

JADASON ENTERPRISES LTD (REG. NO. 199003898K)**Financial Statement And Dividend Announcement for the Second Quarter and Six Months Period Ended 30 June 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 30 June 2019 ("2Q 2019") and the six months period ended 30 June 2019 ("YTD 2019"):

	S\$'000		%	S\$'000		%
	2Q 2019	2Q 2018	Increase/ (Decrease)	YTD 2019	YTD 2018	Increase/ (Decrease)
Revenue (Note 1)	11,707	14,377	(19)	22,047	27,581	(20)
Cost of sales	<u>(10,491)</u>	<u>(11,157)</u>	(6)	<u>(19,604)</u>	<u>(22,309)</u>	(12)
Gross profit (Note 1)	1,216	3,220	(62)	2,443	5,272	(54)
Other operating income/(expense) (Note 2)	136	(485)	NM	414	526	(21)
Selling and distribution expenses	(428)	(438)	(2)	(818)	(906)	(10)
Administrative expenses	<u>(2,410)</u>	<u>(2,565)</u>	(6)	<u>(4,618)</u>	<u>(4,916)</u>	(6)
Loss from operations	(1,486)	(268)	454	(2,579)	(24)	10,646
Finance cost (Note 3)	<u>(339)</u>	<u>(89)</u>	281	<u>(580)</u>	<u>(155)</u>	274
Loss before income tax	(1,825)	(357)	411	(3,159)	(179)	1,665
Income tax (Note 4)	<u>19</u>	<u>(57)</u>	NM	<u>(134)</u>	<u>(214)</u>	(37)
Loss after income tax	<u>(1,806)</u>	<u>(414)</u>	336	<u>(3,293)</u>	<u>(393)</u>	738
Attributable to: Equity holders of the Company	<u>(1,806)</u>	<u>(414)</u>	336	<u>(3,293)</u>	<u>(393)</u>	738

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

	S\$'000		%	S\$'000		%
	2Q 2019	2Q 2018	Increase/ (Decrease)	YTD 2019	YTD 2018	Increase/ (Decrease)
Foreign exchange (loss)/gain (Note 2)	(53)	(557)	(90)	78	(66)	NM
Depreciation of property, plant and equipment	(476)	(510)	(7)	(999)	(962)	4
Depreciation of right-of-use assets (Note 3)	(775)	-	NM	(1,541)	-	NM
Loss on disposal of property, plant and equipment	(4)	-	NM	(4)	-	NM
Write-off of plant and equipment	(5)	-	NM	(6)	-	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

Included in the Group's 'other operating income/(expenses)' for the quarter under review was a foreign exchange loss of S\$53,000 (2Q 2018: S\$557,000). As explained in prior year, the higher foreign exchange loss for 2Q 2018 was due mainly to the weakening of the Singapore dollar and Chinese Renminbi against the Hong Kong dollar, as the Group had certain payables denominated in the latter currency.

During the quarter under review, the Hong Kong dollar has not strengthened 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 of right-of-use assets 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. Please refer to Section 5 of this report for further details.

Note 4

The tax credit for 2Q 2019 was due mainly to write-back of tax in respect of prior period.

An income tax charge arose in 2Q 2018 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.

NM – Percentage changes are not meaningful.

Unaudited statement of comprehensive income of the Group for the quarter and six months period ended 30 June 2019:

	2Q 2019	2Q 2018	Increase / (Decrease)	YTD 2019	YTD 2018	Increase / (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Loss after income tax for the period	(1,806)	(414)	336	(3,293)	(393)	738
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations #	(1,118)	(148)	655	(374)	253	NM
	(1,118)	(148)		(374)	253	
Total comprehensive income for the period	(2,924)	(562)	420	(3,667)	(140)	2,519
Total comprehensive income attributable to:						
Equity holders of the Company	(2,924)	(562)	420	(3,667)	(140)	2,519

The loss on translation of foreign operations during the quarter under review was due mainly to the weakening of the Chinese Renminbi against the Singapore dollar.

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 30 June 2019 and 31 December 2018:

	Group		Company	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances (Note 1)	9,617	10,706	719	686
Bank deposits (Note 1)	693	-	-	-
Inventories (Note 2)	6,183	6,665	561	958
Trade receivables (Note 3)	14,781	20,842	2,648	2,041
Bill receivables (Note 4)	10,860	8,319	-	-
Other receivables and prepayments	818	537	121	111
Amounts due from subsidiaries	-	-	263	220
Total	42,952	47,069	4,312	4,016
Non-current assets:				
Property, plant and equipment (Note 5)	16,786	17,775	61	81
Right-of-use assets (Note 6)	15,347	-	201	-
Subsidiaries	-	-	55,619	55,619
Total	32,133	17,775	55,881	55,700
TOTAL ASSETS	75,085	64,844	60,193	59,716

	Group		Company	
	30.6.2019	31.12.2018	30.6.2019	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	1,649	1,563	1,649	1,563
Trade payables (Note 7)	9,242	9,884	3,594	3,139
Other payables (Note 8)	1,894	3,000	330	428
Income tax payable	283	363	-	-
Lease liabilities (Note 6)	2,335	1	166	-
Amounts due to subsidiaries	-	-	4,305	3,866
Total	16,403	15,811	11,044	9,996
Non-current liabilities:				
Lease liabilities (Note 6)	13,320	3	8	-
Provision for long service payment	161	162	-	-
Total	13,481	165	8	-
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	(4,297)	(3,923)	(78)	(81)
Reserve and Enterprise Expansion Funds (Note 9)	5,711	5,711	-	-
Accumulated losses	(7,383)	(4,090)	(1,951)	(1,369)
Total	45,201	48,868	49,141	49,720
TOTAL LIABILITIES AND EQUITY	75,085	64,844	60,193	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 during the period under review.

Note 3

The decrease in trade receivables of the Group was due mainly to payments received and the lower business activities during the period 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

The decrease in property, plant and equipment was due mainly to depreciation charge during the period under review.

Note 6

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 30 June 2019.

Note 7

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

Note 8

The decrease in other payables of the Group was due mainly to lower value added tax payable at the Group's China subsidiaries.

Note 9

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 30 Jun 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,335	2,649	1	2,563

Amount repayable after one year

As at 30 Jun 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
13,320	-	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.

	2Q 2019	2Q 2018	YTD 2019	YTD 2018
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
Loss before income tax	(1,825)	(357)	(3,159)	(179)
Adjustments for:				
Depreciation of property, plant and equipment	476	510	999	962
Depreciation of right-of-use assets	775	-	1,541	-
Interest expense	339	89	580	155
Interest income	(15)	(9)	(24)	(18)
Loss on disposal of property, plant and equipment	4	-	4	-
Write-off of plant and equipment	5	-	6	-
Operating cash flows before changes in working capital	(241)	233	(53)	920
Trade receivables	3,324	2,802	6,061	4,859
Bill receivables	798	(149)	(2,541)	(135)
Other receivables	(244)	60	(281)	(64)
Inventories	(182)	480	482	74
Trade payables	1,942	(1,837)	(642)	(2,556)
Trust receipts	(232)	(203)	86	(808)
Other payables	(1,855)	(454)	(1,106)	(951)
Cash flows generated from operations	3,310	932	2,006	1,339
Interest paid	(339)	(89)	(580)	(155)
Interest received	15	9	24	18
Income tax paid	(138)	(161)	(213)	(161)
Net cash flows generated from operating activities	2,848	691	1,237	1,041
Cash flows from investing activities:				
Purchase of plant and equipment	(15)	(1,169)	(150)	(1,318)
Net cash flows used in investing activities	(15)	(1,169)	(150)	(1,318)
Cash flows from financing activities:				
Proceeds from loans and borrowings	527	508	527	508
Repayment of loans and borrowings	(527)	(508)	(527)	(508)
Repayment of lease liabilities	(593)	(3)	(1,183)	(8)
Net cash flows used in financing activities	(593)	(3)	(1,183)	(8)
Net increase/(decrease) in cash and cash equivalents	2,240	(481)	(96)	(285)
Cash and cash equivalents at beginning of period	8,754	6,911	10,706	6,631
Effects of exchange rate changes	(684)	61	(300)	145
Cash and cash equivalents at end of period	10,310	6,491	10,310	6,491

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
Loss for the period	-	-	-	-	-	(1,806)	(1,806)
Currency translation loss	-	-	-	(1,118)	-	-	(1,118)
Balance at 30 June 2019	50,197	(307)	1,280	(4,297)	5,711	(7,383)	45,201
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
Loss for the period	-	-	-	-	-	(414)	(414)
Currency translation loss	-	-	-	(148)	-	-	(148)
Balance at 30 June 2018	50,197	(307)	1,280	(2,132)	5,711	(3,016)	51,733
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
Loss for the period	-	-	-	-	-	(239)	(239)
Balance at 30 June 2019	50,197	(307)	1,280	(78)	-	(1,951)	49,141
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
Loss for the period	-	-	-	-	-	(591)	(591)
Currency translation gain	-	-	-	1	-	-	1
Balance at 30 June 2018	50,197	(307)	1,280	(81)	-	(28)	51,061

Surplus Reserve refers to Reserve Fund and Enterprise Expansion Fund (Note 9 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 30 June 2019.

As at 30 June 2019, there were unexercised options for 14,000,000 (30 June 2018: 14,400,000) unissued ordinary shares under the Jadason Share Option Scheme 2000. During the six-months period ended 31 December 2018, 400,000 options were cancelled.

As at 30 June 2019, there were 3,670,000 (30 June 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 30 June 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 30 June 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 6 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			
	2Q 2019	2Q 2018	YTD 2019	YTD 2018
Loss per ordinary share for the period after deducting any provision for preference dividends:-				
(i) Based on weighted average number of ordinary shares in issue	(0.25 cents)	(0.06 cents)	(0.46 cents)	(0.05 cents)
(ii) On a fully diluted basis	(0.25 cents)	(0.06 cents)	(0.46 cents)	(0.05 cents)

The calculation of earnings per share for the quarter ended 30 June 2019 is based on:

- (1) Group's loss after taxation attributable to equity holders of \$1,806,000 (2Q 2018: \$414,000);
- (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	
	30.6.2019	31.12.2018	30.6.2019	31.12.2018
Net asset value per ordinary share	6.26 cents	6.76 cents	6.80 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	
	2Q 2019	2Q 2018	2Q 2019	2Q 2018
Business Segments:	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and Supplies	5,633	4,914	(237)	(496)
Manufacturing and Support Services	6,074	9,463	(1,249)	228
Total	11,707	14,377	(1,486)	(268)

	Revenue		(Loss)/profit from Operations	
	YTD 2019	YTD 2018	YTD 2019	YTD 2018
Business Segments:	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and Supplies	10,066	9,683	(606)	(539)
Manufacturing and Support Services	11,981	17,898	(1,973)	515
Total	22,047	27,581	(2,579)	(24)

Revenue for 2Q 2019 was S\$11.7 million, 19% lower than 2Q 2018 revenue of S\$14.4 million as weak demand persisted to hamper the performance of the Group's Manufacturing and Support Services business segment. The Group posted a loss from operations of S\$1.5 million during the quarter under review, compared with an operating loss of S\$0.3 million for 2Q 2018.

Revenue for the Equipment and Supplies business for 2Q 2019 increased by S\$0.7 million, or 15%, compared with 2Q 2018 due mainly to higher sales of equipment to printed circuit board ("PCB") manufacturers. The business segment posted an operating loss of S\$0.2 million (2Q 2018: S\$0.5 million) for the quarter under review.

Revenue of the Manufacturing and Support Services business for 2Q 2019 decreased by S\$3.4 million, or 36%, to S\$6.1 million compared with 2Q 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, absorption of overhead costs was impacted and this business segment reported a loss from operations of S\$1.2 million for 2Q 2019, compared with a profit from operations of S\$0.2 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 10 May 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 worsening trade conflict between the United States of America and China has severely affected the business environment, resulting in weak demand for the Group's products and services. Although the Group was cautiously optimistic that the roll-out of 5G mobile services in China may stimulate demand, there is no certainty that this will happen given the current adverse business environment.

The Group will continue to rationalise, streamline its core businesses and improve productivity to meet the challenging market conditions.

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/recommended for the quarter ended 30 June 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 30 June 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
13 August 2019**