EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

This announcement has been prepared by Eindec Corporation Limited (the "Company") and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

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Unaudited Financial Statements for the Half Year Ended 30 June 2018

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF 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

Group	Half Year Ended 30.06.2018 (unaudited) S$'000	Half Year Ended 30.06.2017 (unaudited, restated) S$'000	Increase/ (Decrease) %
Revenue	**5,623**	**6,904**	(19)
Cost of sales	(3,577)	(4,689)	(24)
Gross profit	**2,046**	**2,215**	**(8)**
Other income	46	327	(86)
Administrative expenses	(2,473)	(3,198)	(23)
Other operating expenses	(44)	(8)	n.m.
Results from operating activities	**(425)**	**(664)**	**(36)**
Finance cost	(90)	(59)	53
Loss before income tax	**(515)**	**(723)**	**(29)**
Income tax income expense	-	(18)	n.m.
Loss for the period	**(515)**	**(741)**	**(30)**

Loss per share attributable to owners of the Company

Group	Half Year Ended 30.06.2018 (unaudited) Singapore Cents	Half Year Ended 30.06.2017 (unaudited, restated) Singapore Cents	Increase/ (Decrease) %
Basic and diluted	**(0.48)**	**(0.69)**	**(30)**

n.m. denotes not meaningful

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)

Statement of Comprehensive Income for Half Year Ended 30 June 2018

Group	Half Year Ended 30.06.2018 (unaudited)	Half Year Ended 30.06.2017 (unaudited, restated)	Increase/ (Decrease)
	S$'000	S$'000	%
Loss for the period	**(515)**	**(741)**	**(30)**
Other comprehensive income			
Items that will may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	(210)	(92)	n.m.
Total comprehensive loss for the period, net of tax	**(725)**	**(833)**	**(13)**

n.m. denotes not meaningful

1(a)(ii) 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)

The loss before income tax is arrived at after charging/ (crediting) the following items:

Group	Half Year Ended 30.06.2018 (unaudited)	Half Year Ended 30.06.2017 (unaudited, restated)	Increase/ (Decrease)
	S$'000	S$'000	%
Depreciation of property, plant and equipment [1]	212	178	19
Gain on disposal of plant and equipment	(7)	(138)	(95)
Amortisation of intangible assets	55	94	(41)
Interest income	(24)	(127)	(81)
Interest expense	90	59	53
Plant and equipment written off	5	1	n.m.
Net foreign exchange loss	39	8	n.m.

Notes:
(1) Included in cost of sales and administrative expenses.

n.m. denotes not meaningful

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
(Company Registration No. 201508913H)

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	
	As at 30.06.2018 (unaudited)	As at 31.12.2017 (audited, restated)	As at 30.06.2018 (unaudited)	As at 31.12.2017 (audited)
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	4,358	4,344	-	-
Intangible assets	783	640	-	-
Subsidiaries	-	-	9,300	9,300
Total non-current assets	5,141	4,984	9,300	9,300
Current assets				
Inventories	3,232	3,436	-	-
Trade and other receivables	4,669	8,472	4,882	4,870
Cash and bank balances	6,595	4,179	4	21
Total current assets	14,496	16,087	4,886	4,891
Total assets	**19,637**	**21,071**	**14,186**	**14,191**
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	14,917	14,917	14,917	14,917
Reserves	(10,418)	(10,628)	-	-
Retained earnings	6,981	7,596	(3,469)	(3,104)
Total equity	11,480	11,885	11,448	11,813

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
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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 (Cont'd)

	Group		Company	
	As at 30.06.2018 (unaudited)	As at 31.12.2017 (audited, restated)	As at 30.06.2018 (unaudited)	As at 31.12.2017 (audited)
	S$'000	S$'000	S$'000	S$'000
Non-current liabilities				
Loans and borrowings	103	28	-	-
Deferred income	100	98	-	-
Deferred tax liabilities	157	153	-	-
Total non-current liabilities	360	279	-	-
Current liabilities				
Loans and borrowings	1,514	1,086	-	-
Trade and other payables	6,193	7,702	2,738	2,378
Contract liabilities	42	66	-	-
Income tax payable	48	53	-	-
Total current liabilities	7,797	8,907	2,738	2,378
Total equity and liabilities	**19,637**	**21,071**	**14,186**	**14,191**

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

Amount repayable in one year or less, or on demand

Group			
As at 30.06.2018 (unaudited)		As at 31.12.2017 (audited)	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
1,514	-	1,086	-

Amount repayable after one year

Group			
As at 30.06.2018 (unaudited)		As at 31.12.2017 (audited)	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
103	-	28	-

Details of any collateral

(a) Bank overdrafts and loans are secured by a charge over the following:

(i) legal mortgage over the Group’s freehold property; and
(ii) deed of debenture provided by a subsidiary for Ringgit Malaysia 10 million.

(b) The Group’s obligations under finance leases are secured by the lessor’s title to the leased assets.

EINDEC CORPORATION LIMITED AND ITS SUBSIDIARIES
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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.

	Half Year Ended 30.06.2018 (unaudited)	Half Year Ended 30.06.2017 (unaudited, restated)
Group	**S$'000**	**S$'000**
Operating activities		
Loss before income tax	**(515)**	**(723)**
Adjustments for:		
Interest income	(24)	(127)
Interest expenses	90	59
Amortisation of intangible assets	55	94
Depreciation of property, plant and equipment	212	178
Plant and equipment written off	5	1
Gain on disposal of plant and equipment	(7)	(138)
Effects of exchange rate changes	121	(61)
	(63)	**(717)**
Change in working capital:		
Trade and other receivables	3,730	(1,506)
Inventories	204	260
Contract liabilities	(24)	31
Trade and other payables	(1,556)	(274)
Cash generated from/ (used in) operations	**2,291**	**(2,206)**
Interest received	24	127
Income tax paid	(30)	(518)
Net cash from/ (used in) operating activities	**2,285**	**(2,597)**
Investing activities		
Purchase of plant and equipment [Note A]	(8)	(151)
Proceeds from disposal of plant and equipment	22	334
Expenditure on intangible assets	(196)	(104)
Net cash (used in)/ from investing activities	**(182)**	**79**

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 (Cont'd)

	Half Year Ended 30.06.2018 (unaudited)	Half Year Ended 30.06.2017 (unaudited, restated)
Group	S$'000	S$'000
Financing activities		
Interest paid	(42)	(59)
Amount due to ultimate holding company (non-trade)	-	(157)
Proceeds from short-term financing	242	-
Repayment of:		
- bank loans	-	(115)
- finance lease	(21)	(10)
Net cash from/ (used in) financing activities	**179**	**(341)**
Net increase/ (decrease) in cash and cash equivalents	**2,282**	**(2,859)**
Cash and cash equivalents at beginning of financial period	3,419	4,924
Effects of exchange rate changes on cash and cash equivalents	(8)	(16)
Cash and cash equivalents at end of financial period	**5,693**	**2,049**
Cash and cash equivalents as per statement of financial position comprising:		
Cash at bank	3,346	1,198
Fixed deposits	3,249	1,751
Sub-total	**6,595**	**2,949**
Bank overdraft	(902)	(900)
Cash and cash equivalents as per consolidated statement of cash flows	**5,693**	**2,049**

Note A : In 1H2018, the Group acquired plant and equipment with aggregate cost of S$0.15 million (1H2017: S$0.19 million) of which S$8,000 (1H2017: S$0.15 million) was paid in cash, S$0.14 million (1H2017: S$36,000) was acquired by means of finance lease.

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.

Group (unaudited)	Share capital S$'000	Merger reserve S$'000	Translation reserve S$'000	Statutory Reserve S$'000	Retained earnings S$'000	Total S$'000
At 1 January 2018, as previously stated	**14,917**	**(9,138)**	**(1,614)**	**124**	**7,596**	**11,885**
Adoption of SFRS(I) 9	-	-	-	-	(100)	(100)
At 1 January 2018, restated	**14,917**	**(9,138)**	**(1,614)**	**124**	**7,496**	**11,785**
Total comprehensive income for the period:						
Loss for the period	-	-	-	-	(515)	(515)
Other comprehensive Income for the period, net of tax	-	-	210	-	-	210
Total	-	-	210	-	(515)	(305)
At 30 June 2018	**14,917**	**(9,138)**	**(1,404)**	**124**	**6,981**	**11,480**

Group (unaudited)	Share capital S$'000	Merger reserve S$'000	Translation reserve S$'000	Statutory Reserve S$'000	Retained earnings S$'000	Total S$'000
At 1 January 2017	**14,917**	**(9,138)**	**(1,664)**	**43**	**9,525**	**13,683**
Total comprehensive income for the period:						
Loss for the period	-	-	-	-	(741)	(741)
Other comprehensive loss for the period, net of tax	-	-	(92)	-	-	(92)
30 June 2017	**14,917**	**(9,138)**	**(1,756)**	**43**	**8,784**	**12,850**

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)

Company (unaudited)	Share Capital	Retained Earnings	Total
	S$'000	S$'000	S$'000
At 1 January 2018	**14,917**	**(3,104)**	**11,813**
Loss for the period, representing total comprehensive loss for the period	-	(365)	(365)
At 30 June 2018	**14,917**	**(3,469)**	**11,448**

Company (unaudited)	Share Capital	Retained Earnings	Total
	S$'000	S$'000	S$'000
At 1 January 2017	**14,917**	**(2,349)**	**12,568**
Loss for the period, representing total comprehensive loss for the period	-	(411)	(411)
At 30 June 2017	**14,917**	**(2,760)**	**12,157**

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, as well as the number of shares held as 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.

	Company	
Ordinary shares	No. of shares ('000)	Issued and paid up share capital (S$'000)
Balance as at 31 December 2017 and 30 June 2018	**107,700**	**14,917**

As at 30 June 2018 and 30 June 2017, there were 71,799,958 warrants outstanding. Each warrant carries with the right to subscribe for one new share at the exercise price of S$0.12 and will expire on 2 September 2019. Save for the aforementioned, the Company did not have any outstanding convertibles as at 30 June 2018 and 30 June 2017.

The Company did not have any treasury shares and/or subsidiary holdings as at 30 June 2018 and 30 June 2017.

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.

	Company	
	30.06.2018	**31.12.2017**
Total number of issued shares excluding treasury shares ('000)	107,700	107,700

There were no treasury shares as at 30 June 2018 and 31 December 2017.

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.

Not applicable. The Company did not have treasury shares during and as at the end of the half year ended 30 June 2018 ("**1H2018**").

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. The Company did not have subsidiary holdings during and as at the end of 1H2018.

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

The figures in this announcement have not been audited or reviewed by Company's auditors.

3 Where the figures have been audited or reviewed, the auditor's 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 have been applied.

Except as disclosed in paragraph 5, the accounting policies and methods of computation applied by the Group for the financial statements for the current financial year reported on are consistent with those used in its most recently audited financial statements for the financial year ended 31 December 2017 ("**FY2017**").

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 a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), on 1 January 2018 and has prepared its financial information under SFRS(I)s for the half year ended 30 June 2018.

In adopting SFRS(I)s, the Group is required to apply all of the specific transition requirements in SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International). The

Group's opening balance sheet under SFRS(I)s has been prepared as at 1 January 2017, which is the Group's date of transition to SFRS(I)s.

(a) Application of SFRS(I) 1

SFRS(I) 1 requires that the Group applies SFRS(I) on a retrospective basis and restatement of comparatives may be required because SFRS(I) 1 requires both the opening balance sheet and comparative information to be prepared using the most current reporting policies. SFRS(I) 1 provides mandatory exceptions and optional exemptions from retrospective application. The application of the mandatory exceptions and the optional exemptions in SFRS(I) 1 does not have any impact on the Group's financial statements.

(b) Adoption of SFRS(I)

The Group concurrently adopted the following SFRS(I)s, interpretations of SFRS(I)s and requirements of SFRS(I)s (collectively "new accounting standards") which are mandatorily effective for the financial year ending 31 December 2018.

- *SFRS(I) 15 Revenue from Contracts with Customers which includes the clarifications to IFRS 15 Revenue from Contracts with Customers issued by the IASB in April 2016;*
- *SFRS(I) 9 Financial Instruments which includes the amendments to IFRS 4 Insurance Contracts – Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts issued by the IASB in September 2016;*
- *requirements in SFRS(I) 2 Share-based Payment arising from the amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions issued by the IASB in June 2016;*
- *requirements in SFRS(I) 1-40 Investment Property arising from the amendments to IAS 40 – Transfers of Investment Property issued by the IASB in December 2016;*
- *requirements in SFRS(I) 1 arising from the amendments to IFRS 1 – Deletion of short-term exemptions for first-time adopters issued by the IASB in December 2016; Page 12 of 20;*
- *requirements in SFRS(I) 1-28 Investments in Associates and Joint Ventures arising from the amendments to IAS 28 – Measuring an associate or joint venture at fair value issued by the IASB in December 2016; and*
- *SFRS(I) INT 22 Foreign Currency Transactions and Advance Consideration*

The adoption of these SFRS(I)s, amendments and interpretations of SFRS(I)s did not have any significant impact on the financial statements of the Group except for the following:

(i) Adoption of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 January 2018. In accordance with the requirements of SFRS(I) 1, the Group will adopt SFRS(I) 15 retrospectively. The Group used the practical expedient for completed contracts whereby completed contracts that began and ended within the same annual reporting period, as well as completed contracts at the beginning of the earliest period presented, were not restated.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

Following the presentation requirements in SFRS(I) 15, for each revenue contract entered into, the Group presents contract assets or contract liabilities in its statement of financial position when the Group has performed the transfer of goods/services to the customer and has established the right to payment for the transfer (contract asset), or the customer had paid a consideration in advance of the transfer of goods/services to the Group (contract liability).

(ii) Adoption of SFRS(I) 9

The Group elected to adopt the optional exemption in SFRS(I) 1 allowing it not to restate comparative information in its first SFRS(I) annual financial statements arising from the adoption of SFRS(I) 9 (i.e. comparative information applies FRS 39 Financial Instruments: Measurement and Recognition). Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of SFRS(I) 9 were recognised in retained earnings and reserves as at 1 January 2018. The comparative information in this Financial Statements is not restated to comply with SFRS(I) 9 and is prepared in accordance with FRS 39.

Impairment of financial assets

The Group previously recognised an impairment loss on trade and other receivables when there was objective evidence of impairment. Under SFRS(I) 9, loss allowances is measured using the expected credit loss model on either of the following bases:

- 12-month expected credit losses (ECLs). These are ECLs that result from possible default events within the 12 months after the reporting date; or

- lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

The Group applied the simplified approach and recorded lifetime ECL on trade receivables. As a result, trade receivables and retained earnings as at 1 January 2018 were adjusted.

The impact on the Group's financial statements arising from the adoption of SFRS (I)15 and SFRS(I) 9 is as follows:

	01.01.2018	**31.12.2017**	**01.01.2017**
	S$'000	**S$'000**	**S$'000**
Consolidated statement of financial position			
Decrease in trade and other receivables	(100)	-	-
Decrease in trade and other payables	-	(66)	(35)
Increase in contract liabilities	-	66	35
Decrease in assets	(100)	-	-
Decrease in retained earnings	(100)	-	-
Decrease in total equity	(100)	-	-

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.

Loss per ordinary share of the Group for the financial period based on net loss attributable to owners of the Company are as follows:-

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. (Cont'd)

	Group	
	Half Year Ended 30.06.2018	Half Year Ended 30.06.2017
	(unaudited)	(audited)
Basic and diluted loss per ordinary share (Singapore cents)	(0.48)	(0.69)
Weighted average number of ordinary shares in issue ('000)	107,700	107,700

Loss per ordinary share for 1H2018 and the half year ended 30 June 2017 ("**1H2017**") are calculated based on net loss attributable to the owners of the Company for the respective financial period divided by the weighted average number of ordinary shares in issue during the respective financial period.

For 1H2018 and 1H2017, the basic and diluted loss per ordinary share were the same as the potentially dilutive ordinary shares arising from the outstanding warrants were anti-dilutive given the loss position for the respective periods.

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	
	As at 30.06.2018	As at 31.12.2017	As at 30.06.2018	As at 31.12.2017
	(unaudited)	(audited)	(unaudited)	(audited)
Net asset value per share based on total number of issued ordinary shares excluding treasury shares (Singapore cents)	10.66	11.04	10.63	10.97

The net asset value per ordinary share of the Group and the Company as at 30 June 2018 and 31 December 2017 are calculated based on the total number of issued ordinary shares of 107,700,000.

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 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.

8(a) Income Statement

The following review of the performance of the Group is in relation to the 1H2018 as compared to 1H2017

(i) Revenue

The Group reported a 19% declined in revenue, from S$6.90 million in 1H2017 to S$5.62 million in 1H2018. The decline in revenue was mainly due to:

1. Continued slowdown in the residential and non-residential constructions demand in Singapore, resulted in a decrease in revenue from Heating, Ventilation and Air Conditioning ("HVAC") segment.

2. Decrease in revenue for Cleanroom Equipment ("CRE") segment mainly due to weakness in private sector construction activities in the Asia Pacific regions where the Group participated.

(ii) Operating Results

Overall profitability

The Group reported an improved gross margin of 36.4% in 1H2018 as compared to 32.1% for 1H2017, mainly as a result of better cost control initiatives adopted by the Group.

With a better cost management approach, the Group's administrative expenses reduced by 22.7% or S$0.73 million from S$3.20 million in 1H2017 to S$2.47 million in 1H2018.

Other significant factors that affected the Group's profitability were:

1. Lower other income recognized in 1H2018 due to the absence of (i) a gain on disposal of fixed assets amounted to S$0.14 million recorded in 1H2017; and (ii) an interest charged on the delay in repayment of refundable deposit in accordance with a sale contract in

China amounted to S$0.13 million recorded in 1H2017. There were no such one-off income being recognised in 1H2018.

2. The Group recognised higher depreciation expenses of S$34,000 or 19% in 1H2018 mainly due to increased depreciation in renovation incurred for new corporate office which the Company has shifted into since June 2017.

3. The Group incurred exchange loss of S$39,000 in 1H2018 mainly due to appreciation of Ringgit Malaysia against Singapore Dollar.

Finance Cost

The Group's finance cost increased by 53% or S$31,000 in 1H2018 as compared to 1H2017. The increase in finance cost was in tandem with the increase in bank loans and finance leases.

Income tax expense

Provision for income tax expense was not provided for in 1H2018 mainly due to overall loss-making position of the Group.

8(b) Statement of financial position

The following review of the financial position of the Group is in relation to 30 June 2018 as compared to 31 December 2017

The Group's working capital and net assets decreased in tandem with the losses reported by the Group in 1H2018. As at 30 June 2018, the Group recorded positive working capital of S$6.70 million and the net asset value per share stood firm at S$10.66 cents.

(i) Non-current assets

Intangible assets increased by 22% from S$0.64 million as at 31 December 2017 to S$0.78 million as at 30 June 2018. The increase was due to capitalization of development cost for air purification equipment amounted to S$0.19 million, offset by amortisation expense of S$55,000.

(ii) Current assets

(a) Inventories as at 30 June 2018 decreased by S$0.20 million or 6% mainly due to raw materials were put into production resultant in decrease in stock level.

(b) The Group's debtor turnover days improved significantly from 206 days as at 31 December 2017 to 120 days as at 30 June 2018, mainly due to recovery of overdue receivables recorded in 1H2018. As a result, the aggregate trade and other receivables decreased by S$3.80 million or 45% from S$8.47 million as at 31 December 2017 to S$4.67 million as at 30 June 2018.

(iii) Current liabilities

(a) The Group's loans and borrowings increased from S$1.08 million as at 31 December 2017 to S$1.51 million as at 30 June 2018. The increase was mainly due to drawdown of overdraft facilities of S$0.14 million and net increase in the utilisation of credit facilities of S$0.25 million. The increase in loans and borrowings was due to higher working capital requirement for the Group's operation in Malaysia.

(b) The Group's creditor's turnover days decreased from 197 days as at 31 December 2017 to 171 days as at 30 June 2018 due mainly to settlement of trade and other payables amounted to S$1.53 million. Correspondingly, trade and other payables decreased from S$7.77 million as at 31 December 2017 to S$6.24 million as at 30 June 2018.

(iv) Non-current liabilities

Included in loans and borrowings is the non-current portion of finance leases, which increased from S$28,000 as at 31 December 2017 to S$0.10 million as at 30 June 2018 due mainly to the increase in finance lease entered in relation to the purchase of plant and equipment, which amounted to S$0.14 million and offset by the reclassification of non-current portion of finance leases from non-current liabilities to current liabilities of S$66,000.

8(c) <u>Statement of cash flows</u>

The Group's cash and cash equivalents as per consolidated statement of cash flows was higher at S$5.69 million as at 30 June 2018 as compared to S$2.05 million as at 30 June 2017.

The increase in cash and cash equivalents of S$2.26 million was mainly due to:

(i) Higher cash from operating activities of S$2.29 million as a result of better working capital management;

(ii) net cash of S$0.18 million used in investing activities. This is the result of expenditure made for capital expenditure of S$8,000 and development cost of S$0.20 million. The cash outflow was partially offset by proceeds from disposal of plant and equipment of S$20,000; and

(iii) net cash from financing activities of S$0.18 million mainly due to proceeds from short-term financing of S$0.24 million, offset by repayment of finance leases and interest expense totalled S$63,000.

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

The unaudited financial results for 1H2018 set out in this announcement are in line with the profit guidance announcement released by the Company on 30 July 2018.

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.

Based on the advance estimates released by the Ministry of Trade and Industry Singapore on 13 July 2018, the construction sector contracted by 4.4 per cent on a year-on-year basis in the second quarter. The sector was weighed down primarily by the continued weakness in private sector construction activities. On a quarter-on-quarter seasonally-adjusted annualised basis, the sector shrank by 14.6 per cent. This early indication of the GDP growth in second quarter was consistent with the mixed views reported by the Building and Construction Authority in June 2018 through the Business Expectation Survey. While the consultants and large building contractors are buoyed by the improved business opportunities from recent spate of en-bloc sales and the rolling out of major infrastructure projects, the mechanical & electrical consultants stay muted on contract opportunities, the medium sized building contractors cited intense competition and insufficient building construction demand locally.

The demand for our products lapses behind the general constructions activities. Hence, the Group expects to face competition in tender in near term and such competition will continue to pose uncertainties and challenges to the Group. Notwithstanding the tough market condition, the Group is actively exploring growth opportunities in other regions.

For air purification business in China, the Group is actively pursuing opportunities to expand its foothold in commercial and residential buildings, elementary schools, hotels, and healthcare segments.

The Group shall put further efforts on improving the operational efficiency while remain focused on strengthening its presences of its core businesses in Asia Pacific region and China.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended/declared for the current financial period reported on?

No dividend has been declared or recommended for 1H2018.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend recommended/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/recommended, a statement to that effect.

No dividend has been declared or recommended for 1H2018.

13 If the group has obtained a general mandate from shareholders for interested person 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 had obtained a general mandate from shareholders for IPTs at the Company's extraordinary general meeting held on 27 April 2018. For details, please refer to the Company's circular dated 4 April 2018.

There were no interested person transactions of S$100,000 or more for 1H2018.

14 Use of proceeds

Pursuant to the Company's Initial Public Offering ("IPO"), the Company received net proceeds from the IPO of S$4.55 million (the "Net Proceeds"). Please refer to the Company's Offer Document dated 6 January 2016 for further details.

As at the date of this announcement, the Net Proceeds have been utilised as follows:

Purpose	**Allocation of Net Proceeds (as disclosed in the Offer Document) (S$'000)**	**Net Proceeds Utilised As At The Date of This Announcement (S$'000)**	**Balance of Net Proceeds As At The Date of This Announcement (S$'000)**
Establishment of a new business for environmental and technological solutions products in China	3,300	3,209	91
Investment in the research and development of new and existing products and establishment and enhancement of manufacturing capabilities	500	500	-
Working Capital (1)	750	750	-
Total	4,550	4,459	91

Note:
(1) The amount allocated for working capital had been utilised mainly for the payment of raw material purchases and other expenses pertaining to the Group's operations in Malaysia.

15 Confirmation pursuant to Rule 720(1) of the Catalist Rules

The Company confirms that it has procured all the required undertakings under Rule 720(1) of the Catalist Rules from all the Directors and Executive Officers of the Company in the format set out in Appendix 7H of the Catalist Rules.

16 Confirmation pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirm that, to the best of their knowledge, nothing has come to their attention which may render the unaudited financial results of the Group for the half year ended 30 June 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD
EINDEC CORPORATION LIMITED

Zhang Wei
Non-Executive Chairman

Singapore, 7 August 2018