



CHOSEN HOLDINGS LIMITED

(Unique Entity Number: 199804325C)
Incorporated in the Republic of Singapore

Half Year Financial Statement for the Period Ended 31 December 2014

The directors are pleased to announce the unaudited consolidated results for the half year ended 31 December 2014.

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.

	Note	Current half year ended 31/12/2014 \$'000	Previous half year ended 31/12/2013 \$'000	% increase/ (decrease)
Revenue		58,560	61,911	(5.41%)
Cost of sales		(53,290)	(56,577)	(5.81%)
Gross profit		5,270	5,334	(1.20%)
Other income		316	419	(24.58%)
Distribution expenses		(295)	(384)	(23.18%)
Administrative expenses		(1,599)	(1,814)	(11.85%)
Other expenses		(50)	(40)	25.00%
Finance costs		(86)	(115)	(25.22%)
Share of results of associate, net of income tax		-	(14)	(100.00%)
Profit before income tax	(a)	3,556	3,386	5.02%
Income tax expense	(b)	(886)	(1,018)	(12.97%)
Profit for the period		2,670	2,368	12.75%
Attributable to:				
Owners of the Company		2,739	2,416	
Non-controlling interests		(69)	(48)	
		2,670	2,368	

Statement of Comprehensive Income

	Current half year ended 31/12/2014 \$'000	Previous half year ended 31/12/2013 \$'000
Profit for the period	2,670	2,368
Other comprehensive expenses:		
Exchange differences on translation of financial statements of foreign subsidiaries	485	(830)
Income tax expense	-	-
Other comprehensive expenses for the period, net of income tax	485	(830)
Total comprehensive expenses for the period	3,155	1,538
Attributable to:		
Owners of the Company	3,224	1,586
Non-controlling interests	(69)	(48)
	3,155	1,538

1(a)(ii) Notes to the income statement.

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

	Current half year year ended 31/12/2014 \$'000	Previous half year year ended 31/12/2013 \$'000
(i) Depreciation	2,155	2,454
(ii) Amortisation of Intangible assets	179	179
(iii) Other Income:		
- Net change in fair value of financial assets at fair value through profit or loss	17	11
- Dividend income from quoted equity securities	4	4
- Interest income from bank deposits	25	20
- Income from government grants	68	34
- Gain on disposal of property, plant and equipment	-	51
- Others	202	299
Total other income	316	419
(iv) Other expenses:		
- Foreign exchange loss	43	35
- Loss on disposal of property, plant and equipment	6	-
- Property, plant and equipment written off	1	5
Total other expenses	50	40

(b) Income tax expense

<u>Current tax expense</u>		
Current year	551	951
Overprovision in respect of prior years	-	(15)
	551	936
<u>Deferred tax expense</u>		
Current year	340	(75)
(Over)/Underprovision in respect of prior years	(5)	157
	335	82
Total income tax expense	886	1,018

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.

	The Group		The Company	
	31/12/2014	30/06/2014	31/12/2014	30/06/2014
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	31,832	31,924	537	591
Subsidiaries	-	-	21,049	21,049
Associates	56	206	-	-
Intangible assets	682	861	-	-
Deferred tax assets	668	737	8	8
Other long-term assets	325	325	185	185
	<u>33,563</u>	<u>34,053</u>	<u>21,779</u>	<u>21,833</u>
Current assets				
Inventories	14,201	13,674	-	-
Trade and other receivables	32,200	29,855	30	10
Amounts due from subsidiaries	-	-	16,713	17,583
Other financial assets	156	138	-	-
Cash and cash equivalents	19,501	18,637	5,562	6,209
	<u>66,058</u>	<u>62,304</u>	<u>22,305</u>	<u>23,802</u>
Total assets	<u>99,621</u>	<u>96,357</u>	<u>44,084</u>	<u>45,635</u>
Equity attributable to equity holders of the Company				
Share capital	33,451	33,451	33,451	33,451
Treasury shares	(331)	(141)	(331)	(141)
Reserves	33,949	32,743	10,623	11,287
	<u>67,069</u>	<u>66,053</u>	<u>43,743</u>	<u>44,597</u>
Non-controlling interests	57	126	-	-
Total equity	<u>67,126</u>	<u>66,179</u>	<u>43,743</u>	<u>44,597</u>
Non-current liabilities				
Deferred tax liabilities	1,311	1,061	-	-
	<u>1,311</u>	<u>1,061</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	23,442	22,584	341	1,038
Interest bearing bank loans (unsecured)	7,516	6,108	-	-
Other financial liabilities	-	-	-	-
Current tax payable	226	425	-	-
	<u>31,184</u>	<u>29,117</u>	<u>341</u>	<u>1,038</u>
Total liabilities	<u>32,495</u>	<u>30,178</u>	<u>341</u>	<u>1,038</u>
Total equity and liabilities	<u>99,621</u>	<u>96,357</u>	<u>44,084</u>	<u>45,635</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 31/12/2014		As at 30/06/2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	7,516	-	6,108

Amount repayable after one year

As at 31/12/2014		As at 30/06/2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

Details of any collateral

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.**

	Current half year ended 31/12/2014 \$'000	Previous half year ended 31/12/2013 \$'000
Operating activities		
Profit before income tax	3,556	3,386
Adjustments for:-		
Depreciation of property, plant and equipment	2,155	2,454
Amortisation of Intangible assets	179	179
Loss/(Gain) on disposal of property, plant and equipment	6	(51)
Property, plant and equipment written off	1	5
Interest income	(25)	(20)
Interest expense	86	115
Dividend income	(4)	(4)
Share-based compensation expenses	158	-
Change in fair value of financial assets at fair value through profit or loss	(17)	(11)
Share of results of associate	-	14
Operating profit before working capital changes	6,095	6,067
Changes in working capital:-		
Inventories	(526)	(981)
Trade and other receivables	(2,333)	(5,192)
Trade and other payables	778	4,960
Cash generated from operations	4,014	4,854
Income tax paid	(765)	(1,223)
Cash flows from operating activities	3,249	3,631
Investing activities		
Interest received	26	22
Dividend received	4	4
Proceeds from disposal of property, plant and equipment	16	216
Purchase of property, plant and equipment	(1,287)	(1,115)
Capital realised from investment in associate	150	-
Cash flows from investing activities	(1,091)	(873)
Financing activities		
Dividend paid to owners of the Company	(2,050)	(1,894)
Share buyback	(316)	(37)
Interest paid	(88)	(106)
Proceeds from rollover of bank loans	7,516	6,582
Repayment of bank loans	(6,416)	(7,500)
Cash flows from financing activities	(1,354)	(2,955)
Net decrease in cash and cash equivalents	804	(197)
Cash and cash equivalents at the beginning of period	18,436	18,164
Effects of exchange rate fluctuations on cash held	61	(661)
Cash and cash equivalents at the end of the period	19,301	17,306
Fixed deposits pledged with banks	200	190
Cash and bank balances as per Balance Sheet	19,501	17,496

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 \$'000	Treasury Shares \$'000	Statutory Reserve \$'000	Share-based Compensation Reserve \$'000	Foreign Currency Translation Reserve \$'000	Accumulated Profits \$'000	Non-controlling Interests \$'000	Total Equity \$'000
The Group								
At 1 July 2013	33,451	-	807	-	(3,379)	34,874	316	66,069
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	2,416	(48)	2,368
Other comprehensive income								
Exchange differences on translation of financial statements of overseas subsidiaries (net of income tax)	-	-	-	-	(830)	-	-	(830)
Total other comprehensive income	-	-	-	-	(830)	-	-	(830)
Total comprehensive income for the period	-	-	-	-	(830)	2,416	(48)	1,538
Transactions with owners recorded directly in equity								
Share buyback held as treasury shares	-	(37)	-	-	-	-	-	(37)
Final tax exempt dividend paid of 0.66 cents per share in respect of year ended 30 June 2013	-	-	-	-	-	(1,894)	-	(1,894)
	-	(37)	-	-	-	(1,894)	-	(1,931)
At 31 December 2013	33,451	(37)	807	-	(4,209)	35,396	268	65,676
At 1 July 2014	33,451	(141)	936	-	(4,430)	36,237	126	66,179
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	2,739	(69)	2,670
Other comprehensive expenses								
Exchange differences on translation of financial statements of overseas subsidiaries (net of income tax)	-	-	-	-	485	-	-	485
Total other comprehensive income	-	-	-	-	485	-	-	485
Total comprehensive income for the period	-	-	-	-	485	2,739	(69)	3,155
Transactions with owners recorded directly in equity								
Share buyback held as treasury shares	-	(316)	-	-	-	-	-	(316)
Share-based compensation	-	-	-	158	-	-	-	158
Treasury shares re-issued	-	126	-	(136)	-	10	-	-
Final tax exempt dividend paid of 0.72 cents per share in respect of year ended 30 June 2014	-	-	-	-	-	(2,050)	-	(2,050)
	-	(190)	-	22	-	(2,040)	-	(2,208)
At 31 December 2014	33,451	(331)	936	22	(3,945)	36,936	57	67,126
The Company								
At 1 July 2013	33,451	-	-	-	-	10,374	-	43,825
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	2,211	-	2,211
Total comprehensive income for the period	-	-	-	-	-	2,211	-	2,211
Transactions with owners recorded directly in equity								
Share buyback held as treasury shares	-	(37)	-	-	-	-	-	(37)
Final tax exempt dividend paid of 0.66 cents per share in respect of year ended 30 June 2013	-	-	-	-	-	(1,894)	-	(1,894)
	-	(37)	-	-	-	(1,894)	-	(1,931)
At 31 December 2013	33,451	(37)	-	-	-	10,691	-	44,105
At 1 July 2014	33,451	(141)	-	-	-	11,287	-	44,597
Total comprehensive income for the period								
Profit for the period	-	-	-	-	-	1,354	-	1,354
Total comprehensive income for the period	-	-	-	-	-	1,354	-	1,354
Transactions with owners recorded directly in equity								
Share buyback held as treasury shares	-	(316)	-	-	-	-	-	(316)
Share-based compensation	-	-	-	158	-	-	-	158
Treasury shares re-issued	-	126	-	(136)	-	10	-	-
Final tax exempt dividend paid of 0.72 cents per share in respect of year ended 30 June 2014	-	-	-	-	-	(2,050)	-	(2,050)
	-	(190)	-	22	-	(2,040)	-	(2,208)
At 31 December 2014	33,451	(331)	-	22	-	10,601	-	43,743

- 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.**

Treasury Shares

During 1H FY2015, the Company acquired 2,002,000 (1H FY2014: 311,000) ordinary shares in the Company by way of on-market purchases. 849,103 (1H FY2014: Nil) treasury shares were re-issued pursuant to the Performance Share Award.

Performance Share Award

During 1H FY2015, the Company granted 2,547,310 (1H FY2014: Nil) shares under the Performance Share Award Scheme.

- 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 <u>31/12/2014</u>	As at <u>30/06/2014</u>
Total number of issued shares of the Company (excluding treasury share)	284,717,527	285,870,424

- 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.**

849,103 treasury shares were re-issued pursuant to the Performance Share Award during the period.

- 2. Whether the figures have been audited, or reviewed, and in accordance with which accounting standard or practice.**

The above figures have not been audited nor reviewed by the Company's 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 as in the audited financial statements for the financial year ended 30 June 2014.

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

	Current half year ended 31/12/2014	Previous half year year ended 31/12/2013	% increase/ (decrease)
Earnings per ordinary share:-			
(a) Based on the weighted average number of ordinary shares in issue; and	0.96 cents	0.84 cents	14.29%
(b) On a fully diluted basis	0.96 cents	0.84 cents	14.29%

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.**

	The Group		The Company		% increase/ (decrease)	
	Current half year ended 31/12/2014	Previous financial year ended 30/06/2014	Current half year ended 31/12/2014	Previous financial year ended 30/06/2014	Group	Co
Net asset value per ordinary share based on existing issued share capital (cents)	23.55	23.11	15.36	15.60	1.90%	(1.54%)

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.**

Income Statement

Group revenue for the first half of FY 2015 decreased from \$61.9M to \$58.6M. The geographical breakdown of revenue is as follows:-

	Group		
	First half FY 2015 \$'000	First half FY 2014 \$'000	Increase/ (decrease) %
Singapore	23,271	17,778	30.9%
Malaysia	10,406	9,492	9.6%
Thailand	7,165	9,922	(27.8%)
China	17,718	24,719	(28.3%)
	58,560	61,911	(5.4%)

Revenue from the Singapore operation increased due mainly to increase in demand for appliance motor, commercial equipment, medical devices and data media storage products. The Malaysia operation registered higher revenue due mainly to higher orders for commercial equipment products. Lower orders for the Thailand operation's communication products and the China operation's automotive and

retail solution products more than offset the increase in revenue from the Singapore and Malaysia operations resulting in the overall decrease in Group revenue.

Gross margin had improved from 8.6% to 9.0% due mainly to sale of higher value-added products by the Singapore and Malaysia operations.

Depreciation decreased due mainly to more fully depreciated plant and machinery.

Other income decreased due mainly to lower sale of scrap materials and no gain on disposal of property, plant and equipment.

Distribution expenses decreased due mainly to lower overseas sales.

Administrative expenses decreased in line with lower business activities in Thailand and China operations.

Other expenses increased due mainly to higher loss on disposal of property, plant and equipment and higher foreign exchange loss during the period.

The decrease in finance cost was due mainly to lower bank borrowings compared to the previous period.

Income tax expense decreased due mainly to utilization of tax losses and tax incentives from the Singapore operation.

As a result of the above, the Group's profit after tax increased by 12.8% from \$2.37M to \$2.67M.

Balance Sheet

Property, plant and equipment decreased due mainly to depreciation offset by acquisition of plant and machinery for replacement purposes.

Intangible assets decreased due to amortization during the period.

Investment in associate decreased due to capital realized during the period.

Deferred tax assets decreased due mainly to the utilization of available tax losses and tax incentives from the Singapore operation.

Inventories increased due mainly to higher sales in Q2 of FY2015 compared to Q4 of FY2014.

Trade and other receivables and trade and other payables increased due mainly to higher sales during Q2 of FY2015 compared to Q4 of FY2014.

Other financial assets increased due mainly to increase in fair value of quoted equity securities held for trading.

Interest bearing bank loans increased due mainly to more borrowings during the period.

Cash Flow Statement

In the current period, net cash from operating activities generated by the Group decreased from \$3.6M to \$3.2M due mainly to higher cash utilized for working capital purposes.

Net cash incurred for investing activities increased due mainly to acquisition of property, plant and equipment by the Group and higher proceeds from sale of property, plant and equipment in the previous period.

Net cash incurred for financing activities decreased due mainly to higher interest-bearing loans offset by higher dividends paid and more share buyback by the Company in the current period.

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

There was no forecast made. The Group's operations in the period are generally in line with plans reported in the earlier announcements.

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.

Demand for the Singapore operation's appliance motor, commercial equipment, medical devices as well as data media storage products is expected to remain strong in the second half of FY 2015. The Malaysia operation's commercial equipment and transportation machinery products will continue to contribute to Group revenue. Orders for the Thailand operation's communication products are expected to remain flat. The Chonburi plant is expected to commence operation in Q4. The China operation will launch several new programs in Q4. Meanwhile, orders for its automotive, printing and imaging and retail solution products are projected to maintain at current levels.

The Group is mindful that challenges including the possible effects from the volatile global economy, fluctuations in exchange rates, increase in operating costs and competitive price pressures, will affect its business and profitability. We will continue to build on our core competence as a precision component supplier and intensify efforts to develop innovative solutions in material applications in collaboration with our customers.

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/recommendeded, a statement to that effect.

No dividend has been declared/recommendeded for the half year ended 31 December 2014. The first and final tax exempt one-tier dividend of 0.72 cents per share for the financial year ended 30 June 2014 were approved by Shareholders at the Company's AGM on 28 October 2014. Payment of the dividend was made on 21 November 2014.

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.

Not applicable. No IPT mandate obtained.

14. Confirmation Pursuant to the Rule 705(5) of the Listing Manual

We, Aloysius Lim Cher Kia and Chow Kok Hwee, being two directors of Chosen Holdings Limited (the "Company"), do hereby confirm on behalf of the directors of the Company, that to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the half year ended 31 December 2014 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Aloysius Lim Cher Kia
Chairman

Chow Kok Hwee
Chief Executive Officer

BY ORDER OF THE BOARD

Liew Meng Ling / Soong Wee Choo
Joint Company Secretaries
12 February 2015