

**Half Year Financial Statement And Related Announcement for the period ended 31 August 2014**


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

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

**CONSOLIDATED INCOME STATEMENT**

(Amount expressed in thousands of United States dollar (“USD”))

	Group		Increase/ (Decrease) %
	HY2015 USD'000	HY2014 USD'000	
Revenue	12,949	13,108	(1%)
Cost of sales	(11,027)	(11,367)	(3%)
Gross profit	1,922	1,741	10%
Other income	250	623	(60%)
Distribution expenses	(333)	(270)	23%
Administrative expenses	(2,128)	(2,119)	1%
Finance costs	(172)	(136)	26%
Loss before tax	(461)	(161)	186%
Tax expenses	(36)	(123)	(71%)
Net loss for the period	(497)	(284)	75%
<b>Attributable to:</b>			
Owners of the Company	(473)	(244)	93%
Non-controlling interests	(24)	(40)	(38%)
	(497)	(284)	75%

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1(a)(ii) Notes to income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Profit from operations is arrived at after charging / (crediting) the following items:

	Group	
	HY2015	HY2014
	USD'000	USD'000
Amortisation of intangible assets	1	2
Depreciation of property, plant and equipment	166	166
Foreign exchange loss/ (gain)	80	(235)
Interest expenses	172	136
Interest income from bank deposits	(1)	(19)
Key management remuneration included in staff costs	462	427
Gain on disposal of property, plant and equipment	(2)	(15)
Operating lease expenses	131	147
Staff costs	984	994

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**1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
 (Amounts expressed in thousands of United States dollar ("USD"))

	Group		Company	
	As at 31/08/2014 USD'000	As at 28/02/2014 USD'000	As at 31/08/2014 USD'000	As at 28/02/2014 USD'000
<b>Non-current assets</b>				
Property, plant and equipment	4,094	4,089	-	-
Investment in subsidiaries	-	-	6,013	6,013
Long-term investments	18	18	18	18
Intangible assets	7	7	-	-
Deferred tax assets	21	21	-	-
	<u>4,140</u>	<u>4,135</u>	<u>6,031</u>	<u>6,031</u>
<b>Current assets</b>				
Inventories	11,589	12,164	-	-
Trade and other receivables	9,320	9,370	2,990	3,233
Tax recoverable	-	12	-	-
Cash at banks and in hand	1,408	1,588	612	674
	<u>22,317</u>	<u>23,134</u>	<u>3,602</u>	<u>3,907</u>
<b>Total assets</b>	<u>26,457</u>	<u>27,269</u>	<u>9,633</u>	<u>9,938</u>
<b>Share capital and reserves</b>				
Share capital	8,410	8,410	8,410	8,410
Reserves	6,611	7,090	2	385
Share capital and reserves	15,021	15,500	8,412	8,795
Non-controlling interests	(567)	(546)	-	-
<b>Total equity</b>	<u>14,454</u>	<u>14,954</u>	<u>8,412</u>	<u>8,795</u>
<b>Non-current liabilities</b>				
Financial liabilities	45	57	45	57
Deferred tax liabilities	10	10	-	-
	<u>55</u>	<u>67</u>	<u>45</u>	<u>57</u>
<b>Current liabilities</b>				
Trade and other payables	4,199	2,698	1,150	1,059
Bills payable	5,120	5,765	-	-
Financial liabilities	2,592	3,764	26	25
Current tax payable	37	21	-	2
	<u>11,948</u>	<u>12,248</u>	<u>1,176</u>	<u>1,086</u>
<b>Total liabilities</b>	<u>12,003</u>	<u>12,315</u>	<u>1,221</u>	<u>1,143</u>
<b>Total equity and liabilities</b>	<u>26,457</u>	<u>27,269</u>	<u>9,633</u>	<u>9,938</u>

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

	Group	
	As at 31/08/2014 USD'000	As at 28/02/2014 USD'000
<b>Amounts repayable in one year or less, or on demand</b>		
Secured bank overdraft	-	36
Unsecured bank loans	2,564	3,695
Obligations under hire purchase	28	33
	<u>2,592</u>	<u>3,764</u>
<b>Amounts repayable after one year</b>		
Obligations under hire purchase	45	57
	<u>45</u>	<u>57</u>

**Details of any collateral**

- Secured bank overdraft and unsecured bank loans are guaranteed by the Company.
- As at 31 August 2014, the net book value of property, plant and equipment for the Group under hire purchase arrangements were USD 8,074 (28 February 2014: USD 12,632).

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**1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

**CONSOLIDATED CASH FLOW STATEMENTS**

(Amounts expressed in thousands of United States dollars ("USD"))

	Group	
	HY2015 USD'000	HY2014 USD'000
<b>Operating activities</b>		
Loss before income tax	(461)	(161)
Adjustments for:		
Depreciation of property, plant and equipment	166	166
Amortisation of intangible assets	1	2
Gain on disposal of property, plant and equipment	(2)	(15)
Interest expense	172	136
Interest income	(1)	(19)
<b>Operating (loss)/profit before working capital changes</b>	(125)	109
Changes in working capital:		
Inventories	575	1,486
Trade and other receivables	95	1,712
Trade and other payables	1,025	(716)
Bills payable	(646)	(4,388)
Cash generated from/(used in) operations	924	(1,797)
Income taxes paid	(22)	(157)
<b>Cash flows generated from/(used in) operating activities</b>	902	(1,954)
<b>Investing activities</b>		
Interest income received	1	19
Purchase of property, plant and equipment	(189)	(35)
Proceeds from disposal of property, plant and equipment	4	15
<b>Cash flows used in investing activities</b>	(184)	(1)

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	Group	
	HY2015 USD'000	HY2014 USD'000
<b>Financing activities</b>		
Interest paid	(172)	(136)
Repayment of interest-bearing bank loans	(4,718)	(2,833)
Proceeds from interest-bearing bank loans	3,587	2,605
Advances from directors	477	1
Repayment of finance lease liability	(17)	(17)
Deposits redeemed	-	2,513
<b>Cash flows (used in)/generated from financing activities</b>	<b>(843)</b>	<b>2,133</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(125)</b>	<b>178</b>
<b>Cash and cash equivalents at beginning of the period</b>	<b>1,552</b>	<b>969</b>
<b>Effect of exchange rate changes on balances held in foreign currencies</b>	<b>(19)</b>	<b>(55)</b>
<b>Cash and cash equivalents at end of the period</b>	<b>1,408</b>	<b>1,092</b>

Cash and cash equivalents included in the cash flow statements are presented net of bank overdrafts which are repayable on demand and fixed deposits pledged to financial institutions. It comprises the following balance sheet amounts:

	Group	
	As at 31/08/14 USD'000	As at 31/08/13 USD'000
Cash and bank balances	1,408	1,096
Fixed deposits	-	1,002
Cash and cash equivalents	1,408	2,098
Bank overdraft (secured)	-	(4)
	1,408	2,094
Less: Fixed deposits pledged	-	(1,002)
<b>Cash and cash equivalents at end of the period</b>	<b>1,408</b>	<b>1,092</b>

**Note:**

As at 31 August 2013, fixed deposits amounting to RMB 6,180,000 (equivalent to USD 1,001,778) were pledged to secure trust receipt facilities denominated in RMB. The fixed deposits were fully redeemed and there are no fixed deposits pledged as at 31 August 2014.

**Half Year Financial Statement And Related Announcement for the period ended 31 August 2014**


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**1(d) Consolidated Statement of Comprehensive Income for half year ended 31 August 2014 and 31 August 2013.**

	Group		
	HY 2015	HY 2014	Increase/ (Decrease)
	US\$'000	US\$'000	%
<b>Loss for the period</b>	(497)	(284)	75%
<b>Other comprehensive income:</b>			
Translation differences of foreign subsidiaries	(3)	(16)	(81%)
<b>Total comprehensive income</b>	<u>(500)</u>	<u>(300)</u>	67%
<b>Attributable to:</b>			
Owners of the Company	(479)	(253)	89%
Non-controlling interests	(21)	(47)	(55%)
	<u>(500)</u>	<u>(300)</u>	67%

**Half Year Financial Statement And Related Announcement for the period ended 31 August 2014**

1(e) (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**

(Amounts expressed in thousands of United States dollars (“USD”))

	Share capital	Merger deficit	Foreign currency translation reserve	Statutory surplus reserve	Accumulated profits	Total attributable to equity holders of the Company	Non- controlling Interests	Total
<u>The Group</u>	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000	USD'000
<b>At 1 March 2013</b>	7,723	(2,825)	1,621	381	9,248	16,148	(428)	15,720
Total comprehensive income for the period	-	-	-	-	(244)	(244)	(40)	(284)
Foreign currency translation reserves	-	-	(9)	-	-	(9)	(7)	(16)
<b>At 31 Aug 2013</b>	<u>7,723</u>	<u>(2,825)</u>	<u>1,612</u>	<u>381</u>	<u>9,004</u>	<u>15,895</u>	<u>(475)</u>	<u>15,420</u>
<b>The Group</b>								
<b>At 1 March 2014</b>	8,410	(2,825)	1,646	381	7,888	15,500	(546)	14,954
Total comprehensive income for the period	-	-	-	-	(473)	(473)	(24)	(497)
Foreign currency translation reserves	-	-	(6)	-	-	(6)	3	(3)
<b>At 31 Aug 2014</b>	<u>8,410</u>	<u>(2,825)</u>	<u>1,640</u>	<u>381</u>	<u>7,415</u>	<u>15,021</u>	<u>(567)</u>	<u>14,454</u>



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**STATEMENT OF CHANGES IN EQUITY**  
**(Amounts expressed in thousands of United States dollars (“USD”))**

	<u>Share capital</u>	<u>Accumulated profits</u>	<u>Total</u>
<u>The Company</u>	USD'000	USD'000	USD'000
<b>At 1 Mar 2013</b>	7,723	1,061	8,784
Loss for the period	-	(271)	(271)
<b>At 31 Aug 2013</b>	<u>7,723</u>	<u>790</u>	<u>8,513</u>
<b>At 1 Mar 2014</b>	8,410	385	8,795
Loss for the period	-	(383)	(383)
<b>At 31 Aug 2014</b>	<u>8,410</u>	<u>2</u>	<u>8,412</u>



**Half Year Financial Statement And Related Announcement for the period ended 31 August 2014**

**1(e)(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 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.**

There has been no change to the Company's issued share capital since 28 February 2014. There were no outstanding convertibles as at 31 August 2014 and 28 February 2014.

**1(e)(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.**

	No of shares ('000)	
	As at 31/08/2014	As at 28/02/2014
Number of issued shares	126,814	126,814

There were no treasury shares as at 31 August 2014 and 28 February 2014.

**1(e)(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 reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited or reviewed by the 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.**

The Group has applied the same accounting policies and methods of computation for the current financial period compared with those of the audited financial statements for the year ended 28 February 2014.

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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 applied the same accounting policies and methods of computation in the financial statements for the current financial period compared to the audited financial statements for the year ended 28 February 2014 except for the adoption of the Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for the financial year beginning on or after 1 March 2014. The adoption of these FRS and INT FRS has no significant impact to 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.**

	<u>HY2015</u> <u>USD'000</u>	<u>HY2014</u> <u>USD'000</u>
Net loss for the period attributable to owners of the Company	(473)	(244)
	<u>No of shares ('000)</u> <u>HY2015</u>	<u>HY2014</u>
Weighted average number of ordinary shares during the period	126,814	113,814
Earnings per share (US cents) - basic and diluted	<u>(0.37)</u>	<u>(0.21)</u>

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	
	As at 31/08/2014 USD'000	As at 28/02/2014 USD'000	As at 31/08/2014 USD'000	As at 28/02/2014 USD'000
Net assets	<u>14,454</u>	<u>14,954</u>	<u>8,412</u>	<u>8,795</u>
Net asset value per ordinary share based on the total number of issued shares as at the respective period (US cents)	<u>11.4</u>	<u>11.8</u>	<u>6.6</u>	<u>6.9</u>

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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. 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;

**REVIEW OF RESULTS OF OPERATIONS****REVENUE****Breakdown of Group's Revenue by Product Categories**

	HY2015		HY2014	
	USD'000	% of revenue	USD'000	% of revenue
<b>Revenue from:</b>				
<b>Commercial Metal Alloys</b>	3,817	29.5	3,639	27.7
<b>Customised Metal Alloys</b>	8,392	64.8	8,750	66.8
<b>NICO Branded Materials</b>	740	5.7	719	5.5
<b>Total</b>	<u>12,949</u>	<u>100.0</u>	<u>13,108</u>	<u>100.0</u>

The revenue of the Group has reduced by 1.2%, a slight decrease from USD 13.1 million in HY 2014 to USD 12.9 million in HY 2015. Despite the loss of a major customer, General Electric (USA) Controls Pte Ltd ("GE"), who has withdrawn from the Singapore and Malaysia Market in HY 2015, the Group managed to minimize the impact of such loss of revenue through its marketing efforts in Thailand which has increased Thailand's contribution toward the Group's revenue significantly.

The Group has also continued its efforts to promote its alternative materials solution derived from green manufacturing process under the NICO Branded Materials' name. The revenue arising from the sales of this product accounted for 5.7% of the Group's total revenue for HY 2015.

Geographically, the People's Republic of China ("PRC") remained as the key revenue driver in HY 2015, contributing 57.3% of the Group's total revenue, as compared to 50.4% in HY 2014. Thailand, Malaysia and Singapore contributed 26.1%, 15.1% and 0.6% respectively to the Group's revenue in HY 2015, as compared to 17.5%, 21.0% and 10.3% in HY 2014.

**GROSS PROFIT MARGIN**

Despite the slight decrease in the overall Group's revenue, the Group's gross profit margin has increased from 13.3% in HY 2014 to 14.8% in HY 2015. The improvement was mainly due to (i) the lower costs structure of the Thailand operations whereby its revenue has increased significantly substituting the decrease in revenue from the Singapore operations in which comparatively, a higher costs structure compared to the Thailand operations, (ii) the Group's continued focus on producing higher margin value-added products for its customers in particular, in the computer peripherals market and (iii) the higher gross margin derived from the sales of NICO Branded Materials.

**Half Year Financial Statement And Related Announcement for the period ended 31 August 2014****OTHER INCOME**

Other income decreased by 59.9% from USD 0.6 million in HY 2014 to USD 0.3 million in HY 2015. This was mainly due to (i) a decrease in the sales of scrap metal from USD 239,000 in HY 2014 to USD 94,000 in HY 2015 and (ii) a decrease in the exchange gain from USD 0.2 million in HY 2014 to exchange loss status in HY 2015.

**DISTRIBUTION, ADMINISTRATIVE, OTHER OPERATING AND FINANCE EXPENSES**

Distribution costs increased by 23.3% from USD 270,000 in HY 2014 to USD 333,000 in HY 2015 despite the reduction in the Group's revenue. This was mainly due to the significant increase in sales volume to certain customers whereby the distribution costs for meeting such orders are higher.

Administrative expenses remain consistent in HY 2015 compared to HY 2014 with a minimal increase of 1%.

Finance costs increased by 26.5% from USD 136,000 in HY 2014 to USD 172,000 in HY 2015. The increase was mainly due to the increase in the short term bank borrowings of a subsidiary in People's Republic of China in HY 2015. The increase was offset by the repayment of other short term bank borrowings towards the end of HY 2015 resulting in an overall reduction in short term bank borrowings compared to HY 2014 with an increase in overall finance costs.

Tax expenses decreased by 70.7% from USD 123,000 in HY 2014 to USD 36,000 in HY 2015. The decrease was mainly due to the reduction in the overall loss before tax of the Group from a loss before tax of USD 161,000 in HY 2014 to a loss before tax of USD 461,000 in HY 2015. Despite the recorded loss before tax at the Group level which is mainly contributed by several loss making companies within the Group, the tax expenses for those profitable companies within the Group has been estimated and accrued for.

**UTILISATION OF THE PROCEEDS FROM THE PLACEMENT OF 13,000,000 NEW ORDINARY SHARES AT THE ISSUE PRICE OF S\$0.0675 PER SHARE ON 14 FEBRUARY 2014**

Total Proceeds	Deduction of Share Issue Expenses	Allocation of Net Proceeds	Net Proceeds utilized as at 28 February 2014	Balance of Net Proceeds as at 28 February 2014	Net Proceeds utilized as at 31 August 2014	Balance of Net Proceeds as at 31 August 2014
S\$877,500	S\$53,589 (SGX Listing Fee of S\$32,100 and Legal Service Fee of S\$21,489)	S\$823,911	S\$2,449	S\$821,462	S\$50,780 (Feasibility Study Report Expenses of S\$39,567 and Incorporation of HK Subsidiary Expenses of S\$11,213)	S\$770,682

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Trade and other receivables decreased from USD 9.4 million as at 28 February 2014 to USD 9.3 million as at 31 August 2014. The reduction was mainly due to (i) the overall reduction in revenue

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and (ii) the efforts put in place by management to continuously monitor the overall credit risks of the Group which include, close supervision of debtors aging and regular follow up on outstanding debts.

Inventories decreased from USD 12.2 million as at 28 February 2014 to USD 11.6 million as at 31 August 2014. The decrease was in-line with the Group's efforts to manage its inventories in response to the overall decrease in the Group's revenue for HY 2015.

Trade and other payables (including bills payable) increased from USD 8.5 million as at 28 February 2014 to USD 9.3 million as at 31 August 2014. The increase was mainly due to the Group's effort to manage its cash flows and working capital to reduce the Group's reliance on bank borrowings, placing additional reliance on credit purchases.

In HY 2015, the Group's financial liabilities decreased from USD 3.8 million as at 28 February 2014 to USD 2.6 million as at 31 August 2014. This was mainly due to the repayment of unsecured bank loans towards the end of HY 2015.

The overall cash at bank and in hand decreased from USD 1.6 million as at 28 February 2014 to USD 1.4 million as at 31 August 2014. The reduction was mainly due to the settlement of trust receipts.

**REVIEW OF CASH FLOW STATEMENT**

The Group recorded a net cash inflow from its operating activities of approximately USD 0.9 million in HY 2015 (HY 2014: cash outflow of approximately USD 2.0 million). The positive cash flows were mainly due to the Group's effort in managing its working capital to reduce the Group's reliance on bank borrowings, placing additional reliance on credit purchases.

The impact of the overall net cash inflow from operating activities of the Group was offset by the overall net cash outflow from financing activities which relates mainly due to the Group's repayment of its interest-bearing bank loans.

After deducting all repayments of unsecured bank loan facilities, the Group recorded an overall net cash outflow of USD 125,000 in HY 2015 compared to an overall net cash inflow of USD 178,000 in HY 2014.

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

Not applicable.

**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 will continue to look into offering more value adding products, review its operations, implement cost control measures, enhance governance and stay competitive.

The 2<sup>nd</sup> phase expansion of Nico Steel Centre Co., Ltd ("NSC") has been completed in HY 2015. This will increase NSC's productions capacity, improve production efficiency, and improve management and security of assets and personnel.

The Group registered a wholly-owned subsidiary Oldtown Resources Limited in Hong Kong in HY 2015 to diversify its existing business into the upstream minerals related business as additional revenue sources.



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The Group is also going to register a wholly-owned subsidiary in Suzhou Industrial Park, China in FY 2015 to further enhance our presence in the PRC market.

**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 or recommended for the period under review.

**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.**

The Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") and there were no interested person transactions of SGD 100,000 or more for the period under review.

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

The Board of Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors of the Company which may render unaudited interim financial results for the half-year ended 31 August 2014 to be false or misleading in any material aspect.

**ON BEHALF OF THE BOARD OF DIRECTORS**

**TAN CHEE KHIONG**  
Chairman & President

**TANG CHEE WEE**  
Executive Director

By order of the Board

Tan Chee Khiong  
Chairman and President  
11 October 2014