

Half-Year Financial Results Announcement for the Period Ended 30 June 2014

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 30-06-14 S\$'000	6 months ended 30-06-13 S\$'000	Change %	Note
<b>Revenue</b>	<b>40,691</b>	<b>35,339</b>	15%	
Cost of Sales	(33,806)	(28,021)	21%	a
<b>Gross Profit</b>	<b>6,885</b>	<b>7,318</b>	-6%	
<b><u>Other Items of Income</u></b>				
Interest Income	12	12	N.M.*	
Other Credits	176	46	283%	b
<b><u>Other Items of Expense</u></b>				
Distribution Costs	(834)	(1,272)	-34%	
Administrative Expenses	(3,217)	(3,010)	7%	a
Interest Expense	-	(2)	N.M.*	
Other Charges	(52)	(48)	8%	c
Share of Profit from Equity-Accounted Associates	324	341	-5%	
<b>Profit Before Tax from Continuing Operations</b>	<b>3,294</b>	<b>3,385</b>	-3%	
Income Tax Expense	(309)	(335)	-8%	
<b>Profit Net of Tax</b>	<b>2,985</b>	<b>3,050</b>	-2%	
<b><u>Other Comprehensive Income</u></b>				
Exchange Differences on Translation from Functional Currency to Presentation Currency	(336)	711	N.M.*	d
Fair Value Changes on Available-for-sale assets	10	-	N.M.*	
<b>Total Comprehensive Income</b>	<b>2,659</b>	<b>3,761</b>	-29%	
Profit Attributable to Owners of the Parent, Net of Tax	2,985	3,050	-2%	
Profit Attributable to Non-Controlling Interests, Net of Tax	-	-	N.M.*	
Profit Net of Tax	2,985	3,050	-2%	
Total Comprehensive Income Attributable to Owners of the Parent	2,659	3,761	-29%	
Total Comprehensive Income Attributable to Non-Controlling Interests	-	-	N.M.*	
<b>Total Comprehensive Income</b>	<b>2,659</b>	<b>3,761</b>	-29%	

Note:

\*N.M. : Not meaningful

## Notes to Statement of Comprehensive Income

	6 months ended 30-06-14 S\$'000	6 months ended 30-06-13 S\$'000
<b>a. Depreciation</b>		
The total depreciation expenses charged are as follows:		
Cost of sales	(192)	(188)
Administrative expenses	<u>(354)</u>	<u>(322)</u>
	<u><u>(546)</u></u>	<u><u>(510)</u></u>
<b>b. Other Credits</b>		
Foreign exchange gain	10	-
Gain on disposal of plant and equipment	9	-
Government grant	89	5
Other Income	<u>68</u>	<u>41</u>
	<u><u>176</u></u>	<u><u>46</u></u>
<b>c. Other Charges</b>		
Bad debts written off trade receivables	(52)	(8)
Foreign exchange loss	-	(38)
Plant and equipment written-off	<u>-</u>	<u>(2)</u>
	<u><u>(52)</u></u>	<u><u>(48)</u></u>
<b>d. Exchange differences</b>		
Exchange differences arose mainly from the translation of foreign currency assets and liabilities of the financial statements to 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		
	30-06-14 S\$'000	31-12-13 S\$'000	% Change	30-06-14 S\$'000	31-12-13 S\$'000	% Change
<u>Non-Current Assets</u>						
Property, Plant & Equipment	3,626	3,864	-6%	885	905	-2%
Goodwill	409	409	N.M.*	-	-	N.M.*
Investments in Subsidiaries	-	-	N.M.*	5,907	5,907	N.M.*
Investments in Associates	2,885	2,733	6%	-	-	N.M.*
Deferred Tax Assets	36	29	24%	-	-	N.M.*
Other Assets	600	600	N.M.*	-	-	N.M.*
Other Financial Assets	723	724	N.M.*	723	724	N.M.*
Total Non-Current Assets	8,279	8,359	-1%	7,515	7,536	N.M.*
<u>Current Assets</u>						
Inventories	8,100	7,684	5%	6,587	6,316	4%
Trade and Other Receivables	16,787	8,152	106%	12,578	4,012	214%
Other Assets	234	179	31%	89	111	-20%
Cash and Cash Equivalents	22,306	26,211	-15%	8,866	13,768	-36%
Total Current Assets	47,427	42,226	12%	28,120	24,207	16%
Total Assets	55,706	50,585	10%	35,635	31,743	12%
<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	37,683	35,521	6%	15,893	15,980	-1%
Other Reserves, Total	(1,498)	(1,172)	28%	(1,890)	(1,699)	11%
Total Equity	42,791	40,955	4%	20,609	20,887	-1%
<u>Non-Current Liabilities</u>						
Deferred Tax Liabilities	235	248	-5%	65	78	-17%
Total Non-Current Liabilities	235	248	-5%	65	78	-17%
<u>Current Liabilities</u>						
Income Tax Payable	772	660	17%	100	-	N.M.*
Trade and Other Payables	9,629	8,722	10%	12,582	10,778	17%
Other Financial Liabilities	2,279	-	N.M.*	2,279	-	N.M.*
Total Current Liabilities	12,680	9,382	35%	14,961	10,778	39%
Total Liabilities	12,915	9,630	34%	15,026	10,856	38%
Total Equity and Liabilities	55,706	50,585	10%	35,635	31,743	12%

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)

30-06-14		31-12-13	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	2,279	-	-

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

30-06-14		31-12-13	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
-	-	-	-

**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 30-06-14 S\$'000</b>	<b>6 months ended 30-06-13 S\$'000</b>
<b><u>Cash Flows From Operating Activities</u></b>		
Profit before tax	3,294	3,385
Adjustments for:		
Interest Income	(12)	(12)
Interest Expense	-	2
Depreciation of Property, Plant and Equipment	546	510
Share of Profit of Associates	(324)	(341)
Gain on Disposal of Property, Plant and Equipment	(9)	2
Operating Cash Flows before Changes in Working Capital	<u>3,495</u>	<u>3,546</u>
Inventories	(521)	157
Trade and Other Receivables	(8,745)	(4,204)
Other Assets	(66)	(491)
Trade and Other Payables	1,026	(773)
Net Cash Flows Used In Operations Activities	<u>(4,811)</u>	<u>(1,765)</u>
Net Income Tax Paid	(217)	(456)
Net Cash Flows Used In Operating Activities	<u>(5,028)</u>	<u>(2,221)</u>
<b><u>Cash Flows From Investing Activities</u></b>		
Disposal of Property, Plant and Equipment	24	-
Purchase of Property, Plant and Equipment	(338)	(544)
Dividend from Associates	134	-
Interest received	12	12
Net Cash Flows Used In Investing Activities	<u>(168)</u>	<u>(532)</u>
<b><u>Cash Flows From Financing Activities</u></b>		
Dividends Paid to Equity Owners	(823)	(823)
Increase in borrowings	2,279	2,086
Interest paid	-	(2)
Net Cash Flows From Financing Activities	<u>1,456</u>	<u>1,261</u>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(3,740)</b>	<b>(1,492)</b>
Cash and Cash Equivalents, Statement of Cash Flow, Beginning Balance	26,211	20,443
Net Effect of Exchange Rate Changes on Cash and Cash Equivalents	(165)	273
<b>Cash and Cash Equivalents, Statement of Cash Flow, Ending Balance</b>	<b><u>22,306</u></b>	<b><u>19,224</u></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**

	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 1.1.14	40,955	40,955	6,606	35,521	(2,343)	1,171	-
<b>Movements in Equity:</b>							
Total Comprehensive Income 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>Previous period:</b>							
Opening Balance at 1.1.13	36,565	36,565	6,606	31,781	(3,052)	1,230	-
<b>Movements in Equity:</b>							
Total Comprehensive Income for the Year	3,761	3,761	-	3,050	711	-	-
Dividends paid	(823)	(823)	-	(823)	-	-	-
Closing Balance at 30.06.13	39,503	39,503	6,606	34,008	(2,341)	1,230	-
<b>Company</b>							
<b>Current 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 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)	-
<b>Previous period:</b>							
Opening Balance at 1.1.13	18,828	18,828	6,606	14,325	(2,103)	-	-
<b>Movements in Equity:</b>							
Total Comprehensive Income for the Year	1,162	1,162	-	692	470	-	-
Dividends paid	(823)	(823)	-	(823)	-	-	-
Closing Balance at 30.06.13	19,167	19,167	6,606	14,194	(1,633)	-	-

**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 2014, 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 30.06.2014 and 31.12.2013.

**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	
	30-06-14	30-06-13
	Singapore Cents	Singapore Cents
(i) Based on number of ordinary shares in issue of 164,531,172 (30.06.2013: 164,531,172 shares)	1.81	1.85
(ii) On a fully diluted basis of 164,531,172 ordinary shares (30.06.2013: 164,531,172 shares)	1.81	1.85

Note:

Earnings per share was calculated based on the number of ordinary share in issue of 164,531,172 as at 30.06.2014.

**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**

	30-06-14	31-12-13
	Singapore Cents	Singapore Cents
Net asset value per ordinary shares in issue of 164,531,172 (31.12.13 : 164,531,172)		
Group	26.00	24.89
Company	12.53	12.69

Note:

Net asset value per ordinary share was calculated based on the number of ordinary share in issue of 164,531,172 as at 30.06.2014.

**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 increased by 15% to S\$40.7 million due mainly to increase in trading and franchising activities during the period.
- (ii) The cost of sales increased by 21% in line with the increased trading activities. The reduction in gross profit margin is due mainly to a higher proportion of trading activity.
- (iii) The profit before tax and net profit after tax of S\$3.3 million and S\$3.0 million, respectively, were similar to those of the first half of FY 2013.
- (iv) Distribution costs reduced by 34% due mainly to lower shipping costs and commission paid.
- (v) The Group adopts US dollars as functional currency while the financial presentation here is in Singapore dollars. Exchange losses arose from the translation of foreign currency assets and liabilities of the financial statements to Singapore dollars based on the exchange rate at the end of the period. The income and expenses were converted at an average monthly exchange rate for the period.



### **Statement of Financial Position**

- (i) Trade and other receivables increased by 106% as a result of higher sales made in 2Q 2014 compared to that of 4Q 2013.
- (ii) Trade and other payables increased by 10% due to more purchases made toward the end of the period.
- (iii) Other financial liabilities of S\$2.3 million derived from purchases financed by trust receipt loans from bank.

### **Statement of Cash Flow**

Operational cash flow reduced by 126% or S\$2.8 million. This was largely due to increase in trade receivables from higher sales in 2Q 2014 as well as higher stock level.

### **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 economy and business environment of our industry were challenging and we expect this to continue.
- (ii) We are positive about business activities of our major subsidiaries and associate companies. Apart from organic growth, it has been the Group's strategy to explore suitable opportunities in acquisition and business alliances.
- (iii) The management believes, barring unforeseen circumstances, the overall performance of the Group remain healthy.

### **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 an earnings by the business or geographical segments**

Total revenue increased by 15% to S\$40.7 million due mainly to increase in trading and franchising activities 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 Deputy CEO  
11/08/14