



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Full Year Financial Statements and Dividend Announcement

For the financial year ended 31 December 2013

Multi-Chem Limited

Registration No. 198500318Z

Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2013***CONSOLIDATED INCOME STATEMENT**

Group	3 months ended			12 months ended		
	31/12/2013	31/12/2012	Change	31/12/2013	31/12/2012	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	81,757	61,869	32	262,736	237,404	11
Cost of sales	(70,487)	(51,978)	36	(221,722)	(195,649)	13
Gross profit	11,270	9,891	14	41,014	41,755	(2)
Other items of income						
- Interest income	116	418	(72)	512	885	(42)
- Other income	716	(335)	(314)	2,266	2,328	(3)
Other items of expense						
- Selling and distribution costs	(4,702)	(4,467)	5	(19,456)	(17,152)	13
- Administrative expenses	(4,490)	(4,565)	(2)	(20,841)	(18,296)	14
- Finance costs	(188)	(152)	24	(541)	(381)	42
- Share of results of an associate, net of tax	(27)	(47)	(43)	(143)	(126)	13
Profit before income tax	2,695	743	263	2,811	9,013	(69)
Income tax expense	(366)	(665)	(45)	(2,200)	(2,989)	(26)
Profit for the financial period/year	2,329	78	2,886	611	6,024	(90)
Profit attributable to:						
Owners of the parent	1,885	213	785	96	5,586	(98)
Non-controlling interests	444	(135)	(429)	515	438	18
	2,329	78	2,886	611	6,024	(90)
Earnings per share for profit attributable to owners of the parent during the financial period/year (expressed in cents per share)						
Basic	0.52 cents	0.06 cents		0.03 cents	1.55 cents	
Diluted	0.52 cents	0.06 cents		0.03 cents	1.55 cents	

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Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2013***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	3 months ended			12 months ended		
	31/12/2013	31/12/2012	Change	31/12/2013	31/12/2012	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period/year	2,329	78	2,886	611	6,024	(90)
Other comprehensive income for the financial period/year:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency differences						
on translation of foreign operations	1,401	(531)	(364)	4,534	(5,405)	(184)
Income tax relating to components of other comprehensive income	-	-	Nm	-	-	Nm
Other comprehensive income for the financial period/year, net of tax	1,401	(531)	(364)	4,534	(5,405)	(184)
Total comprehensive income for the financial period/year	3,730	(453)	(923)	5,145	619	731
Total comprehensive income attributable to:						
Owners of the parent	3,248	(294)	(1,205)	4,481	383	1,070
Non-controlling interests	482	(159)	(403)	664	236	181
	3,730	(453)	(923)	5,145	619	731

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The profit after income tax is arrived at after (charging)/crediting:

Group	3 months ended			12 months ended		
	31/12/2013	31/12/2012	Change	31/12/2013	31/12/2012	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	688	499	38	1,908	1,350	41
Interest income	116	418	(72)	512	885	(42)
Interest expense	(188)	(152)	24	(541)	(381)	42
Depreciation of property, plant and equipment	(1,016)	(1,464)	(31)	(5,585)	(5,669)	(1)
Reversal/(Allowance) for doubtful third parties trade receivables	276	(209)	(232)	(136)	(461)	(70)
Doubtful third parties trade receivables written off	-	-	Nm	(3)	-	Nm
Recovery of third parties trade receivables written off	-	-	Nm	-	32	(100)
Allowance for inventory obsolescence	(1,718)	(731)	135	(4,490)	(2,688)	67
Inventory written off	(128)	(80)	60	(162)	(107)	51
Foreign exchange (loss)/gain, net	(625)	(459)	36	(2,048)	246	(933)
(Loss)/Gain on disposals of plant and equipment	(101)	(97)	4	(193)	516	(137)
Plant and equipment written off	(24)	-	Nm	(24)	-	Nm
Write-back of impairment for plant and equipment equipment no longer required	28	(284)	(110)	348	85	309
Dividend income	-	1	(100)	1	20	(95)
Changes in fair value of financial assets at fair value through profit or loss	-	5	(100)	6	63	(90)
Impairment loss of available-for-sales financial assets	-	-	Nm	-	(50)	(100)
Under-provision of current income tax and deferred income tax in prior financial years	-	(358)	(100)	-	(444)	(100)
Gain on disposal of financial assets at fair value through profit or loss	-	-	Nm	3	16	(81)

Nm : Not meaningful

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STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	27,375	28,920	2,748	3,017
Investment property	-	-	1,753	-
Investments in subsidiaries	-	-	56,456	57,840
Investment in an associate	474	617	700	700
Club memberships	363	351	-	-
Deferred tax assets	1,462	1,308	-	-
Other receivables	656	-	-	-
	30,330	31,196	61,657	61,557
Current assets				
Inventories	30,199	29,649	202	230
Trade and other receivables	71,784	50,439	22,919	15,902
Prepayments	862	1,381	195	235
Income tax recoverable	2,438	1,361	335	-
Financial assets at fair value through profit or loss	-	115	-	115
Cash and cash equivalents	40,478	44,279	1,880	8,037
	145,761	127,224	25,531	24,519
Less:				
Current liabilities				
Trade and other payables	57,611	46,944	1,013	1,569
Finance lease payables	121	173	83	135
Bank borrowings	29,207	22,872	13,722	16,351
Current income tax payable	676	1,439	-	530
	87,615	71,428	14,818	18,585
Net current assets	58,146	55,796	10,713	5,934
Less:				
Non-current liabilities				
Finance lease payables	299	421	239	324
Bank borrowings	1,301	852	991	347
Deferred tax liabilities	11	29	-	-
	1,611	1,302	1,230	671
	86,865	85,690	71,140	66,820
Capital and reserves				
Share capital	37,288	37,288	37,288	37,288
Capital reserve	(123)	-	-	-
Foreign currency translation reserve/(account)	468	(3,917)	-	-
Statutory surplus reserve	6,132	5,778	-	-
Retained earnings	39,039	43,261	33,852	29,532
Total attributable to owners of the parent	82,804	82,410	71,140	66,820
Non-controlling interests	4,061	3,280	-	-
Total equity	86,865	85,690	71,140	66,820

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Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2013***CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended		12 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Profit before income tax	2,695	743	2,811	9,013
Adjustments for:				
- (Reversal)/Allowance for doubtful third parties trade receivables	(276)	209	136	461
- Allowance for inventory obsolescence	1,718	731	4,490	2,688
- Changes in fair value of financial assets at fair value through profit and loss	-	(5)	(6)	(63)
- Currency translation adjustment	590	51	1,193	(1,710)
- Depreciation of property, plant and equipment	1,016	1,464	5,585	5,669
- Dividend income	-	(1)	(1)	(20)
- Doubtful third parties trade receivables written off	-	-	3	-
- Impairment loss of available-for-sale financial asset	-	-	-	50
- Loss/(Gain) on disposals of plant and equipment	101	97	193	(516)
- Gain on disposal of financial assets at fair value through profit or loss	-	-	(3)	(16)
- Impairment loss of plant and equipment	-	284	-	-
- Interest expense	188	152	541	381
- Interest income	(116)	(418)	(512)	(885)
- Inventories written off	128	80	162	107
- Plant and equipment written off	24	-	24	-
- Share of results of an associate	27	47	143	126
- Recovery of third parties trade receivables written off	-	-	-	(32)
- Write-back of impairment loss for plant and equipment no longer required	(28)	-	(348)	(85)
Operating cash flows before working capital changes	6,067	3,434	14,411	15,168
Working capital changes:				
- Inventories	(2,272)	(6,365)	(5,202)	(8,689)
- Trade and other receivables	(10,682)	3,489	(22,140)	(2,443)
- Prepayments	281	(385)	519	(262)
- Trade and other payables	7,320	1,519	10,667	3,023
Cash generated from operations	714	1,692	(1,745)	6,797
Interest received	116	418	512	885
Income tax paid	(1,023)	(940)	(4,317)	(3,459)
Net cash (used in)/from operating activities	(193)	1,170	(5,550)	4,223

Full Year Financial Statements and Dividend Announcement
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CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	3 months ended		12 months ended	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	\$'000	\$'000	\$'000	\$'000
INVESTING ACTIVITIES				
Net cash outflow from acquisition of shares in a subsidiary	-	-	(6)	(80)
Proceeds from disposals of plant and equipment	(127)	36	758	2,128
Proceeds from disposal of financial assets at fair value through profit or loss	-	-	124	796
Dividend received from financial assets at fair value through profit or loss	-	1	1	20
Purchase of available-for-sale financial asset	-	-	-	(50)
Purchase of club membership	-	-	-	(226)
Purchase of plant and equipment	(215)	(182)	(1,127)	(1,001)
Net cash (used in)/from investing activities	(342)	(145)	(250)	1,587
FINANCING ACTIVITIES				
Decrease/(Increase) in fixed deposits pledged	(596)	2,047	5,062	(2,167)
Repayments of bills payable	-	(3,983)	-	(9,972)
Proceeds from bank borrowings	28,210	23,244	82,130	70,716
Repayments of bank borrowings	(24,146)	(20,902)	(76,766)	(63,994)
Repayments of finance lease payables	(31)	(79)	(174)	(274)
Interest paid	(188)	(152)	(541)	(381)
Dividends paid to owners of the parent	-	-	(3,964)	(3,964)
Net cash from/(used in) financing activities	3,249	175	5,747	(10,036)
Net change in cash and cash equivalents	2,714	1,200	(53)	(4,226)
Cash and cash equivalents at beginning of financial period/year	35,762	36,783	37,605	42,825
Effects of exchange rate changes on cash and cash equivalents	394	(378)	1,318	(994)
Cash and cash equivalents at end of financial period/year	38,870	37,605	38,870	37,605

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Capital reserve \$'000	Foreign currency translation (account)/ reserve \$'000	Statutory surplus reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2013	37,288	-	(3,917)	5,778	43,261	82,410	3,280	85,690
Profit for the financial year	-	-	-	-	96	96	515	611
Other comprehensive income for the financial year								
Foreign currency differences on translation of foreign operations	-	-	4,385	-	-	4,385	149	4,534
Total comprehensive income for the financial year	-	-	4,385	-	96	4,481	664	5,145
Contributions by and distributions to the owners of the parent								
Dividends	-	-	-	-	(3,964)	(3,964)	-	(3,964)
Transfer to statutory reserve	-	-	-	354	(354)	-	-	-
Total transactions with the owners of the parent	-	-	-	354	(4,318)	(3,964)	-	(3,964)
Transactions with non-controlling shareholders								
Acquisition of non-controlling interests	-	(123)	-	-	-	(123)	117	(6)
Total transactions with non-controlling shareholders	-	(123)	-	-	-	(123)	117	(6)
Balance at 31 December 2013	37,288	(123)	468	6,132	39,039	82,804	4,061	86,865
Balance at 1 January 2012	37,288	-	1,286	5,379	42,038	85,991	3,124	89,115
Profit for the financial year	-	-	-	-	5,586	5,586	438	6,024
Other comprehensive income for the financial year								
Foreign currency differences on translation of foreign operations	-	-	(5,203)	-	-	(5,203)	(202)	(5,405)
Total comprehensive income for the financial year	-	-	(5,203)	-	5,586	383	236	619
Contributions by and distributions to the owners of the parent								
Dividends	-	-	-	-	(3,964)	(3,964)	-	(3,964)
Transfer to statutory reserve	-	-	-	399	(399)	-	-	-
Total transactions with the owners of the parent	-	-	-	399	(4,363)	(3,964)	-	(3,964)
Transactions with non-controlling shareholders								
Acquisition of non-controlling interests	-	-	-	-	-	-	(80)	(80)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	(80)	(80)
Balance at 31 December 2012	37,288	-	(3,917)	5,778	43,261	82,410	3,280	85,690

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Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2013***STATEMENTS OF CHANGES IN EQUITY (Continued)**

Company	Share capital \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 January 2013	37,288	29,532	66,820
Profit for the financial year	-	8,284	8,284
Total comprehensive income for the financial year	-	8,284	8,284
Transactions with the owners			
Dividends paid	-	(3,964)	(3,964)
Total transactions with the owners	-	(3,964)	(3,964)
Balance at 31 December 2013	37,288	33,852	71,140
Balance at 1 January 2012	37,288	28,473	65,761
Profit for the financial year	-	5,023	5,023
Total comprehensive income for the financial year	-	5,023	5,023
Transactions with the owners			
Dividends paid	-	(3,964)	(3,964)
Total transactions with the owners	-	(3,964)	(3,964)
Balance at 31 December 2012	37,288	29,532	66,820

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A review of the financial 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) seasonable 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

The Group achieved a turnover of \$81.8m for the three months ended 31 December 2013 ("4Q2013"), an increase of 32.1% or \$19.9m compared to the revenue of \$61.9m for the three months ended 31 December 2012 ("4Q2012"). For the twelve months ended 31 December 2013 ("12M2013"), the Group achieved turnover of \$262.7m, a year-on-year increase of 10.7% or \$25.3m, compared to revenue of \$237.4m achieved for the twelve months ended 31 December 2012 ("12M2012").

Comparing to the three months ended 30 September 2013 ("3Q2013"), the revenue for 4Q2013 also increased by 31.1% or \$19.4m from \$62.4m in 3Q2013 to \$81.8m in 4Q2013. The increase in revenue was due to a few major deals closed by the IT distribution business in 4Q2013 and also due to the improvement of the economy.

For 12M2013, the IT distribution business accounted for 91.7% of Group revenue, while the manufacturing service and PCB-related distribution business accounted for the remaining 8.3% of Group revenue.

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REVENUE

PCB Division

Revenue in this Division decreased by 7.7% or \$410,000, from \$5.3m in 4Q2012 to \$4.9m in 4Q2013, Comparing 4Q2013 to 3Q2013, revenue in this Division decreased by 15.6% or \$903,000 from \$5.8m in 3Q2013 to \$4.9m in 4Q2013. The decrease is mainly due to customers buying their own laser machines in year 2013 thus reducing the requirement for outsourcing.

IT Division

The IT distribution business reported quarterly revenue of \$76.9m in 4Q2013, an increase of 35.9% or \$20.3m, from \$56.6m in 4Q2012. On a full year basis, this business grew by 13.2% or \$28.1m, from \$212.8m in 12M2012 to \$240.9m in 12M2013. The growth was due to a few major deals closed and the improvement of the economy in the 2nd half of year 2013.

Comparing 4Q2013 to 3Q2013, revenue increased by 35.9% or \$20.3m, from \$56.6m in 3Q2013 to \$76.9m in 4Q2013. The increase in sales was mainly due to the closing of a few large deals in 4Q2013 and a better economy condition.

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PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$2.7m in 4Q2013, as compared to \$743,000 in 4Q2012.

The increase in PBT was due to the following:-

- (1) Decrease in depreciation cost from \$1.5m in 4Q2012 to \$1.0m in 4Q2013 mainly because most of the plant and equipment have been fully depreciated;
- (2) Write-back of allowance for doubtful third parties trade receivables of \$276,000 in 4Q2013 as compared to allowance for doubtful third parties trade receivables of \$209,000 in 4Q2012;
- (3) Write-back of impairment for plant and equipment of \$28,000 in 4Q2013 as compared to impairment for plant and equipment of \$284,000 in 4Q2012.

The improvement in PBT was however affected by the following:

- (1) Gross profit margin decreased by 2.2 percentage points from 16% in 4Q2012 to 13.8% in 4Q2013. This was mainly due to the increase in allowance for inventory obsolescence from \$731,000 in 4Q2012 to \$1.7m in 4Q2013 due to the change in stock provision estimate introduced during the year;
- (2) Interest income of \$116,000 in 4Q2013 as compared to interest income of \$418,000 in 4Q2012 due to less fixed deposits placed in banks;
- (3) An increase in net foreign exchange loss of \$166,000 from \$459,000 in 4Q2012 to \$625,000 in 4Q2013 due to the high volatility of USD and depreciation of AUD and INR;
- (4) An increase in interest expense of \$36,000 from \$152,000 in 4Q2012 to \$188,000 in 4Q2013 due to the drawdown of short-term loans;
- (5) \$24,000 worth of plant and equipment written off in 4Q2013, no such write off in 4Q2012;
- (6) An increase in inventory written off of \$48,000 from \$80,000 in 4Q2012 to \$128,000 in 4Q2013.

Comparing 4Q2013 to 3Q2013, the Group PBT stood at \$2.7m in 4Q2013 as compared to \$480,000 in 3Q2013.

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PROFIT AFTER TAX (“PAT”)

Group PAT increased from profit of \$78,000 in 4Q2012 to a profit of \$2.3m in 4Q2013. This was largely in line with the changes in Group PBT. Comparing 4Q2013 to 3Q2013, net profit after tax increased from loss of \$112,000 in 3Q2013 to profit of \$2.3m in 4Q2013.

Provision for tax comprised mainly of current income tax and deferred tax of the Company and its subsidiaries.

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STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items for the financial year ended 31 December 2013.

Cash and cash equivalents at the Group level decreased by \$3.8m from \$44.3m to \$40.5m. The decrease was mainly due to payment of dividend. At the Company level, cash and cash equivalents decreased from \$8.0m to \$1.9m. The decrease was mainly due to payment of dividend and loan given to a subsidiary.

Trade and other receivables of the Group increased by \$21.4m from \$50.4m to \$71.8m, due to higher revenue attained in 4Q2013 as compared to 4Q2012. The increase at the Company level by \$7.0m from \$15.9m to \$22.9m was mainly due to loan given to a subsidiary.

Inventories at the Group level increased by \$550,000 from \$29.6m to \$30.2m mainly due to the increase in IT inventories. The increase in inventory level is in line with the growth of the IT business in Singapore and regionally.

Investment in an associated company decreased by \$143,000 from \$617,000 to \$474,000 mainly due to share of losses for 12M2013. Investment at the Company level is accounted for at cost, as opposed to the equity method at the Group level.

Property, plant and equipment decreased by \$1.5m from \$28.9m to \$27.4m at the Group level mainly due to depreciation charge and disposals of plant and equipment net of purchase of new plant and equipment. The decrease at the Company level was mainly due to depreciation charge.

Investment property at Company level refers to office units purchased and rent to a subsidiary. The investment property is treated as property, plant and equipment at the Group level.

Trade and other payables increased by \$10.7m from \$46.9m to \$57.6m at the Group level due mainly to increase in purchases to support the increase in revenue for 4Q2013. The decrease at Company level is because there is no share of profits payable to the Directors for FY2013 results.

Borrowings increased at Group level mainly due to drawdown of short-term loans to finance the operation of the Group. The decrease at Company level is mainly due to the repayment of term loan.

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CASH FLOW ANALYSIS

Net cash of \$5.6m was used in operating activities in 12M2013, as opposed to net cash of \$4.2m generated in 12M2012. This was mainly due to a lower profit before tax and an increase in trade and other receivables due to higher sales obtained in 4Q2013 as compared to 4Q2012.

Net cash of \$250,000 was used in investing activities in 12M2013, as opposed to \$1.6m generated in 12M2012. The changes were mainly due to purchase of plant and equipment of \$1.1m net of proceeds from disposals of equipment and financial assets of \$882,000 in 12M2013 as compared to proceeds from disposals of equipment and financial assets of \$2.9m net of purchase of plant and equipment and club membership of \$1.2m in 12M2012.

Net cash of \$5.7m was generated from financing activities in 12M2013 as compared to \$10.0m used in 12M2012. This was mainly due to the lifting of the pledge of fixed deposits of \$5.1m and proceeds from bank borrowings of \$82.1m net of repayment of bank borrowings of \$76.8m, interest payment of \$541,000 and dividend payment of \$4.0m in 12M2013, as compared to repayment of bank borrowings, fixed deposits pledged and bills payables of \$76.1m and dividend payment of \$4.0m net of proceeds from bank borrowings of \$70.7m.

Cash and cash equivalents stood at \$38.9m as at end of 31 December 2013, up from \$37.6m as at the end of 31 December 2012.

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A commentary at the date of the announcement of the 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 twelve months.

PCB

Comparing 4Q2013 to 4Q2012, the revenue for this quarter decreased by 7.7% or \$410,000 from \$5.3m in 4Q2012 to \$4.9m in 4Q2013. On a 12 month basis, revenue also decreased by 11.4% or \$2.8m from \$24.6m in 12M2012 to \$21.8m in 12M2013. The decrease is mainly due to customers buying their own laser machines in year 2013, therefore reducing the requirement for outsourcing.

The Group is currently one of the leading PCB drilling service providers in terms of capacity and technology in Eastern China. As at 31 December 2013, the Group had 147 drilling machines and 24 laser drilling machines. The Group will continue to be selective of its customers, rationalise operations, manage headcount to cut cost and conserve cash.

IT

The IT business through Singapore and the regional offices achieved a revenue growth of 35.9% and 13.2% year-on-year growth in 4Q2013 and 12M2013 respectively over the corresponding periods in year 2012.

The Group has a focused strategy of selling and promoting only the best-of-breed IT products. Among the products the Group currently carries are industry-leading IT products from Blue Coat, Check Point, Citrix, Imperva, Riverbed, RSA, and Tufin.

To promote technical competency internally and to train its partners, the Group is able to provide certified IT training through the Training Division of M.Tech Products Pte Ltd, which is authorised to conduct training for Blue Coat, Check Point, Riverbed and RSA courses. This business is complementary to the core IT distribution business and is expected to bring about more awareness and technical knowledge through the courses conducted.

As at 31 December 2013, the Group's IT business has a presence in 28 cities in 14 countries in the Asia Pacific and Europe region. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

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IT (Continued)

The near term outlook in the IT business is dependent on events such as those political or economic in nature and such events could affect business in certain markets. The improving economy such as Singapore and the USA is expected to have a positive impact on the IT business. IT is a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group as more efforts are put into growing the IT business.

For growth, the Group will focus on its best-of-breed products and will continue to look out for opportunities for regional expansion. The Group will also be selective of the products we carry so as to be able to do the best for the principals that the M.Tech companies represent. The Group will also promote the M.Tech brand name and intends to work closely with key partners to further promote the products.

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Risk Factors

The Group's primary business risk in its PCB business is the exposure to the electronics products sector. Our customers are PCB manufacturers, most of whom will be exposed to the cyclical nature of the electronics business. Any downturn in the electronics cycle will result in a cutback in outsourcing, which will impact the Group negatively. Additionally, with the typically heavy capital investment required in the manufacturing service business, the Group will be adversely affected should there be a downturn in the electronics business due to the high fixed costs in this business.

The Group's success in the China market will depend on our ability to maintain our technological, quality assurance, capacity and pricing advantage over our competitors. Additionally, we have to monitor trade debts closely as collection of accounts receivable generally takes longer in China. The Group is tightening the credit assessment on customers for all regions.

The Group, with significant investment in China, is also exposed to the political, legal and economic climates of the country. Such risks pertaining to the political, legal and economic climates extend to the other markets in which the Group is operating.

We are also exposed to foreign exchange risks as we mainly transact with our suppliers, vendors and customers in Singapore dollar, US dollar, Chinese renminbi, Thailand baht, Malaysia ringgit, and to a lesser extent, euro, Indonesian rupiah, Philippines peso, Hong Kong dollars, Indian rupee, Korea won, Japanese yen and Australian dollars. The Group may, from time to time, enter into borrowing and foreign exchange arrangements as currency hedges. The Group expects to be exposed to a higher foreign exchange risk with the current volatility of the US dollar against some of the local currencies we collect from the customers.

In the area of IT distribution, the Group is subjected to risk of reliance on a few key vendors, with respect to their channel strategies, as well as product roadmap. The Group is also exposed to the risks of product obsolescence with respect to the hardware carried. Despite such risks, the Group has taken steps to align with the leading names in the IT arena and as such, there is a good probability that such companies will take steps to ensure that their products maintain the technological edge. The Group also monitors its stock on a quarterly basis and will make provisions where necessary.

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

The actual results for FY2013 were largely in line with the prospect commentary disclosed to the shareholders on 1 February 2013.

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As at 31 Dec 2013		As at 31 Dec 2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,907	27,421	6,570	16,475

Amount repayable after one year

As at 31 Dec 2013		As at 31 Dec 2012	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,600	-	1,273	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's three properties, three motor vehicles and fixed deposits placed with the financial institutions.

2. SHARE CAPITAL

Group	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2013 and 31 Dec 2013	360,381	37,288	37,288
Balance at 1 Jan 2012 and 31 Dec 2012	360,381	37,288	37,288

3. A statement showing all sales, transfers, disposal, cancellation and/or issue of treasury shares as at the end of the current financial period reported on.

Not applicable.

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- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2012. In addition, the Group also adopted various revisions to the FRS, which became effective during the period. The said adoption has no significant impact to the financial statements of the Group.

- 5. If there are any changes in 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. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures presented in the announcement have not been audited or reviewed by our auditors.

- 7. Where the figures have been audited or reviewed, the auditor's report (including any qualification of emphasis of a matter).**

Not applicable.

- 8. 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	3 months ended		12 months ended	
Earnings per share attributable to owners of the parent during the financial period/year (expressed in cents per share)	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
(i) Based on weighted average number of shares	0.52 cents	0.06 cents	0.03 cents	1.55 cents
- Weighted average number of shares ('000)	360,381	360,381	360,381	360,381
(ii) On fully diluted basis	0.52 cents	0.06 cents	0.03 cents	1.55 cents
- Adjusted weighted average number of shares ('000)	360,381	360,381	360,381	360,381

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9. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

Net asset value per share based on existing issued share capital as at the respective period	Group		Company	
	31-Dec-2013	31-Dec-2012	31-Dec-2013	31-Dec-2012
	22.98 cents	22.87 cents	19.74 cents	18.54 cents

The net asset value per ordinary share at the end of the current period and the immediately preceding financial year have been calculated based on 360,381,000 ordinary shares.

10. **DIVIDEND**

(a) **Dividend for financial year ended 31 December 2013**

The Board of Directors are pleased to propose a final dividend of 0.55 cents per ordinary share (One-tier tax-exempt) in respect of the financial year ended 31 December 2013 for approval by shareholders at the next Annual General Meeting to be convened.

The final dividend will be paid on 26 May 2014 after it is approved by the shareholders at the next Annual General Meeting to be convened.

The book closure date of the final dividend will be on 9 May 2014.

(b) **Dividend for financial year ended 31 December 2012**

The Company paid a final dividend of 0.55 cents per ordinary share (One-tier tax-exempt) for financial year ended 31 December 2012.

11. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions. If no IPT mandate has been obtained, a statement to that effect.**

There is no general mandate from shareholders for IPTs obtained.

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12. ADDITIONAL INFORMATION

i) SEGMENT INFORMATION

	Singapore		China		Others		
12 months ended	PCB business	IT business	PCB business	IT business	IT business	Elimination and adjustments	Total
31 December 2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
- External sales	2,354	81,485	19,486	40,432	118,979		262,736
- Inter-segment sales	14	111	-	26	519	(670)	-
Total revenue	2,368	81,596	19,486	40,458	119,498	(670)	262,736
Segment results							
Interest income				427	85	-	512
Interest expense				(332)	(209)	-	(541)
Depreciation of property, plant and equipment				(4,789)	(796)	-	(5,585)
Share of results of an associate, net of tax				(143)	-	-	(143)
<i>Other material non-cash items:</i>							
- Write back of impairment of plant and equipment no longer required				348	-	-	348
- Loss on disposals of plant and equipment				(197)	4	-	(193)
- Inventories written off				-	(162)	-	(162)
- Foreign exchange loss				157	(2,205)	-	(2,048)
- Allowance for inventory obsolescence				(1)	(4,489)	-	(4,490)
- Allowance for doubtful third parties trade receivables				-	(136)	-	(136)
- Changes in fair value of financial assets at fair value through profit or loss				6	-	-	6
Segment profit				(146)	2,957	-	2,811
Capital expenditure							
Property, plant and equipment	1,999	288	11	30	219	-	2,547

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12. ADDITIONAL INFORMATION (Continued)

i) **SEGMENT INFORMATION** (Continued)

	Singapore		China		Others		
	PCB business	IT business	PCB business	IT business	IT business	Unallocated	Total
31 December 2013	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities							
Segment assets	7,486	51,025	46,064	15,527	51,615	3,900	175,617
Investment in an associate	474	-	-	-	-	-	474
Segment liabilities	15,832	50,651	1,389	4,868	15,799	687	89,226

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12. ADDITIONAL INFORMATION (Continued)

i) SEGMENT INFORMATION (Continued)

	Singapore		China		Others		
12 months ended 31 December 2012	PCB business \$'000	IT business \$'000	PCB business \$'000	IT business \$'000	IT business \$'000	Elimination and adjustments \$'000	Total \$'000
Revenue							
- External sales	2,387	66,859	22,226	30,822	115,110	-	237,404
- Inter-segment sales	11	178	-	61	251	(501)	-
Total revenue	2,398	67,037	22,226	30,883	115,361	(501)	237,404
Segment results							
Interest income				838	47	-	885
Interest expense				(242)	(139)	-	(381)
Depreciation of property, plant and equipment				(4,745)	(924)	-	(5,669)
Share of results of an associate, net of tax				(126)	-	-	(126)
<i>Other material non-cash items:</i>							
- Write back of impairment of plant and equipment no longer required				85	-	-	85
- Gain on disposals of plant and equipment				484	32	-	516
- Inventories written off				-	(107)	-	(107)
- Allowance for inventory obsolescence				-	(2,688)	-	(2,688)
- Changes in fair value of financial assets at fair value through profit or loss				63	-	-	63
Segment profit				2,286	6,727	-	9,013
Capital expenditure							
Property, plant and equipment	536	493	134	41	246	-	1,450

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12. ADDITIONAL INFORMATION (Continued)

i) SEGMENT INFORMATION (Continued)

	Singapore		China		Others		
	PCB business	IT business	PCB business	IT business	IT business	Unallocated	Total
31 December 2012	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Assets and liabilities							
Segment assets	12,546	35,492	52,418	13,513	41,165	2,669	157,803
Investment in an associate	617	-	-	-	-	-	617
Segment liabilities	18,518	34,818	1,340	4,498	12,088	1,468	72,730

Geographical segments

	Singapore		China		Others		Total	
	12 months ended		12 months ended		12 months ended		12 months ended	
	31/12/2013	31/12/2012	31/12/13	31/12/12	31/12/13	31/12/12	31/12/13	31/12/12
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	64,638	60,505	59,972	53,611	138,126	123,288	262,736	237,404

	Singapore		China		Others		Total	
	as at		as at		as at		as at	
	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012	31/12/2013	31/12/2012
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets	8,933	6,907	19,935	22,945	1,462	1,344	30,330	31,196

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12. ADDITIONAL INFORMATION (Continued)

ii) **BREAKDOWN OF SALES**

	2013 \$'000	2012 \$'000	Increase / (Decrease) %
Sales reported for first half year	118,551	115,918	2
(Loss)/Profit after tax before deducting non-controlling interests reported for first half year	(1,606)	3,602	(145)
Sales reported for second half year	144,185	121,486	19
Profit after tax before deducting non-controlling interests reported for second half year	2,217	2,422	(8)

13. 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.

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
Foo Fang Yong	27	Son of Mr. Foo Suan Sai and Mdm Han Juat Hoon, Director and substantial shareholders of Multi-Chem Limited	He joined M.Tech Group since Year 2011 as an I-Security Engineer and subsequently moved on to the position of Product Manager in May 2012. He was appointed as General Manager of Multi-Chem Limited and Director of Multi-Chem Limited's subsidiary, M.Tech Products Aust Pty Limited in March 2013.	None

BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
29 January 2014