

Half Year Financial Statements for the Period Ended 30 June 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

	The Group		Change %
	6 months ended 30-Jun-14 \$'000	6 months ended 30-Jun-13 \$'000	
Revenue	111,255	99,525	11.8%
Cost of sales	(88,864)	(80,952)	9.8%
Gross profit	22,391	18,573	20.6%
Other income	559	189	195.8%
Distribution and selling expenses	(6,509)	(5,850)	11.3%
General and administrative expenses	(7,993)	(6,366)	25.6%
Other expenses	(610)	(244)	150.0%
Finance costs	(1,280)	(1,257)	1.8%
Profit before tax	6,558	5,045	30.0%
Income tax expense	(1,738)	(1,710)	1.6%
Profit for the period	4,820	3,335	44.5%
Attributable to:			
Equity holders of the parent	4,629	3,722	24.4%
Non-controlling interests	191	(387)	-149.4%
	4,820	3,335	
Consolidated Statement of Comprehensive Income			
Profit for the period	4,820	3,335	44.5%
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Translation differences relating to financial statements of foreign subsidiaries	(3,088)	2,971	-203.9%
Available-for-sale financial assets: net movement in fair value reserve	64	160	-60.0%
Other comprehensive income for the period, net of tax	(3,024)	3,131	-196.6%
Total comprehensive income for the period	1,796	6,466	-72.2%
Attributable to:			
Equity holders of the parent	1,930	6,638	-70.9%
Non-controlling interests	(134)	(172)	-22.1%
Total comprehensive income for the period	1,796	6,466	
Note on profit before tax			
Profit before tax is determined after charging/(crediting) the following:			
Interest income from fixed deposit and others	(111)	(78)	
Interest expense on loans and borrowings	1,204	1,174	
Depreciation of property, plant and equipment	2,882	2,656	
Property, plant and equipment written off	17	22	
Gain on disposal of property, plant and equipment (net)	(103)	(15)	
Allowances made for doubtful trade receivables (net)	349	187	
Reversal of allowances for stock obsolescences	(36)	(24)	
Loss on foreign exchange (net)	7	21	
Amortisation of intangible assets	2	2	
Amortisation of deferred income	(54)	(49)	
Taxation			
Current period income tax	2,528	1,515	
Underprovision of income tax in respect of prior years	111	166	
Current period deferred tax	(890)	2	
(Over)/underprovision of deferred tax in respect of prior years	(11)	27	
	1,738	1,710	

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

	The Group		The Company	
	As at 30-Jun-14 \$'000	As at 31-Dec-13 \$'000	As at 30-Jun-14 \$'000	As at 31-Dec-13 \$'000
Non-current assets				
Property, plant and equipment	51,884	53,979	125	860
Investment in subsidiaries	-	-	29,321	29,321
Intangible assets	1,131	1,177	25	27
Investment securities	800	736	800	736
Deferred tax assets	2,489	1,752	372	218
	56,304	57,644	30,643	31,162
Current assets				
Inventories	15,721	17,100	-	1,406
Trade and bills receivables	92,813	99,137	3,078	3,235
Prepaid operating expenses	1,407	1,341	28	43
Other receivables & deposits	3,057	2,051	89	94
Amounts due from subsidiaries (non-trade)	-	-	1,788	3,620
Fixed deposits	3,000	4,500	3,000	4,000
Cash and bank balances	21,427	21,626	1,616	2,686
	137,425	145,755	9,599	15,084
Current liabilities				
Trade & other payables	56,361	60,630	211	960
Bills payable	13,072	15,091	-	-
Loans and borrowings	24,343	22,367	3,500	3,000
Amount due to holding company (non-trade)	125	159	125	159
Other liabilities	8,984	10,909	2,374	4,398
Deferred income	107	110	37	37
Income tax payable	1,310	1,330	-	12
	104,302	110,596	6,247	8,566
	33,123	35,159	3,352	6,518
Net current assets				
Non-current liabilities				
Deferred income	1,079	1,175	87	105
Deferred tax liabilities	-	98	-	-
Loans and borrowings	2,585	5,994	-	3,500
	3,664	7,267	87	3,605
	85,763	85,536	33,908	34,075
Net assets				
Equity attributable to equity holders of the parent				
Share capital	31,440	31,440	31,440	31,440
Retained earnings	40,379	37,319	2,042	2,273
Capital reserve	3,566	3,566	-	-
Reserve fund	4,114	4,114	-	-
Fair value adjustment reserve	426	362	426	362
Foreign currency translation reserve	618	3,381	-	-
	80,543	80,182	33,908	34,075
Non-controlling interests	5,220	5,354	-	-
Total equity	85,763	85,536	33,908	34,075

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

	As at 30-Jun-14		As at 31-Dec-13	
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand	20,258	17,157	15,036	22,422
Amount repayable after one year	2,585	-	2,494	3,500

Details of any collateral

The Group's loans and borrowings and bills payable are secured by the leasehold land, certain leasehold building and certain plant and machinery of the subsidiaries with net book value of approximately \$30.4 million (2013: \$31.3 million), cash and bank balances of \$1.7 million (2013: \$3 million) and Trade & bills receivables of \$9.2 million (2013: nil).

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

CONSOLIDATED STATEMENT OF CASH FLOW

	The Group	
	6 months ended 30-Jun-14 \$'000	6 months ended 30-Jun-13 \$'000
Operating activities		
Profit before tax	6,558	5,045
Adjustments for:		
Amortisation of deferred income	(54)	(49)
Depreciation of property, plant and equipment	2,882	2,656
Property, plant and equipment written off	17	22
Net gain on disposal of property, plant and equipment	(103)	(15)
Amortisation of intangible assets	2	2
Allowance made for doubtful trade receivables	349	187
Reversal of allowance for stock obsolescences	(36)	(24)
Finance costs	1,204	1,174
Interest income	(111)	(78)
Net effect of exchange differences	(207)	(5)
Operating cash flows before changes in working capital	10,501	8,915
Change in inventories	870	101
Change in trade and other receivables, prepayments and deposits	1,231	(9,647)
Change in trade and other payables and accruals	(3,921)	3,438
Cash flows generated from operations	8,681	2,807
Interest paid	(1,238)	(1,202)
Income taxes paid (net)	(2,606)	(1,414)
Net cash flows generated from operating activities	4,837	191
Investing activities		
Interest received	111	78
Purchase of property, plant and equipment	(4,208)	(2,064)
Proceeds from disposal of property, plant and equipment	274	24
Net cash flows used in investing activities	(3,823)	(1,962)
Financing activities		
Proceeds from loans and borrowings	20,467	12,747
Repayment of loans and borrowings	(17,258)	(14,049)
Repayment of loans with holding company	(3,000)	-
Payment of finance lease liabilities	(674)	(1,354)
Change in pledged of cash & bank balances	1,229	695
Capital contribution into subsidiary by non-controlling interest	-	-
Dividends paid	(1,572)	-
Net cash flows used in financing activities	(808)	(1,961)
Net increase/(decrease) in cash and cash equivalents	206	(3,732)
Cash and cash equivalents at 1 January	23,125	25,566
Effect of exchange rate fluctuations on cash held	(584)	581
Cash and cash equivalents at 30 June	22,747	22,415
Cash and cash equivalents at end of period comprise of:-		
Fixed deposits	3,000	7,500
Cash and bank balances	21,427	18,213
	24,427	25,713
Cash and bank balances pledged as security for bills payable	(1,680)	(3,298)
	22,747	22,415

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	Translation reserve	Reserve fund	Fair value reserve	Capital reserve	Retained earnings	Total	Non-controlling interests	Total Equity
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
At 1/1/2013	31,440	(547)	3,513	170	3,566	27,653	65,795	4,675	70,470
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	3,722	3,722	(387)	3,335
Other comprehensive income									
Foreign currency translation differences	-	2,756	-	-	-	-	2,756	215	2,971
Net changes in fair value of available-for-sale financial assets	-	-	-	160	-	-	160	-	160
Total comprehensive income for the period	-	2,756	-	160	-	3,722	6,638	(172)	6,466
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners									
Unclaimed dividend reversed	-	-	-	-	-	2	2	-	2
Total contributions by and distributions to owners	-	-	-	-	-	2	2	-	2
Total transactions with owners of the Company	-	-	-	-	-	2	2	-	2
At 30/6/2013	31,440	2,209	3,513	330	3,566	31,377	72,435	4,503	76,938
At 1/1/2014	31,440	3,381	4,114	362	3,566	37,319	80,182	5,354	85,536
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	4,629	4,629	191	4,820
Other comprehensive income									
Foreign currency translation differences	-	(2,763)	-	-	-	-	(2,763)	(325)	(3,088)
Net changes in fair value of available-for-sale financial assets	-	-	-	64	-	-	64	-	64
Total comprehensive income for the period	-	(2,763)	-	64	-	4,629	1,930	(134)	1,796
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners									
Dividend declared/paid	-	-	-	-	-	(1,572)	(1,572)	-	(1,572)
Unclaimed dividend reversed	-	-	-	-	-	3	3	-	3
Total contributions by and distributions to owners	-	-	-	-	-	(1,569)	(1,569)	-	(1,569)
Total transactions with owners of the Company	-	-	-	-	-	(1,569)	(1,569)	-	(1,569)
At 30/6/2014	31,440	618	4,114	426	3,566	40,379	80,543	5,220	85,763

	Share capital \$'000	Fair value reserve \$'000	Retained earnings \$'000	Total Equity \$'000
Company				
At 1/1/2013	31,440	170	1,792	33,402
Total comprehensive income for the period				
Profit for the period	-	-	(278)	(278)
Other comprehensive income				
Net changes in fair value of available-for-sale financial assets	-	160	-	160
Total comprehensive income for the period	-	160	(278)	(118)
Transactions with owners of the Company, recognised directly in equity				
Unclaimed dividend reversed	-	-	2	2
Total contributions by and distributions to owners/ Total transactions with owners	-	-	2	2
At 30/6/2013	31,440	330	1,516	33,286
At 1/1/2014	31,440	362	2,273	34,075
Total comprehensive income for the period				
Profit for the period	-	-	1,338	1,338
Other comprehensive income				
Net changes in fair value of available-for-sale financial assets	-	64	-	64
Total comprehensive income for the period	-	64	1,338	1,402
Transactions with owners of the Company, recognised directly in equity				
Unclaimed dividend reversed	-	-	3	3
Dividend declared/paid	-	-	(1,572)	(1,572)
Total contributions by and distributions to owners/ Total transactions with owners	-	-	(1,569)	(1,569)
At 30/6/2014	31,440	426	2,042	33,908

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, 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

Since the end of 31 December 2013, there has been no change in the Company's share capital arising from rights issue, bonus issue, shares buy-back, 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.

There were also no outstanding convertibles for which shares may be issued. Neither was there any treasury shares being transferred, transacted, cancelled or held by the Company during or as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

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 30-Jun-14	As at 31-Dec-13
Total number of issued shares	157,200,000	157,200,000

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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or and equivalent standard)

The figures have neither been audited nor reviewed by 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 has applied the same accounting policies and methods of computation in the financial statements for the current accounting period as compared to the audited financial statements for the year ended 31 December 2013.

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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	<u>30-Jun-14</u>	<u>30-Jun-13</u>
Basic and diluted earnings per ordinary share (in cents)	2.94	2.37

7. Net asset value (for the issuer and group) per ordinary share based on issued share excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	<u>The Group</u>		<u>The Company</u>	
	<u>30-Jun-14</u>	<u>31-Dec-13</u>	<u>30-Jun-14</u>	<u>31-Dec-13</u>
Net asset value per ordinary share based on no. of ordinary share of the Company (in cents)	51.24	51.01	21.57	21.68

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

The Group's revenue rose by 11.8% or \$11.8 million from \$99.5 million in previous corresponding period ("1H2013") to \$111.3 million in current reporting period ("1H2014"). The higher revenue was mainly attributed to the overall growth for China operations especially from Nantong Tat Seng Packaging Co. Ltd ("Nantong Tat Seng"), Nantong Hengcheng Paper Industry Co. Ltd ("Nantong Hengcheng") and Hefei Dansun Packaging Co. Ltd ("Hefei Dansun").

The revenue growth in China operations were partially offsetted by the reduction in Singapore operations. The sales for Singapore operations reduced by 11.6% in 1H2014 as compared to 1H2013 due to space and production capacity constraints in the initial consolidation process. These issues have been resolved.

The Group's cost of sales increased in tandem with revenue but at a lower rate of 9.8% or \$7.9 million from \$81 million in 1H2013 to \$88.9 million in 1H2014. The resultant effect is the growth of gross profit at 20.6% from \$18.6 million in 1H2013 to \$22.4 million in 1H2014.

Other income increased by \$0.4 million in 1H2014 as compared to 1H2013. The increase was mainly derived from grants given by both Singapore and China governments and gain on disposal of property, plant and equipments.

The distribution and selling expenses increased by \$0.7 million or 11.3% was driven primarily by higher revenue achieved by the Group.

General and administrative expenses increased by \$1.6 million or 25.6% from 1H2014 as compared to 1H2013. The increase was mainly due to the higher minimum wage imposed by the China government and all the related statutory fund contributions. In addition, there was a higher bonus provision for 1H2014.

Other expenses increased by \$0.4 million in 1H2014 as compared to 1H2013 was mainly due to withholding tax on dividend distributed by our China subsidiaries and higher provision of doubtful debt.

Finance costs increased marginally in 1H2014 as compared to 1H2013. This was in line with the higher business activity.

Income tax expense rose marginally in 1H2014 as compared to 1H2013 which was after offsetting deferred tax credit of \$0.9 million.

The overall net profit attributable to the shareholders increased by \$0.9 million or 24.4% for 1H2014 as compared to 1H2013.

(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 Group's property, plant & equipment decreased by \$2.1 million as compared to the previous financial year ("FY2013"). The decrease was the result of net effect of depreciation charge for the period amounting to \$2.9 million, an increase of \$0.2 million on disposal of property, plant and equipment and a \$1.9 million downward translation movement due to the weakening of Renminbi ("RMB") against Singapore Dollar ("SGD") offsetted by an increase of \$2.9 million on acquisition of property, plant and equipment.

The net deferred tax asset increased by \$0.8 million as compared to FY2013 was mainly due to increase of unutilized capital allowances and unutilized tax losses incurred by Singapore operations and Tianjin Dansun.

Inventory reduced by \$1.4 million as compared to FY2013 was mainly due to general stock reduction coupled with the effect of weakening RMB against SGD.

Trade and bills receivables decreased by \$6.3 million as compared to FY2013 were due to weakening of RMB against SGD and better collection effort performed by Tat Seng Packaging (Suzhou) Co. Ltd.

Other receivables & deposits increased by \$1.0 million was mainly due to an advance payment to purchase a 4-colour flexo printing machine made by Hefei Dansun and other advance payments made by other China subsidiaries for operation purposes.

The cash & bank balances and fixed deposits (excluding bank balances pledged as security) decreased by \$0.4 million as compared to FY2013 was mainly due to net cash generated from operating activities offsetted by property, plant and equipment acquired in 1H2014 coupled with the effect of weakening RMB against SGD.

Trade payables & other payables and bills payables decreased by \$6.3 million as compared to FY2013 were mainly due to settlement of construction cost by Tianjin Dansun and payment of the bills of exchange.

Loans and borrowings decreased by \$1.4 million was mainly due to repayment of loan made to holding company and partially offsetted by fresh loan taken up by Singapore subsidiary.

Other liabilities decreased by \$1.9 million was mainly because the bonus provisions made in 1H2014 were for 6 months as oppose to 12 months for FY2013.

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

The Group's performance for the period under review is in line with its expectations as disclosed in the announcement of results for the year ended 31 December 2013.

10. A commentary at the date of the 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

Although Singapore's manufacturing sector has experienced slow growth in 1H2014, we already have on-going efforts in consolidating the business operation in Singapore which will bring in substantial cost savings in the second half of year 2014.

With rising business costs and intense market competition in China posing as challenges to the Group, the Group will adopt appropriate measures to drive down the costs and improve the China operations.

With China government impose the most stringent pollution control rules, we expect some small customers will succumb to environmental pressure by either closing down or relocate. We will mitigate this impact by constantly developing new customers.

Barring any unforeseen circumstances, we are cautiously optimistic of the performance for our China and Singapore operations in 2H2014.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend :	Interim Ordinary
Dividend Type :	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share :	S\$0.01 per ordinary share
Tax Rate :	Exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim Ordinary
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share	S\$0.01 per ordinary share
Tax Rate	Exempt (1-tier)
Date Paid	Paid on 16/9/2013

(c) Date payable 16 September 2014

(d) Books closure date 2 September 2014

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 IPTs, the aggregate value of such transactions as required

No IPT general mandate has been obtained from shareholders of the Company.

Name of Interested Person	Aggregate value of all interested person transactions during	Aggregate value of all interested person
Nil	Nil	Nil

14. Negative assurance confirmation

The Board of Directors have confirmed that, to the best of their knowledge, nothing of material impact has come to their attention which may render these interim financial results of the Group and the Company to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Loh See Moon
Managing Director
8 August 2014