

**ACCRELIST LTD. (formerly known as WE Holdings Ltd.)****Financial Statement Announcement for the Six Months Ended 30 September 2019**

The Board of Directors of Accrelist Ltd. wishes to announce the unaudited results of the Group and Company for the six months period ended 30 September 2019.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

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 correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Shervyn Essex, Registered Professional, RHT Capital Pte. Ltd. at 9 Raffles Place #29-01 Republic Plaza Tower 1, Singapore 048619, telephone (65) 6381 6757.

**Part I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3, HALF-YEAR AND FULL YEAR RESULTS)****1(a)(i) An income statement and statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Group</b>		
	<b>For the 6 months period ended</b>		
	<b>30-Sep-19</b>	<b>30-Sep-18</b>	<b>Increase /</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>(Decrease)</b>
<b>Revenue</b>	81,553	88,411	-8%
Cost of sales	(74,468)	(80,990)	-8%
<b>Gross profit</b>	7,085	7,421	-5%
<b>Other items of income</b>			
Other income	315	100	215%
	7,400	7,521	-2%
<b>Other items of expenses</b>			
Marketing and distribution expenses	(772)	(838)	-8%
Administration expenses	(7,900)	(5,871)	35%
Finance costs	(629)	(580)	8%
Other charges	(807)	(462)	75%
Share of profit of associated company	104	271	-62%
<b>(Loss)/Profit from operating activities before tax</b>	(2,604)	41	nm
Income tax expense	(69)	(29)	138%
<b>(Loss)/Profit for the period</b>	(2,673)	12	nm
<b>Other comprehensive (loss)/income :</b>			
Exchange difference on translating foreign operations	1,048	1,113	-6%
Share of comprehensive loss of associated company	(164)	(106)	55%
<b>Total comprehensive (loss)/profit for the period</b>	(1,789)	1,019	nm
<b>(Loss)/Profit attributable to:</b>			
Equity holders of the Company	(2,055)	(629)	227%
Non-controlling interests	(618)	641	nm
	(2,673)	12	nm
<b>Total comprehensive (loss)/income attributable to:</b>			
Equity holders of the Company	(1,171)	378	nm
Non-controlling interests	(618)	641	nm
	(1,789)	1,019	nm
<b>EBITDA excluding foreign exchange loss</b>	<b>1,361</b>	<b>1,952</b>	<b>-30%</b>

nm denotes not meaningful.

1(a)(ii) Notes to the Income Statement

The Group's loss/profit before income tax is arrived at after charging/(crediting):

Group			
For the 6 months period ended			
	30-Sep-19 S\$'000	30-Sep-18 S\$'000	Increase / (Decrease)
Amortisation of intangible assets	951	992	-4%
Sale of scrap and other materials	(79)	(22)	259%
Depreciation of property, plant and equipment	(644)	(146)	341%
(Gain)/Loss on disposal of property, plant and equipment	(8)	3	nm
Government grants (SEC,TEC)	(10)	(17)	-41%
Write-back of impairment loss on trade receivables	-	(3)	nm
Foreign exchange loss	759	459	65%
Employee compensation	4,651	2,369	96%
Interest income	(3)	(46)	-93%
Inventories recognised as an expense in cost of sales	69,625	77,738	-10%
Miscellaneous income	(85)	(11)	673%
Directors' fee	73	144	-49%
Director's remuneration	383	331	16%
Rental income	(23)	(1)	2200%

nm denotes 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**

	Group			Company		
	30-Sep-19 S\$'000	31-Mar-19 S\$'000	Increase / (Decrease)	30-Sep-19 S\$'000	31-Mar-19 S\$'000	Increase / (Decrease)
<b>ASSETS</b>						
<b><u>Non-current assets</u></b>						
Property, plant and equipment	14,301	14,060	2%	6	-	nm
Intangible assets	16,775	17,617	-5%	-	8	nm
Investments in subsidiary corporations	-	-	nm	31,965	31,865	0%
Investments in associated companies	9,619	9,377	3%	-	-	nm
Other assets	20	20	0%	-	20	nm
Trade and other receivables	370	370	0%	-	-	nm
Financial assets, at fair value through other comprehensive income	90	90	0%	-	-	nm
<b>Total non-current assets</b>	<b>41,175</b>	<b>41,534</b>	<b>-1%</b>	<b>31,971</b>	<b>31,893</b>	<b>0%</b>
<b><u>Current assets</u></b>						
Inventories	15,982	20,359	-21%	-	-	nm
Trade and other receivables	39,187	34,365	14%	8,047	9,545	-16%
Other assets	2,407	2,028	19%	232	212	9%
Financial assets, at fair value through profit or loss	33	33	0%	-	-	nm
Financial assets, at fair value through other comprehensive income	934	934	0%	-	-	nm
Cash and cash equivalents	7,806	7,679	2%	2,690	1,555	73%
<b>Total current assets</b>	<b>66,349</b>	<b>65,398</b>	<b>1%</b>	<b>10,969</b>	<b>11,312</b>	<b>-3%</b>
<b>Total assets</b>	<b>107,524</b>	<b>106,932</b>	<b>1%</b>	<b>42,940</b>	<b>43,205</b>	<b>-1%</b>
<b>EQUITY AND LIABILITIES</b>						
<b><u>Equity</u></b>						
Share capital	72,491	72,491	0%	113,182	113,182	0%
Accumulated losses	(35,739)	(33,684)	6%	(73,119)	(72,444)	1%
Other reserves	3,022	2,138	41%	-	-	nm
	39,774	40,945	-3%	40,063	40,738	-2%
Non-controlling interests	14,133	14,751	-4%	-	-	nm
<b>Total equity</b>	<b>53,907</b>	<b>55,696</b>	<b>-3%</b>	<b>40,063</b>	<b>40,738</b>	<b>-2%</b>
<b><u>Non-current liabilities</u></b>						
Deferred tax liabilities	1,289	1,289	0%	-	-	nm
Other financial liabilities	2,098	1,808	16%	-	-	nm
<b>Total non-current liabilities</b>	<b>3,387</b>	<b>3,097</b>	<b>9%</b>	<b>-</b>	<b>-</b>	<b>nm</b>
<b><u>Current liabilities</u></b>						
Income tax payable	342	438	-22%	-	-	nm
Trade and other payables	35,293	28,539	24%	2,877	1,236	133%
Convertible loan	1,071	1,231	-13%	-	1,231	nm
Other financial liabilities	13,524	17,931	-25%	-	-	nm
<b>Total current liabilities</b>	<b>50,230</b>	<b>48,139</b>	<b>4%</b>	<b>2,877</b>	<b>2,467</b>	<b>17%</b>
<b>Total liabilities</b>	<b>53,617</b>	<b>51,236</b>	<b>5%</b>	<b>2,877</b>	<b>2,467</b>	<b>17%</b>
<b>Total equity and liabilities</b>	<b>107,524</b>	<b>106,932</b>	<b>1%</b>	<b>42,940</b>	<b>43,205</b>	<b>-1%</b>

nm denotes not meaningful.

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

**Amount repayable in one year or less, or on demand**

As at 30 September 2019		As at 31 March 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,524	-	17,931	-

**Amount repayable after one year**

As at 30 September 2019		As at 31 March 2019	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
2,098	-	1,808	-

**Details of any collateral**

All borrowings are denominated in Malaysian Ringgit ("MYR"), United States Dollars ( "USD") and Singapore Dollars ( "SGD" ) and are interest bearing. The borrowing is secured by:

- (i) Legal mortgages of leasehold industrial properties of a subsidiary.
- (ii) Corporate guarantee provided by the Company.
- (iii) Group's investment in associated company.

**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**

	<b>Group</b>	
	<b>30-Sep-19</b>	<b>30-Sep-18</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Cash flows from operating activities</u></b>		
<b>(Loss)/Profit before tax</b>	<b>(2,604)</b>	<b>41</b>
Adjustments for :-		
Depreciation of property, plant and equipment	644	146
Amortisation of intangible assets	951	992
Fair value loss on a financial liability through profit and loss	(160)	-
Interest expense	629	187
Interest income	(3)	-
Dividend income	(6)	-
Share of (loss)/profit of associated companies	(22)	(271)
Net effect of exchange rate changes in consolidating foreign subsidiaries	986	962
<b>Operating profit before working capital changes</b>	<b>415</b>	<b>2,057</b>
<b>Changes in working capital, net of effects from acquisition of a subsidiary corporation</b>		
Inventories	4,377	(2,172)
Trade and other receivables	(4,822)	4,186
Other assets	(399)	(139)
Trade and other payables	6,754	(3,691)
<b>Cash generated from operations</b>	<b>6,325</b>	<b>241</b>
Interest received	23	-
Income taxes paid	(165)	-
Income taxes refunded	-	26
<b>Net cash flows provided by operating activities</b>	<b>6,183</b>	<b>267</b>
<b><u>Cash flows from investing activities</u></b>		
Acquisition of a subsidiary corporation, net of cash acquired	-	234
Additions to investments in an associated company	(384)	(341)
Additions to intangible assets	(79)	-
Additions of property, plant and equipment	(829)	(308)
Dividend received	6	-
<b>Net cash flows used in investing activities</b>	<b>(1,286)</b>	<b>(415)</b>
<b><u>Cash flows from financing activities</u></b>		
Bank deposits pledged	1,204	-
Drawdown/(Repayment) of borrowings	(4,560)	1,399
Interest paid	(648)	(187)
Short term bank deposits	-	(593)
<b>Net cash flows (used in)/provided by financing activities</b>	<b>(4,004)</b>	<b>619</b>
Net increase in cash and cash equivalents	893	471
Cash and cash equivalents at beginning of financial period	3,762	7,746
Effects of exchange rate changes on cash and cash equivalents	(5)	-
<b>Cash and cash equivalents at end of financial period (Note 1)</b>	<b>4,650</b>	<b>8,217</b>

**Note 1**

	<b>Balance as at</b>	
	<b>30-Sep-19</b>	<b>30-Sep-18</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Cash and cash equivalents		
- Not restricted in use	4,650	8,217
- Bank overdraft	2,184	-
- Restricted in use	972	3,004
<b>Cash and cash equivalents as per statement of financial position</b>	<b>7,806</b>	<b>11,221</b>

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

<u>Group</u>	Attributable to Equity Holders of the Group				Total Equity
	Share Capital	Accumulated Losses	Other Reserves	Non-Controlling Interests	
HY 2020	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Beginning of financial period	72,491	(33,684)	2,138	14,751	55,696
Total comprehensive loss for the financial period	-	(2,055)	884	(618)	(1,789)
Closing balance at 30 September 2019	72,491	(35,739)	3,022	14,133	53,907

	Attributable to Equity Holders of the Group				Total Equity
	Share Capital	Accumulated Losses	Other Reserves	Non-Controlling Interests	
HY 2019	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Beginning of financial period	71,081	(33,827)	1,037	10,713	49,004
Total comprehensive loss for the financial period	-	(629)	1,007	641	1,019
Deemed disposal of non-controlling interest without change of control	-	-	-	3,500	3,500
Closing balance at 30 September 2018	71,081	(34,456)	2,044	14,854	53,523

<u>Company</u>	Share Capital	Accumulated Losses	Other Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
HY 2020				
Beginning of financial period	113,182	(72,444)	-	40,738
Total comprehensive loss for the financial period	-	(675)	-	(675)
Closing balance at 30 September 2019	113,182	(73,119)	-	40,063

	Share Capital	Accumulated Losses	Other Reserves	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
HY 2019				
Beginning of financial period	111,772	(73,814)	3,213	41,171
Total comprehensive loss for the financial period	-	(1,076)	-	(1,076)
Closing balance at 30 September 2018	111,772	(74,890)	3,213	40,095

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, placement shares, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or 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	
	No of Shares '000	Share Capital S\$'000
Issued and fully paid up shares as at 31 March 2019	5,582,846	113,182
Share consolidation of every 20 existing ordinary shares in the capital into 1 ordinary share on 7 August 2019	(5,303,704)	-
Issued and fully paid up shares as at 30 September 2019	<u>279,142</u>	<u>113,182</u>

The Company has no outstanding treasury shares and warrants as at 31 March 2019 and 30 September 2019.

**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.**

	Company	
	30-Sep-19	31-Mar-18
Total number of ordinary shares issued ('000)	<u>279,142</u>	<u>5,582,846</u>

The reduction in the total number of ordinary shares issued was due to a share consolidation of every 20 existing ordinary shares in the capital into 1 ordinary share on 7 August 2019. There were no treasury shares as at 31 March 2019 and 30 September 2019.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

**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 standard (e.g. the Review Engagement, SSRE 2400 (Engagements to Review Financial Statements), or an equivalent standard)**

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 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 methods of computation in the preparation of the financial statements for the current financial period, which are consistent with those described in the audited financial statements for the financial year ended 31 March 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 adopted Singapore Financial Reporting Standards (International) (SFRS(I)) on 1 April 2019. In adopting SFRS(I), the Group has applied the specific transition requirements in SFRS(I) 1 First-time adoption of Singapore Financial Reporting Standards(International) in preparing the financial information included in this announcement. The Group has also concurrently applied the following SFRS(I)s, interpretations of SFRS(I) and requirements of SFRS(I)s (collectively "new accounting standards") which are mandatorily effective from 1 April 2019.

SFRS(I):

- SFRS(I)16 Leases is effective for annual periods beginning on or after 1 January 2019.
- SFRS(I) INT 23 Uncertainty Over Income Tax Treatments is effective for annual periods on or after 1 April 2019.

**6. Earnings per ordinary share ("EPS") 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**

	For the 6 months period ended	
	30-Sep-19	30-Sep-18
Loss for the period attributable to equity holders of the company (S\$'000)	(2,055)	(629)
(i) EPS / (LPS) based on the weighted average number of shares (in cents)	(0.74)	(0.01)
(ii) EPS / (LPS) based on a fully diluted basis (in cents)	(0.74)	(0.01)
Weighted average number of ordinary shares applicable to EPS ('000)	279,142	5,303,217
Weighted average number of ordinary shares fully diluted basis ('000)	279,142	5,303,217

**7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year**

	Group		Company	
	30-Sep-19	31-Mar-18	30-Sep-19	31-Mar-18
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in cents)	19.31	1.00	14.35	0.73
No. of shares at the end of the financial period / year ('000)	279,142	5,582,846	279,142	5,582,846



8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported, including (where applicable) seasonal or cyclical factors. It must also discuss 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

Income Statement

	Revenue			Loss attributable to equity holders		
	30-Sep-19	30-Sep-18		30-Sep-19	30-Sep-18	
	S\$'000	S\$'000		S\$'000	S\$'000	
A.M Aesthetics	3,460	-	nm	688	-	nm
Electronics and Mechanical Business Unit	78,080	88,411	-12%	(735)	1,881	nm
Others	13	-	nm	(2,008)	(2,510)	-20%
Total	81,553	88,411	-8%	(2,055)	(629)	227%

In the six months financial period ended 30 September 2019 ("HY2020"), the Group registered a turnover of S\$81.6 million. This represents a decrease of S\$6.8 million as compared to S\$88.4 million for the comparative six months financial period ended 30 September 2018 ("HY2019").

A.M Aesthetics in FY2020 generated a revenue of S\$3.5 million with a gross profit and profit before tax of S\$3.0 million and S\$0.7 million respectively. This has helped to improve the financials for the Group. There was no revenue from A.M Aesthetics for FY2019 as this was acquired on 1 October 2018.

Out of the revenue from the MBU and Electronics Business Unit ("EBU") amounting to S\$78.1 million, MBU contributed S\$11.7 million. Revenue from the MBU increased from S\$7.7 million in HY2019 to S\$11.7 million in HY2020 as HY2020 included a full 6 months of revenue from its newly acquired subsidiary, HonFoong Plastics Industries Pte Ltd. ("HFPL") to account for 15.0% of total revenue. MBU revenue growth is also driven in part by the significant increase in sales orders from new and existing customers who are relocating their purchases from China due to the trade war.

Revenue from the EBU is still the major contributor despite a decrease of S\$14.4 million from S\$80.7 million in HY2019 to S\$66.3 million in HY2020 due to weak demand and prolonged trade tensions between USA and China. The gross profit of the MBU and EBU decreased by S\$3.3 million from S\$7.4 million in HY2019 to S\$4.1 million in HY2020. Gross profit margin was 5.2% in HY2020 as compared to 8.4% in HY2019. EBU made a harsh decision to liquidate some of its inventory at a loss to reduce inventory holding cost amidst a gloomy outlook of a global contraction of the semiconductor industry and lower quarter on quarter pricing trend. This accounted for a hefty S\$1.2 million loss in gross profit. The softened demand for semiconductors and passive components in the first half of the year affected EBU's top 2 product lines, Samsung and SK Hynix. The revenue for these 2 product lines dropped by 7.6% from S\$51.2 million in HY2019 to S\$47.6 million in HY2020 and gross profit decreased from S\$4.7 million in HY 2019 to S\$1.0 million in HY2020. The gross profit of the Group decreased slightly by S\$0.3 million from S\$7.4 million in HY2019 to S\$7.1 million in HY2020 due to the mitigating factors mentioned.

Loss attributable to equity holders had increased by S\$1.5 million from S\$0.6 million in HY2019 to S\$2.1 million in HY2020. Reasons for the losses are as follow:-

1. S\$0.9 million relates to Accrelist's share of loss in Jubilee where S\$0.7 million are losses from the EBU while the residual losses of S\$0.2 million are included under Others.
2. S\$0.8 million and S\$0.1 million relates to amortisation expenses and depreciation respectively.
3. S\$1.0 million relates to Accrelist's corporate cost.
4. S\$0.7 million profits from A.M Aesthetics offsets the above losses.

Other income was S\$0.3 million for HY2020 as compared to S\$0.1 million in HY2019. The increase of S\$0.2 million in HY2020 was largely due to the increase in scrap sales from the Mechanical Business Unit.

Operating expenses rose from S\$7.8 million in HY2019 to S\$10.1 million in HY2020. Marketing and distribution expenses remained relatively constant and amounted to S\$0.8 million in HY2020 and HY2019. Administration expenses increased by 35% from S\$5.9 million in HY2019 to S\$7.9 million in HY2020. This is mainly due to staff cost incurred with the acquisition of HFPL by Jubilee in July 2018 and the acquisition of Accrelist Medical Aesthetics group of companies ("A.M Aesthetics") by Accrelist in October 2018. Finance costs remained constant at S\$0.6 million for both HY2020 and HY2019 despite the latter acquisitions as A.M Aesthetics does not require much financing for its operations. Other charges increased from S\$0.5 million in HY2019 to S\$0.8 million in HY2020 mainly due to foreign exchange losses.

#### Balance Sheet

Non-current assets decreased by 1% from S\$41.5 million as at 31 March 2019 to S\$41.2 million as at 30 September 2019. Property, plant and equipment and investment in associated companies increased by S\$0.2 million each due to the increase in purchases of equipment and having profits from the associated companies respectively. This increase is however offset by the decrease in intangible assets of S\$0.8 million due to amortisation.

Current assets as at 30 September 2019 comprises of inventories, trade and other receivables, other assets, financial assets, at fair value through profit and loss, financial assets, at fair value through other comprehensive income and cash and cash equivalents. Total current assets amounted to S\$66.3 million as at 30 September 2019 as compared to S\$65.4 million as at 31 March 2019. The increase of S\$0.9 million is attributable to the increase in trade and other receivables which has increased in line trade and other payables. Other assets had also increased by S\$0.4 million due to the additional prepayment and deposits for the medical aesthetic clinics. This increase is offset with the decrease in inventories of which is aligned to the decrease in cost of sales.

Current liabilities as at 30 September 2019 comprises of income tax payable, trade and other payables, convertible loan and other financial liabilities. Total current liabilities amounted to S\$50.2 million as at 30 September 2019 as compared to S\$48.1 million as at 31 March 2019. The increase of S\$2.1 million is mainly due to an increase in trade and other payables by S\$6.8 million offset with decrease in convertible loan and other financial liabilities of S\$0.1 million and S\$4.4 respectively. Trade and other payables increased in line with the increase in trade and other receivables while the decrease in convertible loan and other financial liabilities decreased due to the paydown of the interest from the convertible loan and bank loans.

Non-current liabilities comprises of deferred tax liabilities and other financial liabilities. Total non-current liabilities increased slightly from S\$3.1 million as at 31 March 2019 to S\$3.4 million as at 30 September 2019 due to the increase in finance leases on hire purchase.

The Group's working capital decreased from S\$17.3 million as at 31 March 2019 to S\$16.1 million as at 30 September 2019.

#### Cash Flow Statement

Net cash flow generated from operating activities for HY2020 was S\$6.2 million, comprising of operating profit before working capital changes of S\$0.4 million and working capital inflow of S\$5.8 million. The working capital inflow was mainly due to the decrease in inventories and the increase of trade and other payables of S\$4.4 million and S\$6.8 million respectively. This is offset by the increase in trade and other receivables and other assets of S\$4.8 million and S\$0.4 million respectively. Net cash used in investing activities for HY2020 of S\$1.3 million was mainly due to investment in an associated company, EG Industries Sdn Bhd and acquisition of property, plant and equipment of S\$0.4 million and S\$0.8 million respectively. Cash used in financing activities was due to repayment of short term deposits and interest paid of S\$4.6 million and S\$0.6 million respectively. This is offset by the increase in bank deposits pledged of S\$1.2 million. The Group recorded a net increase in cash and cash equivalents of S\$0.9 million during HY2020.

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

Not applicable. No prospect statement or forecast has been previously disclosed to shareholders.

**10. A commentary at the date of the announcement of the 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 Group is doing a potential strategic business review with a view to maximise shareholders' potential value.

The Company completed the acquisition of Refresh Laser Clinic group of companies on 1 October 2018. With the alignment of the name of the clinics with the Company, the names have been changed to Accrelist Medical Aesthetics group of companies and now branded as A.M Aesthetics. With the increasing social acceptance in the Aesthetic Medical Services sector, it would bring in long-term growth for the Company and this is evidenced from the financial results where from the date of completion of the acquisition till the financial year ended 31 Mar 2019, A.M Aesthetics had generated revenue and net profit before tax of S\$3.4 million and S\$0.9 million respectively. This revenue and net profit before tax trend has been continuing steadily where A.M Aesthetics generated S\$3.5 million and S\$0.7 million respectively for HY2020.

The Company currently has 5 local medical aesthetic clinics and these are situated in the heartland malls and region to service the customers in those areas. Given the current success of generating profits, the Company is intending to move into a more premium and up-market region. This is achieved through entering into a term sheet with Verita Healthcare Group Limited ("Verita") for the proposed acquisition for the entire issued and paid-up capital of The Wellness Clinic Pte. Ltd. ("TWC"), a subsidiary of Verita. TWC is situated in the central region of Singapore, being at Wheelock Place in Orchard Road. The purchase consideration for this transaction amounts to S\$17.0 million or lower subject to the financial due diligence, and is accompanied with a profit guarantee of 3 years based on the normalised profit after tax of TWC for their financial year ended 2019, which is approximately S\$1.4 million. Purchase consideration would be satisfied in part cash and part shares where the indicative issue price for the shares is at S\$0.12.

Apart from the above and in line with its expansion strategies overseas, the Company has also announced for the incorporation of 2 subsidiaries, Accrelist Medical Aesthetics (Penang) Sdn. Bhd., and Accrelist Aesthetics (KL) Sdn. Bhd., in Kuala Lumpur, on 20 February 2019 and 8 March 2019 respectively. The Company has also set footprints in Korea by collaborating with 2 renowned doctors who owns 5 clinics in Korea to assist with providing training and recommending state-of-the-art aesthetic equipment and products. This would enhance the Company's advancement in this field given that Korea are the leaders in the medical aesthetic business. Plans are also on the way to set up clinics in Johor Bahru, Ipoh and a second clinic in Kuala Lumpur, Malaysia by next year. The Company would also be advancing into setting up clinics in Vietnam.

Besides growth on the increase in medical aesthetic clinics, the Company is expanding its business on clinical skin care products. This would be executed through its subsidiary, A Skin Products Pte. Ltd. ("A Skin"). A Skin would develop Original Design Manufacturer ("ODM") products with advisory and inputs from the Korean dermatologist. It would also carry non-ODM skin products which are renowned brands from Korea. With this, a retail shop would be set up for such and this is expected to be sold online.

**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**

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 did not declare / recommend dividends for the current financial period reported on as losses were incurred.

**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**

There was no IPT greater than S\$100,000 for HY2020. The Group does not have a general mandate from its shareholders for IPT's.

**14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to their attention which may render the financial statements for the six months ended 30 September 2019 to be false or misleading in any material aspects.

**15. Confirmation by the Board pursuant to Rule 720(1) of the Listing Manual**

On behalf of the Board of Directors of the Company, we hereby confirm that we have procured all the required undertakings to comply with the Exchange's listing rules from all the Directors and Executive Officers of the Company.

**BY ORDER OF THE BOARD**

Lee Wei Hsiung  
Company Secretary  
14 November 2019