



Precision Parts, Precision Partnerships.

INNOVALUES LIMITED

(Company Registration No. 199702822E)

Financial Statement And Dividend Announcement For The Financial Year Ended 31 December 2009

The Board of Directors of Innovalues Limited is pleased to announce the consolidated results for the financial year ended 31 December 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	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2009	31 Dec 2008	Increase / (decrease)	31 Dec 2009	31 Dec 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	31,438	26,859	17.0 %	96,153	122,554	(21.5)%
Cost of sales	(25,554)	(22,769)	12.2 %	(86,714)	(102,467)	(15.4)%
Gross profit	5,884	4,090	43.9 %	9,439	20,087	(53.0)%
Other items of income						
Interest income	25	29	(13.8)%	90	76	18.4 %
Other credits	341	-	N.M.	724	140	N.M.
Other items of expenses						
Marketing and distribution costs	(902)	(1,128)	(20.0)%	(2,557)	(4,352)	(41.2)%
Administrative expenses	(2,431)	(2,544)	(4.4)%	(8,851)	(9,917)	(10.7)%
Finance costs	(483)	(689)	(29.9)%	(2,034)	(2,559)	(20.5)%
Other charges	(70)	(1,397)	(95.0)%	(635)	(2,609)	(75.7)%
Profit / (loss) before taxation	2,364	(1,639)	N.M.	(3,824)	866	N.M.
Income tax benefit / (expense)	6	482	(98.8)%	(442)	552	N.M.
Net profit / (loss)	2,370	(1,157)	N.M.	(4,266)	1,418	N.M.

Note	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2009	31 Dec 2008	Increase / (decrease)	31 Dec 2009	31 Dec 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other comprehensive income / (loss) :						
Translation differences relating to financial statements of foreign subsidiaries, net of tax	(112)	(354)	(68.4)%	(370)	(2,972)	(87.6)%
Other comprehensive loss for the period / year, net of tax	(112)	(354)	(68.4)%	(370)	(2,972)	(87.6)%
Total comprehensive income / (loss) for the period / year	<u>2,258</u>	<u>(1,511)</u>	N.M.	<u>(4,636)</u>	<u>(1,554)</u>	N.M.
Net profit / (loss) attributable to :						
Equity holders of the parent	2,370	(1,157)	N.M.	(4,266)	1,458	N.M.
Minority interests	-	-	N.M.	-	(40)	N.M.
Net profit / (loss)	<u>2,370</u>	<u>(1,157)</u>	N.M.	<u>(4,266)</u>	<u>1,418</u>	N.M.
Total comprehensive income / (loss) attributable to :						
Equity holders of the parent	2,258	(1,399)	N.M.	(4,636)	(1,389)	N.M.
Minority interests	-	(112)	N.M.	-	(165)	N.M.
Total comprehensive income / (loss) for the period / year	<u>2,258</u>	<u>(1,511)</u>	N.M.	<u>(4,636)</u>	<u>(1,554)</u>	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:

	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2009	31 Dec 2008	Increase / (decrease)	31 Dec 2009	31 Dec 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Other income	341	-	N.M.	724	106	N.M.
(Loss) / gain on disposal of plant and equipment	(26)	(105)	(75.2)%	(4)	34	N.M.
Fixed assets written off	(25)	-	N.M.	(25)	-	N.M.
Foreign exchange transaction losses, net	(19)	(613)	(96.9)%	(415)	(888)	(53.3)%
Allowance for impairment on trade and other receivables	-	-	N.M.	(191)	-	N.M.
Cost of unwinding financial instruments	-	(1,721)	N.M.	-	(1,721)	N.M.
Fair value gain on financial instruments	-	1,042	N.M.	-	-	N.M.
Net	<u>271</u>	<u>(1,397)</u>	N.M.	<u>89</u>	<u>(2,469)</u>	N.M.
Presented in the income statement as:						
Other credits	341	-	N.M.	724	140	N.M.
Other charges	(70)	(1,397)	(95.0)%	(635)	(2,609)	(75.7)%
	<u>271</u>	<u>(1,397)</u>	N.M.	<u>89</u>	<u>(2,469)</u>	N.M.

Note 2 Finance costs comprise the following:

	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2009	31 Dec 2008	Increase / (decrease)	31 Dec 2009	31 Dec 2008	Increase / (decrease)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest paid and payable to banks for:						
- overdrafts	-	8	N.M.	2	20	(90.0)%
- term loans	454	679	(33.1)%	1,989	2,530	(21.4)%
- others	24	-	N.M.	25	2	N.M.
Hire purchase interest	5	2	N.M.	18	7	N.M.
Total	483	689	(29.9)%	2,034	2,559	(20.5)%

Note 3 Profit / (loss) before taxation is stated after charging the following:

	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2009	31 Dec 2008	Increase / (decrease)	31 Dec 2009	31 Dec 2008	Increase / (decrease)
	\$'000	\$'000	%	\$'000	\$'000	%
Depreciation expense	2,578	2,636	(2.2)%	10,580	10,424	1.5 %
Amortisation charge	8	9	(11.1)%	33	35	(5.7)%
Goodwill written off, net	-	73	N.M.	-	73	N.M.

Note 4 Income tax comprises the following:

	3 MONTHS ENDED			FULL YEAR ENDED		
	31 Dec 2009	31 Dec 2008	Increase / (decrease)	31 Dec 2009	31 Dec 2008	Increase / (decrease)
	S\$'000	S\$'000		S\$'000	S\$'000	
Income tax benefit / (expense)	48	(557)	N.M	(220)	(514)	(57.2)%
Deferred tax (expense) / benefit	(42)	1,039	N.M	(222)	1,066	N.M
	6	482	(98.8)%	(442)	552	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	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Property, plant and equipment	58,799	68,399	284	412
Land use rights	476	516	-	-
Investments in subsidiaries	-	-	30,656	25,325
Deferred tax asset	-	130	-	-
	<u>59,275</u>	<u>69,045</u>	<u>30,940</u>	<u>25,737</u>
Current assets				
Income tax recoverable	448	452	-	-
Inventories	A 14,534	34,011	233	6,150
Trade and other receivables	24,766	23,406	34,221	30,925
Other assets	1,289	1,066	85	59
Cash and cash equivalents	18,567	12,680	12,130	6,355
	<u>59,604</u>	<u>71,615</u>	<u>46,669</u>	<u>43,489</u>
Total assets	<u>118,879</u>	<u>140,660</u>	<u>77,609</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	42,051	46,543	3,784	4,106
Other reserves	1,983	1,860	1,344	1,077
Total equity	<u>55,391</u>	<u>59,760</u>	<u>16,485</u>	<u>16,540</u>
Non-current liabilities				
Deferred tax liabilities	79	-	18	18
Interest-bearing borrowings	14,618	16,564	11,904	11,917
Obligations under finance leases	359	130	359	130
	<u>15,056</u>	<u>16,694</u>	<u>12,281</u>	<u>12,065</u>
Current liabilities				
Income tax payable	-	84	-	-
Trade and other payables	20,714	26,588	29,162	17,169
Interest-bearing borrowings	27,580	37,487	19,543	23,405
Obligations under finance leases	138	47	138	47
	<u>48,432</u>	<u>64,206</u>	<u>48,843</u>	<u>40,621</u>
Total liabilities	<u>63,488</u>	<u>80,900</u>	<u>61,124</u>	<u>52,686</u>
Total equity and liabilities	<u>118,879</u>	<u>140,660</u>	<u>77,609</u>	<u>69,226</u>

Note to the consolidated statement of financial position

Note A. Inventories comprise the following:

	Group		Increase / (decrease)
	31 Dec 2009	31 Dec 2008	
	S\$'000	S\$'000	%
Finished goods	3,657	13,955	(73.8)%
Work in progress	4,416	4,398	0.4 %
Raw materials and consumables	6,461	15,658	(58.7)%
	14,534	34,011	(57.3)%

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

Amount repayable in one year or less, or on demand

As at 31 Dec 2009		As at 31 Dec 2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
138	27,580	47	37,487

Amount repayable after one year

As at 31 Dec 2009		As at 31 Dec 2008	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
359	14,618	130	16,564

Details of any collateral

Secured borrowings at 31 December 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	
	31 Dec 2009	31 Dec 2008
	S\$'000	S\$'000
Operating activities		
(Loss) / profit before taxation	(3,824)	866
Adjustments for:		
Interest expense	2,034	2,559
Interest income	(90)	(76)
Depreciation of property, plant and equipment	10,580	10,424
Amortisation of land use rights	33	35
Loss / (gain) on disposal of property, plant and equipment	4	(34)
Fixed assets written off	25	-
Goodwill written off, net	-	73
Share option expense	267	360
Operating cash flows before changes in working capital	9,029	14,207
Changes in working capital:		
Inventories	19,477	(9,814)
Trade and other receivables	(1,580)	1,217
Trade and other payables	(5,872)	6,937
Cash flows from operations before interest and tax	21,054	12,547
Income tax paid	(318)	(315)
Net cash flows from operating activities	20,736	12,232
Investing activities		
Proceeds from sale of property, plant and equipment	27	574
Purchase of property, plant and equipment	B (678)	(12,390)
Acquisition of minority interest	-	(125)
Interest received	90	76
Net cash flows used in investing activities	(561)	(11,865)
Financing activities		
Interest paid	(2,034)	(2,559)
(Decrease) / increase in interest-bearing loans & borrowings, net	(12,092)	3,377
Finance leases repayment	(187)	(133)
(Increase) / decrease in cash restricted in use	(3)	129
Net cash flows (used in) / from financing activities	(14,316)	814
Net increase in cash and cash equivalents	5,859	1,181
Cash and cash equivalents at beginning of the year	12,543	10,203
Effect of exchange rate changes on balances held in foreign currencies	29	1,159
Cash and cash equivalents at end of the year	A 18,431	12,543

Note to the consolidated statement of cash flows

Note A. Cash and cash equivalents comprise the following:

	Group	
	31 Dec 2009	31 Dec 2008
	<u>S\$'000</u>	<u>S\$'000</u>
Cash and cash equivalents per cash flow statement	18,431	12,543
Bank overdrafts	-	4
Cash restricted in use	136	133
Cash and cash equivalents as per balance sheet	18,567	12,680

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

Note B. Purchase of property, plant and equipment:

	Group	
	31 Dec 2009	31 Dec 2008
	<u>S\$'000</u>	<u>S\$'000</u>
Purchase of plant and equipment	1,184	12,390
Less: Financed by finance leases	(506)	-
Net cash outflow from the purchase of plant and equipment	678	12,390

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

	Attributable to equity holders of the Company						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	45,351	60,914	165	61,079
Share option expense	-	-	360	-	-	-	360	-	360
Acquisition of additional interest in subsidiary company	-	-	-	-	-	-	-	(125)	(125)
Statutory reserve	-	-	-	266	-	(266)	-	-	-
Total comprehensive income / (loss) for the year	-	-	-	-	(2,972)	1,458	(1,514)	(40)	(1,554)
Balance at 31 December 2008	11,357	1,212	1,077	999	(1,428)	46,543	59,760	-	59,760
Balance at 1 January 2009	11,357	1,212	1,077	999	(1,428)	46,543	59,760	-	59,760
Share option expense	-	-	267	-	-	-	267	-	267
Statutory reserve	-	-	-	226	-	(226)	-	-	-
Total comprehensive loss for the year	-	-	-	-	(370)	(4,266)	(4,636)	-	(4,636)
Balance at 31 December 2009	11,357	1,212	1,344	1,225	(1,798)	42,051	55,391	-	55,391
	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					
Share option expense	-	360	-	360					
Total comprehensive loss for the year	-	-	(891)	(891)					
Balance at 31 December 2008	11,357	1,077	4,106	16,540					
Balance at 1 January 2009	11,357	1,077	4,106	16,540					
Share option expense	-	267	-	267					
Total comprehensive loss for the year	-	-	(322)	(322)					
Balance at 31 December 2009	11,357	1,344	3,784	16,485					

- 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 31 December 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 31 December 2009 since the end of the previous period reported on, 376,000 share options granted lapsed on expiry date. Other than this, there was no movement in the outstanding share options issued.

As at 31 December 2009, there were 8,320,000 outstanding share options which would entitle the holders to subscribe for a total of 8,320,000 ordinary shares of the Company (31 December 2008: 7,256,000).

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

The Company has no treasury shares as at 31 December 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 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 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 ended 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):	3 MONTHS ENDED		FULL YEAR ENDED	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
(a) Based on the weighted average number of ordinary shares on issue	0.75	(0.36)	(1.34)	0.46
(b) On a fully diluted basis	0.75	(0.36)	(1.34)	0.46

Earnings per share for the financial year ended 31 December 2009 is computed based on the weighted average number of ordinary shares in issue during the year of 318,194,000.

Diluted earnings per share for the financial year ended 31 December 2009 is computed based on the adjusted weighted average number of ordinary shares in issue during the year 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	
	31 Dec 2009	31 Dec 2008	31 Dec 2009	31 Dec 2008
Net asset value per ordinary share based on issued share capital at the end of the financial year (in cents)	17.40	18.78	5.18	5.20

Net asset value per ordinary share as at 31 December 2009 is calculated based on the existing issued share capital of 318,194,000 ordinary shares outstanding as at 31 December 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

For the 3 months ended 31 December 2009 ("4Q09"), the Group ended with a net profit attributable to shareholders of S\$2.4 million. The improved financial performance in 4Q09 was mainly attributable to the increased revenue in 4Q09 and higher utilization of the manufacturing capacity.

The Group's financial performance in 4Q09 improved as compared to the corresponding period ("4Q08"), which reported a total net loss of S\$1.2 million. Besides higher revenue in 4Q09 over its corresponding period, the improved financial performance was also attributable to effective cost control measures implemented in financial year 2009 which had improved the Group's gross profitability.

Due to the global economic crisis during the financial year, the Group was badly affected during the first 9 months. The impact overshadowed the savings and improvement in cost management adopted during the same period. As a result, the Group ended with net loss of approximately S\$6.6 million for the 9 months ended 30 September 2009. However, together with encouraging results from continuous cost management measures adopted and improved business condition since late September 2009, the Group managed to turn in a profitable 4Q09. As a result, this brought down the cumulative net loss to S\$4.27 million for the financial year ended 31 December 2009 ("FY09").

Revenue

Business Activity	3 MONTHS ENDED				FULL YEAR ENDED			
	31 Dec 09 S\$'000	31 Dec 08 S\$'000	+ / (-) S\$'000	+ / (-) %	31 Dec 09 S\$'000	31 Dec 08 S\$'000	+ / (-) S\$'000	+ / (-) %
Office Automation ("OA")	20,270	20,634	(364)	(1.8)%	68,524	82,775	(14,251)	(17.2)%
Automotive ("AU")	10,154	5,154	5,000	97.0 %	24,491	31,577	(7,086)	(22.4)%
Hard Disk Drive ("HDD")	327	149	178	119.5 %	655	3,915	(3,260)	(83.3)%
Others	687	922	(235)	(25.5)%	2,483	4,287	(1,804)	(42.1)%
	31,438	26,859	4,579	17.0 %	96,153	122,554	(26,401)	(21.5)%

The Group's revenue increased by approximately S\$4.6 million or 17.0% in 4Q09 as compared to its corresponding period in 4Q08. This was mainly due to the higher orders for our products since September 2009 following the recovery of global economy.

Group's annual total revenue decreased by approximately S\$26.4 million or 21.5% in FY09 compared to its corresponding period in FY08 mainly due to the overall 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 71.3% of total revenue for FY09 (FY08: 67.5%). For the full year ended 2009, decline in revenue from our OA segment was mainly attributed to Malaysia, United States of America ("USA"), Singapore and Thailand markets. PRC remains resilient.

Revenue contribution from our AU segment for FY09 was approximately S\$7.1 million or 22.4% 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. Since the recovery of the automotive industry in 3Q09, revenue contribution from our AU segment had since improved. As a result, revenue from our AU segment amounted to S\$10.1 million for 4Q09 and it was the highest among all the financial quarters of 2009 (1Q09: S\$2.58 million, 2Q09: S\$4.65 million and 3Q09: S\$7.11 million). For the full year ended 2009, decline in revenue from our AU segment was mainly attributed to the PRC and United States of America ("USA") markets.

Revenue contribution from our HDD segment declined by approximately S\$3.3 million or 83.3% from S\$3.9 million in FY08 to S\$0.6 million in FY09 as the Group maintains 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 gross profit of S\$5.9 million or 18.7% of revenue in 4Q09, an improvement as compared to its corresponding period in 4Q08 of 15.2% of revenue. This was also an improvement over the gross profit margin of 5.5% reported for the first 9 months of this financial year. The return to higher gross profitability in 4Q09 as compared to the first 3 quarters of 2009 is an encouraging sign. Such improved result was achieved as a result of much higher monthly average factory orders for 4Q09 than the first 3 quarters of 2009, 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\$226,000 (20.0%) and S\$1.8 million (41.2%) for 4Q09 and FY09 respectively over their corresponding periods mainly due to lower delivery and freight costs and fewer business travels.

Administrative expenses

Administrative expenses decreased by approximately S\$113,000 (4.4%) and S\$1.1 million (10.7%) for 4Q09 and FY09 respectively over their corresponding periods mainly due to lower payroll-related costs and other expenses.

The Group's manpower reduction measure has gained traction.

Finance costs

Finance costs decreased by approximately S\$206,000 (29.9%) and S\$525,000 (20.5%) for 4Q09 and FY09 respectively over their corresponding periods mainly due to lower interest rates and reduction in borrowings.

Other charges

Other charges decreased by approximately S\$1.3 million (95.0%) and S\$2.0 million (75.7%) for 4Q09 and FY09 respectively over their corresponding periods. This was mainly due to the losses arising from the withdrawal of financial instruments in FY08. Such loss on financial instruments was absent in FY09 and 4Q09 as the Group has avoided currency hedges.

Income tax expense

Though the Group incurred a net loss for the current financial year, tax is payable on the profit of certain subsidiary companies whose profits are not available to 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\$9.6 million from S\$68.4 million as at 31 December 2008 to S\$58.8 million as at 31 December 2009 mainly due to depreciation charges during the year.

Inventories

Inventories decreased by approximately S\$19.5 million from S\$34.0 million as at 31 December 2008 to S\$14.5 million as at 31 December 2009. This was mainly due to our conscientious efforts made to reduce the high level of inventories brought forward from 31 December 2008 and the significantly lower purchases in FY09.

Trade and other receivables

Trade and other receivables increased by approximately S\$1.4 million from S\$23.4 million as at 31 December 2008 to S\$24.8 million as at 31 December 2009. This increase was in line with the strong revenue performance achieved in 4Q09 as compared to its corresponding period in 4Q08.

Cash and cash equivalents

Working capital management adopted has yielded positive results.

Despite difficult times amidst the global economic crisis in FY09, the Group managed to end the year with strong cash and cash equivalents amounting to S\$18.4 million, net of bank overdraft and cash restricted in use. Besides being approximately S\$5.9 million or 46.9% higher than the position as at 31 December 2008, it also represented the highest level than any quarterly financial position since 2008.

The improvement was mainly due to the following reasons:

- (i) More healthy net cash inflows from operating activities amounted to approximately S\$20.7 million was mainly due to lower inventories held (see “Inventories” above); and
- (ii) Lesser spending in investing activities as the Group only spent approximately S\$1.2 million in plant and equipment for the year ended 31 December 2009 as compared to S\$12.4 million as at 31 December 2008.

During the year, in line with the Group’s deleveraging efforts, approximately S\$12.1 million was used to repay outstanding interest-bearing loans and borrowings that were agreed and planned with the bankers in early FY09.

Trade and other payables

Trade and other payables decreased by approximately S\$5.9 million from S\$26.6 million as at 31 December 2008 to S\$20.7 million as at 31 December 2009. In line with the Group's effort to deplete its existing inventories, the decrease was mainly due to the significantly lower purchases during FY09.

Interest-bearing borrowings

Net interest-bearing borrowings decreased by approximately S\$11.8 million from S\$54.0 million as at 31 December 2008 to S\$42.2 million as at 31 December 2009. This decrease was mainly due to net repayment.

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

The Group has been very encouraged by the results of the various measures adopted in the past year. The 4Q09 turnaround in profits is evident.

The Group will continue to take proactive steps to remain lean in operation with the emphasis of not affecting the Group's efficiency and ability to fulfill customers' orders. In line with this, the Group expects no significant capital expenditure in the new financial year.

Although there are signs of economic recovery in the world economy, uncertainties and challenges remain as to its sustainability. However, the Group is cautiously optimistic of improved operating conditions in FY2010.

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.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13 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

Business Segments

For management purposes, the Group’s overall business is organized into the following four business segments:

- Office automation (“OA”): Shafts and rollers for various types of printer;
- Hard disk drive (“HDD”): Components for hard disk drives;
- Automotive (“AU”): Precision machined parts and components for vehicles;
- Others: Components for other industries.

Revenue and expenses

	OA		HDD		AU		Others		Group Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue by segment										
External revenue	68,524	82,775	655	3,915	24,491	31,577	2,483	4,287	96,153	122,554
Segment results	11,369	16,667	(287)	(375)	(1,476)	3,811	(167)	(16)	9,439	20,087
Interest income									90	76
Finance costs									(2,034)	(2,559)
Other credits									724	140
Marketing and distribution costs									(2,557)	(4,352)
Administrative expenses									(8,851)	(9,917)
Other charges									(635)	(2,609)
(Loss) / profit before taxation									(3,824)	866
Income tax (expense) / benefit									(442)	552
Net (loss) / profit for the year									(4,266)	1,418

Other information

	OA		HDD		AU		Others		Group Total	
	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment assets	45,932	61,151	4,248	4,807	39,231	46,273	4,452	2,428	93,863	114,659
Unallocated assets									25,016	26,001
Total assets									118,879	140,660
Unallocated liabilities									63,488	80,900
Total liabilities									63,488	80,900
Segment capital expenditure	323	782	-	240	333	10,040	117	628	773	11,690
Unallocated capital expenditure									411	700
Total capital expenditure									1,184	12,390
Segment depreciation	4,077	4,066	522	587	4,517	4,574	693	583	9,809	9,810
Unallocated depreciation									771	614
Total depreciation									10,580	10,424
Unallocated amortisation of land use rights									33	35

Geographical Segments

The Group's operations are located in Singapore, Malaysia, Thailand and PRC.

The following table provides an analysis of the revenue by geographical market, irrespective of the origin of the goods.

	Revenue from external customers	
	2009	2008
	S\$'000	S\$'000
Singapore	2,714	5,930
Malaysia	26,096	34,039
Thailand	2,942	5,411
PRC	45,969	48,967
USA	12,087	20,830
Brazil	2,731	803
Others*	3,614	6,574
	96,153	122,554

Others refer to countries such as South Korea, India, Vietnam, Mexico, Belgium, Germany and others.

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

Please refer to item 8 of this announcement.

15 Breakdown of sales

	Group		
	1 Jan 2009 to 31 Dec 2009	1 Jan 2008 to 31 Dec 2008	Increase / (decrease)
	<u>S\$'000</u>	<u>S\$'000</u>	<u>%</u>
(a) Sales reported for first half year	37,682	58,318	(35.4)%
(b) Operating (loss) / profit after tax before deducting minority interests reported for the first half year	(5,859)	4,235	N.M.
(c) Sales reported for second half year	58,471	64,236	(9.0)%
(d) Operating profit / (loss) after tax before deducting minority interests reported for the second half year	1,593	(2,817)	N.M.

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

	1 Jan 2009 to 31 Dec 2009	1 Jan 2008 to 31 Dec 2008
	<u>S\$'000</u>	<u>S\$'000</u>
Ordinary	-	-
Preference	-	-
Total	-	-

BY ORDER OF THE BOARD

Goh Leng Tse
Chairman and Chief Executive Officer

25 February 2010