



Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2014

PART I: INFORMATION REQUIRED FOR ANNOUNCEMENTS OF 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.**

Consolidated Income Statement
(Amount expressed in thousands of United States dollar (“USD”))

	Group		Increase/ (Decrease)
	FY2014	FY2013	
	USD'000	USD'000	%
Revenue	24,541	34,080	(28%)
Cost of sales	(21,489)	(29,718)	(28%)
Gross profit	3,052	4,362	(30%)
Other income	836	1,460	(43%)
Distribution expenses	(559)	(515)	9%
Administrative expenses	(4,420)	(4,317)	2%
Finance costs	(273)	(780)	(65%)
(Loss)/profit before income tax	(1,364)	210	n.m
Income tax expenses	(103)	(152)	(32%)
Net (loss)/profit for the year	(1,467)	58	n.m
Attributable to:			
Owners of the Company	(1,360)	131	n.m
Non-controlling interests	(107)	(73)	47%
	(1,467)	58	n.m



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Notes:

(Loss)/profit for the year is arrived at after charging/(crediting) the following items:

	Group	
	FY2014	FY2013
	USD'000	USD'000
Allowance for inventory obsolescence	92	111
Amortisation of intangible assets	5	5
Bad debts written off	2	-
Depreciation of property, plant and equipment	332	355
Directors' fees	60	62
Foreign exchange (gain)/loss	(87)	1
Interest expense	273	780
Interest income from bank deposits	(41)	(421)
Key management remuneration included in staff costs	920	913
Gain on disposal of property, plant and equipment	(37)	(12)
Operating lease expenses	392	249
Staff costs	2,007	2,018



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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.

Statements of Financial Position
(Amounts expressed in thousands of United States dollar (“USD”))

	Group		Company	
	As at 28 February 2014 USD'000	As at 28 February 2013 USD'000	As at 28 February 2014 USD'000	As at 28 February 2013 USD'000
Non-current assets				
Property, plant and equipment	4,089	3,794	-	-
Investment in subsidiaries	-	-	6,013	6,013
Long-term investments	18	18	18	18
Intangible assets	7	11	-	-
Deferred tax assets	21	20	-	-
	<u>4,135</u>	<u>3,843</u>	<u>6,031</u>	<u>6,031</u>
Current assets				
Inventories	12,164	13,397	-	-
Trade and other receivables	9,370	10,800	3,233	3,801
Tax recoverable	12	-	-	-
Cash at banks and in hand	1,588	4,554	674	22
	<u>23,134</u>	<u>28,751</u>	<u>3,907</u>	<u>3,823</u>
Total assets	<u>27,269</u>	<u>32,594</u>	<u>9,938</u>	<u>9,854</u>
Equity attributable to owners of the Company				
Share capital	8,410	7,723	8,410	7,723
Reserves	7,090	8,425	385	1,061
Share capital and reserves	15,500	16,148	8,795	8,784
Non-controlling interests	(546)	(428)	-	-
Total equity	<u>14,954</u>	<u>15,720</u>	<u>8,795</u>	<u>8,784</u>
Non-current liabilities				
Financial liabilities	57	93	57	85
Deferred tax liabilities	10	8	-	-
	67	101	57	85
Current liabilities				
Trade and other payables	2,698	2,518	1,059	954
Bills Payable	5,765	10,503	-	-
Financial liabilities	3,764	3,643	25	26
Current tax payable	21	109	2	5
	<u>12,248</u>	<u>16,773</u>	<u>1,086</u>	<u>985</u>
Total liabilities	<u>12,315</u>	<u>16,874</u>	<u>1,143</u>	<u>1,070</u>
Total equity and liabilities	<u>27,269</u>	<u>32,594</u>	<u>9,938</u>	<u>9,854</u>



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

	Group	
	As at 28 February 2014	As at 28 February 2013
	USD'000	USD'000
Amount repayable in one year or less, or on demand		
Secured bank overdraft	36	70
Unsecured bank loans	3,695	3,538
Obligations under hire purchase	33	35
	<u>3,764</u>	<u>3,643</u>
Amount repayable after one year		
Obligations under hire purchase	57	93
	<u>57</u>	<u>93</u>

Details of any collateral

- Secured bank overdraft and unsecured bank loans are guaranteed by the Company.
- As at 28 February 2014, the net book value of property, plant and equipment for the Group under hire purchase arrangements were USD 12,632 (28 February 2013: USD 23,387).



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- 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 CASH FLOW STATEMENT
(Amounts expressed in thousands of United States dollars (“USD”))

	Group	
	FY2014 USD'000	FY2013 USD'000
Operating activities		
(Loss)/profit before income tax	(1,364)	210
Adjustments for:		
Depreciation of property, plant and equipment	332	355
Allowance for inventory obsolescence	92	111
Amortisation of intangible assets	5	5
Net change in fair value of derivative financial liability	-	(172)
Dividend income	-	(1)
Gain on disposal of property, plant and equipment	(37)	(12)
Interest expense	273	780
Interest income	(41)	(421)
Operating (loss)/profit before working capital changes	(740)	855
Changes in working capital:		
Inventories	1,141	1,527
Trade and other receivables	1,430	172
Trade and other payables	177	(879)
Bills payable	(4,738)	(8,610)
Cash used in operations	(2,730)	(6,935)
Income taxes paid	(202)	(65)
Cash flows used in operating activities	(2,932)	(7,000)
Investing activities		
Interest income received	41	321
Dividend income received	-	1
Purchase of property, plant and equipment	(576)	(107)
Proceeds from disposal of property, plant and equipment	37	16
Proceeds from the issuance of new shares	687	-
Purchase of intangible assets	(1)	(1)
Cash flows generated from investing activities	188	230



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CONSOLIDATED CASH FLOW STATEMENT
(Amounts expressed in thousands of United States dollars (“USD”))

	Group	
	FY2014 USD'000	FY2013 USD'000
Financing activities		
Interest paid	(273)	(780)
Proceeds from/(repayments of) interest-bearing bank loans (net)	157	(1,819)
Dividend paid	-	(358)
Amount due/(repayment) to directors	3	(1)
Payment of finance lease liabilities	(35)	(34)
Deposits redeemed from bank	3,515	9,242
Cash flows generated from financing activities	3,367	6,250
Net increase/(decrease) in cash and cash equivalents	623	(520)
Cash and cash equivalents at beginning of the year	969	1,448
Effect of exchange rate changes on balances held in foreign currencies	(40)	41
Cash and cash equivalents at end of the year	1,552	969

Cash and cash equivalents included in the cash flow statement are presented net of bank overdrafts which are repayable on demand and fixed deposits pledged to financial institutions. It comprises the following balance sheet amounts:

	Group	
	FY2014 USD'000	FY2013 USD'000
Cash and bank balances	1,588	1,039
Fixed deposits	-	3,515
Cash and cash equivalents	1,588	4,554
Bank overdrafts (secured)	(36)	(70)
	1,552	4,484
Less: Fixed deposits pledged	-	(3,515)
Cash and cash equivalents at end of the year	1,552	969

Note:

In prior year, fixed deposits included RMB 22,065,000 equivalent to USD 3,514,955 which was used to secure trust receipt facilities denominated in RMB. The fixed deposits were fully redeemed during the financial year.



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1(d) Consolidated Statement of Comprehensive Income for full year ended 28 February 2014 and 28 February 2013

	Group		Increase/
	FY 2014	FY 2013	(Decrease)
	USD'000	USD'000	%
(Loss)/profit for the year	(1,467)	58	n.m
Other comprehensive income:			
Translation differences relating to financial statements of foreign subsidiaries	14	45	(69%)
Total comprehensive income	(1,453)	103	n.m
Attributable to:			
Owners of the Company	(1,335)	176	n.m
Non-controlling interests	(118)	(73)	62%
	(1,453)	103	



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1(e)(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

(Amounts expressed in thousands of United States dollars (“USD”))

	Share capital	Merger deficit	Foreign currency translation reserve	Statutory surplus reserve	Accumulated profits	Total attributable to equity holders of the Company	Non-controlling Interests	Total
<u>The Group</u>	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
At 1 March 2012	7,723	(2,825)	1,575	381	9,475	16,329	(354)	15,975
Total comprehensive income for the year	-	-	-	-	131	131	(73)	58
Dividend paid	-	-	-	-	(358)	(358)	-	(358)
Foreign currency translation reserves	-	-	46	-	-	46	(1)	45
At 28 Feb 2013	7,723	(2,825)	1,621	381	9,248	16,148	(428)	15,720
Total comprehensive income for the year	-	-	-	-	(1,360)	(1,360)	(107)	(1,467)
New shares issued	687	-	-	-	-	687	-	687
Foreign currency translation reserves	-	-	25	-	-	25	(11)	14
At 28 Feb 2014	8,410	(2,825)	1,646	381	7,888	15,500	(546)	14,954

	Share capital	Accumulated profits	Total
<u>The Company</u>	USD'000	USD'000	USD'000
At 1 Mar 2012	7,723	433	8,156
Profit for the year	-	986	986
Dividend paid	-	(358)	(358)
At 28 Feb 2013	7,723	1,061	8,784
(Loss) for the year	-	(676)	(676)
New shares issued	687	-	687
At 28 Feb 2014	8,410	385	8,795



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1(e)(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 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.

1(e)(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.

On 14 February 2014, the Company issued 13,000,000 ordinary shares at a subscription price of S\$0.0675 per share by way of a private placement to Bay Eagle Ventures Limited. The total proceeds derived from the private placement were amounting to SGD 877,500 which is equivalent to USD 687,000.

	Number of shares ('000)	
	2014	2013
Issued and fully paid		
At 1 March	113,814	113,814
Issuance of new shares	13,000	-
At 28 February	<u>126,814</u>	<u>113,814</u>

There were no treasury shares as at 28 February 2014 and 28 February 2013.

1(e)(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.

These figures 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 Group has applied the same accounting policies and methods of computation for the current financial year compared to those of the audited financial statements for the year ended 28 February 2013.



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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 Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared to the audited financial statements for the year ended 28 February 2013 except for the adoption of the Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for the financial year beginning on or after 1 March 2013. The adoption of these FRS and INT FRS has no significant impact to 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.**

	<u>FY2014</u> USD'000	<u>FY2013</u> USD'000
Net (loss)/profit for the year attributable to Owners of the Company	(1,360)	131
	<u>Number of shares ('000)</u>	
	<u>FY2014</u>	<u>FY2013</u>
Weighted average number of ordinary shares during the year	114,349	113,814
Earnings per share (US cents) - basic and diluted	(1.2)	0.1

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	
	FY2014 (USD'000)	FY2013 (USD'000)	FY204 (USD'000)	FY2013 (USD'000)
Net assets	<u>14,954</u>	<u>15,720</u>	<u>8,795</u>	<u>8,784</u>
Net asset value per ordinary share based on the existing issued share capital as at the respective period (US cents)	13.1	13.8	7.7	7.7



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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;

REVIEW OF RESULTS OF OPERATIONS

BREAKDOWN OF GROUP REVENUE BY PRODUCT CATEGORIES

	FY2014		FY2013	
	USD'000	% of revenue	USD'000	% of revenue
Revenue from:				
Commercial Metal Alloys	6,287	25.6	8,489	24.9
Customised Metal Alloys	16,832	68.6	25,591	75.1
NICO Branded Materials	1,422	5.8	-	-
Total	<u>24,541</u>	<u>100.0</u>	<u>34,080</u>	<u>100.0</u>

The overall Group's revenue decreased by 28.0% from USD 34.1 million to USD 24.5 million. The decrease was mainly contributed by the general reduction in market demand and intense market competition. Under such competitive environment, many competitors were offering lower selling prices with some selling below costs to reduce inventory pressure. Due to such circumstances, the Group has declined to accept orders that are loss making whilst concentrating on its effort on producing higher margin orders.

Despite the reduction in the overall Group's revenue, the Group is continuing to promote its alternative materials solution derived from green manufacturing process under the NICO Branded Material's name. The revenue arising from the sale of the product accounted for 5.8% of the Group's total revenue for FY 2014.

Geographically, People's Republic of China ("PRC") continues to be the key revenue driver in FY 2014, contributing 50.2% of the Group's total revenue, as compared to 64.7% in FY 2013. Malaysia, Thailand and Singapore contributed 21.5%, 18.5%, and 9.0 % respectively to the Group's revenue.

GROSS PROFIT MARGIN

Gross profit margin of the Group has decreased from 12.8% in FY 2013 to 12.4% in FY 2014. The slight reduction in gross margin was resulted from the overall decrease in market prices of products due to the intense market competition.

OTHER INCOME

Other income decreased by 43% from USD 1,460,000 in FY 2013 to USD 836,000 in FY 2014. The decrease was mainly due to lower interest income and no fair value gain was recognized in FY 2014.



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DISTRIBUTION, ADMINISTRATIVE, OTHER OPERATING AND FINANCE EXPENSES

Administrative expenses increased by 2% from USD 4.3 million in FY 2013 to USD 4.4 million in FY 2014.

Distribution costs increased by 9% from USD 515,000 in FY 2013 to USD 559,000 in FY 2014 despite an overall reduction in the Group's revenue. This was mainly due to the significant increase in sales volume to certain customers whereby the distribution costs for meeting such orders are higher. The effects of such increase were smoothed by the overall reduction in sales volume to other customers of the Group.

Finance cost decreased by 65% from USD 780,000 in FY 2013 to USD 273,000 in FY 2014. The decrease was mainly due to the repayment of bank loans towards the end of FY 2013.

Tax expenses decreased by 32% from USD 152,000 in FY 2013 to USD 103,000 in FY 2014. The decrease was mainly due to the reduction in the overall profit before tax of the Group from a recorded profit of USD 210,000 to a recorded loss of USD 1.4 million. Despite of the recorded loss before tax at the Group level in FY 2014, which is mainly contributed by several loss making companies within the Group, the tax expenses for those profitable companies within the Group has been estimated and accrued for.

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

Fixed Assets increased by 7.8% from USD 3.8 million as at 28 February 2013 to USD 4.1 million as at 28 February 2014. The increase was mainly due to the 2nd phase of capital expansion of a China subsidiary, for the purpose of improving production efficiency.

Trade and other receivables decreased by 13.0% from USD 10.8 million as at 28 February 2013 to USD 9.4 million as at 28 February 2014. The deduction was mainly due to (i) the overall reduction in revenue and (ii) the efforts put in place by management to continuously monitor the overall credit risks of the Group which include, close supervision of debtors aging and regular follow up on outstanding debts.

Cash at bank and in hand decreased by 65.2% from USD 4.6 million as at 28 February 2013 to USD 1.6 million as at 28 February 2014. The reduction was mainly due to the settlement of trust receipts.

Inventories decreased by 9.2% from USD 13.4 million as at 28 February 2013 to USD 12.2 million as at 28 February 2014. The decrease was in-line with the Group's efforts to manage its inventories in response to the overall decrease in the Group's revenue for FY 2014. However, the inventory turnover deteriorated slightly when compared to the last financial year end.

Trade and other payables and bills payable decreased by 34.6% cumulatively from USD 13.0 million as at 28 February 2013 to USD 8.5 million as at 28 February 2014. The decrease was in line with the overall reduction in the Group's cost of sales and inventories as most of the balances relate to the Group's material and/or inventory procurement activity.

The Group's financial liabilities increased from USD 3.7 million as at 28 February 2013 to USD 3.8 million as at 28 February 2014.

REVIEW OF CASH FLOW STATEMENT

The Group recorded a net cash outflow from its operating activities of USD 2.9 million in FY 2014 (FY 2013: net cash outflow of USD 7.0 million). The deficit cash flows were mainly due to the overall reduction in the Group's recorded revenue and the settlement of trade payables.



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Although the net cash outflow from operating activities was significant, the impact on the Group's overall cash flow was smoothed through the release of fixed deposits pledged by the Group for securing trust receipts facilities amounting to USD 3.5 million (FY2013: USD 9.2 million) and the proceeds from issuance of new shares amounting to USD 687,000 (FY2013: USD NIL).

As a result of the above, the Group generated net operating cash inflows of USD 623,000 in FY2014 compared to net operating cash outflow of USD 520,000 in FY2013.

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.

The Group will continue to look into offering more value adding products, review its operations, implement cost control measures, enhance governance and stay competitive. The management will also continue to monitor and manage cash flows closely to ensure that the Group has sufficient cash for its operational requirements.

The Group is contemplating to diversify its existing business into the upstream minerals related business as additional revenue sources. The Group has appointed a qualified independent professional third party to conduct feasibility studies of possible upstream businesses.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No

(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.



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- 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 pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

There was no interested person transaction, as defined in Charter 9 of the Listing Manual of the SGX-ST, entered into by the Group or by the Company during the financial year ended 28 February 2014.

PART II: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 14. 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.**

BREAKDOWN OF GROUP REVENUE BY GEOGRAPHICAL REGIONS

	FY2014		FY2013	
	USD'000	%	USD'000	%
Singapore	2,218	9.0	2,940	8.6
PRC	12,310	50.2	22,041	64.7
Malaysia	5,287	21.5	3,687	10.8
Thailand	4,539	18.5	5,260	15.4
Other Countries *	187	0.8	152	0.5
Total	24,541	100.0	34,080	100.0

* Other Countries comprise mainly Indonesia, Taiwan and Japan.

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

Please refer to the section on "Review of Results of Operations" in paragraph 8 of this announcement for details.

- 16. A breakdown of sales.**

	FY2014 USD'000	FY2013 USD'000	Change %
(a) Sales reported for first half year	13,108	19,149	(32%)
(b) Operating (loss)/profit after tax for	(284)	241	n.m



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first half year			
(c) Sales reported for second half year	11,433	14,931	(23%)
(d) Operating (loss)/profit after tax for second half year	(1,183)	(183)	n.m

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not Applicable.

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ang Bee Choo	49	Wife of Tan Chee Khiong, Executive Director/Chairman and President of the Company Sister-in-law of Tang Chee Bian and Tang Chee Wee, Executive Directors of the Company Daughter-in-law of Tang Hee Kya, substantial shareholder of the Company	Administrative Manager since 7 July 1995, responsible for office administration and human resource matters.	NIL

Tan Chee Khiong, Tang Chee Bian, Tang Chee Wee and Tang Hee Kya are substantial shareholders of the Company. Tan Chee Khiong (Executive Chairman & President), Tang Chee Bian (Executive Director) and Tang Chee Wee (Executive Director) are siblings. Tang Hee Kya is their father.

Save as disclosed above, there are no other persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries.

By order of the Board

Tan Chee Khiong
Chairman and President
25 April 2014