



First Quarter Financial Statements for the Period Ended 31 March 2019

PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Statement of profit or loss and other comprehensive income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial period.

	Note	Group		(1)
		1-Jan-19 to 31-Mar-19	1-Jan-18 to 31-Mar-18	
		US\$'000	US\$'000	Change %
Revenue		5,818	6,042	(3.7)
Cost of sales		(5,532)	(5,029)	10.0
Gross profit		286	1,013	(71.8)
Other operating income		124	160	(22.5)
Distribution costs		(100)	(184)	(45.7)
Administration expenses		(712)	(861)	(17.3)
Other operating expenses		(289)	(372)	(22.3)
Loss from operations		(691)	(244)	183.2
Finance costs		(75)	(5)	NM
Loss before income tax		(766)	(249)	207.6
Income tax benefit		94	243	(61.3)
Net loss for the period and total comprehensive loss attribute to equity holders of company	A	(672)	(6)	NM
Loss per share attributable to equity holders of the Company (US cent)				
- Basic		(1.91)	(0.02)	NM
- Diluted		(1.91)	(0.02)	NM
A. Net loss is arrived at after charging (crediting) :				
- Directors' remuneration		124	127	(2.4)
- Interest on borrowings		75	5	NM
- Depreciation expense		2,273	2,156	5.4
- (Gain)/Loss on disposal of property, plant and equipment		(84)	30	NM
- Foreign currency exchange (gain)/loss		(18)	37	NM
- Interest income		(1)	-	NM
- Loss/(Gain) on valuation of financial asset		60	(160)	NM
- Allowance for doubtful debts		(24)	(2)	NM

NM - Not meaningful



1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period.

	Group		Company	
	31-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
Note	US\$'000	US\$'000	US\$'000	US\$'000
Current Assets				
Cash	5,325	5,038	166	254
Trade receivables	4,726	5,467	-	-
Other receivables and prepayments	461	691	72	38
Total current assets	10,512	11,196	238	292
Non-current Assets				
Investment in subsidiaries	-	-	35,423	35,423
Property, plant and equipment	31,551	32,442	-	-
Financial asset at fair value through profit or loss	573	633	573	633
Other receivables and prepayments	405	403	-	-
Deferred tax assets	123	29	-	-
Total non-current assets	32,652	33,507	35,996	36,056
Total Assets	43,164	44,703	36,234	36,348
Current Liabilities				
Trade payables	733	1,145	-	-
Other payables	5,077	6,049	3,263	3,117
Lease liabilities	2,051	1,209	-	-
Income tax payable	183	183	-	-
Total current liabilities	8,044	8,586	3,263	3,117
Non-current Liabilities				
Lease liabilities	1,230	1,555	-	-
Total non-current liabilities	1,230	1,555	-	-
Capital and Reserves				
Share capital	36,201	36,201	36,201	36,201
Legal reserve	1,194	1,194	-	-
Merger reserve	(764)	(764)	-	-
Contributed surplus	-	-	2,295	2,295
Accumulated losses	(2,741)	(2,069)	(5,525)	(5,265)
Net shareholders' equity	33,890	34,562	32,971	33,231
Total Liabilities and Shareholders' Equity	43,164	44,703	36,234	36,348



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

	Group	Group
	31-Mar-19	31-Dec-18
	US\$'000	US\$'000
<u>Lease liabilities - secured</u>		
Amount repayable in one year or less, or on demand	2,051	1,209
Amount repayable after one year	1,230	1,555
	<u>3,281</u>	<u>2,764</u>

Details of loans, borrowings and collateral

The Group obtained rights of use for certain plant and equipment under lease arrangements. The average lease term is 2.6 years and all leases are on a fixed repayment basis and some with purchase options.

The rights of use assets as at 31 March 2019 amounted to US\$1,085,000 and are included in the line item of Property, plant and equipment.

Outstanding capital commitment as at 31 March 2019 is US\$ 303,000.

The Group entered into a five-year syndication loan facility agreement for NT\$900 million from a consortium of banks in June 2015. As at 31 March 2019, the Group has available credit facility of US\$29,202,000 (31 Dec 2018: US\$29,297,000) with the consortium of banks. The facility is secured against certain property, plant and equipment. As at 31 March 2019, there was no loan outstanding.



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

		Group 1-Jan-19 to 31-Mar-19 US\$'000	Group 1-Jan-18 to 31-Mar-18 US\$'000
	Note		
Operating activities			
Loss before income tax		(766)	(249)
Adjustments for :			
Depreciation expense		2,273	2,156
Interest income		(1)	-
Interest expense		75	5
(Gain)/Loss on disposal of property, plant and equipment		(84)	30
Fair value loss/(gain) on financial asset		60	(160)
Operating profit before working capital changes		1,557	1,782
Trade receivables		741	286
Other receivables and prepayments		228	(4)
Trade payables		(412)	(90)
Other payables		(788)	(914)
Cash generated from operations		1,326	1,060
Interest received		1	-
Net cash generated from operating activities		1,327	1,060
Investing activities			
Proceeds from disposal of property, plant and equipment		84	-
Purchase of property, plant and equipment	A	(405)	(791)
Net cash used in investing activities		(321)	(791)
Financing activities			
Repayment of lease liabilities		(644)	-
Interest paid		(75)	(5)
Net cash used in financing activities		(719)	(5)
Net increase in cash		287	264
Cash at the beginning of the period		5,038	6,855
Cash at the end of the period		5,325	7,119



Note

A. Property, plant and equipment

During the period, the information relating to the Group's acquisition of property, plant and equipment is as follows:

	1-Jan-19 to 31-Mar-19	1-Jan-18 to 31-Mar-18
	US\$'000	US\$'000
Total acquisition of property, plant and equipment	221	849
Add: Other payables at beginning of period	852	662
Less: Other payables at end of period	(668)	(720)
Cash paid	<u>405</u>	<u>791</u>



1(d)(i)A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

Group	Note	Share capital	Treasury shares	Legal reserve	Merger reserve	Fair value reserve	Accumulated profits/(losses)	Net
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 Jan 2018, previously reported		39,181	(125)	973	(764)	344	5,086	44,695
Effect of application of SFRS(I) 9		-	-	-	-	(344)	344	-
Balance at 1 Jan 2018, restated		39,181	(125)	973	(764)	-	5,430	44,695
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	-	(6)	(6)
Balance at 31 Mar 2018		39,181	(125)	973	(764)	-	5,424	44,689
Balance at 1 Jan 2019		36,201	-	1,194	(764)	-	(2,069)	34,562
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	-	(672)	(672)
Balance at 31 Mar 2019		36,201	-	1,194	(764)	-	(2,741)	33,890

Company	Note	Share capital	Treasury shares	Contributed surplus	Fair value reserve	Accumulated profits/(losses)	Net
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 Jan 2018, previously reported		39,181	(125)	2,295	(20)	4,771	46,102
Effect of application of SFRS(I) 9		-	-	-	20	(20)	-
Balance at 1 Jan 2018, restated		39,181	(125)	2,295	-	4,751	46,102
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	(48)	(48)
Balance at 31 Mar 2018		39,181	(125)	2,295	-	4,703	46,054
Balance at 1 Jan 2019		36,201	-	2,295	-	(5,265)	33,231
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	(260)	(260)
Balance at 31 Mar 2019		36,201	-	2,295	-	(5,525)	32,971



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.

Share Capital	Number of shares ('000)	
	Year-to-date	
	31-Mar-19	31-Mar-18
Balance at beginning of period and end of period	35,204	35,358

Treasury Shares	Number of shares ('000)	
	Year-to-date	
	31-Mar-19	31-Mar-18
Balance at beginning of period and end of period	-	154

The Company undertook a capital reduction and cash distribution and declaration of the dividend pursuant to Section 78C of the Companies Act and the shareholders' approval at the annual general meeting held on 30 April 2018.

The Company made two separate payments to the shareholders of (i) S\$0.11 per share for the cash distribution pursuant to the capital reduction and (ii) S\$0.09 per share for the dividend. The sum of US\$5,190,744 (S\$7,040,725 at S\$0.20 per share) was distributed to shareholders on 30 June 2018.

The capital reduction reduced the issued and paid-up share capital of the Company by US\$2,854,909 (S\$3,872,399) from US\$39,180,543 (S\$46,653,231) to US\$36,325,634 (S\$42,780,832).

The Company purchased a total of 154,400 shares through market purchase in 2017. The total amount paid to acquire shares was US\$125,000 and the 154,400 treasury shares has been cancelled on 18 May 2018.



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

Total number of issued shares excluding treasury shares as at the end of the current financial period is 35,203,627 (31 December 2018 : 35,203,627) shares.

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period.

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

Not Applicable.

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

The figures have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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

Please see attached review report.

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

The interim condensed financial information set out in Sections 1,4,5,6,7,8,11,12 and 16 for the 3-month period ended 31 March 2019 are prepared in accordance with SFRS(I)1-34 *Interim Financial Reporting*. This interim report should be read in conjunction with the most recent audited Annual Financial Statements for year ended 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 accounting policies to be applied for year ending 31 December 2019 are expected to be the same as those disclosed in Note 2 of the audited Annual Financial Statements for year ended 31 December 2018, except for the changes in accounting policies for the following areas due to the application of SFRS(I) 16 *Leases* from 1 January 2019.



The distinction between operating and finance leases for lessee accounting under SFRS(I) 1-17 has been removed. SFRS(I) 16 changes how the Group accounts for leases previously classified as operating leases under SFRS(I) 17, which were off-balance-sheet. Under SFRS(I) 16, a lessee is required to recognise a right-of-use asset and a lease liability at commencement of all leases, except for short-term leases and leases of low value assets. The requirements of lessor accounting remained largely unchanged.

Impact to the Group's financial statements on initial application

The Group has applied SFRS(I) 16 retrospectively with the cumulative effect of initial application recognised as an adjustment to the opening balance of retained earnings as at 1 January 2019, as permitted under the specific transition provisions of the standard.

For former operating leases commitments (as a lessee) as at 31 December 2018, the Group uses the available practical expedient by recognising the lease liabilities based on present value of remaining lease payments, discounted using incremental borrowing rate as of 1 January 2019, and right-of-use asset measured at amount equal to lease liability, adjusted for any prepaid or accrued lease payments related to that lease recognised in the statement of financial position as at 31 December 2018. Consequently, right-of-use assets of US\$187,000 (included in property, plant and equipment) and lease liability of US\$187,000 were recognised on 1 January 2019. The right-of-use assets are tested for impairment in accordance with SFRS(I)1-36 Impairment of Assets. There is no net impact on retained earnings as at 1 January 2019. In the Statement of Profit or Loss and Other Comprehensive Income, depreciation of right-of-use assets from leases are included in "Depreciation expense", and interest expense from lease liabilities are included in "Finance costs". In the Statement of Cash Flows, the principal and interest payments are included in financing activities.

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

	Group	
	1- Jan-19 to 31-Mar-19	1- Jan-18 to 31-Mar-18
On a basic and fully diluted basis (US cents per share)	(1.91)	(0.02)
- Weighted average number of shares ('000)	35,204	35,204

The diluted loss per share is the same as basic loss per share as there is no potential dilutive ordinary shares.



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

	31-Mar-19	31-Mar-18
Net asset value per share (US dollars)		
-The Group	0.96	1.27
-The Company	0.94	1.31

Net asset value per ordinary share is calculated based on the share capital of 35,203,627 (31 December 2018 : 35,203,627) ordinary shares outstanding excluding treasury share as at the end of the relevant financial period.

- 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 loss 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 Operating Results

Revenue

Revenue for 1Q 2019 decreased by 3.7% to US\$5.8 million, compared to US\$6 million in 1Q 2018, mainly due to the decrease in customers' orders.

Cost of sales

Cost of sales for 1Q 2019 increased by 10% to US\$5.5 million, compared to US\$5 million in 1Q 2018, mainly due to the increase in depreciation expense and short term equipment rental expense, as a result of the introduction of new machines to meet customers' requirements.

Administration expenses

Administration expenses for 1Q 2019 decreased by 17.3% to US\$0.7 million, compared to US\$0.9 million in 1Q 2018. This is mainly due to lower personnel costs and allocated depreciation expenses.

Income tax benefit

Income tax benefit for 1Q 2019 decreased to US\$0.1 million, compared to US\$0.2 million in 1Q 2018.



Financial position of the Group

Cash

Cash increased by 5.7% to US\$5.3 million as at 31 March 2019, compared to US\$5 million as at 31 December 2018, mainly due to net cash inflow from operating, investing and financing activities.

Trade receivables

Trade receivables decreased by 13.6% to US\$4.7 million as at 31 March 2019, compared to US\$5.5 million as at 31 December 2018, reflecting the lower sales in 1Q 2019.

Property, plant and equipment

Property, plant and equipment decreased by 2.7% to US\$31.6 million as at 31 March 2019, compared to US\$32.4 million as at 31 December 2018, mainly due to depreciation expense charged during the period which was partially offset by additions to property, plant and equipment during the period.

Lease liabilities current and non-current

Lease liabilities current and non-current increased by 18.7% to US\$ 3.3 million as at 31 March 2019, compared to US\$2.8 million as at 31 December 2018, mainly due to more lease arrangements entered for plant and equipment to meet the demands from customers' orders, and application of SFRS(I) 16 Leases.

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 global economic markets continue to present a challenging operating environment. Similarly, market observers are predicting muted growth in the semiconductor industry in 2019, with the exception of imaging technology and automotive technology, which have been identified as growth opportunities in the integrated circuit ("IC") industry.

The Group has been maintaining its focus in enhancing quality management and in expanding its testing capabilities, from mixed-signal and logic ICs to also encompass ICs used in automotive applications and security image sensors moving forward.



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/recommendeded, a statement to that effect.

Not applicable.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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.

No IPT mandate has been obtained from shareholders. The company and its subsidiary did not enter into any IPT during the financial period ended 31 March 2019.

14. Confirmation Pursuant to Rule 705(5) of the Listing Manual

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results for the financial period ended 31 March 2019 of the Company and of the Group to be false or misleading, in any material aspect.

15. Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertaking from all its directors and executive officers as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

16. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Products and services from which reportable segments derive their revenues

Information is reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The Group's sole operating segment is the provision of testing services to customers in the semi-conductor industry. As there is only one principal operating segment, the information regarding its revenues and results, assets and other information is represented by the financial statements as a whole.

Geographical information



The Group's operations and its assets are located mainly in Taiwan, Republic of China. Its customers are located mainly in Taiwan, Republic of China, the United States of America and Singapore. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

Revenue by geographical region based on customers

	1 Jan 2019 to 31 Mar 2019		1 Jan 2018 to 31 Mar 2018	
	US\$'000	%	US\$'000	%
Asia	3,589	61.7	3,679	60.9
USA	2,074	35.6	2,235	37.0
Others	155	2.7	128	2.1
	5,818	100.0	6,042	100.0

Non-current assets by geographical location

	31-Mar-19	31-Dec-18
	US\$'000	US\$'000
Taiwan	31,614	32,504

BY ORDER OF THE BOARD

Chen Tie-Min
Senior Executive Director
30 April 2019

April 30, 2019

The Board of Directors
Global Testing Corporation Limited
9 Battery Road
#25-01 MYP Centre
Singapore 049910

Dear Sirs

REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION FOR GLOBAL TESTING CORPORATION LIMITED AS OF AND FOR THE FIRST QUARTER AND THREE MONTHS ENDED MARCH 31, 2019

Introduction

We have reviewed the accompanying interim condensed financial information of Global Testing Corporation Limited (the "Company") and its subsidiary (the "Group") which comprises the condensed statement of financial position of the Group and the Company as at March 31, 2019, and the condensed statement of profit or loss and other comprehensive income, statement of changes in equity, and cash flow statement of the Group and the condensed statement of changes in equity of the Company for the First Quarter and Three Months then ended, and selected explanatory notes as enumerated in sections 1, 4, 5, 6, 7, 8, 11, 12 and 16 of the announcement ("interim condensed financial information").

Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting* ("SFRS(I) 1-34"). Such interim condensed financial information has been prepared by the Company for announcement on the Singapore Exchange Securities Trading Limited. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

Scope of Review

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with SFRS(I) 1-34.



Public Accountants and
Chartered Accountants
Singapore