



天 美

**Techcomp (Holdings) Limited**

天美(控股)有限公司\*

(incorporated in Bermuda with limited liability)

Hong Kong Stock Code: 1298

Singapore Stock Code: T43

# Better Science for a **Brighter Future**

Interim Report 2012



\* for identification purpose only



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# CORPORATE INFORMATION

## **Board of Directors**

Lo Yat Keung  
(President & Executive Director)  
Chan Wai Shing  
(Vice President & Executive Director)  
Xu Guoping  
(Executive Director)  
Ho Yew Yuen  
(Independent Non-executive Director)  
Seah Kok Khong, Manfred  
(Independent Non-executive Director)  
Teng Cheong Kwee  
(Independent Non-executive Director)

## **Nomination Committee**

Seah Kok Khong, Manfred  
(Chairman)  
Ho Yew Yuen  
Teng Cheong Kwee

## **Remuneration Committee**

Teng Cheong Kwee  
(Chairman)  
Ho Yew Yuen  
Seah Kok Khong, Manfred

## **Audit Committee**

Ho Yew Yuen  
(Chairman)  
Seah Kok Khong, Manfred  
Teng Cheong Kwee

## **Joint Company Secretaries**

Chan C.P. Grace  
Sin Sheung Nam Gilbert  
Wong Wai Han (practising solicitor,  
appointed on 29 February 2012)

## **Bermuda Resident Representative and Assistant Secretary**

Appleby Corporate Services  
(Bermuda) Ltd  
Canon's Court  
22 Victoria Street, Hamilton HM 12  
Bermuda

## **Registered Office**

Canon's Court, 22 Victoria Street  
Hamilton HM, 12 Bermuda  
Bermuda Company Registration  
Number 34778

## **Head office and principal place of business in Hong Kong**

6/F., Mita Center  
552-566 Castle Peak Road  
Kwai Chung, Kowloon, Hong Kong

## **Singapore Share Transfer Agent**

M & C Services Private Limited  
138 Robinson Road  
#17-00 The Corporate Office  
Singapore 068906

## **Hong Kong Branch Share Registrar and Transfer Office**

Tricor Investor Service Limited  
26th Floor, Tesbury Centre  
28 Queen's Road East  
Wanchai  
Hong Kong

## **Auditors**

Deloitte & Touche LLP  
Public Accountants and Certified Public  
Accountants  
6 Shenton Way  
#32-00 DBS Building Tower Two  
Singapore 068809

## **Partner-in-charge**

Mr Chua How Kiat  
(Appointed with effect from the financial  
year ended 31 December 2010)

## **Hong Kong Legal Adviser**

Lister Lo Lui & Choy  
(In association with Edwards Wildman  
Palmer)  
Room 2703  
27th Floor, The Center  
99 Queen's Road Central  
Hong Kong

## **Listing Information**

The Stock Exchange of Hong Kong Limited  
Stock Code: 1298  
Singapore Exchange Securities Limited  
Stock Code: T43

# MANAGEMENT DISCUSSION AND ANALYSIS

## (I) BUSINESS REVIEW

For the six months ended 30 June 2012 (“HY2012”), our revenue for distribution business increased 12.5% to US\$45.8 million from US\$40.7 million for the six months ended 2011 (“HY2011”) mainly due to the increase in revenue in PRC. Despite the growth in revenue for distribution business in HY2012, the segment results from distribution business decreased 27.1% to US\$0.8 million due to lower gross margin for the period as the appreciation of Japanese Yen adversely affected the cost of goods imported from Japan for the distribution business.

Our manufacturing business increased 11.4% to US\$22.4 million for the six months ended 30 June 2012 from US\$20.1 million for the six months ended 30 June 2011. The division benefited from the revenue growth in PRC for our products and the consolidation of a newly acquired subsidiary. However, the segment results from manufacturing business decreased 25.0% to US\$0.3 million in HY2012 from US\$0.4 million in HY2011. This was attributed to the lower selling price in European market.

During the period, the Company acquired the remaining 20% interests in Precisa and a 56% interest in IXRF, a company incorporated in United States of America. These acquisitions are expected to further strengthen the Group’s global presence in the industry.

The profit attributable to the owners of the Company was US\$1.1 million for HY2012, representing an increase of 86.6% as compared with US\$0.6 million in HY2011. There were non-recurring expenses of US\$0.8 million in connection with the Company’s dual primary listing of its shares in SEHK in HY2011 whereas no such expense was incurred in HY2012.

## (II) FINANCIAL REVIEW

### Revenue

Revenue in the second quarter of 2012 (“2Q2012”) increased by 8.3% to US\$41.2 million from US\$38.1 million in the second quarter of 2011 (“2Q2011”). As a result, revenue in HY2012 increased by 12.2% to US\$68.2 million from US\$60.8 million in HY2011 due to the PRC market growth for our products in both distribution and manufacturing business. The sales of our products in PRC increased by US\$5.6 million (12.0%) from US\$46.8 million in HY2011 to US\$52.4 million in HY2012.

### Cost of sales

In tandem with the revenue growth in both distribution and manufacturing business, cost of sales in HY2012 increased by 13.8% to US\$48.1 million from US\$42.3 million in HY2011 whereas that in 2Q2012 increased by 12.0% to US\$29.3 million from US\$26.1 million in 2Q2011.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (II) FINANCIAL REVIEW (CONTINUED)

### **Gross profit and gross profit margin**

Gross profit in HY2012 increased by 8.5% to US\$20.1 million from US\$18.6 million in HY2011 resulting from the growth in revenue of the Group. The overall gross profit margin achieved in HY2012 decreased by 1.0 percentage points to 29.5% compared with 30.5% in HY2011. The decrease was primarily due to the appreciation of the Japanese Yen which increased the cost of the products sold and more pricing support for promotion of products in Europe.

### **Other operating (expenses) income**

Net other operating expenses in HY2012 decreased by 80.0% to US\$0.1 million from US\$0.5 million in HY2011 as there was US\$0.8 million incurred in connection with the Company's dual primary listing of its shares in the SEHK in HY2011 and no such expense was incurred in HY2012. The decrease was partially set-off by the increase of net foreign exchange loss by US\$0.2 million in HY2012.

### **Distribution costs**

Distribution costs in 2Q2012 increased 4.8% to US\$3.9 million whereas that in HY2012 increased 13.4% to US\$7.6 million, due to the increase in sales and marketing activities during the period.

### **Administrative expenses**

Administrative expenses in HY2012 increased 5.0% to US\$10.8 million mainly attributable to the growth of business activities during the period.

### **Finance costs**

Finance costs in HY2012 increased 93.9% to US\$0.7 million, mainly due to higher average balances of bank borrowings and interest rates during the period.

### **Profit before income tax**

Profit before income tax increased US\$0.3 million from US\$0.6 million in HY2011 to US\$0.9 million in HY2012 due to the business growth.

### **Income tax expenses**

Income tax expenses decreased by US\$95,000 from US\$143,000 in HY2011 to US\$48,000 in HY2012 mainly due to under-provision of income tax of US\$80,000 in prior years in HY2011.

### **Profit for the period**

In view of the above, profit for the period increased US\$0.4 million from US\$0.5 million in HY2011 to US\$0.9 million in HY2012.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (II) FINANCIAL REVIEW (CONTINUED)

### **Properties, plant and equipment**

Properties, plant and equipment comprise leasehold properties, machinery and equipment, furniture and fixtures and motor vehicles. The balance increased by US\$0.1 million from US\$12.3 million as at 31 December 2011 to US\$12.4 million as at 30 June 2012.

### **Intangible assets**

Intangible assets comprise development costs incurred for the manufacture of analytical instruments and payments made to acquire technical know-how. The development costs and technical know-how have finite useful lives and are amortised on a straight line basis over their estimated useful lives. The balance increased by US\$1.3 million from US\$6.1 million as at 31 December 2011 to US\$7.4 million as at 30 June 2012 mainly due to the addition of US\$1.2 million arising from acquisition of a subsidiary during the period .

### **Inventories**

The inventories increased by US\$7.9 million from US\$32.0 million as at 31 December 2011 to US\$39.9 million as at 30 June 2012, which was mainly due to the level of inventory of raw materials and finished goods stocked up to meet the expected increase in manufacturing and distribution activities.

### **Trade and other receivables**

The trade and other receivables decreased by US\$5.3 million from US\$65.9 million as at 31 December 2011 to US\$60.6 million as at 30 June 2012 as there was seasonal pattern in our business where higher portion of sales were realized in second half of the year, particularly in the last quarter of the year.

### **Trade and other payables**

The trade and other payables increased by US\$5.3 million from US\$27.4 million as at 31 December 2011 to US\$32.7 million as at 30 June 2012 mainly due to the increase in business volume.

### **Cash and bank balances**

Cash and bank balances increased by US\$1.6 million from US\$8.5 million as at 31 December 2011 to US\$10.1 million as at 30 June 2012 mainly due to the net cash inflow in operating and financing activities of US\$2.0 million and US\$2.6 million respectively, which were partially offset by the net cash outflow from investing activities of US\$4.5 million.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (II) FINANCIAL REVIEW (CONTINUED)

### LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

As at 30 June 2012, the Group's net current assets stood at US\$46.4 million (31 December 2011: US\$50.4 million), of which the cash and bank balances were US\$10.1 million (31 December 2011: US\$8.5 million). The Group's current ratio was 1.7 (31 December 2011: 1.9).

Total bank borrowings were US\$38.0 million (31 December 2011: US\$30.9 million). The Group's gearing ratio as at 30 June 2012 was 60.3% (31 December 2011: 46.9%), which is calculated based on the Group's total interest-bearing debts over the total equity. The Group adopts centralized financing and treasury policies in order to ensure that group financing is managed efficiently. The Group also regularly monitors its liquidity requirements, its compliance with lending covenants and its relationship with bankers to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and long term.

## (III) PROSPECTS

According to Strategic Direct International Inc. ("SDI"), the global scientific equipment industry ("SE") is expected to have a 2012 sales of US\$43.9 billion. Although small in comparison to other health industries such as pharmaceuticals, the SE sector provides a relatively non-cyclical and stable annual growth supported mainly by government funded industries and projects.

In addition, according to SDI, the 2007-2012F Compound Annual Growth Rate ("CAGR") of the global SE sector is expected to grow at 4.0% annually, while the Asia Pacific (excluding Japan and PRC) is forecast to reach a CAGR of 6.3%. The PRC remains the fastest growing country in the world for the SE market with sales CAGR of 8.9% and it is expected that the PRC's SE sector will continue to outpace global trend given strong government support. The increasing demand of SE will support the growth of major industries and the annual growth rate of the PRC's SE market is expected to remain around 8% until 2014 forecast.

In view of the above, the Group expects continuing growth in demand for its products from the PRC, which is regarded as its core market, and other emerging markets in Asia such as India and Indonesia. The Group believes that trading condition will remain challenging. That notwithstanding, the Group will continue to leverage on its low cost manufacturing base in the PRC to achieve cost savings and operational synergy for its operations in Europe.

The strong exchange rate of Japanese Yen against USD has adversely affected the cost of goods imported from Japan for the distribution business. Any further appreciation of the Japanese Yen against the USD will impair the Group's distribution segment gross margin.



# MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) DISCLOSURE OF INTERESTS

### SHARE CAPITAL AND SHARE OPTIONS SCHEMES

Details of the movements in the issued share capital of the Company and share options scheme during the period are set out in note 12 and 13 to the condensed consolidated financial statements.

The following are participants who received 5% or more of the total number of ordinary share options available under the Schemes:

Name of participant	Options granted during the period	Aggregate options granted since commencement to Scheme to end of the financial period	Aggregate options exercised since commencement to Scheme to end of the financial period	Aggregate options cancelled/lapsed since commencement to Scheme to end of the financial period	Aggregate options outstanding as at end of the financial period
Chan Wai Shing*	–	2,500,000	–	–	2,500,000
Xu Guoping*	–	2,500,000	–	–	2,500,000
Sin Sheung Nam, Gilbert	–	2,020,000	–	–	2,020,000

\* Chan Wai Shing and Xu Guoping are the only directors of the Company participating Share Option Scheme.

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Listing Manual of SGX-ST (the ("Listing Manual"))).

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS INTERESTS IN SHARES, UNDERLYING SHARES AND DEBENTURES

At 30 June 2012, the interests and short position of the Directors and the chief executive of the Company and their associates in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")), which have been notified to the Company and the SEHK pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified ("Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on SEHK (the "SEHK Listing Rules") to the Company and the SEHK pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers, were as follows:

# MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) DISCLOSURE OF INTERESTS (CONTINUED)

### Long position

(a) Ordinary shares of US\$0.05 each of the Company ("Shares")

Name of Director	At 30 June 2012		
	Directly beneficially owned	Through spouse	Approximate percentage of the issued share capital of the Company
Lo Yat Keung	104,956,500	7,500,000*	48.37
Chan Wai Shing	9,720,000	—	4.18
Xu Guoping	9,870,000	—	4.25
Ho Yew Yuen	300,000	—	0.13

\* Held in the name of his spouse, Yung Yat

### SHARE CAPITAL AND SHARE OPTIONS SCHEMES

(b) Share options of the Company ("Share Options")

Name of Director	Aggregate options outstanding as at end of the financial period
Chan Wai Shing	2,500,000
Xu Guoping	2,500,000

There are no options granted to any of the Company's controlling shareholders or their associates (as defined in the Listing Manual of SGX-ST).

Save as disclosed above, as at 30 June 2012, none of the Directors and chief executive of the Company nor their associates had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the SEHK pursuant to the Model Code.

### SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2012, so far as known to the Directors or chief executive of the Company, the register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows, other than the interests disclosed and short positions above in respect of certain Directors, the following shareholders had notified the Company of their relevant interests in the shares and underlying shares of the Company:

# MANAGEMENT DISCUSSION AND ANALYSIS

## (IV) DISCLOSURE OF INTERESTS (CONTINUED)

### Interest in shares of the Company (Long position)

(a) Ordinary shares of US\$0.05 each of the Company ("Shares")

Name	At 30 June 2012		
	Capacity and nature of interests	Number of issued Shares held	Approximate percentage of the issued share capital of the Company
Kabouter Management, LLC	Beneficial owner	25,384,000	10.92

Other than as disclosed above, the Company has not been notified of any other relevant interests or short positions in the issued share capital of the Company as at 30 June 2012.

## (V) SUPPLEMENTARY INFORMATION

### PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the period, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed securities on the SEHK and SGX.

### AUDIT COMMITTEE

The Audit Committee has reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2012, including the review of the accounting principles and practices adopted by the Group, and has also discussed auditing, internal control and financial reporting matters. The Audit Committee has no disagreement with the accounting principles, treatments and practices adopted by the Group.

### COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Company recognizes the importance of good corporate in governance and accountability to shareholders. The Board believes that the Company and all its stakeholders can benefit from such practice and management culture. Therefore, the Company continuously reviews its corporate governance practice to comply, where applicable, with the principles and guidelines of the Code of Corporate Governance 2012 (the "Singapore Code") issued by the Council Corporate Disclosure and Governance, Singapore and the Code on Corporate Governance Practices (the "Hong Kong Code") contained in Appendix 14 of the Rules Governing the Listing of Securities on the SEHK.

# MANAGEMENT DISCUSSION AND ANALYSIS

## (V) SUPPLEMENTARY INFORMATION (CONTINUED)

In the opinion of the Directors, the Company has complied with the applicable code provisions of the Hong Kong Code throughout the period ended 30 June 2012, except for a deviation from Code Provision A.2.1 of the Hong Kong Code which is explained below:

Accordingly to Code Provision A.2.1 of the Hong Kong Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Given the size of the Company's current business operations and nature of its activities, the Board is of the view that it is not necessary to separate the roles of the Chairman and Chief Executive Officer. In addition, three out of six directors are independent non-executive Directors, and that each of the three Board Committees is chaired by an independent director and comprises members who are all independent directors, the Board is of the view that there is an appropriate balance of power within the Board, and that there is no undue concentration of power and authority in a single individual. As such, the Company considers that sufficient measures have been taken to ensure the Company's corporate governance practices are in line with those in the Code.

### TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code, the Board confirms, having made specific enquiries with all Directors that during the period ended 30 June 2012, all members of the Board have complied with the required standards of the Model Code.

### EMPLOYEES AND EMOLUMENT POLICY

As at 30 June 2012, there were 883 (31 December 2011: 882) employees in the Group. Staff remuneration packages are determined after consideration of market conditions and the performance of the individuals concerned, and are subject to review from time to time. The Group also provides other staff benefits including medical and life insurance, and grants discretionary incentive bonuses and share options to eligible staff based on their performance and contributions to the Group.

### DISCLOSURE ON THE WEBSITE OF THE EXCHANGES

The interim report shall be published on the website of the SEHK, SGX and on the Company's website.

### DISCLOSURE PURSUANT TO RULE 920(1)(a)(ii) SGX LISTING MANUAL

No mandate from shareholders has been obtained for Interested Person Transactions.

By Order of the Board  
**Techcomp (Holdings) Limited**  
**Lo Yat Keung**  
Chairman

# FINANCIAL STATEMENTS

## RESULTS

The board of directors (the “Board”) of Techcomp (Holdings) Limited (the “Company”) is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively referred to as the “Group”) for the six months ended 30 June 2012 together with the comparative figures as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		6 months ended 30 June	
		2012	2011
	Note	US\$'000	US\$'000
<b>Revenue</b>	3	68,232	60,811
Cost of sales		(48,087)	(42,251)
<b>Gross profit</b>		20,145	18,560
Other operating (expenses) income		(68)	(516)
Distribution costs		(7,588)	(6,692)
Administrative expenses		(10,762)	(10,247)
Share of results of an associate		(181)	(132)
Finance costs	5	(634)	(328)
<b>Profit before income tax</b>		912	645
Income tax expense	6	(48)	(143)
<b>Profit for the period</b>		864	502
<b>Other comprehensive income</b>			
- exchange differences arising on translation of foreign operations		(467)	674
- share of exchange reserve of an associate		—	8
<b>Other comprehensive (expense) income for the period, net of tax</b>		(467)	682
<b>Total comprehensive income for the period</b>		397	1,184
<b>Profit for the period attributable to:</b>			
Owners of the Company		1,127	604
Non-controlling interests		(263)	(102)
		864	502
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		694	1,314
Non-controlling interests		(297)	(130)
		397	1,184
<b>Earnings per share (US cents)</b>	8		
- Basic		0.48	0.26
- Diluted		0.48	0.25

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		At 30 June 2012	At 31 December 2011
	Note	US\$'000	US\$'000
<b>Non-current assets</b>			
Properties, plant and equipment	9	12,381	12,292
Goodwill		512	512
Intangible assets		7,404	6,059
Available-for-sale investments		534	534
Deferred tax asset		208	208
Interest in an associate		203	384
<b>Total non-current assets</b>		<b>21,242</b>	<b>19,989</b>
<b>Current assets</b>			
Inventories		39,716	32,000
Trade and other receivables	10	60,563	65,918
Income tax recoverable		143	196
Investments carried at fair value through profit and loss		–	557
Amount due from an associate		3,360	754
Cash and bank balances		10,084	8,515
<b>Total current assets</b>		<b>113,866</b>	<b>107,940</b>
<b>Current liabilities</b>			
Trade and other payables	11	32,681	27,379
Liabilities for trade bills discounted with recourse		–	1,266
Income tax payable		826	748
Amount due to non-controlling interest		–	1,244
Bank borrowings and overdrafts		34,000	26,875
<b>Total current liabilities</b>		<b>67,507</b>	<b>57,512</b>
<b>NET CURRENT ASSETS</b>		<b>46,359</b>	<b>50,428</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>67,601</b>	<b>70,417</b>
<b>Non-current liabilities</b>			
Bank borrowings		3,975	4,071
Deferred tax liabilities		286	360
<b>Total non-current liabilities</b>		<b>4,261</b>	<b>4,431</b>
		<b>63,340</b>	<b>65,986</b>
<b>Capital and reserves</b>			
Share Capital	12	11,625	11,625
Reserves		48,367	51,597
Equity attributable to Owners of the Company		59,992	63,222
Non-controlling interests		3,348	2,764
		<b>63,340</b>	<b>65,986</b>

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

	6 months ended 30 June	
	2012	2011
	US\$'000	US\$'000
<b>Operating activities</b>		
Profit before income tax	912	645
<b>Adjustments for:</b>		
Depreciation of properties, plant and equipment	558	605
Interest income	(5)	(24)
Finance costs	634	328
Reversal for doubtful debts	(44)	(5)
Amortisation of intangible assets	826	765
Gain in fair value changes of investments carried at fair value through profit or loss	–	(8)
Gain on disposal of investments carried at fair value through profit or loss	(13)	–
Share of results of an associate	181	132
Share-based payment expenses	222	374
<b>Operating cash flows before movements in working capital</b>	3,271	2,812
Trade and other receivables	5,625	(1,655)
Inventories	(7,906)	(4,057)
Trade and other payables	4,825	(2,256)
Trade bills discounted with recourse	(1,266)	(298)
Amount due from an associate	(2,606)	(1,037)
Cash generated from (used in) operations	1,943	(6,491)
PRC Enterprises Income Tax paid	(51)	(56)
Hong Kong Profits Tax paid	–	(17)
Tax refund (paid) in other jurisdictions	60	(94)
<b>Net cash from (used in) operating activities</b>	1,952	(6,658)
<b>Investing activities</b>		
Acquisition of additional interest in subsidiaries	(2,646)	–
Acquisition of a subsidiary	(1,247)	–
Product development costs paid	(1,001)	(773)
Purchase of properties, plant and equipment	(187)	(371)
Proceeds from disposal of investments carried at fair value through profit or loss	570	–
Interest received	5	24
Advances from non-controlling interest	–	699
<b>Net cash used in investing activities</b>	(4,506)	(421)

# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	6 months ended 30 June	
	2012	2011
	<i>US\$'000</i>	<i>US\$'000</i>
<b>Financing activities</b>		
Proceeds from bank borrowings	7,312	6,301
Repayment of bank borrowings	(2,196)	(4,110)
Dividends paid	(1,848)	(1,890)
Interest paid	(634)	(328)
<b>Net cash from (used in) financing activities</b>	<b>2,634</b>	<b>(27)</b>
Net increase (decrease) in cash and cash equivalents	80	(7,106)
Cash and cash equivalents at beginning of the period	7,298	16,813
Effect of foreign exchange rate changes	(424)	246
<b>Cash and cash equivalents at end of the period</b>	<b>6,954</b>	<b>9,953</b>
<b>Cash and cash equivalents comprised:</b>		
Cash and bank balances	10,084	10,652
Bank overdrafts	(3,130)	(699)
	<b>6,954</b>	<b>9,953</b>



# FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### Group

	Share capital	Share premium	Contributed surplus	Merger reserve <sup>(a)</sup>	Currency translation reserve	Legal reserve <sup>(b)</sup>	Capital reserve <sup>(c)</sup>	Equity reserve <sup>(d)</sup>	Share Option reserve	Retained Earnings	Attributable to Owners of the Company	Non-controlling Interests	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2012	11,625	8,099	394	(4,112)	3,867	274	3,003	(37)	1,325	38,784	63,222	2,764	65,986
Total comprehensive expense for the period	-	-	-	-	(433)	-	-	-	-	1,127	694	(297)	397
Acquisition of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	283	283
Acquisition of additional interests in subsidiaries	-	-	-	-	-	-	-	(2,298)	-	-	(2,298)	598	(1,700)
Dividend paid	-	-	-	-	-	-	-	-	-	(1,848)	(1,848)	-	(1,848)
Share-based payments expenses	-	-	-	-	-	-	-	-	222	-	222	-	222
At 30 June 2012	11,625	8,099	394	(4,112)	3,434	274	3,003	(2,335)	1,547	38,063	59,992	3,348	63,340
At 1 January 2011	11,625	8,099	394	(4,112)	2,484	274	3,003	(37)	589	32,260	54,579	2,952	57,531
Total comprehensive income for the period	-	-	-	-	710	-	-	-	-	604	1,314	(130)	1,184
Dividend paid	-	-	-	-	-	-	-	-	-	(1,890)	(1,890)	(205)	(2,095)
Share-based payments expenses	-	-	-	-	-	-	-	-	374	-	374	-	374
At 30 June 2011	11,625	8,099	394	(4,112)	3,194	274	3,003	(37)	963	30,974	54,377	2,617	56,994

### Notes:

- Merger reserve represents the difference between the combined share capital of the entities in the merged group and the capital of the Company arising from a restructuring exercise undertaken in 2004.
- The legal reserves is non-distributable and represents reserve fund and enterprise expansion fund of a subsidiary in the People's Republic of China ("PRC") that can be used to offset prior years' losses or convert into capital, provided such conversion is approved by a resolution at a shareholders' meeting.
- Capital reserve represents a transfer of retained earnings by a PRC subsidiary in 2004.
- Equity reserve represents effects of changes in ownership interests in subsidiaries when there is no change in control.

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General Information

The Company was incorporated in Bermuda as an exempted company with limited liability under the Companies Act on 26 January 2004. The Company's registered office is situated at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda. Its principal place of business in Hong Kong is located at 6th Floor, Mita Center, 552–566 Castle Peak Road, Kwai Chung, Kowloon, Hong Kong. The Company's shares have been listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the Main Board of The Stock Exchange of Hong Kong Limited (the "SEHK") since 12 July 2004 and 21 December 2011 respectively.

The Company is an investment holding company. The principal activities of the Group are design, manufacture and distribution, of analytical and laboratory instruments and life science equipment.

### 2 Basis of preparation and principal accounting policies

The condensed consolidated financial statements have been prepared on the historical cost basis, except for certain financial instruments, which are measured at fair value, as appropriate.

Except as described below, the accounting policies and methods of computation used in the condensed consolidated financial statements for the six months ended 30 June 2012 are the same as those followed in the preparation of the Group's annual financial statements for the year ended 31 December 2011.

In the current interim period, the Group has applied, for the first time, the following amendments to International Financial Reporting Standards ("IFRSs"):

Amendments to IFRS 7	Disclosures - Transfers of financial assets
Amendments to IAS 12	Deferred tax: Recovery of underlying assets

The application of the above amendments to IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements.

The Group has not early applied the following new and revised standards or amendments that have been issued but are not yet effective.

Amendments to IFRSs	Annual improvements to IFRSs 2009-2011 cycle <sup>1</sup>
Amendments to IFRS 7	Disclosures - Offsetting financial assets and financial liabilities <sup>1</sup>
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated financial statements, joint arrangements and disclosure of interests in other entities: Transition guidance <sup>1</sup>
IFRS 9	Financial instruments <sup>2</sup>

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 2 Basis of preparation and principal accounting policies (continued)

Amendments to IFRS 9 and IFRS 7	Mandatory effective date of IFRS 9 and transition disclosures <sup>2</sup>
IFRS 10	Consolidated financial statements <sup>1</sup>
IFRS 11	Joint arrangements <sup>1</sup>
IFRS 12	Disclosure of interests in other entities <sup>1</sup>
IFRS 13	Fair value measurement <sup>1</sup>
Amendments to IAS 1	Presentation of items of other comprehensive income <sup>3</sup>
IAS 19 (Revised 2011)	Employee benefits <sup>1</sup>
IAS 27 (Revised 2011)	Separate financial statements <sup>1</sup>
IAS 28 (Revised 2011)	Investments in associates and joint ventures <sup>1</sup>
Amendments to IAS 32	Offsetting financial assets and financial liabilities <sup>4</sup>

1 Effective for annual periods beginning on or after 1 January 2013.

2 Effective for annual periods beginning on or after 1 January 2015.

3 Effective for annual periods beginning on or after 1 July 2012.

4 Effective for annual periods beginning on or after 1 January 2014.

The Directors anticipate that the application of the new and revised standards, amendments or interpretations will have no material impact on the results and financial position of the Group.

### 3 Revenue and segment information

The Group is organised into two operating divisions - distribution and manufacturing. These are also the basis of whereby resources are being allocated and performance evaluated for management purpose.

Principal activities of each reportable segment are as follows:

- Distribution - distribution of analytical and laboratory instruments and life science equipment; and
- Manufacturing - the design and manufacture of analytical and laboratory instruments and life science equipment.

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 Revenue and segment information (continued)

Information regarding the Group's reportable segments is presented below.

#### Segment revenues and results

	<b>Distribution</b>	<b>Manufacturing</b>	<b>Total</b>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
<b>6 months ended 30 June, 2012</b>			
<b>REVENUE</b>	45,830	22,402	68,232
<b>RESULTS</b>			
Segment result	791	289	1,080
Unallocated results			(168)
Profit before income tax			912
<b>6 months ended 30 June, 2011</b>			
<b>REVENUE</b>	40,695	20,116	60,811
<b>RESULTS</b>			
Segment result	1,085	441	1,526
Unallocated results			(881)
Profit before income tax			645
<b>Segment assets and liabilities</b>			
<b>At 30 June, 2012</b>			
<b>ASSETS</b>			
Segment assets	77,933	52,727	130,660
Unallocated assets			4,448
Consolidated assets			135,108
<b>LIABILITIES</b>			
Segment liabilities	49,846	20,810	70,656
Unallocated liabilities			1,112
Consolidated total liabilities			71,768
<b>Other segment information</b>			
Capital expenditure	75	1,113	1,188
Depreciation and amortisation	113	1,271	1,384
Finance costs	614	20	634
Interest income	(2)	(3)	(5)

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 Revenue and segment information (continued)

	Distribution	Manufacturing	Total
	US\$'000	US\$'000	US\$'000
<b>At 30 June, 2011</b>			
<b>ASSETS</b>			
Segment assets	60,552	43,866	104,418
Unallocated assets			3,516
Consolidated assets			107,934
<b>LIABILITIES</b>			
Segment liabilities	34,328	14,363	48,691
Unallocated liabilities			2,249
Consolidated total liabilities			50,940
<b>Other segment information</b>			
Capital expenditure	37	1,107	1,144
Depreciation and amortisation	120	1,250	1,370
Finance costs	295	33	328
Interest income	(5)	(19)	(24)

### Geographical information

The Group operates principally in People's Republic of China ("PRC"), Hong Kong, Macau, Singapore, India, France and Switzerland.

#### (a) Revenue from external customers

	<b>6 months ended 30 June</b>	
	<b>2012</b>	<b>2011</b>
	US\$'000	US\$'000
PRC (excluding Hong Kong & Macau)	52,447	46,753
Hong Kong and Macau	1,674	966
India	2,043	1,744
Indonesia	819	494
France	3,824	3,941
Switzerland	3,902	3,816
Others <sup>(1)</sup>	3,523	3,097
Total	68,232	60,811

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 3 Revenue and segment information (continued)

- (b) Non-current assets (excluding available-for-sale investments and deferred tax assets)

	30 June 2012	30 June 2011
	US\$'000	US\$'000
PRC (excluding Hong Kong & Macau)	7,839	8,065
Hong Kong	1,261	1,316
France	1,540	2,088
Switzerland	6,854	7,880
The United States of America	1,666	—
Others <sup>(2)</sup>	1,340	1,090
<b>Total</b>	<b>20,500</b>	<b>20,439</b>

Notes:

- (1) "Others" include Europe (other than France and Switzerland), the United States of America, Japan, South Asia, Middle East and Australia.
- (2) "Others" include India, Macau and Singapore.

### 4 Profit for the period

Profit for the period has been arrived at after charging (crediting) the following:

	6 months ended 30 June 2012	2011
	US\$'000	US\$'000
Listing expenses	—	757
Amortisation of intangible assets (included in administrative expenses)	826	765
Depreciation of properties, plant and equipment	558	605
Net foreign exchange loss	263	88
Interest income	(5)	(24)
Finance costs	634	328
Reversal for doubtful debts	(44)	(5)
Gain on disposal of investments carried at fair value through profit or loss	(13)	—
Gain in fair value changes of investments carried at fair value through profit or loss	—	(8)

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 5 Finance costs

	6 months ended 30 June	
	2012	2011
	US\$'000	US\$'000
Interest on bank overdrafts and loans		
- wholly repayable within 5 years	607	326
- not wholly repayable within 5 years	27	2
	634	328

### 6 Income tax expenses

	6 months ended 30 June	
	2012	2011
	US\$'000	US\$'000
Current tax:		
Hong Kong Profits Tax	—	—
PRC Enterprise Income Tax	20	71
Others	28	70
	48	141
Under provision:		
PRC Enterprise Income Tax	—	23
Others	—	57
	—	80
Deferred tax	—	(78)
Income tax expense for the period	48	143

The income tax expense for the Group is calculated at the respective statutory tax rates prevailing in the relevant jurisdictions.

Hong Kong and Singapore income tax are respectively calculated at 16.5% and 17% of the estimated assessable profit for the period respectively.

PRC Enterprise Income Tax is calculated at the applicable tax rate at 25% in accordance with the relevant laws and regulations in the PRC.

### 7 Dividends

Final dividend of US\$1,848,000 (year ended 31 December 2010: US\$1,890,000) for the year ended 31 December 2011 was declared and paid during the six months ended 30 June 2012.

The Company did not recommend or declare any interim dividend for the six months ended 30 June 2012 (six months ended 30 June 2011: Nil).

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 8 Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

	6 months ended 30 June	
	2012	2011
	US\$'000	US\$'000
Profit for the period attributable to owners of the Company	1,127	604
	<b>Number of shares</b>	
	'000	
Number of ordinary shares for the purpose of basic earnings per share	232,500	232,500
Add: Effect of dilutive potential ordinary shares relating to outstanding share options issued by the Company	3,375	7,129
Weighted average number of ordinary shares for the purpose of diluted earnings per share	235,875	239,629

The calculation of diluted earnings per share takes into account on the effects of employee share options granted up to the end of the reporting period.

### 9 Additions to properties, plant and equipment

During the period, the Group spent approximately US\$187,000 (31 December 2011: US\$621,000) on acquisition of properties, plant and equipment.

### 10 Trade and other receivables

	30 June 2012	31 December 2011
	US\$'000	US\$'000
Trade receivables and bills receivables	56,323	63,340
Less: Allowance for doubtful debts	(1,720)	(1,764)
	54,603	61,576
Trade bills receivable discounted with recourse	1,515	1,266
Prepayments	1,295	181
Other receivables	3,150	2,895
	60,563	65,918



# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 10 Trade and other receivables (continued)

The Group allows credit period of 30 to 90 days to its trade customers. The aging of trade receivables and bills receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period, is as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
	<i>US\$'000</i>	<i>US\$'000</i>
0 to 90 days	30,178	47,252
91 to 120 days	5,536	1,713
121 to 365 days	13,588	7,652
1 year to 2 years	4,481	4,161
Over 2 years	820	798
	<b>54,603</b>	<b>61,576</b>

### 11 Trade and other payables

	<b>30 June 2012</b>	<b>31 December 2011</b>
	<i>US\$'000</i>	<i>US\$'000</i>
Trade payables	21,133	18,575
Accruals	1,269	1,981
Customer deposits	6,788	3,298
Other payables	3,491	3,525
	<b>32,681</b>	<b>27,379</b>

The Group normally receives credit terms of 30 to 75 days from its suppliers. The aging of trade payables, presented based on the invoice date at the end of the reporting period, is as follows:

	<b>30 June 2012</b>	<b>31 December 2011</b>
	<i>US\$'000</i>	<i>US\$'000</i>
0 to 60 days	15,892	14,297
61 to 180 days	3,841	3,073
181 to 365 days	1,243	1,037
Over 365 days	157	168
	<b>21,133</b>	<b>18,575</b>

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 12 Share Capital

	Group and Company			
	30 June 2012	31 December 2011	30 June 2012	31 December 2011
	<i>Number of ordinary shares of US\$0.05 each</i>		<i>US\$'000</i>	<i>US\$'000</i>
Authorised:	800,000,000	800,000,000	40,000	40,000
Issued and paid up:				
At beginning and at end of the period	232,500,000	232,500,000	11,625	11,625

The Company has one class of ordinary shares which carry no right to fixed income.

### 13 Share option

The Company has two share option schemes, as follows:

#### Share Option Scheme I

On 28 May 2004, the Company adopted the Share Option Scheme ("2004 Share Option Scheme"). The purpose of the 2004 Share Option Scheme was a share incentive scheme and was established to recognize and acknowledge the contributions that the eligible participants have or may have made to the Company. The 2004 Share Option Scheme will provide the eligible participants with an opportunity to have a personal stake in the Company with a view to motivate the eligible participants to optimize their performance efficiency for the benefit of the Company. The 2004 Share Option Scheme is administered by the Remuneration Committee.

The number of outstanding share options under the 2004 Share Option Scheme as at 30 June 2012 is 21,835,000 (31 December 2011: 21,835,000). No further option will be granted under the 2004 Share Option Scheme upon the listing of the Company on the Stock Exchange on 21 December 2011.

#### Share Option Scheme II

On 9 June 2011, the Company adopted the share option scheme ("2011 Share Option Scheme"). The purpose of the 2011 Share Option Scheme is to enable the Company to grant options to eligible participants as incentives or rewards for their contribution to the Group, and to encourage eligible participants to perform their best in achieving goals of the Group.

The 2011 Share Option Scheme is administered by the Remuneration Committee.

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13 Share option (continued)

The options that are granted under the 2011 Share Option Scheme may have exercise prices that are the higher of (I) the closing price of the Shares as stated in the daily quotations sheet issued by the SEHK or the SGX-ST (whichever is higher) on the Offer Date, which must be a business day; and (II) the average closing price of the Shares as stated in the daily quotations sheets issued by the SEHK or the SGX-ST for the five consecutive business days immediately preceding the Offer Date (whichever is higher).

Directors (including non-executive directors and independent directors) and employees of the Group are eligible to participate in the 2011 Share Option Scheme.

Where the options are granted to controlling shareholders and their associates, (a) the aggregate number of Shares available to controlling shareholders and their associates shall not exceed 25% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (b) the aggregate number of Shares available to each controlling shareholder or his associate shall not exceed 10% of the maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2011 Share Option Scheme; (c) the separate approval of independent shareholders is obtained for each participant in respect of his participation and the number of Shares comprise in the options to be granted to him and the terms.

The number of shares comprised in any option to be offered to a participant in the 2011 Share Option Scheme shall be determined at the absolute discretion of the Remuneration Committee.

No options have been granted under the 2011 Share Option Scheme since its adoption date.

#### 2004 Share Option Scheme

The following provides information on the outstanding share options granted under the employee share option plan at the beginning and the end of the financial period:

Date of grant	Balance at 1 January 2012	Granted	Exercised	Lapsed	Balance at 30 June 2012	Exercise price per share	Exercisable period
15 April 2008	750,000	–	–	–	750,000	S\$0.26	15 April 2009 to 14 April 2018
2 March 2009	3,810,000	–	–	–	3,810,000	S\$0.16	2 March 2010 to 1 March 2019 <sup>(Note)</sup>
22 March 2009	150,000	–	–	–	150,000	S\$0.16	22 March 2010 to 21 March 2019 <sup>(Note)</sup>
11 January 2010	10,350,000	–	–	–	10,350,000	S\$0.23	11 January 2011 to 10 January 2020 <sup>(Note)</sup>
6 January 2011	6,775,000	–	–	–	6,775,000	S\$0.42	6 January 2012 to 5 January 2021 <sup>(Note)</sup>
	21,835,000	–	–	–	21,835,000		

Note: 30% of the options vested on the first anniversary of the date of grant. The remaining 70% of the options vested on the third anniversary of the date of grant.

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 13 Share option (continued)

The fair value for share options granted during the six months ended 30 June 2011 was calculated using the Binomial Option Pricing Model. The inputs into the model were as follows:

	2011	
	Senior management	General management
Weighted average share price on date of grant (Singapore cents)	42	42
Weighted average exercise price (Singapore cents)	42	42
Expected volatility	49.00%	49.00%
Expected life (years)	10	10
Risk free rate	2.72%	2.72%
Expected dividend yield	1.90%	1.90%

Expected volatility was determined by calculating the historical volatility of the Company's share price from May 2004. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Binomial model has been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

The Group recognised total expenses of US\$222,000 (six months ended 30 June 2011: US\$374,000) related to equity-settled share-based payment during the period.

### 14 Contingent liabilities

As at 30 June 2012 and 31 December 2011, the Group had no material contingent liabilities.

### 15 Capital commitments

As at 30 June 2012 and 31 December 2011, the Group did not have any significant capital commitments.

# FINANCIAL STATEMENTS

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

### 16 Related parties transactions

The Group entered into the following significant transactions with a related party during the period:

	Six months ended 30 June	
	2012	2011
	<i>US\$'000</i>	<i>US\$'000</i>
Sale of goods to an associate	2,872	2,378
Purchase of goods from an associate	4	78