

SANTAK HOLDINGS LIMITED (Company Registration No. 200101065H)
(Incorporated In Singapore)

Full Year Financial Statement And Dividend Announcement for the Year Ended 30 June 2020

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

	GROUP		
	Latest Year 30 June 2020 S\$'000	Previous Year 30 June 2019 S\$'000	% Increase / (Decrease)
Revenue	13,258	14,122	(6)
Cost of sales	(11,276)	(11,688)	(4)
Gross profit	<hr/> 1,982	<hr/> 2,434	(19)
Other income	794	47	1589
Distribution and selling expenses	(1,395)	(1,449)	(4)
Administrative expenses	(1,785)	(1,564)	14
Other operating expenses	(554)	(1,018)	(46)
Financial costs	(36)	(9)	300
Financial income	1	8	(88)
Loss before tax	<hr/> (993)	<hr/> (1,551)	(36)
Taxation	162	(42)	n.m
Loss for the year	<hr/> (831)	<hr/> (1,593)	(48)
Loss attributable to equity holders of the Company	<hr/> (831)	<hr/> (1,593)	(48)

	GROUP		
	Latest Year 30 June 2020 S\$'000	Previous Year 30 June 2019 S\$'000	% Increase / (Decrease)
Loss for the year	(831)	(1,593)	(48)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign currency translation	9	(37)	n.m
Total other comprehensive income for the year	9	(37)	n.m
Total comprehensive income for the year	(822)	(1,630)	(50)
Total comprehensive income attributable to equity holders of the Company	(822)	(1,630)	(50)

* Denotes less than S\$1,000

n.m – not meaningful

The loss attributable to shareholders is determined after crediting/(charging) the following:

	GROUP	
	Latest Year 30 June 2020 S\$'000	Previous Year 30 June 2019 S\$'000
Other income	794	47
Interest Income	1	8
Interest expense – lease liabilities	(36)	(9)
Depreciation of property, plant and equipment	(111)	(146)
Depreciation of right-of-use assets	(119)	-
Amortisation of intangible assets	(18)	(13)
Allowance for stocks obsolescence (net)	(35)	(29)
Foreign exchange gain/(loss)	99	(108)
Loss in diminution of value of leasehold property	(331)	(833)
Over/(under) provision of tax in respect of prior years	183	(165)

* Denotes less than S\$1,000

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30 June 2020 S\$'000	30 June 2019 S\$'000	30 June 2020 S\$'000	30 June 2019 S\$'000
Non-current assets				
Property, plant and equipment	4,236	4,255	-	83
Right-of-use assets	773	-	55	-
Investments in subsidiary companies	-	-	8,113	8,113
Intangible assets	59	50	1	-*
Deferred tax assets	44	79	9	7
	<u>5,112</u>	<u>4,384</u>	<u>8,178</u>	<u>8,203</u>
Current assets				
Inventories	1,391	2,143	-	-
Trade receivables	2,323	2,420	-	-
Other receivables	367	70	14	-
Prepayments	72	60	29	12
Loan to a subsidiary company	-	-	4,030	4,030
Due from subsidiary companies (non-trade)	-	-	1,937	1,851
Cash and cash equivalents	3,186	3,552	80	133
	<u>7,339</u>	<u>8,245</u>	<u>6,090</u>	<u>6,026</u>
Assets of a subsidiary classified as held for sale	10,480	10,375	-	-
	<u>17,819</u>	<u>18,620</u>	<u>6,090</u>	<u>6,026</u>
Current liabilities				
Trade payables	1,259	1,231	-	-
Other payables	1,271	1,266	335	376
Provision for taxation	42	223	12	30
Lease liabilities	189	75	31	37
	<u>2,761</u>	<u>2,795</u>	<u>378</u>	<u>443</u>
Liabilities of subsidiary classified as held for sale	436	-	-	-
	<u>3,197</u>	<u>2,795</u>	<u>378</u>	<u>443</u>
Net current assets	14,622	15,825	5,712	5,583
Non-current liabilities				
Lease liabilities	530	125	-	31
Other payables	35	-	-	-
	<u>565</u>	<u>125</u>	<u>-</u>	<u>31</u>
Net assets	<u>19,169</u>	<u>20,084</u>	<u>13,890</u>	<u>13,755</u>
Equity attributable to equity holders of the Company				
Share capital	12,852	12,852	12,852	12,852
Accumulated (losses)/retained earnings	(3,057)	(2,226)	1,038	903
Revaluation reserve	9,521	9,521	-	-
Translation reserve	(147)	(63)	-	-
	<u>19,169</u>	<u>20,084</u>	<u>13,890</u>	<u>13,755</u>

* Denotes less than S\$1,000.

1(b)(ii) Aggregate amount of group's borrowings and debt securities. Amount repayable in one year or less, or on demand

As at 30/06/2020		As at 30/06/2019	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
72,000	117,000	75,000	0

Amount repayable after one year

As at 30/06/2020		As at 30/06/2019	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
53,000	477,000	125,000	0

Details of any collateral

Secured lease liabilities are secured over the motor vehicles as well as corporate guarantees from the Company. The unsecured lease liabilities relate to right-of-use assets of the Group.

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

	GROUP	
	30 June 2020	30 June 2019
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before tax	(993)	(1,551)
Adjustments:		
Depreciation of plant and equipment	111	146
Depreciation of right-of-use assets	119	-
Amortisation of intangible assets	18	13
Realisation of translation reserve on strike off of a subsidiary	(93)	-
Loss in diminution of value of leasehold property	331	833
Loss in diminution of value – impairment of right-of-use assets	127	-
Interest expense – lease liabilities	36	9
Interest income	(1)	(8)
Unrealised exchange loss/(gain)	7	(20)
Operating cash flows before working capital changes	(338)	(578)
Inventories	752	(443)
Trade receivables	97	1,320
Other receivables and prepayments	(309)	(2)
Trade payables	28	(373)
Other payables	(7)	208
Cash flows from operations	223	132
Interest received	1	8
Income taxes refund, net	16	3
Net cash flows generated from operating activities	240	143
Cash flows from investing activities		
Purchase of property, plant and equipment	(314)	(3,544)
Purchase of intangible assets	(27)	(1)
Net cash flows used in investing activities	(341)	(3,545)
Cash flows from financing activities		
Repayment of leased liabilities	(243)	(72)
Interest paid – lease liabilities	(36)	(9)
Net cash flows used in financing activities	(279)	(81)
Net decrease in cash and cash equivalents	(380)	(3,483)
Effect of exchange rate changes on cash and cash equivalents	14	(13)
Cash and cash equivalents at beginning of year	3,552	7,048
Cash and cash equivalents at end of year	3,186	3,552

* 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.

Statement of changes in equity for the year ended 30 June 2020.

GROUP

	Share capital S\$'000	Accumulated losses S\$'000	Revaluation reserve S\$'000	Translation reserve S\$'000	Total S\$'000
Balance at 1 July 2018 (Restated)	12,852	(659)	9,521	-*	21,714
Loss net of tax	-	(1,593)	-	-	(1,593)
Foreign currency translation	-	-	-	(37)	(37)
Realisation of translation reserve on strike off of subsidiary	-	26	-	(26)	-
Other comprehensive income for the year, net of tax	-	26	-	(63)	(37)
Total comprehensive income for the year	-	(1,567)	-	(63)	(1,630)
Balance at 30 June 2019	12,852	(2,226)	9,521	(63)	20,084
Balance at 1 July 2019	12,852	(2,226)	9,521	(63)	20,084
Loss net of tax	-	(831)	-	-	(831)
Foreign currency translation	-	-	-	9	9
Other comprehensive income for the year, net of tax	-	-	-	9	9
Total comprehensive income for the year	-	(831)	-	9	(822)
Realisation of translation reserves on strike-off of a subsidiary	-	-	-	(93)	(93)
Balance at 30 June 2020	12,852	(3,057)	9,521	(147)	19,169

* Denotes less than S\$1,000.

COMPANY

	Share capital	Retained earnings	Total
	S\$'000	S\$'000	S\$'000
Balance at 1 July 2018	12,852	786	13,638
Total comprehensive income for the year	-	117	117
Balance at 30 June 2019	12,852	903	13,755
Balance at 1 July 2019	12,852	903	13,755
Total comprehensive income for the year	-	135	135
Balance at 30 June 2020	12,852	1,038	13,890

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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 issued and paid-up capital of the Company was S\$12,852,187 as at 30 June 2020 (30 June 2019: S\$12,852,187).

There were no share options as at 30 June 2020 (30 June 2019: Nil).

There were no shares held as treasury shares and subsidiary holdings or other convertibles as at 30 June 2020 (30 June 2019: Nil).

- 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.**

As at 30 June 2020, the total number of issued shares of the Company was 107,580,980 shares (30 June 2019: 107,580,980).

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

There were no treasury shares as at 30 June 2020.

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. The Company did not have any subsidiary holdings during and at the end of the current financial year 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 nor 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.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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 paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year ended 30 June 2020 compared to the audited financial statements as at 30 June 2019.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

On 1 July 2019, the Group has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current financial year except for the adoption of SFRS(I) 16 Leases:

Adoption of SFRS(I) 16 Leases

When the Group is the lessee

The Group adopted SFRS(I) 16, using the modified retrospective method of adoption with the date of initial application of 1 July 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Prior to the adoption of SFRS(I) 16, non-cancellable operating lease payments were not recognised as liabilities in the balance sheet. These payments were recognised as rental expenses over the lease term on a straight-line basis.

On initial application of SFRS(I) 16, the Group has elected to apply the following practical expedients:

- i) For all contracts entered into before 1 July 2019 and that were previously identified as leases under SFRS(I) 1-17 Lease and SFRS(I) INT 4 Determining whether an Arrangement contains a Leases, the Group has not reassessed if such contracts contain leases under SFRS(I) 16; and
- ii) On a lease-by-lease basis, the Group has:
 - a) excluded initial direct costs in the measurement of the right-of-use ("ROU") asset at the date of initial application; and
 - b) used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
 - c) accounted for operating leases with a remaining lease term of less than 12 months and leases of low value assets as at 1 July 2019 as short-term leases.

For leases previously classified as operating leases on 1 July 2019, the Group has applied the following transition provisions:

- (i) On a lease-by-lease basis, the Group chose to measure its ROU assets at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application.
- (ii) Recognised its lease liabilities by discounting the remaining lease payments as at 1 July 2019 using the incremental borrowing rate for each individual lease.
- (iii) For leases previously classified as finance leases, the carrying amount of the leased asset and finance lease liability as at 1 July 2019 are determined as the carrying amount of the ROU assets and lease liabilities.

The effects of adoption of SFRS(I) 16 on the Group's financial statements as at 1 July 2019 are as follows:

	Increase/(decrease) \$
Property, plant and equipment	(222,027)
Right of use assets	792,726
Lease liabilities	770,400
Finance lease obligations	(199,701)

6. Earnings/(loss) 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.

Loss per ordinary share of the Group:	Latest year ("FY2020")	Previous year ("FY2019")
(a) Based on the weighted average number of ordinary shares on issue; and	(0.77) cents	(1.48) cents
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(0.77) cents	(1.48) cents

Basic and diluted earnings/(loss) per share are calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares for basic earnings/(loss) per share computation.

The following reflects the income and share data used in the basic and diluted earnings/(loss) per share computations:

	Latest year	Previous year
Loss attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	(831)	(1,593)
<hr/>		
Weighted average number of ordinary shares (in thousands) on issue applicable to basic loss per share	107,581	107,581
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Weighted average number of ordinary shares (in thousands) applicable to diluted loss per share	107,581	107,581
<hr/>		

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	
	Latest financial year 30 June 2020	Previous financial year 30 June 2019	Latest financial year 30 June 2020	Previous financial year 30 June 2019
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year reported on	17.82 cents	18.67 cents	12.91 cents	12.79 cents

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

FY2020 vs FY2019 Review of Income Statement

Revenue decreased by 6.1% from S\$14.12 million in FY2019 to S\$13.26 million in FY2020. The decrease was mainly due to lower sales derived from the Group's Trading & Distribution Division ("T&D") at S\$4.27 million in FY2020, a decrease of S\$1.06 million or 19.9% compared to S\$5.33 million in FY2019. This decrease was mainly due to lower demand from the security/access control systems business. On the other hand, the above decrease was partially offset by the Group's Precision Engineering Division's ("PE") revenue at S\$8.99 million, an increase of S\$0.20 million or 2.2% compared to prior corresponding year. The increase in sales in PE compared to prior year was mainly due to the higher sales arising from stronger demand from its data storage and oil & gas sectors.

The Group's gross profit was lower at approximately S\$1.98 million in FY2020 compared to approximately S\$2.43 million in FY2019 resulting in lower gross profit margin of approximately 15.0% in FY2020 compared to approximately 17.2% in FY2019. This was mainly due to lower economies of scale recorded as a result of the lower production output arising from the mandatory shutdown during the Circuit Breaker measures ("CB") in Singapore and the Movement Control Order ("MCO") in Malaysia arising from the COVID-19 pandemic. The depreciation expense of right-of-use assets of approximately S\$0.12 million arose from the Group's adoption of SFRS(I) 16 Leases in FY2020 as explained in item 5 on pages 8 and 9.

Other operating income increased by approximately S\$0.75 million to approximately S\$0.79 million in FY2020 mainly due to governments' grants in both Singapore and Malaysia amounting to approximately S\$0.55 million for the COVID-19 pandemic supports. In addition, there was a foreign exchange gain of approximately S\$0.10 million arising from the strengthening of USD during FY2020 compared to a foreign exchange loss in FY2019 as well as the reclassification from the translation reserve of approximately S\$0.09 million to the income statement as a dormant wholly-owned subsidiary of the Company, Santak Electronics Pte. Ltd. was struck off from the Register of Companies pursuant to Section 344 of the Companies Act, Chapter 50 of Singapore on 9 December 2019.

Other operating expenses decreased by S\$0.46 million or 45.6% to S\$0.55 million in FY2020 compared to previous year mainly due to lower loss in diminution of value of the Property of S\$0.33 million arising from the Rental Reimbursement due to the extension of the completion date to the Assignment Completion Date on 31 December 2020 in connection with disposal of the Property as announced on 23 June 2020 compared to the S\$0.833 million loss in diminution of value of the Property in connection with the disposal as announced on 27 June 2019. In addition, there was foreign exchange loss of S\$0.11 million recorded in FY2019. The above decrease was partially offset by an impairment of right-of-use assets of approximately S\$0.13 million in FY2020 arising from the Group's adoption of SFRS(I) 16 Leases in FY2020 as well as an increase in freight cost by S\$0.05 million incurred for the shifting of some machines and equipment from Singapore factory to the new factory in Johor.

The slight decrease in distribution and selling expenses by S\$0.05 million or 3.7% to S\$1.40 million was mainly due to lower payroll expenses in FY2020 in line with the lower turnover. The administrative expenses increased by S\$0.22 million or 14.1% to approximately S\$1.79 million in FY2020 compared to FY2019 mainly due to the reclassification of S\$0.14 million of manufacturing overhead incurred during CB and MCO from cost of sales to administrative expenses in FY2020 plus depreciation expense of right-of-use assets of S\$0.06 million arising from the Group's adoption of SFRS(I) 16 Leases in FY2020 as well as higher payroll cost mainly in the new Johor factory in FY2020.

The increase in financial expenses by approximately S\$0.03 million in FY2020 was the result of interest expense on lease liabilities arising from the Group's adoption of SFRS(I) 16 Leases in FY2020. The lower financial income was due to lower interest income from the lower bank balances and lower interest rate during FY2020 compared to previous year.

Loss before tax of approximately S\$0.99 million was recorded for FY2020 compared to the loss before tax of S\$1.55 million in the previous year. The tax credit of S\$ 0.16 million in FY2020 was mainly due to the reversal of prior year provision for taxation no longer required. The loss after tax for FY2020 was approximately S\$0.83 million compared to the loss after tax of S\$1.59 million for FY2019. The Group's basic and diluted loss per share were both 0.77 cents for FY2020 versus the prior year basic and diluted loss per share of 1.48 cents.

Review of Financial Position

The increase of the right-of-use assets of S\$0.77 million as at 30 June 2020 was the result of the Group's adoption of SFRS(I) 16 Leases. Operating leases was recognised as right-of-use assets and lease liabilities by discounting the remaining lease payments using the incremental borrowing rate for each individual lease. The amount of right-of-use assets recognized from the operating leases of the leasing of a premise entered into during FY2020 was \$0.67 million. In addition, leases previously classified as finance leases of S\$0.22 million was reclassified from motor vehicles to right-of-use assets. Right-of-use

assets arising from the adoption of SFRS(I) 16 Leases during FY2020 was \$0.89 million. After deducting depreciation expense of approximately S\$0.12 million during FY2020, the net book value of the right-of-use assets as at 30 June 2020 was S\$0.77 million. The decrease in deferred tax assets was mainly due to utilisation of tax losses brought forward from prior years.

The decrease in inventories by S\$0.75 million or 35.1% to S\$1.39 million as at 30 June 2020 compared to S\$2.14 million as at 30 June 2019 was mainly due to the drawdown of inventories for sales to customers coupled with the lower inventories manufactured during FY2020 as a result of lower production output from lower machines hours ran due to higher machines downtime mainly as a results of the CB in Singapore and the MCO in Malaysia as explained above.

The decrease in trade receivables by approximately S\$0.10 million as at 30 June 2020 versus 30 June 2019 was mainly due to lower sales in FY2020. Other receivables increased by approximately S\$0.30 million as at 30 June 2020 mainly due to increase in receivables of S\$0.16 million in governments' grants for the COVID-19 pandemic supports and increase in deposits by approximately S\$0.13 million mainly comprising of a deposit for a banker guarantee issued to Malaysian custom authority as well as rental deposits.

The increase in assets of a subsidiary classified as held for sale of S\$0.105 million to its net book value of S\$10.48 million as at 30 June 2020 versus S\$10.375 million as at 30 June 2019 was due to the reclassification of right-of-use assets of S\$0.56 million recognized from the operating leases of the Property less impairment of S\$0.13 million as a result of the Group's adoption of SFRS(I) 16 Leases during FY2020. This was partially offset by the loss in diminution of value of the Property amounting to S\$0.33 million arising from the Rental Reimbursement due to the extension of the completion date to the Assignment Completion Date on 31 December 2020 as explained earlier. On the other hand, the liabilities of a subsidiary classified as held for sale of S\$0.44 million as at 30 June 2020 arose from the present value of the remaining operating lease commitments of the Property as a result of the Group's adoption of SFRS(I) 16 Leases during FY2020.

The increase in other payables of S\$0.04 million was mainly related to a provision for reinstatement of a lease of premise entered into during FY2020. Trade payables remains relatively stable as at 30 June 2020 vs 30 June 2019. The decrease in provision for taxation by S\$0.18 million was mainly due to the reversal of prior year provision for taxation no longer required.

The decrease in cash and cash equivalents by S\$0.36 million from S\$3.55 million to S\$3.19 million is explained in the cash flow explanation in the following paragraphs below. The increase in lease liabilities by S\$0.52 million as at 30 June 2020 was mainly the result of the Group's adoption of SFRS(I) 16 Leases in FY2020.

Review of Cash Flow

The Group's operations generated net cash flows from operating activities of approximately S\$0.24 million in FY2020 compared to net cash flows generated from operating activities of S\$0.14 million in the previous financial year. This was mainly attributable to a lower loss before tax recorded in FY2020 as well as cash inflow arising from working capital changes (which mainly due to decline in inventory and trade receivables as well as increase in trade payables which were partially offset by increase in other receivables and prepayments).

Net cash used in investing activities was lower at approximately S\$0.34 million in FY2020 which mainly comprises renovation payment of approximately S\$0.22 million for a leased premise in Singapore and software implementation cost as well as purchase of computer and office equipment. This is compared to net cash used in investing activities of \$3.54

million in FY2019 mainly comprising the full payment of S\$3.14 million in FY2019 for the acquisition of a factory property in Johor Malaysia and payment of S\$0.40 million for renovation of factory in FY2019.

Net cash used in financing activities increased by approximately S\$0.20 million during FY2020 to S\$0.28 million mainly due to the repayment of lease liabilities and interest expense on lease liabilities amounting to S\$0.20 million in FY2020 arising from the Group's adoption of SFRS(I) 16 Leases in FY2020.

Overall, cash and cash equivalents decreased by S\$0.37 million during FY2020 to S\$3.19 million as at 30 June 2020 compared to the balance of S\$3.55 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 market in which the Group operates remains competitive and demanding going forward in the current financial year ending 30 June 2021 ("FY2021"), particularly in the midst of the current uncertain and challenging economic downturn and COVID-19 pandemic environment. In addition, challenges remain in terms of pricing and costs as well as foreign exchange volatility as in prior years.

Arising from the COVID-19 pandemic, the main impact on the Group's business operation so far was the higher machines downtime leading to lower economies of scale recorded and production output affected in FY2020 as a results of the mandatory shutdown during the Circuit Breaker measures ("CB") in Singapore and the Movement Control Order ("MCO") in Malaysia. The Group had implemented the relevant safe management measures at the workplace in accordance with the guidelines provided by the respective authorities in Singapore and Malaysia.

In addition, the Group has announced on 23rd June 2020 that in view of the CB in Singapore and the MCO in Malaysia arising from the COVID-19 pandemic, the Group faced unforeseen circumstances which had delayed the moving of its machinery from the Property in Singapore to its new factory property in Johor Malaysia. The Group had therefore extended the completion date of the disposal of the Singapore Property to 31 December 2020 (the "Assignment Completion Date"). The Group plans to shift all its main machines and equipment to the Johor factory by December 2020. Over the same period, the Group will continue to set up the machines in the Johor factory and further scale up its on-going mass production in the Johor factory. Consequently, these shifting and set-up costs etc. are expected to be recognised over the first half of FY2021. The Company will make further announcements in relation the Proposed Disposal as and when there are material developments.

The Board and the Management will continue to seek opportunities which offer potential growth for the Group and enhancement of value for the Shareholders as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) If Corresponding Period of the Immediately Preceding 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 year ended 30 June 2020. This is to conserve cash for working capital and capital expenditure purposes.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained any general mandate for interested person transactions and there were no interested person transactions for FY2020.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented 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.

Segment information

(a) Operating segments

FY 2020	Precision Engineering & Assembly	Trading & Distribution	Investment and Management Services	Inter – segment Eliminations	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing Operations: -					
Revenue					
External sales	8,992	4,266	-	-	13,258
Inter-segment sales	-	-	1,168	(1,168)	-
Total revenue	8,992	4,266	1,168	(1,168)	13,258
Results					
Interest income	1	-	-	-	1
Interest expense - lease liabilities	(34)	-	(2)	-	(36)
Depreciation of plant and equipment	(110)	(1)	-	-	(111)
Depreciation of right-of-use assets	(91)	-	(28)	-	(119)
Amortisation of intangible assets	(18)	-	(*)	-	(18)
Other non-cash expenses	(503)	-	-	-	(503)
Taxation	155	(1)	8	-	162
Segment (loss)/profit	(1,198)	235	134	(2)	(831)
Group: -					
Assets					
Additions to non-current assets	340	-	1	-	341
Segment assets	21,315	1,801	14,268	(14,453)	22,931
Liabilities					
Segment liabilities	8,329	1,394	378	(6,339)	3,762

FY 2019					
	Precision Engineering & Assembly	Trading & Distribution	Investment and Management Services	Inter – segment Eliminations	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing Operations: -					
Revenue					
External sales	8,795	5,327	-	-	14,122
Inter-segment sales	-	-	1,192	(1,192)	-
Total revenue	8,795	5,327	1,192	(1,192)	14,122
Results					
Interest income	8	-	-	-	8
Interest expense	(6)	-	(3)	-	(9)
Depreciation & amortisation	(129)	(1)	(29)	-	(159)
Other non-cash expenses	(882)	-	-	-	(882)
Taxation	(14)	(15)	(13)	-	(42)
Segment (loss)/profit	(1,895)	177	117	8	(1,593)
Group: -					
Assets					
Additions to non-current assets	3,933	-	-	-	3,933
Segment assets	21,630	1,514	14,230	(14,370)	23,004
Liabilities					
Segment liabilities	7,442	1,260	475	(6,257)	2,920

* Denotes less than S\$1,000.

(b) Geographical segments

Revenue and non-current assets information are based on the geographical locations of customers and assets respectively.

	Turnover	Non Current Assets
	S\$'000	S\$'000
FY 2020		
Singapore	192	1,170
Asean (excluding Singapore)	6,913	3,942
North Asia	70	-
America & Europe	6,056	-
Others	27	-
Total	13,258	5,112

	Turnover	Non Current Assets
	S\$'000	S\$'000
FY 2019		
Singapore	283	471
Asean (excluding Singapore)	6,273	3,913
North Asia	102	-
America & Europe	7,353	-
Others	111	-
Total	14,122	4,384

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to item 8.

16. A breakdown of sales.

	Group		
	S\$'000		%
	30-June-20	30-June-19	Increase/ (Decrease)
<u>Continuing Operations</u>			
Sales reported for first half year	7,290	8,401	(13)
Profit/(Loss) attributable to shareholders reported for first half year	(247)	75	n.m
Sales reported for second half year	5,968	5,721	4
Loss attributable to shareholders reported for second half year	(584)	(1,668)	(65)

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

Total Annual Dividend

	FY2020 (S\$'000)	FY2019 (S\$'000)
Ordinary	0	0
Preference	0	0
Total:	0	0

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a 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 are 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
Mr Tan Sin Hock	59	Brother of Mr Tan Chee Hawaii (Group Managing Director and Substantial Shareholder) and Mr Tan Ah Wo (Substantial Shareholder). Brother-in-law of Ms Heng Kheng Hwai (Non-Executive Director and Substantial Shareholder).	Executive Director since year 2001. He is currently responsible for equipment upgrading and plant maintenance.	Nil
Ms Heng Kheng Hwai	62	Sister-in-law of Mr Tan Sin Hock (Executive Director and Substantial Shareholder) and Mr Tan Ah Wo (Substantial Shareholder). Spouse of Mr Tan Chee Hawaii (Group Managing Director and Substantial Shareholder).	Non-Executive Director since year 2001. Member of the Audit Committee.	Nil
Mr Tan Chee Hawaii	70	Brother of Mr Tan Sin Hock (Executive Director and Substantial Shareholder) and Mr Tan Ah Wo (Substantial Shareholder). Spouse of Ms Heng Kheng Hwai (Non-Executive Director and Substantial Shareholder).	Group Managing Director since year 2012. Mr Tan's main duties include overseeing the planning and review of corporate strategies and policies as well as coordinating overall management functions of the Group.	Nil

19. Confirmation Pursuant to Rule 720(1) of the Catalist Rules

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7(H) under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Lai Foon Kuen
Company Secretary
28 August 2020

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., in accordance with Rules 226(2)(b) and 753(2) of the Singapore Exchange Securities Trading Limited ("**Exchange**") Listing Manual Section B: Rules of Catalist for compliance with the relevant rules of the Exchange. The Company's 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.

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