



Half Year Financial Statement And Dividend Announcement for the Period Ended 29 February 2016

Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements

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

	Group	
	1 Sep 2015 to 29 Feb 2016 S\$'000	1 Sep 2014 to 28 Feb 2015 S\$'000
Revenue	24,449	22,768
Cost of sales	(18,055)	(16,346)
<b>Gross profit</b>	<b>6,394</b>	<b>6,422</b>
<b>Other item of income</b>		
Other income	792	349
<b>Other items of expense</b>		
Selling and distribution expenses	(1,565)	(1,774)
Administrative expenses	(3,819)	(3,611)
Finance costs	(426)	(379)
Other expenses	(30)	(424)
Share of loss of associate	(156)	(121)
Profit before income tax	1,190	462
Income tax expense	(65)	(215)
<b>Profit for the financial period</b>	<b>1,125</b>	<b>247</b>
<b>Other comprehensive income:</b>		
<b>Items that may subsequently be reclassified to profit or loss:</b>		
Foreign currency differences on translation of foreign operations	(305)	1,164
Income tax relating to component of other comprehensive income	-	-
Other comprehensive income for the financial period, net of tax	(305)	1,164
<b>Total comprehensive income for the financial period</b>	<b>820</b>	<b>1,411</b>
<b>Profit/(Loss) attributable to:</b>		
Owners of the parent	415	(162)
Non-controlling interests	710	409
	<b>1,125</b>	<b>247</b>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent	240	507
Non-controlling interests	580	904
	<b>820</b>	<b>1,411</b>

1(a)(ii) The following items have been included in arriving at profit before income tax:-

	Group	
	1 Sep 2015 to 29 Feb 2016 S\$'000	1 Sep 2014 to 28 Feb 2015 S\$'000
Allowance for doubtful receivables	-	(8)
Amortisation of intangible assets	-	(85)
Bad debts recovered	10	12
Bad debts written off	-	(2)
Depreciation of investment properties	(32)	(83)
Depreciation of property, plant and equipment	(1,378)	(1,114)
Employee benefits expenses	(6,121)	(5,889)
Loss on disposal of property, plant and equipment	(30)	-
Gain/(Loss) on foreign exchange, net	400	(330)
Interest on borrowings	(364)	(337)
Inventory written off	(11)	-
Rental income	239	304
Write-back of allowance for doubtful receivables	-	2

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	
	As at 29 Feb 2016 S\$'000	Audited As at 31 Aug 2015 S\$'000	As at 29 Feb 2016 S\$'000	Audited As at 31 Aug 2015 S\$'000
<b>Non-current assets</b>				
Property, plant and equipment	19,679	18,290	5	-
Intangible assets	1,693	1,693	-	-
Investment properties	1,008	2,121	-	-
Investments in subsidiaries	-	-	23,952	23,952
Investment in associate	-	156	-	-
Available-for-sale financial asset	4,109	4,109	4,109	4,109
Other receivables	158	188	10	17
	26,647	26,557	28,076	28,078
<b>Current assets</b>				
Inventories	18,054	19,275	-	-
Trade and other receivables	15,067	17,780	252	266
Prepayments	313	150	16	20
Derivative financial instruments	-	55	-	-
Cash and cash equivalents	3,965	1,274	1	2
	37,399	38,534	269	288
Less:				
<b>Current liabilities</b>				
Trade and other payables	9,114	10,387	4,126	3,945
Interest bearing liabilities	14,822	15,390	-	-
Current income tax payable	233	299	-	-
	24,169	26,076	4,126	3,945
<b>Net current assets/(liabilities)</b>	13,230	12,458	(3,857)	(3,657)
Less:				
<b>Non-current liabilities</b>				
Interest bearing liabilities	4,794	4,729	-	-
Deferred tax liabilities	666	689	-	-
	5,460	5,418	-	-
<b>Net assets</b>	34,417	33,597	24,219	24,421
<b>Equity</b>				
Share capital	26,700	26,700	26,700	26,700
Foreign currency translation reserve	1,168	1,343	-	-
Accumulated losses	(947)	(1,362)	(2,481)	(2,279)
<b>Equity attributable to owners of the parent</b>	26,921	26,681	24,219	24,421
Non-controlling interests	7,496	6,916	-	-
<b>Total equity</b>	34,417	33,597	24,219	24,421

1(b)(ii) The aggregate amount of the group's borrowings and debt securities as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:-

The amount repayable in one year or less, or on demand

As at 29 Feb 2016 (S\$'000)		As at 31 Aug 2015 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
14,822	-	15,390	-

The amount repayable after one year

As at 29 Feb 2016 (S\$'000)		As at 31 Aug 2015 (S\$'000)	
Secured	Unsecured	Secured	Unsecured
4,794	-	4,729	-

Details of collaterals

The Group's borrowings are secured by:

- Corporate guarantee by the Company
- Assignment of rental proceeds from an investment property of a subsidiary
- First legal mortgage of subsidiaries' properties and investment properties
- Personal guarantee by Director of a subsidiary

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	
	1 Sep 2015 to 29 Feb 2016 S\$'000	1 Sep 2014 to 28 Feb 2015 S\$'000
<b>Operating activities</b>		
Profit before income tax	1,190	462
Adjustments for:		
Allowance for doubtful trade receivables	-	8
Amortisation of intangible assets	-	85
Bad debts written off	-	2
Depreciation of property, plant and equipment	1,378	1,114
Depreciation of investment properties	32	83
Fair value loss on derivative financial instruments	55	-
Interest expenses	364	337
Interest income	(4)	(4)
Inventories written off	11	-
Loss on disposal of property, plant and equipment	30	-
Write-back of allowance for doubtful trade receivables	-	(2)
Share of loss of associate	156	121
Unrealised exchange (gain)/loss	(261)	658
Operating cash flows before working capital changes	2,951	2,864
Changes in working capital:		
Inventories	1,210	(388)
Trade and other receivables	2,718	(989)
Prepayments	(163)	559
Trade and other payables	(1,034)	148
Cash generated from operations	5,682	2,194
Interest received	4	4
Income taxes paid	(152)	(364)
Net cash from operating activities	5,534	1,834
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	325	-
Purchase of property, plant and equipment	(984)	(969)
Net cash used in investing activities	(659)	(969)
<b>Financing activities</b>		
Repayment of obligations under finance leases	(809)	(801)
Proceeds from bank borrowings	2,410	1,252
Repayment of bank borrowings	(3,379)	(1,384)
Interest paid	(364)	(337)
Net cash used in financing activities	(2,142)	(1,270)
Net change in cash and cash equivalents	2,733	(405)
Cash and cash equivalents at beginning of financial period	917	2,072
<b>Cash and cash equivalents at end of financial period</b>	<b>3,650</b>	<b>1,667</b>
<b>Cash and cash equivalents comprise:</b>		
Cash and bank balances	3,965	2,085
<b>Cash and cash equivalents on statement of financial position</b>	<b>3,965</b>	<b>2,085</b>
Bank overdraft	(315)	(418)
<b>Cash and cash equivalents on statement of cash flows</b>	<b>3,650</b>	<b>1,667</b>

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.

Group	Share capital S\$'000	Foreign currency translation reserve S\$'000	Accumulated losses S\$'000	Equity attributable to owners of the parent S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>Balance as at 1 September 2015</b>	26,700	1,343	(1,362)	26,681	6,916	33,597
<b>Profit for the financial period</b>	-	-	415	415	710	1,125
<b>Other comprehensive income for the financial period that may subsequently be reclassified to profit or loss:</b>						
Foreign currency differences on translation of foreign operations, net of tax	-	(175)	-	(175)	(130)	(305)
<b>Balance as at 29 February 2016</b>	26,700	1,168	(947)	26,921	7,496	34,417
<b>Balance as at 1 September 2014</b>	26,700	639	(879)	26,460	5,766	32,226
<b>(Loss)/Profit for the financial period</b>	-	-	(162)	(162)	409	247
<b>Other comprehensive income for the financial period that may subsequently be reclassified to profit or loss:</b>						
Foreign currency differences on translation of foreign operations, net of tax	-	669	-	669	495	1,164
<b>Balance as at 28 February 2015</b>	26,700	1,308	(1,041)	26,967	6,670	33,637

Company	Share capital S\$'000	Accumulated losses S\$'000	Total equity S\$'000
<b>Balance as at 1 September 2015</b>	26,700	(2,279)	24,421
Loss for the financial period, representing total comprehensive income for the financial period	-	(202)	(202)
<b>Balance as at 29 February 2016</b>	26,700	(2,481)	24,219
<b>Balance as at 1 September 2014</b>	26,700	(1,761)	24,939
Loss for the financial period, representing total comprehensive income for the financial period	-	(349)	(349)
<b>Balance as at 28 February 2015</b>	26,700	(2,110)	24,590

- 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.

Shares

Date	Description	Number of shares	Paid-up capital S\$'000
1 Sep 2015	Issued and paid-up capital	1,196,348,241	26,700
12 Nov 2015	Share consolidation exercise	(1,166,443,019)	-
29 Feb 2016	Issued and paid-up capital	29,905,222	26,700
1 Sep 2014 and 28 Feb 2015	Issued and paid-up capital	1,196,348,241	26,700

- 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.

	As at 29 Feb 2016	Audited As at 31 Aug 2015
Total number of issued shares	29,905,222	1,196,348,241
Less: Treasury shares	-	-
<b>Total number of issued shares excluding treasury shares</b>	<b>29,905,222</b>	<b>1,196,348,241</b>

- 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 reviewed, and in accordance with which auditing standard or practice.

The figures in this announcement 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 accounting policies and methods of computation applied by the Group are consistent with those used in its most recently audited financial statements.

- 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 same accounting policies and methods of computation as in the Group's most recently audited financial statements for the financial year ended 31 August 2015 have been applied.

- 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:-

	Group	
	1 Sep 2015 to 29 Feb 2016	1 Sep 2014 to 28 Feb 2015 **
Weighted average number of ordinary shares in issue	29,905,222	29,905,222
<b>Profit/(Loss) for the financial period attributable to owners of the parent (\$'000)</b> - On a fully diluted basis (cents)	415 1.3877	(162) (0.5417)

- 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:-

	Group		Company	
	As at 29 Feb 2016	Audited As at 31 Aug 2015 **	As at 29 Feb 2016	Audited As at 31 Aug 2015 **
Net assets value per ordinary share based on issued share capital of the issuer at the end of the period reported (cents)	115.09	112.34	80.99	81.66
Number of ordinary shares in issue	29,905,222	29,905,222	29,905,222	29,905,222

\*\* Number of ordinary shares in issue had been adjusted for the effect of the share consolidation.

**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

For the period ended 29 Feb 2016, the Group recorded revenues of \$24.4 million which is 7.4% higher than the last corresponding period. 67.9% of the Group revenue was contributed by the precision engineering business segment while the remaining 32.1% of the Group's revenue was contributed by the retail, original equipment manufacturing ("OEM") and export business segments.

The global economic activity remained subdued. Three key transitions continue to influence the global outlook. They are, the gradual slowdown and rebalancing of economic activity in China away from investment and manufacturing toward consumption and services, lower prices for energy and other commodities, and a gradual tightening in monetary policy in the United States. In this challenging environment, the Group gross profit margin declined to 26.2% for the current period compared with 28.2% in the last corresponding period. However, the Group attained profit before income tax of \$1.2 million in the current period as compared to \$0.5 million in the last corresponding period.

In the current period, depreciation of property, plant & equipment increased by 23.7% due to the additional plant & machinery, payroll software, furniture & fittings purchased. The employee benefits expenses (including salaries) increased by 3.9% in line with the increase in revenue. Finance costs also increased by 12.4% due to new loans drawn down and higher interest rates resulting from United States interest rate hike. The gain on foreign exchange \$0.4 million arose mainly from the depreciation of Chinese Yuan against United State Dollar in a subsidiary.

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

The finance leases increased by \$0.33 million due to additional plant & machinery, payroll software, furniture & fittings purchased.

Inventories decreased by \$1.22 million due to the Group implemented inventory control measure to reduce inventory levels at the beginning of the current financial year.

**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.**

Global growth prospects face considerable headwinds in the near term, amid a macroeconomic environment of falling inflation and weak employment generation. Persistent macroeconomic uncertainties and volatility; low commodity prices and declining trade flows; rising volatility in exchange rates and capital flows; stagnant investment and diminishing productivity growth; and continued disconnect between finance and real sector activities will continue to shape the near-term outlook of the global economy as well as its long-term prospects.

In line with the overall weak global economic conditions, the Group expected customers' order to decline and more competitive selling prices, thereby thinning the gross profit margins. The Group will continue to take steps to keep ourselves resilient and competitive amidst these challenging conditions, while seeking suitable opportunities for future growth. In particular, the Group will continue to streamline operations, source for products with better quality and pricing in the competitive markets and improve its cost efficiency, and tap into new and specialised markets with higher barriers to entry to improve its profit margins and profitability respectively.

**11 If a decision regarding dividend has been made:-**

- (a) Whether an interim (final) ordinary dividend has been declared (recommended)?

None.

- (b)(i) Amount per share 0 cents

- (b)(ii) Previous corresponding period 0 cents

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not Applicable.

- (d) The date the dividend is payable

Not Applicable.

- (e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not Applicable.

**12 If no dividend has been declared (recommended), a statement to that effect.**

No dividend has been declared/ recommended.

**13 Interested person transactions pursuant to Rule 920(1)(a)(ii).**

No mandate was sought or obtained from shareholders for the Company to deal with interested persons in recurrent transactions of a revenue or trading nature or in transactions necessary for day-to-day operations.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted during the financial year under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Teo Wei Jun Jerick (Loan to a subsidiary)	S\$'000 135	S\$'000 -

**14 Confirmation by the Board pursuant to Rule 705(5).**

We, Teo Cher Cheong and Teo Teck Leong, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the half-year ended 29 Feb 2016 to be false or misleading.

**15 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).**

The Company confirms that all the required undertakings under Rule 720(1) have been obtained from all its directors and Chief Financial Officer.

**BY ORDER OF THE BOARD**

Teo Teck Leong  
Managing Director  
14 Apr 2016