

First Quarter Financial Statement And Related Announcement for the Quarter Ended 31 March 2013

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENT OF Q1 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.

1(a)(i) **CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED 31 MARCH 2013 AND 31 MARCH 2012**

Consolidated Income Statement

	Group 1Q2013	Group 1Q2012	Increase/ (Decrease)
	US\$'000	US\$'000	%
Revenue	142,406	124,596	14.3%
Cost of sales	(132,277)	(114,671)	15.4%
Gross profit	10,129	9,925	2.1%
Other income	67	117	(42.7%)
Sales and distribution costs	(5,607)	(4,953)	13.2%
General and administrative expenses	(3,346)	(3,131)	6.9%
Other expenses	(85)	(605)	(86.0%)
Interest expense	(241)	(246)	(2.0%)
Profit before taxation	917	1,107	(17.2%)
Income tax expense	(184)	(171)	7.6%
Profit after taxation	733	936	(21.7%)
Profit attributable to:			
Equity holders of the Company	733	936	(21.7%)

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 (Cont'd).

1(a)(i) CONSOLIDATED INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS ENDED 31 MARCH 2013 AND 31 MARCH 2012 (CONT'D)

Consolidated Statement of Other Comprehensive Income

	Group 1Q2013	Group 1Q2012	Increase/ (Decrease)
	US\$'000	US\$'000	%
Profit after taxation	733	936	(21.7%)
Other comprehensive income			
Foreign currency translation	3	(71)	N.M.
Net gain on fair value changes of available-for-sale financial assets	203	331	(38.7%)
Other comprehensive income for the period	206	260	(20.8%)
Total comprehensive income for the period	939	1,196	(21.5%)
Total comprehensive income attributable to:			
Equity holders of the Company	939	1,196	(21.5%)
	939	1,196	(21.5%)

1(a)(ii) NOTES TO THE CONSOLIDATED INCOME AND STATEMENT OF COMPREHENSIVE INCOME

Notes to the consolidated income and statement of comprehensive income	Group 1Q2013	Group 1Q2012
	US\$'000	US\$'000
Interest income	4	26
Interest on borrowings	(241)	(246)
Allowance for doubtful trade debts written back	90	39
Allowance for doubtful trade debts	(27)	(150)
Bad debts written off	(46)	-
Reversal of stocks written down	851	383
Stocks written down/ off	(942)	(927)
Depreciation of property, plant and equipment	(195)	(173)
Property, plant and equipment written off	(1)	-
Net foreign exchange gain	62	103

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.

STATEMENT OF FINANCIAL POSITION	Group 31/03/2013	Group 31/12/2012	Company 31/03/2013	Company 31/12/2012
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	4,494	4,624	-	-
Intangible assets	326	326	-	-
Investments in subsidiaries	-	-	13,049	13,049
Investment securities	1,575	1,373	1,575	1,373
Deferred tax assets	31	31	-	-
Current assets				
Trade debtors	77,630	80,368	11	5
Other debtors	590	608	-	-
Prepayments	300	446	22	2
Stocks	70,642	64,707	-	-
Amounts due from subsidiaries	-	-	18,080	17,978
Cash and short term deposits	8,250	13,774	467	472
Total current assets	157,412	159,903	18,580	18,457
Current liabilities				
Trade creditors and accruals	(54,942)	(63,786)	(388)	(398)
Other creditors	(7,164)	(6,389)	(64)	(29)
Interest-bearing loans and borrowings	(50,555)	(45,876)	-	-
Provision for taxation	(1,818)	(1,786)	(18)	(10)
Total current liabilities	(114,479)	(117,837)	(470)	(437)
Net current assets	42,933	42,066	18,110	18,020
Net assets	49,359	48,420	32,734	32,442
Equity attributable to equity holders of the Company				
Share capital	32,294	32,294	32,294	32,294
Treasury shares	(201)	(201)	(201)	(201)
Reserves	17,266	16,327	641	349
	49,359	48,420	32,734	32,442

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

Amount repayable in one year or less, or on demand

At 31/03/2013 (US\$'000)		At 31/12/2012 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
-	50,555	-	45,876

Amount repayable after one year, or on demand

At 31/03/2013 (US\$'000)		At 31/12/2012 (US\$'000)	
Secured	Unsecured	Secured	Unsecured
-	-	-	-

Details of any collateral

The Group's borrowings as at 31 March 2013 consisted of interest-bearing loans and borrowings.

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.

	Group 1Q2013	Group 1Q2012
	US\$'000	US\$'000
Operating activities		
Profit before taxation	917	1,107
Adjustments for:-		
Interest income	(4)	(26)
Interest expense	241	246
Depreciation of property, plant and equipment	195	173
Property, plant and equipment written off	1	-
Operating cash flows before changes in working capital	1,350	1,500
(Increase)/ Decrease in stocks	(5,935)	2,950
Decrease/ (Increase) in trade debtors, other debtors and prepayments	2,902	(4,038)
Decrease in trade creditors, accruals and other creditors	(8,069)	(2,331)
Cash flows used in operations	(9,752)	(1,919)
Interest received	4	26
Interest paid	(241)	(246)
Income tax paid	(151)	(174)
Net cash flows used in operating activities	(10,140)	(2,313)
Investing activities		
Purchase of property, plant and equipment	(66)	(270)
Net cash flows used in investing activities	(66)	(270)
Financing activities		
Increase in interest-bearing loans and borrowings	4,679	4,407
Net cash flows generated from financing activities	4,679	4,407
Net (decrease)/ increase in cash and short-term deposits	(5,527)	1,824
Effects of exchange rate changes on cash and short-term deposits	3	(71)
Cash and short-term deposits at beginning of period	13,774	12,081
Cash and short-term deposits at end of period	8,250	13,834

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.

1Q2013		Attributable to equity holders of the Company						
Group	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2013	48,420	32,294	(201)	16,327	85	25	(1,159)	17,376
Profit for the period	733	-	-	733	-	-	-	733
<u>Other comprehensive income</u>								
Foreign currency translation	3	-	-	3	-	-	3	-
Net gain on fair value changes of available-for-sale financial assets	203	-	-	203	203	-	-	-
Other comprehensive loss for the period	206	-	-	206	203	-	3	-
Total comprehensive income for the period	939	-	-	939	203	-	3	733
Closing balance at 31 March 2013	49,359	32,294	(201)	17,266	288	25	(1,156)	18,109

1Q2012		Attributable to equity holders of the Company						
Group	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2012	46,717	32,294	(201)	14,624	21	25	(1,018)	15,596
Profit for the period	936	-	-	936	-	-	-	936
<u>Other comprehensive income</u>								
Foreign currency translation	(71)	-	-	(71)	-	-	(71)	-
Net gain on fair value changes of available-for-sale financial assets	331	-	-	331	331	-	-	-
Other comprehensive income for the period	260	-	-	260	331	-	(71)	-
Total comprehensive income for the period	1,196	-	-	1,196	331	-	(71)	936
Closing balance at 31 March 2012	47,913	32,294	(201)	15,820	352	25	(1,089)	16,532

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.
(Cont'd).

1Q2013		Attributable to equity holders of the Company						
Company	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2013	32,442	32,294	(201)	349	85	-	-	264
Profit for the period	89	-	-	89	-	-	-	89
<u>Other comprehensive income</u>								
Net gain on fair value changes of available-for-sale financial assets	203	-	-	203	203	-	-	-
Other comprehensive income for the period	203	-	-	203	203	-	-	-
Total comprehensive income for the period	292	-	-	292	203	-	-	89
Closing balance at 31 March 2013	32,734	32,294	(201)	641	288	-	-	353

1Q2012		Attributable to equity holders of the Company						
Company	Equity, total US\$'000	Share capital US\$'000	Treasury shares US\$'000	Reserves, total US\$'000	Fair value reserve US\$'000	Statutory reserve US\$'000	Foreign currency translation reserve US\$'000	Revenue reserve US\$'000
Opening balance at 1 January 2012	35,386	32,294	(201)	3,293	21	-	-	3,272
Profit for the period	117	-	-	117	-	-	-	117
<u>Other comprehensive loss</u>								
Net gain on fair value changes of available-for-sale financial assets	331	-	-	331	331	-	-	-
Other comprehensive income for the period	331	-	-	331	331	-	-	-
Total comprehensive income for the period	448	-	-	448	331	-	-	117
Closing balance at 31 March 2012	35,834	32,294	(201)	3,741	352	-	-	3,389

- 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.**

In addition to the disclosure in Note 1(d)(i) above, the changes to the company's treasury shares during the period were as follows:-

	1Q2013		FY2012	
	No. of shares	US\$'000	No. of shares	US\$'000
Treasury shares				
At beginning of financial period	5,363,000	201	5,363,000	201
Purchase during the current period	-	-	-	-
At end of financial period	5,363,000	201	5,363,000	201

- 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.**

The total number of issued shares excluding treasury shares as at the end of 31 March 2013 is 504,659,200 (31 December 2012: 504,659,200).

- 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 sales, transfers, disposal, cancellation and/or use of treasury share during the current financial period reported on.

- 2. Whether the figures have been audited or reviewed, in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by our auditors.

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

N.A.

- 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 audited financial statements for the year ended 31 December 2012.

- 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.**

N.A.

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.**

	Group	
	1Q2013	1Q2012
Based on weighted average number of ordinary shares (US cent)	0.15	0.19
On a fully diluted basis (US cent)	N.A.	N.A.

Earnings per share excluding treasury shares for 1Q2013 computed based on weighted average number of ordinary shares of 504,659,200 (1Q2012: 504,659,200).

7. **Net asset value (for the issuer and Group) per ordinary share based on the total number of issued share excluding treasury shares of the issuer at the end of the:-**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	31/03/2013	31/12/2012	31/03/2013	31/12/2012
Net asset value per ordinary share based on existing issued share capital as at end of period reported on (US cents)	9.78	9.59	6.49	6.43

The Group's and the Company's net asset value per ordinary share have been computed based on the share capital of 504,659,200 ordinary shares, excluding treasury 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.**

INCOME STATEMENT

Comparing 1Q2013 with 1Q2012

The Group's revenue rose 14.3% from US\$124.6 million to US\$142.4 million this quarter due to higher contributions from China and the ASEAN markets. Gross profit margin was lower, decreasing from 8.0% to 7.1% this quarter due to the change in product mix. Other income was lower due to less interest income earned as more cash was utilised for funding working capital. Net profit after tax stood at US\$0.7 million compared to US\$0.9 million in the same quarter last financial year. This was due to lower gross margin as well as higher sales and distribution and general and administrative expenses during the quarter.

Total operating expenses rose from US\$8.9 million to US\$9.3 million. This was due to higher sales and distribution expenses arising from higher business volume and higher staff wages. During the quarter, sales and distribution expenses increased by 13.2% from US\$5.0 million to US\$5.6 million. General and administration expenses were higher by 6.9%, increasing from US\$3.1 million to US\$3.3 million. Compared to the same quarter last financial year, other expenses were lower, decreasing from US\$605,000 to US\$85,000 largely due to stock write-back this quarter. Interest expenses in 1Q2013 were marginally lower by 2.0% due to lower financing rates.

Total comprehensive income for 1Q FY2013 totaled US\$0.9 million compared to US\$1.2 million in the same period last financial year. This was mainly due to lower net gain on fair value changes of available-for-sale financial assets.

BALANCE SHEET

Net current assets amounting to US\$42.9 million were marginally higher mainly due to:-

- Lower trade debtors' balance, which decreased from US\$80.4 million to US\$77.6 million. Trade debtors' turnover rose from 49 days to 50 days.
- Lower trade creditors and accruals, which decreased from US\$63.8 million to US\$54.9 million. Trade creditors' turnover days decreased from 48 days to 41 days.
- Higher inventory balance, which rose from US\$64.7 million to US\$70.6 million. Inventory turnover improved slightly from 48 days to 47 days.
- Increase in interest-bearing loans and borrowings, which rose from US\$45.9 million to US\$50.6 million to fund inventory and working capital needs.
- Decrease in cash and short-term deposits from US\$13.8 million to US\$8.3 million. Internal resources were also utilised to fund working capital needs.

SHAREHOLDERS' EQUITY

Shareholders' equity rose marginally by US\$0.9 million due to increase in reserves.

WORKING CAPITAL

Operating activities used US\$10.1 million this quarter compared to US\$2.3 million in 1Q2012. This was attributable mainly to US\$5.9 million increase in stocks and US\$8.1 million decrease in trade creditors, offset by a US\$2.9 million decrease in trade debtors.

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

N.A.

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.**

We expect the strong market demand in the first quarter to continue although changes in product mix may result in margin fluctuations. China's economy should remain strong and demand in the ASEAN market continues to be supported by government-related infrastructure projects. Going forward, we remain cautiously optimistic about our performance and expect that we will be profitable in the second quarter, barring unforeseen circumstances.

11. **Dividend**

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

Any dividend recommended for the current financial period reported on? **No.**

- (b) **Corresponding Period of the Immediately Preceding Financial Year**

Any dividend declared for the corresponding period of the immediately preceding financial year? **No.**

11. Dividend (Cont'd)

(c) Date payable

N.A.

(d) Books closure date

N.A.

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

No dividend has been declared for 1Q2013.

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 mandate has been obtained.

The aggregate value of all interested person transactions during the financial period ended 31 March 2013 were as follows:-

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)	Description of the transaction entered into with the interested person during the financial year under review	Aggregate value of all interested person transactions conducted during the financial year under review under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	N.A.	N.A.	N.A.

14. Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to their attention which may render the financial statements for the first quarter ended 31 March 2013 to be false or misleading.

BY ORDER OF THE BOARD

Wong Yoen Har
Company Secretary
8 May 2013