

PLATO CAPITAL LIMITED

(Company Registration No. 199907443M)

Unaudited Financial Statement And Dividend Announcement For 6 Months Ended 30 June 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. 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.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229- 8088.

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

1(a)(i) 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 For the 6 months ended 30 June 2016 S\$'000 (Unaudited)	Group For the 6 months ended 30 June 2015 S\$'000 (Unaudited)	Increase/ (Decrease) %
Revenue			
Sales of goods and services	456	840	(45.7)
Income from investment activities	-*	14	NM
Provision of credit facilities	43	-	NM
Property management	19	23	(17.4)
Total revenue	518	877	(40.9)
Other income			
Interest income	16	8	NM
Total other income	16	8	NM
Other items of income/(expense)			
Loss on disposal of available-for-sale financial assets	-	(11)	NM
Purchase of software and services	(265)	(311)	(14.8)
Property management cost	-	(159)	NM
Employee benefits expenses	(659)	(659)	-
Depreciation of property, plant and equipment	(18)	(21)	(14.3)
Foreign exchange gain/(loss)	187	(407)	NM
Other operating expenses	(354)	(373)	(5.1)
Bank charges	(3)	(2)	50.0
Finance costs	(300)	(428)	(29.9)

Share of profit/(loss) from joint venture	7,493	(336)	NM
Share of profit/(loss) from associates	720	(2,499)	NM
Profit/(loss) before taxation	7,335	(4,321)	NM
Income tax expense	(2)	(16)	(87.5)
Profit/(loss) for the period	7,333	(4,337)	NM
Attributable to:			
Owners of the Company	6,909	(3,850)	NM
Non-controlling interests	424	(487)	NM
	7,333	(4,337)	NM

NM – not meaningful

In the financial period reported on, the Group has:

- (i) increased its shareholdings in an associate, Educ8 Group Sdn Bhd ("EDUC8") from 31.99% to 44.10% in 6M2016, by subscribing to the rights entitlement of RM22,306,554 (equivalent to approximately S\$7,727,782).
- (ii) on 27 May 2016 completed the issuance of 100 0.5% redeemable convertible unsecured loan stocks ("RCULS") ("RCULS Issue") due 2021, each with a principal value of S\$100,000 amounting in aggregate to a principal amount of S\$10,000,000 to Mr Lim Kian Onn ("Mr LKO").
- (iii) on 31 May 2016 completed the acquisition of 74,194,173 ordinary shares representing 25.89% shareholding of ECM Libra Financial Group Berhad ("ECMLIB") ("ECMLIB Acquisition") in 6M2016 for RM27,452,140 (equivalent to approximately S\$9,270,751) ("Purchase Consideration").

1(a)(ii) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group For the 6 months ended 30 June 2016 S\$'000 (Unaudited)	Group For the 6 months ended 30 June 2015 S\$'000 (Unaudited)	Increase/ (Decrease) %
Profit/(loss) for the period	7,333	(4,337)	NM
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods :			
Change in fair value of available-for-sale financial assets	-	(67)	NM
Share of other comprehensive loss of joint venture	(863)	(36)	NM
Share of other comprehensive income of associates	136	639	(78.7)
Exchange differences arising from translating foreign operations	(338)	(219)	54.3
Non-controlling interests' share of exchange differences arising from translating foreign operations due to non-controlling interests	-	(124)	NM
Other comprehensive (loss)/income for the	(1,065)	193	NM

period			
Total comprehensive income/(loss) for the period	6,268	(4,144)	NM
Total comprehensive income/(loss) attributable to:			
Owners of the Company	5,803	(3,877)	NM
Non-controlling interests	465	(267)	NM
	6,268	(4,144)	NM

NM – not meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at 30 June 2016	As at 31 December 2015	As at 30 June 2016	As at 31 December 2015
	S\$'000 (Unaudited)	S\$'000 (Audited)	S\$'000 (Unaudited)	S\$'000 (Audited)
ASSETS				
Non-current assets				
Property, plant and equipment	4,362	4,341	-	-
Investment in subsidiaries	-	-	4,333	3,831
Investment in joint venture	21,920	15,289	15,515	15,515
Investment in associates	35,795	17,940	-	-
Available-for-sale financial assets	321	336	-	-
	62,398	37,906	19,848	19,346
Current assets				
Trade receivables	1,527	299	-	-
Other receivables and deposits	88	45	-	-
Prepaid operating expenses	30	34	3	11
Deferred maintenance cost	146	257	-	-
Tax recoverable	41	62	-	-
Amounts due from subsidiaries	-	-	20,112	2,649
Cash and cash equivalents	5,612	5,975	4,840	4,938
	7,444	6,672	24,955	7,598
Total assets	69,842	44,578	44,803	26,944
EQUITY AND LIABILITIES				
Equity and reserves				
Share capital	37,149	37,149	37,149	37,149
Redeemable Convertible Unsecured Loan Stock	2,353	-	2,353	-
Fair value reserve	-	-	-	-

Foreign currency translation reserve	(6,458)	(5,352)	-	-
Retained earnings/(accumulated losses)	4,091	(2,818)	(16,161)	(15,703)
Equity attributable to owners of the Company	37,135	28,979	23,341	21,446
Non-controlling interests	2,814	2,349	-	-
Total equity and reserves	39,949	31,328	23,341	21,446
Liabilities				
Non-current liabilities				
Redeemable Convertible Unsecured Loan Stock	7,445	-	7,445	-
Amounts due to related parties	2,262	5,079	-	850
	9,707	5,079	7,445	850
Current liabilities				
Trade payables	12	148	-	-
Other payables and accruals	1,107	1,045	146	182
Deferred revenue	243	391	-	-
Amounts due to subsidiaries	-	-	1,750	4,421
Amount due to joint venture	12,121	-	12,121	-
Income tax payable	-	-	-	45
Loan and borrowings	6,703	6,587	-	-
	20,186	8,171	14,017	4,648
Total liabilities	29,893	13,250	21,462	5,498
Total equity and liabilities	69,842	44,578	44,803	26,944

* Amount is less than S\$1,000.

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 June 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	6,703	-	6,587

Amount repayable after one year

Group			
As at 30 June 2016 (Unaudited)		As at 31 December 2015 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	7,445	-	-

Details of any collateral

The bank borrowings obtained by two of the subsidiaries are guaranteed by the Company and by personal guarantee by Mr Lim Kian Onn ("Mr LKO"), a substantial shareholder and director of the Company.

Others – Contingent liabilities

The Company has provided proportionate guarantees as follows:

1. For a principal sum of up to S\$9.63 million in relation to a term loan facility granted by a licensed bank to Epsom College Malaysia Sdn Bhd., ("Epsom College in Malaysia"), a subsidiary of EDUC8; and
2. For a principal sum of up to S\$8.71 million in relation to a term loan facility and a bank guarantee facility of up to S\$0.45 million granted by a licensed bank to TP Sepang Sdn Bhd., a subsidiary of joint venture, TP Real Estate Holdings Pte Ltd ("TPRE").

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

	Group For the 6 months ended 30 June 2016 S\$'000 (Unaudited)	Group For the 6 months ended 30 June 2015 S\$'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before taxation	7,335	(4,321)
Adjustments for:		

Depreciation of property, plant and equipment	18	21
Share of (profit)/loss from joint venture	(7,493)	336
Share of (profit)/loss from associates	(720)	2,499
Loss on disposal of available-for-sale financial assets	-	11
Interest income	(16)	(8)
Interest expenses	300	428
Interest received from provision of credit facilities	(43)	-
Dividend income from investment securities	-*	(14)
Unrealised foreign exchange loss	253	407
Operating loss before working capital changes	(366)	(641)
Amount due from a joint venture	-	630
Trade and other receivables	(1,138)	157
Trade and other payables	(310)	122
Cash flow (used in)/generated from operations	(1,814)	268
Income tax refund received/(income tax paid)	17	(17)
Net cash flows (used in)/generated from operating activities	(1,797)	251
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale financial assets	-	218
Acquisition of property, plant and equipment	(170)	(9)
Investment in associates	(16,998)	(2,823)
Dividend income from investment securities	-*	14
Proceeds from redeemable convertible unsecured loan stock, net of transaction cost	9,756	-
Net cash used in investing activities	(7,412)	(2,600)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(417)	(222)
Interest received	16	8
Interest received from provision of credit facilities	43	-
Repayment of amount due to related parties	(2,389)	-
Advance payment from a joint venture	12,121	-
Proceeds from bank borrowings	-	1,431
Net cash generated from financing activities	9,374	1,217
Net increase/(decrease) in cash and cash equivalents	165	(1,132)
Net foreign exchange difference	(527)	(97)
Cash and cash equivalents at beginning of financial period	5,974	2,900
Cash and cash equivalents at end of financial period	5,612	1,671

* Amount is less than S\$1,000.

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and

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

	Share capital	RCULS	Fair value reserve	Foreign currency translation reserve	Accumulated profits/(losses)	Equity attributable to equity owners of the Company	Non-controlling Interests	Total
GROUP	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2015 (Unaudited)	37,149	-	68	(5,012)	475	32,680	1,937	34,617
Loss for the period	-	-	-	-	(3,850)	(3,850)	(487)	(4,337)
Net change in fair value reserve for available-for-sale financial assets	-	-	(67)	-	-	(67)	-	(67)
Share of other comprehensive loss of a joint venture	-	-	-	(36)	-	(36)	-	(36)
Share of other comprehensive income of associates	-	-	-	295	-	295	344	639
Exchange differences arising from translating foreign operations	-	-	-	(219)	-	(219)	(124)	(343)
Total comprehensive income/(loss) for the year	-	-	(67)	40	(3,850)	(3,877)	(267)	(4,144)
Balance as at 30 June 2015	37,149	-	-*	(4,972)	(3,375)	28,802	1,670	30,472

Balance as at 1 January 2016 (Unaudited)	37,149	-	-	(5,352)	(2,818)	28,979	2,349	31,328
Profit for the period	-	-	-	-	6,909	6,909	424	7,333
Share of other comprehensive loss of a joint venture	-	-	-	(863)	-	(863)	-	(863)
Share of other comprehensive (loss)/income of	-	-	-	(1)	-	(1)	137	136

associates								
Exchange differences arising from translating foreign operations	-	-	-	(242)	-	(242)	(96)	(338)
Total comprehensive (loss)/income for the period	-	-	-	(1,106)	6,909	5,803	465	6,268
RCULS - Equity component	-	2,353	-	-	-	2,353	-	2,353
Balance as at 30 June 2016	37,149	2,353	-	(6,458)	4,091	37,135	2,814	39,949

* Amount is less than S\$1,000.

COMPANY	Share capital	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000
(Unaudited)			
Balance as at 1 January 2015	37,149	(14,411)	22,738
Total comprehensive loss for the period	-	(351)	(351)
Balance as at 30 June 2015	37,149	(14,762)	22,387

(Unaudited)			
Balance as at 1 January 2016	37,149	(15,703)	21,446
Total comprehensive loss for the period	-	(458)	(458)
RCULS – Equity component	2,353	-	2,353
Balance as at 30 June 2016	39,502	(16,161)	23,341

* Amount is less than S\$1,000.

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 or cash or as consideration for acquisition or 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 well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

There has been no change in the Company's share capital from 31 December 2015 to 30 June 2016. The Company's share capital as at 31 December 2015 and 30 June 2016 remained at S\$37,148,948 and comprised 165,451,344 shares ("**Existing Share Capital**").

Convertibles

The Company has 100 0.5% redeemable convertible unsecured loan stocks ("RCULS") due 2021, each with a principal value of S\$100,000 amounting in

aggregate to a principal amount of S\$10,000,000 outstanding as at 30 June 2016. At full conversion, the 100 RCULS and the accrued interest can be converted into 78,846,152 Shares (approximately 47.7% of the Existing Share Capital), comprising 76,923,076 converted Shares (approximately 46.5% of the Existing Share Capital) and 1,923,076 interest Shares (approximately 1.2% of the Existing Share Capital) at the conversion price of S\$0.13 per share.

The Company has on 28 June 2016 announced that share options for 10,478,584 ordinary shares and 5,239,296 ordinary shares have been granted under the Plato Employee Share Option Scheme 2016 and Plato Performance Share Plan 2016 respectively. The details of the said grants can be obtained from the Company's announcement dated 28 June 2016.

Save as disclosed, the Company did not have any outstanding convertibles as at 30 June 2016 and 30 June 2015.

Treasury shares

The Company did not have any treasury shares as at 30 June 2016 and 30 June 2015.

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 30 June 2016	As at 31 December 2015
Total number of issued shares excluding treasury shares	165,451,344	165,451,344

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. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

2. Whether the figures have been audited, or reviewed and in accordance with which 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

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation for the current financial period reported on as in the most recently audited annual financial statements for the financial period ended 31 December 2015.

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 all the new and revised Financial Reporting Standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016.

The adoption of the new and revised FRS and INT FRS did not result in substantial changes to the Group’s accounting policies and has no material effect on the financial results reported for the current or prior reporting periods.

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

	Group	
	For the 6 months ended 30 June 2016 (Unaudited)	For the 6 months ended 30 June 2015 (Unaudited)
Based on weighted average number of ordinary shares in issue (Singapore cents)*	4.18	(2.33)
On a fully diluted basis (Singapore cents)**	2.83	(2.33)

Notes:-

* Earnings per ordinary share for the unaudited 6 months ended 30 June 2016 (“6M2016”) was computed based on the profit attributable to owners of the Company of S\$6.909 million divided by the weighted average number of ordinary shares in issue of 165,451,344 for the 6 months ended 30 June 2016. Loss per ordinary share for the 6 months ended 30 June 2015 (“6M2015”) was computed based on the loss attributable to owners of the Company of S\$3.850 million divided by the weighted average number of ordinary shares in issue of 165,451,344 for 6M2015.

** Earnings per ordinary share for the 6M2016 on a fully diluted basis was computed based on the profit attributable to owners of the Company of S\$6.909 million divided by the total of the weighted average number of ordinary shares in issue of 165,451,344 and assuming full conversion of outstanding RCULS into 78,846,152 ordinary shares for the 6M2016. Loss per ordinary share for the 6M2015 was computed based on the loss attributable to owners of the Company of S\$3.850 million divided by the weighted average number of ordinary shares in issue of 165,451,344 for 6M2015 as there were no potentially dilutive securities in issue as at the end of 6M2015. Accordingly, basic and diluted loss per ordinary share for 6M2015 are the same.

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

	Group		Company	
	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)	As at 30 June 2016 (Unaudited)	As at 31 December 2015 (Audited)
Net asset value (“NAV”) per ordinary share (Singapore cents)	24.15	18.93	14.11	13.48
Number of ordinary shares in issue	165,451,344	165,451,344	165,451,344	165,451,344

Note:-

The Group’s and the Company’s NAV per ordinary share as at 30 June 2016 and 31 December 2015 were calculated based on the net assets of the Group and the Company over the number of ordinary shares in issue at the respective balance sheet dates.

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 period reported on**

Six months ended 30 June 2016 (“6M2016”) vs six months ended 30 June 2015 (“6M2015”)

The overall group turnover decreased by 40.9% from S\$0.877 million in 6M2015 to S\$0.518 million in 6M2016.

Sales of goods and services decreased by 45.7% from S\$0.840 million in 6M2015 to S\$0.456 million in 6M2016, mainly due to a decrease in sales of the Group’s IT implementation services.

Income from investment activities in 6M2016 only amounted to less than S\$1,000 as compared to S\$0.014 million in 6M2015 as the Group has disposed of most of its investments in listed available-for-sale financial assets in 6M2015.

The income from property management, which was solely related to the rental of the property adjoining the former Ormond Hotel in Dublin, Ireland, decreased marginally from S\$0.023 million in 6M2015 to S\$0.019 million in 6M2016 mainly due to foreign currency exchange differences caused by the weakening of the Euro against the Singapore Dollar.

Interest income from bank deposits of S\$0.016 million in 6M2016 was 100.0% higher than the interest income from bank deposits of S\$0.008 million in 6M2015 as a result of higher available cash balances for placement of deposits in 6M2016.

There was no loss or gain on disposal of available-for-sale financial assets in 6M2016 as compared to a loss on disposal of S\$0.011 million in 6M2015 as there were no disposals of available-for-sale financial assets in 6M2016.

Purchase of software and services decreased by 14.8% from S\$0.311 million in 6M2015 to S\$0.265 million in 6M2016 mainly due to a decrease in sales of goods and services by the Group's IT division.

No property management cost was incurred in 6M2016 (6M2015: S\$0.159 million) as the Group has disposed of its investment property in September 2015.

There was no increase in employee benefits expenses in 6M2016 as compared to 6M2015 as the number of employees remained relatively stable over the two comparative periods.

The depreciation of property, plant and equipment decreased from S\$0.021 million in 6M2015 to S\$0.018 million in 6M2016 as some of the old computer equipment held had been fully depreciated by 2015.

The Group registered a foreign exchange gain of S\$0.187 million in 6M2016 as compared to a foreign exchange loss of S\$0.407 million in 6M2015 mainly due to the strengthening of both the Singapore Dollar and the Malaysian Ringgit against the United States Dollar.

All other operating expenses decreased marginally from S\$0.373 million in 6M2015 to S\$0.354 million in 6M2016 due to lower legal and professional fees incurred by the Group.

Finance costs decreased from S\$0.428 million in 6M2015 to S\$0.300 million in 6M2016 as no finance lease interest was incurred after the disposal of the Group's investment property.

The Group's share of profit from joint venture amounted to S\$7.493 million in 6M2016 as compared to its share of loss of S\$0.336 million in 6M2015 mainly due to its share of 50% gain on disposal of Tune Melbourne in March 2016 which amounted to approximately S\$6.525 million, as well as profit registered by the remaining two hotels of the joint venture.

The share of profit from associates of S\$0.720 million consists of the Group's share of profit of S\$1.556 million from TYK Capital Sdn Bhd ("TYKC"), share of loss from EDUC8 of S\$3.549 million, and a gain of S\$2.713 million on bargain purchase on acquisition of shares of ECMLIB based on the preliminary purchase price adjustment. The profit registered by TYKC's group of companies in 6M2016 was mainly attributable to the improvement of its hard disk drives ("HDD") manufacturing operations. The loss registered by EDUC8 in 6M2016 was mainly due to high initial operating costs incurred by Epsom College in Malaysia, as it is still in the process of building up its reputation as an established boarding school with the aim of increasing intake of new students.

The above resulted in the Group recording a gain before tax of S\$7.335 million in 6M2016, as compared to a loss before tax of S\$4.321 million in 6M2015.

Statement of Financial Position

Increase in property, plant and equipment by S\$0.021 million as at 30 June 2016 consisted of:

- i. a depreciation charge of S\$0.018 million for plant and equipment in 6M2016;
- ii. reduction in the carrying value of the former Ormond Hotel and its adjoining property in Dublin, Ireland due to a negative exchange difference of S\$0.131

- million at 30 June 2016 resulting from the weakening of the Euro against the Singapore Dollar; offset by
- iii. an increase in the carrying value of the former Ormond Hotel and its adjoining property in Dublin, Ireland due to the capitalisation of S\$0.163 million in professional fees incurred in its proposed redevelopment and acquisition of computer equipment of S\$0.007 million.

Investment in joint venture increased from S\$15.289 million as at 31 December 2015 to S\$21.920 million as at 30 June 2016 due to the Group's share of profit of S\$7.493 million and negative exchange difference of S\$0.862 million in 6M2016.

The increase in investment in associates from S\$17.940 million as at 31 December 2015 to S\$35.795 million as at 30 June 2016 was mainly attributable to the following:

- (i) the Group's share of profit in TYKC of S\$1.556 million
- (ii) the Group's new investment in ECMLIB of S\$9.271 million and its share of profit of S\$2.713 million due to a gain on bargain purchase based on the preliminary purchase price adjustment as mentioned above,
- (iii) the Group's share of loss in EDUC8 of S\$3.549 million, offset by an increased shareholding in EDUC8 amounting to S\$7.727 million,
- (iv) a positive exchange difference of S\$0.137 million due to the weakening of the United State Dollar against the Singapore Dollar.

Trade receivables increased from S\$0.299 million as at 31 December 2015 to S\$1.527 million as at 30 June 2016 mainly due to the release of a new loan under the Group's provision of credit facilities division.

Other receivables and deposits increased marginally by S\$0.043 million from S\$0.045 million as at 31 December 2015 to S\$0.088 million as at 30 June 2016 mainly due to recoverable advance payments made.

Deferred maintenance cost decreased by S\$0.111 million from S\$0.257 million as at 31 December 2015 to S\$0.146 million as at 30 June 2016 due to accrual accounting as most of the IT system maintenance contracts are due for renewal in the second half of 2016.

Tax recoverable has decreased from S\$0.062 million as at 31 December 2015 to S\$0.041 million mainly due to a tax refund received by a subsidiary of the Group in 6M2016 for excessive provisional assessments imposed by the tax authorities for year of assessment 2014. The balance of tax recoverable of S\$0.041 million represents over payment of tax for year of assessment 2015 and 2016 due to excessive provisional assessments imposed by the tax authorities.

Cash and cash equivalents decreased by S\$0.363 million from S\$5.975 million as at 31 December 2015 to S\$5.612 million as at 30 June 2016 mainly due to additional cash investment in EDUC8 of S\$7.727 million, repayment of amounts due to related parties of S\$2.389 million, release of a new loan of S\$1.370 million under the Group's provision of credit facilities division, additional investment in fixed assets of S\$0.170 million, payment of finance cost of S\$0.417 million and payment of other operating expenses, offset by an advance payment of S\$12.121 million received from TPRES as explained below.

Decrease in trade and other payables and accruals and deferred revenue by S\$0.222 million from S\$1.584 million as at 31 December 2015 to S\$1.362 million as at 30 June 2016 was mainly due to the decrease in sales in the Group's IT division as explained above.

The amount due to joint venture of S\$12.121 million as at 30 June 2016 (S\$nil as at 31 December 2015), represents an advance payment from TPRE.

Increase in bank borrowings of S\$0.116 million as at 30 June 2016 was solely due to positive exchange differences resulting from the strengthening of the Malaysian Ringgit against the Singapore Dollar.

The balance of the redeemable convertible unsecured loan stock ("RCULS") of S\$2.353 million under equity represents the equity component of RCULS whilst the balance of RCULS of S\$7.445 million represents the carrying amount of the liability component, net of allocated transaction cost.

The amounts due to related parties decreased from S\$5.079 million as at 31 December 2015 to S\$2.262 million as at 30 June 2016 mainly due to the repayment of long term advances due to a substantial shareholder and a company controlled by a substantial shareholder for S\$1.662 million and S\$0.727 million respectively in 6M2016. The balance at 30 June 2016 of \$2.262 million represents long term advances due to a non-controlling interest of a subsidiary.

The increase in the Group's foreign currency translation reserve of S\$1.106 million from negative S\$5.352 million as at 31 December 2015 to negative S\$6.458 million as at 30 June 2016 was mainly due to the strengthening of the Singapore Dollar against the United States Dollar, which arose on the re-translation to presentational currency.

The Group had a negative working capital of S\$12.742 million as at 30 June 2016 mainly due to an advance payment from TPRE of S\$12.121 million. In addition, the Directors are of the view that the Group will have continued access to banking facilities made available to the Group and supported by Mr LKO as guarantor to those facilities. Mr LKO has committed to the Group to continue to provide and not withdraw such personal guarantees so as to enable the Group to have continuous access to these banking facilities. Further to that, the Directors are of the view that the Group will be able to secure additional borrowings by securing its long-term assets, which are currently unencumbered.

Cash Flows Statement

Cash flows used in operations was S\$1.814 million, mainly as a result of an operating loss before working capital changes of S\$0.366 million, an increase in trade and other receivables of S\$1.138 million and a decrease in trade and other payables of S\$0.310 million.

After taking into account the cash flow from operations and income tax refund received of S\$0.017 million, the Group's net cash flows used in operating activities was S\$1.797 million in 6M2016.

The Group's net cash used in investing activities amounting to S\$7.412 million in 6M2016 was mainly attributable to the additional investment in EDUC8 and the

acquisition of shares of ECMLIB totaling S\$16.998 million and the acquisition of property, plant and equipment of S\$0.170 million, offset by the net proceeds from the issue of RCULS S\$9.756 million.

The net cash generated from financing activities amounting to S\$9.374 million in 6M2016 was attributable to the advance payment from a joint venture of S\$12.121 million, interest received from fixed deposit and provision of credit facilities of S\$0.016 million and S\$0.043 million respectively, offset by repayment of amounts due to related parties of S\$2.389 million, interest on borrowings of S\$0.417 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

For the next reporting period, the Group's financials will continue to be driven primarily by its exposure to three core sectors: travel and hospitality through TP Real Estate Holdings Pte Ltd ("TPRE"), and education through its investment in Educ8 Group and precision engineering via the Group's investment in HDD manufacturer TYKC.

Hospitality Sector

Management completed the sale of its 225-room hotel in Melbourne, Australia in 1Q2016 and is currently evaluating opportunities to reinvest these proceeds to improve TPRE's investment yield. We will continue our efforts to enhance revenue management strategies to drive occupancies and improve average room rates.

Education Sector

In light of the increasing demand for quality education throughout the region, management will continue to focus its efforts on strengthening its influence on the local market and regional market by leveraging off of Epsom's strong global brand name.

HDD Sector

Despite continued weakness in the HDD sector arising from a growing shift in consumer preferences from PCs to smartphones and tablets we expect HDD shipments to stabilize in the next financial period as HDD remain far superior to any other storage medium from a cost and efficiency perspective. However, to supplement its core HDD revenues and to protect itself from the on-going volatility of HDD demand, management has been towards acquiring new businesses in the automotive, oil and gas, and other consumer electronic products space.

IT Division

With the signs of slowdown in capital spending registered by the customers of the Group's IT division, we will focus on streamlining the operations of this division.

- 11. If a decision regarding dividend has been made:-**
- (a) Whether an interim (final) ordinary dividend has been declared (recommended); and**
- None
- (b) (i) Amount per share:**
- Not applicable
- (ii) Previous corresponding period:**
- None
- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (if the dividend is not taxable in the hands of shareholders, this must be stated)**
- Not applicable
- (d) Date payable**
- Not applicable
- (e) Books closure date**
- Not applicable
- 12. If no dividend has been declared (recommended), a statement to that effect**
- No dividend has been declared or recommended for the current financial period reported on.
- 13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Lim Kian Onn ("LKO")	S\$10,250,000 ¹	-

Notes:

¹ Pursuant to shareholders' approval obtained at the extraordinary general meeting held on 20 May 2016, the Company has issued 0.5% RCULS due 2021 of an aggregate principal amount of S\$10 million to Mr LKO to *inter alia*, fund the

acquisition of shares in ECMLIB. The maximum interest that may accrue under the RCULS is S\$250,000.

Save as disclosed, there were no interested person transactions of S\$100,000 or more during 6M2016.

The Group does not have a general mandate for recurrent interested person transactions.

14. Use and Re-allocation of the proceeds from the RCULS (“RCULS Proceeds”)

As the Company has completed the ECMLIB Acquisition and RCULS Issue, the remaining proceeds from the RCULS Proceeds of (i) S\$0.239 million initially allocated for “To pay the Purchase Consideration for the ECMLIB Acquisition”; and (ii) S\$0.246 million initially allocated for “Expenses in connection with the ECMLIB Acquisition and RCULS Issue and general working capital purposes”, being an aggregate of S\$0.485 million, have been re-allocated to “General Working Purposes” (“Re-allocation”). The utilisation of the RCULS Proceeds as at 30 June 2016 is as follows:

Intended Use	Amount initially allocated as set out in the circular dated 5 May 2016 S\$'000	Amount allocated pursuant to Re-allocation S\$'000	Amount utilised S\$'000	Amount unutilised S\$'000
To pay the Purchase Consideration for the ECMLIB Acquisition*	9,510	9,271	9,271	-
Expenses in connection with the ECMLIB Acquisition and RCULS Issue	490	244	244	-
General working capital purposes**	-	485	-	485
Total	10,000	10,000	9,515	485

Notes:

* The difference between the amount initially allocated and utilised represents foreign currency exchange fluctuations between Singapore Dollar and Ringgit Malaysia. Notwithstanding, the amount utilised for the Purchase Consideration is RM27,452,140.

** None of the proceeds had been used for general working capital expenses as at 30 June 2016.

This aforementioned utilisation is in accordance with the intended use of proceeds stated in the Company’s announcement dated 25 February 2016 and the Circular to shareholders dated 5 May 2016.

15. Confirmation of Undertakings from Directors and Executive Officers under Rule 720(1) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited (“Listing Manual”)

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Listing Manual.

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

We, Lim Kian Onn and Oh Teik Khim, being Directors of the Company do hereby confirm, for and on behalf of the Board of Directors of the Company ("**Board**") that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited financial results of the Group for the six months ended 30 June 2016 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Kian Onn
Director
11 August 2016

Oh Teik Khim
Director