



Financial Statements And Related Announcement
For Second Quarter Financial Period Ended 31 August 2014

CHEUNG WOH TECHNOLOGIES LTD

Co. Reg. No. 197201205Z

Second Quarter Financial Statements And Related Announcement

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

The Directors of Cheung Woh Technologies Ltd advise the following unaudited results of the Group for the period ended 31 August 2014.

1(a) A consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income

	Notes	GROUP		Increase/ (decrease) %	GROUP		Increase/ (decrease) %
		2QFY15 S\$'000	2QFY14 S\$'000		1HFY15 S\$'000	1HFY14 S\$'000	
Turnover		21,203	16,031	32.3	40,315	30,141	33.8
Cost of sales		(17,442)	(14,373)	21.4	(33,910)	(27,237)	24.5
Gross profit		3,761	1,658	126.8	6,405	2,904	120.6
Other operating income	a	1,732	998	73.5	3,092	1,814	70.5
Distribution and selling expenses		(846)	(758)	11.6	(1,500)	(1,328)	13.0
General and administrative expenses		(1,997)	(2,660)	(24.9)	(3,820)	(5,081)	(24.8)
Finance costs		(22)	(51)	(56.9)	(52)	(112)	(53.6)
Share of results of associate companies		524	736	(28.8)	1,310	1,723	(24.0)
Profit/(loss) before taxation	b	3,152	(77)	n.m.	5,435	(80)	n.m.
Income tax (expense)/credit		(36)	8	n.m.	(72)	200	n.m.
Profit/(loss) for the financial period		3,116	(69)	n.m.	5,363	120	n.m.
Other comprehensive income:							
Foreign currency translation (loss)/gain		(199)	375		(1,056)	2,706	
Total comprehensive income for the financial period		2,917	306		4,307	2,826	
Profit/(loss) attributable to:							
Equity owners of the Company		3,127	(56)		5,387	142	
Non-controlling interests		(11)	(13)		(24)	(22)	
		3,116	(69)		5,363	120	
Total comprehensive income attributable to:							
Equity owners of the Company		2,932	309		4,344	2,814	
Non-controlling interests		(15)	(3)		(37)	12	
		2,917	306		4,307	2,826	
Earnings per share (cents)							
Basic and diluted		1.03	(0.02)		1.78	0.05	

n.m. - not meaningful

1(a) A consolidated statement of comprehensive income for the Group together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

<u>Notes</u>	GROUP		GROUP	
	2QFY15 S\$'000	2QFY14 S\$'000	1HFY15 S\$'000	1HFY14 S\$'000
a	The Group's other operating income included the following:			
	880	899	1,655	1,509
Sales of scrap metal	268	-	708	-
Foreign exchange gain	246	-	246	-
Income from insurance claim	150	-	260	-
Rental income	179	82	209	256
Sundry income	9	15	14	32
Interest income	-	2	-	17
Gain on disposal of property, plant and equipment				
b	The Group's profit/(loss) before taxation is arrived at after charging/(crediting):			
Amortisation and depreciation	1,909	1,844	3,744	3,633
Loss on disposal of property, plant and equipment	140	-	140	-
(Write-back of)/ Allowance for impairment on trade receivables	(6)	-	51	-
Interest expense on interest-bearing loans and borrowings	22	51	52	112
Retrenchment benefits	-	-	-	731
Foreign exchange loss	-	1,220	-	1,267
Write-back of inventories	-	(4)	-	-
(Write-back of)/ Allowance for inventories obsolescence	-	(1)	(2)	1

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	
	31.08.2014	28.02.2014	31.08.2014	28.02.2014
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	50,262	50,701	1,761	3,286
Investment properties	2,755	1,294	2,755	1,294
Intangible assets	77	79	67	69
Investments in subsidiary companies	-	-	46,005	46,005
Investments in associate companies	18,148	16,886	15,662	15,662
Investment in a quoted equity	1	1	-	-
	71,243	68,961	66,250	66,316
Current assets				
Inventories	10,761	12,608	-	441
Trade receivables	17,000	11,144	15	1,831
Amounts due from associate companies	3	322	-	320
Other receivables	2,498	1,442	5,459	4,225
Prepayments	3,119	953	75	58
Cash and bank balances	12,778	10,872	597	1,974
	46,159	37,341	6,146	8,849
Total assets	117,402	106,302	72,396	75,165
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	6,439	5,075	-	2,105
Other payables	7,809	3,703	578	523
Amount due to an associate company	171	437	-	-
Interest-bearing loans and borrowings	4,923	2,902	-	-
Income tax payable	173	20	-	-
	19,515	12,137	578	2,628
Net current assets	26,644	25,204	5,568	6,221
Non-current liabilities				
Deferred tax liabilities	2,771	2,752	-	-
	2,771	2,752	-	-
Total liabilities	22,286	14,889	578	2,628
Net assets	95,116	91,413	71,818	72,537
Equity attributable to owners of the Company				
Share capital	50,200	50,200	50,200	50,200
Treasury shares	(1,923)	(1,923)	(1,923)	(1,923)
Revenue reserve	52,401	47,618	23,541	24,260
Statutory reserve	859	859	-	-
Foreign currency translation reserve	(7,239)	(6,196)	-	-
	94,298	90,558	71,818	72,537
Non-controlling interests	818	855	-	-
Total equity	95,116	91,413	71,818	72,537
Total equity and liabilities	117,402	106,302	72,396	75,165

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

A) Amount repayable in one year or less, or on demand

As at 31.08.2014		As at 28.02.2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
4,923	-	2,902	-

B) Amount repayable after one year

As at 31.08.2014		As at 28.02.2014	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
-	-	-	-

C) Details of any collateral

- i) Certain bank borrowings of the Group and the Company are secured; and
- ii) The bank borrowings of certain subsidiary companies are secured by a legal mortgage over the subsidiary companies' properties, a fixed charge over certain of its machineries and corporate guarantee from the Company.

(c) **A consolidated statement of cash flows, together with a comparative statement for the corresponding period of the immediately preceding financial year**

	GROUP		GROUP	
	2QFY15 S\$'000	2QFY14 S\$'000	1HFY15 S\$'000	1HFY14 S\$'000
Cash flows from operating activities				
Profit/(loss) before taxation	3,152	(77)	5,435	(80)
Adjustments for:				
Amortisation and depreciation	1,909	1,844	3,744	3,633
Loss/(gain) on disposal of property, plant and equipment	140	(2)	140	(17)
Unrealised exchange loss/(gain)	1	981	(28)	1,002
Write-back of inventories	-	(4)	-	-
Interest expense	22	51	52	112
(Write-back of)/ Allowance for inventories obsolescence	-	(1)	(2)	1
Share of results of associate companies	(524)	(736)	(1,310)	(1,723)
Interest income	(9)	(15)	(14)	(32)
(Write-back of)/ Allowance for impairment on trade receivables	(6)	-	51	-
Operating cash flows before changes in working capital	4,685	2,041	8,068	2,896
(Increase)/decrease in:				
Inventories	248	(1,335)	1,850	(1,710)
Trade receivables	(1,697)	(1,728)	(5,852)	(1,874)
Amount due from associate companies	(1)	(1,207)	319	(982)
Other receivables and prepayments	(2,409)	(1,602)	(3,181)	(2,141)
(Decrease)/increase in:				
Trade payables	1,038	444	1,385	1,687
Other payables	1,901	(5)	4,109	687
Amount due to an associate company	(377)	912	(267)	1,341
Exchange differences arising from consolidation	(277)	168	(793)	562
Cash flow generated from/(used in) operations	3,111	(2,312)	5,638	466
Interest received	9	15	14	32
Interest paid	(22)	(51)	(52)	(112)
Income tax paid	115	-	100	(8)
Net cash flow generated from/(used in) operating activities	3,213	(2,348)	5,700	378

1(c) A consolidated statement of cash flow, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd)

	GROUP		GROUP	
	2QFY15 S\$'000	2QFY14 S\$'000	1HFY15 S\$'000	1HFY14 S\$'000
Cash flow from investing activities				
Purchase of property, plant and equipment	(3,483)	(1,052)	(5,167)	(2,426)
Proceeds from disposal of property, plant and equipment	46	4	46	129
Investment in an associate company	-	(12)	-	(12)
Net cash flow used in investing activities	(3,437)	(1,060)	(5,121)	(2,309)
Cash flow from financing activities				
Repayment of interest-bearing loans and borrowings	(1,731)	(847)	(2,561)	(3,554)
Increase in cash and cash equivalents subject to restrictions	(5)	(7)	(5)	(12)
Dividends paid on ordinary shares	(604)	-	(604)	-
Proceeds from interest-bearing loans and borrowings	3,351	-	4,620	-
Shares purchased and held as treasury shares	-	(2)	-	(27)
Net cash flow generated from/(used in) financing activities	1,011	(856)	1,450	(3,593)
Net increase/(decrease) in cash and cash equivalents	787	(4,264)	2,029	(5,524)
Cash and cash equivalents at beginning of financial period	11,852	15,156	10,720	16,213
Effect of exchange rate changes on cash and cash equivalents	(21)	(67)	(131)	136
Cash and cash equivalents at end of financial period	12,618	10,825	12,618	10,825

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following:

	GROUP	
	31.08.2014 S\$'000	31.08.2013 S\$'000
Cash and bank balances	12,618	10,825
Fixed deposits	160	155
	12,778	10,980
Less:		
Cash and cash equivalents subject to restriction *	(160)	(155)
Cash and cash equivalents at end of financial period	12,618	10,825

* This relates to fixed deposits pledged for banker's facilities granted to a subsidiary company.

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

	Attributable to equity owners of the Company					Total other reserves S\$'000	Total equity attributable to equity owners of the Company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Statutory reserve S\$'000	Foreign currency translation reserve S\$'000				
GROUP									
Balance as at 28.02.2014	50,200	(1,923)	47,618	859	(6,196)	(5,337)	90,558	855	91,413
Total comprehensive income for the financial period	-	-	5,387	-	(1,043)	(1,043)	4,344	(37)	4,307
Dividends paid on ordinary shares	-	-	(604)	-	-	-	(604)	-	(604)
Balance as at 31.08.2014	50,200	(1,923)	52,401	859	(7,239)	(6,380)	94,298	818	95,116
Balance as at 28.02.2013	50,200	(1,896)	46,720	707	(7,484)	(6,777)	88,247	69	88,316
Total comprehensive income for the financial period	-	-	142	-	2,672	2,672	2,814	12	2,826
Purchase of treasury shares	-	(27)	-	-	-	-	(27)	-	(27)
Balance as at 31.08.2013	50,200	(1,923)	46,862	707	(4,812)	(4,105)	91,034	81	91,115

- 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 (cont'd)

	Share capital S\$'000	Treasury shares S\$'000	Revenue reserve S\$'000	Total equity S\$'000
COMPANY				
Balance as at 28.02.2014	50,200	(1,923)	24,260	72,537
Total comprehensive income for the financial period	-	-	(115)	(115)
Dividends paid on ordinary shares	-	-	(604)	(604)
Balance as at 31.08.2014	50,200	(1,923)	23,541	71,818
Balance as at 28.02.2013				
Balance as at 28.02.2013	50,200	(1,896)	18,097	66,401
Total comprehensive income for the financial period	-	-	(1,080)	(1,080)
Purchase of treasury shares	-	(27)	-	(27)
Balance as at 31.08.2013	50,200	(1,923)	17,017	65,294

- 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

Share Capital

	<u>Group and Company</u>	
	No. of shares (‘000)	(S\$'000)
Ordinary shares - Issued and fully paid		
Balance as at 1 Jun 2014 and 31 August 2014	<u>313,085</u>	<u>50,200</u>

There was no change in the Company's share capital from 28 February 2014 to 31 August 2014.

As at 31 August 2014, the Company held 10,873,000 of its issued shares as Treasury Shares (31 August 2013: 10,873,000).

The Company does not have any outstanding options or convertibles at the end of the financial period under review (31 August 2013: Nil).

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.

	31.08.2014	28.02.2014
	Number of shares	Number of shares
	('000)	('000)
Total number of shares issued	313,085	313,085
Less: Treasury shares	<u>(10,873)</u>	<u>(10,873)</u>
Issued shares excluding treasury shares	<u><u>302,212</u></u>	<u><u>302,212</u></u>

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the current financial period reported on.

2 Whether the figures have been audited, or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures in this announcement have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of the 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 adopted in the financial statements for the current reporting period are consistent with those disclosed in the audited financial statements as at 28 February 2014 except that the Group has adopted new Financial Reporting Standards ("FRS") which became effective for periods beginning on or after 1 March 2014.

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 adoption of the new FRS had no material effect on the Group's accounting policies and had no significant impact on the Group's financial statements.

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			
	2QFY15	2QFY14	1HFY15	1HFY14
Profit/(loss) attributable to shareholders (\$'000)	3,127	(56)	5,387	142
Weighted average number of shares used to compute				
basic and diluted earnings per share ('000)	302,212	302,340	302,212	302,340
Earnings per share (cents) - basic and diluted	1.03	(0.02)	1.78	0.05

The weighted average number of shares was computed after adjusting for the effect of treasury shares held by the Company.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the issuer at the end of the:
(a) current period reported on; and
(b) immediately preceding financial year

	GROUP		COMPANY	
	31.08.2014	28.02.2014	31.08.2014	28.02.2014
Net asset value per ordinary share based on				
share capital at the end of the period (cents)	31.20	29.97	23.76	24.00

The calculation of the net asset value per ordinary share was based on total number of 302,212,000 (28.2.2014: 302,212,000) ordinary shares (excluding treasury shares).

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

Consolidated statement of comprehensive income

The Group has reported a turnover of \$21.2 million for the second quarter ended 31 August 2014 (2QFY15), an increase of 32.3% (approximately \$5.2 million) as compared to \$16.0 million in the corresponding financial period in FY2014 (2QFY14). Sales in HDD components and Precision Metal Stamping components segments increased by 38.3% and 12.2% respectively as compared to 2QFY14. The increases were mainly contributed by higher demands from customers.

The Group's cost of sales (COS) increased by 21.4% (approximately \$3.1 million) as compared to 2QFY14. The increase in COS was not in line with the increase in turnover mainly due to the overhead costs did not proportionately increase in relation to turnover. As a result, the gross profit margin improved from 10.3% to 17.7% as compared to 2QFY14.

Other operating income increased by 73.5% (approximately \$0.7 million) as compared to 2QFY14 mainly due to increases in foreign exchange gain (approximately \$0.3 million), income from insurance claim (approximately \$0.2 million) and rental income (approximately \$0.2 million).

8 A review of the performance of the group (cont'd)

Consolidated statement of comprehensive income (cont'd)

Distribution and selling expenses increased by 11.6% (approximately \$88,000) as compared to 2QFY14. The increase was mainly due to increase in sales activities during 2QFY15. The General and administrative expenses decreased by 24.9% (approximately \$0.7 million) as compared to 2QFY14. The decrease was mainly due to foreign exchange loss of \$1.2 million recorded in 2QFY14. This was partially offset by increases in amortisation and depreciation expenses and loss on disposal of property, plant and equipment in 2QFY15.

Finance cost decreased by 56.9% (approximately \$29,000) in 2QFY15 mainly attributable to lower interest-bearing loans and borrowing balances as compared to 2QFY14.

Share of results of associate companies represents the Group's interest in the profit after taxation of the associate companies. The share of results of associate companies decreased by 28.8% (approximately \$0.2 million) mainly due to lower profits generated by Jiangsu Tysan Precision Engineering Co Ltd group of companies.

Statement of financial position

The Group's non-current assets increased by 3.3% (approximately \$2.3 million) as compared to previous financial year ended 28 February 2014 (FY14) mainly contributed by increase in investments in associate companies as a result of share of profit after tax derived from associate companies during the first half financial period ended 31 August 2014 (1HFY15). Increase in Investment properties was due to reclassification of leasehold land and property from Property, plant and equipment after the Company sublet part of the leasehold building.

The Group's current assets increased by 23.6% (approximately \$8.8 million). The increase was mainly due to increases in trade and other receivables, prepayments and cash and bank balances. Trade receivables increased by 52.5% (approximately \$5.9 million) mainly due to higher sales generated in 2QFY15. Other receivables increased by 73.2% (approximately \$1.1 million) mainly due to higher amount owing by scrap collectors as a result of higher sales of scrap metal towards the financial period end. Prepayments increased substantially (approximately \$2.2 million) mainly due to partial amounts prepaid for purchases of plant and machineries. The increases were partially offset by decreases in inventories and amount due from an associate company. Inventories decreased by 14.6% (approximately \$1.8 million) mainly due to higher sales generated towards the end of 2QFY15. The Company's inventories and trade receivables decreased substantially mainly due to the Company had completed its relocation of manufacturing activities to Malaysia in November 2013. Other receivables of the Company increased by 29.2% (approximately \$1.2 million) mainly due to increase in inter-companies receivables.

The Group's current liabilities increased by 60.8% (approximately \$7.4 million) as compared to FY14. The increase was mainly due to increases in trade and other payables and interest-bearing loans and borrowings. Trade payables increased by 26.9% (approximately \$1.4 million) mainly due to increase in purchases during 1HFY15 as a result of higher production activities. Other payables increased substantially (approximately \$4.1 million) mainly due to higher tooling deposits received from customers, accrued personnel expenses and payables on machinery. Interest-bearing loans and borrowings increased by 69.6% (approximately \$2.0 million) due to a subsidiary of the Company has obtained a term loan to finance purchases of plant and machineries. The Company's trade payables decreased as a result of cessation of manufacturing activities in Singapore.

Consolidated statement of cash flows

During 2QFY15, the Group has net cash flows generated from operations of \$3.2 million as compared to net cash flows used in operations of \$2.3 million in 2QFY14. The net cash flows generated was mainly contributed by higher profit generated during 2QFY15, decrease in inventories and increases in trade and other payables. This was partially offset by increases in trade receivables, other receivables and prepayments.

In investing activities, the Group used \$3.4 million during 2QFY15 as compared to \$1.1 million used in 2QFY14. The net cash used was mainly for purchases of property, plant and equipment.

During 2QFY15, the Group generated \$1.0 million net cash flows in financing activities as compared to \$0.9 million net cash flows used in 2QFY14. The net cash generated was mainly contributed by proceeds from interest-bearing loans and borrowings. This was partially offset by repayment of interest-bearing loans and borrowings and dividends paid on ordinary shares during 2QFY15.

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

There is no variance from the previous financial results announcement for first quarter ended 31 May 2014.

10 A commentary at the date of the announcement of the significant trends or 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

Both HDD components and Precision Metal Stamping components segments are expected to do well.

Barring any unforeseen circumstances, the Board of Directors expects the Group to be profitable in the financial year ending 28 February 2015.

11 Dividend

(a) Current Financial Period Reported On

Any interim (final) dividend declared (recommended) for the current financial period reported on?

Yes.

Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	0.5 cents per ordinary share
Tax Rate	Tax Exempt (One-tier)

(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

The proposed dividend will be paid at a date to be announced.

(d) Books closure date

Notice will be given at a later date on the closure of the Share Transfer Books and the Register of Members to determine the shareholders' entitlements to the proposed dividend.

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

Not applicable.

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, statement to that effect.

The Group does not have a general mandate from its shareholders for interested person transactions.

Confirmation by the Board

On behalf of the Board of Directors, we, the undersigned, hereby confirm to the best of our knowledge that nothing has to come to the attention of the Board of Directors of the Company which may render the unaudited financial result of Cheung Woh Technologies Ltd for the second quarter ended 31 August 2014 set out above to be false or misleading in any material respects.

For and On behalf of the Board of Directors

Law Kung Ying
Director

Law Yu Chui
Director

10 October 2014