

First Quarter Financial Statement Announcement 2009

Part 1 - INFORMATION REQUIRED FOR FIRST QUARTER ANNOUNCEMENTS

No.1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		Change %
	2009 S\$ '000	2008 S\$ '000	
Continuing operations			
Revenue	53,596	55,859	-4%
Cost of sales	(49,556)	(52,516)	-6%
Gross profit	4,040	3,343	21%
Other operating income	690	165	318%
Gross profit margin	7.5%	6.0%	
Selling expenses	(1,424)	(1,698)	-16%
Administrative expenses	(1,995)	(2,866)	-30%
Other operating expenses	(117)	(1,006)	-88%
Profit / (Loss) from operations	1,194	(2,062)	nm
Finance income	1,180	510	131%
Share of losses of associated companies	(219)	(7)	3029%
Profit / (Loss) before tax from continuing operations	2,155	(1,559)	nm
Income tax	(59)	(11)	436%
Profit / (Loss) after tax from continuing operations	2,096	(1,570)	nm
Net profit margin	3.9%	-2.8%	
Discontinued operations			
Profit from discontinued operations	-	1,772	nm
Profit for the period	2,096	202	938%
Profit attributable to:			
Equity holders of the Company	2,152	171	1158%
Minority Interest	(56)	31	nm
	2,096	202	938%
Statements of comprehensive income for the period			
Profit for the period	2,096	202	938%
Other comprehensive income/(expense)			
Exchange difference on consolidation	552	(2,036)	nm
Total comprehensive income / (expense) for the period	2,648	(1,834)	nm
Total comprehensive income attributable to:			
Shareholders of the Company	2,663	(1,826)	nm
Minority Interest	(15)	(8)	88%
	2,648	(1,834)	nm

nm : Not meaningful

Notes to Statement of Comprehensive Income

(i) Profit/(Loss) for the period is stated after (charging)/crediting:

	Group		
	3 Months Ended 31 March		Variance %
2009 S\$ '000	2008 S\$ '000		
Interest income	191	160	19%
Operating expenses			
Included in operating expenses are:			
Depreciation of property, plant and equipments	(68)	(141)	-52%
Financial income, net	1,180	521	126%
Bank charges	(96)	(158)	-39%
Interest on borrowings	(164)	(594)	-72%
Foreign exchange gain	1,440	1,273	13%
(Write-back of)/provision for inventory obsolescence, net	422	(720)	nm
Provision for trade receivables, net	(117)	(202)	-42%

(ii) Adjustments for under or over provision of tax of previous years

Over/ (under) provision of tax in respect of prior years	-	-	nm
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No.1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statement of Financial Position

	Group		Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	31.03.09 S\$ '000	31.12.08 S\$ '000	31.03.09 S\$ '000	31.12.08 S\$ '000
Non-Current Assets				
Property, plant and equipment	845	861	484	482
Investments in subsidiaries	-	-	8,279	8,279
Investments in associates	1,672	1,564	-	-
Other investments	57	57	-	-
Loans to subsidiaries	-	-	-	3,123
Goodwill	1,102	1,049	-	-
Deferred tax assets	852	810	-	-
	<u>4,528</u>	<u>4,341</u>	<u>8,763</u>	<u>11,884</u>
Current Assets				
Inventories	25,636	24,618	-	-
Trade and other receivables	24,158	23,361	48	1,721
Amount due from subsidiaries	-	-	9,608	5,489
Cash and bank balances	61,866	57,397	54,701	53,033
	<u>111,660</u>	<u>105,376</u>	<u>64,357</u>	<u>60,243</u>
Current Liabilities				
Trade and other payables	26,956	24,424	4,247	5,593
Borrowings - interest bearing	22,121	20,830	-	-
Income tax payable	111	111	68	68
	<u>49,188</u>	<u>45,365</u>	<u>4,315</u>	<u>5,661</u>
Net Current Assets/(Liabilities)	<u>62,472</u>	<u>60,011</u>	<u>60,042</u>	<u>54,582</u>
Net Assets	<u>67,000</u>	<u>64,352</u>	<u>68,805</u>	<u>66,466</u>
Equity attributed to equity holders of the company				
Share capital	23,298	23,298	23,298	23,298
Reserves	43,365	40,702	45,507	43,168
	<u>66,663</u>	<u>64,000</u>	<u>68,805</u>	<u>66,466</u>
Minority interests	337	352	-	-
Total Equity	<u>67,000</u>	<u>64,352</u>	<u>68,805</u>	<u>66,466</u>

.No.1(b)(ii) Aggregate amount of group's borrowings and debt securities.

	As at 31.03.2009		As at 31.12.2008	
	Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
(a) Amount repayable in one year or less, or on demand	-	22,121	-	20,830
(b) Amount repayable after one year	-	-	-	-
	<u>-</u>	<u>22,121</u>	<u>-</u>	<u>20,830</u>

Details of any collateral

As at 31 March 2009, the unsecured short-term borrowings of \$22.1 million were mainly related to short term bank loans and trust receipts for purchases of inventory.

No.1(c) A Cash Flow Statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Statement of cash flows

Group
3 months ended 31 March
2009 **2008**
S\$ '000 **S\$ '000**

Cash flows from operating activities:

Profit / (Loss) before tax

-Continuing Operations	2,155	(1,559)
-Discontinued Operations	-	2,388
Profit before tax	2,155	829

Adjustments for:

Depreciation of property, plant and equipment	68	141
Provision for trade receivables, net	117	202
(Write-back of)/ Provision for inventory obsolescence, net	(422)	720
Interest expenses	164	594
Interest income	(191)	(160)
Share of losses of associated companies	219	7
Currency alignment	106	(1,828)
Operating profit before working capital changes	2,216	505
Decrease in inventories	(596)	(2,535)
(Increase) /decrease in receivables	(914)	2,859
Increase / (decrease) in payables and trust receipts	3,825	(13,852)
Cash flows generated from/(used in) operations	4,531	(13,023)
Interest paid	(164)	(594)
Interest received	191	160
Income taxes paid	(59)	(155)
Net cash flows from/(used in) operating activities	4,499	(13,612)

Cash flows from investing activities:

Purchase of property, plant and equipment	(30)	-
Net cash flows from/(used in) investing activities	(30)	-

Cash flows from financing activities

Proceeds from bank borrowing, net	-	163
Repayment of finance lease	-	(17)
Net cash flows generated from financing activities	-	146

Net increase in cash and cash equivalents	4,469	(13,466)
Cash and cash equivalents at beginning of period	57,397	37,561
Cash and cash equivalents at end of period	61,866	24,095

Note to the statement of cash flows

Cash and cash equivalents included in the statement of cashflow comprise the following balance sheet amounts:

	2009	2008
	S\$ '000	S\$ '000
Fixed deposits	49,012	12,004
Cash and bank balances	12,854	12,091
	61,866	24,095

1d(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.

Statement of changes in equity

	Share capital S\$'000	Capital Reserve S\$'000	Share based Compensation Reserve S\$'000	Accumulated Profits S\$'000	Foreign Currency Translation Reserve S\$'000	Equity attributable to Equity holders S\$'000	Minority Interest S\$'000	Total Equity S\$'000
The Group								
Balance as at 1 January 2009	23,298	-	358	43,161	(2,817)	64,000	352	64,352
Foreign currency translation	-	-	-	-	511	511	41	552
Total comprehensive income/(expense) for the period	-	-	-	2,152	511	2,663	(15)	2,648
Balance as at 31 March 2009	23,298	-	358	45,313	(2,306)	66,663	337	67,000
Balance as at 1 January 2008	52,667	502	342	20,655	(6,510)	67,656	1,690	69,346
Foreign currency translation	-	-	-	-	(1,997)	(1,997)	(38)	(2,035)
Total comprehensive income/(expense) for the period	-	-	-	171	(1,997)	(1,826)	(7)	(1,833)
Balance as at 31 March 2008	52,667	502	342	20,826	(8,507)	65,830	1,683	67,513

Statement of changes in equity

	Share capital S\$'000	Share based Compensation Reserve S\$'000	Accumulated Profits/(Losses) S\$'000	Total Equity S\$'000
The Company				
Balance as at 1 January 2009	23,298	358	42,810	66,466
Total comprehensive income for the period	-	-	2,339	2,339
Balance as at 31 March 2009	<u>23,298</u>	<u>358</u>	<u>45,149</u>	<u>68,805</u>
Balance as at 1 January 2008	52,667	342	(4,135)	48,874
Total comprehensive expense for the period	-	-	(850)	(850)
Issue of shares at a premium	582	-	-	582
Balance as at 31 March 2008	<u>53,249</u>	<u>342</u>	<u>(4,985)</u>	<u>48,606</u>

1 (d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There was no change in the Company's share capital since the end of the previous period reported on.

	Number of shares '000	Paid-up capital S\$ '000
Balance as at 1 January 2009	<u>520,025</u>	<u>23,298</u>
Balance as at 31 March 2009	<u>520,025</u>	<u>23,298</u>

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.

	31.03.09 '000	31.12.08 '000
Total number of issued shares	520,025	520,025
Less : Treasury shares	-	-
Total number of issued shares excluding treasury shares	<u>520,025</u>	<u>520,025</u>

The Company had no treasury shares as at 31 March 2009.

1 (d)(iv) A statement showing all the 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 standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), 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 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 first quarter announcement for the current financial period as those of the audited financial statements for the year ended 31 December 2008, as well as the applicable Reporting Standards ("FRSs") which became effective for financial years beginning on or after 1 January 2009. The adoption of these new and revised FRSs has no material effect on the first quarter announcement for the current financial period.

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.

Please refer to item 4 above.

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.

	Continuing operations		Discontinued operations		Total	
	3 months ended 31 March 2009	3 months ended 31 March 2008	3 months ended 31 March 2009	3 months ended 31 March 2008	3 months ended 31 March 2009	3 months ended 31 March 2008
Earnings per ordinary share (S\$ cents)						
(i) Basic earnings / (loss) per share	0.41	(0.31)	-	0.34	0.41	0.03
(ii) Diluted earnings / (loss) per share	0.41	(0.30)	-	0.34	0.41	0.03
	Number of shares		Number of shares		Number of shares	
Weighted average number of ordinary shares in issue applicable to basic EPS	520,024,696	510,163,316	520,024,696	510,163,316	520,024,696	510,163,316
Shares applicable to diluted EPS	244,444	7,527,245	244,444	7,527,245	244,444	7,527,245
	520,269,140	517,690,561	520,269,140	517,690,561	520,269,140	517,690,561
Earnings used for the calculation:	Earnings		Earnings		Earnings	
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Profit for the financial period	2,152	(1570)	-	1,741	2,152	171
Profit attributable to diluted EPS	-	-	-	-	-	-
Profit used to determine diluted EPS	2,152	(1570)	-	1,741	2,152	171

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 31.03.09	As at 31.12.08	As at 31.03.09	As at 31.12.08
Net asset value per share (S\$ cents)	12.82	12.31	13.23	12.78

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

(1) Turnover

The revenue of the Group for the first quarter of the current financial year (Q1 09) was \$53.6 million compared with \$55.9 million in the previous corresponding quarter (Q1 08), a decrease of \$2.3 million or 4%. This was mainly due to the global economic slowdown, arising from the US sub-prime mortgage crisis.

(2) Gross profit & Gross profit margin

The gross profit of the Group for Q1 09 was \$4.0 million compared with \$3.3 million for Q1 08. This increase was mainly due to the higher gross profit margin from 6.0% for Q1 08 to 7.5% for Q1 09 as the Group focused on higher margin products.

(3) Expenses

The Group's total expenses (selling and administrative expenses) for Q1 09 were \$3.4 million compared with \$4.6 million for Q1 08. This represented a decrease of \$1.2 million or 25%. The reduction was mainly due to the continual restructuring and cost rationalisation undertaken by the Group.

(4) Financial income

The Group's financial income was \$1.2 million for Q1 09 compared with \$0.5 million for Q1 08, an increase of \$0.7 million. The increase was mainly due to foreign exchange gain on our US dollar fixed deposits (US\$20.5 million) held under Achieva Limited,

(5) Other operating income

The Group's other operating income was \$0.7 million for Q1 09 compared with \$0.2 million for Q1 08, an increase of \$0.5 million. The increase was mainly due to reversal of allowance for inventories of \$0.4 million to profits as it was no longer required.

(6) Other operating expenses

The Group's other operating expenses were \$0.1 million for Q1 09 compared with \$1.0 million for Q1 08, a decrease of \$0.9 million. The decrease was mainly due to a one-time allowance for inventories of \$0.8 million in Q1 08.

(7) Net profit before tax

The net profit before tax for the Group for Q1 09 was \$2.2 million compared with a loss of \$1.6 million for Q1 08. This was mainly attributable to the following reasons:

- a. Higher gross profit, for the reason given above.
- b. Lower expenses, for the reasons given above.
- c. Higher foreign exchange gain of \$0.2 million.
- d. Share of losses of associated companies in Q1 09 of \$0.2 million.

(8) Balance Sheet

As at 31 March 2009, the Group's net current assets were at \$62.5 million compared with \$60.0 million as at 31 December 2008. The Group's net assets as at 31 March 2009 were at \$67.0 million compared with \$64.4 million as at 31 December 2008. This improvement was mainly due to the better management of working capital by the Group in Q1 09.

(9) Cashflow

As at 31 March 2009, the cash in hand and bank balance stood at \$61.9 million compared with \$57.4 million as at 31 December 2008. This represented an increase of \$4.5 million. This improvement was mainly due to better management of working capital in Q1 09.

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 factors that may significantly affect the Group in the next 12 months are given below:

1. The continuous impact of the global economic downturn, caused by the US sub-prime mortgage crisis.
2. The fluctuations of the US dollar against the Asian currencies.
3. Greater credit risks, arising from the global economic downturn.
4. The impact of the H1N1 flu on the world economy.

With a strong balance sheet, the Group will search for expansion and diversification opportunities so as to increase shareholders' value.

Barring any unforeseen circumstances, and having regard to the Group's continual restructuring and cost rationalisation, the Group is cautiously optimistic of the business outlook for the next 12 months.

• **11 Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on ?

Yes.

Name of Dividend	Interim (ordinary dividend)
Dividend Type	Cash
Dividend Amount per share	S\$0.04 cent per share
Tax Rate	Tax-exempt (one-tier tax) dividend

These financial statements do not reflect this interim dividend, which will be accounted for in shareholder's equity as an appropriation of retained earnings in the coming quarter.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

To be announced later.

(d) Books closure date

To be announced later.

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

Not applicable.

13 INTERESTED PERSON TRANSACTION

Note Rule 920(1)(a)(ii) - An issuer must announce the aggregate value of transactions conducted pursuant to the general mandate for interested person transactions for the financial periods which it is required to report on pursuant to Rule 705.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 902)		Aggregate value of all interested person transactions during the financial period conducted under shareholder's mandate pursuant to Rule 902 (excluding transactions less than S\$100,000)	
	31/03/2009	31/03/2008	31/03/2009	31/03/2008
	S\$'000	S\$'000	S\$'000	S\$'000
Not applicable	nil	nil	nil	nil

14 Negative Assurance Confirmation

The Board of Directors has confirmed that to the best knowledge, nothing has come to their attention which may render the unaudited interim financial results for the period ended 31 March 2009 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tony Ng Fook San
Executive Director
13 May 2009

Press and analysts enquiries

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