment liabilities	2,706	1,951	1,533	4,169	10,359
Deferred tax liabilities					805
Income tax payable					528
Total liabilities					11,692
Other material items and reconciliations					
Impairment of assets, net allowance	-	-	360	-	360
Expenditure for non-current assets	288	1,264	768	206	2,526

[#] Earnings before interests, income taxes, depreciation and amortisation

[^] Operating results before interests and income taxes

Geographical information

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

17 Review of segmental performance - Factors leading to any material changes in contributions to turnover and earnings by the operating segments

Please refer to commentaries in paragraph 8(a).

18 Breakdown of sales and operating profit/(loss) are as follow:

	Group		
	FY2020 S\$'000	FY2019 S\$'000	Increase/ (Decrease) %
Sales reported for:			
- First half year	15,160	13,110	15.6
- Second half year	19,053	18,480	3.1
Operating profit/(loss) after tax (before deducting non-controlling interests) reported for:			
- First half year	450	(92)	N.M.
- Second half year	1,111	362	206.9

Excluding non-recurring listing expenses recognised in the first half of FY2019 amounting S\$1.1 million and in the second half of FY2019 amounting to S\$1.5 million, operating profits after tax reported for the first half and second half of FY2019 were S\$1.0 million and S\$1.9 million respectively.

There were no non-controlling interests during FY2020 and FY2019.

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

	FY2020 S\$'000	FY2019 S\$'000
Ordinary	500	-
Preference	-	-
Total	500	-

20 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) of the Catalist Rules in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chan Bih Tzy	33	Niece of Executive Chairman, Chan Chew Leh	<p>Current position: General Manager</p> <p>First appointment date: February 2018</p> <p>Duties: Oversees the planning and coordination of the operations, administration and human resource departments</p>	Not applicable

BY ORDER OF THE BOARD

Andrew Dekguang Jhou Chew
Executive Director and CEO
31 March 2020