

**Half Year Financial Statements for the Period Ended 30 June 2008**
**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2, Q3), HALF-YEAR AND FULL YEAR RESULTS**
**1(a) An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>The Group</b>		Change %
	6 months ended 30-Jun-08 \$'000	6 months ended 30-Jun-07 \$'000	
<b>Revenue</b>	<b>41,075</b>	<b>33,939</b>	21.0%
<b>Cost of sales</b>	<b>(33,467)</b>	<b>(27,644)</b>	21.1%
<b>Gross profit</b>	<b>7,608</b>	<b>6,295</b>	20.9%
Other operating income	292	3,822	-92.4%
Distribution and selling expenses	(2,299)	(1,973)	16.5%
General and administrative expenses	(2,714)	(2,785)	-2.5%
Other operating expenses	(36)	(886)	-95.9%
Finance costs	(362)	(240)	50.8%
<b>Profit before tax</b>	<b>2,489</b>	<b>4,233</b>	-41.2%
Income tax (expense)/credit	(641)	522	N.M.
<b>Profit for the period</b>	<b>1,848</b>	<b>4,755</b>	-61.1%
<b>Attributable to:</b>			
<b>Equity holders of the parent</b>	<b>1,891</b>	<b>4,782</b>	-60.5%
<b>Minority interests</b>	<b>(43)</b>	<b>(27)</b>	59.3%
	<b>1,848</b>	<b>4,755</b>	

**Note on profit before tax**

Profit before tax is determined after charging/(crediting) the following:

Interest income from fixed deposit and others	(107)	(57)
Interest expense on loans and borrowings	345	219
Dividend income received from investment securities	(16)	-
Depreciation of property, plant and equipment	1,386	1,665
Property, plant and equipment written off	3	-
Impairment loss on property, plant and equipment	-	748
Bad trade debts written off	-	3
(Write back)/allowance for doubtful trade receivables	(53)	130
(Write back)/allowance for stock obsolescence	(14)	1
Net gain on foreign exchange	(23)	(48)
Write back of impairment loss of club membership	-	(8)
Amortisation of club membership	2	-
Amortisation of deferred capital grants	(1)	-
Net loss/(gain) on disposal of property, plant and equipment	10	(3,684)

**Taxation**

Current period income tax	709	1,654
(Over)/underprovision of income tax in respect of prior years	(10)	22
Current period deferred tax	(58)	(896)
Overprovision of deferred tax in respect of prior years	-	(244)
Reversal of deferred tax liabilities on revaluation upon disposal of leasehold building	-	(1,058)
	<b>641</b>	<b>(522)</b>

**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**

	The Group		The Company	
	As at 30-Jun-08 \$'000	As at 31-Dec-07 \$'000	As at 30-Jun-08 \$'000	As at 31-Dec-07 \$'000
<b>Non-current assets</b>				
Property, plant and equipment	34,175	34,416	1,976	2,177
Investment in subsidiaries	-	-	12,122	12,122
Intangible assets	652	654	44	45
Investment securities	1,133	1,113	1,133	1,113
Loans to subsidiaries	-	-	7,405	7,572
	<b>35,960</b>	<b>36,183</b>	<b>22,680</b>	<b>23,029</b>
<b>Current assets</b>				
Inventories	9,359	10,915	3,310	3,124
Trade receivables	17,217	18,119	3,161	2,905
Other receivables & deposits	2,230	1,194	690	62
Prepaid operating expenses	416	253	156	152
Loan to a subsidiary	-	-	720	720
Amounts due from subsidiaries (non-trade)	-	-	597	527
Cash and bank balances	6,786	8,889	892	1,715
Fixed deposits	9,000	10,000	9,000	10,000
	<b>45,008</b>	<b>49,370</b>	<b>18,526</b>	<b>19,205</b>
<b>Current liabilities</b>				
Trade & other payables	7,239	8,827	913	1,094
Bills payable to banks	6,549	15,479	-	66
Loans and borrowings	10,751	6,523	-	-
Other liabilities	2,300	2,602	1,359	1,723
Deferred capital grants	3	3	-	-
Income tax payable	1,598	2,032	1,250	1,733
	<b>28,440</b>	<b>35,466</b>	<b>3,522</b>	<b>4,616</b>
<b>Net current assets</b>	<b>16,568</b>	<b>13,904</b>	<b>15,004</b>	<b>14,589</b>
<b>Non-current liabilities</b>				
Deferred tax liabilities	1,576	1,630	297	334
Deferred capital grants	90	72	-	-
Loans and borrowings	509	-	-	-
	<b>2,175</b>	<b>1,702</b>	<b>297</b>	<b>334</b>
<b>Net assets</b>	<b>50,353</b>	<b>48,385</b>	<b>37,387</b>	<b>37,284</b>
<b>Equity attributable to equity holders of the parent</b>				
Share capital	31,440	31,440	31,440	31,440
Accumulated profits	8,842	7,146	6,117	6,034
Capital reserve	3,745	3,745	-	-
Reserve fund	1,517	1,322	-	-
Asset revaluation reserve	3,785	3,785	-	-
Fair value adjustment reserve	(170)	(190)	(170)	(190)
Foreign currency translation reserve	308	211	-	-
	<b>49,467</b>	<b>47,459</b>	<b>37,387</b>	<b>37,284</b>
Minority interests	886	926	-	-
<b>Total equity</b>	<b>50,353</b>	<b>48,385</b>	<b>37,387</b>	<b>37,284</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities  
Amount repayable in one year or less, or on demand**

As at 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
17,300	-	21,936	66

**Amount repayable after one year**

As at 30/06/2008		As at 31/12/2007	
Secured	Unsecured	Secured	Unsecured
509	-	-	-

**Details of any collateral:**

(a) The Group's bank loans are secured by the leasehold land, certain leasehold building and certain plant and machinery of the subsidiaries with total net book value of approximately \$26.1 million, and cash and bank balances of \$1.7 million.

(b) Outstanding obligations under finance lease of \$0.8 million, are secured by plant and equipment with carrying amount of \$0.8 million.

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

	<b>The Group</b>	
	6 months ended 30-Jun-08 \$'000	6 months ended 30-Jun-07 \$'000
<b>Operating activities</b>		
Profit before tax	2,489	4,233
Adjustments for:		
Amortisation of deferred capital grant	(1)	-
Depreciation of property, plant and equipment	1,386	1,665
Property, plant and equipment written off	3	-
Impairment loss on property, plant and equipment	-	748
Net loss/(gain) on disposal of property, plant and equipment	10	(3,684)
Write back of impairment loss of club membership	-	(8)
Amortisation of club membership	2	-
Bad trade debts written off	-	3
(Write back)/allowance for doubtful trade receivables	(53)	130
(Write back)/allowance for inventories obsolescence	(14)	1
Dividend income from investment securities	(16)	-
Interest expense	345	219
Interest income	(107)	(57)
Net effect of exchange differences	6	(50)
<b>Operating cash flows before changes in working capital</b>	<b>4,050</b>	<b>3,200</b>
Decrease/(increase) in inventories	1,570	(821)
Increase in trade and other receivables, prepayments and deposits	(244)	(3,252)
Decrease in trade and other payables and other liabilities	(10,801)	(3,407)
<b>Cash flows used in operations</b>	<b>(5,425)</b>	<b>(4,280)</b>
Interest paid	(345)	(219)
Income tax paid	(1,134)	(843)
<b>Net cash flows used in operating activities</b>	<b>(6,904)</b>	<b>(5,342)</b>
<b>Investing activities</b>		
Interest received	107	57
Dividend received	16	-
Purchase of property, plant and equipment	(1,855)	(3,059)
Proceeds from disposal of property, plant and equipment	795	11,933
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(937)</b>	<b>8,931</b>
<b>Cash flows from financing activities</b>		
Proceeds from loans and borrowings	11,358	6,333
Repayment of loans and borrowings	(6,621)	(5,679)
Decrease in pledge cash & bank balances	2,979	1,796
Capital contribution from a minority shareholder of a subsidiary company	-	274
Dividend paid	-	(967)
<b>Net cash flows generated from financing activities</b>	<b>7,716</b>	<b>1,757</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(125)</b>	<b>5,346</b>
Cash and cash equivalents at beginning of period	14,242	8,869
<b>Cash and cash equivalents at end of period</b>	<b>14,117</b>	<b>14,215</b>
<b>Cash and cash equivalents at end of period comprise of:-</b>		
Fixed deposits	9,000	11,000
Cash and bank balances	6,786	5,121
	<b>15,786</b>	<b>16,121</b>
Cash and bank balances pledged as security for bills payables	(1,669)	(1,906)
	<b>14,117</b>	<b>14,215</b>

**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	Accumulated profits	Capital reserve	Reserve fund	Assets revaluation reserve	Fair value adjustment reserve	Foreign currency translation reserve	Total reserves	Minority interests	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Group</b>										
<b>Opening balance at 1/1/2007</b>	<b>31,440</b>	<b>3,677</b>	<b>3,745</b>	<b>1,089</b>	<b>4,599</b>	<b>(192)</b>	<b>(59)</b>	<b>12,859</b>	<b>768</b>	<b>45,067</b>
Net change in fair value adjustment reserve	-	-	-	-	-	192	-	192	-	192
Net effect of exchange differences	-	-	-	-	-	-	778	778	26	804
Reversal of assets revaluation reserve upon disposal of leasehold building	-	806	-	-	(806)	-	-	-	-	-
Net income recognised directly in equity	-	806	-	-	(806)	192	778	970	26	996
Profit for the period	-	4,782	-	-	-	-	-	4,782	(27)	4,755
Total recognised income and expenses for the period	-	5,588	-	-	(806)	192	778	5,752	(1)	5,751
Capital contribution arising from additional investment in a subsidiary company	-	-	-	-	-	-	-	-	274	274
Dividends on ordinary shares	-	(967)	-	-	-	-	-	(967)	-	(967)
Appropriation to statutory reserve fund	-	(90)	-	90	-	-	-	-	-	-
<b>Closing balance at 30/6/2007</b>	<b>31,440</b>	<b>8,208</b>	<b>3,745</b>	<b>1,179</b>	<b>3,793</b>	<b>-</b>	<b>719</b>	<b>17,644</b>	<b>1,041</b>	<b>50,125</b>
<b>Opening balance at 1/1/2008</b>	<b>31,440</b>	<b>7,146</b>	<b>3,745</b>	<b>1,322</b>	<b>3,785</b>	<b>(190)</b>	<b>211</b>	<b>16,019</b>	<b>926</b>	<b>48,385</b>
Net change in fair value adjustment reserve	-	-	-	-	-	20	-	20	-	20
Net effect of exchange differences	-	-	-	-	-	-	97	97	3	100
Net income recognised directly in equity	-	-	-	-	-	20	97	117	3	120
Profit for the period	-	1,891	-	-	-	-	-	1,891	(43)	1,848
Total recognised income and expenses for the period	-	1,891	-	-	-	20	97	2,008	(40)	1,968
Appropriation to statutory reserve fund	-	(195)	-	195	-	-	-	-	-	-
<b>Closing balance at 30/6/2008</b>	<b>31,440</b>	<b>8,842</b>	<b>3,745</b>	<b>1,517</b>	<b>3,785</b>	<b>(170)</b>	<b>308</b>	<b>18,027</b>	<b>886</b>	<b>50,353</b>
<b>Company</b>										
<b>Opening balance at 1/1/2007</b>	<b>31,440</b>	<b>1,535</b>	<b>-</b>	<b>-</b>	<b>822</b>	<b>(192)</b>	<b>-</b>	<b>2,165</b>	<b>-</b>	<b>33,605</b>
Net change in fair value adjustment reserve	-	-	-	-	-	192	-	192	-	192
Reversal of assets revaluation reserve upon disposal of leasehold building	-	806	-	-	(806)	-	-	-	-	-
Net income recognised directly in equity	-	806	-	-	(806)	192	-	192	-	192
Profit for the period	-	4,624	-	-	-	-	-	4,624	-	4,624
Total recognised income and expenses for the period	-	5,430	-	-	(806)	192	-	4,816	-	4,816
Dividends on ordinary shares	-	(967)	-	-	-	-	-	(967)	-	(967)
<b>Closing balance at 30/6/2007</b>	<b>31,440</b>	<b>5,998</b>	<b>-</b>	<b>-</b>	<b>16</b>	<b>-</b>	<b>-</b>	<b>6,014</b>	<b>-</b>	<b>37,454</b>
<b>Opening balance at 1/1/2008</b>	<b>31,440</b>	<b>6,034</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(190)</b>	<b>-</b>	<b>5,844</b>	<b>-</b>	<b>37,284</b>
Net change in fair value adjustment reserve	-	-	-	-	-	20	-	20	-	20
Net income recognised directly in equity	-	-	-	-	-	20	-	20	-	20
Profit for the period	-	83	-	-	-	-	-	83	-	83
Total recognised income and expenses for the period	-	83	-	-	-	20	-	103	-	103
<b>Closing balance at 30/6/2008</b>	<b>31,440</b>	<b>6,117</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(170)</b>	<b>-</b>	<b>5,947</b>	<b>-</b>	<b>37,387</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 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**

The total number of issued share excluding treasury shares as at end of the current financial reporting period and as at end of the immediately preceding financial year was 157,200,000 shares. The Company does not have any treasury shares as at 30 June 2008.

**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.**

	As at 30/6/2008	As at 31/12/2007
Total number of issued shares	157,200,000	157,200,000

**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 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 and equivalent standard)**

The figures have neither been audited nor reviewed by 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 accounting period as compared to the audited financial statements for the year ended 31 December 2007, except for the adoption of the new or revised Financial Reporting Standards ("FRS"); and Interpretation Financial Reporting Standards (INT FRS) which came into effect from 1 January 2008. The adoption of new or revised FRS & INT FRS that are applicable for the current financial year has no material effect on the financial statement.

**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**

	<u>30-Jun-08</u>	<u>30-Jun-07</u>
Basic earnings per ordinary share (in cents)	1.20	3.04
Diluted earnings per ordinary share (in cents)	1.20	3.04

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

	<b>The Group</b>		<b>The Company</b>	
	<u>30-Jun-08</u>	<u>31-Dec-07</u>	<u>30-Jun-08</u>	<u>31-Dec-07</u>
Net asset value per ordinary share based on no. of ordinary share of the Company (in cents)	31.47	30.19	23.78	23.72

**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**

Group turnover for the financial period ended 30 June 2008 increased by \$7.1 million or 21% from \$33.9 million to \$41.1 million as compared to the previous corresponding period. This was mainly due to the continuous sales growth in both Singapore & China markets. The increase in selling price has partly contributed to the increase in turnover.

Costs of sales for the Group increased by \$5.8 million or 21% which is mainly due to higher material cost and the increase in property cost as a result of the sale and lease back of property on 25 June 2007. The rising labour costs also contributed to the general increase in the Group's cost of sales. As a result of the above, the Group managed to maintain its gross profit margin compared to the previous corresponding period.

Other operating income decreased by \$3.5 million mainly due to the one-off gain on disposal of leasehold property arising from the sale and lease back of leasehold property of the Company in the previous corresponding period.

Increase in distribution and selling expenses is in line with the increase in turnover. Decrease in general and administrative expenses was mainly due to decrease in administrative expenses of Singapore operation and one time charges of \$0.1 million expenses relate to tenancy agreement which were incurred in previous corresponding period.

Other operating expenses decreased by \$0.9 million mainly due to impairment loss of fixed assets amounting to \$0.7 million of a China subsidiary in the previous corresponding period.

There were additional loans taken up during the current financial period to finance the expansions of the China subsidiaries. As a result, finance expenses increased by \$0.1 million.

Excluding the one time impairment loss of fixed assets of \$0.7 million and gain on disposal of property, plant and equipment of \$3.7 million which were incurred in the previous corresponding period, profit before tax for the previous corresponding period would have been \$1.2 million. On this basis, profit before tax for the financial period ended 30 June 2008, of \$2.5 million would be \$1.3 million higher as compared to the previous corresponding period.

The turnaround from the tax credit to tax expense is mainly due to reversal of deferred tax liabilities on the revaluation of property upon its disposal in the previous corresponding financial period.

**(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

The significant increase in other debtors and deposits is mainly due to the deposit paid for the purchase of business, fixed assets and stocks of United Paper Industries Pte Ltd.

As a result of re-deployment of funds for working capital purpose, the Group reduced its cash and cash equivalent by \$3.1 million; reduced its bills payable to bank by \$8.9 million and increased its bank loans by \$4.7 million.

The lower inventories, trade receivables and trade payables recorded as at 30 June 2008 as compared to 31 December 2007 were mainly due to seasonal fluctuation.

**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 our results announcement dated 21 February 2008.

**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 management expects that both Singapore and China operations will enjoy a steady sales growth despite the increasing pressure on material cost.

As announced to SGX-ST on 6 June 2008, 15 July 2008 and 21 July 2008, the Company entered into a conditional sale and purchase agreement for acquiring the business, fixed assets and stocks of United Paper Industries Pte Ltd, a company incorporated in Singapore and manufacturer of corrugated paper packaging products. The proposed acquisition was completed on 21 July 2008. The proposed acquisition is in line with the expansion plan of the Group and will strengthen its market position and enlarge its market share. As a result of this acquisition, the Group will be able to enjoy the benefits of economies of scale.

**11. Dividend****(a) Current Financial Period Reported On**

Any dividend recommended for the current financial year reported on Nil

Name of Dividend	Not applicable
Dividend Type	Not applicable
Dividend Amount Per Share	Not applicable
Tax Rate	Not applicable

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

Name of Dividend	Special dividend
Dividend Type	Cash
Dividend Amount Per Share	1.5 cents per ordinary share (less tax)
Tax Rate	18%

**(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 has been declared and recommended for the period under review.

**13. Negative assurance confirmation**

The Board of Directors have confirmed that, to the best of their knowledge, nothing of material impact has come to their attention which may render these interim financial results of the Group and the Company to be false or misleading.

**BY ORDER OF THE BOARD**

Loh See Moon  
Managing Director  
8 August 2008