

Half Year Financial Statement Announcement for the period ended 30 June 2018

**PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF YEAR RESULTS**

**1(a) (i) Statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	HY2018	HY2017	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	8,491	5,259	61.46
Cost of sales	(5,995)	(2,626)	128.29
Gross profit	2,496	2,633	(5.20)
Other operating income	153	285	(46.32)
Administrative expenses	(2,377)	(2,310)	2.90
Other operating expenses	(774)	(853)	(9.26)
Finance costs	(6)	(7)	(14.29)
Profit before tax	(508)	(252)	101.59
Income tax expense	(139)	(24)	479.17
Profit for the period	(647)	(276)	134.42

**Other comprehensive income/loss**

**Item that may be reclassified subsequently to profit or loss**

Exchange differences on translating foreign operations

**Total comprehensive income for the period**

686	72
<b>39</b>	<b>(204)</b>

Profit/loss attributable to:

Shareholders of the Company

Non-controlling interests

(625)	(265)
(22)	(11)
<b>(647)</b>	<b>(276)</b>

Total comprehensive income/loss attributable to:

Shareholders of the Company

Non-controlling interests

61	(193)
(22)	(11)
<b>39</b>	<b>(204)</b>

The Group's profit/(loss) before tax is arrived at after (crediting)/charging :

	HY2018	HY2017
	S\$'000	S\$'000
Depreciation of property, plant and equipment	63	159
Foreign exchange loss/(gain)	154	17
Allowance for impairment on trade receivables	30	-
Interest income	(1)	(2)
Interest expense	6	7
Gain on disposal of property, plant and equipment	-	-
Provision for warranty	-	-
Amortisation of intangible assets	-	-
Write-back of impairment loss on allowance for trade receivables	-	-
Write-back of allowance for slow-moving inventories	-	-
Fair value adjustment on financial asset at fair value through profit or loss	-	-

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

	Group		Company	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Non-Current Assets</b>				
Property, plant and equipment	1,467	1,057	27	204
Investment in subsidiaries	-	-	10,277	8,732
Deferred tax asset	-	-	-	-
Intangible asset	-	-	-	-
Goodwill	-	-	-	-
	<b>1,467</b>	<b>1,057</b>	<b>10,304</b>	<b>8,936</b>
<b>Current Assets</b>				
Inventories	2,384	2,045	-	-
Gross amount due from customers for contract work-in-progress	5,020	5,227	-	-
Trade and other receivables	8,704	8,077	23,847	21,863
Prepaid operating expenses	290	386	250	30
Fixed deposits pledged	171	246	116	190
Cash and bank balances	5,094	2,898	2,285	545
	<b>21,663</b>	<b>18,879</b>	<b>26,498</b>	<b>22,628</b>
<b>Total Assets</b>	<b>23,130</b>	<b>19,936</b>	<b>36,802</b>	<b>31,564</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Capital and Reserve</b>				
Share capital	20,321	18,193	20,321	18,193
Accumulated losses	(7,033)	(6,525)	(10,298)	(9,205)
Reserve	-	-	-	-
Foreign currency translation reserve	(810)	(1,496)	-	-
Attributable to shareholders of the Company	<b>12,478</b>	<b>10,172</b>	<b>10,023</b>	<b>8,988</b>
Non-controlling interests	43	48	-	-
<b>Total equity</b>	<b>12,521</b>	<b>10,220</b>	<b>10,023</b>	<b>8,988</b>
<b>Non-Current Liabilities</b>				
Deferred tax liabilities	114	-	-	-
Obligation under finance lease	319	-	-	-
Bank borrowings	-	-	-	-
	<b>433</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current Liabilities</b>				
Trade and other payables	9,892	9,710	26,779	22,576
Current tax payable	99	2	-	-
Finance Lease Payables	185	4	-	-
Bank borrowings	-	-	-	-
	<b>10,176</b>	<b>9,716</b>	<b>26,779</b>	<b>22,576</b>
<b>Total Equity and Liabilities</b>	<b>23,130</b>	<b>19,936</b>	<b>36,802</b>	<b>31,564</b>

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

Amount repayable within one year

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
185	-	4	-

Amount repayable after one year

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
319	-	-	-

Details of collaterals

Secured loans are vehicles bought on finance leases.

1(c) Statement of cash flow (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	HY2018	HY2017
	S\$'000	S\$'000
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	(508)	(252)
Adjustments for:		
Depreciation of property, plant and equipment	63	158
Gain on disposal of property, plant and equipment	-	-
Bad debts written off	-	-
Bad debts recovered	-	-
Interest expense	7	7
Interest income	(1)	(2)
Allowance for impairment on trade receivables	31	-
Allowance for impairment on trade receivables - Write Back	-	-
Amortisation of intangible assets	-	-
Write-back of allowance for slow-moving inventories	-	-
Provision for stock obsolescence	-	-
Provision for Tax	25	-
Provision for warranty - Write Back	-	-
Profit before taxation	-	-
<b>Operating profit before working capital changes</b>	<b>(383)</b>	<b>(89)</b>
Increase in inventories	(338)	(520)
(Increase)/Decrease in amount due from customers for contract work-in-progress	207	76
Decrease/(Increase) in trade and other receivables	(562)	(1,999)
Increase in trade and other payables	181	(874)
Currency translation adjustments	685	75
<b>Cash (used in)/generated from operations</b>	<b>(210)</b>	<b>(3,331)</b>
Interest received	1	2
Tax paid	184	(78)
<b>Net cash (used in)/generated from operating activities</b>	<b>(25)</b>	<b>(3,407)</b>

**1(c) Statement of cash flow (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	HY2018 S\$'000	HY2017 S\$'000
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(474)	(40)
Proceeds from disposal of property, plant and equipment	-	-
<b>Net cash used in investing activities</b>	<b>(474)</b>	<b>(40)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of bank borrowings	-	-
Bank borrowings	-	-
Interest paid		(7)
New Finance Lease Obligation	499	
Repayment of finance lease obligation	(7)	(58)
Share placement	2,128	
Fixed deposit pledged	78	8
<b>Net cash generated from/(used in) financing activities</b>	<b>2,698</b>	<b>(57)</b>
<b>NET (DECREASE)/INCREASE IN CASH AND BANK BALANCES</b>	<b>2,199</b>	<b>(3,504)</b>
<b>CASH AND BANK BALANCES AT THE BEGINNING OF PERIOD</b>	<b>2,895</b>	<b>7,344</b>
<b>CASH AND BANK BALANCES AT THE END OF PERIOD</b>	<b>5,094</b>	<b>3,840</b>

1(d)(i) A statement (for the company and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital	Foreign currency translation reserve	Accumulated Losses	Reserve	Non- controlling Interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>The Group</b>						
At 1 January 2017	18,192	(1,730)	(4,108)	-	55	12,409
Profit for the period	-	-	(265)	-	(11)	(276)
<u>Other comprehensive loss</u>						
Exchange differences on translating foreign operations, net of tax	-	72	-	-	-	72
Total comprehensive income/(loss) for the period	-	72	(265)	-	(11)	(204)
Remuneration shares	-	-	-	-	-	-
At 30 June 2017	18,192	(1,658)	(4,373)	-	44	12,205
At 1 January 2018	18,192	(1,496)	(6,525)	-	48	10,219
Issue of shares, arising from exercise of warrants	2,128	-	-	-	-	2,128
Profit for the period	-	-	(508)	-	(4)	(512)
<u>Other comprehensive profit</u>						
Exchange differences on translating foreign operations, net of tax	-	686	-	-	-	686
Total comprehensive income/(loss) for the period	-	686	(508)	-	(4)	174
Remuneration shares	-	-	-	-	-	-
At 30 June 2018	20,320	(810)	(7,033)	-	44	12,521
<b>The Company</b>						
At 1 January 2017	18,192	-	(9,308)	-	-	8,884
Profit for the period	-	-	(848)	-	-	(848)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(848)	-	-	(848)
Remuneration shares	-	-	-	-	-	-
At 30 June 2017	18,192	-	(10,156)	-	-	8,036
At 1 January 2018	18,192	-	(9,204)	-	-	8,988
Share Placement	2,128	-	-	-	-	2,128
Profit for the period	-	-	(1,093)	-	-	(1,093)
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income for the period	-	-	(1,093)	-	-	(1,093)
Remuneration shares	-	-	-	-	-	-
At 30 June 2018	20,320	-	(10,297)	-	-	10,023

- 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.

The share capital of the company has increased from S\$18,193,154 as at 31 December 2017 to S\$20,321,774 as at 30 June 2018 due to a placement of shares which was completed on 22 March 2018.

The company did not have any convertible instruments, treasury shares or subsidiary holding as at 30 June 2018 and 30 June 2017.

- 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.

	30 June 2018	31 December 2017
Total number of issued shares excluding treasury shares	498,498,498	373,285,542

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

Not applicable as the company did not have any treasury shares during, and at the end of, the financial period reported on.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable as the company did not have any subsidiary holdings during, and at the end of, the financial period reported on.

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

The figures have not been audited or 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 company's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation are consistent with the latest audited financial statements for the year ended 31 December 2017.

- 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 consistently applied the same accounting policies and methods of computation in the financial statements for the financial year ended 30 June 2018 compared with those of the audited financial statements for the financial year ended 31 December 2017, except for the adoption Singapore Financial Reporting Framework (International) ("SFRS(I)", a new financial reporting framework identical to the International Financial Reporting Standards. The Group adopted SFRS(I) on 1 January 2018, including improvements to SFRS(I) and Interpretations of SFRS(I) that are mandatory for financial years beginning on or after 1 January 2018, and in the period ended 30 June 2018, where applicable.

Other than the effects of the matter as described above and the impact on adoption of SFRS(I)15 and SFRS(I)9, the adoption of the SFRS(I) will have no material impact on the financial statements in the year of initial application.

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 dividends.

	HY2018 S\$'000	HY2017 S\$'000
Net profit attributable to shareholders of the Company	(625)	(265)
Earnings per share for the period based on the weighted average number of shares in issue of 498,498,498 for HY2018 (HY2017:373,285,542)		
	Cents	Cents
Basic earnings per share	(0.09)	(0.07)
Diluted earnings per share	(0.09)	(0.07)

There is no dilutive effect for the period ended 30 June 2018.

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

	Group		Company	
	30/06/2018 Cents	31/12/2017 Cents	30/06/2018 Cents	31/12/2017 Cents
Net asset value per share	2.51	2.74	2.01	2.41

Net asset value per ordinary share as at 30 June 2018 and 31 December 2017 has been computed based on 498,498,498 and 373,285,542 ordinary shares respectively.

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 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.



## **Statement of comprehensive income (HY2018 vs HY2017)**

### **Revenue**

The Group registered an increase in revenue in the current financial period. Revenue increase from S\$5.26 million in HY2017 to S\$8.49 million in HY2018.

This was mainly due to an increase in revenue from the manufacturing segment and Information Communication Technologies businesses.

### **Gross profit margin**

Although the revenue increased in the current financial period, gross profit margin decreased to 29.4% in HY2018 as compared to 50.1% in HY2017.

### **Other operating income**

Other operating income decreased by S\$0.132 million from S\$0.285 million in HY2017 to S\$0.153 million in HY2018. This decrease was mainly due to less government grants received in HY2018.

### **Administrative expenses**

Administrative expenses increased slightly by S\$0.062 million in HY2018 to S\$2.377 million. This was mainly due to an increase in staff costs with multiple projects running.

### **Other operating expenses**

The other operating expenses decreased from S\$0.853 million in HY2017 to S\$0.774 million in HY2018. This decrease was mainly due to intangible assets fully amortised in FY2017 and no provision of warranty in HY2018.

### **Finance costs**

Finance costs decreased from S\$7,000 in HY2017 to S\$6,000 in HY2018 due to reduce in bank charges for overseas payment.

### **Tax expense**

Tax expense increased from S\$24,000 in HY2017 to S\$139,000 in HY2018 mainly from Malaysia entity.

### **Profit after taxation**

Overall, the Group incurred a losses of S\$0.647 million in HY2018 as compared to losses S\$0.276 million in HY2017.

### **Statement of Financial Position (HY2018 vs FY2017)**

In HY2018, the value of the property, plant and equipment increased from S\$1.06 million in FY2017 to S\$1.47 million mainly due to the expansion in Malaysia factory.

Inventories increased from S\$2.05 million as at 31 December 2017 to S\$2.38 million as at 30 Jun 2018 which mainly contributed by Acesian Engineering (M) Sdn Bhd from unfinished goods / goods in progress.

Trade and other receivables increased by S\$0.63 million in half year ended 30 June 2018 due to increase in overall sales.

Trade and other payables increased from S\$9.71 million as at 31 December 2017 to S\$9.89 million as at 30 June 2018 due to increase in purchase of raw materials.

### **Liquidity**

The Group's cash and cash equivalents increased from S\$2.90 million in FY2017 to S\$5.09 million as at 30 June 2018 largely due to the proceeds from the placement of shares which was completed in March 2018.

**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 the prospect statement disclosed in the previous results announcement where we has now refocused on our manufacturing and Information Communication Technologies businesses.

**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.**

Despite the on-going dispute & uncertainty from our subsidiary's contract for Terminal 4 at Changi Airport, we expect positive result from our manufacturing and Information Communication Technologies business in the next 12 months.

**11. Dividend**

**(a) Current Financial Period Report on**

Any dividend declared for the current financial period reported on?

N/A

**(b) Corresponding Period of the immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year?

N/A

**(c) Date payable**

N/A

**(d) Books closure date**

N/A

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

No.

### 13. Interested Party Transactions

Name of interested person	Aggregate value of all interested transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)		Aggregate value of all interested transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)	
	HY 2018	HY 2017	HY 2018	HY 2017
	\$'000	\$'000	\$'000	\$'000
<b>Chern Dar Enterprise Co. Ltd</b>				
Purchases		-	119	106

The Company wishes to advise that there is a general mandate obtained from shareholders for Interested Person Transactions on 26 April 2018.

### 14. Negative Assurance Confirmation on Half Year Financial Results Pursuant to Rule 705(5) of the Listing Manual.

The Board confirms that to the best of its knowledge, nothing has come to its attention which may render the financial results of the 6 months ended 30 June 2018 to be false or misleading in any material aspect. A confirmation signed by two directors on behalf of the Board of Directors is on record.

### 15. Confirmation by the Board pursuant to Rule 720(1) of the Listing Manual.

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

#### On Behalf of the Board of Directors

Name of Director:

Loh Yih

Name of Director

Wong Kok Chye

Designation:

Executive Chairman

Designation:

Executive Director and Group CEO

Wong Kok Chye

Group Chief Executive Officer

14 August 2018

This announcement has been prepared by the Company and its contents has been reviewed by the Company sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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