



Precision Parts, Precision Partnerships.

INNOVALUES LIMITED

(Company Registration No. 199702822E)

Financial Statement And Dividend Announcement For The Financial Period Ended 30 June 2009

The Board of Directors of Innovalues Limited is pleased to announce the consolidated results for the financial period ended 30 June 2009. The figures presented below have not been audited or reviewed by the auditors of the Company.

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

1(a)(i) An income statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

Consolidated Statement of Comprehensive Income for :

Note	6 MONTHS ENDED			3 MONTHS ENDED		
	30 Jun 2009	30 Jun 2008	Increase / (decrease)	30 Jun 2009	30 Jun 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	37,682	58,318	(35.4)%	21,404	29,661	(27.8)%
Cost of sales	(37,269)	(48,260)	(22.8)%	(19,909)	(25,178)	(20.9)%
Gross profit	413	10,058	(95.9)%	1,495	4,483	(66.7)%
Other items of income						
Interest income	36	24	50.0 %	26	12	N.M.
Other credits	1 151	1,761	(91.4)%	526	479	9.8 %
Other items of expenses						
Marketing and distribution costs	(979)	(1,674)	(41.5)%	(482)	(802)	(39.9)%
Administrative expenses	(4,121)	(4,713)	(12.6)%	(1,964)	(2,407)	(18.4)%
Finance costs	2 (1,067)	(1,141)	(6.5)%	(514)	(550)	(6.5)%
(Loss) / profit before taxation	3 (5,567)	4,315	N.M.	(913)	1,215	N.M.
Income tax expense	4 (292)	(128)	N.M.	(106)	(9)	N.M.
Net (loss) / profit	(5,859)	4,187	N.M.	(1,019)	1,206	N.M.

Note	6 MONTHS ENDED			3 MONTHS ENDED		
	30 Jun 2009	30 Jun 2008	Increase / (decrease)	30 Jun 2009	30 Jun 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other comprehensive income / (expenses) :						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	589	(4,289)	N.M.	(1,546)	(2,333)	(33.7)%
Other comprehensive income / (expenses) for the period, net of tax	589	(4,289)	N.M.	(1,546)	(2,333)	(33.7)%
Total comprehensive income / (expenses) for the period	(5,270)	(102)	N.M.	(2,565)	(1,127)	N.M.
Net (loss) / profit attributable to:						
Equity holders of the parent	(5,859)	4,235	N.M.	(1,019)	1,224	N.M.
Minority interests	-	(48)	N.M.	-	(18)	N.M.
Net (loss) / profit	(5,859)	4,187	N.M.	(1,019)	1,206	N.M.
Total comprehensive income / (expenses) attributable to :						
Equity holders of the parent	(5,270)	(42)	N.M.	(2,565)	(1,104)	N.M.
Minority interests	-	(60)	N.M.	-	(23)	N.M.
Total comprehensive income / (expenses) for the period	(5,270)	(102)	N.M.	(2,565)	(1,127)	N.M.

Note: N.M. – Not meaningful

1(a)(ii) Breakdown and explanatory notes to the income statement

Note 1 Other credits comprise the following:

	6 MONTHS ENDED			3 MONTHS ENDED		
	30 Jun 2009	30 Jun 2008	Increase / (decrease)	30 Jun 2009	30 Jun 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Foreign exchange transaction (losses) / gain, net	(79)	372	N.M.	380	394	(3.6)%
Fair value gain / (loss) on financial instruments	-	1,177	N.M.	-	(62)	N.M.
Gain on disposal of plant and equipment	6	127	(95.3)%	6	75	(92.0)%
Other income	224	85	N.M.	140	72	94.4 %
Total	151	1,761	(91.4)%	526	479	9.8 %

Note 2 Finance costs comprise the following:

	6 MONTHS ENDED			3 MONTHS ENDED		
	30 Jun 2009	30 Jun 2008	Increase / (decrease)	30 Jun 2009	30 Jun 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest paid and payable to banks for:						
- overdrafts	(2)	(2)	- %	-	(1)	N.M.
- term loans	(1,057)	(1,135)	(6.9)%	(510)	(547)	(6.8)%
Hire purchase interest	(8)	(4)	100.0 %	(4)	(2)	100.0 %
Total	(1,067)	(1,141)	(6.5)%	(514)	(550)	(6.5)%

Note 3 (Loss) / profit before taxation is stated after charging the following:

	6 MONTHS ENDED			3 MONTHS ENDED		
	30 Jun 2009	30 Jun 2008	Increase / (decrease)	30 Jun 2009	30 Jun 2008	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation expense	(5,383)	(5,232)	2.9 %	(2,689)	(2,582)	4.1 %
Amortisation charge	(17)	(18)	(5.6)%	(9)	(9)	- %
Allowance for impairment on trade receivables	(38)	-	N.M.	(38)	-	N.M.

Note 4 Income tax comprises the following:

	6 MONTHS ENDED			3 MONTHS ENDED		
	30 Jun 2009	30 Jun 2008	Increase / (decrease)	30 Jun 2009	30 Jun 2008	Increase / (decrease)
	S\$'000	S\$'000		S\$'000	S\$'000	
Current tax expense	(111)	(95)	16.8 %	(87)	(33)	N.M.
Deferred tax (expense) / benefit	(181)	(33)	N.M.	(19)	24	N.M.
	(292)	(128)	N.M.	(106)	(9)	N.M.

Note: N.M. – Not meaningful

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

Note	Group		Company	
	30 Jun 2009	31 Dec 2008	30 Jun 2009	31 Dec 2008
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	64,435	68,399	356	412
Land use rights	495	516	-	-
Investments in subsidiaries	-	-	25,401	25,325
Deferred tax asset	-	130	-	-
	64,930	69,045	25,757	25,737
Current assets				
Income tax recoverable	396	452	-	-
Inventories	A 21,589	34,011	197	6,150
Trade and other receivables	18,457	23,406	31,204	30,925
Other assets	1,065	1,066	71	59
Cash and cash equivalents	12,039	12,680	7,019	6,355
	53,546	71,615	38,491	43,489
Total assets	118,476	140,660	64,248	69,226
Equity attributable to equity holders of the parent				
Share capital	11,357	11,357	11,357	11,357
Retained earnings	40,684	46,543	2,672	4,106
Other reserves	2,614	1,860	1,242	1,077
Total equity	54,655	59,760	15,271	16,540
Non-current liabilities				
Deferred tax liabilities	49	-	18	18
Interest-bearing borrowings	17,687	16,564	14,353	11,917
Obligations under finance leases	426	130	426	130
	18,162	16,694	14,797	12,065
Current liabilities				
Income tax payable	22	84	-	-
Trade and other payables	14,934	26,588	16,262	17,169
Interest-bearing borrowings	30,565	37,487	17,780	23,405
Obligations under finance leases	138	47	138	47
	45,659	64,206	34,180	40,621
Total liabilities	63,821	80,900	48,977	52,686
Total equity and liabilities	118,476	140,660	64,248	69,226

Note to the consolidated statement of financial position

Note A. Inventories comprise the following:

	Group		
	30 Jun 2009	31 Dec 2008	Increase / (decrease)
	S\$'000	S\$'000	%
Finished goods	7,618	13,955	(45.4)%
Work in progress	3,589	4,398	(18.4)%
Raw materials and consumables	10,382	15,658	(33.7)%
	21,589	34,011	(36.5)%

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 Jun 2009		As at 31 Dec 2008	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
138	30,565	47	37,487

Amount repayable after one year

As at 30 Jun 2009		As at 31 Dec 2008	
Secured	Unsecured	Secured	Unsecured
<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
426	17,687	130	16,564

Details of any collateral

Secured borrowings at 30 June 2009 and 31 December 2008 refer to obligations under finance leases that are secured by plant and equipment purchased under finance leases.

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

Note	Group	
	30 Jun 2009	30 Jun 2008
	S\$'000	S\$'000
Operating activities		
(Loss) / profit before taxation	(5,567)	4,315
Adjustments for:		
Interest expense	1,067	1,141
Interest income	(36)	(24)
Depreciation of property, plant and equipment	5,383	5,232
Amortisation of land use rights	17	18
Gain on disposal of property, plant and equipment	(6)	(127)
Fair value gain on financial instruments	-	(1,177)
Share option expense	165	141
Operating cash flows before changes in working capital	1,023	9,519
Changes in working capital:		
Inventories	12,422	(6,221)
Trade and other receivables	5,017	(3,055)
Trade and other payables	(11,653)	3,589
Cash flows from operations before interest and tax	6,809	3,832
Income tax paid	(190)	(300)
Net cash flows from operating activities	6,619	3,532
Investing activities		
Proceeds from sale of property, plant and equipment	16	839
Purchase of property, plant and equipment	(388)	(6,240)
Interest received	36	24
Net cash flows used in investing activities	(336)	(5,377)
Financing activities		
Interest paid	(1,067)	(1,141)
Decrease in interest-bearing loans & borrowings, net	(6,534)	(1,701)
Finance leases repayment	(66)	(109)
(Increase) / decrease in cash restricted in use	(4)	147
Net cash flows used in financing activities	(7,671)	(2,804)
Net decrease in cash and cash equivalents	(1,388)	(4,649)
Cash and cash equivalents at beginning of the year	12,543	10,203
Effect of exchange rate changes on balances held in foreign currencies	747	1,005
Cash and cash equivalents at end of the period	A 11,902	6,559

Note to the consolidated statement of cash flows

Note A. Cash and cash equivalents comprise the following:

	Group	
	30 Jun 2009	30 Jun 2008
	<u>S\$'000</u>	<u>S\$'000</u>
Cash and cash equivalents per cash flow statement	11,902	6,559
Bank overdrafts	-	460
Cash restricted in use	137	115
Cash and cash equivalents as per balance sheet	<u>12,039</u>	<u>7,134</u>

Cash restricted in use refers to bank balances held by banks for one of the wholly-owned subsidiaries to cover bank guarantees issued.

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 capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

	<u>Attributable to equity holders of the Company</u>						Total	Minority interests	Total equity
	Share capital	Capital reserve	Share option reserve	Statutory reserve	Translation reserve	Retained earnings			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Group									
Balance at 1 January 2008	11,357	1,212	717	733	1,544	45,351	60,914	165	61,079
Share option expense	-	-	141	-	-	-	141	-	141
Total comprehensive income / (expenses) for the period	-	-	-	-	(4,277)	4,235	(42)	(60)	(102)
Balance at 30 June 2008	<u>11,357</u>	<u>1,212</u>	<u>858</u>	<u>733</u>	<u>(2,733)</u>	<u>49,586</u>	<u>61,013</u>	<u>105</u>	<u>61,118</u>
Balance at 1 January 2009	11,357	1,212	1,077	999	(1,428)	46,543	59,760	-	59,760
Share option expense	-	-	165	-	-	-	165	-	165
Total comprehensive income / (expenses) for the period	-	-	-	-	589	(5,859)	(5,270)	-	(5,270)
Balance at 30 June 2009	<u>11,357</u>	<u>1,212</u>	<u>1,242</u>	<u>999</u>	<u>(839)</u>	<u>40,684</u>	<u>54,655</u>	<u>-</u>	<u>54,655</u>
	Share capital	Share option reserve	Retained earnings	Total					
	\$'000	\$'000	\$'000	\$'000					
Company									
Balance at 1 January 2008	11,357	717	4,997	17,071					
Total comprehensive income for the period	-	-	246	246					
Share option expense	-	141	-	141					
Balance at 30 June 2008	<u>11,357</u>	<u>858</u>	<u>5,243</u>	<u>17,458</u>					
Balance at 1 January 2009	11,357	1,077	4,106	16,540					
Total comprehensive expenses for the period	-	-	(1,434)	(1,434)					
Share option expense	-	165	-	165					
Balance at 30 June 2009	<u>11,357</u>	<u>1,242</u>	<u>2,672</u>	<u>15,271</u>					

- 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.**

(A) Share Capital

During the six months ended 30 June 2009, there was no movement in the Company's share capital.

(B) Convertibles

Share Options

The Company has an employee share option scheme known as the "Innovalues Group Share Option Scheme 2001" which forms an integral component of the compensation plan designed to reward and retain eligible participants whose services are vital to its well being and success.

On 1 June 2009, pursuant to "Innovalues Group Share Option Scheme 2001", the Company made an offer on grant of options of 2,240,000 at an exercise price of S\$0.08 per share to selected employees and directors of the Company. The offer was duly accepted by all the participants.

As at 30 June 2009, there were 8,696,000 outstanding share options which would entitle the holders to subscribe for a total of 8,696,000 ordinary shares of the Company. (30 June 2008: 8,336,000)

Save as disclosed above, the Company has no other outstanding convertibles and treasury shares as at 30 June 2009 and 30 June 2008.

- 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 30 June 2009 was 318,194,000 (31 December 2008: 318,194,000).

- 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.**

Not applicable

- 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 the auditors of the Company.

- 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 and the Company have adopted the same accounting policies and methods of computation in the financial statements for the current year as those applied in their audited financial statements for the year ended 31 December 2008 except that the Group has adopted new Financial Reporting Standards (FRS) which became effective on 1 January 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

During the financial year, the Group and the Company adopted the amendments to FRS 1 (revised 2008) *Presentation of Financial Statements*, FRS 23 (revised 2007) *Borrowing Costs* and FRS 108 *Operating Segments*, which took effect from financial year beginning from 1 January 2009. These changes in accounting policies are now assessed to have no material impact to the results or the opening balances of the retained earnings of the Group and of the Company for the year ending 31 December 2009.

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

Earnings / (loss) per ordinary share of the Group, after deducting any provision for preference dividends (in cents):	6 MONTHS ENDED		3 MONTHS ENDED	
	30 Jun 2009	30 Jun 2008	30 Jun 2009	30 Jun 2008
(a) Based on the weighted average number of ordinary shares on issue	(1.84)	1.33	(0.32)	0.38
(b) On a fully diluted basis	(1.84)	1.33	(0.32)	0.38

Earnings per share for the financial period ended 30 June 2009 is computed based on the weighted average number of ordinary shares in issue during the period of 318,194,000.

Diluted earnings per share for the financial period ended 30 June 2009 is computed based on the adjusted weighted average number of ordinary shares in issue during the period of 318,135,000.

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		Company	
	30 Jun 2009	31 Dec 2008	30 Jun 2009	31 Dec 2008
Net asset value per ordinary share based on issued share capital at the end of the financial period / year (in cents)	17.18	18.78	4.80	5.20

Net asset value per ordinary share as at 30 June 2009 is calculated based on the existing issued share capital of 318,194,000 ordinary shares outstanding as at 30 June 2009 (31 December 2008: 318,194,000).

- 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**

Income Statement

Overview

Compared with the net loss of approximately S\$4.9 million in 1Q09, the Group incurred a smaller net loss of approximately S\$1.0 million in the 3 months ended 30 June 2009 ("2Q09"). Such improvement was primarily due to higher gross profit margin resulting from higher revenue, and gain in foreign exchange differences recorded in 2Q09.

However, as a result of the higher net loss suffered in 1Q09, the total net loss for the 6 months ended 30 June 2009 ("1H09") amounted to approximately S\$5.9 million.

Revenue

Business Activity	6 MONTHS ENDED				3 MONTHS ENDED			
	30 Jun 09 S\$'000	30 Jun 08 S\$'000	+ / (-) S\$'000	+ / (-) %	30 Jun 09 S\$'000	30 Jun 08 S\$'000	+ / (-) S\$'000	+ / (-) %
Office Automation ("OA")	29,022	35,859	(6,837)	(19.1%)	16,043	19,012	(2,969)	(15.6%)
Automotive ("AU")	7,227	17,405	(10,178)	(58.5%)	4,647	8,206	(3,559)	(43.4%)
Hard Disk Drive ("HDD")	231	2,834	(2,603)	(91.8%)	107	1,414	(1,307)	(92.4%)
Others	1,202	2,220	(1,018)	(45.9%)	607	1,029	(422)	(41.0%)
	37,682	58,318	(20,636)	(35.4%)	21,404	29,661	(8,257)	(27.8%)

The Group's revenue decreased by approximately S\$20.6 million (35.4%) and S\$8.3 million (27.8%) in 1H09 and 2Q09 respectively over their corresponding periods mainly due to the decline in demand for our products across all sectors caused by the global economic slowdown. The decline in revenue contribution from our AU segment was the most significant in 1H09 because of major changes and restructuring within the global automotive industry arising from the slowdown. Despite the decline in revenue from our OA segment, it continues to be our largest revenue source, contributing about 77.0% of total revenue for 1H09.

Decline in revenue from OA segment was mainly attributed to Malaysia, Singapore and China but offset by the increase in revenue from American markets.

Decline in revenue from AU segment was mainly attributed to the China and American markets.

Gross profit margin

The Group recorded a gross profit of S\$0.4 million or 1.1% and S\$1.5 million or 7.0% of revenue in 1H09 and 2Q09 respectively. The return to gross profitability in 2Q09 from gross loss level reported in 1Q09 was an encouraging sign. Such turnaround was achieved as a result of stronger than 1Q09 monthly average factory orders, higher utilization of manufacturing capacity and the savings generated from the overall cost-cutting measures implemented by the Group since the beginning of this financial year.

Marketing and distribution costs

Marketing and distribution costs decreased by approximately S\$695,000 or 41.5% and S\$320,000 or 39.9% in 1H09 and 2Q09 respectively over their corresponding periods mainly due to lower delivery and freight costs and fewer business travels in 1H09.

Administrative expenses

Administrative expenses decreased by approximately S\$592,000 and S\$443,000 in 1H09 and 2Q09 respectively over their corresponding periods mainly due to lower salary costs and other expenses.

The Group's manpower reduction program has gained traction.

Finance costs

Finance costs decreased by approximately S\$74,000 and S\$36,000 in 1H09 and 2Q09 respectively over their corresponding periods mainly due to lower interest rate for borrowings and the decrease in borrowings.

Other credits

Other credits decreased by approximately S\$1.6 million or 91.4% in 1H09 over the corresponding period. Other credits reported for 1H08 was much higher than 1H09 mainly due to the fair value gain of S\$1.2 million on financial instruments which was absent in 1H09 as the Group has avoided currency hedges. Instead of engaging financial instruments to mitigate the volatility in foreign exchange differences, if any, from foreign currency denominated exposure, the Group has since the beginning of this financial year been adopting the strategy of balancing its net liability exposures in major trading currencies against net assets of the same currencies. As a result of this strategy, the Group's net losses in foreign exchange differences in 1H09 was only S\$79,000.

Income tax expense

Though the Group incurred a net loss for the current financial period, tax is payable on the profit of certain subsidiary companies whose profit could not be set-off against losses of other companies within the Group.

Financial Position

Property, plant and equipment (“PPE”)

Property, plant and equipment decreased by approximately S\$4.0 million from S\$68.4 million as at 31 December 2008 to S\$64.4 million as at 30 June 2009 mainly due to depreciation charges during the period.

Inventories

Inventories decreased by approximately S\$12.4 million from S\$34.0 million as at 31 December 2008 to S\$21.6 million as at 30 June 2009. This was mainly due to continuous efforts to deplete the high level of inventories brought forward from 31 December 2008 and the significantly lower purchases in 1H09.

Trade and other receivables

Trade and other receivables decreased by approximately S\$4.9 million from S\$23.4 million as at 31 December 2008 to S\$18.5 million as at 30 June 2009. This coincides with the lower revenue reported for 1H09 and the decrease was also due to more efficient and prompt collections.

Cash and cash equivalents

Despite having used approximately S\$6.5 million on scheduled repayments of outstanding interest-bearing loans and borrowings that were agreed and planned between the bankers and Company in 1H09, cash and cash equivalents, net of bank overdraft and cash restricted in use decreased by only approximately S\$0.6 million from S\$12.5 million as at 31 December 2008 to S\$11.9 million as at 30 June 2009. This was mainly due to the healthy net cash inflows from operating activities.

Working capital management adopted has yielded positive results as cash flow has improved in 1H09 compared to 1H08.

Trade and other payables

Trade and other payables decreased by approximately S\$11.7 million from S\$26.6 million as at 31 December 2008 to S\$14.9 million as at 30 June 2009. In line with the Group's effort to deplete its existing inventories, the decrease was mainly due to the significantly reduced purchases in 1H09.

Interest-bearing borrowings

Net interest-bearing borrowings decreased by approximately S\$5.7 million from S\$54.0 million as at 31 December 2008 to S\$48.3 million as at 30 June 2009. The decrease was mainly due to the net repayment of S\$6.5 million during the period but offset by foreign currency exchange differences of approximately S\$0.8 million arising from the translating of non-S\$ denominated borrowings to S\$ as at 30 June 2009.

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

Not applicable.

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

Although sales orders and overall performance of the Group had improved as compared to 1Q09, the Group continues to remain vigilant and cautious. The operating environment remains challenging for the rest of this financial year.

Whilst the Group continues to manage operating costs, with the return of stronger sales order since May 2009, it is expected that the rate of reducing operating costs to slow down. Nonetheless, the Group will continue to take careful steps to remain lean in operation with a focus of not affecting the Group's efficiency and ability to fulfill customers' orders. The Group continues to expect no significant capital expenditure in 2H09.

Although the Group's cash position was S\$12.0 million as at 30 June 2009, given the level of financial liabilities, the Group will continue to place emphasis on financial prudence to maintain a sound financial position with vigorous cash and working capital management.

11 Dividend

(a) Current Financial Period Reported On

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

Name of Dividend	:	Not applicable
Dividend Type	:	Not applicable
Dividend Amount per Share (in cents)	:	Not applicable
Tax Rate	:	Not applicable

(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 or recommended, a statement to that effect

No dividend has been declared or recommended.

13 Statement pursuant to Rule 705(4) of the Listing Manual

The Board of Directors hereby confirm that, to the best of their knowledge, nothing has come to their attention of which may render the interim financial statement for the financial period ended 30 June 2009 to be false or misleading in any aspect.

BY ORDER OF THE BOARD

Goh Leng Tse
Chairman and Chief Executive Officer

7 August 2009