



ABUNDANCE INTERNATIONAL LIMITED

(Incorporated in Singapore)
(Co. Reg. No: 197501572K)

Unaudited Half Year Financial Statement and Dividend Announcement for the Period Ended 30 June 2018 ("1H2018")

1(a) 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 June 2018	Half year ended 30 June 2017	+/(-) %
	US\$'000	US\$'000	
Continuing operations			
Revenues			
Sale of goods	227,875	222,684	+2.3
Other operating income	123	64	+92.2
Total revenue	227,998	222,748	+2.4
Costs and expenses			
Change in inventories of finished goods and good in transit	220,853	214,033	+3.2
Employee benefits expense	1,322	1,360	-2.8
Depreciation of property, plant and equipment	227	1	N.M.
Freight and handling charges	3,680	2,631	+39.9
Operating lease expenses	748	1,663	-55.0
Other expenses	1,258	1,813	-30.6
Total costs and expenses	228,088	221,501	+3.0
(Loss)/ Profit from operating activities	(90)	1,247	N.M.
Finance costs	(507)	(458)	+10.7
(Loss)/ Profit before taxation	(597)	789	N.M.
Tax expense	(5)	(269)	+101.9
(Loss)/ Profit for the period from continuing operations	(602)	520	N.M.
Discontinued operations			
Loss for the period from discontinued operations, net of tax	-	(283)	N.M.
(Loss)/ Profit for the period	(602)	237	N.M.
Other comprehensive (expense)/ income			
Foreign currency translation differences – foreign operation (nil tax effect)	(104)	578	N.M.
Total comprehensive (expense)/ income for the period	(706)	815	N.M.

	GROUP		
	Half year ended 30 June 2018	Half year ended 30 June 2017	+ / (-) %
(Loss)/ Profit for the period attributable to:			
Owners of the parent			
- (Loss)/ Profit from continuing operations, net of tax	(601)	531	N.M.
- (Loss)/ Profit from discontinued operations, net of tax	-	(283)	N.M.
	(601)	248	N.M.
Non-controlling interest			
- Loss from continuing operations, net of tax	(1)	(11)	N.M.
- Loss from discontinued operations, net of tax	-	-	-
(Loss)/ Profit for the period	(602)	237	N.M.
Total comprehensive (expense)/ income attributable to:			
Owners of the parent			
- (Loss)/ Profit from continuing operations, net of tax	(706)	502	N.M.
- Profit from discontinued operations, net of tax	-	324	N.M.
	(706)	826	N.M.
Non-controlling interest			
- Loss from continuing operations, net of tax	-	(11)	N.M.
- Loss from discontinued operations, net of tax	-	-	-
Total comprehensive (expense)/ income for the period	(706)	815	N.M.
(Loss)/ Earning per share attributable to owners of the Company - in cents			
Basic			
- (Loss)/ Profit from continuing operations	(0.09)	0.08	N.M.
- Loss from discontinued operations	-	(0.04)	N.M.
(Loss)/ Earning per share attributable to owners of the Company - in cents			
Diluted			
- (Loss)/ Profit from continuing operations	(0.09)	0.04	N.M.
- Loss from discontinued operations	-	(0.02)	N.M.

N.M. denotes "not meaningful"
+ denotes "increase"
- denotes "decrease"

Notes to statement of comprehensive income

Other operating income for the period is arrived after crediting the following:

	Half year ended 30 June 2018	Half year ended 30 June 2017
	US\$'000	US\$'000
Continuing operations		
Investment income	-	35
Reversal of write-down in inventories	98	-
Discontinued operations		
Government grants	-	1

(Loss)/ Profit for the period is arrived at after crediting/ (charging) the following:

	Half year ended 30 June 2018	Half year ended 30 June 2017
	US\$'000	US\$'000
Continuing operations		
Interest expense	(507)	(458)
Foreign exchange loss, net	(206)	(135)

Included in interest expense relates to non-cash interest expense on zero coupon bonds amounting to US\$456,000 (30 June 2017: US\$359,000).

Foreign exchange loss was mainly attributable to the revaluation of receivables denominated in Renminbi and Singapore dollar, which depreciated against United States dollar.

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 June 2018	31 December 2017 (Restated)	1 January 2017 (Restated)	30 June 2018	31 December 2017 (Restated)	1 January 2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets						
Investments in subsidiaries	-	-	-	7,243	7,243	7,243
Property, plant and equipment	13,413	13,890	42	13,365	13,843	-
Deferred tax assets	202	206	2	-	-	-
	13,615	14,096	44	20,608	21,086	7,243
Current assets						
Inventories	13,097	8,799	8,810	115	168	-
Trade receivables	26,254	27,089	7,226	-	5	-
Other receivables and deposits	643	823	249	81	59	78
Advances and prepayments	5,241	7,708	9,012	7	13	15
Amounts due from related corporations	-	-	-	4,476	4,877	2,855
Financial assets at fair value through profit or loss	214	227	111	-	-	-
Financial assets at fair value through other comprehensive income	-	-	648	-	-	-
Cash and bank balances	6,654	8,925	856	335	76	57
	52,103	53,571	26,912	5,014	5,198	3,005
Assets held for sale	-	-	13,704	-	-	13,704
Assets directly associated with discontinued operations	-	-	540	-	-	540
Total assets	65,718	67,667	41,200	25,622	26,284	24,492
Current liabilities						
Trade payables	32,584	29,540	10,827	113	91	-
Other payables and accruals	621	1,661	1,932	214	241	785
Advances from customers	2,048	5,377	2,907	-	-	-
Amounts due to directors	1,053	1,037	3,052	385	-	3,052
Finance lease liabilities	3	3	9	-	-	-
Income tax liabilities	274	499	192	-	-	-
	36,583	38,117	18,919	712	332	3,837
Liabilities directly associated with discontinued operations	-	-	3,375	-	-	3,318
	36,583	38,117	22,294	712	332	7,155
Non-current liabilities						
Bond payables	6,574	6,246	-	6,574	6,246	-
Finance lease liabilities	6	7	3	-	-	-
Provisions	11	11	-	11	11	-
Deferred tax liabilities	1,818	1,853	-	1,818	1,853	-
	8,409	8,117	3	8,403	8,110	-
Net assets	20,726	21,433	18,903	16,507	17,842	17,337

	GROUP			COMPANY		
	30 June 2018	31 December 2017 (Restated)	1 January 2017	30 June 2018	31 December 2017 (Restated)	1 January 2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Equity						
Share capital	33,246	33,246	33,246	33,246	33,246	33,246
Other equity instruments	2,011	2,011	-	2,011	2,011	-
Translation reserve	(963)	(859)	(1,851)	(1,253)	(1,084)	(1,784)
Assets revaluation reserve	10,008	10,008	9,909	10,008	10,008	9,909
Discount paid on acquisition of non-controlling interests	1,386	1,386	1,412	-	-	-
Accumulated losses	(24,965)	(24,363)	(23,827)	(27,505)	(26,339)	(24,034)
Attributable to owners of the Company	20,723	21,429	18,889	16,507	17,842	17,337
Non-controlling interest	3	4	14	-	-	-
Total equity	20,726	21,433	18,903	16,507	17,842	17,337

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

Amount repayable in one year or less, or on demand

As at 30 June 2018		As at 31 December 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
3	1,053	3	1,037 ⁽¹⁾

Amount repayable after one year

As at 30 June 2018		As at 31 December 2017 (Restated)	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
6	6,574	7	6,246 ⁽²⁾

⁽¹⁾ The unsecured amount relates to loans owing to directors.

⁽²⁾ The unsecured amount represents the book value of Bonds (defined below) issued on 31 January 2017. The maximum redemption amount at maturity date is S\$12,855,000. Refer to Paragraph 4 on the restatement of bond payables.

Details of any collaterals

As at 30 June 2018 and 31 December 2017, US\$9,000 and US\$10,000 respectively of hire purchase financing was secured by a charge over the respective asset.

1(c) **A statement of cashflow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Half year ended 30 June 2018	Half year ended 30 June 2017 (Restated)
	US\$'000	US\$'000
Cash flows from Operating Activities		
(Loss)/ Profit before taxation	(597)	506
Adjustments:		
Depreciation of property, plant and equipment	227	1
Interest expense	507	458
Fair value loss on financial assets at fair value through profit or loss	13	-
Operating cashflow before working capital changes	150	965
Change in inventories	(4,298)	(17,815)
Change in trade and other receivables	1,016	(9,055)
Change in and deposits, advances and prepayments	2,466	4,726
Change in advances from customers	(3,329)	(1,953)
Change in trade and other payables and accruals	2,004	18,378
Cash used in operations	(1,991)	(4,754)
Interest paid	(51)	(60)
Tax paid	(230)	(254)
Net cash used in operating activities	(2,272)	(5,068)
Cash flows from Investing Activities		
Purchase of property, plant and equipment	-	(12)
Fixed deposits pledged	2	-
Investment in financial assets at fair value through profit or loss	-	(35)
Investment in available for sale financial assets	-	(90)
Net cash generated from/ (used in) from investing activities	2	(137)
Cash flows from Financing Activities		
Net proceeds from/ (repayment of) loans and borrowings	-	74
Proceeds from issuance of bonds with warrants	-	7,171
Repayment of finance lease liabilities	(1)	-
Advances from/ (Repayment of) amounts due to directors	16	(697)
Net cash generated from financing activities	15	6,548
Net (decrease)/ increase in cash and cash equivalents	(2,255)	1,343
Effect of changes in currency translation	(14)	263
Cash and cash equivalents at beginning of financial period	8,551	856
Cash and cash equivalents at end of financial period	6,282	2,462

For the purpose of the consolidated statement of cash flows, the cash and cash equivalents comprise the following:

Cash and cash equivalents as at above	6,282	2,462
Add: Fixed deposits pledged	372	-
Cash and bank balances as per statement of financial position	6,654	2,462

The impact of the discontinued operations on the cash flows of the Group was as follows:

	Half year ended 30 June 2018	Half year ended 30 June 2017
	US\$'000	US\$'000
Operating cash outflows	-	(230)
Investing cash outflows	-	(455)
Financing cash outflows	-	(1,012)
Total cash outflows	-	(1,697)

Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	At 1 January 2018 (Restated)	Cash flows		Non-cash changes		At 30 June 2018
		Proceeds	Repayment	Currency translation differences	Non-cash adjustments	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Finance lease obligation	10	-	(1)		-	9
Amount due to directors	1,037	2,575	(2,559)	-	-	1,053
Bond payables	6,246	-	-	(128)	456 ^(a)	6,574

(a) The non-cash adjustment represents the non-cash interest of the bond payables.

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	Equity attributable to owner of the Company							Non-controlling interest	Total Equity
	Share Capital	Other Equity Instruments	Translation Reserve	Assets Revaluation Reserve	Accumulated Losses	Discount paid on acquisition of non-controlling interests	Sub-total		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
Balance at 1 January 2017	33,246	-	(1,851)	9,909	(22,415)	-	18,889	14	18,903
Total comprehensive expense for the period	-	-	578	-	248	-	826	(11)	815
Issuance of warrants	-	4,831	-	-	-	-	4,831	-	4,831
Balance at 30 June 2017 as previously reported	33,246	4,831	(1,273)	9,909	(22,167)	-	24,546	3	24,549
Prior year adjustment (refer to paragraph 4)	-	(2,820)	-	-	-	-	(2,820)	-	(2,820)
Restated balance at 30 June 2017	33,246	2,011	(1,273)	9,909	(22,167)	-	21,726	3	21,729
Balance at 1 January 2018 as previously reported	33,246	4,831	(681)	10,008	(24,510)	1,386	24,280	4	24,284
Prior year adjustment (refer to paragraph 4)	-	(2,820)	(178)	-	147	-	(2,851)	-	(2,851)
Restated balance as at 1 January 2018	33,246	2,011	(859)	10,008	(24,363)	1,386	21,429	4	21,433
Total comprehensive expense for the period	-	-	(104)	-	(602)	-	(706)	(1)	(707)
Balance at 30 June 2018	33,246	2,011	(963)	10,008	(24,965)	1,386	20,723	3	20,726

Company	Share Capital	Other Equity Instruments	Foreign Currency Translation Reserve	Assets Revaluation Reserve	Accumulated Losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2017	33,246	-	(1,796)	9,909	(24,022)	17,337
Total comprehensive loss for the period	-	-	479	-	(997)	(518)
Issuance of warrants	-	4,831	-	-	-	4,831
Balance at 30 June 2017 as previously reported	33,246	4,831	(1,317)	9,909	(25,019)	21,650
Prior year adjustment (refer to paragraph 4)	-	(2,820)	-	-	-	(2,820)
Restated balance at 30 June 2017	33,246	2,011	(1,317)	9,909	(25,019)	18,830
Balance at 1 January 2018 as previously reported	33,246	4,831	(906)	10,008	(26,486)	20,693
Prior year adjustment (refer to paragraph 4)	-	(2,820)	(178)	-	147	(2,851)
Restated balance as at 1 January 2018	33,246	2,011	(1,084)	10,008	(26,339)	17,842
Total comprehensive loss for the period	-	-	(169)	-	(1,166)	(1,335)
Balance at 30 June 2018	33,246	2,011	(1,253)	10,008	(27,505)	16,507

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.

Summary of Outstanding Convertibles

On 17 June 2016, the Company announced a renounceable non-underwritten rights issue of up to S\$12,855,000 in principal amount (the "**Principal Amount**") of zero coupon bonds due 2021 (the "**Bonds**") with principal amount of S\$0.02 for each Bond, with up to 642,750,000 free detachable European warrants (the "**Warrants**"), with each Warrant carrying the right to subscribe for one new ordinary share at an exercise price of S\$0.02 each, on the basis of one Bond of principal amount of S\$0.02 each with one free Warrant for every existing share in the capital of the Company (the "**Rights Issue**"). The issue price of the Bonds comprises 80 per cent of the Principal Amount. Accordingly, 642,750,000 Bonds with Warrants had been allotted and issued on 31 January 2017. As disclosed in the Company's full year results announcement dated 28 February 2017, the proceeds from the Rights Issue have been fully utilised and such utilisation of proceeds is consistent with the intended use of proceeds as previously announced by the Company.

Please refer to the Company's announcements of 17 June 2016, 13 November 2016, 22 December 2016, 5 January 2017, 31 January 2017, 6 February 2017 as well as the offer information statement (the "**Offer Information Statement**") dated 5 January 2017 in relation to the Rights Issue for more details.

As at 30 June 2018, the total number of issued shares in the Company is 642,750,000 shares (30 June 2017: 642,750,000 shares). The number of shares that may be issued on conversion/exercise of all the outstanding convertibles (comprising only the Call Option granted pursuant to the Subscription Agreement dated 8 May 2014 (the “**Subscription Agreement**”) and the Warrants) is 852,750,000 shares. Further details on the Subscription Agreement are set out in the Company’s announcement dated 8 May 2014.

There were no treasury shares held as at the end of financial periods ended 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.

	Group	
	As at 30 June 2018	As at 31 December 2017
Total number of issued ordinary shares	642,750,000	642,750,000

The Company does not have any treasury shares as at 30 June 2018 and 31 December 2017.

1(d)(iv) A statement showing all sales, transfers, disposals, 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 reviewed and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company’s auditors.

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 have been applied.

Except as disclosed in Note 5 and prior year adjustment of this announcement, the Group and Company have applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements as at 31 December 2017.

Prior year adjustment

As stated in the Company’s accounting policies for the year ended 31 December 2017, the fair value of the liability portion was determined using the market interest rate for an equivalent non-convertible bond and was recorded as a non-current liability on the amortised basis until it is extinguished on conversion or maturity of the bonds, and the remainder of the proceeds is ascribed to the 642,750,000 detachable warrants (“equity”) which are recognised as other equity instruments.

However, there was an error in ascribing the fair value of the liability and equity portion as the relative fair value method (based on the fair values of the liability and equity component) was used in determining the liability and equity components instead of first determining the fair value of the liability component using the market interest rate for an equivalent non-convertible bond (the “liability component”) and ascribing the residual amount (i.e. the difference between the bond proceeds and the fair value of the liability component) as the equity component.

Had the correct calculation been applied, the fair value of the liability and equity portion would have been US\$5,160,000 and US\$2,011,000 respectively at inception, and the amount of interest expense on the liability portion to be recognised in profit or loss for the period from its inception to 31 December 2017 would be US\$728,000. The effective interest rate has been revised to 15% instead of 40%.

The impact of the prior year adjustment is as follows:

	Year ended 31 December 2017	
	As previously reported US\$'000	As restated US\$'000
Profit or loss account		
- Interest expense on zero-coupon bond	875	728
- Loss for the year	(677)	(530)
- Loss per share (cents)	(0.11)	(0.08)
Statement of other comprehensive income		
- Foreign currency translation difference	1,170	992
- Loss attributable to owners of the parent	(683)	(536)
- Total comprehensive income for the year	592	561
Statement of cash flows		
Cash flows from operating activities:		
- Loss before taxation	(377)	(230)
- Interest expense	(1,010)	(863)

	As at 31 December 2017			
	Group		Company	
	As previously reported US\$'000	As restated US\$'000	As previously reported US\$'000	As restated US\$'000
Statement of financial position				
<u>Non-current liabilities</u>				
- Bond payables	3,395	6,246 [#]	3,395	6,246 [#]
<u>Equity</u>				
- Other equity instruments	4,831	2,011	4,831	2,011
- Translation reserve	(681)	(859)	(906)	(1,084)
- Accumulated losses	(24,510)	(24,363)	(26,486)	(26,339)
Net asset value per ordinary share (US cents)	3.78 cents	3.33 cents	3.22 cents	2.78 cents

[#] The reconciliation of the restated bond liability since its inception on 31 January 2017 to 31 December 2017 is as follows:

	US\$'000
Restated bond liability at inception	5,160
Add: Restated interest expense for the period to 31 December 2017	728
Add: Exchange loss on revaluation of S\$ bond liability	358
Restated bond liability at 31 December 2017	<u>6,246</u>

	As at 30 June 2017			
	Group		Company	
	As previously reported US\$'000	As restated US\$'000	As previously reported US\$'000	As restated US\$'000
Statement of financial position				
<u>Non-current liabilities</u>				
- Bond payables	2,822	5,642	2,822	5,642
<u>Equity</u>				
- Other equity instruments	4,831	2,011	4,831	2,011
Net asset value per ordinary share (US cents)	3.82 cents	3.38 cents	3.37 cents	2.93 cents

As required by SFRS(I)1-8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the balance sheet at 1 January 2017 (the third balance sheet) has been presented. As the zero-coupon bonds were only issued on 30 January 2017; there is no impact on prior year balance sheet figures.

For better presentation, "Trade and other receivables" which were presented previously have been separately disclosed as "Trade receivables" and "Other receivables" have been combined with "Deposits" and presented as "Other receivables and deposits". The effect of the reclassification is as follow:

	As at 31 December 2017			
	Group		Company	
	As previously reported US\$'000	As restated US\$'000	As previously reported US\$'000	As restated US\$'000
Statement of financial position				
Trade and other receivables	27,852	-	60	-
Deposits	60	-	4	-
Trade receivables	-	27,089	-	5
Other receivables and deposit	-	823	-	59

	As at 1 January 2017			
	Group		Company	
	As previously reported US\$'000	As restated US\$'000	As previously reported US\$'000	As restated US\$'000
Statement of financial position				
Trade and other receivables	7,398	-	52	-
Deposits	77	-	26	-
Trade receivables	-	7,226	-	-
Other receivables and deposit	-	249	-	78

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.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply Singapore Financial Reporting Standards (International) ("SFRS(I)") for annual periods beginning on or after 1 January 2018. The Group has adopted SFRS(I) and has prepared its first set of financial information under SFRS(I) for the half year ended 30 June 2018.

The adoption of SFRS(I) requires the Group to apply all of the specific transition requirements in SFRS(I) 1 *First-time Adoption of Singapore Financial Reporting Standards (International)*.

The following are amendments of SFRS(I) that are relevant to the Group's and the Company's operations and are effective for the annual periods beginning on or after 1 January 2018:

- SFRS(I) 15 *Revenue from Contracts with Customers*
- SFRS(I) 9 *Financial Instruments*

The adoption of these SFRS(I) standards did not have any significant impact on the financial performance or position of the Group except for the following:

(a) Application of SFRS(I) 1 *First time Adoption of Singapore Financial Reporting Standards (International)*

The Group has not elected to set the cumulated translation differences for all foreign operations to zero at the date of transition to SFRS(I) on 1 January 2017.

The Group has elected not to apply SFRS(I) 3 Business Combination, retrospectively to business combinations occurring before the date of transition to SFRS(I). Accordingly, there is no impact to the financial statements.

(b) SFRS(I) 15 *Revenue from Contracts with Customers*

The Group has assessed the impact of SFRS(I) 15 and concluded that there is no impact to the financial statements.

(c) Adoption of SFRS(I) 9 *Financial Instruments*

SFRS(I) 9 is effective for the financial year beginning on or after 1 January 2018. The Group has elected to apply the short term exemption under SFRS(I) 1, which exempts the Group from applying SFRS(I) 9 to comparative information. Accordingly, requirements of FRS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017.

Classification and measurement

The Group has assessed the business models for managing its financial assets and the contractual cash flow characteristics of such financial assets to determine the appropriate classification for each financial asset under SFRS(I) 9.

As a result, certain balance sheet items were classified as follows:

Accounts	Per Singapore FRS 39 (Up to FY2017)	Per SFRS(I) 9 (Effective from FY2018)
<u>Current assets</u>		
Cash and bank balances	Loan and receivables	Amortised cost
Trade and other receivables	Loan and receivables	Amortised cost
Financial assets at fair value through profit or loss	Fair value through profit or loss	Fair value through profit or loss
Available for sale financial assets	Fair value through other comprehensive income	Financial assets at fair value through other comprehensive income

The financial liabilities of the group including bond payables were classified at amortised cost under both Singapore FRS and under SFRS (I).

Impairment of financial assets

Financial assets are subject to an expected credit loss impairment model under SFRS(I) 9. The Group has assessed and concluded that the expected credit loss impairment model has no significant impact to the 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	
	Period ended 30 June 2018	Period ended 30 June 2017
Earning/ (Loss) per share attributable to equity holders of the Company – in cents:		
Basic		
(Loss)/ Profit from continuing operations	(0.09) cents	0.08 cents
Loss from discontinued operations	-	(0.04) cents
Based on weighted average number of issued shares of the Company	642,750,000	642,750,000
Diluted		
(Loss)/ Profit from continuing operations	(0.09) cents	0.04 cents
Loss from discontinued operations	-	(0.02) cents
Based on weighted average number of issued shares of the Company	642,750,000 ⁽²⁾	1,495,500,000 ⁽¹⁾

Notes:

(1) The 642,750,000 free detachable European Warrants which had been allotted and issued on 31 January 2017 pursuant to the Rights Issue and the 210,000,000 ordinary shares which may be issued pursuant to the Call Option (under the Subscription Agreement) had been included in the calculation of diluted earning/ (loss) per share for the period ended 30 June 2017.

(2) The 642,750,000 Bonds with Warrants which had been allotted and issued on 31 January 2017 pursuant to the Rights Issue and the 210,000,000 ordinary shares which may be issued pursuant to the Call Option (under the Subscription Agreement) have been excluded from the calculation of diluted loss per share for the period ended 30 June 2018 as the Group incurred losses and are anti-dilutive.

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 June 2018	As at 31 December 2017 (Restated)	As at 30 June 2018	As at 31 December 2017 (Restated)
Net asset value per ordinary share (US cents)	3.22	3.33	2.57	2.78
Based on number of issued shares of the Company	642,750,000	642,750,000	642,750,000	642,750,000

Note: The net asset value per ordinary share as at 30 June 2018 and 31 December 2017 is derived without taking into account the additional shares that may be issued upon exercise of the Call Option under the Subscription Agreement and the Bonds with Warrants.

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.

Review of the Group's performance

The Group's revenue remains flat with a slight increase by 2.3% from US\$222.7 million to US\$227.9 million with its corresponding cost of goods sold of US\$220.8 million during 1H 2018.

Other income increased by 92.2% from US\$64,000 to US\$123,000 which was due mainly to the reversal of provision for obsolesces stock relating to printing business that has been sold.

Freight and handling charges increased by 39.9% from US\$2.6 million to US\$3.7 million which were due mainly to increase in sales and increase in freight rates.

Operating lease expenses decreased by 55% from US\$1.6 million to US\$0.7 million which were due mainly to the Group's effort to maintain minimum stock levels resulting in a decrease in warehousing space used and the corresponding warehouse expenses.

Other expenses decreased by 30.6% from US\$1.8 million to US\$1.3 million which were mainly contributed by the one-off legal and professional fees incurred in 1H2017.

Finance costs increased marginally by 10.7% from US\$0.4 million to US\$0.5 million arising from the non-cash interest on the zero coupon bond in relation to the Rights Issue.

The sharp decrease in income tax expense was due to the provision for income taxes of profitable subsidiaries which were set off against group relief and over-provision of income taxes made in prior period.

The foreign currency translation differences arose from the translation of financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. The translation loss for the current period arose largely from weakening of foreign currencies, such as Singapore dollar and Renminbi against United States dollar upon consolidation of subsidiaries whose functional currency is Singapore dollar and Renminbi.

The Group reported a net loss of US\$602,000 from continuing operations in 1H2018 as compared to a net profit of US\$520,000 in 1H2017. This was due mainly to lower margins on sales, higher freight cost incurred, increase in depreciation and non-cash interest expense of zero coupon bonds offset by lower warehousing expenses.

The Group reported a decrease of earnings before interest, taxes, depreciation ("EBITA") by US\$1.1 million to US\$137,000 in 1H2018 compared to US\$1.2 million in 1H2017. This was due mainly to lower margins on sales, higher freight cost incurred offset by lower warehousing expenses.

Review of statement of financial position

Property, plant and equipment decreased by US\$0.5 million from US\$13.9 million to US\$13.4 million which was due mainly to depreciation charge for the period and currency exchange differences as the result of weakening of Singapore dollar against United States dollar.

Inventories increased by US\$4.3 million from US\$8.8 million to US\$13.1 million which was due mainly to more inventories being purchased towards the end of 1H2018.

Trade receivables decreased by US\$0.8 million from US\$27.1 million to US\$26.3 million which was due mainly to improvements in debt collection. The debtor turnover days improved from 22.2 days to 21.0 days.

Advances and prepayments decreased by US\$2.5 million from US\$7.7 million to US\$5.2 million which were due mainly to a shift from cash advances to the use of trade facilities granted by financial institutions.

Cash and bank balances decreased by US\$2.2 million from US\$8.9 million to US\$6.7 million due to negative cash generated from operations of US\$2.0 million.

Trade payables increased by US\$3.1 million from US\$29.5 million to US\$32.6 million due mainly to more goods being purchased towards the end of June 2018.

Other payables and accruals decreased by US\$1.1 million from US\$1.7 million to US\$0.6 million which were due mainly to staff bonuses paid during 1H2018.

Advances from customers decreased by US\$3.4 million from US\$5.4 million to US\$2.0 million which were mainly due to lesser domestic sales entered by OSC Shanghai towards the end of June 2018.

Bond payables increased by US\$0.4 million from US\$6.2 million to US\$6.6 million which were due to the non-cash interest expense recorded in 1H2018 (Refer to Paragraph 4 on the prior year adjustment).

Review of statement of cashflow

For 1H 2018, net cash used in operating activities was US\$2.3 million compared to US\$5.1 million in the prior period which was due mainly to more working capital being tied up in inventories and trade and other receivables in the same period last year. Net cash from financing activities was US\$15,000 compared to US\$6.5 million in the prior period. This was mainly attributable to net proceeds from issuance of bonds and warrants pursuant to the Rights Issue which took place in the prior period. The net proceeds have been fully utilised as set out in the Offer Information Statement dated 5 January 2017. As a result, cash balance of the Group increased.

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

Not applicable.

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.

Chemical Business

The Group's chemical trading business, conducted via our subsidiary, OSC Singapore, and its subsidiaries in the People's Republic of China and Japan (collectively the "OSC Group") remained profitable in 1H2018. The OSC Group achieved revenue of US\$227.9 million, with profit after tax of US\$0.6 million.

As at 30 June 2018, the OSC Group has access to approximately US\$22.1 million of trade facilities granted by banks for the purpose of its chemical trading business. Certain suppliers have also granted us credit terms when we purchase goods from them.

We will continue to explore and evaluate other chemical related investment opportunities.

On 14 March 2018, the Company announced that it had entered into a joint venture agreement with a Japanese incorporated company in relation to a new joint venture company, Zhangjiagang Orient-Hill Microorganisms Technology Co., Ltd ("**JV Company**"). The JV Company has been established on 5 June 2018. It has yet to commence operations as at the date hereof.

Investment Business

Starting with a small amount of US\$0.15 million, the Group commenced its investment business under its wholly-owned subsidiary, Abundance Investments Pte. Ltd., which was incorporated on 1 September 2016. As at 30 June 2018, this portfolio consisting of cash and listed equities amounted to US\$0.29 million.

The Group will make appropriate investments as and when good opportunities come along and where its cash flow position allows.

Printing Business

As previously announced, the Group has ceased internal production in respect of the printing business. Any outstanding and new sales orders that have been or may be received in respect of the printing business will be outsourced to other printers to produce on behalf of the Group.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared 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

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 the half year ended 30 June 2018.

13. General mandate for interested person transactions

The Group obtained the approval from shareholders on the renewal of the interested person transactions mandate pursuant to Rule 920 during the annual general meeting of the Company held on 26 April 2018.

The interested person transactions entered into during the half year ended 30 June 2018 are as follows:

	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)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
	1H 2018	1H 2018
	S\$'000	S\$'000
Kellin chemicals (zhangjiagang) co., ltd (凯凌化工 (张家港) 有限公司) - Sales and purchases of chemicals	-	48,370
Jiangsu Feymer Technology Co., Ltd (江苏富淼科技股份有限公司) - Sales of chemicals	-	829

14. Use of proceeds from convertible bonds issue and placement issue

All previous fund raising proceeds have been fully utilised. Please refer to the Company's full year results announcement dated 28 February 2017.

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

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

16. Negative Assurance Confirmation

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm 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 half-year ended 30 June 2018 to be false or misleading in any material aspect.

On Behalf of the Board of Directors,

Shi Jiangan
Chairman

Sam Kok Yin
Managing Director

BY ORDER OF THE BOARD

Sam Kok Yin
Managing Director
8 August 2018

Note:

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Mr Ng Joo Khin
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