

**SANTAK HOLDINGS LIMITED (Company Registration No. 200101065H)
(Incorporated In Singapore)**

**Half Year Financial Statement And Dividend Announcement for the Period Ended
31 December 2017**

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

1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP		
	Latest Half Year 31 December 2017 S\$'000	Previous Half Year 31 December 2016 S\$'000	% Increase / (Decrease)
Continuing operations¹			
Revenue	6,587	17,513	(62)
Cost of sales	(6,129)	(16,718)	(63)
Gross profit	458	795	(42)
Other income	28	445	(94)
Distribution and selling expenses	(631)	(801)	(21)
Administrative expenses	(866)	(1,046)	(17)
Other operating expenses	(312)	(194)	61
Financial expenses	(8)	(594)	(99)
Financial income	4	3	33
Loss before taxation	(1,327)	(1,392)	(5)
Taxation	195	121	61
Loss for the period from continuing operations	(1,132)	(1,271)	(11)
Discontinued operation¹			
Loss for the period from discontinued operation	-	(2,072)	n.m
Loss for the period	(1,132)	(3,343)	(66)
Loss attributable to equity holders of the Company			
- From continuing operations	(1,132)	(1,271)	(11)
- From discontinued operation	-	(2,072)	n.m
	(1,132)	(3,343)	(66)

	GROUP		
	Latest Period 31 December 2017 S\$'000	Previous Period 31 December 2016 S\$'000	% Increase / (Decrease)
Loss for the period	(1,132)	(3,343)	(66)
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign currency translation	4	231	(98)
Total other comprehensive income for the period	4	231	(98)
Total comprehensive income for the period	(1,128)	(3,112)	(64)
Total comprehensive income attributable to equity holders of the Company	(1,128)	(3,112)	(64)

Discontinued Operation¹

Revenue	-	2,909	n.m
Cost of sales	-	(4,211)	n.m
Gross loss	-	(1,302)	n.m
Other income	-	561	n.m
Distribution and selling expenses	-	(383)	n.m
Administrative expenses	-	(329)	n.m
Other operating expenses	-	(624)	n.m
Financial income	-	5	n.m
Loss from discontinued operation before taxation	-	(2,072)	n.m
Taxation	-	-	n.m
Loss from discontinued operation after taxation	-	(2,072)	n.m
Total comprehensive income for the period	-	(2,072)	n.m

n.m – not meaningful

¹ As a result of a wholly owned subsidiary of the Company, Santak Metal Manufacturing Pte Ltd having entered into a sale and purchase agreement dated 24 November 2016 with LY Investment (HK) Limited (the "Purchaser") for sale of 100% equity interest of its wholly owned subsidiary, Santak Metal Manufacturing (Wuxi) Co., Ltd. ("Santak Wuxi") to the Purchaser (the "Disposal"), Santak Wuxi is classified as "Discontinued Operation". The Disposal was completed on 16 March 2017 upon receiving the final instalment payment of the Disposal consideration.

The loss attributable to shareholders is determined after crediting/(charging) the following:

Continuing Operations :-

	GROUP	
	Latest Period 31 December 2017 S\$'000	Previous Period 31 December 2016 S\$'000
Other income	28	445
Interest income	4	3
Interest on borrowings	(8)	(452)
Depreciation and amortisation	(445)	(434)
(Allowance)/write-back for stocks obsolescence (net)	(15)	50
Write off of stocks directly to profit and loss account	(1)	-
Foreign exchange (loss)/gain	(309)	419
Over provision of tax in respect of prior years	5	-

Discontinued Operation :-

	GROUP	
	Latest Period 31 December 2017 S\$'000	Previous Period 31 December 2016 S\$'000
Other income	-	561
Interest Income	-	5
Allowance for stocks obsolescence (net)	-	1,127
Foreign exchange loss	-	(613)
Gain on disposal of property, plant and equipment	-	174

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

	GROUP		COMPANY	
	31 Dec 2017 S\$'000	30 June 2017 S\$'000	31 Dec 2017 S\$'000	30 June 2017 S\$'000
Non-current assets				
Property, plant and equipment	11,968	12,392	137	144
Investments in subsidiary companies	-	-	8,113	8,113
Intangible assets	69	75	-*	-*
Loan to a subsidiary company	-	-	4,030	4,030
Deferred tax assets	-	-	5	7
	<u>12,037</u>	<u>12,467</u>	<u>12,285</u>	<u>12,294</u>
Current assets				
Inventories	1,769	1,939	-	-
Trade receivables	3,010	3,556	-	-
Other receivables	1	1	-	-
Prepayments	59	66	34	21
Due from subsidiary companies (non-trade)	-	-	1,638	1,684
Cash and cash equivalents	9,059	9,685	55	71
	<u>13,898</u>	<u>15,247</u>	<u>1,727</u>	<u>1,776</u>
Current liabilities				
Trade payables	2,126	2,440	-	-
Other liabilities	1,273	1,335	315	430
Provision for taxation	13	13	4	4
Loans and borrowings	41	88	-	-
Obligations under finance leases	71	70	34	34
	<u>3,524</u>	<u>3,946</u>	<u>353</u>	<u>468</u>
Net current assets	10,374	11,301	1,374	1,308
Non-current liabilities				
Obligations under finance leases	236	272	86	103
Deferred tax liabilities	1,327	1,520	-	-
	<u>1,563</u>	<u>1,792</u>	<u>86</u>	<u>103</u>
Net assets	<u>20,848</u>	<u>21,976</u>	<u>13,573</u>	<u>13,499</u>

* Denotes less than S\$1,000.

	GROUP		COMPANY	
	31 Dec 2017 S\$'000	30 June 2017 S\$'000	31 Dec 2017 S\$'000	30 June 2017 S\$'000
Equity attributable to equity holders of the Company				
Share capital	12,852	12,852	12,852	12,852
(Accumulated losses)/retained profits	(329)	803	721	647
Revaluation reserve	8,320	8,320	-	-
Translation reserve	5	1	-	-
	<u>20,848</u>	<u>21,976</u>	<u>13,573</u>	<u>13,499</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 31/12/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
112,000	0	158,000	0

Amount repayable after one year

As at 31/12/2017		As at 30/06/2017	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
236,000	0	272,000	0

Details of any collateral

- 1) The loans and borrowings are secured as follows:
 - (a) S\$41,000 (2017*: S\$88,000) is secured by way of a legal mortgage over a subsidiary company's leasehold property with a net book value as at 31 December 2017 of S\$11,281,000 (2017*: S\$11,500,000) and a corporate guarantee from the Company.

*2017 refer to as at 30 June 2017.
- 2) Finance lease obligations are secured over the motor vehicles as well as corporate guarantees from the Company.

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

	GROUP	
	Latest Half Year 31 Dec 2017 S\$'000	Period Half Year 31 Dec 2016 S\$'000
Cash flows from operating activities		
Loss before taxation from continuing operations	(1,327)	(1,392)
Loss before taxation from discontinued operation	-	(2,072)
Adjustments:		
Depreciation of property, plant and equipment	438	424
Amortisation of intangible assets	7	10
Gain on disposal of property, plant and equipment	-	(174)
Interest expenses	8	452
Interest income	(4)	(3)
Unrealised exchange loss	13	739
Operating cash flows before working capital changes	(865)	(2,016)
Inventories	170	2,821
Trade receivables	546	(1,787)
Other receivables, deposits and prepayments	7	658
Trade payables	(314)	(2,884)
Other liabilities	(62)	(1,631)
Cash flows used in operations	(518)	(4,839)
Interest received	4	3
Income taxes paid, net	2	37
Net cash flows used in operating activities	(512)	(4,799)
Cash flows from investing activities		
First instalment received for the proposed disposal of 100% equity interest of China subsidiary	-	7,524
Purchase of property, plant and equipment	(15)	-
Proceeds from disposal of property, plant and equipment	-	190
Net cash flows (used in)/generated from investing activities	(15)	7,714
Cash flows from financing activities		
Repayment of loans and borrowings, net	(42)	(3,995)
Repayment of finance leases, net	(35)	(33)
Interest paid	(8)	(452)
Redemption of a fixed deposit	-	249
Net cash flows used in financing activities	(85)	(4,231)
Net decrease in cash and cash equivalents	(612)	(1,316)
Effect of exchange rate changes on cash and cash Equivalents	(14)	42
Cash and cash equivalents at beginning of period	9,685	10,962
Cash and cash equivalents at end of period (Note a)	9,059	9,688

Note (a): Cash & cash equivalents of S\$Nil (31 December 2016: S\$1,563,000) relates to subsidiary classified as held for sale.

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.

Statement of changes in equity for the period ended 31 December 2017.

GROUP

	Share capital	(Accumulated losses)/retained profits	Revaluation reserve	Statutory reserves	Translation reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2016	12,852	(947)	7,347	947	2,177	22,376
Loss net of tax	-	(3,343)	-	-	-	(3,343)
Other comprehensive income for the period	-	-	-	-	231	231
Total comprehensive income for the period	-	(3,343)	-	-	231	(3,112)
Balance at 31 Dec 2016	12,852	(4,290)	7,347	947	2,408	19,264
Balance at 1 July 2017	12,852	803	8,320	-	1	21,976
Loss net of tax	-	(1,132)	-	-	-	(1,132)
Other comprehensive income for the period	-	-	-	-	4	4
Total comprehensive income for the period	-	(1,132)	-	-	4	(1,128)
Balance at 31 Dec 2017	12,852	(329)	8,320	-	5	20,848

COMPANY

	Share capital S\$'000	Retained profits S\$'000	Total S\$'000
Balance at 1 July 2016	12,852	641	13,493
Total comprehensive income for the period	-	(311)	(311)
Balance at 31 Dec 2016	<u>12,852</u>	<u>330</u>	<u>13,182</u>
Balance at 1 July 2017	12,852	647	13,499
Total comprehensive income for the period	-	74	74
Balance at 31 Dec 2017	<u>12,852</u>	<u>721</u>	<u>13,573</u>

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 also 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.

The issued and paid-up capital of the Company was S\$12,852,187 as at 31 December 2017 (30 June 2017: S\$12,852,187).

There were no share options as at 31 December 2017 (30 June 2017: Nil).

There was no share held as treasury shares and subsidiary holdings or other convertible as at 31 December 2017 (30 June 2017: Nil).

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 31 December 2017, the total number of issued shares of the Company was 107,580,980 shares (30 June 2017: 107,580,980).

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.

There were no treasury shares as at 31 December 2017.

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 at the end of the current financial period reported on.

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

The figures have not been audited nor reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial period ended 31 December 2017 compared to the audited financial statements as at 30 June 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 has adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after July 1, 2017. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effects on the amounts reported for the current or prior periods.

The management has considered and anticipates that the adoption of FRS, INT FRS and amendments to FRS that were issued but not effective until future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

6. Loss per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

Loss per ordinary share of the Group:	Latest period	Previous corresponding period
(a) Based on the weighted average number of ordinary shares on issue; and	(1.05) cents	(3.11) cents
(i) Loss from continuing operations attributable to ordinary shareholders of the parent	(1.05) cents	(1.18) cents
(ii) Loss from discontinued operation attributable to ordinary shareholders of the parent	Nil cents	(1.93) cents
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(1.05) cents	(3.11) cents
(i) Loss from continuing operations attributable to ordinary shareholders of the parent	(1.05) cents	(1.18) cents
(ii) Loss from discontinued operation attributable to ordinary shareholders of the parent	Nil cents	(1.93) cents

Basic loss per share is calculated by dividing the net loss for the period attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The following reflects the income and share data used in the basic and diluted loss per share computations:

	Latest period	Previous corresponding period
Net loss from continuing operations attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	(1,132)	(1,271)
Net loss from discontinued operation attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	-	(2,072)
Weighted average number of ordinary shares (in thousands) on issue applicable to basic loss per share	107,581	107,581
Weighted average number of ordinary shares (in thousands) applicable to diluted loss per share	107,581	107,581

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

	GROUP		COMPANY	
	Latest period	Previous financial year	Latest period	Previous financial year
	31 Dec 2017	30 June 2017	31 Dec 2017	30 June 2017
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial period/year reported on	19.38 cents	20.43 cents	12.62 cents	12.55 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.

**HY2018 vs HY2017
Continuing Operations**

Revenue decreased by 62.4% from S\$17.51 million in HY2017 to S\$6.59 million in HY2018. The decrease was mainly due to lower sales derived from the Group's Precision Engineering Division ("PE") at S\$4.6 million, a decrease of S\$11.02 million or 70.55% compared to prior corresponding period. The decrease in sales in PE compared to previous corresponding period was mainly due to the cessation of sales contracts resulting from the disposal of 100% equity interest of Santak Metal Manufacturing (Wuxi) Co., Ltd., an indirect wholly owned subsidiary of the Company ("Santak Wuxi"). In addition, the Group's Trading & Distribution Division ("T&D") also registered slightly higher sales at S\$1.99 million in HY2018 compared to S\$1.89 million in HY2017 mainly due to higher demand from the security/access control systems business. The Group's gross profit was lower at S\$0.46 million in HY2018 compared to S\$0.80 million in HY2017 following the decrease in turnover.

Other operating income decreased by S\$0.42 million or 93.7% mainly due to the absence of the foreign exchange gain of S\$0.42 million as recorded in HY2017. The higher other operating expenses in HY2017 of S\$0.31 million compared to S\$0.19 million in the previous corresponding period was mainly due to higher foreign exchange loss of S\$0.31 million in HY2018 mainly arising from the weakening of USD against SGD during HY2018. The other operating expenses of S\$0.19 million in the previous corresponding period was due to the professional and travelling expenses of S\$0.19 million incurred in relation to the disposal of Santak Wuxi.

The decrease in distribution and selling expenses by S\$0.17 million to S\$0.63 million was mainly due to lower freight charges and sales commission in HY2018 in line with the lower turnover. The decrease in financial expenses by approximately S\$0.59 million to approximately S\$8,000 in HY2018 was the result of reduced bank interest expenses arising from the significantly lower bank borrowings balance during HY2018 compared to HY2017. The lower administrative expenses of S\$0.87 million in HY2018 compared to S\$1.05 million in the previous corresponding period was mainly due to lower payroll expenses and advisory & consultancy fees in HY2018.

A lower loss before tax of S\$1.33 million was registered for HY2018 compared to S\$1.39 million in the previous corresponding period. The tax credit of S\$0.20 million in HY2018 was due to the decrease in the deferred tax liabilities mainly arose from higher tax losses balance as at 31 December 2017. The loss after tax for HY2018 was S\$1.13 million. The Group's basic and diluted loss per share were both 1.05 cents for HY2018 versus basic and diluted loss per share of 1.18 cents in the prior corresponding period.

Discontinued Operation

As a result of a wholly owned subsidiary of the Company, Santak Metal Manufacturing Pte Ltd having entered into a sale and purchase agreement dated 24 November 2016 with LY Investment (HK) Limited (the "Purchaser") for sale of 100% equity interest of Santak Wuxi to the Purchaser (the "Disposal"), Santak Wuxi was classified as "Discontinued Operation" in the previous corresponding period. However, as the Disposal was completed on 16 March 2017 upon receiving the final instalment payment of the disposal consideration, the Discontinued Operation was no longer part of the Group during HY2018.

Review of Financial Position

The decrease in property, plant and equipment by S\$0.42 million was mainly due to depreciation charge during HY2018. The decrease in inventories, trade debtors and trade creditors by S\$0.17 million, S\$0.55 million and S\$0.31 million respectively as at 31 December 2017 versus 30 June 2017 was mainly in line with lower turnover in HY2018 versus the second half of FY2017 ("2H2017"). The decrease in cash and cash equivalent by S\$0.63 million from S\$9.69 million to S\$9.06 million is explained in the cash flow explanation in the following paragraph below.

The decrease in both the loans and borrowings as well as finance lease obligations was a result of repayments during HY2018. The decrease in deferred tax liabilities mainly arose from higher tax losses balance as at 30 June 2017.

Review of Cash Flow

Following the lower loss incurred and the Discontinued Operation being no longer part of the Group, the Group's operations generated lower net cash used in operating activities of approximately S\$0.51 million in HY2018 compared to S\$4.80 million in the previous corresponding period.

Net cash used in investing activities was S\$15,000 in HY2018 compared to net cash flows generated from investing activities amounted to S\$7.71 million in HY2017 as a result of the first instalment of S\$7.52 million received in relation to the Disposal.

The decrease in net cash used in financing activities during the period by S\$4.15 million to S\$85,000 was mainly due to significantly lower repayments of bank borrowings and finance leases as well as interest expense payment in HY2018 compared to previous corresponding period.

Overall, cash and cash equivalents decreased by S\$0.63 million during HY2018 to S\$9.06 million as at 31 December 2017 compared to the balance of S\$9.69 million as at 30 June 2017.

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

Not Applicable.

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

The market in which the Group operates remains competitive and demanding in the second half of the current financial year ending 30 June 2018 ("2H2018"). Challenges remain in terms of pricing and costs as well as foreign exchange volatility as in prior periods.

With the disposal of the Company's subsidiary operation in China in March 2017, the Group will continue to review and restructure the Continuing Operations in Singapore, *inter alia*, to improve its efficiencies and business (including but not limited to further expansion of the existing product offering and/ or geographical expansion). The Group is also exploring, *inter alia*, new viable business, investment, acquisition and realisation opportunities (as and when they arise). The Group will also continue its effort for cost rationalization and optimisation and streamlining of the Continuing Operations. The potential future plans for the Group as set out above may change as the Board and the Management continue to seek opportunities which offer potential growth for the Group and enhancement of value for the Shareholders as and when appropriate.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) If Corresponding Period of the Immediately Preceding Year

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

None.

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

No dividend has been declared or recommended for the six months period ended 31 December 2017.

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.

The Group has not obtained any general mandate for interested person transactions.

14. Confirmation Pursuant to Rule 720(1) of the Catalist Rules

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

15. Confirmation by the Board pursuant to Rule 705(5)

We, Lee Keen Whye and Ng Weng Wei, being two Directors of Santak Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half year financial results ended 31 December 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Keen Whye
Chairman

Ng Weng Wei
Director

BY ORDER OF THE BOARD

Lai Foon Kuen
Company Secretary
13 February 2018

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

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

*The contact person for the Sponsor is Ms Foo Quee Yin
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