

(Company Registration No : 198300506G)

2018 HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

 1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2018
 (In Singapore Dollars)

	GROUP		% Increase/ (Decrease)
	30/06/2018 S\$'000	30/06/2017 S\$'000	
Revenue	4,918	4,685	5.0
Cost of sales	(4,945)	(5,108)	(3.2)
Gross loss	(27)	(423)	(93.6)
Other income			
- Other operating income	228	772	(70.5)
- Finance income	61	60	1.7
Expenses			
- Selling & distribution expenses	(333)	(306)	8.8
- Administrative expenses	(2,949)	(3,417)	(13.7)
- Finance cost	(45)	(74)	(39.2)
Share of results of associate	(91)	(85)	7.1
Loss before tax	(3,156)	(3,473)	(9.1)
Taxation	-	-	nm
Loss net of tax	(3,156)	(3,473)	(9.1)
Other comprehensive income / (loss) :			
Share of foreign currency translation of associated company	2	1	100.0
Other comprehensive income for the period	2	1	100.0
Total comprehensive loss for the period, net of tax	(3,154)	(3,472)	(9.2)
Loss for the period attributable to:			
Owners of the Company	(3,156)	(3,473)	(9.1)
	(3,156)	(3,473)	(9.1)
Total comprehensive loss attributable to:			
Owners of the Company	(3,154)	(3,472)	(9.2)
	(3,154)	(3,472)	(9.2)

nm - not meaningful

Notes to the Consolidated Statement of Comprehensive Income :		
	30/06/2018	30/06/2017
	S\$'000	S\$'000
The loss after tax is determined after (crediting) / charging the following :		
Interest income on fixed deposits	(61)	(60)
Depreciation of property, plant and equipment	704	702
Interest on finance leases / term loan	45	74
Foreign exchange loss	23	1,064
Loss on disposal of property, plant and equipment	4	43

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2018	31/12/2017	30/06/2018	31/12/2017
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Non-current assets				
Property, plant and equipment	10,211	10,825	1,893	2,000
Leasehold land	4,104	4,222	-	-
Investment in subsidiaries	-	-	20,001	20,001
Investment in associate	1,997	2,086	-	-
Deferred tax asset	223	223	-	-
	<u>16,535</u>	<u>17,356</u>	<u>21,894</u>	<u>22,001</u>
Current assets				
Inventories	2,792	4,066	-	-
Trade receivables	1,454	980	48	13
Amounts due from subsidiaries	-	-	888	877
Receivable from associate	189	184	7	7
Other receivables	64	61	26	29
Prepaid operating expenses	63	35	14	6
Cash and cash equivalents	39,934	18,980	36,721	14,964
	<u>44,496</u>	<u>24,306</u>	<u>37,704</u>	<u>15,896</u>
Current liabilities				
Trade payables	436	667	28	3
Other payables	2,223	2,254	536	329
Current portion of term loans	370	370	-	-
Provision for taxation	78	78	78	78
	<u>3,107</u>	<u>3,369</u>	<u>642</u>	<u>410</u>
Net current assets	41,389	20,937	37,062	15,486
Non-current liabilities				
Non-current portion of term loans	2,559	2,744	-	-
Deferred tax liability	195	195	195	195
	<u>2,754</u>	<u>2,939</u>	<u>195</u>	<u>195</u>
Net assets	<u>55,170</u>	<u>35,354</u>	<u>58,761</u>	<u>37,292</u>
Equity attributable to owners of the Company				
Share capital	71,977	49,007	71,977	49,007
Treasury shares	(1,697)	(1,697)	(1,697)	(1,697)
Foreign currency translation reserves	77	75	-	-
Accumulated losses	(15,187)	(12,031)	(11,519)	(10,018)
	<u>55,170</u>	<u>35,354</u>	<u>58,761</u>	<u>37,292</u>
Total Equity	<u>55,170</u>	<u>35,354</u>	<u>58,761</u>	<u>37,292</u>

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 S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
370	-	370	-

Amount repayable after one year :

As at 30 June 2018		As at 31 December 2017	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,559	-	2,744	-

Details of any collateral

Certain term loan is secured by lessor's charge over the leasehold land and also by a corporate guarantee from the Company. Certain term loan is solely secured by corporate guarantee from the Company.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

Group

	30/06/2018	30/06/2017
	S\$'000	S\$'000
Cash flows from operating activities :		
Loss before tax	(3,156)	(3,473)
Adjustments for :		
Depreciation expense	704	702
Amortisation on leasehold land	118	118
Loss on disposal of property, plant and equipment	4	43
Share of results of associate	91	85
Interest expense	45	74
Interest income	(61)	(60)
Operating loss before reinvestment in working capital	(2,255)	(2,511)
(Increase) / decrease in receivables	(510)	566
Decrease in inventories	1,274	299
Decrease in payables	(262)	(614)
Cash used in operations	(1,753)	(2,260)
Interest paid	(44)	(74)
Income tax paid, net of refund	(0)	-
Interest received	59	13
Net cash used in operating activities	(1,738)	(2,321)
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	-	17
Purchase of property, plant and equipment	(93)	(300)
Net cash used in investing activities	(93)	(283)
Cash flow from financing activities :		
Proceeds from term loan	-	38
Proceeds from issue of new shares	23,000	-
Share issuance expense	(30)	-
Repayment of term loans	(185)	(3,030)
Net cash received from / (used in) financing activities	22,785	(2,992)
Net increase / (decrease) in cash and cash equivalents	20,954	(5,596)
Cash and cash equivalents at 1 January	18,980	26,017
Cash and cash equivalents at end of the period	39,934	20,421

"0" denotes amount less than \$1,000

1(d)(i) STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Owners of the Company					Total
	Share	Treasury	Asset	Foreign	Retained	
	Capital	Shares	Revaluation	Currency	Earnings	
	SS'000	SS'000	Reserve	Reserves	SS'000	Equity
	SS'000	SS'000	SS'000	SS'000	SS'000	SS'000
As at 1 January 2017	49,007	(1,697)	1,296	75	(2,492)	46,189
Loss for the year	-	-	-	-	(9,539)	(9,539)
Other comprehensive loss						
Share of foreign currency translation of associate	-	-	-	(0)	-	(0)
Reversal of provision for deferred taxation	-	-	325	-	-	325
Revaluation loss on building	-	-	(1,621)	-	-	(1,621)
As at 31 December 2017	49,007	(1,697)	-	75	(12,031)	35,354
As at 1 January 2018	49,007	(1,697)	-	75	(12,031)	35,354
Loss for the year	-	-	-	-	(3,156)	(3,156)
Issue of ordinary shares	23,000	-	-	-	-	23,000
Issue of introducer shares	690	-	-	-	-	690
Share issuance expense	(720)	-	-	-	-	(720)
Other comprehensive income						
Share of foreign currency translation of associate	-	-	-	2	-	2
As at 30 June 2018	71,977	(1,697)	-	77	(15,187)	55,170

Company	Share	Treasury	Asset	Retained	Total
	Capital	Shares	Revaluation	Earnings	Equity
	SS'000	SS'000	Reserve	SS'000	SS'000
As at 1 January 2017	49,007	(1,697)	1,296	(3,384)	45,222
Total comprehensive loss for the year	-	-	-	(6,634)	(6,634)
Reversal of provision for deferred taxation	-	-	325	-	325
Revaluation loss on building	-	-	(1,621)	-	(1,621)
As at 31 December 2017	49,007	(1,697)	-	(10,018)	37,292
As at 1 January 2018	49,007	(1,697)	-	(10,018)	37,292
Total comprehensive loss for the year	-	-	-	(1,501)	(1,501)
Issue of ordinary shares	23,000	-	-	-	23,000
Issue of introducer shares	690	-	-	-	690
Share issuance expense	(720)	-	-	-	(720)
As at 30 June 2018	71,977	(1,697)	-	(11,519)	58,761

"0" denotes amount less than \$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 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.

At the Extraordinary General Meeting held on 27 March 2018, amongst other things, the Shareholders had approved (a) the allotment and issue of up to 62,500,000 ordinary shares in the capital of the Company in multiple tranches, at an issue price of \$0.80 per share to the Subscriber for an aggregate maximum subscription amount of \$50 million and (b) the bonus issue of up to 27,119,659 free warrants (bonus warrants), with each warrant carrying the right to subscribe for 1 new ordinary share in the capital of the Company at an exercise price of \$1.00 for each warrant share. Both the Subscriber and Introducer shall not be entitled to the Bonus Warrants.

On 27 April 2018, the Company had completed the Tranche 1 Subscription by (a) allotting and issuing to the Subscriber 28,750,000 Tranche 1 Subscription Shares, at an issue price of \$0.80 per share for total amount of \$23 million and (b) allotted and issued to the Introducer 862,500 Tranche 1 Introducer Shares at an issue price of \$0.80 per share credited as fully paid.

On 25 May 2018, the Company had completed the allotment of 27,119,659 Bonus Warrants and the warrants were listed on 28 May 2018. As at 30 June 2018, there were no Bonus Warrants that were converted to shares. The terms and conditions of the Bonus Warrants set out in the Bonus Warrants Deed Poll, that the Bonus Warrants may only be exercised at any time during the period commencing on and including the date falling six (6) months from the date of listing of the Bonus Warrants on SGX-ST and expiring at 5.00 p.m. (Singapore time) on the date immediately preceding the third (3rd) anniversary of the date of issue of the Bonus Warrants.

	Ordinary Shares ¹	Warrants
Balance as at 1 January 2018	27,119,659	-
Share placement - Tranche 1	28,750,000	
Share placement - Tranche 1 - Introducer	862,500	
Listing of Warrants		27,119,659
Exercise of Warrants		-
Balance as at 30 June 2018	56,732,159	27,119,659
As a percentage of total ordinary shares ¹ issued		48%

¹ Excludes 1,000,000 treasury shares.

Save as disclosed above, the Company did not have any subsidiary holdings or other convertibles as at 30 June 2018.

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.

Total number of issued shares excluding treasury shares as at 30 June 2018 was 56,732,159 (31 December 2017: 27,119,659). Total number of treasury shares as at 30 June 2018 was 1,000,000 (31 December 2017: 1,000,000). No treasury shares were re-issued for the period ended 30 June 2018.

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.

None.

1(d)(v) Status on the use of proceeds from IPO and any offerings pursuant to Chapter 8 of the SGX Listing Manual and whether the use of proceeds is in accordance with the stated use.

On 27 April 2018, approximately \$23 million net proceeds were raised from the Tranche 1 Share Subscription. As at 30 June 2018, none of the net proceeds has been utilised.

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 our 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 under item 5 below, the Group has the same accounting policies and methods of computation consistent with those adopted in the most recent audited financial statements for the 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 accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2018. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

Singapore-incorporated companies listed on the Singapore Exchange are required to apply a new financial reporting framework identical to the International Financial Reporting Standards, Singapore Financial Reporting Standards (International) (SFRS(I)s), for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I)s on 1 January 2018 and has prepared its first set of financial information under SFRS(I) for the half year ended 30 June 2018.

The adoption of the new framework did not give rise to any significant changes to the financial performance or position to the Group.

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.

Earnings per share (EPS)	Group	
	30/06/2018	30/06/2017
i) Based on weighted average number of ordinary shares	(8.4) cents	(12.8) cents
Weighted average number of shares	37,753,982	27,119,659
ii) On a fully diluted basis	(8.4) cents	(12.8) cents

7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the :-

- (a) current financial period reported on; and
- (b) immediately preceding financial year.

	Group		Company	
	30/06/2018	30/06/2017	30/06/2018	30/06/2017
Net asset value per ordinary share based on the existing issued share capital at the respective period	97.2 cents	157.5 cents	103.6 cents	161.1 cents

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.

Group Performance Review

The Group's revenue increased by 5% to \$4.9 million for HY2018 mainly due to inclusion of scrap sales of \$0.7 million when trading of scrap became one of the principal activities of a subsidiary. Sale of production scrap was previously classified under Other Operating Income. The Group's revenue excluding scrap sales revenue had decreased by 10% due to continued challenging and lackluster worldwide demand from the HDD markets as well as intensified pricing competition from overseas suppliers.

The Group recorded a gross loss of \$0.03 million mainly due to low sales and fixed overheads. The Group recorded a lower gross loss for HY2018 compared with gross loss of \$0.4 million mainly to inclusion of scrap sales in revenue in HY2017.

Other operating income decreased by 70.5% to \$0.2 million, compared to \$0.8 million in HY2017. Other operating income in HY2017 comprised mainly proceeds from sale of production scrap. Other operating income in HY2018 mainly consisted of proceeds from scrapping of residual parts of disposed old extrusion machine line.

Finance income remained relatively constant at \$0.06 million. Finance income comprised interest income earned on bank fixed deposits.

Selling and distribution expenses increased by 8.8% from \$0.31 million in HY2017 to \$0.33 million in HY2018. The increase was due to higher sales travelling and packaging expenses.

Administrative expenses decreased by 13.7% to \$2.9 million from \$3.4 million in HY2017. Administrative expenses decreased due to lower foreign exchange loss of \$0.02 million compared with \$1.06 million loss in HY2017 as United States Dollars strengthened. The decrease was partially offset by professional fees of \$0.52 million incurred in HY2018 for the fund-raising exercise undertaken by the Group to fund future acquisitions.

Finance cost relates to interest expenses incurred on bank loans taken to finance the acquisition of Tuas South land and construction of Tuas South Factory. Finance costs decreased by 39.2% from \$0.07 million in HY2017 to \$0.05 million in HY2018. The decrease was due to full repayment of the construction loan.

Share of results of associated company's loss for HY2018 remained relatively constant at \$0.09 million.

At the pre-tax level, the Group reported a loss of \$3.2 million.

Group Balance Sheet and Cash Flow Review

The Group's non-current assets decreased by \$0.8 million from \$17.4 million as at 31 December 2017 to \$16.5 million as at 30 June 2018. The decrease was mainly due to the depreciation of property, plant and equipment, partially offset by purchase of plant and equipment.

The Group reported a total current asset of \$44.5 million as at 30 June 2018, an increase of \$20.2 million from last year end of \$24.3 million. The increase was due to cash proceeds from the completion of Tranche 1 fund-raising exercise where 28,750,000 ordinary shares were allotted and issued at an issue price of \$0.80 per share for a total amount of \$23 million. The increase was partially offset by lower level of inventory.

The Group's total liabilities decreased by \$0.4 million from \$6.3 million as at 31 December 2017 to \$5.9 million as at 30 June 2018. The decrease was partly due to repayment of term loan taken to finance the construction of Tuas South factory and partly due to lower level of trade payables.

Net cash used in operating activities for HY2018 was \$1.7 million compared with net cash used of \$2.3 million for the corresponding period last year. The negative operating cashflow for HY2018 was mainly due to operating loss and higher trade receivable balance. This was partially offset by lower inventory balance.

The Group's net cash used in investing activities for HY2018 was \$0.09 million, which was \$0.2 million lower as compared to HY2017. Net cash used in investing activities for HY2017 was higher due to additions in property, plant and equipment resulting from the construction of factory at Tuas South. The factory construction had been completed and TOP obtained in January 2017.

The Group's cash received from financing activities for HY2018 was \$22.8 million, as opposed to net cash used of \$3.0 million in financing activities in HY2017. The increase was mainly due to cash proceeds from the completion of Tranche 1 fund raising exercise.

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

The Group's results are in line with the statement made on 26 February 2018 and the profit guidance issued on 30 July 2018.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's revenue excluding scrap sale revenue had decreased by 10% for the HY2018 compared with HY2017 due to weak hard disk drive industries demand and downward price pressure and competition among key industry players. The Board expects the challenging business condition to continue.

The Group is actively streamlining its operating costs and improving efficiencies, aiming to qualify and participate in new products/programme in HDD industry as well as budgeting for more resources in developing new customers and increasing market share of its core businesses. Fluctuations in raw material costs and energy prices continue to pose challenges, and will have ongoing significant impact on profitability. They will be monitored closely by the Group.

As announced on 27 April 2018, the Group has completed the Tranche 1 Subscription by allotting and issuing to the Subscriber 28,750,000 ordinary shares (Please refer to note 1(d)(ii) for more information). The Board will make further announcements in relation to the Subscription as and when applicable.

The Group is currently working on the target new infrastructure business as contemplated by the diversification approved by the shareholders at the EGM on 27 March 2018. The Company will make the relevant announcements as and when information on any developments relating to the diversification becomes available.

The Company is currently in discussion with potential buyers for its Penjuru Lane site and shall make the necessary announcement as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None

(c) Date Payable

Not applicable

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

No dividend has been recommended for the financial period ended 30 June 2018.

13. If the Group has obtained 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.

The Group did not obtain a general mandate from shareholders for IPTs.

14. Confirmation by Directors pursuant to rule 705(5) of the listing manual.

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the first half ended 30 June 2018 to be false or misleading in any material respect.

15. Confirmation of procurement of Undertakings from all Directors and Executive Officers.

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Tan Chu En, Ian

CEO

8 August 2018