PLATO CAPITAL LIMITED
(Company Registration No. 199907443M)

Unaudited Financial Statements And Dividend Announcement For The 6 Months Ended 30 June 2018

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 2018	Group For the 6 months ended 30 June 2017	Increase/ (Decrease)
	S$'000	S$'000	%
	(Unaudited)	(Unaudited)	
Revenue (1)	**581**	**379**	**53.3**
Other income (2)	117	47	NM
	698	**426**	**63.8**
Other items of income/(expense)			
Purchase of software and services	(242)	(173)	39.9
Employee benefits expenses	(811)	(645)	25.7
Depreciation of property, plant and equipment	(9)	(9)	NM
Foreign exchange gain/(loss), net	113	(254)	NM
Gain on dilution of interest in an associate	143	-	NM
Gain on disposal of financial assets	-	364	NM
Bank charges	(6)	(2)	NM
Finance costs	(334)	(331)	0.9
Share-based payment expense	(104)	(218)	(52.3)
Other operating expenses	(440)	(379)	16.1
Share of profit from joint venture	879	11,047	(92.0)
Share of loss from associates	(597)	(144)	NM
(Loss)/profit before tax	**(710)**	**9,682**	**NM**
Income tax expense	-	-	NM
(Loss)/Profit for the period	**(710)**	**9,682**	**NM**
Attributable to:			
Owners of the Company	**(705)**	**9,461**	**NM**
Non-controlling interests	**(5)**	**221**	**NM**
	(710)	**9,682**	**NM**

NM – not meaningful

Notes:

1 Revenue comprises of the following items:

	Group For the 6 months ended 30 June 2018	Group For the 6 months ended 30 June 2017	Increase/ (Decrease)
	S$'000	S$'000	%
	(Unaudited)	(Unaudited)	
Revenue from:			
- Sale of goods	42	13	NM
- License fees and services	329	133	NM
- Service maintenance	210	228	(7.9)
Interest income from provision of credit facilities	-	5	NM
Total	581	379	53.3

2 Other income comprises of the following items:

	Group For the 6 months ended 30 June 2018	Group For the 6 months ended 30 June 2017	Increase/ (Decrease)
	S$'000	S$'000	%
	(Unaudited)	(Unaudited)	
Interest income from bank deposits	18	47	(61.7)
Miscellaneous income	99	-	NM
Total	117	47	NM

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 2018	Group For the 6 months ended 30 June 2017	Increase/ (Decrease)
	S$'000	S$'000	%
	(Unaudited)	(Unaudited)	
Profit for the period	**(710)**	**9,682**	**NM**
Other comprehensive income/(loss):			
Items that will not be reclassified to profit or loss:			
Fair value loss on financial asset	(247)	-	NM
Items that may be reclassified subsequently to profit or loss:			
Derecognition of an associate	(119)	-	NM
Share of fair value reserve of financial assets of an associate	26	40	NM
Share of foreign currency translation reserve of joint venture	(456)	(34)	NM
Share of foreign currency translation reserve of associates	130	(915)	NM
Foreign currency translation	(200)	519	NM
Other comprehensive loss for the period, net of tax	**(866)**	**(390)**	**NM**
Total comprehensive income for the period	**(1,576)**	**9,292**	**NM**
Total comprehensive income attributable to:			
Owners of the Company	**(1,561)**	**9,137**	**NM**
Non-controlling interests	**(15)**	**155**	**NM**
	(1,576)	**9,292**	**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 2018	As at 31 December 2017	As at 30 June 2018	As at 31 December 2017
	S$'000	S$'000	S$'000	S$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Non-current assets				
Property, plant and equipment	6,915	5,674	-	-
Intangible assets	264	257	-	-
Investment in subsidiaries	-	-	3,215	2,545
Investment in joint venture	15,966	31,662	6,343	11,426
Investment in associates	19,150	29,006	-	-
Financial asset at fair value through other comprehensive income	6,618	-	-	-
	48,913	**66,599**	**9,558**	**13,971**
Current assets				
Trade receivables	293	197	-	-
Other receivables and deposits	321	44	-	-
Prepaid operating expenses	27	38	3	13
Deferred maintenance cost	141	101	-	-
Tax recoverable	41	45	-	-
Amounts due from subsidiaries	-	-	30,686	19,133
Cash and cash equivalents	14,023	4,321	429	1,380
	14,846	**4,746**	**31,118**	**20,526**
Total assets	**63,759**	**71,345**	**40,676**	**34,497**
Current liabilities				
Trade payables	109	99	-	-
Other payables and accruals	2,379	2,264	221	225
Deferred revenue	260	162	-	-
Amounts due to subsidiaries	-	-	2,824	1,726
Amount due to joint venture	-	6,369	-	6,139
Loan and borrowings	5,414	5,596	-	-
	8,162	**14,490**	**3,045**	**8,090**
Net current assets/(liabilities)	**6,684**	**(9,744)**	**28,073**	**12,436**
Non-current liabilities				
Deferred tax liabilities	190	190	190	190
Redeemable convertible unsecured loan stocks ("RCULS") – liability component	5,253	5,084	5,253	5,084
Amounts due to related parties	2,414	2,369	-	-
	7,857	**7,643**	**5,443**	**5,274**
Total liabilities	**16,019**	**22,133**	**8,488**	**13,364**
Net assets	**47,740**	**49,212**	**32,188**	**21,133**

	Group		Company	
	As at 30 June 2018	As at 31 December 2017	As at 30 June 2018	As at 31 December 2017
	S$'000 (Unaudited)	S$'000 (Audited)	S$'000 (Unaudited)	S$'000 (Audited)
Equity				
Share capital	40,875	40,875	40,875	40,875
Fair value and other reserves	1,853	2,123	2,100	1,996
Foreign currency translation reserve	(7,704)	(7,222)	-	-
Retained earnings/(accumulated losses)	10,311	11,016	(10,787)	(21,738)
Equity attributable to owners of the Company	**45,335**	**46,792**	**32,188**	**21,133**
Non-controlling interests	2,405	2,420	-	-
Total equity	**47,740**	**49,212**	**32,188**	**21,133**
Total equity and liabilities	**63,759**	**71,345**	**40,676**	**34,497**

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 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
-	5,414*	-	5,596*

* Loans and borrowings

Amount repayable after one year

Group			
As at 30 June 2018 (Unaudited)		As at 31 December 2017 (Audited)	
Secured	Unsecured	Secured	Unsecured
S$'000	S$'000	S$'000	S$'000
-	5,253**	-	5,084**

** RCULS – liability component

Details of any collateral

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

Others – Contingent liabilities

The Company has provided proportionate guarantees to two of its investee companies as follows:

1. For a principal sum of up to S$9.72 million in relation to a term loan facility granted by a licensed bank to Epsom College Malaysia Sdn Bhd ("**ECiM**"), a subsidiary of an associate of Educ8 Group Sdn Bhd ("**Educ8**"); and

2. For a principal sum of up to S$8.79 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 ("**TPSB**"), a joint venture of the Group.

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 2018	Group For the 6 months ended 30 June 2017
	S$'000	S$'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**(710)**	**9,682**
Adjustments for:		
Interest income from bank deposits	(18)	(47)
Interest income from provision of credit facilities	-	(5)
Interest expenses	334	331
Depreciation of property, plant and equipment	9	9
Gain on disposal of financial assets	-	(364)
Gain on dilution of interest in an associate	(143)	-
Share of profit from joint venture	(879)	(11,047)
Share-based payment expense	104	218
Share of loss from associates	597	144
Unrealised foreign exchange loss, net	675	351
Operating loss before working capital changes	**(31)**	**(728)**
Receivables	(396)	906
Payables	(1,118)	(118)
Cash flow (used in)/ generated from operations	**(1,545)**	**60**
Interest income from provision of credit facilities	-	5
Income tax credited	5	20
Net cash flows (used in)/generated from operating activities	**(1,540)**	**85**
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(1,271)	(104)
Trademark related expense paid	(2)	(18)
Proceeds from disposal of financial assets	-	618
Dividend received from an associate	3,064	435
Investment in an associate	(439)	-
Dividend received from joint venture	11,488	-
Investment in joint venture	(1,011)	-
Net cash from investing activities	**11,829**	**931**

	Group For the 6 months ended 30 June 2018	Group For the 6 months ended 30 June 2017
	S$'000	S$'000
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	(165)	(173)
Interest received from bank deposits	18	47
Repayment of bank borrowings	(337)	(324)
Net cash used in financing activities	**(484)**	**(450)**
Net increase in cash and cash equivalents	**9,805**	**566**
Effect of exchange rate changes on cash and cash equivalents	**(103)**	**(121)**
Cash and cash equivalents at 1 January	**4,321**	**4,130**
Cash and cash equivalents at 30 June	**14,023**	**4,575**
Cash at bank and on hand	13,373	862
Short-term deposits	650	3,713
Cash and cash equivalents	**14,023**	**4,575**

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	Attributable to owners of the Company									
	Share capital	RCULS – equity component	Share-based payment reserve	Fair value reserve	Capital reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity owners of the Company	Non-controlling interests	Total
GROUP (Unaudited)	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance as at 1 January 2018	**40,875**	**1,164**	**832**	**84**	**43**	**(7,222)**	**11,016**	**46,792**	**2,420**	**49,212**
Profit for the period	-	-	-	-	-	-	(705)	(705)	(5)	(710)
Other comprehensive income/(loss):										
Fair value loss - financial asset	-	-	-	(247)	-	-	-	(247)	-	(247)
Share of fair value reserve of financial assets of an associate	-	-	-	26	-	-	-	26	-	26
Derecognition of an associate	-	-	-	(110)	(43)	34	-	(119)	-	(119)
Share of foreign currency translation reserve of joint venture	-	-	-	-	-	(456)	-	(456)	-	(456)
Share of foreign currency translation reserve of associates	-	-	-	-	-	204	-	204	(74)	130
Foreign currency translation	-	-	-	-	-	(264)	-	(264)	64	(200)
Other comprehensive loss for the period, net of tax	**-**	**-**	**-**	**(331)**	**(43)**	**(482)**	**-**	**(856)**	**(10)**	**(866)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(331)**	**(43)**	**(482)**	**(705)**	**(1,561)**	**(15)**	**(1,576)**
Transaction with owners:										
Grant of equity-settled share options and share awards	-	-	104	-	-	-	-	104	-	104
Balance as at 30 June 2018	**40,875**	**1,164**	**936**	**(247)**	**-**	**(7,704)**	**10,311**	**45,335**	**2,405**	**47,740**

	Attributable to owners of the Company									
	Share capital	RCULS – equity component	Share-based payment reserve	Fair value reserve	Capital reserve	Foreign currency translation reserve	Retained earnings	Equity attributable to equity owners of the Company	Non-controlling interests	Total
GROUP (Unaudited)	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Balance as at 1 January 2017	**40,875**	**1,164**	**397**	**55**	**43**	**(7,475)**	**2,893**	**37,952**	**2,264**	**40,216**
Profit for the period	-	-	-	-	-	-	9,461	9,461	221	9,682
Other comprehensive income/(loss):										
Share of fair value reserve of financial assets of an associate	-	-	-	40	-	-	-	40	-	40
Share of foreign currency translation reserve of joint venture	-	-	-	-	-	(34)	-	(34)	-	(34)
Share of foreign currency translation reserve of associates	-	-	-	-	-	(785)	-	(785)	(130)	(915)
Foreign currency translation	-	-	-	-	-	455	-	455	64	519
Other comprehensive income/(loss) for the period, net of tax	**-**	**-**	**-**	**40**	**-**	**(364)**	**-**	**(324)**	**(66)**	**(390)**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**40**	**-**	**(364)**	**9,461**	**9,137**	**155**	**9,292**
Transaction with owners:										
Grant of equity-settled share options and share awards	-	-	218	-	-	-	-	218	-	218
Balance as at 30 June 2017	**40,875**	**1,164**	**615**	**95**	**43**	**(7,839)**	**12,354**	**47,307**	**2,419**	**49,726**

	Share capital	RCULS – equity component	Share-based payments reserve	Accumulated losses	Total equity
COMPANY	**S$'000**	**S$'000**	**S$'000**	**S$'000**	**S$'000**
(Unaudited)					
As at 1 January 2018	**40,875**	**1,164**	**832**	**(21,738)**	**21,133**
Profit for the period, representing total comprehensive income for the period	-	-	-	10,951	10,951
Grant of equity-settled share options and share awards	-	-	104	-	104
At 30 June 2018	**40,875**	**1,164**	**936**	**(10,787)**	**32,188**
(Unaudited)					
As 1 January 2017	**40,875**	**1,164**	**397**	**(19,051)**	**23,385**
Loss for the period, representing total comprehensive loss for the period	-	-	-	(650)	(650)
Grant of equity-settled share options and share awards	-	-	218	-	218
At 30 June 2017	**40,875**	**1,164**	**615**	**(19,701)**	**22,953**

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.

Share Capital

There has been no change in the Company's share capital from 31 December 2017 to 30 June 2018. The Company's share capital as at 31 December 2017 and 30 June 2018 remained at S$40,875,023 and comprised 194,701,333 shares ("**Existing Issued Share Capital**").

Convertibles

Redeemable Convertible Unsecured Loan Stocks ("RCULS")
The Company had on 27 May 2016 issued 100 0.5% RCULS due in 2021, each with a principal value of S$100,000 amounting in aggregate to a principal amount of S$10,000,000 to Mr LKO.

On 15 July 2016, Mr LKO had converted 38 RCULS valued at S$3,800,000 and accrued interest of S$2,498.63 into 29,249,989 ordinary shares of the Company ("**Shares**") based on conversion price of S$0.13 each.

As such, as at 30 June 2018, there are 62 RCULS outstanding convertible into 47,692,307 Shares (30 June 2017: 47,692,307 Shares) and accrued interest of S$65,100 convertible into 500,769 Shares (30 June 2017: 262,307 Shares). Accordingly, as at 30 June 2018, the aggregate number of Shares that may be issued on conversion of the RCULS and accrued interest is 48,193,076 Shares (30 June 2017: 47,954,614 Shares), representing approximately 24.8% of the Existing Issued Share Capital.

Employee Share Option Scheme ("Plato ESOS 2016")

Under the Plato ESOS 2016, the Company had on 17 June 2016 granted share options comprising 10,478,584 Shares ("**Share Options**") to directors and employees of the Company. No Share Options have been exercised since they were granted.

As at 30 June 2018, a total of 1,240,885 Shares had been forfeited and the remaining balance of Share Options outstanding is convertible into 9,237,699 Shares (30 June 2017: 9,237,699 shares), representing approximately 4.7% of the Existing Issued Share Capital.

Performance Share Plan ("Plato PSP 2016")

Under the Plato PSP 2016, the Company had on 17 June 2016 granted awards comprising 5,239,296 Shares ("**Share Awards**") to directors and employees of the Company. No Share Awards have been released and vested since its grant.

As at 30 June 2018, a total of 620,443 Shares had been forfeited and the remaining balance of Shares issuable under the Share Awards is 4,618,853 Shares (30 June 2017: 4,618,853), representing approximately 2.4% of the Existing Issued Share Capital.

Based on the foregoing, the total number of Shares that may be issued on conversion of all outstanding convertibles (including Share Options and Share Awards) as at 30 June 2018 is 62,049,629 Shares (30 June 2017: 61,811,166 Shares), representing approximately 31.9% of the Existing Issued Share Capital.

Save as disclosed, the Company did not have any outstanding convertibles as at 30 June 2018 and 30 June 2017.

Treasury shares and subsidiary holdings

The Company did not have any treasury shares 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.

	As at 30 June 2018	As at 31 December 2017
Total number of issued shares excluding treasury shares	194,701,333	194,701,333

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.

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 any subsidiary holdings 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 year ended 31 December 2017.

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's financial statements for the financial period beginning 1 Jan 2018 is prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") issued by the Accounting Standard Council.

In adopting the new SFRS(I) framework with effect from 1 January 2018, the Group is required to apply the specific transition requirements in SFRS(I)1 – First Time Adoption of Singapore Financial Reporting Standards (International).

Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the SFRS(I). The adoption of the SFRS(I) has no material effect on the financial statements of the Group.

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	
(Loss)/Earnings per Share	**For the 6 months ended 30 June 2018 (Unaudited)**	**For the 6 months ended 30 June 2017 (Unaudited)**
Basic Based on weighted average number of ordinary shares in issue (Singapore cents)	(0.36)[1]	4.86[3]
Diluted On a fully diluted basis (Singapore cents)	(0.23)[2]	3.94[4]

Notes:-

(1) Computed based on the loss attributable to owners of the Company of S$0.705 million divided by the weighted average number of ordinary shares in issue of 194,701,333 for the financial period ended 30 June 2018 ("**6M2018**").

(2) Computed based on the loss of S$0.565 million, representing the total of (i) the profit attributable to owners of the Company of S$0.705 million and (ii) savings from reversal of RCULS accrued interest expense of S$0.140 million; divided by 244,099,326 Shares, being (i) the total of the weighted average number of ordinary shares in issue of 194,701,333 and (ii) assuming full conversion of outstanding RCULS, Plato ESOS 2016 and Plato PSP 2016 into 49,397,993 ordinary shares of which are assumed to be issued on 1 January 2018, for 6M2018.

(3) Computed based on the profit attributable to owners of the Company of S$9.461 million divided by the weighted average number of ordinary shares in issue of 194,701,333 for the financial period ended 30 June 2017 ("**6M2017**").

(4) Computed based on the profit of S$9.619 million, representing the total of (i) the profit attributable to owners of the Company of S$9.461 million and (ii) savings from reversal of RCULS accrued interest expense of S$0.158 million; divided by 243,860,864 Shares, being (i) the total of the weighted average number of ordinary shares in issue of 194,701,333 and (ii) assuming full conversion of outstanding RCULS, Plato ESOS 2016 and Plato PSP 2016 into 49,159,531 ordinary shares of which are assumed to be issued on 1 January 2017, for 6M2017.

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 period reported on and (b) immediately preceding financial year

	Group		Company	
	As at 30 June 2018 (Unaudited)	**As at 31 December 2017 (Audited)**	**As at 30 June 2018 (Unaudited)**	**As at 31 December 2017 (Audited)**
Net asset value ("**NAV**") per ordinary share (Singapore cents)	23.28	24.03	16.53	10.85
Number of ordinary shares in issue	194,701,333	194,701,333	194,701,333	194,701,333

The Group's and the Company's NAV per ordinary share as at 30 June 2018 and 31 December 2017 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 2018 vs six months ended 30 June 2017

Income Statement

The Group's turnover increased by 53.3% to S$0.581 million mainly as a result of higher revenue from license fees and services from the IT Division largely attributable to higher demand. Correspondingly, the purchase of software and services increased in tandem.

The Group recorded foreign exchange gain of S$0.113 million as opposed to a loss of S$0.254 million in the corresponding period last year due to strengthening of United States Dollar as well as Malaysian Ringgit in this period.

Gain on dilution of interest in an associate resulted from the dilution of interest of the Group's associate - ECM Libra Financial Group Berhad ("ECMLFG") following a corporate exercise undertaken by ECMLFG, whereby ECMLFG had, *inter alia,* issued new shares to third party as consideration for the acquisitions of 50% interests in TP Sepang Sdn Bhd, Yummy Kitchen Sdn Bhd, TP International Pty Ltd and 40.005% interest in TP Hotel (Flinders) Trust (collectively the "Subject Assets") from the then joint venture company, TP Real Estate Holdings Pte Ltd ("TPRE"). As a result of the dilution of interest, the effective interest of the Company in ECMLFG reduced from 19.78% to 12.69%.

The share-based payment expense is in relation to the Share Option and Share Award granted on 17 June 2016 under the Plato ESOS 2016 and the Plato PSP 2016 which were accepted in July 2016. The lower expense in 6M2018 as compared with the corresponding period last year is due to the lower amortisation of expense as the Share Option and Share Award entered their third year-term.

The Group's share of profit from joint venture decreased to S$0.879 million due to the absence of a gain of S$10.3 million recognised in the last financial period from the disposal of Tune Hotel Edinburgh.

The Group recorded share of loss from associates of S$0.597 million in 6M2018 which consists of share of loss from Educ8 of S$0.942 million (6M2017: S$0.843 million), share of profit of S$0.172 million (6M2017: S$0.650 million) and S$0.173 million (6M2017: S$0.049 million) in TYK Capital Sdn Bhd ("TYKC") and ECMLFG respectively. The higher loss registered by Educ8 was due to higher operating costs, and the lower profit of TYKC was due to lower sales recorded by the group in 6M2018.

The above resulted in the Group recording a loss before tax of S$0.710 million in 6M2018.

Statement of Financial Position

Property, plant and equipment increased by S$1.241 million due to development expenses capitalised for the Ormond Hotel in Dublin.

Investment in joint venture reduced to S$15.966 million due to the redemption of redeemable preference shares ("RPS") of TPRE of S$5.083 million, the payment of dividend by TPRE of S$11.488 million. Conversely, the amount due to joint venture reduced to nil this period following the mentioned redemption of RPS and dividend payment.

The Group has also setup a new joint venture company with ECMLFG with S$1.01 million investment as at 30 June 2018.

Investment in associates reduced to S$19.15 million primarily due to the declaration of dividend by ECMLFG attributable to the Group of S$3.064 million and the reclassification of the Group's investment in ECMLFG's to "Financial Asset at fair value through other comprehensive income" as a result of the dilution of interest following ECMLFG's corporate exercise mentioned above.

Cash and cash equivalents increased as a result of the consolidation of TPRE using the acquisition method of accounting, following the ownership of 100% of TPRE's interest during the period pursuant to the acquisitions of the Subject Assets by ECMLFG from TPRE, as announced by the Company on 16 May 2018. Despite of the ownership of 100% interest in TPRE, the net asset value of TPRE attributable to the Group remains unchanged. Prior to that, TPRE was a joint venture company of the Group.

As a result of improved working capital and cash position, the Group's recorded a net current assets of S$6.684 million as at 30 June 2018.

Cash Flows Statement

The net increase in cash and cash equivalents amounting to S$9.805 million in 6M2018 was mainly due to the dividend received from joint venture S$11.488 million and dividend received from an associate of S$3.064 million. This is reduced by the net cash used in operating activities of S$1.540 million as well as net cash used in investing activities mainly for the acquisition of property, plant and equipment of S$1.271 million and investment in joint venture of S$1.011 million.

Net cash used in operating activities of S$1.540 million resulted mainly from higher payment to creditors. Net cash from investing activities of S$11.829 million is mainly contributed by dividend received from joint ventures of S$11.488 million and dividend received from associate of S$3.064 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 and the next 12 months, the Group's financials will continue to be driven primarily by its exposure to its three core sectors: travel and hospitality through its joint venture with ECMLFG, education through its investment in Educ8 and precision engineering via the Group's investment in TYKC.

Hospitality Sector

The hospitality sector continues to focus its efforts on improving revenues and operational efficiencies at Tune Hotel KLIA2, whilst seeking planning permission from the authorities in Melbourne for the development of the Flinders Street site.

Development activities of the Ormond Hotel property in Dublin is progressing, with a view to commence operations of the 120-room property in early 2020.

Education Sector

ECiM continues to aggressively market the school throughout the region and to work with external partners to improve brand visibility and student intakes. Management is focused on student conversion programmes to improve student recruitment and revenues.

Precision Engineering and Manufacturing Sector

Demand for cloud storage and laptops is a key driver of demand for hard disk drives (HDD) and hence the importance of TYKC's HDD sales going forward. TYKC continues to explore potential businesses in the laser, automotive and other consumer electronics products with existing as well as new customers to diversify its business and minimize concentration risk. Advanced engineering initiatives that have a long-term lifespan remains the focus of TYKC to drive future business.

IT Division

Management continues to focus on cost-efficient delivery of services to customers to remain competitive in the market. Management is also exploring new industry verticals to expand the marketability of enterprise resources planning solution and consulting services.

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 during the current financial period reported on.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("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

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

There were no interested person transactions of S$100,000 or more entered into during 6M2018.

14. 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.

15. 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 2018 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Lim Kian Onn
Director
13 August 2018

Oh Teik Khim
Director

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 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.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship (Mailing address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).