



NauticAWT Limited
(Company Registration No: 201108075C)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF YEAR ENDED 30 JUNE ("1H") 2020

*This announcement has been prepared by NauticAWT Limited (the "**Company**") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

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PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) 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 immediately preceding year

Consolidated Statement of Profit or Loss and Other Comprehensive Income

| | Group | | Increase/ (Decrease) % |
|---|-----------------------------|-----------------------------|------------------------------|
| | Unaudited 1H2020 US\$ | Unaudited 1H2019 US\$ | |
| Continuing operations | | | |
| Revenue | 2,779,565 | 3,545,979 | (21.6) |
| Cost of sales | (1,587,794) | (1,938,377) | (18.1) |
| Gross profit | 1,191,771 | 1,607,602 | (25.9) |
| Distribution expenses | (136,485) | (222,554) | (38.7) |
| Administrative expenses | (1,075,127) | (1,427,646) | (24.7) |
| Share of loss of associate | (90,284) | - | N/M |
| Other income | 72,962 | 6,956 | (948.9) |
| Finance costs | (129,706) | (349,663) | (62.9) |
| Loss before tax | (166,869) | (385,305) | (56.7) |
| Income tax expense | - | - | N/M |
| Loss for the period from continuing operations | (166,869) | (385,305) | (56.7) |
| Discontinued operations | | | |
| Loss for the period from discontinued operations | - | (58,343) | N/M |
| Loss for the period | (166,869) | (443,648) | (62.4) |
| Other comprehensive (loss) income | | | |
| <i>Item that may be reclassified subsequently to profit or loss</i> | | | |
| Exchange differences on translation of foreign operations | 43,543 | (19,544) | N/M |
| Total other comprehensive (loss) income for the period | 43,543 | (19,544) | N/M |
| Total comprehensive loss for the period | (123,326) | (463,192) | (73.4) |
| Loss attributable to: | | | |
| Owners of the Company | (166,869) | (443,648) | (62.4) |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | (123,326) | (463,192) | (73.4) |

N/M: Not Meaningful

1(a)(ii) The total comprehensive loss include the following charges (credits):

| | Group | | |
|--|-----------------------------|-----------------------------|------------------------------|
| | Unaudited 1H2020 US\$ | Unaudited 1H2019 US\$ | Increase/ (Decrease) % |
| Depreciation of property, plant and equipment | 372,061 | 351,899 | 5.7 |
| Depreciation of right-of-use assets | 60,904 | - | N/M |
| Amortisation of intangible assets | 12,348 | 15,096 | (18.2) |
| Finance costs | 129,706 | 354,456 | (63.4) |
| (Reversal)/write off of obsolete inventories | (486) | 60 | (910.0) |
| (Gain)/loss on disposal of plant and equipment | (254) | 10,336 | (102.5) |
| Net foreign exchange loss | 81,164 | 39,141 | 107.4 |
| Share of loss of associates | 90,284 | - | N/M |

N/M: *Not Meaningful*

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.

Consolidated Statement of Financial Position

| | Group | | Company | |
|--|--------------------------------|------------------------------|--------------------------------|------------------------------|
| | Unaudited 30-Jun-20 US\$ | Audited 31-Dec-19 US\$ | Unaudited 30-Jun-20 US\$ | Audited 31-Dec-19 US\$ |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and bank balances | 873,765 | 3,201,539 | 152,856 | 2,577,935 |
| Trade receivables | 707,517 | 750,019 | - | - |
| Contract assets | 51,278 | 50,034 | - | - |
| Other receivables | 978,618 | 1,764,506 | 111,639 | 749,063 |
| Inventories | 366,253 | 260,336 | - | - |
| Total current assets | <u>2,977,431</u> | <u>6,026,434</u> | <u>264,495</u> | <u>3,326,998</u> |
| Non-current assets | | | | |
| Property, plant and equipment | 5,100,777 | 5,361,325 | - | - |
| Right-to-use assets | 56,442 | 117,345 | - | - |
| Intangible assets | 1,221,668 | 1,124,332 | - | - |
| Investment in subsidiaries | - | - | - | - |
| Investment in an associate | 2,184,185 | - | 2,274,470 | - |
| Other receivables | - | - | - | - |
| Total non-current assets | <u>8,563,072</u> | <u>6,603,002</u> | <u>2,274,470</u> | <u>-</u> |
| Total assets | <u>11,540,503</u> | <u>12,629,436</u> | <u>2,538,965</u> | <u>3,326,998</u> |
| LIABILITIES AND EQUITY | | | | |
| Current liabilities | | | | |
| Trade payables | 819,266 | 870,600 | - | - |
| Other payables | 3,541,904 | 4,346,261 | 389,476 | 850,142 |
| Contract liabilities | 69,871 | 69,871 | - | - |
| Government grant received | 355,130 | 355,130 | - | - |
| Lease liabilities | 57,263 | 119,109 | - | - |
| Liabilities for trade bills discounted with recourse | - | 26,055 | - | - |
| Bank loan and advances | 489,847 | 582,229 | - | - |
| Total current liabilities | <u>5,333,281</u> | <u>6,369,255</u> | <u>389,476</u> | <u>850,142</u> |
| Non-current liabilities | | | | |
| Bank loan and advances | 2,914,339 | 2,992,451 | - | - |
| Lease liabilities | 1,437 | 1,437 | - | - |
| Other payables | 1,202,330 | 1,053,850 | - | - |
| Total non-current liabilities | <u>4,118,106</u> | <u>4,047,738</u> | <u>-</u> | <u>-</u> |
| Total liabilities | <u>9,451,387</u> | <u>10,416,993</u> | <u>389,476</u> | <u>850,142</u> |
| Capital and reserves | | | | |
| Share capital | 12,075,892 | 12,075,892 | 12,075,892 | 12,075,892 |
| Other capital reserve | 2,275,020 | 2,275,020 | 2,275,020 | 2,275,020 |
| Share options reserve | 108,639 | 108,639 | 108,639 | 108,639 |
| Foreign currency translation reserve | 187,872 | 144,329 | - | - |
| Accumulated losses | (12,558,307) | (12,391,437) | (12,310,062) | (11,982,695) |
| Total equity | <u>2,089,116</u> | <u>2,212,443</u> | <u>2,149,489</u> | <u>2,476,856</u> |
| Total liabilities and equity | <u>11,540,503</u> | <u>12,629,436</u> | <u>2,538,965</u> | <u>3,326,998</u> |

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;

| 30-Jun-20 | | 31-Dec-19 | |
|-----------|-----------|-----------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| US\$ | US\$ | US\$ | US\$ |
| 489,847 | - | 608,284 | - |

(B) the amount repayable after one year;

| 30-Jun-20 | | 31-Dec-19 | |
|-----------|-----------|-----------|-----------|
| Secured | Unsecured | Secured | Unsecured |
| US\$ | US\$ | US\$ | US\$ |
| 2,914,339 | - | 2,992,451 | - |

Details of any collateral

Bank borrowings

The Group's bank borrowings are secured by the following:

- (a) Fixed and floating charge over all assets of a subsidiary (31 December 2019: a subsidiary);
- (b) A charge over the property of a subsidiary (31 December 2019: a subsidiary); and
- (c) A charge of US\$556,391 (31 December 2019: US\$564,014) over a term deposit account of a subsidiary (31 December 2019: a subsidiary).

The following securities has been discharged or in the midst of discharge during 1H2020 as the bank loan had been fully paid:

- (a) Assignment of an insurance policy;
- (b) Fixed charge over all assets of a subsidiary (31 December 2019: two subsidiaries);

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.

Consolidated Statement of Cash Flows

| | | Group | |
|--|-----|-----------------------------|-----------------------------|
| | | Unaudited 1H2020 US\$ | Unaudited 1H2019 US\$ |
| Operating activities | | | |
| Loss before tax | (A) | (166,869) | (443,648) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 372,061 | 351,899 |
| Depreciation of right-to-use assets | | 60,904 | - |
| Amortisation of intangible assets | | 12,348 | 15,096 |
| Share of loss of an associate | | 90,284 | - |
| (Gain)/loss on disposal of property, plant and equipment | | (254) | 10,336 |
| Interest expense | | 129,706 | 354,456 |
| Operating cash flows before movements in working capital | | 498,180 | 288,139 |
| Trade receivables | | 42,502 | (157,206) |
| Other receivables | | 104,883 | (147,621) |
| Contract assets | | (1,244) | (268,654) |
| Inventories | | (105,916) | 167,969 |
| Trade payables | | (51,334) | (238,917) |
| Other payables | | (899,153) | 876,963 |
| Liabilities for trade bills discounted with recourse | | (121,953) | (55,060) |
| Cash (used in)/generated from operations | | (534,035) | 465,613 |
| Income tax paid | | (1,336) | (2,532) |
| Interest paid | | (64,067) | (157,510) |
| Net cash (used in)/ generated from operating activities | | (599,438) | 305,571 |
| Investing activities | | | |
| Purchase of property, plant and equipment | | (33,804) | (5,887) |
| Addition of intangible assets | | (303) | (72,200) |
| Investment in an associate | | (1,592,129) | - |
| Proceeds from disposal of property, plant and equipment | | 1,420 | 6,709 |
| Net cash used in investing activities | | (1,624,816) | (71,378) |
| Financing activities | | | |
| Repayment of bank loans | | (32,834) | (280,711) |
| Receipts of bank advances | | - | 98,704 |
| Principal payments of lease liabilities | | (64,150) | - |
| Receipt of loan from directors | | - | 130,097 |
| Repayments of loan from a director | | - | (80,074) |
| Receipts of loan from third parties | | - | 61,063 |
| Repayments of loan from third parties | | - | (61,063) |
| Net cash used in financing activities | | (96,984) | (131,984) |
| Net increase in cash and cash equivalents | | (2,321,238) | 102,209 |
| Cash and cash equivalents at beginning of period | | 2,288,089 | (323,831) |
| Effects of exchange rate changes on balance of cash held in foreign currencies | | 1,303 | 695 |
| Cash and cash equivalents at end of period (see note below) | | (31,846) | (220,927) |

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at the end of the financial period:

| | Group | |
|----------------------------------|-----------------------------|-----------------------------|
| | Unaudited 1H2020 | Unaudited 1H2019 |
| | US\$ | US\$ |
| Cash and bank balances | 873,765 | 107,220 |
| Less: Bank overdraft | (349,220) | (328,147) |
| Less: Restricted cash* | (556,391) | - |
| Cash and cash equivalents | <u>(31,846)</u> | <u>(220,927)</u> |

* Restricted cash is pledged as a security for banking facilities as disclosed in our annual report for FY2019

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 comparative statement for the corresponding period of the immediately preceding financial year.

| Group | Share capital | Other capital reserve | Share options reserve | Foreign currency translation reserve | Accumulated losses | Total |
|--|-------------------|-----------------------|-----------------------|--------------------------------------|---------------------|--------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ | US\$ |
| Balance at 1 January 2020 | 12,075,892 | 2,275,020 | 108,639 | 144,329 | (12,391,437) | 2,212,443 |
| <i>Total comprehensive loss for the period</i> | | | | | | |
| Loss for the period | - | - | - | - | (166,869) | (166,869) |
| Other comprehensive income for the period | - | - | - | 43,543 | - | 43,543 |
| Total | - | - | - | 43,543 | (166,869) | (123,326) |
| Balance at 30 June 2020 (unaudited) | 12,075,892 | 2,275,020 | 108,639 | 187,872 | (12,558,306) | 2,089,117 |
| Balance at 1 January 2019 | 7,733,885 | 1,166,251 | 108,639 | 45,963 | (12,177,495) | (3,122,757) |
| <i>Total comprehensive loss for the period</i> | | | | | | |
| Loss for the period | - | - | - | - | (443,648) | (443,648) |
| Other comprehensive loss for the period | - | - | - | (19,544) | - | (19,544) |
| Total | - | - | - | (19,544) | (443,648) | (463,192) |
| Balance at 30 June 2019 (unaudited) | 7,733,885 | 1,166,251 | 108,639 | 26,419 | (12,621,143) | (3,585,949) |

| Company | Share capital | Other capital reserve | Share options reserve | Accumulated losses | Total |
|--|-------------------|-----------------------|-----------------------|---------------------|--------------------|
| | US\$ | US\$ | US\$ | US\$ | US\$ |
| Balance at 1 January 2020 | 12,075,892 | 2,275,020 | 108,639 | (11,982,695) | 2,476,856 |
| <i>Total comprehensive loss for the period</i> | | | | | |
| Loss for the period | - | - | - | (327,367) | (327,367) |
| Total | - | - | - | (327,367) | (327,367) |
| Balance at 30 June 2020 (unaudited) | 12,075,892 | 2,275,020 | 108,639 | (12,310,062) | 2,149,489 |
| Balance at 1 January 2019 | 7,733,885 | 1,166,251 | 108,639 | (13,965,866) | (4,957,091) |
| <i>Total comprehensive loss for the period</i> | | | | | |
| Loss for the period | - | - | - | (1,683,704) | (1,683,704) |
| Total | - | - | - | (1,683,704) | (1,683,704) |
| Balance at 30 June 2019 (unaudited) | 7,733,885 | 1,166,251 | 108,639 | (15,649,570) | (6,640,795) |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.

Ordinary Shares

There was no change in the Company's issued and paid-up share capital from 1 January 2020 to 30 June 2020.

Share Options

On 27 June 2016, the Company granted 23,550,000 options, in 3 equal tranches of 7,850,000 options each, under the NauticAWT Employee Share Option Scheme (the "Scheme"). As at 31 December 2018, 9,600,000 options to subscribe for 9,600,000 shares remained outstanding. Details of the outstanding options as at 30 June 2019 are as follows:

| Outstanding Options as at 31 December 2018 | Exercise Price (\$) | Exercisable Period | |
|--|---------------------|--------------------|------------------|
| | | From | To |
| 3,200,000 | 0.25 | 31 December 2017 | 31 December 2020 |
| 3,200,000 | 0.30 | 31 December 2018 | 31 December 2021 |
| 3,200,000 | 0.35 | 31 December 2019 | 31 December 2022 |
| <u>9,600,000</u> | | | |

During FY2019, 750,000 options to subscribe for 750,000 shares were forfeited. On 14 August 2019, the Company cancelled all the outstanding 8,850,000 options to subscribe for 8,850,000 shares.

As at 30 June 2020, no option remained outstanding.

Convertible notes and loans

On 20 March 2017, 29 May 2017 and 22 June 2017, the Company issued up to US\$1,000,000 in aggregate principal amount of convertible notes (the "Notes 1") due 2020. The number of shares to be converted (the "Conversion Shares 1") will be determined by dividing the principal amount of the Notes 1, translated into Singapore dollars at the spot rate for the sale of Singapore dollars against the purchase of United State dollars on the day when the conversion right of the Notes 1 holder is exercised, by the conversion price of S\$0.15 per share. Based on the exchange rate of

US\$1:\$1.3964 on 30 April 2017 which was used for illustration purposes in the circular in relation to the Notes 1, the number of Conversion Shares 1 which may be issued and allotted will be 9,309,333 in total.

On 7 August 2018, the Company issued up to US\$2,320,000 in aggregate principal amount of convertible loans (the “Notes 2”) due 2021. The number of shares to be converted (the “Conversion Shares 2”) will be determined by dividing the principal amount of the Notes 2, by the conversion price of US\$0.02675 per share. The maximum number of Conversion Shares 2 which may be issued and allotted will be 86,728,971 in total. As at 30 June 2019, the Company had drawn down US\$1,950,000 in total.

Details of the outstanding convertible notes as at 30 June 2019 are as follows:

| | Principal amount of the convertible notes as at 30 June 2019 (US\$) | Conversion Price | Number of conversion shares that may be issued on conversion | Conversion Period | |
|---------|---|---------------------|--|-------------------|-------------------|
| | | | | From | To |
| Notes 1 | 1,000,000 | S\$0.15 | 9,309,333 | 17 October 2019 | 16 October 2020 |
| Notes 2 | 1,950,000 | US\$0.02675 | 72,897,196 | 18 September 2018 | 17 September 2021 |
| | <u>2,950,000</u> | | <u>82,206,529</u> | | |

As announced on 24 September 2019, the Company had on the same day, entered into settlement and release agreements with each of Notes 1 and Notes 2 noteholders to issue and allot an aggregate of 124,119,313 shares (the “Settlement Shares”) to extinguish and terminate Notes 1 and Notes 2 as part of the Group’s Debt Restructuring. The Settlement Shares had been subsequently issued and allotted on 13 December 2019.

As at 30 June 2020, there were no outstanding convertible notes.

The Company did not have any treasury shares and subsidiary holdings as at 30 June 2020 and 30 June 2019.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | 30-Jun-20 | 31-Dec-19 |
|--|--------------------|--------------------|
| Total number of shares (excluding treasury shares) | <u>794,186,046</u> | <u>794,186,046</u> |

The Company did not have any treasury shares or subsidiary holdings as at 30 June 2020 and 31 December 2019.

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

Not applicable as the Company did not have any treasury shares as at 30 June 2020.

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

Not applicable as the Company did not have any subsidiary holdings as at 30 June 2020.

2. Please state whether the figures have been audited or reviewed, and if so which auditing standard or practice has been followed.

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 modifications or emphasis of matter).

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:-

- a) Updates on the efforts taken to resolve each outstanding audit issue.
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Please state whether the same accounting policies and method of computation as in the issuer's most recently audited financial statements have been followed.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2019

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 recognition and measurement principles of a number of new standards and amendments to standards for the financial period beginning 1 January 2020.

The adoption of these amendments did not have any material impact on the current or prior period.

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.

| | 1H2020 | 1H2019 |
|---|----------------------------|----------------------------|
| Loss per share (US cents) from continuing and discontinued operations based on: | | |
| a. weighted average number of shares on issue | (0.02) | (0.21) |
| b. a fully diluted basis | (0.02) ⁽¹⁾ | (0.21) ⁽¹⁾ |
| Weighted average shares for calculation of: | | |
| a. weighted average number of shares on issue | 794,186,046 | 212,333,525 |
| b. a fully diluted basis | 794,186,046 ⁽¹⁾ | 212,333,525 ⁽¹⁾ |

Note:

⁽¹⁾ There is no change between basic and diluted Loss per share as the Group was loss-making for the respective periods which renders the calculation of the diluted loss per share not meaningful.

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-20 | 31-Dec-19 | 30-Jun-20 | 31-Dec-19 |
| Net asset value per share (US cents) | 0.26 | 0.28 | 0.27 | 0.31 |
| Number of issued shares | 794,186,046 | 794,186,046 | 794,186,046 | 794,186,046 |

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.

Review of results

Revenue

The Group's revenue for 1H2020 decreased by 21.6% or US\$0.8 million to US\$2.8 million, from US\$3.6 million for 1H2019. This was mainly due to lower revenue contribution by the Ports and Offshore segment of US\$1.4 million, as a result of lesser ongoing projects during 1H2020, which partially offset by higher Renewables segment of US\$0.6 million.

Gross profit and gross profit margin

The Group's cost of sales for 1H2020 decreased by 18.1% or US\$0.3 million to US\$1.6 million, from US\$1.9 million for 1H2019. The overall decrease in cost of sales was in line with the decrease in revenue. Furthermore, the decrease was due to decrease in Port and Offshore staff costs as a result of reduced headcount/ salary.

The gross profit for 1H2020 decreased by 25.9% or US\$0.4 million to US\$1.2 million, from US\$1.6 million in 1H2019. The Group's gross profit margin for 1H2020 decreased by 2.4 percentage points to 42.9% as compared to 45.3% for 1H2019.

Distribution expenses

The Group's distribution expenses decreased by US\$86,000 or 38.7%, from US\$222,000 in 1H2019 to US\$136,000 in 1H2020. The decrease was mainly due to decrease of sales and marketing staff cost.

Administrative expenses

The Group's administrative expenses decreased by US\$0.3 million or 24.7%, from US\$1.4 million in 1H2019 to US\$1.1 million in 1H2020 primarily due to the decrease in staff cost and directors remuneration.

Share of loss on an associate

US\$90,000 losses for the period on new investment of an associate in Rich Restaurant Company Limited which has been completed in January 2020.

Other income

Other income increased by US\$66,000 or 948.9%, from US\$7,000 in 1H2019 to US\$73,000 in 1H2020. The increase was primarily due to higher government subsidy especially the Jobs Support Scheme.

Finance costs

The Group's finance costs decreased by US\$0.2 million or 62.9%, from US\$0.3 million in 1H2019 to US\$0.1 million in 1H2020. The decrease was mainly due to significant reduction in outstanding interest bearing debts as compared to 1H2019.

Income tax expense

The Group recorded income tax expense of US\$ Nil for both 1H2020 and 1H2019 due to losses for the period.

Loss after tax

As a result of the above, the Group suffered a loss of US\$0.2 million in 1H2020, a decrease of US\$0.2 million as compared to a loss of US\$0.4 million in 1H2019.

Review of Consolidated Statement of Financial Position

Non-current assets

The Group's non-current assets increased by US\$2.0 million, from US\$6.6 million as at 31 December 2019 to US\$8.6 million as at 30 June 2020. The increase was mainly due to new investment in an associate of US\$2.2 million and capitalisation of the intangible assets of US\$0.1 million in relation to material development, which was partially offset by the decrease in property, plant and equipment of US\$0.3 million as a result of the depreciation charge of property, plant and equipment.

Current assets

The Group's current assets decreased by US\$3.0 million, from US\$6.0 million as at 31 December 2019 to US\$3.0 million as at 30 June 2020. The decrease was mainly due to the following:

- i. a decrease in cash and bank balances of US\$2.3 million where US\$1.5 million used in investment in an associate and balance used for settlement of payables; and
- ii. a decrease in trade and other receivables of US\$0.8 million of which US\$0.7 million due to transfer of deposit to investment in an associate under non-current assets ;

The decrease was partially offset by the increase in inventories of US\$0.1 million.

Non-current liabilities

The Group's non-current liabilities slightly increased by US\$0.1 million due to classification of staff payable of US\$0.2 million from current to non-current. This was partially offset against bank loan repayment of US\$0.1 million during the period.

Current liabilities

The Group's current liabilities decreased by US\$1.1 million, from US\$6.4 million as at 31 December 2019 to US\$5.3 million as at 30 June 2020. The decrease was mainly due to the decrease in trade and other payables, lease liabilities, bank loan and liabilities for trade bills discounted with recourse following the repayment by the Group.

Working capital, net liability position and going concern assessment

The Group reported a negative working capital of US\$2.4 million as at 30 June 2020 as compared to US\$0.3 million as at 31 December 2019. The Group is in a net assets position of US\$2.1 million as at 30 June 2020 as compared US\$2.2 million as at 31 December 2019.

As at the date of this announcement, the Board is of the opinion that the continuing use of the going concern assumption in the preparation of the financial information is appropriate on the following bases:

- i. the Group has continuous support from the existing bankers; and
- ii. the Group is able to generate sufficient cash flows from its operations based on internal budget and management's ability to secure new contracts from customers.

Review of cash flows

Operating activities

Net cash used in operating activities in 1H2020 amounted to US\$0.6 million taking into account the loss before tax of US\$0.2 million with inflows adjustment of US\$0.7 million, adjusted for working capital outflows of US\$1.0 million. The working capital outflows was mainly due to decrease in trade and other payables of US\$1.0 million, increase in inventories of US\$ 0.1 million and decrease in trade bills discounted with recourse of US\$0.1 million, partially offset by cash inflow from the decrease in trade receivables and other receivables of US\$0.2 million. During 1H2020, the Group paid income tax of approximately US\$1,000 and bank interest of US\$0.1 million.

Investing activities

Net cash used in investing activities in 1H2020 amounted to US\$1.6 million mainly due to investment in an associate of US\$1.6 million.

Financing activities

Net cash used in financing activities for 1H2020 amounted to US\$0.1 million mainly due to repayments of bank loans and lease liabilities.

As a result of the above, the Group's cash and cash equivalents decreased by US\$2.3 million.

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

No specific forecast or prospect statement were made previously and the Group's performance for the period under review is in line with expectations disclosed in prior announcements.

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 current business environment remains challenging, especially in our core business and industry.

The Group has been considering and exploring various options rationalising its current business as well as stay focused in pursuing new revenue streams and opportunities for a more sustainable and viable businesses.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

None.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

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 for 1H2020 as the Group is in a loss making position for 1H2020.

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 Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920(1)(a)(ii). There was no interested person transaction of more than S\$100,000 under Rule 920(1)(a)(ii) for 1H2020.

14. Negative confirmation by the Board pursuant to Rule 705(5)

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 which may render the unaudited financial statements and dividend announcement for 1H2020 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1).

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

On behalf of the Board of Directors

John Grønbech
Executive Director and CEO

BY ORDER OF THE BOARD

John Grønbech
Executive Director and CEO
13 August 2020