

**Second Quarter Financial Statement And Related Announcement for the Quarter Ended 30 June 2018**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q2 RESULTS**

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

1(a)(i) **CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED 30 JUNE 2018 AND 30 JUNE 2017**

**Consolidated Income Statement**

	Group 2Q2018	Group 2Q2017	Increase/ (Decrease)	Group HY2018	Group HY2017	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	362,221	275,936	31.3%	635,043	536,229	18.4%
Cost of sales	(342,176)	(262,546)	30.3%	(599,570)	(509,487)	17.7%
<b>Gross profit</b>	<b>20,045</b>	<b>13,390</b>	<b>49.7%</b>	<b>35,473</b>	<b>26,742</b>	<b>32.6%</b>
Other income	316	104	203.8%	462	153	202.0%
Sales and distribution costs	(10,433)	(6,300)	65.6%	(18,295)	(13,086)	39.8%
General and administrative expenses	(5,227)	(2,910)	79.6%	(9,640)	(6,796)	41.8%
Other expenses	(58)	(1,563)	(96.3%)	(125)	(1,757)	(92.9%)
Interest expense	(1,695)	(949)	78.6%	(3,189)	(1,786)	78.6%
<b>Profit before taxation</b>	<b>2,948</b>	<b>1,772</b>	<b>66.4%</b>	<b>4,686</b>	<b>3,470</b>	<b>35.0%</b>
Income tax expense	(742)	(379)	95.8%	(1,017)	(708)	43.6%
<b>Profit after taxation</b>	<b>2,206</b>	<b>1,393</b>	<b>58.4%</b>	<b>3,669</b>	<b>2,762</b>	<b>32.8%</b>
<b>Profit attributable to:-</b>						
Equity holders of the Company	2,206	1,393	58.4%	3,669	2,762	32.8%

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

1(a)(i) **CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED 30 JUNE 2018 AND 30 JUNE 2017 (CONT'D)**

**Consolidated Statement of Other Comprehensive Income**

	Group 2Q2018	Group 2Q2017	Increase/ (Decrease)	Group HY2018	Group HY2017	Increase/ (Decrease)
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
<b>Profit after taxation</b>	<b>2,206</b>	<b>1,393</b>	<b>58.4%</b>	<b>3,669</b>	<b>2,762</b>	<b>32.8%</b>
<b>Other comprehensive income</b>						
Foreign currency translation	(30)	(6)	400.0%	(46)	21	N.M.
Net (loss)/ gain on fair value changes of available-for-sale financial assets	(29)	118	N.M.	119	503	(76.3%)
<b>Other comprehensive income for the period</b>	<b>(59)</b>	<b>112</b>	<b>N.M.</b>	<b>73</b>	<b>524</b>	<b>(86.1%)</b>
<b>Total comprehensive income for the period</b>	<b>2,147</b>	<b>1,505</b>	<b>42.7%</b>	<b>3,742</b>	<b>3,286</b>	<b>13.9%</b>
<b>Total comprehensive income attributable to:-</b>						
Equity holders of the Company	2,147	1,505	42.7%	3,742	3,286	13.9%

1(a)(ii) **NOTES TO THE CONSOLIDATED INCOME AND STATEMENT OF COMPREHENSIVE INCOME**

Notes to the consolidated income and statement of comprehensive income	Group 2Q2018	Group 2Q2017	Group HY2018	Group HY2017
	US\$'000	US\$'000	US\$'000	US\$'000
Interest income	4	7	10	14
Interest on borrowings	(1,695)	(949)	(3,189)	(1,786)
Allowance for doubtful trade debts written back	60	–	93	35
Allowance for doubtful trade debts	(118)	(1,563)	(218)	(1,792)
Reversal of stocks written down	717	643	1,113	954
Stocks written down/ off	(713)	(875)	(1,485)	(1,651)
Depreciation of property, plant and equipment	(310)	(201)	(609)	(417)
Loss on disposal of property, plant and equipment	(1)	(1)	(1)	(1)
Gain on disposal of club membership	–	–	–	1
Net foreign exchange (loss)/ gain	(1,247)	311	(271)	371
Fair value change on derivative financial instruments	(26)	–	(26)	–

**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.**

<b>STATEMENT OF FINANCIAL POSITION</b>	<b>Group 30/06/2018</b>	<b>Group 31/12/2017</b>	<b>Company 30/06/2018</b>	<b>Company 31/12/2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Non-current assets</b>				
Property, plant and equipment	3,411	2,621	–	–
Intangible assets	472	472	–	–
Investments in subsidiaries	–	–	9,878	9,878
Investment securities	2,473	2,354	2,473	2,354
Deferred tax assets	21	–	–	–
<b>Total non-current assets</b>	<b>6,377</b>	<b>5,447</b>	<b>12,351</b>	<b>12,232</b>
<b>Current assets</b>				
Trade and other debtors	207,794	199,055	8	–
Prepayments	512	375	8	2
Stocks	191,788	174,980	–	–
Amounts due from subsidiaries	–	–	27,582	30,071
Derivative financial instruments	468	–	–	–
Cash and short term deposits	13,066	9,979	1,901	718
<b>Total current assets</b>	<b>413,628</b>	<b>384,389</b>	<b>29,499</b>	<b>30,791</b>
<b>Current liabilities</b>				
Trade and other creditors	(175,800)	(169,278)	(1,263)	(1,558)
Interest-bearing loans and borrowings	(166,399)	(142,720)	–	–
Provision for taxation	(4,332)	(4,003)	(164)	(149)
<b>Total current liabilities</b>	<b>(346,531)</b>	<b>(316,001)</b>	<b>(1,427)</b>	<b>(1,707)</b>
<b>Net current assets</b>	<b>67,097</b>	<b>68,388</b>	<b>28,072</b>	<b>29,084</b>
<b>Net assets</b>	<b>73,474</b>	<b>73,835</b>	<b>40,423</b>	<b>41,316</b>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	38,595	38,553	38,595	38,553
Reserves	34,879	35,282	1,828	2,763
	<b>73,474</b>	<b>73,835</b>	<b>40,423</b>	<b>41,316</b>

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

**Amount repayable in one year or less, or on demand**

<b>At 30/06/2018 (US\$'000)</b>		<b>At 31/12/2017 (US\$'000)</b>	
Secured	Unsecured	Secured	Unsecured
–	166,399	–	142,720

**Amount repayable after one year, or on demand**

<b>At 30/06/2018 (US\$'000)</b>		<b>At 31/12/2017 (US\$'000)</b>	
Secured	Unsecured	Secured	Unsecured
–	–	–	–

**Details of any collateral**

There is no collateral on the Group's interest-bearing loans and borrowings as at 30 June 2018.

As at 30 June 2018, the Company has provided corporate guarantees to banks and institutions in connection with credit facilities provided to its subsidiaries, of which US\$168,442,000 (31 December 2017: US\$144,806,000) of the credit facilities have been utilised.

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 2Q2018	Group 2Q2017	Group HY2018	Group HY2017
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities</b>				
Profit before taxation	2,948	1,772	4,686	3,470
Adjustments for:-				
Interest income	(4)	(7)	(10)	(14)
Interest expense	1,695	949	3,189	1,786
Depreciation of property, plant and equipment	310	201	609	417
Loss on disposal of property, plant and equipment	1	1	1	1
Gain on disposal of club membership	–	–	–	(1)
Net allowance for doubtful debts	58	1,563	125	1,757
Net stock (written back)/ written down	(4)	232	372	697
Net fair value change on derivative financial instruments	26	–	26	–
Share based payments under EPSS	42	26	42	26
<b>Operating cash flows before changes in working capital</b>	<b>5,072</b>	<b>4,737</b>	<b>9,040</b>	<b>8,139</b>
Decrease/ (increase) in stocks	29,615	(1,613)	(17,180)	(22,574)
Increase in trade debtors, other debtors and prepayments	(17,246)	(16,000)	(9,116)	(13,746)
(Decrease)/ increase in trade creditors, accruals and other creditors	(24,081)	16,589	6,522	23,821
<b>Cash flows (used in)/ generated from operations</b>	<b>(6,640)</b>	<b>3,713</b>	<b>(10,734)</b>	<b>(4,360)</b>
Interest received	4	7	10	14
Interest paid	(1,695)	(949)	(3,189)	(1,786)
Income tax paid	(336)	(254)	(714)	(558)
<b>Net cash flows (used in)/ generated from operating activities</b>	<b>(8,667)</b>	<b>2,517</b>	<b>(14,627)</b>	<b>(6,690)</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment	(206)	(124)	(1,411)	(261)
Proceed from disposal of club membership	–	–	–	48
Purchase of derivative financial instruments	(496)	–	(496)	–
<b>Net cash flows used in investing activities</b>	<b>(702)</b>	<b>(124)</b>	<b>(1,907)</b>	<b>(213)</b>
<b>Financing activities</b>				
Increase in interest-bearing loans and borrowings	16,641	2,111	23,679	8,911
Dividend paid on ordinary shares	(4,028)	(3,376)	(4,028)	(3,376)
<b>Net cash flows generated from/ (used in) financing activities</b>	<b>12,613</b>	<b>(1,265)</b>	<b>19,651</b>	<b>5,535</b>
Net increase/ (decrease) in cash and short-term deposits	3,244	1,128	3,117	(1,368)
Effects of exchange rate changes on cash and short-term deposits	(18)	(7)	(30)	9
Cash and short-term deposits at beginning of period	9,840	14,126	9,979	16,606
<b>Cash and short-term deposits at end of period</b>	<b>13,066</b>	<b>15,247</b>	<b>13,066</b>	<b>15,247</b>

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.

Attributable to equity holders of the Company								
Group	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
<b><u>HY2018</u></b>								
<b>Opening balance at 1 January 2018 (restated)</b>	<b>73,835</b>	<b>38,553</b>	<b>35,282</b>	<b>227</b>	<b>804</b>	<b>25</b>	<b>6</b>	<b>34,220</b>
Effect of SFRS(I) 9 - Financial Instruments	(117)	—	(117)	—	—	—	—	(117)
<b>Opening balance at 1 January 2018 (restated)</b>	<b>73,718</b>	<b>38,553</b>	<b>35,165</b>	<b>227</b>	<b>804</b>	<b>25</b>	<b>6</b>	<b>34,103</b>
Profit for the period	3,669	—	3,669	—	—	—	—	3,669
<b><u>Other comprehensive income:-</u></b>								
Items that may be reclassified subsequently to profit or loss:-								
Foreign currency translation	(46)	—	(46)	—	—	—	(46)	—
Net gain on fair value changes of available-for-sale financial assets	119	—	119	—	119	—	—	—
Other comprehensive income for the period	73	—	73	—	119	—	(46)	—
Total comprehensive income for the period	3,742	—	3,742	—	119	—	(46)	3,669
<b><u>Contributed by and distribution to owners:-</u></b>								
Issuance of new shares	42	42	—	—	—	—	—	—
Dividends on ordinary shares	(4,028)	—	(4,028)	—	—	—	—	(4,028)
<b>Closing balance at 30 June 2018</b>	<b>73,474</b>	<b>38,595</b>	<b>34,879</b>	<b>227</b>	<b>923</b>	<b>25</b>	<b>(40)</b>	<b>33,744</b>
<b><u>HY2017</u></b>								
<b>Opening balance at 1 January 2017 (as previously reported)</b>	<b>68,258</b>	<b>38,244</b>	<b>30,014</b>	<b>227</b>	<b>264</b>	<b>25</b>	<b>(1,103)</b>	<b>30,601</b>
Effect of SFRS(I) 1 – First-time Adoption of Singapore Financial Reporting Standards (International)	—	—	—	—	—	—	1,103	(1,103)
<b>Opening balance at 1 January 2017 (restated)</b>	<b>68,258</b>	<b>38,244</b>	<b>30,014</b>	<b>227</b>	<b>264</b>	<b>25</b>	<b>—</b>	<b>29,498</b>
Profit for the period	2,762	—	2,762	—	—	—	—	2,762
<b><u>Other comprehensive income:-</u></b>								
Items that may be reclassified subsequently to profit/ loss:-								
Foreign currency translation	21	—	21	—	—	—	21	—
Net gain on fair value changes of available-for-sale financial assets	503	—	503	—	503	—	—	—
Other comprehensive income for the period	524	—	524	—	503	—	21	—
Total comprehensive income for the period	3,286	—	3,286	—	503	—	21	2,762
<b><u>Contributed by and distribution to owners:-</u></b>								
Issuance of new shares	26	26	—	—	—	—	—	—
Dividends on ordinary shares	(3,376)	—	(3,376)	—	—	—	—	(3,376)
<b>Closing balance at 30 June 2017 (restated)</b>	<b>68,194</b>	<b>38,270</b>	<b>29,924</b>	<b>227</b>	<b>767</b>	<b>25</b>	<b>21</b>	<b>28,884</b>

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 (Cont'd).

Attributable to equity holders of the Company								
Group	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
<b>2Q2018</b>								
<b>Opening balance at 1 April 2018</b>	<b>75,313</b>	<b>38,553</b>	<b>36,760</b>	<b>227</b>	<b>952</b>	<b>25</b>	<b>(10)</b>	<b>35,566</b>
Profit for the period	2,206	—	2,206	—	—	—	—	2,206
<b>Other comprehensive income:-</b>								
Items that may be reclassified subsequently to profit or loss:-								
Foreign currency translation	(30)	—	(30)	—	—	—	(30)	—
Net loss on fair value changes of available-for-sale financial assets	(29)	—	(29)	—	(29)	—	—	—
Other comprehensive income for the period	(59)	—	(59)	—	(29)	—	(30)	—
Total comprehensive income for the period	2,147	—	2,147	—	(29)	—	(30)	2,206
<b>Contributed by and distribution to owners:-</b>								
Issuance of new shares	42	42	—	—	—	—	—	—
Dividends on ordinary shares	(4,028)	—	(4,028)	—	—	—	—	(4,028)
<b>Closing balance at 30 June 2018</b>	<b>73,474</b>	<b>38,595</b>	<b>34,879</b>	<b>227</b>	<b>923</b>	<b>25</b>	<b>(40)</b>	<b>33,744</b>
<b>2Q2017</b>								
<b>Opening balance at 1 April 2017 (as previously reported)</b>	<b>70,039</b>	<b>38,244</b>	<b>31,795</b>	<b>227</b>	<b>649</b>	<b>25</b>	<b>(1,076)</b>	<b>31,970</b>
Effect of SFRS(I) 1 – First-time Adoption of Singapore Financial Reporting Standards (International)	—	—	—	—	—	—	1,103	(1,103)
<b>Opening balance at 1 January 2017 (restated)</b>	<b>70,039</b>	<b>38,244</b>	<b>31,795</b>	<b>227</b>	<b>649</b>	<b>25</b>	<b>27</b>	<b>30,867</b>
Profit for the period	1,393	—	1,393	—	—	—	—	1,393
<b>Other comprehensive income:-</b>								
Items that may be reclassified subsequently to profit/ loss:-								
Foreign currency translation	(6)	—	(6)	—	—	—	(6)	—
Net gain on fair value changes of available-for-sale financial assets	118	—	118	—	118	—	—	—
Other comprehensive income for the period	112	—	112	—	118	—	(6)	—
Total comprehensive income for the period	1,505	—	1,505	—	118	—	(6)	1,393
<b>Contributed by and distribution to owners:-</b>								
Issuance of new shares	26	26	—	—	—	—	—	—
Dividends on ordinary shares	(3,376)	—	(3,376)	—	—	—	—	(3,376)
<b>Closing balance at 30 June 2017 (restated)</b>	<b>68,194</b>	<b>38,270</b>	<b>29,924</b>	<b>227</b>	<b>767</b>	<b>25</b>	<b>21</b>	<b>28,884</b>

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 (Cont'd).

Attributable to equity holders of the Company						
Company	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Revenue reserve US\$'000
<b>HY2018</b>						
Opening balance at 1 January 2018	41,316	38,553	2,763	227	804	1,732
Profit for the period	2,974	–	2,974	–	–	2,974
<b>Other comprehensive income:-</b>						
Items that may be reclassified subsequently to profit/ loss:-						
Net gain on fair value changes of available-for-sale financial assets	119	–	119	–	119	–
Other comprehensive income for the period	119	–	119	–	119	–
Total comprehensive income for the period	3,093	–	3,093	–	119	2,974
<b>Contributed by and distribution to owners:-</b>						
Issuance of new shares	42	42	–	–	–	–
Dividends on ordinary shares	(4,028)	–	(4,028)	–	–	(4,028)
<b>Closing balance at 30 June 2018</b>	<b>40,423</b>	<b>38,595</b>	<b>1,828</b>	<b>227</b>	<b>923</b>	<b>678</b>
<b>HY2017</b>						
Opening balance at 1 January 2017	40,155	38,244	1,911	227	264	1,420
Profit for the period	3,321	–	3,321	–	–	3,321
<b>Other comprehensive income:-</b>						
Items that may be reclassified subsequently to profit/ loss:-						
Net gain on fair value changes of available-for-sale financial assets	503	–	503	–	503	–
Other comprehensive income for the period	503	–	503	–	503	–
Total comprehensive income for the period	3,824	–	3,824	–	503	3,321
<b>Contributed by and distribution to owners:-</b>						
Issuance of new shares	26	26	–	–	–	–
Dividends on ordinary shares	(3,376)	–	(3,376)	–	–	(3,376)
<b>Closing balance at 30 June 2017</b>	<b>40,629</b>	<b>38,270</b>	<b>2,359</b>	<b>227</b>	<b>767</b>	<b>1,365</b>



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 (Cont'd).

Attributable to equity holders of the Company						
Company	Equity, total US\$'000	Share capital US\$'000	Reserves, total US\$'000	Other reserve US\$'000	Fair value reserve US\$'000	Revenue reserve US\$'000
<b>2Q2018</b>						
Opening balance at 1 April 2018	41,423	38,553	2,870	227	952	1,691
Profit for the period	3,015	–	3,015	–	–	3,015
<b>Other comprehensive income:-</b>						
Items that may be reclassified subsequently to profit/ loss:-						
Net gain on fair value changes of available-for-sale financial assets	(29)	–	(29)	–	(29)	–
Other comprehensive income for the period	(29)	–	(29)	–	(29)	–
Total comprehensive income for the period	2,986	–	2,986	–	(29)	3,015
<b>Contributed by and distribution to owners:-</b>						
Issuance of new shares	42	42	–	–	–	–
Dividends on ordinary shares	(4,028)	–	(4,028)	–	–	(4,028)
<b>Closing balance at 30 June 2018</b>	<b>40,423</b>	<b>38,595</b>	<b>1,828</b>	<b>227</b>	<b>923</b>	<b>678</b>
<b>2Q2017</b>						
Opening balance at 1 April 2017	40,441	38,244	2,197	227	649	1,321
Profit for the period	3,420	–	3,420	–	–	3,420
<b>Other comprehensive income:-</b>						
Items that may be reclassified subsequently to profit/ loss:-						
Net gain on fair value changes of available-for-sale financial assets	118	–	118	–	118	–
Other comprehensive income for the period	118	–	118	–	118	–
Total comprehensive income for the period	3,538	–	3,538	–	118	3,420
<b>Contributed by and distribution to owners:-</b>						
Issuance of new shares	26	26	–	–	–	–
Dividends on ordinary shares	(3,376)	–	(3,376)	–	–	(3,376)
<b>Closing balance at 30 June 2017</b>	<b>40,629</b>	<b>38,270</b>	<b>2,359</b>	<b>227</b>	<b>767</b>	<b>1,365</b>

- 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.**

	2Q2018		2Q2017	
	No. of shares	US\$'000	No. of shares	US\$'000
<b><u>Issued share capital</u></b>				
At beginning of financial period	118,502,940	38,553	117,810,940	38,244
Issuance of EPSS	80,000	42	60,000	26
At end of financial period	118,582,940	38,595	117,870,940	38,270

**Grant of Share Awards Pursuant to the Excelpoint Performance Share Scheme ("EPSS")**

In May 2018, the Company allotted and issued 80,000 ordinary shares in the share capital of the Company at the market price of US\$0.52 (\$0.685) under the EPSS.

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

The total number of issued shares excluding treasury shares as at the end of 30 June 2018 is 118,582,940 (31 December 2017: 118,502,940).

- 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 sales, transfers, cancellation and/or use of treasury share during the 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.**

There were no subsidiary holdings during the current financial period reported on.

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

The figures have not been audited or reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

N.A.

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

The Group's accounting policies adopted are consistent with those disclosed in the FY2017 audited financial statements except that in the current financial period, the Group has adopted Singapore Financial Reporting Standards (International) ("SFRS(I)") effective on 1 January 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.**

Convergence with International Financial Reporting Standards

The Group adopted SFRS(I) on 1 January 2018.

On transition to SFRS(I), the Group elected the option to deem cumulative translation differences for foreign operations to be zero on 1 January 2017, and accordingly, the gain or loss that will be recognised on subsequent disposal of the foreign operations will exclude cumulative translation differences that arose before 1 January 2017. The Group reclassified an amount of US\$1,103,000 of foreign currency translation reserve to the opening retained earnings as at 1 January 2017.

SFRS(I) 9 – Financial Instruments

The Group recognised loss allowance amounting to US\$117,000 on initial application without restating prior periods' information according to SFRS(I) 9 – *Financial Instruments*. The difference between the previous carrying amount and the carrying amount was recognised in the opening retained earnings as at 1 January 2018.

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	
	2Q2018	2Q2017	HY2018	HY2017
Basic and diluted earnings per share (US cent)	1.86	1.18	3.10	2.34
Weighted average number of ordinary shares	118,549,533	117,839,292	118,526,365	117,825,194

The basic and diluted earnings per share of the Group were the same, as there were no share options and warrants granted.

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued share 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	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
Net asset value per ordinary share based on existing issued share capital as at end of period reported on (US cents)	61.96	62.31	34.09	34.86
Number of ordinary shares, excluding treasury shares	118,582,940	118,502,940	118,582,940	118,502,940

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

#### **INCOME STATEMENT – Comparing 2Q2018 to 2Q2017**

The Group's revenue increased by 31.3% from US\$275.9 million to US\$362.2 million, and gross profit increased by 49.7% from US\$13.4 million to US\$20.0 million, due to higher sales from the Hong Kong and Singapore business units arising from stronger demand.

Other income increased from US\$0.1 million to US\$0.3 million mainly due to government grant received in 2Q2018.

Sales and distribution costs increased by 65.6% from US\$6.3 million to US\$10.4 million, and general and administrative expenses increased by 79.6% from US\$2.9 million to US\$5.2 million. These were mainly due to staff cost, net foreign exchange loss arising from the translation of balances denominated in foreign currency into functional currency and new system enhancements related expenses across the Group.

Other expenses decreased by US\$1.5 million. This was due to lower allowance for doubtful trade debts in 2Q2018.

Interest expense increased by 78.6% from US\$0.9 million to US\$1.7 million mainly due to higher borrowings and higher financing cost from the hikes in interest rates.

Overall, the Group reported an increase in profit after taxation by 58.4% from US\$1.4 million to US\$2.2 million.

#### **CASHFLOW AND FINANCIAL POSITION**

During the quarter, the Group's net cash flow used in operating activities was US\$8.7 million compared to net cash flow generated from operating activities of US\$2.5 million in 2Q2017, mainly due to higher working capital requirements.

The Group's trade and other debtors increased from US\$199.1 million to US\$207.8 million as at 30 June 2018 mainly due to increase in sales. Stock increased from US\$175.0 million to US\$191.8 million as at 30 June 2018.

Trade and other creditors increased from US\$169.3 million to US\$175.8 million as at 30 June 2018, due to higher purchase of stock.

Interest-bearing loans and borrowings increased from US\$142.7 million to US\$166.4 million as at 30 June 2018 to fund the working capital requirements.

The Group's cash and short term deposits was US\$13.1 million as at 30 June 2018 as compared to US\$10.0 million as at 31 December 2017.

Overall, shareholders' equity decreased to US\$73.5 million from US\$73.8 million as at 31 December 2017, due to dividend payment of US\$4.0 million in 1H2018. This was partially offset by the net profit of US\$3.7 million for 1H2018.

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

N.A.

**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.**

Our continued focus on building value-added capabilities has given rise to new business opportunities in key segments of our business, in particular Mobile and Computing, Industrial and Instrumentation, and Consumer Electronics. The outlook for the electronics manufacturing supply chain remains positive with new and innovative technologies, such as 5G, E-Vehicles and the introduction of autonomous systems, expanding the range of applications which will increase the demand for our products and services. We continue to see growth potential in the India market especially with infrastructure developments in sectors such as banking, security and manufacturing.

While there are uncertainties in the business environment, we see promising opportunities in the regions we operate in. We believe that with our strong positioning in the electronics value chain, we can mine these opportunities and grow our business sustainably.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended 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 payable**

N.A.

**(d) Books closure date**

N.A.

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

No dividend has been declared for 2Q2018.

**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.**

No IPT mandate has been obtained.

The aggregate value of all interested person transactions during the financial period ended 30 June 2018 were as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Nil	N.A.	N.A.	N.A.

**14. Use of Placement Proceeds as at 30 June 2018 and 24 July 2018**

The Company refers to the net proceeds of approximately S\$7,825,000 raised from the placement of 15 million new ordinary shares at S\$0.525 each in the issued and paid-up share capital of the Company on 5 October 2016 (the "Net Proceeds") (as defined in the Company's announcement dated 2 September 2016).

The status on the use of the Net Proceeds is as follows:-

<b>Intended Uses</b>	<b>Approximate Amount (S\$'000)</b>	<b>Estimated Percentage Allocation of Net Proceeds</b>	<b>Amount Utilised as at 30 June 2018 (S\$'000)</b>	<b>Amount Utilised as at 24 July 2018 (S\$'000)*</b>	<b>Balance as at 24 July 2018 (S\$'000)</b>
Strategic Investments and Acquisitions	5,000	63.9	—	(300)	4,700
Development of New Technology and Application	1,700	21.7	(402)	(402)	1,298
Investments in Research and Development Expertise	1,125	14.4	(482)	(482)	643
<b>Total</b>	<b>7,825</b>	<b>100.0</b>	<b>(884)</b>	<b>(1,184)</b>	<b>6,641</b>

*\*As per announcement dated 24 July 2018, the Company has an investment in CLOP Technologies Pte Ltd of S\$300,000 by way of convertible loan.*

**15. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual**

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to their attention which may render the financial statements for the second quarter ended 30 June 2018 to be false or misleading.

**16. Confirmation Pursuant to Rule 720(1) of the Listing Manual**

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual.

**BY ORDER OF THE BOARD**

Wong Yoen Har  
Company Secretary  
8 August 2018