Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

teckwah **TECKWAH INDUSTRIAL CORPORATION LTD**

Third Quarter and Nine Months Ended 30 September 2019
Financial Statement and Dividend Announcement

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, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year

Income statement	Group			Group		
	S$'000		%	S$'000		%
	Q3 FY2019		incr/	9 months ended 30 Sep		incr/
	2019	2018	(decr)	2019	2018 (Restated)	(decr)
Revenue	48,057	41,880	14.7	126,711	123,556	2.6
Investment income	-	-	-	-	-	-
Other income including interest income :-	197	218	(9.6)	1,397	910	53.5
(i) Gain on sale of plant & equipment included in other income	2	(48)	(104.2)	96	63	52.4
(ii) Interest income	73	61	19.7	228	195	16.9
(iii) Other income	122	205	(40.5)	1,073	652	64.6
Changes in inventories of FG & WIP	299	159	88.1	299	342	(12.6)
(i) (Allowance for) write-back of inventories	(5)	(4)	25.0	(67)	(23)	191.3
Raw materials and consumables used :-	(12,473)	(11,781)	5.9	(32,823)	(34,129)	(3.8)
(i) Write-back of (allowance for) inventories	(3)	4	(175.0)	(39)	49	(179.6)
Staff costs	(14,697)	(11,245)	30.7	(36,960)	(33,464)	10.4
Depreciation, amortisation and impairment expenses	(4,880)	(2,473)	97.3	(13,816)	(7,454)	85.4
Interest on borrowings	(323)	(63)	412.7	(755)	(167)	352.1
Other operating expenses :-	(11,467)	(13,890)	(17.4)	(32,747)	(39,800)	(17.7)
(i) Foreign exchange (loss) gain	467	(59)	(891.5)	322	364	(11.5)
(ii) Allowance for doubtful debts	-	-	-	-	-	-
(ii) Bad debts written off	-	(9)	n.m	-	(9)	n.m
Exceptional items	-	-	-	-	-	-
Operating profit before income tax, non-controlling interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange loss and exceptional items	4,713	2,805	68.0	11,306	9,794	15.4

Income statement (continued)	Group			Group		
	S$'000		%	S$'000		%
	Q3 FY2019		incr/	9 months ended 30 Sep		incr/
	2019	2018	(decr)	2019	2018 (Restated)	(decr)
Loss from associated companies	-	-	-	-	-	-
(Loss) profit from joint venture	72	221	(67.4)	124	261	(52.5)
Operating profit before income tax	4,785	3,026	58.1	11,430	10,055	13.7
Less income tax :-	(729)	(407)	79.1	(1,750)	(1,897)	(7.7)
(i) Adjustment for over provision of tax in respect of prior periods.	(1)	-	n.m	340	9	n.m
Profit for the period	4,056	2,619	54.9	9,680	8,158	18.7
Attributable to :-						
Owners of the company	3,442	2,305	49.3	7,990	7,052	13.3
Non-controlling interests	614	314	95.5	1,690	1,106	52.8

Statement of Comprehensive Income	Group			Group		
	S$'000		%	S$'000		%
	Q3 FY2019		incr/	9 months ended 30 Sep		incr/
	2019	2018	(decr)	2019	2018 (Restated)	(decr)
Profit for the period	4,056	2,619	54.9	9,680	8,158	18.7
Other comprehensive income :-						
Items that will not be reclassified subsequently to profit or loss :-						
(i) Remeasurement of defined benefit obligation	-	-	-	-	-	-
Items that may be reclassified subsequently to profit or loss :-						
(i) Foreign currency translation	(2,056)	(1,658)	24.0	(866)	(1,133)	(23.6)
Other comprehensive income for the period	(2,056)	(1,658)	24.0	(866)	(1,133)	(23.6)
Total comprehensive income for the period	2,000	961	108.1	8,814	7,025	25.5
The comprehensive income attributable to :-						
Owners of the Company	1,454	789	84.3	7,218	5,927	21.8
Non-controlling Interests	546	172	217.4	1,596	1,098	45.4

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

Statement of Financial Position	Group		Company	
	Actual	Previous	Actual	Previous
	30-Sep-19	31-Dec-18	30-Sep-19	31-Dec-18
	$'000	$'000	$'000	$'000
ASSETS				
Current assets:				
Cash and cash equivalents	41,839	36,052	5,546	5,422
Trade and other receivables	51,335	46,999	10,968	10,832
Inventories	13,828	13,429	-	-
Total current assets	107,002	96,480	16,514	16,254
Non-current assets:				
Other assets	5,241	2,703	-	-
Joint venture	4,302	4,179	4,216	4,216
Subsidiaries	-	-	23,269	19,797
Property, plant and equipment	69,801	72,563	31,764	34,213
Investment properties	4,151	4,240	2,288	2,357
Right-of-use assets	11,328	-	-	-
Land use rights	6,195	6,400	5,823	6,022
Intangible assets	2,361	-	-	-
Goodwill	9,958	6,691	5,628	-
Deferred tax assets	281	284	-	-
Total non-current assets	113,618	97,060	72,988	66,605
Total assets	220,620	193,540	89,502	82,859
LIABILITIES AND EQUITY				
Current liabilities:				
Trade and other payables	27,893	25,992	11,944	8,859
Bank loans	3,932	-	3,600	-
Finance leases	986	995	20	20
Lease liabilities	5,877	-	-	-
Income tax payable	2,368	2,655	117	701
Total current liabilities	41,056	29,642	15,681	9,580
Non-current liabilities:				
Bank loans	4,099	-	2,780	-
Finance leases	2,610	3,305	36	51
Lease liabilities	5,892	-	-	-
Deferred tax liabilities	2,752	2,742	856	856
Post employment benefits	495	490	-	-
Total non-current liabilities	15,848	6,537	3,672	907
Capital, reserves and non-controlling interests:				
Share capital	23,852	23,852	23,852	23,852
Statutory surplus reserve	3,037	3,015	-	-
Retained earnings	132,456	128,078	46,297	48,520
Currency translation reserve	(2,889)	(2,117)	-	-
Equity attributable to owners of the company	156,456	152,828	70,149	72,372
Non-controlling interests	7,260	4,533	-	-
Total equity	163,716	157,361	70,149	72,372
Total liabilities and equity	220,620	193,540	89,502	82,859

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

(a) the amount repayable in one year or less, or on demand

As at 30/09/19		As at 31/12/18	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
986	3,932	995	0

(b) the amount repayable after one year

As at 30/09/19		As at 31/12/18	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
2,610	4,099	3,305	-

Details of any collateral

The finance lease liabilities are secured by the assets 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

Statement of cash flows

	Group		Group	
	3 months ended 30 Sep		9 months ended 30 Sep	
	2019	2018	2019	2018
	S$'000	S$'000	S$'000	S$'000
Cash flow from operating activities:				
Profit before tax	4,785	3,026	11,430	10,055
Adjustments for :				
Bad debts written off	-	9	-	9
(Write-back) Write-down of inventories	8	-	106	(26)
Depreciation and amortisation expense	4,880	2,473	13,816	7,454
(Gain) Loss on disposal of property, plant and equipment	(2)	10	(96)	(101)
Share of (loss) profit from joint venture	(72)	(221)	(124)	(261)
Post employment benefits	-	19	-	9
Intangible assets written off	-	5	-	5
Interest income	(73)	(61)	(228)	(195)
Finance costs for bank loan and finance leases	138	63	232	167
Finance costs for lease liabilities	185	-	523	-
Operating cash flows before movements in working capital	**9,849**	**5,323**	**25,659**	**17,116**
Trade and other receivables and other assets	394	(1,009)	(1,602)	69
Inventories	(1,291)	(1,079)	(448)	(921)
Trade and other payables	2,617	1,104	(629)	(5,574)
Cash generated from operations	**11,569**	**4,339**	**22,980**	**10,690**
Interest paid for bank loan and finance leases	(138)	(63)	(232)	(167)
Interest paid for lease liabilities	(185)	-	(523)	-
Income tax paid	(847)	(1,157)	(2,075)	(2,794)
Net cash from operating activities	**10,399**	**3,119**	**20,150**	**7,729**
Cash flow from investing activities:				
Interest received	73	61	228	195
Dividends received from joint venture	-	-	-	500
Proceeds from disposal of property, plant and equipment	31	(1)	167	134
Purchase of property, plant and equipment	(772)	(556)	(3,790)	(2,854)
Purchase of investment properties	-	-	-	-
Net cash flow on acquisition of subsidiaries	-	-	(6,439)	-
Net cash used in investing activities	**(668)**	**(496)**	**(9,834)**	**(2,025)**
Cash flows from financing activities:				
Dividends paid	(1,168)	(1,168)	(3,503)	(5,839)
Dividends paid to non-controlling interests	-	(14)	(495)	(633)
Repayment of bank loans	(994)	(463)	(1,064)	(1,089)
Proceeds from bank loans	-	172	7,863	851
Repayment of obligations under finance leases	(240)	(355)	(959)	(918)
Repayment of lease liabilities	(2,276)	-	(5,864)	-
Proceeds from finance leases	-	-	-	4,403
Net cash used in financing activities	**(4,678)**	**(1,828)**	**(4,022)**	**(3,225)**
Net increase (decrease) in cash and cash equivalents	5,053	795	6,294	2,479
Cash and cash equivalents at beginning of period	37,279	29,430	36,052	27,710
Effect of foreign exchange rate changes	(493)	(802)	(507)	(766)
Cash and cash equivalents at end of period	41,839	29,423	41,839	29,423

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

Statement of changes in equity

GROUP

	Share capital S$'000	Statutory surplus reserve S$'000	Retained earnings S$'000	Currency translation reserve S$'000	Attributable to owners of the company S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 July 2018	**23,852**	**2,951**	**126,909**	**(577)**	**153,135**	**4,154**	**157,289**
Total comprehensive income for the period							
Profit for the period, net of tax	-	-	2,305	-	2,305	314	2,619
Other comprehensive income for the period	-	-	-	(1,516)	(1,516)	(142)	(1,658)
Total	**-**	**-**	**2,305**	**(1,516)**	**789**	**172**	**961**
Transactions with owners, recognised directly in equity							
Appropriations	-	(87)	87	-	-	-	-
Dividends paid	-	-	(1,168)	-	(1,168)	-	(1,168)
Total	**-**	**(87)**	**(1,081)**	**-**	**(1,168)**	**-**	**(1,168)**
Others							
Dividends declared to non-controlling interests	-	-	-	-	-	(14)	(14)
Total	**-**	**-**	**-**	**-**	**-**	**(14)**	**(14)**
Balance at 30 September 2018	**23,852**	**2,864**	**128,133**	**(2,093)**	**152,756**	**4,312**	**157,068**
Balance at 1 July 2019	**23,852**	**3,037**	**130,186**	**(2,527)**	**154,548**	**6,714**	**161,262**
Cumulative effects of adopting SFRS(I) 16			(5)		(5)		(5)
As adjusted at 1 July 2019	**23,852**	**3,037**	**130,181**	**(2,527)**	**154,543**	**6,714**	**161,257**
Total comprehensive income for the period							
Profit for the period, net of tax	-	-	3,442	-	3,442	614	4,056
Other comprehensive income for the period	-	-	-	(362)	(362)	(68)	(430)
Total	**-**	**-**	**3,442**	**(362)**	**3,080**	**546**	**3,626**
Transactions with owners, recognised directly in equity							
Appropriations	-	-	-	-	-	-	-
Dividends paid	-	-	(1,167)	-	(1,167)	-	(1,167)
Total	**-**	**-**	**(1,167)**	**-**	**(1,167)**	**-**	**(1,167)**
Others							
Acquisition of subsidiaries	-	-	-	-	-	-	-
Dividends declared to non-controlling interests	-	-	-	-	-	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 30 September 2019	**23,852**	**3,037**	**132,456**	**(2,889)**	**156,456**	**7,260**	**163,716**

COMPANY

	Share capital S$'000	Statutory surplus reserve S$'000	Retained earnings S$'000	Currency translation reserve S$'000	Attributable to owners of the company S$'000	Non-controlling interests S$'000	Total S$'000
Balance at 1 July 2018	**23,852**	**-**	**45,908**	**-**	**69,760**	**-**	**69,760**
Profit for the period, net of tax, representing total comprehensive income for the period	-	-	2,320	-	2,320	-	2,320
Dividends paid, representing transactions with owners recognised directly in equity	-	-	(5,839)	-	(5,839)	-	(5,839)
Balance at 30 September 2018	**23,852**	**-**	**42,389**	**-**	**66,241**	**-**	**66,241**
Balance at 1 July 2019	**23,852**	**-**	**47,079**	**-**	**70,931**	**-**	**70,931**
Profit for the period, net of tax, representing total comprehensive income for the period	-	-	385	-	385	-	385
Dividends paid, representing transactions with owners recognised directly in equity	-	-	(1,167)	-	(1,167)	-	(1,167)
Balance at 30 September 2019	**23,852**	**-**	**46,297**	**-**	**70,149**	**-**	**70,149**

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.

Not applicable.

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.

	Number of Issued Shares		
	FY 2019		FY 2018
Balance as at 1 January	233,550,248		233,550,248
Issue of shares	-		-
Balance as at 30 September	233,550,248		233,550,248

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.

There are no treasury shares as at the end of current period.

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.

There are no subsidiary holdings.

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 company’s auditors.

3. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of a matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer’s most recently audited annual financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and method of computation in the financial statements for the current financial period compared with those of the audited financial statements as at 31 December 2018.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

On January 2019, the Group adopted SFRS(I) 16 Leases, which is effective for financial periods beginning January 1, 2019. SFRS(I) 16 establishes the principles for the recognition, measurement, presentation and disclosure of lease assets and corresponding liabilities.

SFRS(I) 16 Leases has a more significant impact on the Group as described below. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

The Group has adopted SFRS(I) 16 using the modified retrospective approach. Therefore, the cumulative effect of adopting SFRS(I) 16 will be recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019, with no restatement of comparative information. The Group has applied the practical expedient to grandfather the definition of a lease on transition.

The Group has recognised the existing operating lease arrangements at 31 December 2018 as ROU assets with corresponding lease liabilities under SFRS(I) 16.

The nature of expenses related to these expenses has changed as SFRS(I) 16 replaced the straight-line operating lease expense (previously recognised in "direct expenses") with change in fair value for ROU assets and interest expense on lease liabilities.

No significant impact is expected for other leases in which the Group is a lessor.

Notwithstanding the adoption of the new SFRS(I) 16, interim financial information may be subject to change until all standards effective on 31 December 2019 are known and incorporated.

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: -

	30/09/2019	30/09/2018
Earnings per Ordinary Share for the year based on net profit attributable to shareholders :-		
i) Based on the weighted average number of ordinary shares on issue (cents)	3.42	3.02
ii) On a fully diluted basis (cents)	3.42	3.02

Note

a. The earnings per ordinary share ("EPS") for the period ended September 30, 2019 has been calculated on weighted average number of ordinary shares in issue of 233,550,248 (2018: 233,550,248) ordinary shares.

b. Fully diluted EPS for the period ended September 30, 2019 is calculated on 233,550,248 (2018: Diluted EPS is calculated at 233,550,248) ordinary shares.

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	
	Sep'19	Dec'18	Sep'19	Dec'18
Net asset value per ordinary share based on issued share capital at the end of the period	66.99 cts	65.44 cts	30.04 cts	30.99 cts

Note: The net asset value per ordinary share for the period ended September 30, 2019 have been calculated based on the issued share capital of 233,550,248 shares (2018: 233,550,248)

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

Income Statement

3Q FY 2019 vs 3Q FY 2018

For the third quarter ended 30 September 2019, the Group achieved total revenue of $48.1 million, 14.7% higher than the $41.9 million achieved in the same period last year.

The Packaging Printing-related business accounted for 51.9% of the Group's revenue while the Logistics and Services business contributed another 38.5% and the new Lifestyle business contributed the remaining 9.6%. In terms of geographical perspective, the Singapore operations continued to be the main contributor and it accounted for 58.9% of the Group's revenue. The China operations remained the second largest contributor, accounting for 24.6% of the Group's revenue.

For the Packaging Printing-related business, revenue increased by 6.3% from $23.5 million to $25.0 million whilst revenue for the Logistics and Services business increased by 0.4% from $18.4 million to $18.5 million. The new Lifestyle business has contributed $4.6 million to the Group's revenue. The increase in the Packaging Printing-related segment revenue was mainly due to increase in demand from some existing customers in Indonesia and Malaysia region. For the Logistics and Services business, the increase was mainly due to increase in demand from some existing customers in the Asia Pacific region excluding Singapore and China.

The Group's operating profit before tax for the third quarter ended 30 September 2019 increased by 58.2% from $3.0 million to $4.8 million for the same period in the previous year. This was mainly due to the increase in revenue despite a corresponding increase in costs of operations. The addition of the Lifestyle business also contributed to the increase.

For the Packaging Printing-related business, operating profit before tax (after allocation of corporate services performance) increased by 198.9% from $0.56 million to $1.69 million mainly due to the increase in revenue despite a corresponding increase in costs of operations.

For the Logistics business, operating profit before tax (after allocation of corporate services performance) increased by 20.1% from $2.46 million to $2.96 million. The increase in operating profit was mainly due to the reduction in costs of operations through better cost management.

For the Lifestyle business, it has contributed $0.14 million to the Group's operating profit before tax.

The Group's other income for the third quarter ended 30 September 2019 decreased by 9.6% from $0.22 million to $0.2 million. This was mainly due to lower other income in Singapore.

The Group's depreciation and amortisation expenses increased by 97.3% from $2.5 million to $4.9 million as a result of the Group's adoption of SFRS(I) Leases starting 1st January 2019 and increased investments in property, plant and equipment in Singapore, China, Indonesia and Malaysia.

9M FY 2019 vs 9M FY 2018

For the nine months ended 30 September 2019, the Group achieved total revenue of $126.7 million, 2.6% higher than the $123.6 million achieved in the same period last year.

The Packaging Printing-related business accounted for 52.2% of the Group's revenue while the Logistics and Services business contributed another 41.8% and the new Lifestyle business contributed the remaining 6.0%. In terms of geographical perspective, the Singapore operations continued to be the main contributor and it accounted for 56.9% of the Group's revenue. The China operations remained the second largest contributor, accounting for 26.8% of the Group's revenue.

For the Packaging Printing-related business, revenue decreased by 1.8% from $67.4 million to $66.2 million whilst revenue for the Logistics and Services business decreased by 5.8% from $56.2 million to $52.9 million. The new Lifestyle business has contributed $7.6 million to the Group's revenue. The decrease in the Packaging Printing-related segment revenue was mainly due to decrease in demand from some existing customers in Singapore and China. For the Logistics and Services business, the decrease was mainly due to decrease in demand from some existing customers in Singapore and China.

The Group's operating profit before tax for the nine months ended 30 September 2019 increased by 13.7% from $10.1 million to $11.4 million for the same period in the previous year. This was mainly due to an increase in other income as well as higher revenue registered despite a corresponding increase in costs of operations. The addition of the Lifestyle business also contributed to the increase.

For the Packaging Printing-related business, operating profit before tax (after allocation of corporate services performance) increased by 58.7% from $1.43 million to $2.26 million mainly due to the reduction in costs of operations through better cost management and higher other income from Government Grants in China despite a drop in revenue and unfavorable forex movement.

For the Logistics business, operating profit before tax (after allocation of corporate services performance) increased by 2.9% from $8.63 million to $8.88 million. The increase in operating profit was mainly due to the reduction in costs of operations through better cost management despite a drop in revenue.

For the Lifestyle business, it has contributed $0.29 million to the Group's operating profit before tax.

The Group's other income for the nine months ended 30 September 2019 increased by 53.5% from $0.91 million to $1.4 million. This was mainly due to higher Government Grants in China and other income in Singapore.

The Group's depreciation and amortisation expenses increased by 85.4% from $7.5 million to $13.8 million as a result of the Group's adoption of SFRS(I) 16 Leases starting 1st January 2019 and increased investments in property, plant and equipment in Singapore, China, Indonesia, Malaysia and Taiwan.

Statement of Financial Position

Total assets increased 14.0% from $193.5 million as at 31 December 2018 to $220.6 million as at 30 September 2019.

Current assets increased 10.9% from $96.5 million as at 31 December 2018 to $107.0 million as at 30 September 2019. The increase was mainly due to higher cash and cash equivalents as well as trade and other receivables.

Cash and cash equivalents increased slightly by 16.1% to $41.8 million as of 30 September 2019 as compared to $36.1 million as at 31 December 2018. This was mainly due to better cash management.

Trade and other receivables increased by 9.2% from $47.0 million in the previous year to $51.4 million as at 30 September 2019, mainly due to the addition of Profoto group of companies to the Group.

Inventories increased 3.0% from $13.4 million to $13.8 million over the same corresponding period, due to stocking up of inventory for year-end peak period.

Non-current assets increased 17.1% from $97.1 million as at 31 December 2018 to $113.6 million as at 30 September 2019. This was primarily due to the adoption of SFRS(I) 16 Leases with effect from 1st January 2019, increase in other assets, goodwill and intangible assets, offset by the decrease in property, plant and equipment and land use rights.

Right-of-use assets of $11.3 million was included in alignment to the adoption of SFRS(I) 16 Leases where contractual leases are recognised as an asset of the group and its corresponding payment obligations recognised as a liability of the group.

Property, plant and equipment decreased $2.8 million (or 3.8%) from $72.6 million as at 31 December 2018 to $69.8 million as at 30 September 2019. Land use rights decrease $0.2 million (or 3.2%) from $6.4 million as at 31 December 2018 to $6.2 million as at 30 September 2019. This was mainly due to depreciation and amortisation charges for the current financial period.

Other assets increased $2.5 million (or 93.9%) from $2.7 million as at 31 December 2018 to $5.2 million as at 30 September 2019. The increase was mainly due to down payment for plant and equipment in China and income tax receivables in Indonesia.

Goodwill increased $3.3 million (or 48.8%) from $6.7 million as at 31 December 2018 to $10.0 million as at 30 September 2019 due to the acquisition of Profoto group of companies.

Intangible assets increased $2.4 million from nil as at 31 December 2018 to $2.4 million as at 30 September 2019 due to the acquisition of Profoto group of companies.

Joint venture in Malaysia increased $0.12 million (or 2.9%) from $4.18 million as at 31 December 2018 to $4.3 million as at 30 September 2019. The increase was mainly due to continuing profitability of the Joint Venture.

Total liabilities increased 57.3% from $36.2 million as at 31 December 2018 to $56.9 million as at 30 September 2019. Current liabilities increased 38.5% from $29.6 million to $41.1 million while non-current liabilities increased 142.4% from $6.5 million to $15.8 million. The increase in liabilities was mainly due to the adoption of SFRS(I) 16 Leases where payment obligations arising from contractual leases are recognised as a liability of the group, and additional bank loan taken up for the purchase of Profoto as well as warehouse unit.

Statement of Cash Flows

For the nine months ended 30 September 2019, the Group generated positive cash flow of $23.0 million from operations after working capital changes. It was $10.7 million for the same period in the previous year. This increase was mainly attributed to higher depreciation for right-of-use assets, lower cash outflow from trade and other payables and higher cash flow generated from inventories offset by lower cash flow generated from collection of trade and other receivables.

During this period, the Group continued to invest $3.8 million in plant and equipment. These include additional plant and equipment for subsidiaries in Singapore, China, Malaysia, Indonesia and Taiwan.

The Group's net cash flow from financing activities registered a net cash outflow of $4.0 million compared to a net cash outflow of $3.2 million for the same period in the previous year. This was mainly due to repayment for leases liabilities and lesser proceed from finance leases, offset by additional bank loan, and lower dividend payout.

The Group's debt to equity ratio has increased from 2.81% as at 31 December 2018 to 7.43% as at 30

September 2019.

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 commentary previously stated in Paragraph 10 of the announcement for the financial year ended 31 December 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

The Sino-US trade war has slowed down growth in many economies in Asia Pacific while creating some opportunities in others. This has added downward pressure on our pricing and upward pressure on our operating costs through more intense competition. The management will continue to take steps to be competitive, widen revenue sources and manage its cost structure in this challenging time of uncertainty.

11. Dividend

(a) Current Financial Period Reported On
Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(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.

The company adopts the practice of declaring dividend on quarter two and full year basis.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The company did not obtain a general mandate from shareholders for IPTs.

14. Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

The Board of Directors do hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the un-audited results of the Group, for the nine months ending September 30, 2019, to be false or misleading.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has procured undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD
Thomas Chua Kee Seng
Chairman & Managing Director
November 12, 2019
Singapore