

Quarterly Financial Statement And Dividend Announcement

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

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

	Group		Fav/ (Unfav) %
	6 months ended		
	30/6/2016	30/6/2015	
	\$'000	\$'000	
Revenue	19,354	29,915	(35)
Cost of services and sales	(19,058)	(26,832)	29
Gross profit	296	3,083	(90)
Gross margin	1.5%	10.3%	
Other income (including interest income)	492	1,244	(60)
Administrative expenses	(4,519)	(4,965)	9
Distribution costs	(714)	(873)	18
Other expenses	(1,672)	(45)	(3,616)
Finance costs	(563)	(683)	18
Loss before income tax	(6,680)	(2,239)	(198)
Income tax expense	-	-	-
Net loss for the period	(6,680)	(2,239)	(198)
Attributable to:			
Equity holders of the parent	(6,062)	(2,068)	(193)
Non-controlling interest	(618)	(171)	(261)
	(6,680)	(2,239)	
Statement of comprehensive income			
Net loss for the period	(6,680)	(2,239)	(198)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(48)	751	NM
Other comprehensive loss for the period	(48)	751	
Total comprehensive loss for the period	(6,728)	(1,488)	(352)
Total comprehensive (loss) profit attributable to:			
Equity holders of the parent	(5,420)	(1,584)	(242)
Non-controlling interest	(1,308)	96	NM
	(6,728)	(1,488)	(352)

NM: Not meaningful

Net (loss) profit for the period as a percentage of revenue

-34.5%

-7.5%

Loss before income tax is arrived at after charging (crediting) the following:

Depreciation of property, plant and equipment	3,157	3,210
Amortisation of land use rights	44	44
Foreign exchange loss (gain)	745	(1,443)
Gain on disposal of property, plant and equipment	(27)	(167)
Interest income	(12)	(48)
Interest expense	563	683

Group		
3 months ended		Fav/ (Unfav)
30/6/2016	30/6/2015	
\$'000	\$'000	
9,471	12,885	%
(9,266)	(12,057)	(26)
205	828	23
2.2%	6.4%	(75)
229	27	NM
(2,015)	(2,464)	748
(345)	(436)	18
(697)	(21)	21
(277)	(339)	(3,219)
		18
(2,900)	(2,405)	(21)
-	-	-
(2,900)	(2,405)	(21)
(2,641)	(2,252)	(17)
(259)	(153)	(69)
(2,900)	(2,405)	(21)
(2,900)	(2,405)	(21)
78	(437)	NM
78	(437)	NM
(2,822)	(2,842)	1
(2,315)	(2,457)	6
(507)	(385)	(32)
(2,822)	(2,842)	1

-30.6%

-18.7%

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.

Balance sheet

	Group		Company	
	As at 30/6/2016 \$'000	As at 31/12/2015 \$'000	As at 30/6/2016 \$'000	As at 31/12/2015 \$'000
Current assets				
Cash and cash equivalents	3,492	6,355	14	1,197
Restricted cash	203	1,919	-	-
Structured deposits	11,888	17,105	-	-
Trade receivables	12,682	12,071	-	-
Other receivables and prepayments	3,052	1,307	14	19
Land use rights	93	100	-	-
Inventories	4,363	4,295	-	-
Total current assets	35,773	43,152	28	1,216
Non-current assets				
Investment in subsidiaries	-	-	30,420	32,669
Land use rights	2,804	3,061	-	-
Property, plant and equipment	16,377	19,940	689	750
Other receivables	1,158	746	-	-
Deferred tax asset	30	33	-	-
Total non-current assets	20,369	23,780	31,109	33,419
Total assets	56,142	66,932	31,137	34,635
Current liabilities				
Trade and other payables	15,630	15,585	7,947	8,704
Provisions	9,841	12,747	11,870	12,747
Derivative financial instruments	235	252	-	-
Short-term bank loans	6,532	8,852	-	-
Current portion of long-term bank loans	5,574	4,125	-	-
Due to shareholders	2,186	2,296	2,186	2,296
Total current liabilities	39,998	43,857	22,003	23,747
Non-current liabilities				
Retirement benefit obligations	54	54	-	-
Due to shareholders	11,247	11,060	11,247	11,060
Long-term bank loans	4,418	4,808	-	-
Total non-current liabilities	15,719	15,922	11,247	11,060
Capital, reserves and non-controlling interests				
Share capital	56,127	56,127	56,127	56,127
Reserves	(59,048)	(53,628)	(58,240)	(56,299)
Equity attributable to equity holders of the company	(2,921)	2,499	(2,113)	(172)
Non-controlling interest	3,346	4,654	-	-
Total equity	425	7,153	(2,113)	(172)
Total liabilities and equity	56,142	66,932	31,137	34,635

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

Amount repayable in one year or less, or on demand

As at 30/6/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
12,106	2,186	12,977	2,296

The amount repayable after one year

As at 30/6/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
4,418	11,247	4,808	11,060

Details of any collaterals

The group's borrowings are primarily secured by personal guarantees from directors, property, plant and equipment, and land use rights.

1 (c) **Cash Flow Statement for period ended 30 June**

Operating Activities:

Loss before income tax:
Adjustments for:-
Depreciation of property, plant and equipment
Amortisation of land use rights
Interest income
Interest expense
Net foreign exchange loss (gain)
Gain on disposal of property, plant and equipment
Operating (loss) profit before working capital changes

Changes in working capital:-

Trade receivables
Other receivables and prepayments
Inventories
Trade and other payables
Provisions
Cash (used in) generated from operations
Net interest paid
Income tax paid

Cash flows (used in) generated from operating activities

Investing Activities:

Decrease (Increase) in investment in structured deposits
Proceeds on disposal of property, plant and equipment
Purchase of property, plant and equipment

Cash flows generated from (used in) investing activities

Financing Activities:

Decrease (Increase) in restricted cash
Repayment of bank loans
New bank loans raised
Repayment to shareholders
New loans from shareholders
Repayment of finance lease obligations
New finance lease obligations raised

Cash flows generated from (used in) financing activities

Net (decrease) increase in cash and cash equivalents

Cash and cash equivalents at beginning of period
Effect of exchange rate changes on the balances of cash held in foreign currencies

Cash and cash equivalents at end of period

Group	
6 months ended	
30/6/2016	30/6/2015
\$'000	\$'000
(6,680)	(2,239)
3,157	3,210
44	44
(12)	(48)
563	683
745	(1,443)
(27)	(167)
(2,210)	40
(611)	6,020
(2,157)	1,118
(68)	420
45	(2,146)
(2,099)	-
(7,100)	5,452
(551)	(635)
-	-
(7,651)	4,817
4,040	(327)
175	620
(1,017)	(583)
3,198	(290)
1,716	36
(6,979)	(6,694)
6,784	5,974
(463)	(2,330)
606	873
-	(15)
-	-
1,664	(2,156)
(2,789)	2,371
6,355	6,916
(75)	14
3,492	9,301

Group	
3 months ended	
30/6/2016	30/6/2015
\$'000	\$'000
(2,900)	(2,405)
2,190	1,590
22	22
(9)	(5)
277	339
380	(834)
(27)	297
(67)	(996)
305	6,871
(2,748)	(416)
(645)	(10)
1,771	(1,834)
(2,099)	-
(3,483)	3,615
(268)	(334)
-	-
(3,751)	3,281
726	715
175	150
(461)	(550)
440	315
110	50
(6,190)	(5,013)
6,146	4,451
(362)	(1,244)
447	184
-	(7)
-	-
151	(1,579)
(3,161)	2,017
6,651	7,295
1	(11)
3,492	9,301

1(d)(i) A statement for the issuer and the group together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of Changes in Equity for the financial period ended 30 June

	Share capital \$'000	Currency translation reserves \$'000	Statutory reserves \$'000	Other reserves \$'000	Accumulated losses \$'000	Total attributable to equity holders of the company \$'000	Non-controlling interests \$'000	Total \$'000
Group								
At 1 April 2015	56,127	(7,987)	7,912	(2,993)	(31,563)	21,496	7,465	28,961
Loss for the period	-	-	-	-	(2,252)	(2,252)	(153)	(2,405)
Other comprehensive loss for the period	-	(205)	-	-	-	(205)	(232)	(437)
Total	-	(205)	-	-	(2,252)	(2,457)	(385)	(2,842)
At 30 June 2015	56,127	(8,192)	7,912	(2,993)	(33,815)	19,039	7,080	26,119
At 1 April 2016	56,127	(7,814)	7,912	(2,993)	(53,838)	(606)	3,853	3,247
Loss for the period	-	-	-	-	(2,641)	(2,641)	(259)	(2,900)
Other comprehensive income for the period	-	327	-	-	(1)	326	(248)	78
Total	-	327	-	-	(2,642)	(2,315)	(507)	(2,822)
At 30 June 2016	56,127	(7,487)	7,912	(2,993)	(56,480)	(2,921)	3,346	425
Company								
At 1 April 2015	56,127	2,018	-	-	(41,198)	16,947	-	16,947
Loss for the period	-	-	-	-	(946)	(946)	-	(946)
Other comprehensive loss for the period	-	(299)	-	-	-	(299)	-	(299)
Total	-	(299)	-	-	(946)	(1,245)	-	(1,245)
At 30 June 2015	56,127	1,719	-	-	(42,144)	15,702	-	15,702
At 1 April 2016	56,127	1,846	-	-	(59,306)	(1,333)	-	(1,333)
Loss for the period	-	-	-	-	(825)	(825)	-	(825)
Other comprehensive income for the period	-	45	-	-	-	45	-	45
Total	-	45	-	-	(825)	(780)	-	(780)
At 30 June 2016	56,127	1,891	-	-	(60,131)	(2,113)	-	(2,113)

- 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.

During 1 April 2016 to 30 June 2016, the Company did not issue any shares.

- 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 shares excluding treasury shares

As at 30/6/2016	As at 31/12/2015
570,000,000	570,000,000

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares 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 or reviewed.

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 has adopted the same accounting policies and methods of computation for the current year consistent with those of the audited financial statements for the year ended 31 December 2015. In the current financial year, the Group has adopted all the new and revised Financial Reporting Standards ("FRSs") that are relevant to its operations and effective for annual periods beginning on 1 January 2016.

The adoption of these new and revised FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior years.

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 effect, of the change.

Not applicable.

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

Earnings per ordinary share for the year based on net profit/(loss) for the period:

(i) Based on the weighted average number of ordinary shares in issue (cts); and

Weighted average number of shares

(ii) On a fully diluted basis (cts)

Weighted average number of shares

Group		Group	
6 months ended		3 months ended	
30/6/2016	30/6/2015	30/6/2016	30/6/2015
(1.06)	(0.36)	(0.46)	(0.40)
570,000,000	570,000,000	570,000,000	570,000,000
(1.06)	(0.36)	(0.46)	(0.40)
570,000,000	570,000,000	570,000,000	570,000,000

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

Net asset value per ordinary share (cts)
Number of shares

Group		Company	
As at 30/6/2016	As at 31/12/2015	As at 30/6/2016	As at 31/12/2015
(0.51)	0.44	(0.37)	(0.03)
570,000,000	570,000,000	570,000,000	570,000,000

8. Review of the Group's performance

Revenue

For the six months ended 30 June 2016 ("1H16"), the Group reported revenue of \$19.4 million, a decrease of 35% from \$29.9 million from the corresponding period in 2015 ("1H15"). It is a decrease across the board with PCB operation bearing the brunt. This is mainly due to low PCB market sentiments globally.

Similarly, for the three months ended 30 June 2016 ("2Q16"), the Group reported revenue of \$9.5 million, a decrease of 26% from \$12.9 million from the corresponding period in 2015 ("2Q15").

PCB Operations

PCB operations continue to be the major contributor accounting for 94% of our Group's revenue in 1H16. Revenue from PCB operations decreased by 32% from \$27.0 million in 1H15 to \$18.3 million 1H16. Similarly, this decrease is mainly due to low PCB market sentiments globally.

On a quarterly basis, revenue from PCB operations decreased by 20% from \$11.2 million in 2Q15 to \$9.0 million in 2Q16.

Mechanical Drilling and Routing

Revenue from Mechanical drilling and Routing segment decreased by 62% from \$2.9 million in 1H15 to \$1.1 million in 1H16. Mechanical drilling and routing segments are mainly made up of sub-contracted sales which are volatile to any fluctuations in market demands.

On a quarterly basis, revenue from Mechanical drilling and Routing decreased by 71% from \$1.7 million in 2Q15 to \$0.5 million in 2Q16.

Geographical Markets

China operations remained as the key contributor to Group's revenue in 1H16 at 77%. There is a decrease of 4% from 81% in 1Q15 to 77% in 1H16 due to improvements in Taiwan operations. Since the cessation of laser drilling operation in Taiwan in 2014, Taiwan operation underwent a series of restructurings to convert into PCB operations.

Profitability

Gross Profit

Gross profit decreased from \$3.1 million in 1H15 to \$0.3 million in 1H16. PCB operations posted a gross profit of \$1.0 million which was offsetted by Mechanical drilling and Routing segment's gross loss of \$0.7 million. Revenue generated from these remaining segments was less than the fixed manufacturing expenses such as labour cost, electricity and depreciation.

On a quarterly basis, gross profit dropped from \$0.8 million in 2Q15 to \$0.2 million in 2Q16.

Expenses

Other Income

Disposal gain or loss from sale of plant and machinery and exchange difference are classified accordingly between other income or other expenses based on the net effect in that financial period.

The decrease in other income was mainly due to a gain in exchange difference of \$0.5 million in 1H15. For 1H16, there was an exchange loss of \$1.4 million and it was taken up under other expense accordingly. The exchange loss is mainly due to the weakening of United States dollars against Singapore dollars.

Administrative Expenses

The slight decrease in administrative expenses of \$0.4 million is mainly due to lower staff cost due to cost restructuring exercise.

Distribution Costs

Distribution costs pertain to sales commission payable to sales representatives in processing sales for PCB manufacturing. In line with the decline in revenue, distribution cost is affected indirectly resulting in the slight decrease of \$0.2 million.

Other Expenses

Disposal gain or loss from sale of plant and machinery and exchange difference are classified accordingly between other income or other expenses based on the net effect in that financial period.

For 1H16, the increase in other expenses is mainly due to exchange loss of \$1.4 million which was taken up under other expenses.

Finance Costs

Finance costs remained constant at \$0.6 million at 1H16 and \$0.7 million at 1H15.

Balance Sheet

The Group's cash and cash equivalents decreased from \$6.4 million as at 4Q15 to \$3.5 million as at 2Q16. This is due to decrease in revenue, coupled with slower receipt from trade receivables and faster repayment of trade and other payables.

Restricted cash pertains to bank deposits pledged to financial institutions for banker's guarantee. The decrease from \$1.9 million as at 4Q15 to \$0.2 million as at 2Q16 is due to transfer to the Group's current bank account.

Structured deposits decreased from \$17.1 million as at 4Q15 to \$11.9 million as at 2Q16 was due to funds transferred into the Group's current bank account and upfront payment of \$2.1 million to Hongta. Structured deposits attract higher interest returns.

The slight increase in trade receivables of \$0.6 million is mainly due to slight increase in trade receivables turnover days. Trade receivables turnover days increased from 100 days to 122 days from 4Q15 to 2Q16. Trade receivable's credit period ranges from 45 days to 150 days.

Other receivables and prepayments increased by \$1.8 million from \$1.3 million at 4Q15 to \$3.1 million at 2Q16. The increase is mainly due to prepayment made to suppliers by our China subsidiaries. In addition, it is also the norm for our China subsidiaries for expenses to be prepaid at the beginning of each financial year, prior to expensing it on a monthly basis. Other receivables and prepayments mainly comprise of prepaid operating expenses, such as utilities, insurance, maintenance expense, etc.

Inventory level remained constant at \$4.4 million range for both 4Q15 and 2Q16.

The decrease in property, plant and equipment arises mainly from depreciation.

Trade and other payables remain constant at \$15.6 million as at 4Q15 and 2Q16.

The decrease in provision from \$12.7 as at 4Q15 to \$9.8 million as at 2Q16 is mainly due to repayment of \$2.1 million to Hongta, coupled with exchange fluctuation.

Derivative financial statements pertain to estimated liability on the fair value of the forward foreign exchange contracts. It remained constant for 4Q15 and 2Q16.

Amount due to shareholders remained constant at \$13.4 million for 4Q15 and 2Q16.

Total gross borrowings had also reduced by \$1.3 million from \$17.8 million at 4Q15 to \$16.5 million at 2Q16. This was due to repayments of bank loans.

The Group's net working capital position decreased by \$3.5 million from a \$0.7 million net liability position as at 4Q15 to a \$4.2 million net liability position for 2Q16. The decrease was mainly due to decrease in sales revenue and fixed operating costs.

As at 2Q16, the Group's current ratio (current assets/current liabilities) and debt/equity ratio are 0.89 and -19.1 respectively. The Group's capital deficiency attributable to owners of the company stands at \$2.9 million.

Cash Flow

Cash flow used in operating activities of \$3.8 million was mainly due to repayment of \$2.1 million to Hongta, coupled with decrease in revenue, slower receipt from trade receivables and faster repayment of trade and other payables.

Cash flow generated from investing activities of \$0.4 million was mainly due to decrease in investment in restructured deposits, partially offsetted against purchase of machineries.

Cash flow generated from financing activities of \$0.2 million was mainly due to decrease in restricted cash.

The decrease in cash and bank balances by \$2.9 million from \$6.4 million in 4Q15 to \$3.5 million in 2Q16 is mainly due to repayment of \$2.1 million to Hongta, coupled with lower revenue earned in 1H16.

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

No forecast or prospect statement was disclosed to shareholders previously.

10. A commentary at the date of announcement of the 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.

In view of the low business market sentiments globally, management continues to remain cautious and conservative in its outlook.

11. Dividend

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

None

11(b) Any dividend declared for the corresponding period of the immediately preceding financial year?

None

11(c) Date payable

Not applicable

11(d) Books closure date

Not applicable

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

No dividend has been declared for the second quarter ended 30 June 2016.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

13. Segmented 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.

Not applicable

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by business or geographical segments.

Not applicable

15. A breakdown of sales as follows:

Not applicable

16. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Not applicable

17. Interested party transactions

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

During the financial year, there were related parties transactions based on terms agreed between the parties as follows:-

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under Shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under Shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Loan guarantees provided by Mr Wen Yao-Long and Ms Chan Hui-Chung to various financial institutions to secure credit facilities for the Group	Total facilities granted as at 30.6.2016: \$15.1 million Amount outstanding as at 30.6.2016: \$13.7 million	-
Loan from Sunny Worldwide Int'l Ltd (Amount outstanding as at 30.6.2016 is \$11.3 million)	Interest for the 6 months ended 30.6.2016: \$0.19 million	-
Loan from Mr Wen Yao-Long (Amount outstanding as at 30.6.2016 is \$2.2 million)	Interest-free loan	-

Except for the above, there was no other interested person transaction, as defined in Chapter 9 of the Listing Manual of the SGX-ST, entered into the Group or by the Company during the financial period ended 30 June 2016.

BY ORDER OF THE BOARD

Wen Yao-Long
Executive Chairman & CEO
4 August 2016