

JADASON ENTERPRISES LTD (REG. NO. 199003898K)

Financial Statement And Dividend Announcement for the Third Quarter and Nine Months Period Ended 30 September 2018

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 September 2018 ("3Q 2018") and the nine months period ended 30 September 2018 ("YTD 2018"):

	S\$'000		%	S\$'000		%
	3Q 2018	3Q 2017	Increase/ (Decrease)	YTD 2018	YTD 2017	Increase/ (Decrease)
Revenue (Note 1)	13,933	17,578	(21)	41,514	46,270	(10)
Cost of sales	<u>(11,371)</u>	<u>(14,228)</u>	(20)	<u>(33,680)</u>	<u>(37,065)</u>	(9)
Gross profit	2,562	3,350	(24)	7,834	9,205	(15)
Other operating income (Note 2)	97	396	(76)	623	1,558	(60)
Selling and distribution expenses	(478)	(474)	1	(1,384)	(1,513)	(9)
Administrative expenses	<u>(2,202)</u>	<u>(2,228)</u>	(1)	<u>(7,118)</u>	<u>(7,001)</u>	2
(Loss)/profit from operations	(21)	1,044	NM	(45)	2,249	NM
Finance cost	<u>(38)</u>	<u>(18)</u>	111	<u>(193)</u>	<u>(172)</u>	12
(Loss)/profit before income tax	(59)	1,026	NM	(238)	2,077	NM
Income tax (Note 3)	<u>(186)</u>	<u>3</u>	NM	<u>(400)</u>	<u>(33)</u>	1,112
(Loss)/profit after income tax	<u>(245)</u>	<u>1,029</u>	NM	<u>(638)</u>	<u>2,044</u>	NM
Attributable to: Equity holders of the Company	<u>(245)</u>	<u>1,029</u>	NM	<u>(638)</u>	<u>2,044</u>	NM

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

	S\$'000		%	S\$'000		%
	3Q 2018	3Q 2017	Increase/ (Decrease)	YTD 2018	YTD 2017	Increase/ (Decrease)
Foreign exchange (loss)/gain (Note 2)	(372)	188	NM	(438)	900	NM
Depreciation of property, plant and equipment	(388)	(427)	(9)	(1,350)	(1,274)	6
Profit on disposal of plant and equipment	-	47	(100)	-	48	(100)
Write-back of allowance for doubtful trade debts	-	-	-	-	73	(100)

Notes to Income Statement:

Note 1

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

Note 2

The Group's 'other operating income' decreased compared with the same period last year as higher sales of scrap materials and an insurance claim received during the quarter under review were offset partially by a foreign exchange loss.

The insurance claim resulted from a fire incident at the Group's mass lamination operation in the first quarter of the year, as reported in our announcements dated 2 March 2018 and 11 May 2018.

The Group incurred a foreign exchange loss of S\$0.4 million during the quarter under review due mainly to the weakening of the Chinese Renminbi against the Hong Kong dollar, as it has certain creditor balances denominated in the latter currency. The foreign exchange loss impacted mainly the Group's Manufacturing and Support Services business segment (see Section 8). In contrast, the Group had a foreign exchange gain of S\$0.2 million in the same period last year, as it benefited from a weaker Hong Kong dollar then.

Note 3

An income tax charge arose in 3Q 2018 in spite of the loss before income tax as certain 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.

In 3Q 2017, one of the subsidiaries of the Group received a tax refund of S\$15,000. Excluding this refund, the effective tax rate was low in 3Q 2017 due mainly to the utilisation of brought forward tax losses by certain entities within the Group.

NM – Percentage changes are not meaningful.

Unaudited statement of comprehensive income of the Group for the quarter and nine months period ended 30 September 2018:

	3Q 2018	3Q 2017	Increase / (Decrease)	YTD 2018	YTD 2017	Increase / (Decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(Loss)/profit after income tax for the period	(245)	1,029	NM	(638)	2,044	NM
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translating foreign operations #	(1,575)	135	NM	(1,322)	(1,999)	(34)
	(1,575)	135		(1,322)	(1,999)	
Total comprehensive income for the period	(1,820)	1,164	NM	(1,960)	45	NM
Total comprehensive income attributable to:						
Equity holders of the Company	(1,820)	1,164	NM	(1,960)	45	NM

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 September 2018 and 31 December 2017:

	Group		Company	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances (Note 1)	8,425	6,631	799	1,466
Inventories (Note 2)	5,928	6,630	285	357
Trade receivables (Note 3)	20,020	27,066	1,576	1,691
Bill receivables (Note 3)	10,035	11,239	-	-
Other receivables and prepayments	1,395	1,104	136	108
Amounts due from subsidiaries	-	-	335	422
Total	45,803	52,670	3,131	4,044
Non-current assets:				
Property, plant and equipment (Note 4)	18,136	18,636	96	141
Subsidiaries	-	-	56,046	56,046
Total	18,136	18,636	56,142	56,187
TOTAL ASSETS	63,939	71,306	59,273	60,231

	Group		Company	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017
	S\$'000	S\$'000	S\$'000	S\$'000
LIABILITIES & EQUITY				
Current liabilities:				
Bank borrowing	1,000	1,000	1,000	1,000
Trust receipts (Note 5)	1,733	2,193	1,733	2,001
Trade payables (Note 5)	8,591	12,247	2,107	1,438
Other payables (Note 5)	2,393	3,862	296	484
Income tax payable	193	9	-	-
Finance leases	1	8	-	7
Amounts due to subsidiaries	-	-	3,519	3,342
Total	13,911	19,319	8,655	8,272
Non-current liabilities:				
Finance leases	3	4	-	-
Deferred income tax	16	16	16	16
Provision for long service payment	96	94	-	-
Total	115	114	16	16
Capital & reserves:				
Share capital	50,197	50,197	50,197	50,197
Treasury shares	(307)	(307)	(307)	(307)
Share option reserve	1,280	1,280	1,280	1,280
Translation reserve	(3,707)	(2,385)	(81)	(82)
Reserve and Enterprise Expansion Funds (Note 6)	5,711	5,711	-	-
Accumulated (losses)/profits	(3,261)	(2,623)	(487)	855
Total	49,913	51,873	50,602	51,943
TOTAL LIABILITIES AND EQUITY	63,939	71,306	59,273	60,231

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 due mainly to the utilisation of parts for the Group's Manufacturing and Support Services business segment.

Note 3

The decreases in trade and bill receivables of the Group were due mainly to payments received and lower business activities during the period under review.

Note 4

The decrease in property, plant and equipment of the Group was due mainly to depreciation charge and the effect of translating the financial statements of foreign subsidiaries into Singapore dollar, offset partially by the upgrading of equipment for use in the Manufacturing and Support Services business.

Note 5

The decreases in trust receipts, trade and other payables were due mainly to payments made by the Group and lower business activities during the period under review.

Note 6

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 Sep 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
\$1,000	\$2,733,000	\$8,000	\$3,193,000

Amount repayable after one year

As at 30 Sep 2018		As at 31 Dec 2017	
Secured	Unsecured	Secured	Unsecured
\$3,000	-	\$4,000	-

Details of any collateral

Plant and equipment of the Group with net book values of \$5,000 (31 December 2017: \$36,000) are acquired under finance leases.

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.

	3Q 2018	3Q 2017	YTD 2018	YTD 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities:				
(Loss)/profit before income tax	(59)	1,026	(238)	2,077
Adjustments for:				
Depreciation of property, plant and equipment	388	427	1,350	1,274
Interest expense	38	18	193	172
Interest income	(8)	(58)	(26)	(107)
Profit on disposal of plant and equipment	-	(47)	-	(48)
Write-off of property, plant and equipment	126	-	126	-
Operating cash flows before changes in working capital	485	1,366	1,405	3,368
Trade receivables	2,187	(1,968)	7,046	(738)
Bill receivables	1,339	(3,820)	1,204	(1,567)
Other receivables	(227)	(169)	(291)	298
Inventories	628	(1,691)	702	(2,318)
Trade payables	(1,100)	2,322	(3,656)	167
Trust receipts	348	(72)	(460)	(233)
Other payables	(518)	(450)	(1,469)	(1,300)
Cash flows generated from / (used in) operations	3,142	(4,482)	4,481	(2,323)
Interest paid	(38)	(18)	(193)	(172)
Interest received	8	58	26	107
Income tax (paid)/refund	(55)	7	(216)	(30)
Net cash flows generated from / (used in) operating activities	3,057	(4,435)	4,098	(2,418)
Cash flows from investing activities:				
Proceeds from disposal of plant and equipment	-	114	-	116
Purchase of plant and equipment	(273)	(193)	(1,591)	(325)
Net cash flows used in investing activities	(273)	(79)	(1,591)	(209)
Cash flows from financing activities:				
Proceeds from loans and borrowings	-	-	508	1,439
Repayment of loans and borrowings	-	(3,528)	(508)	(8,063)
Repayment of finance leases	-	(4)	(8)	(12)
Net cash flows used in financing activities	-	(3,532)	(8)	(6,636)
Net increase/(decrease) in cash and cash equivalents	2,784	(8,046)	2,499	(9,263)
Cash and cash equivalents at beginning of period	6,491	15,943	6,631	18,721
Effects of exchange rate changes	(850)	64	(705)	(1,497)
Cash and cash equivalents at end of period	8,425	7,961	8,425	7,961

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							
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
Loss for the period	-	-	-	-	-	(245)	(245)
Currency translation loss	-	-	-	(1,575)	-	-	(1,575)
Balance at 30 September 2018	50,197	(307)	1,280	(3,707)	5,711	(3,261)	49,913
2017							
Balance at 1 January 2017	50,197	(307)	1,280	(480)	5,711	(5,447)	50,954
Profit for the period	-	-	-	-	-	280	280
Currency translation loss	-	-	-	(1,933)	-	-	(1,933)
Balance at 31 March 2017	50,197	(307)	1,280	(2,413)	5,711	(5,167)	49,301
Profit for the period	-	-	-	-	-	735	735
Currency translation loss	-	-	-	(201)	-	-	(201)
Balance at 30 June 2017	50,197	(307)	1,280	(2,614)	5,711	(4,432)	49,835
Profit for the period	-	-	-	-	-	1,029	1,029
Currency translation gain	-	-	-	135	-	-	135
Balance at 30 September 2017	50,197	(307)	1,280	(2,479)	5,711	(3,403)	50,999
COMPANY							
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
Loss for the period	-	-	-	-	-	(459)	(459)
Balance at 30 September 2018	50,197	(307)	1,280	(81)	-	(487)	50,602
2017							
Balance at 1 January 2017	50,197	(307)	1,280	(82)	-	(201)	50,887
Profit for the period	-	-	-	-	-	170	170

Currency translation loss	-	-	-	(2)	-	-	(2)
Balance at 31 March 2017	50,197	(307)	1,280	(84)	-	(31)	51,055
Loss for the period	-	-	-	-	-	(65)	(65)
Currency translation gain	-	-	-	2	-	-	2
Balance at 30 June 2017	50,197	(307)	1,280	(82)	-	(96)	50,992
Loss for the period	-	-	-	-	-	(166)	(166)
Currency translation gain	-	-	-	1	-	-	1
Balance at 30 September 2017	50,197	(307)	1,280	(81)	-	(262)	50,827

Surplus Reserve refers to Reserve Fund and Enterprise Expansion Fund (Note 6 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 September 2018.

As at 30 September 2018, there were unexercised options for 14,400,000 (30 September 2017: 14,800,000) unissued ordinary shares under the Jadason Share Option Scheme 2000. During the quarter ended 31 March 2018, 400,000 options were cancelled.

As at 30 September 2018, there were 3,670,000 (30 September 2017: 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 September 2018 was 722,395,000 (31 December 2017: 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 2018 and 30 September 2018	(3,670,000)
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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 period compared with those of the audited financial statements for the year ended 31 December 2017 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 Singapore Financial Reporting Standards (International) ("SFRS(I)"), a new financial reporting framework identical to the International Financial Reporting Standards, on 1 January 2018.

The Group also adopted the following SFRS(I) accounting standards that are effective for financial years beginning on or after 1 January 2018 and which are relevant to the Group's operations:

- SFRS(I) 9 Financial Instruments; and
- SFRS(I) 15 Revenue from Contracts with Customers.

The adoption of the new framework and standards has no material impact 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			
	3Q 2018	3Q 2017	YTD 2018	YTD 2017
(Loss)/profit per ordinary share for the period after deducting any provision for preference dividends:-				
(i) Based on weighted average number of ordinary shares in issue	(0.03 cents)	0.14 cents	(0.09 cents)	0.28 cents
(ii) On a fully diluted basis	(0.03 cents)	0.14 cents	(0.09 cents)	0.28 cents

The calculation of earnings per share for the quarter ended 30 September 2018 is based on:

- (1) Group's loss after taxation attributable to equity holders of \$245,000 (3Q 2017: profit after taxation of \$1,029,000);
- (2) Weighted average number of ordinary shares of 722,395,000 (2017: 722,395,000) applicable to basic earnings per share;
- (3) Weighted average number of ordinary shares of 722,395,000 (2017: 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	
	30.9.2018	31.12.2017	30.9.2018	31.12.2017
Net asset value per ordinary share	6.91 cents	7.18 cents	7.00 cents	7.19 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	
	3Q 2018	3Q 2017	3Q 2018	3Q 2017
Business Segments:	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and Supplies	5,118	7,010	(73)	167
Manufacturing and Support Services	8,815	10,568	52	877
Total	13,933	17,578	(21)	1,044

	Revenue		(Loss)/profit from Operations	
	YTD 2018	YTD 2017	YTD 2018	YTD 2017
Business Segments:	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and Supplies	14,801	17,779	(612)	303
Manufacturing and Support Services	26,713	28,491	567	1,946
Total	41,514	46,270	(45)	2,249

Revenue for 3Q 2018 was S\$13.9 million, a decrease of 21% compared with 3Q 2017 revenue of S\$17.6 million. The Group posted a loss from operations of S\$21,000 during the quarter under review, compared with an operating profit of S\$1.0 million for 3Q 2017.

Revenue for the Equipment and Supplies business for 3Q 2018 decreased by S\$1.9 million, or 27%, to S\$5.1 million compared with 3Q 2017 due mainly to weaker sales of equipment and supplies to printed circuit board ("PCB") manufacturers. The business segment reported an operating loss of S\$73,000 (3Q 2017: operating profit of S\$167,000) for the quarter under review on the lower sales volume.

Revenue of the Manufacturing and Support Services business for 3Q 2018 decreased by S\$1.8 million, or 17%, to S\$8.8 million compared with 3Q 2017 on lower business at the Group's mass lamination plant during the quarter under review. This business segment reported a lower operating profit of S\$52,000 for 3Q 2018 (3Q 2017: S\$0.9 million) due mainly to changes in sales mix, reduced mass lamination services provided and the foreign exchange loss as described earlier in 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 generally in accordance with our announcement dated 13 August 2018.

10. **A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

Our PCB manufacturers customers remain cautious amidst the rising international trade frictions, and the Group expects a challenging environment for both its Equipment and Supplies business and Manufacturing and Support Services business.

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

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded for the quarter ended 30 September 2018.

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 September 2018 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 November 2018**