

2016 HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2016
(In Singapore Dollars)

	GROUP		
	30/06/2016	30/06/2015	% Increase/ (Decrease)
	S\$'000	S\$'000	
Continuing operations			
Revenue	6,221	10,376	(40.0)
Cost of sales	(5,920)	(11,108)	(46.7)
Gross profit	301	(732)	nm
Other income			
- Other operating income	1,067	1,863	(42.7)
- Finance income	29	64	(54.7)
Expenses			
- Selling & distribution expenses	(296)	(332)	(10.8)
- Administrative expenses	(3,647)	(2,276)	60.2
- Other operating expenses	(774)	-	nm
- Finance cost	(2)	(8)	(75.0)
Share of results of associated company	(136)	(59)	130.5
Loss from continuing operations	(3,458)	(1,480)	133.6
Taxation	-	-	nm
Loss from continuing operations, net of tax	(3,458)	(1,480)	133.6
Discontinued operation			
Loss from discontinued operation, net of tax	(23)	(49)	(52.7)
Loss for the year	(3,481)	(1,529)	127.7
Other comprehensive income:			
Foreign currency translation	(77)	(111)	(30.6)
Share of foreign currency translation of associated company	74	78	(5.1)
Other comprehensive loss for the period	(3)	(33)	(90.9)
Total comprehensive loss for the period, net of tax	(3,484)	(1,562)	123.1
Loss for the period attributable to :			
Owners of the Company			
- Loss from continuing operations, net of tax	(3,436)	(1,484)	131.5
- Loss from discontinued operation, net of tax	(21)	(30)	(29.1)
	(3,457)	(1,514)	128.4
Non-controlling interest			
- (Loss) / profit from continuing operations, net of tax	(22)	4	nm
- Loss from discontinued operation, net of tax	(2)	(19)	(89.5)
	(24)	(15)	60.0
Total comprehensive loss attributable to:			
Owners of the Company	(3,461)	(1,543)	124.4
Non-controlling interest	(23)	(19)	21.1
	(3,484)	(1,562)	123.1
Attributable to:			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax	(3,362)	(1,406)	139.1
Total comprehensive loss from discontinued operations, net of tax	(99)	(137)	(27.5)
	(3,461)	(1,543)	124.4

nm - not meaningful

Notes to the Consolidated Statement of Comprehensive Income :		
	30/06/2016	30/06/2015
	\$'000	\$'000
The loss after tax is determined after (crediting) / charging the following :		
Sale of scraps	(939)	(1,506)
Interest income on fixed deposits	(29)	(64)
Write down of inventories to net realisable value	131	1,822
Depreciation of property, plant and equipment	613	752
Interest on term loan	2	9
Foreign exchange loss / (gain)	1,064	(358)
Loss on disposal of property, plant and equipment	22	46

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Non-current assets				
Property, plant and equipment	16,313	13,204	5,337	5,437
Leasehold land	4,575	4,692	-	-
Investment in subsidiaries	-	-	20,955	20,955
Investment in associate	2,248	2,387	-	-
	<u>23,136</u>	<u>20,283</u>	<u>26,292</u>	<u>26,392</u>
Current assets				
Inventories	7,315	9,865	425	419
Trade receivables	1,950	2,590	95	119
Amounts due from subsidiaries	-	-	11,202	6,994
Receivables from associate	128	80	-	7
Other receivables	249	120	15	54
Prepaid operating expenses	96	41	20	11
Cash and cash equivalents	22,405	23,504	10,652	14,295
Assets directly associated with disposal group classified as Held for Sale	-	1,675	-	-
	<u>32,143</u>	<u>37,875</u>	<u>22,409</u>	<u>21,899</u>
Current liabilities				
Trade payables	777	536	40	51
Other payables	1,628	1,478	399	455
Amounts due to subsidiaries	-	-	2,598	651
Current portion of term loans	833	644	-	-
Provision for taxation	116	74	116	74
Liabilities directly associated with disposal group classified as Held for Sale	-	998	-	-
	<u>3,354</u>	<u>3,730</u>	<u>3,153</u>	<u>1,231</u>
Net current assets	28,789	34,145	19,256	20,668
Non-current liabilities				
Non-current portion of term loans	4,326	3,484	-	-
Deferred taxation	1,358	1,358	772	772
	<u>5,684</u>	<u>4,842</u>	<u>772</u>	<u>772</u>
Net assets	<u>46,241</u>	<u>49,586</u>	<u>44,776</u>	<u>46,288</u>
Equity attributable to owners of the Company				
Share capital	49,007	49,007	49,007	49,007
Asset revaluation reserve	1,296	1,296	1,296	1,296
Treasury shares	(1,697)	(1,697)	(1,697)	(1,697)
Foreign currency translation reserves	74	78	-	-
Reserves of disposal group classified as held for sale	-	(139)	-	-
Accumulated (losses) / profits	(1,714)	1,743	(3,830)	(2,318)
	<u>46,966</u>	<u>50,288</u>	<u>44,776</u>	<u>46,288</u>
Non-controlling interests	(725)	(702)	-	-
Total Equity	<u>46,241</u>	<u>49,586</u>	<u>44,776</u>	<u>46,288</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 30 June 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
833	648	644	-

Amount repayable after one year :

As at 30 June 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,326	-	3,484	-

Details of any collateral

Certain term loans are entered by subsidiaries to finance working capital and purchase of leasehold land and construction of factory and are secured by Corporate Guarantee from the Company.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS**Group**

	30/06/2016	30/06/2015
	S\$'000	S\$'000
Cash flows from operating activities :		
Loss before tax from continuing operations	(3,458)	(1,480)
Loss before tax from discontinued operation	(23)	(49)
Adjustments for :		
Depreciation expense	613	752
Loss on disposal of property, plant and equipment	22	46
Share of results of associated company	136	59
Translation differences - foreign subsidiary	139	(40)
Interest expense	56	9
Interest income	(30)	(64)
Write-down of inventories to net realisable value	131	1,822
Loss on disposal of discontinued operations	8	-
Operating (loss) / profit before reinvestment in working capital	(2,406)	1,055
Decrease in receivables	540	1,574
Decrease / (increase) in inventories	2,420	(4,130)
Increase / (decrease) in payables	460	(686)
Cash generated from/ (used in) operations	1,013	(2,187)
Interest paid	(57)	(54)
Income tax paid	-	(105)
Income tax paid, net of refund	41	-
Interest received	61	61
Net cash generated from / (used in) operating activities	1,058	(2,285)
Cash flows from investing activities :		
Proceeds from disposal of subsidiary	38	-
Purchase of property, plant and equipment	(3,626)	(429)
Net cash used in investing activities	(3,588)	(429)
Cash flow from financing activities :		
Proceeds from term loan	1,490	-
Proceeds from share issuance	-	2,600
Share issuance expense	-	(57)
Repayment of term loan	(459)	(356)
Net cash from financing activities	1,031	2,187
Net decrease in cash and cash equivalents	(1,498)	(528)
Effect of exchange rate changes on cash and cash equivalents	-	3
Cash and cash equivalents at 1 January	23,903	22,678
Cash and cash equivalents at end of the period	22,405	22,154

1(d)(i) STATEMENT OF CHANGES IN EQUITY

Group	Attributable to Owners of the Company								
	Share	Treasury	Asset	Foreign	Retained	Total	Reserves of	Non -	Total
	Capital	Shares	Revaluation	Currency	Earnings		Disposal Group	Controlling	Equity
	S\$'000	S\$'000	Reserve	Translation	S\$'000	S\$'000	Classified as	Interests	S\$'000
		S\$'000				Held for Sale			S\$'000
As at 1 January 2015	46,465	(1,697)	1,296	(55)	836	46,845	-	(638)	46,207
Profit for the year	-	-	-	-	898	898	-	(14)	884
Share buy-back	-	-	-	-	9	9	-	(49)	(40)
Issuance of ordinary shares	2,600	-	-	-	-	2,600	-	-	2,600
Share issuance expense	(58)	-	-	-	-	(58)	-	-	(58)
Foreign currency translation	-	-	-	(84)	-	(84)	-	(1)	(85)
translation of associated	-	-	-	78	-	78	-	-	78
Reserves directly attributable to									
disposal group held for sale	-	-	-	139	-	139	(139)	-	-
As at 31 December 2015	49,007	(1,697)	1,296	78	1,743	50,427	(139)	(702)	49,586
As at 1 January 2016	49,007	(1,697)	1,296	78	1,743	50,427	(139)	(702)	49,586
Loss for the year	-	-	-	-	(3,457)	(3,457)	-	(24)	(3,481)
Disposal of subsidiary	-	-	-	-	-	-	139	-	139
Other comprehensive income									
Foreign currency translation	-	-	-	(78)	-	(78)	-	1	(77)
Issue of ordinary shares to NCI	-	-	-	-	-	-	-	-	-
Share of foreign currency									
translation of associated company	-	-	-	74	-	74	-	-	74
As at 30 June 2016	49,007	(1,697)	1,296	74	(1,714)	46,966	-	(725)	46,241

Company	Share	Treasury	Asset	Retained	Total
	Capital	Shares	Revaluation	Earnings	Equity
	S\$'000	S\$'000	Reserve	S\$'000	S\$'000
			S\$'000		
As at 1 January 2015	46,465	(1,697)	1,296	(1,956)	44,108
Total comprehensive income					
for the year	-	-	-	(362)	(362)
Issue of ordinary shares	2,600	-	-	-	2,600
Share issuance expense	(58)	-	-	-	(58)
As at 31 December 2015	49,007	(1,697)	1,296	(2,318)	46,288
As at 1 January 2016	49,007	(1,697)	1,296	(2,318)	46,288
Total comprehensive income					
for the period	-	-	-	(1,512)	(1,512)
Issuance of ordinary shares	-	-	-	-	-
Share issuance expense	-	-	-	-	-
As at 30 June 2016	49,007	(1,697)	1,296	(3,830)	44,776

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 corresponding period of the immediately preceding financial year.

Share Capital	2016	2015
<u>Ordinary shares issued and fully paid</u>		
Balance as at 1 January	27,119,659	251,196,667
Share placement	-	20,000,000
Balance as at 15 January	27,119,659	271,196,667
Share consolidation exercise		10 to 1
Balance as at 30 June	27,119,659	27,119,659

The Company had, on 15 January 2015 completed the issue and allotment of 20,000,000 Placement Shares at an issue price of \$0.13 for each Placement Share.

Subsequent to the issue of Placement Shares, the Company conducted a share consolidation exercise, consolidating every 10 existing issued ordinary shares into 1 ordinary share in the capital of the Company, with 27,119,659 as the new issued number of ordinary shares.

Treasury Shares	2016	2015
<u>Ordinary shares issued and fully paid</u>		
Balance as at 1 January	1,000,000	10,000,000
Share consolidation exercise	-	10 to 1
Balance as at 30 June	1,000,000	1,000,000

The Company conducted a share consolidation exercise, consolidating every 10 existing issued ordinary shares into 1 ordinary share, with 1,000,000 as the new total number of treasury shares held.

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.

	30/06/2016	31/12/2015
Total number of issued shares (excluding treasury shares)	27,119,659	27,119,659

Please refer to 1(d)(ii). No treasury shares were re-issued for the period ended 30 June 2016.

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.

Please refer to 1(d)(ii) and 1(d)(iii).

1(d)(v) Status on the use of proceeds from IPO and any offerings pursuant to Chapter 8 of the SGX Listing Manual and whether the use of proceeds is in accordance with the stated use.

Not applicable.

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

The figures have not been audited or reviewed by our 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.

These financial statements have been prepared based on the accounting policies and methods of computation consistent with those adopted in the most recent audited financial statements for the 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 accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2016. The adoption of these standards and interpretations did not have any effect on the financial performance or position 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, after deducting any provision for preference dividends.

Earnings per share (EPS)	Group	
	30/06/2016	30/06/2015
<u>Continuing operations</u>		
i) Based on weighted average number of ordinary shares	(12.7) cents	(5.6) cents
Weighted average number of shares	27,119,659	26,964,963
ii) On a fully diluted basis	(12.7) cents	(5.6) cents

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	
	30/06/2016	31/12/2015	30/06/2016	31/12/2015
Net asset value per ordinary share based on the existing issued share capital at the respective period ¹	170.5 cents	185.4 cents	165.1 cents	170.7 cents

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.

Group Performance Review

The Group's revenue of \$6.2 million for HY2016 decreased by 40.0% from HY2015. This was mainly due to continued weak worldwide demand from the HDD markets as well as more intensified price competition from overseas suppliers.

Despite the fixed costs, the Group managed to record a gross profit of \$0.3 million in HY2016, as compared to a gross loss of \$0.7 million in HY2015. The loss in HY2015 was due to impairment of inventory as a result of lower aluminium price during that period as worldwide aluminium price and its premium remained soft.

Other operating income decreased by 42.7% to \$1.1 million as compared to \$1.9 million in HY2015. This aspect of income comprised mainly proceeds from sale of production scrap. The decrease was due to lower production volume hence lower scrap available for sale. Price of scrap was also lower due to lower aluminium price.

Finance income decreased by 54.7% to \$0.029 million from \$0.064 million. Finance income comprised interest income earned on bank fixed deposits. The decrease was mainly due to lower bank fixed deposits.

Selling and distribution expenses decreased by 10.8% to \$0.30 million from \$0.33 million in HY2015. The decrease was mainly due to lower sales volume.

Administrative expenses increased by 60.2% to \$3.6 million from \$2.3 million in HY2015. An exchange loss of \$1.1 million had increased administrative expenses in HY2016, while in HY2015, the exchange gain of \$0.4 million was recorded under "Other operating income".

Other operating expenses related to loss incurred on the sale and scrapping of inventories and moulds of the China subsidiary that had been disposed. ("Disposed subsidiary").

Finance cost decreased by 75.0% to \$0.002 million, compared with \$0.008 million in HY2015. Finance cost comprised interest expense on loans obtained to finance the working capital of the Disposed Subsidiary. The bank loan has been fully repaid.

Share of results of associated company's loss for HY2016 was \$0.14 million, compared with share of loss of \$0.06 million in the same period last year.

At the pre-tax level, the Group's continuing operations reported a loss of \$3.5 million, compared with a loss of \$1.5 million over the same period in 2015.

Group Balance Sheet and Cash Flow Review

The Group's non-current assets increased by \$2.9 million from \$20.3 million as at 31 December 2015 to \$23.1 million as at 30 June 2016. The increase was mainly due to construction of Tuas South property, partially offset by the depreciation of property, plant and equipment and decrease in investment in an associated company arising from share of results.

The Group reported total current assets of \$32.1 million as at 30 June 2016, a decrease of \$5.8 million from last year end of \$37.9 million. The decrease was mainly due to lower inventory level held by the Group and absence of assets of the Disposed Subsidiary.

The Group's total current liabilities decreased by \$0.4 million from \$3.7 million as at 31 December 2015 to \$3.4 million as at 30 June 2016. The decrease was mainly due to the absence of liabilities associated with the Disposed Subsidiary.

The Group's total non-current liabilities increased by \$0.9 million from \$4.8 million as at 31 December 2015 to \$5.7 million as at 30 June 2016. The increase was mainly due to bank loans taken to finance the construction of Tuas South factory.

Net cash generated from operating activities for HY2016 was \$1.1 million compared with net cash used in operating activities of \$2.3 million for the corresponding period last year. The positive operating cashflow for HY2016 was due to lower inventory level holding and receivables.

The Group's net cash used in investing activities for HY2016 was \$3.6 million, which was \$3.2 million higher than that in the previous corresponding period, due to the additions in property, plant and equipment resulting from the construction of factory at Tuas South.

The Group's cash received from financing activities for HY2016 was \$1.0 million, compared with \$2.2 million in HY2015. The decrease was due to the Group having issued and allotted 20,000,000 placement shares at an issue price of \$0.13 and received \$2.6 million after deducting related share issuance expenses in HY2015, which was not repeated in HY2016. The decrease was offset by proceeds from term loan taken to finance the construction of factory at Tuas South.

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

The Group's results are in line with the statement made on 19 February 2016 and the profit guidance issued on 28 July 2016.

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 half year ended 30 June 2016 saw weak demand from the HDD sector, as well as lower customer orders from the Group's main Electronics & Precision Engineering customer segment. Worldwide HDD and personal computers shipment numbers continued to drop in the face of weak industry demand. Industry projections for this customer segment remain sluggish going forward. In addition, some global political and economic setbacks like the "Brexit" and unpredictable others also added to uncertainties and may continue to weigh on consumer and business sentiments.

Singapore's manufacturing environment will continue to face major challenges in the forms of high operating costs and tight labour market. The Group continues to remain prudent in developing new customer base and work on improving operating efficiencies and managing operating costs. Ongoing fluctuations in energy prices and raw material costs will continue to have significant impact on the Group's profitability, and will be monitored closely.

The Group expects to complete its relocation to the new manufacturing site in Tuas South by end of this year. We are taking all necessary steps to minimize any potential costly disruption to operations, and work towards a smooth transition.

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

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

No dividend has been recommended for the financial period 30 June 2016.

13 If the Group has obtained 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 did not obtain a general mandate from shareholders for IPTs.

14 Confirmation by Directors pursuant to rule 705(5) of the listing manual.

The Board has confirmed that to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Company or the unaudited consolidated financial statements of the Group for the first half ended 30 June 2016 to be false or misleading in any material respect.

15 Confirmation of procurement of Undertakings from all Directors and Executive Officers.

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Ngiam Zee Moey
Company Secretary
4 August 2016