

PAN ASIAN HOLDINGS LIMITED
(Company registration number: 197902790N)

**HALF YEAR UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR
THE FINANCIAL PERIOD ENDED 30 JUNE 2015**

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**") for compliance with the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.*

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF HALF-YEAR RESULTS

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

	Half-year ended 30-Jun-15 S\$'000	Half-year ended 30-Jun-14 S\$'000	Increase/ (Decrease) %
Revenue	20,848	25,283	-17.54%
Cost of sales	(15,616)	(20,746)	-24.73%
Gross profit	5,232	4,537	15.32%
<u>Other items of income</u>			
Interest income	4	2	100.00%
Other gains	45	-	NM
<u>Other items of expense</u>			
Marketing and distribution costs	(2,033)	(2,951)	-31.11%
Administrative expenses	(2,152)	(2,821)	-23.71%
Finance costs	(132)	(207)	-36.23%
Other losses	(745)	(75)	NM
Share of (loss)/profit from equity-accounted joint ventures	(67)	177	NM
Profit/(loss) before tax	152	(1,338)	NM
Income tax expenses	(104)	(68)	52.94%
Profit/(loss) net of tax	48	(1,406)	NM
(Loss) attributable to owners of the parent, net of tax	(9)	(1,282)	-99.30%
Profit/(loss) attributable to non-controlling interests, net of tax	57	(124)	NM
Profit/(loss) net of tax	48	(1,406)	NM
<u>Other comprehensive profit/(loss)</u>			
Profit/(loss) for the period	48	(1,406)	NM
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations, net of tax	162	(403)	NM
Total comprehensive profit/(loss)	210	(1,809)	NM
Total comprehensive profit/(loss) attributable to owners of the parent	133	(1,642)	NM
Total comprehensive profit/(loss) attributable to non-controlling interests	77	(167)	NM
Total comprehensive profit/(loss)	210	(1,809)	NM

Notes to Consolidated Statement of Comprehensive Income

	Half-year ended 30-Jun-15 S\$'000	Half-year ended 30-Jun-14 S\$'000	Increase/ (Decrease) %
<u>Revenue</u>			
Sale of goods	20,602	25,182	-18.19%
Commission income	13	-	NM
Rental income	58	18	NM
Other income	175	83	NM
	20,848	25,283	-17.54%
Interest income	4	2	100.00%
<u>Depreciation expense</u>			
Cost of sales	72	136	-47.06%
Marketing and distribution costs	76	102	-25.49%
Administrative expenses	206	260	-20.77%
	354	498	-28.92%
<u>Other gains</u>			
Gain on disposal of plant and equipment	1	-	NM
Other credits	35	-	NM
Write back of allowance for inventories	9	-	NM
	45	-	NM
<u>Finance costs</u>			
Interest expense	(132)	(207)	-36.23%
<u>Other losses</u>			
Bad debts written off for trade receivables	-	(3)	NM
Allowance for impairment on trade receivables	(2)	-	NM
Impairment loss on goodwill	(347)	-	NM
Amortisation of intangible asset	(31)	(30)	3.33%
Foreign exchange adjustment losses	(365)	(42)	NM
	(745)	(75)	NM

NM - Not Meaningful

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.

	<u>Group</u>		<u>Company</u>	
	<u>30-Jun-15</u> <u>S\$'000</u>	<u>31-Dec-14</u> <u>S\$'000</u>	<u>30-Jun-15</u> <u>S\$'000</u>	<u>31-Dec-14</u> <u>S\$'000</u>
<u>ASSETS</u>				
<u>Non-current assets</u>				
Property, plant and equipment	3,760	4,335	804	848
Investments in subsidiaries	-	-	9,752	10,356
Investments in joint ventures	175	242	105	105
Intangible assets	-	727	-	-
Land use rights	2,803	2,779	-	-
Other assets, non-current	103	103	103	103
Deferred Tax Assets	207	208	-	-
Total non-current assets	7,048	8,394	10,764	11,412
<u>Current assets</u>				
Inventories	6,979	7,112	2,580	3,786
Asset held for sale under FRS 105	2,491	2,128	2,491	2,128
Trade and other receivables	14,376	15,927	11,905	11,575
Other assets, current	2,396	2,791	247	293
Cash and cash equivalents	2,314	2,749	1,076	1,072
Total current assets	28,556	30,707	18,299	18,854
Total assets	35,604	39,101	29,063	30,266
<u>EQUITY AND LIABILITIES</u>				
<u>Equity attributable to owner of the parent</u>				
Share capital	15,300	15,300	15,300	15,300
Other reserves	204	47	-	-
Retained earnings	1,829	1,853	4,222	3,709
Equity, attributable to owners of the parent	17,333	17,200	19,522	19,009
Non-controlling interests	1,111	1,185	-	-
Total equity	18,444	18,385	19,522	19,009
<u>Non-current liabilities</u>				
Deferred tax liabilities	98	99	81	81
Finance leases, non-current	239	346	184	222
Total non-current liabilities	337	445	265	303
<u>Current liabilities</u>				
Income tax payable	651	601	253	253
Other financial liabilities	7,049	7,369	5,420	5,028
Finance leases, current	87	126	75	74
Trade and other payables	9,036	12,175	3,528	5,599
Total current liabilities	16,823	20,271	9,276	10,954
Total liabilities	17,160	20,716	9,541	11,257
Total equity and liabilities	35,604	39,101	29,063	30,266

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

Amount repayable in one year or less, or on demand

As at 30-Jun-15		As at 31-Dec-14	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
7,136	-	7,495	-

Amount repayable after one year

As at 30-Jun-15		As at 31-Dec-14	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
239	-	346	-

The Group's bank borrowings and bills payable as at 30 June 2015 were secured by:

- a. A negative pledge over the assets of the Company
- b. Corporate guarantees from the Company; and
- c. Personal guarantee from a related party of a subsidiary

The obligations under finance lease are secured by a charge over the leased assets and the personal guarantee from a director of the Company.

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

	Group Half-year ended 30-Jun-15 S\$'000	Group Half-year ended 30-Jun-14 S\$'000
Cash flows from operating activities		
Profit (Loss) before tax	152	(1,338)
Adjustments for:		
Depreciation of property, plant and equipment	354	498
(Gain) loss on disposal of plant and equipment	(1)	-
Impairment loss of goodwill	347	-
Amortisation of intangible asset	31	30
Share of loss (profit) from equity-accounted joint ventures	67	(177)
Interest income	(4)	(2)
Interest expense	132	207
Operating cash flow before changes in working capital	<u>1,078</u>	<u>(782)</u>
Trade and other receivables	(544)	6,456
Other assets	380	(240)
Inventories	133	224
Trade and other payables	<u>(1,509)</u>	<u>912</u>
Net cash flows (used in) from operations	(462)	6,570
Income taxes paid	(55)	-
Net cash flows (used in) from operating activities	<u>(517)</u>	<u>6,570</u>
Cash flows from investing activities		
Purchase of plant and equipment	(143)	(199)
Proceeds from disposal of plant and equipment	5	-
Disposal of subsidiary (net of cash disposed)	552	-
Interest received	4	2
Net cash flows from (used in) investing activities	<u>418</u>	<u>(197)</u>
Cash flows from financing activities		
Interest paid	(132)	(207)
Increase from new borrowings	327	-
Repayment of bank borrowings	-	(6,381)
Finance lease repayment	(43)	(53)
Net cash flows from (used in) financing activities	<u>152</u>	<u>(6,641)</u>
Net increase (decrease) in cash and cash equivalents	53	(268)
Effect of exchange rate changes on cash and cash equivalent	159	(246)
Cash and cash equivalents, statement of cash flows, beginning balance	<u>1,781</u>	<u>3,931</u>
Cash and cash equivalents, statement of cash flows, ending balance	<u>1,993</u>	<u>3,417</u>
Represented by:		
Cash and cash equivalents	2,314	3,538
Bank overdraft	(321)	(121)
Cash and cash equivalents, statement of cash flows, ending balance	<u>1,993</u>	<u>3,417</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 capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Attributable to Parent sub-total S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP:						
Previous year:						
Balance as at 1 January 2014	15,300	18	7,574	22,892	1,507	24,399
Movements in equity:						
Total comprehensive loss for the period	-	(360)	(1,282)	(1,642)	(167)	(1,809)
Balance as at 30 June 2014	15,300	(342)	6,292	21,250	1,340	22,590
Current year:						
Balance as at 1 January 2015	15,300	47	1,853	17,200	1,185	18,385
Movements in equity:						
Total comprehensive loss for the period	-	142	(9)	133	77	210
Transfer to statutory reserve	-	15	(15)	-	-	-
Disposal of subsidiary with a change in control	-	-	-	-	(151)	(151)
Balance as at 30 June 2015	15,300	204	1,829	17,333	1,111	18,444
COMPANY:						
Previous year:						
Balance as at 1 January 2014	15,300	-	7,595	22,895	-	22,895
Movements in equity:						
Total comprehensive loss for the period	-	-	(1,321)	(1,321)	-	(1,321)
Balance as at 30 June 2014	15,300	-	6,274	21,574	-	21,574
Current year:						
Balance as at 1 January 2015	15,300	-	3,709	19,009	-	19,009
Movements in equity:						
Total comprehensive loss for the period	-	-	513	513	-	513
Balance as at 30 June 2015	15,300	-	4,222	19,522	-	19,522

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.

There was no change in the issued and paid-up share capital of the Company from 31 December 2014 up to 30 June 2015. The Company's share capital was S\$15,300,000 comprising 214,202,036 shares as at 31 December 2014 and 30 June 2015.

There were no convertible securities outstanding as at the end of the current financial period (30 June 2014: Nil).

There were no treasury shares outstanding as at the end of the current financial year (30 June 2014: Nil).

1(d)(iii) Total number of issued share excluding treasury share as at the end of current financial period and as at the end of the immediately preceding year.

	Number of Shares
As at 31 December 2014 and 30 June 2015	214,202,036

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

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

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

The figures have not been audited 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 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.

Save as disclosed in Section 5 below, the Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as compared to the audited financial statements for the financial year ended 31 December 2014.

5. If there were any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Company has adopted all the new and revised Financial Reporting Standards (“FRS”) that became effective for the Group for the financial year beginning 1 January 2015. The new or revised FRS did not require significant modification of the measurement method or the presentation of the financial information.

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.

	30-Jun-15	30-Jun-14
(i) Based on number of ordinary share in issue	0.00 cents	(0.60 cents)
(ii) On a fully diluted basis	0.00 cents	(0.60 cents)

The basic profit per share for the half year financial period ended 30 June 2015 was calculated by dividing the Group’s loss attributable to equity holders of the parents, net of tax of \$9,000 by the number of weighted average ordinary shares which was 214,202,036.

The basic loss per share for the half year financial period ended 30 June 2014 was calculated by dividing the Group’s loss attributable to equity holders of the parents, net of tax of \$1,282,000 by the number of weighted average ordinary shares which was 214,202,036.

The basic and diluted earnings per share are the same as there were no potentially dilutive securities.

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 period reported on; and**
- (b) immediately preceding financial year**

	Group		Company	
	As at 30-Jun-15	As at 31-Dec-14	As at 30-Jun-15	As at 31-Dec-14
Net asset value per ordinary share based on number of shares in issue at end of financial period/year	8.09 cents	8.03 cents	9.11 cents	8.87 cents

Net asset value per ordinary share is calculated based on 214,202,036 ordinary shares (31 December 2014: 214,202,036) as at the end of the reporting 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 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 period reported on.**

Review of operating results

Overall, the Group recorded a profit before tax of \$0.2 million in 1H2015 vis-à-vis the loss of \$1.3 million for the previous corresponding period. This is attributable to the Group reaping the benefits of the cost/expenses management that the Group has put in place since 2013.

Revenue

The Group's revenue decreased by \$4.4 million or 17.5% to \$20.8 million for the half-year ended 30 June 2015 ("**1H2015**"). This was mainly attributable to the decrease in revenue from Malaysian entities due to the de-consolidation of PVT Engineering Shd Bhd ("**PVT**"), as well as reduction in revenue recognized by the other 2 remaining Malaysian entities.

Gross Profit

Gross profit margin increased by 7% to 25% for 1H2015. This is in line with the expected performance following the de-consolidation of PVT, as the entity generate lower than Group's average gross profit margin. The increase is also attributable to increased proportion of higher margin products as well as higher manufacturing volume which resulted in better recovery of the fixed manufacturing costs.

Marketing and Distribution Costs

Marketing and distribution costs decreased by \$1.0 million or 31.1% from \$3.0 million for the half-year ended 30 June 2014 ("**1H2014**") to \$2.0 million in 1H2015. This is mainly attributable to the reduction in payroll expenses of \$0.5 million, aided by the de-consolidation of PVT, which contributed an additional decrease of \$0.1 million. Payroll expenses decreased as a result of the reduction in headcount in Singapore, Malaysia and Netherlands.

Administrative Expenses

Administrative expenses decreased by \$0.7 million or 23.7% to \$2.1 million in 1H2015. This is mainly attributable to the reduction in payroll expenses of \$0.2 million, aided by the de-consolidation of PVT, which contributed an additional decrease in administrative expenses of \$0.3 million.

Finance Costs

Finance costs decreased by \$0.1 million or 36.2% from \$0.2 million in 1H2014 to \$0.1 million in 1H2015 mainly due to the decrease utilisation of trade facilities which is in line with the reduction in revenue.

Other losses

Other losses increased by \$0.6 million to \$0.7 million in 1H2015, from \$0.1 million in 1H2014. This is mainly due to the impairment of goodwill recognized of \$0.3 million and the increased exchange loss of \$0.3 million. Exchange loss increased due to the depreciation of Euro against the Singapore dollar.

Share of (loss)/profit from equity-accounted joint ventures

Overall, the joint ventures entities posted a loss in 1H2015 vis-à-vis the gain recognized in 1H2014, mainly due to decrease of operations from Singapore.

Income Tax Expense

Income tax expense increased by \$36,000, which is in line with the increased profitability of the Group, from the increase in profitability of our Hong Kong and China subsidiaries.

Financial Position

Non-Current Assets

Non-current assets decreased by \$1.4 million from \$8.4 million as at 31 December 2014 to \$7.0 million as at 30 June 2015. This was mainly attributable to the following:

- (1) Decrease in intangible assets of \$0.7 million;
- (2) Depreciation of plant and equipment of \$0.4 million; and
- (3) Decrease in investment in joint ventures as a result of share of loss contributed by joint ventures.

Current Assets

Current assets decreased by \$2.1 million from \$30.7 million as at 31 December 2014 to \$28.6 million as at 30 June 2015. The decrease was mainly due to the following:

- (1) Decrease in trade and other receivables by \$1.6 million mainly due to the decrease in revenue in spite of the longer AR turnover days;
- (2) Decrease in other assets, current by \$0.4 million due to the decrease in prepayment;
- (3) Decrease in cash and cash equivalents by \$0.4 million, as a result of de-consolidation of PVT and the repayment of bank borrowings;
- (4) Decrease in inventories by \$0.1 million from \$7.1 million to \$7.0 million mainly due to reduced inventory purchases to cater to the reduced sales; offset by
- (5) Increase in asset held for sale (PVT) of \$0.4 million as the Group is still holding 36% of PVT as at 30 June 2015, due to the re-classification of the abovementioned, as a result of the de-consolidation.

Non-Current Liabilities

Non-current liabilities decreased by \$0.1 million from \$0.4 million as at 31 December 2014 to \$0.3 million as at 30 June 2015, mainly as a result of the decrease in finance lease resulting from the de-consolidation of PVT.

Current Liabilities

Current liabilities decreased by \$3.4 million from \$20.3 million as at 31 December 2014 to \$16.8 million as at 30 June 2015. This was mainly due to a decrease in trade and other payables by \$3.1 million in line with the decrease in revenue and the decrease in current financial liabilities by \$0.3 million.

Trade payables decreased by \$2.4 million whereas other payables decreased by \$0.7 million. Trade payables decreased in line with the reduction in purchases of inventory.

Other financial liabilities, current comprises of short term borrowings, bank overdrafts and bills payable. The decrease in other financial liabilities is mainly contributed by the decrease in short term borrowings of \$0.2 million and the decrease in bank overdrafts of \$0.6 million offset by the increase in bills payable of \$0.5 million.

Statement of Cash Flow

Overall, the Group recorded a net increase in cash and cash equivalents for 1H2015 of \$52,000. This is mainly attributable to the cash flow from investing and financing activities of \$418,000 and \$152,000 respectively, offset by the cash flow used in operating activities of \$518,000.

Investing activities recorded a net cash inflow mainly due to the disposal of PVT, offset by the purchase of plant and equipment.

Financing activities recorded a net cash inflow mainly due to the increase in borrowings, which are mainly the bills payable to finance purchases, offset by the interest paid.

Operating activities recorded a net cash outflow mainly due to the repayment of trade and other payables of \$1.5 million and slower collection of trade and other receivables of \$0.5 million, offset by the receipts from other assets of \$0.4 million and the positive operating cash flow generated from the business activities for the 6 months ended 30 June 2015 of \$1.1 million.

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

The current results are in line with the Company's discussion presented in Note 10 of the unaudited FY2014 financial results announcement dated 27 February 2015.

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.

We expect the challenging operating environment to continue in the second half of the financial year ending 31 December 2015.

The Group will continue its efforts to contain manufacturing costs and monitor its operating expenses closely.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared 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/recommendeded, a statement to that effect

No dividend is declared or recommended for the current financial period reported on.

13. Interested Parties Transactions

Save as disclosed below, there was no other interested person transactions entered into during 1H2015.

Interested Persons Transactions

Name of Interested Person	Aggregate value of all interested persons transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested persons transactions conducted under shareholders' mandate pursuant to 920 (excluding transactions less than S\$100,000) S\$'000
Royalty payable to Duvalco International Pte Ltd	-	108
Purchases from Duvalco Valves & Fittings (Wuxi) Co. Ltd	-	2,020

14. Directors Confirmation

We, Richard Koh Chye Heng and Goh Boon Kok, being directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half-year unaudited financial results for the period ended 30 June 2015 to be false or misleading in any material aspect.

On behalf of the Board

Richard Koh Chye Heng
Executive Chairman

Goh Boon Kok
Lead independent Director

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
14 August 2015