

Second Quarter Financial Statement Announcement 2009

Part 1 - INFORMATION REQUIRED FOR SECOND QUARTER AND HALF YEAR FINANCIAL STATEMENTS ANNOUNCEMENTS

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

	Group			Group		
	Statement of comprehensive income for the 3 months ended 30 June			Statement of comprehensive income for the 6 months ended 30 June		
	2009 S\$ '000	2008 S\$ '000	Change %	2009 S\$ '000	2008 S\$ '000	Change %
Continuing operations						
Revenue	56,032	63,086	-11.2%	109,628	118,945	-7.8%
Cost of sales	(52,314)	(56,352)	-7.2%	(101,870)	(108,868)	-6.4%
Gross profit	3,718	6,734	-44.8%	7,758	10,077	-23.0%
Other operating income	271	261	3.8%	961	426	125.6%
Gross profit margin	6.6%	10.7%		7.1%	8.5%	
Selling expenses	(1,491)	(1,749)	-14.8%	(2,915)	(3,447)	-15.4%
Administrative expenses	(1,380)	(1,566)	-11.9%	(3,375)	(4,432)	-23.8%
Other operating expenses	(102)	-	nm	(219)	(1,006)	-78.2%
Profit from operations	1,016	3,680	-72.4%	2,210	1,618	36.6%
Finance expenses	(3,561)	(1,296)	174.8%	(2,381)	(786)	202.9%
Share of losses of associated companies	(241)	(7)	nm	(460)	(14)	nm
(Loss) / Profit before tax from continuing operations	(2,786)	2,377	nm	(631)	818	nm
Income tax	(28)	(57)	-50.9%	(87)	(68)	27.9%
(Loss)/ Profit after tax from continuing operations	(2,814)	2,320	nm	(718)	750	nm
Net (loss) /profit margin	-5.0%	3.7%		-0.7%	0.6%	
Discontinued operations						
(Loss)/Profit from discontinued operations	-	(607)	nm	-	1,165	nm
(Loss)/Profit for the period	(2,814)	1,713	nm	(718)	1,915	nm
(Loss)/Profit attributable to :						
Equity holders of the Company	(2,803)	1,766	nm	(651)	1,937	nm
Minority Interest	(11)	(53)	-79.2%	(67)	(22)	204.5%
	(2,814)	1,713	nm	(718)	1,915	nm
Statements of comprehensive income for the period						
(Loss)/ Profit for the period	(2,814)	1,713	nm	(718)	1,915	nm
Other comprehensive income/(expense)						
Exchange difference on consolidation	999	1,138	-12.2%	1,551	(897)	nm
Total comprehensive income / (expense) for the period	(1,815)	2,851	nm	833	1,018	-18.2%
Total comprehensive (expense)/ income attributable						
Shareholders of the Company	(1,801)	2,845	nm	862	1,019	-15.4%
Minority Interest	(14)	6	nm	(29)	(1)	nm
	(1,815)	2,851	nm	833	1,018	-18.2%

nm : Not meaningful

Notes to Statement of Comprehensive Income

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

	Group			Group		
	3 Months Ended 30 June			6 Months Ended 30 June		
	2009	2008	Variance	2009	2008	Variance
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Interest income	141	36	291.7%	332	58	472.4%
Operating expenses						
Included in operating expenses are:						
Depreciation of property, plant and equipment	(59)	(153)	-61.4%	(127)	(249)	-49.0%
Financial expenses, net	(3,561)	(1,296)	174.8%	(2,381)	(786)	202.9%
Bank charges	(40)	(33)	21.2%	(66)	(145)	-54.5%
Interest on borrowings	(210)	(489)	-57.1%	(444)	(960)	-53.8%
Foreign exchange loss	(3,311)	(774)	327.8%	(1,871)	319	nm
Write-back off/ (provision for) inventory obsolescence, net	63	291	-78.4%	485	(480)	nm
Write-back off/ (provision for) trade receivables, net	17	78	-78.2%	(100)	(157)	-36.3%

(ii) Profit/(Loss) for the period is stated after (charging)/crediting:
(including continuing and discontinued operations)

	Group			Group		
	3 Months Ended 30 June			6 Months Ended 30 June		
	2009	2008	Variance	2009	2008	Variance
	S\$ '000	S\$ '000	%	S\$ '000	S\$ '000	%
Interest income	141	117	20.5%	332	277	19.9%
Operating expenses						
Included in operating expenses are:						
Depreciation of property, plant and equipment	(59)	(192)	-69.3%	(127)	(333)	-61.9%
Financial expense, net	(3,561)	(1,522)	134.0%	(2,381)	(1,001)	137.9%
Bank charges	(40)	(117)	-65.8%	(66)	(239)	-72.4%
Interest on borrowings	(210)	(536)	-60.8%	(444)	(1,166)	-61.9%
Foreign exchange gain	(3,311)	(869)	281.0%	(1,871)	404	nm
Write-back off/ (provision for) inventory obsolescence, net	63	106	-40.6%	485	(614)	nm
Write-back off/ (provision for) trade receivables, net	17	110	-84.5%	(100)	(92)	8.7%

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

Over/ (under) provision of tax in respect of prior years	-	-	nm	-	-	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
	30.06.09	31.12.08	30.06.09	31.12.08
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Non-Current Assets				
Property, plant and equipment	905	861	499	482
Investments in subsidiaries	-	-	8,279	8,279
Investments in associates	1,148	1,564	-	-
Other investments	57	57	-	-
Loans to subsidiaries	-	-	-	3,123
Goodwill	1,058	1,049	-	-
Deferred tax assets	852	810	-	-
	<u>4,020</u>	<u>4,341</u>	<u>8,778</u>	<u>11,884</u>
Current Assets				
Inventories	23,659	24,618	-	-
Trade and other receivables	24,182	23,361	74	1,721
Amount due from subsidiaries	-	-	9,981	5,489
Cash and bank balances	38,070	57,397	31,635	53,033
	<u>85,911</u>	<u>105,376</u>	<u>41,690</u>	<u>60,243</u>
Current Liabilities				
Trade and other payables	22,044	24,424	3,611	5,593
Borrowings - interest bearing	23,392	20,830	-	-
Income tax payable	110	111	68	68
	<u>45,546</u>	<u>45,365</u>	<u>3,679</u>	<u>5,661</u>
Net Current Assets/(Liabilities)	<u>40,365</u>	<u>60,011</u>	<u>38,011</u>	<u>54,582</u>
Net Assets	<u>44,385</u>	<u>64,352</u>	<u>46,789</u>	<u>66,466</u>
Equity attributed to equity holders of the company				
Share capital	23,298	23,298	23,298	23,298
Reserves	20,764	40,702	23,491	43,168
	<u>44,062</u>	<u>64,000</u>	<u>46,789</u>	<u>66,466</u>
Minority interests	323	352	-	-
Total Equity	<u>44,385</u>	<u>64,352</u>	<u>46,789</u>	<u>66,466</u>

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

	As at 30.06.2009		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	-	23,392	-	20,830
(b) Amount repayable after one year	-	-	-	-
	<u>-</u>	<u>23,392</u>	<u>-</u>	<u>20,830</u>

Details of any collateral

As at 30 June 2009, the unsecured short-term borrowings of \$23.4 million were mainly related to 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
6 months ended 30 June
2009 **2008**
S\$ '000 **S\$ '000**

Cash flows from operating activities:

(Loss)/ profit before tax

-Continuing Operations	(631)	818
-Discontinued Operations	-	2,044
(Loss)/ profit before tax	(631)	2,862

Adjustments for:

Depreciation of property, plant and equipment	127	333
Property, plant and equipment written off	-	(156)
(Gain)/ loss on disposal of property, plant and equipment	(17)	13
Provision for trade receivables, net	100	92
(Write-back of)/ provision for inventory obsolescence, net	(485)	614
Interest expenses	444	1,166
Interest income	(332)	(277)
Share of losses of associated companies	460	14
Currency alignment	1,423	201

Operating profit before working capital changes

Decrease / (Increase) in inventories	1,089	4,862
(Increase) / decrease in receivables	1,444	(7,599)
Increase / (decrease) in payables and trust receipts	(921)	20,343
	183	(4,845)

Cash flows generated from operations

Interest paid	1,795	12,761
Interest received	(444)	(1,166)
Income taxes paid	332	277
	(87)	(1,014)
Net cash flows from operating activities	1,596	10,858

Cash flows from investing activities:

Proceeds from sale of property, plant and equipment	39	158
Purchase of property, plant and equipment	(162)	(104)
Purchase of additional equity interest in subsidiaries	-	(1,121)
Net cash flows used in investing activities	(123)	(1,067)

Cash flows from financing activities

Payment of dividend	(20,800)	-
Proceeds from issuance of shares of the Company pursuant to the employee share options schemes	-	850
Repayment of bank borrowing	-	(9,262)
Repayment of finance lease	-	(58)
Net cash flows used in financing activities	(20,800)	(8,470)

Net (decrease)/ increase in cash and cash equivalents	(19,327)	1,321
Cash and cash equivalents at beginning of period	57,397	37,561
Cash and cash equivalents at end of period	38,070	38,882

Note to the statement of cash flows

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

	30.06.2009	30.06.2008
	S\$ '000	S\$ '000
Fixed deposits	30,599	16,529
Cash and bank balances	7,471	22,353
	38,070	38,882

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
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
Total comprehensive income/(expense) for the period	-	-	-	(2,803)	1,002	(1,801)	(14)	(1,815)
Payment of dividend	-	-	-	(20,800)	-	(20,800)	-	(20,800)
Balance as at 30 June 2009	23,298	-	358	21,710	(1,304)	44,062	323	44,385
Balance as at 1 January 2008	52,667	502	342	20,655	(6,510)	67,656	1,690	69,346
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
Total comprehensive income for the period	-	-	-	1,769	1,079	2,848	6	2,854
Issue of shares at a premium	850	-	-	-	-	850	-	850
Balance as at 30 June 2008	53,517	502	342	22,595	(7,428)	69,528	1,689	71,217

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	23,298	358	45,149	68,805
Total comprehensive loss for the period	-	-	(1,216)	(1,216)
Payment of dividend	-	-	(20,800)	(20,800)
Balance as at 30 June 2009	23,298	358	23,133	46,789
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	53,249	342	(4,985)	48,606
Total comprehensive expense for the period	-	-	207	207
Issue of shares at a premium	268	-	-	268
Balance as at 30 June 2008	53,517	342	(4,778)	49,081

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 31 March 2009	<u>520,025</u>	<u>23,298</u>
Balance as at 30 June 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.

	30.06.09 '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 30 June 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 and second 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 to the results or the opening balances of the accumulated profits of the Group and of the Company for the year ending 31 December 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.

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	
	6 months ended 30 June 2009	6 months ended 30 June 2008	6 months ended 30 June 2009	6 months ended 30 June 2008	6 months ended 30 June 2009	6 months ended 30 June 2008
Earnings per ordinary share (S\$ cents)						
(i) Basic (loss)/ earnings per share	(0.13)	0.15	-	0.23	(0.13)	0.38
(ii) Diluted (loss)/ earnings per share	(0.13)	0.15	-	0.23	(0.13)	0.38
	Number of shares		Number of shares		Number of shares	
Weighted average number of ordinary shares in issue applicable to basic EPS	520,024,696	511,976,048	-	511,976,048	520,024,696	511,976,048
Shares applicable to diluted EPS	713,864	1,906,504	-	1,906,504	713,864	1,906,504
	520,738,560	513,882,552	-	513,882,552	520,738,560	513,882,552
Earnings used for the calculation:	(Loss)/ Earnings		Earnings		(Loss)/ Earnings	
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
(Loss)/ profit for the financial period	(651)	750	-	1,165	(651)	1,937
Profit attributable to diluted EPS	-	-	-	-	-	-
(Loss)/ profit used to determine diluted EPS	(651)	750	-	1,165	(651)	1,937

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 30.06.09	As at 31.12.08	As at 30.06.09	As at 31.12.08
Net asset value per share (S\$ cents)	8.47	12.31	9.00	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) Revenue

The Group's revenue for the second quarter of the current financial year (Q2 09) was \$56.0 million compared with \$63.1 million in the previous corresponding quarter (Q2 08). This represented a decrease of \$7.1 million or 11.2%. The lower revenue was mainly due to the global economic slowdown, caused by the US sub-prime mortgage crisis.

For the half year of the current financial year (H1 09), the revenue of the Group was \$109.6 million compared with \$118.9 million for the half year of previous financial year (H1 08). This represented a decrease of \$9.3 million or 7.8%, for the same reason given above.

(2) Gross profit

The gross profit of the Group for Q2 09 was \$3.7 million compared with \$6.7 million for Q2 08. This reduction was mainly attributable to the following reasons:

- (a) Lower revenue
- (b) Lower gross profit margin, reflecting the tough competition in the market.

For H1 09, the gross profit of the Group was \$7.8 million compared with \$10.1 million for H1 08, for the same reasons listed above.

(3) Expenses

The Group's total expenses (selling and administrative expenses) for Q2 09 were \$2.9 million compared with \$3.3 million for Q2 08. This reduction was mainly due to the continual cost rationalisation undertaken by the Group.

For H1 09, the total expenses were \$6.3 million compared with \$7.9 million for H1 08, a decrease of \$1.6 million, for the same reason given above.

(4) Finance expenses

The finance expenses of the Group for Q2 09 were \$3.6 million compared with \$1.3 million for Q2 08. The increase in finance expenses were mainly due to the following reasons:

- (a) A one-time foreign exchange loss of \$1.8 million on conversion of US dollar bank fixed deposits to Singapore dollar to pay the interim dividends of \$20.8 million in June 2009. Despite hedging forward, this loss was incurred due to the significant weakening of the US dollar against Singapore dollar in the second quarter of current financial year.
- (b) There was a hedging loss of \$1.4 million (relating to trade, accounts payable of our Australian subsidiary) as the US dollar weakened significantly against the Australian dollar in the second quarter of current financial year.

The finance expenses for H1 09 were \$2.4 million compared with \$0.8 million for H1 08, for the reasons given above.

(5) Profit before tax

The loss before tax for Q2 09 was \$2.8 million compared with a profit before tax of \$2.4 million for Q2 08. This was mainly due to the following reasons:

- (a) Lower revenue, for the reason given above.
- (b) Low gross profit for the reasons given above.
- (c) Foreign exchange losses, for the reasons given above.
- (d) Increase in share of losses of \$0.2 million from our Chinese associated companies.

The Group's loss before tax for H1 09 was \$0.6 million compared with a profit before tax of \$0.8 million for H1 08. The reasons were the same as given above.

(6) Balance Sheet

As at 30 June 2009, the net assets of the Group were \$44.4 million compared with \$64.4 million as at 31 December 2008. The reduction in the net assets was due to the payment of interim dividends of \$20.8 million in June 2009.

The net assets of \$44.4 million were backed up by cash and bank balances of \$38.1 million.

(7) Cash and bank balances

As at 30 June 2009, the cashflow was healthy and the cash and bank balances were \$38.1 million (31 December 2008 : \$57.4 million), after the payment of interim dividends of \$20.8 million.

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.

All bank fixed deposits had been converted to Singapore dollar. Hence, there shall be no further foreign exchange losses from bank fixed deposits.

The Group will continue to search for expansion and diversification opportunities so as to increase shareholders' value.

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 ?

None.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

No dividend has been declared or recommended.

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)	
	30/06/2009	30/06/2008	30/06/2009	30/06/2008
	S\$'000	S\$'000	S\$'000	S\$'000
Hexon Technology Pte Ltd	-	-	-	6,970

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 30 June 2009 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Tony Ng Fook San
Executive Director
7th August 2009

Press and analysts enquiries

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