

Half-Year Financial Results Announcement for the Period Ended 30 June 2015

PART 1 – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),  
HALF-YEAR AND FULL YEAR RESULTS

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

	6 months ended 30-06-15 S\$'000	6 months ended 30-06-14 S\$'000	Change %	Note
<b>Revenue</b>	<b>39,097</b>	<b>40,691</b>	-4%	
Cost of sales	(31,913)	(33,806)	-6%	a
<b>Gross profit</b>	<b>7,184</b>	<b>6,885</b>	N.M.*	
<b><u>Other items of income</u></b>				
Interest income	21	12	N.M.*	
Other gains	578	176	228%	b
<b><u>Other items of expense</u></b>				
Distribution costs	(1,233)	(834)	48%	
Administrative expenses	(3,825)	(3,217)	19%	a
Interest expense	(1)	-	N.M.*	
Other losses	(142)	(52)	173%	c
Share of profit from equity-accounted associate	-	131	N.M.*	
Share of profit from equity-accounted joint venture	193	193	N.M.*	
<b>Profit before tax from continuing operations</b>	<b>2,775</b>	<b>3,294</b>	-16%	
Income tax expense	(192)	(309)	-38%	
<b>Profit net of tax</b>	<b>2,583</b>	<b>2,985</b>	-13%	
<b><u>Other comprehensive income</u></b>				
Exchange differences on translation from functional currency to presentation currency	521	(298)	N.M.*	d
Share of other comprehensive loss from equity-accounted joint venture	(20)	(38)	N.M.*	
Fair value changes on available-for-sale assets	14	10	N.M.*	
<b>Total comprehensive income</b>	<b>3,098</b>	<b>2,659</b>	17%	
Profit attributable to owners of the parent, net of tax	2,641	2,985	-12%	
Loss attributable to non-controlling interests, net of tax	(58)	-	N.M.*	
<b>Profit net of tax</b>	<b>2,583</b>	<b>2,985</b>	-13%	
Total comprehensive income attributable to owners of the parent	3,156	2,659	19%	
Loss attributable to non-controlling interests, net of tax	(58)	-	N.M.*	
<b>Total comprehensive income</b>	<b>3,098</b>	<b>2,659</b>	17%	

Note:

\*N.M. : Not meaningful

## Notes to Statement of Comprehensive Income

	6 months ended 30-06-15 S\$'000	6 months ended 30-06-14 S\$'000
<b>a. Depreciation</b>		
The total depreciation expenses charged are as follows:		
Cost of sales	(146)	(192)
Administrative expenses	(384)	(354)
	<u>(530)</u>	<u>(546)</u>
<b>b. Other gains</b>		
Foreign exchange gain	-	10
Gain on disposal of plant and equipment	94	9
Gain on disposal of an associate	368	-
Government grant	83	89
Other Income	33	68
	<u>578</u>	<u>176</u>
<b>c. Other charges</b>		
Allowance for impairment on trade receivables	(54)	-
Bad debts written off trade receivables	(3)	(52)
Foreign exchange adjustments losses	(83)	-
Other expenses	(2)	-
	<u>(142)</u>	<u>(52)</u>
<b>d. Exchange differences</b>		
Exchange differences arose mainly from the translation of foreign currency assets and liabilities of the financial statements in functional currency to presentation currency (i.e. Singapore dollars) at the exchange rate at the end of the financial period.		

**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		
	30-06-15 S\$'000	31-12-14 S\$'000	% Change	30-06-15 S\$'000	31-12-14 S\$'000	% Change
<u>Non-current assets</u>						
Property, plant and equipment	4,148	3,591	16%	1,236	877	41%
Goodwill	409	409	N.M.*	-	-	N.M.*
Investments in subsidiaries	-	-	N.M.*	16,648	5,430	N.M.*
Investments in joint venture	1,776	1,583	12%	-	-	N.M.*
Deferred tax assets	42	36	17%	-	-	N.M.*
Other assets	631	619	2%	-	-	N.M.*
Other financial assets	799	776	3%	799	776	3%
Total non-current assets	7,805	7,014	11%	18,683	7,083	164%
<u>Current assets</u>						
Assets and disposal group held for sale under FRS 105	-	1,627	N.M.*	-	-	N.M.*
Inventories	8,619	6,041	43%	-	4,562	-100%
Trade and other receivables	11,733	8,147	44%	5,321	5,770	-8%
Other assets	505	1,157	-56%	83	1,076	-92%
Cash and cash equivalents	32,128	31,303	3%	8,980	17,488	-49%
Total current assets	52,985	48,275	10%	14,384	28,896	-50%
Total assets	60,790	55,289	10%	33,067	35,979	-8%
<u>Equity and liabilities</u>						
<u>Equity attributable to owners of the parent</u>						
Share capital	6,606	6,606	N.M.*	6,606	6,606	N.M.*
Retained earnings	41,511	39,693	5%	18,247	19,098	-4%
Other reserves, total	562	47	N.M.*	(897)	(1,343)	N.M.*
Equity attributable to owners of the parent	48,679	46,346	5%	23,956	24,361	-2%
Non-controlling interests	492	-	N.M.*	-	-	N.M.*
Total equity	49,171	46,346	6%	23,956	24,361	-2%
<u>Non-current liabilities</u>						
Deferred tax liabilities	253	243	4%	50	73	-32%
Other financial liabilities	16	21	N.M.*	-	-	N.M.*
Total non-current liabilities	269	264	2%	50	73	-32%
<u>Current liabilities</u>						
Income tax payable	518	741	-30%	7	170	N.M.*
Trade and other payables	10,672	7,926	35%	9,054	11,375	-20%
Other financial liabilities	160	12	N.M.*	-	-	N.M.*
Total current liabilities	11,350	8,679	31%	9,061	11,545	-22%
Total liabilities	11,619	8,943	30%	9,111	11,618	-22%
Total equity and liabilities	60,790	55,289	10%	33,067	35,979	-8%

Note:

\*N.M. : Not meaningful

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

Amount repayable in one year or less, or on demand (S\$'000)

30-06-15		31-12-14	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
12	148	12	-

Amount repayable after one year (S\$'000)

30-06-15		31-12-14	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
16	-	21	-

**Details of any collaterals**

Not applicable.

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

	<b>6 months ended 30-06-15 S\$'000</b>	<b>6 months ended 30-06-14 S\$'000</b>
<b><u>Cash flows from operating activities</u></b>		
Profit before tax	2,775	3,294
Adjustments for:		
Interest income	(21)	(12)
Interest expense	1	-
Insurance premium charged to profit or loss	6	-
Depreciation of property, plant and equipment	530	546
Share of profit from equity-accounted associate	-	(131)
Share of profit from equity-accounted joint venture	(193)	(193)
Gain on disposal of an associate	(368)	-
Gain on disposal of property, plant and equipment	(94)	(9)
Operating cash flows before changes in working capital	<u>2,636</u>	<u>3,495</u>
Inventories	(2,473)	(521)
Trade and other receivables	(3,446)	(8,745)
Other assets	(72)	(66)
Trade and other payables	<u>2,609</u>	<u>1,026</u>
Net cash flows used in operations activities	<u>(746)</u>	<u>(4,811)</u>
Net income tax paid	(411)	(217)
Net cash flows used in operating activities	<u>(1,157)</u>	<u>(5,028)</u>
<b><u>Cash flows from investing activities</u></b>		
Disposal of property, plant and equipment	100	24
Acquisition of a subsidiary, net of cash acquired (Note A below)	802	-
Purchase of property, plant and equipment	(1,057)	(338)
Disposal of assets and disposal group held for sale under FRS 105	1,995	-
Dividend from associates	-	134
Interest received	21	12
Net cash flows from/(used in) investing activities	<u>1,861</u>	<u>(168)</u>
<b><u>Cash flows from financing activities</u></b>		
Dividends paid to equity owners	(823)	(823)
Increase in borrowings	148	2,279
Repayment of finance leases	(5)	-
Interest paid	(1)	-
Net cash flows (used in)/from financing activities	<u>(681)</u>	<u>1,456</u>
<b>Net decrease in cash and cash equivalents</b>	<b>23</b>	<b>(3,740)</b>
Cash and cash equivalents, statement of cash flow, beginning balance	31,303	26,211
Net effect of exchange rate changes on cash and cash equivalents	249	(165)
<b>Cash and cash equivalents, statement of cash flow, ending balance</b>	<b><u>31,575</u></b>	<b><u>22,306</u></b>

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

	<b>6 months ended 30-06-15 S\$'000</b>	<b>6 months ended 30-06-14 S\$'000</b>
<b>Cash and cash equivalents comprise:</b>		
	S\$'000	S\$'000
Not restricted in use	31,575	22,306
Cash pledged for bank facilities	<u>553</u>	<u>-</u>
Cash at end of the period	<u><u>32,128</u></u>	<u><u>22,306</u></u>

**Note A: Acquisition of a subsidiary**

On 1 January 2015, the Group acquired a 60% equity interest in Heptalink Chemicals Pte Ltd ("Heptalink"). The principal activities of Heptalink is that of trading and distribution of chemicals.

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest and the effects on the cash flows of the Group, at the acquisition date, are as follows:

(i) Purchase consideration

	S\$'000
Cash paid	<u>825</u>
<b>Consideration transferred for the business</b>	<u><u>825</u></u>

(ii) Effect on cash flow of the Group

	S\$'000
Cash paid (as above)	825
Less: cash and cash equivalents in subsidiary acquired	<u>(1,627)</u>
<b>Cash inflow on acquisition</b>	<u><u>(802)</u></u>

(iii) Identifiable assets acquired and liabilities assumed

	At fair value S\$'000
Inventories	212
Trade receivables	3,173
Other receivables	5
Cash and cash equivalents	<u>1,627</u>
<b>Total assets</b>	<u><u>5,017</u></u>
Trade payables	407
Other payables	97
Bank borrowings	3,115
Income tax payable	<u>23</u>
<b>Total liabilities</b>	<u><u>3,642</u></u>
<b>Total identifiable net assets</b>	1,375
Less: Non-controlling interest at fair value	<u>(550)</u>
<b>Consideration transferred for the business</b>	<u><u>825</u></u>

**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**

	Total Equity S\$'000	Attributable to Parent Sub-total S\$'000	Share Capital S\$'000	Retained Earning S\$'000	Currency Translation Reserve S\$'000	Other Reserve S\$'000	Non- Controlling Interests S\$'000
<b>Group</b>							
<b>Current period:</b>							
Opening balance at 1.1.15	46,346	46,346	6,606	39,693	(1,147)	1,194	-
<b>Movements in equity:</b>							
Total comprehensive income for the year	3,098	3,156	-	2,641	501	14	(58)
Acquisition of a subsidiary	550	-	-	-	-	-	550
Dividends paid	(823)	(823)	-	(823)	-	-	-
Closing balance at 30.06.15	49,171	48,679	6,606	41,511	(646)	1,208	492
<b>Previous period:</b>							
Opening balance at 1.1.14	40,955	40,955	6,606	35,521	(2,343)	1,171	-
<b>Movements in equity:</b>							
Total comprehensive income/(loss) for the year	2,659	2,659	-	2,985	(336)	10	-
Dividends paid	(823)	(823)	-	(823)	-	-	-
Closing balance at 30.06.14	42,791	42,791	6,606	37,683	(2,679)	1,181	-
<b>Company</b>							
<b>Current period:</b>							
Opening balance at 1.1.15	24,361	24,361	6,606	19,098	(1,307)	(36)	
<b>Movements in equity:</b>							
Total comprehensive income/(loss) for the year	418	418	-	(28)	432	14	
Dividends paid	(823)	(823)	-	(823)	-	-	
Closing balance at 30.06.15	23,956	23,956	6,606	18,247	(875)	(22)	
<b>Previous period:</b>							
Opening balance at 1.1.14	20,887	20,887	6,606	15,980	(1,640)	(59)	
<b>Movements in equity:</b>							
Total comprehensive income/(loss) for the year	545	545	-	736	(201)	10	
Dividends paid	(823)	(823)	-	(823)	-	-	
Closing balance at 30.06.14	20,609	20,609	6,606	15,893	(1,841)	(49)	

**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 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.**

As at 30 Jun 2015, there was no movement in the company's share capital and no share options were issued.

**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.**

The total number of issued shares were 164,531,172 as at 30.06.2015 and 31.12.2014.

**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 have not been audited or reviewed.

**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.**

Yes.

**5. If there were 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 new and revised Financial Reporting Standards (FRSs) and Interpretations to FRSs (INT FRSs) effective for the current reporting period have no material impact on the financial statements of the Group.

**6. Earnings per ordinary share of the company for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Group	
	30-06-15	30-06-14
	Singapore Cents	Singapore Cents
(i) Based on number of ordinary shares in issue of 164,531,172 (30.06.2014: 164,531,172 shares)	1.57	1.81
(ii) On a fully diluted basis of 164,531,172 ordinary shares (30.06.2014: 164,531,172 shares)	1.57	1.81

Note:

Earnings per share was calculated based on the number of ordinary share in issue of 164,531,172 as at 30.06.2015.



**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 period reported on; and  
 (b) immediately preceding financial year

	30-06-15	31-12-14
	Singapore Cents	Singapore Cents
Net asset value per ordinary shares in issue of 164,531,172 (31.12.14 : 164,531,172)		
Group	29.59	28.17
Company	14.56	14.81

Note:

Net asset value per ordinary share was calculated based on the number of ordinary share in issue of 164,531,172 as at 30.06.2015.

**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 period reported on.

**Income Statement**

- (i) Total revenue declined by 4% to S\$39 million due mainly to decrease in manufacturing revenue during the period.
- (ii) The cost of sales reduced by 6% in line with the decreased manufacturing activity. The increase in gross profit margin is due mainly to the higher profit margin contribution from manufacturing activity.
- (iii) The profit before tax and net profit after tax decreased by 16% and 13% to S\$2.8 million and S\$2.6 million, respectively.
- (iv) Distribution costs went up 48% as compared to 1H 2014 due largely to higher trading volume giving rise to higher shipping costs in 1H 2015. There was also demurrage settlement credited in 1H 2014.
- (v) Administrative expenses increased by 19% due mainly to increase in staff costs, acquisition-related costs of a subsidiary, Heptalink Chemicals Pte Ltd ("Heptalink") and consolidation of Heptalink accounts.
- (vi) The Group adopts US dollars as functional currency while the financial presentation here is in Singapore dollars. Exchange difference arose mainly from the translation of foreign currency assets and liabilities of the financial statements in functional currency to presentation currency (i.e. Singapore dollars) with the exchange rate at the end of the period. The income and expenses were converted at the average rate for the period.

### **Statement of Financial Position**

- (i) Property, plant and equipment assets increased by 16% due mainly to motor vehicles acquired.
- (ii) Inventories went up 43% because of higher stock replenishment and consolidation of Heptalink accounts.
- (iii) Trade and other receivables increased by 44% due mainly to full payment by a major customer in 2H 2014 taking advantage of early payment discount and consolidation of Heptalink accounts in 1H 2015.
- (iv) Current portion of other assets reduced by 56% due mainly to consideration paid in advance for acquisition of Heptalink in 2H 2014.
- (v) Trade and other payables rose 35% as compared to 2H 2014 due largely to higher purchases toward the end of current period.
- (vi) Current portion of other financial liabilities of S\$0.16 million due mainly to the operation of Heptalink being financed by trust receipt.

### **Statement of Cash Flow**

Operational cash flow improved by 77% or S\$3.9 million. This was largely due to increase in trade receivables from higher sales in 1H 2014 as compared to 1H 2015.

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

There is no significant variance between the previous disclosures and the actual results.

### **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.**

- (i) The global macro environment in general and regional economy and the oil business in particular remain uncertain and challenging, and we expect this to continue.
- (ii) Apart from organic growth, it has been the Group's strategy to explore suitable acquisition and business alliances opportunities.
- (iii) The management believes, barring any unforeseen circumstances, the overall performance of the Group will remain healthy in the next 12 months.

## **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/recommended, a statement to that effect**

No interim dividend has been proposed.

## **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 does not have a general mandate from shareholders for interested person transactions.

## **14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Not applicable.

## **15. In the review of performance, the factors leading to any material changes in contribution to turnover and earnings by the business or geographical segments**

Total revenue decreased by 4% to S\$39 million due mainly to decrease in manufacturing revenue during the period.

## **16. A breakdown of sales and profit**

Not applicable.

**17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.**

Not applicable.

**18. Confirmation of the Board pursuant to Rule 705(5) of the listing manual.**

On behalf of the Board of Directors, I hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the interim financial results to be false or misleading, in any material aspect.

BY ORDER OF THE BOARD

Ho Chee Hon  
Group CEO  
14/08/15