



**HLN TECHNOLOGIES LIMITED**

**FULL YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2011 (UNAUDITED)**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

**1(a) 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)	FY2011	FY2010	Change
<b>Revenue</b>	<b>24,847</b>	<b>23,579</b>	5.4%
Cost of Sales	(16,335)	(14,472)	12.9%
<b>Gross Profit</b>	<b>8,512</b>	<b>9,107</b>	<b>(6.5%)</b>
<b>Other Items of Income</b>			
Interest Income	9	15	<b>(40.0%)</b>
Dividend Income	5	5	0.0%
Other Credits	2,016	205	883.4%
<b>Other Items of Expenses</b>			
Marketing and Distribution Costs	(2,056)	(2,018)	1.9%
Administrative Expenses	(5,629)	(5,485)	2.6%
Other Charges	(360)	(457)	<b>(21.2%)</b>
Finance Costs	(24)	(22)	9.1%
<b>Profit Before Income Tax from Continuing Operations</b>	<b>2,473</b>	<b>1,350</b>	83.2%
Income Tax Expense	(625)	(712)	<b>(12.2%)</b>
<b>Profit from Continuing Operations, Net of Tax</b>	<b>1,848</b>	<b>638</b>	189.7%
<b>(Loss)/Profit from Discontinued Operations, Net of Tax</b>	<b>(833)</b>	<b>388</b>	NM
<b>Profit, Net of Tax</b>	<b>1,015</b>	<b>1,026</b>	
<b>Other Comprehensive Income/(Loss):</b>			
Exchange Differences on Translating Foreign Operations, Net of Tax	301	(348)	NM
Fair Value Gain on Available-for-Sale Financial Assets, Net of Tax	(5)	3	NM
<b>Other Comprehensive Income/(Loss) for the Year, Net of Tax</b>	<b>296</b>	<b>(345)</b>	NM
<b>Total Comprehensive Income for the Year</b>	<b>1,311</b>	<b>681</b>	92.5%
Profit Attributable to Owners of the Parent, Net of Tax	1,015	1,029	<b>(1.4%)</b>
Loss Attributable to Non-Controlling Interests, Net of Tax	-	(3)	NM
<b>Profit Net of Tax</b>	<b>1,015</b>	<b>1,026</b>	<b>(1.1%)</b>
Total Comprehensive Income Attributable to Owners of Parent, Net of Tax	1,310	693	89.0%
Total Comprehensive Income/(Loss) Attributable to Non-Controlling Interests, Net of Tax	1	(12)	NM
<b>Total Comprehensive Income for the Year</b>	<b>1,311</b>	<b>681</b>	92.5%
<b>Earnings Per Share</b>			
Earnings Per Share Currency Unit	Cents	Cents	
<b>Basic and Diluted</b>			
Continuing Operations	1.24	0.50	148.3%
Discontinued Operations	(0.56)	0.30	NM
	0.68	0.80	<b>(15.1%)</b>

Note: Refer to paragraph 8 - Review of the performance of the Group, found on pages 8 to 10 of this announcement.

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

<b>(in \$'000)</b>	<b>FY2011</b>	<b>FY2010</b>	<b>Change</b>	<b>Note</b>
Depreciation of plant & equipment	(1,180)	(1,332)	(11.4%)	(a)
Foreign exchange gain/(loss), net	(125)	(299)	(58.2%)	(b)
(Impairment charges)/Reversal on inventory allowance	(32)	52	NM	(c)
Reversal on allowance for bad debts	36	6	NM	(c)
Fixed assets expensed off	(9)	-	NM	
Gain/(Loss) on disposal of plant & equipment	17	(3)	NM	
Net gain on disposal of quoted securities	5	147	(96.6%)	(d)
Loss on compensation for difference in material contract price	-	(91)	NM	(e)
Loss on disposal of HLN Metal Centre Group	(730)	-	NM	(f)
Profit guarantee	1,897	-	NM	(g)

NM – not meaningful

- (a) Lower depreciation incurred in FY2011 due to deconsolidation of HLN Metal Centre Group which was disposed of in November 2011.
- (b) Lower foreign exchange loss due to appreciation of US Dollar against the Singapore Dollar in FY2011.
- (c) Allowance for slow moving & obsolete inventories and bad debts in accordance with Group accounting policy.
- (d) The Group invested in quoted securities and some were held for trading purposes.
- (e) The loss arose as a result of difference in materials contract price.
- (f) The entire 99% interest in HLN Metal Centre Group was disposed of in November 2011 for cash consideration of \$2,150,000 (refer to SGXNET announcement dated 17 November 2011).
- (g) Compensation from profit guarantee of \$1.9 million in accordance with the Sale and Purchase Agreement dated 19 January 2011.

**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)

	<b>Group 31.12.11</b>	<b>Group 31.12.10</b>	<b>Company 31.12.11</b>	<b>Company 31.12.10</b>
<b><u>ASSETS</u></b>				
<b><u>Non-Current Assets</u></b>				
Plant and Equipment	4,881	5,425	85	62
Investments in Subsidiaries	-	-	23,516	11,395
Investment in Associate	12,121	-	-	-
Other Financial Assets	-	105	-	105
Other Assets, Non-Current	-	5,928	-	5,928
<b>Total Non-Current Assets</b>	<b>17,002</b>	<b>11,458</b>	<b>23,601</b>	<b>17,490</b>
<b><u>Current Assets</u></b>				
Inventories	2,445	4,950	-	-
Trade and Other Receivables	9,014	7,719	1,620	2,524
Other Assets, Current	819	889	53	97
Cash and Cash Equivalents	8,350	12,115	2,760	5,116
<b>Total Current Assets</b>	<b>20,628</b>	<b>25,673</b>	<b>4,433</b>	<b>7,737</b>
<b>Total Assets</b>	<b>37,630</b>	<b>37,131</b>	<b>28,034</b>	<b>25,227</b>
<b><u>EQUITY AND LIABILITIES</u></b>				
<b><u>Equity Attributable to Owners of the Parent</u></b>				
Share Capital	22,403	21,782	22,403	21,782
Retained Earnings	10,061	9,298	4,935	2,345
Other Reserves	(2)	(606)	-	5
<b>Equity Attributable to Owners of the Parent</b>	<b>32,462</b>	<b>30,474</b>	<b>27,338</b>	<b>24,132</b>
Non-Controlling Interests	-	29	-	-
<b>Total Equity</b>	<b>32,462</b>	<b>30,503</b>	<b>27,338</b>	<b>24,132</b>
<b><u>Non-Current Liabilities</u></b>				
Deferred Tax Liabilities	399	453	-	15
Provisions	43	32	-	-
Finance Leases Liabilities, Non-Current	24	-	-	-
<b>Total Non-Current Liabilities</b>	<b>466</b>	<b>485</b>	<b>-</b>	<b>15</b>
<b><u>Current Liabilities</u></b>				
Income Tax Payable	152	252	-	-
Trade and Other Payables	4,134	3,557	696	1,080
Finance Lease Liabilities, Current	7	2	-	-
Other Financial Liabilities	409	2,332	-	-
<b>Total Current Liabilities</b>	<b>4,702</b>	<b>6,143</b>	<b>696</b>	<b>1,080</b>
<b>Total Liabilities</b>	<b>5,168</b>	<b>6,628</b>	<b>696</b>	<b>1,095</b>
<b>Total Equity and Liabilities</b>	<b>37,630</b>	<b>37,131</b>	<b>28,034</b>	<b>25,227</b>

*Note: Refer to paragraph 8 - Review of the performance of the Group, found on pages 8 to 10 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 31.12.2011		As at 31.12.2010	
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	7	-	2	-
Borrowings	409	-	2,332	-
Total	<u>416</u>	<u>-</u>	<u>2,334</u>	<u>-</u>

### Amount repayable after one year

(In \$'000)	As at 31.12.2011		As at 31.12.2010	
	Secured	Unsecured	Secured	Unsecured
Finance lease liabilities	24	-	-	-
Borrowings	-	-	-	-
Total	<u>24</u>	<u>-</u>	<u>-</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.

Amount payable on one year or less consisted of bank borrowings amounted to \$409,000 (31 December 2010: \$417,000) revolving cash loan by one of the subsidiaries in Malaysia, secured by Corporate Guarantee from one of the subsidiaries in Singapore.

There was no borrowing in the current year by the China subsidiaries (31 December 2010: \$1,915,000) as the loans and trade finance facilities for the metallic business extended to our subsidiaries in China, secured by Corporate Guarantee and fixed deposit from the Company were discharged after the disposal of the metallic business unit during the year.

**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)	FY2011	FY2010
<b><u>Cash Flows From Operating Activities</u></b>		
Profit Before Income Tax		
From continuing operations	2,473	1,350
From discontinued operation	(780)	482
	<u>1,693</u>	<u>1,832</u>
Adjustments for :		
Dividend Income	(5)	(5)
Interest Income	(11)	(17)
Interest Expense	65	55
Depreciation of Plant and Equipment	1,180	1,332
(Gain)/Loss on Disposal of Plant and Equipment	(17)	3
Plant and Equipment Written-off	9	-
Fair Value Loss on Financial Assets Held for Trading	-	50
Loss on Disposal of Subsidiaries	730	-
Gain on Disposal of Quoted Securities	(5)	(147)
Net Effect of Exchange Rate Changes in Consolidating Foreign Operations	303	(268)
<b>Operating Cash Flows Before Changes in Working Capital</b>	<b>3,942</b>	<b>2,835</b>
Inventories	(273)	(1,442)
Trade and Other Receivables	(2,236)	(24)
Other Financial Assets	-	565
Other Assets	-	(97)
Trade and Other Payables and Provisions	1,121	(396)
<b>Net Cash Flows From Operations</b>	<b>2,554</b>	<b>1,441</b>
Income Taxes Paid	(826)	(869)
<b>Net Cash Flows From Operating Activities</b>	<b>1,728</b>	<b>572</b>
<b><u>Cash Flows From Investing Activities</u></b>		
Purchase of Plant and Equipment	(925)	(790)
Disposal of Plant and Equipment	101	154
Disposal of Quoted Securities	105	-
Disposal of Subsidiary (Net of Cash Disposed)	1,748	-
Investment in Associate	(5,572)	-
Deposit Paid for Acquisition of a Subsidiary	-	(5,928)
Interest Received	11	17
Dividend Received	5	5
<b>Net Cash Flows Used in Investing Activities</b>	<b>(4,527)</b>	<b>(6,542)</b>
<b><u>Cash Flows From Financing Activities</u></b>		
Issue of Shares	-	6,076
Cash Restricted in Use	(292)	(642)
Interest Paid	(65)	(55)
Finance Lease Repayments	(6)	(8)
(Decrease in)/Increase from New Borrowings	1,888	1,915
Borrowings Repayment	(2,788)	(200)
Acquisition of Additional Shares from Non-Controlling Interest	-	(380)
Dividends Paid to Equity Owners	-	(221)
<b>Net Cash Flows (Used in)/From Financing Activities</b>	<b>(1,263)</b>	<b>6,485</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>(4,062)</b>	<b>515</b>
Cash and Cash Equivalents, Consolidated Statement of Cash Flows, Beginning Balance	11,473	10,958
<b>Cash and Cash Equivalents, Consolidated Statement of Cash Flows,     Ending Balance</b>	<b>7,411</b>	<b>11,473</b>
<b>Balance as in Statement of Financial Position</b>	<b>8,350</b>	<b>12,115</b>
Cash Restricted in Use	(939)	(642)
<b>Cash and Cash Equivalent as in Consolidated Statement of Cash Flows</b>	<b>7,411</b>	<b>11,473</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**

	Total Equity \$'000	Attributable to Parent			Non- Controlling Interest \$'000	
		Sub-Total \$'000	Shares Capital \$'000	Retained Earnings \$'000		Other Reserves \$'000
<b>Group</b>						
<b>Current Year:</b>						
Opening Balance at 1 January 2011	30,503	30,474	21,782	9,298	(606)	29
Total Comprehensive Income for the Year	1,311	1,310	-	1,015	295	1
<u>Other Movements in Equity:</u>						
Statutory Reserve	-	-	-	(252)	252	-
Issue of Treasury Shares for the Acquisition of a Subsidiary	621	621	621	-	-	-
Disposal of Subsidiary	27	57	-	-	57	(30)
	648	678	621	(252)	309	(30)
Closing Balance at 31 December 2011	32,462	32,462	22,403	10,061	(2)	-
<b>Previous Year:</b>						
Opening Balance at 1 January 2010	24,347	23,860	15,706	8,424	(270)	487
Total Comprehensive Income/(Loss) for the Year	681	693	-	1,029	(336)	(12)
<u>Other Movements in Equity:</u>						
Issue of Share Capital	6,076	6,076	6,076	-	-	-
Acquisition of Non-Controlling Interest	(380)	66	-	66	-	(446)
Dividends Paid	(221)	(221)	-	(221)	-	-
	5,475	5,921	6,076	(155)	-	(446)
Closing Balance at 31 December 2010	30,503	30,474	21,782	9,298	(606)	29
			<b>Total Equity \$'000</b>	<b>Shares Capital \$'000</b>	<b>Retained Earnings \$'000</b>	<b>Other Reserves \$'000</b>
<b>Company</b>						
<b>Current Year:</b>						
Opening Balance at 1 January 2011			24,132	21,782	2,345	5
Total Comprehensive Income/(Loss) for the Year			2,585	-	2,590	(5)
<u>Other Movements in Equity:</u>						
Issue of Treasury Shares for the acquisition of a Subsidiary			621	621	-	-
			621	621	-	-
Closing Balance at 31 December 2011			27,338	22,403	4,935	-
<b>Previous Year:</b>						
Opening Balance at 1 January 2010			18,646	15,706	2,938	2
Total Comprehensive Income/(Loss) for the Year			(369)	-	(372)	3
<u>Other Movements in Equity:</u>						
Issue of Share Capital			6,076	6,076	-	-
Dividends Paid			(221)	-	(221)	-
			5,855	6,076	(221)	-
Closing Balance at 31 December 2010			24,132	21,782	2,345	5

- 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**

The Company transferred 2,212,000 treasury shares (31 December 2010: Nil shares) to an escrow agent as partial consideration in respect of the acquisition of a 50.54% shareholding interest in Greatly Holdings Investment Limited.

As at 31 December 2011, there were 5,365,000 shares held as Treasury Shares (31 December 2010: 7,577,000 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 31.12.2011</u>	<u>As at 31.12.2010</u>
150,272,920	148,060,920

- 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 01.01.2011	7,577,000
Use of treasury shares as partial consideration for acquisition of a 50.54% shareholding interest in a subsidiary	(2,212,000)
Total number of treasury shares as at 31.12.2011	<u>5,365,000</u>

- 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**

The Group has applied the same accounting policies and methods of computation in the financial statements for the year as those for the audited financial statements for the year ended 31 December 2010.

- 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 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):	12 months ended 31.12.2011	12 months ended 31.12.2010
- Continuing Operations	1.24	0.50
- Discontinued Operation	(0.56)	0.30
Total	0.68	0.80

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 \$1,848,000 (FY2010: \$638,000) and the weighted average number of ordinary shares during the period was 149,472,964 (FY2010: 127,976,536).

The basic earnings per share and fully diluted earnings per share for discontinued operation have been calculated based on net loss attributable to shareholders of \$833,000 (FY2010: profit \$388,000) and the weighted average number of ordinary shares during the period was 149,472,964 (FY2010: 127,976,536).

**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	31.12.2011	31.12.2010	31.12.2011	31.12.2010
Net Asset Value per ordinary share (cents)	21.60	20.58	18.19	16.30

The net asset value per share of the Group has been calculated based on shareholders' equity of \$32,462,000 (31 December 2010: \$30,474,000) and 150,272,920 shares (31 December 2010: 148,060,920 shares).

The net asset value per share of the Company has been calculated based on shareholders' equity of \$27,338,000 (31 December 2010: \$24,132,000) and issued share capital of 150,272,920 shares (31 December 2010: 148,060,920 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 aluminum 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 Operation”.

### **(i) Continuing Operations**

The Group achieved 5.4% growth in revenue to \$24.85 million in FY2011 from \$23.58 million in FY2010. The elastomeric business unit, a key driver to the Group’s revenue, generated higher sales in FY2011 due mainly to the turnaround of Indonesian operations and strong performance from Johor Bahru, Malaysia, while the polymeric business unit experienced a drop in revenue due to the delayed launches of new products by a key customer. The segmented revenue and results for business or geographical segments of the group are outlined in paragraph 15.

Gross profit declined by \$0.60 million or 6.5% to \$8.51 million in FY2011 from \$9.11 million in FY2010. The overall gross profit margin for FY2011 was 34.3% compared to 38.6% for the FY2010. The lower margin in FY2011 was mainly due to rising costs for materials and labour of the two business units.

Distribution costs and administrative expenses increased by \$0.18 million or 2.4% in FY2011 to \$7.68 million from \$7.50 million in FY2010. The increase was mainly due to the increase in cost related to internal audit fees and legal expenses from acquisition of shares in subsidiary of a majority stake in a BVI incorporated company that holds a 30% shareholding interest in a PRC developer. Finance costs increased by 9.1% or \$2,000 to \$24,000 in FY2011 from \$22,000 in FY2010 due to the new hire purchase for motor vehicle in FY2011.

Other charges comprised mainly of foreign exchange difference, impairment losses and accounting provisions. The Group recorded other charges of \$0.36 million in FY2011 compared to \$0.46 million in FY2010 mainly due to lower foreign exchange translation loss of \$0.13 million, compared to \$0.30 million in FY2010. This was due to the appreciation of US Dollar against the Singapore Dollar in FY2011.

Other credits in FY2011 amounted to \$2.02 million compared to \$0.21 million. The increase was mainly due to profit guarantee of \$1.90 million in accordance with the Sale and Purchase Agreement dated 19 January 2011 in relation to the acquisition of a 50.54% shareholding interest in a majority stake in a BVI incorporated company that holds a 30% shareholding interest in a PRC developer. This compares to the investment gain of \$0.15 million in FY2010.

As a result of above, the Group’s continuing operations posted 83.2% higher profit before income tax of \$2.47 million for FY2011, compared to \$1.35 million in FY2010. After accounting for taxation, the Group recorded profit from continuing operations of \$1.85 million in FY2011, an increase of 189.7% from \$0.64 million in FY2010.

### **(ii) Discontinued Operation**

The Group disposed of the entire 99% interest in HMCG in November 2011 for cash consideration of \$2.15 million. The Group recorded a loss from discontinued operations of \$0.83 million in FY2011 as compared to profit of \$0.39 million in the previous financial year.

On a consolidated basis, the Group reported profit attributable to owners of the Company of \$1.02 million in FY2011, compared to profit of \$1.03 million in FY2010.

## **Financial Position**

### **Non-current Assets**

The Group's non-current assets stood at \$17.00 million as at 31 December 2011, an increase of \$5.54 million from \$11.46 million as at 31 December 2010 mainly due to the final payment of \$5.57 million for the acquisition of a 50.54% shareholding interest in a majority stake in a BVI incorporated company that holds a 30% shareholding interest in a PRC developer in FY2011.

The decrease of \$0.54 million in the net book value of plant and equipment was mainly due to depreciation of \$1.19 million during FY2011, and after adjusting for purchase of additional fixed assets of \$0.93 million in the same period.

The Group sold the quoted securities of \$0.10 million during FY2011.

### **Current Assets**

The Group's current assets amounted to \$20.63 million as at 31 December 2011, a reduction of \$5.05 million compared to 31 December 2010.

Inventories decreased by \$2.51 million mainly due to the disposal of HMCG which held \$2.17 million of inventories.

Trade receivables increased mainly due to the increase in shipment of elastomeric business unit.

Cash and cash equivalents decreased by \$3.77 million due to the final payment of \$5.57 million for the acquisition of shares in a subsidiary, offset by the proceeds from the disposal of HMCG of \$1.75 million and proceeds from disposal of quoted securities of \$0.10 million.

### **Total Liabilities**

Total liabilities as at 31 December 2011 was \$5.17 million, a decline of \$1.46 million from \$6.63 million in the previous corresponding year.

During the period, the Group has repaid approximately \$2.79 million of its bank borrowings, increased borrowings of \$1.89 million for trade finance by one of its subsidiaries, and paid income tax of \$0.83 million.

Trade and related payables increased \$0.59 million due to an increase of purchase orders for operational usage .

Approximately \$0.42 million under non-current liabilities was for deferred tax and the financial lease liabilities which comprised of the hire purchase creditors of \$0.02 million as at 31 December 2011.

### **Total Equity**

The equity improved by \$1.96 million from \$30.50 million as at 31 December 2010 to \$32.46 million as at 31 December 2011 mainly due to gain included in equity directly from the usage of treasury shares as partial consideration for the acquisition of a 50.54% shareholding interest in a subsidiary in FY2011. In addition, the Group recorded foreign currency translation reserve gain due to the appreciation of US Dollar relative to Singapore Dollar, Indonesia Rupiah, Malaysia Ringgit and China Renminbi.

## **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 released on 12<sup>th</sup> August 2011 for 1H FY2011 for the period ended 30 June 2011, the Directors had expressed caution on the general business environment due to the global economy that was still vulnerable to political uncertainties in the Middle East and the fear of Euro zone debt contagion.

The Group's sales in FY2011 was below expectations due to push-out of orders by some key customers in the elastomeric division; the polymeric units experienced substantial drop in revenue as a result of the delay of project launches of a key customer. The metallic business also experienced drop in sales as a result of the restructuring leading up to the disposal of the metallic division in November 2011.

**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 raised in August 2011 that until the Euro zone debt crisis can be resolved, the overall business environment will continue to be sluggish. Key customers of the Group will be impacted by weak business sentiment and potential decline in overall business activities.

Although there are uncertainties over the direction of the property market in the PRC, the cooling measures introduced by the Government are currently still mainly targeted at the residential market. Pursuant to a Sale and Purchase Agreement dated 19th January 2011 (the "**SPA**"), the Company has acquired a majority stake in a BVI company that holds a 30% shareholding interest in the PRC developer of a commercial property development, the Jing Jin Business Centre in Wuqing Development Zone. Under the SPA, the Company has obtained profit guarantees for FY2011 and FY2012. The Group has received return on its investment for FY2011 based on the above guarantee and expects the same for FY2012.

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

**(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. 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 31 December 2011.

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

Not applicable for full year results announcement.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

Operating Segments

For management purposes, the Group is organized into operating segments based on their product and service which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance.

Segment Information

For management purposes, the Group is organized into controlling business units ("CBU") based on their products and services which are further aggregated into four reportable segments as follows:

- 1) The *Office Automation* ("OA") segment manufactures and distributes polymeric components, polymeric die-cutting services and precision turned parts for the office automation end products including printers, copiers, electronic devices, computers, note books and peripheral accessories.
- 2) The *Lifestyle Products* ("LP") segment manufactures and distributes compound rubber and precision molded rubber parts and components for the consumer and life style products including household electrical appliances, consumer electronic devices, vibration control components and peripheral accessories.
- 3) The *Industrial Application* ("IA") segment manufactures and distributes metallic products and aluminium plates, rods and sheets for various customers in the semiconductor, military, medical instruments, precision engineering, aviation and transport, and food and beverage industries.
- 4) The *Corporate* ("IH") segment is involved in Group level corporate services, treasury functions and investments. It derives its income substantially from inter-company transactions.

Management monitors the operating results of its CBU separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects is measured differently from operating profit or loss in the consolidated financial statements. Financing cost (interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. Transfer pricing between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

## Financial Information by Operating Segments from Continuing Operations

	OA \$'000	LP \$'000	IA \$'000	IH \$'000	Total \$'000
<b>FY2011</b>					
<b>Revenue:</b>					
External customers	8,753	16,125	-	-	24,878
Inter-segment	(30)	(1)	-	-	(31)
Total Revenue	8,723	16,124	-	-	24,847
<b>Recurring EBITDA</b>					
	1,536	2,096	(5)	(1,658)	1,969
Depreciation and amortisation	(298)	(808)	-	(22)	(1,128)
ORBIT	1,238	1,288	(5)	(1,680)	841
Finance costs	(3)	(22)	1	-	(24)
Other credits & other charges	(53)	(142)	1	1,850	1,656
Profit before income tax					2,473
Income tax expense					(625)
<b>Profit from continuing operations, net of tax</b>					<b>1,848</b>

<b>FY 2010</b>					
<b>Revenue:</b>					
External customers	9,028	14,570	-	-	23,598
Inter-segment	(18)	(1)	-	-	(19)
Total Revenue	9,010	14,569	-	-	23,579
<b>Recurring EBITDA</b>					
	2,055	2,639	(4)	(1,796)	2,894
Depreciation and amortisation	(294)	(891)	(1)	(84)	(1,270)
ORBIT	1,761	1,748	(5)	(1,880)	1,624
Finance costs	(3)	(19)	-	-	(22)
Other credits & other charges	(147)	(138)	(3)	36	(252)
Profit before income tax					1,350
Income tax expense					(712)
<b>Profit from continuing operations, net of tax</b>					<b>638</b>

## Assets and Reconciliations

	OA \$'000	LP \$'000	IA \$'000	IH \$'000	Unallocated \$'000	Group \$'000
<b>FY2011</b>						
Total assets for reportable segments	5,114	9,475	538	14,153	-	29,280
Unallocated:						
Add: Cash and cash equivalents	-	-	-	-	8,350	8,350
Total group assets	5,114	9,475	538	14,153	8,350	37,630
<b>FY2010</b>						
Total assets for reportable segments	5,230	9,117	3,927	6,742	-	25,016
Unallocated:						
Add: Cash and cash equivalents	-	-	-	-	12,115	12,115
Total group assets	5,230	9,117	3,927	6,742	12,115	37,131

## Liabilities and Reconciliations

	OA \$'000	LP \$'000	IA \$'000	IH \$'000	Unallocated \$'000	Group \$'000
<b>FY2011</b>						
Total Liabilities for reportable segments	835	2,642	3	697	-	4,177
Unallocated:						
Deferred and current tax liabilities	-	-	-	-	551	551
Other financial liabilities	-	-	-	-	409	409
Finance lease liabilities	-	-	-	-	31	31
Total group liabilities	835	2,642	3	697	991	5,168
<b>FY 2010</b>						
Total Liabilities for reportable segments	618	1,755	161	1,055	-	3,589
Unallocated:						
Deferred and current tax liabilities	-	-	-	-	705	705
Other financial liabilities	-	-	-	-	2,332	2,332
Finance lease liabilities	-	-	-	-	2	2
Total group liabilities	618	1,755	161	1,055	3,039	6,628

## Geographical Information

The Group's main operations are located in Singapore, Malaysia, Indonesia and China. Revenue from external customers are attributed to the Group's countries of domicile and all foreign countries in total from which the Group derived revenues. Non-current assets are attributed to countries based on the Group's country of domicile and all foreign countries in total in which the entity holds assets.

The Group's reportable segment are based on differences in products and services, no additional disclosure of revenue information about products and services are required.

	Revenue		Non-Current Assets	
	FY 2011 \$'000	FY 2010 \$'000	FY 2011 \$'000	FY 2010 \$'000
Indonesia	2,692	1,760	443	385
Singapore	10,033	10,607	12,861	6,751
Malaysia	7,904	5,987	1,924	2,330
China	4,218	5,225	1,772	1,992
<b>Total from Continuing Operations</b>	<b>24,847</b>	<b>23,579</b>	<b>17,000</b>	<b>11,458</b>

Revenues from top two customers of the Group represent approximately \$2,717,000 (FY2010: \$2,861,000) and \$2,032,000 (FY2010: \$2,634,000) of the Group's total revenue respectively.

### 16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Refer to paragraph 8 - Review of the performance of the Group, found on pages 8 to 10 of this announcement.

### 17. A breakdown of sales.

(In \$'000)	Group FY 2011	Group FY 2010	% Increase/(Decrease)
Sales reported for first half year	11,478	11,110	3.3%
Operating (loss)/profit after tax before deducting non-controlling interest reported for first half year	(12)	412	(102.9%)
Sales reported for second half year	13,369	12,469	7.2%
Operating profit after tax before deducting non-controlling interest reported for second half year	1,860	226	723.0%

18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	Latest full year	Previous full year
(In \$ '000)	31 December 2011	31 December 2010
Total annual dividend – ordinary	NIL	221

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or Substantial Shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Ng Lian Hong, Elsie	52	Sister of : Ng Khoo Seng Executive Director & Deputy Chief Operating Officer	<p><b>Position:</b></p> <ol style="list-style-type: none"> <li>Director of Process Innovation Technology Pte Ltd (Since March 2001); &amp;</li> <li>Senior Operation Manager of Process Innovation Technology Pte Ltd (Since August 2006).</li> </ol> <p><b>Duties:</b> Responsible for finance, human resource, purchasing &amp; general administration.</p>	No change
Ng Koon Chuan, Francis	50	Brother of : Ng Khoo Seng Executive Director & Deputy Chief Operating Officer	<p><b>Position:</b></p> <ol style="list-style-type: none"> <li>Operation Director of Process Innovation Technology Pte Ltd (Since September 2001);</li> <li>General Manager of Polymeric Business Unit (Since September 2006);</li> <li>Deputy Vice-President of Process Innovation Technology Pte Ltd (Since 1 January 2010); &amp;</li> <li>Vice-President of Polymeric Business Unit, Commercial (Since 1 July 2010).</li> </ol> <p><b>Duties:</b></p> <ul style="list-style-type: none"> <li>Responsible for daily operations of Polymeric Business Unit including material sourcing &amp; planning, sales, customer relationship management, public relations &amp; inventory control;</li> <li>Ensure that subsidiaries of Polymeric Business Unit adhere to planned sales targets &amp; profit objectives.</li> </ul>	No change
Chow Bei Tze, Joey	30	Cousin of : Wa Kok Liang, Leslie Group Chief Operating Officer & substantial	<p><b>Position:</b></p> <ol style="list-style-type: none"> <li>Group Assistant Personnel Manager / Corporate Communications Manager</li> </ol>	No change

		shareholder of the Company	<p>(Since October 2007);</p> <p>2. Corporate Sales Manager (Since 1 March 2010) &amp;</p> <p>3. Deputy General Manager (Sales) S.E.A. (Since 1 July 2010)</p> <p><b><u>Duties:</u></b></p> <ul style="list-style-type: none"> <li>• To ensure Elastomeric Group is able to meet budgeted sales numbers;</li> <li>• To ensure penetration on cornerstone customers &amp; work towards making Elastomeric Group the Number 1 supplier;</li> <li>• To groom &amp; develop a team of lower-level sales managers &amp; support staffs.</li> </ul>	
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**BY ORDER OF THE BOARD**

Cheong Weixiong, Jeff  
 Executive Director  
 29<sup>th</sup> February 2012