

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 2019.

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 2019**

	Group		Increase (Decrease) (%)
	30 Jun 19 S\$'000	30 Jun 18 S\$'000	
Revenue	7,780	7,933	(1.9)
Cost of Sales	(6,301)	(6,364)	(1.0)
Gross Profit	1,479	1,569	(5.7)
Other items of Income			
Interest Income	147	23	539.1
Other Credits	202	148	36.5
Other items of Expenses			
Marketing and Distribution Costs	(151)	(129)	17.1
Administrative Expenses	(1,053)	(1,066)	(1.2)
Finance Costs	(364)	(230)	58.3
Other Charges	(67)	(16)	318.8
Share of results of an Associate	(20)	(14)	42.9
Profit Before Tax	173	285	(39.3)
Income Tax Expenses	(5)	(55)	(90.9)
Profit, Net of Tax	168	230	(27.0)
Other Comprehensive Income, Net of Tax:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(135)	294	NM
Total Comprehensive Income	33	524	NM
Profit attributable to:			
Equity Holders of the Company	108	241	(55.2)
Non-Controlling Interests	60	(11)	NM
	168	230	(27.0)
Total Comprehensive Income attributable to:			
Equity Holders of the Company	(24)	488	NM
Non-Controlling Interests	57	36	58.3
	33	524	NM

NM – denotes not meaningful

Notes to the Consolidated Statement of Comprehensive Income

	Group		Increase (Decrease) (%)
	30 Jun 19	30 Jun 18	
	S\$'000	S\$'000	
Foreign exchange (losses)/gains	(67)	25	NM
Reversal for slow moving inventories	10	1	900.0
Provision for product warranty expense	-	(16)	(100.0)
Reversal for impairment on other receivables	178	-	NM
Reversal for impairment on trade receivables	10	-	NM
Tax rebate	-	111	(100.0)
Others	4	11	(63.6)
Net	135	132	2.3
<u>Presented in Profit or Loss as :</u>			
Other Credits	202	148	36.5
Other Charges	(67)	(16)	318.8
Net	135	132	2.3
Depreciation of property, plant and equipment	(330)	(313)	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 19 S\$'000	31 Dec 18 Audited S\$'000	30 Jun 19 S\$'000	31 Dec 18 Audited S\$'000
ASSETS					
Non-Current Assets:					
Property, Plant and Equipment		6,003	6,144	–	–
Investment Property		3,096	3,122	–	–
Right-of-use asset	1	532	–	–	–
Investments in Subsidiaries		–	–	14,845	14,770
Investments in an Associate		427	454	–	–
Deferred Tax Assets		14	14	–	–
Other Receivables		52	52	–	–
Total Non-Current Assets		10,124	9,786	14,845	14,770
Current Assets:					
Inventories		5,936	6,089	–	–
Trade and Other Receivables	2	14,232	12,914	1,242	1,124
Contract Assets	2	214	1,289	–	–
Other Assets	3	2,536	2,399	3	2
Cash and Cash Equivalents	4	812	1,594	20	50
Total Current Assets		23,730	24,285	1,265	1,176
Total Assets		33,854	34,071	16,110	15,946
EQUITY AND LIABILITIES					
Equity:					
Share Capital		14,934	14,934	14,934	14,934
Retained Earnings		2,573	2,465	(99)	(16)
Other Reserves		(620)	(488)	–	–
Equity attributable to owners of the Company		16,887	16,911	14,835	14,918
Non-Controlling Interests		1,750	1,693	–	–
Total Equity		18,637	18,604	14,835	14,918
Non-Current Liabilities:					
Finance Leases		51	92	–	–
Other Financial Liabilities		2,172	2,302	–	–
Lease Liability	5	530	–	–	–
Total Non-Current liabilities		2,753	2,394	–	–
Current Liabilities:					
Provisions		18	19	–	–
Income Tax Payable		7	52	–	–
Trade and Other Payables	6	5,621	6,772	1,275	1,028
Finance Leases		79	85	–	–
Other Financial Liabilities		6,250	6,057	–	–
Lease Liability	5	13	–	–	–
Other Liabilities	7	476	88	–	–
Total Current Liabilities		12,464	13,073	1,275	1,028
Total Liabilities		15,217	15,467	1,275	1,028
Total Equity and Liabilities		33,854	34,071	16,110	15,946

Notes to the Statement of Financial Position

- 1 The Group has recognized its existing operating lease as a right of use asset in compliance with the SFRS (I) 16 Leases, with effect from 1 January 2019.
- 2 The decrease in contract assets was due to progressive billing to customers during the period which resulted in increase in trade and other receivables.
- 3 The increase in other assets was due mainly to a refundable deposit paid for investment purpose.
- 4 The movements in cash and cash equivalents are disclosed in the Consolidated Statement of Cash Flow at Page 5 of this announcement.
- 5 This relates to the lease liability recognized by the Group on its existing operating lease arrangement in compliance with SFRS (I) 16 Leases, with effect from 1 January 2019.
- 6 The decrease in trade and other payables was due mainly to repayments during the period.
- 7 The increase in other liabilities was due mainly to more deposits received from customers 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 2019		As at 31 Dec 18	
Secured	Unsecured	Secured	Unsecured
3,529	2,800	3,897	2,245

Amount repayable after 1 year

Group (S\$'000)			
As at 30 Jun 2019		As at 31 Dec 18	
Secured	Unsecured	Secured	Unsecured
2,223	–	2,394	–

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\$2,410,000 and S\$130,000 (31 December 18: S\$2,498,000 and S\$177,000) 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 19	30 Jun 18
	S\$'000	S\$'000
Cash flows from operating activities		
Profit before tax	173	285
Adjustments for:		
Depreciation of property, plant and equipment	330	313
Interest expense	364	230
Interest income	(147)	(23)
Reversal for slow moving inventories	(10)	(1)
Reversal for impairment on trade receivables	(10)	–
Reversal for impairment on other receivables	(178)	–
Reversal for product warranty expenses	–	16
Share of results of an associate	20	14
Currency translation differences	(13)	92
Operating cash flows before changes in working capital	529	926
(Increase)/Decrease in inventories	(6)	868
Increase in trade and other receivables	(1,054)	(1,204)
Decrease in contract assets	1,069	–
Increase in other assets	(152)	(260)
Decrease in trade and other payables	(1,305)	(699)
Increase/(Decrease) in other liabilities	388	(95)
Decrease in provisions	–	(17)
Net cash flows used in operations	(531)	(481)
Income taxes (paid)/ received	(50)	8
Interest received	–	40
Interest paid	(192)	(210)
Net cash flows used in operating activities (a)	(773)	(643)
Cash flows from investing activities		
Purchase of property, plant and equipment	(82)	(184)
Net cash flows used in investing activities (b)	(82)	(184)
Cash flows from financing activities		
Proceeds from borrowings	6,056	7,400
Repayment of borrowings	(5,920)	(6,953)
Repayment of finance lease	(45)	(60)
Repayment of lease liability	(10)	–
Net cash flows from financing activities (c)	81	387
Net decrease in cash and cash equivalents	(774)	(440)
Effects of exchange rate changes on cash and cash equivalents	(8)	(8)
Cash and cash equivalents, statement of cash flows, beginning balances	1,594	1,276
Cash and cash equivalents, statement of cash flows, ending balances (d)	812	828

Notes to the Consolidated Statement of Cash Flows

- (a) The cash flows used in operations were mainly due to payments made to suppliers and decrease in collections from customers. This was partially offset by deposits received from customers.
- (b) The cash flows used in investing activities were mainly due to additions in equipment.
- (c) The cash flows from financing activities were 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 19	31 Dec 18
	S\$'000	Audited S\$'000
Cash and cash equivalents	812	1,594
Cash and cash equivalents in consolidated statement of cash flows	812	1,594

- 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 2019, as previously reported	15,322	(388)	(488)	2,465	16,911	1,693	18,604
Total Comprehensive Income for the Year	–	–	(132)	108	(24)	57	33
Closing Balance at 30 Jun 2019	15,322	(388)	(620)	2,573	16,887	1,750	18,637
			(a)				
Previous 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)				

(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 2019	15,322	(388)	(16)	14,918
Total Comprehensive Loss for the Year	–	–	(83)	(83)
Closing Balance at 30 Jun 2019	<u>15,322</u>	<u>(388)</u>	<u>(99)</u>	<u>14,835</u>
Previous 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>

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.

There were no changes to the Company's share capital during the Half-Year ended 30 June 2019.

Total number of shares held as Treasury Shares as at 30 June 2019 was 1,076,800 shares (30 June 2018: 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 2019 was 35,950,856 shares (31 December 2018: 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 2019.

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.

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 2018 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.

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 2018, except for the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 January 2019 as follows:

SFRS(I) 16 Leases

SFRS(I) 16 eliminates the lessee's classification of leases as either operating leases or finance leases and introduces a single lessee accounting model. Applying the new model, a lessee is required to recognise right-of-use ("ROU") assets and lease liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.

SFRS(I) 16 substantially carries forward the lessor accounting requirements in SFRS(I) 17 Leases. Accordingly, a lessor continues to classify its leases as operating lease or finance leases, and to account for these two types of leases using the SFRS(I) 1-17 operating lease and finance lease accounting models respectively.

The Group has applied SFRS(I) 16 with effect from 1 January 2019, with no restatement of comparative information.

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	
Earnings per ordinary share for the year based on net profit attributable to equity holders of the Company:	30 Jun 19 Cents	30 Jun 18 Cents
(I) Based on the weighted average number of ordinary shares in issue (cents)	0.30	0.67
(II) On a fully diluted basis (cents)	0.30	0.67

Basic earnings per share is calculated on the basis of consolidated profit after tax attributable to Equity Holders of the Company of S\$108,000 (30 June 18: S\$241,000) and on 35,950,856 (30 June 18: 35,950,856) weighted average ordinary shares in issue during the year under review.

There is no dilution effect in earnings per share as no shares were issued.

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 19 Cents	31 Dec 18 Restated Cents	30 Jun 19 Cents	31 Dec 18 Audited Cents
Net Asset Value per Ordinary Share based on issued Share Capital at the end of the year (in cents)	46.97	47.04	41.26	41.50

The Group's net asset per ordinary share is calculated based on net assets attributable to Equity Holders of the Company of S\$16,887,000 (31 December 18: S\$16,911,000) and the share capital of 35,950,856 (31 December 18: 35,950,856) ordinary shares.

The Company's net asset per ordinary share is calculated based on net assets of S\$14,835,000 (31 December 18: S\$14,918,000) and the share capital of 35,950,856 (31 December 18: 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 19 ("HY2019") decreased by 1.9% to S\$7.8 million. Cost of sales decreased by 1.0% to S\$6.3 million. Gross profit decreased by 5.7% to S\$1.5 million mainly due to lower sales achieved in HY2019.

Marketing and Distribution costs increased by 17.1% mainly due to more travelling expenses incurred in HY2019. Administrative Expenses remained constant. Finance costs increased by 58.3% due to higher borrowing costs. Other charges increased by 318.8% due to foreign exchange losses incurred in HY2019. Other credits movements are disclosed in the Notes to the Consolidated Statements of Comprehensive Income at Page 2 of this announcement. The exchange difference of S\$0.1 million arose from the recognition of translation loss from foreign operations.

The Group registered a net profit after tax of S\$0.2 million in HY2019.

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 Group expects the business environment in the next twelve months to remain challenging due to the uncertainties in the global economy. The Group continues to explore business opportunities in the power generation segment.

- 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 and the reason(s) for the decision.**

No dividend has been declared or recommended during the period under review. In view of the challenging environment, the board considers it prudent to reserve fund for working capital purposes.

- 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	–	1,393,000
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 2019 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Benedict Chen Onn Meng
Executive Chairman

14 August 2019