



# ALLIED TECHNOLOGIES LIMITED

## Financial Statement for the period ended 30 September 2014

### 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 (for the issuer and group) together with a comparative statement for the corresponding period of the immediately preceding financial period.

	GROUP					
	3 months ended		+ / (-) %	9 months ended		+ / (-) %
	3Q FY14 S\$'000	3Q FY13 S\$'000		9M FY14 S\$'000	9M FY13 S\$'000	
Revenue	25,486	25,357	1%	72,610	76,261	(5%)
Other income	424	8,274	(95%)	2,713	8,802	(69%)
<b>Total revenue</b>	<b>25,910</b>	<b>33,631</b>	<b>(23%)</b>	<b>75,323</b>	<b>85,063</b>	<b>(11%)</b>
Change in inventories of finished goods and work-in-progress	137	72	90%	(1,342)	(2,062)	(35%)
Raw materials and consumables used	(15,162)	(14,173)	7%	(41,907)	(43,845)	(4%)
Depreciation expenses	(1,183)	(581)	104%	(2,809)	(2,315)	21%
Amortisation expenses	(5)	(5)	-	(14)	(14)	-
Staff costs	(5,177)	(7,035)	(26%)	(15,945)	(19,937)	(20%)
Other operating expenses	(4,134)	(6,002)	(31%)	(12,807)	(15,592)	(18%)
<b>Total operating expenses</b>	<b>(25,524)</b>	<b>(27,724)</b>	<b>(8%)</b>	<b>(74,824)</b>	<b>(83,765)</b>	<b>(11%)</b>
<b>Profit from operating activities</b>	<b>386</b>	<b>5,907</b>	<b>(93%)</b>	<b>499</b>	<b>1,298</b>	<b>(62%)</b>
Interest on borrowings	(65)	(173)	(62%)	(188)	(470)	(60%)
<b>Profit before income tax</b>	<b>321</b>	<b>5,734</b>	<b>(94%)</b>	<b>311</b>	<b>828</b>	<b>(62%)</b>
<b>Income tax</b>						
- current year	(158)	(88)	80%	(179)	(152)	18%
- prior year	-	-	n.m	-	-	n.m
- deferred tax	4	-	n.m	(963)	-	n.m
	(154)	(88)	75%	(1,142)	(152)	>100%
<b>Profit/(loss) after income tax</b>	<b>167</b>	<b>5,646</b>	<b>(97%)</b>	<b>(831)</b>	<b>676</b>	<b>&gt;100%</b>
Attributable to:						
Equity holders of the Company	<b>167</b>	<b>5,646</b>	<b>(97%)</b>	<b>(831)</b>	<b>676</b>	<b>(&gt;100%)</b>
<b>Statement of comprehensive income</b>						
<b>Profit/(loss) after income tax</b>	167	5,646	(97%)	(831)	676	(>100%)
<i>Other comprehensive income</i>						
Translation differences relating to financial statements of foreign subsidiaries	1,657	(68)	(>100%)	(382)	2,143	(>100%)
Total comprehensive income for the period	<b>1,824</b>	<b>5,578</b>	<b>(67%)</b>	<b>(1,213)</b>	<b>2,819</b>	<b>(&gt;100%)</b>
Attributable to equity holders of the Company	<b>1,824</b>	<b>5,578</b>	<b>(67%)</b>	<b>(1,213)</b>	<b>2,819</b>	<b>(&gt;100%)</b>

**1 (a) An income statement and statement of comprehensive income (for the issuer and group) together with a comparative statement for the corresponding period of the immediately preceding financial period. (continued)**

**Notes:**

- (i) n.m. - not meaningful
- (ii) Profit/(loss) before income tax is arrived at after charging/(crediting) the followings:

	<b>GROUP</b>			
	<u>3Q FY 14</u>	<u>3Q FY 13</u>	<u>9M FY 14</u>	<u>9M FY 13</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<b>(a) Raw materials and consumables used:</b>				
Allowance for/(write-back of) inventory obsolescence	821	65	494	(183)
Inventories written off	24	144	24	144
<b>(b) Other income:</b>				
Interest income	(10)	(19)	(84)	(38)
Gain on disposal of property, plant and equipment	(22)	(8,270)	(42)	(8,282)
Amortisation of deferred compensation income	(112)	-	(1,882)	-
Rental income	(167)	6	(505)	(390)
<b>(c) Operating profit is stated after charging/(crediting):</b>				
Allowance for/(write-back of) impairment on trade debtors	32	12	34	(191)
Foreign exchange (gains)/losses	(331)	606	(7)	684

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.**

	<b>GROUP</b>		<b>COMPANY</b>	
	<u>30/09/14</u> S\$'000	<u>31/12/13</u> S\$'000	<u>30/09/14</u> S\$'000	<u>31/12/13</u> S\$'000
<b>Non-current assets</b>				
Intangible assets	182	196	42	53
Property, plant and equipment	52,166	43,882	199	227
Investment property	4,779	4,895	-	-
Investment in subsidiary companies	-	-	36,761	34,876
Loan receivables from subsidiary companies	-	-	15,283	14,200
Deferred tax assets	4,925	5,947	-	-
Other investments	2,205	2,205	2,081	2,081
	<u>64,257</u>	<u>57,125</u>	<u>54,366</u>	<u>51,437</u>
<b>Current assets</b>				
Inventories, net	10,485	12,927	651	957
Amounts due from subsidiary companies	-	-	9,250	11,039
Trade debtors	27,624	28,797	3,090	2,516
Other debtors	1,255	2,983	23	66
Prepayments and advances to suppliers	1,799	1,237	117	51
Dividend receivable	-	-	-	127
Fixed deposits (pledged)	318	235	-	-
Cash at bank and in hand	13,043	20,091	739	3,953
	<u>54,524</u>	<u>66,270</u>	<u>13,870</u>	<u>18,709</u>
<b>Current liabilities</b>				
Trade creditors	25,583	25,666	2,009	1,678
Hire purchase creditors	-	10	-	10
Other creditors and accruals	7,667	5,696	1,331	1,130
Deferred compensation income	491	1,808	-	-
Amounts due to bankers	4,411	4,424	1,915	1,901
Provision for taxation	3,601	39	91	-
	<u>41,753</u>	<u>37,643</u>	<u>5,346</u>	<u>4,719</u>
<b>Net current assets</b>	12,771	28,627	8,524	13,990
<b>Non-current liabilities</b>				
Deferred compensation income	9,202	9,884	-	-
Deferred tax liabilities	330	3,783	-	-
	<u>9,532</u>	<u>13,667</u>	<u>-</u>	<u>-</u>
<b>TOTAL NET ASSETS</b>	<u>67,496</u>	<u>72,085</u>	<u>62,890</u>	<u>65,427</u>
<b>Equity attributable to equity holders of the Company</b>				
Share capital	57,337	57,337	57,337	57,337
Capital reserve	4,889	4,889	-	-
Other reserve	189	189	189	189
Revenue reserve	5,520	9,727	5,364	7,901
Exchange translation reserve	(439)	(57)	-	-
<b>TOTAL EQUITY</b>	<u>67,496</u>	<u>72,085</u>	<u>62,890</u>	<u>65,427</u>

**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 September 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
4,411	-	4,424	-

**Amount repayable after one year**

As at 30 September 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

**Details of any collateral**

The Group's borrowings comprise of hire purchase and amounts due to bankers.

The amounts due to bankers are secured and unsecured facilities granted to the Company and its subsidiaries (collectively the "**Group**"). The secured facilities granted are secured by:

- (1) a debenture with fixed and floating charges over the assets of the Company; and
- (2) leasehold land and properties of respective subsidiary companies.

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.**

**Consolidated cash flow statement for the year ended 30 September**

	3 months ended		9 months ended	
	3Q FY14	3Q FY13	9M FY14	9M FY13
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Cash flows from operating activities</b>				
Profit before income tax	320	5,734	310	828
Adjustments for:				
Gain on disposal of property, plant and equipment	(22)	(8,270)	(42)	(8,282)
Depreciation of property, plant and equipment	1,183	581	2,809	2,315
Amortisation of intangible assets	5	5	14	14
Amortisation of deferred compensation income	(112)	-	(1,882)	-
Interest income	(10)	(19)	(84)	(38)
Interest expense	65	173	188	470
Currency realignment	530	(227)	(489)	149
<b>Operating profit/(loss) before working capital changes</b>	<b>1,959</b>	<b>(2,023)</b>	<b>824</b>	<b>(4,544)</b>
Decrease/(increase) in inventories	1,006	(289)	2,443	3,640
Decrease in trade debtors and other debtors	924	11,405	326	5,490
Increase/(decrease) in trade creditors and other creditors	587	1,588	1,887	(4,061)
Cash generated from operations	4,476	10,681	5,480	525
Interest paid	(65)	(173)	(188)	(470)
Interest received	10	19	84	38
Tax paid	(29)	(40)	(47)	(190)
<b>Net cash generated from/(used in) operating activities</b>	<b>4,392</b>	<b>10,487</b>	<b>5,329</b>	<b>(97)</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposal of property, plant and equipment	22	9,279	42	9,321
Government grant received pursuant to Suzhou's compulsory land acquisition	-	9,523	2,011	36,173
Purchase of property, plant and equipment	(3,960)	(10,321)	(11,080)	(10,700)
Net cash outflow on acquisition of a subsidiary	-	(10,582)	-	(10,582)
<b>Net cash (used in)/generated from investing activities</b>	<b>(3,938)</b>	<b>(2,101)</b>	<b>(9,027)</b>	<b>24,212</b>
<b>Cash flows from financing activities</b>				
Issuance of ordinary shares	-	1	-	2
Dividend paid	-	-	(3,376)	-
Net decrease in hire purchase creditors	-	(29)	(10)	(88)
Drawdown of bank borrowings	665	3,271	4,345	11,776
Repayment of bank borrowings	(951)	(13,973)	(4,328)	(21,857)
Net (decrease)/increase in fixed deposit	(78)	93	(81)	(11,391)
<b>Net cash used in financing activities</b>	<b>(364)</b>	<b>(10,637)</b>	<b>(3,450)</b>	<b>(21,558)</b>
Net increase/(decrease) in cash and cash equivalents	90	(2,251)	(7,148)	2,557
Cash and cash equivalents at beginning of period	13,269	13,633	20,091	9,081
Effects of exchange rates on opening cash	(316)	34	100	(222)
<b>Cash and cash equivalents at end of period</b>	<b>13,043</b>	<b>11,416</b>	<b>13,043</b>	<b>11,416</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 period.

### Consolidated Statement of Changes in Shareholders' Equity for the period ended 30 September

(In S\$'000)

<b>Group</b>	Ordinary shares	Exchange translation reserve	Statutory reserve fund	Other reserve	Revenue reserve	Total shareholders' equity
<b>Balance as at 1 January 2014</b>	57,337	(57)	4,889	189	9,727	72,085
Total comprehensive income for the period	-	(1,469)	-	-	(14)	(1,483)
<b>Balance as at 31 March 2014</b>	<b>57,337</b>	<b>(1,526)</b>	<b>4,889</b>	<b>189</b>	<b>9,713</b>	<b>70,602</b>
Total comprehensive income for the period	-	(570)	-	-	(984)	(1,554)
Dividend paid during the year	-	-	-	-	(3,376)	(3,376)
<b>Balance as at 30 June 2014</b>	<b>57,337</b>	<b>(2,096)</b>	<b>4,889</b>	<b>189</b>	<b>5,353</b>	<b>65,672</b>
Total comprehensive income for the period	-	1,657	-	-	167	1,824
<b>Balance as at 30 September 2014</b>	<b>57,337</b>	<b>(439)</b>	<b>4,889</b>	<b>189</b>	<b>5,520</b>	<b>67,496</b>
<b>Balance as at 1 January 2013</b>	54,322	(3,636)	4,889	805	(1,251)	55,129
Total comprehensive income for the period	-	862	-	-	(1,864)	(1,002)
Issuance of ordinary shares pursuant to warrants exercised	1	-	-	-	-	1
<b>Balance as at 31 March 2013</b>	<b>54,323</b>	<b>(2,774)</b>	<b>4,889</b>	<b>805</b>	<b>(3,115)</b>	<b>54,128</b>
Total comprehensive income for the period	-	1,349	-	-	(3,106)	(1,757)
<b>Balance as at 30 June 2013</b>	<b>54,323</b>	<b>(1,425)</b>	<b>4,889</b>	<b>805</b>	<b>(6,221)</b>	<b>52,371</b>
Total comprehensive income for the period	-	(68)	-	-	5,646	5,578
Issuance of ordinary shares pursuant to warrants exercised	1	-	-	-	-	-
<b>Balance as at 30 September 2013</b>	<b>54,324</b>	<b>(1,493)</b>	<b>4,889</b>	<b>805</b>	<b>(575)</b>	<b>57,950</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 period. (continued)

(In S\$'000)

	Ordinary shares	Other reserve	Revenue reserve	Total shareholders' equity
<b><u>Company</u></b>				
<b>Balance as at 1 January 2014</b>	57,337	189	7,901	65,427
Total comprehensive income for the period	-	-	(530)	(530)
<b>Balance as at 31 March 2014</b>	<b>57,337</b>	<b>189</b>	<b>7,371</b>	<b>64,897</b>
Total comprehensive income for the period	-	-	340	340
Dividend paid during the year	-	-	(3,376)	(3,376)
<b>Balance as at 30 June 2014</b>	<b>57,337</b>	<b>189</b>	<b>4,335</b>	<b>61,861</b>
Total comprehensive income for the period	-	-	1,029	1,029
<b>Balance as at 30 September 2014</b>	<b>57,337</b>	<b>189</b>	<b>5,364</b>	<b>62,890</b>
<b>Balance as at 1 January 2013</b>	54,322	805	3,025	58,152
Total comprehensive income for the period	-	-	(46)	(46)
Issuance of ordinary shares pursuant to warrants exercised	1	-	-	1
<b>Balance as at 31 March 2013</b>	<b>54,323</b>	<b>805</b>	<b>2,979</b>	<b>58,107</b>
Total comprehensive income for the period	-	-	(488)	(488)
<b>Balance as at 30 June 2013</b>	<b>54,323</b>	<b>805</b>	<b>2,491</b>	<b>57,619</b>
Total comprehensive income for the period	-	-	6,649	6,649
Issuance of ordinary shares pursuant to warrants exercised	1	-	-	1
<b>Balance as at 30 September 2013</b>	<b>54,324</b>	<b>805</b>	<b>9,140</b>	<b>64,269</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.**

As at 30 September 2014, there are 1,644,000 (31 December 2013: 1,644,000) unissued shares under the Company's Employee Share Option Scheme.

**1(d)(iii) 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.**

	<b>30 September 2014</b>	<b>31 December 2013</b>
Total number of issued shares ('000) (excluding treasury shares)	675,164	675,164

**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 auditing standard or practice.**

The figures have not been audited or reviewed.

**3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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.**

Save for the adoption of new and revised Financial Reporting Standards, which came into effect this financial year, 1 January 2014, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those applied in the audited financial statements for the financial year ended 31 December 2013. The adoption of the new and revised Financial Reporting Standards will not give rise to any significant change to 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 Share**

The Group	3 months ended		9 months ended	
	<u>3Q FY14</u>	<u>3Q FY13</u>	<u>9M FY14</u>	<u>9M FY13</u>
	Basic / Diluted *	Basic / Diluted *	Basic / Diluted *	Basic / Diluted *
<u>Earnings (\$'000)</u>				
Profit/(loss) attributable to equity holders of the Company	167	5,646	(831)	676
Earnings/(loss) per share (cents)				
- Basic and diluted	0.03	0.93	(0.12)	0.11

\*employees' share option are anti-dilutive

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

**Net asset value per ordinary share**

	Group		Company	
	30-Sep-14	31-Dec-13	30-Sep-14	31-Dec-13
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	10.00	10.68	9.31	9.69
Net asset value as at end of period (\$'000)	67,496	72,085	62,890	65,427
No. of ordinary shares ('000)	675,164	675,164	675,164	675,164

**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.**

**a. Revenue**

The Group's recorded revenue of S\$25.5 million for 3Q 2014 is comparable to the recorded revenue for 3Q 2013 of S\$25.4 million. The slight increase of 1% of revenue is mainly attributed to the increase in revenue achieved by the Company and its Dongguan and Vietnam subsidiaries.

This increase was, however, offset by the decreased revenue of the Company's Suzhou subsidiary. This is mainly attributed to the effects of the relocation of the Suzhou plant, which resulted in decreased sales orders and delays in the production of certain projects.

The revenue generated by the Company improved significantly by 40% for the period under review. This is mainly attributed to the increase in sales orders from existing customers and new customers.

The revenue of the Company's Dongguan subsidiary doubled in 3Q 2014 as compared to 3Q 2013. This is mainly attributed to the higher sales orders for the new projects awarded by its main customers.

The revenue of the Company's Vietnam subsidiary increased by 20% as compared to 3Q 2013. This is mainly attributed to a significant improvement in sales which is a result of new projects awarded by existing major customers and the region's burgeoning growth.

Other income of the Group comprises mainly of rental income, interest income, amortisation of compensation income and gains on disposal of property, plant and equipment. In 3Q 2013, the Group's other income of S\$8.3 million mainly represents gains from the disposal of the Company's leasehold land and properties located in Singapore and the partial disposal of plant and equipment by the Company's Suzhou subsidiary.

## **b. Operating results**

### Overall

The Group recorded an operating profit of S\$0.4 million and S\$0.5 million in 3Q 2014 and 9M 2014 respectively. Operationally, the Group's performance was better as compared to 3Q 2013 and 9M 2013 despite lower operating profits recorded. This is mainly attributed to the fact that the result in 3Q and 9M 2013 included the Company's gains from the disposal of the Company's leasehold land and properties located in Singapore and the partial disposal of plant and equipment by its Suzhou subsidiary of S\$8.3 million in other income. Without taking into account the gains attributed to such disposals, the Group operated at a loss of S\$2.4 million and S\$7 million for 3Q 2013 and 9M 2013 respectively.

The operating profit of the Group was mainly derived from the Company and its Dongguan and Vietnam subsidiaries but offset by the losses recorded by the Company's other overseas subsidiaries.

For the Company's Shanghai and Suzhou subsidiaries, the operating results were adversely impacted by high production and labour costs amid a high-inflationary business environment and rigorous pricing pressure from customers. However, reasonable steps have been taken to control the operating costs which has led to lower operating losses being recorded by the Company's Shanghai subsidiary in 3Q 2014 as compared to 3Q 2013.

The Company's Dongguan and Vietnam subsidiaries continue to generate operating profits for the Group of S\$0.3 million and S\$0.1 million respectively in 3Q 2014. However, such operating profits have been partially offset by the pre-operating expenses incurred in the Company's newly incorporated Thailand subsidiary.

Meanwhile, the Group reported a net profit of S\$0.2 million and net loss of S\$0.8 million in 3Q 2014 and 9M 2014 respectively. This is mainly attributed to the reversal of deferred tax assets recorded in the Company's Shanghai subsidiary in 2Q 2014 of S\$1.0 million.

### Raw materials and consumables used

Compared to 3Q 2013, raw materials and consumables used by the Group increased by 7%. This is mainly attributed to the additional allowance for inventory obsolescence.

Consistent with the lower sales recorded in 9M 2014, raw materials and consumables used by the Group dropped by 4% to S\$41.9 million in 9M 2014.

### Staff costs

Compared to 3Q 2013, staff costs decreased by 26% in 3Q 2014. This is mainly attributed to the decrease in headcounts at all entities of the Group, in line with stringent cost-cutting measures in light of the lower sales volume during the period under review.

The total headcount of the Group stood at 1,819 as at 30 September 2014 as compared to 2,016 as at 30 September 2013.

#### Depreciation and amortisation expenses

In 3Q 2014, depreciation and amortisation expenses increased significantly from S\$0.6 million to S\$1.2 million as compared to 3Q 2013. This increase is mainly attributed to the depreciation charged on the assets of the Company's Suzhou subsidiary, which were previously under construction and that were completed in 3Q 2014.

#### Other operating expenses

Other operating expenses include packaging costs, carriage inwards, utilities and administrative expenses.

As compared to 3Q 2013, other operating expenses decreased by 31%. This is mainly attributed to a tighter control in expenses.

#### Finance costs

The Group's finance costs have decreased significantly by 62% and 60% in 3Q 2014 and 9M 2014 respectively. This is mainly attributed to a lower quantum of borrowings drawn down by the Group compared to 3Q 2013 and 9M 2013. As at 30 September 2014, the Group has total bank borrowings of S\$4.41 million, which is slightly lower as compared to the balance as at 31 December 2013 which amounted to S\$4.42 million.

### **c. Balance Sheet and Cash Flow Statements**

The increase in the value of property, plant and equipment is mainly attributed to the addition of fixed assets in the Company's Suzhou and Thailand subsidiaries. However, this increase has been partially offset by depreciation charged during the quarter and further mitigated by the weakening of the Renminbi ("RMB") against the Singapore Dollar, as compared to last December, resulting in a lower translated value of fixed assets of the Company's subsidiaries in the People's Republic of China (the "PRC").

Deferred tax assets has decreased to S\$4.9 million. This is mainly attributed to the reversal of deferred tax assets recorded in the Company's Shanghai subsidiary of S\$1.0 million in 2Q 2014.

As at 30 September 2014, inventories and trade debtors balances were reduced to S\$10.5 million and S\$27.6 million respectively as a result of lower sales in 9M 2014 as compared to 9M 2013. The usage of raw materials and consumables over the sales of the Group has also decreased by 4% in 9M 2014.

The Group's other debtors balance has decreased to S\$1.3 million. This is mainly attributed to the receipt of government grants from the Suzhou local government pertaining to the compulsory land acquisition from the Company's Suzhou subsidiary in 1Q 2014. However, the Group's prepayments have increased to S\$1.8 million, which is mainly attributed to the investment in machineries in the Company's newly incorporated Thailand subsidiary. Meanwhile, the decrease in cash and bank balances are mainly attributed to the acquisition of assets as well as the payment of dividends to the shareholders.

On the other hand, trade creditors balance of the Group has slightly decreased to S\$25.6 million. Other creditors balance of the Group has increased by S\$2.0 million in relation to the incorporation of the Company's Thailand subsidiary. The bank borrowings of the Group are maintained at S\$4.4 million.

The increase in the Group's provision for taxation of S\$3.6 million as at 30 September 2014 is mainly attributed to the reclassification of tax payable arising from the compulsory land acquisition in the Company's Suzhou subsidiary from deferred tax liabilities upon completion of the relocation of the Suzhou plant. The amortisation of deferred compensation income resulted in a decrease in the balance of deferred compensation income of the Group to S\$9.7 million.

The Group recorded an operating cash surplus of S\$5.3 million as at 30 September 2014. This is mainly attributed to the operating profit and positive cash inflow from working capital changes.

The Company paid dividends amounting to S\$3.4 million to its shareholders in 2Q 2014. Overall, cash and bank balances decreased from S\$20.1 million as at 31 December 2013 to S\$13.0 million as at 30 September 2014.

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

Nil.

**10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

As the business environment remains challenging, the Group will continue to seek ways to step up its marketing efforts to improve growth opportunities by securing high value-added projects to improve its utilisation capacity and productivity.

With the increase in production costs across the region, stiff pricing competition and foreign currency movements, the Group expects to face challenging business conditions in the next 12 months.

**11 Dividend**

**(a) Current Financial Period Reported On**

Whether any dividend has been recommended for the current financial year reported on?

No.

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

Whether any dividend was declared for the corresponding period of the immediately preceding financial year?

No.

**(c) Date payable**

Not applicable.

**(d) Book closure date**

Not applicable.

**12 If no dividend has been declared (recommended), a statement to that effect.**

No dividend for the period ended 30 September 2014 has been declared or recommended.

**13 Interested Person Transactions**

The Group has not obtained a general mandate from shareholders for interested person transactions. There were no interested person transactions with an amount exceeding S\$100,000 during 3Q 2014.

**14. Confirmation by the Board pursuant to rule 705 (5) of the Listing Manual**

We, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the Group and Company, for the third quarter ended 30 September 2014 to be false or misleading in any material aspect.

**ON BEHALF OF THE BOARD**

Hsu Ching Yuh @ Sheu Ching Yuh  
Group Managing Director and  
Chief Executive Officer

Soh Weng Kheong  
Group Deputy Managing Director

10 November 2014