

UNAUDITED FINANCIAL STATEMENTS FOR THE FIRST QUARTER ENDED 30 SEPTEMBER 2019 ("1Q2020").

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR FIRST QUARTER RESULTS

1(a)(i). A statement of comprehensive income for the Group together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

	Note 8(a)	Group		Inc/(Dec) %
		1Q2020 S\$'000	1Q2019 S\$'000	
Revenue	(i)	14,636	24,465	(40.2)
Cost of sales		(14,489)	(23,950)	(39.5)
Gross profit	(ii)	147	515	(71.5)
Gross profit margin		1.0 %	2.1 %	
Other income/(expenses) - net	(iii)	208	(16)	nm
Distribution expenses		-	(4)	(100.0)
Administrative expenses	(iv)	(239)	(415)	(42.4)
Finance costs	(v)	(86)	(38)	126.3
Profit before income tax	(vi)	30	42	(28.6)
Income tax expense		-	-	nm
Profit from continuing operations		30	42	(28.6)
Profit from discontinued operations		-	(1,826)	(100.0)
Profit/(Loss) after income tax		30	(1,784)	nm
Other comprehensive (loss)/income, net of income tax:				
Foreign currency translation difference	(vii)	(73)	202	nm
Total comprehensive loss, for the period attributable to the owners of the company		(43)	(1,582)	(97.3)

nm = not meaningful

1(a)(ii). The net profit/(loss) attributable to shareholders includes the following charges/credits

	Group		Inc/(Dec) %
	1Q2020 S\$'000	1Q2019 S\$'000	
Other income/(expenses) - net comprises principally of the following:			
Rental income	293	-	nm
Interest income	-	19	(100.0)
Foreign currency exchange loss - realised	(7)	(47)	(85.1)
Foreign currency exchange gain - unrealised	189	10	nm
Depreciation of plant and equipment	(251)	-	nm
Reinstatement expenses for leased premises	(21)	-	nm
Miscellaneous	5	2	150.0

nm = 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	
		Unaudited 30-Sep-19 S\$'000	Audited 30-Jun-19 S\$'000	Unaudited 30-Sep-19 S\$'000	Audited 30-Jun-19 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	(i)	1,445	479	1	1
Trade and other receivables		216	237	5,753	4,723
		<u>1,661</u>	<u>716</u>	<u>5,754</u>	<u>4,724</u>
Current Assets					
Inventories		-	13	-	-
Trade receivables	(ii)	38	78	-	-
Other receivables	(iii)	2,300	3,415	134	213
Contract assets	(iv)	2,813	3,855	-	-
Cash and cash equivalents		6,291	3,354	76	16
		<u>11,442</u>	<u>10,715</u>	<u>210</u>	<u>229</u>
Total Assets		<u>13,103</u>	<u>11,431</u>	<u>5,964</u>	<u>4,953</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share Capital		177,480	177,480	177,480	177,480
Other reserves	(v)	(239)	(166)	-	-
Accumulated losses		(174,927)	(174,928)	(174,060)	(175,245)
Total Equity		<u>2,314</u>	<u>2,386</u>	<u>3,420</u>	<u>2,235</u>
LIABILITIES					
Non-Current Liabilities					
Provisions		410	410	-	-
Lease liabilities	(vi)	409	37	-	-
Borrowings		1,000	1,000	1,000	1,000
		<u>1,819</u>	<u>1,447</u>	<u>1,000</u>	<u>1,000</u>
Current Liabilities					
Trade and other payables	(vii)	3,900	3,543	544	718
Contract liabilities	(iv)	-	103	-	-
Lease liabilities	(vi)	669	13	-	-
Borrowings	(viii)	4,401	3,939	1,000	1,000
		<u>8,970</u>	<u>7,598</u>	<u>1,544</u>	<u>1,718</u>
Total Liabilities		<u>10,789</u>	<u>9,045</u>	<u>2,544</u>	<u>2,718</u>
Total Equity and Liabilities		<u>13,103</u>	<u>11,431</u>	<u>5,964</u>	<u>4,953</u>

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

	As at 30-Sep-20		As at 30-Jun-19	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Current				
Non-Convertible bond*	2,000	-	2,000	-
Loan from third party	-	3,401	-	2,939
Total	<u>2,000</u>	<u>3,401</u>	<u>2,000</u>	<u>2,939</u>

* Please refer to announcement dated 10 January 2019 for further details

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

	Group	
	1Q2020 S\$'000	1Q2019 S\$'000
Cash flow from operating activities		
Profit before income tax		
From continuing operations	30	42
From discontinued operations	-	(1,822)
Adjustments for:		
Depreciation of property, plant and equipment	254	151
Interest expense	86	117
Interest income	-	(20)
Payables written off	-	(39)
Reinstatement expenses for leased premises	21	-
Unrealised loss on futures contracts	(22)	-
Gain on foreign currency exchange - unrealised	(189)	(13)
Operating cash flow before working capital changes	180	(1,584)
Changes in operating assets and liabilities		
Inventories	13	1,617
Trade and other receivables	2,356	(519)
Restricted cash held in trust	-	(1)
Trade and other payables	233	2,520
Cash generated from operations	2,782	2,033
Interest paid	(86)	(117)
Interest received	-	20
Income tax paid	-	(4)
Net cash generated from operating activities	2,696	1,932
Cash flows from investing activities		
Acquisition of property, plant and equipment	-	(72)
Net cash used in investing activities	-	(72)
Cash flows from financing activities		
Repayment of lease liabilities	(221)	(10)
Proceeds from/(Repayment of) third parties loan - net	462	(400)
Net cash generated from/(used) in financing activities	241	(410)
Net increase in cash and cash equivalents	2,937	1,450
Cash and cash equivalents at beginning of financial period	3,354	2,909
Cash and cash equivalents at end of financial period	6,291	4,359

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.

	Share Capital S\$'000	Currency Translation Reserve S\$'000	Accumulated Losses S\$'000	Total Equity S\$'000
Group				
At 1 July 2019	177,480	(166)	(174,928)	2,386
Adjustment on adoption of SFRS(I) 16	-	-	(29)	(29)
	177,480	(166)	(174,957)	2,357
Profit for the financial year	-	-	30	30
Other comprehensive expenses - Foreign currency translation	-	(73)	-	(73)
Total comprehensive loss for the period	-	(73)	30	(43)
At 30 September 2019	177,480	(239)	(174,927)	2,314
At 1 July 2018	177,480	67	(173,640)	3,907
Loss for the financial year	-	-	(1,784)	(1,784)
Other comprehensive expenses - Foreign currency translation	-	202	-	202
Total comprehensive income/(loss) for the period	-	202	(1,784)	(1,582)
At 30 September 2018	177,480	269	(175,424)	2,325
Company				
At 1 July 2019	177,480	-	(175,245)	2,235
Profit for the financial period	-	-	1,185	1,185
Total comprehensive income for the period	-	-	1,185	1,185
At 30 September 2019	177,480	-	(174,060)	3,420
At 1 July 2018	177,480	-	(174,649)	2,831
Loss for the financial period	-	-	(428)	(428)
Total comprehensive loss for the period	-	-	(428)	(428)
At 30 September 2018	177,480	-	(175,077)	2,403

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 in a class that is listed as at the end of the current financial period reported on and as at the end of the current financial period reported on and as at the end of the immediately preceding financial year.

There were no changes in the Company's share capital during 1Q2020.

There were no outstanding warrants as at 30 September 2019 and 30 June 2019. As of 30 September 2019, the total number of issued shares excluding treasury shares and subsidiary holdings, and the total share capital stood at 90,039,655 and S\$177,479,971 respectively.

1(d)(iii). To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of ordinary shares issued, excluding treasury shares and subsidiary holdings as at 30 September 2019 and 30 June 2019 were 90,039,655.

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 treasury shares held during the quarter ended and as at 30 September 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.

There were no subsidiary holdings during the quarter ended and as at 30 September 2019.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures had not been audited or reviewed by the Company's auditors.

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

Not applicable.

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

Except as disclosed in Item 5 below, the Group had applied the same accounting policies and methods of computation to the financial statements in the current reporting period as with the audited financial statements for the financial year ended 30 June 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.

During the current financial period, the Group and Company adopted the new SFRS(I) 16 Leases which took effect from financial year beginning 1 July 2019. The Group has applied the modified retrospective approach and does not restate comparative amounts for year prior to first adoption.

Under the new standard, an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) and a liability to make lease payments (i.e. the lease liability) are recognised. Interest expense on the lease liability and the depreciation expense on the right-of-use asset are recognised separately in the income statement.

Right-of-use assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

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: -

	Group	
	1Q2020	1Q2019
	Cents	Cents
Earnings/(Loss) per share for the Group attributable to equity holders of the Company		
i) Continuing operations	0.0333	0.0009
ii) Discontinued operations	-	(0.0406)

The earnings per share for continuing business in 1Q2020 and 1Q2019 were calculated based on the weighted average number of ordinary shares of 90,039,655 and 4,501,984,229 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer at the end of the: -

(a) Current financial period reported on; and

(b) Immediately preceding financial year.

	Group		Company	
	30-Sep-19	30-Jun-19	30-Sep-19	30-Jun-19
	Cents	Cents	Cents	Cents
NAV per share based on issued share capital as at the end of the period	2.5700	0.0530	3.7983	2.4822

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

(i) Revenue

In the financial quarter 1Q2020, the Group's revenue was derived from the supply chain management business and decreased by 40% to S\$14.6 million as the Company had reduced its exposure in metal trading activities, in view of a negative outlook for the world economy especially the Sino-US trade dispute.

(ii) Gross profit

Without a high-cost structure related to the electronic waste management business, the Group has made a gross profit of S\$147,000 in 1Q2020. Compared to the restated gross profit from supply chain management business in the same quarter last year, gross profit margin is reduced due to small trading volume and higher price fluctuation as a result of the instability of the global metal market.

(iii) Other income/(expenses) – net

Net other income of S\$208,000 in 1Q2020 was made up of the sum of:

- (1) rental income of S\$293,000;
- (2) realised foreign exchange loss of S\$7,000;
- (3) unrealised foreign exchange gain of S\$189,000;
- (4) depreciation of plant and equipment of S\$251,000
- (5) Miscellaneous of S\$5,000; and
- (6) reinstated expenses of S\$21,000.

(iv) Administrative expenses

Administrative expenses decreased by 42.4% in 1Q2020 compared to 1Q2019 due to lower manpower-related cost incurred in the Group.

(v) Finance costs

Finance cost increased by 126.3% in 1Q2020 compared to 1Q2019 due to increase in short-term third-party loans (see paragraph (b)(viii) below).

(vi) Profit/(Loss) after income tax

The Group reported a net profit before income tax of S\$30,000 in 1Q2020.

(vii) Foreign currency translation difference

Foreign currency translation difference increased to negative S\$73,000 in 1Q2020 due to translation effect of US currency-denominated reserve.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.

Statement of financial position

- (i) Property, Plant and Equipment ("PPE") increased by S\$1.22 million after the adoption of Singapore Financial Reporting Standards (International) 16 Leases ("SFRS(I) 16") as explained under Item 5 above. After a depreciation of S\$254,000, PPE is increased to S\$1.45 million as at 30 September 2019.
- (ii) Trade receivables decreased by S\$40,000 to S\$38,000 as at 30 September 2019 compared to 30 June 2019 mainly due to higher settlement of balances before 30 September 2019.
- (iii) Other receivables decreased by S\$1.1 million to S\$2.3 million as at 30 September 2019 compared to 30 June 2019 due to utilisation of trade deposits paid to suppliers.
- (iv) Contract assets and liabilities decreased by S\$1,042,000 and S\$103,000 respectively after issuance of invoices to customers and settlement of trade receivables with trade advance received, in 1Q2020.
- (v) Other reserves comprised of S\$239,000 in foreign exchange translation reserve.

- (vi) Lease liabilities increased by S\$1,248,000 after the adoption of SFRS(I) 16 (see paragraph (i) above). After a repayment of S\$220,000 it is reduced to S\$1,078,000.
- (vii) Accrued purchases and expenses increased by S\$135,000 while other payables increased by S\$223,000 as compared to those as at 30 June 2019, resulted in S\$3.9 million trade and other payables as at 30 September 2019.
- (viii) Borrowings relate to loans of S\$5.4 million arising from the S\$2 million bond issue and short-term borrowings from third parties.

Cash flow statement

Net cash generated from operating activities of the Group in 1Q2020 was S\$2.7 million, mainly due to decrease in trade and other receivables.

Net cash generated from financing activities of the Group in 1Q2020 was S\$241,000, mainly due to short-term loan from third parties.

As a result of the above, the Group's cash and cash equivalents as of 30 September 2019 increased by S\$2.9 million.

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

There is no material variance with the commentary previously disclosed in the results announcement for the financial period ended 30 June 2019.

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 Company had on 23 September 2019 announced that its wholly-owned subsidiary Nolash Tech Pte. Ltd., along with its wholly-owned Shanghai subsidiary Nolash Tech (Shanghai) Co., Ltd. had secured the commitment of five companies to procure its services in Technical, Operation and Procurement ("TOP") in relation to supply-chain management. This new-found area of business under the Company's supply chain management business is the outcome of the Group's intensive effort to source for a supplemental stream of revenue after disposing of the electronic waste management business in early 2019. The Group will look to develop into similar asset-light business, as the Company is of the view that it has a lower risk exposure, compared to the current business in metal trading. It intends to reallocate resources such that the former (metal trading business) will eventually be a dominant department within the supply chain management sector.

On 2 September 2019 and 4 October 2019, the Company announced its corporate action to raise funds by way of a proposed Placement cum Warrant Issue, which was concluded on 15 October 2019. ("**Placement**") An allotment and issuance of 10,000,000 placement shares and 10,000,000 warrants were issued on 15 October 2019, and the total number of issued shares of the Company increased to 100,039,655 shares. The Company raised a total of SGD1,530,000 which will be reflected in the second quarter of the current financial year. The proceeds from the Placement will be utilized for repayment of the Bond Issue as well as for general working capital. As at the date of this announcement, only about SGD500,000 has been committed to the working capital of the Group.

Barring any unforeseen circumstances, the Company is confident that with a considerable reduced cost structure and a new asset-light business within the supply chain management sector, the Group will continue to generate positive cash-flow.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale / distribution of goods and services, shifts

in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. Shareholders and potential investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisors if they have any doubt about the actions they should take.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) The date the dividend is payable

Not applicable.

(d) The date on which registrable transfers received by the Company (up to 5.00pm) 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 is recommended as the Group currently does not have accumulated profits available for the declaration of a dividend.

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 did not obtain a general mandate from its shareholders for IPTs. There was no IPT transaction for the period under review.

14. Negative confirmation pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, Simon Eng (Chairman and Chief Executive Officer) and Chay Yiowmin (Lead Independent Director), do hereby confirm that to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the period ended 30 September 2019 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 hereby confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).



(Company Registration No. 199206445M)

On behalf of the Board of Directors

Simon Eng

Chairman and Chief Executive Officer

Chay Yiowmin

Independent Director

6 November 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.

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