



ALLIED TECHNOLOGIES LIMITED

Full Year Financial Statement for the year ended 31 December 2017

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 group together with a comparative statement for the corresponding period of the immediately preceding financial year.

	GROUP					
	3 months ended			12 months ended		
	4Q FY17	4Q FY16	+ / (-)	12M FY17	12M FY16	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
		(restated)			(restated)	
Continuing operations						
Revenue	25,345	22,484	13%	94,804	85,423	11%
Other income	1,505	1,874	(20%)	2,202	2,867	(23%)
Total revenue	26,850	24,358	10%	97,006	88,290	10%
Change in inventories of finished goods and work-in-progress	716	2,565	(72%)	320	812	(61%)
Raw materials and consumables used	(17,175)	(17,252)	(0%)	(65,323)	(59,060)	11%
Depreciation expenses	(398)	(314)	27%	(1,545)	(1,795)	(14%)
Amortisation expenses	(3)	(5)	(40%)	(11)	(19)	(42%)
Staff costs	(3,959)	(3,707)	7%	(13,121)	(14,638)	(10%)
Other operating expenses	(5,969)	(2,856)	109%	(13,605)	(11,676)	17%
Total operating expenses	(26,788)	(21,569)	24%	(93,285)	(86,376)	8%
Profit from operating activities	62	2,789	(98%)	3,721	1,914	94%
Interest on borrowings	(25)	(30)	(17%)	(94)	(171)	(45%)
Profit before tax from continuing operations	37	2,759	(99%)	3,627	1,743	108%
Tax expense	(125)	(192)	(35%)	(163)	(192)	(15%)
(Loss)/profit from continuing operations, net of tax	(88)	2,567	n.m.	3,464	1,551	123%
Discontinued operation						
Loss from discontinued operation, net of tax	(394)	(78)	405%	(189)	(191)	(1%)
(Loss)/profit after tax	(482)	2,489	n.m.	3,275	1,360	141%
Attributable to:						
Equity holders of the Company						
(Loss)/profit from continuing operations, net of tax	(88)	2,567	n.m.	3,464	1,551	123%
Loss from discontinued operations, net of tax	(394)	(78)	405%	(189)	(191)	(1%)
	(482)	2,489	n.m.	3,275	1,360	141%
Statement of comprehensive income						
(Loss)/profit after tax	(482)	2,489	n.m.	3,275	1,360	141%
<i>Other comprehensive income</i>						
Items that will not be reclassified to profit or loss						
Liquidation and disposal of subsidiaries	-	(272)	n.m.	(152)	(272)	(44%)
Items that may be reclassified to profit or loss						
Translation differences relating to financial statements of foreign subsidiaries	631	977	(35%)	(317)	(1,415)	(78%)
Total comprehensive income for the period	149	3,194	(95%)	2,806	(327)	n.m.
Attributable to equity holders of the Company	149	3,194	(95%)	2,806	(327)	n.m.

Note:

(i) n.m. - not meaningful

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

(Loss)/profit before income tax from continuing and discontinued operations is arrived at after (crediting)/charging the following:

	GROUP					
	4Q FY17	4Q FY16	+ / (-)	12M FY17	12M FY16	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
(a) Raw materials and consumables used:						
(Write back of)/allowance for inventory obsolescence	(402)	(126)	219%	96	(29)	n.m.
(b) Other income:						
Interest income	(10)	(11)	(9%)	(62)	(40)	55%
Gain on disposal of property, plant and equipment	(10)	-	n.m.	(28)	(182)	(85%)
Gain on liquidation of subsidiaries	-	-	n.m.	(141)	-	n.m.
Gain on disposal of subsidiaries	-	(1,198)	n.m.	-	(1,198)	n.m.
Amortisation of deferred interest income	(1,541)	(22)	n.m.	(1,783)	(22)	n.m.
Amortisation of deferred compensation income	(121)	(121)	0%	(483)	(491)	(2%)
Rental income	(55)	(95)	(42%)	(140)	(309)	(55%)
(c) Operating profit is stated after charging/(crediting):						
Allowance for impairment on:						
- trade debtors	678	(572)	n.m.	2,237	(318)	n.m.
- sundry debtors	41	853	(95%)	41	853	(95%)
Impairment loss on assets of disposal group classified as held for sale	245	-	n.m.	245	-	n.m.
Foreign exchange losses/(gains)	504	(397)	n.m.	1,223	125	878%

Note:

(i) n.m. - not meaningful

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	
	31/12/17	31/12/16	31/12/17	31/12/16
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Intangible assets	124	150	-	10
Property, plant and equipment	20,572	35,609	93	32
Investment in subsidiaries	-	-	31,646	21,919
Loan receivables from subsidiaries	-	-	13,638	17,916
Deferred tax assets	-	477	-	-
Other investments	2,205	2,205	2,081	2,081
Other debtors	-	12,431	-	10,405
Prepayments	-	1,680	-	-
	<u>22,901</u>	<u>52,552</u>	<u>47,458</u>	<u>52,363</u>
Current assets				
Inventories	10,332	12,610	-	-
Amounts due from subsidiaries	-	-	4,621	4,685
Trade debtors	20,582	33,299	1,953	1,550
Other debtors	3,527	9,950	398	5,869
Prepayments and advances to suppliers	962	721	46	37
Income tax recoverable	-	4	-	-
Fixed deposits	1,757	1,096	-	348
Cash and bank balances	58,051	13,939	51,215	1,108
	<u>95,211</u>	<u>71,619</u>	<u>58,233</u>	<u>13,597</u>
Assets of disposal group classified as held for sale	54,407	-	-	-
	<u>149,618</u>	<u>71,619</u>	<u>58,233</u>	<u>13,597</u>
Current liabilities				
Trade creditors	22,772	31,945	177	763
Hire purchase creditor	4	8	-	-
Other creditors and accruals	8,798	8,292	3,314	3,025
Deposit received	2,000	-	2,000	-
Deferred compensation income	-	491	-	-
Loans and borrowings	3,258	5,688	-	267
Income tax payable	118	-	-	-
	<u>36,950</u>	<u>46,424</u>	<u>5,491</u>	<u>4,055</u>
Liabilities of disposal group classified as held for sale	32,728	-	-	-
	<u>69,678</u>	<u>46,424</u>	<u>5,491</u>	<u>4,055</u>
Net current assets	<u>79,940</u>	<u>25,195</u>	<u>52,742</u>	<u>9,542</u>
Non-current liabilities				
Other creditors and accruals	1,183	2,201	1,183	1,842
Hire purchase creditor	-	4	-	-
Deferred compensation income	-	8,105	-	-
Loans and borrowings	1,877	-	-	-
Deferred tax liabilities	-	3,863	-	-
	<u>3,060</u>	<u>14,173</u>	<u>1,183</u>	<u>1,842</u>
TOTAL NET ASSETS	<u>99,781</u>	<u>63,574</u>	<u>99,017</u>	<u>60,063</u>
Equity attributable to owners of the Company				
Share capital	90,738	57,337	90,738	57,337
Foreign currency translation reserve	872	1,050	-	-
Statutory reserve fund	16	1,938	-	-
Other reserves	189	189	189	189
Retained earnings	6,319	3,060	8,090	2,537
Reserves of disposal group classified as held for sale	1,647	-	-	-
TOTAL EQUITY	<u>99,781</u>	<u>63,574</u>	<u>99,017</u>	<u>60,063</u>

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. (continued)

Subsidiary classified as held for sale

The Company had on 20 December 2017 entered into a sale and purchase agreement ("SPA") with Madam Hong Siou-Jhu (the "**Purchaser**") as the purchaser in respect of the proposed transaction in which the Company will be selling to the Purchaser the entire equity interest of Allied Technologies (Suzhou) Co., Ltd. ("**ATSU**") comprising a registered capital of USD 11,050,000 (the "**Equity**") on the terms of the SPA (the "**Proposed Disposal**").

On 29 December 2017, the Company received a deposit of S\$2,000,000 in accordance with the SPA.

As at 31 December 2017, the assets and liabilities related to ATSU are classified as held for sale ("**disposal group**"). The disposal was completed on 31 January 2018.

The value of assets and liabilities of disposal group classified as held for sale and the related reserves as at 31 December 2017 are as follows:

	ATSU S\$'000
<u>Assets:</u>	
Property, plant and equipment	22,874
Deferred tax assets	235
Inventories	3,117
Trade and other debtors	26,614
Cash and bank balances	1,567
Assets of disposal group classified as held for sale	<u>54,407</u>
<u>Liabilities:</u>	
Trade and other creditors	(12,948)
Deferred compensation income	(8,007)
Loans and borrowings	(8,226)
Deferred tax liabilities	(3,547)
Liabilities of disposal group classified as held for sale	<u>(32,728)</u>
Net assets of disposal group classified as held for sale	<u>21,679</u>
<u>Reserves:</u>	
Statutory reserve fund	1,938
Foreign currency translation reserve	(291)
	<u>1,647</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 31 December 2017		As at 31 December 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
3,261	-	5,696	-

Amount repayable after one year

As at 31 December 2017		As at 31 December 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,877	-	4	-

Details of any collateral

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

The hire purchase creditor relates to an asset of the Company's subsidiary which is financed under hire purchase.

The amounts due to bankers are secured facilities granted to the Company's subsidiaries (collectively, the "**Group**"). The secured facilities granted are secured by:

- (1) fixed deposits placement by the Company's respective subsidiaries;
- (2) lands and properties of the respective subsidiaries; 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 year ended 31 December

	3 months ended		12 months ended	
	4Q FY17	4Q FY16	12M FY17	12M FY16
	S\$'000	S\$'000	S\$'000	S\$'000
		(restated)		(restated)
Cash flows from operating activities				
Profit before tax from continuing operations	37	2,759	3,627	1,743
Loss before tax from discontinued operation	(394)	(78)	(189)	(191)
(Loss)/profit before tax, total	(357)	2,681	3,438	1,552
Adjustments for:				
Gain on disposal of property, plant and equipment	(10)	-	(28)	(182)
Gain on termination of club membership	(15)	-	(56)	-
Gain on liquidation of subsidiaries	-	-	(141)	-
Gain on disposal of subsidiaries	-	(1,198)	-	(1,198)
Depreciation of property, plant and equipment and investment property	871	809	3,462	3,910
Amortisation of intangible assets	3	5	11	19
Impairment loss on assets of disposal group held for sale	245	-	245	-
Amortisation of deferred interest income	(1,541)	(22)	(1,783)	(22)
Amortisation of deferred compensation income	(121)	(121)	(483)	(491)
Interest income	(10)	(11)	(62)	(40)
Interest expense	130	85	454	381
Dividend income from other investment	(110)	(87)	(110)	(87)
Exchange differences	386	(533)	814	(98)
Operating (loss)/profit before working capital changes	(529)	1,608	5,761	3,744
Decrease in inventories	(1,883)	(4,275)	(1,333)	(1,870)
Decrease/(increase) in trade debtors and other debtors	10,606	(9,719)	2,921	(9,802)
Increase in trade creditors and other creditors	11,137	18,141	7,037	14,489
Cash generated from operations	19,331	5,755	14,386	6,561
Interest paid	(130)	(85)	(454)	(381)
Interest received	10	11	62	40
Tax paid	(55)	-	(71)	-
Net cash generated from operating activities	19,156	5,681	13,923	6,220
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	477	-	495	195
Proceeds from termination of club membership	15	-	60	-
Purchase of property, plant and equipment	(5,667)	(827)	(10,729)	(2,656)
Prepayment for purchase of land	-	(1,701)	-	(1,701)
Dividend receipt from other investment	110	87	110	87
Net cashflow on disposal of subsidiaries	-	(373)	-	(373)
Deposit received from disposal of a subsidiary	2,000	-	2,000	-
Net cash used in investing activities	(3,065)	(2,814)	(8,064)	(4,448)
Cash flows from financing activities				
Proceeds from issuance of ordinary shares (net of transaction costs)	33,401	-	33,401	-
Net decrease in hire purchase creditors	(2)	(2)	(8)	(8)
Drawdown of bank borrowings	3,234	3,126	19,879	13,603
Repayment of bank borrowings	(3,381)	(5,790)	(12,196)	(16,503)
Increase in fixed deposits	(282)	-	(684)	(500)
Net cash generated from/(used in) financing activities	32,970	(2,666)	40,392	(3,408)
Net increase/(decrease) in cash and cash equivalents	49,061	201	46,251	(1,636)
Cash and cash equivalents at beginning of period	10,576	13,057	13,939	15,514
Effects of exchange rates on opening cash and cash equivalents	(19)	681	(572)	61
Cash and cash equivalents at end of period	59,618	13,939	59,618	13,939
Cash and cash equivalents at end of period comprise:				
- Cash and bank balances	58,051	13,939	58,051	13,939
- Cash and bank balances classified as held for sale	1,567	-	1,567	-
	59,618	13,939	59,618	13,939

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Changes in Shareholders' Equity for the period ended 31 December
(In S\$'000)**

Group	Share Capital	Foreign currency translation reserve	Statutory reserve fund	Other reserves	Retained earnings/ (losses)	Reserve of disposal group classified as held for sale	Total equity attributable to owners of the Company
Balance as at 1 January 2017	57,337	1,050	1,938	189	3,060	-	63,574
Total comprehensive income for the period	-	(897)	-	-	1,562	-	665
Balance as at 31 March 2017	57,337	153	1,938	189	4,622	-	64,239
Total comprehensive income for the period	-	(302)	-	-	1,733	-	1,431
Balance as at 30 June 2017	57,337	(149)	1,938	189	6,355	-	65,670
Total comprehensive income for the period	-	99	-	-	462	-	561
Balance as at 30 September 2017	57,337	(50)	1,938	189	6,817	-	66,231
Total comprehensive income for the period	-	631	-	-	(482)	-	149
Issuance of ordinary shares	33,401	-	-	-	-	-	33,401
Reserves attributable to the disposal group classified as held for sale	-	291	(1,938)	-	-	1,647	-
Transfer between reserves	-	-	16	-	(16)	-	-
Balance as at 31 December 2017	90,738	872	16	189	6,319	1,647	99,781
Balance as at 1 January 2016	57,337	2,737	4,889	189	(1,251)	-	63,901
Total comprehensive income for the period	-	(2,229)	-	-	(1,172)	-	(3,401)
Balance as at 31 March 2016	57,337	508	4,889	189	(2,423)	-	60,500
Total comprehensive income for the period	-	(817)	-	-	(636)	-	(1,453)
Balance as at 30 June 2016	57,337	(309)	4,889	189	(3,059)	-	59,047
Total comprehensive income for the period	-	654	-	-	679	-	1,333
Balance as at 30 September 2016	57,337	345	4,889	189	(2,380)	-	60,380
Total comprehensive income for the period	-	705	-	-	2,489	-	3,194
Transfer between reserves	-	-	(2,951)	-	2,951	-	-
Balance as at 31 December 2016	57,337	1,050	1,938	189	3,060	-	63,574

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

(In S\$'000)

	Share capital	Other reserves	Retained earnings	Total equity attributable to owners of the Company
<u>Company</u>				
Balance as at 1 January 2017	57,337	189	2,537	60,063
Total comprehensive income for the period	-	-	(512)	(512)
Balance as at 31 March 2017	57,337	189	2,025	59,551
Total comprehensive income for the period	-	-	3,526	3,526
Balance as at 30 June 2017	57,337	189	5,551	63,077
Total comprehensive income for the period	-	-	926	926
Balance as at 30 September 2017	57,337	189	6,477	64,003
Total comprehensive income for the period	-	-	1,613	1,613
Issuance of ordinary shares	33,401	-	-	33,401
Balance as at 31 December 2017	90,738	189	8,090	99,017
Balance as at 1 January 2016	57,337	189	6,267	63,793
Total comprehensive income for the period	-	-	(1,948)	(1,948)
Balance as at 31 March 2016	57,337	189	4,319	61,845
Total comprehensive income for the period	-	-	(436)	(436)
Balance as at 30 June 2016	57,337	189	3,883	61,409
Total comprehensive income for the period	-	-	1,039	1,039
Balance as at 30 September 2016	57,337	189	4,922	62,448
Total comprehensive income for the period	-	-	(2,385)	(2,385)
Balance as at 31 December 2016	57,337	189	2,537	60,063

- 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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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.**

Details of any changes in the Company's issued share capital

	No. of ordinary shares ('000)	Amount (S\$'000)
As at 1 January 2017	675,164	57,337
Shares placement completed during the year	675,164	33,401
As at 31 December 2017	<u>1,350,328</u>	<u>90,738</u>

As at 31 December 2017 and 31 December 2016, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	31 December 2017	31 December 2016
Total number of issued shares ('000) (excluding treasury shares)	1,350,328	675,164

There were no treasury shares as at 31 December 2017 and 31 December 2016.

- 1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable as the Company did not have any treasury shares as at 31 December 2017 and 31 December 2016.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable as the Company did not hold any subsidiary holdings as at 31 December 2017 and 31 December 2016.

- 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 by the Company's auditors.

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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2016.

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.

The Group has adopted all the new and revised financial reporting standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to the Group and effective for the financial period beginning on or after 1 January 2017. The adoption of these new and revised FRS and INT FRS did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

6 Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

(Loss)/earnings Per Share

The Group	3 months ended		12 months ended	
	<u>4Q FY17</u>	<u>4Q FY16</u>	<u>12M FY17</u>	<u>12M FY16</u>
(Loss)/earnings per share from continuing operations (cents)				
- Basic and diluted	(0.01)	0.38	0.43	0.23
(Loss)/earnings per share (cents)				
- Basic and diluted	(0.04)	0.37	0.41	0.20
Weighted average number of ordinary shares ('000)	1,155,884	675,164	796,332	675,164

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 financial period reported on and (b) immediately preceding financial year.

Net asset value per ordinary share

	Group		Company	
	<u>31-Dec-17</u>	<u>31-Dec-16</u>	<u>31-Dec-17</u>	<u>31-Dec-16</u>
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	7.39	9.42	7.33	8.90
Net asset value as at end of period (S\$'000)	99,781	63,574	99,017	60,063
No. of ordinary shares ('000)	1,350,328	675,164	1,350,328	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

Continuing operations

In 4Q FY2017 and 12M FY2017, the Group's revenue increased by 13% and 11% to S\$25.35 million and S\$94.80 million, respectively. The increases are contributed by the Company's overseas subsidiaries located in Malaysia, Vietnam and Thailand.

The Company and its Malaysia subsidiary have recorded an increase in revenue in 4Q FY2017 and 12M FY2017. The revenue achieved in 12M FY2017 of S\$36.91 million has doubled those achieved in 12M FY2016 of S\$17.62 million. This is mainly due to higher sales demand from the existing main customers.

As for the Company's Vietnam subsidiary, it recorded a 3% and 9% increase in revenue in 4Q FY2017 and 12M FY2017, respectively, as compared to 4Q FY2016 and 12M FY2016. This is largely due to the increase in sales orders received from its existing main customers. Vietnam subsidiary has emerged to be the largest revenue contributor to the Group in FY2017 subsequent to the disposal and liquidation of certain China subsidiaries completed in FY2016 and FY2017.

Thailand subsidiary has received increased orders from its customer in both 4Q FY2017 and 12M FY2017. As a result, Thailand subsidiary's revenue has increased by 34% and 20% to S\$1.92 million and S\$6.77 million in 4Q FY2017 and 12M FY2017, respectively.

Other income of the Group's continuing operations comprises mainly of rental income, interest income, amortisation of deferred compensation income, gain on disposal of property, plant and equipment ("PPE") and gain on disposal of subsidiaries. Other income of the Group is lower than that in 4Q FY2016 and 12M FY2016 by S\$0.37 million and S\$0.67 million respectively. This is mainly due to S\$1.20 million of the gain on disposal of former Shanghai and Taicang subsidiaries, recorded by the Group and higher rental income generated by the former Taicang subsidiary in 4Q FY2016 and 12M FY2016. The decrease is partially offset by the amortisation of deferred interest income recorded in the Company.

Discontinued operation

Consequent to the Proposed Disposal mentioned in 1(b)(i), ATSU's assets and liabilities are classified as disposal group held for sales on balance sheet and its profit or loss is presented as discontinued operation in the income statement and cash flow statement.

Due to lower demand received from customers in 4Q FY2017, ATSU has recorded a 17% decrease in revenue as compared to 4Q FY2016.

Despite lower revenue recorded in 4Q FY2017, ATSU's revenue in 12M FY2017 is higher compared to 12M FY2016. It has reported an 11% increase in revenue from S\$38.44 million in 12M FY2016 to S\$42.55 million in 12M FY2017. This is mainly due to the higher sales order received as well as new projects awarded from its customers in the previous quarters in FY2017.

b. Operating results

Continuing operations

The Group recorded profit before interest and tax (“**PBIT**”) of S\$0.06 million and S\$3.72 million in 4Q FY2017 and 12M FY2017, respectively, compared to the PBIT of S\$2.79 million and S\$1.91 million in 4Q FY2016 and 12M FY2016. The PBIT is derived from the Company’s overseas subsidiaries located in Malaysia, Vietnam, and Thailand.

The Group’s PBIT in 4Q FY2017 is lower as compared to the PBIT in 4Q FY2016 of S\$2.79 million. This is mainly due to the compensation sum for termination of service agreement payable to the Company’s former directors.

The higher PBIT recorded in 12M FY2017 is primarily fueled by the increase in the total revenue recorded by the Group, representing a 10% increase compared to that of in 12M FY2016. The higher PBIT is also contributed by lower depreciation expenses and staff costs incurred by the Group in 12M FY2017 as a result of the disposal of the former Shanghai and Taicang subsidiaries, which was completed in 4Q FY2016.

The Company and its Malaysia subsidiary’s PBIT has decreased by S\$2.57 million in 12M FY2017 mainly due to the compensation sum for termination of service agreement payable to the Company’s former directors and partially offset by the higher PBIT generated by the Malaysia subsidiary as a result of its higher revenue achieved.

The Group’s Vietnam subsidiary, which generates higher revenue, has contributed higher PBIT to the Group in 12M FY2017. This is attributable to the increase in revenue of S\$4.43 million in 12M FY2017 compared to 12M FY2016.

In 12M FY2017, Thailand subsidiary has recorded a higher PBIT of S\$1.00 million as compared to that in 12M FY2016. This is mainly due to higher revenue recorded in 12M FY2017 of S\$6.77 million.

After taking into consideration the interest on borrowings and tax expense, the Group’s continuing operations recorded a loss after tax of S\$0.09 million and profit after tax of S\$3.46 million in 4Q FY2017 and 12M FY2017 respectively.

Raw materials and consumables used

Raw materials and consumables used by the Group in 4Q FY2017 is comparable with that of in 4Q FY2016 despite higher revenue recorded. This is mainly due to the tighter controls in place in 4Q FY2017.

In 12M FY2017, the 11% increase in raw materials and consumables used by the Group is in line with the increase in revenue of 11%.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group increased by 26% in 4Q FY2017 while the expenses decreased by 14% in 12M FY2017, compared to 4Q FY2016 and 12M FY2016, respectively.

The 26% increase in depreciation and amortisation expenses in 4Q FY2017 is mainly due to the depreciation charged on the addition of PPE acquired by Malaysia subsidiaries in 4Q FY2017.

The decrease in 12M FY2017 is mainly attributable to the absence of depreciation on PPE held by the former Shanghai and Taicang subsidiaries, which were disposed of in 4Q FY2016. However, this amount was partly offset by the depreciation expenses charged on those newly acquired PPE by Malaysia subsidiaries in 12M FY2017.

Staff costs

Staff costs in 4Q FY2017 increased by 7% while the costs decreased by 10% in 12M FY2017.

The increase in staff costs in 4Q FY2017 is mainly due to year end staff bonus adjustment and increase in the Group's headcount from 2,068 as at 31 December 2016 to 2,169 as at 31 December 2017.

The decrease staff costs in 12M FY2017 is primarily due to the disposal of the former subsidiary in Shanghai in 4Q FY2016.

Other operating expenses

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

Other operating expenses in 4Q FY2017 and 12M FY2017 have increased to S\$5.97 million and S\$13.61 million from S\$2.86 million and S\$11.68 million recorded in 4Q FY2016 and 12M FY2016, respectively. This is mainly due to the unfavourable movement of foreign currencies that resulted in foreign exchange losses as well as the compensation sum for termination of service agreement payable to the Company's former directors.

Finance costs

The Group's finance costs have decreased by 17% and 45% to S\$0.03 million and S\$0.09 million in 4Q FY2017 and 12M FY2017, respectively, as compared to 4Q FY2016 and 12M FY2016. Despite net bank borrowings drawdown being recorded in 12M FY2017, the decrease is mainly attributed to the repayment of bank borrowings that have matured and capitalization of borrowing cost incurred by one of the Malaysia subsidiaries.

Discontinued operation

ATSU recorded losses after tax of S\$0.39 million and S\$0.19 million in 4Q FY2017 and 12M FY2017, respectively despite achieving higher revenue in 12M FY2017. This is mainly due to the impairment of trade and sundry debtors made for balances that are overdue and the recoverability is doubtful.

c. Balance Sheet

The decrease in PPE from S\$35.61 million as at 31 December 2016 to S\$20.57 million as at 31 December 2017 is mainly due to the reclassification of ATSU PPE to assets held for held and partially offset by the addition of new PPE during the year.

The Group's non-current other debtors balance relates to the deferred sales consideration arising from disposal of the Group's former subsidiaries in Shanghai and Taicang to Carapace Daybreak Ltd ("**Carapace**"). The decrease in other debtors balance is mainly due to the early receipt of consideration from Carapace of S\$12.29 million.

The prepayment balance under non-current assets as at 31 December 2016 of S\$1.68 million relates to the prepayment amounts made for land acquired by Allied Precision Technologies (M) Sdn Bhd ("**APT**M"). The decrease in prepayment is due to reclassification to PPE upon obtaining the ownership to the land during the year. APTM was incorporated in August 2016 and has started its operations in December 2017.

The decrease in Group's inventories balance from S\$12.61 million as at 31 December 2016 to S\$10.33 million as at 31 December 2017 is mainly attributable to the reclassification of inventory balance held by ATSU of S\$3.13 million to assets held for sale. The decrease is partially offset by the increase in inventory balance in other subsidiaries as a result of higher revenue. For the same reason, the Group has recorded a lower trade debtors balances as at 31 December 2017 of S\$20.58 million. The Group has provided

approximately S\$3.11 million of allowance for ATSU's trade and sundry debtors, which are overdue and the recoverability is doubtful. Such balances are reclassified as assets held for sale on balance sheet.

The Group's other debtors balances have decreased to S\$3.53 million as at 31 December 2017 from S\$9.95 million as at 31 December 2016. The decrease is mainly due to the classification of assets held for sale of ATSU. The other debtors balance of ATSU mainly consists of amount recoverable from a customer for cost incurred for procurement of materials for new solar power projects managed by the ATSU.

The decrease in other debtors balances is also attributable to the receipt of consideration from Carapace and tax receivable refunded by Vietnam local tax authority.

The Group's prepayments and advances to suppliers balances as at 31 December 2017 have increased to S\$0.96 million, mainly due to down payment made for machineries by APTM for its new operations.

Trade creditors balance has decreased from S\$31.95 million as at 31 December 2016 to S\$22.77 million to 31 December 2017 as a result of classification of ATSU balance to liabilities held for sale and repayment made to trade creditors during the year. The decrease is being partially offset by the increase in the cost of material purchased by the subsidiaries located in Malaysia and Thailand. The current and non-current other creditors and accruals balances have decreased from S\$10.49 million as at 31 December 2016 to S\$9.98 million as at 31 December 2017. The decrease is mainly due to repayment of partial land acquisition cost that was accrued for as at 31 December 2016 and amortisation of deferred interest income in relation to the deferred sales consideration from the disposal of former subsidiaries in Shanghai and Taicang. The decrease is partially offset by the accrual made by the Company, in relation to the compensation sum for termination of service agreement payable to the Company's former director.

The deposit received balance of S\$2.00 million relates to the monies received from the Purchaser of ATSU in accordance with the SPA.

The Group's deferred compensation income balance in Suzhou subsidiary had decreased to S\$8.01 million as at 31 December 2017 due to the amortisation of deferred compensation income. The balance of S\$8.01 million has been reclassified to liabilities of disposal group held for sale at 31 December 2017.

The decrease in the Group's loans and borrowings to S\$5.14 million as at 31 December 2017 is mainly due to the reclassification of ATSU's loans and borrowings amount of S\$8.23 million being reclassified to liabilities held for sale. The decrease is partially offset by the drawdown of loans and borrowings during the year for the purpose of PPE acquisition and working capital.

Both deferred tax assets and deferred tax liabilities of the Group as at 31 December 2016 are attributable to ATSU. Such balances have been reclassified to assets and liabilities held for sale respectively as at 31 December 2017.

The equity attributable to owners of the Company has increased by S\$36.21 million to S\$99.78 million as at 31 December 2017. The increase is due to increase in share capital and profit generated during the year.

d. Cash Flow Statements

In 12M FY2017, the Group generated net cash from operating activities of S\$13.92 million compared to that of S\$6.22 million in 12M FY2016. This is mainly due to the working capital inflows of S\$8.63 million recorded in 12M FY2017 and profit generated during the year.

The Group recorded a net cash used in investing activities in 12M FY2017 of S\$8.06 million, which mainly comprised of PPE acquisition of S\$10.73 million and partially offset by the deposit of S\$2.00 million received from the Purchaser of ATSU in the Proposed Disposal. Majority of the PPE acquisition was made by APTM in purchasing the land, machineries and construction of factory building for its operation use.

In October 2017, the Company issued 675,164,460 ordinary shares via placement and raised funds of S\$33.40 million (net of incremental costs directly attributable to the placement exercise) ("**Placement**"), which has been recorded under the cash flows generating from financing activities in 4Q FY2017 and 12M FY2017, respectively. The Group has also increased its bank borrowings in 12M FY2017 with a net bank borrowings of S\$7.68 million to finance its PPE acquisition, to manage the new solar power projects by ATSU and for working capital purposes.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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.

The business environment remains challenging for the Group in light of the uncertain global economic outlook. Besides streamlining the operations, the Group is also exploring into all possible avenues for other business opportunities. With the economic uncertainty ahead, increase in production costs across the region and stiff pricing competition, the Group expects to face challenging business conditions in the next 12 months.

11 Dividend

(a) Whether an interim (final) ordinary dividend has been declared or recommended

Yes. The Directors has recommended a final one-tier tax exempt dividend of 0.01 Singapore cents per share in respect of the financial year ended 31 December 2017 ("**Dividend**") for the approval of shareholders at the forthcoming Annual General Meeting to be convened.

(b) (i) Amount per share

0.01 Singapore cents per share (based on 1,350,328,920 shares)

(i) Previous corresponding period

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

The Dividend is one-tier tax exempt.

(d) Date payable

The proposed Dividend, if approved at the Annual General Meeting to be held on 23 April 2018, will be paid on 21 May 2018.

(e) Books closure date

NOTICE IS HEREBY GIVEN THAT the register of Members and Share Transfer Books of the Company will be closed at 5.00 p.m. on **10 May 2018** to determine the shareholders' entitlements to the proposed Dividend.

Duly completed registrable transfers of shares received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd at 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 10 May 2018 will be registered to determine the shareholders' entitlements to the proposed Dividend. Subject as aforesaid, shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on the 10 May 2018 will be entitled to the proposed Dividend.

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

Not applicable. The Directors are recommending to declare the Dividend in respect of FY2017.

13 If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has not obtained a general mandate from shareholders for interested person transactions.

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

15 Use of proceeds

The Company has raised net proceeds from Placement of approximately S\$33.40 million. As at the date of announcement, the net proceeds have not been utilised.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

16 Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

<u>(S\$'000)</u>	Singapore & Malaysia		China		Vietnam		Thailand		Others		Discontinued operation China		Elimination		Group	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Segment revenue																
External customers	36,908	17,623	-	15,467	51,125	46,697	6,771	5,637	-	-	42,548	38,442	-	-	137,352	123,866
Inter segment revenue	-	-	-	536	-	-	-	3	-	-	1,391	216	(1,391)	(755)	-	-
Total revenue	36,908	17,623	-	16,003	51,125	46,697	6,771	5,640	-	-	43,939	38,658	(1,391)	(755)	137,352	123,866
Profit/(loss) before interest and taxation	1,910	4,479	(78)	(2,346)	2,021	597	998	986	23	(1)	171	149	-	-	5,045	3,864
Finance cost															(454)	(381)
Unallocated expenses															(1,153)	(1,931)
Profit before taxation															3,438	1,552
Taxation															(163)	(192)
Net profit															3,275	1,360
Segment assets	83,808	13,571	-	5,073	27,616	31,214	4,483	4,150	-	6	51,686	49,301	-	-	167,593	103,315
Unallocated assets															4,926	20,856
															172,519	124,171
Other segment information																
Additions to non-current assets	11,937	1,595	-	222	90	333	41	237	-	-	332	269	-	-	12,400	2,656
Depreciation and amortization	414	228	-	462	426	430	716	693	-	-	1,917	2,115	-	-	3,473	3,928
Allowance for/(write-back of) inventory obsolescence	14	8	-	(24)	113	(48)	(1)	12	-	-	(30)	23	-	-	96	(29)
Allowance for/(write back of) impairment on - trade debtors	19	(263)	-	(54)	-	-	-	-	-	-	2,218	(1)	-	-	2,237	(318)
- sundry debtors	-	-	-	-	-	-	-	-	-	-	41	853	-	-	41	853
Impairment loss on assets of disposal group held for sale	-	-	-	-	-	-	-	-	-	-	245	-	-	-	245	-
(Gain)/loss on disposal of property, plant and equipment	(10)	(6)	-	(184)	(7)	-	-	-	-	5	(11)	3	-	-	(28)	(182)

17 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 8 of this announcement for the review of the performance of the Group.

18 A breakdown of sales.

A breakdown of sales from continuing and discontinued operations as follows:

	FY 2017 S\$'000 Group	FY 2016 S\$'000 Group	% (decrease)/ increase Group
Sales reported for first half year	65,662	56,042	17%
Operating profit/(loss) after tax before deducting minority interests reported for first half of the year	3,295	(1,808)	n.m.
Sales reported for second half year	71,690	67,824	6%
Operating (loss)/profit after tax before deducting minority interests reported for second half of the year	(20)	3,168	n.m.

19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Total annual dividend proposed in respect of the financial year ended 31 December 2017 and 2016:

Proposed but not recognised as a liability as at 31 December:	FY2017 S\$'000	FY2016 S\$'000
Ordinary One-tier tax exempt	135	
Preference	-	-
Total	<u>135</u>	<u>-</u>

The Dividend of 0.01 Singapore cents per share in respect of FY2017 is subject to the approval of shareholder at the forthcoming Annual General Meeting shareholders to be convened and the dividend amount is computed based on the number of issued ordinary shares of 1,350,328,920 as at 31 December 2017.

- 20 **Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Hsu Hsiu Ming	33	Son of Mr Hsu Ching Yuh @ Sheu Ching Yuh, the previous CEO and Group Managing Director and substantial shareholder of the Company, who has resigned on 29 December 2017.	Assistant to CEO based in Allied Technologies (Suzhou) Co., Ltd	The disposal of ATSU was completed on 31 January 2018. Mr Hsu Hsiu Ming remains as Assistant to CEO of ATSU after such disposal.

ON BEHALF OF THE BOARD

Darren Chen Yu King
Executive Director

26 February 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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