

JADASON ENTERPRISES LTD (REG. NO. 199003898K)

Financial Statement And Dividend Announcement for the Quarter Ended 31 March 2017

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

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

Unaudited Income Statement of the Group for the quarter ended 31 March 2017 ("1Q 2017"):

	S\$'000		%
	1Q 2017	1Q 2016	Increase/ (Decrease)
Revenue	13,280	14,729	(10)
Cost of sales	<u>(10,659)</u>	<u>(11,815)</u>	(10)
Gross profit	2,621	2,914	(10)
Other operating income (Note 1)	592	370	60
Selling and distribution expenses (Note 2)	(569)	(357)	59
Administrative expenses (Note 2)	<u>(2,308)</u>	<u>(2,422)</u>	(5)
Profit from operations	336	505	(33)
Finance cost	(53)	(146)	(64)
Share of loss of associate	<u>-</u>	<u>(51)</u>	(100)
Profit before income tax	283	308	(8)
Income tax (Note 3)	<u>(3)</u>	<u>(47)</u>	(94)
Profit after income tax	<u>280</u>	<u>261</u>	7
Attributable to: Equity holders of the Company	<u>280</u>	<u>261</u>	7

Profit for the period is arrived at after crediting/(charging) the following:

	S\$'000		%
	1Q 2017	1Q 2016	Increase/ (Decrease)
Foreign exchange gain (Note 1)	479	71	575
Depreciation of property, plant and equipment	(427)	(386)	11
Profit/(loss) on disposal of plant and equipment	1	(2)	NM

Notes to Income Statement:

Note 1

The Group's 'other operating income' increased compared with the same period last year due mainly to a higher foreign exchange gain, offset partially by lower interest income and lower sales of scrap materials. During the quarter under review, the Group benefited from a weaker Hong Kong dollar, as it has certain creditor balances denominated in that currency.

Note 2

'Selling and distribution' expenses increased compared with the same period last year due mainly to the timing of certain expenses.

The total 'selling and distribution' and 'administrative' expenses remained relatively constant in 1Q 2017 compared with 1Q 2016.

Note 3

The effective tax rates were low in both periods due mainly to the utilisation of brought forward tax losses by certain entities within the Group.

NM – Percentage changes are not meaningful.

Please refer to Section 8 of this report for a more detailed discussion on the performance of the Group's operating segments.

Unaudited statement of comprehensive income of the Group for the quarter ended 31 March 2017:

	1Q 2017	1Q 2016	Increase / (Decrease)
	S\$'000	S\$'000	%
Profit after income tax for the period	280	261	7
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translating foreign operations	<u>(1,933)</u>	<u>(2,900)</u>	(33)
	(1,933)	(2,900)	
Total comprehensive income for the period	<u>(1,653)</u>	<u>(2,639)</u>	(37)
Total comprehensive income attributable to:			
Equity holders of the Company	(1,653)	(2,639)	(37)

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

Financial positions as at 31 March 2017 and 31 December 2016:

	Group		Company	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances (Note 1)	14,663	16,743	1,375	2,916
Bank deposits (Note 1)	-	1,978	-	-
Inventories (Note 2)	5,690	5,086	298	325
Trade receivables (Note 3)	23,906	26,871	1,540	1,920
Bill receivables (Note 4)	7,648	6,168	-	-
Other receivables and prepayments (Note 3)	975	1,355	88	93
Amounts due from subsidiaries	-	-	406	371
Total	52,882	58,201	3,707	5,625
Non-current assets:				
Property, plant and equipment (Note 5)	18,993	19,969	178	198
Subsidiaries	-	-	62,708	62,708
Total	18,993	19,969	62,886	62,906
TOTAL ASSETS	71,875	78,170	66,593	68,531

	Group		Company	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016
	S\$'000	S\$'000	S\$'000	S\$'000
LIABILITIES & EQUITY				
Current liabilities:				
Bank borrowings (Note 6)	6,937	7,624	1,000	1,000
Trust receipts	1,853	1,715	1,853	1,715
Trade payables (Note 7)	9,814	12,997	1,162	2,930
Other payables (Note 7)	3,458	4,331	298	409
Income tax payable	-	1	-	-
Finance leases	14	15	14	14
Amounts due to subsidiaries	-	-	11,192	11,553
Total	22,076	26,683	15,519	17,621
Non-current liabilities:				
Finance leases	3	7	3	7
Deferred income tax	16	16	16	16
Provision for long service payment	479	510	-	-
Total	498	533	19	23
Capital & reserves:				
Share capital	50,197	50,197	50,197	50,197
Treasury shares	(307)	(307)	(307)	(307)
Share option reserve	1,280	1,280	1,280	1,280
Translation reserve	(2,413)	(480)	(84)	(82)
Reserve and Enterprise Expansion Funds (Note 8)	5,711	5,711	-	-
Accumulated losses	(5,167)	(5,447)	(31)	(201)
Total	49,301	50,954	51,055	50,887
TOTAL LIABILITIES AND EQUITY	71,875	78,170	66,593	68,531

Notes:

Note 1

Please refer to the statement of cash flows of the Group, found in Section 1(c) of this report.

Note 2

The increase in inventories was primarily to support the requirements of customers within the manufacturing and support services business segment.

Note 3

The decreases in trade and other receivables were due mainly to payments received during the quarter under review.

Note 4

The increase in bill receivables of the Group was related to the manufacturing and support services activities during the quarter under review.

Note 5

The decrease in property, plant and equipment was due mainly to depreciation charge and the effect of translating the financial statements of foreign subsidiaries into Singapore dollars, offset partially by the acquisition of equipment for use in the Group's manufacturing and support services business.

Note 6

During the quarter under review, the Group repaid bank loans totaling S\$2.1 million and obtained new loans of S\$1.4 million.

Note 7

The decreases in trade and other payables were due mainly to payments made by the Group during the quarter under review.

Note 8

Reserve and Enterprise Expansion Funds pertain to subsidiaries in China, and are appropriations of profits made in accordance with applicable laws and regulations.

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

Amount repayable in one year or less, or on demand

As at 31 Mar 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
\$14,000	\$8,790,000	\$15,000	\$9,339,000

Amount repayable after one year

As at 31 Mar 2017		As at 31 Dec 2016	
Secured	Unsecured	Secured	Unsecured
\$3,000	-	\$7,000	-

Details of any collateral

Plant and equipment of the Group with net book values of \$47,000 (31 December 2016: \$52,000) are acquired under finance leases.

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.

	1Q 2017	1Q 2016
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit before income tax	283	308
Adjustments for:		
Depreciation of property, plant and equipment	427	386
Interest expense	53	146
Interest income	(11)	(179)
(Profit)/loss on disposal of plant and equipment	(1)	2
Share of loss of associate	-	51
Operating cash flows before changes in working capital	751	714
Trade receivables	2,965	(358)
Bill receivables	(1,480)	(1,087)
Other receivables	380	283
Inventories	(604)	20
Trade payables	(3,183)	926
Trust receipts	138	(739)
Other payables	(873)	(978)
Cash used in operations	(1,906)	(1,219)
Interest paid	(53)	(146)
Interest received	11	179
Income tax paid	(4)	(225)
Net cash used in operating activities	(1,952)	(1,411)
Cash flows from investing activities:		
Purchase of plant and equipment	(102)	(324)
Net cash used in investing activities	(102)	(324)
Cash flows from financing activities:		
Proceeds from loans and borrowings	1,439	-
Repayment of loans and borrowings	(2,126)	(5,125)
Repayment of finance leases	(5)	(4)
Net cash used in financing activities	(692)	(5,129)
Net decrease in cash and cash equivalents	(2,746)	(6,864)
Cash and cash equivalents at beginning of period	18,721	32,568
Effects of exchange rate changes	(1,312)	(1,905)
Cash and cash equivalents at end of period	14,663	23,799

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	Treasury Shares	Share Option Reserve	Translation Reserve	Surplus Reserve #	Accumulated (Losses) / Profits	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP							
2017							
Balance at 1 January 2017	50,197	(307)	1,280	(480)	5,711	(5,447)	50,954
Profit for the period	-	-	-	-	-	280	280
Currency translation loss	-	-	-	(1,933)	-	-	(1,933)
Balance at 31 March 2017	50,197	(307)	1,280	(2,413)	5,711	(5,167)	49,301
2016							
Balance at 1 January 2016	50,197	(307)	1,280	1,755	6,063	(7,627)	51,361
Profit for the period	-	-	-	-	-	261	261
Transfer from Surplus Reserve	-	-	-	-	(352)	352	-
Currency translation loss	-	-	-	(2,900)	-	-	(2,900)
Balance at 31 March 2016	50,197	(307)	1,280	(1,145)	5,711	(7,014)	48,722
COMPANY							
2017							
Balance at 1 January 2017	50,197	(307)	1,280	(82)	-	(201)	50,887
Profit for the period	-	-	-	-	-	170	170
Currency translation loss	-	-	-	(2)	-	-	(2)
Balance at 31 March 2017	50,197	(307)	1,280	(84)	-	(31)	51,055
2016							
Balance at 1 January 2016	50,197	(307)	1,280	(78)	-	2,270	53,362
Profit for the period	-	-	-	-	-	1,938	1,938
Currency translation gain	-	-	-	1	-	-	1
Balance at 31 March 2016	50,197	(307)	1,280	(77)	-	4,208	55,301

Surplus Reserve refers to Reserve Fund and Enterprise Expansion Fund (Note 8 of Section 1(b)(i)).

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.

There was no change in the share capital of the Company during the quarter ended 31 March 2017.

As at 31 March 2017, there were unexercised options for 14,800,000 (31 March 2016: 15,300,000) unissued ordinary shares under the Jadason Share Option Scheme 2000. During the year ended 31 December 2016, 500,000 options were cancelled.

As at 31 March 2017, there were 3,670,000 (31 March 2016: 3,670,000) shares held in treasury. (See also Section 1(d)(iv) below.)

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 March 2017 was 722,395,000 (31 December 2016: 722,395,000).

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

At 1 January 2017 and 31 March 2017	(3,670,000)
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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.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the year ended 31 December 2016 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.

The Group has adopted the new and revised Singapore Financial Reporting Standards (“FRSs”) that are mandatory for financial years beginning on and after 1 January 2017, where applicable. The adoption of these standards did not result in substantial changes to the Group’s accounting policies, and there is no material impact on the retained earnings of the Group as at 1 January 2017.

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.

	Group Figures	
	1Q 2017	1Q 2016
Profit per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	0.04 cents	0.04 cents
(ii) On a fully diluted basis	0.04 cents	0.04 cents

The calculation of earnings per share for the quarter ended 31 March 2017 is based on:

- (1) Group’s profit after taxation attributable to equity holders of \$280,000 (1Q 2016: profit after taxation of \$261,000);
- (2) Weighted average number of ordinary shares of 722,395,000 (2016: 722,395,000) applicable to basic earnings per share;
- (3) Weighted average number of ordinary shares of 722,395,000 (2016: 722,395,000) applicable to diluted earnings per share.

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	
	31.3.2017	31.12.2016	31.3.2017	31.12.2016
Net asset value per ordinary share	6.82 cents	7.05 cents	7.07 cents	7.04 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.

	Revenue		Profit/(loss) from Operations	
	1Q 2017	1Q 2016	1Q 2017	1Q 2016
Business Segments:	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and Supplies	5,269	6,944	(7)	(140)
Manufacturing and Support Services	8,011	7,785	343	645
Total	13,280	14,729	336	505

Revenue for 1Q 2017 was S\$13.3 million, a decrease of 10% compared with 1Q 2016 revenue of S\$14.7 million. The Group posted a profit from operations of S\$0.3 million during the quarter under review, compared with a profit of S\$0.5 million for 1Q 2016.

Revenue for the Equipment and Supplies business for 1Q 2017 decreased by S\$1.7 million, or 24%, compared with 1Q 2016 due mainly to the weaker sales of equipment to printed circuit board ("PCB") manufacturers. As mentioned in previous announcements, PCB manufacturers would not aggressively expand their production capacities given the uncertain economic environment. The business segment posted a lower operating loss for the quarter under review due mainly to the higher foreign exchange gain as mentioned in Note 1 of Section 1(a) of this report.

Revenue of the Manufacturing and Support Services business for 1Q 2017 increased marginally to S\$8.0 million compared with 1Q 2016. This business segment reported a lower operating profit of S\$0.3 million for 1Q 2017 (1Q 2016: S\$0.6 million) due mainly to lower interest income and lower sales of scrap materials.

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

The results are generally in accordance with our announcement dated 27 February 2017.

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.

PCB manufacturers are likely to remain cautious in their capital expenditure programmes given the uncertain global economy and the slow growth in China, and the Group expects a challenging environment for its Equipment and Supplies business.

Based on discussions with long-term customers, who have indicated their intention to increase their production capacities, we expect our Manufacturing and Support Services business to see an improvement in performance in the second half of FY2017.

The Group will continue to rationalise and streamline its core businesses.

Supported by adequate financial resources, the Group will also explore new businesses or opportunities for growth.

11. Dividend

(a) Current Financial Period Reported On

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

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for the quarter ended 31 March 2017.

13. If the Group has obtained a general mandate from shareholders for interested person transactions (“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 shareholders for IPTs.

14. Negative confirmation by the board pursuant to Rule 705(5)

We, Fung Chi Wai and Linna Hui Min, being two directors of Jadason Enterprises Ltd (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited financial results for the quarter ended 31 March 2017 to be false or misleading.

On behalf of the board of directors

FUNG CHI WAI
Chief Executive Officer

LINNA HUI MIN
Director

15. Confirmation pursuant to Rule 720(1)

The Company confirms that it has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Singapore Exchange Listing Manual.

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

- 16. 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.**

Not applicable.

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

Not applicable.

- 18. A breakdown of sales.**

Not applicable.

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

Not applicable.

BY ORDER OF THE BOARD

Fung Chi Wai
Chief Executive Officer
12 May 2017