

Dynamic Colours Limited
Incorporated in the Republic of Singapore
(Company registration no. 199304233Z)
Half Year 2019 Financial Statement and Dividend Announcement
For the period ended 30 June 2019



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| 1. Unaudited Financial Statements – 30 June 2019 | | | |
|--|--------------|--------------|-------------|
| 1.(a)(i) Statement of Comprehensive Income (Group) (An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year) | | | |
| | Group | | % Changes |
| | 1H 2019 | 1H 2018 | |
| | (US\$'000) | (US\$'000) | |
| Revenue | 18,627 | 20,631 | (9.7) |
| Cost of sales | (15,385) | (17,886) | (14.0) |
| Gross profit | 3,242 | 2,745 | 18.1 |
| Other income | 171 | 245 | (30.2) |
| Distribution expenses | (532) | (516) | 3.1 |
| Administrative expenses | (1,485) | (1,260) | 17.9 |
| Other operating expenses | (68) | (53) | 28.3 |
| Net finance income/(cost) | 45 | (62) | <i>n.m.</i> |
| Profit before tax | 1,373 | 1,099 | 24.9 |
| Income tax expense | (368) | (248) | 48.4 |
| Profit for the financial year | 1,005 | 851 | 18.1 |
| Other comprehensive income | | | |
| Items that may be reclassified subsequently to profit or loss: | | | |
| Foreign currency translation differences for foreign operations | 3 | (45) | <i>n.m.</i> |
| | 1,008 | 806 | 25.1 |
| Profit attributable to: | | | |
| - Owners of the parent | 1,005 | 851 | 18.1 |
| - Non-controlling interests | - | - | - |
| | 1,005 | 851 | 18.1 |
| Total comprehensive income attributable to: | | | |
| - Owners of the parent | 1,008 | 806 | (25.1) |
| - Non-controlling interests | - | - | - |
| | 1,008 | 806 | (25.1) |

n.m. – not meaningful

1.(a)(ii) Notes to the Statement of Comprehensive Income (Group)

| | Group | | % Changes |
|---|------------|------------|--------------|
| | 1H 2019 | 1H 2018 | |
| | (US\$'000) | (US\$'000) | |
| After charging and crediting: | | | |
| Depreciation of property, plant and equipment | (741) | (788) | (6.0) |
| Depreciation of right-of-use assets | (15) | - | <i>n.m.</i> |
| Amortisation of intangible assets | (1) | (1) | - |
| Amortisation of prepaid land lease payments | (20) | (20) | - |
| Finance income: | | | |
| Interest income | 32 | 15 | 113.3 |
| Foreign exchange gain, net | 14 | - | <i>n.m.</i> |
| | 46 | 15 | 206.7 |
| Finance cost: | | | |
| Finance lease payable | (1) | (1) | - |
| Term loans | - | (4) | <i>n.m.</i> |
| Trust receipts | - | (58) | <i>n.m.</i> |
| Foreign exchange loss, net | - | (14) | <i>n.m.</i> |
| | (1) | (77) | (98.7) |
| Net finance income/(cost) | 45 | (62) | <i>n.m.</i> |
| Income tax expense: | | | |
| Current tax expense | (289) | (248) | (16.5) |
| Deferred tax expense | (8) | - | <i>n.m.</i> |
| Under-provision in prior financial years | (71) | - | <i>n.m.</i> |
| | (368) | (248) | 48.4 |

n.m. – not meaningful

| | |
|-----------------|---|
| 1.(b)(i) | Statement of Financial Position (Group and Company) |
| | 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-2019 | 31-Dec-2018 | 30-Jun-2019 | 31-Dec-2018 |
| | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> | <i>(US\$'000)</i> |
| Non-current assets | | | | |
| Property, plant and equipment | 14,048 | 14,748 | 2 | 2 |
| Right-of-use assets | 55 | - | - | - |
| Prepaid land lease payments | 1,410 | 1,429 | - | - |
| Intangible assets | - | 1 | - | - |
| Deferred tax assets | 30 | 38 | - | - |
| Investment in subsidiaries | - | - | 7,950 | 7,950 |
| | 15,543 | 16,216 | 7,952 | 7,952 |
| Current assets | | | | |
| Inventories | 6,714 | 7,174 | - | 331 |
| Trade and other receivables | 6,110 | 6,873 | 13,349 | 14,662 |
| Prepayments | 121 | 87 | 7 | 3 |
| Tax paid in advance | 211 | 156 | - | - |
| Cash and bank balances | 8,937 | 6,830 | 4,765 | 2,996 |
| | 22,093 | 21,120 | 18,121 | 17,992 |
| Total assets | 37,636 | 37,336 | 26,073 | 25,944 |
| Equity | | | | |
| Share capital | 18,822 | 18,822 | 18,822 | 18,822 |
| Reserves | 2,083 | 2,080 | 152 | 152 |
| Retained earnings | 12,074 | 11,840 | 5,197 | 4,844 |
| | 32,979 | 32,742 | 24,171 | 23,818 |
| Non-current liabilities | | | | |
| Lease liabilities | 28 | 15 | - | - |
| Deferred tax liabilities | 974 | 974 | - | - |
| | 1,002 | 989 | - | - |
| Current liabilities | | | | |
| Trade and other payables | 3,308 | 3,454 | 1,899 | 2,106 |
| Lease liabilities | 49 | 13 | - | - |
| Current income tax payable | 298 | 138 | 3 | 20 |
| | 3,655 | 3,605 | 1,902 | 2,126 |
| Total liabilities | 4,657 | 4,594 | 1,902 | 2,126 |
| Total equity and liabilities | 37,636 | 37,336 | 26,073 | 25,944 |

Notes to Statements of Financial Position

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases, which took effect on 1 January 2019, using the modified retrospective approach. SFRS(I) 16 introduces a single, on-balance sheet lease accounting model. The rationale of the change is to better reflect the economic substance of lease transactions. It requires a lessee to recognise a right-of-use ("ROU") asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

In compliance with SFRS(I) 16, the Group and the Company has applied the practical expedient to recognise the amount of ROU assets equal to the lease liabilities as at 1 January 2019. Subsequent to initial recognition, the Group and the Company depreciate the ROU assets over the shorter of the useful life of the ROU assets and the lease term, and recognise interest expenses on the lease liabilities.

The ROU assets as at 30 June 2019 were mainly related to leases of a factory, office as well as some staff accommodations and office equipment occupied by the Group in the various locations. Accordingly, there was a corresponding increase in lease liabilities of about US\$56K for the period ended 30 June 2019.

1.(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities

| Details of Group's liabilities | As at 30 June 2019 | | | As at 31 December 2018 | | |
|---|-----------------------|-------------------------|---------------------|------------------------|-------------------------|---------------------|
| | Secured (US\$'000) | Unsecured (US\$'000) | Total (US\$'000) | Secured (US\$'000) | Unsecured (US\$'000) | Total (US\$'000) |
| Amount repayable in one year or less, or on demand Interest bearing liabilities | - | - | - | - | - | - |
| Amount repayable in one year or less, or on demand Finance lease payable included in lease liabilities | 13 | - | 13 | 13 | - | 13 |
| Amount repayable after one year Finance lease payable included in lease liabilities | 8 | - | 8 | 15 | - | 15 |

| 1.(c) Statement of Cash Flows (Group) | | Group | |
|--|--------------|----------------|--|
| Consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year. | | | |
| | 1H 2019 | 1H 2018 | |
| | (US\$'000) | (US\$'000) | |
| Operating activities | | | |
| Profit before tax | 1,373 | 1,099 | |
| Adjustments for:- | | | |
| Depreciation of property, plant and equipment | 741 | 788 | |
| Depreciation of right-of-use assets | 15 | - | |
| Amortisation of prepaid land lease payments | 20 | 20 | |
| Amortisation of intangible assets | - | 1 | |
| Interest expense | 1 | 63 | |
| Interest income | (32) | (15) | |
| Property, plant and equipment written off | - | 5 | |
| Operating cash flows before movements in working capital | 2,118 | 1,961 | |
| Changes in working capital: | | | |
| Inventories | 460 | (180) | |
| Trade and other receivables | 763 | (308) | |
| Prepayments | (34) | (55) | |
| Trade and other payables | (146) | (140) | |
| Cash generated from operations | 3,161 | 1,278 | |
| Income tax paid | (254) | (713) | |
| Net cash from operating activities | 2,907 | 565 | |
| Investing activities | | | |
| Acquisition of property, plant and equipment | (43) | (275) | |
| Interest received | 32 | 15 | |
| Net cash used in investing activities | (11) | (260) | |
| Financing activities | | | |
| Dividends paid | (771) | (2,379) | |
| Interest paid | (1) | (63) | |
| Deposit pledged | - | (1) | |
| Repayment of finance lease payable | (21) | (7) | |
| Repayment of short-term loans | - | (1,070) | |
| Proceeds from trust receipts | - | 6,107 | |
| Repayment of trust receipts | - | (4,643) | |
| Net cash used in financing activities | (793) | (2,056) | |
| Net change in cash and cash equivalents | 2,103 | (1,751) | |
| Cash and cash equivalent at beginning of the financial year | 6,639 | 9,022 | |
| Effect of foreign exchange rate changes on cash and cash equivalents | 3 | (29) | |
| Cash and cash equivalents at end of the financial year (Note 1) | 8,745 | 7,242 | |

Note 1: Cash and cash balances per the Statement of Financial Position as at H1 2019 includes fixed deposit pledged at US\$192K (H1 2018: US\$195K)

1.(d)(i)

Statement of Changes in Equity (Group and Company)

A statement (for the issuer and group) showing all changes in equity together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | Share capital (US\$'000) | Foreign exchange reserve (US\$'000) | Statutory reserve (US\$'000) | Share-based payment reserve (US\$'000) | Retained earnings (US\$'000) | Total equity attributable to owners of the parent (US\$'000) |
|--|-----------------------------|--|---------------------------------|---|---------------------------------|---|
| At 1 January 2019 | 18,822 | 94 | 1,834 | 152 | 11,840 | 32,742 |
| Comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 1,005 | 1,005 |
| Foreign currency translation differences | - | 3 | - | - | - | 3 |
| Total comprehensive income for the period | - | 3 | - | - | 1,005 | 1,008 |
| Transactions with owners | | | | | | |
| Dividend paid | - | - | - | - | (771) | (771) |
| Total transactions with owners | - | - | - | - | (771) | (771) |
| At 30 June 2019 | 18,822 | 97 | 1,834 | 152 | 12,074 | 32,979 |
| Group | Share capital (US\$'000) | Foreign exchange reserve (US\$'000) | Statutory reserve (US\$'000) | Share-based payment reserve (US\$'000) | Retained earnings (US\$'000) | Total equity attributable to owners of the parent (US\$'000) |
| At 1 January 2018 | 18,822 | 234 | 1,680 | 152 | 12,986 | 33,874 |
| Comprehensive income for the period | | | | | | |
| Profit for the period | - | - | - | - | 851 | 851 |
| Foreign currency translation differences | - | (45) | - | - | - | (45) |
| Total comprehensive income for the period | - | (45) | - | - | 851 | 806 |
| Transactions with owners | | | | | | |
| Dividend paid | - | - | - | - | (2,379) | (2,379) |
| Total transactions with owners | - | - | - | - | (2,379) | (2,379) |
| At 30 June 2018 | 18,822 | 189 | 1,680 | 152 | 11,458 | 32,301 |

| Company | Share capital <i>(US\$'000)</i> | Share - based payment reserve <i>(US\$'000)</i> | Retained earnings <i>(US\$'000)</i> | Total equity <i>(US\$'000)</i> |
|--|------------------------------------|--|--|-----------------------------------|
| At 1 January 2019 | <u>18,822</u> | <u>152</u> | <u>4,844</u> | <u>23,818</u> |
| Comprehensive income for the period | | | | |
| Profit for the period | - | - | 1,124 | 1,124 |
| Total comprehensive income for the period | - | - | 1,124 | 1,124 |
| Transactions with owners | | | | |
| Dividend paid | - | - | (771) | (771) |
| Total transactions with owners | - | - | (771) | (771) |
| At 30 June 2019 | <u>18,822</u> | <u>152</u> | <u>5,197</u> | <u>24,171</u> |

| Company | Share capital <i>(US\$'000)</i> | Share - based payment reserve <i>(US\$'000)</i> | Retained earnings <i>(US\$'000)</i> | Total equity <i>(US\$'000)</i> |
|--|------------------------------------|--|--|-----------------------------------|
| At 1 January 2018 | <u>18,822</u> | <u>152</u> | <u>3,528</u> | <u>22,502</u> |
| Comprehensive income for the period | | | | |
| Profit for the period | - | - | 71 | 71 |
| Total comprehensive income for the period | - | - | 71 | 71 |
| Transactions with owners | | | | |
| Dividend paid | - | - | (2,379) | (2,379) |
| Total transactions with owners | - | - | (2,379) | (2,379) |
| At 30 June 2018 | <u>18,822</u> | <u>152</u> | <u>1,220</u> | <u>20,194</u> |

| | | | | | |
|--|--|--|-------------|--|-------------|
| 1.(d)(ii) | Changes in Share Capital (Group and Company) (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 numbers of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.) | | | | |
| | <p>There are no changes in the Group and Company's share capital for the financial year ended 31 December 2018 and for the period ended 30 June 2019.</p> <p>The Group and Company have no treasury shares for the financial year ended 31 December 2018 and as at 30 June 2019.</p> | | | | |
| 1.(d)(iii) | Number of Issued Shares excluding Treasury Shares (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.) | | | | |
| | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 70%;">Total number of issued shares as at 30 June 2019</td> <td style="text-align: right;">209,971,310</td> </tr> <tr> <td>Total number of issued shares as at 31 December 2018</td> <td style="text-align: right;">209,971,310</td> </tr> </table> | Total number of issued shares as at 30 June 2019 | 209,971,310 | Total number of issued shares as at 31 December 2018 | 209,971,310 |
| Total number of issued shares as at 30 June 2019 | 209,971,310 | | | | |
| Total number of issued shares as at 31 December 2018 | 209,971,310 | | | | |
| 1.(d)(iv) | Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares (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.) | | | | |
| | Not applicable. | | | | |
| 1.(d)(v) | A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at end of the current financial period reported on. | | | | |
| | Not applicable. | | | | |
| 2. | Audit – Whether figures have been audited or reviewed (Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.) | | | | |
| | The financial information for the current financial period has not been audited or reviewed by the Company's auditors. | | | | |
| | | | | | |
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| 3. | Auditors' report (if audited) (Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter.) |
| | Not applicable. |
| 4. | Accounting Policies (Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.) |
| | Other than the adoption of the new SFRS(I)s, amendments and interpretations of SFRS(I)s as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements for the year ended 31 December 2018. |
| 5. | Changes in accounting policies (If there are any changes in the accounting policies and methods of computation, including any required by and accounting standard, what has changed, as well as the reasons for, and the effect of, the change.) |
| | During the current financial year, the Group and the Company have adopted the following new SFRS(I), which took effect from financial year beginning 1 January 2019: <ul style="list-style-type: none"> - SFRS(I) 16 <i>Leases</i> <p>The adoption of the above new SFRS(I), is assessed to have no material impact to the results and financial position of the Group and of the Company for the year ending 31 December 2019. Accordingly, it has no material impact on the earnings per share of the Group and of the Company.</p> <p>Please refer to page 5 for further details on the quantum of the adjustments made in relation to SFRS(I) 16.</p> |

| | |
|-----------|--|
| 6. | Earnings per ordinary share (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 | |
|--|---------|---------|
| | 1H 2019 | 1H 2018 |
| Profit attributable to owners of the parent (<i>US\$'000</i>) | 1,005 | 851 |
| Number of ordinary shares ('000) As at 1 January | 209,971 | 209,971 |
| Issued during the year | - | - |
| As at 30 June | 209,971 | 209,971 |
| Earnings per ordinary share (US\$): | | |
| (a) Based on weighted average number of ordinary shares on issue (cents) | 0.48 | 0.41 |
| (b) On a fully diluted basis (cents) | 0.48 | 0.41 |
| Earnings per ordinary share (S\$ equivalent)* | | |
| (a) Based on weighted average number of ordinary shares on issue (cents) | 0.65 | 0.56 |
| (b) On a fully diluted basis (cents) | 0.65 | 0.56 |
| *S\$ equivalent, based on US\$ 1 = S\$1.3525 (2018 US\$ = S\$1.3639) | | |

| | |
|-----------|---|
| 7. | Net asset value per ordinary share (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 | |
|---|-----------|-----------|-----------|-----------|
| | 30-Jun-19 | 31-Dec-18 | 30-Jun-19 | 31-Dec-18 |
| Net assets (<i>US\$'000</i>) | 32,979 | 32,742 | 24,171 | 23,818 |
| Number of ordinary shares ('000) | 209,971 | 209,971 | 209,971 | 209,971 |
| Net asset value per share: | | | | |
| - in US cents | 15.71 | 15.59 | 11.51 | 11.34 |
| - in Singapore cents* | 21.24 | 21.27 | 15.57 | 15.47 |
| *S\$ equivalent, based on US\$ 1 = S\$1.3525 (2018 US\$1 = S\$1.3639) | | | | |

| | |
|-----------|--|
| 8. | <p>Review of performance of the Group</p> <p>(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:</p> <p>(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</p> <p>(b) Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.)</p> |
| | Half year period ended 30 June 2018 ("1H2018") compared to the half year period ended 30 June 2019 ("1H2019") |

| | |
|--|--|
| | <p>Overview of Group's business</p> <p>The core businesses of Dynamic Colours Group (the "Group") are resin compounding and polyethylene packaging. Currently, our resin compounding ("RC") segment comprises our wholly owned subsidiaries in Suzhou, Vietnam and Malaysia, namely, Suzhou Huiye Plastic Industry Co., Ltd ("SHP"), Suzhou Huiye Chemical & Light Industry Co., Ltd ("SHC"), Huiye (Vietnam) Plastic Co., Ltd ("HVP") and Huiye Polymer (M) Sdn. Bhd. ("HPM"). Our polyethylene packaging ("PP") segment is represented by SL Packaging Industries Pte Ltd ("SLP") in Singapore and HPM in Malaysia.</p> |
|--|--|

| | |
|--|--|
| | <p>Statement of Comprehensive Income</p> <p>(Including full year results, where Group operates in more than one business segment and/or country where review has provided for any material changes in contribution to turnover and profits (by geographical and business segments).)</p> |
| | <p>The Group's profit after tax for the period ended 30 June 2019 (1H2019) increased by 18.1% to US\$1.01M (US\$0.85M in 1H2018). The profit contributions in 1H2019 from the RC segment was 34.2% (1H2018: 59.6%) and the PP segment was 65.8% (1H2018: 40.4%).</p> <p>Gross profit for 1H2019 was US\$3.24M an increase from US\$2.75M by 18.1% as compared to 1H2018.</p> |
| | <p>Group revenue in 1H2019 decreased to US\$18.63M as compared to 1H2018 by US\$2.00M (9.7%) while cost of sales fell by US\$2.50M (14.0%) from US\$17.89M in 1H2018 to US\$15.39M in 1H2019. The larger than proportionate decrease as compared to the revenue drop resulted in the growth of the overall gross profit margin from 13.3% to 17.4%.</p> <p>Distribution expenses increased by US\$0.02M (3.1%) from US\$0.52M to US\$0.53M mainly attributed to staff-related costs.</p> <p>For administrative expenses, there was an increase by 17.9% from US\$1.26M in 1H2018 to US\$1.49M in 1H2019 due to higher staff costs.</p> <p>In general, 1H2019 reported a net finance income position of US\$0.05M as compared to a net finance loss position of US\$0.06M for the same period last year. Interest income increased from US\$0.02M to US\$0.03M while interest expense decreased substantially to almost nil. This was the result of higher fixed deposit interest earned and negligible borrowings. Net foreign exchange also saw a gain versus a loss position in 1H2018 of a similar amount.</p> <p>Income tax expense recorded 48.4% increase from US\$0.25M in 1H2018 to US\$0.37M in 1H2019 as a result of higher profit before tax.</p> |

| | |
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| | |
|--|--|
| | Statement of Financial Position |
|--|--|

Overall, the total assets for the Group as at 30 June 2019 rose by a marginal US\$0.30M as compared to the last financial year-end mainly as a result of increase in cash and bank balances by US\$2.11M; but offset by decrease in property, plant and equipment by US\$0.70M, inventories by US\$0.46M as well as trade and other receivables by US\$0.76M.

The increase in prepayment were mainly those made to suppliers while tax paid in advance was specific to Malaysia.

The reduction in property, plant and equipment from US\$14.75M in FY2018 to US\$14.05M for 1H2019 was mainly due to Group depreciation charge.

Inventories and receivables decreased in line with the lower overall revenues.

As for total liabilities of the Group, there was a slight increase by US\$0.06M as at 30 June 2019 in comparison with the last preceding financial year-end. This was mainly attributed to a newly included lease liabilities of US\$0.06M with the adoption of SFRS(I) 16 as well as increase in current tax payable of US\$0.16M with higher profit for the period; only to be mitigated by reduction in trade and other payables by US\$0.15M.

The decrease in trade and other payables from US\$3.45M to US\$3.30M was largely due to lower purchases and continued prompt repayment to suppliers.

Increase in the equity of the Group of US\$0.24M from FY2018 to 1H2019 was due to current year profit after tax of US\$1.01M offset by dividends paid of US\$0.77M during the reporting period.

During 1H2019, the Group has adopted SFRS(I) 16 that has applied the new standard with 1 January 2019 as the date of transition for the Group. This has resulted in recognition of corresponding US\$0.06M of right-of-use assets and lease liabilities under non-current assets and both current and non-current lease liabilities.

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| | Statement of Cash Flows |
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Cash and cash equivalents saw a net increase by US\$2.10M for 1H2019. This was attributed to the positive operating results and better management of working capital for the reporting period under cash flow from operating activities, which were offset by dividend paid of US\$0.77M under cash flow used in financing activities.

The profit before income tax of US\$1.37M for the Group increased the operating profit before movements in working capital to US\$2.12M after adjustment for depreciation add-back of US\$0.74M. As a result of decrease in inventories and trade and other receivables, partially negated by increase in prepayments, income tax paid as well as trade and other payables, the net positive cashflow from operating activities improved from US\$0.57M to US\$2.91M.

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| 9. | Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results. |
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| | No forecast or prospect statement has been previously disclosed to shareholders. |
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| 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 in the next 12 months. |
| | The escalation of US-China trade war will affect the countries that the Group operates in. The impact may be felt in the second half of this year. However, Management will continue to explore new opportunities that may arise. |
| 11. | Dividends |
| | (a) If a decision regarding dividend has been made? |
| | None. |

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| (b) Corresponding period of the Immediately Preceding Financial Year |
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| Final dividends FY2018 (Paid) | |
| Name of Dividend | Final Dividend 2018 |
| Dividend Type | Ordinary |
| Dividend Amount per Share | S\$0.0050 per share |
| Par Value of Shares | N.A. |
| Tax Rate | Tax exempt (1 tier) |
| Date Declared/Announced | 26/2/19 |
| Books Closure Date | 10/5/19 |
| Date of payment | 17/5/19 |
| Amount to be paid in Singapore dollars | S\$1.05 million |
| Amount in US\$ (for accounting purposes) | US\$0.77 million |

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| (c) Date payable |
| Not applicable. |

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| (d) Books closure date |
| Not applicable. |

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| 12. | If no dividend has been declared/recommended, a statement to that effect. |
| | No interim dividend for the period ended 30 June 2019 has been recommended. |

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| 13. | Interested Person Transactions (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.) |
| | There is no general mandate from shareholders. The value of IPT is below the threshold prescribed under Part III of Chapter 9 of Listing Manual. |

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| 14. | Negative confirmation pursuant to Rule 705(5) |
| | The directors confirm that, to the best of their knowledge, nothing has come to their attention of the board of directors which may render the half-yearly financial results ended 30 June 2019 to be false and misleading, in any material aspect. |

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| 15. | Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1). |
| | Pursuant to Listing Rule 720(1), the Company has received revised Letter of Undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 of the SGX-ST Listing Manual. |

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| ON BEHALF OF THE BOARD |
| Yeo Hock Leng Executive Chairman and Group Managing Director |
| 6 August 2019 |