

JADASON ENTERPRISES LTD (REG. NO. 199003898K)

Financial Statement And Dividend Announcement for the Year Ended 31 December 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 year ended 31 December 2019 ("FY2019"):

	S\$'000		%
	FY2019	FY2018	Increase/ (Decrease)
Revenue (Note 1)	44,252	54,787	(19)
Cost of sales (Note 1)	<u>(41,891)</u>	<u>(44,450)</u>	(6)
Gross profit (Note 1)	2,361	10,337	(77)
Other operating income (Note 2)	360	1,098	(67)
Selling and distribution expenses	(1,700)	(2,114)	(20)
Administrative expenses	(9,624)	(9,875)	(3)
Impairment loss of plant and equipment (Note 3)	<u>(7,452)</u>	<u>-</u>	NM
Loss from operations	(16,055)	(554)	2,798
Finance cost (Note 4)	<u>(1,063)</u>	<u>(224)</u>	375
Loss before income tax	(17,118)	(778)	2,100
Income tax (Note 5)	<u>(73)</u>	<u>(566)</u>	(87)
Loss after income tax	<u>(17,191)</u>	<u>(1,344)</u>	1,179
Attributable to: Equity holders of the Company	<u>(17,191)</u>	<u>(1,344)</u>	1,179

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

	S\$'000		%
	FY2019	FY2018	Increase/ (Decrease)
Allowance for doubtful trade debt	(105)	(223)	(53)
Bad debt written off	-	(64)	(100)
Foreign exchange loss (Note 2)	(75)	(372)	(80)
Depreciation of property, plant and equipment	(2,050)	(1,870)	10
Depreciation of right-of-use assets (Note 4)	(2,998)	-	NM
Loss on disposal of plant and equipment	(4)	(12)	(67)
Write-off of plant and equipment	(9)	(205)	(96)
Write-off of inventories (Allowance)/Write-back of allowance for inventory obsolescence (Note 1)	(14) (1,568)	(3) 233	367 NM
Provision for long service payment	-	(65)	(100)

Notes to Income Statement:

Note 1

Included in the cost of sales for the current year is an allowance for inventory obsolescence of S\$1.6 million recognised by the Group in the light of low demand experienced in its Manufacturing and Support Services business segment.

Please refer to Section 8 of this report for a more detailed discussion on the performance of the Group's operating segments.

Note 2

The decrease in other operating income in FY2019 was due mainly to lower income from the sales of scrap materials and the absence of an insurance claim, offset partially by a lower foreign exchange loss.

Note 3

The impairment loss of plant and equipment arose from the Group's 'Manufacturing and Support Services' business, as weak demand persisted for printed circuit board ("PCB") drilling and PCB mass lamination services in China. There is also a lack of visibility in business prospects in the near term, as the production activities of many factories in China have been negatively impacted by measures put in place after the Lunar New Year holidays to contain the spread of the coronavirus. (See also Sections 8 and 10 of this report.)

The Group's mass lamination operation in China has incurred operating losses for 2 consecutive years. The recoverable amount of the plant and equipment for this operation has been determined based on their value-in-use derived from management's cashflow projection, and an impairment loss of S\$6.6 million was recognised.

In making the impairment loss of S\$0.9 million for the other assets, the Group's management made an estimate of the machines' recoverable amounts, which were nil or minimal, as the machines were old and used and it is difficult to find buyers for such equipment under current market conditions.

Note 4

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 5

An income tax charge arose in spite of the loss before income tax as some subsidiaries within the Group were profitable, 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/(loss) of the Group for the year ended 31 December 2019:

	FY2019	FY2018	Increase/ (Decrease)
	S\$'000	S\$'000	%
Loss after income tax for the year	(17,191)	(1,344)	1,179
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translating foreign operations #	<u>(926)</u>	<u>(1,538)</u>	(40)
	(926)	(1,538)	
Total comprehensive loss for the year	<u>(18,117)</u>	<u>(2,882)</u>	529
Total comprehensive loss attributable to:			
Equity holders of the Company	(18,117)	(2,882)	529

The loss on translation of foreign operations 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 31 December 2019 and 31 December 2018:

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances (Note 1)	10,425	10,706	810	686
Bank deposits (Note 1)	808	-	-	-
Inventories (Note 2)	3,752	6,665	345	958
Trade receivables (Note 3)	16,411	20,842	1,579	2,041
Bill receivables (Note 3)	4,722	8,319	-	-
Other receivables and prepayments	1,001	537	89	111
Amounts due from subsidiaries	-	-	206	220
Total	37,119	47,069	3,029	4,016
Non-current assets:				
Property, plant and equipment (Note 4)	8,460	17,775	31	81
Right-of-use assets (Note 5)	13,263	-	93	-
Subsidiaries (Note 6)	-	-	33,666	55,619
Total	21,723	17,775	33,790	55,700
TOTAL ASSETS	58,842	64,844	36,819	59,716

	Group		Company	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	S\$'000	S\$'000	S\$'000	S\$'000
LIABILITIES & EQUITY				
Current liabilities:				
Bank loans	1,000	1,000	1,000	1,000
Trust receipts (Note 7)	2,114	1,563	1,480	1,563
Trade payables (Note 8)	7,702	9,884	1,791	3,139
Other payables	2,917	3,000	514	428
Income tax payable	269	363	-	-
Lease liabilities (Note 5)	2,318	1	77	-
Amounts due to subsidiaries	-	-	5,634	3,866
Total	16,320	15,811	10,496	9,996
Non-current liabilities:				
Lease liabilities (Note 5)	11,610	3	7	-
Provision for long service payment	161	162	-	-
Total	11,771	165	7	-
Capital & reserves:				
Share capital	50,197	50,197	50,197	50,197
Treasury shares	(307)	(307)	(307)	(307)
Share option reserve (Note 9)	-	1,280	-	1,280
Translation reserve	(4,849)	(3,923)	(81)	(81)
Reserve and Enterprise Expansion Funds (Note 10)	5,711	5,711	-	-
Accumulated losses	(20,001)	(4,090)	(23,493)	(1,369)
Total	30,751	48,868	26,316	49,720
TOTAL LIABILITIES AND EQUITY	58,842	64,844	36,819	59,716

Notes:

Note 1

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

Cash and cash equivalents comprise cash and bank balances and bank deposits.

Note 2

The decrease in inventories was related to the lower level of business activities and an allowance for inventory obsolescence of S\$1.6 million (see Note 1 of Section 1(a)) recognised during the year under review.

Note 3

The decreases in trade and bill receivables of the Group were due mainly to payments received and lower business activities during the year under review. Please also refer to Section 8 of this report for further details regarding the performance of the Group's operating segments.

Note 4

The decrease in property, plant and equipment of the Group was due mainly to depreciation and impairment (see Note 3 of Section 1(a)) charges and the effect of translating the financial statements of foreign subsidiaries into Singapore dollar, offset partially by additions of equipment during the year under review.

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 December 2019.

Note 6

The decrease in the Company's investment in subsidiaries was due to impairment loss recognised during the year under review. This has no impact on the Group's results for the year.

Note 7

The increase in trust receipts of the Group at 31 December 2019 was due mainly to the purchase of equipment for sale in China.

Note 8

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

Note 9

During the year under review, the share options expired (see Section 1d(ii)) and the share option reserve was transferred to the accumulated losses.

Note 10

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 Dec 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,318	3,114	1	2,563

Amount repayable after one year

As at 31 Dec 2019		As at 31 Dec 2018	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
11,610	-	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.

	FY2019	FY2018
	S\$'000	S\$'000
Cash flows from operating activities:		
Loss before income tax	(17,118)	(778)
Adjustments for:		
Allowance for doubtful trade debt	105	223
Allowance for inventory obsolescence	1,568	-
Bad debt written off	-	64
Depreciation of property, plant and equipment	2,050	1,870
Depreciation of right-of-use assets	2,998	-
Impairment loss of plant and equipment	7,452	-
Interest expense	1,063	224
Interest income	(73)	(37)
Loss on disposal of plant and equipment	4	12
Write-back of allowance for inventory obsolescence	-	(233)
Provision for long service payment	-	65
Write-off of inventories	14	3
Write-off of plant and equipment	9	205
Unrealised exchange loss	<u>16</u>	<u>162</u>
Operating cash flows before working capital changes	(1,912)	1,780
Trade receivables	3,872	5,082
Bills receivables	3,383	2,537
Other receivables and prepayments	(123)	567
Inventories	1,331	195
Trade payables	(2,024)	(1,898)
Trust receipts	551	(630)
Other payables	<u>(83)</u>	<u>(1,074)</u>
Cash generated from operations	4,995	6,559
Interest paid	(1,063)	(224)
Interest received	73	37
Income tax paid	<u>(160)</u>	<u>(219)</u>
Net cash from operating activities	<u>3,845</u>	<u>6,153</u>
Cash flows from investing activities:		
Purchase of plant and equipment	(870)	(1,882)
Proceeds from disposal of plant and equipment	<u>23</u>	<u>-</u>
Net cash used in investing activities	<u>(847)</u>	<u>(1,882)</u>
Cash flows from financing activities:		
Proceeds from loans	527	508
Repayment of loans	(527)	(508)
Repayment of lease liabilities	<u>(2,269)</u>	<u>(8)</u>
Net cash used in financing activities	<u>(2,269)</u>	<u>(8)</u>
Net increase in cash and cash equivalents	729	4,263
Cash and cash equivalents at beginning of year	10,706	6,631
Effects of exchange rate changes	<u>(202)</u>	<u>(188)</u>
Cash and cash equivalents at end of year	<u>11,233</u>	<u>10,706</u>

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 (Note 1)	Accumulated Profits / (losses)	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
Expiry of share options	-	-	(1,280)	-	-	1,280	-
Loss for the year	-	-	-	-	-	(17,191)	(17,191)
Currency translation loss	-	-	-	(926)	-	-	(926)
Balance at 31 December 2019	50,197	(307)	-	(4,849)	5,711	(20,001)	30,751
2018							
Balance at 1 January 2018	50,197	(307)	1,280	(2,385)	5,711	(2,623)	51,873
Effect on adoption of SFRS(I) 9 (Note 2)	-	-	-	-	-	(123)	(123)
Loss for the year	-	-	-	-	-	(1,344)	(1,344)
Currency translation loss	-	-	-	(1,538)	-	-	(1,538)
Balance at 31 December 2018	50,197	(307)	1,280	(3,923)	5,711	(4,090)	48,868
COMPANY							
2019							
Balance at 1 January 2019	50,197	(307)	1,280	(81)	-	(1,369)	49,720
Expiry of share options	-	-	(1,280)	-	-	1,280	-
Loss for the year	-	-	-	-	-	(23,404)	(23,404)
Balance at 31 December 2019	50,197	(307)	-	(81)	-	(23,493)	26,316
2018							
Balance at 1 January 2018	50,197	(307)	1,280	(82)	-	855	51,943
Loss for the year	-	-	-	-	-	(2,224)	(2,224)
Currency translation gain	-	-	-	1	-	-	1
Balance at 31 December 2018	50,197	(307)	1,280	(81)	-	(1,369)	49,720

Note 1

Surplus Reserve refers to Reserve Fund and Enterprise Expansion Fund (Note 10 of Section 1(b)(i)).

Note 2

SFRS(I) 9 is effective for financial years beginning on or after 1 January 2018. Under SFRS(I) 9, financial assets are subject to expected credit loss impairment model.

The Group had elected to apply the exemption under SFRS(I) 1, allowing it not to restate the comparative information in the FY2018 financial statements. The difference in the carrying amounts of financial assets resulting from the adoption of SFRS(I) 9 are recognised in revenue reserves as at 1 January 2018.

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 year ended 31 December 2019.

As at 31 December 2019, there were nil unexercised options for (31 December 2018: 14,000,000) unissued ordinary shares under the Jadason Share Option Scheme 2000. The 14,000,000 unexercised options lapsed during the year ended 31 December 2019.

As at 31 December 2019, there were 3,670,000 (31 December 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 December 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 December 2019	<u>(3,670,000)</u>
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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 year 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	
	FY2019	FY2018
Loss per ordinary share (basic and diluted) for the year after deducting any provision for preference dividends	(2.38 cents)	(0.19 cents)

The calculation of loss per share (basic and diluted) for the year ended 31 December 2019 is based on:

- (1) Group’s loss after taxation attributable to equity holders of \$17,191,000 (2018: \$1,344,000); and
- (2) Weighted average number of ordinary shares of 722,395,000 (2018: 722,395,000).

There was no difference between the basic and diluted loss per share as the Company has no dilutive instruments as at 31 December 2019 and 31 December 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	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Net asset value per ordinary share	4.26 cents	6.76 cents	3.64 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	
	FY2019	FY2018	FY2019	FY2018
Business Segments:	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and Supplies	20,191	19,381	(1,628)	(1,331)
Manufacturing and Support Services	24,061	35,406	(14,427)	777
Total	44,252	54,787	(16,055)	(554)

Revenue for FY2019 was S\$44.3 million, a decrease of 19% compared with the previous year. Both business segments of the Group saw lower business activities in China during the year under review, and the Group posted a loss from operations of S\$16.1 million for FY2019, compared with a loss of S\$0.6 million for FY2018. As noted in Section 1(a) of this report, the operating results for the year under review included an impairment loss of plant and equipment of S\$7.5 million (FY2018: Nil) and a write-down in value of inventories of S\$1.6 million (FY2018: Write-back of S\$0.2 million).

Revenue of the Equipment and Supplies business for FY2019 increased by S\$0.8 million, or 4%, compared with FY2018 due mainly to higher sales of equipment to printed circuit board ("PCB") manufacturers outside China, offset partially by weaker demand for materials and supplies from PCB manufacturers in China. The business segment posted a higher operating loss of S\$1.6 million for the year under review (FY2018: S\$1.3 million) due mainly to changes in sales mix.

Revenue of the Manufacturing and Support Services business for FY2019 decreased by 32% to S\$24.1 million compared with FY2018 due to weaker demand from customers for the Group's PCB mass lamination and PCB drilling services in China, and this business segment reported a loss from operations of S\$14.4 million for the year under review, compared with a profit from operations of S\$0.8 million for FY2018. Due to under utilisation of capacity, absorption of overhead cost was impacted. The persistent weak demand from the drawn-out US-China trade war led to the recognition of an impairment loss of plant and equipment of S\$7.5 million (FY2018: Nil) (See Note 3 of Section 1(a) of this report). Also included in the operating results of this business segment for FY2019 was a write-down in value of inventories of S\$1.6 million (FY2018: Write-back of S\$0.2 million) (See Note 1 of Section 1(a) of this report).

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 in line with our announcement dated 13 November 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.**

For the most part of FY2019, the trade conflict between the United States and China had severely affected the business environment, resulting in weak demand for the Group's products and services. The signing of the Phase One trade agreement between the two countries in January 2020 was expected to improve factory activities and investment in China. This optimism has waned with the outbreak of the coronavirus. To control the spread of the virus, factories across China have extended their closures after the Lunar New Year holidays, following directives from the Chinese authorities. And with the transport of people and goods hampered, manufacturing activities and the demand for goods and services are expected to be negatively impacted in the first quarter of FY2020.

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? No.

Name of dividend	
Dividend type	
Dividend rate	
Tax rate	

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

Name of dividend	
Dividend type	
Dividends in cents per share	
Tax rate	

(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 year ended 31 December 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. 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)
15. 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.

	Equipment and supplies	Manufacturing and support services	Total
	S\$'000	S\$'000	S\$'000
<u>2019</u>			
Revenue:			
- External sales	<u>20,191</u>	<u>24,061</u>	<u>44,252</u>
Total	<u>20,191</u>	<u>24,061</u>	<u>44,252</u>
Results:			
EBITDA*	(1,394)	#(9,686)	(11,080)
Interest income	23	50	73
Depreciation of property, plant and equipment	(51)	(1,999)	(2,050)
Depreciation of right-of-use assets	<u>(206)</u>	<u>(2,792)</u>	<u>(2,998)</u>
Operating loss	<u>(1,628)</u>	<u>(14,427)</u>	<u>(16,055)</u>
Interest expense	<u>(134)</u>	<u>(929)</u>	<u>(1,063)</u>
Loss before income tax	<u>(1,762)</u>	<u>(15,356)</u>	<u>(17,118)</u>
Income tax expense	<u>(1)</u>	<u>(72)</u>	<u>(73)</u>
Loss for the year	<u>(1,763)</u>	<u>(15,428)</u>	<u>(17,191)</u>
<u>2018</u>			
Revenue:			
- External sales	<u>19,381</u>	<u>35,406</u>	<u>54,787</u>
Total	<u>19,381</u>	<u>35,406</u>	<u>54,787</u>
Results:			
EBITDA*	(1,256)	2,535	1,279
Interest income	5	32	37
Depreciation of property, plant and equipment	<u>(80)</u>	<u>(1,790)</u>	<u>(1,870)</u>
Operating (loss)/profit	<u>(1,331)</u>	<u>777</u>	<u>(554)</u>
Interest expense	<u>(94)</u>	<u>(130)</u>	<u>(224)</u>
(Loss)/profit before income tax	<u>(1,425)</u>	<u>647</u>	<u>(778)</u>
Income tax credit/(expense)	<u>14</u>	<u>(580)</u>	<u>(566)</u>
Loss for the year	<u>(1,411)</u>	<u>67</u>	<u>(1,344)</u>

* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

Included an impairment loss of plant and equipment of S\$7,452,000.

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

Please refer to Section 8 of this announcement.

17. A breakdown of sales.

	FY2019	FY2018	+ / (-)
Group	S\$'000	S\$'000	%
Sales reported for first half-year	22,047	27,581	(20)
Loss after income tax for first half-year	(3,293)	(393)	738
Sales reported for second half-year	22,205	27,206	(18)
Loss after income tax for second half-year	(13,898)	(951)	1,361

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

	FY2019	FY2018
	S\$'000	S\$'000
Ordinary dividend	-	-
Special dividend (Preference dividend)	-	-
Total	-	-

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(1) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Group who is related to a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

**Fung Chi Wai
Chief Executive Officer
28 February 2020**