



ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 31 March 2015

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		
	YTD-1Q FY15 S\$'000	YTD-1Q FY14 S\$'000	+ / (-) %
Revenue	28,551	22,582	26%
Other income	370	2,014	(82%)
Total revenue	28,921	24,596	18%
Change in inventories of finished goods and work-in-progress	(2,595)	(1,287)	>100%
Raw materials and consumables used	(15,350)	(12,557)	22%
Depreciation expenses	(1,352)	(846)	60%
Amortisation expenses	(5)	(4)	25%
Staff costs	(5,535)	(5,514)	0%
Other operating expenses	(3,853)	(4,342)	(11%)
Total operating expenses	(28,690)	(24,550)	17%
Profit from operating activities	231	46	>100%
Interest on borrowings	(21)	(60)	(65%)
Profit/(loss) before income tax	210	(14)	(>100%)
Income tax			
- current year	(65)	-	n.m
- prior year	-	-	n.m
- deferred tax	-	-	n.m
	(65)	-	n.m
Profit/(loss) after income tax	145	(14)	(>100%)
Attributable to:			
Equity holders of the Company	145	(14)	(>100%)
<u>Statement of comprehensive income</u>			
Profit/(loss) after income tax	145	(14)	(>100%)
<i>Other comprehensive income</i>			
Translation differences relating to financial statements of foreign subsidiaries	1,413	(1,469)	(>100%)
Total comprehensive income for the period	1,558	(1,483)	(>100%)
Attributable to equity holders of the Company	1,558	(1,483)	(>100%)

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 (crediting)/charging the followings:

	GROUP	
	1Q FY15	1Q FY14
	S\$'000	S\$'000
(a) Raw materials and consumables used:		
Write-back of inventory obsolescence	(442)	(310)
Inventories written off	142	-
(b) Other income:		
Interest income	(11)	(60)
Gain on disposal of property, plant and equipment	(45)	(14)
Amortisation of deferred compensation income	(127)	(1,858)
Rental income	(70)	(173)
(c) Operating profit/(loss) is stated after charging/(crediting):		
Allowance for impairment on trade debtors	1	2
Foreign exchange (gains)/losses	(441)	375

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.

	GROUP		COMPANY	
	31/03/15	31/12/14	31/03/15	31/12/14
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assests				
Intangible assets	181	184	35	39
Property, plant and equipment	51,339	50,977	133	165
Investment property	4,575	4,491	-	-
Investment in subsidiaries	-	-	34,514	34,513
Loan receivables from subsidiaries	-	-	16,676	16,027
Deferred tax assets	1,459	1,414	-	-
Other investments	2,205	2,205	2,081	2,081
	59,759	59,271	53,439	52,825
Current assets				
Inventories	9,341	9,179	619	652
Amounts due from subsidiaries	-	-	11,436	9,926
Trade debtors	32,386	31,500	2,876	2,882
Other debtors	3,814	4,618	41	1,037
Prepayments and advances to suppliers	1,712	1,437	178	48
Fixed deposits (pledged)	373	317	-	-
Cash and bank balances	9,906	10,256	422	1,507
	57,532	57,307	15,572	16,052
Current liabilities				
Trade creditors	28,381	27,708	1,936	1,596
Other creditors and accruals	8,505	9,977	1,315	2,659
Deferred compensation income	521	505	-	-
Amounts due to bankers	2,303	2,634	2,052	1,992
Income tax payable	155	193	-	-
	39,865	41,017	5,303	6,247
Net current assets	17,667	16,290	10,269	9,805
Non-current liabilities				
Deferred compensation income	9,511	9,344	-	-
Deferred tax liabilities	4,537	4,397	-	-
	14,048	13,741	-	-
TOTAL NET ASSETS	63,378	61,820	63,708	62,630
Equity attributable to equity holders of the Company				
Share capital	57,337	57,337	57,337	57,337
Foreign currency translation reserve	2,396	983	-	-
Statutory reserve fund	4,889	4,889	-	-
Other reserves	189	189	189	189
Retained (losses)/earnings	(1,433)	(1,578)	6,182	5,104
TOTAL EQUITY	63,378	61,820	63,708	62,630

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

Amount repayable in one year or less, or on demand

As at 31 March 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,303	-	2,634	-

Amount repayable after one year

As at 31 March 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collateral

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

The amounts due to bankers are secured 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 all the assets of the Company;
- (2) a leasehold land and properties of the respective subsidiary companies; and
- (3) an agreed amount of corporate guarantee provided by the Company.

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 period ended 31 March

	3 months ended	
	1Q FY15	1Q FY14
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/(loss) before income tax	210	(14)
Adjustments for:		
Gain on disposal of property, plant and equipment	(45)	(14)
Depreciation of property, plant and equipment	1,353	846
Amortisation of intangible assets	5	5
Amortisation of deferred compensation income	(127)	(1,858)
Interest income	(11)	(59)
Interest expense	21	60
Exchange differences	442	(851)
Operating profit/(loss) before working capital changes	1,848	(1,885)
(Increase)/decrease in inventories	(162)	1,055
(Increase)/decrease in trade debtors, other debtors and prepayments	(357)	868
Decrease in trade creditors, other creditors and accruals	(200)	(2,779)
Cash generated from/(used in) operations	1,129	(2,741)
Interest paid	(21)	(60)
Interest received	11	59
Tax paid	(108)	-
Net cash generated from/(used in) operating activities	1,011	(2,742)
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	61	14
Government grant received pursuant to Suzhou's compulsory land acquisition	-	2,011
Purchase of property, plant and equipment	(144)	(261)
Net cash (used in)/generated from investing activities	(83)	1,764
Cash flows from financing activities		
Repayment of hire purchase creditors	-	(10)
Repayment of amount due to a director	(600)	-
Drawdown of bank borrowings	2,303	1,889
Repayment of bank borrowings	(2,640)	(2,539)
(Decrease)/increase in pledged fixed deposits	(54)	1
Net cash used in financing activities	(991)	(659)
Net decrease in cash and cash equivalents	(63)	(1,637)
Cash and cash equivalents at beginning of period	10,256	20,091
Effects of exchange rates on opening cash and cash equivalents	(287)	314
Cash and cash equivalents at end of period	9,906	18,768

- 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 31 March
(In S\$'000)

Group	Ordinary shares	Exchange translation reserve	Statutory reserve fund	Other reserves	Retained (losses)/ earnings	Total shareholders' equity
Balance as at 1 January 2015	57,337	983	4,889	189	(1,578)	61,820
Total comprehensive income for the period	-	1,413	-	-	145	1,558
Balance as at 31 March 2015	57,337	2,396	4,889	189	(1,433)	63,378
Balance as at 1 January 2014	57,337	(57)	4,889	189	9,727	72,085
Total comprehensive income for the period	-	(1,469)	-	-	(14)	(1,483)
Balance as at 31 March 2014	57,337	(1,526)	4,889	189	9,713	70,602

(In S\$'000)

Company	Ordinary shares	Other reserve	Retained earnings	Total shareholders' equity
Balance as at 1 January 2015	57,337	189	5,104	62,630
Total comprehensive income for the period	-	-	1,078	1,078
Balance as at 31 March 2015	57,337	189	6,182	63,708
Balance as at 1 January 2014	57,337	189	7,901	65,427
Total comprehensive income for the period	-	-	(530)	(530)
Balance as at 31 March 2014	57,337	189	7,371	64,897

- 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 31 March 2015, there are 1,464,000 (31 March 2014: 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.**

	31 March 2015	31 December 2014
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 the new and revised Financial Reporting Standards, which came into effect at the beginning of this financial year on 1 January 2015, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared to those applied in the audited financial statements for the financial year ended 31 December 2014. 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	
	1Q FY15 Basic / Diluted *	1Q FY14 Basic / Diluted *
<u>Earnings (\$'000)</u>		
Profit/(loss) attributable to equity holders of the Company	145	(14)
Profit/(loss) per share (cents)		
- Basic and diluted	0.020	(0.002)

*employees' share option is 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	
	31-Mar-15	31-Dec-14	31-Mar-15	31-Dec-14
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	9.39	9.16	9.44	9.28
Net asset value as at end of period (\$'000)	63,378	61,820	63,708	62,630
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 revenue in 1Q FY2015 rose by 26% to S\$28.55 million compared to that in 1Q FY2014. The increase is mainly attributed to the higher revenue achieved by the Company's subsidiaries located in Suzhou, Dongguan and Vietnam.

The business in the Suzhou subsidiary has gradually recovered since the compulsory land acquisition by its local government in late FY2013, as reflected by a 37% increase in revenue for the first quarter in FY2015 compared to that in FY2014. This is mostly attributed to multiple new tooling projects awarded to the Suzhou subsidiary, which has commenced mass production on these tooling projects.

Similarly, the revenue of the Company's Dongguan and Vietnam subsidiaries saw a significant increase in revenue in 1Q FY2015. The increase in revenue by Dongguan subsidiary is mainly due to higher sales orders received from its existing main customers.

In relation to the Vietnam subsidiary, the significant improvement in sales is attributable to the high value-added copier assembly projects having been awarded by its major customers, which resulted in the Vietnam subsidiary recording a 37% rise in revenue compared to that in 1Q FY2014.

Other income of the Group comprises mainly rental income, interest income, amortisation of deferred compensation income and gain on disposal of property, plant and equipment. Higher amount of other income has been recorded in 1Q FY2014 as it consists of a one-time amortisation of deferred compensation income for production suspension of S\$1.86 million, which was received from the Suzhou local government pursuant to the compulsory land acquisition of the Suzhou subsidiary's plant.

b. Operating results

Overall

In 1Q FY2015, the Group recorded a profit before tax of S\$0.21 million in 1Q FY2015 compared to a loss before tax of S\$0.01 million in 1Q FY2014.

The Group's profit-making result is mainly due to profit earned by the Company and its subsidiaries located in Vietnam, Dongguan and Suzhou, although it has been offset by the losses recorded by the Company's other overseas subsidiaries.

The Company reported profit before tax in 1Q FY2015, mainly due to the favorable movement of the US Dollar exchange rate against the Singapore Dollar. Meanwhile, the Vietnam and Dongguan subsidiaries' improved sales have generated profit before tax to the Group of S\$0.26 million and S\$0.23 million respectively in 1Q FY2015.

Despite increase in revenue in the Suzhou subsidiary, it has only managed to secure a marginal bottom-line in 1Q FY2015 due to high production and labour costs amid a high-inflationary business environment and stiff market competition.

Nonetheless, the profit generated from the subsidiaries mentioned above has been partially offset by the loss-making subsidiary in Shanghai due to high production and labour costs, and that in Thailand which has only started operation in 4Q FY2014.

Raw materials and consumables used

Compared to 1Q FY2014, raw materials and consumables used by the Group increased by 22% to S\$15.35 million. This is attributed to higher sales recorded in 1Q FY2015.

Staff costs

Staff costs in 1Q FY2015 has increased slightly from that in 1Q FY2014. Although the total headcount of the Group has reduced from 2,166 as at 31 March 2014 to 1,943 as at 31 March 2015, the slight increase in staff costs is due to the upward revision of minimum wages in the People's Republic of China and Vietnam in FY2014.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by 60% to S\$1.36 million in 1Q FY2015 compared to that in 1Q FY2014.

The increase is mainly attributed to the depreciation charged on the assets of the Company's Suzhou subsidiary, which were previously under construction, coupled with the addition of assets by the Company's Thailand subsidiary in mid of FY2014.

Other operating expenses

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

The Group's operating expenses fell by 11% to S\$3.85 million in 1Q FY2015 compared to that in 1Q FY2014 as a result of tighter control over expenses which aims at improving the bottom-line of the Group.

Finance costs

In 1Q FY2015, there is a significant decline of 65% in the Group's finance costs from S\$0.06 million in 1Q FY2015 to S\$0.02 million in 1Q FY2014 as a result of the repayment of the Group's bank borrowings, which have in turn decreased from S\$2.63 million as at 31 March 2014 to S\$2.30 million as at 31 March 2015.

c. Balance Sheet and Cash Flow Statements

The increase in the carrying amount of property, plant and equipment is mainly due to the addition of fixed assets and the effect of the strengthening of the Renminbi ("**RMB**") against the Singapore Dollar, as compared to that last December, which resulted in higher translated amount of the fixed assets of the Company's subsidiaries in the People's Republic of China (the "**PRC**"). However, the increase has been partially offset by the depreciation charged during 1Q FY2015.

As at 31 March 2015, inventories and trade debtors balances increased to S\$9.34 million and S\$32.39 million respectively as a result of higher sales recorded in 1Q FY2015, as compared to balances as at 31 December 2014. However, other debtors balance has declined by S\$0.80 million to S\$3.81 million as at 31 March 2015, mainly due to the recognition of tooling cost that has been accrued previously since the tooling has been fully completed in 1Q FY2015. Similarly, the recognition of tooling revenue accrued under other creditors balance has also led to a lower other creditors balance as at 31 March 2015.

Further, the Group's prepayments and advances to suppliers balance has increased by S\$0.28 million to S\$1.72 million as at 31 March 2015. This is mainly due to the downpayment for fixed assets acquisition as well as advances made to new suppliers by the Company's overseas subsidiaries for the purchase of materials for new projects.

In line with the increase in purchases made during the period, trade creditors balance of the Group has increased from S\$27.71 million to S\$28.38 million as at 31 March 2015. Besides the reversal of accrued tooling revenue as explained above, the full repayment of the amount due to a director amounting to S\$0.60 million has also led to the decrease of other creditors balance to S\$8.51 million as at 31 March 2015.

The Group's deferred compensation income balance has increased to S\$10.03 million as at 31 March 2015 as a result of the strengthening of the RMB. However, it has been partially offset by the amortisation of deferred compensation income in 1Q FY2015. During the period, the Group has made repayments of bank borrowings to its bankers, thus reducing the amount due to bankers from S\$2.63 million as at 31 December 2014 to S\$2.30 million as at 31 March 2015.

As at 31 March 2015, deferred tax liabilities and deferred tax assets are contributed by the subsidiaries in the PRC. The strengthening of the RMB has resulted in higher translated amount of deferred tax liabilities and deferred tax assets amounting to S\$4.54 million and S\$1.46 million respectively.

The Group recorded an operating cash surplus of S\$1.01 million for 1Q FY2015. This is mainly attributed to the profit generated during the quarter. However, the cash surplus has been offset by the repayment of an amount of S\$0.60 million due to a director and the net repayment of bank borrowings amounting to S\$0.34 million. Therefore, the cash and bank balances have decreased from S\$10.26 million as at 31 December 2014 to S\$9.91 million as at 31 March 2015.

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 31 March 2015 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 1Q FY2015.

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

On behalf of the Board of Directors of the Company, 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 the Company for the first quarter ended 31 March 2015 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
Executive Director and
Group Deputy Managing Director

12 May 2015