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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT *FOR THE FINANCIAL PERIOD FROM 1 JANUARY 2019 TO 30 JUNE 2019*

1(a) **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.**

(i) CONSOLIDATED INCOME STATEMENT

	Note	Group S$'000 1H2019 (unaudited)	1H2018 (unaudited)	%+/-
Turnover		14,041	15,889	-11.6
Other operating income	1	440	568	-22.5
Changes in stocks of finished goods and work in progress	2	(62)	(140)	-55.7
Raw materials and consumables used	2	(7,330)	(8,113)	-9.6
Personnel expenses		(4,002)	(4,838)	-17.3
Depreciation	3	(1,135)	(1,056)	7.5
Rental, property tax and utilities		(797)	(1,101)	-27.6
Freight, travelling and transportation expenses		(1,132)	(1,205)	-6.1
Repair and maintenance expenses		(199)	(258)	-22.9
Subcontractor costs		(514)	(467)	10.1
Other operating expenses		(1,372)	(1,436)	-4.5
Other receivables written off		(36)	-	NM
Financial expense – net	4	(239)	(123)	94.3
Loss before tax		**(2,337)**	**(2,280)**	2.5
Income tax expense		(43)	(167)	-74.3
Loss, net of tax		**(2,380)**	**(2,447)**	-2.7
Loss attributable to:				
- Owners of the Company		**(2,348)**	**(2,352)**	-0.2
- Non-controlling interests	5	(32)	(95)	-66.3
		(2,380)	**(2,447)**	-2.7

NM : not meaningful

NOTES TO THE CONSOLIDATED INCOME STATEMENT

Note 1
Other operating income was lower largely due to a non-recurring gain recognised on sales of the Group's Australia leasehold property in 1H2018.

Note 2
Raw materials and consumables used and ***changes in stocks of finished goods and work in progress*** were lower due to lower turnover in 1H2019 and differences in sales mix.

Note 3
Depreciation in 1H2019 was higher largely due to the effect of adopting SFRS(I)16 *Leases* on 1 January 2019 that resulted in the amortisation of the right-of-use asset over the remaining lease term.

Note 4
Net financial expenses was higher largely due to the finance cost on lease liabilities recognised upon the adoption of SFRS(I) 16 *Leases* on 1 January 2019.

Note 5
Lower ***loss attributable to minority interest*** in 1H2019 was largely due to lower losses incurred by the Group's partially-owned subsidiary in India.

(ii) Loss from operations is stated after charging/(crediting) the following:

		Group S$'000	
	Note	**1H2019**	**1H2018**
Bad debts written off		53	7
Impairment loss on trade receivables		152	3
Reversal of impairment loss on trade receivables		(91)	(1)
Allowance for inventory obsolescence		54	67
Write-back of allowance for inventory obsolescence		(102)	(82)
Other receivables written off		36	4
Inventories written off		51	25
Fixed assets written off		1	15
Gain on disposal of fixed assets		(4)	-
Gain from assets held for sales	1	-	(154)
Interest income		(16)	(20)
Interest expense on borrowings		158	143
Finance cost on lease liabilities	4	97	-
Exchange loss, net		63	182

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group S$'000	
	1H2019 (unaudited)	**1H2018 (unaudited)**
Loss, net of tax	(2,380)	(2,447)
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	(106)	246
Other comprehensive income for the financial period, net of tax	(106)	246
Total comprehensive Income for the financial period, net of tax	**(2,486)**	**(2,201)**
Total comprehensive income attributable to:		
- Owners of the Company	(2,459)	(2,173)
- Non-controlling interests	(27)	(28)
	(2,486)	**(2,201)**

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.**

1(b)(i) BALANCE SHEETS

		Group		Company	
		30/06/2019 (unaudited)	31/12/2018 (audited)	30/06/2019 (unaudited)	31/12/2018 (audited)
	Note	S$'000	S$'000	S$'000	S$'000
Non-current assets					
Fixed assets		32,965	33,708	30,000	30,518
Right-of-use asset		6,410	-	6,410	-
Intangible assets		2,219	2,208	-	-
Investment in subsidiaries		-	-	10,589	10,592
Other receivables and deposits	6	880	919	-	-
Deferred tax assets		657	662	-	-
Current assets					
Assets held for sale		2,250	2,266	-	-
Inventories		2,168	2,424	133	106
Trade receivables		7,124	8,318	1,020	1,088
Contract assets		9	115	-	-
Other receivables and deposits	6	1,422	2,014	431	424
Prepayments		152	184	62	64
Amounts due from subsidiaries (non-trade)		-	-	2,920	3,030
Tax recoverable		223	211	-	-
Cash and cash equivalents		3,224	3,021	243	521
		16,572	18,553	4,809	5,233
Current liabilities					
Trade and other payables	7	5,593	6,335	451	471
Lease liabilities		131	-	131	-
Contract liabilities		-	6	-	-
Accruals		1,412	2,145	516	730
Amounts due to subsidiaries (non-trade)		-	-	119	109
Amount due to directors of company	8	701	555	701	555
Interest-bearing bank loans	8	4,141	3,330	1,000	-
Non-interest bearing loan	8	338	336	-	-
Provision for taxation		111	202	-	-
Amount due to holding company (loan)	9	303	-	303	-
		12,730	12,909	3,221	1,865
Net current assets		3,842	5,644	1,588	3,368
Non-current liabilities					
Lease liabilities		6,322	-	6,322	-
Deferred tax liabilities		174	178	-	-
Net assets		40,477	42,963	42,265	44,478
Equity attributable to owners of the Company					
Share capital		52,619	52,619	52,619	52,619

		Group		Company	
		30/06/2019	31/12/2018	30/06/2019	31/12/2018
		(unaudited)	(audited)	(unaudited)	(audited)
	Note	S$'000	S$'000	S$'000	S$'000
Reserves		(9,268)	(6,809)	(10,354)	(8,141)
		43,351	45,810	42,265	44,478
Non-controlling interests		(2,874)	(2,847)	-	-
Total equity		40,477	42,963	42,265	44,478

NOTES TO THE BALANCE SHEET

Note 6

	Group		Company	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Other receivables and deposits	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Current	1,422	2,014	431	424
Non-current	880	919	-	-
Total	**2,302**	**2,933**	**431**	**424**

The Group's current ***other receivables and deposits*** was 29.4% lower yoy largely due to the realisation of the advance payments to suppliers by the Group's wholly-owned subsidiary in Vietnam and the amount due from third parties for the sale of fixed assets by the Group's wholly-owned subsidiary in China in 1H2019.

Note 7

	Group		Company	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	S$'000	**S$'000**	**S$'000**	**S$'000**
Trade payables	4,246	4,676	150	113
Other payables	1,347	1,659	301	358
Total	**5,593**	**6,335**	**451**	**471**

The Group's ***trade payables*** was 9.2% lower yoy mainly due to lesser stocks held as at 30 June 2019. ***Other payables*** fell 18.8% yoy largely due to the realisation of expenses provided by the wholly-owned China subsidiary as part of the streamlining exercise completed in FY2018 and reduction in business activity.

Note 8

	Group		Company	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	S$'000	**S$'000**	**S$'000**	**S$'000**
Amount due to directors of company	701	555	701	555
Interest-bearing bank loans	4,141	3,330	1,000	-
Non-interest bearing loan	338	336	-	-
Total	**5,180**	**4,221**	**1,701**	**555**

The Group's and Company's ***borrowings*** increased by 22.7% and 206.5% respectively, largely due to the drawdown of interest bearing bank loans for working capital purposes and the FY2018 director fees approved at the Company's Annual General Meeting held on 29 April 2019.

Note 9

The ***amount due to holding company (loan)*** was granted in January 2019 at 2.0% interest per annum.

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

Amount repayable in one year or less, or on demand

As at 30/06/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
4,141	1,039	3,330	891

Amount repayable after one year

As at 30/06/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
-	-	-	-

Details of any collateral

The secured borrowings pertained to secured interest-bearing bank loans by the Company and Indian subsidiaries over the mortgage of the Company's leasehold factory building, guarantees and other securities.

The Group's unsecured borrowings comprised mainly of a non-interest bearing loan due to a minority shareholder of a subsidiary and amount due to directors 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.

1(c) CONSOLIDATED STATEMENT OF CASH FLOW

	Group	
	1H2019	**1H2018**
	S$'000	**S$'000**
	(unaudited)	**(unaudited)**
Cash flows from operating activities		
Loss before tax	(2,337)	(2,280)
Adjustments for:		
Depreciation of fixed assets	1,135	1,056
Gain on disposal of fixed assets	(4)	-
Gain from assets held for sales	-	(154)
Fixed assets written off	1	15
Interest income	(16)	(20)
Interest expense on borrowings	158	143
Finance cost on lease liabilities	97	-
Bad debts written off	53	7
Impairment loss on trade receivables	152	3
Reversal of impairment loss on trade receivables	(91)	(1)
Other receivables written off	36	4
Allowance for inventory obsolescence	54	67
Write-back of allowance for inventory obsolescence	(102)	(82)
Inventories written off	51	25
Unrealised exchange loss	19	181
Operating cash flows before working capital changes	(794)	(1,036)
<u>Changes in working capital:</u>		
Decrease in inventories	256	132
Decrease in trade receivables and contract assets	1,186	3
Decrease in other receivables, deposits and prepayments	623	135
(Decrease)/increase in trade and other payables and contract liabilities	(726)	73
Decrease in accruals	(733)	(262)
Increase in amount due to directors of company	146	-
Cash flows used in operations	(42)	(955)
Interest received	2	24
Interest paid	(254)	(140)
Tax paid	(200)	(157)
Net cash flows used in operating activities	(494)	(1,228)

	Group	
	1H2019	1H2018
	S$'000	S$'000
	(unaudited)	(unaudited)
Cash flows from investing activities		
Purchase of fixed assets	(349)	(386)
Proceeds from disposal of fixed assets	14	5
Proceeds from assets held for sales	-	789
Net cash flows (used in)/generated from investing activities	(335)	408
Cash flows from financing activities		
Payments for lease liabilities	(62)	-
Proceeds from interest-bearing bank loans	1,000	1,000
Repayment of interest-bearing bank loans	(205)	(299)
Proceeds from loan from holding company	300	-
Net cash flows generated from financing activities	1,033	701
Net increase/(decrease) in cash and cash equivalents	204	(119)
Effect of exchange rate changes on cash and cash equivalents	(1)	8
Cash and cash equivalents at beginning of year	3,021	4,028
Cash and cash equivalents at end of financial period (Note A)	3,224	3,917

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. Cash and cash equivalents

	30/06/2019	30/06/2018
	S$'000	S$'000
Cash and bank balances	2,543	3,001
Fixed deposits	681	916
	3,224	3,917

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.**

1(d)(i) STATEMENT OF CHANGES IN EQUITY

The Group	Share capital	Revaluation reserve	Translation reserve	Restricted reserve	Other reserves	Accumulated losses	Equity attributable to owners of Company, total	Non-controlling interests	Equity, total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2019	52,619	-	(170)	513	2,560	(9,712)	45,810	(2,847)	42,963
Loss for the financial period	-	-	-	-	-	(2,348)	(2,348)	(32)	(2,380)
Other comprehensive income									
Foreign currency translation	-	-	(111)	-	-	-	(111)	5	(106)
Other comprehensive income for the financial period, net of tax	-	-	(111)	-	-	-	(111)	5	(106)
Total comprehensive income for the financial period	-	-	(111)	-	-	(2,348)	(2,459)	(27)	(2,486)
At 30 June 2019	52,619	-	(281)	513	2,560	(12,060)	43,351	(2,874)	40,477

The Group	Share capital	Revaluation reserve	Translation reserve	Restricted reserve	Other reserves	Accumulated losses	Equity attributable to owners of Company, total	Non-controlling interests	Equity, total
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
At 1 January 2018 (FRS framework)	49,549	23,299	(3,936)	513	2,568	(24,600)	47,393	(2,779)	44,614
Cumulative effects of adopting SFRS(I)	-	(23,299)	4,129	-	-	19,096	(74)	-	(74)
At 1 January 2018 (SFRS(I) framework)	49,549	-	193	513	2,568	(5,504)	47,319	(2,779)	44,540
Loss for the financial period	-	-	-	-	-	(2,352)	(2,352)	(95)	(2,447)
Other comprehensive income									
Foreign currency translation	-	-	179	-	-	-	179	67	246
Other comprehensive income for the financial period, net of tax	-	-	179	-	-	-	179	67	246
Total comprehensive income for the financial period	-	-	179	-	-	(2,352)	(2,173)	(28)	(2,201)
At 30 June 2018	49,549	-	372	513	2,568	(7,856)	45,146	(2,807)	42,339

(d)(i) STATEMENT OF CHANGES IN EQUITY (Cont'd)

The Company	Share capital S$'000	Revaluation reserve S$'000	Other reserves S$'000	Accumulated losses S$'000	Total equity S$'000
At 1 January 2019	**52,619**	**-**	**341**	**(8,482)**	**44,478**
Loss for the financial period, represents total comprehensive income for the financial period	-	-	-	(2,213)	(2,213)
At 30 June 2019	**52,619**	**-**	**341**	**(10,695)**	**42,265**
At 1 January 2018 (FRS framework)	**49,549**	**22,173**	**341**	**(25,896)**	**46,167**
Cumulative effects of adopting SFRS(I)	-	(22,173)	-	22,173	-
At 1 January 2018 (SFRS(I) framework)	**49,549**	**-**	**341**	**(3,723)**	**46,167**
Loss for the financial period, represents total comprehensive income for the financial period		-	-	(1,630)	(1,630)
At 30 June 2018	**49,549**	**-**	**341**	**(5,353)**	**44,537**

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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.

	No. of Shares	Share Capital (S$'000)
As at 31 December 2018 and 30 June 2019	732,036,666	52,619

There were no outstanding options or convertibles as at the end of the current financial period and corresponding period of the immediately preceding financial year.

There were no treasury shares and subsidiary holdings of the Company as at the end of the current financial period and corresponding period of the immediately preceding financial year.

1(d)(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.

The total number of issued shares, excluding treasury shares, as at the end of the current financial period was 732,036,666 (31 December 2018: 732,036,666)

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. There were no 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. There were no sales, transfers, cancellation and/or use of subsidiary holdings during and as at the end of the current financial period reported on.

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

The figures have not been audited nor reviewed by the Company's auditors.

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

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

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

The Group has applied the same accounting policies and methods of computation in the preparation of financial statements for the current financial period, which are consistent with those disclosed in the audited annual financial statements for the year ended 31 December 2018, except that in the current financial period, the Group has adopted all the new and revised SFRS(I) that are effective for annual periods beginning on 1 January 2019. Except as disclosed below, the adoption of the new standards did not have a material impact on the Group's financial statements.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (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.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption with the cumulative effect of initially applying the standard as an adjustment to the opening retained earnings at the date of initial application, 1 January 2019. On the adoption of SFRS(I) 16, the Group measured its right-of-use ("ROU") asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized on the balance sheets.

In addition, the Group elected the following practical expedients in applying SFRS(I) 16:
- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases.
- to apply the short-term leases exemptions to leases with lease term that ends within 12 months as at 1 January 2019.

On adoption of SFRS(I) 16, the Group recognised both ROU assets and lease liabilities of S$6.5 million for its leases previously classified as operating leases as at 1 January 2019. During 1H2019, the Group recognised depreciation expense for ROU assets and finance cost on lease liabilities of S$0.1 million each in the Consolidated Income Statement.

Prior to the adoption of SFRS(I) 16, lease payments for operating leases were included in 'Rental. Property tax and utilities' in arriving at the loss before tax in the Consolidated Income Statement and form part of the operating cash flows in the Consolidated Statement of Cash Flow. Upon adoption of SFRS(I) 16, such payments are now reflected as finance cost and depreciation. Payments for lease liabilities are presented under financing activities in the Consolidated Statement of Cash Flow.

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.**

Please refer to paragraph 4 above.

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

	Group	
	1H2019	**1H2018**
Loss per ordinary share for the financial period attributable to owners of the Company		
- (a) on weighted average number of ordinary shares on issue	(0.32) cents	(0.54) cents
- (b) on a fully diluted basis	(0.32) cents	(0.54) cents
- Weighted average number of ordinary shares outstanding at the end of the respective financial periods	732,036,666	439,222,000

The basic and fully diluted loss per share were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2019 and 30 June 2018.

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 financial period reported on; and
(b) immediately preceding financial year.

	Group		Company	
	30/06/2019	**31/12/2018**	**30/06/2019**	**31/12/2018**
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the respective financial period	5.92 cents	6.26 cents	5.77 cents	6.08 cents

The net asset value per ordinary share is calculated based on the 732,036,666 (FY2018: 732,036,666) ordinary shares outstanding at the end of the current financial period reported on and the immediately preceding financial year.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—**

(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.

GROUP FINANCIAL PERFORMANCE REVIEW

Turnover

1H2019 vs 1H2018

The Group recorded a decrease in turnover for the six months ended 30 June 2019 ("**1H2019**") due to the lacklustre demand for the Group's supply chain management services.

Turnover by geographical segment

	Turnover		
	1H2019	1H2018	
	S$'000	S$'000	% +/-
Singapore	737	970	-24.0
Malaysia	1,601	2,103	-23.9
People's Republic	2,679	3,415	-21.6

of China			
India	5,871	6,715	-12.6
Australia	-	25	-100.0*
Vietnam	3,153	2,661	18.5
Total	**14,041**	**15,889**	**-11.6**

*The Group's Australian subsidiary had completed its voluntary liquidation in December 2018.

Turnover from the Group's Singapore, Malaysia, China and India operations fell mainly due to weak demand and a reduction in orders from customers in 1H2019.

The decline in turnover from the above geographical regions was partially offset by growth from the Group's operations in Vietnam. Turnover from the Group's Vietnam operations grew in 1H2019 mainly due to growth in sales from existing customers.

Profitability

While the Group's turnover decreased in 1H2019, overall net loss after tax remained at S$2.4 million for both 1H2019 and 1H2018 largely due to (i) the overall reduction in the Group's personnel expenses after the streamlining exercise completed by the China subsidiary in end of FY2018, (ii) lower foreign exchange loss and (iii) lower current tax expense. However, it was mitigated by slightly lower gross margin for 1H2019 due to a difference in sales mix.

If not for the one-off gain in 1H2018 of S$0.2 million on completion of the sale of the Group's Australia property, the Group's net loss after tax in 1H2019 would have been better in comparison to 1H2018.

Personnel expenses for the Group was down largely due to the effect of the streamlining exercise completed by one of the Group's wholly-owned subsidiary in China and the Group's overall effort in managing staffing costs in view of the weak performance.

Rental, property tax and utilities was down largely due to the effect on the adoption of SFRS(I) 16 *Leases* by the Group which resulted in lower rental expense recorded, and the effect of the streamlining exercise completed by the wholly-owned China subsidiary at the end of FY2018. However, the decrease was offset by the increase in the Group's finance cost on lease liabilitiies and the depreciation of right-of-use asset over the remaining term of the lease.

Other operating expenses remained at S$1.4 million for both 1H2019 and 1H2018 mainly due to higher impairment loss on trade receivables (net), higher bad debts written off for 1H2019 and higher inventories written off for 1H2019 as a result of the Group's underperforming India business unit, offset by lower foreign exchange loss for 1H2019.

Current tax expense in the 1H2019 was lower, taking into consideration the brought forward tax losses to offset the taxable profit generated by a better performing wholly-owned subsidiary in China in 1H2019, and the one-off tax provided on chargeable income arising from the sale of the Group's Australia property in 1H2018.

The key financial results of the Group's operations for 1H2019 were as follows:

1. While current turnover from the Group's Malaysia operations decreased, net profit after tax was higher at S$0.2 million for 1H2019 as compared to S$0.1 million for 1H2018. This was due to (i) savings resulting from the cut-off of a loss-making product and (ii) lower machinery upkeep and freight charges in line with the reduction in turnover. However, it was offset by a foreign exchange loss in 1H2019 as compared to a foreign exchange gain in 1H2018 and lower write-back of allowance for inventory obsolescence in 1H2019.
2. Despite a decrease in turnover, the Group's Singapore operations recorded a net loss after tax of S$2.5 million for 1H2019, improved from a net loss after tax of S$2.6 million for 1H2018. Personnel expenses was lower at S$1.8 million, or down 17.4% yoy largely due to the reduction in orders from customers that are labour-intensive and the management's effort in managing staffing cost. However, the above was mitigated by the foreign exchange loss in 1H2019 as compared to a foreign exchange gain in 1H2018 and a higher depreciation charge on right-of-use asset on the adoption of SFRS(I)16 *Leases*.
3. While turnover fell for 1H2019, the Group's China operations registered a higher net profit after tax of S$0.3 million for 1H2019 (1H2018: S$0.1 million), largely due to the cost savings after the completion of the streamlining exercise in FY2018.
4. The Group's India operations recorded a net loss after tax of S$0.3 million for 1H2019 as compared to a net loss after tax of S$0.2 million mainly due to a decline in turnover and higher impairment loss on trade receivables, bad debts and inventories written off.
5. While turnover improved in Vietnam for 1H2019, the Group's Vietnam operations broke even in both 1H2019 and 1H2018 mainly due to low margin sales mix.

Financial Position

Non-current assets
Total non-current assets (excluding deferred tax assets) for the Group improved as at 30 June 2019, primarily due to the recognition of right-of-use asset of S$6.4 million due to the adoption of SFRS(I) 16 *Leases*.

Current assets
The Group's current assets decreased as at 30 June 2019 largely due to the (i) reduction in inventories, trade receivables and contract assets in line with lower turnover, (ii) realisation of advance payments to suppliers in FY2018 anticipating future raw material price increases, and (iii) realisation of amount due from a third party from the sale of fixed assets as part of the streamlining exercise undertaken by the Group's wholly-owned China subsidiary that was completed in the end of FY2018.

Current liabilities
The Group's current liabilities decreased as at 30 June 2019 largely due to (i) lower trade and other payables and accruals mainly due to lesser stocks held as at 30 June 2019 and the realisation of the expenses provided at end of FY2018 from the streamlining of the Group's China operations and (ii) lower tax provided mainly due to tax paid and lower tax expenses. These were offset by (i) higher borrowings and a new interest bearing loan from the holding company for working capital purposes and (ii) lease liabilities recorded on the adoption of SFRS(I) 16 .

Non-current liabilities
The Group recognised lease liabilities of S$6.3 million on the adoption of SFRS(I) 16 *Leases*.

Cashflows

For 1H2019, net cash used in operations amounted to S$0.5 million largely due to the decrease in business activity.

Net cash used in investing activities amounted to S$0.3 million largely due to the purchase of fixed assets by the Group's Indian subsidiaries, offset by the proceeds from disposal of fixed assets.

Net cash generated from financing activities amounted to S$1.0 million for 1H2019 mainly due to the (i) net proceeds from the draw down of interest-bearing bank loans and ((ii) loan from holding company, offset by payments for lease liabilities in 1H2019.

As a result of the above, the Group's cash and cash equivalents stood at S$3.2 million as at 30 June 2019, up S$0.2 million from 31 December 2018.

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

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

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.

Ongoing international trade tensions and a weakening economic outlook should continue to impact the Group's performance in the short to mid-term.

Notwithstanding these challenging market conditions, the Group remains cautiously optimistic of its operations in Vietnam where demand for its supply chain management services has continued to gain traction.

Internally, the Group will continue to adopt a prudent approach and optimise its operations with the objective of guiding the business back to profitability. In addition, the Group will continue to monitor the macroeconomic landscape closely and capitalise on any investment opportunities which could drive future growth.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b) (i) Amount per share (cents)

Not applicable.

(b) (ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

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 the six months ended 30 June 2019 as the Company is in a loss-making position.

13. If the Group has obtained a general mandate from shareholders for IPTs, 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 Company does not have a general mandate from shareholders for IPTs.

There was no IPT of S$100,000 and above for 1H2019.

14. Use of Proceeds from the Rights Issue

As at the date of this announcement, the Company has utilised the net proceeds amounting to S$2.37 million (after deducting the estimated costs and expense incurred in connection with the rights issue of approximately S$0.1 million and offsetting a shareholders' loan of S$0.7 million) ("**Final Net Proceeds**") accured to the Company from the rights issue completed in July 2018, as follows:

Intended Use of Final Net Proceeds	**Amount Allocated (S$)**	**Amount utilised (S$)**	**Amount unutilised (S$)**
Repayment of outstanding debts	1,000,000	1,000,000	-
Payment of directors' fees	555,000	-	555,000
For general corporate and working capital purposes including but not limited to (i) operating costs and (ii) making strategic investments and/or acquisitions if opportunities arise	812,500	812,500 (2)	-
Total	**2,367,500**	**1,812,500**	**555,000**

This utilisation of the Final Net Proceeds is in accordance with the intended use of the Final Net Proceeds as stated in the Offer Information Statement dated 29 June 2018.

(2)Mainly utilised for payments to suppliers and payment of salaries.

15. **Negative confirmation pursuant to Rule 705(5).**

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE RULES OF CATALIST

We, Low Song Take and Low Ka Choon Kevin, being two of the Directors of International Press Softcom Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of Directors of the Company which may render the unaudited interim financial results for the six months ended 30 June 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Low Song Take Founder Director Singapore, 13 August 2019	Low Ka Choon Kevin Director Singapore, 13 August 2019

16. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)**

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

BY ORDER OF THE BOARD

Teh Eng Chai
Company Secretary
13 August 2019

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

This 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).