

DLF HOLDINGS LIMITED

Company Registration No. 201726076W

Unaudited Financial Statement and Dividend Announcement

For the Year Ended 31 December 2019

Background

DLF Holdings Limited (the “Company”) was incorporated in Singapore on 13 September 2017 under the Companies Act (Chapter 50) of Singapore as a company limited by shares under the name of “DLF Holdings Pte Ltd”. The Company was converted into a public company and changed its name to “DLF Holdings Limited.” on 19 June 2018. The Company, its subsidiaries (the “Group”) were formed pursuant to a restructuring exercise (the “Restructuring Exercise”) implemented in October 2017 which was prior to the Initial Public Offering and listing on the Catalist of the SGX-ST on 25 July 2018. The Restructuring Exercise was completed on 20 October 2017. Please refer to the Company’s Offer Document dated 17 July 2018 for further details on the Restructuring Exercise.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

	Group		Change %
	Year Ended		
	31 December 2019 (Unaudited) S\$	31 December 2018 (Restated) ¹ S\$	
Revenue	998,737	16,311,545	-94%
Cost of sales	(594,661)	(14,595,677)	-96%
Gross profit	404,076	1,715,868	-76%
Other operating income	12,352	66,180	-81%
Selling and distribution expenses	(11,718)	(27,815)	-58%
Administrative expenses	(2,159,964)	(3,878,858)	-44%
Other operating expenses	(2,026,205)	(2,728,597)	-26%
Result from operation	(3,781,459)	(4,853,222)	-22%
Finance costs	(93,081)	(106,309)	-12%
Loss before taxation	(3,874,539)	(4,959,531)	-22%
Tax credit/(expense)	155,572	(223,809)	n.m.
Loss for the financial year	(3,718,967)	(5,183,340)	-28%
Foreign currency translation differences	-	11,099	-100%
Total comprehensive loss for the period	(3,718,967)	(5,172,241)	-28%
Attributable to:			
Owners of the Company	(3,623,949)	(5,284,458)	-31%
Non-controlling interests	(95,018)	101,118	n.m.
Loss for the year	(3,718,967)	(5,183,340)	-28%

n.m. denotes not meaningful

¹The restatement relates to the termination of the Maldives Project. The management has concluded that this termination should have been accounted for as an adjustment event in preparation of the financial statements for the preceding year ended 31 December 2018. Please refer to note 8 for more details.

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit for the financial year is stated after charging/(crediting) the following:-

	For the Year Ended		
	31 December 2019	31 December 2018	
	(Unaudited)	(Restated)	Change
	S\$	S\$	%
Depreciation on property, plant and equipment	202,813	156,540	29.6
Impairment loss on trade receivables	504,310	2,253,651	n.m.
Impairment loss on non-trade receivables	1,162,246	3,710	n.m.
Interest expense on bank borrowing	93,081	106,309	-
Interest income	38	(90)	142.2
Foreign exchange loss	2,087	89,982	-97.7
Loss on disposal of property, plant and equipment	3,683	24,120	n.m.
Impairment loss on property, plant and equipment	174,903	-	n.m.

n.m. denotes not meaningful

1(b)(i) A 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	
	31 December 2019 (Unaudited) S\$	31 December 2018 (Restated) ² S\$	31 December 2019 (Unaudited) S\$	31 December 2018 (Restated) S\$
ASSETS				
Non-current assets				
Investments in subsidiaries	-	-	-	4,993,204
Property, plant and equipment	1,241,221	1,918,500	-	-
Right-Of-Use Assets	348,172	-	-	-
Deferred tax assets	189,885	9,789	-	-
Total non-current assets	1,779,279	1,928,289	-	4,993,204
Current assets				
Contract assets	112,000	579,361	-	-
Trade and other receivables	913,328	2,236,608	392,974	2,849,518
Cash and bank balances	73,952	1,100,848	6,386	682,415
Total current assets	1,099,280	3,916,816	399,360	3,531,933
Total assets	2,878,559	5,845,105	399,360	8,525,137
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	9,499,017	9,499,017	9,499,017	9,499,017
Other reserves	(2,621,264)	(2,621,264)	-	-
Accumulated losses	(9,858,657)	(6,234,707)	(12,283,903)	(2,869,294)
Total equity attributable to owners of the Company	(2,980,904)	643,046	(2,784,886)	6,629,723
Non-controlling interests	26,100	121,118	-	-
Total equity	(2,954,804)	764,164	(2,784,886)	6,629,723
LIABILITIES				
Non-current liabilities				
Borrowings	300,345	377,253	-	-
Shareholders loan	500,000	-	-	-
Lease liabilities	108,161	130,527	-	-
Deferred tax liabilities	-	5,111	-	-
Total non-current liabilities	908,506	512,891	-	-
Current liabilities				
Trade and other payables	2,949,043	2,990,150	3,184,246	1,895,414
Borrowings	747,877	791,045	-	-
Lease liabilities	82,675	47,930	-	-
Income tax payable	1,145,262	738,925	-	-
Total current liabilities	4,924,857	4,568,050	3,184,246	1,895,414
Total liabilities	5,833,363	5,080,941	3,184,246	1,895,414
Total equity and liabilities	2,878,559	5,845,105	399,360	8,525,137

² The restatement relates to the termination of the Maldives Project and other trade receivables/payables. Please refer to note 8 for more details.

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31 December 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
721,965	25,912	791,045	-

Amount repayable after one year

As at 31 December 2019 (Unaudited)		As at 31 December 2018 (Audited)	
Secured S\$	Unsecured S\$	Secured S\$	Unsecured S\$
217,553	582,792	377,253	-

Details of any collateral

The Group borrowings are secured by the Group's property and personal guarantees from the Executive Chairman of the Company.

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

Consolidated Statement of Cash Flows

	For the Year Ended	
	31 December 2019	31 December 2018
	(Unaudited)	(Restated) ³
	S\$	S\$
Operating activities		
Loss before income tax	(3,874,539)	(4,959,531)
Adjustments for:		
Depreciation of property, plant and equipment	202,813	156,540
Impairment loss on trade and non-trade receivables, net	1,666,556	2,257,361
Property, plant and equipment written off	3,683	24,120
Impairment loss on property, plant and equipment	174,903	-
Interest income	(38)	(90)
Interest expense	84,295	106,309
Share-based payments made for initial public offer	-	495,423
Operating loss before working capital changes	(1,742,327)	(1,919,868)
Change in contract assets and liabilities	467,361	(66,153)
Change in trade and other receivables	(343,277)	486,147
Change in trade and other payables	(149,748)	(1,497,090)
Cash used in operations	(1,767,991)	(2,996,964)
Income tax (paid)/refund	376,701	(476,508)
Net cash used in operating activities	(1,391,290)	(3,473,472)
Investing activities		
Purchase of property, plant and equipment	56,347	(71,872)
Interest received	38	90
Net cash used in investing activities	56,385	(71,782)
Financing activities		
Proceeds from bank loan	216,000	-
Repayment of bank loan	(239,644)	(208,438)
Proceeds from shareholder loan	500,000	-
Proceeds from initial public offering	-	4,255,000
Repayment of bills payable	-	(145,085)
Additional lease	60,430	-
Repayment of finance leases	(48,051)	(79,804)
Interest paid	(84,295)	(106,309)
Net cash from financing activities	404,440	3,715,364
Net (decrease)/increase in cash and cash equivalents	(930,464)	170,110
Cash and cash equivalents at beginning of the year	532,951	355,177

³ The restatement relates to the termination of the Maldives Project and other trade receivables/payables. Please refer to note 8 for more details.

Effect of exchange rate changes on balances held in foreign currencies	-	7,664
Cash and cash equivalents at end of the year	(397,513)	532,951

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Year ended 31 December 2019	Year ended 31 December 2018
Cash and bank balances	73,952	1,100,848
Less: Bank overdrafts	(471,465)	(567,897)
	(397,513)	532,951

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

Statement of Changes in Equity

Group (Unaudited)

	Share Capital	Other reserve	Currency translation reserve	(Accumulated losses)/ Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Balance as at 1 January 2019	9,499,017	(2,888,997)	267,733	(773,983)	6,103,770	121,118	6,224,888
Prior year adjustments	-	-	-	(5,460,723)	(5,460,723)	-	(5,460,723)
Balance as at 1 January 2019, as restated	9,499,017	(2,888,997)	267,733	(6,234,706)	643,047	121,118	764,164
Issuance of shares	-	-	-	-	-	-	-
Acquisition of non-controlling interests	-	-	-	-	-	-	-
loss for the year	-	-	-	(3,623,949)	(3,623,949)	(95,018)	(3,718,967)
Foreign currency translation differences	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	-	(3,623,949)	(3,623,949)	(95,018)	(3,718,967)
Balance as at 31 December 2019	9,499,017	(2,888,997)	267,733	(9,858,657)	(2,980,904)	26,100	(2,954,804)
Group							
Balance as at 1 January 2018, as reported	4,913,304	(2,888,997)	256,634	571,945	2,852,886	-	2,852,886
Prior year adjustments	-	-	-	(1,522,194)	(1,522,194)	-	(1,522,194)
Balance as at 1 January 2018, as restated	4,913,304	(2,888,997)	256,634	(950,249)	1,330,692	-	1,330,692
Issuance of shares	4,585,713	-	-	-	4,585,713	-	4,585,713
Acquisition of non-controlling interests	-	-	-	-	-	20,000	20,000
Loss for the year	-	-	-	(5,284,458)	(5,284,458)	101,118	(5,183,340)
Foreign currency translation differences	-	-	11,099	-	11,099	-	11,099
Total comprehensive loss for the year	-	-	11,099	(5,284,458)	(5,273,359)	101,118	(5,172,241)
Balance as at 31 December 2018	9,499,017	(2,888,997)	267,733	(6,234,707)	643,046	121,118	764,164

Statement of Changes in Equity
Company (Unaudited)

	Share Capital S\$	Retained earnings S\$	Total equity S\$
Balance as at 1 January 2019	9,499,017	(2,869,294)	6,629,723
Issuance of shares	-	-	-
Loss for the period	-	(9,414,609)	(9,414,609)
Balance as at 31 December 2019	9,499,017	(12,283,903)	(2,784,886)

Company (Restated)

	Share Capital S\$	Retained earnings S\$	Total equity S\$
Balance as at 1 January 2018	4,913,304	-	4,913,304
Issuance of shares	4,585,713	-	4,585,713
Loss for the period		(2,869,294)	(2,869,294)
Balance as at 31 December 2018	9,499,017	(2,869,294)	6,629,723

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.

Share Capital – Ordinary Shares

	Number of shares	Paid-up Share Capital (SGD)
Balance at 30 June 2019 and 31 December 2019	121,108,700	9,499,017

The Company did not have any outstanding options, convertibles, subsidiary holdings or treasury shares as at **31 December 2019** and **31 December 2018**.

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

	As at 31 December 2019	As at 31 December 2018
Total number of issued shares	121,108,700	121,108,700

The Company did not have any treasury shares as at **31 December 2019** and **31 December 2018**.

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

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

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

Not applicable. The Company did not have any subsidiary holdings 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)

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 uncertainty relating to going concern.

Not applicable.

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

Except as disclosed in paragraph 5 below, the accounting policies and methods of computation adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited consolidated financial statements for the financial year ended 31 December 2018 as set out in the Company's annual report 2018.

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 has adopted all the applicable new and revised Financial Reporting Standards ("**FRS**") and Interpretations of Financial Reporting Standards ("**INT FRS**") that are mandatory for the accounting periods beginning on or after 1 January 2019.

SFRS(I) 16 Leases requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payment (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

On the adoption of SFRS(I) 16, the Group measured lease liability based on remaining lease payments discounted using the incremental borrowing rate at the date of initial application, 1 January 2019. Right-of-use asset was measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

6. **Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	For the Year Ended	
	31 December 2019	31 December 2018
Loss per share (“LPS”)		
Loss attributable to shareholders of the Company (S\$)	(3,623,949)	(5,284,458)
Weighted average number of ordinary shares in issue	121,108,700	109,715,785
Basic and fully diluted basis LPS (cents)	(2.99)	(4.82)

Note:-

- (i) *The basic and diluted LPS were the same as the Company did not have any potentially diluted instruments for both financial years.*

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) Current period reported on; and
(b) Immediately preceding financial year.

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Net (liability)/ asset value (S\$)	(2,954,804)	764,164	(2,784,886)	6,629,723
Number of ordinary shares in issue	121,108,700	121,108,700	121,108,700	121,108,700
Net (liability)/asset value per ordinary share (cent)	(2.44)	0.63	(2.30)	5.47

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss:-

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

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

Review for the performance of the Group for the year ended 31 December 2019 and 31 December 2018 (“FY2019” and “FY2018” respectively).

Consolidated Statement of Comprehensive Income

Revenue

S\$	FY2019 (Unaudited)	FY2018 (Restated)	Change (%)
Mechanical and electrical services	998,737	3,566,406	-76%
Turnkey contracting services	-	8,360,494	n.m.
Management services	-	4,384,645	n.m.
Total	998,737	16,311,545	-94%

Revenue was approximately S\$1 million in FY2019, a decrease of 94% as compared to FY2018 due mainly to the termination of the Group's turnkey contracting services projects for the building works for, *inter alia*, lagoon villas, lagoon club, spa and specialty restaurant for Phase 3B of the Maldives Project (“**Maldives Project**”) and the challenging environment which the Group operates in. Most projects were completed in FY2018.

No revenue was derived from turnkey contracting services and management services for FY2019. The Group's turnkey contracting services projects of the Maldives Project was terminated on 5 February 2019. Hence, the sales billed and accrued for the project in FY2018 was adjusted. The Group's management services which was performed by its 80%-owned subsidiary, DLF Prosper Venture Pte. Ltd, also stopped in FY2019 due to the termination of its provision of project co-ordination and management services to support the construction of the living quarters of a marine admiralty yard.

Cost of sales

The Group's cost of sales mainly comprised of material costs, sub-contractor costs, labour costs and rental of equipment. Cost of sales was S\$0.6 million, approximately 60% of our total revenue for FY2019. Cost of sales decreased by 96% as compared to FY2018, which was in line with the decrease in total revenue.

Gross profit and gross profit margin

As a result of the above, the Group's gross profit was SSS\$0.4 million in FY2019 as compared to gross profit of S\$1.7 million in FY2018, representing 40.5% of total revenue for FY2019 and 10.5% of total revenue for FY2018, respectively.

Other operating income

The Group's other operating income are mainly interest income and sundry income. The amount is lower compared to FY2018 due to the decrease of government grants.

Selling and distribution expenses

Selling and distribution expenses arise from advertising, marketing and entertainment activities. The expenses remained low and insignificant in FY2019.

Administrative expenses

Administrative expenses comprised mainly staff salaries, directors' remuneration, professional fees, insurance premium and depreciation expenses. Administrative expenses for FY2019 were S\$2.2 million which was 44% lower than FY2018, mainly due to lower staff salaries, and professional fees.

Other operating expenses

Other operating expenses comprised mainly provision for doubtful debts, receivables written off, and loss on disposal of fixed assets. Other operating expenses in FY2019 were S\$2 million which was slightly lower as compared to FY2018 of S\$2.7 million.

Finance costs

Finance costs comprised mainly interest expenses for bank loans, bank overdrafts, bills payable and finance lease. The decrease is due to lower finance lease liability and bank borrowings.

Taxation

In view of the loss incurred by the Group in FY2019, the Group did not incur any tax expense. The tax credit is due to recognition of deferred tax assets in FY2019.

Consolidated Statement of Financial Position

Non-current assets

The Group's non-current assets comprised mainly of property, plant and equipment. property, plant and equipment balance as at 31 December 2019 is approximately S\$1.2 million as compared to 31 December 2018 of S\$1.9 million. The decrease is due to depreciation, impairment loss, disposal of some fixed assets and adjustment of some fixed assets to right-of-use assets during the year. In FY2019, we recognised S\$0.35 million of Right-of-Use assets (office lease) due to the adoption of SFRS(I) 16.

Current assets

As at 31 December 2019, the Group's current assets of approximately S\$1.1 million (31 December 2018: S\$3.9 million) accounted for approximately 38.2% (31 December 2018: 67%) of our total assets. The Group's current assets consist of trade and other receivables, contract assets and cash and bank balances.

As at 31 December 2019, trade and other receivables stood at S\$0.9 million, as compared to S\$2.24 million as at 31 December 2018. The decrease is mainly due to lower sales in FY2019, as well as impairment loss recognised during the year. Contract assets stood at S\$0.11 million as at 31 December 2019, as compared to S\$0.58 million as at 31 December 2018. The decrease is due to the termination of the Maldives Projects and lesser on-going projects. The significant decrease in cash and bank balances of -S\$1 million (31 December 2019: S\$0.07 million, 31 December 2018: S\$1.1 million) was mainly due to disbursements made to support the operations of the Group.

Non-current liabilities

As at 31 December 2019, non-current liabilities was S\$0.9 million (31 December 2018: S\$0.5 million) which accounted for 15.6% (31 December 2018: 10%) of our total liabilities. Our non-current liabilities consists mainly of lease liabilities, bank borrowings and shareholder loan of approximately S\$0.1 million (31 December 2018: S\$0.13 million), S\$0.3 million (31 December 2018: S\$0.38 million) and S\$0.5 million (31 December 2018: S\$nil), respectively. The increase is mainly due to the shareholder loan obtained during FY2019.

Current liabilities

As at 31 December 2019, the Group's current liabilities of approximately S\$4.9 million (31 December 2018: S\$4.6 million) accounted for 84% (31 December 2018: 90%) of our total liabilities. Current liabilities consist of trade and other payables, borrowings, lease liabilities and current income tax liability. The increase is mainly due to current income tax liability.

Prior year adjustments for the financial years ended December 2018 and 2017

In the course of preparing its consolidated financial statements for the year ended 31 December 2019, management noted certain transactions that require prior year adjustments.

1. The effects of prior year adjustments on retained earnings as at 31 December 2017 are as follows:

	S\$'million
1(a) Inter-company balance	0.60
1(b) Suppliers	0.92
	1.52

1(a) As reported in the consolidated financial statements for FY2017, trade receivables included an amount of S\$0.595 million recorded in the books of a subsidiary as inter-company receivable.

This amount should have been reversed and recorded in retained earnings as at 31 December 2017 on consolidation.

1(b) This relates to cost of services and goods received in prior years not accounted for in the consolidated financial statements for FY2017.

2. The effects of prior year adjustments on retained earnings as at 31 December 2018

are as follows:

	S\$' million
2(a) Project termination	4.00
2(b) Inter-company balance	0.60
2(c) Suppliers	0.86
	5.46

2(a) In February 2019, the Group received a notice of termination of the Maldives Project from the project owner. In March 2019, the Group received the Final Financial Settlement Statement from the project owner claiming an amount of S\$4million from the Group in respect of compensation for delays in Phase 3B of the Maldives Project, reimbursement of costs of engaging a new contractor to complete unfinished works of the Group, and payments made to some suppliers and sub-contractors of the Group. This S\$4 million claim amount fully offset the Group's S\$4 million trade receivable due from the project owner as at 31 December 2018.

The Company's consolidated financial statements for FY2018 were authorised for issue by the Company's then board of directors on 10 April 2019.

In the course of preparing its financial statements for the current FY2019, management has re-assessed the flow of events during the project execution during FY2018 culminating into the project termination shortly after the balance sheet date of 31 December 2018. Consequently, management has concluded that this termination should have been accounted for as an adjustment event in preparation of the financial statements for the preceding FY2018.

2(b) As reported in the consolidated financial statements at 31 December 2018, trade receivables included an amount of S\$0.595 million recorded in the books of a subsidiary as inter-company receivable.

This amount should have been reversed and recorded in retained earnings as at 31 December 2017 on consolidation.

2(c) This relates to cost of services and goods received in FY 2017 and FY 2018 not accounted for in the financial statements.

Consolidated Statement of Cash Flow

Net cash flows used in operating activities

In FY2019, the Group recorded net cash outflow from operating activities of approximately S\$1.39 million due mainly to the loss incurred in FY2019.

Net cash flows used in investing activities

In FY2019, the Group recorded net cash inflow from investing activities of S\$56,385, consisted mainly of Right-of-Use Assets (Office lease) recognition arising from the adoption of SFRS(I) 16 during the year.

Net cash flows from financing activities

In FY2019, the Group recorded net cash inflow from financing activities of S\$0.4 million, mainly due to proceeds from bank loan and shareholder loan, and partially offset by repayment of borrowings and interest paid.

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

The unaudited FY2019 financial results being reported on is in line with the following statement made in the Company's half year financial results ended 30 June 2019:

"Looking forward, while our results continue to be impacted by the challenging environment in which the Group operates, the Group expects to incur losses for the financial year ending 31 December 2019."

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

The Group is looking at securing more mechanical and electrical contracts to enhance the financial performance and position of the Company. Besides, the Group is also exploring other business opportunities in the blockchain industry. The Group has already entered into a Memorandum of Understanding with Infinity Blockchain Group, a conglomerate of Asia's leading blockchain companies, with an R&D base specializing in blockchain technology development and applications in Vietnam, and numerous business acceleration units in other parts of Asia including Malaysia, Hong Kong, and Japan, and has acquired initial test sales contracts with customers.

The Group has a negative working capital of of S\$3.8 million and net liability position of approximately S\$3 million as at 31 December 2019. The Board is of the opinion that the Group will be able to operate as a going concern having regard to the following:

- (i) Cash to be generated from operations based on a cash flow forecast prepared by management;
- (ii) The controlling shareholder of the Company has provided an interest-free shareholder loan of S\$500,000 in February 2020;
- (iii) On 28th February 2020, the Group received S\$1 million from a customer as advance payment for sale of a computer software application. The cost of fulfilment of this sale of S\$0.85 million payable to an entity, controlled by an individual shareholder who is also the sole shareholder of the Company's controlling shareholder, is due after April 2021.
- (iv) The Group sold a motor vehicle for cash of S\$72,000 in February 2020. Sale of another motor vehicle with net proceeds of S\$101,000 is currently in progress subject to certain terms to be fulfilled and is expected to be completed in March 2020.
- (v) The controlling shareholder of the Company has provided a letter of financial support to ensure that the Group maintains capital and liquidity levels to enable it to at all times meet its financial obligations as and when they fall due within the next 12 months;

- (vi) The Group is looking to obtain funds from the sale of its property;
- (vii) The Group is looking into corporate fund raising exercise(s).

11. Dividend

- (a) Current Financial Period Reported On:** Any dividend declared for the current financial period reported on?

None.

- (b) Corresponding Period of the Immediately Preceding Financial Year:** Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

- (c) Date payable:**

Not applicable.

- (d) Books closure date:**

Not applicable.

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

No dividend has been declared or recommended for FY2019 due to the loss incurred during the financial year.

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

The Group does not have a general mandate for interested party transactions. There was no interested party transactions with value equal to or exceeds S\$100,000 during FY2019.

14. Segmented revenue and results for operating segments (of the group) in the form presented in the issuers most recently audited manual financial statements, with comparative information for the immediately preceding year

In FY2019, the Group only had operation in Singapore which comprised of Mechanical and Electrical Services.

Business segments

FY2019

	Mechanical and electrical services	Turnkey contracting services	Management services	Total
Revenue	998,737	-	-	998,737
Results	404,076	-	-	404,076

FY2018

	Mechanical and electrical services	Turnkey contracting services	Management services	Total
Revenue	3,566,406	8,360,494	4,384,645	16,311,545
Results	1,266,380	(118,094)	567,582	1,715,868

Geographical segment

FY2019

	Singapore	Maldives	Total
Revenue	998,737	-	998,737

FY2018

	Singapore	Maldives	Total
Revenue	7,951,051	8,360,494	16,311,545

15. **In the review of the performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.**

Please refer to Paragraph 8 above for details.

16. **Breakdown of Group's revenue and profit/(loss) after tax for first half year and second half year**

	FY2019 S\$	FY2018 S\$	Increase/ (Decrease) %
(a) Sales reported for first half year	740,774	9,537,394	(92.2)
(b) Operating profit after tax before deducting non-controlling interests	(5,685,553)	1,821,117	(412.2)

	reported for first half year			
(c)	Sales reported for second half year	257,963	6,774,151	(96.2)
(d)	Operating (losses) / profit after tax before deducting non-controlling interest reported for second half year	1,966,586	(6,993,358)	128.1

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable. No dividend has been declared for FY2019 and FY2018.

18. 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) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704 (10).

19. Confirmation that the issue has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Listing Manual

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 Catalist Listing Manual.

BY ORDER OF THE BOARD

Manfred Fan Chee Seng
Executive Chairman

29 February 2020

DLF Holdings Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 25 July 2018. The initial public offering of the Company was sponsored by PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”).

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor in accordance with Rules 226(2)(b) and 753(2) of the the SGX-ST Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST. 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 Gillian Goh, Director, Head of Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, and E-mail: sponsorship@ppcf.com.sg).