



Half Year Financial Statement And Dividend Announcement for the Period Ended 28 February 2018

Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements

- 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		
	1 Sep 2017 to 28 Feb 2018 S\$'000	1 Sep 2016 to 28 Feb 2017 S\$'000	Increase/ (Decrease) %
Revenue	28,541	27,226	4.8%
Cost of sales	(22,867)	(21,235)	7.7%
Gross profit	5,674	5,991	-5.3%
Other item of income			
Other income	347	585	-40.7%
Other items of expense			
Selling and distribution expenses	(1,658)	(1,596)	3.9%
Administrative expenses	(3,263)	(3,802)	-14.2%
Finance costs	(329)	(388)	-15.2%
Other expenses	(350)	-	N.M.
Profit before income tax	421	790	-46.7%
Income tax expense	(73)	(87)	-16.1%
Profit for the financial period	348	703	-50.5%
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss:			
Foreign currency differences on translation of foreign operations	(421)	503	-183.7%
Income tax relating to component of other comprehensive income	-	-	N.M.
Other comprehensive income for the financial period, net of tax	(421)	503	-183.7%
Total comprehensive income for the financial period	(73)	1,206	-106.1%
Profit attributable to:			
Owners of the parent	98	395	-75.2%
Non-controlling interests	250	308	-18.8%
	348	703	-50.5%
Total comprehensive income attributable to:			
Owners of the parent	(144)	689	-120.9%
Non-controlling interests	71	517	-86.3%
	(73)	1,206	-106.1%

N.M. = Not meaningful

- 1(a)(ii) The following items have been included in arriving at profit before income tax:-

	Group		
	1 Sep 2017 to 28 Feb 2018 S\$'000	1 Sep 2016 to 28 Feb 2017 S\$'000	Increase/ (Decrease) %
Bad debts recovered	10	12	-16.7%
Depreciation of investment properties	(13)	(75)	-82.7%
Depreciation of property, plant and equipment	(988)	(1,045)	-5.5%
Employee benefits expenses	(5,174)	(6,440)	-19.7%
(Loss)/Gain on foreign exchange, net	(350)	82	N.M.
Gain on disposal of property, plant and equipment	-	130	N.M.
Interest on borrowings	(283)	(345)	-18.0%
Rental income	288	288	0.0%
Write-back of impairment loss for other receivables	-	5	N.M.
Write-back of impairment loss for trade receivables	-	*	N.M.

* denotes amounts less than \$1,000

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.

	Group		Company	
	As at 28 Feb 2018 S\$'000	Audited As at 31 Aug 2017 S\$'000	As at 28 Feb 2018 S\$'000	Audited As at 31 Aug 2017 S\$'000
Non-current assets				
Property, plant and equipment	15,306	15,332	1	2
Intangible assets	1,647	1,647	-	-
Investment properties	511	524	-	-
Investments in subsidiaries	-	-	23,620	23,620
Available-for-sale financial asset	6,795	6,795	6,795	6,795
Other receivables	166	289	-	-
	24,425	24,587	30,416	30,417
Current assets				
Inventories	17,152	16,099	-	-
Trade and other receivables	19,618	16,416	4	17
Prepayments	396	422	15	20
Cash and cash equivalents	3,758	2,992	2	6
	40,924	35,929	21	43
Non-current asset held for sale	1,449	1,449	-	-
	42,373	37,378	21	43
Less:				
Current liabilities				
Trade and other payables	15,437	11,598	5,477	5,148
Interest bearing liabilities	14,548	12,982	-	-
Derivative financial instruments	-	29	-	-
Current income tax payable	234	368	-	-
	30,219	24,977	5,477	5,148
Net current assets/(liabilities)	12,154	12,401	(5,456)	(5,105)
Less:				
Non-current liabilities				
Interest bearing liabilities	2,298	2,616	-	-
Deferred tax liabilities	562	580	-	-
	2,860	3,196	-	-
Net assets	33,719	33,792	24,960	25,312
Equity				
Share capital	26,700	26,700	26,700	26,700
Reserves	130	274	(1,740)	(1,388)
Equity attributable to owners of the parent	26,830	26,974	24,960	25,312
Non-controlling interests	6,889	6,818	-	-
Total equity	33,719	33,792	24,960	25,312

1(b)(ii) The aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

The amount repayable in one year or less, or on demand

As at 28 Feb 2018 (S\$'000)		As at 31 Aug 2017 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
14,548	-	12,982	-

The amount repayable after one year

As at 28 Feb 2018 (S\$'000)		As at 31 Aug 2017 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
2,298	-	2,616	-

Details of collaterals

The Group's borrowings are secured by:

- Corporate guarantee by the Company
- Assignment of rental proceeds from an investment property of a subsidiary
- First legal mortgage of subsidiaries' properties and investment properties
- Assignment of contracts and contract proceeds/charge over account of a subsidiary
- Debenture incorporating a First Floating charge over the receivables of a subsidiary
- Personal guarantee by Director of subsidiary

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

	Group	
	1 Sep 2017 to 28 Feb 2018 S\$'000	1 Sep 2016 to 28 Feb 2017 S\$'000
Operating activities		
Profit before income tax	421	790
Adjustments for:		
Depreciation of investment properties	13	75
Depreciation of property, plant and equipment	988	1,045
Fair value (gain)/loss on derivative financial instruments	(29)	8
Gain on disposal of property, plant and equipment	-	(130)
Interest expenses	283	345
Interest income	(1)	(4)
Write-back of impairment loss for other receivables	-	(5)
Write-back of impairment loss for trade receivables	-	*
Unrealised foreign exchange (gain)/loss	(194)	498
Operating cash flows before working capital changes	1,481	2,622
Changes in working capital:		
Inventories	(1,053)	805
Trade and other receivables	(3,079)	832
Prepayments	26	289
Trade and other payables	3,839	1,031
Cash generated from operations	1,214	5,579
Interest received	1	4
Income taxes paid	(226)	(229)
Net cash from operating activities	989	5,354
Investing activities		
Proceeds from disposal of property, plant and equipment	1	130
Purchase of property, plant and equipment	(1,198)	(241)
Net cash used in investing activities	(1,197)	(111)
Financing activities		
Repayment of obligations under finance leases	(239)	(1,093)
Proceeds from bank borrowings	1,825	173
Repayment of bank borrowings	(976)	(1,655)
Interest paid	(283)	(345)
Net cash from/(used) in financing activities	327	(2,920)
Net change in cash and cash equivalents	119	2,323
Cash and cash equivalents at beginning of financial period	2,992	1,240
Cash and cash equivalents at end of financial period	3,111	3,563
Cash and cash equivalents comprise:		
Cash and bank balances	3,758	4,518
Cash and cash equivalents on statement of financial position	3,758	4,518
Bank overdraft	(647)	(955)
Cash and cash equivalents on statement of cash flows	3,111	3,563

* denotes amounts less than \$1,000

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	Share capital S\$'000	Statutory reserve fund S\$'000	Fair value reserve S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Balance at 1 September 2017	26,700	478	2,686	672	(3,562)	26,974	6,818	33,792
Profit for the financial period	-	-	-	-	98	98	250	348
Other comprehensive income for the financial period that may subsequently be reclassified to profit or loss: Foreign currency differences on translation of foreign operations, net of tax	-	-	-	(242)	-	(242)	(179)	(421)
Balance at 28 February 2018	26,700	478	2,686	430	(3,464)	26,830	6,889	33,719

Balance at 1 September 2016	26,700	208	-	575	(3,110)	24,373	5,773	30,146
Profit for the financial period	-	-	-	-	395	395	308	703
Other comprehensive income for the financial period that may subsequently be reclassified to profit or loss: Foreign currency differences on translation of foreign operations, net of tax	-	-	-	294	-	294	209	503
Balance at 28 February 2017	26,700	208	-	869	(2,715)	25,062	6,290	31,352

Company	Share capital S\$'000	Fair value reserve S\$'000	Accumulated losses S\$'000	Total equity S\$'000
Balance at 1 September 2017	26,700	2,686	(4,074)	25,312
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(352)	(352)
Balance at 28 February 2018	26,700	2,686	(4,426)	24,960

Balance at 1 September 2016	26,700	-	(3,051)	23,649
Loss for the financial period, representing total comprehensive income for the financial period	-	-	(316)	(316)
Balance at 28 February 2017	26,700	-	(3,367)	23,333

- 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.

Shares

Date	Description	Number of shares	Paid-up capital S\$'000
1 Sep 2017 and 28 Feb 2018	Issued and paid-up capital	29,905,222	26,700
1 Sep 2016 and 28 Feb 2017	Issued and paid-up capital	29,905,222	26,700

- 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.

	As at 28 Feb 2018	Audited As at 31 Aug 2017
Total number of issued shares	29,905,222	29,905,222
Less: Treasury shares	-	-
Total number of issued shares excluding treasury shares	29,905,222	29,905,222

- 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.

Not Applicable.

- 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 in this announcement have not been audited or 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.

The accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements.

- 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.

The same accounting policies and methods of computation as in the Group's most recently audited financial statements for the financial year ended 31 August 2017 have been applied.

- 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	
	1 Sep 2017 to 28 Feb 2018	1 Sep 2016 to 28 Feb 2017
Weighted average number of ordinary shares in issue	29,905,222	29,905,222
Profit for the financial period attributable to owners of the parent (\$'000)	98	395
- On a fully diluted basis (cents)	0.3277	1.3208

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:-

	Group		Company	
	As at 28 Feb 2018	Audited As at 31 Aug 2017	As at 28 Feb 2018	Audited As at 31 Aug 2017
Net assets value per ordinary share based on issued share capital of the issuer at the end of the period reported (cents)	89.72	90.20	83.46	84.64
Number of ordinary shares in issue	29,905,222	29,905,222	29,905,222	29,905,222

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

For first half FY2018, the Group recorded 4.8% increase in revenue as compared to first half FY2017 from S\$27.23 million to S\$28.54 million. Of which, 70.8% of the Group's revenue was contributed by the precision engineering business segment and the remaining 29.2% was contributed by the retail, original equipment manufacturing ("OEM") and export business segments. However, the Group's gross profit margin declined from 22.0% to 19.9% due to tough market conditions. As a result, the Group attained gross profit S\$5.67 million was decreased by 5.3% as compared to the last corresponding period.

Other income for first half FY2018 reduced by S\$0.24 million as compared to first half FY2017 from S\$0.59 million to S\$0.35 million due to the decrease in Productivity and Innovation Credit ("PIC") grant, gain on foreign exchange and gain on disposal of property, plant and equipment. As for rental income, it remained the same.

In the current period, finance costs declined by 15.2% mainly due to the decrease in the finance leases interest while outstanding finance leases as at 28 February 2018 reduced to S\$0.11 million compared to S\$3.01 million as at 28 February 2017. Administrative expenses reduced by S\$0.54 million to S\$3.26 million mainly due to the reduction of staff costs in the precision engineering business segment.

The Group had recorded a profit after tax S\$0.35 million which is S\$0.35 million lower as compared to the last corresponding period.

- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Inventories increased by S\$1.05 million from S\$16.10 million as at 28 February 2017 to S\$17.15 million as at 28 February 2018 due to the increase in metal price.

Trade and other receivables increased by S\$3.08 million mainly due to slow payments from customers resulted trade debtors increased by \$1.38 million and other debtors increased by S\$1.70 million.

Trade and other payables increased by S\$3.84 million mainly due to the increase in trade creditors which was the result of higher inventories.

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.

Global economic activity is expected to continue firming, but remain some downside risks like trade war between United State and China that could weigh on the global economy if it is further aggravated. The Group remain cautious about the outlook and condition of the overall business environment.

The Group will take steps to limit the effects of external factors, while striving to maintain competitiveness. In particular, the Group will continuing seek new growth opportunities, sourcing for more cost-effective suppliers, streamlining its operations, optimising resources and exercising prudence over cost control.

11 If a decision regarding dividend has been made:-

- (a) Whether an interim (final) ordinary dividend has been declared (recommended)?

None.

- (b)(i) Amount per share 0 cents

- (b)(ii) Previous corresponding period 0 cents

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not Applicable.

- (d) The date the dividend is payable

Not Applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not Applicable.

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

No dividend has been declared/ recommended.

13 Interested person transactions pursuant to Rule 920(1)(a)(ii).

No mandate was sought or obtained from shareholders for the Company to deal with interested persons in recurrent transactions of a revenue or trading nature or in transactions necessary for day-to-day operations.

Name of interested person	Aggregate value of all interested person transactions during the financial year 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 during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
-	S\$'000 -	S\$'000 -

14 Confirmation by the Board pursuant to Rule 705(5).

We, Loh Suan Len and Teo Teck Leong, being two 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 financial statements for the half-year ended 28 February 2018 to be false or misleading.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company confirms that all the required undertakings under Rule 720(1) have been obtained from all its directors and Chief Financial Officer.

BY ORDER OF THE BOARD

Teo Teck Leong
Managing Director
13 Apr 2018