

JEP HOLDINGS LTD.
 (the “Company”)
 (Registration No. 199401749E)
 (Incorporated in the Republic of Singapore on 12 March 1994)

Unaudited Full Year Financial Statements for the Period Ended 31 December 2018

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

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	The Group		
	Full Year Ended		Increase/ (Decrease)
	31 Dec 2018	31 Dec 2017	
	S\$'000	S\$'000	%
Revenue	85,865	86,093	(0.3%)
Cost of sales	(73,274)	(76,160)	(3.8%)
Gross profit	12,591	9,933	26.8%
Other operating income	1,165	2,134	(45.4%)
Selling and distribution expenses	(2,094)	(2,241)	(6.6%)
Administrative expenses	(6,270)	(8,653)	(27.5%)
Other operating expenses	(680)	-	N.M
Finance expenses	(1,531)	(1,427)	7.3%
Profit (Loss) before tax	3,181	(254)	N.M
Income tax (expense) credit	(886)	437	N.M
Profit for the year	2,295	183	1154.1%
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Currency translation differences	*	*	
Total comprehensive income for the year	2,295	183	1154.1%
Profit (Loss) attributable to:			
Owners of the Company	2,193	825	165.8%
Non-controlling interests	102	(642)	N.M
	2,295	183	1154.1%
Total comprehensive income (expenses) attributable to:			
Owners of the Company	2,193	825	165.7%
Non-controlling interests	102	(642)	N.M
	2,295	183	1154.1%

N.M denotes not meaningful
** Denotes less than S\$1,000*

1(a)(ii) Notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

Profit/(loss) before tax from operations is derived after charging/(crediting) the following:

	The Group		
	Full Year Ended		Increase/
	31 Dec 2018	31 Dec 2017	(Decrease)
	S\$'000	S\$'000	%
Reversal of (Allowance for) doubtful debts	10	(9)	N.M
Amortisation of intangible assets	123	761	(83.8%)
Amortisation of gain on sale & leaseback	-	(496)	N.M
Depreciation of property, plant and equipment	5,933	5,518	7.5%
Foreign exchange loss (gain)	487	(135)	N.M
Gain on disposal of property, plant and equipment	54	(274)	N.M
Interest expense	1,531	1,427	7.3%

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.

	The Group			The Company		
	31 Dec 18	As at 31 Dec 17	1 Jan 17	31 Dec 18	As at 31 Dec 17	1 Jan 17
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS						
Current assets						
Cash and bank balances	4,541	6,196	7,990	556	2,046	3,001
Trade and other receivables	22,713	24,252	21,160	11	19	12
Amount due to subsidiaries	-	-	-	-	1,700	1,663
Inventories	15,741	13,775	14,037	-	-	-
	42,995	44,223	43,187	567	3,765	4,676
Assets of disposal group classified as held for sale	-	38	38	-	-	-
Total current assets	42,995	44,261	43,225	567	3,765	4,676
Non-current assets						
Property, plant and equipment	51,185	54,056	50,857	21	22	-
Intangibles assets	17,869	17,992	18,753	-	-	-
Subsidiaries	-	-	-	64,040	50,637	50,637
Amount due from subsidiaries	-	-	-	-	5,000	5,000
Club membership	-	48	-	-	48	-
Other receivables	-	649	-	-	-	-
Deferred tax assets	91	160	357	91	160	357
Total non-current assets	69,145	72,905	69,967	64,152	55,867	55,994
Total assets	112,140	117,166	113,192	64,719	59,632	60,670
LIABILITIES AND EQUITY						
Current liabilities						
Bank loans	11,105	14,323	11,996	-	-	-
Trade and other payables	15,487	16,466	21,099	571	284	392
Income tax payable	-	-	31	-	-	-
Amount due to subsidiaries	-	-	-	1,667	1,006	901
Finance leases	2,003	1,850	803	-	-	-
Contingent consideration	-	2,000	2,297	-	2,000	2,005
Total current liabilities	28,595	34,639	36,226	2,238	3,290	3,298
Non-current liabilities						
Bank loans	25,551	27,498	23,849	-	-	-
Amount due to subsidiaries	-	-	-	1,660	-	950
Finance leases	4,572	5,706	1,148	-	-	-
Contingent consideration	-	-	1,791	-	-	1,791
Deferred tax liabilities	1,295	478	1,112	-	-	-
Total non-current liabilities	31,418	33,682	27,900	1,660	-	2,741
Capital, reserves and non-controlling interests						
Share capital	47,811	45,218	45,186	47,811	45,218	45,186
Capital reserve	553	252	247	651	252	247
Warrants reserve	219	618	623	219	618	623
Translation reserve	-	(194)	(194)	-	-	-
Retained earnings	3,544	1,351	962	12,140	10,254	8,575
Equity attributable to owners of the Company	52,127	47,245	46,824	60,821	56,342	54,631
Non-controlling interests	-	1,600	2,242	-	-	-
Total equity	52,127	48,845	49,066	60,821	56,342	54,631
Total liabilities and equity	112,140	117,166	113,192	64,719	59,632	60,670

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

	The Group		
	31 Dec 18	As at 31 Dec 17	1 Jan 17
	S\$'000	S\$'000	S\$'000
<u>Secured borrowing</u>			
Amount repayable in one year or less, or demand	13,108	16,173	12,735
Amount repayable after one year	30,123	33,204	24,997
	43,231	49,377	37,732
<u>Unsecured borrowing</u>			
Amount repayable in one year or less, or demand	-	-	64
Amount repayable after one year	-	-	-
	-	-	64

Details of any collaterals.

As at 31 December 2018 the Group's finance leases and bank term loans are secured as follows:

- 1) Finance leases amounting to S\$6.6 million (31 December 2017: S\$7.6 million) are secured by the Group's production equipment.
- 2) Bank term loan amounting to S\$36.6 million (31 December 2017: S\$41.8 million) are secured by the property, plant and equipment of subsidiaries.

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

	The Group	
	Full Year Ended	
	31 Dec 2018	31 Dec 2017
	S\$'000	S\$'000
Operating activities		
Profit (Loss) before income tax	3,181	(254)
Adjustment for:		
Allowance for doubtful debts	10	9
Depreciation of property, plant and equipment	5,933	5,518
Amortization of intangible assets	123	761
Gain on disposal of property, plant and equipment	(54)	(276)
Amortization of gain on sale and leaseback	-	(496)
Property, plant and equipment written off	3	45
Club membership de-recognition	48	-
Provision for (Reversal of) inventory obsolescence	1,354	(35)
Unrealized foreign exchange loss (gain)	386	(193)
Interest income	(2)	(7)
Interest expense	1,531	1,427
Operating cash flow before movements in working capital	12,513	6,499
Inventories	(3,320)	297
Trade and other receivables	1,965	(3,390)
Trade and other payables	(269)	2,750
Cash generated from operations	10,889	6,156
Interest expense paid	(1,531)	(1,215)
Interest income received	2	7
Income tax paid	-	(31)
Net cash from operating activities	9,360	4,917
Investing activities		
Purchase of property, plant and equipment	(2,706)	(9,946)
Proceeds from disposal of property, plant and equipment	77	415
Payment of contingent consideration	(2,000)	(2,000)
Acquisition of subsidiary shares	(1,800)	-
Purchase of club membership	-	(48)
Net cash used in investing activities	(6,429)	(11,579)
Financing activities		
Proceeds from issue of ordinary shares	2,593	32
Repayment of finance leases	(1,966)	(1,060)
Proceeds from bank loans	7,150	15,316
Repayment of bank loans	(12,401)	(8,863)
Dividend paid to shareholders	-	(436)
Share issuance expenses	-	(121)
Net cash (used in) from financing activities	(4,624)	4,868
Net decrease in cash and bank balances	(1,693)	(1,794)
Effect of exchange rate changes	*	*
Cash and bank balances at beginning of year	6,234	8,028
Cash and bank balances at end of year	4,541	6,234

* Denotes less than S\$1,000

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	Warrants reserve	Capital reserve	Translation reserve	Retained earnings	Equity attributable to owners of the Company	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group								
Balance as at January 1, 2017	45,186	623	247	(194)	962	46,824	2,242	49,066
Total comprehensive income for the year								
Profit (Loss) for the year	-	-	-	-	825	825	(642)	183
Currency translation differences	-	-	-	*	-	*	*	*
Total	-	-	-	*	825	825	(642)	183
Transactions with owners, recognised directly in equity								
Issue of new ordinary shares	32	(5)	5	-	-	32	-	32
Dividends	-	-	-	-	(436)	(436)	-	(436)
Total	32	(5)	5	-	(436)	(404)	-	(404)
Balance as at December 31, 2017	45,218	618	252	(194)	1,351	47,245	1,600	48,845
Total comprehensive income for the year								
Profit for the year	-	-	-	194	2,193	2,387	102	2,489
Total	-	-	-	194	2,193	2,387	102	2,489
Transactions with owners, recognised directly in equity								
Effects of acquiring non-controlling interests in subsidiary	-	-	(98)	-	-	(98)	(1,702)	(1,800)
Issue of new ordinary shares	2,593	(399)	399	-	-	2,593	-	2,593
Total	2,593	(399)	301	-	-	2,495	(1,702)	793
Balance as at December 31, 2018	47,811	219	553	-	3,544	52,127	-	52,127

	Share capital	Warrants reserve	Capital reserve	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Company					
Balance as at January 1, 2017	45,186	623	247	8,575	54,631
Total comprehensive income for the year					
Profit for the year	-	-	-	2,115	2,115
Total	-	-	-	2,115	2,115
Transactions with owners, recognised directly in equity					
Issue of new ordinary shares	32	(5)	5	-	32
Dividends	-	-	-	(436)	(436)
Total	32	(5)	5	(436)	(404)
Balance as at December 31, 2017	45,218	618	252	10,254	56,342
Total comprehensive income for the year					
Profit for the year	-	-	-	1,886	1,886
Total	-	-	-	1,886	1,886
Transactions with owners, recognised directly in equity					
Issue of new ordinary shares	2,593	(399)	399	-	2,593
Total	2,593	(399)	399	-	2,593
Balance as at December 31, 2018	47,811	219	651	12,140	60,821

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.

On 21 May 2018, adjusted warrants arising from the adjustment to the warrants on the basis that four (4) warrants have been consolidated into one (1) adjusted warrant. The figures for corresponding period of the immediately preceding financial year have been adjusted to reflect the effect of the share consolidation and adjustment of warrants effective 21 May 2018 ("Share Consolidation and Warrants Adjustment").

Subsequent to 31 December 2017, 32,416,449 warrants were exercised at S\$0.08 each pursuant to the warrants adjustment effective 21 May 2018 ("Share Consolidation and Warrants Adjustment"). As at 31 December 2018, there were outstanding warrants of 17,781,439 (31 December 2017: 50,197,888, *restated warrants as at 31 December 2017 after Warrants Adjustment*) for conversion into ordinary shares.

The Company did not have any treasury shares as at 31 December 2018 and 31 December 2017.

Share Capital	Number of Shares	S\$
Share capital as at 31 December 2017	1,455,358,471	45,217,682
<i>Restated share capital as at 31 December 2017, after Share Consolidation</i>	363,839,617	45,217,682
Issuance of new ordinary shares pursuant to Rights cum Warrants Issue	32,416,449	2,593,317
Share capital as at 31 December 2018	396,256,066	47,810,999

Warrants	Number of Warrants	S\$
Warrants as at 31 December 2017	200,791,699	617,821
<i>Restated warrants as at 31 December 2017, after Warrants Adjustment</i>	50,197,888	617,821
Exercised during the period	(32,416,449)	(398,972)
Warrants as at 31 December 2018	17,781,439	218,849

As at 31 December 2018, the maximum number of ordinary shares that may be issued upon full conversion of all free-detachable warrants of the Company is 17,781,439 ordinary shares (31 December 2017: 50,197,888, *restated warrants as at 31 December 2017 after Warrants Adjustment*).

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.

The total number of issued shares excluding treasury shares as at 31 December 2018 was 396,256,066 shares (31 December 2017: 363,839,617 shares, *restated share capital as at 31 December 2017 after Share Consolidation*).

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, cancellation and/or use of treasury shares as at 31 December 2018.

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 are no subsidiary holdings during and as at 31 December 2018.

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

The figures have not been audited nor reviewed by our 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 Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as those applied in the Group's most recently audited financial statements for the year ended 31 December 2017.

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 a new financial reporting framework, SFRS(I)s on 1 January 2018 and has prepared its financial information under SFRS(I)s for the year ended 31 December 2018. In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The Group's and Company's opening Statements of Financial Position under SFRS(I)s have been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s. SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers are effective for the Group from 1 January 2018.

The accounting policies to be applied for the first set of SFRS(I) financial statements for the year ended 31 December 2018 are the same as those disclosed in Note 2 of the audited financial statements for the year ended 31 December 2017, except for the changes in accounting policies due to the application of SFRS(I) 9 and SFRS(I) 15. Please refer to Note 2 of the audited financial statements for the year ended 31 December 2017 for further details on the effects arising from the application of SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 for financial year ended 31 December 2018.

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.

The Group	31 Dec 2018	31 Dec 2017
i) based on the weighted average number of ordinary shares in issue, and	0.578 cents	0.227 cents
ii) on a fully diluted basis	0.530 cents	0.199 cents
Weighted average number of ordinary shares in issue:		
- Basic	379,346,652	363,595,626
- Diluted	414,037,505	414,037,505

Note:

The comparative basic and diluted earnings per share have been adjusted to reflect the effect of Share Consolidation and Warrants Adjustment.

Basic earnings per share is computed by dividing net profit for the year of S\$2,192,758 (2017: net profit of S\$824,846) by the weighted average number of 379,346,652 shares (2017:363,595,626 shares) in issue during the year.

Diluted earnings per share is computed by dividing net profit for the year of S\$2,192,758 (2017: net profit of S\$824,846) by the weighted average number of 414,037,505 shares (2017:414,037,505) in issue during the year.

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.

	The Group		The Company	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Net assets value, net of non-controlling interests (S\$)	52,126,354	47,244,659	60,821,280	56,342,003
Net assets per ordinary share at end of the period	13.2 cents	13.0 cents	15.3 cents	15.5 cents

Note:

The comparative net asset value per ordinary share has been adjusted to reflect the effect of Share Consolidation.

Net assets per ordinary share based on number of issued 396,256,066 ordinary shares (excluding treasury shares) as at 31 December 2018 (363,839,617 ordinary shares (excluding treasury shares) as at 31 December 2017).

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**

Revenue and cost of sales

For the full year of FY2018, the Group revenue marginally decreased 0.3% to S\$85.9 million compared to FY2017 total revenue of S\$86.1 million. The lower revenue posted from Equipment Manufacturing of S\$1.1 million and Trading and Others segment of S\$1.7 million which were almost offset by the higher revenue from Precision Manufacturing segment of S\$2.6 million.

Cost of sales decreased 3.8% or S\$3.0 million from S\$76.2 million in FY2017 to S\$73.2 million in FY2018. The decrease in cost of sales was in tandem lower revenue from Equipment Manufacturing, Trading and Other segments and absence of one-time expenses in relation to leased premises surrendered in December 2017.

The Group FY2018 gross profit increased by 26.8% or S\$2.7 million to S\$12.6 million in FY2018 compared to S\$9.9 million in FY2017. The gross margin in FY2018 was improved by 3% to 15% from 12% in FY2017 primarily due to higher gross margin profit generated from Precision Manufacturing segment.

Other operating income

Compared to FY2017, other operating income decreased by S\$0.9 million from S\$2.1 million to S\$1.2 million in FY2018. This was primarily caused by gain on disposal of machinery which decreased by S\$0.2 million in FY2018 due to a lower number of machine disposed-off and the absence of a gain on sale leaseback of \$0.5 million and gain on foreign exchange difference of S\$0.2 million posted in FY2017.

Selling and distribution expenses

Selling expenses mainly comprise staff costs of our sales and marketing staff, outward freight, travelling and marketing expenses, and other related expenses. FY2018 was decreased marginally by S\$0.1 million to S\$2.1 million from S\$2.2 million in FY2017.

Administrative expenses

Administrative expenses mainly comprise of staff costs, Directors' fee and compensation, depreciation charge in relation to non-production assets, amortization of intangible assets, professional fees, foreign exchange and other office expenses.

Administrative expenses decreased S\$2.4 million or 27.5%, from S\$8.7 million in FY2017 to S\$6.3 million in FY2018, mainly attributed to the absence of one-time expenses of S\$2.2 million in relation to leased premises surrendered in December 2017 and amortization of intangible asset of S\$0.6 million which were partial offset against retirement packages of S\$0.5 million paid to the former executive chairman in FY2018.

Other operating expenses

Total other operating expenses was S\$0.7 million, this arose from forex exchange loss of S\$0.5 million which attributed to borrowings and finance leases denominated in United States Dollar ("USD") and Japanese Yen ("Yen") and S\$0.2 million of reclassification adjustment of translation foreign exchange difference reserve due to completion on liquidation process of subsidiary incorporated in Thailand.

Finance costs

Finance costs increased S\$0.1 million from S\$1.4 million in FY2017 to S\$1.5 million in FY2018, mainly due to an increase in borrowings and finance leases and corresponding increase in the cost of finance.

Income tax credit

The Group recorded a total income tax expense of S\$0.9 million in FY2018 compared to income tax credit of \$0.5 million in FY2017. This was mainly due to tax expenses arising from the origination and reversal of temporary differences.

Group Performance

Note: all figures rounded to the nearest single decimal point. Any discrepancies between the listed amounts and the totals thereof are due to rounding.

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

Property, plant and equipment carrying amount decreased by S\$2.9 million from S\$54.1 million as at 31 December 2017 to S\$51.2 million as at 31 December 2018. This decrease was mainly due to additions of S\$3.6 million and depreciation charge of \$5.9 million in FY2018.

Intangible assets decreased by S\$0.1 million from S\$18.0 million as at 31 December 2017 to S\$17.9 million as at 31 December. The decrease was an amortisation costs incurred in FY2018.

Non-current other receivables comprised of government grants to be received in relation to Productivity and Value Enhancement Scheme (PAVES) and Technology Innovation under Capability Development Grant (CGD) was reclassified to Current Asset - Other Receivables as at 31 December 2018.

Trade and other receivables

Trade and other receivables decreased by S\$1.6 million from S\$24.3 million as at 31 December 2017 to S\$22.7 million as at 31 December 2018. The reduction was mainly due to fluctuations arising from timing of payments made by customers.

Trade and other payables

Trade and other payables decreased by S\$1.0 million, from S\$16.5 million as at 31 December 2017 to S\$15.5 million as at 31 December 2018. This reduction was mainly due to fluctuation arising from timing of payments made to creditors.

Obligation under finance lease

The Group's total obligation under finance lease decreased by S\$1.0 million from S\$7.6 million as at 31 December 2017 to S\$6.6 million as at 31 December 2018. This was attributed to new finance lease of S\$0.8 million for new machines and forex translation loss of S\$0.2 million before offsetting with the repayment of S\$2.0 million in FY2018.

Loan and borrowings

The Group's total loans and borrowings decreased S\$5.2 million from S\$41.8 million as at 31 December 2017 to S\$36.6 million as at 31 December 2018. This reduction was due a repayment of S\$12.4 million which partially offset by additions term loan of S\$0.8 million, and revolving credit facilities of S\$6.3 million and forex translation loss of S\$0.1 million in FY2018.

In FY2018, term loan increased S\$0.8 million due to term loans drawdown of S\$0.5 million to finance factory building and S\$0.3 million for clean room facilities situated at Seletar Aerospace Park.

Contingent consideration

Contingent consideration of S\$2.0 million in respect of the acquisition of JEP Industrades Pte Ltd in end August 2015 has been crystallized and paid in FY2018.

Deferred tax liabilities

Deferred tax liabilities increased S\$0.8 million to S\$1.3 million in FY2018 from S\$0.5 million in FY2017 primarily due to deferred tax expenses arising from the origination and reversal of temporary differences.

Statement of cash flows of the Group

Net cash generated from operating activities of S\$9.4 million in FY2018 was mainly due to the improvement in cash generated before movement in working capital by S\$6.0 million compared to FY2017.

Net cash used in investing activities amounted to S\$6.4 million in FY2018 which comprised of payment of contingent consideration of S\$2.0 million in respect of the acquisition of JEP Industrades Pte Ltd in end August 2015, payments for the additions of property, plant and equipment of S\$2.6 million and S\$1.8 million spent at an acquisition of subsidiary shares.

Net cash used in financing activities amounted to S\$4.6 million in FY2018. This was mainly due to net borrowing repayment of S\$5.2 million and finance lease repayment of S\$2.0 million which was partially offset with proceeds from issue of share capital of S\$2.6 million in FY2018.

The utilisation of the net proceeds from the Rights cum Warrants Issue amounted to S\$8.0 million as at 31 December 2018 for the SAP factory building and general working capital purposes, which is in accordance with the stated uses and the percentages allocated in the Offer Information Statement dated 29 November 2016.

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.

Aerospace segment continues as the mainstream revenue of the Group, the global aerospace industry experienced a solid year as passenger travel demand expected growth rate of 7% annually and aircraft order backlog remains at an all-time high, enticing manufacturers to ramp up production rate.

The oil and gas segment remains challenging and uncertain largely due to shortage of projects despite signs of recovery in oil prices. The Group is on the lookout for positive developments in this segment and has recently received several orders from existing customers.

Equipment manufacturing segment, despite semiconductor industry is slowing down and U.S.-China trade tension, we are confident to achieve growth largely due to our well-diversified customer bases.

The Group will continue to monitor the market closely to capitalise on available opportunities either locally or outside Singapore; to capture the potential business opportunities, to leverage business risk and not overly-dependent on existing operation model, to enhance competitiveness and increasing its market share at respective business segments.

11. **If a decision regarding dividend has been made:**
- (a) **Whether an interim (final) ordinary dividend has been declared (recommended): and**
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
- (e) **The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**
Not applicable

12. **If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for the financial year ended 31 December 2018. The available fund will be retained for working capital use.

13. **If the group has obtained a general mandate from the 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 has not obtained a general mandate from its shareholders for IPTs.

As shown in the table below, the aggregate value of all interested person transaction during the period was approximately 2.8% of the group's latest audited net tangible assets as at 31 December 2017.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	31 December 2018	31 December 2018
UMS Holdings Limited & its subsidiaries	S\$868,806	-

14. **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 confirmed that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalyst Rules.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

15. **Segmented revenue and results for operating 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.**

	Operating Segments			
	Precision Machining S\$'000	Trading and Others S\$'000	Equipment manufacturing S\$'000	Group S\$'000
2018				
<u>Revenue:</u>				
Segment revenue	51,955	20,512	16,430	88,897
Elimination of inter-reporting unit sales	(751)	(2,218)	(63)	(3,032)
Total revenue	<u>51,204</u>	<u>18,294</u>	<u>16,367</u>	<u>85,865</u>
Segment result	<u>1,991</u>	<u>1,980</u>	<u>2,177</u>	6,148
Unallocated corporate expenses				(1,436)
Profit from operations				4,712
Finance cost				(1,531)
Profit before tax				3,181
Income tax expense				(886)
Net profit for the year, net of tax				<u>2,295</u>

	Operating Segments			
	Precision Machining S\$'000	Trading and Others S\$'000	Equipment manufacturing S\$'000	Group S\$'000
2017				
<u>Revenue:</u>				
Segment revenue	49,215	21,985	17,715	88,915
Elimination of inter-reporting unit sales	(594)	(2,005)	(223)	(2,822)
Total revenue	<u>48,621</u>	<u>19,980</u>	<u>17,492</u>	<u>86,093</u>
Segment result	<u>(4,100)</u>	<u>2,502</u>	<u>3,544</u>	1,946
Unallocated corporate expenses				(773)
Profit from operations				1,173
Finance cost				(1,427)
Loss before tax				(254)
Income tax credit				437
Net loss for the year, net of tax				<u>183</u>

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

There are no factors which led to material changes in contribution to turnover and earnings as compared to FY2017. For detailed review of performance, please refer to section 8(a) above.

17. A breakdown of sales as follows:

	The Group		
	FY2018 S\$'000	FY2017 S\$'000	%increase / (decrease)
a) Sales reported for first half year	43,643	39,488	10.5%
b) Operating loss after tax before deducting non-controlling interests reported for first half year	(328)	(255)	28.6%
c) Sales reported for the second half year	42,222	46,605	(9.4%)
d) Operating profit after tax before deducting non-controlling interests reported for second half year	2,623	438	498.9%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

- (a) Ordinary
- (b) Preference
- (c) Total

No dividend has been declared and paid for the latest and its previous financial year.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there is no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Darren Zee Yu Liang	31	The eldest son of Mr. Zee Hoong Huay, the Executive Director and substantial shareholder of the Company	Deputy Managing Director of Dolphin Engineering Pte Ltd ("DEPL") since 1 March 2015. Responsible for overseeing the operations and developing new businesses for DEPL.	Appointed as director of DEPL on 1 July 2018 and re-designated as Managing Director on 1 January 2019.

BY ORDER OF THE BOARD

Andy Luong
Executive Chairman and Chief Executive Officer
25 February 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") Listing Manual Section B: Rules of Catalyst. 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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