

JADASON ENTERPRISES LTD (REG. NO. 199003898K)**Financial Statement And Dividend Announcement for the Quarter Ended 31 March 2019****PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL-YEAR RESULTS****1(a) An income statement and statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Unaudited Income Statement of the Group for the quarter ended 31 March 2019 ("1Q 2019"):

| | S\$'000 | | % |
|--|----------------|-----------------|-------------------------|
| | 1Q 2019 | 1Q 2018 | Increase/ (Decrease) |
| Revenue (Note 1) | 10,340 | 13,204 | (22) |
| Cost of sales | <u>(9,113)</u> | <u>(11,152)</u> | (18) |
| Gross profit | 1,227 | 2,052 | (40) |
| Other operating income (Note 2) | 278 | 1,011 | (73) |
| Selling and distribution expenses | (390) | (468) | (17) |
| Administrative expenses | <u>(2,208)</u> | <u>(2,351)</u> | (6) |
| (Loss)/profit from operations | (1,093) | 244 | NM |
| Finance cost (Note 3) | <u>(241)</u> | <u>(66)</u> | 265 |
| (Loss)/profit before income tax | (1,334) | 178 | NM |
| Income tax (Note 4) | <u>(153)</u> | <u>(157)</u> | (3) |
| (Loss)/profit after income tax | <u>(1,487)</u> | <u>21</u> | NM |
| Attributable to: Equity holders of the Company | <u>(1,487)</u> | <u>21</u> | NM |

(Loss)/profit for the period is arrived at after crediting/(charging) the following:

| | S\$'000 | | % |
|--|---------|---------|-------------------------|
| | 1Q 2019 | 1Q 2018 | Increase/ (Decrease) |
| Foreign exchange gain (Note 2) | 131 | 491 | (73) |
| Depreciation of property, plant and equipment (Note 3) | (1,289) | (452) | 185 |
| Write-off of plant and equipment | (1) | - | NM |

Notes to Income Statement:

Note 1

Please refer to Section 8 of this report for further discussions on the performance of the Group's operating segments.

Note 2

The Group's 'other operating income' decreased compared with the same period last year due mainly to lower sales of scrap materials and foreign exchange gain.

The foreign exchange gain was mainly attributable to the revaluation of liabilities of certain entities within the group which were denominated in Hong Kong dollar. During the quarter under review, the Hong Kong dollar had not weakened as much against the Singapore dollar and Chinese Renminbi, compared with the same period last year.

Note 3

The increases in finance cost and depreciation expense were related to the recognition of lease liabilities and right-of-use assets following the adoption of the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases. The depreciation expense in respect of right-of-use assets amounted to S\$766,000 for 1Q 2019 (1Q 2018: Nil). Please refer to Section 5 of this report for further details.

Note 4

An income tax charge arose in 1Q 2019 in spite of the loss before income tax as certain subsidiaries within the group were profitable, and that losses incurred by certain entities could not be offset against the profits of other subsidiaries for income tax purposes.

The effective tax rate was high in 1Q 2018 as a subsidiary had fully utilised its brought forward tax losses in the previous financial year, and that losses incurred by certain subsidiaries could not be offset against the profits of other subsidiaries for income tax purposes.

NM – Percentage changes are not meaningful.

Unaudited statement of comprehensive income of the Group for the quarter ended 31 March 2019:

| | 1Q 2019 | 1Q 2018 | Increase / (Decrease) |
|--|--------------|------------|--------------------------|
| | S\$'000 | S\$'000 | % |
| (Loss)/profit after income tax for the period | (1,487) | 21 | NM |
| Other comprehensive income: | | | |
| <u>Items that may be reclassified subsequently to profit or loss</u> | | | |
| Exchange differences on translating foreign operations | <u>744</u> | <u>401</u> | 86 |
| | 744 | 401 | |
| Total comprehensive income for the period | <u>(743)</u> | <u>422</u> | NM |
| | | | |
| Total comprehensive income attributable to: | | | |
| Equity holders of the Company | (743) | 422 | NM |

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

Financial positions as at 31 March 2019 and 31 December 2018:

| | Group | | Company | |
|-----------------------------------|---------------|---------------|---------------|---------------|
| | 31.3.2019 | 31.12.2018 | 31.3.2019 | 31.12.2018 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and bank balances (Note 1) | 8,063 | 10,706 | 709 | 686 |
| Bank deposits (Note 1) | 691 | - | - | - |
| Inventories (Note 2) | 6,001 | 6,665 | 271 | 958 |
| Trade receivables (Note 3) | 18,105 | 20,842 | 1,684 | 2,041 |
| Bill receivables (Note 4) | 11,658 | 8,319 | - | - |
| Other receivables and prepayments | 574 | 537 | 123 | 111 |
| Amounts due from subsidiaries | - | - | 367 | 220 |
| Total | 45,092 | 47,069 | 3,154 | 4,016 |
| Non-current assets: | | | | |
| Property, plant and equipment | 17,751 | 17,775 | 70 | 81 |
| Right-of-use assets (Note 5) | 16,451 | - | 216 | - |
| Subsidiaries | - | - | 55,619 | 55,619 |
| Total | 34,202 | 17,775 | 55,905 | 55,700 |
| TOTAL ASSETS | 79,294 | 64,844 | 59,059 | 59,716 |

| | Group | | Company | |
|---|---------------|---------------|---------------|---------------|
| | 31.3.2019 | 31.12.2018 | 31.3.2019 | 31.12.2018 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| LIABILITIES & EQUITY | | | | |
| Current liabilities: | | | | |
| Bank borrowings | 1,000 | 1,000 | 1,000 | 1,000 |
| Trust receipts | 1,881 | 1,563 | 1,881 | 1,563 |
| Trade payables (Note 6) | 7,300 | 9,884 | 1,869 | 3,139 |
| Other payables (Note 7) | 3,749 | 3,000 | 467 | 428 |
| Income tax payable | 448 | 363 | - | - |
| Lease liabilities (Note 5) | 2,435 | 1 | 179 | - |
| Amounts due to subsidiaries | - | - | 4,244 | 3,866 |
| Total | 16,813 | 15,811 | 9,640 | 9,996 |
| Non-current liabilities: | | | | |
| Lease liabilities (Note 5) | 14,195 | 3 | 39 | - |
| Provision for long service payment | 161 | 162 | - | - |
| Total | 14,356 | 165 | 39 | - |
| Capital & reserves: | | | | |
| Share capital | 50,197 | 50,197 | 50,197 | 50,197 |
| Treasury shares | (307) | (307) | (307) | (307) |
| Share option reserve | 1,280 | 1,280 | 1,280 | 1,280 |
| Translation reserve | (3,179) | (3,923) | (78) | (81) |
| Reserve and Enterprise Expansion Funds (Note 8) | 5,711 | 5,711 | - | - |
| Accumulated (losses)/profits | (5,577) | (4,090) | (1,712) | (1,369) |
| Total | 48,125 | 48,868 | 49,380 | 49,720 |
| TOTAL LIABILITIES AND EQUITY | 79,294 | 64,844 | 59,059 | 59,716 |

Notes:

Note 1

Please refer to the statement of cash flows of the Group, found in Section 1(c) of this report.

Note 2

The decrease in inventories was related to the lower level of business activities in 1Q 2019.

Note 3

The decrease in trade receivables was due mainly to payments received and the lower business activities during the quarter under review.

Note 4

The increase in bill receivables was due mainly to lesser need for discounting of bills to obtain funds for operations, as the Group's liquidity position is healthy. The Group also saves on interest cost by discounting lesser bills.

Note 5

Right-of-use ("ROU") assets related mainly to leases of factories and offices occupied by various entities within the Group, and are recognised following the adoption of SFRS(I) 16 Leases. Please refer to Section 5 of this report for further details.

Correspondingly, there was an increase in the lease liabilities as at 31 March 2019.

Note 6

The decrease in trade payables was due mainly to payments made by the Group and lower business activities during the quarter under review.

Note 7

Other payables of the Group was higher at 31 March 2019 due mainly to value added tax payable at the Group's China subsidiaries.

Note 8

Reserve and Enterprise Expansion Funds pertain to subsidiaries in China, and are appropriations of profits made in accordance with applicable laws and regulations.

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 Mar 2019 | | As at 31 Dec 2018 | |
|--------------------|----------------------|--------------------|----------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 2,435 | 2,881 | 1 | 2,563 |

Amount repayable after one year

| As at 31 Mar 2019 | | As at 31 Dec 2018 | |
|--------------------|----------------------|--------------------|----------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 14,195 | - | 3 | - |

Details of any collateral

Secured borrowings refer to lease liabilities which are secured over the ROU assets. Please refer to Section 5 of this report for further details.

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.

| | 1Q 2019 | 1Q 2018 |
|--|--------------|--------------|
| | S\$'000 | S\$'000 |
| Cash flows from operating activities: | | |
| (Loss)/profit before income tax | (1,334) | 178 |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 1,289 | 452 |
| Interest expense | 241 | 66 |
| Interest income | (9) | (9) |
| Write-off of plant and equipment | 1 | - |
| Operating cash flows before changes in working capital | 188 | 687 |
| | | |
| Trade receivables | 2,737 | 2,057 |
| Bill receivables | (3,339) | 14 |
| Other receivables | (37) | (124) |
| Inventories | 664 | (406) |
| Trade payables | (2,584) | (719) |
| Trust receipts | 318 | (605) |
| Other payables | 749 | (497) |
| | | |
| Cash flows (used in) / generated from operations | (1,304) | 407 |
| | | |
| Interest paid | (241) | (66) |
| Interest received | 9 | 9 |
| Income tax paid | (75) | - |
| | | |
| Net cash flows (used in) / generated from operating activities | (1,611) | 350 |
| | | |
| Cash flows from investing activities: | | |
| Purchase of plant and equipment | (135) | (149) |
| Net cash flows used in investing activities | (135) | (149) |
| | | |
| Cash flows from financing activities: | | |
| Repayment of lease liabilities | (590) | (5) |
| Net cash flows used in financing activities | (590) | (5) |
| | | |
| Net (decrease)/increase in cash and cash equivalents | (2,336) | 196 |
| Cash and cash equivalents at beginning of period | 10,706 | 6,631 |
| Effects of exchange rate changes | 384 | 84 |
| | | |
| Cash and cash equivalents at end of period | 8,754 | 6,911 |

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.

| | Share Capital | Treasury Shares | Share Option Reserve | Translation Reserve | Surplus Reserve # | Accumulated (Losses) / Profits | Total Equity |
|---------------------------|---------------|-----------------|----------------------|---------------------|-------------------|--------------------------------|--------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| GROUP | | | | | | | |
| 2019 | | | | | | | |
| Balance at 1 January 2019 | 50,197 | (307) | 1,280 | (3,923) | 5,711 | (4,090) | 48,868 |
| Loss for the period | - | - | - | - | - | (1,487) | (1,487) |
| Currency translation gain | - | - | - | 744 | - | - | 744 |
| Balance at 31 March 2019 | 50,197 | (307) | 1,280 | (3,179) | 5,711 | (5,577) | 48,125 |
| 2018 | | | | | | | |
| Balance at 1 January 2018 | 50,197 | (307) | 1,280 | (2,385) | 5,711 | (2,623) | 51,873 |
| Profit for the period | - | - | - | - | - | 21 | 21 |
| Currency translation gain | - | - | - | 401 | - | - | 401 |
| Balance at 31 March 2018 | 50,197 | (307) | 1,280 | (1,984) | 5,711 | (2,602) | 52,295 |
| COMPANY | | | | | | | |
| 2019 | | | | | | | |
| Balance at 1 January 2019 | 50,197 | (307) | 1,280 | (81) | - | (1,369) | 49,720 |
| Loss for the period | - | - | - | - | - | (343) | (343) |
| Currency translation gain | - | - | - | 3 | - | - | 3 |
| Balance at 31 March 2019 | 50,197 | (307) | 1,280 | (78) | - | (1,712) | 49,380 |
| 2018 | | | | | | | |
| Balance at 1 January 2018 | 50,197 | (307) | 1,280 | (82) | - | 855 | 51,943 |
| Loss for the period | - | - | - | - | - | (292) | (292) |
| Balance at 31 March 2018 | 50,197 | (307) | 1,280 | (82) | - | 563 | 51,651 |

Surplus Reserve refers to Reserve Fund and Enterprise Expansion Fund (Note 8 of Section 1(b)(i)).

- 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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

There was no change in the share capital of the Company during the quarter ended 31 March 2019.

As at 31 March 2019, there were unexercised options for 14,000,000 (31 March 2018: 14,400,000) unissued ordinary shares under the Jadason Share Option Scheme 2000. During the nine-months period ended 31 December 2018, 400,000 options were cancelled.

As at 31 March 2019, there were 3,670,000 (31 March 2018: 3,670,000) shares held in treasury. (See also Section 1(d)(iv) below.)

- 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 31 March 2019 was 722,395,000 (31 December 2018: 722,395,000).

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

| | |
|-------------------------------------|-------------|
| At 1 January 2019 and 31 March 2019 | (3,670,000) |
|-------------------------------------|-------------|

- 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 auditors.

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

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.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the year ended 31 December 2018 except as described in Section 5 of this report.

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 the new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") accounting standards that are effective for financial years beginning on or after 1 January 2019, where applicable. In particular, the Group adopted SFRS(I) 16 Leases, which requires lessees to recognise most leases on the balance sheets. Under SFRS(I) 16, a lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligations to make lease payments.

The Group has adopted the simplified transition approach and the comparative amounts for the year prior to first adoption were not restated. The Group has also applied the practical expedience to measure the amount of ROU assets equal to the lease liabilities as at 1 January 2019.

Except for SFRS(I) 16, the adoption of the new standards has no material impact on the financial statements. Please refer to Note 5 of Section 1(b)(i) for further details regarding the impact that initial application of SFRS(I) 16 has on the financial statements.

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 Figures | |
|--|---------------|------------|
| | 1Q 2019 | 1Q 2018 |
| (Loss)/profit per ordinary share for the period after deducting any provision for preference dividends:- | | |
| (i) Based on weighted average number of ordinary shares in issue | (0.21 cents) | 0.00 cents |
| (ii) On a fully diluted basis | (0.21 cents) | 0.00 cents |

The calculation of earnings per share for the quarter ended 31 March 2019 is based on:

- (1) Group's loss after taxation attributable to equity holders of \$1,487,000 (1Q 2018: profit after taxation of \$21,000);
- (2) Weighted average number of ordinary shares of 722,395,000 (2018: 722,395,000) applicable to basic earnings per share;
- (3) Weighted average number of ordinary shares of 722,395,000 (2018: 722,395,000) applicable to diluted earnings per share.

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 | |
|------------------------------------|------------|------------|------------|------------|
| | 31.3.2019 | 31.12.2018 | 31.3.2019 | 31.12.2018 |
| Net asset value per ordinary share | 6.66 cents | 6.76 cents | 6.84 cents | 6.88 cents |

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.

| | Revenue | | (Loss)/profit from Operations | |
|------------------------------------|---------------|---------------|-------------------------------|------------|
| | 1Q 2019 | 1Q 2018 | 1Q 2019 | 1Q 2018 |
| Business Segments: | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Equipment and Supplies | 4,433 | 4,769 | (369) | (43) |
| Manufacturing and Support Services | 5,907 | 8,435 | (724) | 287 |
| Total | 10,340 | 13,204 | (1,093) | 244 |

Revenue for 1Q 2019 was S\$10.3 million, 22% lower than 1Q 2018 revenue of S\$13.2 million as weak demand persisted to hamper the performance of the Group's two business segments. The Group posted a loss from operations of S\$1.1 million during the quarter under review, compared with an operating profit of S\$0.2 million for 1Q 2018.

Revenue for the Equipment and Supplies business for 1Q 2019 decreased by S\$0.3 million, or 7%, compared with 1Q 2018 due mainly to lower sales of supplies to printed circuit board ("PCB") manufacturers. The business segment posted an operating loss of S\$369,000 (1Q 2018: S\$43,000) for the quarter under review.

Revenue of the Manufacturing and Support Services business for 1Q 2019 decreased by S\$2.5 million, or 30%, to S\$5.9 million compared with 1Q 2018 due to weaker demand from customers for PCB mass lamination and PCB drilling services during the quarter under review. As a result of the under utilisation of capacity, this business segment reported a loss from operations of S\$0.7 million for 1Q 2019, compared with a profit from operations of S\$0.3 million for the same period last year.

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

The results are generally in accordance with our announcement dated 26 February 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.**

Our PCB manufacturers customers remain cautious amidst the rising international trade frictions, and the Group expects a challenging environment for its Equipment and Supplies business. In respect of the Manufacturing and Support Services business, although we remain cautiously optimistic of the roll-out of 5G mobile services in China, the trade conflict is likely to have a dampening effect on the demand for electronic devices. The shortage of suitable labour continues to be a challenging factor.

The Group will continue to rationalise and streamline its core businesses.

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/recommendeded, a statement to that effect and the reason(s) for the decision.

No dividend has been declared/recommendeded for the quarter ended 31 March 2019 as the Group wishes to conserve financial resources in the face of economic uncertainty.

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

The Group has not obtained a general mandate from shareholders for IPTs.

14. Negative confirmation by the board pursuant to Rule 705(5)

We, Fung Chi Wai and Linna Hui Min, being two directors of Jadason Enterprises Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial results for the quarter ended 31 March 2019 to be false or misleading.

On behalf of the board of directors

FUNG CHI WAI
Chief Executive Officer

LINNA HUI MIN
Director

15. Confirmation pursuant to Rule 720(1)

The Company confirms that it has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Singapore Exchange Listing Manual.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

Not applicable.

- 17. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

Not applicable.

- 18. A breakdown of sales.**

Not applicable.

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

Not applicable.

BY ORDER OF THE BOARD

Fung Chi Wai
Chief Executive Officer
10 May 2019