

Half Year Financial Statements and Dividend Announcement

The Board of Directors is pleased to make the following announcement of the unaudited results for the Half-Year ended 30 June 2014.

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

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Unaudited Consolidated Statement of Comprehensive Income
For the Half-Year ended 30 June 2014**

	Group		Increase (Decrease) (%)
	30 Jun 14	30 Jun 13	
	S\$'000	S\$'000	
Revenue	16,282	14,121	15.3
Cost of Sales	(12,668)	(11,249)	12.6
Gross Profit	3,614	2,872	25.8
Other items of Income			
Interest Income	5	8	(37.5)
Other Credits	209	412	(49.3)
Other items of Expenses			
Marketing and Distribution Costs	(211)	(292)	(27.7)
Administrative Expenses	(2,238)	(2,591)	(13.6)
Finance Costs	(175)	(125)	40.0
Other Charges	(190)	(9)	NM
Profit Before Tax	1,014	275	268.7
Income Tax Expenses	(85)	(2)	NM
Profit , Net of Tax	929	273	240.3
Other Comprehensive Income (Loss), Net of Tax:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(261)	615	NM
Total Comprehensive Income	668	888	NM
Profit/(Loss) attributable to:			
Equity Holders of the Company	929	282	229.4
Non-Controlling Interests	–	(9)	(100.0)
	929	273	240.3
Total Comprehensive Income attributable to:			
Equity Holders of the Company	668	873	(23.5)
Non-Controlling Interests	–	15	(100.0)
	668	888	(24.8)

NM – denotes not meaningful

NA – denotes not applicable

Notes to the Consolidated Statement of Comprehensive Income

	Group		Increase (Decrease) (%)
	30 Jun 14 S\$'000	30 Jun 13 S\$'000	
<u>Other Credits and (Other Charges)</u>			
Allowance for impairment on trade receivables – Reversal	–	24	(100.0)
Foreign exchange adjustment (losses) gains – Net (Note 4)	(163)	214	NM
Reversal for slow moving inventories	174	157	10.8
Provision for product warranty expense – (provision)	(27)	(9)	200.0
Others	35	17	105.9
Net	19	403	NM
<u>Presented in Profit or Loss as :</u>			
Other Credits	209	412	(49.3)
Other Charges	(190)	(9)	NM
Net	19	403	NM
Depreciation and amortization	(61)	(59)	3.4

NM – denotes not meaningful
NA – denotes not applicable

1. Marketing and Distribution Costs

The decrease was due to reduced expenditure on travelling and decline in representative office expenses in Russia.

2. Administrative Expenses

The decrease was mainly due to the results of the aggressive cost management implemented during the financial period.

3. Finance Costs

The increase was mainly due to the increase in interest rates.

4. The movement in exchange rates of United States Dollar against Singapore Dollar resulted in foreign exchange losses. The losses were mainly unrealized, due to recorded monetary balances denominated in foreign currency that were adjusted to reflect the Singapore Dollars equivalent at the date of the statements of financial position

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement at the end of the immediately preceding financial year.

	Notes	Group		Company	
		30 Jun 14 S\$'000	31 Dec 13 Audited S\$'000	30 Jun 14 S\$'000	31 Dec 13 Audited S\$'000
ASSETS					
<u>Non-Current Assets:</u>					
Property, Plant and Equipment	(i)	4,606	3,154	–	–
Investments in Subsidiaries		–	–	14,424	14,336
Deferred Tax Assets		83	82	–	–
Other Receivables	(iii)	–	22	–	–
Other Financial Assets		4	4	–	–
Total Non-Current Assets		4,693	3,262	14,424	14,336
<u>Current Assets:</u>					
Inventories	(ii)	13,713	16,673	–	–
Trade and Other Receivables	(iii)	19,055	17,115	718	760
Other Assets		978	945	–	2
Cash and Cash Equivalents	(iv)	2,579	5,504	65	129
Total Current Assets		36,325	40,237	783	891
Total Assets		41,018	43,499	15,207	15,227
EQUITY AND LIABILITIES					
<u>Equity:</u>					
Share Capital		14,408	14,408	14,408	14,408
Retained Earnings		8,563	7,634	635	690
Other Reserves		(1,248)	(987)	–	–
Total Equity		21,723	21,055	15,043	15,098
<u>Non-Current Liabilities:</u>					
Finance Leases		186	168	–	–
Other Financial Liabilities	(v)	1,865	2,223	–	–
Total Non-Current liabilities		2,051	2,391	–	–
<u>Current Liabilities:</u>					
Provisions		40	40	–	–
Income Tax Payable	(vi)	220	145	–	–
Trade and Other Payables	(vii)	6,105	8,530	164	129
Finance Leases		63	67	–	–
Other Financial Liabilities	(v)	8,908	9,105	–	–
Other Liabilities	(viii)	1,908	2,166	–	–
Total Current Liabilities		17,244	20,053	164	129
Total Liabilities		19,295	22,444	164	129
Total Equity and Liabilities		41,018	43,499	15,207	15,227

Notes

- (i) The increase was mainly due to purchase of plant and equipment for the coal mine methane gas project in People's Republic of China.
- (ii) The decrease was due to inventories sold and reduced purchases of inventories for the first half period ended 30 June 2014.
- (iii) The increase was mainly contributed by the increased sales billings for the first half period ended 30 June 2014 compared to second half period ended 31 December 2013 and partially offset by the receipts collected from customers.
- (iv) The repayment of payables, loans and other borrowings mainly attributed to the decrease in cash and cash equivalents.
- (v) The decrease was due to the reduction in borrowings for the first half period ended 30 June 2014 compared to second half period ended 31 December 2013 and repayment of loans and other borrowings.
- (vi) The increase was due to income tax expense provided for the first half period ended 30 June 2014.
- (vii) The decrease was mainly contributed by reduction in the purchases of inventories for the first half period ended 30 June 2014 compared to second half period ended 31 December 2013.
- (viii) The decrease was due to decrease in deposit received from customers.

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

Amount repayable in one year or less, or on demand

Group (S\$'000)			
As at 30 Jun 14		As at 31 Dec 13	
Secured	Unsecured	Secured	Unsecured
4,921	4,050	6,017	3,155

Amount repayable after 1 year

Group (S\$'000)			
As at 30 Jun 14		As at 31 Dec 13	
Secured	Unsecured	Secured	Unsecured
1,770	281	2,117	274

Details of any collateral

Secured borrowings are made up of trust receipts, factoring payables, term loans and finance leases. The finance leases amounted to S\$249,000 (31 Dec 13: S\$235,000) are secured against the leased assets.

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

Consolidated Statement of Cash Flows

	Group	
	30 Jun 14	30 Jun 13
	S\$'000	S\$'000
Cash Flows From Operating Activities		
Profit before tax	1,014	275
Adjustments for:		
Interest Income	(5)	(8)
Interest Expense	175	125
Depreciation of Property, Plant and Equipment	61	59
Currency translation differences	(67)	(11)
Provision for Warranty – loss	27	9
Operating Cash Flows before Changes in Working Capital	1,205	449
Inventories	2,819	5,166
Trade and Other Receivables	(2,026)	3,077
Other Assets	(33)	(684)
Trade and Other Payables	(2,394)	(4,501)
Other Liabilities	(239)	9
Provisions	(27)	(9)
Bank deposit (pledged)	–	32
Net Cash Flows (Used In) From Operations	(695)	3,539
Income Taxes Paid	(10)	(114)
Net Cash Flows (Used In) From Operating Activities (a)	(705)	3,425
Cash Flows From Investing Activities		
Purchase of Plant and Equipment	(1,551)	(311)
Interest Received	5	8
Net Cash Flows Used In Investing Activities (b)	(1,546)	(303)
Cash Flows From Financing Activities		
Dividends paid to Equity Holders of the Company	–	(1,275)
Other Financial Liabilities	(502)	(5,311)
Proceeds from Borrowings	80	–
Finance Lease Repayments	(41)	(66)
Interest Paid	(175)	(125)
Net Cash Flows Used In Financing Activities (c)	(638)	(6,777)
Net Decrease in Cash and Cash Equivalents	(2,889)	(3,655)
Effects of Exchange Rate Changes on Cash and Cash Equivalents	(36)	43
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balances	5,504	8,281
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balances	2,579	4,669

Notes:

- (a) The decrease in cash used in operations was mainly due to payments made to trade and other payables, increase in billings to trade and other receivables and partially offset by decrease in inventories.
- (b) The deficit in cash from investing activities mainly relate to the purchase of property, plant and equipment
- (c) The increase in cash used in financing activities was mainly due to cash used for repayment of other financial liabilities
- (d) For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise of the following:

	Group	
	30 Jun 14	31 Dec 13
	S\$'000	Audited S\$'000
Cash and cash equivalents	2,579	5,504
Cash and cash equivalents in consolidated statement of cash flows	2,579	5,504

- 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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Statement of Changes in Equity – Group

	Attributable to Equity Holders of the Company					Non-Controlling Interests S\$'000	Total Equity S\$'000
	Share capital S\$'000	Treasury Shares	Other Reserves S\$'000	Retained Earnings S\$'000	Total S\$'000		
Current Year:							
Opening Balance at 1 Jan 14	14,767	(359)	(987)	7,634	21,055	–	21,055
Total Comprehensive Income for the Year	–	–	(261)	929	668	–	668
Closing Balance at 30 Jun 14	14,767	(359)	(1,248)	8,563	21,723	–	21,723
	(a)						
Previous Year:							
Opening Balance at 1 Jan 13	14,767	(359)	(1,593)	9,265	22,080	481	22,561
Total Comprehensive Income for the Year	–	–	591	282	873	15	888
Dividends Paid	–	–	–	(1,275)	(1,275)	–	(1,275)
Closing Balance at 30 Jun 13	14,767	(359)	(1,002)	8,272	21,678	496	22,174
	(a)						

(a) Unrealised and not available for distribution as cash dividends.

- 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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (Continued)**

Statement of Changes in Equity – Company

	Share Capital S\$'000	Treasury Shares S\$'000	Retained Earnings S\$'000	Total Equity S\$'000
Current Year:				
Opening Balance at 1 Jan 14	14,767	(359)	690	15,098
Total Comprehensive Loss for the Year	–	–	(55)	(55)
Closing Balance at 30 Jun 14	<u>14,767</u>	<u>(359)</u>	<u>635</u>	<u>15,043</u>
Previous Year:				
Opening Balance at 1 Jan 13	14,767	(359)	1,106	15,514
Total Comprehensive Income for the Year	–	–	1,427	1,427
Dividends Paid	–	–	(1,275)	(1,275)
Closing Balance at 30 Jun 13	<u>14,767</u>	<u>(359)</u>	<u>1,258</u>	<u>15,666</u>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buybacks, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares or cash or as consideration for acquisition or 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 end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There are no changes to the Company's share capital during the Half-Year ended 30 June 2014.

Total number of shares held as Treasury Shares as at 30 June 2014 is 9,768,000 shares (30 June 2013: 9,768,000)

- 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.**

Total number of issued shares excluding treasury shares as at 30 June 2014 is 335,509,121 shares (31 December 2013: 335,509,121 shares).

- 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 share buy-back carried out by the Group or Company relating to sales, transfers, disposal, cancellation and/or use of treasury shares during the Half-Year ended 30 June 2014.

- 2. Whether the figures have been audited, or reviewed and in accordance with which standard (eg. The Singapore Standard on Auditing 910 (Engagements to Review of Financial Statement(s), or an equivalent standard).**

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

3. **Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter).**

Not applicable.

4. **Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements.**

The above financial information has been prepared using the same accounting policies and methods of computation as presented in the financial statements for the year ended 31 December 2013 except as described in paragraph 5.

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 form and the effect of, the change.**

There are no changes in the accounting policies and methods of computation used in the preparation of financial information in this announcement except for the adoption of the respective new or revised Financial Reporting Standards ("FRS") which have no significant impact on the financial position or performance of the Group. Where applicable, the presentation of the financial information has been amended to comply with these standards.

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

Earnings per Ordinary Share for the year based on net profit attributable to Equity Holders of the Company:	Group	
	30 Jun 14 Cents	30 Jun 13 Cents
(I) Based on the weighted average number of ordinary shares in issue (cents)	0.28	0.08
(II) On a fully diluted basis (cents)	0.28	0.08

Basic earnings per share is calculated on the basis of consolidated profit after tax attributable to Equity Holders of the Company of S\$929,000 (30 Jun 13: S\$282,000) and on 335,509,121 (30 Jun 13: 335,509,121) weighted average ordinary shares in issue during the year under review.

There is no dilution effect in earnings per share as there are no shares under option.

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 on and (b) immediately preceding financial year**

	Group		Company	
	30 Jun 14 Cents	31 Dec 13 Audited Cents	30 Jun 14 Cents	31 Dec 13 Audited Cents
Net Asset Value per Ordinary Share based on issued Share Capital at the end of the year (in cents)	6.47	6.28	4.48	4.62

The Group's net asset per ordinary share is calculated based on net assets attributable to Equity Holders of the Company of S\$21,723,000 (31 Dec 13: S\$21,055,000) and the share capital of 335,509,121 (31 Dec 13: 335,509,121) ordinary shares.

The Company's net asset per ordinary share is calculated based on net assets of S\$15,043,000 (31 Dec 13: S\$15,098,000) and the share capital of 335,509,121 (31 Dec 13: 335,509,121) ordinary 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.**

Turnover and Profitability

Group revenue for the period ended 30 Jun14 ("HY2014") increased by 15.3% to S\$16.3 million. Cost of Sales increased by 12.6% to S\$12.7 million, in line with the increased revenue. The gross profit margin has improved to 22.2% from 20.3% in previous corresponding period ended 30 Jun 13 ("HY2013").

Other credits had decreased by 49.3% to S\$0.21 million. This was mainly contributed by foreign exchange losses incurred in HY2014.

Other charges increased mainly due to the foreign exchange losses incurred in HY2014.

The Group registered net profit after tax of S\$0.93 million for HY2014.

- 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 competitive conditions of the industry in which the group operates and any known factors or events that may affect that group in the next reporting period and the next 12 months.**

Barring unforeseen circumstances, the Group will remain profitable based on orders on hand of S\$20.3 million of which approximately 60% is to be delivered in the year 2014.

- 11. Dividend**

(a) Current Financial Period reported on

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (Cents)	0.12 cents (Exempt 1 tier)
Tax Rate	NA

(b) Corresponding Period of the immediately Preceding Financial Year

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount per Share (Cents)	0.15 cents (Exempt 1 tier)
Tax Rate	NA

(c) Date payable

The date of payment of dividend will be announced later.

(d) Books Closure Date

The date of books closure will be announced later.

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, a statement to that effect.

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 under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Mason Industries Pte Ltd	–	611,501
Wizdenki Pte Ltd	47,475	–

CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the Half-Year ended 30 June 2014 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Benedict Chen Onn Meng
Executive Chairman

7 August 2014