



COMPACT METAL INDUSTRIES LTD

Company Registration Number 19750009H

Unaudited Financial Statement And Dividend Announcement For The Second Quarter 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 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.**

Consolidated Income Statement

	Group			Group		
	2nd Quarter Ended			Half Year Ended		
	30-Jun-14	30-Jun-13	Increase/ (Decrease)	30-Jun-14	30-Jun-13	Increase/ (Decrease)
	S\$' 000	S\$' 000	%	S\$' 000	S\$' 000	%
Revenue	8,252	9,838	(16)	16,847	18,282	(8)
Other income	676	1,302	(48)	1,274	2,310	(45)
Changes in inventories of work-in-progress and finished goods	(433)	(716)	(40)	(652)	(288)	126
Raw materials and consumables used	(3,743)	(4,067)	(8)	(7,659)	(7,474)	2
Staff and related costs	(2,254)	(3,484)	(35)	(5,560)	(6,829)	(19)
Depreciation (including impairment charge and reversal) of property, plant and equipment	(358)	(287)	25	(568)	(407)	39
Other operating expenses	(2,204)	(2,360)	(7)	(4,583)	(4,948)	(7)
Results from operating activities	(64)	226	NM	(901)	646	NM
Finance income	31	19	64	66	38	74
Finance costs	(7)	(20)	(65)	(16)	(36)	(55)
Net finance income/(cost)	24	(1)	NM	50	2	NM
(Loss) / Profit before income tax	(40)	225	NM	(851)	648	NM
Income tax credit/(expense)	3	1	NM	2	(1)	NM
(Loss)/ Profit for the period	(37)	226	NM	(849)	647	NM
Other comprehensive income :						
Exchange differences on monetary items forming part of net investment in foreign operations	57	53	8	(21)	221	NM
Translation differences relating to financial statements of foreign subsidiaries	24	(92)	NM	131	(416)	NM
Other comprehensive income for the period, net of income tax	81	(39)	NM	110	(195)	NM
Total comprehensive income for the period	44	187	(76)	(739)	452	NM
(Loss) / Profit for the period attributable to :						
- Owners of the parent	19	308	(94)	(726)	808	(190)
- Non-controlling interests	(56)	(82)	NM	(123)	(161)	(23)
(Loss)/ Profit for the period	(37)	226	NM	(849)	647	NM
Total comprehensive income for the period attributable to :						
- Owners of the parent	99	270	(63)	(616)	613	NM
- Non-controlling interests	(55)	(83)	NM	(123)	(161)	NM
Total comprehensive income for the period	44	187	(76)	(739)	452	NM
(Loss) / Earnings per share						
- Basic	0.003 cent	0.13 cent		(0.10) cent	0.35 cent	
- Diluted	0.002 cent	0.13 cent		(0.08) cent	0.35 cent	

NM : not meaningful

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1(a)(i) Profit before taxation is stated after charging/(crediting) the followings:-

	Group		Group	
	2nd Quarter Ended		Half Year Ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Allowance for obsolete inventories	-	-	-	12
Allowance for doubtful debts	-	211	-	201
Bad debts reversed	-	(4)	-	(4)
Depreciation of property, plant and equipment	359	287	568	407
Exchange (gain)/loss	(42)	(78)	57	(288)
Gain on disposal of property, plant and equipment	-	(424)	(3)	(424)
Interest income from financial institution	(31)	(19)	(66)	(38)
Amortisation of deferred revenue	(268)	(268)	(536)	(536)
Amortisation of prepaid lease	32	-	64	-
Interest on borrowings	7	20	16	36

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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.

	Group		Company	
	30-Jun-14	31-Dec-13	30-Jun-14	31-Dec-13
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Non-current assets				
Property, plant and equipment	14,368	13,253	184	210
Investment properties	641	639	-	-
Subsidiaries	-	-	9,531	9,531
Long term receivables	3,460	4,291	3,154	3,901
Lease premium prepayment	3,793	3,857	-	-
	<u>22,262</u>	<u>22,040</u>	<u>12,869</u>	<u>13,642</u>
Current assets				
Inventories	14,434	12,820	1,874	1,484
Trade and other receivables	8,264	7,720	49,401	48,641
Other investments	3	3	1	1
Cash and cash equivalents	31,862	33,621	28,117	29,592
Asset classified as held for sale	1,196	1,196	-	-
	<u>55,759</u>	<u>55,360</u>	<u>79,393</u>	<u>79,718</u>
Total assets	<u>78,021</u>	<u>77,400</u>	<u>92,262</u>	<u>93,360</u>
Share capital and reserves				
Share capital	130,125	129,102	130,125	129,102
Capital reserve	404	404	-	-
Revaluation reserve	2,636	2,714	-	-
Currency translation reserve	(3,669)	(3,779)	-	-
Accumulated losses	(64,936)	(63,171)	(78,991)	(78,598)
	<u>64,560</u>	<u>65,270</u>	<u>51,134</u>	<u>50,504</u>
Non-controlling interests	<u>(495)</u>	<u>(372)</u>	<u>-</u>	<u>-</u>
Total equity	<u>64,065</u>	<u>64,898</u>	<u>51,134</u>	<u>50,504</u>
Non-current liabilities				
Obligations under finance lease	44	62	44	59
Long-term payables	779	802	650	1,279
Deferred tax liabilities	323	349	-	-
	<u>1,146</u>	<u>1,213</u>	<u>694</u>	<u>1,338</u>
Current liabilities				
Trade and other payables	9,427	7,410	37,344	37,946
Provision for warranties	951	951	670	670
Current portion of amounts owing to financial institutions	1,826	1,510	1,826	1,510
Current portion of obligations under finance lease	41	49	29	29
Deferred revenue	268	804	268	803
Current tax payable	297	565	297	560
	<u>12,810</u>	<u>11,289</u>	<u>40,434</u>	<u>41,518</u>
Total liabilities	<u>13,956</u>	<u>12,502</u>	<u>41,128</u>	<u>42,856</u>
Total equity and liabilities	<u>78,021</u>	<u>77,400</u>	<u>92,262</u>	<u>93,360</u>

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

(a) Amount repayable in one year or less, or on demand

30-Jun-14		31-Dec-13	
S\$' 000	S\$' 000	S\$' 000	S\$' 000
Secured	Unsecured	Secured	Unsecured
41	1,826	49	1,510

(b) Amount repayable after one year

30-Jun-14		31-Dec-13	
S\$' 000	S\$' 000	S\$' 000	S\$' 000
Secured	Unsecured	Secured	Unsecured
44	-	62	-

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.**

	Group		Group	
	2nd Quarter Ended		Half Year Ended	
	30-Jun-14	30-Jun-13	30-Jun-14	30-Jun-13
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Operating Activities				
(Loss)/ Profit for the period	(37)	226	(849)	647
Adjustments for:				
Gain on disposal of property, plant and equipment	-	-	(3)	-
Depreciation of property, plant and equipment	359	287	568	407
Amortisation of prepaid lease	32	-	64	-
Interest on borrowing	7	20	16	36
Interest income from financial institutions	(31)	(19)	(66)	(38)
Gain on disposal of assets held for sale	-	(424)	-	(424)
Allowance for obsolete inventories	-	-	-	12
Amortisation of deferred revenue	(268)	(268)	(536)	(536)
Allowance for doubtful receivables	-	211	-	201
Provision for warranties reversed	-	(60)	-	(60)
Bad debts reversed	(2)	-	(2)	-
Income tax (credit)/expense	(3)	(1)	(2)	1
	57	(28)	(810)	246
Changes in working capital:				
Inventories	(2,425)	319	(1,583)	(1,462)
Trade and other receivables	(833)	(2,835)	325	(1,634)
Trade and other payables	1,307	(1,113)	2,017	(1,312)
Cash generated from operations	(1,894)	(3,657)	(51)	(4,162)
Income tax paid	(280)	(192)	(292)	(205)
Cash used in operating activities	(2,174)	(3,849)	(343)	(4,367)
Investing Activities				
Interest received	31	19	66	38
Proceeds from sale of assets held for sale	-	3,324	-	3,324
Proceeds from sale of property, plant and equipment	3	-	3	-
Purchase of property, plant and equipment	(617)	(679)	(1,659)	(819)
Cash (used in)/from investing activities	(583)	2,664	(1,590)	2,543
Financing Activities				
Payment of finance lease liabilities	(13)	(13)	(26)	(26)
Advances from bank term loans and trust receipts	1,826	901	1,826	3,521
Repayment of bank term loans and trust receipts	(396)	(757)	(1,510)	(2,406)
Interest paid	(7)	(20)	(16)	(36)
Dividend Paid	(1,117)	-	(1,117)	-
Proceeds from allotment of shares	911	-	1,023	-
Cash from financing activities	1,204	111	180	1,053
Net decrease in cash and cash equivalents	(1,553)	(1,074)	(1,753)	(771)
Effect of exchange rate fluctuations on cash held	(17)	8	(7)	(3)
Cash and cash equivalents as at beginning of period (excluding pledged deposits)	28,899	14,656	29,089	14,364
Cash and cash equivalents as at end of period (excluding pledged deposits)	27,329	13,590	27,329	13,590
Represented by :				
Cash at banks & in hands	6,972	4,557	6,972	4,557
Fixed deposits	24,890	13,342	24,890	13,342
Less : Fixed deposits pledged	(4,533)	(4,309)	(4,533)	(4,309)
Cash and cash equivalents as at 30 Jun 2014	27,329	13,590	27,329	13,590

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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 the capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to owners of the parent					Non-controlling interests	Total equity	
	Share capital	Capital reserve	Revaluation reserve	Currency translation reserve	Accumulated losses			Total
	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000	
Group								
As at 1 Jan 2014	129,102	404	2,714	(3,779)	(63,171)	65,270	(372)	64,898
Changes in equity for the period :								
Total comprehensive profit for the period :								
Profit for the period	-	-	-	-	(726)	(726)	(123)	(849)
Other comprehensive income :								
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	(21)	-	(21)	-	(21)
Realisation of revaluation reserve	-	-	(78)	-	78	-	-	-
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	131	-	131	-	131
Total other comprehensive income	-	-	(78)	110	78	110	-	110
Total comprehensive income	-	-	(78)	110	(648)	(616)	(123)	(739)
Issue of shares from warrants exercised	1,023	-	-	-	-	1,023	-	1,023
Dividend Paid	-	-	-	-	(1,117)	(1,117)	-	(1,117)
As at 30 Jun 2014	130,125	404	2,636	(3,669)	(64,936)	64,560	(495)	64,065
As at 1 Jan 2013	110,770	404	3,781	(3,414)	(69,004)	42,537	33	42,570
Total comprehensive profit for the period :								
Loss for the period	-	-	-	-	808	808	(161)	647
Other comprehensive income :								
Exchange differences on monetary items forming part of net investment in foreign operations	-	-	-	221	-	221	-	221
Realisation of revaluation reserve	-	-	(1,033)	-	1,033	-	-	-
Translation differences relating to financial statements of foreign subsidiaries	-	-	-	(416)	-	(416)	-	(416)
Total other comprehensive income	-	-	(1,033)	(195)	1,033	(195)	-	(195)
Total comprehensive income	-	-	(1,033)	(195)	1,841	613	(161)	452
As at 30 Jun 2013	110,770	404	2,748	(3,609)	(67,163)	43,150	(128)	43,022

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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 the capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Attributable to owners of the Company		
	Share capital	Accumulated losses	Total
	S\$' 000	S\$' 000	S\$' 000
Company			
As at 1 Jan 2014	129,102	(78,598)	50,504
Profit /total comprehensive income for the year	-	724	724
Total comprehensive income	-	724	724
Issue of shares from warrants exercised	1,023	-	1,023
Dividend Paid	-	(1,117)	(1,117)
As at 30 Jun 2014	130,125	(78,991)	51,134
As at 1 Jan 2013	110,770	(83,785)	26,985
Profit/total comprehensive income for the period	-	1,248	1,248
Total comprehensive income	-	1,248	1,248
As at 30 Jun 2013	110,770	(82,537)	28,233

- 1(d)(ii) **Details of changes in the Company's share capital arising from right issue, bonus issues, 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 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.**

During the financial period ended 30 June 2014, the Company issued 51,134,770 new shares from warrants exercised.

As at 30 June 2014, the Company has 415,272,464 outstanding warrants.

During the financial period ended 30 June 2013, the Company has no increase in the issued and paid up share capital of the company.

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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.

	Number of ordinary shares
As at 1 Jan 2014	700,768,226
Issue of shares from warrants exercised	51,134,770
As at 30 Jun 2014	<u>751,902,996</u>

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 review and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagement to Review Financial Statements), or an equivalent standard).

The figures have not been audited nor reviewed by our auditors.

3 Whether the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis 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 adopted the same accounting policies and method of the computation in the financial statements for the current period as compared with the audited financial statements for financial 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 Group has adopted the new/revised Singapore Financial reporting Standards (FRSs) that are mandatory for financial period beginning on and after 1 January 2014. The adoption of the new/revised FRSs does not have material financial impact on the Group's results.

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.

Earnings per ordinary share of the Group for the period based on net profit attributable to shareholders:-

Based on weighted average of 734,073,932 ordinary shares (2013:233,435,120 ordinary shares)

On a fully diluted basis

Group	
Half Year Ended 30-Jun-14	Half Year Ended 30-Jun-13
(0.10) cent	0.35 cent
(0.08) cent	0.35 cent

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

Net asset value per ordinary share based on issued share capital of 751,902,996 ordinary shares (2013:700,768,226 ordinary shares) as at 30 June 2014

Group		Company	
30-Jun-14	31-Dec-13	30-Jun-14	31-Dec-13
8.52 cent	9.26 cent	6.80 cent	7.21 cent

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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. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial year reported on.

The Group's revenue decreased by 16% or \$1.6 million from \$9.8 million for 2Q 2013 (second quarter ending 30 June 2013) to \$8.3 million for the 2Q 2014 (second quarter ending 30 June 2014) and decreased by 8% or \$1.4 million from \$18.3 million for 1H2013 to \$16.8 million for 1H2014. This was mainly due to lower sales due to lesser ongoing projects and decreased in revenue from aluminum related products.

Other income comprises mainly of rental income, deferred income and exchange differences. Other income decreased by 48% or \$0.6 million from \$1.3 million in 2Q2013 to \$0.7 million in 2Q2014 mainly due to absence of a gain on disposal of PT Cakra's assets of \$0.4 million in 2Q2013. Other income decreased by 45% or \$1.0 million from \$2.3 million in 1H2013 to \$1.3 million in 1H2014 mainly due to an exchange loss of \$0.1 million in 1H2014 compared to a gain of \$0.3 million in 1H2013 and absence of a gain on disposal of PT Cakra's assets of \$0.4 million in 2013.

Changes in inventories of work-in-progress, finished goods, raw materials and consumables used decreased by 13% or \$0.6 million from \$4.8 million for 2Q2013 to \$4.2 million for 2Q2014 mainly due to decrease in revenue.

Changes in inventories of work-in-progress, finished goods, raw materials and consumables used increased by 6% or \$0.5 million from \$7.8 million for 1H 2013 to \$8.3 million for 1H 2014 mainly due to lower margins of projects which commenced during the year.

Depreciation increased by \$0.1 million from \$0.3 million in 2Q2013 to \$0.4 million in 2Q2014, and \$0.4 million in 1H2013 to \$0.6 million in 1H2014 mainly due to additions of plant and machinery.

Other operating expenses decreased by 7% or \$0.2 million from \$2.4 million in 2Q2013 to \$2.2 million in 2Q2014 mainly due to decrease in operating activities of one of the subsidiaries. Operating expenses decreased by 7% or \$0.3 million from \$4.9 million in 1H2013 to \$4.6 million in 1H2014. This was mainly due to absence of expenses incurred in 1H2013 relating to the closing of the plant in Indonesia of \$0.2 million and defective works expenses of \$0.1 million carried out by a subsidiary.

As a result, the Group has a loss before income tax \$0.8 million in 1H2014 compared to a profit of \$0.6 million in 1H2013.

Property, plant and equipment increased by \$1.1 million from \$13.3 million in FY2013 to \$14.4 million in 2Q2014 mainly due to construction in progress on acquired land at Tuas Bay Drive and additions of plant and machinery for a subsidiary.

Long term retention sum decreased by \$0.8 million from \$4.3 million in FY2013 to \$3.5 million in 1H2014 mainly due to completion of a project in which the retention sum was refunded by the main contractor.

Inventories increased by \$1.6 million from \$12.8 million in FY2013 to \$14.4 million in 1H2014 mainly due to increase in raw materials purchased and work in progress for ongoing projects.

Trade and other receivables increased by \$0.5 million from \$7.7 million in FY2013 to \$8.3 million in 1H2014 mainly due to an unbilled receivables of \$0.5 million for work completed of a project.

Trade and other payables increased by \$2.0 million from \$7.4 million in FY2013 to \$9.4 million in 1H2014 mainly due to higher accrued costs as well as purchases of materials for ongoing projects.

Amounts owing to financial institutions increased by \$0.3 million from \$1.5 million in FY2013 to \$1.8 million in 1H2014 mainly due to increase in purchases of raw material.

The Group's cash and cash equivalents as at 30 June 2014 was \$31.9 million, including proceeds raised from the rights issue in FY2013 (31 December 2013: \$33.6 million).

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

The 2Q 2014 financial results are in line with the comments made under paragraph 10 of 1Q 2014.

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.

The order book including variation orders as of 30 June 2014 was about S\$37.3 million (31 March 2014: \$40.9 million). The performance of the Group is expected to continue to be slower as the market remains competitive.

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

(d) Books closure date

Not applicable

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

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

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transaction 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 for IPTs from the Group's shareholders.

14 Confirmation by the Board pursuant to Clause 705(4) of the Listing Manual.

The Board of Directors of the Company hereby confirms to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the financial year ended 30 June 2014 to be false or misleading in any material respect.

BY ORDER OF THE BOARD

Chng Beng Hua
Chief Executive Officer
11 August 2014