



**Ellipsiz Ltd**  
(Co. Reg. No. 199408329R)  
**and its subsidiaries**

Financial Statements and Dividend Announcement  
*For the first quarter ended 30 September 2018*

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

The following definitions apply throughout this announcement:

- \* 1Q – First quarter from 1 July to 30 September of the respective financial years.
- \* FY – Financial year ended or ending 30 June, as the case may be.
- \* NM – Not meaningful.

- 1(a) **A statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**Consolidated Statement of Comprehensive Income**

	Note	Group		+ / (-) %
		1QFY2019 \$'000	1QFY2018 \$'000 Restated <sup>(1)</sup>	
<b><u>Continuing operations</u></b>				
<b>Revenue</b>		11,420	11,380	<1
Cost of revenue		(8,182)	(8,721)	(6)
<b>Gross Profit</b>		<u>3,238</u>	<u>2,659</u>	22
Other income	1(a)-1	172	16	>300
Distribution expenses	1(a)-2	(1,212)	(790)	53
Administrative expenses	1(a)-2	(1,663)	(1,300)	28
Other expenses	1(a)-3	-	(326)	(100)
<b>Results from operating activities</b>		<u>535</u>	<u>259</u>	107
Finance income	1(a)-4	220	22	>300
Share of results of an associate (net of tax)		-	31	(100)
Share of results of a joint venture (net of tax)		(434)	-	NM
<b>Profit before tax</b>		<u>321</u>	<u>312</u>	3
Tax expense	1(a)-5	(223)	(146)	53
Profit from continuing operations		<u>98</u>	<u>166</u>	(41)
<b><u>Discontinued operations</u></b>				
Profit from discontinued operations, net of tax	1(a)-6	-	2,131	(100)
<b>Profit for the period</b>		<u>98</u>	<u>2,297</u>	(96)
<b>Other comprehensive income</b>				
<b><i>Items that are or may be reclassified subsequently to profit or loss</i></b>				
Exchange differences arising from:				
- liquidation of a subsidiary		(13)	-	NM
- monetary items forming part of net investments in foreign operations		-	(98)	(100)
- translation of financial statements of foreign operations		(204)	(1,290)	(84)
Net change in fair value of available-for-sale financial assets		-	(175)	(100)
Tax effect		-	-	-
		<u>(217)</u>	<u>(1,563)</u>	(86)
<b><i>Items that will not be reclassified subsequently to profit or loss</i></b>				
Net change in fair value of financial assets at fair value through other comprehensive income		(219)	-	NM
Tax effect		-	-	-
<b>Other comprehensive income for the period, net of tax</b>		<u>(436)</u>	<u>(1,563)</u>	(72)
<b>Total comprehensive income for the period</b>		<u>(338)</u>	<u>734</u>	NM

<sup>(1)</sup> Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 10 and 11.

**Consolidated Statement of Comprehensive Income (Cont'd)**

	Group		+ / (-) %
	1QFY2019 \$'000	1QFY2018 \$'000 Restated <sup>(1)</sup>	
<b>Profit attributable to:</b>			
Ow ners of the Company			
- Continuing operations	99	166	(40)
- Discontinued operations	-	2,131	(100)
	99	2,297	(96)
Non-controlling interests - continuing operations	(1)	-	NM
<b>Profit for the period</b>	<b>98</b>	<b>2,297</b>	<b>(96)</b>
<b>Total comprehensive income attributable to:</b>			
Ow ners of the Company			
- Continuing operations	(337)	28	NM
- Discontinued operations	-	715	(100)
	(337)	743	NM
Non-controlling interests - continuing operations	(1)	(9)	(89)
<b>Total comprehensive income for the period</b>	<b>(338)</b>	<b>734</b>	<b>NM</b>

<sup>(1)</sup> Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 10 and 11.

## Notes to the Consolidated Statement of Comprehensive Income

### 1(a)-1 Other income

	Group	
	1QFY2019	1QFY2018
	\$'000	\$'000
Dividend income from financial assets	34	14
Net fair value changes of financial assets	72	-
Gain on liquidation of a subsidiary	13	-
Exchange gain, net	47	-
Sundry income	6	2
	172	16

1(a)-2 Distribution and administrative expenses comprised mainly staff and staff related expenses, depreciation and amortisation, directors' fees and other office expenses.

1(a)-3 Other expenses in 1QFY2018 comprised net exchange loss of \$327,000.

### 1(a)-4 Finance income

	Group	
	1QFY2019	1QFY2018
	\$'000	\$'000
Interest income from financial institutions	220	22

### 1(a)-5 Tax expense

	Group	
	1QFY2019	1QFY2018
	\$'000	\$'000
Current tax expense	-	120
Deferred tax expense	223	26
Total	223	146

### 1(a)-6 Discontinued operations

On 21 August 2017, the Company entered into a conditional Sale and Purchase Agreement with Nidec-Read Corporation, a company incorporated in Japan, for the disposal by the Company of 29,300,000 ordinary shares, representing 100% of the entire issued and paid-up capital of its wholly-owned subsidiary, SV Probe Pte. Ltd. ("SV Probe") (such transaction the "Disposal") and certain of SV Probe's subsidiaries (collectively the "Disposal Group").

The Disposal was completed on 31 October 2017 (the "Completion"). The initial consideration was determined to be approximately US\$69.5 million (approximately \$94.9 million, based on an US\$/S\$ exchange rate of 1.366 as at 30 October 2017, source: The Business Times).

The financial results of the Disposal Group for 1QFY2018, as set out below, were presented as discontinued operations.

	1QFY2018
	\$'000
	Restated <sup>(1)</sup>
Revenue	17,690
Cost of revenue	(10,355)
	7,335
Expenses	(4,822)
Finance costs	(18)
Profit before tax from discontinued operations	2,495
Tax expense	(364)
Profit from discontinued operations, net of tax	2,131

<sup>(1)</sup> Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 10 and 11.

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.

Statements of Financial Position

	Note	Group		Company	
		30.09.2018 \$'000	30.06.2018 \$'000	30.09.2018 \$'000	30.06.2018 \$'000
<b>Non-current assets</b>					
Property, plant and equipment		732	792	17	17
Intangible asset and goodwill	1(b)-1	15,415	15,415	-	-
Subsidiaries		-	-	29,844	41,375
Joint ventures	1(b)-2	9,486	9,920	-	-
Financial assets	1(b)-3	11,472	8,581	11,468	8,577
Other receivables	1(b)-4	9,485	9,506	19,485	9,506
Deferred tax assets		74	297	-	-
		<u>46,664</u>	<u>44,511</u>	<u>60,814</u>	<u>59,475</u>
<b>Current assets</b>					
Inventories		4,713	2,713	-	-
Trade and other receivables	1(b)-5	16,007	16,105	4,811	4,815
Amounts due from related parties		-	-	126	6
Financial assets	1(b)-3	-	2,335	-	2,335
Cash and cash equivalents		71,717	73,244	55,208	56,627
		<u>92,437</u>	<u>94,397</u>	<u>60,145</u>	<u>63,783</u>
<b>Total assets</b>		<u>139,101</u>	<u>138,908</u>	<u>120,959</u>	<u>123,258</u>
<b>Equity attributable to Owners of the Company</b>					
Share capital		89,566	89,566	89,566	89,566
Reserves <sup>(1)</sup>		(4,346)	(3,910)	7,316	7,535
Retained earnings <sup>(1)</sup>		39,161	39,062	19,310	19,674
		<u>124,381</u>	<u>124,718</u>	<u>116,192</u>	<u>116,775</u>
Non-controlling interests		403	404	-	-
<b>Total equity</b>		<u>124,784</u>	<u>125,122</u>	<u>116,192</u>	<u>116,775</u>
<b>Non-current liabilities</b>					
Provisions		113	113	-	-
		<u>113</u>	<u>113</u>	<u>-</u>	<u>-</u>
<b>Current liabilities</b>					
Trade and other payables		13,704	13,183	1,548	1,718
Provisions		182	197	-	-
Amounts due to related parties		73	73	3,219	4,765
Current tax payable		245	220	-	-
		<u>14,204</u>	<u>13,673</u>	<u>4,767</u>	<u>6,483</u>
<b>Total liabilities</b>		<u>14,317</u>	<u>13,786</u>	<u>4,767</u>	<u>6,483</u>
<b>Total equity and liabilities</b>		<u>139,101</u>	<u>138,908</u>	<u>120,959</u>	<u>123,258</u>

<sup>(1)</sup> Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 10 and 11.

#### **Notes to the Statements of Financial Position**

- 1(b)-1 Balance comprised mainly goodwill of the Distribution and Services Solutions (“DSS”) segment.
- 1(b)-2 Balance comprised the Group's investment in Kalms Investment Pte Ltd and its subsidiaries, which included a provisional goodwill of \$5.3 million.
- 1(b)-3 Balance comprised the Group's investments in quoted securities.
- 1(b)-4 Balance comprised 10% of the initial consideration in relation to the sale of the Disposal Group held in an escrow account to be released 24 months from Completion.
- 1(b)-5 Included in trade and other receivables was 5% of the initial consideration in relation to the sale of the Disposal Group held in an escrow account to be released 12 months from Completion. The amount had been released to the Company on 31 October 2018.

#### **1(b)(ii) Aggregate amount of the Group's borrowings and debts securities.**

The Group had no borrowings or debts securities as at 30 September 2018 and 30 June 2018.

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

**Consolidated Statement of Cash Flows**

	Note	Group	
		1QFY2019 \$'000	1QFY2018 \$'000 Restated <sup>(1)</sup>
<b>Cash Flows from Operating Activities</b>			
Profit for the period		98	2,297
Adjustments for:			
Allowance for inventory obsolescence		-	76
Amortisation of intangible assets		1	275
Depreciation of property, plant and equipment		59	546
Dividend income from financial assets		(34)	(14)
Net fair value changes of financial assets		(72)	-
Gain on disposal of property, plant and equipment		-	(3)
Gain on liquidation of a subsidiary		(13)	-
Interest income		(220)	(27)
Interest expenses		-	23
Share of results of an associate and a joint venture (net of tax)		434	(31)
Tax expense		223	510
Operating profit before working capital changes		476	3,652
Changes in:			
Inventories		(1,996)	(183)
Trade and other receivables		63	326
Trade and other payables		539	1,628
Cash (used in)/from operations		(918)	5,423
Interest received		220	27
Interest paid		-	(23)
Tax paid		(19)	(1,796)
<b>Net cash (used in)/from operating activities</b>	1(c)-1	<b>(717)</b>	<b>3,631</b>
<b>Cash Flows from Investing Activities</b>			
Dividends received from financial assets		34	14
Purchase of intangible assets		(3)	(99)
Purchase of property, plant and equipment		(7)	(170)
Purchase of financial assets		(685)	-
Proceeds from disposal of property, plant and equipment		-	3
<b>Net cash used in investing activities</b>	1(c)-1	<b>(661)</b>	<b>(252)</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from bank loans		-	471
Repayment of bank loans		-	(838)
Repayment of finance lease creditors		-	(5)
<b>Net cash used in financing activities</b>	1(c)-1	<b>-</b>	<b>(372)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,378)</b>	<b>3,007</b>
Cash and cash equivalents at beginning of period		73,244	53,762
Cash and cash equivalents of Disposal Group reclassified as held for sale		-	(13,321)
Effect of exchange rate fluctuations on cash held		(149)	(480)
<b>Cash and cash equivalents at end of period</b>		<b>71,717</b>	<b>42,968</b>

**Note to the Consolidated Statement of Cash Flows**

1(c)-1 The following cash flows from discontinued operations were included in 1QFY2018 restated consolidated statement of cash flows:

	1QFY2018 \$'000 Restated <sup>(1)</sup>
Net cash from operating activities	2,799
Net cash used in investing activities	(362)
Net cash used in financing activities	(395)
	<b>2,042</b>

<sup>(1)</sup> Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 10 and 11.

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.

**Consolidated Statement of Changes in Equity  
For the first quarter ended 30 September 2018**

Group	Share capital \$'000	Capital reserve \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Translation reserve \$'000	Retained earnings \$'000	Total attributable to Owners of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
Balance as at 1 July 2018	89,566	(11,648)	5,245	2,290	(1,196)	40,461	124,718	404	125,122
<b>Effects on adoption of SFRS(I) 1</b>									
Adjustment to foreign currency translation reserve	-	-	-	-	1,399	(1,399)	-	-	-
Balance as at 1 July 2018, restated	89,566	(11,648)	5,245	2,290	203	39,062	124,718	404	125,122
<b>Total comprehensive income</b>									
Profit for the period	-	-	-	-	-	99	99	(1)	98
<b>Other comprehensive income</b>									
Exchange differences arising from:									
- liquidation of a subsidiary	-	-	-	-	(13)	-	(13)	-	(13)
- translation of financial statements of foreign operations	-	-	-	-	(204)	-	(204)	-	(204)
Net change in fair value of financial assets at fair value through other comprehensive income	-	-	(219)	-	-	-	(219)	-	(219)
Total other comprehensive income, net of tax	-	-	(219)	-	(217)	-	(436)	-	(436)
<b>Total comprehensive income for the period</b>	-	-	(219)	-	(217)	99	(337)	(1)	(338)
<b>Balance as at 30 September 2018</b>	89,566	(11,648)	5,026	2,290	(14)	39,161	124,381	403	124,784



**Consolidated Statement of Changes in Equity**  
**For the first quarter ended 30 September 2017**

<b>Group (Restated)</b>	<b>Share capital \$'000</b>	<b>Capital reserve \$'000</b>	<b>Fair value reserve \$'000</b>	<b>Share-based compensation reserve \$'000</b>	<b>Translation reserve \$'000</b>	<b>Retained earnings \$'000</b>	<b>Total attributable to Owners of the Company \$'000</b>	<b>Non-controlling interests \$'000</b>	<b>Total equity \$'000</b>
Balance as at 1 July 2017	89,566	(11,648)	1,620	2,290	(9,313)	58,969	131,484	413	131,897
<b>Effects on adoption of SFRS(I) 1</b>									
Adjustment to foreign currency transaction reserve	-	-	-	-	9,313	(9,313)	-	-	-
Balance as at 1 July 2017, restated	89,566	(11,648)	1,620	2,290	-	49,656	131,484	413	131,897
<b>Total comprehensive income</b>									
Profit for the period, restated	-	-	-	-	-	2,297	2,297	-	2,297
<b>Other comprehensive income</b>									
Exchange differences arising from:									
- monetary items forming part of net investments in foreign operations	-	-	-	-	(98)	-	(98)	-	(98)
- translation of financial statements of foreign operations	-	-	-	-	(1,281)	-	(1,281)	(9)	(1,290)
Net change in fair value of available-for-sale financial assets	-	-	(175)	-	-	-	(175)	-	(175)
Total other comprehensive income, net of tax	-	-	(175)	-	(1,379)	-	(1,554)	(9)	(1,563)
<b>Total comprehensive income for the period</b>	-	-	(175)	-	(1,379)	2,297	743	(9)	734
<b>Balance as at 30 September 2017, restated</b>	<b>89,566</b>	<b>(11,648)</b>	<b>1,445</b>	<b>2,290</b>	<b>(1,379)</b>	<b>51,953</b>	<b>132,227</b>	<b>404</b>	<b>132,631</b>

**Statement of Changes in Equity**  
**For the first quarter ended 30 September 2018**

	Share capital \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Company</b>					
Balance as at 1 July 2018	89,566	5,245	2,290	19,674	116,775
<b>Total comprehensive income</b>					
Loss for the period	-	-	-	(364)	(364)
<b>Other comprehensive income</b>					
Net change in fair value of financial assets at fair value through other comprehensive income	-	(219)	-	-	(219)
Total other comprehensive income, net of tax	-	(219)	-	-	(219)
<b>Total comprehensive income for the period</b>	-	(219)	-	(364)	(583)
<b>Balance as at 30 September 2018</b>	89,566	5,026	2,290	19,310	116,192

**Statement of Changes in Equity**  
**For the first quarter ended 30 September 2017**

	Share capital \$'000	Fair value reserve \$'000	Share-based compensation reserve \$'000	Retained earnings \$'000	Total equity \$'000
<b>Company</b>					
Balance as at 1 July 2017	89,566	1,620	2,290	11,656	105,132
<b>Total comprehensive income</b>					
Loss for the period	-	-	-	(512)	(512)
<b>Other comprehensive income</b>					
Net change in fair value of available- for-sale financial assets	-	(175)	-	-	(175)
Total other comprehensive income, net of tax	-	(175)	-	-	(175)
<b>Total comprehensive income for the period</b>	-	(175)	-	(512)	(687)
<b>Balance as at 30 September 2017</b>	89,566	1,445	2,290	11,144	104,445

- 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.**

There was no change in the Company's share capital since the end of the previous period reported up to the end of the current financial period.

There were no outstanding convertibles, shares held as treasury shares or subsidiary holdings as at 30 September 2018 and 30 September 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.**

	<b>30.09.2018</b>	<b>30.06.2018</b>
Total number of ordinary shares excluding treasury shares	167,128,185	167,128,185

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

- 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.

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

The figures in this announcement have not been audited or reviewed by the Company's auditor.

- 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 preparation of its financial statements for the current reporting period as those of the audited financial statements for the year ended 30 June 2018.

- 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.**

As required by the listing rules of the Singapore Exchange, the Group has applied Singapore Financial Reporting Standards (International) ("SFRS(I)") with effect from 1 July 2018. The Group's financial statements for the financial year ending 30 June 2019 will be prepared in accordance with SFRS(I) issued by the Accounting Standards Council.

The Group has prepared its financial information in accordance with SFRS(I) for the first quarter ended 30 September 2018 and the comparative information for the quarter ended 30 September 2017. The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 30 June 2018, except the adoption of new/revised SFRS(I) applicable for the financial period beginning 1 July 2018 as follows:

- SFRS(I) 1 First-time Adoption of Singapore Financial Reporting Standards (International)
- SFRS(I) 15 Revenue from Contracts with Customers
- SFRS(I) 9 Financial Instruments

(a) Application of SFRS(I) 1

The Group elected the optional exemption in SFRS(I) 1 to reset its cumulative translation reserve for all foreign operations to nil at the date of transition, and had reclassified the cumulative translation reserve of \$9,313,000 as at 1 July 2017 to retained earnings.

After the date of transition, any gain or loss on disposal of any foreign operations will exclude translation differences that arose before the date of transition. Consequently, the gain on disposal of subsidiaries for the first quarter ended 30 September 2017 was restated. As at 1 July 2018, cumulative translation losses of \$1,399,000 was reclassified from translation reserve to retained earnings.

(b) Adoption of SFRS(I) 15

SFRS(I) 15 is effective for financial years beginning on or after 1 July 2018. In accordance with the requirements of SFRS(I), the Group will adopt SFRS (I) 15 retrospectively.

SFRS(I) 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under SFRS(I) 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

(c) Adoption of SFRS(I) 9

SFRS(I) 9 introduces new requirements for classification and measurement of financial instruments and impairment of financial assets.

i. Classification and measurement

The Group elected to present in other comprehensive income ("OCI") the changes in fair value of equity securities held by the Group and the Company previously classified as available-for-sale financial assets. The changes in fair value recognised in OCI will not be reclassified to profit or loss upon disposal of these equity securities.

ii. Impairment of financial assets

Financial assets are subject to expected credit loss impairment model under SFRS(I) 9 instead of 'incurred loss' model used previously.

In accordance with the exemption in SFRS(I) 1, the Group elected not to restate the comparative information for the effect of adopting SFRS(I) 9.

There is no significant impact on the financial statements arising from the application of SFRS(I) 15 and SFRS(I) 9.

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

	Group	
	1QFY2019	1QFY2018 Restated <sup>(1)</sup>
Earnings per share (basic and diluted) (cents)	0.06	1.37
Earnings per share – Continuing operations (basic and diluted) (cents)	0.06	0.10
Weighted average number of shares	167,128,185	167,128,185

Diluted earnings per share is the same as basic earnings per share as there are no potentially dilutive ordinary shares for both the current and corresponding financial periods.

<sup>(1)</sup> Restated upon electing optional exemption under SFRS(I) 1 disclosed in paragraph 5 on pages 10 and 11.

**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	
	30.09.2018	30.06.2018	30.09.2018	30.06.2018
Net asset value per ordinary share (cents)	74.42	74.62	69.52	69.87
Number of shares in issue at end of the financial period	167,128,185	167,128,185	167,128,185	167,128,185

Net asset is defined as total equity less non-controlling interests.

**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.**

**Performance review**

The Group's revenue from continuing operations in 1QFY2019 was \$11.4 million which was in line with that recorded in 1QFY2018. Gross profit increased by 22% from \$2.7 million in 1QFY2018 to \$3.2 million in 1QFY2019 mainly because gross profit margin for 1QFY2019 was higher at 28% compared to 23% for 1QFY2018. The higher gross profit margin was due mainly to higher commission and service income recognised in 1QFY2019.

Other income was higher at \$0.2 million with the fair value gain on financial assets, gain on liquidation of a subsidiary and foreign exchange gain recorded in 1QFY2019. Dividend income from financial assets was also higher as compared to 1QFY2018.

The Group's distribution and administrative expenses increased 53% and 28% to \$1.2 million and \$1.7 million respectively as a result of higher staff and staff-related expenses and higher consultancy expenses. Other expenses of \$0.3 million recorded in 1QFY2018 comprised mainly foreign exchange loss as a result of depreciation of the US dollar.

Finance income was higher at \$0.2 million due mainly to interest earned from cash proceeds received from the sale of the Disposal Group placed with financial institutions.

The Group's share of loss of a joint venture was in respect of the investment in Kalms Investment Pte Ltd and its subsidiaries.

As a result, the Group's profit before tax from continuing operations for 1QFY2019 was \$0.3 million which was comparable to that reported in 1QFY2018.

Tax expense was higher at \$0.2 million in 1QFY2019. This was in line with the higher profit reported for the DSS segment.

The Group's profit after tax for 1QFY2019 and 1QFY2018 were \$0.1 million and \$2.3 million respectively. The lower profit for 1QFY2019 was mainly due to the absence of contribution from the Disposal Group.

**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.**

According to the report issued by New Venture Research in July 2018, the contract manufacturing industry will grow from \$471 billion in 2017 to \$675 billion in 2022 - at approximately 7.5% CAGR. Total electronics assembly was estimated at \$1.5 trillion in 2017 and will grow to approximately \$1.7 trillion in 2022.

In a report released by SEMI in September 2018, it projected that fab equipment spending (new and used) for 2018 is expected to increase by 14% to a record high of \$63 billion. Global semiconductor revenue in 2018 is expected to reach \$473.8 billion and clock a growth rate of 15%, a significant upward revision from the 7.5% expansion forecast at the start of the year. Data center growth will remain robust in the coming quarters, fuelling demand for memory devices.

Notwithstanding the positive outlook in the micro-environment forecast by Research houses, the trade war between the United States and China continues to pose uncertainties in the global environment which could impact the performance of the Group. Management will monitor and track the situation closely.

The Group's joint venture, Kalms Investment Pte Ltd and its subsidiaries, is working towards expanding its business and footprint both locally and regionally. Discussions on partnerships and deployment of machines are ongoing. The expansion plans of the joint venture will have a consequential effect on the Group. Announcements will be made to provide updates as and when there are significant developments.

The Group is continuously exploring new opportunities to enhance value for shareholders.

**11. Dividend.**

**(a) Current Financial Period Reported On.**

No dividend has been declared for the current financial period reported on.

**(b) Corresponding Period of the Immediately Preceding Financial Year.**

No dividend was declared for the corresponding period of the immediately preceding financial period.

**(c) Date payable.**

Not applicable.

**(d) Book 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.**

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

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

The Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors which may render the interim financial statements for the first quarter ended 30 September 2018 to be false or misleading in any material respect.

On behalf of the Board of Directors

Chng Hee Kok  
Chairman

Kelvin Lum Wen-Sum  
Chief Executive Officer

**15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company has procured 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**  
**KELVIN LUM WEN-SUM**  
Chief Executive Officer  
7 November 2018