

(Company Registration No : 198300506G)

2017 HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

1(a) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 30 JUNE 2017
(In Singapore Dollars)

	GROUP		% Increase/ (Decrease)
	30/06/2017 S\$'000	30/06/2016 S\$'000	
<u>Continuing operations</u>			
Revenue	4,685	6,221	(24.7)
Cost of sales	(5,108)	(5,920)	(13.7)
Gross (loss) / profit	(423)	301	nm
Other income			
- Other operating income	772	1,067	(27.6)
- Finance income	60	29	106.9
Expenses			
- Selling & distribution expenses	(306)	(296)	3.4
- Administrative expenses	(3,417)	(3,647)	(6.3)
- Other operating expenses	-	(774)	(100.0)
- Finance cost	(74)	(2)	3,600.0
Share of results of associate	(85)	(136)	(37.5)
Loss from continuing operations	(3,473)	(3,458)	0.4
Taxation	-	-	nm
Loss from continuing operations, net of tax	(3,473)	(3,458)	0.4
<u>Discontinued operations</u>			
Loss from discontinued operation, net of tax	-	(23)	(100.0)
Loss for the year	(3,473)	(3,481)	(0.2)
Other comprehensive income / (loss) :			
Foreign currency translation	-	(77)	(100.0)
Share of foreign currency translation of associated company	1	74	(98.6)
Other comprehensive income / (loss) for the period	1	(3)	nm
Total comprehensive loss for the period, net of tax	(3,472)	(3,484)	(0.3)
Loss for the period attributable to:			
Owners of the Company			
- Loss from continuing operations, net of tax	(3,473)	(3,436)	1.1
- Loss from discontinued operations, net of tax	-	(21)	(100.0)
	(3,473)	(3,457)	0.5
Non-controlling interests			
- Loss from continuing operations, net of tax	-	(22)	(100.0)
- Loss from discontinued operations, net of tax	-	(2)	(100.0)
	-	(24)	(100.0)
Total comprehensive loss attributable to:			
Owners of the Company	(3,472)	(3,461)	0.3
Non-controlling interests	-	(23)	(100.0)
	(3,472)	(3,484)	(0.3)
Attributable to:			
Owners of the Company			
Total comprehensive loss from continuing operations, net of tax	(3,472)	(3,362)	3.3
Total comprehensive loss from discontinued operations, net of tax	-	(99)	(100.0)
	(3,472)	(3,461)	0.3

nm - not meaningful

Notes to the Consolidated Statement of Comprehensive Income :

	30/06/2017	30/06/2016
	S\$'000	S\$'000
The loss after tax for continuing operations is determined after (crediting) / charging the following :		
Sale of scraps	(710)	(939)
Interest income on fixed deposits	(60)	(29)
Write down of inventories to net realisable value	-	131
Depreciation of property, plant and equipment	702	613
Interest on finance leases / term loan	74	2
Foreign exchange loss	1,064	1,064
Loss on disposal of property, plant and equipment	43	22

1(b)(i) STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30/06/2017	31/12/2016	30/06/2017	31/12/2016
	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Non-current assets				
Property, plant and equipment	17,137	17,599	5,122	5,227
Leasehold land	4,339	4,457	-	-
Investment in subsidiaries	-	-	20,955	20,955
Investment in associate	2,157	2,241	-	-
	23,633	24,297	26,077	26,182
Current assets				
Inventories	4,652	4,951	-	-
Trade receivables	1,545	2,153	4	67
Amounts due from subsidiaries	-	-	14,276	14,104
Loans to associate	145	140	7	7
Other receivables	125	86	35	15
Prepaid operating expenses	88	44	17	13
Cash and cash equivalents	20,421	26,017	10,601	9,657
	26,976	33,391	24,940	23,863
Current liabilities				
Trade payables	644	652	35	-
Other payables	2,600	3,207	226	347
Amounts due to subsidiaries	-	-	6,203	3,606
Current portion of term loans	377	746	-	-
Provision for taxation	98	98	98	98
	3,719	4,703	6,562	4,051
Net current assets	23,257	28,688	18,378	19,812
Non-current liabilities				
Non-current portion of term loans	2,929	5,552	-	-
Deferred taxation	1,244	1,244	772	772
	4,173	6,796	772	772
Net assets	42,717	46,189	43,683	45,222
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	76	75	-	-
Retained earnings	(5,965)	(2,492)	(4,923)	(3,384)
	42,717	46,189	43,683	45,222
Total Equity	42,717	46,189	43,683	45,222

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 2017		As at 31 December 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
377	-	746	-

Amount repayable after one year :

As at 30 June 2017		As at 31 December 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,929	-	5,552	-

Details of any collateral

Certain term loan is secured by lessor's charge over the leasehold land and also by a corporate guarantee from the Company. Certain term loan is solely secured by corporate guarantee from the Company.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS

Group

	30/06/2017 S\$'000	30/06/2016 S\$'000
Cash flows from operating activities :		
Loss before tax from continuing operations	(3,473)	(3,458)
Loss before tax from discontinued operation	-	(23)
Adjustments for :		
Depreciation expense	702	613
Amortisation on leasehold land	118	-
Loss on disposal of property, plant and equipment	43	22
Share of results of associated company	85	136
Translation differences - foreign subsidiary	-	139
Interest expense	74	56
Interest income	(60)	(30)
Write-down of inventories to net realisable value	-	131
Loss on disposal of discontinued operations	-	8
Operating loss before reinvestment in working capital	(2,511)	(2,406)
Decrease in receivables	566	540
Decrease in inventories	299	2,420
(Decrease) / increase in payables	(614)	460
Cash (used in) / generated from operations	(2,260)	1,013
Interest paid	(74)	(57)
Income tax paid, net of refund	-	41
Interest received	13	61
Net cash (used in) / generated from operating activities	(2,321)	1,058
Cash flows from investing activities :		
Proceeds from disposal of property, plant and equipment	17	-
Proceeds from disposal of subsidiary	-	38
Purchase of property, plant and equipment	(300)	(3,626)
Net cash used in investing activities	(283)	(3,588)
Cash flow from financing activities :		
Proceeds from term loan	38	1,490
Repayment of term loans	(3,030)	(459)
Net cash (used in) / received from financing activities	(2,992)	1,031
Net decrease in cash and cash equivalents	(5,596)	(1,498)
Cash and cash equivalents at 1 January	26,017	23,903
Cash and cash equivalents at end of the period	20,421	22,405

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	Equity	Disposal Group	Controlling	Equity
	S\$'000	S\$'000	Reserve	Translation	S\$'000	S\$'000	Classified as	Interests	S\$'000
		S\$'000	Reserves			Held for Sale			S\$'000
As at 1 January 2016	49,007	(1,697)	1,296	78	1,743	50,427	(139)	(702)	49,586
Loss for the year	-	-	-	-	(4,235)	(4,235)	-	(9)	(4,244)
Disposal of subsidiary	-	-	-	-	-	-	139	711	850
Other comprehensive loss									
Share of foreign currency translation of associate	-	-	-	(3)	-	(3)	-	-	(3)
As at 31 December 2016	49,007	(1,697)	1,296	75	(2,492)	46,189	-	-	46,189
As at 1 January 2017	49,007	(1,697)	1,296	75	(2,492)	46,189	-	-	46,189
Loss for the year	-	-	-	-	(3,473)	(3,473)	-	-	(3,473)
Other comprehensive income									
Share of foreign currency translation of associate	-	-	-	1	-	1	-	-	1
As at 30 June 2017	49,007	(1,697)	1,296	76	(5,965)	42,717	-	-	42,717

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 2016	49,007	(1,697)	1,296	(2,318)	46,288
Total comprehensive loss for the year	-	-	-	(1,066)	(1,066)
As at 31 December 2016	49,007	(1,697)	1,296	(3,384)	45,222
As at 1 January 2017	49,007	(1,697)	1,296	(3,384)	45,222
Total comprehensive loss for the year	-	-	-	(1,539)	(1,539)
As at 30 June 2017	49,007	(1,697)	1,296	(4,923)	43,683

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

None.

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.

	30/06/2017	31/12/2016
Total number of issued shares (excluding treasury shares)	27,119,659	27,119,659

No treasury shares were re-issued for their period ended 30 June 2017.

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.

None.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 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.

Except as disclosed under item 5 below, the Group has the same accounting policies and methods of computation consistent with those adopted in the most recent audited financial statements for the year ended 31 December 2016.

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 2017. 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 provision for preference dividends.

Earnings per share (EPS)	Group	
	30/06/2017	30/06/2016
<u>Continuing operations</u>		
i) Based on weighted average number of ordinary shares	(12.8) cents	(12.7) cents
Weighted average number of shares	27,119,659	27,119,659
ii) On a fully diluted basis	(12.8) cents	(12.7) 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	
	30/06/2017	30/06/2016	30/06/2017	30/06/2016
Net asset value per ordinary share based on the existing issued share capital at the respective period ¹	157.5 cents	170.5 cents	161.1 cents	165.1 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 \$4.7 million for HY2017 decreased by 24.7% from HY2016 mainly due to continued challenging and lackluster worldwide demand from the HDD markets as well as intensified pricing competition from overseas suppliers.

The Group recorded a gross loss of \$0.4 million mainly due to low sales and fixed overheads which included additional depreciation of the newly completed Tuas South factory.

Other operating income decreased by 27.6% to \$0.8 million, compared to \$1.1 million in HY2016. Other operating income comprised mainly proceeds from sale of production scrap. The decrease was due to lower production hence lower scrap produced was available for sale.

Finance income doubled to \$0.06 million from \$0.03 million. Finance income comprised interest income earned on bank fixed deposits. The increase was mainly due higher fixed deposits balance.

Selling and distribution expenses remained relatively unchanged at \$0.3 million.

Administrative expenses decreased by 6.3% to \$3.4 million from \$3.6 million in HY2016. Administrative expenses decreased due to lower salaries expenses.

Other operating expenses in HY2016 related to loss incurred on the sale and scrapping of inventories and moulds of the China subsidiary that had been disposed. There was none in HY2017

Finance cost increased to \$0.07 million from \$0.002 million due to construction loan taken to finance the construction of Tuas South factory. The Tuas South factory construction has been completed and full Temporary Occupation Permit ("TOP") obtained in January 2017 and interest costs from February 2017 onwards being charged to profit & loss account

Share of results of associated company's loss for HY2017 was \$0.09 million, compared with share of loss of \$0.14 million in the same period last year.

At the pre-tax level, the Group's continuing operations reported a loss of \$3.5 million.

Group Balance Sheet and Cash Flow Review

The Group's non-current assets decreased by \$0.7 million from \$24.3 million as at 31 December 2016 to \$23.6 million as at 30 June 2017. The decrease was mainly due to the depreciation of property, plant and equipment, partially offset by purchase of plant and equipment.

The Group reported total current assets of \$27.0 million as at 30 June 2017, a decrease of \$6.4 million from last year end of \$33.4 million. The decrease was mainly due to lower inventory level and lower trade receivables balance held by the Group as well as lower cash balances due mainly to repayment of bank loan.

The Group's total liabilities decreased by \$3.6 million from \$11.5 million as at 31 December 2016 to \$7.9 million as at 30 June 2017. The decrease was mainly due to the repayment of term loan and payment of liabilities incurred for construction of Tuas South factory.

Net cash used in operating activities for HY2017 was \$2.3 million as opposed to net cash generated from operating activities of \$1.1 million for the corresponding period last year. The negative operating cashflow for HY2017 was mainly due to operating loss, partially offset by lower inventory and trade receivable balances.

The Group's net cash used in investing activities for HY2017 was \$0.3 million, which was \$3.3 million lower. There were additions in property, plant and equipment resulting from the construction of factory at Tuas South for the HY2016 period. The factory construction has been completed and TOP obtained in January 2017.

The Group's cash used in financing activities for HY2017 was \$3.0 million, as opposed to net cash received of \$1.0 million from financing activities in HY2016. The decrease was due to the repayment of term loan previously 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 27 February 2017 and the profit guidance issued on 19 July 2017.

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.

Sales revenue for the Group dropped in the half year ended 30 June 2017 due to weak customer orders from its main Electronics & Precision Engineering customer segment. Intensifying competition in a tepid market resulted in escalating price pressure faced by the Group and lower sales order level.

The Group continues to monitor fluctuations in raw material costs and energy prices, which will have ongoing significant impact on profitability.

The Board continues to review the options available to the use of the existing land and building at Penjuru Lane.

Facing a challenging business environment in our core business, the Group is actively reviewing other business opportunities and strategies to enhance shareholders' value.

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 2017.

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 2017 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
8 August 2017