

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**<sup>group®</sup>

**TECKWAH INDUSTRIAL CORPORATION LTD**

**Second Quarter and Six Months Ended 30 June 2013  
Financial Statement and Dividend Announcement**

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

**1(a) An income statement and statement of comprehensive income, or a statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

Income statement	Group			Group		
	S\$'000		%	S\$'000		%
	Q2 FY2013		incr/ (decr)	6 months ended 30 Jun		incr/ (decr)
	2013	2012		2013	2012	
a Revenue	43,061	45,034	(4.4)	84,415	88,580	(4.7)
b Investment Income	-	-	-	-	-	-
c Other income including interest income :-	307	(65)	(572.3)	353	363	(2.8)
(i) (Loss) Gain on sale of available-for-sale investments, properties and/or plant & equipment included in other income	146	(95)	n.m	143	(122)	n.m
(ii) Interest Income	47	41	14.6	90	77	16.9
(iii) Other Income	114	(11)	n.m	120	408	(70.6)
d Changes in inventories of FG & WIP	(437)	(920)	(52.5)	(684)	(279)	145.2
(i) Write back (allowance) for inventories	(13)	89	n.m	(14)	110	n.m
e Raw Materials and consumables used	(13,899)	(14,453)	(3.8)	(26,973)	(30,674)	(12.1)
(i) Write back (allowance) for inventories	(245)	(59)	n.m	(497)	(63)	n.m
f Staff Costs	(10,555)	(9,815)	7.5	(20,614)	(19,732)	4.5
g Depreciation, amortisation and impairment expenses	(1,323)	(1,419)	(6.8)	(2,634)	(2,819)	(6.6)
h Interest on borrowings	(30)	(20)	50.0	(74)	(40)	85.0
i Other operating expenses :-	(14,216)	(14,575)	(2.5)	(27,145)	(27,611)	(1.7)
(i) foreign exchange gain/(loss)	(184)	96	n.m	72	(400)	n.m
(ii) Write back (allowance) for doubtful debts	1	(4)	n.m	(35)	5	n.m
j Exceptional items	-	-	-	-	-	-
k Operating profit/(loss) before income tax, non-controlling interests and extraordinary items but after interest on borrowings, depreciation and amortisation, foreign exchange gain/(loss) and exceptional items	2,908	3,767	(22.8)	6,644	7,788	(14.7)

**Income statement (continued)**

l	Loss from associated companies	-	-	-	-	-	
m	Operating profit before income tax	2,908	3,767	(22.8)	6,644	7,788	(14.7)
n	Less income tax ( indicate basis of computation)	(644)	(810)	(20.5)	(1,295)	(1,796)	(27.9)
	( i ) Adjustment for under (over) provision of tax in respect of prior periods.	-	31	(100.0)	(406)	32	(1,368.8)
o	Profit for the Period	2,264	2,957	(23.4)	5,349	5,992	(10.7)

Attributable to :-

p	Owners of the Company	2,160	2,986	(27.7)	5,188	6,032	(14.0)
q	Non-controlling Interests	104	(29)	n.m	161	(40)	n.m

**Statement of Comprehensive Income**

	Profit for the Period	2,264	2,957	(23.4)	5,349	5,992	(10.7)
	Other comprehensive income :						
	Items that may be reclassified subsequently to profit or loss						
	Foreign currency translation	1,140	341	n.m	1,400	(599)	n.m
	Other comprehensive income for the period	1,140	341	n.m	1,400	(599)	333.7
	Total comprehensive income for the period	3,404	3,298	3.2	6,749	5,393	25.1
	The comprehensive income attributable to :-						
	Owners of the Company	3,297	3,305	(0.2)	6,594	5,448	21.0
	Non-controlling Interests	107	(7)	n.m	155	(55)	n.m

Group			Group		
S\$'000		%	S\$'000		%
Q2 FY2013		incr/ (decr)	6 months ended 30 Jun		incr/ (decr)
2013	2012		2013	2012	
-	-	-	-	-	-
2,908	3,767	(22.8)	6,644	7,788	(14.7)
(644)	(810)	(20.5)	(1,295)	(1,796)	(27.9)
-	31	(100.0)	(406)	32	(1,368.8)
2,264	2,957	(23.4)	5,349	5,992	(10.7)
Attributable to :-					
2,160	2,986	(27.7)	5,188	6,032	(14.0)
104	(29)	n.m	161	(40)	n.m
Group			Group		
S\$'000		%	S\$'000		%
Q2 FY2013		incr/ (decr)	6 months ended 30 Jun		incr/ (decr)
2013	2012		2013	2012	
2,264	2,957	(23.4)	5,349	5,992	(10.7)
Other comprehensive income :					
Items that may be reclassified subsequently to profit or loss					
1,140	341	n.m	1,400	(599)	n.m
1,140	341	n.m	1,400	(599)	333.7
3,404	3,298	3.2	6,749	5,393	25.1
The comprehensive income attributable to :-					
3,297	3,305	(0.2)	6,594	5,448	21.0
107	(7)	n.m	155	(55)	n.m

**1(b)(i) Statement of financial position (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-13 \$'000	Previous 31-Dec-12 \$'000	Actual 30-Jun-13 \$'000	Previous 31-Dec-12 \$'000
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and cash equivalents	36,668	42,011	4,246	9,344
Trade and other receivables	40,367	38,892	3,220	8,441
Inventories	15,061	17,101	-	-
<b>Total current assets</b>	<b>92,096</b>	<b>98,004</b>	<b>7,466</b>	<b>17,785</b>
<b>Non-current assets:</b>				
Other assets	264	257	-	-
Joint venture	-	-	4,216	4,216
Subsidiaries	-	-	19,829	19,829
Property, plant and equipment	44,134	32,792	11,642	3,608
Land use rights	8,048	8,169	7,484	7,616
Intangible assets	88	93	88	93
Goodwill	6,691	6,691	-	-
Deferred tax assets	363	417	-	-
<b>Total non-current assets</b>	<b>59,588</b>	<b>48,419</b>	<b>43,259</b>	<b>35,362</b>
<b>Total assets</b>	<b>151,684</b>	<b>146,423</b>	<b>50,725</b>	<b>53,147</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities:</b>				
Trade and other payables	25,553	26,702	16,768	16,089
Income tax payable	2,084	3,258	28	698
Bank loans	1,050	1,026	-	-
Finance leases	583	-	-	-
<b>Total current liabilities</b>	<b>29,270</b>	<b>30,986</b>	<b>16,796</b>	<b>16,787</b>
<b>Non-current liabilities:</b>				
Bank loans	1,067	1,602	-	-
Finance leases	1,928	-	-	-
Deferred tax liabilities	1,491	1,488	135	135
<b>Total non-current liabilities</b>	<b>4,486</b>	<b>3,090</b>	<b>135</b>	<b>135</b>
<b>Capital, reserves and non-controlling interests:</b>				
Share capital	23,852	23,852	23,852	23,852
Statutory surplus reserve	1,197	939	-	-
Currency translation reserve	(261)	(1,667)	-	-
Retained earnings	92,263	88,501	9,942	12,373
<b>Equity attributable to owners of the company</b>	<b>117,051</b>	<b>111,625</b>	<b>33,794</b>	<b>36,225</b>
Non-controlling interests	877	722	-	-
<b>Total equity</b>	<b>117,928</b>	<b>112,347</b>	<b>33,794</b>	<b>36,225</b>
<b>Total liabilities and equity</b>	<b>151,684</b>	<b>146,423</b>	<b>50,725</b>	<b>53,147</b>

**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 30/6/13		As at 31/12/12	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
583	1,050	-	1,026

(b) Amount repayable after one year

As at 30/6/13		As at 31/12/12	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
1,928	1,067	-	1,602

**Details of any collateral**

The finance lease liabilities are secured by the assets under finance leases.

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

**Statement of cash flows**

	<b>Group</b>			
	<b>3 months ended 30 Jun</b>		<b>6 months ended 30 Jun</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flow from operating activities:</b>				
Profit before tax	2,908	3,767	6,644	7,788
Adjustments for :				
(Write-back of) Allowance for doubtful debts	(1)	4	35	(5)
Allowance / (reversal of allowance) for inventories	258	(30)	511	(47)
Depreciation and amortisation expense	1,323	1,419	2,634	2,819
Loss (Gain) on disposal of property, plant and equipment	(146)	96	(143)	122
Interest income	(47)	(41)	(90)	(77)
Finance costs	30	20	74	40
<b>Operating cash flows before movements in working capital</b>	<b>4,325</b>	<b>5,235</b>	<b>9,665</b>	<b>10,640</b>
Trade and other receivables and other assets	942	1,441	(1,517)	2,539
Inventories	703	303	1,529	1,916
Trade and other payables	2,930	793	(1,149)	(5,617)
<b>Cash generated from operations</b>	<b>8,900</b>	<b>7,772</b>	<b>8,528</b>	<b>9,478</b>
Interest paid	(30)	(20)	(74)	(40)
Income tax paid	(750)	(903)	(2,412)	(1,556)
<b>Net cash from operating activities</b>	<b>8,120</b>	<b>6,849</b>	<b>6,042</b>	<b>7,882</b>
<b>Cash flow from investing activities:</b>				
Interest received	47	41	90	77
Proceeds from disposal of property, plant & equipment	322	16	330	25
Purchase of property, plant & equipment	(6,718)	(1,089)	(10,862)	(2,216)
<b>Net cash used in investing activities</b>	<b>(6,349)</b>	<b>(1,032)</b>	<b>(10,442)</b>	<b>(2,114)</b>
<b>Cash flows from financing activities:</b>				
Dividends paid	(1,168)	(2,336)	(1,168)	(2,336)
Repayment of bank loans	(262)	(38)	(510)	(38)
Proceeds from bank loans	-	2,205	-	2,205
Repayment of obligations under finance leases	(114)	-	(114)	-
<b>Net cash used in financing activities</b>	<b>(1,544)</b>	<b>(169)</b>	<b>(1,792)</b>	<b>(169)</b>
Net increase (decrease) in cash and cash equivalents	227	5,648	(6,192)	5,599
Cash and cash equivalents at beginning of period	35,670	35,753	42,011	36,405
Effect of foreign exchange rate changes	771	292	849	(311)
Cash and cash equivalents at end of period	36,668	41,693	36,668	41,693

**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	Statutory	Retained	Currency	Fair	Attributable to	Non-	Total
	capital	surplus	earnings	translation	value	owners of	controlling	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2012</b>	<b>23,852</b>	-	<b>88,482</b>	<b>(1,015)</b>	-	<b>111,319</b>	<b>760</b>	<b>112,079</b>
Profit for the period net of tax	-	-	2,986	-	-	2,986	(29)	2,957
Other comprehensive income for the period	-	-	-	319	-	319	22	341
<b>Total Comprehensive Income for the period</b>	-	-	<b>2,986</b>	<b>319</b>	-	<b>3,305</b>	<b>(7)</b>	<b>3,298</b>
Dividends paid	-	-	(2,336)	-	-	(2,336)	-	(2,336)
<b>Balance at 30 June 2012</b>	<b>23,852</b>	-	<b>89,132</b>	<b>(696)</b>	-	<b>112,288</b>	<b>753</b>	<b>113,041</b>

<b>Balance at 1 April 2013</b>	<b>23,852</b>	<b>1,197</b>	<b>91,271</b>	<b>(1,398)</b>	-	<b>114,922</b>	<b>770</b>	<b>115,692</b>
Profit for the period net of tax	-	-	2,160	-	-	2,160	104	2,264
Other comprehensive income for the period	-	-	-	1,137	-	1,137	3	1,140
<b>Total Comprehensive Income for the period</b>	-	-	<b>2,160</b>	<b>1,137</b>	-	<b>3,297</b>	<b>107</b>	<b>3,404</b>
Dividends paid	-	-	(1,168)	-	-	(1,168)	-	(1,168)
<b>Balance at 30 June 2013</b>	<b>23,852</b>	<b>1,197</b>	<b>92,263</b>	<b>(261)</b>	-	<b>117,051</b>	<b>877</b>	<b>117,928</b>

COMPANY	Share	Statutory	Retained	Currency	Fair	Attributable to	Non-	Total
	capital	surplus	earnings	translation	value	owners of	controlling	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b>Balance at 1 April 2012</b>	<b>23,852</b>	-	<b>11,259</b>	-	-	<b>35,111</b>	-	<b>35,111</b>
Profit for the period net of tax	-	-	(783)	-	-	(783)	-	(783)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the period</b>	-	-	<b>(783)</b>	-	-	<b>(783)</b>	-	<b>(783)</b>
Dividends paid	-	-	(2,336)	-	-	(2,336)	-	(2,336)
<b>Balance at 30 June 2012</b>	<b>23,852</b>	-	<b>8,140</b>	-	-	<b>31,992</b>	-	<b>31,992</b>

<b>Balance at 1 April 2013</b>	<b>23,852</b>	-	<b>11,787</b>	-	-	<b>35,639</b>	-	<b>35,639</b>
Profit for the period net of tax	-	-	(677)	-	-	(677)	-	(677)
Other comprehensive income for the period	-	-	-	-	-	-	-	-
<b>Total Comprehensive Income for the period</b>	-	-	<b>(677)</b>	-	-	<b>(677)</b>	-	<b>(677)</b>
Dividends paid	-	-	(1,168)	-	-	(1,168)	-	(1,168)
<b>Balance at 30 June 2013</b>	<b>23,852</b>	-	<b>9,942</b>	-	-	<b>33,794</b>	-	<b>33,794</b>

**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	
	30/6/2013	30/6/2012
Balance as at 1 January	233,550,248	233,550,248
Issue of shares	-	-
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 are 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 2012, except that the group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after January 1, 2013. The adoption of these new/revised FRSs and INT FRSs do not result in changes to the group's and company's accounting policies and has no material effect on the amounts reported for the current or prior years.

**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**

	Group 3 months ended		Group 6 months ended	
	Jun'13	Jun'12	Jun'13	Jun'12
Earnings per Ordinary Share for the year based on net profit attributable to shareholders :-				
i) Based on the weighted average number of ordinary shares on issue (cents)	0.92	1.28	2.22	2.58
ii) On a fully diluted basis (cents)	0.92	1.28	2.22	2.58

**Note**

- a. The earnings per ordinary share ("EPS") for the period ended June 30, 2013 has been calculated on weighted average number of ordinary shares in issue of 233,550,248 (June 30, 2012 = 233,550,248) ordinary shares
- b. Fully diluted EPS for the period ended June 30, 2013 is calculated on 233,550,248 (June 30, 2012, 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	
	Jun'13	Dec'12	Jun'13	Dec'12
Net Asset Value Per Ordinary Share based On issued share capital at the end of the period	50.12 cts	47.79 cts	14.47 cts	15.51 cts

Note: The net asset value per ordinary share for the period ended June 30, 2013 have been calculated based on the issued share capital of 233,550,248 shares (December 31, 2012: 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**

#### **2Q 2013 vs 2Q 2012**

The Group's revenue for the second quarter ended 30 June 2013 decreased by 4.4%, from \$45.0m in the same period last year to \$43.1m.

The Print-related business accounted for 61.1% of the Group's revenue. Its revenue contribution declined by 6.6% from \$28.1 million to \$26.3 million as a result of the lower demand from some existing customers in Singapore operation and the cessation of operation in Shenzhen, China, during the second half of last year. The Non-print business accounted for 38.9% of the Group's total. Its revenue contribution declined slightly by 0.7% from \$16.8 million to \$16.7 million mainly due to lower demand from existing customers.

The Group's operating profit before tax for the second quarter ended 30 June 2013 declined by 22.8% from \$3.8 million in the second quarter of FY2012 to \$2.9 million.

#### **1H 2013 vs 1H 2012**

For the half year ended 30 June 2013, the Group achieved a total revenue of \$84.4 million, 4.7 % lower than the \$88.6 million achieved in the same period last year.

The Print-related business accounted for 62.1% of the Group's revenue and the Non-print business contributed the balance of 37.9%. In terms of geographical perspective, the Singapore operations continue to be the main contributor accounted for 62.6% of the Group's revenue. The China operations remain as the second largest with 22.2% contribution.

The revenue for the Print-related business declined by 7.2% from \$56.6 million to \$52.5 million while the Non-print business declined slightly by 0.2% in revenue from \$31.9 million to \$31.8 million. The decline in the Print segment revenue was mainly due to the lower demand from some existing customers in Singapore operation and the cessation of operation in Shenzhen, China, during the second half of last year. For the Non-Print Business, the slight decline was mainly due to lower demand from some existing customers.

The Group's operating profit before tax for the half year ended 30 June 2013 declined by 14.7% to \$6.6 million as compared to \$7.8 million for the same period last year. The decline is mainly attributed to lower demand from existing customers, increase in cost of operations and continuous price pressure during the period.

The operating profit before tax for the Print-related business (after allocation of corporate services expenses) declined by 5.1% from \$3.2 million to \$3.0 million. It is mainly attributed to increase in costs of operations, lower demand and continuous price pressure from some existing customers during the period.

The operating profit before tax for the Non-print business (after allocation of corporate services expenses) declined by 21.2% from \$4.6 million to \$3.7 million for the same corresponding periods. The decline in operating profit is mainly attributed to lower demand from some existing customers and a provision for scrapping of parts pertaining to a repair service program which has end of life product models. In addition, a one-off compensation from an existing customer achieved last year has resulted in higher operating profit last year.

For the six months ended 30 June 2013, the Group generated positive cash flow of \$8.5 million from operations after working capital changes. It was \$9.5 million for the same period last year. The decrease in cash flow generated from operations after working capital changes is mainly attributed to the lower profit for the period and the increase in prepayments for acquisition of new production equipment for the new manufacturing plants.

During this period, the Group invested \$10.9 million into the ongoing construction of the new factory in Singapore, the improvement works on the new plants in Iskandar, Malaysia, as well as upgrading the facilities for operations in Wuxi plants. The Group also paid out \$1.2 million of dividend with regard to FY2012. As at 30 June 2013, the Group's cash and cash equivalents amount stays at a healthy level of approximately \$36.7 million.

**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 commentary previously stated in Paragraph 10 of the announcement for the full year FY 2012.

**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**

The global economic outlook remains uncertain. The stiff competition in the region continues to put pressure on pricing and the rising operating cost would further squeeze our margins. The Group will continue to enhance its cost management measures and productivity improvement initiatives and to seek new upstream activities to widen revenue source to mitigate the increase in operating cost.

Barring any unforeseen circumstances, the Directors expect the Group to remain profitable for the current year.

**11. Dividend (to amend accordingly)**

***(a) Current Financial Period Reported On  
Any dividend declared for the current financial period reported on?***

Name of dividend	:	Interim
Dividend Type	:	Cash
Dividend amount per share (in cents)	:	0.5 cent

***(b) Corresponding Period of the Immediately Preceding Financial Year  
Any dividend declared for the corresponding period of the immediately preceding financial year?***

Name of dividend	:	Interim
Dividend Type	:	Cash
Dividend amount per share (in cents)	:	1.0 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

**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.**

The company did not obtain a general mandate from shareholders for IPTs.

**14. Confirmation Pursuant to Rule 705(5) 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 six months ending June 30, 2013, to be false or misleading.

**BY ORDER OF THE BOARD  
Thomas Chua Kee Seng  
Chairman & Managing Director  
August 12, 2013  
Singapore**