

Half Year Financial Statements for the Period Ended 30 June 2017

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 (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	The Group		Change %
	6 months ended 30-Jun-17 \$'000	6 months ended 30-Jun-16 \$'000	
Revenue	131,012	104,324	25.6%
Cost of sales	(103,943)	(81,772)	27.1%
Gross profit	27,069	22,552	20.0%
Other income	379	448	-15.4%
Distribution and selling expenses	(6,863)	(6,516)	5.3%
General and administrative expenses	(8,955)	(8,244)	8.6%
Other expenses	(175)	(129)	35.7%
Finance costs	(585)	(494)	18.4%
Profit before tax	10,870	7,617	42.7%
Tax expense	(3,015)	(1,913)	57.6%
Profit for the period	7,855	5,704	37.7%
Profit attributable to:			
Owners of the Company	7,203	5,475	31.6%
Non-controlling interests	652	229	184.7%
Profit for the period	7,855	5,704	
Consolidated Statement of Comprehensive Income			
Profit for the period	7,855	5,704	37.7%
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Foreign currency translation differences - foreign operations	(2,072)	(6,277)	-67.0%
Effective portion of changes in fair value of cash flow hedges	(40)	(7)	471.4%
Other comprehensive income for the period, net of tax	(2,112)	(6,284)	-66.4%
Total comprehensive income for the period	5,743	(580)	-1090.2%
Total comprehensive income attributable to:			
Owners of the Company	5,243	(386)	-1458.3%
Non-controlling interests	500	(194)	-357.7%
Total comprehensive income for the period	5,743	(580)	
Note on profit before tax			
Profit before tax is determined after charging/(crediting) the following:			
Interest income from fixed deposit and others	(156)	(104)	
Interest expense on loans and borrowings	513	440	
Depreciation of property, plant and equipment	3,275	3,127	
Property, plant and equipment written off	16	3	
Loss on disposal of property, plant and equipment (net)	18	12	
Reversal of allowances made for doubtful trade receivables (net)	(19)	(34)	
Allowances made/(reversal of allowances) for impairment loss for inventories	19	(23)	
Loss/(gain) on foreign exchange (net)	53	(49)	
Amortisation of intangible assets	2	2	
Amortisation of deferred income	(58)	(52)	
Taxation			
Current period income tax	3,262	2,047	
Under provision of income tax in respect of prior years	6	149	
Current period deferred tax	(257)	(283)	
Under provision of deferred tax in respect of prior years	4	-	
	3,015	1,913	

NM - Not Meaningful

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

	The Group		The Company	
	As at 30-Jun-17 \$'000	As at 31-Dec-16 \$'000	As at 30-Jun-17 \$'000	As at 31-Dec-16 \$'000
Non-current assets				
Property, plant and equipment	54,976	57,285	2,804	2,996
Investment in subsidiaries	-	-	27,603	28,186
Intangible assets	1,137	1,163	17	18
Deferred tax assets	1,698	1,461	1,905	1,705
	57,811	59,909	32,329	32,905
Current assets				
Inventories	22,888	19,091	110	62
Trade and other receivables	103,616	98,943	4,580	3,545
Cash and cash equivalents	39,868	45,448	2,747	6,104
	166,372	163,482	7,437	9,711
Current liabilities				
Trade and other payables	65,229	71,628	4,653	6,974
Loans and borrowings	43,148	35,798	16	16
Deferred income	114	119	-	-
Current tax liabilities	1,470	1,888	-	-
	109,961	109,433	4,669	6,990
Net current assets	56,411	54,049	2,768	2,721
Non-current liabilities				
Deferred income	1,096	1,176	-	-
Loans and borrowings	657	1,340	21	29
	1,753	2,516	21	29
Net assets	112,469	111,442	35,076	35,597
Equity attributable to owners of the Company				
Share capital	31,440	31,440	31,440	31,440
Retained earnings	61,679	59,192	3,636	4,157
Capital reserve	3,566	3,566	-	-
Statutory reserve fund	7,687	7,687	-	-
Hedging reserve	(38)	2	-	-
Foreign currency translation reserve	726	2,646	-	-
	105,060	104,533	35,076	35,597
Non-controlling interests	7,409	6,909	-	-
Total equity	112,469	111,442	35,076	35,597

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

	As at 30-Jun-17		As at 31-Dec-16	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Amount repayable in one year or less, or on demand	40,219	2,929	28,639	7,159
Amount repayable after one year	28	629	265	1,075

Details of any collateral

The Group's loans and borrowings are secured by leasehold land, certain leasehold building, certain plant and machinery and certain motor vehicle with net book value of approximately S\$24.5 million (2016: S\$23.7 million), and cash and cash equivalents amounted S\$7.3 million (2016: S\$4.5 million).

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

CONSOLIDATED STATEMENT OF CASH FLOW

	The Group	
	6 months ended 30-Jun-17 \$'000	6 months ended 30-Jun-16 \$'000
Cash flows from operating activities		
Profit before tax	10,870	7,617
Adjustments for:		
Amortisation of deferred income	(58)	(52)
Depreciation of property, plant and equipment	3,275	3,127
Property, plant and equipment written off	16	3
Net loss on disposal of property, plant and equipment	18	12
Amortisation of intangible assets	2	2
Reversal of allowances made for doubtful trade receivables (net)	(19)	(34)
Allowances made/(reversal of allowances) for impairment loss for inventories	19	(23)
Interest expense	513	440
Interest income	(156)	(104)
Net effect of exchange differences	(10)	(106)
	14,470	10,882
Changes in:		
- Inventories	(4,173)	(766)
- Trade and other receivables	(6,723)	15,058
- Trade and other payables	(4,929)	(15,497)
Cash generated from operations	(1,355)	9,677
Interest paid	(513)	(440)
Taxes paid (net)	(3,646)	(2,146)
Net cash (used in)/from operating activities	(5,514)	7,091
Cash flows from investing activities		
Interest received	157	104
Acquisition of property, plant and equipment	(2,384)	(5,328)
Proceeds from disposal of property, plant and equipment	206	26
Net cash used in investing activities	(2,021)	(5,198)
Cash flows from financing activities		
Proceeds from loans and borrowings	38,619	26,539
Repayment of loans and borrowings	(31,133)	(32,585)
Payment of finance lease liabilities	(8)	(8)
Increase in pledged deposit	(2,926)	(49)
Dividend paid to non-controlling interests	-	(231)
Dividends paid	(4,716)	(3,144)
Net cash used in financing activities	(164)	(9,478)
Net decrease in cash and cash equivalents	(7,699)	(7,585)
Cash and cash equivalents at 1 January	40,946	33,419
Effect of exchange rate fluctuations on cash held	(701)	(1,552)
Cash and cash equivalents at 30 June	32,546	24,282
Cash and cash equivalents at end of period comprise of:-		
Fixed deposits	1,000	1,000
Cash and bank balances	38,868	27,003
	39,868	28,003
Cash and bank balances pledged as security for bills payable	(7,322)	(3,721)
	32,546	24,282

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

	Share capital	Capital reserve	Statutory reserve fund	Hedging reserve	Foreign currency translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Group	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
At 1/1/2016	31,440	3,566	6,229	6	6,518	50,851	98,610	6,153	104,763
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	5,475	5,475	229	5,704
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	(5,854)	-	(5,854)	(423)	(6,277)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(7)	-	-	(7)	-	(7)
Total other comprehensive income	-	-	-	(7)	(5,854)	-	(5,861)	(423)	(6,284)
Total comprehensive income for the period	-	-	-	(7)	(5,854)	5,475	(386)	(194)	(580)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends declared	-	-	-	-	-	(3,144)	(3,144)	(231)	(3,375)
Total contributions by and distributions to owners	-	-	-	-	-	(3,144)	(3,144)	(231)	(3,375)
Total transactions with owners	-	-	-	-	-	(3,144)	(3,144)	(231)	(3,375)
At 30/6/2016	31,440	3,566	6,229	(1)	664	53,182	95,080	5,728	100,808
At 1/1/2017	31,440	3,566	7,687	2	2,646	59,192	104,533	6,909	111,442
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	7,203	7,203	652	7,855
Other comprehensive income									
Foreign currency translation differences	-	-	-	-	(1,920)	-	(1,920)	(152)	(2,072)
Effective portion of changes in fair value of cash flow hedges	-	-	-	(40)	-	-	(40)	-	(40)
Total other comprehensive income	-	-	-	(40)	(1,920)	-	(1,960)	(152)	(2,112)
Total comprehensive income for the period	-	-	-	(40)	(1,920)	7,203	5,243	500	5,743
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Dividends declared	-	-	-	-	-	(4,716)	(4,716)	-	(4,716)
Total contributions by and distributions to owners	-	-	-	-	-	(4,716)	(4,716)	-	(4,716)
Total transactions with owners	-	-	-	-	-	(4,716)	(4,716)	-	(4,716)
At 30/6/2017	31,440	3,566	7,687	(38)	726	61,679	105,060	7,409	112,469

	Share capital	Retained earnings	Total equity
<u>Company</u>	\$'000	\$'000	\$'000
At 1/1/2016	31,440	3,923	35,363
Total comprehensive income for the period			
Profit for the period	-	3,413	3,413
Total comprehensive income for the period	-	3,413	3,413
Transactions with owners of the Company, recognised directly in equity			
Dividends declared	-	(3,144)	(3,144)
Total contributions by and distributions to owners/ Total transactions with owners	-	(3,144)	(3,144)
At 30/6/2016	31,440	4,192	35,632
At 1/1/2017	31,440	4,157	35,597
Total comprehensive income for the period			
Profit for the period	-	4,195	4,195
Total comprehensive income for the period	-	4,195	4,195
Transactions with owners of the Company, recognised directly in equity			
Dividends declared	-	(4,716)	(4,716)
Total contributions by and distributions to owners/ Total transactions with owners	-	(4,716)	(4,716)
At 30/6/2017	31,440	3,636	35,076

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 for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.

Since the end of 31 December 2016, there has been no change in the Company's share capital arising from rights issue, bonus issue, shares buy-back, 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.

There were also no outstanding convertibles for which shares may be issued. Neither was there any treasury shares being transferred, transacted, cancelled or held by the Company during or as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

There were no subsidiary holdings during or as at the end of the current financial period and as at the end of the corresponding period of the immediate preceding financial year.

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.

	As at 30-Jun-17	As at 31-Dec-16
Total number of issued shares	157,200,000	157,200,000

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

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or and equivalent standard)

The figures have neither been audited nor reviewed by auditors.

3. Where the figures have been audited or reviewed, the auditors' 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 have been applied

Other than the adoption of the new and revised Financial Reporting Standards (FRS) which took effect from the current financial year, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2016.

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 and revised FRSs have no material impact to the financial statements of the Group and of the Company.

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

	<u>30-Jun-17</u>	<u>30-Jun-16</u>
Basic and diluted earnings per ordinary share (in cents)	4.58	3.48

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

	The Group		The Company	
	<u>30-Jun-17</u>	<u>31-Dec-16</u>	<u>30-Jun-17</u>	<u>31-Dec-16</u>
Net asset value per ordinary share based on no. of ordinary share of the Company (in cents)	66.83	66.50	22.31	22.64

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

The Group's turnover in the current reporting period ("1H2017") increased by 25.6% or S\$26.69 million from S\$104.32 million to S\$131.01 million as compared to the previous corresponding period ("1H2016").

Total revenue of China's operations recorded a stronger growth of 28.9% or S\$25.13 million in the Group's reporting currency in 1H2017, even though the exchange rate of Renminbi ("RMB") against Singapore Dollars ("SGD") is weakening in 1H2017 by 3.3% as compared to 1H2016.

Total revenue achieved by the Singapore entities in 1H2017 were increased by 9.0% or S\$1.56 million from S\$17.30 million in 1H2016 due mainly to attribution of higher demand in biomedical and pharmaceutical industries.

The Group's gross profit increased by 20.0% or S\$4.52 million to S\$27.07 million. The gross profit margin for 1H2017 was marginally lower at 20.7% compared to 21.6% for 1H2016 mainly due to higher raw material costs.

Other income decreased by S\$0.07 million in 1H2017 mainly due to net foreign exchange gain in 1H2016.

The distribution and selling expenses in 1H2017 increased by S\$0.35 million mainly due to higher carriage outwards, in tandem with higher revenue.

General and administrative expenses increased by S\$0.71 million in 1H2017 mainly due to higher staff incentive as a results of better performance in 1H2017 as compared to 1H2016.

Other expenses increased by S\$0.05 million in 1H2017 mainly attributed to net foreign exchange loss in 1H2017.

Finance costs increased by S\$0.91 million mainly due to additional working capital required for the Group's China operations in 1H2017 as compared to 1H2016.

As a result, the net profit attributable to owners of the Company had increased by S\$1.72 million or 31.6% in 1H2017 as compared to S\$5.48 million reported for 1H2016.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

Inventories increased by S\$3.8 million as compared to FY2016 was mainly due to the Group stocking up more inventories in anticipation of increase in raw material costs and partly attributable to anticipation of higher business activities in Jul-17 as compared to Jan-17.

Trade and other receivables increased by S\$4.7 million as compared to FY2016. This was mainly due to higher revenue achieved by the Group.

Trade and other payables decreased by S\$6.4 million as compared to 31 December 2016 mainly due to increase of cash payment to creditors. The reduction was partly due to the weakening of RMB against SGD amounted to S\$1.4 million as compared to FY2016.

Short term loans and borrowings increased by S\$7.4 million was mainly due to additional working capital required for the Group's China operations in tandem with higher operating activities.

Cash and bank balances decreased by S\$5.6 million mainly attributed to net cash used in operating activities, dividend payment and payment for purchase of property, plant & equipment amounted to S\$5.5 million, S\$4.7 million and S\$2.4 million respectively. However, it was partially offset by an increase of S\$7.5 million from net proceeds of loan & borrowing.

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

No forecast was previously provided.

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 Group continues to face challenges amidst volatile raw material prices and uncertain economic outlook for the region, which continue to weigh on its gross profit margins.

The Group will continue to focus on its initiatives to increase productivity, enhance operational efficiencies and manage our costs diligently.

At the same time, the Group will continue to explore and pursue expansion opportunities in the region for its sustainable long-term growth.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? Yes

Name of Dividend :	Interim Ordinary
Dividend Type :	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share :	S\$0.01 per ordinary share
Tax Rate :	Exempt (1-tier)

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

Name of Dividend	Interim Ordinary
Dividend Type	Cash; Tax exempt (1-tier) dividend
Dividend Amount Per Share	S\$0.01 per ordinary share
Tax Rate	Exempt (1-tier)
Date Paid	Paid on 16/9/2016

(c) Date payable 29 September 2017

(d) Books closure date 15 September 2017

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

No IPT general mandate has been obtained from shareholders of the Company.

Name of Interested Person	Aggregate value of all interested person transactions during	Aggregate value of all interested person
Nil	Nil	Nil

14. Negative assurance confirmation on interim financial results pursuant to Rule 705(5) of the Listing Manual

The Board of Directors have confirmed that, to the best of their knowledge, nothing has come to their attention which may render these interim financial results to be false or misleading in any material aspect.

15. Confirmation of undertakings from directors and executive officers pursuant to Rule 720(1) of the Listing Manual

The Company has procured undertakings in the format set out in Appendix 7.7 from all its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Loh See Moon
Managing Director
11 August 2017