

**HALF YEAR UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD
ENDED 30 JUNE 2013**

This announcement has been prepared by the Company and reviewed by the Company's sponsor, CNP Compliance Pte. Ltd. ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

The Sponsor has not verified the contents of this announcement including the accuracy or completeness of any of the information disclosed or the correctness of any of the statements or opinions made or reports contained in this announcement. This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS HALF-YEAR RESULTS

1(a) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Half-year ended 30-Jun-13 S\$'000	Half-year ended 30-Jun-12 S\$'000	Increase/ (Decrease) %
Revenue	19,149	27,073	-29.27%
Cost of Sales	(15,221)	(20,683)	-26.41%
Gross Profit	3,928	6,390	-38.53%
	21%	24%	
<u>Other Items of Income</u>			
Interest Income	1	16	-93.75%
Other Credits	2	-	NM
<u>Other Items of Expenses</u>			
Marketing and Distribution Costs	(2,735)	(1,813)	50.85%
Administrative Expenses	(2,897)	(3,605)	-19.64%
Finance Costs	(137)	(173)	-20.81%
Other Charges	(309)	(304)	1.64%
Share of Loss from Equity-Accounted Joint Ventures	(28)	(54)	-48.15%
(Loss)/Profit Before Tax	(2,175)	457	NM
Income Tax Income/(Expense)	16	(23)	NM
(Loss)/Profit Net of Tax	(2,159)	434	NM
(Loss)/Profit Attributable to Owners of the Parent, Net of Tax	(1,555)	33	NM
(Loss)/Profit Attributable to Non-Controlling Interests, Net of Tax	(604)	401	NM
(Loss)/Profit Net of Tax	(2,159)	434	NM
<u>Other Comprehensive (Loss)/Income</u>			
(Loss)/Profit for the year	(2,159)	434	NM
Exchange Differences on Translating Foreign Operations, Net of Tax	168	(230)	NM
Total Comprehensive (Loss)/Income for the Year	(1,991)	204	NM
Total Comprehensive (Loss)/Income Attributable to Owners of the Parent	(1,379)	(120)	1049.47%
Total Comprehensive (Loss)/Income Attributable to Non-Controlling	(612)	324	NM
Total Comprehensive (Loss)/Income for the Year	(1,991)	204	NM

Notes to Consolidated Statement of Comprehensive Income

	Half-year ended 30-Jun-13 S\$'000	Half-year ended 30-Jun-12 S\$'000	Increase/ (Decrease) %
<u>Revenue</u>			
Sale of Goods	19,052	26,791	-28.89%
Commission Income	-	91	NM
Rental Income	58	60	-2.60%
Other Income	39	131	-70.44%
	19,149	27,073	-29.27%
Interest Income	1	16	-93.85%
<u>Other Credits</u>			
Gain on Disposal of Plant and Equipment	2	-	NM
	2	-	NM
<u>Finance Costs</u>			
Interest Expense	(137)	(173)	-20.81%
<u>Other Charges</u>			
Impairment allowance on Plant and Equipment	(202)	-	NM
Amortisation of Land Use Rights	(29)	(116)	-75.02%
Foreign Exchange Adjustment Losses	(78)	(188)	-58.48%
	(309)	(304)	1.49%

NM - 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.

	<u>Group</u> <u>30-Jun-13</u> <u>S\$'000</u>	<u>Group</u> <u>31-Dec-12</u> <u>S\$'000</u>	<u>Company</u> <u>30-Jun-13</u> <u>S\$'000</u>	<u>Company</u> <u>31-Dec-12</u> <u>S\$'000</u>
ASSETS				
Non-Current Assets				
Property, Plant and Equipment, Total	7,016	7,464	2,740	2,850
Investments in Subsidiaries	-	-	10,268	11,100
Investments in Joint Ventures	72	100	105	105
Intangible Assets, Total	2,510	2,510	-	-
Land Use Rights	2,810	2,809	-	-
Other Assets, Non-Current	247	260	103	87
Total Non-Current Assets	12,655	13,143	13,216	14,142
Current Assets				
Inventories	5,855	6,952	2,055	2,685
Trade and Other Receivables, Current	16,093	19,343	15,016	18,601
Other Assets, Current	2,595	2,373	555	469
Cash and Cash Equivalents	2,730	3,906	329	937
Total Current Assets	27,273	32,574	17,955	22,692
Total Assets	39,928	45,717	31,171	36,834
EQUITY AND LIABILITIES				
Equity attributable to owner of the parent				
Share Capital	15,300	13,194	15,300	13,194
Other Reserves, Total	(61)	(237)	-	-
Retained Earnings	7,641	9,196	8,065	9,843
Equity, Attributable to Owners of the Parent, Total	22,880	22,153	23,365	23,037
Non-Controlling Interests	1,892	2,461	-	-
Total Equity	24,772	24,614	23,365	23,037
Non-Current Liabilities				
Deferred Tax Liabilities	216	216	81	81
Finance Leases, Non-Current	238	200	15	49
Total Non-Current Liabilities	454	416	96	130
Current Liabilities				
Income Tax Payable	666	562	253	253
Other Financial Liabilities, Current	2,941	5,013	1,761	4,055
Finance Leases, Current	109	108	69	69
Trade and Other Payables	10,986	15,004	5,627	9,290
Total Current Liabilities	14,702	20,687	7,710	13,667
Total Liabilities	15,156	21,103	7,806	13,797
Total Equity and Liabilities	39,928	45,717	31,171	36,834

Note: 49% shareholding in PA PTE Thailand is treated as a subsidiary as the Group has in substance 80% economic interest and control in the entity.

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-13		As at 31-Dec-12	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
109	2,941	108	5,013

Amount repayable after one year

As at 30-Jun-13		As at 31-Dec-12	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
238	0	200	0

The Group's bank borrowing and debt securities as at 30 June 2013 were secured / covered by:

- A negative pledge over the assets of the Company
- Corporate guarantees from the Company
- Personal guarantee from related party of the Company's subsidiary

The obligations under finance lease are secured by a charge over the leased assets and the personal guarantee from a director of Company.

1(c) A consolidated statement of cash flows (for the group) together with the comparative statement for the corresponding period of the immediately preceding financial year.

	Group Half-year ended 30-Jun-13 S\$'000	Group Half-year ended 30-Jun-12 S\$'000
Cash Flows From Operating Activities		
(Loss)/Profit Before Tax	(2,175)	457
Adjustments for:		
Depreciation of Property, Plant and Equipment	441	468
Gain on Disposal of Plant and Equipment	(2)	-
Impairment allowance on Plant and Equipment	202	-
Amortisation of Land Use Rights	29	116
Share of Loss from Equity-Accounted Joint Ventures	28	54
Interest Income	(1)	(16)
Interest Expense	137	173
Operating Cash Flow before Changes in Working Capital	<u>(1,341)</u>	<u>1,252</u>
Trade and Other Receivables, Current	3,332	(866)
Other Assets	(209)	(98)
Inventories	1,097	(1,946)
Trade and Other Payables, Current	<u>(4,018)</u>	<u>(1,225)</u>
Net Cash Flows used in Operations	(1,139)	(2,883)
Income Taxes Refunded/(Paid)	55	(264)
Net Cash Flows Used in Operating Activities	<u>(1,084)</u>	<u>(3,147)</u>
Cash Flows From Investing Activities		
Purchase of Plant and Equipment	(225)	(85)
Acquisition/Incorporation of Subsidiaries (Net of Cash Acquired)	43	(444)
Intangible asset	-	509
Interest Received	1	16
Net Cash Flows Used in Investing Activities	<u>(181)</u>	<u>(4)</u>
Cash Flows From Financing Activities		
Interest Paid	(137)	(173)
Increase from New Borrowings	200	-
Repayment of Bank Borrowings	(2,035)	(884)
Finance Lease Repayment	39	(57)
Issuance of Shares	2,106	3
Net Cash Flows From/(Used in) Financing Activities	<u>173</u>	<u>(1,111)</u>
Net Decrease in Cash and Cash Equivalents	(1,092)	(4,262)
Effect of Exchange Rate Changes on Cash and Cash Equivalent	153	(128)
Cash and Cash Equivalents, Statement of Cash Flows, Beginning Balance	3,116	8,566
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	<u>2,177</u>	<u>4,176</u>
Represented by:		
Cash and Cash Equivalents	2,730	4,176
Bank Overdraft	(553)	-
Cash and Cash Equivalents, Statement of Cash Flows, Ending Balance	<u>2,177</u>	<u>4,176</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share Capital S\$'000	Other Reserves S\$'000	Retained Earnings S\$'000	Attributable to Parent sub-total S\$'000	Non- Controlling Interests S\$'000	Total Equity S\$'000
GROUP:						
Previous year:						
Balance as at 1 January 2012	13,174	(77)	9,007	22,104	2,555	24,659
Movements in Equity:						
Total comprehensive (loss)/income for the year	-	(153)	33	(120)	324	204
Issuance of share capital	3	-	-	3	-	3
Acquisition of Subsidiary	-	-	-	-	124	124
Balance as at 30 June 2012	13,177	(230)	9,040	21,987	3,003	24,990
Current year:						
Balance as at 1 January 2013	13,194	(237)	9,196	22,153	2,461	24,614
Movements in Equity:						
Total comprehensive (loss)/income for the year	-	176	(1,555)	(1,379)	(612)	(1,991)
Issuance of share capital	2,106	-	-	2,106	-	2,106
Acquisition of subsidiaries	-	-	-	-	43	43
Balance as at 30 June 2013	15,300	(61)	7,641	22,880	1,892	24,772
COMPANY:						
Previous year:						
Balance as at 1 January 2012	13,174	-	10,297	23,471	-	23,471
Movements in Equity:						
Total comprehensive (loss) for the year	-	-	(764)	(764)	-	(764)
Issuance of share capital	3	-	-	3	-	3
Balance as at 30 June 2012	13,177	-	9,533	22,710	-	22,710
Current year:						
Balance as at 1 January 2013	13,194	-	9,843	23,037	-	23,037
Movements in Equity:						
Total comprehensive (loss) for the year	-	-	(1,778)	(1,778)	-	(1,778)
Issuance of share capital	2,106	-	-	2,106	-	2,106
Balance as at 30 June 2013	15,300	-	8,065	23,365	-	23,365

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.

Total number of issued shares excluding treasury shares as at the end of the current financial period are 214,202,036.

Total number of issued shares excluding treasury shares as at the end of the immediately preceding year are 187,876,000.

There were total of 26,326,036 warrants exercised during the financial period, resulting in new 26,326,036 ordinary shares being issued.

There are no warrants outstanding as at the end of the current financial period (30 June 2012: 62,331,000).

There are no treasury shares outstanding as at the end of the current financial period (30 June 2012: Nil).

1(d)(iii) Total number of issued share excluding treasury share as at the end of current financial period and as at the end of the immediately preceding year.

	Number of Shares
As at 1 January 2013	187,876,000
Addition:	
Exercise of Warrants	26,326,036
As at 30 June 2013	214,202,036

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury share 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 Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year compared to the audited financial statements for the year ended 31 December 2012.

5. If there were 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.

The same accounting policies and methods of computation have been applied.

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.

	30-June-13	30-June-12
(i) Based on number of ordinary share in issue	(0.73cents)	0.02cents
(ii) On a fully diluted basis	(0.73cents)	0.02cents

The basic loss per share for the half year period ended 30 June 2013 was calculated by dividing the Group's loss attributable to equity holders of the parents net of tax of \$1.555 million by the number of weighted average ordinary shares which is 212,180,308.

No dilutive loss per shares was computed as the calculation was anti-dilutive.

The basic earnings per share for the half-year period ended 30 June 2012 was calculated by dividing the Group's profit from continuing operations attributable to equity holders of the parent of \$33,000 by the number of weighted average ordinary shares which is 187,636,560.

No dilutive earning per shares was computed as the calculation was anti-dilutive.

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 period reported on; and
- (b) immediately preceding financial year

	Group		Company	
	As at 30-Jun-13	As at 31-Dec-12	As at 30-Jun-13	As at 31-Dec-12
Net asset value per ordinary share based on number of shares in issue at end of period year	10.68 cents	11.79 cents	10.91 cents	12.26 cents

Net asset value per ordinary share is calculated based on 214,202,036 (FY2012: 187,876,000) ordinary shares at the end of the reporting period.

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 period reported on.

Review of operating results

Revenue

The Group's revenue decreased by \$8.0 million or 29.3% from \$27.1 million for the half year period ended 30 June 2012 ("1H2012") to \$19.1 million for the half year period ended 30 June 2013 ("1H2013"). This was mainly attributable to the decrease in sales in Australia, Malaysia, and China territories.

Gross Profit

Gross profit decreased by \$2.5 million or 38.5% from \$6.4 million in 1H2012 to \$3.9 million in 1H2013, due to the overall decrease in revenue as explained above. The gross profit margin reduced by 3 percentage points from 24% in 1H2012 to 21% in 1H2013 during the period. This was mainly attributable to the fixed production overhead in our production facilities.

Marketing and Distribution Costs

Marketing and distribution costs increased by \$0.9 million or 50.9% from \$1.8 million in 1H2012 to \$2.7 million in 1H2013. This was mainly attributable to the increase in business development activities in the regions.

Administrative Expenses

Administrative expenses decreased by \$0.7 million or 19.6% from \$3.6 million in 1H2012 to \$2.9 million in 1H2013 due mainly to better control of overall administrative expenses.

Finance Costs

Finance costs decreased by \$36,000 or 20.8%, from \$173,000 in 1H2012 to \$137,000 in 1H2013 mainly due to repayment of loans during the period.

Other Charges

Other charges which mainly consist of impairment allowance on plant and equipment, foreign exchange adjustments, and amortisation of land use rights had remained consistent with a slight increase by \$5,000 or 1.6%, from \$304,000 in 1H2012 to \$309,000 in 1H2013.

Share of Loss From Equity – Accounted Joint Ventures

Share of loss from joint ventures' decreased by \$26,000 or 48.2%, from \$54,000 in 1H2012 to \$28,000 in 1H2013, mainly attributable to lower losses in joint ventures in Singapore and overseas.

Loss/Profit Before Tax

Loss before tax amounted to \$2.2 million in 1H2013 as compared to a profit before tax of \$457,000 in 1H2012.

Income Tax Income/Expense

There was an income tax credit of \$16,000 in 1H2013, as compared to an income tax expense of \$23,000 in 1H2012, mainly attributable to refunds from IRAS.

Financial Position

Non-Current Assets

Non-current assets decreased by \$0.4 million, from \$13.1 million as at 31 December 2012 to \$12.7 million as at 30 June 2013, mainly attributable to depreciation on plant and equipment and impairment allowance on plant and equipment in an overseas subsidiary.

Current Assets

Current assets decreased by \$5.3 million, from \$32.6 million as at 31 December 2012 to \$27.3 million as at 30 June 2013, mainly attributable to the following:

- 1) Decrease in inventories by \$1.1 million from \$7.0 million as at 31 December 2012 to \$5.8 million as at 30 June 2013, which was in line with the lower revenue achieved during the period; and
- 2) Decrease in trade and other receivables by \$3.2 million from \$19.3 million as at 31 December 2012 to \$16.1 million as at 30 June 2013, which was in line with the lower revenue achieved during the period. The trade and other receivables is made up of 89% from trade receivables and 11% from other receivables.
- 3) Decrease in cash and cash equivalents by \$1.2 million, from \$3.9 million as at 31 December 2012 to \$2.7 million as at 30 June 2013. Please refer to section 'Statement of Cash Flow' below for more information.

Non-Current Liabilities

Non-current liabilities remained fairly consistent with a slight increase of \$38,000 from \$416,000 as at 31 December 2012 to \$454,000 as at 30 June 2013.

Current Liabilities

Current liabilities decreased by \$6.0 million, from \$20.7 million as at 31 December 2012 to \$14.7 million as at 30 June 2013. The decrease was mainly attributable to the following:

- 1) Decrease in other current financial liabilities by \$2.1 million from \$5.0 million as at 31 December 2012 to \$2.9 million as at 30 June 2013, mainly due to lower utilisation and repayment of facilities; and
- 2) Decrease in trade and other payables by \$4.0 million from \$15.0 million as at 31 December 2012 to \$11.0 million as at 30 June 2013, mainly due to earlier payments to suppliers and lower sales activities during the reporting period. The trade and other payables is made up of 91% from trade payables and 9% from other payables.

Statement of Cash Flow

Net cash used in operating activities was \$1.1 million in 1H2013, due mainly to negative operating cash flow before working capital changes of \$1.3 million as a result of operating loss of \$2.2 million during the reporting period. The positive amount of net cash in working capital of \$0.2 million was mainly attributable to an improvement in the collection of trade and other receivables by \$3.3 million as well as a reduction in inventories by \$1.1 million, offset by payment in trade and other payables of \$4.0 million and increase in other assets by \$0.2 million.

The cash flow used in investing activities was \$0.2 million in 1H2013, due mainly to the purchase of plant and equipment of \$0.2 million.

The cash flow from financing activities was \$0.2 million, due mainly to the issuance of shares via warrants conversions by shareholders, offset by the repayment of bank borrowings.

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

The current results are in line with the Company's discussion presented in Note 10 of the unaudited results announcement dated 1 March 2013.

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.

We expect the tough operating environment to continue in 2H 2013.

We believe our investments in geographical and products expansion would strengthen the Group's foundation for long-term profitability, though they may have impaired our profitability in the short-term.

We are working hard to complete our orders on hands to recoup our losses in 1H 2013.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend is declared or recommended for the current financial period reported on.

13. Interested Parties Transactions

Interested Persons Transactions

Name of Interested Person	Aggregate value of all interested persons transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S\$'000	Aggregate value of all interested persons transactions conducted under shareholders' mandate pursuant to 920 (excluding transactions less than S\$100,000) S\$'000
Purchase from : Duvalco Valves & Fittings (Wuxi) Co. Ltd	-	1,661

Note : Based on General Mandate obtained in the last Annual General Meeting dated 30 April 2013.

14. Use of Proceeds

We wish to announce that \$1.9 million of the proceeds from the exercise of the Warrants has been used to repay the Company's short term borrowings. The remaining balance of \$0.2 million has been utilised for expansion of the Group's business through investments, in accordance with the purpose as set out in the Offer Information Statement.

15. Directors Confirmation

We, Richard Koh Chye Heng and Goh Boon Kok, being two directors of the Company, do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half-year unaudited financial results for the period ended 30 June 2013 to be false or misleading in any material aspect.

On behalf of the Board

Richard Koh Chye Heng
Executive Chairman

Goh Boon Kok
Independent Non-Executive Director

BY ORDER OF THE BOARD

Richard Koh Chye Heng
Executive Chairman
14 August 2013