



**HLN TECHNOLOGIES LIMITED**  
**HALF YEAR FINANCIAL STATEMENT FOR PERIOD ENDED 30 JUNE 2008**  
**(UNAUDITED)**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS**

**1(a) An income statement (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

(In \$'000)	6 months ended 30.06.2008	6 months ended 30.06.2007	Change	Note
<b>Revenue</b>	<b>24,448</b>	<b>22,412</b>	<b>9.1%</b>	(1)
Cost of Sales	(18,765)	(16,147)	16.2%	
<b>Gross Profit</b>	<b>5,683</b>	<b>6,265</b>	<b>-9.3%</b>	(2)
<b>Other Items of Income</b>				
Interest Income	44	25	76.0%	(3)
Other Credits	22	59	-62.7%	(4)
<b>Other Items of Expenses</b>				
Marketing and Distribution Costs	(1,406)	(1,250)	12.5%	(5)
Administrative Expenses	(2,939)	(2,515)	16.9%	(6)
Financial Costs	(337)	(142)	137.3%	(7)
Other Charges	(1,298)	(156)	732.1%	(8)
<b>(Loss)/Profit Before Tax from Continuing Operations</b>	<b>(231)</b>	<b>2,286</b>	<b>NM</b>	(9)
Income Tax Expenses	(297)	(414)	-28.3%	(10)
<b>(Loss)/Profit Net of Tax</b>	<b>(528)</b>	<b>1,872</b>	<b>NM</b>	
Minority Interest	105	302	-65.2%	(11)
<b>Net (Loss)/Profit Attributable to Shareholders</b>	<b>(423)</b>	<b>2,174</b>	<b>NM</b>	

NM – not meaningful

Note: Refer to paragraph 8 - Review of the performance of the Group, found on pages 7 to 9 of this announcement.

**Profit after tax is arrived at after (charging)/ crediting the following:**

(in \$'000)	6 months ended 30.06.2008	6 months ended 30.06.2007	Change	Note
Miscellaneous income/(expense)	22	(3)	NM	(a)
Foreign exchange (loss)/gain, net	(268)	59	NM	(b)
Depreciation on plant & equipment	(745)	(620)	20.2%	(c)
Amortisation on intangible assets	(28)	(64)	-56.3%	(d)
Loss of stock	(91)	-	NM	(e)
Provision for slow and obsolete stock	(610)	-	NM	(f)
Bad debts written off	-	(2)	NM	
Provision for bad debt	(151)	(59)	155.9%	(g)
Fixed Asset written off	(150)	(28)	435.7%	(h)

NM – not meaningful

(a) Miscellaneous Income in 1H 2008 was due to claim against quality issue

- (b) Foreign exchange loss in 1H 2008 due to depreciation of US dollars against SGD
- (c) Higher depreciation expense in 1H 2008 additional fixed assets acquired in 2H 2007
- (d) Decrease in amortisation of intangible assets after disposal of HLN Promax Pte Ltd in 1H 2007
- (e) Loss of stock was due to theft in one of the subsidiaries in Malaysia
- (f) Provision for slow and obsolete stocks in accordance with Company policy
- (g) Provision for bad debts in accordance with Company policy
- (h) Fixed asset written off from closure of one plant in Batam in 1H 2008. In 1H 2007, fixed asset was written off due to replacement.

**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**

(in \$'000)

	Group 30.6.08	Group 31.12.07	Company 30.6.08	Company 31.12.07	Note
<b>Non Current Assets</b>					
Plant & Equipment	9,826	10,226	428	484	(12)
Intangible Assets	100	128	-	-	(13)
Investment in Subsidiaries	-	-	7,750	7,750	
<b>Total Non-Current Assets</b>	<b>9,926</b>	<b>10,354</b>	<b>8,178</b>	<b>8,234</b>	
<b>Current Assets</b>					
Inventories	12,077	13,236	-	-	(14)
Trade and Other Receivables	12,128	13,865	7,437	4,719	(15)
Cash and Cash Equivalents	4,529	6,748	613	2,389	(16)
<b>Total Current Assets</b>	<b>28,734</b>	<b>33,849</b>	<b>8,050</b>	<b>7,108</b>	
<b>Total Assets</b>	<b>38,660</b>	<b>44,203</b>	<b>16,228</b>	<b>15,342</b>	

<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Share Capital	13,708	13,708	13,708	13,708	
Treasury Share	(48)	-	(48)	-	(17)
Retained Earnings	9,634	10,277	2,323	1,055	
Other Reserves	(232)	(212)	16	16	
<b>Equity, Attributable to Equity Holders of the Parent</b>	<b>23,062</b>	<b>23,773</b>	<b>15,999</b>	<b>14,779</b>	(18)
Minority Interest	904	759			(19)
<b>Total Equity</b>	<b>23,966</b>	<b>24,532</b>	<b>15,999</b>	<b>14,779</b>	
<b>Non Current Liabilities</b>					
Deferred Tax Liabilities	352	341	-	-	
Finance Leases, Current	103	126	-	-	(20)
Other Financial Liabilities, Current	601	530	-	-	(21)
<b>Total non-current liabilities</b>	<b>1,056</b>	<b>997</b>	<b>-</b>	<b>-</b>	
<b>Current Liabilities</b>					
Income Tax Payable, Current	552	745	3	2	(22)
Trade and Other Payables, Current	6,048	6,472	226	561	(23)
Finance Leases, Current	50	49	-	-	(20)
Other Financial Liabilities, Current	6,988	11,408	-	-	(21)
<b>Total Current Liabilities</b>	<b>13,638</b>	<b>18,674</b>	<b>229</b>	<b>563</b>	
<b>Total Liabilities</b>	<b>14,694</b>	<b>19,671</b>	<b>229</b>	<b>563</b>	
<b>Total Equity and Liabilities</b>	<b>38,660</b>	<b>44,203</b>	<b>16,228</b>	<b>15,342</b>	

Note: Refer to paragraph 8 - Review of the performance of the Group, found on pages 7 to 9 of this announcement.

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

### Amount repayable in one year or less, or on demand

(In \$'000)

	As at 30.6.2008		As at 31.12.2007	
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	50	-	49	-
Borrowings	6,951	37	11,372	36
Total	<u>7,001</u>	<u>37</u>	<u>11,421</u>	<u>36</u>

### Amount repayable after one year

(In \$'000)

	As at 30.6.2008		As at 31.12.2007	
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	103	-	126	-
Borrowings	601	-	530	-
Total	<u>704</u>	<u>-</u>	<u>656</u>	<u>-</u>

### Details of any collateral

Finance lease liabilities refer to hire purchases for plant and equipment and motor vehicles secured by personal guarantees from directors of our subsidiaries.

Bank borrowings amounting to \$7,589,245 (31 Dec 07 : \$11,938,487) consist of:

- \$1,497,329(31 Dec 07 : 1,520,119) comprising short term loans, machinery loans and trade finance facilities extended to our subsidiaries in Malaysia
- \$1,000,000(31 Dec 07 : 1,396,500) short term loans extended to our subsidiaries in China
- \$5,091,916(31 Dec 07 : 9,021,868) comprising short term loans, machinery loans and trade finance facilities extended to our subsidiaries in Singapore

The above bank borrowings are secured by a combination of the Company's Corporate Guarantees, fixed deposits, fixed assets and personal guarantees from minority shareholder of our subsidiaries.

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

(In \$'000)	Group	Group
	6 months ended 30.06.2008	6 months ended 30.06.2007
<b>Cash flows from operating activities</b>		
<b>(Loss)/Profit before tax</b>	<b>(231)</b>	<b>2,286</b>
Adjustments for :		
Depreciation of plant and equipment	745	620
Amortisation of intangible assets	28	64
Interest income	(44)	(25)
Interest expense	337	142
Loss of stock	91	-
Provision for bad debts	151	59
Provision for slow & obsolete stock	610	-
Fixed assets written off	150	28
Share-based payment	-	(5)
<b>Operating cash flows before changes in working capital</b>	<b>1,837</b>	<b>3,169</b>
Trade and other receivables	1,178	(6,126)
Inventories	458	(5,443)
Trade and other payables	(1,279)	1,458
<b>Net Cash generated from/(used in) operations before interest and tax</b>	<b>2,194</b>	<b>(6,942)</b>
Income tax paid	(474)	(667)
<b>Net cash flow from/(used in) operating activities</b>	<b>1,720</b>	<b>(7,609)</b>
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(795)	(1,073)
Cash restricted in use over 3 months	-	(1,200)
Interest received	44	25
Proceeds from disposal of plant and equipment	35	166
<b>Net cash used in investing activities</b>	<b>(716)</b>	<b>(2,082)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(337)	(142)
Issue of shares	-	5,663
Decrease in finance lease	(22)	(25)
Minority shareholder contributions	250	1,115
Loan from minority shareholder	855	-
Receipt from acquirer from disposal of subsidiary	408	-
(Repayment)/Proceeds from bank borrowings	(4,349)	5,526
Dividends paid	(220)	-
Purchase of treasury share	(48)	-
<b>Net cash flow (used in)/from financing activities</b>	<b>(3,463)</b>	<b>12,137</b>
Net effect of exchange rate changes in consolidating subsidiaries	240	(8)
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(2,219)</b>	<b>2,438</b>
Cash and cash equivalents at beginning of year	6,748	4,382
<b>Cash and cash equivalents at end of period</b>	<b>4,529</b>	<b>6,820</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

	Attributable to equity holders of the parent					Minority interest	Total equity
	Capital	Treasury share	Other reserves	Retained earnings	Parent sub-total		
	\$'000		\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>							
<b>Balance at 1 January 2007</b>	<b>7,570</b>	-	<b>(71)</b>	<b>6,734</b>	<b>14,233</b>	<b>1,050</b>	<b>15,283</b>
Exchange difference on translating foreign operations	-	-	66	-	66	-	66
Profit/(Loss) for the year	-	-	-	2,174	2,174	(302)	1,872
Share based payment	84	-	(89)	-	(5)	-	(5)
Issue of share capital	5,663	-	-	-	5,663	-	5,663
Business combinations	-	-	-	-	-	1,151	1,151
<b>Balance at 30 June 2007</b>	<b>13,317</b>	-	<b>(94)</b>	<b>8,908</b>	<b>22,131</b>	<b>1,899</b>	<b>24,030</b>
<b>Balance as at 1 January 2008</b>	<b>13,708</b>	-	<b>(212)</b>	<b>10,277</b>	<b>23,773</b>	<b>759</b>	<b>24,532</b>
Exchange difference on translating foreign operations	-	-	(20)	-	(20)	-	(20)
Profit/(Loss) for the year	-	-	-	(423)	(423)	(105)	(528)
Purchase of treasury share	-	(48)	-	-	(48)	-	(48)
Dividend paid	-	-	-	(220)	(220)	-	(220)
Capital contribution by minority shareholders	-	-	-	-	-	250	250
<b>Balance at 30 June 2008</b>	<b>13,708</b>	<b>(48)</b>	<b>(232)</b>	<b>9,634</b>	<b>23,062</b>	<b>904</b>	<b>23,966</b>
<b>Company</b>							
<b>Balance at 1 January 2007</b>	<b>7,570</b>	-	<b>105</b>	<b>1,041</b>	<b>8,716</b>		
Profit/(Loss) for the year	-	-	-	(80)	(80)		
Share based payment	84	-	(89)	-	(5)		
Issue of share capital	5,663	-	-	-	5,663		
<b>Balance at 30 June 2007</b>	<b>13,317</b>	-	<b>16</b>	<b>961</b>	<b>14,294</b>		
<b>Balance at 1 January 2008</b>	<b>13,708</b>	-	<b>16</b>	<b>1,055</b>	<b>14,779</b>		
Purchase of treasury share	-	(48)	-	-	(48)		
Profit/(Loss) for the year	-	-	-	(1)	(1)		
Dividend received	-	-	-	1,489	1,489		
Dividend paid	-	-	-	(220)	(220)		
<b>Balance at 30 June 2008</b>	<b>13,708</b>	<b>(48)</b>	<b>16</b>	<b>2,323</b>	<b>15,999</b>		

**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**

Share option

As at 30 June 2008, there were 310,000 unissued ordinary shares under options granted and unexercised pursuant to the Scheme.

Treasury Share

Pursuant to a share purchase mandate approved by shareholder on 15 May 2008, the Company has purchased a total of 150,000 shares through open market purchase on the Singapore Exchange Securities Trading Limited during the period. The repurchased shares are held as "Treasury Shares"

**(d)(iii) To show the total number of Issued share excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<u>as at 30.6.2008</u>	<u>as at 31.12.2007</u>
Total number of issued shares	110,037,920	110,037,920
Total number of treasury shares	150,000	-
Total number of issued share excluding treasury shares	109,887,920	110,037,920

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

Total number of treasury shares as at 01.01.08	-
Treasury shares purchased from open market	150,000
	-----
Total number of treasury shares as at 30.6.08	150,000
	=====

**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 an equivalent standard)**

The figures have not been audited or reviewed by external 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**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current year as those for the audited financial statements for the year ended 31 December 2007

**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 period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	6 months 30.06.2008	6 months 30.06.2007
Earnings per share based on profit attributable to shareholders:		
(a) Basic (in cents)	(0.38)	2.15
(b) On a fully diluted basis (in cents)	(0.38)	2.15

The basic earnings per share above have been calculated based on net loss attributable attributable to shareholders of \$423,304 (2007: \$2,174,000) and the weighted average number of ordinary shares in issue during the period of 110,019,513 (2007: 100,998,075). The fully diluted earnings per share above have been calculated based on 110,067,805 shares (2007: 101,160,120).

**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**

	Group 30.06.200	Group 31.12.200	Company 30.06.200	Company 31.12.2007
as at				
Net Asset Value per ordinary share (cents)	20.99	21.60	14.56	13.43

The net asset value per share of the Group has been calculated based on shareholders' equity of \$23,062,000 (31 December 2007 : \$23,773,000) and 109,887,920 shares (31 December 2007: 110,037,920 shares). The net asset value per share of the Company has been calculated based on shareholders' equity of \$15,999,000 (31 December 2007 : \$14,779,000) and issued share capital of 109,887,920 shares (31 December 2007: 110,037,920 shares).

**8. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on**

The principal activities of our Group involve the manufacture and sale of a wide range of customised precision elastomeric, polymeric and metallic components which are used in a variety of industries principally in office automation, consumer electronics and automotive industries.

Our metallic, elastomeric and polymeric component production capabilities range from material formulation and compounding as well as molding to secondary process including polymeric die-cutting, precision turning and precision machining of metallic components. We also supply machined aluminium products through our metal service centres. Our production facilities and sales offices are located in Singapore, Johor, Malaysia, Batam, Indonesia, Shenzhen and Suzhou, PRC. Our customers include multinational corporations with presence in South East Asia, North and East Asia, the US and Europe.

While the Group has expanded aggressively into the precision turning, precision machining and aluminium service centre businesses immediately after its November 2005 IPO to augment its diversification strategy, it has also seriously reviewed the strategic fit and contribution of each individual acquired business along the way. As a result of the strategic review, the Group decided to divest its entire 51% in HLN Promax Pte Ltd in 1H 2007 and restructured its shareholdings and operations in the precision turning operations and aluminium service centre business.

## **Income Statement**

### **(1) Revenue**

Revenue increased by \$2.0 mil or 9.1% from \$22.4 mil in 1H 2007 to \$24.4 mil in 1H 2008. Bulk of increase came from the Group's aluminium service centre business while the other existing core businesses experienced marginal increase in revenue as demand in the consumer electronics and office automation softened and the weakened USD hit the reported sales in SGD.

### **(2) Gross profit**

Gross profit reduced by \$582K or 9.3% from \$6.3 mil in 1H 2007 to \$5.7 mil in 1H 2008 due to higher material and production costs while the precision turning operations continued to generate gross losses due to lower sales and higher costs. GP% fell to 23.2% in 1H 2008 from 27.9% in 1H2007 due to higher cost as well as the sales mix reasons. Compared to the elastomeric and polymeric divisions, the metallic division yielded lower GP% notwithstanding higher sales recorded. GP% from the metallic division declined to 6.8% in 1H 2008 compared to 9.7% in 1H 2007.

### **Other Item of Income**

(3) Interest Income increased by \$19K from \$ 25K in 1H 2007 to \$ 44K in 1H 2008 due to additional fixed deposit placed with the bank as security for banking facilities granted by the banks.

(4) Other Credits consists of proceeds from suppliers for claims against quality issue of \$22K in 1H 2008 while the Group recorded a foreign exchange gain of \$59K in 1H 2007.

### **Other Items of Expenses**

(5) Distribution costs increased by \$156K or 12.5% from \$1.3 mil in 1H 2007 to \$1.4 mil in 1H 2008 in line with the higher sales. The increase is mainly for sales and distribution related expenses.

(6) Administrative expenses increased by \$0.42 mil or 16.8% from \$2.5 mil in 1H 2007 to \$2.9 mil in 1H 2008 mainly due to the increase in staff costs and other administrative expenses.

(7) Financial costs increased by \$195K from \$142K in 1H 2007 to \$ 337K in 1H 2008 mainly due to higher bank borrowings and trust receipt financing in 1H 2008 as compared to 1H 2007 primarily for the aluminium service centre business which requires substantial trade finance facilities.

(8) Other charges increased by \$1.1 mil from \$156K in 1H 2007 to \$ 1.3 mil in 1H 2008. The increase was mainly due to provision for slow and obsolete stocks of \$610K, loss on stock theft of \$91K and foreign exchange loss of \$268K in 1H 2008. In addition, there was increase in provision for bad debts of \$92K and additional fixed asset written off of \$122K as compared to 1H 2007. The provision for slow and obsolete stocks and doubtful debts were made in accordance with the Group's financial policy, while the fixed assets written off was due to plant closure in our Batam operations.

### **Profitability**

(9) As the result of the provisions made, assets written off and the foreign exchange loss, the Group incurred a net loss before tax of \$0.23 mil in 1H 2008 compared to a profit of \$ 2.3 mil in 1H 2007. Had it not for these Other Charges, the Group's net profit before tax would have been \$1.1 mil and the decline compared to 1H 2007 was mainly due to lower gross profit, higher operating expenses and interest costs.

(10) Income tax expense has reduced to \$297K in 1H 2008 compared to S\$414K in 1H 2007. While the Group reported a net loss before tax in 1H 2008, certain subsidiaries are profitable and continue to pay income taxes in their country of operations.

(11) Minority interest's share of losses has decreased by \$198K from \$302K in 1H 2007 to \$105K in 1H 2008 as minority interest in certain subsidiaries of the Group no longer exists or maintains the same shareholding interest after the Group divested HLN Promax and increased its shareholdings in HLN Technologies Sdn Bhd and HLN Metal Centre Pte Ltd.



## **Balance Sheet**

Below is a review of material changes in key balance sheet items between 30 June 2008 and 31 December 2007.

(12) **Plant and equipment** of the Group reduced by \$0.4 mil from \$10.2 mil as at 31 December 2007 to \$9.8 mil as at 30 June 2008. Excluding depreciation and fixed assets written off in 1H 2008, capital expenditure increased \$0.8 mil mainly by the elastomeric division in the China operations.

(13) **Intangible assets** of the Group decreased by \$28K from \$128K as at 31 December 2007 to \$100K as at 30 June 2008 due to amortisation during the period.

(14) **Inventories** of the Group decreased by \$1.2 mil from \$13.2 mil as at 31 December 2007 to \$12.1 mil as at 30 June 2008. Excluding the provisions made for slow and obsolete stocks of \$0.61 mil and the stock theft loss, inventories actually decreased by \$0.45 mil as the Group managed the inventory purchases to align with anticipated sales. As a result, inventory turnover days improved to 117 days as at 30 Jun 2008 compared to 133 days as at 31 December 2007.

(15) **Trade and other receivables** of the Group decreased by \$1.7 mil from \$13.9 mil as at 31 December 2007 to \$12.1 mil as at 30 June 2008 through regular review of outstanding debtors and better collection efforts. Debtors' turnover days improved to 80 days as at 30 Jun 2008 compared to 88 days as at 31 December 2007.

(16) **Cash and cash equivalents** of the Group decreased by \$2.2 mil from \$6.7 mil as at 31 December 2007 to \$4.5 mil as at 30 June 2008. The Group has generated positive net cash flows from operating activities of \$1.72 mil compared to net cash used in 1H 2007 as FY 2007 was the inception of the aluminium service centre business which utilized substantial working capital in inventory purchase and debtors' financing.

In addition, the Group used up approximately net amount of \$5.1 mil to repay bank borrowings substantially and spent on capital expenditure in 1H 2008. It also paid out \$0.22 mil dividends to commemorate its Main Board upgrade and acquired 150,000 shares with \$48,000 under its share buyback scheme. The Group also increased its funding in the aluminium service centre business and this was matched with funding from the minority shareholder of \$1.1 mil. Overall, net cash used in investing and financing activities amounted to \$4.2 mil.

(17) **Treasury Shares** The Company acquired 150,000 shares through open market purchase and held them as Treasury Shares during the period and these shares have not been used for any allotted application as at 30 Jun 2008.

(18) **Shareholders' equity of the Group** decreased by \$711K from \$23.8 mil as at 31 December 2007 to \$23.0 mil as at 30 June 2008 due to the net loss of \$423K, dividend payment of \$220K and purchase of treasury share of \$48K.

(19) **Minority interests** increased by \$145K from \$759K as at 31 December 2007 to \$904K as at 30 June 2008 due to additional contribution of \$250K in the aluminium service business by the minority shareholder but offsetted from sharing of its proportionate loss in 1H 2008.

(20) **Finance leases** of the Group decreased by \$22K due to regular repayments.

(21) **Bank borrowings** of the Group refers to bank overdraft, trust receipts and short term revolving loan facilities granted to our subsidiaries. As at 30 June 2008, the Group has repaid substantially the bank borrowings of \$4.3 mil.

(22) **Current tax payable** of the Group decreased by \$193K from \$745K as at 31 December 2007 to \$552K as at 30 June 2008 as the Group paid off \$474K income taxes during the period and made further provision for income tax of \$297K for 1H 2008.

(23) **Trade payables and other payables** of the Group decreased by \$425K from \$6.5 mil as at 31 December 2007 to \$6.0 mil as at 30 June 2008 as the group paid down its trade and other creditor.

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

During the FY 2007 result announcement, the Group mentioned that the group will remain profitable in FY2008. On 11 Jul 2008, the company issued a profit warning, other than that, the Company has not previously disclosed any forecast or prospect statement.

**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 the Group in the next reporting period and the next 12 months**

The Group suffered its first net loss since its IPO in November 2005, despite a 9.1% increase in total revenue, compared to a S\$2.17 mil net profitable attributable to shareholders in 1H 2007. While escalating material and energy costs and the continuing decline of the US currency have adversely impacted the Group's results during the period, the losses incurred by our newly acquired businesses under the metallic division have exacted a heavy toll on our bottomline.

We were officially upgraded to the SGX-ST Main Board on 22 January 2008 and we hope to broaden our appeal to a wider investing community and aspire to become a bigger player in the markets it operates.

The Group continues to face threats from the anticipated US recession, rising energy and material costs, increasing costs of doing business in Singapore and the region, as well as the declining US currency. It has also found itself unable to assimilate fully the synergistic benefits from its newly acquired business acquisition, despite having committed substantial financial resources into them. To meet the challenges of an increasingly difficult operating environment, we are undertaking an intensive re-assessment of our business structure and value proposition to ensure that it remains nimble and financially strong to weather the tumultuous economic conditions and changing business landscape in the markets it operates.

The Group is currently holding preliminary discussions on selling the assets of a subsidiary as part of its organizational restructuring and would make the necessary announcements when appropriate. In addition, the Group would continue to explore other business opportunities which can enhance long term shareholder value. These include geographical expansion, mergers and acquisitions and partnering with long term strategic investor(s) who can add depth and breadth to the Group's existing business portfolio.

The Group is in the process of setting up a polymeric facility in China to support its customers based there.

Given the concerns over the economic and market risks, the Group will endeavour to ride out the difficult business environment and strive to turn around its losses in the second half year.

**11. Dividend**

**(a) Current Financial Period Reported On**

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

Name of Dividend	Interim
Dividend Type	Cash
Dividend Rate	1.00 cent per ordinary share one-tier tax exempt

**(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**

10 September 2008.

**(d) Books closure date**

Registrable transfers received by the Company up to 5.00p.m. on 29 August 2008 will be registered before entitlements to the dividend are determined. Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 1 September 2008 for preparation of dividend warrants.

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

Not applicable

**13. Negative Assurance Confirmation on Interim Financial Results Under Rule 705(4) of the Listing Manual**

To the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the unaudited interim financial results of the Group and Company (comprising the balance sheets of the group and the company as at 30 June 2008, and the consolidated income statement, statements of changes in equity and consolidated cash flow statement of the group, and statement of changes in equity of the company (together with their accompanying notes) as at 30 June 2008 and the result of the business, changes in equity and cash flows of the Group for the 6 months ended on that date), to be false or misleading in any material aspect

**BY ORDER OF THE BOARD**

Wa Kok Liang, Leslie  
Chief Executive Officer  
14 August 2008