

Full Year Financial Statements Announcement for the financial year ended 31 July 2014

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

Notes:

	Group		
	S\$'000		%
	31 July 2014	31 July 2013 (Restated)	Change
Turnover (i)	91,218	98,751	-8%
Revenue	38,789	46,638	-17%
Other items of income:			
Interest income	101	145	-30%
Dividend income	15	13	15%
Fair value gain on held for trading investment securities	114	66	73%
Miscellaneous income	2,337	2,594	-10%
	41,356	49,456	-16%
Items of expenses:			
Raw materials and consumables used	(23,148)	(27,031)	-14%
Changes in inventories of finished goods and work-in-progress	(1,397)	(404)	NM
Employee benefits expense	(13,611)	(15,989)	-15%
Depreciation of property, plant and equipment	(1,961)	(2,217)	-12%
Reversal of impairment/(impairment loss) on property, plant and equipment	1,265	(1,515)	NM
Operating lease rentals	(1,231)	(1,424)	-14%
Finance costs	(167)	(180)	-7%
Other operating expenses	(5,484)	(5,539)	-1%
Share of results of associates (iii)	4,388	3,085	42%
Profit/(loss) before taxation	10	(1,758)	NM
Income tax benefit	125	80	56%
Profit/(loss) for the year	135	(1,678)	NM
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Remeasurement (loss)/gain arising from defined benefit plans, net of tax	(2)	20	NM
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation (loss)/gain	(1,522)	255	NM
Other comprehensive income for the year, net of tax	(1,524)	275	NM
Total comprehensive income for the year	(1,389)	(1,403)	1%
Profit/(loss) attributable to:			
Owners of the Company	135	(1,678)	NM
Total comprehensive income attributable to:			
Owners of the Company	(1,389)	(1,403)	1%
Earnings/(loss) per share (cents)			
- Basic	0.1	(1.4)	NM

- i. Group turnover includes share of revenue from associates, which amounted to approximately S\$52,429,000 (2013: S\$52,113,000).
- ii. NM - Percentage change not meaningful.
- iii. Share of results of associates is presented net of tax expense (tax expense was S\$675,000, compared with S\$942,000 for 2013).

1(a)(ii) The following items (with appropriate breakdown and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediate preceding financial year:

The following items have been included in arriving at profit before taxation:

	Group		
	S\$'000		%
	31 July 2014	31 July 2013	Change
Write-down of inventories	(527)	(408)	29%
(Impairment loss)/reversal of impairment loss on trade receivables	(88)	81	NM
Exchange (loss)/gain, net	(89)	18	NM
Loss on disposal of property, plant and equipment	(316)	(3)	NM
Overprovision of income tax in respect of previous years	168	86	95%
Underprovision of deferred tax in respect of previous years	(13)	-	NM

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediate preceding financial year

	31 July 2014		31 July 2013 (Restated)	
	S\$'000		S\$'000	
	Group	Company	Group	Company
ASSETS				
Non-current assets				
Property, plant and equipment	4,391	470	5,824	583
Investment in subsidiaries	-	8,074	-	9,513
Investment in associates	59,713	5,885	57,034	5,885
Deferred tax assets	806	-	823	-
Loans to subsidiaries	-	-	-	95
Loan to associates	532	532	547	547
Total non-current assets	65,442	14,961	64,228	16,623
Current assets				
Investment securities	538	538	424	424
Inventories	5,473	-	6,350	-
Prepayments	425	56	324	59
Trade and other receivables	8,665	4,610	12,439	4,192
Fixed deposits	6,188	3,543	6,399	3,525
Cash and bank balances	5,864	3,112	7,793	3,125
Total current assets	27,153	11,859	33,729	11,325
Total assets	92,595	26,820	97,957	27,948
EQUITY AND LIABILITIES				
Equity				
Share capital	35,727	35,727	35,727	35,727
Reserves	36,023	(20,359)	37,412	(21,160)
Total equity attributable to owners of the Company	71,750	15,368	73,139	14,567
Non-current liabilities				
Loans and borrowings	1,416	132	1,008	193
Loans from subsidiaries	-	5,521	-	6,491
Long term payables	389	-	480	-
Provisions	-	-	44	-
Deferred income	256	-	617	-
Deferred tax liabilities	4,168	2,129	4,168	2,129
Total non-current liabilities	6,229	7,782	6,317	8,813
Current liabilities				
Trade and other payables	10,391	922	13,788	1,299
Loans and borrowings	3,934	2,353	4,325	2,769
Provisions	23	-	38	-
Provision for taxation	268	395	350	500
Total current liabilities	14,616	3,670	18,501	4,568
Total equity and liabilities	92,595	26,820	97,957	27,948

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

Amount repayable in one year or less, or on demand

As at 31.7.2014		As at 31.7.2013	
Secured	Unsecured	Secured	Unsecured
S\$967,000	S\$2,967,000	S\$949,000	S\$3,376,000

Amount repayable after one year

As at 31.7.2014		As at 31.7.2013	
Secured	Unsecured	Secured	Unsecured
S\$1,416,000	-	S\$1,008,000	-

Details of any collaterals

The Group's loans and borrowings include obligations under finance leases, term loans and bank overdrafts. Obligations under finance leases and term loans are secured on certain assets of the companies within the Group of net book value amounting to S\$2,594,000 (31.7.2013: S\$3,129,000).

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

	As at 31.7.2014	As at 31.7.2013 (Restated)
	S\$'000	S\$'000
Cash flows from operating activities:		
Profit/(loss) before taxation	10	(1,758)
Adjustments:		
Interest income	(101)	(145)
Loss on disposal of property, plant and equipment	316	3
(Reversal of impairment)/impairment loss on property, plant and equipment	(1,265)	1,515
Depreciation of property, plant and equipment	1,961	2,217
Write-down of inventories	527	408
Impairment loss/(reversal of impairment loss) on trade receivables	88	(81)
Net decrease in deferred income	(361)	(411)
Dividend income	(15)	(13)
Net fair value gain on held for trading investment securities	(114)	(66)
Finance costs	167	180
Share of results of associates	(4,388)	(3,085)
Currency realignment	(40)	(113)
Operating cash flows before changes in working capital	(3,215)	(1,349)
Decrease in debtors	4,309	3,140
Decrease in inventories	350	181
Decrease in creditors	(4,411)	(1,882)
Decrease/(increase) in current account with associates	920	(23)
Cash flows (used in)/generated from operations	(2,047)	67
Income taxes received/(paid)	52	(171)
Net cash flows used in operating activities	(1,995)	(104)
Cash flows from investing activities:		
Interest received	101	145
Dividends received from associates	242	250
Dividends received from investment securities	15	13
Purchase of property, plant and equipment	(635)	(643)
Proceeds from disposal of property, plant and equipment	776	3
Net cash flows generated/(used in) investing activities	499	(232)
Cash flows from financing activities:		
Interest paid	(167)	(180)
Proceeds from term loans	991	505
Repayment of term loans	(532)	(1,102)
Repayment of obligations under finance leases	(794)	(642)
Dividends paid	-	(246)
Net cash flows used in financing activities	(502)	(1,665)
Net decrease in cash and cash equivalents	(1,998)	(2,001)
Cash and cash equivalents at beginning of year	13,702	15,703
Cash and cash equivalents at end of year	11,704	13,702

Notes:

Included in cash and cash equivalents was an amount of S\$348,000 (2013: S\$490,000) bank overdrafts.

During the financial year ended 31 July 2014, the Group used S\$1,995,000 and S\$502,000 in its operating and financing activities respectively, and generated S\$499,000 from investing activities. These resulted in a net decrease of S\$1,998,000 in the Group's cash and cash equivalents as compared to 31 July 2013.

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 immediate preceding financial year

Statement of changes in equity for financial year ended 31 July 2014

	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Asset revaluation reserve	Foreign currency translation reserve	Capital reserve
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>The Group</u>						
As at 1 August 2013, as previously reported	73,548	35,727	34,122	-	(7,621)	11,320
Effects of adoption of revised FRS 19 (Note b)	(409)	-	(414)	-	5	-
As at 1 August 2013, as restated	73,139	35,727	33,708	-	(7,616)	11,320
Total comprehensive income for the year	(1,389)	-	133	-	(1,522)	-
As at 31 July 2014	71,750	35,727	33,841	-	(9,138)	11,320
<u>The Company</u>						
As at 1 August 2013	14,567	35,727	(21,315)	-	-	155
Total comprehensive income for the period	801	-	801	-	-	-
As at 31 July 2014	15,368	35,727	(20,514)	-	-	155

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 immediate preceding financial year

Statement of changes in equity for financial year ended 31 July 2013

	Total equity attributable to owners of the Company	Share capital	Retained earnings/ (accumulated losses)	Asset revaluation reserve	Foreign currency translation reserve	Capital reserve
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group						
As at 1 August 2012, as previously reported	75,228	35,727	34,423	1,696	(7,886)	11,268
Effects of adoption of revised FRS 19 (Note b)	(440)	-	(455)	-	15	-
As at 1 August 2012, as restated	74,788	35,727	33,968	1,696	(7,871)	11,268
Effects of transition to MFRS by associates (Note a)	-	-	1,696	(1,696)	-	-
Loss for the year:						
- as previously reported	(1,699)	-	(1,699)	-	-	-
- effects of adoption of revised FRS 19	21	-	21	-	-	-
- as restated	(1,678)	-	(1,678)	-	-	-
Other comprehensive income for the year, net of tax						
- as previously reported	265	-	-	-	265	-
- effects of adoption of revised FRS 19	10	-	20	-	(10)	-
- as restated	275	-	20	-	255	-
Total comprehensive income for the period						
- as previously reported	(1,434)	-	(3)	(1,696)	265	-
- effects of adoption of revised FRS 19	31	-	41	-	(10)	-
- as restated	(1,403)	-	38	(1,696)	255	-
Transfer to capital reserves	-	-	(52)	-	-	52
Dividend paid	(246)	-	(246)	-	-	-
As at 31 July 2013	73,139	35,727	33,708	-	(7,616)	11,320
The Company						
As at 1 August 2012	19,586	35,727	(16,296)	-	-	155
Total comprehensive income for the period	(4,773)	-	(4,773)	-	-	-
Dividend paid	(246)	-	(246)	-	-	-
As at 31 July 2013	14,567	35,727	(21,315)	-	-	155

Note:

- (a) The associates elected to measure its leasehold land and buildings using the cost model under *MFRS 116 Property, Plant and Equipment* and to regard the revalued amount as deemed cost. At the date of transition to MFRS, the asset revaluation reserve was transferred to retained earnings. Consequently, the Group transferred its share of associates' asset revaluation reserve to retained earnings. The transition has not had a material impact on the Group's consolidated profit and loss and other comprehensive income and consolidated statement of cash flows.
- (b) Upon adoption of revised FRS 19 – See Note 5 on significant accounting policies on page 9.

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 company, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes in share capital during the financial year.

The Company did not have any outstanding convertibles as at 31 July 2014 and 31 July 2013.

There were neither treasury shares nor share option outstanding as at 31 July 2014 and 31 July 2013.

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

	Company	
	As at 31 July 2014	As at 31 July 2013
Total number of issued shares, excluding treasury shares	122,806,000	122,806,000

The Company did not have any treasury shares.

1(d)(iv) A statement showing all sales, transfers, disposal and 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.

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 company's most recently audited annual financial statements have been applied

The Group had applied the same accounting policies and methods of computation in the financial statements for the current reporting year compared with those of the audited financial statements as at 31 July 2013, except as disclosed in Note 5.

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

In the current financial year, the Group had adopted all the new/revised Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 August 2013. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company, except for those as disclosed below.

On 1 August 2013, the Group adopted the Revised FRS 19 Employee Benefits.

For defined benefit plans, the Revised FRS 19 requires all actuarial gains and losses to be recognized in other comprehensive income and unvested past service costs previously recognized over the average vesting period to be recognized immediately in profit or loss when incurred.

Prior to adoption of the Revised FRS 19, the Group recognized actuarial gains and losses as income or expense when the net cumulative unrecognized gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognized unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised FRS 19, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The Revised FRS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

The changes in accounting policies have been applied retrospectively. The effects of adoption on the financial statements are as follows:

Increase/(decrease) in:

Statement of financial position

Prepayments
Retained earnings
Other reserves
Long term payables

Group	
As at 31/7/2013 (Restated)	As at 1/8/2012 (Restated)
S\$'000	S\$'000
(32)	(24)
(414)	(455)
5	15
377	416

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

	Group	
	31 July 2014	31 July 2013 (Restated)
Earnings/(loss) per ordinary share*	0.1 cents	(1.4) cents

* The basic earnings/(loss) per share was based on the profit/(loss) for the year attributable to owners of the Company of S\$135,000 (2013: (S\$1,678,000)) and the weighted average number of 122,806,000 (2013: 122,806,000) ordinary shares outstanding during the financial year.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued share capital excluding treasury shares of the company at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year

	Group		Company	
	31 July 2014	31 July 2013 (Restated)	31 July 2014	31 July 2013
Net asset value per ordinary share	58.4 cents	59.6 cents	12.5 cents	11.9 cents

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**

Review of statement of comprehensive income

Turnover decreased by S\$7.5 million or 8%, from S\$98.8 million to S\$91.2 million, for the year ended 31 July 2014. Revenue was lower by S\$7.8 million or 17%, from S\$46.6 million to S\$38.8 million, over the previous year ended 31 July 2013. These were due to weaker sales from all business segments.

Miscellaneous income was lower by S\$0.3 million or 10%, due to lower management fee income.

Raw materials and consumables used, as well as changes in inventories of finished goods and work-in-progress, decreased by S\$2.9 million or 11%, from S\$27.4 million to S\$24.5 million, due to lower sales and slimmer margins.

Employee benefits expense was lower by S\$2.4 million or 15%, mainly due to reduced headcount.

Depreciation of property, plant and equipment was lower by S\$0.3 million or 12%, as certain equipment were already fully impaired in the previous financial year.

In the financial year under review, certain fully impaired equipment were sold, resulting in a reversal of impairment provision on property, plant and equipment of S\$1.3 million.

Operating lease rentals decreased by S\$0.2 million or 14%, following a reduction in factory area.

Share of results of associates was higher by S\$1.3 million or 42%, from S\$3.1 million to S\$4.4 million, due to better performance.

Consequently, the Group reported a modest profit before tax of S\$0.01 million, as compared to a loss before tax of S\$1.8 million in the previous financial year.

Review of statement of financial position

Non-current assets increased by S\$1.2 million, from S\$64.2 million as at 31 July 2013 to S\$65.4 million as at 31 July 2014. This was mainly due to an increase in the carrying value of the investment in associates, of S\$2.7 million, which was partially offset by lower net book value of property, plant and equipment of S\$1.4 million, mainly from depreciation.

Current assets reduced by S\$6.6 million, from S\$33.7 million to S\$27.2 million, because of (i) a decrease in trade and other receivables of S\$3.8 million, due to lower sales; and (ii) reduced cash and cash equivalents (excluding overdrafts) of S\$2.1 million, due to net cash outflows, used in operating activities.

Current liabilities decreased by S\$3.9 million, from S\$18.5 million to S\$14.6 million, largely attributable to lower trade and other payables of S\$3.4 million following lower purchases.

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

No significant variance.

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

World-wide semiconductor revenue is projected to reach USD336 billion in calendar year 2014, representing a growth of 6.7% from USD315 billion in 2013.

The global environment remains uncertain.

The US economy improved in the June quarter after reporting a negative quarter in March. China slowed down in the March quarter. In the case of Europe, recovery may have stalled following weaknesses in the major economies in Germany, Italy and France. In addition, geopolitical threats of terrorism and the spread of Ebola, are exerting a dampening effect on the market place.

The cost of doing business has continued to spiral, particularly in Singapore, Indonesia, Malaysia and China.

In spite of these challenges, the Group is focused on its drive for productivity, efficiency and the launch of new products.

11. Dividend

(a) ***Current Financial Period Reported On***

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

(b) ***Corresponding Period of the Immediate Preceding Financial Year***

Any dividend declared for the corresponding period of the immediately preceding financial year? Yes

(c) ***Date payable***

Not applicable.

(d) ***Books closure date***

Not applicable.

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

The directors do not recommend any dividend to be paid.

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 mandate had been obtained.

PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for business or geographical segment (of the group) in the form presented in the company's most recently audited annual financial statement, with comparative information for the immediately preceding year

(a) Business Segment

	Burn-in*, testing and electronic manufacturing service		Distribution		Others		Eliminations		Consolidated	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Segment revenue										
External sales	32,050	38,221	6,739	8,417	-	-	-	-	38,789	46,638
Inter-segment sales	1,198	1,723	55	49	-	-	(1,253)	(1,772)	-	-
Total revenue	33,248	39,944	6,794	8,466	-	-	(1,253)	(1,772)	38,789	46,638
Segment results	(3,495)	(3,685)	(1,208)	(1,238)	338	213	53	(119)	(4,312)	(4,829)
Interest income									101	145
Finance costs									(167)	(180)
Share of results of associates	4,388	3,085	-	-	-	-	-	-	4,388	3,085
(Loss)/profit before taxation									10	(1,779)
Taxation									125	80
(Loss)/profit for the year									135	(1,699)

* Consisted of manufacturing of burn-in equipment and provision of burn-in services.

(b) Geographical Segment

	Singapore		Malaysia		China		Other Asian countries**		United States		Others		Eliminations		Consolidated	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Segment revenue																
External sales	3,537	4,443	15,200	18,516	4,335	5,826	5,829	4,909	6,808	9,697	3,080	3,247	-	-	38,789	46,638
Intra-segment sales	343	113	42	198	18	77	46	-	804	1,384	-	-	(1,253)	(1,772)	-	-
Total revenue	3,880	4,556	15,242	18,714	4,353	5,903	5,875	4,909	7,612	11,081	3,080	3,247	(1,253)	(1,772)	38,789	46,638

** Classified under "Other Asian countries" are Hong Kong, Korea, Taiwan, Philippines, Vietnam, Japan, Indonesia and Thailand.

15. 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 paragraph 8.

16. A breakdown of sales

Group	Financial Year 31 July 2014 S\$'000	Financial Year 31 July 2013 (Restated) S\$'000	% Change
(a) Turnover reported for first half year	43,940	46,074	-5%
(b) Loss for the year reported for first half year	(570)	(3,389)	-83%
(c) Turnover reported for second half year	47,278	52,677	-10%
(d) Profit for the year reported for second half year	705	1,711	-59%

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

	Financial Year 31 July 2014 S\$'000	Financial Year 31 July 2013 S\$'000
Ordinary	-	-
Preference	-	-
Total	-	-

18. 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 of Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There was no person occupying a managerial position in the Company or its principal subsidiaries who was a relative of a Director or Chief Executive Officer or substantial shareholder of the Company for the financial year ended 31 July 2014.

BY ORDER OF THE BOARD

Adeline Lim Kim Swan
Company Secretary
Date: 25 September 2014