



Precision Parts, Precision Partnerships.

INNOVALUES LIMITED

(Company Registration No. 199702822E)

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

The Board of Directors of Innovalues Limited is pleased to announce the consolidated results for the financial period ended 30 September 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	9 MONTHS ENDED			3 MONTHS ENDED		
	30 Sep 2009	30 Sep 2008	Increase / (decrease)	30 Sep 2009	30 Sep 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	64,715	95,695	(32.4)%	27,033	37,377	(27.7)%
Cost of sales	(61,160)	(79,698)	(23.3)%	(23,891)	(31,438)	(24.0)%
Gross profit	3,555	15,997	(77.8)%	3,142	5,939	(47.1)%
Other items of income						
Interest income	65	47	38.3 %	29	23	26.1 %
Other credits	1 405	246	64.6 %	175	33	N.M.
Other items of expenses						
Marketing and distribution costs	(1,846)	(3,224)	(42.7)%	(867)	(1,550)	(44.1)%
Administrative expenses	(6,420)	(7,376)	(13.0)%	(2,299)	(2,661)	(13.6)%
Finance costs	2 (1,551)	(1,870)	(17.1)%	(484)	(730)	(33.7)%
Other charges	1 (396)	(1,317)	(69.9)%	(317)	(2,866)	(88.9)%
(Loss) / profit before taxation	3 (6,188)	2,503	N.M.	(621)	(1,812)	(65.7)%
Income tax (expense) / benefit	4 (448)	70	N.M.	(156)	198	N.M.
Net (loss) / profit	(6,636)	2,573	N.M.	(777)	(1,614)	(51.9)%

Note	9 MONTHS ENDED			3 MONTHS ENDED		
	30 Sep 2009	30 Sep 2008	Increase / (decrease)	30 Sep 2009	30 Sep 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	(258)	(2,618)	(90.1)%	(847)	1,671	N.M.
Other comprehensive income / (expenses) for the period, net of tax	(258)	(2,618)	(90.1)%	(847)	1,671	N.M.
Total comprehensive income / (expenses) for the period	(6,894)	(45)	N.M.	(1,624)	57	N.M.
Net (loss) / profit attributable to:						
Equity holders of the parent	(6,636)	2,613	N.M.	(777)	(1,622)	(52.1)%
Minority interests	-	(40)	N.M.	-	8	N.M.
Net (loss) / profit	(6,636)	2,573	N.M.	(777)	(1,614)	(51.9)%
Total comprehensive income / (expenses) attributable to :						
Equity holders of the parent	(6,894)	8	N.M.	(1,624)	50	N.M.
Minority interests	-	(53)	N.M.	-	7	N.M.
Total comprehensive income / (expenses) for the period	(6,894)	(45)	N.M.	(1,624)	57	N.M.

Note: N.M. – Not meaningful

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

Note 1 Other credits / (charges) comprise the following:

	9 MONTHS ENDED			3 MONTHS ENDED		
	30 Sep 2009	30 Sep 2008	Increase / (decrease)	30 Sep 2009	30 Sep 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Gain on disposal of plant and equipment	22	139	(84.2)%	16	12	33.3 %
Other income	383	107	N.M.	159	21	N.M.
Foreign exchange transaction losses, net	(396)	(275)	44.0 %	(317)	(647)	(51.0)%
Fair value loss on financial instruments	-	(1,042)	N.M.	-	(2,219)	N.M.
Net	9	(1,071)	N.M.	(142)	(2,833)	(95.0)%
Presented in the income statement as:						
Other credits	405	246	64.6 %	175	33	N.M.
Other charges	(396)	(1,317)	(69.9)%	(317)	(2,866)	(88.9)%
	9	(1,071)	N.M.	(142)	(2,833)	(95.0)%

Note 2 Finance costs comprise the following:

	9 MONTHS ENDED			3 MONTHS ENDED		
	30 Sep 2009	30 Sep 2008	Increase / (decrease)	30 Sep 2009	30 Sep 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest paid and payable to banks for:						
- overdrafts	(2)	(12)	(83.3)%	-	(10)	N.M.
- term loans	(1,535)	(1,850)	(17.0)%	(478)	(716)	(33.2)%
- others	(1)	(2)	(50.0)%	(1)	(2)	(50.0)%
Hire purchase interest	(13)	(6)	N.M.	(5)	(2)	N.M.
Total	(1,551)	(1,870)	(17.1)%	(484)	(730)	(33.7)%

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

	9 MONTHS ENDED			3 MONTHS ENDED		
	30 Sep 2009	30 Sep 2008	Increase / (decrease)	30 Sep 2009	30 Sep 2008	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation expense	(8,002)	(7,791)	2.7 %	(2,619)	(2,559)	2.3 %
Amortisation charge	(25)	(24)	4.2 %	(8)	(6)	33.3 %
Allowance for impairment on trade and other receivables	(191)	-	N.M.	(153)	-	N.M.

Note 4 Income tax comprises the following:

	9 MONTHS ENDED			3 MONTHS ENDED		
	30 Sep 2009	30 Sep 2008	Increase / (decrease)	30 Sep 2009	30 Sep 2008	Increase / (decrease)
	S\$'000	S\$'000		S\$'000	S\$'000	
Current tax (expense) / benefit	(268)	43	N.M.	(156)	138	N.M.
Deferred tax (expense) / benefit	(180)	27	N.M.	-	60	N.M.
	(448)	70	N.M.	(156)	198	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 Sep 2009	31 Dec 2008	30 Sep 2009	31 Dec 2008
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	61,169	68,399	319	412
Land use rights	482	516	-	-
Investments in subsidiaries	-	-	26,526	25,325
Deferred tax asset	-	130	-	-
	<u>61,651</u>	<u>69,045</u>	<u>26,845</u>	<u>25,737</u>
Current assets				
Income tax recoverable	384	452	-	-
Inventories	17,198	34,011	259	6,150
Trade and other receivables	22,149	23,406	34,633	30,925
Other assets	1,195	1,066	112	59
Cash and cash equivalents	16,530	12,680	9,854	6,355
	<u>57,456</u>	<u>71,615</u>	<u>44,858</u>	<u>43,489</u>
Total assets	<u>119,107</u>	<u>140,660</u>	<u>71,703</u>	<u>69,226</u>
Equity attributable to equity holders of the parent				
Share capital	11,357	11,357	11,357	11,357
Retained earnings	39,907	46,543	1,951	4,106
Other reserves	1,819	1,860	1,294	1,077
Total equity	<u>53,083</u>	<u>59,760</u>	<u>14,602</u>	<u>16,540</u>
Non-current liabilities				
Deferred tax liabilities	50	-	18	18
Interest-bearing borrowings	16,321	16,564	13,307	11,917
Obligations under finance leases	407	130	407	130
	<u>16,778</u>	<u>16,694</u>	<u>13,732</u>	<u>12,065</u>
Current liabilities				
Income tax payable	38	84	-	-
Trade and other payables	18,603	26,588	24,535	17,169
Interest-bearing borrowings	30,463	37,487	18,692	23,405
Obligations under finance leases	142	47	142	47
	<u>49,246</u>	<u>64,206</u>	<u>43,369</u>	<u>40,621</u>
Total liabilities	<u>66,024</u>	<u>80,900</u>	<u>57,101</u>	<u>52,686</u>
Total equity and liabilities	<u>119,107</u>	<u>140,660</u>	<u>71,703</u>	<u>69,226</u>

Note to the consolidated statement of financial position

Note A. Inventories comprise the following:

	Group		
	30 Sep 2009	31 Dec 2008	Increase / (decrease)
	S\$'000	S\$'000	%
Finished goods	4,344	13,955	(68.9)%
Work in progress	4,358	4,398	(0.9)%
Raw materials and consumables	8,496	15,658	(45.7)%
	17,198	34,011	(49.4)%

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 Sep 2009		As at 31 Dec 2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
142	30,463	47	37,487

Amount repayable after one year

As at 30 Sep 2009		As at 31 Dec 2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
407	16,321	130	16,564

Details of any collateral

Secured borrowings at 30 September 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 Sep 2009	30 Sep 2008
	S\$'000	S\$'000
Operating activities		
(Loss) / profit before taxation	(6,188)	2,503
Adjustments for:		
Interest expense	1,551	1,870
Interest income	(65)	(47)
Depreciation of property, plant and equipment	8,002	7,791
Amortisation of land use rights	25	24
Gain on disposal of property, plant and equipment	(22)	(139)
Fair value gain on financial instruments	-	1,042
Share option expense	217	212
Operating cash flows before changes in working capital	3,520	13,256
Changes in working capital:		
Inventories	16,813	(10,088)
Trade and other receivables	1,208	(3,755)
Trade and other payables	(7,984)	8,733
Cash flows from operations before interest and tax	13,557	8,146
Income tax paid	(331)	(358)
Net cash flows from operating activities	13,226	7,788
Investing activities		
Proceeds from sale of property, plant and equipment	20	939
Purchase of property, plant and equipment	(400)	(10,198)
Interest received	65	47
Net cash flows used in investing activities	(315)	(9,212)
Financing activities		
Interest paid	(1,551)	(1,870)
Decrease in interest-bearing loans & borrowings, net	(7,573)	4,992
Finance leases repayment	(111)	(120)
(Increase) / decrease in cash restricted in use	(3)	127
Net cash flows (used in) / from financing activities	(9,238)	3,129
Net increase in cash and cash equivalents	3,673	1,705
Cash and cash equivalents at beginning of the year	12,543	10,203
Effect of exchange rate changes on balances held in foreign currencies	178	1,365
Cash and cash equivalents at end of the period	A 16,394	13,273

Note to the consolidated statement of cash flows

Note A. Cash and cash equivalents comprise the following:

	Group	
	30 Sep 2009	30 Sep 2008
	S\$'000	S\$'000
Cash and cash equivalents per cash flow statement	16,394	13,273
Bank overdrafts	-	901
Cash restricted in use	136	135
Cash and cash equivalents as per balance sheet	16,530	14,309

Cash restricted in use refers to bank balances held by a bank of 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	\$'000
Group									
Balance at 1 January 2008	11,357	1,212	717	733	1,544	45,352	60,915	165	61,080
Share option expense	-	-	212	-	-	-	212	-	212
Total comprehensive income / (expenses) for the period	-	-	-	-	(2,605)	2,613	8	(53)	(45)
Balance at 30 September 2008	11,357	1,212	929	733	(1,061)	47,965	61,135	112	61,247
Balance at 1 January 2009	11,357	1,212	1,077	999	(1,428)	46,543	59,760	-	59,760
Share option expense	-	-	217	-	-	-	217	-	217
Total comprehensive expenses for the period	-	-	-	-	(258)	(6,636)	(6,894)	-	(6,894)
Balance at 30 September 2009	11,357	1,212	1,294	999	(1,686)	39,907	53,083	-	53,083
	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	-	-	614	614					
Share option expense	-	212	-	212					
Balance at 30 September 2008	11,357	929	5,611	17,897					
Balance at 1 January 2009	11,357	1,077	4,106	16,540					
Total comprehensive expenses for the period	-	-	(2,155)	(2,155)					
Share option expense	-	217	-	217					
Balance at 30 September 2009	11,357	1,294	1,951	14,602					

- 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 three months ended 30 September 2009 since the end of the previous period reported on, 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.

During the three months ended 30 September 2009 since the end of the previous period reported on, there was no movement in the outstanding share options issued.

As at 30 September 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 September 2008: 8,336,000).

Save as disclosed above, the Company has no other outstanding convertibles and treasury shares as at 30 September 2009 and 30 September 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 September 2009 was 318,194,000 (31 December 2008: 318,194,000).

The Company has no treasury shares as at 30 September 2009 and 31 December 2008.

- 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 period 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 period, 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 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 period ended 30 September 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):	9 MONTHS ENDED		3 MONTHS ENDED	
	30 Sep 2009	30 Sep 2008	30 Sep 2009	30 Sep 2008
(a) Based on the weighted average number of ordinary shares on issue	(2.09)	0.82	(0.25)	(0.51)
(b) On a fully diluted basis	(2.09)	0.82	(0.25)	(0.51)

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

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 Sep 2009	31 Dec 2008	30 Sep 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)	16.68	18.78	4.59	5.20

Net asset value per ordinary share as at 30 September 2009 is calculated based on the existing issued share capital of 318,194,000 ordinary shares outstanding as at 30 September 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

The Group incurred a net loss attributable to shareholders of S\$0.78 million for the 3 months ended 30 September 2009 ("3Q09"), an improvement of 51.9% as compared to the S\$1.6 million net loss reported in the corresponding period of the last financial year mainly due to overall reduction of operating expenses.

Improvement can also be seen in the Group's financial performance in 3Q09 as compared to the first 2 quarters of 2009, which reported a total net loss of S\$5.8 million. The improved financial performance was mainly attributable to the increased revenue in 3Q09, higher utilization of the Group's manufacturing capacity and overall reduced operating expenses.

Nonetheless, as a result of the S\$5.8 million net losses suffered in the first 6 months of 2009, cumulative net loss for the 9 months ended 30 September 2009 ("9M09") increased by a much smaller net loss as compared to the previous 2 financial quarters to approximately S\$6.6 million.

Revenue

Business Activity	9 MONTHS ENDED				3 MONTHS ENDED			
	30 Sep 09 S\$'000	30 Sep 08 S\$'000	+ / (-) S\$'000	+ / (-) %	30 Sep 09 S\$'000	30 Sep 08 S\$'000	+ / (-) S\$'000	+ / (-) %
Office Automation ("OA")	48,254	62,195	(13,941)	(22.4)%	19,232	26,336	(7,104)	(27.0)%
Automotive ("AU")	14,337	26,393	(12,056)	(45.7)%	7,110	8,988	(1,878)	(20.9)%
Hard Disk Drive ("HDD")	328	3,781	(3,453)	(91.3)%	97	947	(850)	(89.8)%
Others	1,796	3,326	(1,530)	(46.0)%	594	1,106	(512)	(46.3)%
	64,715	95,695	(30,980)	(32.4)%	27,033	37,377	(10,344)	(27.7)%

The Group's revenue decreased by approximately S\$31.0 million or 32.4% and S\$10.3 million or 27.7% for 9M09 and 3Q09 respectively over their corresponding periods mainly due to the decline in demand for our products across all sectors caused by the global economic slowdown especially during the first 6 months of this financial year. Despite the decline in revenue from our OA segment, it continues to be our largest revenue source, contributing about 74.6% of total revenue for 9M09 (9M08: 65.0%). Decline in revenue from OA segment was mainly attributed to Malaysia, Singapore and Thailand markets.

Though revenue contribution from our AU segment in 9M09 was approximately S\$12.1 million or 45.7% lower than its corresponding period mainly due to major changes and restructuring activities within the global automotive industry during the first 6 months of this financial year, there are nascent signs especially since August this year that orders from our AU customers are picking up. As a result, revenue contribution from our AU segment in 3Q09 amounted to S\$7.1 million was the highest compared to those of the first 2 quarters of this financial year (1Q09: S\$2.58 million and 2Q09: S\$4.65 million). Decline in revenue from AU segment was mainly attributed to the China and American markets.

Revenue contribution from our HDD segment declined by approximately S\$3.45 million or 91.3% from S\$3.78 million in 9M08 to S\$0.3 million in 9M09 as the Group sticks to its business strategy to diversify out of the highly competitive HDD business to focus more on the OA and AU businesses.

Gross profit margin

The Group recorded a higher gross profit of S\$3.6 million or 5.5% of revenue for 9M09. This was an improvement over the gross profit margin of 1.1% reported for the first 6 months of this financial year. The return to higher gross profitability in 3Q09 as compared to the first 2 quarters of 2009 is an encouraging sign. Such improved result was achieved as a result of much higher monthly average factory orders for 3Q09 than 1Q09 and 2Q09, 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\$1.4 million (42.7%) and S\$683,000 (44.1%) for 9M09 and 3Q09 respectively over their corresponding periods mainly due to lower delivery and freight costs and fewer business travels for 9M09.

Administrative expenses

Administrative expenses decreased by approximately S\$956,000 (13.0%) and S\$362,000 (13.6%) for 9M09 and 3Q09 respectively over their corresponding periods mainly due to lower payroll-related costs and other expenses.

The Group's manpower reduction program has gained traction.

Finance costs

Finance costs decreased by approximately S\$319,000 (17.1%) and S\$246,000 (33.7%) for 9M09 and 3Q09 respectively over their corresponding periods mainly due to lower interest rates for borrowings and reduced borrowings.

Other charges

Other charges decreased by approximately S\$921,000 (69.9%) and S\$2.5 million (88.9%) for 9M09 and 3Q09 respectively over their corresponding periods. This was mainly due to fair value loss of S\$1.0 million and S\$2.2 million on financial instruments reported for 9M08 and 3Q08 respectively. Such fair value loss on financial instruments was absent for 9M09 and 3Q09 as the Group has avoided currency hedges.

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 profits 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\$7.3 million from S\$68.4 million as at 31 December 2008 to S\$61.1 million as at 30 September 2009 mainly due to depreciation charges during the period.

Inventories

Inventories decreased by approximately S\$16.8 million from S\$34.0 million as at 31 December 2008 to S\$17.2 million as at 30 September 2009. This was mainly due to continuous efforts to reduce the high level of inventories brought forward from 31 December 2008 and the significantly lower purchases in 9M09.

Trade and other receivables

Trade and other receivables decreased by approximately S\$1.3 million from S\$23.4 million as at 31 December 2008 to S\$22.1 million as at 30 September 2009. This was mainly due to more efficient and prompt collections but partly offset by higher revenue performance achieved in 3Q09.

Cash and cash equivalents

The Group ended its 3Q09 financial performance with strong cash and cash equivalents amounting to S\$16.4 million, net of bank overdraft and cash restricted in use. Besides being approximately S\$3.9 million or 31.2% higher than the position as at 31 December 2008, it also represented the highest level than any quarterly financial position since 2008.

Despite having used approximately S\$7.6 million for the scheduled repayments of outstanding interest-bearing loans and borrowings that were agreed and planned between the bankers and Company in 9M09, cash and cash equivalents, net of bank overdraft and cash restricted in use increased by approximately S\$3.9 million from S\$12.5 million as at 31 December 2008 to S\$16.4 million as at 30 September 2009. This was mainly due to the following reasons:

- (i) Healthy net cash inflows from operating activities amounted to approximately S\$13.2 million; and
- (ii) Lesser spending in investing activities as the Group only spent approximately S\$0.4 million in plant and equipment for the nine months ended 30 September 2009 as compared to S\$12.4 million as at 31 December 2008.

Working capital management adopted has yielded positive results as cash flows have improved in 9M09 compared to 9M08.

Trade and other payables

Trade and other payables decreased by approximately S\$8.0 million from S\$26.6 million as at 31 December 2008 to S\$18.6 million as at 30 September 2009. In line with the Group's effort to deplete its existing inventories, the decrease was mainly due to the significantly lower purchases in 9M09.

Interest-bearing borrowings

Net interest-bearing borrowings decreased by approximately S\$7.2 million from S\$54.0 million as at 31 December 2008 to S\$46.8 million as at 30 September 2009. The decrease was mainly due to the net repayment of S\$7.6 million during the period but offset by foreign currency exchange differences of approximately S\$0.4 million arising from the translation of non-S\$ denominated borrowings to S\$ as at 30 September 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 has shown improvement since 2Q09, the Group continues to remain vigilant and cautious as the operating environment in the near term remains challenging and uncertain.

The Group will continue to take active 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 till the end of this financial year.

Although the Group's cash position was S\$16.4 million, net of bank overdraft and cash restricted in use, as at 30 September 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 and efficient management of cash and other 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 September 2009 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Goh Leng Tse
Chairman and Chief Executive Officer

6 November 2009