

JADASON ENTERPRISES LTD (REG. NO. 199003898K)

Financial Statement And Dividend Announcement for the Year Ended 31 December 2013

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.

Unaudited Income Statement of the Group for the year ended 31 December 2013 ("FY 2013"):

	S\$'000		%
	FY 2013	FY 2012	Increase/ (Decrease)
Revenue	90,289	90,703	(1)
Cost of sales	<u>(79,759)</u>	<u>(79,399)</u>	1
Gross profit (Note 1)	10,530	11,304	(7)
Other income (Note 2)	2,153	1,688	28
Selling and distribution expenses	(2,077)	(2,290)	(9)
Administrative expenses (Note 3)	<u>(12,948)</u>	<u>(13,727)</u>	(6)
Loss from operations	(2,342)	(3,025)	(23)
Finance cost	(916)	(1,137)	(19)
Impairment loss on amount owing by associate (Note 4)	(1,803)	-	NM
Share of loss of associate	<u>(287)</u>	<u>(46)</u>	524
Loss before income tax	(5,348)	(4,208)	27
Income tax (Note 5)	<u>(513)</u>	<u>(2,083)</u>	(75)
Loss after income tax	<u>(5,861)</u>	<u>(6,291)</u>	(7)
Attributable to: Equity holders of the Company	<u>(5,861)</u>	<u>(6,291)</u>	(7)

Loss for the year is arrived at after crediting/(charging) the following:

	S\$'000		%
	FY 2013	FY 2012	Increase/ (Decrease)
Foreign exchange loss	(181)	(303)	(40)
Depreciation of property, plant and equipment	(8,131)	(8,745)	(7)
Impairment loss on goodwill (Note 3)	-	(126)	NM
Gain on sale of plant and equipment	87	3	2,800
Allowance for doubtful debt	(80)	(214)	(63)
Allowance for inventory obsolescence	(200)	-	NM

Notes to Income Statement:

Note 1

The gross profit and margin for the year under review decreased compared with the previous year due mainly to the fall in the Group's manufacturing services activities. Please refer to Section 8 of this report for more details.

Note 2

The increase in 'other income' was due mainly to a smaller foreign exchange loss and higher sales of scrap materials.

Note 3

Administrative expenses decreased due mainly to an impairment of goodwill arising from business combination of S\$126,000 in FY2012 and various cost reduction measures implemented by the Group in FY2013.

Note 4

The Group carried out a review of the recoverability of the amount owing by the associate, and noted that the expansion of the associate into certain key markets was not progressing as planned. The review led to the recognition of a non-cash impairment loss of S\$1.8 million in the income statement of the Group.

Note 5

An income tax charge arose in FY2013 as certain subsidiaries within the Group were profitable, and that losses incurred by certain entities could not be offset against the profits of other subsidiaries for income tax purposes. In FY2012, a substantial portion of the income tax charge was due to withholding tax paid or payable to the authorities in China as certain of the Group's subsidiaries repatriated or were planning to repatriate profits out of China.

NM – Percentage changes are not meaningful.

Please refer to Section 8 of this report for a more detailed discussion on the performance of the Group's operating segments.

Unaudited statement of comprehensive income of the Group for the year ended 31 December 2013:

	FY 2013	FY 2012	Increase/(Decrease)
	S\$'000	S\$'000	%
Loss after income tax for the year	(5,861)	(6,291)	(7)
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss</u>			
Exchange differences on translating foreign operations	<u>6,385</u>	<u>(5,655)</u>	NM
	6,385	(5,655)	
Total comprehensive income for the year	<u>524</u>	<u>(11,946)</u>	NM
Total comprehensive income attributable to:			
Equity holders of the Company	524	(11,946)	NM

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

Financial positions as at 31 December 2013 and 31 December 2012:

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets:				
Cash and bank balances	15,635	17,710	4,349	5,399
Bank deposits	30,494	30,215	-	-
Inventories	12,627	11,686	1,534	1,550
Trade receivables (Note 1)	43,358	31,835	8,217	4,765
Bills receivables (Note 2)	8,062	12,743	-	-
Other receivables and prepayments (Note 3)	3,607	1,718	120	157
Amounts due from Subsidiaries	-	-	5,182	6,269
Amount due from Associate (Note 4)	-	1,743	-	2,925
Total	113,783	107,650	19,402	21,065
Non-current assets:				
Property, plant and equipment (Note 5)	40,310	44,101	359	321
Subsidiaries	-	-	63,873	63,873
Associate	-	-	-	200
Other receivables	1,307	1,892	-	-
Total	41,617	45,993	64,232	64,394
TOTAL ASSETS	155,400	153,643	83,634	85,459

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
	S\$'000	S\$'000	S\$'000	S\$'000
LIABILITIES & EQUITY				
Current liabilities:				
Bank loans (Note 6)	26,243	25,896	9,727	6,291
Trust receipts (Note 7)	1,688	5,433	1,688	3,539
Trade payables (Note 1)	28,790	19,820	7,662	4,482
Other payables	4,478	4,060	569	668
Income tax payable	415	68	-	-
Finance leases	92	116	12	3
Amounts due to subsidiaries	-	-	384	317
Total	61,706	55,393	20,042	15,300
Non-current liabilities:				
Finance leases	49	79	47	-
Bank loans (Note 6)	3,639	5,002	3,639	4,813
Deferred income tax	610	705	16	16
Provision for long service payment	591	571	-	-
Total	4,889	6,357	3,702	4,829
Capital & reserves:				
Share capital	50,197	50,197	50,197	50,197
Share option reserve	1,280	1,280	1,280	1,280
Treasury shares	(307)	(307)	(307)	(307)
Translation reserve	(1,825)	(8,210)	(77)	(79)
Reserve and Enterprise Expansion Funds (Note 8)	6,005	5,818	-	-
Accumulated profits	<u>33,455</u>	<u>43,115</u>	<u>8,797</u>	<u>14,239</u>
Total	88,805	91,893	59,890	65,330
TOTAL LIABILITIES AND EQUITY	155,400	153,643	83,634	85,459

Notes:

Note 1

The increases in trade receivables and trade payables were due mainly to more business activities for both the Equipment and Supplies business and the Manufacturing and Support Services business in the last quarter of the year under review, compared with the last quarter of FY2012.

Note 2

The decrease in bills receivables was due mainly to payments received by the Group during the year.

Note 3

The increase in other receivables and prepayments was due mainly to a deposit paid for the purchase of machinery.

Note 4

The decrease in the amount owing by associate was due mainly to the non-cash impairment loss as described in Note 4 of Section 1(a) of this report.

Note 5

The decrease in property, plant and equipment was due mainly to depreciation charge, offset partially by the effects of translating the financial statements of foreign subsidiaries into Singapore dollar.

Note 6

During the year under review, the Group repaid bank loans totaling S\$9.2 million and obtained new loans of S\$8.2 million.

Note 7

The decrease in trust receipts was due mainly to payments made by the Group during the year under review.

Note 8

Reserve and Enterprise Expansion Funds pertain to subsidiaries in China, and are appropriations of profits made in accordance with applicable laws and regulations.

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 Dec 2013		As at 31 Dec 2012	
Secured	Unsecured	Secured	Unsecured
\$92,000	\$27,931,000	\$116,000	\$31,329,000

Amount repayable after one year

As at 31 Dec 2013		As at 31 Dec 2012	
Secured	Unsecured	Secured	Unsecured
\$49,000	\$3,639,000	\$79,000	\$5,002,000

Details of any collateral

Plant and equipment of the Group with net book values of \$459,000 (31 December 2012: \$361,000) are acquired under finance leases.

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.

	FY 2013	FY 2012
	S\$'000	S\$'000
Cash flows from operating activities:		
Loss before income tax	(5,348)	(4,208)
Adjustments for:		
Depreciation of property, plant and equipment	8,131	8,745
Impairment loss on amount owing by associate	1,803	-
Impairment loss on goodwill	-	126
Interest expense	916	1,137
Interest income	(1,035)	(1,417)
Gain on disposal of plant and equipment	(87)	(3)
Share-based payment expense	-	117
Share of loss of associate	287	46
Operating profit before working capital changes	4,667	4,543
Trade receivables	(11,523)	16,116
Bill receivables	4,681	17,059
Other receivables	(1,304)	724
Inventories	(941)	1,612
Balances with associate	(347)	(3)
Trade payables	8,970	(15,429)
Trust receipts	(3,745)	(22,343)
Other payables	418	136
Cash generated from operations	876	2,415
Interest paid	(916)	(1,137)
Interest received	1,035	1,417
Income tax paid	(276)	(1,818)
Net cash from operating activities	719	877
Cash flows used in investing activities:		
Purchase of plant and equipment (Note 1)	(1,422)	(1,091)
Proceeds from disposal of plant and equipment	170	528
Net cash used in investing activities	(1,252)	(563)
Cash flows from financing activities:		
Dividends paid to shareholders	(3,612)	(3,612)
Share buy-back	-	(64)
Proceeds from loans	8,161	15,789
Repayment of loans	(9,177)	(16,606)
Repayment of finance leases	(119)	(755)
Net cash used in financing activities	(4,747)	(5,248)
Net decrease in cash and cash equivalents	(5,280)	(4,934)
Cash and cash equivalents at beginning of year	47,925	55,556
Effects of exchange rate changes	3,484	(2,697)
Cash and cash equivalents at end of year	<u>46,129</u>	<u>47,925</u>

Note 1:

	FY 2013	FY 2012
	S\$'000	S\$'000
Purchase of plant and equipment	1,487	1,094
Less: Assets financed under financing arrangement	(65)	(3)
Net	1,422	1,091

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

	Share Capital	Treasury Shares	Share Option Reserve	Translation Reserve	Surplus Reserve #	Accumulated Profits	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
GROUP							
2013							
Balance at 1 January 2013	50,197	(307)	1,280	(8,210)	5,818	43,115	91,893
Dividends paid	-	-	-	-	-	(3,612)	(3,612)
Loss for the year	-	-	-	-	-	(5,861)	(5,861)
Currency translation gain	-	-	-	6,385	-	-	6,385
Transfer to Surplus Reserve	-	-	-	-	187	(187)	-
Balance at 31 December 2013	50,197	(307)	1,280	(1,825)	6,005	33,455	88,805
2012							
Balance at 1 January 2012	50,197	(243)	1,163	(2,555)	5,818	53,018	107,398
Dividends paid	-	-	-	-	-	(3,612)	(3,612)
Loss for the year	-	-	-	-	-	(6,291)	(6,291)
Currency translation loss	-	-	-	(5,655)	-	-	(5,655)
Cost of share-based payment	-	-	117	-	-	-	117
Share buy-back	-	(64)	-	-	-	-	(64)
Balance at 31 December 2012	50,197	(307)	1,280	(8,210)	5,818	43,115	91,893
COMPANY							
2013							
Balance at 1 January 2013	50,197	(307)	1,280	(79)	-	14,239	65,330
Dividends paid	-	-	-	-	-	(3,612)	(3,612)
Loss for the year	-	-	-	-	-	(1,830)	(1,830)
Currency translation gain	-	-	-	2	-	-	2
Balance at 31 December 2013	50,197	(307)	1,280	(77)	-	8,797	59,890
2012							
Balance at 1 January 2012	50,197	(243)	1,163	(73)	-	12,518	63,562
Dividends paid	-	-	-	-	-	(3,612)	(3,612)
Profit for the year	-	-	-	-	-	5,333	5,333

Currency translation loss	-	-	-	(6)	-	-	(6)
Cost of share-based payment	-	-	117	-	-	-	117
Share buy-back	-	(64)	-	-	-	-	(64)
Balance at 31 December 2012	50,197	(307)	1,280	(79)	-	14,239	65,330

Surplus Reserve refers to Reserve Fund and Enterprise Expansion Fund (Note 8 of Section 1(b)(i)).

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.

There was no change in the share capital of the company during the year ended 31 December 2013.

As at 31 December 2013, there were unexercised options for 17,000,000 (31 December 2012: 18,400,000) unissued ordinary shares under the Jadason Share Option Scheme 2000. During the year ended 31 December 2013, 1,400,000 options were cancelled.

As at 31 December 2013, there were 3,670,000 (31 December 2012: 3,670,000) shares held in treasury. (See also Section 1(d)(iv) below.)

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.

The total number of issued shares (excluding treasury shares) as at 31 December 2013 was 722,395,000 (31 December 2012: 722,395,000).

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

At 1 January 2013 and 31 December 2013	<u>(3,670,000)</u>
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2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The figures have not been audited nor reviewed by the 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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2012 except as described in Section 5 below.

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 the new and revised Singapore Financial Reporting Standards (“FRSs”) that are mandatory for financial years beginning on and after 1 January 2013, where applicable. The adoption of these standards did not result in substantial changes to the Group’s accounting policies, and there is no material impact on the retained earnings of the Group as at 1 January 2013.

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.

	Group Figures	
	FY 2013	FY 2012
Loss per ordinary share for the year after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	(0.81 cents)	(0.87 cents)
(ii) On a fully diluted basis	(0.81 cents)	(0.87 cents)

The calculation of earnings per share for the year ended 31 December 2013 is based on:

- (1) Group’s loss after taxation attributable to equity holders of \$5,861,000 (2012: loss after taxation of \$6,291,000);
- (2) Weighted average number of ordinary shares of 722,395,000 (2012: 722,423,000) applicable to basic earnings per share;
- (3) Weighted average number of ordinary shares of 722,395,000 (2012: 722,423,000) applicable to diluted earnings per share.

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.

	Group		Company	
	31.12.2013	31.12.2012	31.12.2013	31.12.2012
Net asset value per ordinary share	12.29 cents	12.72 cents	8.29 cents	9.04 cents

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following:

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

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

	Revenue		Loss from Operations	
	FY 2013	FY 2012	FY 2013	FY 2012
Business Segments:	S\$'000	S\$'000	S\$'000	S\$'000
Equipment and Supplies	49,048	47,476	(1,422)	(2,409)
Manufacturing and Support Services	41,241	43,227	(920)	(616)
Total	90,289	90,703	(2,342)	(3,025)

Revenue for FY2013 was S\$90.3 million, marginally lower than that of the previous year. The Group posted a loss from operations of S\$2.3 million for FY2013, compared with a loss from operations of S\$3.0 million for FY2012.

Revenue for the Equipment and Supplies business for FY2013 increased by S\$1.6 million, or 3%, compared with FY2012 as the increase in sales of equipment offset the decrease in sales of supplies to printed circuit board ("PCB") manufacturers. During the year under review, PCB manufacturers were generally cautious in expanding their production capacities as demand for information and technology products was affected by the slow growth in the major economies. However, the Group noted that the sales of PCB equipment were significantly stronger in the second half of FY2013, compared with both the first half of FY2013 and the second half of FY2012. The business segment posted a loss from operations of S\$1.4 million for FY2013, compared with a loss of S\$2.4 million for the previous year.

Revenue of the Manufacturing and Support Services business for FY2013 decreased by 5% to S\$41.2 million compared with FY2012. This business segment saw weak demand in the first half of the year. However, the utilisation rates at the Group's plants in China which are engaged in the provision of manufacturing and support services improved in the second half of the year, benefiting from customers who have exposure to the upgrading of China's mobile services infrastructure equipment and the demand for mobile services. During the year under review, the productivity at the Group's plants in China was also affected by the mobility of workers. The business segment reported a loss from operations of S\$0.9 million, compared with a loss from operations of S\$0.6 million for FY2012.

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

The results are in line with our announcement dated 6 November 2013.

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 Group saw strength in demand from its customers for PCB equipment in recent quarters. Based on current visibility, the Group expects this level of demand to maintain in the first quarter of FY2014, thereby benefiting the Equipment and Supplies business segment.

In FY2013, the mobility of workers in China affected the productivity of the Group's plants which are engaged in the provision of manufacturing and support services. The Group has implemented certain measures to address this issue, and will be closely monitoring the effectiveness of these measures in FY2014.

In December 2013, the Chinese government issued fourth generation cellular ("4G") licenses to the network carriers in the country. The Group sees business opportunities from the launch of 4G mobile telecommunication services in China, as it has customers who have exposure to Chinese telecommunications equipment makers.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

Name of dividend	
Dividend type	
Dividend rate	
Tax rate	

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Name of dividend	Final
Dividend type	Cash
Dividends in cents per share	0.5 cents
Tax rate	1-tier tax exempt

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared for the year ended 31 December 2013.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("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 Group has not obtained a general mandate from shareholders for IPTs.

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

14. Segmented revenue and results for business or geographical 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.

	Equipment and supplies	Manufacturing and support services	Others	Total
	S\$'000	S\$'000	S\$'000	S\$'000
<u>2013</u>				
Revenue:				
- External sales	49,048	41,241	-	90,289
- Inter-segment sales	-	-	-	-
Total	<u>49,048</u>	<u>41,241</u>	<u>-</u>	<u>90,289</u>
Results:				
EBITDA*	(1,260)	6,014	-	4,754
Interest income	138	897	-	1,035
Depreciation	<u>(300)</u>	<u>(7,831)</u>	<u>-</u>	<u>(8,131)</u>
Operating loss	(1,422)	(920)	-	(2,342)
Interest expense	(443)	(473)	-	(916)
Impairment loss on amount owing by associate	-	-	(1,803)	(1,803)
Share of loss of associate	-	-	<u>(287)</u>	<u>(287)</u>
Loss before income tax	(1,865)	(1,393)	(2,090)	(5,348)
Income tax expense	<u>(155)</u>	<u>(358)</u>	<u>-</u>	<u>(513)</u>
Loss for the year	<u>(2,020)</u>	<u>(1,751)</u>	<u>(2,090)</u>	<u>(5,861)</u>
<u>2012</u>				
Revenue:				
- External sales	47,476	43,227	-	90,703
- Inter-segment sales	-	-	-	-
Total	<u>47,476</u>	<u>43,227</u>	<u>-</u>	<u>90,703</u>
Results:				
EBITDA*	(2,227)	6,530	-	4,303
Interest income	133	1,284	-	1,417
Depreciation	<u>(315)</u>	<u>(8,430)</u>	<u>-</u>	<u>(8,745)</u>
Operating loss	(2,409)	(616)	-	(3,025)
Interest expense	(752)	(385)	-	(1,137)
Share of loss of associate	-	-	<u>(46)</u>	<u>(46)</u>
Loss before income tax	(3,161)	(1,001)	(46)	(4,208)
Income tax expense	<u>(1,301)</u>	<u>(782)</u>	<u>-</u>	<u>(2,083)</u>
Loss for the year	<u>(4,462)</u>	<u>(1,783)</u>	<u>(46)</u>	<u>(6,291)</u>

* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8 of this announcement.

16. A breakdown of sales.

	FY 2013	FY 2012	+ / (-)
Group	S\$'000	S\$'000	%
Sales reported for first half-year	38,877	49,182	(21)
Loss after income tax for first half-year	(3,386)	(3,283)	3
Sales reported for second half-year	51,412	41,521	24
Loss after income tax for second half-year	(2,475)	(3,008)	(18)

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

	FY 2013	FY 2012
	S\$'000	S\$'000
Ordinary dividend	-	3,612
Special dividend (Preference dividend)	-	-
Total	-	3,612

18. 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(1) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Group who is related to a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Fung Chi Wai
Chief Executive Officer
24 February 2014