

CITICODE LTD.

(Registration No. 200404283C)

UNAUDITED FINANCIAL STATEMENTS FOR QUARTER ENDED 30 JUNE 2019 (“2Q FY2019”) AND HALF YEAR ENDED 30 JUNE 2019 (“1H FY2019”).

PART 1 INFORMATION REQUIRED FOR ANNOUNCEMENTS FOR QUARTERLY AND HALF YEAR 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 | | | Group | | |
|---------------------------------|--------------|------------|--------|--------------|------------|--------|
| | 2Q | 2Q | Inc / | 1H | 1H | Inc / |
| | FY2019 | FY2018 | (Dec) | FY2019 | FY2018 | (Dec) |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Revenue | 815 | 16,919 | (95.2) | 3,275 | 35,244 | (90.7) |
| Cost of sales | (802) | (16,630) | (95.2) | (3,243) | (34,524) | (90.6) |
| Gross profit | 13 | 289 | (95.5) | 32 | 720 | (95.6) |
| Other income | 5 | 33 | (84.8) | 18 | 28 | (35.7) |
| Administrative expenses | (208) | (261) | (20.3) | (345) | (518) | (33.4) |
| Finance costs | (3) | (27) | (88.9) | (6) | (72) | (91.7) |
| (Loss)/Profit before tax | (193) | 34 | n.m | (301) | 158 | n.m |
| Income tax | - | - | | - | - | |
| (Loss)/Profit after tax | (193) | 34 | n.m | (301) | 158 | n.m |

n.m = not meaningful

1(a)(ii) The net loss attributable to shareholders (“Net (Loss)/Profit”) includes the following charges/(credits).

| | Group | | Group | |
|---|-------------------------|-------------------------|----------------------|----------------------|
| | 2Q FY2019 S\$'000 | 2Q FY2018 S\$'000 | 1H FY2019 S\$'000 | 1H FY2018 S\$'000 |
| 1.1 (Loss)/Profit before income tax is arrived at after charging the following: | | | | |
| Finance cost | (3) | (27) | (6) | (72) |
| 1.2 Other income - net comprises principally the following: | | | | |
| Realised foreign exchange (loss)/gain | (1) | - | (1) | 5 |
| Unrealised foreign exchange gain | 4 | 32 | 17 | 21 |
| Government grant | - | 1 | - | 2 |
| Miscellaneous income | 2 | - | 2 | - |
| | <u>5</u> | <u>33</u> | <u>18</u> | <u>28</u> |

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

| | Group | | | Group | | |
|---|-------------------------|-------------------------|----------------|-------------------------|-------------------------|----------------|
| | 2Q FY2019 S\$'000 | 2Q FY2018 S\$'000 | Inc / (Dec) | 1H FY2019 S\$'000 | 1H FY2018 S\$'000 | Inc / (Dec) |
| (Loss)/Profit after income tax | (193) | 34 | n.m | (301) | 158 | n.m |
| Other comprehensive (expense)/income: | | | | | | |
| Foreign currency translation difference | (5) | 36 | n.m | 31 | 42 | (23.8) |
| Total comprehensive (loss)/profit for the period attributable to the owners of the company | <u>(198)</u> | <u>70</u> | n.m | <u>(270)</u> | <u>200</u> | 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 | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 30-Jun-19 S\$'000 | 31-Dec-18 S\$'000 | 30-Jun-19 S\$'000 | 31-Dec-18 S\$'000 |
| Non-current assets | | | | |
| Investment in subsidiaries | - | - | 2 | 2 |
| Current assets | | | | |
| Trade receivables | 791 | 2,820 | - | - |
| Other receivables | 255 | 144 | 29 | 31 |
| Cash and cash equivalents | 262 | 199 | 155 | 110 |
| Current assets | 1,308 | 3,163 | 184 | 141 |
| Total Assets | 1,308 | 3,163 | 186 | 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 | 40 | 9 | - | - |
| Accumulated losses | (209,527) | (209,226) | (212,937) | (212,452) |
| Total attributable to equity holders of the Company | (560) | (290) | (3,356) | (2,871) |
| Non-current liabilities | | | | |
| Other payables | 181 | 162 | 181 | 162 |
| Borrowings | 350 | 200 | 350 | 200 |
| | 531 | 362 | 531 | 362 |
| Current liabilities | | | | |
| Trade payables | 790 | 2,425 | - | - |
| Other payables | 547 | 666 | 3,011 | 2,652 |
| | 1,337 | 3,091 | 3,011 | 2,652 |
| Total Liabilities | 1,868 | 3,453 | 3,542 | 3,014 |
| Total Equity and Liabilities | 1,308 | 3,163 | 186 | 143 |

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

Amount repayable after one year

| | As at 30 June 2019 | | As at 31 December 2018 | |
|------------|---------------------------|-----------------------------|-------------------------------|-----------------------------|
| | Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| Borrowings | - | 350 | - | 350 |

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 | | Group | |
|--|-------------------------|-------------------------|----------------------|----------------------|
| | 2Q FY2019 S\$'000 | 2Q FY2018 S\$'000 | 1H FY2019 S\$'000 | 1H FY2018 S\$'000 |
| Cash flows from operating activities | | | | |
| (Loss)/Profit before tax | (193) | 34 | (301) | 158 |
| Adjustments for: | | | | |
| Unrealised foreign exchange (gain) | (4) | (32) | (17) | (21) |
| Interest | 3 | 27 | 6 | 72 |
| Write off of trade and other payables | - | - | - | (77) |
| Operating cash flow before working capital changes | (194) | 29 | (312) | 132 |
| Trade and other receivables | (1,009) | 373 | 1,966 | 5,788 |
| Trade and other payables | 1,127 | (1,670) | (1,735) | (6,485) |
| Cash (used in) operations | (76) | (1,268) | (81) | (565) |
| Interest paid | (3) | (27) | (6) | (72) |
| Net cash (used in) operating activities | (79) | (1,295) | (87) | (637) |
| Cash flows from financing activities | | | | |
| Proceeds from / (Repayment of) borrowings, net | 150 | 130 | 150 | (277) |
| Net Proceed from issuance of Redeemable Convertible Bond | - | - | - | 1,940 |
| Net cash generated from financing activities | 150 | 130 | 150 | 1,663 |
| Net change in cash and bank balances | 71 | (1,165) | 63 | 1,026 |
| Cash and bank balances at beginning of financial period | 191 | 2,681 | 199 | 490 |
| Cash and bank balances at end of financial period | 262 | 1,516 | 262 | 1,516 |

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 |
|--|--------------------------|----------------------------|----------------------------------|---|-------------------------------|-------------------------|
| 2Q2018 | | | | | | |
| Group | | | | | | |
| Balance at 1 April 2018 | 209,281 | (654) | 544 | 5 | (209,008) | 168 |
| Profit for the period | - | - | - | - | 34 | 34 |
| Other comprehensive income for the period | | | | | | |
| - Foreign currency translation differences | - | - | - | 36 | - | 36 |
| Total comprehensive income for the period | - | - | - | 36 | 34 | 70 |
| Balance at 30 June 2018 | 209,281 | (654) | 544 | 41 | (208,974) | 238 |
| 2Q2019 | | | | | | |
| Group | | | | | | |
| Balance at 1 April 2019 | 209,581 | (654) | - | 45 | (209,334) | (362) |
| Loss for the period | - | - | - | - | (193) | (193) |
| Other comprehensive loss for the period | | | | | | |
| - Foreign currency translation differences | - | - | - | (5) | - | (5) |
| Total comprehensive loss for the period | - | - | - | (5) | (193) | (198) |
| Balance at 30 June 2019 | 209,581 | (654) | - | 40 | (209,527) | (560) |

| | Share capital S\$'000 | Share options reserve S\$'000 | Accumulated losses S\$'000 | Total equity S\$'000 |
|--|-----------------------------|--|----------------------------------|-------------------------|
| 2Q2018 | | | | |
| Company | | | | |
| Balance at 1 April 2018 | 209,281 | 544 | (212,071) | (2,246) |
| Loss for the period | - | - | (274) | (274) |
| Total comprehensive loss for the period | - | - | (274) | (274) |
| Balance at 30 June 2018 | 209,281 | 544 | (212,345) | (2,520) |

| | | | | |
|--|----------------|---|------------------|----------------|
| 2Q2019 | | | | |
| Company | | | | |
| Balance at 1 April 2019 | 209,581 | - | (212,560) | (2,979) |
| Loss for the period | - | - | (377) | (377) |
| Total comprehensive loss for the period | - | - | (377) | (377) |
| Balance at 30 June 2019 | 209,581 | - | (212,937) | (3,356) |

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 30 June 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 30 June 2018. There were also no outstanding convertible securities as at the end of the current financial period and as at 30 June 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 30 June 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 December 2018, except for the adoption of the new and revised Singapore Financial Reporting Standards (International) (“SFRS(I)”) which are effective for its financial year beginning 1 January 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.

The Group adopted the new and revised SFRS(I) which are effective for its financial year beginning 1 January 2019. The adoption of the new standards did not have material financial impact on the Group’s financial statements.

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 | |
|---|-----------|-----------|-----------|-----------|
| | 2Q FY2019 | 2Q FY2018 | 1H FY2019 | 1H FY2018 |
| | cents | cents | cents | cents |
| Earnings per share for the Group attributable to equity holders of the Company | | | | |
| i) Basic | (0.0005) | 0.0001 | (0.0007) | 0.0004 |
| ii) On a fully diluted basis | (0.0005) | 0.0001 | (0.0007) | 0.0004 |

Basic earnings per share for 2Q FY2019 and 2Q FY2018 were calculated based on total number of shares of 41,316,907,761.

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 | |
|--|-----------|-----------|-----------|-----------|
| | 30-Jun-19 | 31-Dec-18 | 30-Jun-19 | 31-Dec-18 |
| | Cents | Cents | Cents | Cents |
| NAV per share based on issued share capital as at the end of the period | (0.0014) | (0.0007) | (0.0081) | (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 (2Q19 vs 2Q18)

Revenue for 2Q19 fell by 95.2% to S\$0.8 million from S\$16.9 million in 2Q18 due to lower trading volume for metal products, which was in line with the management's intention to progressively scale down trading activities amidst the market volatility for commodities. Gross margin fell by 0.1 percentage points to 1.6%.

Administrative expenses fell by 20.3% to S\$0.21 million due mainly to the fixed operating cost savings.

Other income fell by 84.8% to S\$0.005 million in the absence of foreign exchange gain.

Finance cost fell by 88.9% to S\$0.003 million as a result of lower borrowings.

Given the above, the Group reported a loss after income tax ("Net Loss") of S\$0.19 million for 2Q19.

- (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 (30 June 2019 vs 31 December 2018)

Trade receivables fell by S\$2.0 million to S\$0.79 million on the back of lower trading revenues. Other receivables comprised mainly of deposits (including trade-related deposit) and prepayments, which rose by S\$0.1 million to S\$0.26 million as at 30 June 2019.

Cash and cash equivalents rose by S\$0.06 million to S\$0.26 million as at 30 June 2019 due mainly to working capital loan from a director, net of payment of operating expenses.

Trade payables fell by S\$1.64 million to S\$0.79 million as a result of lower trade purchases. Total other payables (current and non-current) fell by S\$0.10 million to S\$0.73 million due mainly to payment of accrued expenses.

Borrowings rose by S\$0.15 million to S\$0.35 million as at 30 June 2019 as a result of a working capital loan from a director.

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 (30 June 2019 vs 31 December 2018)

Total Equity, after accounting for current period results, was negative S\$0.56 million as at 30 June 2019 compared to negative S\$0.29 million as at 31 December 2018.

Review of Cash Flows (for 2Q19)

Net cash used in operating activities was S\$0.079 million after accounting for (i) working capital for the trading business and corporate functions; and (ii) interest payment. Cash flows from financing activities rose by S\$0.15 million due to working capital loan from a director.

As a result, cash and bank balances rose by S\$0.07 million to S\$0.26 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.

The Group had previously warned in its previous results announcement about uncertainty in the global economic conditions and the risk of China-US trade war, which might affect the Company's decision relating to the scale of the trading business and that it would trade with caution. The Group reported (i) lower revenues on the back of lower trading volume; and (ii) a Net Loss of S\$0.19 million for 2Q19.

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 a 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.

During the quarter under review, we met several strategic partners on joint venture opportunities and projects evaluation in relation to development and implementation of machine learning artificial intelligence ("AI"), including internet-of-things applications to support the smart city initiatives and smart facilities management. In this business aspect, we announced forming an equally-owned joint venture with the Singapore-based AI expert, SNAP Innovations on 17 July 2019. The existing clients of SNAP Innovations are mainly international banks, international exchanges, software development companies, technology consultancy firms and government agencies.

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) State the tax rate and the country where the dividend is derived

Not applicable.

(d) Date payable

Not applicable.

(e) 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.

As additional information, for 2Q2019, Executive Chairman and CEO, Teh Wing Kwan (“TWK”) provided financial assistance to the Company in the form of an interest free loan of S\$150,000. As it is an interest free loan, pursuant to Rule 909 (3) of the Listing Manual, the value of this transaction is “NIL”.

As previously disclosed in the Company’s Annual Report for FY2018, TWK had given a financial undertaking to support the Group and the Company’s working capital needs. The above transaction was an additional working capital loan (a transaction exceeding S\$100,000) provided by TWK during 2Q2019. The total amount owing to TWK, including working capital advances and other accruals (less than S\$100,000 in each transaction) was approximately S\$353,368 as at 30 June 2019. The total amount owing to TWK is non-interest bearing.

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 30 June 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 August 2019