



ITE ELECTRIC CO LTD

Registration No. 198201457Z

Unaudited Half Year Financial Statements And Dividend Announcement for the Financial Period Ended 30 June 2014

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

- 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.

Income Statement

Revenue

Changes in inventories of finished goods and work in progress

Raw material and consumable used

Other income

Staff costs

Depreciation

Other expenses

Finance costs

(Loss)/Profit before tax

Tax expense

(Loss)/Profit for the period

(Loss)/Profit attributable to :-

Owners of the Company

Non-controlling interests

(Loss)/Profit for the period

Statement of Comprehensive Income

(Loss)/Profit for the period

Other comprehensive (loss)/ income

Items that are or may be reclassified subsequently to profit or loss:

Foreign currency translation difference

Net change in fair value of available-for-sale financial assets, net of tax

Other comprehensive income, net of tax

Total comprehensive (loss)/ income for the period

Total comprehensive (loss)/ income attributable to :-

Owners of the Company

Non-controlling interests

Note

GROUP		
6-month Period ended 30.06.2014 S\$'000	6-month Period ended 30.06.2013 S\$'000	% Difference
10,072	10,359	-3%
(7,178)	(7,852)	-9%
(309)	(261)	18%
317	758	-58%
(1,565)	(1,477)	6%
(39)	(45)	-13%
(1,574)	(1,111)	42%
(87)	(67)	30%
(363)	304	-219%
(37)	(40)	-8%
(400)	264	-252%
(377)	287	-231%
(23)	(23)	0%
(400)	264	-252%
(400)	264	-252%
20	(10)	-300%
-	383	-100%
20	373	-95%
(380)	637	-160%
(357)	660	-154%
(23)	(23)	0%
(380)	637	-160%

1(a)(ii) Notes to the Income Statement

Note 1

Other income includes the following :-

- 1) Investment income
 - fair value gain on equity securities held for trading
- 2) Gain on disposal of trading of quoted securities
- 3) Foreign exchange gain/(loss)
- 4) Interest income
- 5) Rental income
- 6) Others

Note 2

Other expenses include the following :-

- 1) Allowance for doubtful receivables
- 2) Fair value loss on equity securities held for trading
- 3) Loss on disposal of available-for-sale financial assets
- 4) Impairment loss on available-for-sale financial assets
- 5) Operating lease rental

Note 3

Income tax expenses include :-

- 1) Current year:
 - Income tax
 - Deferred income tax
- 2) Prior year:
 - Income tax

GROUP	
6-month Period ended 30.06.2014 S\$'000	6-month Period ended 30.06.2013 S\$'000
-	7
-	492
43	(7)
17	19
107	97
150	150
317	758
139	88
10	-
215	-
77	-
401	349
842	437
39	31
-	9
(2)	-
37	40

The current taxation charge is higher than that determined by applying the Singapore income tax rate of 17% to the Group's profit before taxation mainly because certain loss making subsidiaries are not subject to tax, and higher tax rate applicable to some overseas subsidiaries.

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	
	30.06.2014 S\$'000	31.12.2013 S\$'000	30.06.2014 S\$'000	31.12.2013 S\$'000
Assets				
Non-Current Assets				
Property, plant and equipment	261	289	-	-
Subsidiaries	-	-	4,418	4,418
Deferred tax assets	118	115	-	-
Available-for-sale financial assets	-	1,390	-	-
	379	1,794	4,418	4,418
Current Assets				
Held for trading financial assets	-	21	-	-
Inventories	2,980	2,986	-	-
Trade and other receivables	6,426	6,259	1,047	1,297
Cash and cash equivalents	3,468	3,407	1,917	1,921
	12,874	12,673	2,964	3,218
Total Assets	13,253	14,467	7,382	7,636
Equity Attributable to Equity Holders of the Company:				
Share capital	23,018	23,018	23,018	23,018
Reserves	(15,482)	(15,125)	(15,965)	(15,670)
Equity Attributable to owners of the Company	7,536	7,893	7,053	7,348
Non-controlling interest	25	48	-	-
Total Equity	7,561	7,941	7,053	7,348
Liabilities				
Non-Current Liabilities				
Financial liabilities	8	17	-	-
Deferred tax liabilities	2	2	-	-
	10	19	-	-
Current Liabilities				
Bank overdraft	59	129	-	-
Trust receipts	1,679	1,574	-	-
Trade and other payables	3,691	4,560	329	288
Financial liabilities	219	219	-	-
Current tax liabilities	34	25	-	-
	5,682	6,507	329	288
Total Liabilities	5,692	6,526	329	288
Total Equity and Liabilities	13,253	14,467	7,382	7,636

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

	As at 30.06.2014		As at 31.12.2013	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount payable in one year or less, on demand	1,957	-	1,922	-
Amount payable after one year	8	-	17	-

Details of collateral

The bank borrowings of certain subsidiaries are secured by legal charges over the Group's leasehold land and building, fixed deposits and corporate guarantee provided by the Company.

- 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.

Cash Flows From Operating Activities
(Loss)/Profit for the period

Adjustments for :-

Allowance for doubtful receivables	139	88
Depreciation of property, plant and equipment	39	45
Fair value loss on equity securities held for trading	10	-
Interest income	(17)	(19)
Interest expense	87	67
Loss/ (Gain) on disposal of:		
- available-for-sale financial assets	215	-
- quoted equity securities held for trading	(1)	(7)
- trading of quoted securities	-	(492)
Impairment loss on available-for-sale financial assets	77	-
Tax expense	37	40

Operating cash flow before working capital changes

Change in working capital:

Trade and other receivables	(290)	(1,661)
Inventories	10	107
Trade and other payables	(880)	659

Cash used in operations

Income tax paid

Cash flows used in operating activities

Cash Flows From Investing Activities

Acquisition of investment in equity securities held for trading	-	(16)
Acquisition of property, plant and equipment	(10)	(12)
Interest received	17	19
Proceeds from trading of quoted securities	-	492
Proceeds from disposal of available-for-sale financial assets	1,098	-
Proceeds from disposal of equity securities held for trading	12	83
Cash flows from investing activities	1,117	566

Cash Flows From Financing Activities

Deposit pledged	(26)	(19)
Interest paid	(87)	(67)
Repayment of finance lease liabilities and other borrowings	(9)	(8)
Trust receipts	104	949
Net cash (used in)/from financing activities	(18)	855

Net increase in cash and cash equivalents

Cash and cash equivalents at beginning of the period

Effects of exchange rate changes on cash balances held in foreign currencies

Cash and cash equivalents at end of the period

Represented by :-

Cash at bank and in hand	774	967
Fixed deposits	2,694	2,865

Less: Bank overdrafts

Less: Deposit pledged

	6-month Period ended 30.06.2014 S\$'000	6-month Period ended 30.06.2013 S\$'000
Cash Flows From Operating Activities		
(Loss)/Profit for the period	(400)	264
Adjustments for :-		
Allowance for doubtful receivables	139	88
Depreciation of property, plant and equipment	39	45
Fair value loss on equity securities held for trading	10	-
Interest income	(17)	(19)
Interest expense	87	67
Loss/ (Gain) on disposal of:		
- available-for-sale financial assets	215	-
- quoted equity securities held for trading	(1)	(7)
- trading of quoted securities	-	(492)
Impairment loss on available-for-sale financial assets	77	-
Tax expense	37	40
Operating cash flow before working capital changes	186	(14)
Change in working capital:		
Trade and other receivables	(290)	(1,661)
Inventories	10	107
Trade and other payables	(880)	659
Cash used in operations	(974)	(909)
Income tax paid	(31)	(52)
Cash flows used in operating activities	(1,005)	(961)
Cash Flows From Investing Activities		
Acquisition of investment in equity securities held for trading	-	(16)
Acquisition of property, plant and equipment	(10)	(12)
Interest received	17	19
Proceeds from trading of quoted securities	-	492
Proceeds from disposal of available-for-sale financial assets	1,098	-
Proceeds from disposal of equity securities held for trading	12	83
Cash flows from investing activities	1,117	566
Cash Flows From Financing Activities		
Deposit pledged	(26)	(19)
Interest paid	(87)	(67)
Repayment of finance lease liabilities and other borrowings	(9)	(8)
Trust receipts	104	949
Net cash (used in)/from financing activities	(18)	855
Net increase in cash and cash equivalents	94	460
Cash and cash equivalents at beginning of the period	770	776
Effects of exchange rate changes on cash balances held in foreign currencies	10	(9)
Cash and cash equivalents at end of the period	874	1,227
Represented by :-		
Cash at bank and in hand	774	967
Fixed deposits	2,694	2,865
Less: Bank overdrafts	3,468	3,832
Less: Deposit pledged	(59)	(70)
	(2,535)	(2,535)
	874	1,227

- 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

GROUP (S\$'000)

At 1 January 2014

Total Comprehensive (Loss)/ Income

Loss for the period

Other comprehensive income/(loss):

Foreign currency translation differences

Total comprehensive income/(loss) for the period

At 30 June 2014

At 1 January 2013

Total Comprehensive Income/(Loss)

Profit/(Loss) for the period

Other comprehensive (loss)/ income:

Foreign currency translation differences

Net change in fair value of available-for-sale financial assets, net of tax

Total comprehensive income/(loss) for the period

At 30 June 2013

	Attributable to equity holders of the Company				Non-Controlling Interests	Total Equity
	Share Capital	Fair value reserve	Exchange and other reserves	Accumulated losses		
At 1 January 2014	23,018	-	(598)	(14,527)	48	7,941
Total Comprehensive (Loss)/ Income						
Loss for the period	-	-	-	(377)	(23)	(400)
Other comprehensive income/(loss):						
Foreign currency translation differences	-	-	20	-	-	20
Total comprehensive income/(loss) for the period	-	-	20	(377)	(23)	(380)
At 30 June 2014	23,018	-	(578)	(14,904)	25	7,561
At 1 January 2013	23,018	7,912	(952)	(6,381)	82	23,679
Total Comprehensive Income/(Loss)						
Profit/(Loss) for the period	-	-	-	287	(23)	264
Other comprehensive (loss)/ income:						
Foreign currency translation differences	-	-	(10)	-	-	(10)
Net change in fair value of available-for-sale financial assets, net of tax	-	383	-	-	-	383
Total comprehensive income/(loss) for the period	-	383	(10)	287	(23)	637
At 30 June 2013	23,018	8,295	(962)	(6,094)	59	24,316

COMPANY (S\$'000)

At 1 January 2014

Loss for the period/ representing total comprehensive loss for the period

At 30 June 2014

At 1 January 2013

Profit for the period/ representing total comprehensive profit for the period

At 30 June 2013

Attributable to equity holders of the Company		
Share Capital	Revenue Reserve	TOTAL
23,018	(15,670)	7,348
-	(295)	(295)
23,018	(15,965)	7,053
23,018	(9,693)	13,325
-	28	28
23,018	(9,665)	13,353

- 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.

Since the previous period reported on, there is no change to 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. There were also no convertible securities as at 30 June 2014 and 31 December 2013.

- 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 immediate preceding year.

	Ordinary Shares
Total number of shares as at 30 June 2014 and as at 31 December 2013	137,337,290

- 1(d)(iv) A statement showing all sales, transfers, disposals, cancellaton and / or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on.

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

The figures have neither 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.

Save as disclosed in Paragraph 5 below, the Group has adopted the same accounting policies and methods of computation as those in the audited financial statements for the 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 all the new and revised accounting standards where relevant to its operations and effective for the annual periods beginning on or after 1 January 2014. The adoption of the new and revised accounting standards which are relevant to its operations did not result in any significant financial impact on the results 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.

	6-month Period Ended 30.06.2014 cents	6-month Period Ended 30.06.2013 cents
(Loss)/Earning per ordinary share for the financial period		
(i) Basic (loss)/earning per share [1a]	(0.27)	0.21
(ii) Diluted (loss)/earning per share [1b]	(0.27)	0.21

Notes :

- 1a: Basic loss per share is calculated by dividing the total (loss)/profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the current financial period of 137,337,290 ordinary shares (2013: 137,337,290 ordinary shares).
- 1b: Diluted loss per share are the same as earnings per share as there are no potentially dilutive ordinary shares for the financial period ended 30 June 2014 and 31 December 2013.

- 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 backing per ordinary share based on existing issued share capital as at the end of the period reported on

GROUP		COMPANY	
30.06.2014 cents	31.12.2013 cents	30.06.2014 cents	31.12.2013 cents
5.49	5.75	5.14	5.35

Note :

- (i) The net asset value per share is calculated based on the issued share capital of 137,337,290 ordinary shares as at 30 June 2014 (137,337,290 ordinary shares as at 31 December 2013).
- (ii) The Group and the Company's net asset value per ordinary share were calculated based on the net assets of the Group and the Company over the number of ordinary shares in issue as at respective balance sheet date.
- 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 period reported on.

Review of Performance

The Group reported revenue of S\$10.1 million in half year ended 30 June 2014 ("HY2014") as compared to S\$10.4 million in half year ended 30 June 2013 ("HY2013"), a marginal decrease of 3% or S\$287,000. The decrease is mainly contributed by electrical trading segment in Malaysia. Despite the decrease in revenue, the Group gross profit margin increase from 21% in HY2013 to 24% in HY2014. The increase is mainly due better margin for certain products.

Other income decreased by S\$441,000 or 58% from S\$758,000 in HY2013 to S\$317,000 in HY2014 as there was a disposal gain on trading of quoted securities of S\$492,000 in HY2013 which did not recur in HY2014.

Other expenses increased from S\$1.1 million in HY2013 to S\$1.6 million in HY2014, an increase of 42% or S\$463,000. The increase is mainly contributed by a loss on disposal of quoted securities of S\$215,000, impairment loss on quoted securities of S\$77,000 and increase in allowance for doubtful receivables of S\$51,000 in HY2014. The Group has ceased the trading on quoted securities.

As a result of the above, the Group reported loss before tax of S\$363,000 as compared to profit before tax of S\$304,000 in HY2013. After taking into account of income tax expense of S\$37,000, the Group reported net loss of S\$400,000 in HY2014 as compared to profit of S\$264,000 in HY2013.

Review on working capital, assets and liabilities

The movement in assets and liabilities are as follows:-

- 1) Non-Current Assets
 - (a) Available-for-sale financial assets decreased due to disposal of quoted securities.
- 2) Current Assets
 - (a) Trade and other receivables increased mainly due to increase in trade receivables as a result of slight variance in collection period.
- 3) Current Liabilities
 - (a) Trade and other payables decreased with the full settlement of amount due to a securities company.

The Group had a positive working capital of S\$7.2 million as at 30 June 2014, an improvement of S\$1 million as compared to the positive working capital position of S\$6.2 million reported as at 31 December 2013.

Cash Flow Analysis

The Group reported a net increase in cash and cash equivalents of S\$94,000 for HY2014 with a S\$1.1 million cash inflow from investment activities (mainly from proceeds from disposal of available for sale financial assets) offset by cash outflow of S\$1.0 million used in operating activities (mainly for payment of trade and other payables).

- 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 or prospect statement disclosed to the shareholders in the previous announcement.

- 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.

In year 2014, Singapore property market sentiment turn cautious after various new rules were introduced in 2013.

The Malaysian industrial sectors where our main business rely on remain sluggish in 2014 with continuing influx of new competitors competing in an already stagnant and overcrowded market. Nevertheless through adaptation and repositioning of marketing strategies we hope to remain competitive.

The Group expects the overall business environment for the next 6 to 12 months to remain challenging. The Group will continue to tender for public supply projects both in Singapore and overseas. To remain competitive in the market, the Group will also cautiously explore new export markets opportunities.

11 Dividend

(a) Current Financial Period Reported On :

(i) Any dividend declared for the current financial period reported on? No

(ii) Any dividend recommended for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Period

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

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

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions is 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.
There were no interested person transactions during the financial period ended 30 June 2014.

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

Please see negative confirmation set out below.

BY ORDER OF THE BOARD

Ho Cheng Leong
Director
12 August 2014

This announcement has been prepared by the Company and reviewed by the Company's sponsor, Asiasons WFG Capital Pte Ltd (the "Sponsor"), for compliance with the Listing Manual (Section B: Rules of Catalist) of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements made, opinions expressed or reports contained in this announcement. This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this announcement including the correctness of any of the statements made, opinions expressed or reports contained in this announcement.

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Confirmation by The Board Pursuant to Rule 705 (5) of The Listing Manual
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To the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial results for the financial period ended 30 June 2014 of the Group (comprising the statement of financial position, consolidated income statement and statement of comprehensive income, statement of changes in equity and consolidated statement of cash flow, together with their accompanying notes), to be false or misleading in any material aspect.

Ho Cheng Leong
Director
12 August 2014

Goh Hin Calm
Director