

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the group".

teckwah
group®

TECKWAH INDUSTRIAL CORPORATION LTD

Half Year Financial Statement Announcement

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

Income statement	Group		
	S\$'000		%
	YTD Jun'10	YTD Jun'09	incr/ (decr)
a Revenue	75,137	71,006	5.8
b Investment Income	-	-	-
c Other income including interest income :-	194	62	212.9
(i) Gain (Loss) on sale of investments, properties and/or plant & equipment included in other income	(8)	13	n.m
(ii) Interest Income	47	30	56.7
(iii) Other Income	155	19	715.8
d Changes in inventories of FG & WIP	(199)	(996)	(80.0)
(i) Write back (allowance) for inventories	(20)	15	n.m
e Raw Materials and consumables used	(27,194)	(27,433)	(0.9)
(i) Write back (allowance) for inventories	(72)	10	n.m
f Staff Costs	(15,546)	(14,064)	10.5
g Depreciation, amortisation and impairment expenses	(2,573)	(2,907)	(11.5)
h Interest on borrowings	(18)	(45)	(60.0)
i Other operating expenses :-	(20,800)	(18,330)	13.5
(i) foreign exchange gain /(loss)	(242)	551	n.m
(ii) Write back (allowance) for doubtful debts	10	(103)	n.m
j Exceptional items	-	-	-
k Operating profit/(loss) before income tax, minority interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	9,001	7,293	23.4

Income statement (continued)

l	Loss from associated companies	-	-	-
m	Operating profit before income tax	9,001	7,293	23.4
n	Less income tax (indicate basis of computation)	(1,580)	(2,058)	(23.2)
	(i) Adjustment for over provision of tax in respect of prior periods.	126	414	(69.6)
o	Profit for the Year	7,421	5,235	41.8
	Attributable to :-			
p	Equity Holders of the Company	7,351	5,135	43.2
q	Minority Interests	70	100	(30.0)

Group		
S\$'000		%
YTD Jun'10	YTD Jun'09	incr/ (decr)
-	-	-
9,001	7,293	23.4
(1,580)	(2,058)	(23.2)
126	414	(69.6)
7,421	5,235	41.8
7,351	5,135	43.2
70	100	(30.0)

Statement of Comprehensive Income

Profit for the Year	7,421	5,235	41.8
Other comprehensive income :			
Foreign currency translation	530	(115)	n.m
Available-for-sale investment	91	-	n.m
Other comprehensive income for the period	621	(115)	-
Total comprehensive income for the period	8,042	5,120	57.1
The comprehensive income attributable to :-			
Equity Holders of the Company	7,959	5,019	58.6
Minority Interests	83	101	(17.8)

Group		
S\$'000		%
YTD Jun'10	YTD Jun'09	incr/ (decr)
7,421	5,235	41.8
530	(115)	n.m
91	-	n.m
621	(115)	-
8,042	5,120	57.1
7,959	5,019	58.6
83	101	(17.8)

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	
	Actual 30-Jun-10 \$'000	Previous 31-Dec-09 \$'000	Actual 30-Jun-10 \$'000	Previous 31-Dec-09 \$'000
ASSETS				
Current assets:				
Cash	40,191	43,096	9,960	14,525
Trade receivables	29,045	26,588	2,401	5,077
Other receivables & prepayments	3,768	2,777	2,457	1,432
Inventories	14,153	13,090	-	-
	<u>87,157</u>	<u>85,551</u>	<u>14,818</u>	<u>21,034</u>
Non-current assets:				
Other assets	1,689	1,597	-	-
Investment in joint venture	-	-	4,216	4,216
Investment in subsidiaries	-	-	19,504	19,504
Available-for-sale investments	980	-	980	-
Property, plant & equipment	24,580	26,435	1,085	1,311
Land Use Right	756	753	-	-
Investment properties	1,122	1,071	-	-
Intangible assets	119	124	119	124
Goodwill	6,691	6,691	-	-
Total non-current assets	<u>35,937</u>	<u>36,671</u>	<u>25,904</u>	<u>25,155</u>
Total assets	<u>123,094</u>	<u>122,222</u>	<u>40,722</u>	<u>46,189</u>
LIABILITIES AND EQUITY				
Current liabilities:				
Bank loans and overdrafts	-	-	-	-
Trade payables	9,814	11,786	188	101
Other payables	9,343	10,414	7,457	8,604
Income tax payable	3,904	3,294	210	257
Finance leases - current portion	21	37	21	37
Long term loans - current portion	88	159	-	-
Total current liabilities	<u>23,170</u>	<u>25,690</u>	<u>7,876</u>	<u>8,999</u>
Non-current liabilities:				
Finance leases	-	3	-	3
Long-term loans	-	-	-	-
Deferred tax liabilities	1,172	1,148	135	135
Total non-current liabilities	<u>1,172</u>	<u>1,151</u>	<u>135</u>	<u>138</u>
Capital and reserves:				
Share capital	23,852	23,852	23,852	23,852
Accumulated profits	73,943	71,172	8,859	13,200
Currency translation reserves	559	42	-	-
Total capital and reserves	<u>98,354</u>	<u>95,066</u>	<u>32,711</u>	<u>37,052</u>
Minority interests	398	315	-	-
Total capital and reserves and minority interests	<u>98,752</u>	<u>95,381</u>	<u>32,711</u>	<u>37,052</u>
Total liabilities and equity	<u>123,094</u>	<u>122,222</u>	<u>40,722</u>	<u>46,189</u>

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

(a) Amount repayable in one year or less, or on demand

As at 30/06/10		As at 31/12/09	
Secured	Unsecured	Secured	Unsecured
110	0	196	0

(b) Amount repayable after one year

As at 30/06/10		As at 31/12/09	
Secured	Unsecured	Secured	Unsecured
0	0	3	0

Details of any collateral

The finance leases are secured by a charge over the assets under hire purchase.
Some long term loans are secured by a fixed charge on certain equipment of the Company.

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	
	Actual 30/06/10 S\$'000	Previous 30/06/09 S\$'000
Cash flow from operating activities:		
Profit before income tax	9,001	7,293
Adjustment for :		
Allowance (write back) for doubtful debts	(10)	103
Allowance (write back) for inventories	92	(25)
Depreciation and amortisation expense	2,568	2,538
Amortisation of intangibles	5	369
(Gain)/ Loss on disposal of property, plant and equipment	8	(13)
Interest income	(47)	(29)
Interest expense	18	45
	11,635	10,281
Operating profit before working capital changes		
Trade receivables	(2,447)	4,934
Other receivables and prepayments	(1,083)	691
Inventories	(1,155)	4,181
Trade payables	(1,972)	(1,506)
Other payables	(1,071)	205
	3,907	18,786
Cash generated from operations		
Interest paid	(18)	(45)
Income tax paid	(947)	(1,763)
	2,942	16,978
Net cash from operating activities		
Cash flow from investing activities:		
Interest received	47	29
Proceeds from disposal of associate	0	34
Purchase of investment held for trading	(889)	0
Proceeds from disposal of property, plant & equipment	13	127
Purchase of property, plant & equipment	(600)	(2,511)
Net cash used in investing activities	(1,429)	(2,321)
Cash flows from financing activities:		
Dividends paid	(4,671)	(1,868)
Proceeds (Repayment) of bank loans	0	(436)
Repayments of long-term loans	(71)	(74)
Repayments of obligations under finance leases	(19)	(19)
	(4,761)	(2,397)
Net cash used in financing activities		
Net increase (decrease) in cash and cash equivalents	(3,248)	12,260
Cash and cash equivalents at beginning of period - 1st Jan	43,096	28,056
Effect of foreign exchange rate changes	343	(163)
Cash and cash equivalents at end of period - 30th Jun	40,191	40,153

1(d)(i) A statement of changes in equity (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

GROUP

	Share Capital S\$'000	Accumulated Profits S\$'000	Currency Translation Reserves S\$'000	Attributable to equity holder of the parent S\$'000	Minority Interests S\$'000	Total S\$'000
Balance at 31 Dec 2008	23,852	62,723	842	87,417	156	87,573
Dividends paid	-	(1,868)	-	(1,868)	-	(1,868)
Total Comprehensive Income for the year	-	5,135	(116)	5,019	101	5,120
Balance at 30 Jun 2009	23,852	65,990	726	90,568	257	90,825

Balance at 31 Dec 2009	23,852	71,172	42	95,066	315	95,381
Dividends paid	-	(4,671)	-	(4,671)	-	(4,671)
Total Comprehensive Income for the year	-	7,442	517	7,959	83	8,042
Balance at 30 Jun 2010	23,852	73,943	559	98,354	398	98,752

COMPANY

	Share Capital S\$'000	Accumulated Profits S\$'000	Currency Translation Reserves S\$'000	Attributable to equity holder of the parent S\$'000	Minority Interests S\$'000	Total S\$'000
Balance at 31 Dec 2008	23,852	13,440	(83)	37,209	-	37,209
Dividends paid	-	(1,868)	-	(1,868)	-	(1,868)
Total Comprehensive Income for the year	-	(436)	1	(435)	-	(435)
Balance at 30 Jun 2009	23,852	11,136	(82)	34,906	-	34,906

Balance at 31 Dec 2009	23,852	13,200	-	37,052	-	37,052
Dividends paid	-	(4,671)	-	(4,671)	-	(4,671)
Total Comprehensive Income for the year	-	330	-	330	-	330
Balance at 30 Jun 2010	23,852	8,859	-	32,711	-	32,711

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 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

Not applicable.

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.

	Number of Issued Shares	
	30/6/10	30/6/09
Balance as at 1 January	233,550,248	233,550,248
Issue of shares	0	0
Balance as at 30 June	<u>233,550,248</u>	<u>233,550,248</u>

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 on.

There is no treasury shares as at the end of current period.

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 an equivalent standard)

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 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 financial statements for the current reporting period compared with the audited annual financial statements for the year ended 31 December 2009, except for the adoption of the new and amended Singapore Financial Reporting Standards ("FRSs") which become effective on 1 January 2010. The adoption of these new and amended FRSs did not give rise to significant changes in the financial statements.

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

Not applicable.

6. Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Earnings per Ordinary Share for the year based on net profit attributable to shareholders :-	30/6/2010	30/6/2009
i) Based on the weighted average number of ordinary shares on issue	3.15 cts	2.20 cts
ii) On a fully diluted basis	3.15 cts	2.20 cts

Note

- a. The earnings per ordinary share ("EPS") for the period ended Jun 30, 2010 has been calculated on weighted average number of ordinary shares in issue of 233,550,248 (Jun 30,2009 = 233,550,248) ordinary shares
- b. Fully diluted EPS for the period ended Jun 30, 2010 is calculated on 233,550,248 (Jun 30, 2009, Diluted EPS is calculated at 233,550,248) ordinary shares assuming all the fully exercise of employee shares option during the year and adjusting for the number of ordinary shares in issue to reflect the effect of all potentially dilutive ordinary shares.

7. Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year

	GROUP		COMPANY	
Net Asset Value Per Ordinary Share based On issued share capital at the end of the period	Jun'10	Dec'09	Jun'10	Dec'09
	42.11 cts	40.70 cts	14.01 cts	15.86 cts

Note: The net asset value per ordinary share for the period ended Jun 30, 2010 have been calculated base on the issued share capital of 233,550,248 shares (December 31, 2009: 233,550,248)

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

The Group's revenue for the first half year increased by 5.8% from \$71.0 million to \$75.1 million.

The Print-related business accounted for 75.4% of the Group's revenue and the Non-print business contributed the balance of 24.6%. In terms of geographical perspective, the Singapore operations remain the main revenue contributor accounted for 58.9% of the Group's sales. The China operations are the second largest contributor at 23.1%.

The revenue of Print-related business grew by 2.8% from \$55.5 million to S\$ 56.7million due mainly to increased demand from customers of the Indonesia and Malaysia operations. The revenue growth was pulled down by lower sales registered by both the Singapore and China entities as a result of price reduction and unfavourable foreign exchange movements. The Non-print business also registered growth in half year's revenue. It grew by 16.5% from S\$15.7million to S\$18.3million due mainly to increased transaction activities from the existing customers as well as new contributions from projects secured during the first half of this year.

The Group's net profit attributable to equity holders for the first half year rose by 43.2% from \$5.1 million to \$7.4 million.

The operating profit before tax for the Print-related business improved by 35.0% from \$4.1million for the first half of FY 2009 to \$5.6 million over the same period this year. The improvement in pre-tax operating profit was mainly attributed to the increase in revenue from

entities which managed to secure projects with better margins. Continued cost management initiatives in the areas of production shift management, headcount deployment and overtime control also resulted in better bottom line despite of the increase in staff cost and the unfavorable foreign exchange fluctuations. The operating profit before tax for the Non-print business also improved. It increased by 6.4% to \$3.4million versus \$3.2million for the same period last year. The higher profit was mainly attributed to the contribution from the increased activities and better efficiencies in running the current operations.

The Group generated \$3.9million of cash flow from operations after working capital changes. It was \$18.8million for the same period for last year. The reduction in cash flow generated from operations after working capital changes is mainly due to the longer credit terms granted to some customers, the prepayments made for machines ordered and the increase in raw materials inventory holding to counter rising material price and to meet new project's requirements. The shorter creditor turnover also added a squeeze to the cash flow.

Despite of a reduction in operating cash flow and the \$4.7million dividends paid, the Group's cash and cash equivalents as at 30th June 2010 remains healthy at approximately S\$40.2million. The Group's gearing remains low at 0.01 times.

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

The results are in line with the prospect statement that was disclosed during the full year 2009 announcement.

10. A commentary at the date of the announcement of the 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

Despite the economic recovery, there are still uncertainties for the rest of FY 2010. There is also continued price pressure from customers due to stiff competition from the region.

The Group will continue to enhance its cost management measures and productivity improvement initiatives to mitigate the increase in operating cost.

Earlier in the year, the Group had shared in the Annual Report that a potential target in China was identified. The Directors would like to announce that plans to acquire this potential target did not materialise after the due diligence process. The Group will continue to look out for strategic alliances or business acquisitions that are complementary to our business.

For the current year, barring any unforeseen circumstances, the Directors expect the Group to remain profitable.

11. Dividend (to amend accordingly)

(a) Current Financial Period Reported On

Name of dividend	:	Interim
Dividend Type	:	Cash
Dividend amount per share (in cents)	:	1 cent

(b) Corresponding Period of the Immediately Preceding Financial Year

Name of dividend	:	Interim
Dividend Type	:	Cash

Dividend amount per share (in cents) : 0.8 cent

(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

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

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

Not Applicable.

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

Not applicable.

15. A breakdown of sales

Not applicable.

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

Not applicable.

Total Annual Dividend (*Refer to Para 16 of Appendix 7.2 for the required details*)

Confirmation by the Board Pursuant to Rule (705) 4 of the Listing Manual

The Board of Directors do hereby confirm that to the best of their knowledge, nothing has come to their attention which may render the un-audited results of the Group, for the half year ending June 30, 2010, to be false or misleading.

BY ORDER OF THE BOARD
Thomas Chua Kee Seng
Chairman & Managing Director
August 13, 2010
Singapore