



Third Quarter Financial Statements for the Period Ended 30 September 2018

**PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a)(i) Statement of profit or loss and other comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial period.**

	Group			Group		
	1-Jul-18 to	1-Jul-17 to	(1)	1-Jan-18 to	1-Jan-17 to	(1)
	30-Sep-18	30-Sep-17	Change	30-Sep-18	30-Sep-17	Change
Note	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	5,885	7,290	(19.3)	16,737	21,036	(20.4)
Cost of sales	<u>(5,289)</u>	<u>(5,038)</u>	5.0	<u>(15,901)</u>	<u>(15,054)</u>	5.6
Gross profit	596	2,252	(73.5)	836	5,982	(86.0)
Other operating income	126	1	12,500.0	167	50	234.0
Distribution costs	(180)	(151)	19.2	(532)	(464)	14.7
Administration expenses	(840)	(867)	(3.1)	(2,379)	(2,813)	(15.4)
Other operating expenses	<u>(325)</u>	<u>(302)</u>	7.6	<u>(919)</u>	<u>(939)</u>	(2.1)
(Loss)/Profit from operations	(623)	933	NM	(2,827)	1,816	NM
Finance costs	<u>(34)</u>	<u>(8)</u>	325.0	<u>(44)</u>	<u>(18)</u>	144.4
(Loss)/Profit before income tax	(657)	925	NM	(2,871)	1,798	NM
Income tax expense	<u>(499)</u>	<u>(158)</u>	215.8	<u>(1,167)</u>	<u>(446)</u>	161.7
Net (loss)/profit from continuing operations	(1,156)	767	NM	(4,038)	1,352	NM
Loss from discontinued operation	-	(49)	NM	-	(569)	NM
Net (loss)/profit for the period	<u>(1,156)</u>	<u>718</u>	NM	<u>(4,038)</u>	<u>783</u>	NM
Other comprehensive income :						
<i>Items that may be reclassified subsequently to profit or loss</i>						
Fair value gain on available for sale financial assets	-	6	NM	-	21	NM
Other comprehensive profit for the period, net of tax	-	6	NM	-	21	NM
Total comprehensive (loss)/income attributable to equity holders of the Company	<u>(1,156)</u>	<u>724</u>	NM	<u>(4,038)</u>	<u>804</u>	NM
(Loss)/Earnings per share attributable to equity holders of the Company (US cent)						
From continuing and discontinued operations						
- Basic	<u>(3.28)</u>	<u>2.03</u>	NM	<u>(11.47)</u>	<u>2.22</u>	NM
- Diluted	<u>(3.28)</u>	<u>2.03</u>	NM	<u>(11.47)</u>	<u>2.22</u>	NM
From continuing operations						
- Basic	<u>(3.28)</u>	<u>2.17</u>	NM	<u>(11.47)</u>	<u>3.83</u>	NM
- Diluted	<u>(3.28)</u>	<u>2.17</u>	NM	<u>(11.47)</u>	<u>3.83</u>	NM
A. Net (loss)/profit is arrived at after charging (crediting) :						
- Directors' remuneration	125	112	11.6	383	648	(40.9)
- Interest on borrowings	34	8	325.0	44	18	144.4
- Depreciation expense	2,058	2,142	(3.9)	6,370	6,480	(1.7)
- Gain on disposal of property, plant and equipment	(100)	-	NM	(151)	(69)	119.0
- Foreign currency exchange (gain)/loss	(25)	30	NM	65	139	(53.2)
- Interest income	(1)	-	NM	(6)	(10)	(44.5)
- Loss/(Gain) on valuation of financial asset	71	-	NM	(9)	-	NM
- Provision for tax penalty	-	-	NM	-	1,048	NM
- Allowance for doubtful debts	27	(15)	NM	18	(19)	NM

NM - Not meaningful



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

Note	Group		Company	
	30-Sep-18 US\$'000	31-Dec-17 US\$'000	30-Sep-18 US\$'000	31-Dec-17 US\$'000
<b>Current Assets</b>				
Cash	5,203	6,855	339	312
Trade receivables	5,625	6,740	-	-
Other receivables and prepayments	537	552	53	6,073
Total current assets	11,365	14,147	392	6,385
<b>Non-current Assets</b>				
Investment in subsidiaries	-	-	35,794	41,537
Property, plant and equipment	32,870	35,381	-	-
Available-for-sale investments	-	571	-	571
Financial asset at fair value through profit or loss	580	-	580	-
Other receivables and prepayments	366	340	-	-
Deferred tax assets	140	1,318	-	-
Total non-current assets	33,956	37,610	36,374	42,108
<b>Total Assets</b>	<b>45,321</b>	<b>51,757</b>	<b>36,766</b>	<b>48,493</b>
<b>Current Liabilities</b>				
Bank Borrowings	983	-	-	-
Trade payables	467	493	-	-
Other payables	6,014	5,775	3,024	2,391
Obligation under finance leases	779	-	-	-
Income tax payable	188	794	-	-
Total current liabilities	8,431	7,062	3,024	2,391
<b>Non-current Liabilities</b>				
Obligation under finance leases	1,424	-	-	-
Total non-current liabilities	1,424	-	-	-
<b>Capital and Reserves</b>				
Share capital	36,201	39,181	36,201	39,181
Treasury shares	-	(125)	-	(125)
Legal reserve	1,194	973	-	-
Merger reserve	(764)	(764)	-	-
Contributed surplus	-	-	2,295	2,295
Fair value reserve	-	344	-	(20)
Accumulated (losses)/profits	(1,165)	5,086	(4,754)	4,771
Net shareholders' equity	35,466	44,695	33,742	46,102
<b>Total Liabilities and Shareholders' Equity</b>	<b>45,321</b>	<b>51,757</b>	<b>36,766</b>	<b>48,493</b>



**1 (b) (ii) Aggregate amount of group's borrowing and debt securities**

	<b>Group 30-Sep-18 US\$'000</b>	<b>Group 31-Dec-17 US\$'000</b>
<b><u>Bank Borrowings- Unsecured</u></b>		
Amount repayable in one year or less, or on demand	983	-
<b><u>Obligation under finance leases - secured</u></b>		
Amount repayable in one year or less, or on demand	779	-
Amount repayable after one year	1,424	-
	<u>2,203</u>	<u>-</u>

**Details of loans, borrowings and collateral**

The Group leased certain plant and equipment under finance leases. The average lease term is 2.8 years and all leases are on a fixed repayment basis with purchase options for certain leases, and no arrangements have been entered into for contingent rental payment.

The Group entered into a five-year syndication loan facility agreement for NT\$900 million from a consortium of banks in June 2015. As at 30 September 2018, the Group has available credit facility of US\$29,479,000 (31 Dec 2017: US\$30,242,000) with the consortium of banks. The facility is secured against certain property, plant and equipment.

The Group has drawn down an unsecured short-term loan of approximately US\$1.0 million (equivalent to NT\$30,000,000) during Q3FY18 and has been fully repaid on 2 October 2018.

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

	Group 1-Jul-18 to 30-Sep-18	Group 1-Jul-17 to 30-Sep-17	Group 1-Jan-18 to 30-Sep-18	Group 1-Jan-17 to 30-Sep-17
Note	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating activities</b>				
(Loss)/Profit before income tax from continuing operations	(657)	925	(2,871)	1,798
Loss before income tax from discontinued operation	-	(49)	-	(569)
(Loss)/Profit before income tax	(657)	876	(2,871)	1,229
Adjustments for :				
Provision for tax penalty	-	-	-	1,048
Depreciation expense	2,058	2,142	6,370	6,480
Interest income	(1)	-	(6)	(10)
Interest expense	34	8	44	18
Gain on disposal of property, plant and equipment	(100)	-	(151)	(69)
Fair value loss/(gain) on financial asset	71	-	(9)	-
Operating profit before working capital changes	1,405	3,026	3,377	8,696
Trade receivables	487	(552)	1,115	(403)
Other receivables and prepayments	(63)	132	15	351
Trade payables	17	(110)	(26)	89
Other payables	437	238	7	(1,733)
Cash generated from operations	2,283	2,734	4,488	7,000
Income tax paid	(1)	-	(596)	-
Interest received	1	1	6	10
Net cash generated from operating activities	2,283	2,735	3,898	7,010
<b>Investing activity</b>				
Proceeds from disposal of property, plant and equipment	110	20	161	114
Purchase of property, plant and equipment	(79)	(1,268)	(1,309)	(5,379)
Net cash used in investing activity	31	(1,248)	(1,148)	(5,265)
<b>Financing activity</b>				
Proceeds from bank loans	983	-	983	-
Repayment of finance lease liabilities	(138)	-	(150)	-
Purchase of treasury shares	-	(88)	-	(88)
Interest paid	(34)	(8)	(44)	(18)
Cash distribution from capital reduction	-	-	(2,855)	(2,544)
Dividend Paid	-	-	(2,336)	(2,544)
Net cash used in financing activity	811	(96)	(4,402)	(5,194)
Net increase/(decrease) in cash	3,125	1,391	(1,652)	(3,449)
Cash at the beginning of the period	2,078	3,277	6,855	8,117
<b>Cash at the end of the period</b>	<b>5,203</b>	<b>4,668</b>	<b>5,203</b>	<b>4,668</b>



Note

A. Property, plant and equipment

During the period, the information relating to the Group's acquisition of property, plant and equipment is as follows:

	<u>1-Jul-18 to</u> <u>30-Sep-18</u>	<u>1-Jul-17 to</u> <u>30-Sep-17</u>	<u>1-Jan-18 to</u> <u>30-Sep-18</u>	<u>1-Jan-17 to</u> <u>30-Sep-17</u>
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Total acquisition of property, plant and equipment	420	1,154	1,542	5,632
Add: Other payables at beginning of period	554	1,020	662	653
Less: Other payables at end of period	(895)	(795)	(895)	(795)
Exchange of property, plant and equipment	-	(111)	-	(111)
Cash paid	<u>79</u>	<u>1,268</u>	<u>1,309</u>	<u>5,379</u>



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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial period.

Group	Note	Share capital	Treasury shares	Legal reserve	Merger reserve	Fair value reserve	Accumulated profits/(losses)	Net
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 Jan 2017</b>		41,725	-	388	(764)	343	5,741	47,433
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	65	65
Other comprehensive income for the period		-	-	-	-	15	-	15
Total		-	-	-	-	15	65	80
Transactions with owners, recognised directly in equity								
Capital Reduction		(2,544)	-	-	-	-	-	(2,544)
Dividend paid		-	-	-	-	-	(2,544)	(2,544)
Appropriation to legal reserve		-	-	585	-	-	(585)	-
<b>Balance at 30 Jun 2017</b>		<b>39,181</b>	<b>-</b>	<b>973</b>	<b>(764)</b>	<b>358</b>	<b>2,677</b>	<b>42,425</b>
<b>Balance at 1 Jul 2017</b>		39,181	-	973	(764)	358	2,677	42,425
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	718	718
Other comprehensive income for the period		-	-	-	-	6	-	6
Total		-	-	-	-	6	718	724
Transactions with owners, recognised directly in equity								
Repurchase of shares		-	(88)	-	-	-	-	(88)
<b>Balance at 30 Sep 2017</b>		<b>39,181</b>	<b>(88)</b>	<b>973</b>	<b>(764)</b>	<b>364</b>	<b>3,395</b>	<b>43,061</b>
<b>Balance at 31 Dec 2017, previously reported</b>		39,181	(125)	973	(764)	344	5,086	44,695
Effect of application of SFRS(I) 9		-	-	-	-	(344)	344	-
<b>Balance at 1 Jan 2018, restated</b>		<b>39,181</b>	<b>(125)</b>	<b>973</b>	<b>(764)</b>	<b>-</b>	<b>5,430</b>	<b>44,695</b>
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	-	(2,882)	(2,882)
Transactions with owners, recognised directly in equity								
Capital Reduction		(2,855)	-	-	-	-	-	(2,855)
Dividend Paid		-	-	-	-	-	(2,336)	(2,336)
Appropriation to legal reserve		-	-	221	-	-	(221)	-
Cancellation of shares		(125)	125	-	-	-	-	-
<b>Balance at 30 Jun 2018</b>		<b>36,201</b>	<b>-</b>	<b>1,194</b>	<b>(764)</b>	<b>-</b>	<b>(9)</b>	<b>36,622</b>
<b>Balance at 1 Jul 2018</b>		36,201	-	1,194	(764)	-	(9)	36,622
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	-	(1,156)	(1,156)
<b>Balance at 30 Sep 2018</b>		<b>36,201</b>	<b>-</b>	<b>1,194</b>	<b>(764)</b>	<b>-</b>	<b>(1,165)</b>	<b>35,466</b>



Company	Note	Share capital	Treasury shares	Contributed surplus	Fair value reserve	Accumulated profits/(losses)	Net
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Balance at 1 Jan 2017</b>		41,725	-	2,295	-	8,002	52,022
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	(343)	(343)
Capital Reduction		(2,544)	-	-	-	-	(2,544)
Dividend Paid		-	-	-	-	(2,544)	(2,544)
<b>Balance at 30 Jun 2017</b>		<u>39,181</u>	<u>-</u>	<u>2,295</u>	<u>-</u>	<u>5,115</u>	<u>46,591</u>
<b>Balance at 1 Jul 2017</b>		39,181	-	2,295	-	5,115	46,591
Profit for the period, representing total comprehensive profit for the period		-	-	-	-	370	370
Repurchase of shares		-	(88)	-	-	-	(88)
<b>Balance at 30 Sep 2017</b>		<u>39,181</u>	<u>(88)</u>	<u>2,295</u>	<u>-</u>	<u>5,485</u>	<u>46,873</u>
<b>Balance at 31 Dec 2017, previously reported</b>		39,181	(125)	2,295	(20)	4,771	46,102
Effect of application of SFRS(I) 9		-	-	-	20	(20)	-
<b>Balance at 1 Jan 2018, restated</b>		39,181	(125)	2,295	-	4,751	46,102
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	(6,860)	(6,860)
Capital Reduction		(2,855)	-	-	-	-	(2,855)
Cancellation of shares		(125)	125	-	-	-	-
Dividend Paid		-	-	-	-	(2,336)	(2,336)
<b>Balance at 30 Jun 2018</b>		<u>36,201</u>	<u>-</u>	<u>2,295</u>	<u>-</u>	<u>(4,445)</u>	<u>34,051</u>
<b>Balance at 1 Jul 2018</b>		36,201	-	2,295	-	(4,445)	34,051
Loss for the period, representing total comprehensive loss for the period		-	-	-	-	(309)	(309)
<b>Balance at 30 Sep 2018</b>		<u>36,201</u>	<u>-</u>	<u>2,295</u>	<u>-</u>	<u>(4,754)</u>	<u>33,742</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 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	Number of shares ('000)			
	Quarter		Year-to-date	
	Q3 2018	Q3 2017	30-Sep-18	30-Sep-17
Balance at beginning of period	35,204	35,358	35,358	35,358
Cancellation during the period	-	-	(154)	-
Balance at end of period	<u>35,204</u>	<u>35,358</u>	<u>35,204</u>	<u>35,358</u>

Treasury Shares	Number of shares ('000)			
	Quarter		Year-to-date	
	Q3 2018	Q3 2017	30-Sep-18	30-Sep-17
Balance at beginning of period	-	-	154	-
Repurchase during the period	-	109	-	109
Cancellation during the period	-	-	(154)	-
Balance at end of period	<u>-</u>	<u>109</u>	<u>-</u>	<u>109</u>

The Company undertook a capital reduction and cash distribution and declaration of the dividend pursuant to Section 78C of the Companies Act and the shareholders' approval at the annual general meeting held on 30 April 2018.

The Company made two separate payments to the shareholders of (i) S\$0.11 per share for the cash distribution pursuant to the capital reduction and (ii) S\$0.09 per share for the dividend. The sum of US\$5,190,744 (S\$7,040,725 at S\$0.20 per share) was distributed to shareholders on 30 June 2018.

The capital reduction reduced the issued and paid-up share capital of the Company by US\$2,854,909 (S\$3,872,399) from US\$39,180,543 (S\$46,653,231) to US\$36,325,634 (S\$42,780,832).

The Company purchased a total of 154,400 shares through market purchase in 2017. The total amount paid to acquire shares was US\$125,000 and the 154,400 treasury shares has been cancelled on 18 May 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 the end of the current financial period is 35,203,627 (31 December 2017 : 35,203,627) shares.

**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.**

The company cancelled 154,400 treasury shares amounting to US\$125,000 on 18 May 2018.

**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 have not been audited but have been reviewed by the auditors in accordance with Singapore Standard on Review Engagements 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity.

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

Please see attached review report.

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

The interim condensed financial information set out in Sections 1,4,5,6,7,8,11,12 and 16 for the third quarter and 9-months period ended 30 September 2018 are prepared in accordance with SFRS(I)1-34 *Interim Financial Reporting*. This interim report should be read in conjunction with the most recent audited Annual Financial Statements for year ended 31 December 2017 and the interim financial report for the three months period ended 31 March 2018 (unaudited).

As disclosed in Note 32 of the audited Annual Financial Statements for year ended 31 December 2017, the Group and Company will be adopting the Singapore Financial Reporting Standards (International) ("SFRS(I)") for the first-time for financial year ending 31 December 2018, with 1 January 2017 as the date of transition.

SFRS(I) 1 *First-time Adoption of SFRS(I)* will be applied for the first set of SFRS(I) financial statements. SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers* which are effective from annual periods beginning 1 January 2018, will also be applied for the first time for financial year ending 31 December 2018.



Please refer to Note 32 of the audited Annual Financial Statements for the year ended 31 December 2017 for further details on the effects arising from the application of SFRS(I) 1 for transition to SFRS(I) and the initial application of SFRS(I) 9 and SFRS(I) 15 for financial year ending 31 December 2018.

The accounting policies to be applied for the first set of SFRS(I) financial statements for year ending 31 December 2018 are expected to be the same as those disclosed in Note 2 of the audited Annual Financial Statements for year ended 31 December 2017, except for the changes to accounting policies in the areas as described in Section 5 of the first interim financial report for the three months period ended 31 March 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.**

Please refer to Section 5 of the first interim financial report for the three months period ended 31 March 2018.

**5.1 Effects of transition to SFRS(I) and initial application of SFRS(I) 9 and SFRS(I) 15**

Please refer to the effects of transition as disclosed in Section 5.1 of the first interim financial report for the three months period ended 31 March 2018.

In the SFRS(I) interim condensed financial information for the third quarter and 9-month period ended 30 September 2018, and the SFRS(I) comparative information as presented with respect of the application of SFRS(I) 1, SFRS(I) 9 and SFRS(I) 15:

- There is no restatement of line items and/or amounts in the statement of financial position and equity as at 30 September 2017 previously reported;
- There is no restatement to line items and/or amounts in the statement of profit or loss and other comprehensive for the third quarter and 9 months ended 30 September 2017 previously reported;

As SFRS(I) 1 requires the application of accounting policies based on each SFRS(I) effective as at 31 December 2018, should there be new SFRS(I) pronouncements issued that are effective as at 31 December 2018, the above effects may change.



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

	<b>Group</b>	
	<b>1- Jan-18 to 30-Sep-18</b>	<b>1- Jan-17 to 30-Sep-17</b>
From continuing and discontinued operations		
On a basic and fully diluted basis (US cents per share)	(11.47)	2.22
- Weighted average number of shares ('000)	35,204	35,349

	<b>Group</b>	
	<b>1- Jan-18 to 30-Sep-18</b>	<b>1- Jan-17 to 30-Sep-17</b>
From continuing operations		
On a basic and fully diluted basis (US cents per share)	(11.47)	3.83
- Weighted average number of shares ('000)	35,204	35,349

The diluted (loss)/earnings per share is the same as basic (loss)/earning per share as there is no potential dilutive ordinary shares.

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

	<b>30-Sep-18</b>	<b>31-Dec-17</b>
Net asset value per share (US dollars)		
-The Group	<u>1.01</u>	<u>1.27</u>
-The Company	<u>0.96</u>	<u>1.31</u>

Net asset value per ordinary share is calculated based on the share capital of 35,203,627 (31 December 2017 : 35,203,627) ordinary shares outstanding excluding treasury share as at the end of the relevant financial period.

**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 loss 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.**



## **Review of Operating Results**

### **Revenue**

Revenue for 3Q 2018 decreased by 19.3% to US\$5.9 million, compared to US\$7.3 million in 3Q 2017. Revenue for the nine months ended 30 September decreased by 20.4% to US\$16.7 million, compared to US\$21.0 million in the corresponding period of 2017, mainly due to the decrease in customers' orders.

### **Cost of sales**

Cost of sales for the nine months ended 30 September increased by 5.6% to US\$15.9 million, compared to US\$15.1 million in the corresponding period of 2017, as there was a reversal of bonus accruals in the corresponding period of 2017.

### **Administration expenses**

The administration expenses for the first half year period of 2017 included a provision for tax penalty which was reversed in the second half of 2017, as it was deemed unnecessary.

### **Other operating income**

Other operating income for the nine months ended 30 September increased by 234.0% to US\$0.2 million, compared to US\$0.05 million in the corresponding period of 2017, mainly due to the gain on disposal of property, plant and equipment recognised in 2018.

### **Income tax expense**

Income tax expense for 3Q 2018 increased by 215.8% to US\$0.5 million, compared to US\$0.2 million in 3Q 2017. Income tax expense for the nine months ended 30 September increased by 161.7% to US\$1.2 million, compared to US\$0.4 million in the corresponding period of 2017. This is mainly due to the reduction of deferred tax assets as a result of a lowering of projected profitability.

## **Financial position of the Group**

### **Cash**

Cash decreased by 24.1% to US\$5.2 million as at 30 September 2018, compared to US\$6.9 million as at 31 December 2017, mainly due to the payment of US\$5.2 million in capital distribution and dividend payments in 2Q 2018.

### **Trade receivables**

Trade receivables decreased by 16.5% to US\$5.6 million as at 30 September 2018, compared to US\$6.7 million as at 31 December 2017, reflecting the lower sales in 3Q 2018.



### **Property, plant and equipment**

Property, plant and equipment decreased by 7.1% to US\$32.9 million as at 30 September 2018, compared to US\$35.4 million as at 31 December 2017, mainly due to depreciation expense charged during the period which was partially offset by additions to property, plant and equipment during the period.

### **Financial asset at fair value through profit or loss / Available-for-sale investments / Fair value reserve**

Due to the adoption of SFRS(I) 9, the available-for-sale investments is reclassified to financial assets at fair value through profit or loss.

### **Bank Borrowings**

Bank borrowings amounted to US\$1.0 million as at 30 September 2018, drawn down for working capital needed and has been repaid on 2 October 2018.

### **Obligation under finance leases current and non-current**

Obligation under finance leases current and non-current amounted to US\$ 2.2 million as at 30 September 2018, compared to 31 December 2017, mainly due to the finance leases arrangements entered for plant and equipment to meet the demands from customers' orders.

### **Share capital**

Share capital decreased by 7.6% to US\$36.2 million as at 30 September 2018, compared to US\$39.2 million as at 31 December 2017, as a result of the capital reduction in 2Q 2018.

**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 US-China trade tensions has affected the semiconductor industry, resulting in lower revenues from the second quarter continuing to the third quarter 2018, as compared to the previous year.

Moving forward, the management will continue to be guided by our focus to optimise operational efficiency and sustain cost rationalization measures to weather the current challenging operating environment.



**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.

**(d) Books closure date**

Not applicable.

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

Not applicable.

**13. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), 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.**

No IPT mandate has been obtained from shareholders. The company and its subsidiaries did not enter into any IPT during the financial period ended 30 September 2018.

**14. Confirmation Pursuant to Rule 705(5) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results for the third quarter and 9-months ended 30 September 2018 of the Company and of the Group to be false or misleading, in any material aspect.

**15. Confirmation Pursuant to Rule 720(1) of the Listing Manual**

The Company has procured undertaking from all its directors and executive officers as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

**16. Segmental revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

**Products and services from which reportable segments derive their revenues**

Information is reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance. The Group's sole operating segment is the provision of testing services to customers in the semi-conductor industry. As



there is only one principal operating segment, the information regarding its revenues and results, assets and other information is represented by the financial statements as a whole.

**Geographical information**

The Group's operations and its assets are located mainly in Taiwan, Republic of China. Its customers are located mainly in Taiwan, Republic of China, the United States of America and Singapore. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

**Revenue by geographical region based on customers**

	<b>1 Jan 2018 to 30 Sep 2018</b>		<b>1 Jan 2017 to 30 Sep 2017</b>	
	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>	<b>%</b>
Continuing Operations				
Asia	10,443	62.4	14,682	67.3
USA	6,053	36.2	6,028	27.6
Others	241	1.4	326	1.5
	<u>16,737</u>	<u>100.0</u>	<u>21,036</u>	<u>96.4</u>
Discontinued Operation				
USA	-	-	777	3.6
	<u>16,737</u>	<u>100.0</u>	<u>21,813</u>	<u>100.0</u>
	<b>1 Jul 2018 to 30 Sep 2018</b>		<b>1 Jul 2017 to 30 Sep 2017</b>	
	<b>US\$'000</b>	<b>%</b>	<b>US\$'000</b>	<b>%</b>
Asia	3,519	59.8	4,905	67.3
USA	2,305	39.2	2,183	29.9
Others	61	1.0	202	2.8
	<u>5,885</u>	<u>100.0</u>	<u>7,290</u>	<u>100.0</u>

**Non-current assets by geographical location**

	<b>30-Sep-18</b>	<b>31-Dec-17</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Taiwan	<u>32,932</u>	<u>35,421</u>

**BY ORDER OF THE BOARD**

Chen Tie-Min  
Senior Executive Director  
12 November 2018

November 12, 2018

The Board of Directors  
Global Testing Corporation Limited  
9 Battery Road  
#25-01 MYP Centre  
Singapore 049910

Dear Sirs

**REPORT ON REVIEW OF INTERIM CONDENSED FINANCIAL INFORMATION FOR GLOBAL TESTING CORPORATION LIMITED AS OF AND FOR THE THIRD QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2018**

## Introduction

We have reviewed the accompanying interim condensed financial information of Global Testing Corporation Limited (the "Company") and its subsidiaries (the "Group") which comprises the condensed statement of financial position of the Group and the Company as at September 30, 2018, and the condensed statement of profit or loss and other comprehensive income, statement of changes in equity, and cash flow statement of the Group and the condensed statement of changes in equity of the Company for the Third Quarter and Nine Months then ended, and selected explanatory notes as enumerated in sections 1, 4, 5, 6, 7, 8, 11, 12 and 16 of the announcement ("interim condensed financial information").

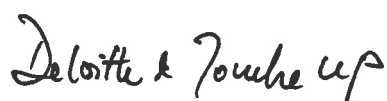
Management is responsible for the preparation and presentation of this interim condensed financial information in accordance with Singapore Financial Reporting Standards (International) 1-34 *Interim Financial Reporting* ("SFRS(I) 1-34"). Such interim condensed financial information has been prepared by the Company for announcement on the Singapore Exchange Securities Trading Limited. Our responsibility is to express a conclusion on this interim condensed financial information based on our review.

## Scope of Review

We conducted our review in accordance with the Singapore Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial information is not prepared, in all material respects, in accordance with SFRS(I) 1-34.



Public Accountants and  
Chartered Accountants  
Singapore