

Unaudited Financial Statements and Related Announcement for the Second Quarter Ended 31 Mar 2014

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

1(a)(i) 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.

	Group					
	2QFY14 S\$'000	2QFY13 S\$'000	Change %	HY2014 S\$'000	HY2013 S\$'000	Change %
Revenue	8,334	8,535	-2.4%	12,587	13,442	-6.4%
Cost of sales	(6,270)	(6,544)	-4.2%	(9,414)	(10,288)	-8.5%
Gross profit	2,064	1,991	3.7%	3,173	3,154	0.6%
Marketing and distribution costs	(605)	(673)	-10.1%	(1,185)	(1,310)	-9.5%
Administrative expenses	(997)	(987)	1.0%	(1,970)	(2,050)	-3.9%
Interest income	47	44	6.8%	105	83	26.5%
Finance costs	-	-	N.M.	-	(2)	-100.0%
Other credits	62	59	5.1%	117	117	0.0%
Other charges	(99)	(727)	-86.4%	(250)	(1,399)	-82.1%
Share of profit / (loss) from equity-accounted associate	27	(15)	N.M.	68	(131)	N.M.
Profit / (Loss) before tax	499	(308)	N.M.	58	(1,538)	N.M.
Income tax credit / (expenses)	(104)	18	N.M.	40	160	-75.0%
Profit / (Loss), net of tax	395	(290)	N.M.	98	(1,378)	N.M.
Other comprehensive income / (loss)						
Exchange differences on translating foreign operations, net of tax	(51)	68	N.M.	(3)	(7)	-57.1%
Total comprehensive profit / (loss)	344	(222)	N.M.	95	(1,385)	N.M.
Profit / (Loss) attributable to:						
Equity holders of the parent, net of tax	396	(290)	N.M.	99	(1,378)	N.M.
Non-controlling interests, net of tax	(1)	-	N.M.	(1)	-	N.M.
	395	(290)	N.M.	98	(1,378)	N.M.
Total comprehensive profit / (loss) attributable to:						
Equity holders of the parent, net of tax	345	(222)	N.M.	96	(1,385)	N.M.
Non-controlling interests, net of tax	(1)	-	N.M.	(1)	-	N.M.
	344	(222)	N.M.	95	(1,385)	N.M.

N.M. = Not Meaningful

HISAKA Holdings Ltd.

(Company Registration No. 200508585R)

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1(a)(ii) Notes to statement of comprehensive income

	Group					
	2QFY14 S\$'000	2QFY13 S\$'000	Change %	HY2014 S\$'000	HY2013 S\$'000	Change %
Depreciation of property, plant and equipment	(86)	(114)	-24.6%	(155)	(228)	-32.0%
Interest income	47	44	6.8%	105	83	26.5%
Interest expense	-	-	N.M.	-	(2)	-100.0%
Allowance for impairment on inventories - reversal / (loss)	(19)	(655)	-97.1%	73	(1,215)	N.M.
Allowance for impairment on trade receivables - reversal / (loss)	-	(21)	-100.0%	-	41	-100.0%
Allowance for impairment on other receivables - reversal / (loss)	(80)	-	N.M.	(80)	-	N.M.
Bad trade debts recovered / (written off)	-	21	-100.0%	-	21	-100.0%
Foreign exchange adjustment net gain / (loss)	36	(51)	N.M.	(170)	(184)	-7.6%
Gain on disposal of plant and equipment	-	-	N.M.	-	11	-100.0%
Under provision of tax in respect of prior years	(55)	-	N.M.	(34)	(42)	-19.0%

N.M. = Not Meaningful

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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.

STATEMENT OF FINANCIAL POSITION	Group		Company	
	As at 31 Mar 2014 S\$'000	As at 30 Sep 2013 S\$'000	As at 31 Mar 2014 S\$'000	As at 30 Sep 2013 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	1,440	1,517	-	-
Investment in subsidiaries	-	-	6,714	6,716
Investment in associate	1,102	986	1,679	1,636
Deferred tax asset	296	281	-	-
	2,838	2,784	8,393	8,352
Current assets:				
Inventories	6,417	6,461	-	-
Trade and other receivables	9,596	12,404	13,478	3,769
Other assets	384	298	19	25
Cash and cash equivalents	28,335	26,556	8,496	20,219
	44,732	45,719	21,993	24,013
Total assets	47,570	48,503	30,386	32,365
EQUITY AND LIABILITIES				
Equity attributable to equity holders of the parent				
Share capital	27,024	27,024	27,024	27,024
Treasury shares	-	-	-	-
Retained earnings	15,493	17,147	3,228	4,712
Other reserves	271	274	-	-
Equity attributable to equity holders of the parent, Total	42,788	44,445	30,252	31,736
Non-controlling interests	(1)	-	-	-
Total equity	42,787	44,445	30,252	31,736
Non-current liabilities				
Deferred tax liabilities	10	51	10	21
	10	51	10	21
Current liabilities:				
Income tax payable	107	31	18	-
Trade and other payables	4,666	3,976	106	608
	4,773	4,007	124	608
Total equity and liabilities	47,570	48,503	30,386	32,365

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1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year.

Not Applicable.

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.

CONSOLIDATED STATEMENT OF CASH FLOWS	Group			
	2QFY14 S\$'000	2QFY13 S\$'000	HY2014 S\$'000	HY2013 S\$'000
Cash flows from operating activities				
Loss before tax	499	(308)	58	(1,538)
Adjustments for :				
Depreciation of property, plant and equipment	86	114	155	228
Interest income	(47)	(44)	(105)	(83)
Interest expense	-	-	-	2
Loss on disposal of plant and equipment	-	-	-	(11)
Net effect of exchange rate changes in consolidating foreign operations	(52)	57	(8)	57
Share of (profit) / loss from associate	(27)	15	(68)	131
Operating cash flows before changes in working capital	459	(166)	32	(1,214)
Trade and other receivables	(2,381)	(790)	2,808	6,876
Other assets	(152)	(44)	(189)	(2)
Inventories	578	3,790	44	5,709
Trade and other payables	2,056	(282)	690	(3,570)
Net cash flows from operations before interest and tax	560	2,508	3,385	7,799
Income tax paid/ (refund)	-	(51)	163	(95)
Net cash flows from operating activities	560	2,457	3,548	7,704
Cash flows from investing activities				
Investments in associate	-	(184)	(43)	(184)
Purchase of plant and equipment	(35)	(1)	(78)	(34)
Proceeds from disposal of plant and equipment	-	-	-	11
Interest received	47	44	105	83
Net cash flows from / (used in) investing activities	12	(141)	(16)	(124)
Cash flows from financing activities				
Dividends paid	(1,753)	(1,753)	(1,753)	(1,753)
Decrease in short term loan	-	-	-	(760)
Interest paid	-	-	-	(2)
Net cash flows used in financing activities	(1,753)	(1,753)	(1,753)	(2,515)
Net increase / (decrease) in cash and cash equivalents	(1,181)	563	1,779	5,065
Cash and cash equivalents, beginning balance	29,516	21,951	26,556	17,449
Cash and cash equivalents, ending balance	28,335	22,514	28,335	22,514
Cash and cash equivalents comprise :				
Cash and bank balances	28,335	22,514	28,335	22,514

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- 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.

STATEMENT OF CHANGES IN EQUITY	Attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserves	Statutory reserves	Retained earnings	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group - 2QFY14								
Opening balance as at 1 Jan 2014	27,024	-	111	211	16,850	44,196	-	44,196
Total comprehensive income / (loss)	-	-	(51)	-	396	345	(1)	344
Dividends paid	-	-	-	-	(1,753)	(1,753)	-	(1,753)
Closing balance as at 31 Mar 2014	27,024	-	60	211	15,493	42,788	(1)	42,787
Group - 2QFY13								
Opening balance as at 1 Jan 2013	33,851	(6,827)	(109)	211	17,414	44,540	(4)	44,536
Total comprehensive income / (loss)	-	-	68	-	(290)	(222)	-	(222)
Dividends paid	-	-	-	-	(1,753)	(1,753)	-	(1,753)
Closing balance as at 31 Mar 2013	33,851	(6,827)	(41)	211	15,371	42,565	(4)	42,561

Note : The Statutory Reserves and Foreign Currency Translation Reserves are not available for distribution as cash dividends.

STATEMENT OF CHANGES IN EQUITY	Share capital	Treasury shares	Retained earnings	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Company - 2QFY14				
Opening balance as at 1 Jan 2014	27,024	-	5,072	32,096
Total comprehensive income / (loss)	-	-	(91)	(91)
Dividends paid	-	-	(1,753)	(1,753)
Closing balance as at 31 Mar 2014	27,024	-	3,228	30,252
Company - 2QFY12				
Opening balance as at 1 Jan 2013	33,851	(6,827)	3,215	30,239
Total comprehensive income / (loss)	-	-	9	9
Dividends paid	-	-	(1,753)	(1,753)
Closing balance as at 31 Mar 2013	33,851	(6,827)	1,471	28,495

Note : The Statutory Reserves and Foreign Currency Translation Reserves are not available for distribution as cash dividends.

- 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 have been no changes in the Company's share capital and treasury shares since the end of the previous period reported on.

As at 31 Mar 2014, the Company did not hold any treasury shares (31 Mar 2013: 17,481,000).

- 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 31 Mar 2014	As at 30 Sep 2013
Total number of issued shares excluding treasury shares	175,343,026	175,343,026

- 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.

None.

- 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 our 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 Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to its audited financial statements as at 30 Sep 2013, except for the adoption of Financial Reporting Standards ("FRSs") which are relevant to the Group's operations and took effect from 1 Oct 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.

Please refer to item 4 above. The adoption of the new and revised FRSs had no material effect on the Group's accounting policies and had no significant impact on the Group's financial statements.

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- 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.

- (a) Based on the weighted average number of ordinary shares on issue;

EARNINGS PER SHARE (EPS)	Group			
	2QFY14	2QFY13	HY2014	HY2013
Profit / (Loss) attributable to the equity holders of the parent during the financial period (S\$'000)	396	(290)	99	(1,378)
Weighted average number of ordinary shares on issue	175,343,026	175,343,026	175,343,026	175,343,026
Basic earnings/ (losses) per share for profit attributable to equity holders of the parent during the financial period (SGD cents)	0.23	(0.17)	0.06	(0.79)

- (b) On a fully diluted basis (detailing any adjustments made to the earnings).

Diluted earnings per share is not presented as there is no potential dilutive ordinary share existing during the relevant financial periods presented.

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

NET ASSET VALUE	Group		Company	
	As at 31 Mar 2014	As at 30 Sep 2013	As at 31 Mar 2014	As at 30 Sep 2013
Net asset value (S\$'000)	42,788	44,445	30,252	31,736
Number of issued shares excluding treasury shares	175,343,026	175,343,026	175,343,026	175,343,026
Net asset value per ordinary share (SGD cents)	24.40	25.35	17.25	18.10

- 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.

Statement of Comprehensive Income

The Group's revenue decreased 2.4% from S\$8.5 million in 2QFY13 to S\$8.3 million in 2QFY14. The decrease was mainly attributable to weak business conditions in the global manufacturing sector which resulted in a decrease in demand for the Group's products and services.

The Group's marketing and distribution costs decreased by 10.1% to S\$605,000 in 2QFY14 mainly due to the reduction in headcount which was in line with lower business activities.

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Breakdown of other credits / (charges)

Other Credits / (charges)	2QFY14 S\$'000	2QFY13 S\$'000	Change	HY2014 S\$'000	HY2013 S\$'000	Change %
Allowance for impairment on inventories - reversal / (loss)	(19)	(655)	-97.1%	73	(1,215)	N.M.
Allowance for impairment on trade receivables - reversal / (loss)	-	(21)	-100.0%	-	41	-100.0%
Allowance for impairment on other receivables - (loss) / reversal	(80)	-	N.M.	(80)	-	N.M.
Bad trade debts recovered / (written off)	-	21	-100.0%	-	21	-100.0%
Foreign exchange adjustment net gain / (loss)	36	(51)	N.M.	(170)	(184)	-7.6%
Gain on disposal of plant & equipment	-	-	N.M.	-	11	-100.0%
Grants from government	26	37	-29.7%	44	42	4.8%
Other income	-	1	-100.0%	-	2	-100.0%
Net	(37)	(668)	-94.5%	(133)	(1,282)	-89.6%
Presented in profit or loss as:						
Other credits	62	59	5.1%	117	117	0.0%
Other (charges)	(99)	(727)	-86.4%	(250)	(1,399)	-82.1%
Net	(37)	(668)	-94.5%	(133)	(1,282)	-89.6%

The Group's other charges decreased from S\$727,000 in 2QFY13 to S\$99,000 in 2QFY14, mainly due to decrease in allowance for impairment on inventories from S\$655,000 in 2QFY13 to S\$19,000 in 2QFY14.

The Group achieved share of profit from equity-accounted associate of S\$27,000 in 2QFY14 compared to share of loss from equity-accounted associate of S\$15,000 in 2QFY13, due to improvement in revenue of the associate in India.

Statement of Financial Position

Investment in associate increased from S\$986,000 as at 30 Sep 2013 to S\$1,102,000 as at 31 Mar 2014 mainly due to Quasi-equity loan of S\$44,000 made to the associate company and a S\$68,000 share of profit from the equity-accounted associate.

Trade and other receivables decreased from S\$12.4 million as at 30 Sep 2013 to S\$9.6 million as at 31 Mar 2014. This was mainly due to lower sales revenue in 2QFY14 compared to 4QFY13.

Trade and other payables increased from S\$4 million as at 30 Sep 2013 to S\$4.7 million as at 31 Mar 2014 mainly due to higher purchases in 2QFY14.

Statement of Cash flows

Net cash and cash equivalents held by the Group decreased from S\$29.5 million as at 31 Dec 2013 to S\$28.3 million as at 31 Mar 2014. The decrease was mainly due to net cash inflow from operating activities of S\$560,000 offset by dividend payment of S\$1.8 million.

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

In line with the commentary made in 1QFY2014.

- 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.

Although there are signs of nascent recovery, the Group anticipates FY14 to remain challenging for our existing business.

- 11 Dividend

- (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

Nil

- (b) Corresponding Period of the Immediately Preceding Financial Year

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

Nil

- (c) Date Payable

Not applicable.

- (d) Books Closure Date

Not applicable.

- 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 under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

- 14 Negative confirmation pursuant to Rule 705(5). (Not required for announcement on full year results)

The board of Directors of the Company confirms to the best of its knowledge that nothing has come to its attention which may render the second quarter results ended 31 Mar 2014 to be false or misleading in any material aspect.

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PART II – ADDITIONAL INFORMATION PURSUANT TO LISTING MANUAL

15 Use of IPO Proceeds

	S\$'000
Net proceeds from IPO	12,570
Expand manufacturing facilities	(1,000)
Expand sales and marketing team and establish a research and development team	(2,500)
Enter into potential strategic acquisitions or joint ventures to expand our existing product and service range and to acquire new technologies	(2,500)
Working capital	(6,570)
Balance as at 31 Mar 2014	-

Breakdown of IPO proceeds used for working capital

	S\$'000
Administrative expense of the company	1,673
Operating expenses of subsidiaries	3,949
Sales and marketing expense of subsidiaries	948
	6,570

Use of TDR Proceeds

	S\$'000
Proceeds from TDR	10,171
Set up facility for the manufacturing of portable blood bag warmer system	(149)
Working capital	(10,022)
Balance as at 31 Mar 2014	-

Breakdown of TDR proceeds used for working capital

	S\$'000
<u>Portable blood bag warmer system</u>	
Research and development expenses	2,669
Testing and certification	320
Marketing and promotion	64
<u>Semiconductor and automation business and all medical devices</u>	
Administrative expense of the company	265
Operating expenses of subsidiaries	6,704
	10,022

BY ORDER OF THE BOARD

Jackie Cheng Ee Lieng

Chief Executive Officer

7 May 2014