

**2014 HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT**

**1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2014**

(In Singapore Dollars)

	<b>GROUP</b>		<b>% Increase/ (Decrease)</b>
	<b>30/06/2014 S\$'000</b>	<b>30/06/2013 S\$'000</b>	
Revenue	12,983	16,627	(21.9)
Cost of sales	(12,753)	(14,733)	(13.4)
<b>Gross profit</b>	<b>230</b>	<b>1,894</b>	<b>(87.9)</b>
<b>Other income</b>			
- Other operating income	1,610	2,771	(41.9)
- Finance income	67	65	3.1
<b>Expenses</b>			
- Selling & distribution expenses	(402)	(457)	(12.0)
- Administrative expenses	(3,191)	(2,238)	42.6
- Finance cost	(65)	(56)	16.1
Share of results of associated company	(130)	56	nm
<b>(Loss) / profit before tax</b>	<b>(1,881)</b>	<b>2,035</b>	<b>nm</b>
Income tax	-	(416)	(100.0)
<b>(Loss) / profit net of tax</b>	<b>(1,881)</b>	<b>1,619</b>	<b>nm</b>
<b>(Loss) / profit for the period attributable to :</b>			
Owners of the parent	(1,769)	1,662	nm
Non-controlling interests	(112)	(43)	160.5
	<b>(1,881)</b>	<b>1,619</b>	<b>nm</b>
<b>Other comprehensive income for the period, net of tax</b>			
Foreign currency translation	(66)	22	nm
Share of foreign currency translation of associated company	24	56	(58.0)
<b>Total comprehensive income for the period</b>	<b>(1,923)</b>	<b>1,697</b>	<b>nm</b>
<b>Total comprehensive income attributable to :</b>			
Owners of the parent	(1,809)	1,738	nm
Non-controlling interests	(114)	(41)	178.0
	<b>(1,923)</b>	<b>1,697</b>	<b>nm</b>

nm - not meaningful

<b>Notes to the Consolidated Statement of Comprehensive Income :</b>		
	<b>30/06/2014 \$'000</b>	<b>30/06/2013 \$'000</b>
<b>The (loss) / profit after tax is determined after (crediting) / charging the following :</b>		
Sale of scraps	(1,506)	(1,989)
Interest on fixed deposits	(67)	(65)
Depreciation of property, plant and equipment	1,181	1,290
Write-back on convertible loan	-	(503)
Interest on finance leases / term loan	65	56
Foreign exchange loss / (gain)	240	(463)
Loss / (gain) on disposal of property, plant and equipment	29	(134)

**1(b)(i) STATEMENTS OF FINANCIAL POSITION**

	<b>Group</b>		<b>Company</b>	
	<b>30/06/2014</b>	<b>31/12/2013</b>	<b>30/06/2014</b>	<b>31/12/2013</b>
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
<b>Non-current assets</b>				
Property, plant and equipment	13,032	13,691	11,200	11,979
Investment in subsidiaries	-	-	8,062	8,062
Investment in an associated company	7,096	7,251	-	-
	<u>20,128</u>	<u>20,942</u>	<u>19,262</u>	<u>20,041</u>
<b>Current assets</b>				
Inventories	10,197	12,464	8,970	11,303
Trade receivables	5,134	4,684	3,583	2,764
Amounts due from subsidiaries	-	-	6,089	3,444
Receivables from associated company	394	329	6	6
Other receivables	439	358	84	47
Prepayment	1,590	122	88	47
Cash and cash equivalents	22,950	25,134	21,178	23,554
	<u>40,704</u>	<u>43,091</u>	<u>39,998</u>	<u>41,165</u>
<b>Current liabilities</b>				
Trade payables	1,468	1,221	961	482
Other payables	2,337	2,207	1,671	1,507
Amounts due to subsidiaries	-	-	506	561
Current portion of finance leases	22	269	22	269
Current portion of term loans	1,856	1,561	104	229
Provision for taxation	199	524	195	515
	<u>5,882</u>	<u>5,782</u>	<u>3,459</u>	<u>3,563</u>
<b>Net current assets</b>	34,822	37,309	36,539	37,602
<b>Non-current liabilities</b>				
Non-current portion of term loans	550	672	-	-
Deferred taxation	1,820	1,820	1,793	1,793
	<u>2,370</u>	<u>2,492</u>	<u>1,793</u>	<u>1,793</u>
<b>Net assets</b>	<u>52,580</u>	<u>55,759</u>	<u>54,008</u>	<u>55,850</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	46,465	46,465	46,465	46,465
Asset revaluation reserve	1,296	1,296	1,296	1,296
Treasury shares	(1,697)	(1,697)	(1,697)	(1,697)
Foreign currency translation reserves	(52)	(37)	-	-
Share of foreign currency translation of associated company	41	66	-	-
Retained profits	6,960	9,985	7,944	9,786
	<u>53,013</u>	<u>56,078</u>	<u>54,008</u>	<u>55,850</u>
Non-controlling interests	(433)	(319)	-	-
<b>Total Equity</b>	<u>52,580</u>	<u>55,759</u>	<u>54,008</u>	<u>55,850</u>

**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 June 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,774	104	1,601	229

**Amount repayable after one year :**

As at 30 June 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
550	-	672	-

**Details of any collateral**

Finance leases are entered for certain plant and machineries that are secured by the lessors' charge over the leased assets. Certain term loan is entered by subsidiary to finance working capital and is secured by Corporate Guarantee from the Company.

## 1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

### Group

	30/06/2014 S\$'000	30/06/2013 S\$'000
<b>Cash flows from operating activities :</b>		
(Loss) / profit before tax	(1,881)	2,035
Adjustments for :		
Depreciation expense	1,181	1,290
Loss/(gain) on disposal of property, plant and equipment	29	(134)
Share of results of associated company	130	(56)
Write-back on convertible loan receivable	-	(503)
Translation differences - foreign subsidiary	(314)	(82)
Interest expense	65	56
Interest income	(67)	(65)
Write-down of inventories to net realisable value	-	98
<b>Operating (loss) / profit before reinvestment in working capital</b>	<b>(857)</b>	<b>2,639</b>
(Increase)/decrease in receivables	(631)	281
Decrease in inventories	2,268	2,394
Increase/(decrease) in payables	421	(7,342)
<b>Cash generated from / (used in) operations</b>	<b>1,201</b>	<b>(2,029)</b>
Interest paid	(112)	(93)
Income tax paid	(326)	(379)
Income tax paid, net of refund	2	-
Interest received	42	62
<b>Net cash generated from / (used in) operating activities</b>	<b>807</b>	<b>(2,439)</b>
<b>Cash flows from investing activities :</b>		
Prepayment for leasehold land	(1,405)	-
Proceeds from disposal of property, plant and equipment	50	221
Purchase of property, plant and equipment	(288)	(287)
<b>Net cash used in investing activities</b>	<b>(1,643)</b>	<b>(66)</b>
<b>Cash flow from financing activities :</b>		
Proceeds from term loan	420	299
Dividends paid	(1,256)	(2,512)
Proceeds from recovery of convertible loan receivable	-	503
Repayment of finance lease obligations	(247)	(262)
Repayment of term loan	(247)	(186)
<b>Net cash used in financing activities</b>	<b>(1,330)</b>	<b>(2,158)</b>
Net decrease in cash and cash equivalents	(2,167)	(4,663)
Effect of exchange rate changes on cash and cash equivalents	(17)	37
Cash and cash equivalents at 1 January	25,134	24,286
<b>Cash and cash equivalents at end of the period</b>	<b>22,950</b>	<b>19,660</b>

1(d)(i) STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Owners of the Company						Non - Controlling Interests
	Share	Treasury	Asset	Foreign	Retained	Total	
	Capital	Shares	Revaluation	Currency	Profits	Equity	
	S\$'000	S\$'000	Reserve	Reserves	S\$'000	S\$'000	
<b>As at 1 January 2013</b>	<b>46,465</b>	<b>(1,697)</b>	<b>1,296</b>	<b>(57)</b>	<b>10,485</b>	<b>56,492</b>	<b>(193)</b>
Profit for the year	-	-	-	-	2,012	<b>2,012</b>	(128)
Dividends on ordinary shares	-	-	-	-	(2,512)	(2,512)	-
Other comprehensive income							
Foreign currency translation	-	-	-	20	-	20	2
Share of foreign currency translation of associated company	-	-	-	66	-	66	-
<b>As at 31 December 2013</b>	<b>46,465</b>	<b>(1,697)</b>	<b>1,296</b>	<b>29</b>	<b>9,985</b>	<b>56,078</b>	<b>(319)</b>
<b>As at 1 January 2014</b>	<b>46,465</b>	<b>(1,697)</b>	<b>1,296</b>	<b>29</b>	<b>9,985</b>	<b>56,078</b>	<b>(319)</b>
Profit for the year	-	-	-	-	(1,769)	(1,769)	(112)
Dividends on ordinary shares	-	-	-	-	(1,256)	(1,256)	-
Other comprehensive income							
Foreign currency translation	-	-	-	(64)	-	(64)	(2)
Share of foreign currency translation of associated company	-	-	-	24	-	24	-
<b>As at 30 June 2014</b>	<b>46,465</b>	<b>(1,697)</b>	<b>1,296</b>	<b>(11)</b>	<b>6,960</b>	<b>53,013</b>	<b>(433)</b>

Company	Share	Treasury	Asset	Retained	Total
	Capital	Shares	Revaluation	Profits	Equity
	S\$'000	S\$'000	Reserve	S\$'000	S\$'000
<b>As at 1 January 2013</b>	<b>46,465</b>	<b>(1,697)</b>	<b>1,296</b>	<b>9,241</b>	<b>55,305</b>
Total comprehensive income for the year	-	-	-	3,057	3,057
Dividends on ordinary shares	-	-	-	(2,512)	(2,512)
<b>As at 31 December 2013</b>	<b>46,465</b>	<b>(1,697)</b>	<b>1,296</b>	<b>9,786</b>	<b>55,850</b>
<b>As at 1 January 2014</b>	<b>46,465</b>	<b>(1,697)</b>	<b>1,296</b>	<b>9,786</b>	<b>55,850</b>
Total comprehensive income for the period	-	-	-	(586)	(586)
Dividends on ordinary shares	-	-	-	(1,256)	(1,256)
<b>As at 30 June 2014</b>	<b>46,465</b>	<b>(1,697)</b>	<b>1,296</b>	<b>7,944</b>	<b>54,008</b>

**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 corresponding period of the immediately preceding financial year.**

None

**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.**

	<b>30/06/2014</b>	<b>31/12/2013</b>
Total number of issued shares (excluding treasury shares)	251,196,667	251,196,667

No treasury shares were re-issued for the period ended 30 June 2014.

**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 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.**

These financial statements have been prepared based on the accounting policies and methods of computation consistent with those adopted in the most recent 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.**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group.

**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.**

Earnings per share (EPS)	Group	
	30/06/2014	30/06/2013
i) Based on weighted average number of ordinary shares	-0.70 cents	0.66 cents
Weighted average number of shares	251,196,667	251,196,667
ii) On a fully diluted basis	-0.70 cents	0.66 cents

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

	Group		Company	
	30/06/2014	31/12/2013	30/06/2014	31/12/2013
Net asset value per ordinary share based on the existing issued share capital at the respective period	20.9 cents	22.1 cents	21.5 cents	21.8 cents

**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.**

### **Group Performance Review**

The Group's revenue of \$13.0 million for HY2014 decreased by 21.9% from HY2013 as the demand from the Group's core Electronic and Precision Engineering segment was weak and the Group was also not able to participate in certain customer programs due to issues in the specifications of materials.

The Group's gross profit declined from \$1.9 million in HY2013 to \$0.2 million in HY2014 due mainly to lower revenue, losses from the China subsidiary, and higher labour and production costs facing the Electronic and Precision Engineering industry.

Other operating income decreased by 41.9% to \$1.6 million, compared to \$2.8 million in HY2013. Other operating income, which comprises mainly proceeds from sale of production scrap, decreased due to lower production activities and there was no write back on the provision for convertible loan in HY2014.

Finance income increased marginally by 3.1% to \$0.067 million from \$0.065 million. Finance income referred to interest income earned from interest-bearing deposits

Selling and distribution expenses decreased by 12.0% to \$0.4 million from \$0.5 million in HY2013. The decrease was not proportionately in line with lower sales due to some fixed operation costs.

Administrative expenses increased by 42.6% to \$3.2 million from \$2.2 million in HY2013. The increase was mainly due to exchange loss of \$0.24 million in HY2014 as opposed to an exchange gain of \$0.46 million in HY2013. The higher administrative expense was also contributed by rising labour costs experienced by the China subsidiary as well in Singapore.

Finance cost increased by 16.1% to \$0.065 million, compared with \$0.056 million in HY2013. Finance cost comprised of interest expense on loans obtained to finance the purchase of plant and machineries and to fund the investment in China subsidiary. The increase was mainly due to higher financing cost on additional working capital loans taken by the China subsidiary.

Share of results of associated company's loss for HY2014 was \$0.13 million, compared with a profit of \$0.056 million same period last year. The loss was mainly due to foreign exchange loss on Singapore dollar based loan.

At the pre-tax level, the Group reported a loss of \$1.9 million, compared with a profit of \$2.0 million same period in 2013. After taking into account income tax expenses and non-controlling interests and other comprehensive income, net loss attributable to shareholders was \$1.9 million.

### **Group Balance Sheet and Cash Flow Review**

The Group's non-current assets decreased by \$0.8 million from \$20.9 million as at 31 December 2013 to \$20.1 million as at 30 June 2014. The decrease was due to depreciation of property, plant and equipment and decrease in investment in an associated company arising from share of results.



The Group reported total current assets of \$40.7 million as at 30 June 2014, a decrease of \$2.4 million from last year end of \$43.1 million. The decrease was mainly due to lower inventory held by the Group. The decrease was offset by higher trade receivables resulting from higher sales recorded towards the end of HY2014, and higher prepayments which included the prepayment of 25% of tendered price of the leasehold land at Tuas South. Cash balance was lower as cash was used for the prepayment for the tendered price of the leasehold land as well as payment of dividends.

The Group's total current liabilities remained constant at \$5.8 million. The increase in trade payables and higher current portion of term loan took up by the China subsidiary for working capital requirement was offset by lower current portion of finance lease and lower tax provision. Finance lease would be fully repaid in 2014.

The Group's non-current liabilities decreased by \$0.1 million mainly due to reclassification of the bank term loan from non-current to current as at 30 June 2014.

Net cash provided by operating activities for HY2014 was \$0.8 million compared with net cash used in operating activities of \$2.4 million for the corresponding period last year. The positive net working capital cash flow was due to decrease in raw material purchase and lower inventory holding. The increase in net cash inflow was offset by higher receivable balances.

The Group's net cash used in investing activities for HY2014 was \$1.64 million, which was \$1.58 million higher due to payment of 25% of tendered price of the leasehold land located at Tuas South.

The Group's cash used in financing activities was \$1.3 million, which was \$0.9 million lower than the \$2.2 million in HY2013. Cash was used to pay dividend of \$1.3 million and to repay bank loans due. This was offset by bank borrowings amounting to \$0.4 million taken by the China subsidiary for working capital purposes.

**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 results are in line with the statement made on 26 February 2014.

**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.**

The Group achieved lower sales turnover during the period, particularly in its main Electronics & Precision Engineering customer segment, as demand from the HDD sector was weak. The Group is presently stepping up its production capability to meet new material specifications of certain customer programs which we are currently unable to participate in.

Going forward, the HDD industry growth trend is expected to remain subdued and the manufacturing environment in Singapore and China are likely to be more challenging. The Group will continue to take steps to improve operating efficiencies, amid a tight labour market as well as high wage cost. At the same time, the Group will monitor closely fluctuations in energy prices and raw material costs, which will continue to have significant impact on the Group's profitability.

The Group's subsidiary has completed and taken over the leasehold land at Tuas South. Shareholders have approved the transaction at the EGM held at July. Development of the factory at the site is currently being planned.

**11 Dividend**

**(a) Current Financial Period Reported On**

**Any dividend declared for the current financial period reported on?**

None

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

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

None

**(c) Date Payable**

Not applicable

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

No dividend has been recommended for the financial period 30 June 2014.

**13 If the Group has obtained 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 did not obtain a general mandate from shareholders for IPTs.

**14 Confirmation by Directors pursuant to rule 705(5) of the listing manual.**

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the first half ended 30 June 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Ngiam Zee Moey  
Company Secretary  
7 August 2014