



Dynamic Colours Limited
Incorporated in the Republic of Singapore
(Company registration no. 199304233Z)
Full Year 2014 Financial Statement and Dividend Announcement for the year ended 31 December 2014

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1. Unaudited financial statements - 31 December 2014

1.(a)(i) Statement of Comprehensive Income (Group)

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

	Group		% Changes
	31-Dec-14 US\$'000	31-Dec-13 US\$'000	
Revenue	66,692	69,390	(3.9)
Cost of sales	(60,516)	(62,844)	(3.7)
Gross profit	6,176	6,546	(5.7)
Other income	485	643	(24.6)
Distribution expenses	(1,079)	(1,310)	(17.6)
Administrative expenses	(2,678)	(2,843)	(5.8)
Other operating expenses	(7)	(348)	(98.0)
Results from operating activities	2,897	2,688	7.8
Finance income	155	128	21.1
Finance costs	(345)	(155)	122.6
Net finance costs	(190)	(27)	603.7
Profit before income tax	2,707	2,661	1.7
Income tax expense	(424)	(361)	17.5
Profit for the year	2,283	2,300	(0.7)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(23)	277	N.M.
Items that will not be reclassified to profit or loss:			
Reclassification adjustment of foreign currency translation reserve to profit or loss arising from liquidation of a subsidiary	-	136	N.M.
Total comprehensive income for the year	2,260	2,713	(16.7)
<u>Profit attributable to:</u>			
Owners of the company	2,275	2,279	(0.2)
Non-controlling interests	8	21	(61.9)
Profit for the year	2,283	2,300	(0.7)
<u>Total comprehensive income attributable to:</u>			
Owners of the company	2,252	2,692	(16.3)
Non-controlling interests	8	21	(61.9)
Total comprehensive income for the year	2,260	2,713	(16.7)

N.M: Not meaningful

1.(a)(ii) Notes to the Statement of Comprehensive Income (Group)

	Group		% Changes
	31-Dec-14 US\$'000	31-Dec-13 US\$'000	
Allowance for inventory obsolescence	(43)	(128)	(66.4)
Depreciation of property, plant and equipment	(1,361)	(1,219)	11.6
Reversal of allowance for doubtful debts	-	320	N.M.
Loss on disposal of property, plant and equipment	(5)	(13)	(61.5)
Amortisation of intangible assets	(8)	(11)	(27.3)
Amortisation of lease prepayments	(9)	(5)	80.0
Property, plant and equipment written off	-	80	N.M.
Loss on liquidation of a subsidiary	-	(254)	N.M.
Finance income :			
Interest income	155	81	91.4
Foreign exchange gain	-	47	N.M.
	155	128	21.1
Finance costs :			
Term loans	(68)	(71)	(4.2)
Trust receipts	(116)	(84)	38.1
Foreign exchange loss	(161)	-	N.M.
	(345)	(155)	122.6
Net finance costs	(190)	(27)	603.7
Income tax expense :			
Current tax expense	(167)	(233)	(28.3)
Deferred tax expense	(241)	(98)	145.9
(Under)/Over provision in prior years	(16)	(30)	(46.7)
	(424)	(361)	17.5

N.M: Not meaningful

1.(b)(i) Statement of Financial Position (Group and Company)

Statements 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-Dec-14 US\$'000	31-Dec-13 US\$'000	31-Dec-14 US\$'000	31-Dec-13 US\$'000
Non-current assets				
Property, plant and equipment	17,757	15,489	-	-
Lease prepayments	304	314	-	-
Intangible assets	20	27	-	-
Subsidiaries	-	-	9,630	9,630
	<u>18,081</u>	<u>15,830</u>	<u>9,630</u>	<u>9,630</u>
Current assets				
Inventories	7,123	9,700	-	965
Trade and other receivables	11,622	15,249	19,756	23,413
Prepayments	1,529	840	4	3
Cash and cash equivalents	9,355	11,669	520	950
	<u>29,629</u>	<u>37,458</u>	<u>20,280</u>	<u>25,331</u>
Total assets	<u>47,710</u>	<u>53,288</u>	<u>29,910</u>	<u>34,961</u>
Equity				
Share capital	18,822	18,822	18,822	18,822
Other reserves	3,252	3,275	152	152
Retained earnings	9,143	10,224	2,640	4,774
Equity attributable to owners of the company	31,217	32,321	21,614	23,748
Non-controlling interest	129	121	-	-
Total equity	<u>31,346</u>	<u>32,442</u>	<u>21,614</u>	<u>23,748</u>
Non-current liabilities				
Deferred tax liabilities	601	506	-	-
	<u>601</u>	<u>506</u>	<u>-</u>	<u>-</u>
Current liabilities				
Trade and other payables	10,758	16,419	6,296	10,213
Interest bearing liabilities	4,838	3,888	2,000	1,000
Current tax payable	167	33	-	-
	<u>15,763</u>	<u>20,340</u>	<u>8,296</u>	<u>11,213</u>
Total liabilities	<u>16,364</u>	<u>20,846</u>	<u>8,296</u>	<u>11,213</u>
Total equity and liabilities	<u>47,710</u>	<u>53,288</u>	<u>29,910</u>	<u>34,961</u>

1.(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities

Details of Group's liabilities	As at 31 December 2014			As at 31 December 2013		
	US\$'000 Secured	US\$'000 Unsecured	US\$'000 Total	US\$'000 Secured	US\$'000 Unsecured	US\$'000 Total
Amount repayable in one year or less, or on demand						
Interest bearing liabilities	1,338	3,500	4,838	2,888	1,000	3,888
Amount repayable after one year						
Interest bearing liabilities	-	-	-	-	-	-

Details of any collateral

The secured liabilities of US\$1,338,000 (2013: US\$2,888,000) was secured by a building owned by Suzhou Huiye Plastic Co., Ltd.

1.(c) **Statement of Cash Flows (Group)**
(Consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.)

	Group	
	31-Dec-14 US\$'000	31-Dec-13 US\$'000
Operating activities		
Profit for the year	2,283	2,300
Adjustments for:-		
Amortisation of intangible assets	8	11
Amortisation of lease prepayments	9	5
Depreciation of property, plant and equipment	1,361	1,219
Loss on liquidation of a subsidiary	-	254
Loss on disposal of property, plant and equipment	5	13
Allowance for inventory obsolescence	43	128
Reversal of allowance for doubtful debts	-	(320)
Income tax expense	424	361
Interest expense	184	155
Interest income	(155)	(81)
Property, plant and equipment written off	-	80
	<u>4,162</u>	<u>4,125</u>
 Changes in working capital:		
Inventories	2,535	(2,180)
Trade and other receivables	3,627	1,047
Prepayments	(689)	(802)
Trade and other payables	(4,658)	8,494
Cash generated from operations	<u>4,977</u>	<u>10,684</u>
Income tax paid	<u>(196)</u>	<u>(558)</u>
Net cash from operating activities	<u>4,781</u>	<u>10,126</u>
 Investing activities		
Interest received	155	81
Proceeds from disposal of property, plant and equipment	144	113
Acquisition of property, plant and equipment	<u>(3,786)</u>	<u>(2,170)</u>
Net cash used in investing activities	<u>(3,487)</u>	<u>(1,976)</u>
 Financing activities		
Dividends paid	(3,356)	(2,564)
Interest paid	(184)	(155)
Capital contribution from non-controlling interest	-	100
Proceeds from short term loans	5,197	10,502
Repayment of short term loans	(4,247)	(10,405)
Trust receipts	<u>(1,035)</u>	<u>(4,100)</u>
Net cash used in financing activities	<u>(3,625)</u>	<u>(6,622)</u>
 Net (decrease)/increase in cash and cash equivalents	<u>(2,331)</u>	<u>1,528</u>
Cash and cash equivalents at beginning of the year	11,626	10,048
Effect of exchange rate fluctuations on cash held	<u>(14)</u>	<u>50</u>
Cash and cash equivalents at end of the year	<u>9,281</u>	<u>11,626</u>
 Cash at bank and in hand	9,281	11,092
Fixed deposits with banks	74	577
Cash and cash equivalents in the statement of financial position	<u>9,355</u>	<u>11,669</u>
Deposits pledged by Huiye Polymer (M) Sdn. Bhd. for banker's guarantee	<u>(74)</u>	<u>(43)</u>
Cash and cash equivalents in the statement of cash flows	<u>9,281</u>	<u>11,626</u>

1.(d)(i) Statement of Changes in Equity (Group and Company)

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 US\$'000	Currency translation reserve US\$'000	Statutory reserve US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total equity attributable to owners of the company US\$'000	Non-controlling interest US\$'000	Total equity US\$'000
Group								
At 1 January 2013	18,822	1,030	1,680	152	10,509	32,193	-	32,193
Total comprehensive income for the year								
Profit for the year	-	-	-	-	2,279	2,279	21	2,300
Other comprehensive income								
Foreign currency translation differences	-	277	-	-	-	277	-	277
Reclassification adjustment of foreign currency translation reserve to profit or loss arising from liquidation of a subsidiary	-	136	-	-	-	136	-	136
Total comprehensive income for the year	-	413	-	-	2,279	2,692	21	2,713
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
Capital contribution from non-controlling interest	-	-	-	-	-	-	100	100
One tier final dividend of S\$0.015 per share (FY2012 final dividend)	-	-	-	-	(2,564)	(2,564)	-	(2,564)
Total transactions with owners	-	-	-	-	(2,564)	(2,564)	100	(2,464)
At 31 December 2013	18,822	1,443	1,680	152	10,224	32,321	121	32,442
At 1 January 2014	18,822	1,443	1,680	152	10,224	32,321	121	32,442
Total comprehensive income for the year								
Profit for the year	-	-	-	-	2,275	2,275	8	2,283
Other comprehensive income								
Foreign currency translation differences	-	(23)	-	-	-	(23)	-	(23)
Total comprehensive income for the year	-	(23)	-	-	2,275	2,252	8	2,260
Transactions with owners, recognised directly in equity								
Contributions by and distributions to owners								
One tier final dividend of S\$0.02 per share (FY2013 final dividend)	-	-	-	-	(3,356)	(3,356)	-	(3,356)
Total transactions with owners	-	-	-	-	(3,356)	(3,356)	-	(3,356)
At 31 December 2014	18,822	1,420	1,680	152	9,143	31,217	129	31,346

Company	Share capital US\$'000	Share-based payment reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
At 1 January 2013	18,822	152	1,716	20,690
Total comprehensive income for the year				
Profit for the year	-	-	5,622	5,622
Total comprehensive income for the year	-	-	5,622	5,622
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
One tier final dividend of S\$0.015 per share (FY2012 final dividend)	-	-	(2,564)	(2,564)
Total transactions with owners	-	-	(2,564)	(2,564)
At 31 December 2013	18,822	152	4,774	23,748
At 1 January 2014	18,822	152	4,774	23,748
Total comprehensive income for the year				
Profit for the year	-	-	1,222	1,222
Total comprehensive income for the year	-	-	1,222	1,222
Transactions with owners, recognised directly in equity				
Contributions by and distributions to owners				
One tier final dividend of S\$0.02 per share (FY2013 final dividend)	-	-	(3,356)	(3,356)
Total transactions with owners	-	-	(3,356)	(3,356)
At 31 December 2014	18,822	152	2,640	21,614

1.(d)(ii) Share Capital

(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 is no change in the Company's share capital for the financial year ended 31 December 2013 and 2014.

1.(d)(iii) Number of Issued Shares excluding Treasury Shares

(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.)

Total number of issued shares as at the end of the current financial period (31 December 2014): 209,971,310

Total number of issued shares as at the end of the immediately preceding financial year (31 December 2013): 209,971,310

1.(d)(iv) Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares

(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. Audit - Whether figures have been audited or reviewed

(Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.)

The financial information have not been audited or reviewed by the Company's auditors.

3. Auditors' report (if audited)

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

Not applicable.

4. Accounting Policies

(Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.)

Other than the adoption of the new and revised Financial Reporting Standards (FRS) as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements for the year ended 31 December 2014.

5 Changes in accounting policies

(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.)

In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective for annual periods beginning on 1 January 2014. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

6. Earnings per ordinary share

(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	
	31-Dec-14	31-Dec-13
Earnings for the year (US\$'000)	2,275	2,279
Number of ordinary shares ('000)		
As at 1 January	209,971	209,971
Issued during the year	-	-
As at 31 December	209,971	209,971
Earnings per ordinary share (US\$) :		
(a) Based on weighted average number of ordinary shares on issue (cents)	1.08	1.09
(b) On a fully diluted basis (cents)	1.08	1.09
Earnings per ordinary share (S\$ equivalent) *:		
(a) Based on weighted average number of ordinary shares on issue (cents)	1.41	1.36
(b) On a fully diluted basis (cents)	1.41	1.36

* S\$ equivalent, based on US\$1 = S\$1.304 (2013: US\$1 = S\$1.251)

The diluted earnings per share is the same as basic earnings per share as the Company does not have any dilutive potential ordinary shares.

7. Net asset value per ordinary share

(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-Dec-14	31-Dec-13	31-Dec-14	31-Dec-13
Net assets (US\$'000)	31,217	32,321	21,614	23,748
Number of ordinary shares ('000)	209,971	209,971	209,971	209,971
Net asset value per share :				
- in US cents	14.87	15.39	10.29	11.31
- in Singapore cents *	19.39	19.25	13.42	14.15

* S\$ equivalent, based on US\$1 = S\$1.304 (2013: US\$1 = S\$1.251)

8. Review of performance of the Group

(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.)

Year ended 31 December 2014 ("FY2014") compared to the year ended 31 December 2013 ("FY2013")
(all the figures are in US\$)

Overview of Group's business

The core businesses of Dynamic Colours Group ("the Group") are resin compounding, polyethylene packaging and injection moulding. Currently, our resin compounding ("RC") segment comprises our wholly owned subsidiaries in Suzhou, Vietnam and Malaysia, namely, Suzhou Huiye Plastic ("SHP"), Suzhou Huiye Chemical ("SHC"), Huiye Vietnam Plastic ("HVP") and Huiye Polymer Malaysia ("HPM"). Our polyethylene packaging ("PP") segment is represented by SL Packaging ("SLP") in Singapore and HPM in Malaysia. The Group's injection moulding ("IM") business is carried out in Vietnam by way of DC's 80% stake in DCQ Plastic Industry Company Limited ("DCQ").

In FY2014, our RC segment accounted for 59.6% of the total Group's revenue (FY2013: 72.5%) and 33.1% (FY2013: 22.1%) was contributed by the PP segment. The balance of 7.3% (FY2013: 5.4%) came from IM segment.

Statement of Comprehensive Income

Group revenue decreased by US\$2.70 million or 3.9% from US\$69.390 million in FY2013 to US\$66.692 million in FY2014. Revenue for RC segment declined by 21.1%, from US\$50.302 million to US\$39.700 million. The lower revenue is mainly due to a decrease in RC production tonnage by 21.9%. The increase in average RC selling price for the year was marginal. The PP segment revenue increased by 44.2% from US\$15.334 million to US\$22.117 million as a result of an increase in production tonnage of 36.5% as well as an increase in selling price by 5.4%. The IM segment revenue increased by 30.0% from US\$3.754 million in FY2013 to US\$4.875 million in FY2014 mainly due to the operations in FY2013 commencing only in March 2013.

Cost of sales fell proportionately to US\$60.516 million in FY2014 from US\$62.844 million in FY2013, with a gross profit margin of 9.3% in FY2014 versus 9.4% in FY2013.

Other income decreased from US\$643K in FY2013 to US\$485K in FY2014 largely because of the reversal of a US\$320K allowance for doubtful debt made in FY2013 and offset by an increase in rental income of US\$80K and an increase in credit insurance rebates of US\$65K in China.

Distribution expenses decreased by 17.6% from US\$1.310 million to US\$1.079 million mainly due to lower manpower and freight costs in China as a result of RC's lower sales volume.

Administrative expenses declined from US\$2.843 million in FY2013 to US\$2.678 million in FY2014. This is largely explained by the inclusion of professional fees of approximately US\$110K in 1H2013 incurred in connection with the unsuccessful Conditional Cash Offer by CIMB Bank Bhd, for and on behalf of Intraco Ltd, to acquire all the issued ordinary shares in the capital of Dynamic Colours Ltd and a decrease in staff costs.

Other operating expenses decreased from US\$348K to US\$7K due to a loss in liquidation of a subsidiary in FY2013.

Finance income comprises fixed deposit interest income and foreign exchange gains while finance costs covers interest expense and foreign exchange losses. Interest income rose from US\$81K to US\$155K due to placement of fixed deposits while foreign exchange transaction differences fluctuated from a gain of US\$47K in FY2013 to a loss of US\$161K in FY2014. The exchange loss arose from the settlement of payables arising from the purchase of machinery. Interest expense rose from US\$155K to US\$184K on the back of a rise in interest bearing liabilities from US\$3.888 million to US\$4.838 million. Hence, finance income climbed from US\$128K to US\$155K while finance costs rose from US\$155K to US\$345K.

As a result of the above, the Group's profit for the year decreased by 0.7% from US\$2.300 million in FY2013 to US\$2.283 million in FY2014.

Statement of Financial Position

The increase in property, plant and equipment was mainly due to the acquisition of machineries in Malaysia and Vietnam and partially offset by the increase in depreciation charges for the year.

The value of inventories decreased by US\$2.577 million owing to the lower value of raw material purchases based on both price and usage considerations.

The decrease in trade and other receivables by US\$3.627 million was in line with lower sales recorded towards the end in FY2014.

The decrease in trade and other payables by US\$5.661 million was largely in line with the decline in raw material inventories.

Interest bearing liabilities increased from US\$3.888 million to US\$4.838 million due to an increase in short term bridging loans for working capital purposes.

Statement of Cash Flows

Cash and cash equivalents decreased by US\$2.344 million, from US\$11.626 million to US\$9.281 million.

The Group achieved a positive cash flow from its operating activities of US\$4.781 million compared with a net profit of US\$2.283 million. The excess of cash over profit was caused mainly by non-cash items like depreciation and allowance for inventory obsolescence while the decrease in inventories and receivables was offset by a decrease in payables and an increase in prepayments.

Cash outflows of US\$3.487 million in investing activities are attributed to the purchases of machineries in Malaysia and Vietnam.

Cash outflows of US\$3.625 million in financing activities were due mainly to dividend payment and repayments of short term loans and trust receipts, offset by proceeds from short term loans.

Liquidity and Capital Resources

As at 31 December 2014, the Group's net current assets was US\$13.866 million (31 December 2013 : US\$17.118 million), with a current ratio of 1.88 as compared to 1.84 as at 31 December 2013.

The net working capital cycle shortened to 49 days as at 31 December 2014 from 50 days as at 31 December 2013 due to the following factors:

- (i) Inventories, in terms of stock turnover days, decreased to 43 days (31 December 2013 : 56 days)
- (ii) Trade receivables, in terms of debtors turnover days, decreased to 63 days (31 December 2013: 78 days).
- (iii) Trade payables, in terms of creditors turnover days, decreased to 57 days (31 December 2013: 84 days).

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

Not applicable

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.

Oil price uncertainty and volatility has added new risk to the global growth outlook. The U.S. dollar has appreciated while many currencies of both developed and emerging markets have weakened, including those of commodity exporters that are suffering from trade and budget deficits. Global trade remains weak and financial markets could turn volatile as interest rates in major economies rise.

In view of the above factors, the petro-chemical and consumer electronic industries of the Group's key markets remain challenging. The RC activities are projected to remain competitive while PP activities are expected to remain stable, in line with its upgraded manufacturing capacity and more manageable labour supply in the Malaysia plant.

Management will remain vigilant and closely monitor the global economy, the demand for the Group's products and the trends of operating costs and selling prices. As always, management will look for new opportunities to grow its industry and geographic segments.

11. Dividends

a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Final dividends FY 2014 (Recommended)

Name of Dividend	Final Dividend 2014
Dividend Type	Ordinary
Dividend Amount per Share	S\$0.0150 per share
Par Value of Shares	N.A.
Tax Rate	Tax exempt (1 tier)
Date Declared/Announced	Announced on 25 Feb 2015
Books Closure Date	09 Jun 2015
Date to be paid	19 Jun 2015
Amount to be paid in Singapore dollars	S\$3.15 million
Amount in US\$ (for accounting purposes)	It will be confirmed only at payment date

b) Corresponding Period of the immediately Preceding Financial Year

Final dividends FY 2013 (Paid)

Name of Dividend	Final Dividend 2013
Dividend Type	Ordinary
Dividend Amount per Share	S\$0.020 per share
Par Value of Shares	N.A.
Tax Rate	Tax exempt (1 tier)
Date Declared/Announced	Announced on 18 Feb 2014
Books Closure Date	09 May 2014
Date Paid	22 May 2014
Amount Paid in Singapore dollars	S\$4.2 million
Amount in US\$ (for accounting purposes)	US\$3,355,514

c) Date Payable

19 June 2015

d) Books Closure Date

09 June 2015

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

Not applicable.

13. Interested Person Transactions

(If the Group has obtained a general mandate from shareholders for the 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.)

There is no general mandate from shareholders. The value of the IPT is below the threshold prescribed under Part III of Chapter 9 of Listing Manual.

14. Segment 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.

Segment information is presented in respect of the Group's operating and geographical segments. The operating segments is based on the Group's management and internal reporting structure.

Inter-segment pricing is determined on mutually agreed terms.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment, and intangible assets other than goodwill.

(a) Operating segments

The Group comprises the following main operating segments:

Resin compounding (RC): Manufacture and sale of compounded resins and provision of compounding services.

Polyethylene packaging (PP): Manufacture and sale of polyethylene packaging materials.

Injection moulding (IM): Manufacture and sales of plastic molded products.

	Resin compounding		Polyethylene packaging		Injection Moulding		Consolidated	
	2014	2013	2014	2013	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue	39,700	50,302	22,117	15,334	4,875	3,754	66,692	69,390
Segment results	930	1,468	1,906	1,075	61	145	2,897	2,688
Net finance income/(costs)	(132)	5	(58)	(31)	0	(1)	(190)	(27)
Income tax expense	(159)	(250)	(244)	(75)	(21)	(36)	(424)	(361)
Profit for the year	639	1,223	1,604	969	40	108	2,283	2,300
Assets and liabilities								
Segment assets	25,958	36,996	19,527	13,627	2,225	2,665	47,710	53,288
Segment liabilities	(1,219)	10,143	16,009	8,648	1,574	2,055	16,364	20,846
Other material items								
Capital expenditure	322	890	3,270	393	194	887	3,786	2,170
Depreciation of property, plant and equipment	471	563	769	601	121	55	1,361	1,219

(b) Geographical segments

In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of the business activities.

The Group's three operating segments operate in four main geographical areas:

- Singapore – the Company is headquartered and has operations in Singapore. The operations in Singapore are principally investment holding and the manufacture and sale of polyethylene packaging materials;
- People's Republic of China – the operations are principally the manufacture and sale of compounded resins and provision of compounding services;
- Vietnam – the operations are principally the manufacture and sale of compounded resins, provision of compounding services, injection moulding and;
- Malaysia – the operations are principally the manufacture and sale of compounded resins, provision of compounding services and manufacture and sale of polyethylene packaging materials.

	Sales		Non-current assets	
	2014	2013	2014	2013
	US\$'000	US\$'000	US\$'000	US\$'000
China	28,790	39,653	2,837	3,114
Singapore	22,108	16,545	5,127	5,772
Vietnam	10,085	7,784	1,187	1,042
Malaysia	5,709	5,408	8,930	5,902
	66,692	69,390	18,081	15,830

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.

RC revenue and profit in China decreased substantially due to a slowdown in electronics market demand. The improvement in PP revenue and profit was the result of increased demand and our expanded plant capacity in Malaysia.

16. Breakdown of sales.

	Group		
	31-Dec-14	31-Dec-13	% Change
	US\$'000	US\$'000	
Revenue reported for first half year	33,443	33,674	(0.7)
Revenue reported for second half year	33,249	35,716	(6.9)
Total revenue reported for the year	66,692	69,390	(3.9)
Operating profit after tax reported for first half year	1,137	884	28.6
Operating profit after tax reported for second half year	1,146	1,416	(19.1)
Total operating profit after tax reported for the year	2,283	2,300	(0.7)

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

Please refer to paragraph 11 Dividends above.

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

The Company wishes to confirm that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or the Chief Executive Officer or substantial shareholders of the Company.

BY ORDER OF THE BOARD

Yeo Hock Leng
Executive Chairman and Group Managing Director
25 February 2015