



ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 30 September 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		+/(-) %	9 months ended		+/(-) %
	3Q FY15 S\$'000	3Q FY14 S\$'000		9M FY15 S\$'000	9M FY14 S\$'000	
Revenue	30,475	25,486	20%	87,137	72,610	20%
Other income	172	424	(59%)	1,081	2,713	(60%)
Total revenue	30,647	25,910	18%	88,218	75,323	17%
Change in inventories of finished goods and work-in-progress	(514)	137	(>100%)	(1,519)	(1,342)	13%
Raw materials and consumables used	(18,413)	(15,162)	21%	(52,778)	(41,907)	26%
Depreciation expenses	(1,164)	(1,183)	(2%)	(3,824)	(2,809)	36%
Amortisation expenses	(5)	(5)	-	(14)	(14)	-
Staff costs	(5,653)	(5,177)	9%	(16,817)	(15,945)	5%
Other operating expenses	(4,265)	(4,134)	3%	(13,567)	(12,807)	6%
Total operating expenses	(30,014)	(25,524)	18%	(88,519)	(74,824)	18%
Profit/(loss) from operating activities	633	386	64%	(301)	499	(>100%)
Interest on borrowings	(75)	(65)	15%	(146)	(188)	(22%)
Profit/(loss) before income tax	558	321	74%	(447)	311	(>100%)
Income tax						
- current year	(14)	(158)	(91%)	(118)	(179)	(34%)
- prior year	(2)	-	n.m	(2)	-	n.m
- deferred tax	(303)	4	(>100%)	(303)	(963)	(69%)
	(319)	(154)	107%	(423)	(1,142)	(63%)
Profit/(loss) after income tax	239	167	43%	(870)	(831)	5%
Attributable to:						
Equity holders of the Company	239	167	43%	(870)	(831)	5%
Statement of comprehensive income						
Profit/(loss) after income tax	239	167	43%	(870)	(831)	5%
<i>Other comprehensive income</i>						
Translation differences relating to financial statements of foreign subsidiaries	2,047	1,657	24%	2,830	(382)	(>100%)
Total comprehensive income for the period	2,286	1,824	25%	1,960	(1,213)	(>100%)
Attributable to equity holders of the Company	2,286	1,824	25%	1,960	(1,213)	(>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			
	3Q FY15	3Q FY14	9M FY15	9M FY14
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Raw materials and consumables used:				
(Write-back of)/provision for inventory obsolescence	(8)	821	(849)	494
Inventories written off	4	24	235	24
(b) Other income:				
Interest income	(10)	(10)	(30)	(84)
Loss/(gain) on disposal of property, plant and equipment	66	(22)	(394)	(42)
Amortisation of deferred compensation income	(130)	(112)	(386)	(1,882)
Rental income	(17)	(167)	(104)	(505)
(c) Operating profit/(loss) is stated after (crediting)/charging:				
(Write-back of)/allowance for impairment on trade debtors	(52)	32	157	34
Foreign exchange gains	(10)	(331)	(80)	(7)

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	
	30/09/15	31/12/14	30/09/15	31/12/14
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assests				
Intangible assets	171	184	28	39
Property, plant and equipment	49,578	50,977	69	165
Investment property	4,525	4,491	-	-
Investment in subsidiaries	-	-	34,514	34,513
Loan receivables from subsidiaries	-	-	18,393	16,027
Deferred tax assets	1,170	1,414	-	-
Other investments	2,205	2,205	2,081	2,081
	57,649	59,271	55,085	52,825
Current assets				
Inventories	10,265	9,179	10	652
Amounts due from subsidiaries	-	-	10,854	9,926
Trade debtors	35,592	31,500	1,597	2,882
Other debtors	4,093	4,618	131	1,037
Prepayments and advances to suppliers	1,407	1,437	99	48
Fixed deposits (pledged)	507	317	-	-
Cash and bank balances	12,865	10,256	685	1,507
	64,729	57,307	13,376	16,052
Current liabilities				
Trade creditors	28,097	27,708	120	1,596
Hire purchase creditor	8	-	-	-
Other creditors and accruals	9,315	9,977	2,118	2,659
Deferred compensation income	530	505	-	-
Amounts due to bankers	6,601	2,634	2,139	1,992
Income tax payable	42	193	-	-
	44,593	41,017	4,377	6,247
Net current assets	20,136	16,290	8,999	9,805
Non-current liabilities				
Hire purchase creditor	14	-	-	-
Deferred compensation income	9,400	9,344	-	-
Deferred tax liabilities	4,591	4,397	-	-
	14,005	13,741	-	-
TOTAL NET ASSETS	63,780	61,820	64,084	62,630
Equity attributable to equity holders of the Company				
Share capital	57,337	57,337	57,337	57,337
Foreign currency translation reserve	3,813	983	-	-
Statutory reserve fund	4,889	4,889	-	-
Other reserves	189	189	189	189
Retained (losses)/earnings	(2,448)	(1,578)	6,558	5,104
TOTAL EQUITY	63,780	61,820	64,084	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 30 September 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
6,609	-	2,634	-

Amount repayable after one year

As at 30 September 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
14	-	-	-

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 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 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 30 September

	3 months ended		9 months ended	
	3Q FY15	3Q FY14	9M FY15	9M FY14
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
Profit/(loss) before income tax	558	321	(447)	311
Adjustments for:				
Loss/(gain) on disposal of property, plant and equipment	66	(22)	(394)	(42)
Depreciation of property, plant and equipment	1,164	1,183	3,824	2,809
Amortisation of intangible assets	5	5	14	14
Amortisation of deferred compensation income	(130)	(112)	(386)	(1,882)
Interest income	(10)	(10)	(30)	(84)
Interest expense	75	65	146	188
Currency realignment	1,481	530	2,013	(489)
Operating profit before working capital changes	3,209	1,960	4,740	825
(Increase)/decrease in inventories	(669)	1,006	(1,086)	2,443
(Increase)/decrease in trade debtors and other debtors	(3,735)	924	(3,538)	326
Increase in trade creditors and other creditors	2,521	586	328	1,886
Cash generated from operations	1,326	4,476	444	5,480
Interest paid	(75)	(65)	(146)	(188)
Interest received	10	10	30	84
Tax paid	(2)	(29)	(295)	(47)
Net cash generated from operating activities	1,259	4,392	33	5,329
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	22	611	42
Government grant received pursuant to Suzhou's compulsory land acquisition	-	-	-	2,011
Purchase of property, plant and equipment	(177)	(3,960)	(588)	(11,080)
Net cash (used in)/generated from investing activities	(177)	(3,938)	23	(9,027)
Cash flows from financing activities				
Dividend paid	-	-	-	(3,376)
Net (decrease)/increase in hire purchase creditors	(3)	-	22	(10)
Repayment of amount due to a director	-	-	(600)	-
Drawdown of bank borrowings	3,238	665	8,766	4,345
Repayment of bank borrowings	(2,276)	(951)	(4,919)	(4,328)
Increase in pledged fixed deposit	(167)	(78)	(219)	(81)
Net cash generated from/(used in) financing activities	792	(364)	3,050	(3,450)
Net increase/(decrease) in cash and cash equivalents	1,874	90	3,106	(7,148)
Cash and cash equivalents at beginning of period	11,393	13,269	10,256	20,091
Effects of exchange rates on opening cash	(402)	(316)	(497)	100
Cash and cash equivalents at end of period	12,865	13,043	12,865	13,043

- 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)

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
Total comprehensive income for the period	-	(630)	-	-	(1,254)	(1,884)
Balance as at 30 June 2015	57,337	1,766	4,889	189	(2,687)	61,494
Total comprehensive income for the period	-	2,047	-	-	239	2,286
Balance as at 30 September 2015	57,337	3,813	4,889	189	(2,448)	63,780
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
Total comprehensive income for the period	-	(570)	-	-	(984)	(1,554)
Dividend paid during the year	-	-	-	-	(3,376)	(3,376)
Balance as at 30 June 2014	57,337	(2,096)	4,889	189	5,353	65,672
Total comprehensive income for the period	-	1,657	-	-	167	1,824
Balance as at 30 September 2014	57,337	(439)	4,889	189	5,520	67,496

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	Retained earnings	Total shareholders' equity
<u>Company</u>				
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
Total comprehensive income for the period	-	-	(1,770)	(1,770)
Balance as at 30 June 2015	57,337	189	4,412	61,938
Total comprehensive income for the period	-	-	2,146	2,146
Balance as at 30 September 2015	57,337	189	6,558	64,084
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
Total comprehensive income for the period	-	-	340	340
Dividend paid during the year	-	-	(3,376)	(3,376)
Balance as at 30 June 2014	57,337	189	4,335	61,861
Total comprehensive income for the period	-	-	1,029	1,029
Balance as at 30 September 2014	57,337	189	5,364	62,890

- 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.**

The share options to subscribe to the entire 1,464,000 (30 September 2014: 1,464,000) unissued shares under the Company's Employee Share Option Scheme had expired on 30 June 2015.

- 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.**

	30 September 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		9 months ended	
	<u>3Q FY15</u> Basic / Diluted *	<u>3Q FY14</u> Basic / Diluted *	<u>9M FY15</u> Basic / Diluted *	<u>9M FY14</u> Basic / Diluted *
<u>Earnings (\$'000)</u>				
Profit/(loss) attributable to equity holders of the Company	239	167	(870)	(831)
Earnings per share (cents)				
- Basic and diluted	0.04	0.03	(0.13)	(0.12)

*employees' share option (expired on 30 June 2015) 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-15	31-Dec-14	30-Sep-15	31-Dec-14
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	9.45	9.16	9.49	9.28
Net asset value as at end of period (\$'000)	63,780	61,820	64,084	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 recorded S\$30.48 million of revenue in 3Q FY2015, representing an 18% increase as compared to that in 3Q FY2014. The increase is mainly contributed by the majority of the Company's overseas subsidiaries which achieved better revenue compared to the previous year.

For the Company's Vietnam subsidiary, it has recorded a 51% increase in revenue in 3Q FY2015 compared to 3Q FY2014. This is mainly due to the large increase of sales orders received from its existing main customers in the current quarter.

As for Suzhou and Shanghai subsidiaries, the increase in revenue is mainly derived from multiple new products and tooling projects awarded by new and existing customers as compared to 3Q FY2014.

The revenue for the Company has dropped in 3Q FY2015 compared to 3Q FY2014 as the Company had transferred most of its projects to Malaysia's subsidiary in view of the implementation of Malaysia's Goods and Service Tax since 2Q FY2015. Therefore, in 3Q FY2015, the revenue in the Company has declined while the revenue in the Malaysia subsidiary has increased.

In addition, Dongguan subsidiary's top-line is also lower than that in 3Q FY2014 as it has ceased operation in mid of 3Q FY2015.

The Company's Thailand subsidiary which was incorporated in 2Q FY2014 has started mass production for its projects. The revenue in 3Q FY2015 had inched up the Group's revenue by 3%.

Other income of the Group comprises mainly rental income, interest income, amortisation of deferred compensation income and loss on disposal of property, plant and equipment ("PPE"). The other income in 3Q FY2015 fell by 59% as compared to 3Q FY2014 and this is mainly due to the absence of rental income in Taicang subsidiary since its tenancy agreement terminated early this year.

b. Operating results

Overall

In 3Q FY2015, the Group has reported an improved result in comparison to 3Q FY2014 by showing a profit before income tax of S\$0.56 million, with a total revenue growth of 18%.

The Group's overall profit making result in 3Q FY2015 is mainly attributed to the profit achieved by the Company and its overseas subsidiaries. Although the Company's sales fell in the current quarter, it managed to secure a profit as a result of the favourable movement of the US Dollar exchange rate against the Singapore Dollar. The profits recorded by most of the overseas subsidiaries are derived from higher revenue and also stringent control in the operating expenses.

However, the profits have been partially offset by the loss incurred by Thailand which consists of high depreciation expenses in relation to the newly invested machineries and equipment in late FY2014.

In terms of tax expenses, the Group has reversed the deferred tax assets in its Dongguan subsidiary, of S\$0.30 million, which has now ceased operation and disposed of all its PPE, while the deferred tax expense in 9M FY2015 of S\$0.96 million is pertaining to the impairment of deferred tax assets in the Shanghai subsidiary.

Overall, the Group has recorded a profit after tax of S\$0.24 million and a loss after tax of S\$0.87 million in 3Q FY2015 and 9M FY2015 respectively.

Raw materials and consumables used

Compared to 3Q FY2014, raw materials and consumables used by the Group has increased by 21% to S\$18.4 million. This is attributed to higher sales recorded in 3Q FY2015 and a new mix of material for products.

Staff costs

Staff costs in 3Q FY2015 have increased by 9% to S\$5.66 million as compared to that in 3Q FY2014.

This is mainly due to the slight increase in total headcount of the Group from 1,819 as at 30 September 2014 to 1,843 as at 30 September 2015, coupled by the upward revision of minimum wages in the People's Republic of China and Vietnam in FY2015.

Depreciation and amortisation expenses

Depreciation and amortisation expenses decreased slightly by 2% in 3Q FY2015 compared to that in 3Q FY2014.

The slight decrease is mainly due to the disposal of PPE in Dongguan subsidiary in 2Q FY2015.

Other operating expenses

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

The Group's operating expenses rose marginally by 3% to S\$4.27 million in 3Q FY2015 compared to that in 3Q FY2014, in line with the increase in business volume. The increase is partially offset by the favourable movement of the US Dollar against the Singapore Dollar in 3Q FY2015.

Finance costs

In 3Q FY2015, the Group incurred S\$0.08 million of finance costs, representing a 15% increase compared to that of 3Q FY2014, as the Group has drawn down additional bank borrowings in 3Q FY2015.

However, the Group's total finance costs are lower in 9M FY2015 compared to 9M FY2014. It is attributed to the lower interest rates and loan repayments made in 9M FY2015.

c. Balance Sheet and Cash Flow Statements

The decrease in the carrying amount of PPE is mainly due to the disposal of PPE and depreciation charged during 9M FY2015. However, it is partially offset by the effect of the strengthening of the Renminbi ("RMB") against the Singapore Dollar, as compared to that last December, which resulted in the Company's subsidiaries in the People's Republic of China (the "PRC") having a higher translated amount of PPE.

As at 30 September 2015, inventories balance increased by S\$1.09 million to S\$10.27 million in order to cope with sales in the coming quarter. The Group has also recorded a higher trade debtors balance of S\$35.59 million as at 30 September 2015, in line with the increase in revenue. The other debtors balance has declined by S\$0.53 million as a result of recognition of tooling cost which has been accrued for previously.

On the other hand, trade creditors balance has increased from S\$27.71 million to S\$28.10 million as a result of increase in purchases made during the period. Meanwhile, the other creditors and accruals balances have declined from S\$9.98 to S\$9.32 million as at 30 September 2015. The decrease is mainly caused by the repayment of amount due to a director of S\$0.60 million which is included in other creditors and accruals balances as at 31 December 2014.

The Group's deferred compensation income balance has decreased to S\$9.93 million as at 30 September 2015 due to amortization of deferred compensation income in 9M FY2015. However, it has been partially offset by the effect of the strengthening of the RMB against the Singapore Dollar.

During the period, the Group has drawdown additional bank borrowings from its bankers, thus increasing the amount due to bankers from S\$2.63 million to S\$6.60 million as at 30 September 2015.

Both deferred tax liabilities and deferred tax assets in the Group's balance sheet are attributed to the subsidiaries in the PRC. The strengthening of the RMB has resulted in higher translated amount of the deferred tax liabilities to S\$4.59 million as at 30 September 2015. Whereas for deferred tax assets, it has been reduced by the reversal made in Dongguan subsidiary and partially offset by the effect of stronger RMB currency as at 30 September 2015.

For the period ended 30 September 2015, the Group has recorded a net increase in cash and cash equivalents of S\$2.61 million, which raised the cash and bank balances to S\$12.87 million. The Group's net cash surplus is mainly derived from its financing activities which comprises of a net drawdown of bank borrowings amounting to S\$3.85 million during 9M FY2015.

- 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 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 3Q 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 third quarter ended 30 September 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

6 November 2015