

(Company Registration No : 198300506G)

2019 HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2019

(In Singapore Dollars)

	GROUP		% Increase/ (Decrease)
	30/06/2019 S\$'000	30/06/2018 S\$'000	
Revenue	4,135	4,918	(15.9)
Cost of sales	(4,294)	(4,945)	(13.2)
Gross loss	(159)	(27)	488.9
Other income			
- Other operating income	46	228	(79.8)
- Finance income	283	61	363.9
Expenses			
- Selling & distribution expenses	(269)	(333)	(19.2)
- Administrative expenses	(1,997)	(2,949)	(32.3)
- Finance cost	(225)	(45)	400.0
Share of results of associate	(59)	(91)	(35.2)
Loss before tax	(2,380)	(3,156)	(24.6)
Taxation	(0)	-	nm
Loss net of tax	(2,380)	(3,156)	(24.6)
Other comprehensive income :			
Share of foreign currency translation of associated company	2	2	-
Other comprehensive income for the period	2	2	-
Total comprehensive loss for the period, net of tax	(2,378)	(3,154)	(24.6)
Loss for the period attributable to:			
Owners of the Company	(2,380)	(3,156)	(24.6)
	(2,380)	(3,156)	(24.6)
Total comprehensive loss attributable to:			
Owners of the Company	(2,378)	(3,154)	(24.6)
	(2,378)	(3,154)	(24.6)
"0" denotes amount less than \$1,000			
nm - not meaningful			

Notes to the Consolidated Statement of Comprehensive Income :		
	30/06/2019	30/06/2018
	S\$'000	S\$'000
The loss after tax is determined after (crediting) / charging the following :		
Interest income on fixed deposits	(283)	(61)
Depreciation of property, plant and equipment	555	704
Interest on term loan	47	45
Interest on finance lease ¹	178	-
Foreign exchange loss	18	23
Loss on disposal of property, plant and equipment	2	4

¹ Interest expense on finance lease refers to interest element on lease liability following the adoption of SFRS (I) 16 Leases in HY2019. There was no such interest expense in prior periods.

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Non-current assets				
Property, plant and equipment	9,468	9,900	1,882	1,921
Right-of-use asset	7,693	-	7,693	-
Leasehold land	2,828	2,914	-	-
Investment in subsidiaries	-	-	11,731	11,731
Investment in associate	1,843	1,900	-	-
Deferred tax asset	478	478	-	-
	<u>22,310</u>	<u>15,192</u>	<u>21,306</u>	<u>13,652</u>
Current assets				
Inventories	2,381	3,281	-	-
Trade receivables	1,375	1,609	28	16
Amounts due from subsidiaries	-	-	772	746
Receivable from associate	199	194	7	7
Other receivables	532	238	206	215
Prepaid operating expenses	62	39	9	9
Cash and cash equivalents	36,948	38,065	35,742	36,464
	<u>41,497</u>	<u>43,426</u>	<u>36,764</u>	<u>37,457</u>
Current liabilities				
Trade payables	970	929	207	213
Other payables	2,133	2,187	258	448
Current portion of term loans	370	370	-	-
Provision for taxation	64	64	64	64
Current portion of lease liability	184	-	184	-
	<u>3,721</u>	<u>3,550</u>	<u>713</u>	<u>725</u>
Net current assets	37,776	39,876	36,051	36,732
Non-current liabilities				
Non-current portion of term loans	2,189	2,374	-	-
Deferred tax liability	267	267	267	267
Non-current portion of lease liability	7,581	-	7,581	-
	<u>10,037</u>	<u>2,641</u>	<u>7,848</u>	<u>267</u>
Net assets	<u>50,049</u>	<u>52,427</u>	<u>49,509</u>	<u>50,117</u>
Equity attributable to owners of the Company				
Share capital	71,977	71,977	71,977	71,977
Treasury shares	(1,697)	(1,697)	(1,697)	(1,697)
Foreign currency translation reserves	82	80	-	-
Accumulated losses	(20,313)	(17,933)	(20,771)	(20,163)
	<u>50,049</u>	<u>52,427</u>	<u>49,509</u>	<u>50,117</u>
Total Equity	<u>50,049</u>	<u>52,427</u>	<u>49,509</u>	<u>50,117</u>

1(b)(ii) AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES**Term Loans :****Amount repayable in one year or less, or on demand :**

As at 30 June 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
370	-	370	-

Amount repayable after one year :

As at 30 June 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,189	-	2,374	-

Details of any collateral

Certain term loan is secured by lessor's charge over the leasehold land and also by a corporate guarantee from the Company. Certain term loan is solely secured by corporate guarantee from the Company.

Lease Liability :**Amount repayable in one year or less, or on demand :**

As at 30 June 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
184	-	-	-

Amount repayable after one year :

As at 30 June 2019		As at 31 December 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
7,581	-	-	-

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

Group

	30/06/2019 S\$'000	30/06/2018 S\$'000
Cash flows from operating activities :		
Loss before tax	(2,380)	(3,156)
Adjustments for :		
Depreciation expense	555	704
Amortisation on leasehold land	86	118
Amortisation of right-of-use asset	161	-
Loss on disposal of property, plant and equipment	2	4
Share of results of associate	59	91
Translation differences - foreign subsidiary	(2)	-
Interest expense	47	45
Interest expense on right-of-use asset	178	-
Interest income	(283)	(61)
Write-down of inventories to net realisable value	51	-
Operating loss before reinvestment in working capital	(1,526)	(2,255)
Increase in receivables	(96)	(510)
Decrease in inventories	849	1,274
Decrease in payables	(13)	(262)
Cash used in operations	(786)	(1,753)
Interest paid	(47)	(44)
Interest paid - right-of-use asset	(178)	-
Income tax paid, net of refund	(0)	(0)
Interest received	291	59
Net cash used in operating activities	(720)	(1,738)
Cash flows from investing activity :		
Purchase of property, plant and equipment	(125)	(93)
Net cash used in investing activity	(125)	(93)
Cash flow from financing activities :		
Proceeds from issue of new shares	-	23,000
Share issuance expense	-	(30)
Repayment of finance lease obligations	(89)	-
Repayment of term loans	(185)	(185)
Net cash received (used in) / from financing activities	(274)	22,785
Net (decrease) / increase in cash and cash equivalents	(1,119)	20,954
Effect of exchange rate changes on cash and cash equivalents	2	-
Cash and cash equivalents at 1 January	38,065	18,980
Cash and cash equivalents at end of the period	36,948	39,934

"0" denotes amount less than \$1,000

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

Group	Attributable to Owners of the Company				
	Share	Treasury	Foreign	Retained	Total
	Capital	Shares	Currency Translation Reserves	Earnings	Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 January 2018	49,007	(1,697)	75	(12,031)	35,354
Loss for the year	-	-	-	(5,902)	(5,902)
Issue of ordinary shares	23,000	-	-	-	23,000
Issue of introducer shares	690	-	-	-	690
Share issuance expense	(720)	-	-	-	(720)
Other comprehensive loss					
Share of foreign currency translation of associate	-	-	5	-	5
As at 31 December 2018	71,977	(1,697)	80	(17,933)	52,427
As at 1 January 2019	71,977	(1,697)	80	(17,933)	52,427
Loss for the period	-	-	-	(2,380)	(2,380)
Other comprehensive income					
Share of foreign currency translation of associate	-	-	2	-	2
As at 30 June 2019	71,977	(1,697)	82	(20,313)	50,049
Company	Share	Treasury	Retained	Total	
	Capital	Shares	Earnings	Equity	
	S\$'000	S\$'000	S\$'000	S\$'000	
As at 1 January 2018	49,007	(1,697)	(10,018)	37,292	
Total comprehensive loss for the year	-	-	(10,145)	(10,145)	
Issue of ordinary shares	23,000	-	-	23,000	
Issue of introducer shares	690	-	-	690	
Share issuance expense	(720)	-	-	(720)	
As at 31 December 2018	71,977	(1,697)	(20,163)	50,117	
As at 1 January 2019	71,977	(1,697)	(20,163)	50,117	
Total comprehensive loss for the period	-	-	(608)	(608)	
As at 30 June 2019	71,977	(1,697)	(20,771)	49,509	

"0" denotes amount less than \$1,000

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.

None

	Ordinary Shares ¹	Warrants
Balance as at 1 January 2019	56,732,159	27,119,659
Balance as at 30 June 2019	56,732,159	27,119,659
As a percentage of total ordinary shares ¹ issued		48%

¹ Excludes 1,000,000 treasury shares.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 30 June 2019.

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.

Total number of issued shares excluding treasury shares as at 30 June 2019 was 56,732,159 (31 December 2018: 56,732,159). Total number of treasury shares as at 30 June 2019 was 1,000,000 (31 December 2018: 1,000,000). No treasury shares were re-issued for the period ended 30 June 2019.

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.

None.

1(d)(v) Status on the use of proceeds from IPO and any offerings pursuant to Chapter 8 of the SGX Listing Manual and whether the use of proceeds is in accordance with the stated use.

On 27 April 2018, approximately \$23 million net proceeds were raised from the Tranche 1 Share Subscription. As at 30 June 2019, none of the net proceeds has been utilised.

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 our 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.

Except as disclosed under item 5 below, the Group has the same accounting policies and methods of computation consistent with those adopted in the most recent audited financial statements for the year ended 31 December 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 accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of SFRS(I) that are effective for annual periods beginning on or after 1 January 2019.

Adoption of SFRS(I) 16

SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. The Group has applied the modified retrospective approach and does not restate comparative amounts for the year prior to first adoption.

Under the new standard, an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) and a liability to make lease payments (i.e. the lease liability) are recognised. Interest expense on the lease liability and the depreciation expense on the right-of-use asset are recognised separately in the income statement.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

On the adoption of SFRS(I) 16, the Group has recognised an equal amount of right-of-use assets and lease liabilities of S\$7,854,000 for its leases previously classified as operating leases (excluding short-term leases and leases for which underlying assets are of low value) as at 1 January 2019.

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.

Earnings per share (EPS)	Group	
	30/06/2019	30/06/2018
i) Based on weighted average number of ordinary shares	(4.2) cents	(8.4) cents
Weighted average number of shares	56,732,159	37,753,982
ii) On a fully diluted basis	(4.2) cents	(8.4) cents

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital 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	30/06/2018	30/06/2019	30/06/2018
Net asset value per ordinary share based on the existing issued share capital at the respective period	88.2 cents	97.2 cents	87.3 cents	103.6 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.

Group Performance Review

The Group's revenue decreased by 15.9% to \$4.1 million for HY2019 due to continued challenging and weak worldwide demand from the HDD and consumers and component markets as well as competitively depressed selling prices.

The Group recorded a gross loss of \$0.16 million mainly due to low sales and fixed overheads.

Other operating income decreased by 79.8% to \$0.05 million, compared to \$0.23 million in HY2018. This operating income in HY2018 was higher due to \$0.16 million proceeds from scrapping of residual parts of disposed old extrusion machine line.

Finance income increased by 364% from \$0.06 million to \$0.3 million in HY2019. Finance income comprised interest income earned on bank fixed deposits. The increase was due to higher bank deposits balance.

Selling and distribution expenses decreased by 19.2% from \$0.33 million in HY2018 to \$0.27 million in HY2019. The decrease was due to lower packing costs and lower sales salaries and travelling expenses.

Administrative expenses decreased by 32.3% to \$2.0 million from \$2.9 million in HY2018. The decrease was mainly due to absence of professional fees of \$0.5 million which was incurred in HY2018 for the fund-raising exercise undertaken by the Group to fund future acquisitions.

Finance cost in HY2018 comprised of interest expense of \$0.05 million on bank loans taken to finance the acquisition of Tuas South land. Finance cost in HY2019 increased by 400% due to the recognition of finance cost on lease liability following the adoption of SFRS (I) 16 Leases as disclosed in paragraph 5. There was no such finance cost on lease liability in HY2018.

Share of results of associated company's loss for HY2019 decreased by 35.2% from \$0.09 million to \$0.06 million.

At the pre-tax level, the Group reported a loss of \$2.4 million.

Group Balance Sheet and Cash Flow Review

The Group's non-current assets increased by \$7.1 million from \$15.2 million as at 31 December 2018 to \$22.3 million as at 30 June 2019. The increase was due mainly to the recognition of right-of-use asset of \$7.9 million in HY2019 following the adoption of SFRS (I) 16 Leases, partially offset by depreciation of property, plant and equipment and amortization of leasehold land and right-of-use asset.

The Group reported a total current asset of \$41.5 million as at 30 June 2019, a decrease of \$1.9 million from last year end of \$43.4 million. The decrease was due to lower level of inventories, trade receivables and cash balances.

The Group's total liabilities increased by \$7.6 million from \$6.2 million as at 31 December 2018 to \$13.8 million as at 30 June 2019. This was due mainly to the recognition of lease liability of \$7.9 million following the adoption of SFRS (I) 16 Leases in HY2019. The increase was partially offset by repayment of term loan taken to finance the construction of Tuas South factory and repayment of lease liability.

Net cash used in operating activities for HY2019 was \$0.7 million compared with net cash used of \$1.7 million for the corresponding period last year. The negative operating cashflow for HY2019 was mainly due to operating loss and higher trade receivable balance. This was partially offset by lower inventory balance and principal element of lease payments (previously classified under net cash used in operating activities before the adoption of SFRS (I) 16 Leases) being moved and classified under net cash used in financing activities following the adoption of SFRS (I) 16 Leases.

The Group's net cash used in investing activity for HY2019 was \$0.1 million, which was \$0.03 million lower as compared to HY2018. Net cash used in investing activity for HY2019 to purchase plant and equipment.

The Group's net cash used in financing activities in HY2019 relates to the repayment of term loan and lease liability, compared with \$22.8 million net cash received from issuance of new shares in HY2018. Repayment of lease liabilities refer to rentals paid net of related finance cost.

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

The Group's results are in line with the statement made on 25 February 2019 and the profit guidance issued on 2 August 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 global economy will continue to face headwinds into the first half of 2019, amid ongoing trade tensions and lingering political uncertainties. The Board expects the challenging business condition to prevalent.

Group revenue decreased in the half year ended 30 June 2019 as the Group encountered weak customer order level in its main Electronics and Precision Engineering segment and a muted HDD industry. At the same time, the Group also continued to face intense market price pressure.

As announced on 17 June 2019, the Group has entered into a framework agreement in relation to the proposed collaboration with respect to the purchase and sale of liquefied natural gas ("LNG") and LNG business activities with Zhongneng International Gas Co., Ltd ("ZNI"), a company incorporated in Beijing. The Company is currently working with the relevant parties aiming to achieve the definitive agreements. The Company will make the relevant announcements as and when information on any developments relating to the collaboration becomes available.

As announced on 2 July 2019, the conditions precedent to the Proposed Sale of the Group's Penjuru property have not been fulfilled the Company had on 1 July 2019 issued written notice to the Purchaser to terminate the Proposed Sale. The Company is currently working with interested parties in seeking relevant authorities' clarification on terms and requirements of a sale of the property and shall make the necessary announcement as and when any definitive agreement is entered into with the buyer.

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

12 If no dividend has been declared / recommended, a statement to that effect.

No dividend has been recommended for the financial period 30 June 2019.

13 If the Group has obtained 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 Group did not obtain a general mandate from shareholders for IPTs.

14 Confirmation by Directors pursuant to rule 705(5) of the listing manual.

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the first half ended 30 June 2019 to be false or misleading in any material respect.

15 Confirmation of procurement of Undertakings from all Directors and Executive Officers.

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 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Tan Chu En, Ian

CEO

8 August 2019