

CITICODE LTD.

(Registration No. 200404283C)

UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED 31 MARCH 2019 (“1Q FY2019”).

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR FIRST QUARTER RESULTS.

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

	Group		
	1Q FY2019	1Q FY2018	Inc / (Dec)
	S\$'000	S\$'000	%
Revenue	2,460	18,325	(86.6)
Cost of sales	(2,441)	(17,894)	(86.4)
Gross profit	19	431	(95.6)
Other income	13	-	n.m
Administrative expenses	(137)	(257)	(46.7)
Finance costs	(3)	(45)	(93.3)
Other expenses	-	(5)	n.m
(Loss)/Profit before income tax	(108)	124	n.m
Income tax	-	-	
(Loss)/Profit after tax	(108)	124	n.m

n.m = not meaningful

1(a)(i) Consolidated Statement of Comprehensive Income.

	Group		
	1Q FY2019	1Q FY2018	Inc / (Dec)
	S\$'000	S\$'000	
(Loss)/Profit after income tax	(108)	124	n.m
Other comprehensive income:			
Foreign currency translation difference	36	6	n.m
Total comprehensive (loss)/profit for the period attributable to the owners of the company	(72)	130	n.m

n.m = 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.

	Group		Company	
	31-Mar-19 S\$'000	31-Dec-18 S\$'000	31-Mar-19 S\$'000	31-Dec-18 S\$'000
Non-current assets				
Investment in subsidiaries	-	-	2	2
Current assets				
Trade and other receivables	38	2,964	38	31
Cash and cash equivalents	191	199	40	110
Current assets	229	3,163	78	141
Total Assets	229	3,163	80	143
EQUITY AND LIABILITIES				
Capital and reserves				
Share capital	209,581	209,581	209,581	209,581
Capital reserve	(654)	(654)	-	-
Foreign currency translation reserve	45	9	-	-
Accumulated losses	(209,334)	(209,226)	(212,560)	(212,452)
Total attributable to equity holders of the Company	(362)	(290)	(2,979)	(2,871)
Non-current liabilities				
Other payables	165	162	165	162
Borrowings	200	200	200	200
	365	362	365	362
Current liabilities				
Trade and other payables	226	3,091	2,694	2,652
	226	3,091	2,694	2,652
Total Liabilities	591	3,453	3,059	3,014
Total Equity and Liabilities	229	3,163	80	143

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

Amount repayable after one year

	As at 31 March 2019		As at 31 December 2018	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Borrowings	-	200	-	200

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.

	Group	
	1Q FY2019 S\$'000	1Q FY2018 S\$'000
Cash flows from operating activities		
(Loss) / Profit before tax	(108)	124
Adjustments for:		
Unrealised foreign exchange (gain)/loss	(13)	11
Interest	3	45
Operating cash flow before working capital changes	(118)	180
Trade and other receivables	2,975	5,415
Trade and other payables	(2,862)	(4,892)
Cash (used in)/generated from operations	(5)	703
Interest paid	(3)	(45)
Net cash (used in)/generated from operating activities	(8)	658
Cash flows from financing activities		
Repayment of borrowings, net	-	(407)
Net Proceed from issuance of Redeemable Convertible Bond	-	1,940
Net cash generated from financing activities	-	1,533
Net change in cash and bank balances	(8)	2,191
Cash and bank balances at beginning of financial period	199	490
Cash and bank balances at end of financial period	191	2,681

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 S\$'000	Capital reserve S\$'000	Share options reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
1Q2018						
Group						
Balance at 1 January 2018	196,454	(654)	544	(1)	(209,132)	(12,789)
Net Profit for the period	-	-	-	-	124	124
Debt capitalisation exercise	11,187	-	-	-	-	11,187
Capitalisation of redeemable convertible bond	2,000	-	-	-	-	2,000
Share issue expenses	(360)	-	-	-	-	(360)
Other comprehensive loss for the period						
- Foreign currency translation differences	-	-	-	6	-	6
Total comprehensive income for the period	12,827	-	-	6	124	12,957
Balance at 31 March 2018	209,281	(654)	544	5	(209,008)	168
1Q2019						
Group						
Balance at 1 January 2019	209,581	(654)	-	9	(209,226)	(290)
Loss for the period	-	-	-	-	(108)	(108)
Other comprehensive income for the period						
- Foreign currency translation differences	-	-	-	36	-	36
Total comprehensive loss for the period	-	-	-	36	(108)	(72)
Balance at 31 March 2019	209,581	(654)	-	45	(209,334)	(362)

	Share capital S\$'000	Share options reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
1Q2018				
Company				
Balance at 1 January 2018	196,454	544	(211,812)	(14,814)
Loss for the period	-	-	(259)	(259)
Debt capitalisation exercise	11,187	-	-	11,187
Capitalisation of redeemable convertible bond	2,000	-	-	2,000
Share issue expenses	(360)	-	-	(360)
Total comprehensive income for the period	12,827	-	(259)	12,568
Balance at 31 March 2018	209,281	544	(212,071)	(2,246)

1Q2019				
Company				
Balance at 1 January 2019	209,581	-	(212,452)	(2,871)
Loss for the period	-	-	(108)	(108)
Total comprehensive loss for the period	-	-	(108)	(108)
Balance at 31 March 2019	209,581	-	(212,560)	(2,979)

1(d)(ii) Details of any changes in the company’s share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company’s share capital for the reported quarter ended 31 March 2019. The number of ordinary shares issued was 41,316,907,761.

The Company does not have any treasury shares and does not have any subsidiary that holds shares issued by the Company as at the end of the current financial period and as at 31 March 2018. There were also no outstanding convertible securities as at the end of the current financial period and as at 31 March 2018.

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

Total number of issued shares excluding treasury shares	Number of shares
Balance as at 31 March 2019	41,316,907,761
Balance as at 31 December 2018	41,316,907,761

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.

The Company does not have any treasury shares as at the end of current financial period reported on.

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

Not applicable as the Company does not have any subsidiary that holds shares issued by the Company.

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

The figures have not been audited or reviewed.

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 had been applied.

There are a number of new or revised International Financial Reporting Standards (“IFRSs”) and related interpretations promulgated by International Financial Reporting Interpretations Committee (“IFRICs”) that are effective for accounting periods beginning on and after 1 January 2019. The adoption of these new IFRSs did not have any material impact on the financial information of the Group for period ended 31 March 2019. Save as aforesaid, the accounting policies and methods of computation used in the preparation of the financial information of the Group for the period ended 31 March 2019 are the same as those used in the annual financial statements of the Group for the year ended 31 December 2018.

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 Singapore Financial Reporting Standards (International) (“SFRS(I)s”) that is identical to the International Financial Reporting Standards with effect from 1 January 2018. The adoption of the new SFRS(I)s and its related interpretations is assessed to have no significant impact to the Group’s consolidated financial statements for the current financial period reported on.

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	
	1Q FY2019	1Q FY2018
	cents	cents
Earnings per share for the Group attributable to equity holders of the Company		
i) Basic	(0.0003)	0.0007
ii) On a fully diluted basis	(0.0003)	0.0007

Basic earnings per share for 1Q FY2019 and 1Q FY2018 were calculated based on the weighted average number of shares of 41,316,907,761 and 18,753,157,287 respectively.

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-Mar-19	31-Dec-18	31-Mar-19	31-Dec-18
	Cents	Cents	Cents	Cents
NAV per share based on issued share capital as at the end of the period	(0.0009)	(0.0007)	(0.0072)	(0.0069)

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.

Review of Financial Performance (1Q19 vs 1Q18)

Revenue for 1Q19 fell by 86.6% to S\$2.5 million from S\$18.3 million in 1Q18 due to lower trading volume for metal products. It was in line with the management's intention to progressively scale down the trading sales for commodities given its market uncertainty and volatility. We will continue to maintain such prudence approach for our trading business. Gross margin fell 1.6 percentage points to 0.8%.

Administrative expenses fell by S\$0.12 million to S\$0.14 million due mainly to fixed cost savings as a result of streamlined operational functions.

Finance cost fell by S\$0.042 million to S\$0.003 million as a result of lower borrowings following the completion of the Debt Capitalisation Exercise in February 2018.

Other income for 1Q19 comprised of net foreign exchange gain compared to net foreign exchange loss recorded as other expenses for 1Q18.

Given the above, the Group reported a loss after income tax ("Net Loss") of S\$0.11 million for 1Q19. The Net Loss for 1Q19 was however lower compared to that of S\$0.64 million as reported for 4Q18 due mainly to (i) fixed operating cost savings and (ii) in the absence of certain one-off expenses.

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

Review of Financial Position (31 March 2019 vs 31 December 2018)

There were no trade receivables on the back of lower trading revenues and upon full collection of the sale proceeds whereas other receivables comprised mainly rental deposit and prepayments.

There were no trade payables as a result of lower trade purchases and we paid for our supplies in full. Other payables fell S\$0.44 million to S\$0.39 million due mainly to payments of accrued expenses.

Both trade receivables and trade payables are related to the trading of metal products by our subsidiary, Asiapac Recycling Pte Ltd ("Asiapac Recycling").

Shareholders' Equity (31 March 2019 vs 31 December 2018)

Issued share capital remain unchanged at S\$209.6 million and Total Equity, after accounting for current period results, was negative S\$0.36 million as at 31 March 2019 compared to negative S\$0.29 million as at 31 December 2018.

Review of Cash Flows (for 1Q19)

Net cash used in operating activities was S\$0.01 million after accounting for (i) working capital for the trading business and corporate functions; and (ii) interest payment.

As a result, cash and bank balances fell by S\$0.01 million to S\$0.19 million as at 31 March 2019.

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

The Group had previously warned in 4Q18 results announcement about uncertainty in the global economic conditions and the risk of China-US trade war, which might affect our decision relating to the scale of the trading business that it would trade with caution. The Group reported (i) lower revenues on the back of lower trading volume; (ii) a Net Loss of S\$0.11 million for 1Q19 compared to Net Loss of \$0.64 million for 4Q18. The significantly lower net loss reported during the period under review compared to the immediate preceding quarter 4Q18 was due mainly to cost savings from operational streamlining and in the absence of certain one-off expenses.

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.

We will continue to maintain prudent approach for our commodities trading business. We will keep the existing trading scales largely unchanged, monitor market sentiments and then recalibrate our trading business should market conditions improve.

On 3 May 2019, we announced changes in the terms for the proposed transaction relating to the acquisition of N&T Engineering and N&T Smart arising from which we (i) would acquire the entire equity interest of N&T Smart and (ii) terminated the acquisition of 40% in the capital of N&T. As stated in the announcement, such changes do not expect to affect our business models and strategies. Despite these changes, we have agreed to support certain tenders, which were submitted jointly with other strategic partners and N&T was intended to provide technical support for these tenders. However, as highlighted in the announcement, there is no certainty that these tenders will be successfully procured.

Meanwhile, we have been actively evaluating various strategic plans since we obtained shareholders' approval for our new businesses in February 2019. The process of evaluating deals and strategic collaboration is ongoing and expected to continue in the next quarters under review. In doing so, we are focused in evaluating accretive acquisition plans and discussing on joint venture structure, gearing our strategies towards implementing and supporting smart city applications. We are also in the midst of finalising commercial terms with a technology alliance partner in this area of expertise. If any of such discussions relating to our acquisition and strategic collaboration plans materialise, we may incur additional professional fees and corporate expenses for execution of these strategies.

We will update shareholders and potential investors if there is any material development in implementation of our corporate strategies.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of immediately preceding financial year

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

No.

(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 as the Group currently does not have profits available for the declaration of a dividend.

13. If the Group has obtained a general mandate from shareholders for Interested Persons Transactions ("IPT"), 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 were no IPT transactions which required approval under the general mandate for the year under review.

14. Negative Confirmation pursuant to Rule 705(5) of the Listing Manual.

To the best knowledge of the Board of Directors, nothing material has come to the attention of the Board of Directors which may render the unaudited financial statement of the Group and the Company for the quarter ended 31 March 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 7.7) under Rule 720(1).

The Company confirmed that it has procured undertakings from all its directors and executive officer (in the format set out in Appendix 7.7) under Rule 720 (1) of the listing manual.

BY ORDER OF THE BOARD

Teh Wing Kwan
Executive Chairman and Chief Executive Officer
14 May 2019