

Half Year Financial Statements for the Financial Period Ended 30 June 2009
PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS
1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Half Year Ended on 30 June		
	2009	2008	Change
	S\$'000	S\$'000	%
Revenue	17,098	24,989	(31.6)
Cost of sales	(15,219)	(22,117)	(31.2)
Gross profit	1,879	2,872	(34.6)
Other items of income			
Interest income	1	29	(96.6)
Other income	182	2,109	n.m.
Other items of expense			
Selling expenses	(1,722)	(2,037)	(15.5)
General and administrative expenses	(1,108)	(1,011)	9.6
Finance costs	(63)	(92)	(31.5)
(Loss)/profit before income tax	(831)	1,870	n.m.
Income tax expense	(21)	(269)	(92.2)
(Loss)/profit net of tax	(852)	1,601	n.m.
Attributable to:			
Equity holders of the Company	(852)	1,622	n.m.
Minority interests	-	(21)	(100.0)
	(852)	1,601	n.m.
Earnings before depreciation, interest, tax and amortisation ("EBDITA")	452	3,036	(85.1)

1(a)(i) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (continue)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 30 JUNE 2009	Half Year Ended on 30 June		
	2009	2008	Change
	S\$'000	S\$'000	%
(Loss)/profit for the financial period	(852)	1,601	n.m.
Other comprehensive income			
- Currency translation differences	(40)	(1,554)	(97.4)
Total comprehensive income for the financial period, net of tax	(892)	47	n.m.
Total comprehensive income attributable to:			
Equity holders of the Company	(892)	68	n.m.
Minority interest	-	(21)	n.m.
	(892)	47	n.m.

1(a)(ii) Additional information to the income statement

	Half Year Ended on 30 June	
	2009	2008
(1) Financial indicators/ratios		
Gross profit margin	11.0%	11.5%
EBDITA margin	2.6%	12.1%
Profit before forex, interest and tax margin	(4.8%)	7.8%
Profit before income tax margin	(4.9%)	7.5%
Profit after income tax margin	(5.0%)	6.5%

(2) Profit before tax is stated after charging/(crediting) :-

	Half Year Ended on 30 June	
	2009	2008
	S\$'000	S\$'000
Other income including interest income	(136)	(414)
Loss/(gain) on disposal of property, plant and equipment	1	(1,728)
Interest on borrowings	63	92
Depreciation and amortisation	1,221	1,103
(Write-back)/allowance for stock obsolescence and shrinkage	(12)	304
Foreign exchange (gain)/loss, net	(48)	4

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

	Group		Company	
	30-Jun-09	31-Dec-08	30-Jun-09	31-Dec-08
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Non-current assets</u>				
Property, plant and equipment	11,466	11,754	-	-
Intangible assets (Goodwill)	2,409	2,409	-	-
Intangible assets (Customer Relationship)	1,697	1,827	-	-
Investment in subsidiaries	-	-	25,251	25,251
Loans to subsidiaries	-	-	2,183	2,173
Deferred income tax assets	930	1,025	-	-
	16,502	17,015	27,434	27,424
<u>Current assets</u>				
Stocks	8,768	13,006	-	-
Trade and other receivables	8,535	9,240	-	-
Prepaid operating expenses	401	138	5	2
Tax recoverable	44	44	-	-
Due from related parties (trade)	583	-	-	-
Fixed deposits, cash and bank balances	4,414	3,607	152	147
	22,745	26,035	157	149
<u>Current liabilities</u>				
Loans and borrowings	1,944	2,947	-	-
Trade and other payables	5,193	5,507	418	582
Due to directors (non-trade)	4,812	4,812	4,812	4,812
Due to subsidiaries	-	-	2,257	1,968
Due to related parties (trade)	610	1,513	-	-
Provision for income tax	91	266	6	14
	12,650	15,045	7,493	7,376
Net current assets/(liabilities)	10,095	10,990	(7,336)	(7,227)
<u>Non-current liabilities</u>				
Deferred income tax liabilities	290	347	-	-
Loans and borrowings	702	1,161	-	-
	992	1,508	-	-
Net assets	25,605	26,497	20,098	20,197
<u>Equity attributable to equity holders of the Company</u>				
Share capital	23,147	23,147	23,147	23,147
Reserves	2,458	3,350	(3,049)	(2,950)
	25,605	26,497	20,098	20,197
Minority interests	-	-	-	-
Total equity	25,605	26,497	20,098	20,197

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

	<u>As at 30-Jun-09</u>		<u>As at 31-Dec-08</u>	
	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000	<u>Secured</u> S\$'000	<u>Unsecured</u> S\$'000
Borrowings and debt securities				
- Amount repayable in one year or less, or on demand	1,944	-	2,947	-
- Amount repayable after one year	702	-	1,161	-

Details of any collateral

The above borrowings are secured by corporate guarantees by the Company to the financial institutions.

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

	<u>Half Year Ended on 30 June</u>	
	<u>2009</u> S\$'000	<u>2008</u> S\$'000
Cash flows from operating activities :		
(Loss)/profit before income tax	(831)	1,870
Adjustments for:		
Interest income	(1)	(29)
Finance costs	63	92
Depreciation of property, plant and equipment	1,090	1,103
Loss/(gain) on disposal of property, plant and equipment	1	(1,728)
Amortisation of Intangible assets	131	-
Net exchange adjustment	245	(1,213)
(Write-back)/allowance for stock obsolescence and shrinkage	(12)	304
Operating income before reinvestment in working capital	686	399
Decrease in stocks	4,250	99
Decrease in trade and other receivables	442	804
(Increase)/decrease in amount due from related parties	(583)	491
Decrease in trade and other payables	(825)	(3,707)
(Decrease)/increase in amount due to related parties	(904)	567
Cash generated/(used) in operations	3,066	(1,347)

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

	Half Year Ended on 30 June	
	2009	2008
	S\$'000	S\$'000
Interest income	1	29
Finance costs	(63)	(92)
Income taxes paid, net of refund	(161)	(370)
Net cash generated/(used in) operations	2,843	(1,780)
Cash flows from investing activities :		
Purchase of property, plant and equipment	(571)	(892)
Proceeds from disposal of property, plant and equipment	-	2,500
Payment for acquisition of subsidiary company	-	(2,150)
Net cash used in investing activities	(571)	(542)
Cash flows from financing activities :		
Proceeds from loans and borrowings	-	2,355
Repayment of loans and borrowings	(1,463)	(1,010)
Net cash (used in)/provided by financing activities	(1,463)	1,345
Net increase/(decrease) in cash and cash equivalents	809	(977)
Cash and cash equivalents at beginning of financial period	3,607	6,192
Effects of exchange rate changes on opening cash and cash equivalents	(2)	(19)
Cash and cash equivalents at end of financial period	4,414	5,196

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

<u>GROUP</u>	Attributable to equity holders of the Company					Minority	Total
	Share	Share	Foreign	Revenue	Total	Interests	Equity
	Capital	Option	Currency	Reserve	Reserves		
	S\$'000	Reserve	Translation	Reserve	Reserves	S\$'000	S\$'000
		S\$'000	Reserve	Reserve	S\$'000		
		S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2008	21,310	192	(1,759)	5,128	3,561	21	24,892
Total comprehensive income for the financial period	-	-	(1,554)	1,622	68	(21)	47
Balance at 30 June 2008	21,310	192	(3,313)	6,750	3,629	-	24,939
Balance at 1 January 2009	23,147	192	(2,146)	5,304	3,350	-	26,497
Total comprehensive income for the financial period	-	-	(40)	(852)	(892)	-	(892)
Balance at 30 June 2009	23,147	192	(2,186)	4,452	2,458	-	25,605

<u>COMPANY</u>	Share	Share	Revenue	Total	Total
	Capital	Option	Reserve	Reserves	Equity
	S\$'000	Reserve	Reserve	S\$'000	S\$'000
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2008	21,310	192	(2,649)	(2,457)	18,853
Total comprehensive income for the financial period	-	-	(226)	(226)	(226)
Balance at 30 June 2008	21,310	192	(2,875)	(2,683)	18,627
Balance at 1 January 2009	23,147	192	(3,142)	(2,950)	20,197
Total comprehensive income for the financial period	-	-	(99)	(99)	(99)
Balance at 30 June 2009	23,147	192	(3,241)	(3,049)	20,098

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

The Company did not issue any shares during the financial period under review.

As at the end of the half year period ended 30 June 2009 ("1H2009"), there is no outstanding Executive's Shares option (1H2008:186,000). The Executive's Share Option Scheme has expired in October 2008.

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

	<u>30 June 09</u>	<u>31 Dec 08</u>
Number of issued shares excluding Treasury shares	180,414,682	180,414,682

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at end of the current financial period reported on.

There was no treasury shares held by the Company during current financial year reported on.

1(e) Negative assurance confirmation on interim results under Rule 705 (5) of the SGX-ST

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the financial statements for the period under 30 June 2009, to be false or misleading in any material aspect.

On behalf of the Board,

Chia Soon Loi
Chairman

Willie Tan Chin Leong
Chief Executive Officer

2 Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice

The figures have not been audited nor reviewed by the Company's 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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting period compared with the most recent audited financial statements as at 31 December 2008, except for the adoption of FRS and INTFRS that are mandatory for the financial year beginning on or after January 2009. The adoption of these FRS and INTFRS have no significant impact to the Group.

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

Not applicable.

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

	Half Year Ended on 30 June	
	2009	2008
Net (loss)/profit attributable to shareholders (S\$'000)	<u>(852)</u>	<u>1,622</u>
<u>Number of shares (in thousands)</u>		
Weighted average number of ordinary shares for the calculation of basic earnings per share	<u>180,414</u>	<u>174,288</u>
<u>Earnings per share (cents)</u>		
Basic	<u>(0.47)</u>	<u>0.93</u>

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 June 2009	31 December 2008	30 June 2009	31 December 2008
	Cents	Cents	Cents	Cents
Net asset value per ordinary share	14.19	14.69	11.14	11.20

Net assets backing per share for as at 30 June 2009 is computed based on 180,414,682 shares (2008: 180,414,682 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**

During the financial period ended 30 June 2009 ("1H2009"), the Group revenue decreased by 32% to \$17.1 million as compared to \$25.0 million recorded in the corresponding period of the last financial year ("1H2008"). The decrease was due to the global financial and economic crisis which started in 2H2008 and continued to 1H2009.

The Group's turnover from Manufacturing activities dropped by 26% to \$11.8 million as compared to \$15.9 million recorded in 1H2008. The Group's turnover from Distribution activities decreased more significantly by 42% to \$5.3 million as compared to \$9.1 million in 1H2008. The uneven % drop in the two business segments sales was mainly due to different industries that the two business segments were servicing. Certain industries were not so badly affected in global economic crisis.

The gross profit margin dropped by 35% from \$2.9 million in 1H2008 to \$1.9 million. This was mainly due to the drop in the revenue. The gross profit margin % was relatively constant.

The decrease in other income was mainly due to an one-off gain on disposal of the Group's leasehold building in 1H2008.

The selling expenses had decreased by \$0.3 million to \$1.7 million as compared to \$2.0 million recorded in 1H2008. This was the result from the cost control measures that we had implemented when the global economic crisis happened in 2H2008.

Cash Flow

Cash generated from operations improved to \$3.1 million due to better management of inventory. Net cash generated from Operations was \$2.8 million. The Group paid off \$1.5 million of loans and \$0.6 million in purchase of equipment. As at 1H2009, the Group's cash balance stood at \$4.4 million, an increase of \$0.8 million as compared to \$3.6 million as at 31 December 2008.

Working Capital, Assets or Liabilities

1. The decrease in Trade and other receivables was mainly due to better collection from customers.
2. The better management of inventory had improved on working capital, which help to fund purchase of equipment and pay back some of the bank loans.

- 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 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

The effect of the global economic and financial crisis which started in second half of last financial year continued to give a negative impact to our business performance in first half of this financial year. Although there is slight improvement in the orders intake these few months, the order placement lead-time has been shortened. Forecast is still uncertain for the year, hence management will continue to maintain a cautious outlook.

11 Dividend

(a) Current Financial Period Reported On (ie. For the Financial Period 1H2009)

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.

(d) Books closure date

Not applicable.

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

No interim dividend has been declared or proposed to be declared for the financial period under review.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT (This part is not applicable to Q1, Q2, Q3 or Half Year Results)

- 13 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.

- 14 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable

- 15 A breakdown of sales as follows:-**

Not applicable

- 16 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-**

Not applicable.

BY ORDER OF THE BOARD

Tan Swee Gek
Company Secretary

5 August 2009