The following discussion of our Group's financial condition and results of operations should be read in conjunction with our Group's combined financial information as at the end of and for each of FY2014/15, FY2015/16 and FY2016/17, including the notes thereto, included in Appendix I to this document. The financial statements have been prepared in accordance with IFRSs. The following discussion contains certain forward-looking statements that involve risks and uncertainties. Our Group's future results could differ materially from those discussed below as a result of various factors, including those set forth under the section headed "Risk factors" and elsewhere in this document.

OVERVIEW

We are a Singapore-based contractor specialised in the medical and healthcare sectors with expertise in performing radiation shielding works. We mainly provide integrated design and building services for hospitals and clinics in Singapore.

During the Track Record Period, our revenue represented income derived from (i) the provision of integrated design and building services; (ii) the provision of maintenance and other services; and (iii) sales of tools and materials. Suppliers of goods and services which are specific to our business and are required on a regular basis to enable us to continue to carry on our business mainly include (i) our subcontractors; (ii) suppliers of building and radiation shielding materials; and (iii) suppliers of other miscellaneous services provided by third party professionals (such as surveying services and testing services), transportation services and rental of lifting machinery and equipment.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, including, in particular, the following:

Our tenders and quotations success rate on integrated design and building projects

During the Track Record Period, our Group secured new businesses mainly through direct invitations for quotation or tender by customers. Our tenders and quotations success rate for our integrated design and building services was approximately 78.3%, 75.0% and 72.0% for each of FY2014/15, FY2015/16 and FY2016/17, respectively. Our tenders and quotations success rate depends on various factors, such as our pricing and tender strategy, competitors' tender and pricing strategy, the level of competition and our customers' evaluation standards. Our tenders and quotations success rate will affect our financial position and performance.

Pricing of our projects

Our pricing is generally determined based on certain mark-up over our estimated costs. We need to estimate our costs in order to determine our fee quotation or tender price and there is no assurance that the actual amount of costs would not exceed our estimation during the performance of our projects. There are a range of factors that we typically consider when determining our pricing, including but not limited to the scope of services, the estimated number and types of workers required, the complexity of the project and the prevailing market conditions, etc. For further details, please refer to the section headed "Business – Pricing strategy" in this document. Our pricing directly affects our revenue and cash flows.

Fluctuation in costs of services

Our cost of services mainly comprise (i) subcontracting charges; (ii) direct materials costs; and (iii) staff costs. Any material fluctuation in our cost of services may adversely impact our financial performance. Please refer to the section headed "Business – Suppliers" in this document for further details on our suppliers and subcontractors.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of subcontracting charges and direct materials costs (being the major components of our cost of services) on our profit before and after taxation during the Track Record Period. The hypothetical fluctuation rates for subcontracting charges are set at 1.2% and 15.7%, which correspond to the approximate minimum and maximum percentage changes in average monthly basic wages of local and foreign workforce in the construction industry in Singapore from 2013 to 2016 as stated in the Ipsos Report (see "Industry overview – Potential challenges – Labour shortage" in this document) and are therefore considered reasonable for the purpose of this sensitivity analysis. The hypothetical fluctuation rates for direct materials costs are set at 0.5% and 8.7%, which correspond to the approximate minimum and maximum annual percentage changes in the cost of lead (a major type of material for radiation shielding) from 2013 to 2016 as stated in the Ipsos Report (see "Industry overview – Potential challenges – Fluctuating cost of materials" in this document) and are therefore considered reasonable for the purpose of this sensitivity analysis.

Hypothetical fluctuations in our subcontracting charges	-1.2%	-15.7%	+1.2%	+15.7%
Increase/(decrease) in profit before taxation *(Note 1)*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
FY2014/15	40	528	(40)	(528)
FY2015/16	31	412	(31)	(412)
FY2016/17	39	506	(39)	(506)
Increase/(decrease) in profit after taxation *(Note 2)*				
FY2014/15	33	438	(33)	(438)
FY2015/16	26	342	(26)	(342)
FY2016/17	32	420	(32)	(420)
Hypothetical fluctuations in our direct materials costs	-0.5%	-8.7%	+0.5%	+8.7%
Increase/(decrease) in profit before taxation *(Note 1)*	*S$'000*	*S$'000*	*S$'000*	*S$'000*
FY2014/15	13	224	(13)	(224)
FY2015/16	7	114	(7)	(114)
FY2016/17	13	218	(13)	(218)
Increase/(decrease) in profit after taxation *(Note 2)*				
FY2014/15	11	186	(11)	(186)
FY2015/16	6	95	(6)	(95)
FY2016/17	11	181	(11)	(181)

Notes:

1. Our profit before taxation was approximately S$4.1 million, approximately S$3.0 million and approximately S$6.1 million for each of FY2014/15, FY2015/16 and FY2016/17 respectively.

2. Our profit after taxation was approximately S$3.5 million, approximately S$2.7 million and approximately S$5.2 million for each of FY2014/15, FY2015/16 and FY2016/17 respectively.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Please refer to note 2 of the accountants' report set out in Appendix I to this document.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information of our Group has been prepared in accordance with accounting policies which conform with IFRSs. The significant accounting policies adopted by our Group are set forth in detail in note 4 to the accountants' report set out in Appendix I to this document.

Some of the accounting policies involve judgments, estimates, and assumptions made by our management. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Further information regarding the key judgements made in applying our accounting policies are set forth in note 5 to the accountants' report set out in Appendix I to this document.

SUMMARY OF RESULTS OF OPERATIONS

The combined statements of profit or loss and other comprehensive income during the Track Record Period are summarised below, which have been extracted from the accountants' report set out in Appendix I to this document:

	FY2014/15	FY2015/16	FY2016/17
	S$'000	*S$'000*	*S$'000*
Revenue	13,244	9,793	14,937
Costs of services/sales	(7,971)	(6,187)	(8,432)
Gross profit	5,273	3,606	6,505
Other income and other gains	23	50	182
Administrative expenses	(1,174)	(635)	(618)
Finance costs	(2)	–	–
Profit before taxation	4,120	3,021	6,069
Income tax expense	(653)	(340)	(918)
Profit for the year attributable to owners of the Company	3,467	2,681	5,151
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to profit or loss:			
Fair value change on available-for-sale financial assets, net of tax	–	(96)	223
Reclassified upon disposal of available-for-sale financial assets, net of tax	–	–	(128)
Total comprehensive income for the year	3,467	2,585	5,246

PRINCIPAL COMPONENTS OF RESULTS OF OPERATIONS

Revenue

During the Track Record Period, our revenue was derived from (i) the provision of integrated design and building services; (ii) the provision of maintenance and other services; and (iii) sales of tools and materials. For detailed breakdowns of our revenue during the Track Record Period by our business operations, category of our customers, project nature (private or public projects), movement in number of projects and number of projects by range of revenue recognised, please refer to the section "Business – Overview" and "Business – Projects undertaken during the Track Record Period" in this document.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for a discussion of the change in the amount of our revenue during the Track Record Period.

Costs of services/sales

The table below sets forth a breakdown of our costs of services/sales during the Track Record Period:

	FY2014/15		FY2015/16		FY2016/17	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*
Subcontracting charges	3,365	42.2	2,624	42.4	3,222	38.2
Direct materials	2,574	32.3	1,309	21.2	2,506	29.7
Staff costs	1,622	20.4	1,585	25.6	1,883	22.3
Rent	66	0.8	257	4.1	163	1.9
Consultancy fees	93	1.2	173	2.8	215	2.6
Depreciation	50	0.6	49	0.8	73	0.9
Other direct costs	201	2.5	190	3.1	370	4.4
Total	7,971	100.0	6,187	100.0	8,432	100.0

Our direct costs during the Track Record Period comprised:

(a) subcontracting fees, which are costs for engaging subcontractors for performing certain building works undertaken by us such as (i) M&E works relating to electrical systems, ACMV system, chiller systems, and plumbing and sanitary systems; and (ii) fitting-out works. As disclosed in the paragraph headed "Business – Suppliers – Reasons for subcontracting arrangement" of this document, we may subcontract some of our works to other subcontractors, depending on the availability of our labour resources and the types of specialised works involved;

(b) direct materials, which mainly represent costs for purchasing building and radiation shielding materials such as lead and other shielding materials, gypsum boards, steel and other electrical components;

(c) direct staff cost, which are salaries and benefits provided to our staff who are directly involved in our projects such as designers, site supervisors and site workers;

(d) rent, which mainly represents rental costs for renting lifting machinery and equipment and rental costs for foreign workers' dormitory (see "Business – Properties – Leased properties" in this document);

(e) consultancy fees, which mainly represents fees for surveying and testing services as required for our projects;

(f) depreciation, which represents depreciation charges for motor vehicles and machinery used in our projects; and

(g) other direct costs, which include various miscellaneous expenses such as transportation expenses for dismantled medical equipment.

Please refer to the paragraph headed ''Period-to-period comparison of results of operations'' in this section for a discussion of material fluctuations in our costs of services/sales.

Other income and other gains

The table below sets forth a breakdown of our other income and other gains during the Track Record Period:

	FY2014/15	**FY2015/16**	**FY2016/17**
	S$'000	*S$'000*	*S$'000*
Other income			
Dividend income from available-for-sale financial assets	–	40	27
Government grants	23	10	14
Interest income	–	–*	–
Others	–	–	8
Total	23	50	49
Other gains			
Gain arising on disposal of property, plant and equipment	–	–	5
Gain arising on disposal of available-for-sale financial assets	–	–	128
Total	–	–	133

* *The amount was negligible.*

Our other income and other gains during the Track Record Period mainly comprised:

(a) dividend income from available-for-sale financial assets, which was derived from certain listed equity investments in Singapore, which was classified as available-for-sale financial assets during the Track Record Period;

(b) government grants, which mainly included wage credits granted under the Wage Credit Scheme (see "Regulatory overview – Employment matters – Wage Credit Scheme" in this document) and payments under the Productivity and Innovation Credit Scheme (see "Regulatory overview – Singapore taxation – Productivity and Innovation Credit Scheme" in this document) and payments under Temporary Employment Credit Scheme (see "Regulatory overview – Singapore taxation – Temporary Employment Credit Scheme" in this document);

(c) interest income, which represented interests of S$118 earned on bank deposits during FY2016/17;

(d) gain arising on disposal of property, plant and equipment, which mainly represented gain on disposal of motor vehicles due to replacement during FY2016/17; and

(e) gain arising on disposal of available-for-sale financial assets, which represented gain on disposal of certain listed equity investments in Singapore, which was classified as available-for-sale financial assets during FY2016/17.

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for a discussion of material fluctuations in our other income and other gains.

Administrative expenses

The table below sets forth a breakdown of our administrative expenses during the Track Record Period:

	FY2014/15		**FY2015/16**		**FY2016/17**	
	S$'000	*%*	*S$'000*	*%*	*S$'000*	*%*
Depreciation	28	2.4	27	4.3	26	4.2
Entertainment and travelling	95	8.1	32	5.0	20	3.2
Insurance	28	2.4	24	3.8	29	4.7
Staff costs, including directors' remuneration	897	76.4	446	70.2	447	72.3
Utilities and office expenses	33	2.8	30	4.7	27	4.4
Other expenses	93	7.9	76	12.0	69	11.2
	1,174	100.0	635	100.0	618	100.0

Our administrative expenses during the Track Record Period comprised:

(a) depreciation, which include depreciation of land and leasehold properties, computer and office equipment, and furniture and fittings;

(b) entertainment and travelling expenses, which mainly represent costs in relation to the relationship building with existing and potential customers;

(c) insurance, which represent insurance premiums for insurance policies maintained by us;

(d) staff costs (including directors' emoluments), which include salaries, Central Provident Fund and benefits provided to our Directors and our administrative and back office staff;

(e) utilities and office expenses, which include utilities, telecommunications, printing and stationery; and

(f) other expenses, which mainly include expenses incurred for miscellaneous staff welfare and repair and maintenance of our owned property.

Finance costs

Our finance costs during the Track Record Period represented interest expenses on finance leases of our motor vehicles, details of which are disclosed in the paragraph headed "Indebtedness" in this section.

Income tax expense

Since our operation is based in Singapore, our Group is subject to corporate income tax in accordance with the tax regulations of Singapore The prevailing corporate tax rate in Singapore is 17%. In addition, the partial tax exemption scheme applies on the first S$300,000 of normal chargeable income; and specifically 75% of up to the first S$10,000 of a company's normal chargeable income, and 50% of up to the next S$290,000 is exempt from corporate tax. The remaining chargeable income (after the partial tax exemption) will be taxed at 17%. Further, companies will be granted a corporate income tax rebate of 50% of the tax payable for the Years of Assessment 2016 and 2017, subject to a cap of S$20,000 and S$25,000 respectively per year of assessment. Income tax expenses of our Group amounted to approximately S$0.7 million, S$0.3 million and S$0.9 million for each of the three years ended 30 June 2015, 2016 and 2017.

The statutory corporate tax rate in Singapore was 17% throughout the Track Record Period. The taxation for the Track Record Period can be reconciled to the profit before taxation as follows:

	FY2014/15	FY2015/16	FY2016/17
	S$'000	*S$'000*	*S$'000*
Profit before taxation	4,120	3,021	6,068
Tax at applicable tax rate of 17%	700	514	1,032
Tax effect of expenses not deductible for tax purpose	3	3	2
Tax effect of income not taxable for tax purpose	–	(7)	(26)
Effect of tax concessions and partial tax exemption	(50)	(170)	(90)
Taxation for the year	653	340	918

PERIOD-TO-PERIOD COMPARISON OF RESULTS OF OPERATIONS

FY2016/17 compared with FY2015/16

Revenue

Our revenue increased from approximately S$9.8 million for FY2015/16 to approximately S$14.9 million for FY2016/17, representing an increase of 52.0%. Such increase was mainly because:

(i) We increased our efforts in pursuing projects of relatively larger scales and higher income. We recorded an increase in the number of integrated design and building projects with revenue contribution to us and an increase in our revenue derived from integrated design and building projects of relatively larger scales and higher income as illustrated in the table below:

	FY2015/16	FY2016/17
	No. of projects	*No. of projects*
Revenue recognised		
S$1,000,000 or above	1	3
S$500,000 to below S$1,000,000	3	4
Below S$500,000	54	64
	58	71

(ii) We experienced an increase in demand for our integrated design and building services. According to the Ipsos Report, the total output value of the construction of medical-related facilities (i.e. hospitals, medical centres and clinics) increased from approximately S$2.1 billion in 2016 to approximately S$2.3 billion as estimated for 2017 and was driven by the Singapore Government's progressive planning of its healthcare facilities developments to meet growing demands for healthcare needs, in particular the redevelopment projects of medical-related facilities.

Costs of services/sales

Our direct costs increased from approximately S$6.2 million for FY2015/16 to approximately S$8.4 million for FY2016/17, representing an increase of 35.5%, which was lower than the increase in our revenue by approximately 16.5 percentage points (and thus resulted in our higher gross profit margin). The following is a discussion of the changes in the key components of our costs of services/sales in FY2016/17 as compared to FY2015/16:

(i) Our subcontracting charges increased from approximately S$2.6 million to approximately S$3.2 million, representing an increase of approximately 23.1%. Such increase was mainly due to the increase in amount of works outsourced to subcontractors as a result of our growth in business in FY2016/17 as illustrated by the increase in our revenue as discussed above.

(ii) Our cost of direct materials increased from approximately S$1.3 million to approximately S$2.5 million, representing an increase of approximately 92.3%. The significant increase in our cost of direct materials was mainly because of the increase in volume of construction materials used for projects in FY2016/17 as compared to that in FY2015/16 due to the size of the project sites, in particular our Group had undertaken the radiation shielding works for the Sengkang General Hospital and also due to the increase in the price of lead in FY2015/16. According to the Ipsos Report, the price of lead in the global market increased from US$1,831.4 per tonne in 2015 to US$1,991.0 per tonne in 2016, representing an increase of approxiamtely 8.7%.

(iii) Our direct staff costs increased from approximately S$1.6 million to approximately S$2.0 million, representing an increase of approximately 25.0%. Such increase was mainly due to the increase in the number of site workers in FY2016/17 compared with FY2015/16 in order to increase our overall capacity and efficiency and to cope with our business growth.

Gross profit and gross profit margin

Our gross profit and gross profit margin for FY2015/16 and FY2016/17 respectively were as follows:

	FY2015/16	**FY2016/17**
Revenue *(S$'000)*	9,793	14,937
Gross profit *(S$'000)*	3,606	6,505
Gross profit margin	36.8%	43.5%

Our gross profit amounted to approximately S$3.6 million and approximately S$6.5 million for FY2015/16 and FY2016/17 respectively, representing an increase of approximately 80.6%, while our gross profit margin increased from approximately 36.8% in FY2015/16 to approximately 43.5% in FY2016/17. The increase in our gross profit and the increase in our gross profit margin for FY2016/17 were primarily due to (i) the increase in our revenue due to reasons discussed above; and (ii) we set our quotations and tender prices based on a relatively higher expected margin in FY2016/17 in view of the increased demand for our services.

Other income and other gains

Our other income and other gains increased from approximately S$50,000 for FY2015/16 to approximately S$182,000 for FY2016/17, representing an increase of approximately 264.0%. Such increase was mainly due to the one-off gain on disposal of available-for-sale financial assets of S$128,000 recognised in FY2016/17 while no such gain was recognised in FY2015/16.

Administrative expenses

Our administrative expenses decreased from approximately S$635,000 for FY2015/16 to approximately S$618,000 for FY2016/17, representing a decrease of approximately 2.7%. Such decrease was mainly due to the decrease in entertainment and travelling expenses and the decrease in staff welfare and training expenses during FY2016/17.

Finance costs

Our finance costs decreased from S$225 for FY2015/16 to nil for FY2016/17, which was due to the full repayment of finance leases liabilities in FY2015/16.

Income tax expense

For each of FY2015/16 and FY2016/17, our income tax expense amounted to approximately S$340,000 and S$918,000 respectively, representing an increase of approximately 170.0%. Such increase was primarily due to the increase in our profit before tax from approximately S$3.0 million in FY2015/16 to approximately S$6.1 million in FY2016/17, representing an increase of 103.3%, mainly due to our increase in revenue and gross profit as discussed above.

Profit and total comprehensive income for the year

As a result of the aforesaid and in particular the increase in our revenue and gross profit as discussed above, our profit and total comprehensive income for the year attributable to owners of our Company increased from approximately S$2.6 million in FY2015/16 to approximately S$5.2 million in FY2016/17, representing an increase of approximately 100.0%.

FY2015/16 compared with FY2014/15

Revenue

Our revenue decreased from approximately S$13.2 million for FY2014/15 to approximately S$9.8 million for FY2015/16, representing a decrease of 25.8%. Such decrease was mainly because:

(i) There was a decrease in the number of integrated design and building projects with revenue contribution in FY2015/16, as demonstrated in the below table:

	FY2014/15 *No. of projects*	**FY2015/16** *No. of projects*
Projects brought forward from prior year	23	1
New projects awarded to us during the year	47	57
	70	58

(ii) The decrease in our revenue in FY2015/16 was affected by our timing of obtaining and commencing new projects, which was in turn affected by the industry trend. According to the Ipsos Report, the total output value of the construction of medical-related facilities (i.e. hospitals, medical centres and clinics) decreased from approximately S$2.2 billion in 2015 to approximately S$2.1 billion in 2016 due to slight delay of construction activities on site.

Costs of services/sales

Our costs of services/sales decreased from approximately S$8.0 million for FY2014/15 to approximately S$6.2 million for FY2015/16, representing a decrease of 22.5%, which was lower than the decrease in our revenue by approximately 3.3 percentage points (and thus resulted in our lower gross profit margin). The following is a discussion of the changes in the key components of our costs of services/sales in FY2015/16 as compared to FY2014/15:

(i) Our subcontracting charges decreased from approximately S$3.4 million for FY2014/15 to approximately S$2.6 million for FY2015/16, representing a decrease of approximately 23.5%. Such decrease was mainly due to the decrease in amount of works outsourced to subcontractors as a result of our decrease in our revenue as discussed above.

(ii) Our costs of direct materials decreased from approximately S$2.6 million for FY2014/15 to approximately S$1.3 million for FY2015/16, representing a decrease of approximately 50.0%. Such decrease was mainly due to the decrease in volume of construction materials used for projects in FY2015/16 as compared to that in FY2014/15.

(iii) Our rent and consultancy fees increased from approximately S$159,000 in aggregate for FY2014/15 to approximately S$430,000 for FY2015/16, representing an increase of approximately 170.4%. Such increase was mainly due to the increase in the rental costs for foreign workers' dormitory during FY2015/16 and the increase in the engagement of consultants for assisting to obtain statutory approvals and certifications from government authorities during FY2015/16.

Gross profit and gross profit margin

Our gross profit and gross profit margin for FY2014/15 and FY2015/16 respectively were as follows:

	FY2014/15	**FY2015/16**
Revenue *(S$'000)*	13,244	9,793
Gross profit *(S$'000)*	5,273	3,606
Gross profit margin	39.8%	36.8%

Our gross profit amounted to approximately S$5.3 million and approximately S$3.6 million for FY2014/15 and FY2015/16 respectively, representing a decrease of approximately 32.1%, and our gross profit margin decrease from approximately 39.8% in FY2014/15 to approximately 36.8% in FY2015/16. The decrease in our gross profit and the decrease in our gross profit margin were primarily due to the decrease in revenue due to reasons as discussed above.

Other income and other gains

Our other income and other gains increased from approximately S$23,000 for FY2014/15 to approximately S$50,000 for FY2015/16, representing an increase of approximately 117.4%. Such increase was mainly due to dividend income from available-for-sale financial assets of approximately S$40,000 recognised in FY2015/16 while there was no such dividend income in FY2014/15.

Administrative expenses

Our administrative expenses decreased from approximately S$1.2 million for FY2014/15 to approximately S$0.6 million for FY2015/16, representing a decrease of approximately 50.0%. Such decrease was mainly due to the decrease in staff costs as salaries and benefits to Mr. Ang Hwa Koon, the then shareholder of Hwa Koon, of approximately S$500,000 was charged to profit or loss in FY2014/15 while there was no such payment in FY2015/16.

Finance costs

Our finance costs decreased from approximately S$2,300 for FY2014/15 to S$225 for FY2015/16, which was due to the decrease in the outstanding balances of our finance leases liabilities upon our repayment.

Income tax expense

For each of FY2014/15 and FY2015/16, our income tax expense amounted to approximately S$653,000 and S$340,000 respectively, representing a decrease of approximately 47.9%. Such decrease was primarily due to the decrease in our profit before tax from approximately S$4.1 million in FY2014/15 to approximately S$3.0 million in FY2015/16, representing a decrease of 26.8%, mainly due to our decrease in revenue and gross profit as discussed above.

Profit and total comprehensive income for the year

As a result of the aforesaid and in particular the decrease in our revenue and gross profit as discussed above, our profit and total comprehensive income for the year attributable to owners of our Company decreased from approximately S$3.5 million in FY2014/15 to approximately S$2.6 million in FY2015/16, representing a decrease of approximately 25.7%.

LIQUIDITY AND CAPITAL RESOURCES

Our principal sources of funds have historically been our equity capital, cash generated from our operations and borrowings. Our primary liquidity requirements are to finance our working capital needs, and fund our capital expenditures and growth of our operations. Going forward, we expect these sources to continue to be our principal sources of liquidity, and we may use a portion of the proceeds from the **[REDACTED]** to finance a portion of our liquidity requirements.

As at [31 July] 2017, being the most recent practicable date for the purpose of the disclosure of our liquidity position, we had cash and bank balances of approximately S$3.1 million and we had no banking facilities available for cash drawdown.

Cash flows

The following table sets forth a summary of our cash flows for the periods indicated:

	FY2014/15	**FY2015/16**	**FY2016/17**
	S$'000	*S$'000*	*S$'000*
Net cash from operating activities	3,482	1,564	3,684
Net cash (used in)/from investing activities	(4)	(2,057)	1,953
Net cash used in financing activities	(1,469)	(2,163)	(2,721)
Net increase/(decrease) in cash and cash equivalents	2,009	(2,656)	2,916
Cash and cash equivalents at beginning of year	1,743	3,752	1,095
Cash and cash equivalents at end of year	3,752	1,095	4,011

Cash flows from operating activities

Our operating cash inflows is primarily derived from our revenue from our business operations, whereas our operating cash outflows mainly includes payment for purchase of materials, subcontracting charges, staff costs, as well as other working capital needs. Net cash generated from operating activities primarily consisted of profit before taxation adjusted for depreciation for property, plant and equipment, finance costs, dividend income, interest income, gain on disposal of available-for-sale financial assets, gain on disposal of property, plant and equipment and the effect of changes in working capital such as changes in trade receivables, other receivables, deposits and prepayments, trade and other payables, amounts due from or to customers for construction work, amounts due from or to related parties and income taxes paid.

The following table sets forth a reconciliation of our profit before income tax to net cash from operating activities:

	FY2014/15	FY2015/16	FY2016/17
	S$'000	*S$'000*	*S$'000*
Profit before taxation	4,120	3,021	6,068
Adjustments for:			
Depreciation of property, plant and equipment	78	76	99
Finance costs	2	–	–
Dividend income	–	(40)	(27)
Interest income	–	–	–
Gain on disposal of available-for-sale financial assets	–	–	(128)
Gain on disposal of property, plant and equipment	–	–	(5)
Operating cash flow before movement in working capital	4,200	3,057	6,007
Increase in trade receivables	(473)	(353)	(1,156)
Decrease/(increase) in other receivables, deposits and prepayments	281	(32)	8
Decrease/(increase) in amounts due from customers for construction work	449	(1,189)	(699)
(Increase)/decrease in amounts due from related parties	(21)	45	–
Decrease in amounts due to related parties	(10)	–	–
Increase in trade and other payables	408	357	212
(Decrease)/increase in amounts due to customers for construction work	(961)	276	(304)
Cash generated from operations	3,873	2,161	4,068
Income taxes paid	(391)	(597)	(384)
Net cash from operating activities	3,482	1,564	3,684

For FY2014/15, FY2015/16 and FY2016/17, the respective differences between our profit before taxation and net cash from operating activities were mainly due to the amount and timing of receipts from our customers and the amount and timing of payments to our suppliers.

Cash flows from investing activities

	FY2014/15	FY2015/16	FY2016/17
	S$'000	*S$'000*	*S$'000*
Payment for acquiring available-for-sale financial assets	–	(1,606)	–
Proceeds from disposal of available-for-sale financial assets	–	–	1,734
Purchase of property, plant and equipment	(4)	(99)	(160)
Proceeds from disposal of property, plant and equipment	–	–	5
Advances to related parties	–	(392)	–
Repayment of advances to related parties	–	–	347
Dividends received	–	40	27
Interest received	–	–	–
Net cash (used in)/from investing activities	(4)	(2,057)	1,953

During the track record period, our cash inflows from investing activities primarily includes cash generated from proceeds from disposal of available-for-sale financial assets (being certain listed securities in Singapore) and from the disposal of our property, plant and equipment, dividend received from available-for-sale financial assets and repayment of advances to related parties whereas our cash outflows from investing activities primarily include cash used in acquiring the available-for-sale financial assets, purchase of our property, plant and equipment such as motor vehicles and advances to related parties.

For FY2014/15, we recorded net cash used in investing activities of approximately S$4,000, which was primarily attributable to purchase of our property, plant and equipment such as computer and office equipment.

For FY2015/16, we recorded net cash used in investing activities of approximately S2.1 million, which was primarily attributable to cash used in acquiring the available-for-sale financial assets, purchase of property, plant and equipment such as motor vehicles and advances to related parties, net off by dividend from available-for-sale financial assets.

For FY2016/17, we recorded net cash from investing activities of approximately S$2.0 million, which was primarily attributable to cash proceeds from disposal of available-for-sale financial assets and our property, plant and equipment, and repayment of advances to related parties, net off by cash used in purchase of property, plant and equipment such as motor vehicles, computer and equipment.

Cash flows from financing activities

	FY2014/15	FY2015/16	FY2016/17
	S$'000	*S$'000*	*S$'000*
Interest paid	(2)	–	–
Repayment of finance lease payables	(49)	(15)	–
Repayment of advance from directors	(523)	–	(850)
Advance from directors	40	10	802
Advance from related parties	14	110	1,926
Repayment of advance from related parties	(294)	(138)	(1,926)
Dividends paid	(655)	(2,130)	(2,673)
Net cash used in financing activities	(1,469)	(2,163)	(2,721)

During the Track Record Period, our cash outflows from financing activities includes dividends paid, advance from and repayment of advance from our directors and related parties, and repayment of the principal of finance lease and interest expenses.

For FY2014/15, FY2015/16 and FY2016/17, we recorded net cash used in financing activities of approximately S$1.5 million, S$2.2 million and S$2.7 million, which was mainly attributable to the dividends paid and repayment of advance from our directors and related parties.

Capital expenditures

For each of FY2014/15, FY2015/16 and FY2016/17, our Group incurred capital expenditures of approximately S$4,000, S$99,000 and S$160,000 respectively, as set out below:

	FY2014/15	FY2015/16	FY2016/17
	S$'000	*S$'000*	*S$'000*
Plant and equipment	2	5	–
Computer and office equipment	2	5	54
Motor vehicles	–	89	91
Furniture and fittings	–	–	15
	4	99	160

Our Group's capital expenditures primarily consisted of purchase of motor vehicles for use in our business operations. Our Directors consider that further investments in motor vehicles and machinery are necessary in order to cope with our business development and increase our overall efficiency and capacity in performing building works. As such, we plan to acquire additional motor vehicles and machinery in the future, further information of which is disclosed in the section "Business – Business strategies" and "Future plans and **[REDACTED]**" in this document. Our Group plans to finance future capital expenditures primarily through the net proceeds of the **[REDACTED]** as well as from cash flows generated from operations.

WORKING CAPITAL

Our Directors are of the opinion that, taking into consideration our internal resources, cash generated from our operation, and the estimated net proceeds from the **[REDACTED]**, we have sufficient working capital for our present requirements for at least 12 months from the date of this document.

NET CURRENT ASSETS

The following table sets forth a breakdown of our Group's current assets and liabilities as at the dates indicated:

	As at 30 June 2015	**As at 30 June 2016**	**As at 30 June 2017**	**As at [31 July] 2017**
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)
Current assets				
Available-for-sale financial assets	–	1,510	–	–
Trade receivables	1,969	2,322	3,478	3,706
Other receivables, deposits and prepayments	52	85	77	108
Amounts due from customers for construction work	305	1,494	2,193	2,516
Amounts due from related parties	51	347	–	–
Bank balances and cash	3,752	1,095	4,011	3,142
Total current assets	6,129	6,853	9,759	9,472
Current liabilities				
Trade and other payables	846	1,203	1,415	947
Amounts due to customers for construction work	28	305	–	708
Amounts due to related parties	704	–	–	–
Amounts due to directors	915	721	–	–
Obligation under finance leases – due within one year	16	–	–	–
Income tax payable	685	425	950	39
Total current liabilities	3,194	2,654	2,365	1,694
Net current assets	2,935	4,199	7,394	7,778

As at 30 June 2015 and 2016, our net current assets amounted to approximately S$2.9 million and approximately S$4.2 million respectively. The increase was mainly due to our profitable operations during FY2015/16.

As at 30 June 2016 and 2017, our net current assets amounted to approximately S$4.2 million and approximately S$7.4 million respectively. The increase in our net current assets was mainly due to the increase in our current assets as a result of our business growth and our profitable operation during FY2016/17, with the combined effect of the decrease in our current liabilities as a result of, among other things, the decrease in amounts due to directors.

As at [31 July] 2017, being the latest practicable date for ascertaining our net current assets position, our net current assets amounted to approximately S$7.8 million, which was relatively stable as compared with our net current assets as at 30 June 2017.

Further discussions of the fluctuations in the key components of our net current assets are set forth in the following paragraphs.

DISCUSSION ON SELECTED BALANCE SHEET ITEMS

Available-for-sale financial assets

Available-for-sale financial assets include the following:

	As at 30 June 2015	**As at 30 June 2016**	**As at 30 June 2017**
	S$'000	*S$'000*	*S$'000*
Listed equity securities in Singapore	–	1,510	–

Available-for-sale financial assets were securities listed on the Singapore Exchange Limited, which were purchased with our idle funds during FY2015/16.

All available-for-sale financial assets were disposed of during FY2016/17. Our Group does not have any intention to engage in any trading or speculative activities in securities or financial products in the future.

Trade receivables

Our trade receivables as at 30 June 2015, 2016 and 2017 amounted to approximately S$2.0 million, approximately S$2.3 million and approximately S$3.5 million respectively. The following table sets forth a breakdown of our trade receivables:

	FY2014/15	FY2015/16	FY2016/17
	S$'000	*S$'000*	*S$'000*
Trade receivables	1,790	2,279	3,333
Retention receivables	156	16	145
Unbilled revenue	23	27	–
	1,969	2,322	3,478

Our trade receivables increased from approximately S$1.8 million as at 30 June 2015 to approximately S$2.3 million as at 30 June 2016, despite the decrease in revenue from approximately S$13.2 million for FY2014/15 to approximately S$9.8 million for FY2015/16. This was mainly due to invoices amounting to approximately S$2.1 million being issued to customers in April to June 2016 (compared with S$1.4 million in April to June 2015) as a result of our actual works performance during such periods. Our trade receivables further increased to S$3.3 million as at 30 June 2017, which was primarily due to (i) our business growth as evidenced by our increase in revenue from approximately S$9.8 million for FY2015/16 to approximately S$14.9 million for FY2016/17; and (ii) the fluctuation of the amount settled by different customers to us as at the respective reporting dates due to the different settlement practices of different customers as well as the different credit periods granted by us.

Retention receivables

For projects awarded by construction contractors, some of our customers may, depending on the contract terms, hold up a certain percentage of each payment made to us as retention money. Retention money is normally equivalent to 10% of the value of works done and subject to a maximum of 5% of the total contract sum. Typically, half of the retention money is released upon the completion of the project and the remaining half is released upon expiry of the warranty period. The fluctuation of our retention receivables as at 30 June 2015, 2016 and 2017 was mainly due to different duration and different size of the integrated design and building projects awarded by construction contractors during the Trade Record Period.

Unbilled revenue

Unbilled revenue arises when revenue had been recognised but not yet billed to our customers as at the respective year end dates. We recorded unbilled revenue of approximately S$23,000, S$27,000 and nil as at 30 June 2015, 2016 and 2017 respectively as a result of the aforesaid billing procedures.

Concentration

As at 30 June 2015, 2016 and 2017, there were 3, 2 and 2 customer(s) which individually contributed over 10% of our trade receivables, respectively. The aggregate amounts of trade receivables from these customers amounted to 64.1%, 78.9% and 47.7% of our total trade receivables as at 30 June 2015, 2016 and 2017 respectively. For further information regarding our customer concentration risk and our Directors' view as to the sustainability of our business model in view of our customer concentration, please refer to the section headed "Business – Customers – Customer concentration" in this document.

Trade receivables turnover days

The following table sets forth our trade receivables turnover days during the Track Record Period:

	FY2014/15	**FY2015/16**	**FY2016/17**
Trade receivables turnover days *(Note)*	53.9 days	75.8 days	68.6 days

Note: Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables (not including retention receivables and unbilled revenue) divided by revenue during the year, then multiplied by the number of days of the year (i.e. 365 days for a full year).

The credit period that we granted to customers generally ranged from 30 to 90 days. Our trade receivables turnover days were approximately 53.9 days for FY2014/15, approximately 75.8 days for FY2015/16 and approximately 68.6 days for FY2016/17. Such fluctuation was mainly due to the fluctuation of the amounts settled by different customers to us as at the respective reporting dates due to the different settlement practices of different customers as well as the different credit periods granted by us.

Trade receivables ageing analysis and subsequent settlement

The ageing analysis of our trade receivables based on invoice date is as follows:

	As at 30 June 2015	**As at 30 June 2016**	**As at 30 June 2017**
	S$'000	*S$'000*	*S$'000*
Within 30 days	1,217	1,640	1,180
31 – 60 days	112	352	600
61 – 90 days	70	117	750
91 – 180 days	20	165	476
181 – 365 days	149	5	327
Over 1 year but not more than 2 years	222	–	–
	1,790	2,279	3,333

The ageing analysis of our trade receivables which were past due but not impaired based on invoice date is as follows:

	As at 30 June 2015	**As at 30 June 2016**	**As at 30 June 2017**
	S$'000	*S$'000*	*S$'000*
Within 30 days	–	–	–
31 – 60 days	58	2	28
61 – 90 days	2	48	476
91 – 180 days	20	165	476
181 – 365 days	149	5	327
Over 1 year but not more than 2 years	222	–	–
	451	220	1,307

Approximately 74.8%, 90.3% and 60.8% of our trade receivables as at 30 June 2015, 2016 and 2017 were neither past due nor impaired.

Up to the Latest Practicable Date, 55.9% of our trade receivables as at 30 June 2017 had been settled:

	Trade receivable as at 30 June 2017	Subsequent settlement up to the Latest Practicable Date	
	S$'000	*S$'000*	*%*
Neither past due nor impaired	2,026	1,233	60.9
Past due, grouped based on invoice date:			
Within 30 days	–	–	–
31 – 60 days	28	3	10.7
61 – 90 days	476	411	86.3
91 – 180 days	476	43	9.1
181 – 365 days	327	173	52.9
	3,333	1,863	55.9

Approximately 45.5%, 57.7%, and 51.0% of our revenue for each of FY2014/15, FY2015/16 and FY2016/17 was generated from public sector projects which carries little or no risk of default in the opinion of our Directors. Our Directors consider that the credit risk faced by us is mainly in relation to the collectability of receivables from private customers. Our credit terms offered to customers generally ranged from 30 to 90 days. For our credit risk management, please refer to the section headed "Business – Risk management and internal controls systems – Credit risk management" in this document.

We assess at end of each reporting period whether there is any objective evidence that trade receivables are impaired. As at 30 June 2017, trade receivables which were past due but not impaired related to a number of independent customers that had a good track record of credit with us. Having considered the background of the relevant customers and their past credit history and given the subsequent settlement shown in the above table, our Directors believe that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and amounts are still considered recoverable based on repayment history of respective customer.

Amounts due from/(to) customers for construction work

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from customers for construction work. When progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to customers for construction work.

The following table sets out the amounts due from/(to) customers for construction work:

	As at 30 June 2015	**As at 30 June 2016**	**As at 30 June 2017**
	S$'000	*S$'000*	*S$'000*
Contract costs incurred plus recognised profits less recognised losses	583	2,739	5,791
Less: progress billings	(306)	(1,550)	(3,598)
	277	1,189	2,193
Analysed for reporting purposes as:			
Amounts due from customers on construction work	305	1,494	2,193
Amounts due to customers on construction work	(28)	(305)	–
Balance at end of the year	277	1,189	2,193

Trade and other payables

Our trade and other payables as at 30 June 2015, 2016 and 2017 amounted to approximately S$0.8 million, approximately S$1.2 million and approximately S$1.4 million respectively. The following table sets forth a breakdown of our trade and other payables:

	As at 30 June 2015	As at 30 June 2016	As at 30 June 2017
	S$'000	*S$'000*	*S$'000*
Trade payables	193	836	1,093
Trade accruals	480	161	39
	673	997	1,132
Accrued operating expenses	12	7	66
Other payables			
Advanced billing	7	11	–
GST payable	96	103	94
Payroll payable	46	60	115
Others	12	25	8
	173	206	283
	846	1,203	1,415

Trade payables

Our trade payables mainly comprised payables to subcontractors and suppliers of building and construction materials.

Our trade payables increased from approximately S$193,000 as at 30 June 2015 to S$836,000 as at 30 June 2016 and further increased to approximately S$1.1 million, mainly because of the actual works performed by our subcontractors near each year end. In particular, for trade payables as at 30 June 2017, S$470,000 was billed by our subcontractors for our project undertaken for National University Hospital which commenced works in June 2017.

Trade payables turnover days

The following table sets out our trade payables turnover days during the Track Record Period:

	FY2014/15	**FY2015/16**	**FY2016/17**
Trade payables turnover days *(Note)*	12.3 days	30.4 days	41.8 days

Note: Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables (not including accruals and other payables) divided by cost of services/sales for the year, then multiplied by the number of days of the year (i.e. 365 days for a full year).

Our trade payables turnover days increased from approximately 12.3 days for FY2014/15 to approximately 30.4 days for FY2015/16, and further increased to approximately 41.8 days for FY2016/17, which was primarily affected by (i) the increase in trade payables balance near the respective year end dates as discussed above; and (ii) the different credit periods granted by different suppliers. We are usually granted by suppliers a credit period ranging from 14 to 90 days or payable upon delivery.

Trade payables ageing analysis and subsequent settlement

The following table sets forth an ageing analysis of trade payables based on the invoice dates:

	As at 30 June 2015	**As at 30 June 2016**	**As at 30 June 2017**
	S$'000	*S$'000*	*S$'000*
Within 90 days	193	827	1,093
91 – 180 days	–	9	–
	193	836	1,093

Up to the Latest Practicable Date, 99% of our trade payables as at 30 June 2017 had been settled.

Trade accruals

Trade accruals refers to costs of services relating to building and construction works which had been recognised but for which we had not yet received invoices from our subcontractors as at 30 June 2015, 2016 and 2017 respectively. Typically, such amounts arose when services had been performed and rendered by subcontractors as at year-end but we had not yet received invoices from them.

Other payables and accruals

Other payables and accruals (including accrued operating expenses, goods and services tax (GST) payable (being a consumption tax that is levied on import of goods into Singapore and nearly all supplies of goods and services in Singapore at a prevailing rate of 7%), payroll payables and others, in aggregate) increased from approximately S$173,000 as at 30 June 2015 to approximately S$206,000 as at 30 June 2016 and then further increase to S$283,000 as at 30 June 2017. The increase was mainly due to the increase in payroll payable as at each year end date.

Amounts due from/(to) related parties

Amounts due from/(to) related parties comprised of amounts due from/(to) Mr. Ong Cher Tiok and amounts due from/(to) Shieldtech Engineering & Construction Sdn. Bhd. ("Shieldtech"), details of which are summarised in note 19 to the accountants' report set out in Appendix I to this document.

Amounts due from/(to) Mr. Ong Cher Tiok, being Mr. Ryan Ong's father, are non-trade related, unsecured, non-interest bearing and without a fixed repayment term. During the Track Record Period, such amounts represented either cash advanced by the Mr. Ong Cher Tiok to our Group for working capital purpose or cash advanced by our Group for Mr. Ong Cher Tiok's personal use. All outstanding balance had been fully settled as of 30 June 2017.

Amounts due from/(to) Shieldtech (a company in which Mr. Ong Cher Tiok had a controlling equity interest until March 2017) are trade related and have arisen from the related party transactions conducted between our Group and such related company. Such related party transactions included (i) sales of tools and materials such as radiation shielding products; and (ii) the purchase of radiation shielding materials by us from the related company in our ordinary course of business. For further details of such related party transactions, please refer to the section headed "Financial information – Related party transactions" below.

INDEBTEDNESS

The following table sets forth our Group's indebtedness as at the respective dates indicated. As of [31 July] 2017, being the latest practicable date for this indebtedness statement, save as disclosed below under this sub-section headed "Indebtedness", we do not have any debt securities, term loans, borrowings or indebtedness in the nature of borrowing, mortgages, charges, contingent liabilities or guarantees. Our Directors confirmed that we had neither experienced any difficulties in obtaining or repaying, nor breached any major covenant or restriction of our bank loans or other bank facilities during the Track Record Period. As at the Latest Practicable Date, there are no material covenants related to our outstanding debts that would materially limit our ability to undertake additional debt or equity financing. Our Directors confirmed that there has not been any material change in our indebtedness or contingent liabilities since [31 July] 2017 and up to the date of this document. Our Directors confirmed that as at the Latest Practicable Date, we did not have any immediate plan for additional material external debt financing.

	As at 30 June 2015	As at 30 June 2016	As at 30 June 2017	As at [31 July] 2017
	S$'000	*S$'000*	*S$'000*	*S$'000*
				(unaudited)
Current liabilities				
Obligation under finance leases	16	–	–	–
Amounts due to related parties	704	–	–	–
Amounts due to directors	915	721	–	–
	1,635	721	–	–

Obligation under finance leases

During the Track Record Period, we purchased certain motor vehicles by way of finance lease arrangements. Under these finance lease arrangements, our creditors purchased the motor vehicles from the suppliers or us (as the case may be) and leased back those machinery and motor vehicles to us at stipulated monthly rents in a fixed term. Under such arrangements, we were given the options to purchase the motor vehicles for nominal amounts at the end of the respective lease terms.

Since the terms of these finance leases transfer substantially all the risks and rewards of ownership of the motor vehicles to our Group as the lessee, the relevant motor vehicles were accounted for as our Group's assets under the category of property, plant and equipment.

As at 30 June 2015, 2016, 2017 and [31 July] 2017, our Group had obligations under finance leases repayable as follows:

	As at 30 June 2015		As at 30 June 2016		As at 30 June 2017		As at 31 July 2017	
	Present value of the minimum lease payment	Total minimum lease payments	Present value of the minimum lease payment	Total minimum lease payments	Present value of the minimum lease payment	Total minimum lease payments	Present value of the minimum lease payment	Total minimum lease payments
	S$'000	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000*	*S$'000* (unaudited)	*S$'000* (unaudited)
Within one year	16	16	–	–	–	–	–	–
In the second to fifth year, inclusive	–	–	–	–	–	–	–	–
Less: total future interest expenses	–	–	–	–	–	–	–	–
Present value of lease obligations		16		–		–		–

For FY2014/15 and FY2015/16, the effective interest rate was 6% per annum for our finance leases facilities. During FY2015/16, the finance leases payables were fully settled and there were no new finance lease facilities obtained since then.

Our finance leases were secured by certain motor vehicles. As at 30 June 2015, the net book value of our motor vehicles under finance leases amounted to approximately S$101,000, representing approximately 100% of the total net book value of our motor vehicles as at 30 June 2015.

Amounts due to directors

Details of the amounts due to directors are summarised in note 19 to the accountants' report set out in Appendix I to this document.

The amounts due to directors are non-trade related, unsecured, non-interest bearing and without a fixed repayment term. During the Track Record Period, such amounts represented cash advanced by the directors to our Group for working capital purpose. All outstanding balance had been fully settled as of 30 June 2017.

Operating lease commitments

Group as lessee

As at 30 June 2015, 2016, 2017 and [31 July] 2017, the total future minimum lease payments payable by our Group (as lessee) under non-cancellable operating leases is as follows:

	As at 30 June 2015	**As at 30 June 2016**	**As at 30 June 2017**	**As at [31 July] 2017**
	S$'000	*S$'000*	*S$'000*	*S$'000* (unaudited)
Within one year	40	40	78	71
After one year but within two years	–	–	13	10
	40	40	91	81

The leases were in relation to staff dormitories and typically run for an initial period of one to two years. The lease does not include contingent rentals.

Contingent liabilities

As at the Latest Practicable Date, we have existing performance guarantee provided by a bank in Singapore, amounting to approximately S$174,000. The performance guarantee was secured by personal fixed deposits account of Mr. Ong registered under this bank.

In relation to our existing performance guarantee, the personal fixed deposits account of Mr Ong will be replaced by fixed deposits account of Hwa Koon before **[REDACTED]**.

Off-balance sheet arrangements and commitments

As at the Latest Practicable Date, we did not have any off-balance sheet arrangements or commitments.

KEY FINANCIAL RATIOS

	FY2014/15 or as at 30 June 2015	FY2015/16 or as at 30 June 2016	FY2016/17 or as at 30 June 2017
Revenue growth	N/A	(26.1)%	52.5%
Net profit growth	N/A	(22.7)%	92.1%
Gross profit margin	39.8%	36.8%	43.6%
Net profit margin before interest and tax	31.1%	30.9%	40.6%
Net profit margin	26.2%	27.4%	34.5%
Return on equity	96.7%	55.1%	63.5%
Return on total assets	51.0%	35.6%	49.0%
Current ratio	1.9	2.6	4.1
Quick ratio	1.9	2.6	4.1
Inventories turnover days	N/A	N/A	N/A
Trade receivables turnover days	53.9	75.8	68.6
Trade payables turnover days	12.3	30.4	41.8
Gearing ratio	45.6%	14.8%	0.0%
Net debt to equity ratio	Net cash	Net cash	Net cash
Interest coverage	1,771.7	13,429.0	N/A

Revenue growth

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for the reasons for the fluctuation in our revenue.

Net profit growth

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for the reasons for the fluctuation in our net profit.

Gross profit margin

Please refer to the paragraph headed "Period-to-period comparison of results of operations" in this section for the reasons for the fluctuation in our gross profit margin.

Net profit margin before interest and tax

Our net profit margin before interest and tax decreased from approximately 31.1% for FY2014/15 to approximately 30.9% for FY2015/16, mainly due to the decrease in our gross profit margin as discussed in the paragraph headed "Period-to-period comparison of results of operations" in this section.

Our net profit margin before interest and tax increased from approximately 30.9% for FY2015/16 to approximately 40.6% for FY2016/17. Such increase was mainly due to the increase in our gross profit margin as discussed in the paragraph headed "Period-to-period comparison of results of operations" in this section.

Net profit margin

Our net profit margin increased from approximately 26.2% for FY2014/15 to approximately 27.4% for FY2015/16. Despite the decrease in our net profit margin before interest and tax for FY2015/16 compared with FY2014/15, the increase in our net profit margin was mainly due to the tax deduction in FY2015/16 under the Productivity and Innovation Credit Scheme in Singapore.

Our net profit margin further increased from approximately 27.4% for FY2015/16 to approximately 34.5% for FY2016/17, which was mainly due to the increase in our net profit margin before interest and tax as mentioned above.

Return on equity

Return on equity is calculated as profit for the year divided by the ending total equity as at the respective reporting dates.

Our return on equity decreased from approximately 96.7% for FY2014/15 to approximately 55.1% for FY2015/16 was mainly due to (i) the decrease in the profit for the year from S$3.5 million for FY2014/15 to S$2.7 million for FY2015/16; and (ii) the issuance of shares during FY2015/16 which resulted in the increase of the total equity as at 30 June 2016.

Our return of equity increased from approximately 55.1% for FY2015/16 to approximately 63.5% for FY2016/17 was mainly due to the increase in the profit for the year from S$2.7 million for FY2015/16 to S$5.2 million for FY2016/17.

Return on total assets

Return on total assets is calculated as profit for the year divided by the ending total assets as at the respective reporting dates.

Our return on total assets decreased from approximately 51.0% for FY2014/15 to approximately 35.6% for FY2015/16, and increased to approximately 49.0% for FY2016/17. The fluctuation in our return on total assets over the Track Record Period was mainly due to reasons similar to those for the change in our return on equity mentioned above.

Current ratio

Current ratio is calculated as current assets divided by current liabilities as at the respective reporting dates.

Our current ratio increased from approximately 1.9 times as at 30 June 2015 to approximately 2.6 times as at 30 June 2016. Such increase was mainly due to the increase in our current assets as a result of our profitable operations, as well as the fact that our current liabilities decreased as a result of our repayment of amounts due to related parties.

Our current ratio increased from approximately 2.6 times as at 30 June 2016 to approximately 4.1 times as at 30 June 2017. Such increase was mainly due to the increase in our current assets as a result of our business growth, as well as the fact that our current liabilities decreased as a result of our repayment of amounts due to directors.

Quick ratio

Quick ratio is calculated as current assets minus inventories, then divided by current liabilities as at the respective reporting dates. Due to our business nature, we did not have any inventories during the Track Record Period. As such, our quick ratio was the same as our current ratio.

Inventories turnover days

Due to the nature of our business model, we did not maintain any inventories during the Track Record Period. As such, analysis of inventories turnover days is not applicable.

Trade receivables turnover days

Trade receivables turnover days is calculated based on the average of the beginning and ending balance of trade receivables (not including retention receivables and unbilled revenue) divided by revenue for the year, then multiplied by the number of days of the year (i.e. 365 days for a full year).

Please refer to the section "Financial information – Net current assets – Trade receivables" for the reasons for the change in our trade receivables turnover days.

Trade payables turnover days

Trade payables turnover days is calculated based on the average of the beginning and ending balance of trade payables (not including trade accruals) divided by direct costs for the year, then multiplied by the number of days of the year (i.e. 365 days for a full year).

Please refer to the paragraph headed "Net current assets – Trade and other payables" in this section for the reasons for the change in our trade payables turnover days.

Gearing ratio

Gearing ratio is calculated as total borrowings (including finance lease liabilities and amounts due to related parties and directors) divided by the total equity as at the respective reporting dates.

Our gearing ratio was approximately 45.6% as at 30 June 2015, approximately 14.8% as at 30 June 2016 and nil as at 30 June 2017. The substantial decrease in our gearing ratio as at 30 June 2017 was mainly due to the repayment of amounts due to directors and related parties.

Net debt to equity ratio

Net debt to equity ratio is calculated as net debts (i.e. total borrowings, including payables incurred not in the ordinary course of business, net of cash and cash equivalents) divided by total equity as at the respective reporting dates.

We recorded net cash position as at 30 June 2015, 2016 and 2017.

Interest coverage

Interest coverage is calculated as profit before finance costs and income tax divided by finance costs of the respective reporting years.

Our interest coverage increased from approximately 1,771.7 times as at 30 June 2015 to approximately 13,429.0 times as at 30 June 2016, and we recorded nil finance costs as at 30 June 2017, due to our full settlement of interest-bearing finance leases arrangements during FY2015/16.

FINANCIAL RISK AND CAPITAL MANAGEMENT

Financial and capital risk management

Our Group is exposed to interest rate risk, currency risk, price risk, credit risk and liquidity risk in the normal course of business. For further details of our financial risk management, please refer to "Business – Risk management and internal control systems" and note 28 and 29 of the accountants' report set out in Appendix I to this document.

We manage our capital to ensure that entities in our Group will be able to continue as a going concern while maximising the return to our Shareholder through the optimisation of the debt and equity balance. Our Directors review the capital structure by considering the cost of capital and the risks associated with each class of capital. In view of this, we may adjust the amount of dividends paid to Shareholders, conducting share buybacks, issue new Shares, and/or raising new debts, depending on our capital structure and needs from time to time.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The unaudited pro forma adjusted net tangible assets, which was prepared to illustrate the effect of the **[REDACTED]** on the audited combined net tangible assets of our Group attributable to owners of our Company as of 30 June 2017 as if the **[REDACTED]** had taken place on 30 June 2017, was approximately HK$**[REDACTED]** per Share and HK$**[REDACTED]** per Share, respectively, based on the indicative **[REDACTED]** range of HK$**[REDACTED]** per **[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**. Please refer to Appendix II to this document for the bases and assumptions in calculating the unaudited pro forma adjusted net tangible assets figure.

[REDACTED] EXPENSES

Our Directors estimate that the total amount of expenses in relation to the **[REDACTED]** is approximately HK$**[REDACTED]** million. Out of the amount of approximately HK$**[REDACTED]** million, approximately HK$**[REDACTED]** million is directly attributable to the issue of the **[REDACTED]** and is expected to be accounted for as a deduction from equity upon **[REDACTED]**. The remaining amount of approximately HK$**[REDACTED]** million, which cannot be so deducted, shall be charged to profit or loss. Of the approximately HK$**[REDACTED]** million that shall be charged to profit or loss, **[REDACTED]** has been charged during the Track Record Period, and approximately HK$**[REDACTED]** million is expected to be incurred for FY2017/18. Expenses in relation to the **[REDACTED]** are non-recurring in nature. Our Group's financial performance and results of operations for FY2017/18 will be affected by the estimated expenses in relation to the **[REDACTED]**.

DIVIDEND

For each of FY2014/15, FY2015/16 and FY2016/17, we declared dividends of S$2.5 million, S$1.3 million and S$2.0 million respectively to our then shareholders. All such dividends had been fully paid and we financed the payment of such dividends by internal resources.

The declaration and payment of future dividends will be subject to the decision of the Board having regard to various factors, including but not limited to our operation and financial performance, profitability, business development, prospects, capital requirements, and economic outlook. It is also subject to any applicable laws. The historical dividend payments may not be indicative of future dividend trends. We do not have any predetermined dividend payout ratio.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 18 August 2017. As at 30 June 2015, 2016 and 2017, our Company had no reserves available for distribution to our Shareholders.

RELATED PARTY TRANSACTIONS

Our related party transactions during the Track Record Period are summarised in note 27 to the accountants' report set out in Appendix I to this document. During the Track Record Period, our transactions with related parties mainly include the following:

a. Sales

	Year ended 30 June		
	2015	**2016**	**2017**
	S$	*S$*	*S$*
Shieldtech	50,756	–	85,500
BRC Global Pte. Ltd. ("BRC Global")	–	8,900	9,350
	50,756	8,900	94,850

b. Purchases/Services/Subcontracting Services Received

	Year ended 30 June		
	2015	**2016**	**2017**
	S$	*S$*	*S$*
Shieldtech	5,900	–	–
BRC Global	–	222,500	743,421
	5,900	222,500	743,421

(a) Shieldtech was a private company registered in Malaysia. During the Track Record Period, Mr. Ong Cher Tiok, being Mr. Ryan Ong's father, was formerly a director and a shareholder (holding 30% of the total issued share capital) of Shieldtech. Mr. Ong Cher Tiok resigned from his directorship and sold all his shareholdings in Shieldtech to an independent third party in March 2017 and since then Shieldtech became an independent third party to our Group. The principal business activities of Shieldtech mainly included the provision of design and build services of medical facilities in Malaysia. During the Track Record Period, our transactions with Shieldtech included (i) sales of tools and materials such as radiation shielding doors by us to Shieldtech; and (ii) the purchase of radiation shielding materials by us from Shieldtech in our ordinary course of business.

(b) BRC Global was a private company registered in Singapore and being one of our top suppliers (Supplier C) during the Track Record Period. Mr. Ong was formerly a director and a shareholder (holding 33.33% of the total issued share capital) of BRC Global. Mr. Ong resigned from his directorship and sold all his shareholdings in BRC Global to an independent third party in March 2017 and since then BRC Global became an independent third party to our Group. The principal business activities of BRC Global mainly included acting as building contractor for ACMV works. During the Track Record Period, our transactions with BRC Global included (i) subcontracting of ACMV works by us to BRC Global; and (ii) the provision of minor renovation and installation works by us to BRC Global in our ordinary course of business.

Our Directors confirmed that these related party transactions were conducted on arm's length basis and would not distort our results during the Track Record Period, as supported by the fact that the fees charged to/by these related parties were comparable and within the range of fees charged to/by other independent customers or materials suppliers or services providers engaged by our Group for similar sales or purchases.

RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirmed that, as at the Latest Practicable Date, they were not aware of any circumstances which, had we been required to comply with Rules 13.13 to 13.19 of the Listing Rules, would have given rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, save for the expenses in connection with the **[REDACTED]**, up to the date of this document, there has been no material adverse change in our financial or trading position or prospects since 30 June 2017, and there had been no events since 30 June 2017 which would materially affect the information shown in our combined financial statements included in the accountants' report set out in Appendix I to this document.