

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".



SPINDEX INDUSTRIES LIMITED

Half Year Financial Statement And Dividend Announcement for the Period Ended 31/12/2014

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		
	S\$'000		%
	6 - month 31/12/14	6 - month 31/12/13	Change
Turnover	53,872	48,992	10.0%
Cost of sales	(41,552)	(37,624)	10.4%
Gross profit	12,320	11,368	8.4%
Other operating income	1,016	809	25.6%
Distribution and selling expenses	(993)	(769)	29.1%
Administrative expenses	(5,086)	(5,282)	-3.7%
Profit from operations	7,257	6,126	18.5%
Financial expenses	(9)	(17)	-47.1%
Profit before tax	7,248	6,109	18.6%
Income tax expense	(1,472)	(1,170)	25.8%
Net profit for the period	5,776	4,939	16.9%
Other comprehensive income:			
Foreign currency translation	1,125	(419)	NM
Total comprehensive income for the period	6,901	4,520	52.7%
Profit attributable to:			
Owners of the Company	5,908	4,963	19.0%
Non-controlling interest	(132)	(24)	450.0%
	5,776	4,939	16.9%
Total comprehensive income attributable to:			
Owners of the Company	7,033	4,544	54.8%
Non-controlling interest	(132)	(24)	450.0%
	6,901	4,520	52.7%

	Group		
	S\$'000		%
	31/12/14	31/12/13	Change
Interest income	52	49	6.1%
Interest expense	(9)	(17)	-47.1%
Depreciation of property, plant and equipment	(2,377)	(1,877)	26.6%
Amortisation of land use right	(8)	(7)	14.3%
Write-back/(Write-down) of inventories	64	(38)	NM
Foreign exchange gain/(loss), net	1,053	(10)	NM
Gain/(Loss) on disposal of property, plant and equipment	6	(7)	NM

Notes:

1. NM = Not Meaningful
2. Other operating income increased by 26% mainly due to increase in scrap income.
3. Administrative expenses decreased by 4% mainly due to overall favourable exchange difference after offsetting moderately higher staffing costs.
4. The net foreign exchange gain was a result of the appreciation of US dollar against the Asian currencies.

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	
	31/12/14 S\$'000	30/06/14 S\$'000	31/12/14 S\$'000	30/06/14 S\$'000
Share capital	13,145	13,145	13,145	13,145
Reserves	65,907	61,412	16,426	19,722
Equity attributable to owners of the Company	79,052	74,557	29,571	32,867
Non-controlling interest	(180)	(48)	-	-
Total equity	78,872	74,509	29,571	32,867
Non-current assets				
Property, plant and equipment	38,286	36,084	2,718	2,459
Land use rights	295	286	-	-
Investment in subsidiaries	-	-	12,519	12,519
Loan due from a subsidiary	-	-	3,600	2,700
	38,581	36,370	18,837	17,678
Current assets				
Inventories	12,985	12,669	2,245	2,333
Trade receivables	23,255	22,492	6,090	5,493
Other receivables and deposits	1,303	1,064	105	106
Prepayments	3,105	1,148	67	192
Due from subsidiaries (trade)	-	-	3,553	3,089
Due from subsidiaries (non-trade)	-	-	839	606
Pledged bank balances	92	94	-	-
Fixed deposits	3,448	3,274	510	509
Cash and cash equivalents	21,604	22,966	8,239	11,559
	65,792	63,707	21,648	23,887
Current liabilities				
Trade payables	11,604	12,089	2,091	2,290
Other payables and accruals	10,562	10,755	2,392	2,314
Provision for defects	805	868	378	398
Due to subsidiaries (trade)	-	-	5,654	3,688
Due to subsidiaries (non-trade)	-	-	2	1
Long term loans - current portion	285	333	-	-
Provision for tax	610	142	-	-
Deferred capital grants	42	-	42	-
	23,908	24,187	10,559	8,691
Net current assets	41,884	39,520	11,089	15,196
Non-current liabilities				
Long term loans-non-current portion	-	125	-	-
Deferred tax liabilities	1,124	1,142	7	7
Provision for restoration costs	121	114	-	-
Deferred capital grants	348	-	348	-
	1,593	1,381	355	7
Net assets	78,872	74,509	29,571	32,867

Notes:

1. Inventories increased by 2% mainly due to additional finished goods for subsequent month sales.
2. Trade receivables increased by 3% mainly due to higher sales in 1HFY15.
3. Prepayments increased by 170% mainly due to downpayment for capital expenditures.
4. Fixed deposits and cash and cash balances decreased by 5% mainly due to payments for capital expenditures.
5. Decrease in term loans was due to repayments of term loans during the period.
6. Loan due from a subsidiary pertains to the convertible loan granted to a new subsidiary which is incorporated in Singapore. The loan is secured, bears interest of 4.25% per annum and shall be repaid in full on 9 December 2018.
7. Deferred capital grants relate to the government grants received on qualified capital expenditures and will be amortised over the assets' useful life.

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2014		As at 30/6/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
285	-	333	-

Amount repayable after one year

As at 31/12/2014		As at 30/6/2014	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	125	-

Details of any collateral

The bank loan is secured by the land & building of the Malaysia subsidiary and a corporate guarantee from the holding 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.**

	31/12/14 S\$'000	31/12/13 S\$'000
Operating activities		
Profit before tax	7,248	6,109
Adjustments for:		
Depreciation of property, plant and equipment	2,377	1,877
Amortisation of deferred capital grants	(3)	-
Amortisation of land use right	8	7
(Gain)/Loss on disposal of property, plant and equipment	(6)	7
Interest expense	9	17
Interest income	(52)	(49)
Write-back/(Write-down) of inventories	(64)	38
Provision for defects	540	112
Reversal of provision for defects	(620)	(111)
Unrealised exchange loss/(gain)	529	(52)
Operating cash flow before working capital changes	9,966	7,955
(Increase) / decrease in:		
Inventories	(272)	280
Trade receivables	(766)	1,622
Other receivables and deposits	(239)	103
Prepayments	(1,971)	(1,482)
(Decrease) / increase in:		
Trade payables	(484)	(1,260)
Other payables and accruals	(193)	(167)
Cash flow from operations	6,041	7,051
Income taxes paid	(998)	(878)
Tax refund	-	131
Interest paid	(9)	(17)
Interest received	52	49
Net cash flows from operating activities	5,086	6,336
Investing activities		
Proceeds from government grants	394	-
Proceeds from sale of fixed assets	17	56
Purchase of property, plant and equipment	(4,262)	(2,769)
Net cash used in investing activities	(3,851)	(2,713)
Financing activities		
Capital contribution from non controlling interest of a subsidiary	-	150
Dividends paid on ordinary shares	(2,538)	(2,077)
Repayment of term loans	(166)	(159)
Net cash flows used in financing activities	(2,704)	(2,086)
Net (decrease)/increase in cash and cash equivalents	(1,469)	1,537
Cash and cash equivalents at beginning of financial period	26,240	25,308
Currency alignment on opening cash balances	281	(23)
Cash and cash equivalents at end of financial period	25,052	26,822

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.

	← Equity attributable to owners of the Company →							
	Share Capital S\$'000	Share Option Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Reserve Fund S\$'000	Accumulated Profit S\$'000	Total Reserves S\$'000	Non-controlling interest S\$'000	Total Equity S\$'000
GROUP								
At 1 July 2014	13,145	-	(4,320)	3,109	62,623	61,412	(48)	74,509
Capital contribution by non controlling interest	-	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	1,125	-	5,908	7,033	(132)	6,901
Appropriation to/(from) reserve fund/ accumulated profit	-	-	-	141	(141)	-	-	-
Expiry of employee share options	-	-	-	-	-	-	-	-
Dividends on ordinary shares	-	-	-	-	(2,538)	(2,538)	-	(2,538)
At 31 Dec 2014	13,145	-	(3,195)	3,250	65,852	65,907	(180)	78,872
	← Equity attributable to owners of the Company →							
	Share Capital S\$'000	Share Option Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Reserve Fund S\$'000	Accumulated Profit S\$'000	Total Reserves S\$'000	Non-controlling interest S\$'000	Total Equity S\$'000
GROUP								
At 1 July 2013	13,145	411	(3,151)	2,778	55,362	55,400	-	68,545
Capital contribution by non controlling interest	-	-	-	-	-	-	150	150
Total comprehensive income for the financial period	-	-	(419)	-	4,963	4,544	(24)	4,520
Appropriation to/(from) reserve fund/ accumulated profit	-	-	-	155	(155)	-	-	-
Expiry of employee share options(*)	-	(411)	-	-	411	-	-	-
Dividends on ordinary shares	-	-	-	-	(2,077)	(2,077)	-	(2,077)
At 31 Dec 2013	13,145	-	(3,570)	2,933	58,504	57,867	126	71,138

* The Share Option Reserve has been transferred to Accumulated Profit upon the expiry of the employee share options on 30 September 2013.

← Attributable to equity holders of the Company →					
	Share Capital S\$'000	Share Option Reserve S\$'000	Accumulated Profit S\$'000	Total Reserve S\$'000	Total Equity S\$'000
<u>COMPANY</u>					
At 1 July 2014	13,145	-	19,722	19,722	32,867
Total comprehensive income for the financial period	-	-	(758)	(758)	(758)
Expiry of employee share options	-	-	-	-	-
Dividends on ordinary shares	-	-	(2,538)	(2,538)	(2,538)
At 31 Dec 2014	13,145	-	16,426	16,426	29,571

← Attributable to equity holders of the Company →					
	Share Capital S\$'000	Share Option Reserve S\$'000	Accumulated Profit S\$'000	Total Reserve S\$'000	Total Equity S\$'000
<u>COMPANY</u>					
At 1 July 2013	13,145	411	18,869	19,280	32,425
Total comprehensive income for the financial period	-	-	(1,355)	(1,355)	(1,355)
Expiry of employee share options(*)	-	(411)	411	-	-
Dividends on ordinary shares	-	-	(2,077)	(2,077)	(2,077)
At 31 Dec 2013	13,145	-	15,848	15,848	28,993

* The Share Option Reserve has been transferred to Accumulated Profit upon the expiry of the employee share options on 30 September 2013.

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 Company did not issue any shares during the financial period ended 31 December 2014.

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.

	<u>31/12/14</u>	<u>31/12/13</u>
The total number of issued shares (excluding treasury shares)	115,365,000	115,365,000

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

There were no sales, transfers, disposal, cancellation and/or use of treasury shares for the financial period ended 31 December 2014.

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 current financial period as with those in the most recently audited financial statements as at 30 June 2014.

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.

In the current period, the Group has adopted all the new/revised Financial Reporting Standards which took effect for annual periods beginning on or after 1 July 2014. The adoption of the above FRS did not result in any substantial change in the Group's accounting policies.

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.**

	Latest period	Previous corresponding period
	31/12/14	31/12/13
	(cents)	(cents)
Earnings per ordinary share for the period after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	5.12	4.30
(ii) On a fully diluted basis	5.12	4.30

Basis earnings per share is computed based on the weighted average number of ordinary shares in issue of 115,365,000 (31 December 2013 : 115,365,000).

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

	Group		Company	
	Latest period	Immediately preceding period	Latest period	Immediately preceding period
	31/12/14	30/06/14	31/12/14	30/06/14
	(cents)	(cents)	(cents)	(cents)
Net tangible asset backing per ordinary share based on existing issued share capital as at the end of the period reported on	68.52	64.63	25.63	28.49

Net asset value per ordinary share is computed on 115,365,000 ordinary shares in issue as at 31 December 2014 (30 June 2014 : 115,365,000).

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.

The Spindex Group is an integrated solution provider of precision-machined components and assemblies for use in machinery & automotive systems, imaging & printing equipment, consumer-lifestyle and healthcare products.

Revenue

Despite uncertain market conditions in the global economy, the Group achieved 10% increase in turnover to \$53.9 million for the six months ended 31 December 2014. The growth was broad based across all business sectors.

Revenue by Business Sector	1H FY2015 S\$m	1H FY2014 S\$m	Change (%)
Machinery and Automotive Systems (MA)	24.7	21.5	+ 15%
Imaging & Printing (IP)	17.7	17.5	+ 1%
Others	11.5	10.0	+ 15%
Total	53.9	49.0	+ 10%

Due to the Group's consistent marketing efforts, the MA business sector benefited from higher allocation of business from existing customers. Consequently, sales of automotive systems and machine tools grew during the half year. Overall, revenue from MA rose from \$21.5 million in 1H FY2014 to \$24.7 million in 1H FY2015, an increase of 15%.

For the IP business sector, orders from customers remained firm. Revenue from IP increased marginally from \$17.5 million in 1H FY2014 to \$17.7 million in 1H FY2015. The Group also registered higher demand for components for domestic appliances and leisure products. This contributed to a 15% increase in revenue from "Others", a category that includes the rest of the Group's businesses, to \$11.5 million.

Profitability

In line with the revenue growth, gross profit went up 8% from \$11.4 million in 1H FY2014 to \$12.3 million in 1H FY2015. Gross profit margin declined slightly from 23.2% in 1H FY2014 to 22.9% in 1H FY2015.

The higher level of production activities also led to higher scrap sales and this boosted other operating income by 25.6%. During the period, the US dollar strengthened against various Asian currencies. This resulted in a net foreign exchange gain of \$1.1 million compared to the net loss of \$0.01 million recorded in the previous corresponding period. The foreign exchange gain resulted in lower administrative expenses by offsetting moderately higher staffing costs and in turn, led to stable total operating costs.

Due to the increase in tax rate for the production plant in Hanoi, effective tax rate for the Group rose slightly from 19% in 1H FY2014 to 20% in 1H FY2015. With higher turnover and stable operating costs, net profit attributable to shareholders of the company grew 19% to \$5.9 million in 1H FY2015.

Cash Flow & Balance Sheet

For the six months ended 31 December 2014, the Group continued to generate healthy net cash inflow from operating activities of \$5.1 million. The cash was deployed to finance the purchase of new machineries to support production. The Group also repaid bank loans and made a dividend payment of \$2.5 million. Despite the net cash outflow during the period in review, fixed deposits, cash and cash equivalents remained healthy at \$25.1 million as at 31 December 2014.

For the balance sheet, inventories, trade receivables, other receivables and deposits rose in line with the increase in turnover. Given the healthy cash inflow from operations and low debt ratio, the Group continued to maintain a strong net cash position as at 31 December 2014. The healthy balance sheet will allow the Group greater financial flexibility in managing market challenges and capitalizing on business opportunities when they arise.

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

The result is in line with the sentiments expressed in the prospect statement disclosed in the previous results announcement.

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.**

Uncertainties remain in the global economy. Coupled with volatility in oil prices and foreign exchange rates, business sentiments are likely to stay cautious in 2015.

The Group will continue with efforts to actively forge new relationships with potential customers while supporting the growth of existing customers. We will remain selective in evaluating new investment opportunities as and when they arise. The Group will continue to run a tight ship managing the challenges ahead.

11. **Dividend**

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No

(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 interim dividend has been declared or recommended in the current reporting period.

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 does not have an interested person transaction mandate.

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

The Board confirms that, to the best of their knowledge, nothing has come to their attention which may render the interim financial statements for the half year ended 31 December 2014, to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tan Choo Pie @ Tan Chang Chai

Chairman

11 February 2015