

ACESIAN PARTNERS LIMITED

(Registration No: 199505699D)

**UNAUDITED HALF-YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT
FOR THE PERIOD ENDED 30 JUNE 2019 ("HY2019")**

PART I - INFORMATION REQUIRED FOR HALF-YEAR ANNOUNCEMENTS

1(a) (i) Statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	HY2019	HY2018	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	8,323	7,265	14.56
Cost of sales	(4,837)	(4,769)	1.43
Gross profit	3,486	2,496	39.66
Other operating income	464	153	203.27
Administrative expenses	(1,986)	(2,377)	(16.45)
Other operating expenses	(509)	(774)	(34.24)
Finance costs	(19)	(6)	216.67
Profit / (loss) before taxation	1,436	(508)	N.M.
Income tax expense	(416)	(4)	N.M.
Profit / (loss), net of tax	1,020	(512)	N.M.

Other comprehensive income:

Items that may be reclassified subsequently to profit or loss:

Exchange differences on translation of foreign operations, net of tax

(58) 686

Total comprehensive income for the period, net of tax

962 174

Profit / (loss) attributable to:

Owners of the Company

1,017 (508)

Non-controlling interests

3 (4)

1,020 (512)

Total comprehensive income attributable to:

Owners of the Company

965 178

Non-controlling interests

(3) (4)

962 174

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

	HY2019	HY2018
	S\$'000	S\$'000
Depreciation of plant and equipment	178	63
Depreciation of right-of-use assets	82	-
Gain on disposal of plant and equipment	(19)	-
Allowance for impairment of trade and other receivables	-	31
Write back for slow-moving inventories	12	-
Exchange (gain) / loss	(12)	154
Interest income	(3)	(1)
Interest expense	19	7

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 year.

	Group		Company	
	30-Jun-19 S\$'000	31-Dec-18 S\$'000	30-Jun-19 S\$'000	31-Dec-18 S\$'000
Assets				
Non-current Assets				
Property, plant and equipment	1,794	1,976	79	76
Right-of-use assets	190	-	-	-
Investment in subsidiaries	-	-	8,683	8,733
	1,984	1,976	8,762	8,809
Current Assets				
Inventories	3,555	3,025	-	-
Trade and other receivables	6,847	9,265	7,032	6,163
Contract assets	5,204	5,827	-	-
Prepaid operating expenses	236	127	18	6
Fixed deposits pledged	170	170	111	111
Cash and bank balances	6,894	6,025	3,278	1,887
	22,906	24,439	10,439	8,167
Total Assets	24,890	26,415	19,201	16,976
Equity and liabilities				
Current Liabilities				
Trade and other payables	8,807	11,520	259	1,793
Contract liabilities	115	171	-	-
Income tax payable	278	155	-	-
Obligation under lease liabilities	392	205	-	-
Provisions	740	740	-	-
	10,332	12,791	259	1,793
Non-current Liabilities				
Deferred tax liabilities	56	56	-	-
Obligation under lease liabilities	256	284	-	-
	312	340	-	-
Total liabilities	10,644	13,131	259	1,793
Equity				
Share capital	20,322	20,322	20,322	20,322
Accumulated losses	(4,642)	(5,659)	(1,380)	(5,139)
Foreign currency translation reserve	(1,526)	(1,474)	-	-
Attributable to owners of the Company	14,154	13,189	18,942	15,183
Non-controlling interests	92	95	-	-
Total equity	14,246	13,284	18,942	15,183
Total equity and liabilities	24,890	26,415	19,201	16,976

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

Amount repayable in one year or less

As at 30 June 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
229	-	205	-

Amount repayable after one year

As at 30 June 2019		As at 31 December 2018	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
228	-	284	-

The Group leases certain plant and equipment and motor vehicles from non-related parties under finance leases.

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

	HY2019 S\$'000	HY2018 S\$'000
Operating activities		
Profit / (loss) before tax	1,436	(508)
Adjustments for:		
Allowance for impairment loss on trade and other receivables	-	31
Depreciation of plant and equipment and right-of-use assets	260	63
Gain on disposal of plant and equipment	(19)	-
Interest expense	19	7
Interest income	(3)	(1)
Write back for slow-moving inventories	12	-
Exchange differences	(32)	684
Operating cash flows before changes in working capital	1,673	276
Increase in inventories	(543)	(338)
Decrease / (increase) in trade and other receivables and contract assets	2,932	(154)
(Decrease) / increase in trade and other payables and contract liabilities	(2,768)	181
Cash flows generated from / (used in) operations	1,294	(35)
Interest received	3	1
Income taxes paid	(293)	184
Net cash flows generated from operating activities	1,004	150
Investing activities		
Proceeds from disposal of property, plant and equipment	19	-
Purchase of property, plant and equipment	(22)	(91)
Net cash flows used in investing activities	(3)	(91)
Financing activities		
Proceeds on issuance of ordinary shares	-	2,129
Decrease in fixed deposits pledged	-	78
Repayment of obligation under lease liabilities	(113)	(60)
Interest paid	(19)	(7)
Net cash flows (used in) / generated from financing activities	(132)	2,140
Net increase in cash and cash equivalents	869	2,199
Cash and cash equivalents at the beginning of the period	6,025	2,895
Cash and cash equivalents at the end of the period	6,894	5,094

1(d)(i) A statement (for the company 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.

	Attributable to owners of the Company					
	Share Capital S\$'000	Accumulated Losses S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000	Non- controlling Interests S\$'000	Total S\$'000
The Group						
Balance at 1 January 2018 (FRS framework)	18,193	(6,525)	(1,496)	10,172	48	10,220
Cumulative effects of adopting SFRS(I) 9	-	(255)	-	(255)	-	(255)
Balance at 1 January 2018 (SFRS(I) framework)	18,193	(6,780)	(1,496)	9,917	48	9,965
Loss for the period	-	(508)	-	(508)	(4)	(512)
<u>Other comprehensive income</u>						
Exchange differences on translating of foreign operations, net of tax	-	-	686	686	-	686
Total comprehensive loss for the period	-	(508)	686	178	(4)	174
Issuance of ordinary shares	2,129	-	-	2,129	-	2,129
Balance at 30 June 2018	20,322	(7,288)	(810)	12,224	44	12,268
At 1 January 2019	20,322	(5,659)	(1,474)	13,189	95	13,284
Profit for the period	-	1,017	-	1,017	3	1,020
<u>Other comprehensive income</u>						
Exchange differences on translation offoreign operations, net of tax	-	-	(52)	(52)	(6)	(58)
Total comprehensive income for the period	-	1,017	(52)	965	(3)	962
Balance at 30 June 2019	20,322	(4,642)	(1,526)	14,154	92	14,246
The Company						
Balance at 1 January 2018	18,193	(9,204)	-	8,989	-	8,989
Total comprehensive income for the period	-	(1,093)	-	(1,093)	-	(1,093)
Issuance of ordinary shares	2,129	-	-	2,129	-	2,129
Balance at 30 June 2018	20,322	(10,297)	-	10,025	-	10,025
At 1 January 2019	20,322	(5,139)	-	15,183	-	15,183
Total comprehensive income for the period	-	3,759	-	3,759	-	3,759
Balance at 30 June 2019	20,322	(1,380)	-	18,942	-	18,942

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.

The company did not have any convertible instruments, treasury shares or subsidiary holding as at 30 June 2019 and 30 June 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.

There were no treasury shares as at 30 June 2019 and 31 December 2018. The total number of issued shares as at 30 June 2019 and 31 December 2018 was 498,498,498 and 498,498,498 respectively.

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.

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

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

Not applicable as the company did not have any subsidiary holdings during, and at the end of, the financial period reported on.

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

The figures have not been audited or reviewed by the 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 company's most recently audited annual financial statements have been applied.

The accounting policies and methods of computation are consistent with the previous audited financial statements, except as described in section 5 below.

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.

SFRS(I) 16 - Leases

The Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases from the mandatory adoption date of 1 January 2019. The Group applied the simplified transition approach and has not restated comparative amounts for the year prior to first adoption. Right-of-use assets will be measured at the amount of the lease liability on adoption (adjusted for any prepaid or accrued lease expenses). The cumulative effect of initially applying the Standard has no material financial effect and no adjustment is made to the opening balance of retained earnings.

As at 1 January 2019, the Group recognised its existing operating lease arrangements as right-of-use assets with corresponding lease liabilities and the effects are as shown below:

Statement of Financial Position

As at 1 January 2019

S\$'000

Assets

Right-of-use assets

271

Liabilities

Lease liabilities - current

160

Lease liabilities - non-current

111

271

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.

	HY2019	HY2018
	S\$'000	S\$'000
Net profit / (loss) attributable to owners of the company	1,017	(508)
Earnings per share for the period based on the weighted average number of shares in issue of 498,498,498 for HY2019 (HY2018: 435,892,020)		
	Cents	Cents
Basic earnings / (loss) per share	0.20	(0.12)
Diluted earnings / (loss) per share	0.20	(0.12)

There is no dilutive effect for the period ended 30 June 2019.

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

	Group		Company	
	30-Jun-19	31-Dec-18	30-Jun-19	31-Dec-18
	Cents	Cents	Cents	Cents
Net asset value per share	2.84	2.65	3.80	3.05

Net asset value per ordinary share as at 30 June 2019 and 31 December 2018 has been computed based on 498,498,498 and 498,498,498 ordinary shares respectively.

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 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.

Statement of comprehensive income (HY2019 vs HY2018)

Revenue

The Group's revenue rose by 14.6% or \$1.1 million from \$7.3 million in HY2018 to \$8.3 million in HY2019. This was underpinned by the strong performance of manufacturing business segment. In HY2019, manufacturing segment registered a revenue increase from \$4.5 million in HY2018 to \$6.1 million in HY2019, 35.1% or \$1.6 million higher than that of HY2018. Revenue from the engineering segment in HY2019 of \$2.2 million was 20.3% or \$0.6 million lower than HY2018 due to divestment of a loss-making subsidiary in first quarter of 2019.

Gross profit

Gross profit for the Group increased by 39.7% from \$2.5 million in HY2018 to \$3.5 million in HY2019 due to higher revenue and an overall marginal increase in gross profit margin by 7.5 percentage point.

Other operating income

Other operating income increased by 203.3% or \$0.3 million from \$0.2 million in HY2018 to \$0.5 million in HY2019 mainly due to gain from disposal of a subsidiary.

Administrative expenses

Administrative expenses decreased by 16.4% or \$0.4 million from \$2.4 million in HY2018 to \$2.0 million in HY2019 mainly due lower staff costs in HY2019, arising from business restructuring and rightsizing exercise and cost savings from the divestment of a subsidiary.

Other operating expenses

The other operating expenses decreased by 34.2% or \$0.3 million from \$0.8 million in HY2018 to \$0.5 million in HY2019, mainly due to cost saving initiatives and divestment of a subsidiary.

Finance costs

Finance costs increased from \$6,000 in HY2018 to \$19,000 in HY2019 mainly due to purchases of new machineries and equipments on hire purchase, and finance expenses from lease liability arising from adoption of SFRS(I) 16 - Leases.

Income tax expense

Tax expense increased by \$412,000 from \$4,000 in HY2018 to \$416,000 in HY2019 due to (i) tax provision of \$173,000 on higher profits generated in HY2019 and additional tax paid of \$243,000 in respect of prior financial year arising from expenses disallowed for tax deduction.

Profit after taxation

Accordingly, the Group made a net profit after tax of \$1.0 million in HY2019 as compared to a loss of \$0.5 million in HY2018. The profits were mainly contributed by the Group's manufacturing segment net profit after tax of \$1.0 million.

Statement of Financial Position (HY2019 vs. FY2018)

In HY2019, plant and equipment decreased by \$0.2 million mainly due to depreciation charge for the period.

The increase in right-of-use assets of \$0.2 million is due to the adoption of SFRS(I) 16 effective from 1 January 2019.

Inventories increased by \$0.5 million from \$3.0 million as at 31 December 2018 to \$3.5 million as at 30 June 2019 owing to stocking up of key materials.

The decreased in trade and other receivables of \$2.4 million primarily due to debt collection during HY2019. The decrease in contract assets of \$0.6 million represents billings for work performed.

Trade and other payables decreased by \$2.7 million mainly due to payment of suppliers' invoices.

The obligation under lease liabilities increased by \$0.2 million due to purchase of new machineries under hire purchase which offset by lease payments during HY2019 and the adoption of the new SFRS(I) 16 resulting in lease liability increased by \$0.2 million as at 30 June 2019.

Acesian Star (S) Pte Ltd ("ASPL"), a wholly-owned subsidiary of the Group, is under judicial management. The Group faced significant restrictions on its ability to access or use ASPL's assets. The carrying amounts of ASPL's assets and liabilities as at 30 June 2019 after eliminations of intercompany balances are as follows:

	S\$'000
Total assets	9,518
Total liabilities	(3,390)
Carrying amount	<u>6,128</u>

Liquidity

The Group's cash and cash equivalents increased by \$0.9 million from \$6.0 million as at 31 December 2018 to \$6.9 million as at 30 June 2019. The significant cash movements during HY2019 were as follows:

In HY2019, the Group generated a positive cash flow of \$1.0 million from operating activities after working capital changes.

Net cash of \$0.1 million was used in financing activities mainly for payment of obligations under lease liabilities and interest paid during the period.

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

No forecast or prospect statement was previously disclosed to shareholders.

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 manufacturing business recorded a better performance in HY2019, attributed to expanded factory capacity in Johor Bahru and business restructuring. The duct industry remains in a challenging business environment, subdued by the lingering trade tension and we expect a slower pace in the second half of 2019. On a note of caution, an elevated and protracted trade war will have a negative impact on our business, in particular, when major customers slow down the pace of facility investment. The Group will continue to focus on improving its operational efficiency, cost rationalisation and market expansion.

The performance of ICT business, which is under the engineering segment, was moderated in HY2019 as compared to HY2018. The wait-and-see attitude in light of the trade war has softened the domestic spending on IT equipments. The trend may continue and derail the business growth in the near-term if the business confidence which subdued by the trade tension is sustained and unabated.

The outstanding legal cases, arbitration process and writ of summons, are still ongoing and the outcome cannot be predicted with certainty. ASPL, a wholly-owned subsidiary of the Group, will continue to remain under judicial management.

11. Dividend

(a) Current Financial Period Report 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 and the reason (s) for the decision

No dividend has been declared or recommended for the six months ended 30 June 2019 as the Company has accumulated losses as at 30 June 2019.

13. Segmented revenue and results for business or geographical segments (of the group) in the company's most recently audited annual financial statements, which comparative information for the immediately preceding year.

Not applicable for half-year announcement.

14. Breakdown of sales

Not applicable for half-year announcement.

15. If the Group has obtained a general mandate from shareholders for interested person transactions (the "IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii) of the Listing Manual of SGX-ST. If no IPT mandate has been obtained, a statement to that effect.

There were no significant interested person transactions conducted under general mandate of or over \$100,000 in value during the financial period ended 30 June 2019.

There were no other interested person transactions entered into during the financial period ended 30 June 2019.

The Company wishes to advise that there is a general mandate obtained from shareholders for interested person transactions on 26 April 2019.

16. Disclosure under Rule 704(10) of section B: Rules of Catalist of the SGX-ST Listing Manual

The Company wishes to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or the Managing Director or substantial shareholders of the Company.

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

Not applicable for half-year announcement.

18. Confirmation by the Board pursuant to Rule 720(1) of the Listing Manual of SGX-ST.

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

19. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual of SGX-ST.

On behalf of the Board of Directors of the Company, we, 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 unaudited financial statements for the half-year ended 30 June 2019 to be false or misleading in any material aspect.

By Order of the Board

Loh Yih
Managing Director

14 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 ("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 Mr Liao H. K.
Telephone number: 6221 0271*