

Half Year Financial Statements and Dividend Announcement

The Board of Directors is pleased to make the following announcement of the unaudited results for the Half-Year ended 30 June 2018.

PART I: INFORMATION REQUIRED FOR ANNOUNCEMENT 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.

**Unaudited Consolidated Statement of Comprehensive Income
For the Half-Year ended 30 June 2018**

	Group		Increase (Decrease) (%)
	30 Jun 18	30 Jun 17	
	S\$'000	S\$'000	
Revenue	7,888	5,973	32.1
Cost of Sales	(6,364)	(4,281)	48.7
Gross Profit	1,524	1,692	(9.9)
Other items of Income			
Interest Income	23	38	(39.5)
Other Credits	193	31	522.6
Other items of Expenses			
Marketing and Distribution Costs	(129)	(134)	(3.7)
Administrative Expenses	(1,066)	(1,140)	(6.5)
Finance Costs	(230)	(256)	(10.2)
Other Charges	(16)	(91)	(82.4)
Share of results of an Associate	(14)	(40)	(65.0)
Profit Before Tax	285	100	185.0
Income Tax (Expenses)/Credits	(55)	21	NM
Profit, Net of Tax	230	121	90.1
Other Comprehensive Income, Net of Tax:			
Exchange Differences on Translating Foreign Operations, Net of Tax	294	(390)	NM
Total Comprehensive Income	524	(269)	NM
Profit attributable to:			
Equity Holders of the Company	241	133	81.2
Non-Controlling Interests	(11)	(12)	(8.3)
	230	121	90.1
Total Comprehensive Income attributable to:			
Equity Holders of the Company	488	(256)	NM
Non-Controlling Interests	36	(13)	NM
	524	(269)	NM

NM – denotes not meaningful

Notes to the Consolidated Statement of Comprehensive Income

	Group		Increase (Decrease) (%)
	30 Jun 18	30 Jun 17	
	S\$'000	S\$'000	
Foreign exchange gains/(losses)	25	(91)	NM
Reversal for slow moving inventories	1	–	NM
Provision for product warranty expense	(16)	–	NM
Rental income	45	–	NM
Tax rebate	111	–	NM
Others	11	31	(64.5)
Net	177	(60)	NM
<u>Presented in Profit or Loss as :</u>			
Other Credits	193	31	522.6
Other Charges	(16)	(91)	(82.4)
Net	177	(60)	NM
Depreciation of property, plant and equipment	(313)	(297)	5.4

NM – denotes not meaningful

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

	Notes	Group		Company	
		30 Jun 18 S\$'000	31 Dec 17 Restated* S\$'000	30 Jun 18 S\$'000	31 Dec 17 Audited S\$'000
ASSETS					
<u>Non-Current Assets:</u>					
Property, Plant and Equipment	1	9,700	9,318	–	–
Investments in Subsidiaries		–	–	14,695	14,618
Investments in an Associate		511	510	–	–
Deferred Tax Assets		181	181	–	–
Other Receivables		49	49	–	–
Total Non-Current Assets		10,441	10,058	14,695	14,618
<u>Current Assets:</u>					
Inventories	2	6,915	8,007	–	–
Trade and Other Receivables	2	14,539	12,847	886	804
Other Assets		1,092	1,151	4	3
Cash and Cash Equivalents	3	828	1,276	8	23
Tax Recoverable		–	18	–	–
Total Current Assets		23,374	23,299	898	830
Total Assets		33,815	33,357	15,593	15,448
EQUITY AND LIABILITIES					
<u>Equity:</u>					
Share Capital		14,934	14,934	14,934	14,934
Retained Earnings		1,747	2,017	34	126
Other Reserves		247	(511)	–	–
Equity attributable to owners of the Company		16,928	16,440	14,968	15,060
Non-Controlling Interests		1,618	1,582	–	–
Total Equity		18,546	18,022	14,968	15,060
<u>Non-Current Liabilities:</u>					
Finance Leases		136	182	–	–
Other Financial Liabilities	4	2,405	2,511	–	–
Total Non-Current liabilities		2,541	2,693	–	–
<u>Current Liabilities:</u>					
Provisions		16	16	–	–
Income Tax Payable		45	–	–	–
Trade and Other Payables	5	5,637	6,238	625	388
Finance Leases		89	100	–	–
Other Financial Liabilities	4	6,762	6,013	–	–
Other Liabilities		179	275	–	–
Total Current Liabilities		12,728	12,642	625	388
Total Liabilities		15,269	15,335	625	388
Total Equity and Liabilities		33,815	33,357	15,593	15,448

Note:

* The 31 December 2017 figures have been restated to take into account the adjustments arising from the adoption of SFRS(I) 9 Financial Instruments and SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International).

Notes to the Statement of Financial Position

- 1 The increase in property, plant and equipment was mainly due to increase in leasehold property improvement and capitalization of inventories for rental purpose.
- 2 The decrease in inventories was due to stocks sold during the period which has resulted in increase in trade and other receivables.
- 3 The movements in cash and cash equivalents are disclosed in the Consolidated Statement of Cash Flow on Page 5 of this announcement.
- 4 The increase in other financial liabilities mainly due to proceeds from borrowings during the period.
- 5 The decrease in trade and other payables was due to repayment during the period.

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

Amount repayable in one year or less, or on demand

Group (S\$'000)			
As at 30 Jun 2018		As at 31 Dec 17	
Secured	Unsecured	Secured	Unsecured
2,570	4,281	4,390	1,723

Amount repayable after 1 year

Group (S\$'000)			
As at 30 Jun 2018		As at 31 Dec 17	
Secured	Unsecured	Secured	Unsecured
2,541	–	2,693	–

Details of any collateral

Secured borrowings are made up of trust receipts, factoring payables, term loans and finance leases. The other financial liabilities and finance leases amounted to S\$2,625,000 and S\$225,000 (31 December 17: S\$2,729,000 and S\$282,000) are secured against the property and leased assets respectively.

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

Consolidated Statement of Cash Flows

	Group	
	30 Jun 18	30 Jun 17
	S\$'000	S\$'000
Cash Flows From Operating Activities		
Profit before tax	285	100
Adjustments for:		
Depreciation of Property, Plant and Equipment	313	297
Interest Expense	230	256
Interest Income	(23)	(38)
Reversal for Slow Moving Inventories	(1)	–
Reversal for Product Warranty Expenses	16	–
Share of Results of an Associate	14	40
Currency Translation differences	92	73
Operating Cash Flows before Changes in Working Capital	926	728
Inventories	868	(31)
Trade and Other Receivables	(1,204)	3,533
Other Assets	(260)	(170)
Trade and Other Payables	(699)	(3,760)
Other Liabilities	(95)	72
Provisions	(17)	–
Net Cash Flows (Used in)/From Operations	(481)	372
Income Taxes Received/(Paid)	8	(65)
Interest received	40	–
Interest paid	(210)	(256)
Net Cash Flows (Used in)/From Operating Activities (a)	(643)	51
Cash Flows From Investing Activities		
Purchase of Property, Plant and Equipment	(184)	(3,002)
Net Cash Flows Used In Investing Activities (b)	(184)	(3,002)
Cash Flows From Financing Activities		
Investment from an associate to a subsidiary	–	1,545
Proceeds from Borrowings	7,400	4,867
Repayment of Borrowings	(6,953)	(5,393)
Finance Lease Repayments	(60)	(48)
Net Cash Flows From Financing Activities (c)	387	971
Net Decrease in Cash and Cash Equivalents	(440)	(1,980)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	(8)	(84)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balances	1,276	3,710
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balances (d)	828	1,646

Notes to the Consolidated Statement of Cash Flows

- (a) The cash flows used in operation mainly due to payment made to suppliers and decrease in collection from customers. This was partially offset by the higher inventories sold during the period.
- (b) The cash flows used in investing activities mainly due to additions of leasehold property improvement and equipment.
- (c) The cash flows from financing activities mainly due to proceeds from borrowings.
- (d) For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	30 Jun 18	31 Dec 17
	S\$'000	Audited S\$'000
Cash and cash equivalents	828	1,276
Cash and cash equivalents in consolidated statement of cash flows	828	1,276

- 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 capitalization 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

	Attributable to Equity Holders of the Company					Non-Controlling Interests S\$'000	Total Equity S\$'000
	Share capital S\$'000	Treasury Shares	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000		
Current Year:							
Opening Balance at 1 Jan 2018, as previously reported	15,322	(388)	287	1,284	16,505	1,582	18,087
Adoption of SFRS(I) 1	–	–	(287)	287	–	–	–
Adoption of SFRS(I) 9	–	–	–	(65)	(65)	–	(65)
Opening Balance at 1 Jan 2018, as restated	15,322	(388)	–	1,506	16,440	1,582	18,022
Total Comprehensive Income for the Year	–	–	247	241	488	36	524
Closing Balance at 30 Jun 2018	15,322	(388)	247	1,747	16,928	1,618	18,546
			(a)				
Previous Year:							
Opening Balance at 1 Jan 2017, as previously reported	15,322	(388)	798	709	16,441	–	16,441
Adoption of SFRS(I) 1	–	–	(798)	798	–	–	–
Opening Balance at 1 Jan 2017, as restated	15,322	(388)	–	1,507	16,441	–	16,441
Investment by Non-Controlling Interests	–	–	–	–	–	1,545	1,545
Total Comprehensive Income/(Loss) for the Year	–	–	(389)	133	(256)	(13)	(269)
Closing Balance at 30 Jun 2017	15,322	(388)	(389)	1,640	16,185	1,532	17,717
			(a)				

(a) Unrealised and not available for distribution as cash dividends.

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)

Statement of Changes in Equity – Company

	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
Current Year:				
Opening Balance at 1 Jan 2018	15,322	(388)	126	15,060
Total Comprehensive Loss for the Year	–	–	(92)	(92)
Closing Balance at 30 Jun 2018	<u>15,322</u>	<u>(388)</u>	<u>34</u>	<u>14,968</u>
Previous Year:				
Opening Balance at 1 Jan 2017	15,322	(388)	262	15,196
Total Comprehensive Loss for the Year	–	–	(79)	(79)
Closing Balance at 30 Jun 2017	<u>15,322</u>	<u>(388)</u>	<u>183</u>	<u>15,117</u>

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.

	Company	
	30 Jun 18	30 Jun 17
Number of shares may be issued on conversion of all the outstanding convertibles	–	2,916,667

On 26 September 2016, the Company entered into an unsecured convertible loan agreement of S\$1,000,000, at the conversion price of S\$0.24 per share. The Company has repaid S\$300,000 and S\$700,000 on 23 May 2017 and 31 July 2017 respectively. There are no outstanding convertibles as at 30 June 2018.

There are no changes to the Company's share capital during the Half-Year ended 30 June 2018.

Total number of shares held as Treasury Shares as at 30 June 2018 is 1,076,800 shares (30 June 2017: 1,076,800 shares).

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.

Total number of issued shares excluding treasury shares as at 30 June 2018 is 35,950,856 shares (31 December 2017: 35,950,856 shares).

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 were no sales, transfers, cancellation and/or use of treasury shares during the Half-Year ended 30 June 2018.

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. The Company did not have any subsidiary holdings during the Half-Year ended 30 June 2018.

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 auditor's report (including any qualifications or emphasis of 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 above financial information has been prepared using the same accounting policies and methods of computation as presented in the financial statements for the year ended 31 December 2017 except as described in paragraph 5.

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.

For annual financial period beginning on or after 1 January 2018, Singapore-incorporated companies listed on the Singapore Exchange will apply Singapore Financial Reporting Framework (International) ("SFRS(I)"), a new financial reporting framework identical to International Financial Reporting Standards. The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2017, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2018 as follows:

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)
 SFRS(I) 9 Financial Instruments
 SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)

The Group has elected for the optional exemption to reset its cumulative translation differences for all foreign operations to nil at the date of transition at 1 January 2017. After the date of transition, any gain or loss on a subsequent disposal of any foreign operation shall exclude translation differences that arose before the date of transition to SFRS(I)s and shall include later translation differences.

The impact on the Group's financial statements arising from the adoption of SFRS(I) 1 is disclosed in 1d(i) statement of changes in equity - Group.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in SFRS(I) 9 are based on an expected credit loss model and replace the FRS 39 incurred

loss model. The Group adopts the simplified approach and record lifetime expected impairment losses on all trade receivables. The impact on the Group's financial statements arising from the adoption of SFRS(I) 9 is as follows:

	Trade and other receivables (S\$'000)	Retained earnings (S\$'000)
Originally stated	12,912	1,284
Impact of SFRS(I) 9	(65)	(65)
Restated	12,847	1,219

SFRS(I) 15 Revenue from Contracts with Customers

SFRS(I) 15 establishes a five-step model to account for revenue arising from contracts with customer and introduces new contract cost guidance. Under SFRS(I) 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The Group has assessed that there are no material impact on the financial statements.

6. **Earnings per ordinary share of the Group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	30 Jun 18 Cents	30 Jun 17 Cents
Earnings per ordinary share for the year based on net profit attributable to equity holders of the Company:		
(I) Based on the weighted average number of ordinary shares in issue (cents)	0.67	0.37
(II) On a fully diluted basis (cents)	0.67	0.37

Basic earnings per share is calculated on the basis of consolidated profit after tax attributable to Equity Holders of the Company of S\$241,000 (30 June 17: S\$133,000) and on 35,950,856 (30 June 17: 35,950,856) weighted average ordinary shares in issue during the year under review.

There is no dilution effect in earnings per share as there are no shares under option.

7. **Net Asset Value (for the issuer and group) per ordinary share based on 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 Jun 18 Cents	31 Dec 17 Restated Cents	30 Jun 18 Cents	31 Dec 17 Audited Cents
Net Asset Value per Ordinary Share based on issued Share Capital at the end of the year (in cents)	47.09	45.73	41.63	41.89

The Group's net asset per ordinary share is calculated based on net assets attributable to Equity Holders of the Company of S\$16,928,000 (31 December 17: S\$16,440,000) and the share capital of 35,950,856 (31 December 17: 35,950,856) ordinary shares.

The Company's net asset per ordinary share is calculated based on net assets of S\$14,968,000 (31 December 17: S\$15,060,000) and the share capital of 35,950,856 (31 December 17: 35,950,856) ordinary shares.

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.

Turnover and Profitability

Group revenue for the period ended 30 June 18 ("HY2018") increased by 32.1% to S\$7.9 million. Revenue increased mainly due to more projects delivered during the period. Cost of sales increased by 48.7% to S\$6.4 million in HY2018. Gross profit decreased by 9.9% to S\$1.5 million in the HY2018. Gross profit margin decreased mainly due to absence of higher margin projects in the HY2018.

Administrative Expenses decreased by 6.5% to S\$1.1 million mainly due to a reduction in personnel costs, administrative expenses and other operating expenses. Other credits and other charges movements are disclosed in the Notes to the Consolidated Statements of Comprehensive Income on Page 2 of this announcement. Other credits increase mainly due to tax rebate of S\$0.1 million in HY2018. The exchange difference of S\$0.3 million arose from the recognition of translation gain of foreign operations.

The Group registered a net profit after tax of S\$0.2million for HY2018.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

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 financial period and the next 12 months.

The competitive environment in the market the group operated is expected to remain in the near future.

We will stay focused on our existing power plant which is expected to contribute long term revenue stream to the group.

11. Dividend

(a) Current Financial Period reported on

None.

(b) Corresponding Period of the immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Book Closure Date

Not applicable.

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

No dividend has been declared or recommended during the period under review.

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.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Mason Industries Pte Ltd	-	917,000
Wizdenki Pte Ltd	-	-

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

15. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the Half-Year ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Benedict Chen Onn Meng
Executive Chairman

14 August 2018