



COMPACT METAL INDUSTRIES LTD

Company Registration Number 19750009H

Unaudited Financial Statement And Dividend Announcement For The Second Quarter Ended 30 June 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR 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.**

Consolidated Income Statement

	Group			Group		
	2nd Quarter Ended			Half Year Ended		
	30-Jun-17	30-Jun-16	Increase/ (Decrease)	30-Jun-17	30-Jun-16	Increase/ (Decrease)
S\$' 000	S\$' 000	%	S\$' 000	S\$' 000	%	
Revenue	7,011	6,615	6	13,493	12,116	11
Other income	54	194	(72)	119	862	(86)
Changes in inventories of work-in-progress and finished goods	(886)	(1,282)	(31)	(1,113)	(1,766)	(37)
Raw materials and consumables used	(1,688)	(1,330)	27	(4,055)	(2,657)	53
Staff and related costs	(2,765)	(2,445)	13	(5,196)	(4,550)	14
Depreciation of property, plant and equipment	(207)	(255)	(19)	(422)	(498)	(15)
Other operating expenses	(1,979)	(2,726)	(27)	(3,280)	(4,704)	(30)
Results from operating activities	(460)	(1,229)	(63)	(454)	(1,197)	(62)
Finance income	44	51	(14)	84	109	(23)
Finance costs	(21)	(15)	40	(41)	(30)	37
Net finance income	23	36	(36)	43	79	(46)
Loss before income tax	(437)	(1,193)	(63)	(411)	(1,118)	(63)
Income tax credit/(expense)	20	(2)	NM	15	(6)	NM
Loss for the period	(417)	(1,195)	(65)	(396)	(1,124)	(65)
Other comprehensive income						
Items that are or may not be reclassified subsequently to profit or loss :						
Exchange differences on monetary items forming part of net investment in foreign operations	620	(146)	NM	(216)	78	NM
Translation differences relating to financial statements of foreign subsidiaries	(186)	191	NM	102	(77)	NM
Other comprehensive income for the period, net of income tax	434	45	NM	(114)	1	NM
Total comprehensive income for the period	17	(1,150)	NM	(510)	(1,123)	(55)
Loss for the period attributable to :						
- Owners of the parent	(379)	(1,015)	(63)	(252)	(884)	(71)
- Non-controlling interests	(38)	(180)	(79)	(144)	(240)	(40)
Loss for the period	(417)	(1,195)	(65)	(396)	(1,124)	(65)
Total comprehensive income for the period attributable to :						
- Owners of the parent	51	(972)	NM	(370)	(887)	(58)
- Non-controlling interests	(34)	(178)	(81)	(140)	(236)	(41)
Total comprehensive income for the period	17	(1,150)	NM	(510)	(1,123)	(55)
Loss per share						
- Basic	(0.03) cent	(0.10) cent		(0.02) cent	(0.09) cent	
- Diluted	(0.03) cent	(0.10) cent		(0.02) cent	(0.09) cent	

NM : not meaningful

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1(a)(i) Profit before taxation is stated after charging/(crediting) the followings:-

	Group		Group	
	2nd Quarter Ended		Half Year Ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Allowance for doubtful debts	-	6	-	6
Depreciation of property, plant and equipment	207	255	422	498
Allowance for obsolete inventories	18	-	-	-
Exchange loss	151	845	73	626
Gain on disposal of property, plant and equipment	-	-	(1)	(4)
Interest income from financial institution	(44)	(51)	(84)	(109)
Interest on borrowings	21	15	41	30

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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-17	31-Dec-16	30-Jun-17	31-Dec-16
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Non-current assets				
Property, plant and equipment	7,923	7,725	614	372
Investment properties	99	100	-	-
Subsidiaries	-	-	2,431	2,431
Long term receivables	2,887	2,916	3,175	3,254
	10,909	10,741	6,220	6,057
Current assets				
Inventories	12,207	10,477	2,112	1,244
Trade and other receivables	13,265	14,669	24,435	22,355
Other investments	2	2	1	1
Cash and cash equivalents	31,921	32,435	25,386	27,426
	57,395	57,583	51,934	51,026
Total assets	68,304	68,324	58,154	57,083
Share capital and reserves				
Share capital	143,133	143,133	143,133	143,133
Capital reserve	404	404	-	-
Revaluation reserve	2,392	2,453	-	-
Currency translation reserve	(7,325)	(7,207)	-	-
Accumulated losses	(76,202)	(76,011)	(126,383)	(126,228)
	62,402	62,772	16,750	16,905
Non-controlling interests	(3,837)	(3,697)	-	-
Total equity	58,565	59,075	16,750	16,905
Non-current liabilities				
Long-term payables	792	846	749	812
Deferred tax liabilities	106	120	-	-
	898	966	749	812
Current liabilities				
Trade and other payables	4,347	3,830	36,283	35,341
Provision for warranties	829	829	699	699
Loans and borrowings	3,588	3,491	3,588	3,209
Current tax payable	77	133	85	117
	8,841	8,283	40,655	39,366
Total liabilities	9,739	9,249	41,404	40,178
Total equity and liabilities	68,304	68,324	58,154	57,083

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

(a) Amount repayable in one year or less, or on demand

30-Jun-17		31-Dec-16	
S\$' 000	S\$' 000	S\$' 000	S\$' 000
Secured	Unsecured	Secured	Unsecured
-	3,588	7	3,484

(b) Amount repayable after one year

30-Jun-17		31-Dec-16	
S\$' 000	S\$' 000	S\$' 000	S\$' 000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

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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	
	2nd Quarter Ended		Half Year Ended	
	30-Jun-17	30-Jun-16	30-Jun-17	30-Jun-16
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Operating Activities				
Loss for the period	(417)	(1,195)	(396)	(1,124)
Adjustments for:				
Gain on disposal of property, plant and equipment	-	-	(1)	(4)
Depreciation of property, plant and equipment	207	255	422	498
Interest on borrowing	21	15	41	30
Interest income from financial institutions	(44)	(51)	(84)	(109)
Allowance for obsolete inventories	18	-	-	-
Allowance for doubtful receivables	-	6	-	6
Reversal of provision for warranties	-	(70)	-	(70)
Income tax (credit)/expense	(20)	2	(15)	6
	(235)	(1,038)	(33)	(767)
Changes in working capital:				
Inventories	(1,260)	102	(1,750)	(484)
Trade and other receivables	(422)	(843)	1,412	(862)
Trade and other payables	957	(486)	686	(1,936)
Cash (used in)/generated from operations	(960)	(2,265)	315	(4,049)
Income tax paid	(34)	(17)	(56)	(29)
Cash (used in)/generated from operating activities	(994)	(2,282)	259	(4,078)
Investing Activities				
Interest received	44	51	84	109
Proceeds from sale of property, plant and equipment	-	-	1	4
Activities related to planned acquisition of cement plant	(391)	-	(391)	-
Purchase of property, plant and equipment	(425)	(289)	(500)	(451)
Cash used in investing activities	(772)	(238)	(806)	(338)
Financing Activities				
Payment of finance lease liabilities	(2)	(6)	(7)	(12)
Advances from bank term loans and trust receipts	2,253	1,169	3,588	2,105
Repayment of bank term loans and trust receipts	(619)	(472)	(3,202)	(1,833)
Proceeds from short term loans	-	-	-	742
Repayment of short term loans	(273)	-	(273)	-
Interest paid	(21)	(15)	(41)	(30)
Proceeds from allotment of shares	-	50	-	50
Cash from financing activities	1,338	726	65	1,022
Net decrease in cash and cash equivalents	(428)	(1,794)	(482)	(3,394)
Effect of exchange rate fluctuations on cash held	70	(49)	(33)	48
Cash and cash equivalents as at beginning of period (excluding pledged deposits)	32,241	32,676	32,398	34,179
Cash and cash equivalents as at end of period (excluding pledged deposits)	31,883	30,833	31,883	30,833
Represented by :				
Cash at banks & in hands	9,067	6,166	9,067	6,166
Fixed deposits	22,854	24,697	22,854	24,697
Less : Fixed deposits pledged	(38)	(30)	(38)	(30)
Cash and cash equivalents as at end of the period	31,883	30,833	31,883	30,833

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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 the capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Attributable to owners of the parent					Non-controlling interests	Total equity	
	Share capital	Capital reserve	Revaluation reserve	Currency translation reserve	Accumulated losses			Total
	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	
Group								
As at 1 Jan 2017	143,133	404	2,453	(7,207)	(76,011)	62,772	(3,697)	59,075
Total comprehensive profit for the year :								
Loss for the period	-	-	-	-	(252)	(252)	(144)	(396)
Other comprehensive income :								
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	(216)	-	(216)	-	(216)
Realisation of revaluation reserve	-	-	(61)	-	61	-	-	-
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	98	-	98	4	102
Total other comprehensive income	-	-	(61)	(118)	61	(118)	4	(114)
Total comprehensive income	-	-	(61)	(118)	(191)	(370)	(140)	(510)
As at 30 June 2017	143,133	404	2,392	(7,325)	(76,202)	62,402	(3,837)	58,565
As at 1 Jan 2016	139,447	404	2,475	(6,819)	(76,707)	58,800	(3,418)	55,382
Total comprehensive profit for the year :								
Loss for the period	-	-	-	-	(884)	(884)	(240)	(1,124)
Other comprehensive income :								
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	78	-	78	-	78
Realisation of revaluation reserve	-	-	(54)	-	54	-	-	-
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	(81)	-	(81)	4	(77)
Total other comprehensive income	-	-	(54)	(3)	54	(3)	4	1
Total comprehensive income	-	-	(54)	(3)	(830)	(887)	(236)	(1,123)
Transactions with owners, recognised directly in equity								
Issue of shares from warrants exercised	50	-	-	-	-	50	-	50
Total contributions by and distribution to owners	50	-	-	-	-	50	-	50
As at 30 June 2016	139,497	404	2,421	(6,822)	(77,537)	57,963	(3,654)	54,309

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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 the capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	S\$' 000	S\$' 000	S\$' 000
Company			
As at 1 Jan 2017	143,133	(126,228)	16,905
Total comprehensive income for the year			
Loss for the period	-	(155)	(155)
As at 30 June 2017	143,133	(126,383)	16,750
As at 1 Jan 2016	139,447	(110,979)	28,468
Total comprehensive income for the year			
Loss for the period	-	(334)	(334)
Transactions with owners, recognised directly in equity			
Issue of shares from warrants exercised	50	-	50
As at 30 June 2016	139,497	(111,313)	28,184

1(d)(ii) **Details of changes in the Company's share capital arising from right issue, bonus issues, 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 for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles 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.**

During the financial period ended 30 June 2017, there was no increase in the issued and paid up share capital of Company.

As at 30 June 2017, the Company has no outstanding warrants.

During the financial period ended 30 June 2016, the Company issued 2,510,000 new shares from warrants exercised.

As at 30 June 2016, the Company has 345,149,701 outstanding warrants.

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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.

As at 1 January and 30 June 2017, the Company has 1,163,816,419 ordinary shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

2 Whether the figures have been audited, or review and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard).

The figures have not been audited nor reviewed by our auditors.

3 Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis matter).

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.

The Group has adopted the same accounting policies and method of the computation in the financial statements for the current period as compared with the audited financial statements for financial year ended 31 December 2016.

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 new/revised Singapore Financial reporting Standards (FRSs) that are mandatory for financial period beginning on and after 1 January 2017. The adoption of the new/revised FRSs does not have material financial impact on the Group's results.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Earnings per ordinary share of the Group for the period based on net profit attributable to shareholders:-

Based on weighted average of 1,163,816,419 ordinary shares
(2016: 980,667,789 ordinary shares)

On a fully diluted basis

Group	
Half Year Ended 30-Jun-17	Half Year Ended 30-Jun-16
(0.02) cent	(0.09) cent
(0.02) cent	(0.09) cent

7 Net asset value (for the issuer and group) per ordinary share based on the issued share capital of the issuer at the end of the (a) current period reported and (b) immediately preceding financial year.

Net asset value per ordinary share based on issued share capital of 1,163,816,419 ordinary shares (2016: 982,025,759 ordinary shares) as at 30 June 2017

Group		Company	
30-Jun-17	31-Dec-16	30-Jun-17	31-Dec-16
5.36 cent	5.39 cent	1.44 cent	1.45 cent

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8

A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.

The Group's revenue increased by 6% or \$0.4 million from \$6.6 million for second quarter ended 30 June 2016 (2Q2016) to \$7.0 million for the second quarter ended 30 June 2017 (2Q2017) and increased by 11% or \$1.4 million from \$12.1 million for first half 2016 (1H2016) to \$13.5 million for first half 2017 (1H2017). The increase was mainly due to more ongoing projects in 1Q2017 and 1H2017 compared to 1Q2016 and 1H2017.

Other income mainly comprises of rental income, exchange differences, gain on disposal of assets and sale of scrap. Other income decreased by \$0.15 million from \$0.2 million in 2Q2016 to \$0.05 million in 2Q2017 and decreased by \$0.8 million from \$0.9 million in 1H2016 to \$0.1 million in 1H2017 mainly due to an absence of rental income for 2Q2017 and 1H2017.

Changes in inventories of work-in-progress, finished goods, raw materials and consumables used increased for 1H2017 compared to 1H2016 mainly due to higher sales.

Staff and related costs increased by \$0.4 million from \$2.4 million in 2Q2016 to \$2.8 million in 2Q2017 and increased by \$0.6 million from \$4.6 million in 1H2016 to \$5.2 million in 1H2017 mainly due to higher sales and more ongoing projects during the period.

Depreciation remains about the same for 2Q2017 and 1H2017 compared to the corresponding periods.

Other operating expenses decreased by \$0.7 million from \$2.7 million in 2Q2016 to \$2.0 million in 2Q2017 and decreased by \$1.4 million from \$4.7 million in 1H2016 to \$3.3 million in 1H2017 mainly due to lower exchange losses in 2Q2017 and 1H2017 (2Q2017: \$151,000 vs 2Q2016: \$845,000 and 1H2017: \$73,000 vs 1H2016: \$626,000), and cost savings from lower rental and its related expenses. However, they were offset by expenses incurred of \$0.6 million in 2Q2017 and 1H2017 relating to listing matters and professional fees incurred for a planned acquisition of a cement plant.

As a result, the Group has a loss before income tax of \$0.4 million in 2Q2017 and 1H2017 compared to a loss before tax of \$1.2 million in 2Q2016 and \$1.1 million in 1H2016.

Property, plant and equipment increased by \$0.2 million from \$7.7 million in FY2016 to \$7.9 million in 1H2017 mainly due to addition of plant and equipment and motor vehicles, partly offset by depreciation during the period.

Inventories increased by \$1.7 million from \$10.5 million in FY2016 to \$12.2 million in 1H2017 mainly due to increase in finished goods and work in progress for ongoing projects.

Trade and other receivables decreased by \$1.4 million from \$14.7 million FY2016 to \$13.3 million in 1H2017 mainly due to faster collections due to higher proportion of project sales which has a shorter collection period.

Trade and other payables increased by \$0.5 million from \$3.8 million in FY2016 to \$4.3 million in 1H2017 mainly due to slower repayment to creditors during the period.

The Group's cash and cash equivalents as at 30 June 2017 was \$31.9 million (31 December 2016: \$32.4 million).

9

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

The 2Q 2017 financial results are in line with the comments made under paragraph 10 of 1Q 2017.

10

A commentary at the date of the announcement of the 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.

The order book as of 30 June 2017 including variation orders was about \$19 million (31 March 2017 : \$19 million). The operating environment continues to be challenging. The Group will take steps to find ways to improve the Group's performance.

On 27 April 2017, the Group has entered into a conditional sale and purchase agreement with Victory Gates Ventures Limited to acquire a 65% equity interest in International Manufacturing Company Chzhungtsai Mohir Cement, a cement plant established to carry on the business of production, sale and or distribution of cement in Tajikistan. The completion of the acquisition is subject to shareholders' approval.

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11 Dividend.

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on? None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? None.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been recommended for the financial period ended 30 June 2017.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has no obtained a general mandate for IPTs from the Group's shareholders.

14 Confirmation by the Board pursuant to Clause 705(4) of the Listing Manual.

The Board of Directors of the Company hereby confirms to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the financial period ended 30 June 2017 to be false or misleading in any material respect.

15 Use of proceeds

The Board wishes to provide an update on the use of the net proceeds as follows:

	S\$'000
Net proceeds from Rights Issue in FY2013	18,323
Net proceeds from Private Placement of 160,000,000 shares of \$0.05 each in FY2015	7,970
Less:	
Use of proceeds	
Construction costs (including cost of materials for construction and construction services) and equipment and machinery for the new cement plant and business in FY2015	(6,666)
Balance of net proceeds	<u>19,627</u>

There was no material disbursement of proceeds during the period.

The Board will continue to make periodic announcements on the utilisation of the balance of the proceeds as and when the proceeds are materially disbursed.

16 Undertaking from directors and executive officers

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

BY ORDER OF THE BOARD

Zhang Zengtao
Managing Director
14 August 2017