



ITE ELECTRIC CO LTD

Registration No. 198201457Z

Unaudited Half Year Financial Statements And Dividend Announcement for the Financial Period Ended 30 June 2016

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 income/(loss)

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

Foreign currency translation difference

Total comprehensive loss for the period

Total comprehensive loss attributable to :-

Owners of the Company

Non-controlling interests

		GROUP		
	Note	6-month Period ended 30.06.2016 S\$'000	6-month Period ended 30.06.2015 S\$'000	% Difference
Revenue		6,333	8,501	-26%
Changes in inventories of finished goods and work in progress	(i)	(4,376)	(6,214)	-30%
Raw material and consumable used		(339)	(328)	3%
Other income	1	342	241	42%
Staff costs		(1,092)	(1,236)	-12%
Depreciation		(20)	(34)	-41%
Other expenses	(i) & 2	(880)	(826)	7%
Finance costs		(8)	(45)	-82%
(Loss)/Profit before tax		(40)	59	-168%
Tax expense	3	(26)	(25)	4%
(Loss)/Profit for the period		(66)	34	-294%
(Loss)/Profit attributable to :-				
Owners of the Company		(66)	41	-261%
Non-controlling interests		-	(7)	NM
(Loss)/Profit for the period		(66)	34	-294%
(Loss)/Profit for the period		(66)	34	-294%
Other comprehensive income/(loss)				
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation difference		41	(159)	126%
Total comprehensive loss for the period		(25)	(125)	-80%
Total comprehensive loss attributable to :-				
Owners of the Company		(25)	(118)	-79%
Non-controlling interests		-	(7)	NM
Total comprehensive loss for the period		(25)	(125)	-80%

Note: (i) Certain comparative figures have been reclassified to conform with the current period's presentation.

(ii) NM - Not Meaningful

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

Note 1

Other income includes the following :-

- 1) Gain on disposal of property, plant and equipment
- 2) Foreign exchange gain/(loss) (net)
- 3) Interest income
- 4) Rental income
- 5) Others

Note 2

Other expenses include the following :-

- 1) Allowance for inventory obsolescence
- 2) Operating lease rental
- 3) Others

Note 3

Income tax expenses include :-

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

Note	GROUP	
	6-month Period ended 30.06.2016 S\$'000	6-month Period ended 30.06.2015 S\$'000
	-	1
	49	(44)
	14	17
	123	107
	156	160
	342	241
	2	5
	388	389
(i)	490	432
	880	826
	28	25
	(2)	-
	26	25

The current taxation expenses are incurred by profit-making Malaysian subsidiaries.

Note: (i) Certain comparative figures have been reclassified to conform with the current period's presentation.

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	
	30.06.2016 S\$'000	31.12.2015 S\$'000	30.06.2016 S\$'000	31.12.2015 S\$'000
Assets				
Non-Current Assets				
Property, plant and equipment	131	149	-	-
Subsidiaries	-	-	6,412	6,412
Deferred tax assets	99	97	-	-
	230	246	6,412	6,412
Current Assets				
Inventories	2,351	2,358	-	-
Trade and other receivables	3,626	4,465	642	705
Cash and cash equivalents	2,894	2,232	143	160
	8,871	9,055	785	865
Total Assets	9,101	9,301	7,197	7,277
Equity:				
Share capital	23,018	23,018	23,018	23,018
Reserves	(16,051)	(16,026)	(16,078)	(15,968)
Total Equity	6,967	6,992	6,940	7,050
Liabilities				
Non-Current Liabilities				
Deferred tax liabilities	-	2	-	-
	-	2	-	-
Current Liabilities				
Bank overdraft	52	-	-	-
Financial liabilities	-	203	-	-
Trade and other payables	2,069	2,087	257	227
Current tax liabilities	13	17	-	-
	2,134	2,307	257	227
Total Liabilities	2,134	2,309	257	227
Total Equity and Liabilities	9,101	9,301	7,197	7,277

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

	As at 30.06.2016		As at 31.12.2015	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount payable in one year or less, on demand	52	-	203	-
Amount payable after one year	-	-	-	-

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.

	6-month Period ended 30.06.2016 S\$'000	6-month Period ended 30.06.2015 S\$'000
<u>Cash Flows From Operating Activities</u>		
(Loss)/Profit for the period	(66)	34
Adjustments for :-		
Allowance for inventory obsolescence	2	5
Depreciation of property, plant and equipment	20	34
Interest income	(14)	(17)
Interest expense	8	45
Gain on disposal of property, plant and equipment	-	(1)
Tax expense	26	25
Operating cash flow before working capital changes	(24)	125
Change in working capital:		
Trade and other receivables	858	966
Inventories	15	(151)
Trade and other payables	(28)	(909)
Cash generated from operations	821	31
Income tax paid	(32)	(80)
Cash flows generated from/(used in) operating activities	789	(49)
<u>Cash Flows From Investing Activities</u>		
Acquisition of property, plant and equipment	-	(3)
Interest received	14	17
Proceeds from disposal of property, plant and equipment	-	1
Cash flows generated from investing activities	14	15
<u>Cash Flows From Financing Activities</u>		
Deposit pledged	(30)	18
Interest paid	(8)	(45)
Repayment of financial liabilities	(203)	120
Cash flows (used in)/generated from financing activities	(241)	93
Net increase in cash and cash equivalents	562	59
Cash and cash equivalents at beginning of the period	1,673	1,121
Effects of exchange rate changes on cash balances held in foreign currencies	18	(74)
Cash and cash equivalents at end of the period	2,253	1,106
Represented by :-		
Cash at bank and in hand	856	898
Fixed deposits	2,038	2,726
Less: Bank overdrafts	(52)	(9)
Less: Deposit pledged	(589)	(2,509)
	2,253	1,106

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

	Attributable to equity holders of the Company				Non-Controlling Interests	Total Equity	
	Share Capital	Foreign currency translation reserve	Other reserves	Accumulated losses			Total
GROUP (S\$'000)							
At 1 January 2016	23,018	(1,112)	77	(14,991)	6,992	-	6,992
Total comprehensive loss for the period							
Loss for the period	-	-	-	(66)	(66)	-	(66)
Other comprehensive income:							
Foreign currency translation differences	-	41	-	-	41	-	41
Total comprehensive loss for the period	-	41	-	(66)	(25)	-	(25)
At 30 June 2016	23,018	(1,071)	77	(15,057)	6,967	-	6,967
At 1 January 2015	23,018	(759)	71	(14,978)	7,352	29	7,381
Total comprehensive income/(loss) for the period							
Profit for the period	-	-	-	41	41	(7)	34
Other comprehensive loss:							
Foreign currency translation differences	-	(159)	-	-	(159)	-	(159)
Total comprehensive (loss)/income for the period	-	(159)	-	41	(118)	(7)	(125)
At 30 June 2015	23,018	(918)	71	(14,937)	7,234	22	7,256

COMPANY (S\$'000)

At 1 January 2016	
Loss for the period/ representing total comprehensive loss for the period	
At 30 June 2016	
At 1 January 2015	
Loss for the period/ representing total comprehensive loss for the period	
At 30 June 2015	

Attributable to equity holders of the Company		
Share Capital	Accumulated losses	TOTAL
23,018	(15,968)	7,050
-	(110)	(110)
23,018	(16,078)	6,940
23,018	(15,993)	7,025
-	(255)	(255)
23,018	(16,248)	6,770

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 2016 and 31 December 2015.

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 2016 and as at 31 December 2015	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 2015.

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 2016. 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 30.06.2016 cents	6-month Period Ended 30.06.2015 cents
Earning per ordinary share for the financial period		
(i) Basic (loss)/earning per share [1a]	(0.05)	0.03
(ii) Diluted (loss)/earning per share [1b]	(0.05)	0.03

Notes :

1a: Basic (loss)/earning 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 (2015: 137,337,290 ordinary shares).

1b: Diluted (loss)/earning per share is the same as (loss)/earning per share as there are no potentially dilutive ordinary shares for the financial period ended 30 June 2016 and 30 June 2015.

- 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.

	GROUP		COMPANY	
	30.06.2016 cents	31.12.2015 cents	30.06.2016 cents	31.12.2015 cents
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on	5.07	5.09	5.05	5.13

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 2016 (137,337,290 ordinary shares as at 31 December 2015).
- (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\$6.3 million in the half year ended 30 June 2016 ("HY2016") as compared to S\$8.5 million in the half year ended 30 June 2015 ("HY2015"), a decrease of 26% or S\$2.2 million. The decrease is mainly due to lower sales recorded by the electrical trading segment in Singapore as a result of weak performance in the construction sector and slower growth in the Singapore economy. The Group's gross profit margin increased from 23% in HY2015 to 26% in HY2016, mainly due to lower sales of low margin products.

Other income increased by S\$101,000 from S\$241,000 in HY2015 to S\$342,000 in HY2016, mainly due to foreign exchange gain in HY2016.

Staff costs decreased from S\$1.24 million in HY2015 to S\$1.1 million in HY2016, a decrease of 12% or S\$0.14 million. The decrease is mainly due to cost savings resulting from the continuing restructuring and streamlining exercises undertaken by the Group.

Finance costs decreased from S\$45,000 in HY2015 to S\$8,000 in HY2016, a decrease of 82% or S\$37,000. The decrease is mainly due to repayment of trust receipts amounting to S\$1.7 million in the second half of 2015 and repayment of revolving credit loan amounting to S\$0.2 million in the first half of 2016.

As a result of the above, the Group reported loss before tax of S\$40,000 in HY2016 as compared to profit before tax of S\$59,000 in HY2015. After taking into account income tax expense of S\$26,000, the Group reported net loss of S\$66,000 in HY2016 as compared to profit of S\$34,000 in HY2015.

Review on working capital, assets and liabilities

The movement in assets and liabilities are as follows:-

1) Non-Current Assets

Property, plant and equipment decreased mainly due to depreciation charged during the period.

2) Current Assets

(a) The decrease in trade and other receivables is in line with the reduction of revenue as mentioned above and improvement in the collection of receivables.

(b) Cash and cash equivalents increased mainly due to improvement in the collection of trade receivables.

3) Current Liabilities

The decrease in financial liabilities is mainly due to repayment of revolving credit loan during the period.

Review of Cash Flow

The Group reported a net increase in cash and cash equivalents of S\$562,000 for HY2016, mainly from cash generated from operating activities.

- 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.

The Group continued to record lower sales orders from some of its major customers in the construction sector in Singapore in HY2016.

In light of the current economic conditions, coupled with uncertainty in the recovery of the global economy, the Group expects the overall business environment for the next 6 to 12 months to remain challenging.

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 2016.

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 2016.

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

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 2016 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.

Aw Cheek Huat
Chairman

Wong Ming Kwong
Executive Director

15 Confirmation Pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Wong Ming Kwong
Executive Director

11 August 2016

This announcement and its contents have been reviewed by the Company's sponsor, RHT Capital Pte Ltd ("Sponsor"), for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Nathaniel C.V., Registered Professional, RHT Capital Pte Ltd, 9 Raffles Place, #29-01, Republic Plaza Tower 1, Singapore 048619, telephone (65) 6381 6757.