

ACROMEK LIMITED

(incorporated in the Republic of Singapore)
(Company Registration Number: 2015440003M)



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MARCH 2016

This announcement has been prepared by ACROMEK Limited (the “Company”) and its contents have been reviewed by the Company’s Sponsor, SAC Capital Private Limited (the “Sponsor”) for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the “SGX-ST”). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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 Tan Pei Woon (Telephone no.: (65) 65323829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

Background

ACROMEK Limited (together with its subsidiary, the “Group”) was listed on Catalist of the SGX-ST on 18 April 2016. The Group is a Singapore-based specialist engineering services provider in the field of controlled environments. It currently serves mainly the healthcare, biomedical science, research and academia, and electronics sectors.

The Company was incorporated in Singapore on 22 December 2015 under the Singapore Companies Act as a private company limited by shares, under the name ACROMEK Pte. Ltd. The Company was incorporated pursuant to the restructuring exercise (the “Restructuring Exercise”) as disclosed in the Company’s offer document dated 6 April 2016 (the “Offer Document”). The Company was converted into a public limited company on 16 March 2016 and its name was changed to ACROMEK Limited. Please refer to the Offer Document for further details on the Restructuring Exercise.

For the purpose of this announcement, the financial results of the Group for the half-year ended 31 March 2016 and its comparative figures for the half-year ended 31 March 2015 have been prepared on the assumption that the Group’s structure had been in place since 1 October 2014.

PART I: INFORMATION REQUIRED FOR HALF-YEAR ANNOUNCEMENT

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

	Group		Increase/ (Decrease) %
	Half-Year Ended 31 Mar		
	2016 S\$'000	2015 S\$'000	
Revenue	23,231	8,103	>100
Cost of sales	(18,459)	(6,459)	>100
Gross profit	<u>4,772</u>	<u>1,644</u>	>100
Other operating income	78	85	(8)
	<u>4,850</u>	<u>1,729</u>	>100
Administrative expenses	(2,301)	(1,012)	>100
Other operating expenses	(127)	(122)	4
IPO expenses	(463)	-	N.M.
Finance costs	(3)	(7)	(57)
Profit before income tax	1,956	588	>100
Income tax expenses	(350)	(88)	>100
Profit for the period, representing total comprehensive income for the period	<u>1,606</u>	<u>500</u>	<u>>100</u>
Profit attributable to: Owners of the Company	<u>1,606</u>	<u>500</u>	<u>>100</u>
Total comprehensive income attributable to: Owners of the Company	<u>1,606</u>	<u>500</u>	<u>>100</u>

N.M : not meaningful

1(a)(ii) Notes to the statement of comprehensive income

	Group	
	Half-Year Ended 31 Mar	
	2016	2015
	S\$'000	S\$'000
Profit for the financial period is arrived at after (charging)/crediting the following:		
Depreciation of plant and equipment	(47)	(70)
Gain on disposal of plant and equipment	-	7
Interest income	11	10
Foreign exchange loss	<u>(5)</u>	<u>(2)</u>

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

	Group		Company	
	31 Mar 2016 S\$'000	30 Sep 2015 S\$'000	31 Mar 2016 S\$'000	30 Sep 2015 ⁽¹⁾ S\$'000
ASSETS				
Non-current assets				
Investment in subsidiaries	-	-	6,218	-
Plant and equipment	172	150	-	-
Total non-current assets	172	150	6,218	-
Current assets				
Trade receivables	2,773	5,614	-	-
Other receivables, deposits and prepayment	335	125	-	-
Amount due from contract customers	2,951	6,467	-	-
Cash and bank balances ⁽²⁾	10,295	8,915	-	-
Total current assets	16,354	21,121	-	-
Total assets	16,526	21,271	6,218	-
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	8,026	11,188	-	-
Bill payables	-	389	-	-
Amount due to contract customers	-	945	-	-
Income tax payable	676	720	-	-
Finance leases	-	11	-	-
Total current liabilities	8,702	13,253	-	-
Net current assets	7,652	7,868	-	-
Net assets	7,824	8,018	6,218	-
Equity attributable to the owners of the Company				
Share capital	6,218	1,500	6,218	-
Merger reserve	(4,718)	-	-	-
Retained earnings	6,324	6,518	-	-
Total equity	7,824	8,018	6,218	-
Total liabilities and equity	16,526	21,271	6,218	-

Notes:

(1) There are no comparative figures at 30 Sep 2015 as the Company was incorporated on 22 Dec 2015.

(2) The amount stated includes fixed deposits of S\$2,521,000 (30 September 2015: S\$2,521,000) pledged as collaterals for banking facilities.

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debts securities, specify the following as at the end of the current financial period reported on with comparative figures at the end of the immediately preceding financial year

	31 Mar 2016		30 Sep 2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	-	-	399	-
Amount repayable after one year	-	-	-	-
Total borrowings	<u>-</u>	<u>-</u>	<u>399</u>	<u>-</u>

Details of collaterals

Bill payables of S\$389,000 as at 30 September 2015 is secured by fixed deposits pledged with banks.

Finance leases of S\$10,000 as at 30 September 2015 is secured on the equipment leased.

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

	Group	
	Half-Year Ended 31 Mar 2016 S\$'000	2015 S\$'000
Operating activities		
Profit before income tax	1,956	588
Adjustments for:		
Depreciation of plant and equipment	47	70
IPO expenses	463	-
Interest income	(11)	(10)
Interest expense	3	7
Gain on disposal of plant and equipment	-	(7)
	<hr/>	<hr/>
Operating cash flows before movements in working capital	2,458	648
<i>Movements in working capital</i>		
Trade receivables	2,840	849
Other receivables, deposits and prepayments	(210)	44
Amount due from (to) contract customers (net)	2,571	(477)
Trade and other payables	(3,162)	(2,116)
Bill payables	(389)	(5)
	<hr/>	<hr/>
Cash generated from/(used in) operations	4,108	(1,057)
Interest paid	(3)	(7)
Income taxes paid	(394)	(257)
	<hr/>	<hr/>
Net cash from/(used in) operating activities	3,711	(1,321)
	<hr/>	<hr/>
Investing activities		
Purchase of plant and equipment	(69)	(69)
Interest received	11	10
	<hr/>	<hr/>
Net cash used in investing activities	(58)	(59)
	<hr/>	<hr/>
Financing activities		
Dividends paid	(1,800)	(1,650)
Repayment of borrowings	(10)	(13)
Payment for IPO expenses	(463)	-
	<hr/>	<hr/>
Net cash used in financing activities	(2,273)	(1,663)
	<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents	1,380	(3,043)
Cash and cash equivalents at beginning of period	6,394	6,449
	<hr/>	<hr/>
Cash and cash equivalents at end of period ⁽¹⁾	7,774	3,406
	<hr/>	<hr/>

Notes:

(1) The amount stated excludes fixed deposits of S\$2,521,000 (31 March 2015: S\$2,515,000) pledged as collaterals for banking facilities.

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

Group

	Attributable to Owners of the Company			
	Share capital S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance as at 1 October 2015	1,500	-	6,518	8,018
Profit for the financial period, representing total comprehensive income	-	-	1,606	1,606
Dividends	-	-	(1,800)	(1,800)
Adjustments pursuant to the Restructuring Exercise	(1,500)	(4,718)	-	(6,218)
Issuance of new shares pursuant to the Restructuring Exercise	6,218	-	-	6,218
Balance as at 31 March 2016	6,218	(4,718)	6,324	7,824
Balance as at 1 October 2014	1,500	-	4,787	6,287
Profit for the financial period, representing total comprehensive income	-	-	500	500
Dividends	-	-	(1,650)	(1,650)
Balance as at 31 March 2015	1,500	-	3,637	5,137

Company⁽¹⁾

	Share capital S\$'000	Retained Earnings S\$'000	Total S\$'000
Balance as at 22 December 2015 ⁽²⁾	-	-	-
Issuance of new shares pursuant to the Restructuring Exercise	6,218	-	6,218
Total comprehensive loss for the period	-	-	-
Balance as at 31 March 2016	6,218	-	6,218

Notes:

(1) There are no comparative figures for the Company as the Company was incorporated during the current financial year

(2) Date of incorporation

- 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, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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.**

The changes in share capital of the Company since the date of incorporation on 22 December 2015 up to 31 March 2016 is as below:

	Number of shares	Issued and paid-up share capital (S\$)
As at the date of incorporation	3	3
As at 15 March 2016, after issue of shares pursuant to the Restructuring Exercise	6,218,043	6,218,043
As at 16 March 2016, after sub-division of 1 ordinary share into 15 ordinary shares	93,270,645	6,218,043
As at 31 March 2016	93,270,645	6,218,043

The Company was incorporated on 22 December 2015 with an issued and paid up capital of S\$3 comprising 3 ordinary shares. Pursuant to the Restructuring Exercise, on 15 March 2016, the Company had an issued and paid up capital of S\$6,218,043 comprising 6,218,043 ordinary shares. On 16 March 2016, the 6,218,043 ordinary shares in the issued and paid-up capital of the Company were sub-divided into 93,270,645 ordinary shares. Following this sub-division, the issued and paid-up capital of the Company was S\$6,218,043 comprising 93,270,645 ordinary shares.

Subsequent to the current financial period ended 31 March 2016, the Company issued 27,000,000 ordinary shares pursuant to the initial public offering of the Company on 18 April 2016 (the “IPO”). As at the date of this announcement, the issued and paid up capital of the Company was 120,270,645 ordinary shares.

There were no outstanding convertibles and treasury shares as at 31 March 2016. There were no comparative figures as at 31 March 2015 as the Company was incorporated on 22 December 2015.

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.

The total number of issued ordinary shares, excluding treasury shares, as at 31 March 2016 is 93,270,645. The Company did not have any treasury shares as at 31 March 2016. There are no comparative figures as at the end of September 2015 as the Company was incorporated on 22 December 2015.

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

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period.

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 the Company's auditors.

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

The Group had consistently applied the same accounting policies and methods of computation for the current financial period compared to the most recently audited annual financial statements for the financial year ended 30 September 2015 ("FY2015").

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.

Not applicable.

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	
	31-Mar-2016	31-Mar-2015
Profit attributable to owners of the Company (S\$'000)	<u>1,606</u>	<u>500</u>
Weighted average number of ordinary shares	<u>93,270,645</u>	<u>93,270,645</u>
Earnings per share (basic and diluted)(cents)	<u>1.72</u>	<u>0.54</u>

For comparative purposes, the calculation of basic and dilutive earnings per share for the respective half-year ended 31 March 2016 and 31 March 2015 is based on the number of shares issued as at 31 March 2016. The basic and dilutive earnings per share is the same as there were no potentially dilutive ordinary shares in issue.

For illustrative purposes, assuming that IPO has been completed on 31 March 2016, the earnings per share (basic and diluted) for the half-year ended 31 March 2016 would have been 1.34 cent.⁽¹⁾

Notes:

⁽¹⁾ Based on post-IPO share capital of 120,270,645 shares. Pursuant to the IPO on 18 April 2016, the Company issued additional 27,000,000 shares. Taking into consideration the additional shares, the enlarged number of shares as at 31 March 2016 will be 120,270,645 shares.

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	
	31-Mar-2016	30-Sep-2015	31-Mar-2016	30-Sep-2015 ⁽¹⁾
Net Asset Value per share (cents)	<u>8.39</u>	<u>8.60</u>	<u>6.67</u>	<u>-</u>
Net Asset Value (S\$'000)	<u>7,824</u>	<u>8,018</u>	<u>6,218</u>	<u>-</u>
Number of ordinary shares used	<u>93,270,645</u>	<u>93,270,645</u>	<u>93,270,645</u>	<u>-</u>

For comparative purposes, the calculation of the net asset value per share of the Group is based on the number of shares issued as at 31 March 2016.

For illustrative purposes, assuming that the IPO has been completed as at 31 March 2016, the net asset value per share of the Group as at 31 March 2016 would have been 10.25 cents.⁽²⁾

Notes:

- (1) There are no comparative figures as at 30 September 2015 as the Company was incorporated on 22 December 2015.
- (2) Based on net asset value of S\$12,324,000 and number of shares of 120,270,645. Pursuant to the IPO on 18 April 2016, the Company issued additional 27,000,000 shares for a net estimated consideration of S\$4,500,000, after deducting IPO expenses. Taking into consideration of the above, the net asset value will be S\$12,324,000 and the enlarged number of shares will be 120,270,645 shares.

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.**

REVIEW OF GROUP RESULTS

Revenue for the half-year financial period ended 31 March 2016 ("HY2016") surged 187% or S\$15.1 million to S\$23.2 million as compared to S\$8.1 million for the half-year financial period ended 31 March 2015 ("HY2015"). The significant increase in revenue was due to increased business activities on execution of the Group's major projects, which stemmed from a strong order book.

The increase in costs of sales of 186% from S\$6.5 million in HY2015 to S\$18.5 million in HY2016 was in line with the increase in revenue.

Gross profit increased by S\$3.1 million or 190% from S\$1.6 million in HY2015 to S\$4.8 million in HY2016, in tandem with the increase in revenue. Gross margins remained stable amid a tight foreign labour market and keen competition as the Group continues to manage its costs. Other income remained relatively stable.

Administrative expenses increased by S\$1.3 million or 127% from S\$1.0 million in HY2015 to S\$2.3 million in HY2016, mainly due to increase in staff strength to support the increase in revenue. Other operating expenses remained stable. The increase in income tax expenses is in line with the increase in profit before tax.

Driven by higher revenue, the Group reported a higher net profit attributable to shareholders of S\$1.6 million for HY2016, a significant increase as compared to S\$0.5 million registered for HY2015.

The Group recognised expenses of \$463,000 in the income statement from its recent IPO exercise. Excluding the one-off IPO expenses, net profit attributable to shareholders for HY2016 would have been S\$2.1 million, representing a four-fold increase as compared to HY2015.

REVIEW OF GROUP'S FINANCIAL POSITION

Current assets as at the end of HY2016 decreased by 22% or S\$4.8 million as compared to the end of FY2015, mainly due to the decrease in trade receivables and amount due from contract customers. Trade receivables and amount due from contract customers dipped in HY2016 due to better collections and timing differences where there were significant billings and work done at the end of FY2015 for execution of its major projects. Other receivables, deposits and prepayments increased as at the end of HY2016 due to certain prepaid IPO expenses, which relate to IPO activities after HY2016.

Current liabilities as at the end of HY2016 decreased by 34% or S\$4.6 million as compared to the end of FY2015, mainly due to the decrease in trade and other payables. Trade and other payables declined in HY2016 due to significant billings by the Group's suppliers and sub-contractors at the end of FY2015, in line with the Group's significant billings to its customers as at the end of FY2015.

Cash and bank balances as at the end of HY2016 increased by 15% or S\$1.4 million as compared to the end of FY2015 due to increased business activities. The Group does not have any borrowings as at 31 March 2016 as it has settled in full its bill payables.

REVIEW OF GROUP'S CASH FLOWS

Overall, the Group's cash and cash equivalents increased by 22% or S\$1.4 million for HY2016.

Cash generated from operating activities amounted to S\$3.7 million, on the back of higher profit and better collections of its trade debts. The increase in cash from its operating activities was offset by payments made for financing activities, mainly dividends paid of S\$1.8 million and IPO expenses of S\$0.5 million.

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

Not applicable. No forecast or prospect statement was previously made to shareholders.

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 sees promise in the sectors that it serves, particularly the healthcare, biomedical, research and academia sectors. The prospects for the Group in the healthcare sector is buoyed by the Government's major plans to increase infrastructure spending through building new hospitals and medical facilities and refurbishing existing ones so as to cater for Singapore's ageing population. Likewise, the biomedical, research and academia sectors is expected to grow on the back of the Government's bold initiatives to make Singapore a knowledge-based centre and a research and development hub of the region.

Against this backdrop, the Group continues to actively develop its business through direct negotiations and bidding for projects, underpinned by a strong balance sheet and an established track record. It may also seek related opportunities to grow its business through acquisitions, joint ventures, and/or strategic alliances with parties who create synergies with our business.

However, Singapore and the region is experiencing slower growth, amid uncertainty in the macroeconomic environment. Accordingly, competition is expected to remain keen. In view of these factors, the Group may face pressures on its margins. The Group will continue to manage its costs amid a tight foreign labour market.

At the date of this announcement, the order book of the Group stands at approximately S\$30 million.

11. Dividend:

(a) Any dividend declared for the current financial period reported on?

Interim one-tier tax exempt dividend of 0.3 cent per share.

(b) Corresponding period of the immediately preceding financial year

Not applicable.

(c) Date payable

20 July 2016

(d) Book closure date

NOTICE IS HEREBY GIVEN that the Company's Share Transfer Books and Register of Members will be closed from 5.00 p.m. on 12 July 2016 for the preparation of dividend payment. Duly completed and stamped registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623, up to 5.00 pm on 12 July 2016 will be registered to determine shareholders' entitlements to the interim one-tier tax exempt dividend.

Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 12 July 2016 will be entitled to the interim one-tier tax exempt dividend .

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a shareholders' mandate for interested person transactions.

14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

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

15. Updates on use of IPO proceeds

	Amount allocated	Amount utilised	Balance of net proceeds as at at the date of this announcement
	S\$ million	S\$ million	S\$ million
Expansion through acquisitions, and/or strategic alliances and venture into new geographical markets	1.00	-	1.00
Working capital to expand business operations through securing more projects and projects of a larger scale	3.50	1.50 ⁽¹⁾	2.00
Net proceeds from IPO	<u>4.50</u>	<u>1.50</u>	<u>3.00</u>

Notes:

⁽¹⁾ Utilised for settlement of supplier invoices for our projects**16. Confirmation by the Board Pursuant to Rule 705(5)**

The Board of Directors hereby confirms, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for half-year ended 31 March 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Say Chin
Executive Chairman and Managing Director
2 June 2016

Chew Chee Keong
Executive Director