

FUJI OFFSET PLATES MANUFACTURING LTD

Unaudited Half-Year Financial Statement And Related Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS 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

	Note	S\$'000 30.06.19	S\$'000 30.06.18	% Increase/ (Decrease)
Revenue		2,291	2,697	(15)
Cost of sales		(1,409)	(1,589)	(11)
Gross profit		882	1,108	(20)
Other operating income	1	38	1,578	(98)
Distribution expenses		(134)	(149)	(10)
Administrative expenses		(973)	(1,015)	(4)
Other operating expenses		(43)	-	NM
Results from operating activities		(230)	1,522	NM
Finance income	2	328	205	60
Finance expense	2	(4)	(6)	(33)
Net finance income		324	199	63
Share of results of associate (net of tax)	3	665	1,065	(38)
Profit before tax	4	759	2,786	(73)
Income tax expense		(67)	(118)	(43)
Profit for the period		692	2,668	(74)
Other comprehensive income				
Foreign currency translation (loss)/gain		(213)	325	NM
Prior years' amortisation		165	-	NM
Other comprehensive income for the period, net of tax		(48)	325	NM
Total comprehensive income for the period		644	2,993	(78)
Profit for the period attributable to:				
Owners of the Company		623	2,592	(76)
Non-controlling interests		69	76	(9)
Profit for the period		692	2,668	(74)
Total comprehensive income attributable to:				
Owners of the Company		604	3,016	(80)
Non-controlling interests		40	(23)	NM
Total comprehensive income for the period		644	2,993	(78)

NM denotes not meaningful

Notes:

	S\$'000	S\$'000	%
	30.06.19	30.06.18	Increase/ (Decrease)
(1) Other operating income includes:			
Gain on sale of investment properties	-	1,491	NM
Gain on disposal of property, plant and equipment	1	-	NM
Income from sales of scrap	2	3	(33)
Foreign exchange gain (net)	-	75	NM
Others	35	9	>100
	<u>38</u>	<u>1,578</u>	(98)

	S\$'000	S\$'000	%
	30.06.19	30.06.18	Increase/ (Decrease)
(2) Finance income/(expense) include:			
Interest income from banks	27	61	(56)
Discount adjustment on loan	2A 232	144	61
Other interest income	69	-	NM
Finance income	<u>328</u>	<u>205</u>	60
Hire purchase interest	(4)	(6)	(33)
Finance expense	<u>(4)</u>	<u>(6)</u>	(33)
Net finance income	<u>324</u>	<u>199</u>	63

(2A) Notional interest income due to discount adjustment on loan to Star City Property Development Co., Ltd ("Star City") to present value.

(3) Share of results of IPark Development Sdn Bhd ("IPark").

(4) The following items have also been included in arriving at profit before taxation:

	S\$'000	S\$'000	%
	30.06.19	30.06.18	Increase/ (Decrease)
Depreciation charge	305	298	2
Amortisation charge	21	23	(9)
Foreign exchange loss/(gain) (net)	43	(75)	NM
Bad debt recovered	(2)	-	NM

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

	Note	Group		Company	
		S\$'000 30.06.19	S\$'000 31.12.18	S\$'000 30.06.19	S\$'000 31.12.18
Non-current assets					
Property, plant and equipment	1	3,767	4,040	211	235
Intangible assets	2	41	45	-	-
Investment properties	3	1,941	1,983	-	-
Subsidiaries		-	-	7,809	7,809
Long-term prepayments	4	452	299	-	-
Investment in associate	5	9,439	8,860	-	-
Long-term loan due from associate		3,489	3,452	-	-
Other investment	6	2,358	2,378	2,358	2,378
Other receivable	7	4,865	4,672	4,865	4,672
		<u>26,352</u>	<u>25,729</u>	<u>15,243</u>	<u>15,094</u>
Current assets					
Inventories	8	729	651	-	-
Trade receivables	9	1,473	1,401	-	-
Amounts due from a subsidiary		-	-	523	463
Other receivables	10	310	52	7	3
Prepayments	11	64	45	-	1
Tax recoverable	12	118	443	-	-
Cash and cash equivalents		4,146	4,771	73	561
		<u>6,840</u>	<u>7,363</u>	<u>603</u>	<u>1,028</u>
Total assets		<u>33,192</u>	<u>33,092</u>	<u>15,846</u>	<u>16,122</u>
Equity					
Share capital		14,807	14,807	14,807	14,807
Reserves		13,788	13,334	(445)	(87)
Equity attributable to owners of the Company		<u>28,595</u>	<u>28,141</u>	<u>14,362</u>	<u>14,720</u>
Non-controlling interests		3,109	3,069	-	-
Total equity		<u>31,704</u>	<u>31,210</u>	<u>14,362</u>	<u>14,720</u>
Non-current liabilities					
Loans and borrowings		34	84	30	59
Deferred tax liabilities		774	807	-	-
		<u>808</u>	<u>891</u>	<u>30</u>	<u>59</u>
Current liabilities					
Trade and other payables	13	541	849	132	273
Loans and borrowings		98	96	58	57
Provision		41	41	14	13
Current tax payable		-	5	-	-
Amount due to a subsidiary		-	-	1,250	1,000
		<u>680</u>	<u>991</u>	<u>1,454</u>	<u>1,343</u>
Total liabilities		<u>1,488</u>	<u>1,882</u>	<u>1,484</u>	<u>1,402</u>
Total equity and liabilities		<u>33,192</u>	<u>33,092</u>	<u>15,846</u>	<u>16,122</u>

Notes:

- (1) Property, plant and equipment were lower mainly due to depreciation for the period coupled with exchange rate fluctuations between the Malaysian Ringgit (“**RM**”) against the Singapore dollar (“**S\$**”).
- (2) Intangible assets pertain to computer software assets in a subsidiary.
- (3) Investment properties were lower mainly due to depreciation and amortisation for the period coupled with exchange rate fluctuations between RM against the S\$.
- (4) Long-term prepayments were higher mainly due to prior year adjustments in amortisation.
- (5) The increase in investment in associate is due to profits from share of results in IPark in 1H2019, partially offset by exchange rate fluctuations between RM against the S\$.
- (6) Other investment pertains to the Group’s 10% share of equity interest in Star City and the discounting of the loan amount to its present value.
- (7) Other receivable, in respect of the Group’s share of loan to Star City, was higher due to the write-back in the discounting of the loan amount to present value, partially offset by the weaker US dollar (“**US\$**”) against the S\$.
- (8) Inventories were higher mainly due to recent purchases of two container loads of seamless steel pipes.
- (9) Trade receivables were higher mainly due to higher sales of printing cylinders in 2Q2019 as compared with 4Q2018. Barring unforeseen circumstances, the Group does not foresee any issue with the collectibility of these outstanding receivables.
- (10) Other receivables were higher mainly due to deposits paid for the purchase of plant and machinery.
- (11) Prepayments were higher mainly due to prepayments for foreign worker levy and insurance premium on plant and machinery.
- (12) Tax recoverable were lower mainly due to refund from the Malaysian tax authorities.
- (13) Trade and other payables were lower mainly due to payments in 1H2019 for expense accruals outstanding at year-end 2018 and for plant and machinery.

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

Amount repayable in one year or less, or on demand

As at 30/06/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
98	-	96	-

Amount repayable after one year

As at 30/06/2019		As at 31/12/2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
34	-	84	-

Details of any collateral

The collateral in respect of secured borrowings is by way of legal charges over certain property, plant and equipment held under hire purchase arrangements.

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

	S\$'000	S\$'000
	30.06.19	30.06.18
Operating activities		
Profit before tax	759	2,786
Adjustments for:		
Depreciation of property, plant and equipment	305	298
Gain on disposal of investment properties	-	(1,491)
Gain on disposal of property, plant and equipment	(1)	-
Amortisation of long-term prepayments	21	23
Share of results of associate	(665)	(1,065)
Interest expense	4	6
Interest income	(328)	(205)
Foreign exchange loss/(gain), net	58	(111)
Operating cash flow before changes in working capital	<u>153</u>	<u>241</u>
Changes in working capital:		
Inventories	(85)	138
Trade receivables	(82)	76
Related parties balances	-	(4)
Other receivables, deposits and prepayments	(284)	60
Trade and other payables	<u>(307)</u>	<u>(427)</u>
Cash (used in)/from operations	(605)	84
Income taxes refunded/(paid)	221	(118)
Interest received	27	61
Cash flows (used in)/from operating activities	<u>(357)</u>	<u>27</u>
Investing activities		
Purchase of property, plant and equipment	(26)	(100)
Purchase of intangible assets	(8)	-
Proceeds from disposal of investment properties	-	2,227
Proceeds from share sale in subsidiary	-	202
Proceeds from disposal of property, plant and equipment	1	-
Cash flows (used in)/from investing activities	<u>(33)</u>	<u>2,329</u>

Financing activities

Interest paid	(4)	(6)
Dividends paid to owners of the Company	(150)	(150)
Payments to hire purchase creditors	(44)	(45)
Cash flows used in financing activities	(198)	(201)

Net (decrease)/increase in cash and cash equivalents (588) 2,155

Cash and cash equivalents at beginning of the year	4,771	5,184
Effect of exchange rate changes on balances held in foreign currency	(37)	168
Cash and cash equivalents at end of the period	4,146	7,507

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

The Group	Share capital	Foreign currency translation reserve	Fair value adjustment reserve	Revaluation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2019	14,807	315	(346)	-	13,365	28,141	3,069	31,210
Profit net of tax for the period	-	-	-	-	623	623	69	692
<u>Other comprehensive income</u>	-	-	-	-	-	-	-	-
Foreign currency translation	-	(184)	-	-	-	(184)	(29)	(213)
Adjustment for prior years' amortisation	-	-	-	-	165	165	-	165
Total comprehensive income for the period	-	(184)	-	-	788	604	40	644
Dividends	-	-	-	-	(150)	(150)	-	(150)
At 30 June 2019	<u>14,807</u>	<u>131</u>	<u>(346)</u>	<u>-</u>	<u>14,003</u>	<u>28,595</u>	<u>3,109</u>	<u>31,704</u>
At 1 January 2018	14,807	323	-	1,477	8,450	25,057	3,065	28,122
Profit net of tax for the period	-	-	-	-	2,592	2,592	76	2,668
<u>Other comprehensive income</u>	-	-	-	-	-	-	-	-
Foreign currency translation	-	424	-	-	-	424	(99)	325
Total comprehensive income for the period	-	424	-	-	2,592	3,016	(23)	2,993
Dividends	-	-	-	-	(150)	(150)	-	(150)
At 30 June 2018	<u>14,807</u>	<u>747</u>	<u>-</u>	<u>1,477</u>	<u>10,892</u>	<u>27,923</u>	<u>3,042</u>	<u>30,965</u>

The Company

	Share capital	Fair value adjustment reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2019	14,807	(346)	259	14,720
Loss net of tax, represents total comprehensive income for the period	-	-	(208)	(208)
Dividends	-	-	(150)	(150)
At 30 June 2019	<u>14,807</u>	<u>(346)</u>	<u>(99)</u>	<u>14,362</u>
At 1 January 2018	14,807	-	757	15,564
Loss net of tax, represents total comprehensive income for the period	-	-	(220)	(220)
Dividends	-	-	(150)	(150)
At 30 June 2018	<u>14,807</u>	<u>-</u>	<u>387</u>	<u>15,194</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 since the end of the previous period reported on. There were no outstanding convertibles and the Company did not hold any treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2019 respectively.

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	30.06.19	31.12.18
Total number of issued shares excluding treasury shares	49,912,500	49,912,500

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

Not applicable. The Company does not have any treasury shares as at 30 June 2019.

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

Not applicable. The Company does not have any subsidiary holdings as at 30 June 2019.

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

The figures have not been audited or reviewed by external auditor.

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

Other than the adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited financial statements as at 31 December 2018.

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 the new SFRS(I) 16 Leases which became effective for the financial year beginning on or after 1 January 2019, using the modified retrospective approach. Based on the assessment made, the adoption of SFRS(I) 16 is not expected to have a material impact on the Group and Company.

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

Group	30.06.19	30.06.18
Based on weighted average number of ordinary shares in issue (cents)	1.25	5.19
Based on a fully diluted basis (cents)	1.25	5.19

7. Net asset value (for the issuer and group) per ordinary share based on the 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	
	30.06.19	31.12.18	30.06.19	31.12.18
Net Asset Value per ordinary share (cents)	57.29	56.38	28.77	29.49

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 on, 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

Revenue

Total Group revenue amounted to S\$2.29 million for 1H2019 as compared with S\$2.70 million for 1H2018, a drop of S\$0.41 million or about 15% mainly due to lower sales of printing cylinders in Malaysia and Singapore due to keen competition and the weaker economies in both countries.

Costs

In line with the lower revenue, cost of sales also decreased by about 11% or S\$0.18 million, from S\$1.59 million for 1H2018 to S\$1.41 million for 1H2019. However, the decrease was lower compared with the decrease in revenue due to higher average costs of raw materials, mainly seamless steel pipes, used in the production of printing cylinders.

Depreciation charge was marginally higher at about S\$0.31 million for 1H2019 as compared with S\$0.30 million for 1H2018.

Gross profit

As a result of the lower revenue and costs of sales, gross profit for the period decreased from S\$1.11 million for 1H2018 to S\$0.88 million for 1H2019, a decrease of S\$0.23 million or about 20%. Consequently, gross profit margin declined from 41% for 1H2018 to 38% for 1H2019.

In line with the lower revenue, distribution expenses also decreased by about 10% or S\$0.02 million, from S\$0.15 million for 1H2018 to S\$0.13 million for 1H2019. Administrative expenses also declined from S\$1.02 million for 1H2018 to S\$0.97 million for 1H2019, representing a decline of about 4% or S\$0.05 million.

Other Operating Income/Expenses

For 1H2019, other operating income was significantly lower at S\$0.04 million as compared with S\$1.58 million for 1H2018, a decline of S\$1.54 million, due almost entirely to non-recurring gain on disposal of the Group's investment properties at Jalan Hasil and Lots 4070 & 4078 of S\$1.49 million.

Other operating expenses for 1H2019 comprise net foreign exchange loss from the US\$ loan to Star City as a result of the weaker US\$ against the S\$.

Operating Profit

On the basis of the above factors, therefore, the Group recorded an operating loss of S\$0.23 million for 1H2019 as compared with an operating profit of S\$1.52 million for 1H2018, a decline of S\$1.75 million in operating performance over the two financial periods. The decrease in operating profit was attributable to S\$1.49 million from the sale of the Group's investment properties at Jalan Hasil and Lots 4070 & 4078 coupled with the following:

- 1) Lower net foreign exchange of S\$0.12 million mainly from the investment in property development companies business segment on account of the weaker US\$ against the S\$,
- 2) Lower net contribution from investment holding business segment of S\$0.09 million,
- 3) Lower contribution from printing cylinders business segment of S\$0.15 million, less
- 4) Adjustments and eliminations of S\$0.10 million, including unallocated corporate expenses.

Net finance income increased from S\$0.20 million for 1H2018 to S\$0.32 million for 1H2019 mainly due to higher deemed interest income of S\$0.09 million relating to the discount adjustment on the Company's loan to Star City and accrued interest income of S\$0.07 million on the Group's loan to IPark.

Share of results of associate (net of tax) amounted to a gain of S\$0.67 million for 1H2019, based on percentage-of-completion method where revenue is recognised based on progressive payments from prospective owners, as compared with S\$1.07 million for 1H2018.

Income tax expense was lower at S\$0.07 million for 1H2019 as compared with S\$0.12 million for 1H2018 mainly due to lower taxable profits.

Based on the above factors, the Group recorded a profit after tax from continuing operations of S\$0.69 million for 1H2019 as compared with S\$2.67 million for 1H2018.

Cash Flow

For 1H2019, the Group recorded a cash flow used in operating activities of S\$0.36 million, mainly attributable to changes in working capital of S\$0.76 million, partially offset by operating profit before working capital changes of S\$0.15 million and income tax refund of S\$0.22 million.

Cash flows used in investing activities amounting to S\$0.03 million for 1H2019 were mainly for the purchase of property, plant and equipment.

Cash flows used in financing activities of S\$0.20 million were mainly in respect of payment of dividends to owners of the Company and hire purchase creditors.

As a result of the above factors, cash and cash equivalents decreased by about S\$0.59 million and the Group's cash and cash equivalents stood at S\$4.15 million as at 30 June 2019.

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 reporting period and the next 12 months

The Board of Directors is of the opinion that the outlook for the next 12 months for printing cylinders business segment will continue to remain challenging due to keen competition coupled with the weaker economies of both Malaysia and Singapore.

Property sales launch for IPark were ongoing since October 2016. To date, under Parcel 1, 2 out of 10 factory units are sold while 2 are rented out. Under Parcel 2, 21 out of 41 units are sold while 13 are rented out. Going forward, Parcel 3 is expected to be transferred to the company within 1 to 2 months. It is currently pending processing by the relevant authorities.

With regard to Star City, the company had rented out the sales gallery for 3 years with effect from 15 March 2019 for US\$50,000 per month. Meanwhile, Star City is continuing to explore its options, inter alia possible disposal. However, this has not materialised as the sales prices offered did not meet the company's expectations.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None

(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

No dividend has been declared or recommended for the financial six months period ended 30 June 2019. Given the challenging outlook for the next 12 months in the printing cylinders business segment, the Company will review its financial position at the end of the financial year.

13. Interested Person Transactions (January – June 2019)

Note Rule 920(1)(a)(ii) – An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.

The Group has renewed its general mandate for Interested Party Transaction at the recent annual general meeting held on 25 April 2019.

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Interested person – Adrian Teo Kee Tiong In relation to transactions between the Group and Fuji Roto Gravure Sdn Bhd (FRG) ⁽¹⁾	Nil	S\$200,260 ⁽²⁾

Notes:

- (1) FRG is 65% owned by Fuji Printing Cylinders Pte Ltd (FPC), a wholly-owned subsidiary of the Group and 35% owned by Adrian Teo Kee Tiong
- (2) The aggregate value of all the interest person transactions relates to supply of printing of cylinders by FRG to FPC, provision of technical services by the Group to FRG and leasing of premises by Fujiplates Manufacturing Sdn Bhd to FRG

14. Negative Assurance on Interim Financial Statements

Confirmation by the Board Pursuant to Catalist Rule 705(5).

The Board of Directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results of the Group and the Company for the first half-year ended 30 June 2019 to be false or misleading in any material aspect.

On behalf of the Board of Directors:

Name of Director: Teo Kee Bock
Designation: Chairman

7 August 2019

Name of Director: Teo Kee Chong
Designation: Managing Director

7 August 2019

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 it has procured undertakings from all of its directors and executive officers as set out in Appendix 7H under Rule 720(1).

BY ORDER OF THE BOARD

Kiar Lee Noi
Company Secretary

7 August 2019

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Asian Corporate Advisors Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**Exchange**"). The Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange 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 Ms Foo Quee Yin.
Telephone number: 6221 0271*