

UNAUDITED FINANCIAL STATEMENTS FOR THE QUARTER ENDED 31 DECEMBER 2019 (“2Q2020”) AND HALF YEAR ENDED 31 DECEMBER 2019 (“1H2020”).

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR SECOND QUARTER RESULTS

1(a)(i). A statement of comprehensive income for the Group together with a comprehensive statement for the corresponding period of the immediately preceding financial year.

	Note 8(a)	Group			Group		
		2Q2020 S\$'000	2Q2019 S\$'000	Inc/(Dec) %	1H2020 S\$'000	1H2019 S\$'000	Inc/(Dec) %
Revenue	(i)	12,712	22,128	(42.6)	27,348	46,593	(41.3)
Cost of sales		(12,415)	(21,713)	(42.8)	(26,904)	(45,663)	(41.1)
Gross profit	(ii)	297	415	(28.4)	444	930	(52.3)
Gross profit margin		2.3 %	1.9 %		1.6 %	2.0 %	
Other expenses - net	(iii)	(494)	(6)	nm	(286)	(22)	nm
Distribution expenses		-	(2)	(100.0)	-	(6)	(100.0)
Administrative expenses	(iv)	(327)	(323)	1.2	(566)	(738)	(23.3)
Finance costs	(v)	(78)	(27)	188.9	(164)	(65)	152.3
(Loss)/Profit before income tax	(vi)	(602)	57	nm	(572)	99	nm
Income tax expense		-	-	nm	-	-	nm
(Loss)/Profit from continuing operations		(602)	57	nm	(572)	99	nm
Loss from discontinued operations		-	(423)	(100.0)	-	(2,249)	nm
Loss after income tax		(602)	(366)	64.5	(572)	(2,150)	(73.4)
Other comprehensive income/(loss), net of income tax:							
Foreign currency translation difference	(vii)	58	(11)	nm	(15)	191	nm
Total comprehensive loss, for the period attributable to the owners of the company		(544)	(377)	44.3	(587)	(1,959)	(70.0)

nm = not meaningful

1(a)(ii). The net profit/(loss) attributable to shareholders includes the following charges/credits

	Group			Group		
	2Q2020 S\$'000	2Q2019 S\$'000	Inc/(Dec) %	1H2020 S\$'000	1H2019 S\$'000	Inc/(Dec) %
Other expenses - net comprises principally of the following:						
Rental income	292	-	nm	585	-	nm
Interest income	12	-	nm	12	19	(36.8)
Government grants	-	1	(100.0)	-	1	(100.0)
Foreign currency exchange (loss)/gain - realised	(85)	2	nm	(92)	(45)	104.4
Foreign currency exchange (loss)/gain - unrealised	(123)	(13)	nm	66	(3)	nm
Payables written off	-	7	(100.0)	-	7	(100.0)
Depreciation of plant and equipment	(251)	-	nm	(502)	-	nm
Impairment loss on receivables	(32)	-	nm	(32)	-	nm
Reinstatement expenses for leased premises	(21)	-	nm	(42)	-	nm
Provision for restoration cost	(250)	-	nm	(250)	-	nm
Miscellaneous	(36)	(3)	nm	(31)	(1)	nm

nm = not meaningful

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

	Note 8(b)	Group		Company	
		Unaudited	Audited	Unaudited	Audited
		31-Dec-19 S\$'000	30-Jun-19 S\$'000	31-Dec-19 S\$'000	30-Jun-19 S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	(i)	1,193	479	1	1
Trade and other receivables		195	237	3,880	4,723
		<u>1,388</u>	<u>716</u>	<u>3,881</u>	<u>4,724</u>
Current Assets					
Inventories		-	13	-	-
Trade receivables	(ii)	-	78	-	-
Other receivables	(iii)	731	3,415	128	213
Contract assets	(iv)	271	3,855	-	-
Cash and cash equivalents		5,881	3,354	23	16
		<u>6,883</u>	<u>10,715</u>	<u>151</u>	<u>229</u>
Total Assets		<u>8,271</u>	<u>11,431</u>	<u>4,032</u>	<u>4,953</u>
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share Capital		179,010	177,480	179,010	177,480
Other reserves	(v)	(181)	(166)	-	-
Accumulated losses		(175,529)	(174,928)	(175,308)	(175,245)
Total Equity		<u>3,300</u>	<u>2,386</u>	<u>3,702</u>	<u>2,235</u>
LIABILITIES					
Non-Current Liabilities					
Provisions	(vi)	660	410	-	-
Lease liabilities	(vii)	403	37	-	-
Borrowings	(ix)	950	1,000	-	1,000
		<u>2,013</u>	<u>1,447</u>	<u>-</u>	<u>1,000</u>
Current Liabilities					
Trade and other payables	(viii)	1,504	3,543	330	718
Contract liabilities	(iv)	-	103	-	-
Lease liabilities	(vii)	454	13	-	-
Borrowings	(ix)	1,000	3,939	-	1,000
		<u>2,958</u>	<u>7,598</u>	<u>330</u>	<u>1,718</u>
Total Liabilities		<u>4,971</u>	<u>9,045</u>	<u>330</u>	<u>2,718</u>
Total Equity and Liabilities		<u>8,271</u>	<u>11,431</u>	<u>4,032</u>	<u>4,953</u>

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

	As at 31-Dec-19		As at 30-Jun-19	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
<u>Non-Current and Current</u>				
Non-Convertible bond*	1,900	-	2,000	-
Loan from third party	-	50	-	2,939
Total	<u>1,900</u>	<u>50</u>	<u>2,000</u>	<u>2,939</u>

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

	Group		Group	
	2Q2020 S\$'000	2Q2019 S\$'000	1H2020 S\$'000	1H2019 S\$'000
Cash flow from operating activities				
(Loss)/Profit before income tax				
From continuing operations	(602)	57	(572)	99
From discontinued operations	-	(421)	-	(2,243)
Adjustments for:				
Depreciation of property, plant and equipment	251	152	502	303
Interest expense	78	29	164	71
Interest income	(12)	-	(12)	(19)
Payables written off	-	7	-	(31)
Loss on disposal of plant and equipment	-	11	-	11
Impairment on receivables	32	-	32	-
Reinstatement expenses for leased premises	21	-	42	-
Provision for restoration cost	250	-	250	-
Unrealised loss on futures contracts	-	-	(22)	-
Gain on foreign currency exchange - unrealised	123	(70)	(66)	(83)
Operating cash flow before working capital changes	141	(235)	318	(1,892)
Changes in operating assets and liabilities				
Inventories	-	(684)	13	933
Trade and other receivables	4,074	(640)	6,433	(1,168)
Restricted cash held in trust	-	(5)	-	(6)
Trade and other payables	(2,417)	472	(2,184)	2,999
Cash generated from/(used in) operations	1,798	(1,092)	4,580	866
Interest paid	(78)	(29)	(164)	(71)
Interest received	12	2	12	22
Income tax paid	-	(2)	-	(6)
Net cash generated from/(used in) operating activities	1,732	(1,121)	4,428	811
Cash flows from investing activities				
Acquisition of property, plant and equipment	-	-	-	(72)
Proceeds from disposal of plant and equipment	-	47	-	47
Net cash generated from/(used in) investing activities	-	47	-	(25)
Cash flows from financing activities				
Repayment of lease liabilities	(221)	(7)	(442)	(17)
(Repayment of)/Proceeds from third parties loan - net	(3,451)	532	(2,989)	132
Proceeds from shares placement	1,530	-	1,530	-
Net cash (used in)/generated from financing activities	(2,142)	525	(1,901)	115
Net (decrease)/increase in cash and cash equivalents	(410)	(549)	2,527	901
Cash and cash equivalents at beginning of financial period	6,291	4,359	3,354	2,909
Cash and cash equivalents at end of financial period	5,881	3,810	5,881	3,810

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 in a class that is listed as at the end of the current financial period reported on and 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.

	2019		2018	
	No. of Shares	S\$'000	No. of Shares	S\$'000
Balance as at 1 July	90,039,655	177,480	4,501,984,229	177,480
Share consolidation	-	-	(4,411,944,574)	-
Share placement	10,000,000	1,530	-	-
Balance as at 31 December	100,039,655	179,010	90,039,655	177,480

In October 2019, the Company had issued 10,000,000 shares pursuant to the placement for an aggregate consideration of S\$1,530,000.

There were 10,000,000 ordinary shares that may be issued on conversion of all outstanding warrants as at 31 December 2019 (30 June 2019: NIL).

1(d)(iii). To show the total number of issued shares excluding treasury shares and subsidiary holdings as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of ordinary shares issued, excluding treasury shares and subsidiary holdings as at 31 December 2019 and 30 June 2019 were 100,039,655 and 90,039,655 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.

There were no treasury shares held during the quarter ended and as at 31 December 2019.

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

There were no subsidiary holdings during the quarter ended and as at 31 December 2019.

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

The figures had not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications 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.

This is not required for any audit issue that is a material uncertainty relating to going concern. Not applicable.

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 Item 5 below, the Group had applied the same accounting policies and methods of computation to the financial statements in the current reporting period as with the audited financial statements for the financial year ended 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.

During the current financial period, the Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") 16 Leases ("SFRS(I) 16") which took effect from financial year beginning 1 July 2019. The Group has applied the modified restrospective approach and did not restate comparative amounts for year prior to first adoption.

Under the new SFRS(I) 16, an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset) and the corresponding liability for the obligation to make lease payments (i.e. the lease liability) are recognized ("ROU"). Interest expense on the lease liability and the depreciation expense on the ROU asset are recognised separately in the income statement.

ROU assets are measured using the cost model and are carried at cost less accumulated depreciation and accumulated impairment loss, if any, subsequent to initial recognition. The carrying amount for lease liabilities subsequent to initial recognition would take into account interest on the lease liabilities, lease payments made and any reassessment or lease modifications.

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		Group	
	2Q2020	2Q2019	1H2019	1H2018
	Cents	Cents	Cents	Cents
(Loss)/Earnings per share for the Group attributable to equity holders of the Company				
i) Continuing operations	(0.6679)	0.0013	(0.6067)	0.1100
ii) Discontinued operations	-	(0.0094)	-	(2.4978)

The earnings per share for continuing business in 2Q2020 and 2Q2019 were calculated based on the weighted average number of ordinary shares of 90,039,655 and 4,501,984,229 respectively.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer at the end of the:-

(a) Current financial period reported on; and

(b) Immediately preceding financial year.

	Group		Company	
	31-Dec-19 Cents	30-Jun-19 Cents	31-Dec-19 Cents	30-Jun-19 Cents
NAV per share based on issued share capital as at the end of the period	3.2987	2.6499	3.7005	2.4822

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

(i) Revenue

The Group's revenue decreased by 42.6% to S\$12.7 million in 2Q2020 and by 41.3% to S\$27.3 million in 1H2020 as the Company had reduced its exposure in metal trading activities, pending further developments arising from the Sino-US trade dispute.

(ii) Gross profit

Without a high-cost structure related to the electronic waste management business, the Group has made a gross profit of S\$297,000 and S\$444,000 in 2Q2020 and 1H2020 respectively. Compared to the gross profit from supply chain management business in the same quarter and same period last year, the profit margin is reduced due to small trading volume and higher price fluctuation as a result of the instability of the global metal market.

(iii) Other expenses – net

Net other expenses increased by S\$488,000 in 2Q2020 and S\$264,000 in 1H2020. This is mainly due to the increase in foreign currency exchange losses and provision for restoration cost.

(iv) Administrative expenses

Administrative expenses increased slightly by 1.2% in 2Q2020 but decreased by 23.3% in 1H2020 due to lower manpower-related cost incurred in the Group.

(v) Finance costs

Finance cost increased by 188.9% in 2Q2020 and 152.3% in 1H2020 due to increase in short-term third-party loans (see paragraph (b)(viii) below).

(vi) (Loss)/Profit after income tax

The Group reported a net loss before income tax of S\$602,000 in 2Q2020 and S\$572,000 in 1H2020.

(vii) Foreign currency translation difference

Foreign currency translation difference improved to positive S\$58,000 in 2Q2020 and negative S\$15,000 in 1H2020 due to translation effect of US currency-denominated reserve.

(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 financial position

(i) Property, Plant and Equipment ("PPE") increased by S\$1.22 million after the adoption of the SFRS(I) 16 as explained under Item 5 above. After a depreciation of S\$503,000, PPE is increased by S\$714,000 as at 31 December 2019.

- (ii) There isn't any outstanding Trade receivables as at 31 December 2019 compared to 30 June 2019 mainly due to full settlement of balances before 31 December 2019.
- (iii) Other receivables decreased by S\$2.7 million to S\$0.7 million as at 31 December 2019 compared to 30 June 2019 due to utilisation of trade deposits paid to suppliers.
- (iv) Contract assets and liabilities decreased by S\$3.6 million and S\$103,000 respectively after issuance of invoices to customers and settlement of Trade receivables with Trade advance received, in 2Q2020.
- (v) Other reserves comprised of S\$181,000 in foreign exchange translation reserve.
- (vi) Provision for restoration cost increased by S\$250,000 to S\$660,000 as at 31 December 2019, after taking into consideration the latest restoration quotation from vendors.
- (vii) Lease liabilities increased by S\$1,248,000 after the adoption of SFRS(I) 16 (see paragraph (i) above). After a repayment of S\$442,000 it reduced to S\$857,000.
- (viii) Trade and other payables decreased from S\$2.0 million to S\$1.5 million as at 31 December 2019 compared to 30 June 2019, due to higher settlement of balances before 31 December 2019 and utilisation of trade advances received for settlement of Trade receivables.
- (ix) Borrowings relate to loans amounting to S\$1.95 million arising from the bond issue and short-term borrowings from third parties.

Cash flow statement

Net cash generated from operating activities of the Group in 2Q2020 was S\$1.73 million, mainly due to decrease in Trade and other receivables.

There wasn't any net cash generated from investing activities of the Group in 2Q2020.

Net cash used in financing activities of the Group in 2Q2020 was S\$2.14 million mainly due to repayment of short-term loan from third parties which offset by proceeds from shares placement.

As a result of the above, the Group's cash and cash equivalents as of 31 December 2019 increased by S\$2.5 million as compared to 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.

There is no material variance with the commentary previously disclosed in the results announcement for the financial period ended 30 June 2019.

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.

On 23 September 2019, the Company announced that its wholly-owned subsidiary Nolash Tech (Shanghai) Co., Ltd. ("**Nolash Shanghai**") had entered into agreements ("**Service Agreements**") with five companies to provide an exclusive technical, operation and procurement ("**TOP**") services to each client at an aggregate annual service fee amounting to RMB 10 million (approximately 2 million SGD) payable quarterly in advance. This opening represents a new direction for the Company's supply-chain management business. However, upon further analysis, it has been found that certain tax benefits under the Shanghai Free Trade Zone are available to the Company if the parent company of Nolash Shanghai, viz. Nolash Tech Pte Ltd ("**Nolash Tech**"), is approved by the tax authority to undertake the TOP services directly. Nolash Tech has applied for the setting up of a Free Trade Non-resident account in the PRC and is awaiting regulatory approval. As of the date of this report, Nolash Tech has not received the approval.



(Company Registration No. 199206445M)

With the recent coronavirus outbreak and ensuing movement restrictions imposed by the government in the PRC, the Company expects the TOP business to be delayed. The Company remains committed to its expansion plans in China. As the Company has not embarked on specific investment related to the TOP business, the delay does not have a direct and material impact on its financial performance of 1H2020. As the TOP business is intended to be an important part of Company's future, prolonged delay will likely have a negative impact to the full year financial results.

The Company has reduced its exposure in the metal trading business due to the increased risk arising from the Sino-US trade disputes and the recent coronavirus outbreak. The Company will continue to reduce its reliance on the metal trading business in the remaining period of this financial year.

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, competition from other companies and venues for the sale / distribution of goods and services, shifts in customer demands, customers and partners, changes in operating expenses, including employee wages, benefits and training, and governmental and public policy changes. Shareholders and potential investors are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events. Shareholders and potential investors should seek advice from their stockbrokers, bank managers, solicitors, accountants or other professional advisors if they have any doubt about the actions they should take.

11. Dividend

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date of payable

Not applicable.

(d) Record 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 is recommended as the Group currently does not have accumulated profits available for the declaration of a dividend.

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 did not obtain a general mandate from its shareholders for IPTs. There was no IPT transaction for the period under review.

14. Statement by Directors

Negative confirmation pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, Simon Eng (Chairman and Chief Executive Officer) and Chay Yiowmin (Lead Independent Director), do hereby 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 financial results for the period ended 31 December 2019 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

On behalf of the Board of Directors

Simon Eng

Chairman and Chief Executive Officer

Chay Yiowmin

Independent Director

13 February 2020

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "Sponsor") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Shervyn Essex, Registered Professional, RHT Capital Pte. Ltd., 9 Raffles Place #29-01, Republic Plaza Tower 1, Singapore 048619, telephone (65) 6381 6966.