



HLN TECHNOLOGIES LIMITED

HALF YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR PERIOD ENDED 30 JUNE 2012 (UNAUDITED)

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

(In \$'000)	6 months ended 30.06.2012	6 months ended 30.06.2011	Change
Revenue	12,643	11,478	10.1%
Cost of Sales	(8,333)	(7,289)	14.3%
Gross Profit	4,310	4,189	2.9%
Other Items of Income			
Interest Income	6	6	0.0%
Dividend Income	-	3	NM
Other Credits	30	21	42.9%
Other Items of Expenses			
Marketing and Distribution Costs	(976)	(960)	1.7%
Administrative Expenses	(2,688)	(2,712)	(0.9%)
Other Charges	(79)	(128)	(38.3%)
Finance Costs	(11)	(11)	0.0%
Share of Loss from Equity – Accounted Associates	-	(16)	NM
Profit Before Income Tax from Continuing Operations	592	392	51.0%
Income Tax Expense	(576)	(404)	42.6%
Profit/(Loss) from Continuing Operations, Net of Tax	16	(12)	NM
Loss from Discontinued Operations, Net of Tax	-	(3)	NM
Profit/(Loss), Net of Tax	16	(15)	NM
Other Comprehensive Loss:			
Exchange Differences on Translating Foreign Operations, Net of Tax	(348)	(244)	42.6%
Fair Value Gain on Available-for-Sale Financial Assets, Net of Tax	-	1	NM
Other Comprehensive Loss for the Period, Net of Tax	(348)	(243)	43.2%
Total Comprehensive Loss for the Period	(332)	(258)	28.7%
Profit/(Loss) Attributable to Owners of the Parent, Net of Tax	16	(15)	NM
Loss Attributable to Non-Controlling Interests, Net of Tax	-	-	NM
Profit/(Loss) Net of Tax	16	(15)	NM
Total Comprehensive Loss Attributable to Owners of Parent, Net of Tax	(332)	(257)	29.2%
Total Comprehensive Loss Attributable to Non-Controlling Interest, Net of Tax	-	(1)	NM
Total Comprehensive Loss for the Period	(332)	(258)	28.7%
Earnings Per Share			
Earnings Per Share Currency Unit	Cents	Cents	
Basic and Diluted			
Continuing Operations	0.01	(0.01)	NM
Discontinued Operations	-	(0.00)	NM
	0.01	(0.01)	NM

Note:

1. The comparative statement for the corresponding period of the immediate preceding financial period has been reclassified to present the results of the disposal group as "Discontinued Operations"
2. Refer to paragraph 8 - Review of the performance of the Group, found on pages 7 to 9 of this announcement.

Profit (Loss) net of income tax is arrived at after (charging)/crediting the following:

(in \$'000)	6 months ended 30.06.2012	6 months ended 30.06.2011	Change	Note
Depreciation of plant & equipment	(547)	(607)	(9.9%)	
Foreign exchange loss, net	(62)	(217)	(71.4%)	
Reversal of impairment for allowance on inventory (Allowance for)/Reversal on bad debts	5 (4)	18 61	(72.2%)	(a) (a)
Fixed assets expensed off	-	(9)	NM	
(Loss)/Gain on disposal of plant & equipment	(13)	18	NM	

NM – not meaningful

(a) Allowance for slow moving & obsolete inventories and bad debts in accordance with Group accounting policy.

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

(in \$'000)	Group 30.06.2012	Group 31.12.2011	Company 30.06.2012	Company 31.12.2011
<u>ASSETS</u>				
<u>Non-Current Assets</u>				
Plant and Equipment	4,280	4,881	43	85
Investments in Subsidiaries	-	-	23,516	23,516
Investment in Associate	12,121	12,121	-	-
Total Non-Current Assets	16,401	17,002	23,559	23,601
<u>Current Assets</u>				
Inventories	2,690	2,445	-	-
Trade and Other Receivables	6,350	9,014	1,570	1,620
Other Assets, Current	615	819	82	53
Cash and Cash Equivalents	11,022	8,350	4,213	2,760
Total Current Assets	20,677	20,628	5,865	4,433
Total Assets	37,078	37,630	29,424	28,034
<u>EQUITY AND LIABILITIES</u>				
<u>Equity Attributable to Owners of the Parent</u>				
Share Capital	22,403	22,403	22,403	22,403
Retained Earnings	10,077	10,061	6,496	4,935
Other Reserves	(350)	(2)	-	-
Total Equity	32,130	32,462	28,899	27,338
<u>Non-Current Liabilities</u>				
Deferred Tax Liabilities	338	399	-	-
Provisions	43	43	-	-
Finance Leases Liabilities, Non-Current	21	24	-	-
Total Non-Current Liabilities	402	466	-	-
<u>Current Liabilities</u>				
Income Tax Payable	447	152	204	-
Trade and Other Payables	3,692	4,134	321	696
Finance Lease Liabilities, Current	7	7	-	-
Other Financial Liabilities	400	409	-	-
Total Current Liabilities	4,546	4,702	525	696
Total Liabilities	4,948	5,168	525	696
Total Equity and Liabilities	37,078	37,630	29,424	28,034

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

	As at 30.06.2012		As at 31.12.2011	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	7	-	7	-
Borrowings	400	-	409	-
Total	<u>407</u>	<u>-</u>	<u>416</u>	<u>-</u>

Amount repayable after one year

	As at 30.06.2012		As at 31.12.2011	
	Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
Finance lease liabilities	21	-	24	-
Total	<u>21</u>	<u>-</u>	<u>24</u>	<u>-</u>

Details of any collateral

Finance lease liabilities refer to a hire purchase for motor vehicle which was guaranteed by a director of our subsidiary in Singapore.

The amount payable in one year or less consisted of bank borrowing of \$400,000 (31 December 2011: \$409,000) a revolving loan by one of the subsidiary in Malaysia, secured by Corporate Guarantee from one of our subsidiaries in Singapore.

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

(In \$'000)

	6 months ended 30.06.2012	6 months ended 30.06.2011
<u>Cash Flows From Operating Activities</u>		
Profit Before Income Tax		
From continuing operations	592	392
From discontinued operations	-	43
	<u>592</u>	<u>435</u>
Adjustments for :		
Dividend Income	-	(3)
Interest Income	(6)	(7)
Interest Expense	11	34
Depreciation of Plant and Equipment	547	607
Loss/(Gain) on Disposal of Plant and Equipment	13	(18)
Plant and Equipment Written-off	-	9
Share of Loss of Associates	-	16
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	(167)	(179)
Operating Cash Flows Before Changes in Working Capital	990	894
Inventories	(245)	263
Trade and Other Receivables	2,664	677
Other Financial Assets	-	(1)
Other Assets	204	34
Trade and Other Payables and Provisions	(442)	406
Net Cash Flows From Operations	3,171	2,273
Income Taxes Paid	(353)	(493)
Net Cash Flows From Operating Activities	2,818	1,780
<u>Cash Flows From Investing Activities</u>		
Purchase of Plant and Equipment	(149)	(413)
Disposal of Plant and Equipment	24	20
Deposit Paid for Acquisition of a Subsidiary	-	(5,572)
Interest Received	6	7
Dividend Received	-	3
Net Cash Flows Used in Investing Activities	(119)	(5,955)
<u>Cash Flows From Financing Activities</u>		
Cash Restricted in Use	(260)	-
Interest Paid	(11)	(34)
Finance Lease Repayments	(4)	(4)
Increase from New Borrowings	-	973
Borrowings Repayment	-	(2,067)
Net Cash Flows Used in Financing Activities	(275)	(1,132)
Net Increase/(Decrease) in Cash and Cash Equivalents	2,424	(5,307)
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	7,703	11,473
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Ending Balance	10,127	6,166
Balance as in Statement of Financial Position		
Cash Restricted in Use	11,022	6,779
	(895)	(613)
Cash and Cash Equivalent as in Consolidated Statement of Cash Flows	10,127	6,166

Note: The comparative statement for the corresponding period of the immediate preceding financial period has been reclassified to present the results of the disposal group as "Discontinued Operations"

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 \$'000	Sub-Total \$'000	Attributable to Parent			Non- Controlling Interest \$'000
			Shares Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	
Group						
Current Year:						
Opening Balance at 1 January 2012	32,462	32,462	22,403	10,061	(2)	-
Total Comprehensive (Loss)/Income for the Period	(332)	(332)	-	16	(348)	-
Closing Balance at 30 June 2012	32,130	32,130	22,403	10,077	(350)	-
Previous Year:						
Opening Balance at 1 January 2011	30,503	30,474	21,782	9,298	(606)	29
Total Comprehensive Loss for the Period	(258)	(257)	-	(15)	(242)	(1)
Other Movements in Equity:						
Issue of Treasury Shares for the Acquisition of a Subsidiary	621	621	621	-	-	-
	621	621	621	-	-	-
Closing Balance at 30 June 2011	30,866	30,838	22,403	9,283	(848)	28

	Total Equity \$'000	Shares Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000
Current Year:				
Opening Balance at 1 January 2011	27,338	22,403	4,935	-
Total Comprehensive Income for the Period	1,561	-	1,561	-
Closing Balance at 30 June 2012	28,899	22,403	6,496	-
Previous Year:				
Opening Balance at 1 January 2011	24,132	21,782	2,345	5
Total Comprehensive Income for the Period	1,604	-	1,603	1
Other Movements in Equity:				
Issue of Treasury Shares for the Acquisition of a Subsidiary	621	621	-	-
	621	621	-	-
Closing Balance at 30 June 2011	26,357	22,403	3,948	6

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

There was no change in the Company's share capital during the 6 months ended 30 June 2012.

As at 30 June 2012, there were 5,365,000 shares held as Treasury Shares (30 June 2011: 5,365,000 shares).

- 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>As at 30.06.2012</u>	<u>As at 31.12.2011</u>
150,272,920	150,272,920

- 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**

There was no change in the Company's share capital for the half year ended 30 June 2012.

- 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 by external 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**

Saved as disclosed in Note 5 below, the Group had applied the same accounting policies and methods of computation in the financial statements for the current period as those for the audited financial statements for the year ended 31 December 2011.

- 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**

In the current period, the Group adopted the new/revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2012.

Amendments to FRS 107 Disclosures – Transfers of Financial Assets
Amendments to FRS 12 – Deferred Tax : Recovery of Underlying Assets

The adoption of the above did not result in any material change to the Group's accounting policies nor have any significant impact on the financial statements.

- 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**

Basic and diluted earnings per share based on profit attributable to shareholders (in cent):	6 months ended 30.06.2012	6 months ended 30.06.2011
Continuing Operations	0.01	(0.01)
Discontinued Operations	-	(0.00)
Total	0.01	(0.01)

The basic earnings per share and fully diluted earnings per share for continuing operations have been calculated based on net profit attributable to shareholders of \$16,000 (1H2011: loss \$12,000) and the weighted average number of ordinary shares during the period was 150,272,920 (1H2011: 148,659,749).

The basic earnings per share and fully diluted earnings per share for discontinued operations in 1H2011 have been calculated based on net loss attributable to shareholders of \$3,000 and the weighted average number of ordinary shares during the period was 148,659,749.

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

	Group	Group	Company	Company
As at	30.06.2012	31.12.2011	30.06.2012	31.12.2011
Net Asset Value per ordinary share (cents)	21.38	21.60	19.23	18.19

The net asset value per share of the Group has been calculated based on shareholders' equity of \$32,130,000 (31 December 2011: \$32,462,000) and 150,272,920 shares (31 December 2011: 150,272,920 shares).

The net asset value per share of the Company has been calculated based on shareholders' equity of \$28,899,000 (31 December 2011: \$27,338,000) and issued share capital of 150,272,920 shares (31 December 2011: 150,272,920 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

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, lifestyle products, industrial application, 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 aluminium 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 USA and Europe.

In November 2011, the entire interest of the Group's metallic business was divested and hence the Group is no longer involved in the metal business.

Income Statement

In November 2011, the Group disposed of HLN Metal Centre Group ("HMCG"), our metallic business unit, which was a significant revenue contributor. In accordance with the FRS, the results of the disposed group are presented separately as "Discontinued Operations".

- (i) Continuing Operations

The Group's revenue increased 10.1% to \$12.64 million in 1H2012 from \$11.48 million in 1H2011. The elastomeric business unit generated higher sales in 1H2012 due mainly to the strong performance of its operation in Johor Bahru, Malaysia, while the polymeric business unit recorded a drop in revenue due to the delayed launches of new products by a key customer.

Gross profit increased by \$0.12 million or 2.9% to \$4.31 million in 1H2012 from \$4.19 million in the previous corresponding period. The overall gross profit margin for 1H2012 was 34.1% compared to 36.5% for the previous corresponding period. The lower margin in 1H2012 was mainly due to rising costs for materials and labour of the two business units.

Distribution costs and administrative expenses decreased by 0.2% in 1H2012 to \$3.66 million from \$3.67 million in 1H2011 mainly due to lower legal expenses. Finance costs

remain unchanged at \$11,000 in 1H2012 for the interest incurred for the revolving credit facilities of a subsidiary in Malaysia.

Other charges comprised mainly of foreign exchange difference. The Group recorded other charges of \$79,000 in 1H2012 compared to \$128,000 in 1H2011 mainly due to lower foreign exchange translation loss of \$62,000, compared to \$220,000 in 1H2011. This was due to the appreciation of US Dollar ("USD") against the Singapore Dollar ("SGD") in 1H2012 and the stronger SGD versus Ringgit Malaysia ("MYR"), China Renminbi ("RMB") and Indonesia Rupiah ("IDR") during 1H2012. In addition, loss on disposal of plant and equipment of \$13,000 was recorded in 1H2012, compared to gain on disposal of plant and equipment of \$18,000 in 1H2011.

Other credits in 1H2012 amounted to \$31,000 compared to \$21,000 in 1H2011. The increase was mainly due to increase of rental income.

The Group recorded a share of loss from an associate of \$16,000 in 1H2011 for the subsidiary that holds a 30% shareholding interest in a PRC developer.

The Group's continuing operations posted 51.0% higher profit before income tax of \$0.59 million for 1H2012, compared to \$0.39 million in 1H2011. The Group recorded a profit after tax from continuing operations of \$16,000 in 1H2012 compared to a net loss of \$12,000 in 1H2011.

(ii) Discontinued Operations

The Group disposed of the entire 99% interest in HMCG in November 2011 and is no longer in the metal business. In 1H2011, the Group reported a loss attributable to owners of \$3,000.

Financial Position

Non-current Assets

The Group's non-current assets as at 30 June 2012 was \$16.40 million, a decrease of \$0.60 million from \$17.00 million as at 31 December 2011. The decline was mainly due to the depreciation of plant and equipment of \$0.55 million, disposal of plant and equipment together with the loss on disposal of \$0.03 million and the foreign currency translation loss in overseas operations of \$0.17 million; offset by the corresponding increase in the addition of new plant and equipment of \$0.15 million.

Current Assets

The Group's current assets amounted to \$20.68 million as at 30 June 2012, an increase of \$0.05 million compared to 31 December 2011.

Inventories increased by \$0.25 million and trade receivables decreased by \$2.66 million mainly due to the better cash flow management. Cash and cash equivalents improved by \$2.67 million mainly due to the the proceeds of \$0.54 million from the disposal of HMCG and profit compensation of \$1.81 million.

Total Liabilities

Total liabilities as at 30 June 2012 was \$4.95 million, a decline of \$0.22 million from \$5.17 million compared to 31 December 2011.

Trade and related payables declined by \$0.44 million due to the decrease of purchase orders. Higher income tax recorded as at 30 June 2012 due to higher profit posted for the 1H2012.

Approximately \$0.04 million under non-current liabilities was for deferred tax and the financial lease liability which comprised of the outstanding amount from a hire purchase of motor vehicle as at 30 June 2012.

Total Equity

The equity decreased by \$0.33 million to \$32.13 million as at 30 June 2012 from \$32.46 million as at 31 December 2011. The Group recorded foreign currency translation reserve loss due to the appreciation of the SGD against MYR, RMB and IDR.

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

In the SGXNET announcement for FY2011 results released on 29th February 2012, the Directors commented that although there were uncertainties over the direction of the property market in the PRC, the Company has obtained profit guarantees for FY2011 and FY2012.

The vendor has shown its commitment to honour the guarantee and the Company has received the full payment of \$1.809 million. As the compensation was payable in RMB, the difference in the final amount collected versus \$1.897 million (original amount accrued) was due to foreign exchange conversion rates.

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 Directors continue to maintain the concern highlighted in February 2012 that until the Euro zone debt crisis can be resolved, the overall business environment will continue to be sluggish. In addition, the return of the political turmoil in the Middle-East has created some concerns on the price of crude oil which may have impact on the cost of raw materials that the Group are dependent upon.

As global economic outlook continues to be uncertain, the key customers of the Group will be impacted by weak business sentiment and may result in potential decline in overall business activities.

Meanwhile, the Group will continue to explore other business opportunities which can enhance long term shareholder value. These include geographical expansion, mergers and acquisitions, divestment and partnering with long term strategic investor(s) who can add depth and breadth to the Group's existing business portfolio.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No dividend has been declared for this period.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No dividend was declared for previous period.

(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 dividend has been recommended.

- 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.,**

No IPT general mandate has been obtained from the shareholders. There were no interested person transactions exceeding \$100,000 as at 30 June 2012.

- 14. NEGATIVE CONFIRMATION BY THE BOARD PURSUANT TO RULE 705(5)**

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 for the 6 months ended on 30 June 2012 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Cheong Weixiong, Jeff
Executive Director
10 August 2012