



HLN TECHNOLOGIES LIMITED

HALF YEAR FINANCIAL STATEMENT FOR PERIOD ENDED 30 JUNE 2010 (UNAUDITED)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL 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 30.06.2010	6 months ended 30.06.2009	Change
Revenue	14,522	11,159	30.1%
Cost of Sales	(9,604)	(8,312)	15.5%
Gross Profit	4,918	2,847	72.7%
Other Items of Income			
Interest Income	5	20	(75.0%)
Dividend Income	3	3	0.0%
Other Credits	124	61	103.3%
Other Items of Expenses			
Marketing and Distribution Costs	(1,067)	(807)	32.2%
Administrative Expenses	(2,878)	(2,336)	23.2%
Financial Costs	(17)	(91)	(81.3%)
Other Charges	(169)	(2,212)	(92.4%)
Profit/(Loss) Before Income Tax	919	(2,515)	NM
Income Tax Expense	(443)	(134)	230.6%
Profit/(Loss) Net of Tax	476	(2,649)	NM
Other Comprehensive Income:			
Exchange Differences on Translating Foreign Operations, Net of Tax	116	63	84.1%
Fair Value Gain on Quoted Shares	2	13	(84.6%)
Other Comprehensive Income for the Period, Net of Tax	118	76	55.3%
Total Comprehensive Income/(Loss) for the Period	594	(2,573)	NM
Profit/(Loss) Attributable to Owners of the Parent, Net of Tax	483	(2,355)	NM
Loss Attributable to Non-Controlling Interests, Net of Tax	(7)	(294)	(97.6%)
Profit/(Loss) Net of Tax	476	(2,649)	NM
Total Comprehensive Income/(Loss) Attributable to Owners of Parent	607	(2,290)	NM
Total Comprehensive Income/(Loss) Attributable to Non-Controlling Interests	(13)	(283)	(95.4%)
Total Comprehensive Income/(Loss) for the Period	594	(2,573)	NM
Earnings Per Share			
Earnings Per Share Currency Unit	Cents	Cents	
Basic and Diluted	0.39	(1.90)	NM

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

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

	ended 30.06.2010	ended 30.06.2009		
Depreciation of plant and equipment	(679)	(794)	(14.5%)	
Amortisation of intangible assets	-	(28)	NM	
Foreign exchange gain/(loss), net	18	127	(85.8%)	
(Inventory allowance & impairment charges)/Reversal of allowance	150	(1,214)	NM	(a)
Allowance for bad debts/bad debts written-off	(5)	(57)	(91.2%)	(a)
Impairment loss on plant and equipment	-	(1,032)	NM	(b)
Loss on disposal of plant and equipment	(4)	(31)	(87.1%)	(c)
Net gain on disposal of quoted securities	98	-	NM	(d)
Provision for goods return	(332)	-	NM	(e)

NM – not meaningful

- (a) *There are allowances for slow moving & obsolete inventories and bad debts in accordance with Group accounting policy.*
- (b) *Impairment loss on plant & equipment arose from our precision turning operations in Malaysia in 1H 2009.*
- (c) *Loss on disposal of plant & equipment by one of the subsidiaries in 1H 2009.*
- (d) *The Group invested in quoted securities and some were held for trading purposes.*
- (e) *Provision is made for estimated loss on goods to be returned by a customer.*

1(b)(i) Statements 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 30.06.10	Group 31.12.09	Company 30.06.10	Company 31.12.09
Non Current Assets				
Plant and Equipment	6,040	6,204	57	101
Investments in Subsidiaries	-	-	11,395	11,395
Other Financial Assets, Non-Current	104	102	104	102
Total Non-Current Assets	6,144	6,306	11,556	11,598
Current Assets				
Inventories	4,110	3,508	-	-
Trade and Other Receivables, Current	7,546	7,695	2,508	2,460
Other Financial Assets, Current	-	468	-	468
Other Assets, Current	748	792	26	63
Cash and Cash Equivalents	11,515	10,958	5,764	4,667
Total Current Assets	23,919	23,421	8,298	7,658
Total Assets	30,063	29,727	19,854	19,256
EQUITY AND LIABILITIES				
Equity Attributable to Owners of the Parent				
Share Capital	15,706	15,706	15,706	15,706
Retained Earnings	8,686	8,424	3,739	2,938
Other Reserves, Total	(80)	(270)	5	2
Equity, Attributable to Equity Holders of the Parent	24,312	23,860	19,450	18,646
Non-Controlling Interests	27	487	-	-
Total Equity	24,339	24,347	19,450	18,646
Non Current Liabilities				
Deferred Tax Liabilities	403	389	28	28
Provisions, Non-Current	84	84	-	-
Finance Lease Liabilities, Non-Current	-	3	-	-
Total non-current liabilities	487	476	28	28
Current Liabilities				
Income Tax Payable	439	379	-	3
Trade and Other Payables, Current	4,029	3,901	376	579
Finance Lease Liabilities, Current	6	7	-	-
Other Financial Liabilities, Current	763	617	-	-
Total Current Liabilities	5,237	4,904	376	582
Total Liabilities	5,724	5,380	404	610
Total Equity and Liabilities	30,063	29,727	19,854	19,256

Note: Refer to paragraph 8 - Review of the performance of the Group, found on pages 8 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 30.06.2010		As at 31.12.2009	
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	6	-	7	-
Borrowings	763	-	617	-
Total	<u>769</u>	<u>-</u>	<u>624</u>	<u>-</u>

Amount repayable after one year

(In \$'000)	As at 30.06.2010		As at 31.12.2009	
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	-	-	3	-
Borrowings	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>3</u>	<u>-</u>

Details of any collateral

Finance lease liabilities refer to hire purchases for motor vehicles which are secured by a pledge of the assets and guaranteed by a director of our subsidiary in Singapore.

Bank borrowings amounting to \$763,000 (31 December 2009: \$617,000) consist of:

- \$431,000 (31 December 2009: \$410,000) revolving cash loans extended to our subsidiaries in Malaysia
- \$332,000 (31 December 2009: \$207,000) short-term loans and trade finance facilities extended to our subsidiaries in China

The above bank borrowings are covered by Corporate Guarantee from the Company.

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 30/6/2010	6 months ended 30/6/2009
Cash Flows From Operating Activities		
Profit Before Income Tax	920	(2,515)
Adjustments for :		
Dividend Income	(3)	(3)
Interest Income	(5)	(20)
Interest Expense	17	91
Amortisation of Intangible Assets	-	28
Depreciation of Plant and Equipment	679	794
Impairment on Plant and Equipment	-	1,032
Loss on Disposal of Plant and Equipment	4	31
Plant and Equipment Written off	-	6
Fair Value Gain on Financial Assets Held for Trading	50	-
Gain on Disposal of Quoted Securities	(148)	-
Foreign Exchange Adjustment Loss / (Gains)	151	31
Operating Cash Flows Before Changes in Working Capital	1,665	(525)
Inventories	(602)	2,207
Trade and Other Receivables, Current	193	1,910
Trade and Other Payables, Current	128	(317)
Net Cash Flows From Operations Before Interest and Tax	1,384	3,275
Income Taxes Paid	(555)	(309)
Net Cash Flows From Operating Activities	829	2,966
Cash Flows From Investing Activities		
Purchase of Plant and Equipment	(386)	(344)
Proceeds from Disposals of Plant and Equipment	16	15
Proceeds from Disposals of a Subsidiary	-	54
Proceeds from Disposals of Quoted Securities	565	-
Acquiring Additional Shares in a Subsidiary	(380)	-
Investment in Quoted Equities	-	50
Interest Income Received	5	20
Dividend Income Received	3	3
Net Cash Flows From Investing Activities	(177)	(202)
Cash Flows From Financing Activities		
Cash Restricted in Use Over 3 Months	704	-
Purchase of Treasury Shares	-	(337)
Interest Expense Paid	(17)	(91)
Repayment of Finance Lease Liabilities	(3)	(3)
Increase/(Decrease) in Net Borrowings	146	(892)
Dividends Paid	(221)	(124)
Net Cash Flows From/(Used in) Financing Activities	609	(1,447)
Net Increase in Cash and Cash Equivalents	1,261	1,317
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	10,958	8,664
Cash and Cash Equivalents, Statement of Cash Flows, Ending	12,219	9,981
Balance as in Statement of Financial Position	11,515	9,981
Cash Restricted in Use over 3 Months	704	-
Cash and Cash Equivalent as in Statement of Cash Flows	12,219	9,981

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				Parent sub-total \$'000	Non-controlling interest \$'000	Total equity \$'000
	Shares capital \$'000	Treasury shares \$'000	Other reserves \$'000	Retained earnings \$'000			
Group							
Opening Balance as at 1 January 2009	16,648	(740)	(107)	8,193	23,994	942	24,936
Total Comprehensive Income/(Loss) for the Period	-	-	65	(2,355)	(2,290)	(283)	(2,573)
Issue of employee performance share	(112)	112	-	-	-	-	-
Purchase of treasury shares	-	(337)	-	-	(337)	-	(337)
Dividends paid	-	-	-	(124)	(124)	-	(124)
Closing Balance at 30 June 2009	16,536	(965)	(42)	5,714	21,243	659	21,902
Opening Balance as at 1 January 2010	16,648	(942)	(270)	8,424	23,860	487	24,347
Total Comprehensive Income/(Loss) for the Period	-	-	125	483	608	(13)	595
Acquiring additional shares in a subsidiary	-	-	65	-	65	(447)	(382)
Dividends paid	-	-	-	(221)	(221)	-	(221)
Closing Balance at 30 June 2010	16,648	(942)	(80)	8,686	24,312	27	24,339

	Shares capital \$'000	Treasury shares \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
	Company				
Opening Balance at 1 January 2009	16,648	(740)	53	(6,311)	9,650
Total Comprehensive Income for the Period	-	-	13	10,208	10,221
Issue of employee performance share	(112)	112	-	-	-
Purchase of treasury shares	-	(337)	-	-	(337)
Dividends paid	-	-	-	(124)	(124)
Closing Balance at 30 June 2009	16,536	(965)	66	3,773	19,410
Opening Balance at 1 January 2010	16,648	(942)	2	2,938	18,646
Total Comprehensive Income for the Period	-	-	3	1,022	1,025
Dividends paid	-	-	-	(221)	(221)
Closing Balance at 30 June 2010	16,648	(942)	5	3,739	19,450

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

There were no changes in the Company's share capital during the 6 months ended 30 June 2010.

The Company acquired Nil shares (30 June 2009: 2,824,000 shares) through open-market purchases on the Singapore Exchange Securities Trading Limited during the period ended 30 June 2010 and these shares were held as Treasury Shares as at 30 June 2010.

As at 30 June 2010, there was no unissued ordinary shares under options granted and unexercised (30 June 2009: 160,000 shares) and no unissued ordinary shares under performance shares granted (30 June 2009: 252,000 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 30.06.2010</u>	<u>As at 31.12.2009</u>
123,460,920	123,460,920

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.

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 an equivalent standard)

The figures have not been audited or reviewed by our 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 and the Company have adopted the new and revised Financial Reporting Standards ("FRS") and Interpretation to FRS ("INT FRS") that are applicable to its operations and effective from the period beginning on or after 1 January 2010. The adoption of these new and review FRSs and INT FRSs did not have a material effect on the financial statements of the Group and the Company for the financial year ending 30 June 2010.

Other than the adoption of the new and review FRSs and INT FRSs described above, the Group and the Company have applied the same accounting policies and methods of computation in the preparation of the current year's financial statements as those applied in the audited financial statements for the year ended 31 December 2009.

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 ended 30.06.2010	6 months ended 30.06.2009
Earnings per share based on profit attributable to shareholders:		
(a) Basic (in cents)	0.39	(1.90)
(b) On a fully diluted basis (in cents)	0.39	(1.90)

The basic earnings per share and fully diluted earnings per share above have been calculated based on net profit attributable to shareholders of \$484,000 (1H 2009: loss \$2,355,000) and the weighted average number of ordinary shares in issue during the period of 123,460,920 (1H 2009: 124,208,417).

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	Group	Company	Company
as at	30.06.2010	31.12.2009	30.06.2010	31.12.2009
Net Asset Value per ordinary share (cents)	19.69	19.33	15.75	15.10

The net asset value per share of the Group has been calculated based on shareholders' equity of \$24,312,000 (31 December 2009: \$23,860,000) and 123,460,920 shares (31 December 2009: 123,460,920 shares). The net asset value per share of the Company has been calculated based on shareholders' equity of \$19,450,000 (31 December 2009: \$18,646,000) and issued share capital of 123,460,920 shares (31 December 2009: 123,460,920 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, 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 aluminum products through our aluminum 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.

Income Statement

Revenue increased by \$3.4 million or 30.1% to \$14.5 million in 1H 2010 from \$11.2 million in 1H 2009 which was then adversely affected by the global economic slowdown. This increase, in line with the improved global economic conditions, was mainly due to the higher sales across all our three business units.

With the increase in revenue, the Group's gross profit improved by \$2.1 million or 15.5% from \$2.8 million in 1H 2009 to \$4.9 million in 1H 2010. The overall GP margin also increased from 25.5% to 33.9%.

In line with the higher revenue registered by the Group, distribution costs and administrative expenses also increased by \$0.80 million in 1H 2010 to \$3.9 million from \$3.1 million in 1H 2009. Financial costs

reduced by \$74,000 or 81.3% from \$91,000 in 1H 2009 to \$17,000 in 1H 2010 due to repayment of bank borrowings.

Other charges comprise mainly foreign exchange difference, impairment losses and accounting provisions. Other charges reduced by \$2.0 million from \$2.2 million in 1H 2009 to \$0.17 million in 1H 2010 mainly due to the one-off impairment loss on plant & equipment of \$1.0 million by our precision turning operations in Malaysia in 1H 2009 as well as the reversal of the impairment loss on inventory and provisions of \$1.2 million by our aluminium business in China in 1H 2009, lower foreign exchange gain in 1H 2010 due to the stronger SGD and the provision for estimated loss on resolving a customer complaint of one of our subsidiaries for goods return of approximately US\$0.24 million.

As a result of above, the Group posted higher profit before income tax of \$0.92 million NPBT and profit net of tax of \$0.48 million NPAT respectively in 1H 2010, compared to net loss before tax of \$2.5 million and net loss after tax of \$2.6 million respectively in 1H 2009. The higher income tax expenses in 1H 2010 was due to profitable operations in higher tax jurisdictions. Additionally, losses incurred by subsidiaries in one tax jurisdiction were not available for offset against profit generated by subsidiaries in other tax jurisdiction.

The Group achieved profit attributable to owners of the Company of \$0.48 million in 1H 2010, compared to loss attributable to owners of the Company of \$2.3 million in 1H 2009. The net loss attributable to non-controlling interests decreased from \$294,000 in 1H 2009 to \$7,000 in 1H 2010 due to profitable results of the Group's aluminium business and the consolidation of higher profits after the Group acquired the non-controlling interest in the subsidiary. As at 30 June 2010, the Group owns 99.0% equity interest in HLN Metal Centre Pte Ltd.

Financial Position

Non-current Assets

The Group's non-current assets stood at \$6.1 million as at 30 June 2010 which decreased slightly by \$0.16 million from \$6.3 million as at 31 December 2009 to \$6.1 million as at 30 June 2010 mainly due to depreciation during 1H 2010, after adjusting for additional fixed assets purchase in the same period. The Group added \$0.39 million capital expenditure during the period for its overseas subsidiaries' plant and equipment.

Current Assets

The Group's current assets amounted to \$24.0 million as at 30 June 2010 which increased by \$0.50 million compared to 31 December 2009 mainly due to inventories and cash at bank which each increased approximately \$0.6 million. Inventories increased due to planned increase in production and sales, while cash at bank increased from proceeds from disposal of quoted securities and higher trade debt collections.

Total Liabilities

The Group has \$5.7 million total liabilities as at 30 June 2010 with approximately \$0.49 million under non-current liabilities mainly as deferred tax liabilities. During the period, the Group reduced trade payables and bank borrowings by approximately \$0.27 million.

Total Equity

Total equity increased by \$0.45 million from \$23.4 million as at 31 December 2009 to \$24.3 million. The Group posted net profit of \$0.48 million for the current period but paid out \$0.22 million dividends. In addition, the Group recorded favorable changes to its foreign currency translation reserve losses due to the stronger Indonesia Rupiah and Malaysia Ringgit relative to SGD.

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

On 21 July 2010, the Group issued a profit guidance announcing that its half year results ending 30 June 2010 expected to be profitable compared to a half year net loss attributable to shareholders of \$2,355,000 for the half year ended 30 June 2009. Other than this profit guidance, the Group 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 posted an encouraging profit for 1H 2010, extending its turnaround since 2H 2009 since the recovery from the global economic crisis. Revenue and profitability have improved compared to similar period last year when the Group posted a substantial decline in revenue and reported its first ever net loss since its IPO.

The Group's financial position has strengthened significantly with cash at bank of approximately \$11.5 million and current ratio and gross gearing stood at 4.57 times and 3.2% respectively.

In April 2010, the Group acquired additional 17.65% interest in the share capital of HLN Metal Centre Pte Ltd ("HMC") from the non-controlling interest. As at 30 June 2010, the Group owns 99.0% equity interest in HLN Metal Centre Pte Ltd. The Group believes the increase in investment in HMC is timely to ride on the current economic recovery especially in the PRC market in which the operating subsidiaries of HMC are located.

While recent economic indicators point to possible bottoming out of the recession, the Group expects to operate in a very challenging business environment characterized by slow recovery and uncertain financial environment. The Group is cautiously optimistic about the second half year prospect. Barring any unforeseen circumstances, the Group expects to be profitable for the whole financial year 2010.

The Group will continue to monitor the economic and business environment and evaluate the impact on its business and earnings, and would take necessary pre-emptive and precautionary measures to address the challenges and business risks.

Nevertheless, the Group would 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

(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

Not applicable.

(d) Books closure date

Not applicable.

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

Not applicable.

13. Summary of interest person transactions for the financial period ended 30 June 2010.

Name of Interest Person	Aggregate value of all interest person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Nil	Nil	Nil

14. Negative Assurance Confirmation on Interim Financial Results Under Rule 705(5) 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 statement of financial position of the Group and the Company as at 30 June 2010, and the consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows of the Group, and statement of changes in equity of the Company (together with their accompanying notes) as at 30 June 2010 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 respect

BY ORDER OF THE BOARD

Cheong Weixiong, Jeff
Executive Director
13 August 2010