



ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 31 December 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			12 months ended		
	4Q FY15	4Q FY14	+ / (-)	12M FY15	12M FY14	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	32,932	27,019	22%	120,069	99,629	21%
Other income	193	344	(44%)	1,274	3,057	(58%)
Total revenue	33,125	27,363	21%	121,343	102,686	18%
Change in inventories of finished goods and work-in-progress	1,619	(853)	(>100%)	100	(2,195)	(>100%)
Raw materials and consumables used	(22,123)	(15,854)	40%	(74,901)	(57,761)	30%
Depreciation expenses	(1,137)	(1,267)	(10%)	(4,961)	(4,076)	22%
Amortisation expenses	(5)	(4)	25%	(19)	(18)	6%
Staff costs	(5,631)	(5,533)	2%	(22,448)	(21,478)	5%
Impairment loss on property, plant and equipment and investment property	-	(2,716)	(100%)	-	(2,716)	(100%)
Other operating expenses	(4,597)	(4,100)	12%	(18,164)	(16,908)	7%
Total operating expenses	(31,874)	(30,327)	5%	(120,393)	(105,152)	14%
Profit/(loss) from operating activities	1,251	(2,964)	(>100%)	950	(2,466)	(>100%)
Interest on borrowings	(81)	(31)	>100%	(227)	(219)	4%
Profit/(loss) before income tax	1,170	(2,995)	(>100%)	723	(2,685)	(>100%)
Income tax						
- current year	94	(33)	(>100%)	(24)	(212)	(89%)
- prior year	-	19	(100%)	(2)	19	(>100%)
- deferred tax	(67)	(4,089)	(98%)	(370)	(5,051)	(93%)
	27	(4,103)	(>100%)	(396)	(5,244)	(92%)
Profit/(loss) after income tax	1,197	(7,098)	(>100%)	327	(7,929)	(>100%)
Attributable to:						
Equity holders of the Company	1,197	(7,098)	(>100%)	327	(7,929)	(>100%)
Statement of comprehensive income						
Profit/(loss) after income tax	1,197	(7,098)	(>100%)	327	(7,929)	(>100%)
<i>Other comprehensive income</i>						
Translation differences relating to financial statements of foreign subsidiaries	(1,076)	1,422	(176%)	1,754	1,040	69%
Total comprehensive income for the period	121	(5,676)	(>100%)	2,081	(6,889)	(>100%)
Attributable to equity holders of the Company	121	(5,676)	(>100%)	2,081	(6,889)	(>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			
	<u>4Q FY 15</u>	<u>4Q FY 14</u>	<u>12M FY 15</u>	<u>12M FY 14</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
(a) Raw materials and consumables used:				
(Write-back of)/allowance for inventory obsolescence	(21)	273	(870)	767
Inventories written off	18	82	253	106
(b) Other income:				
Interest income	(12)	(12)	(42)	(96)
(Gain)/loss on disposal of property, plant and equipment	(3)	12	(397)	(30)
Amortisation of deferred compensation income	(131)	(135)	(517)	(2,017)
Rental income	(17)	(173)	(121)	(678)
(c) Operating profit/(loss) is stated after charging/(crediting):				
Allowance for impairment on trade debtors	368	24	525	58
Foreign exchange gains	(32)	(230)	(42)	(237)

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

	GROUP		COMPANY	
	31/12/15 S\$'000	31/12/14 S\$'000	31/12/15 S\$'000	31/12/14 S\$'000
Non-current assets				
Intangible assets	165	184	24	39
Property, plant and equipment	47,531	50,977	46	165
Investment property	4,363	4,491	-	-
Investment in subsidiaries	-	-	34,515	34,513
Loan receivables from subsidiaries	-	-	19,116	16,027
Deferred tax assets	888	1,414	-	-
Other investments	2,205	2,205	2,081	2,081
	<u>55,152</u>	<u>59,271</u>	<u>55,782</u>	<u>52,825</u>
Current assets				
Inventories	12,849	9,179	-	652
Amounts due from subsidiaries	-	-	10,517	9,926
Trade debtors	37,784	31,500	1,690	2,882
Other debtors	4,728	4,618	1,445	1,037
Prepayments and advances to suppliers	719	1,437	41	48
Income tax recoverable	68	-	-	-
Fixed deposits (pledged)	1,001	317	341	-
Cash and bank balances	15,514	10,256	958	1,507
	<u>72,663</u>	<u>57,307</u>	<u>14,992</u>	<u>16,052</u>
Current liabilities				
Trade creditors	31,077	27,708	83	1,596
Hire purchase creditor	8	-	-	-
Other creditors and accruals	9,126	9,977	3,277	2,659
Deferred compensation income	515	505	-	-
Amounts due to bankers	9,595	2,634	3,359	1,992
Income tax payable	-	193	-	-
	<u>50,321</u>	<u>41,017</u>	<u>6,719</u>	<u>6,247</u>
Net current assets	22,342	16,290	8,273	9,805
Non-current liabilities				
Hire purchase creditor	12	-	-	-
Deferred compensation income	9,018	9,344	-	-
Amounts due to bankers	262	-	262	-
Deferred tax liabilities	4,301	4,397	-	-
	<u>13,593</u>	<u>13,741</u>	<u>262</u>	<u>-</u>
TOTAL NET ASSETS	<u>63,901</u>	<u>61,820</u>	<u>63,793</u>	<u>62,630</u>
Equity attributable to equity holders of the Company				
Share capital	57,337	57,337	57,337	57,337
Foreign currency translation reserve	2,737	983	-	-
Statutory reserve fund	4,889	4,889	-	-
Other reserves	189	189	189	189
Retained (losses)/earnings	(1,251)	(1,578)	6,267	5,104
TOTAL EQUITY	<u>63,901</u>	<u>61,820</u>	<u>63,793</u>	<u>62,630</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 December 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
9,603	-	2,634	-

Amount repayable after one year

As at 31 December 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
274	-	-	-

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) fixed deposits placement by the Company and its respective subsidiaries;
- (3) a leasehold land and properties of the respective subsidiaries; and
- (4) 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 period ended 31 December

	3 months ended		12 months ended	
	4Q FY15 S\$'000	4Q FY14 S\$'000	12M FY15 S\$'000	12M FY14 S\$'000
Cash flows from operating activities				
Profit/(loss) before income tax	1,170	(2,995)	723	(2,685)
Adjustments for:				
(Gain)/loss on disposal of property, plant and equipment	(3)	12	(397)	(30)
Depreciation of property, plant and equipment	1,137	1,267	4,961	4,076
Impairment loss of property, plant and equipment	-	2,372	-	2,372
Impairment loss of investment property	-	344	-	344
Amortisation of intangible assets	5	4	19	18
Amortisation of deferred compensation income	(131)	(135)	(517)	(2,017)
Interest income	(12)	(12)	(42)	(96)
Interest expense	81	31	227	219
Currency realignment	(967)	512	1,044	23
Operating profit before working capital changes	1,280	1,400	6,018	2,224
(Increase)/decrease in inventories	(2,575)	1,306	(3,661)	3,749
Increase in trade debtors and other debtors	(1,961)	(6,875)	(5,499)	(6,549)
Increase in trade creditors and other creditors	2,628	3,835	2,956	5,722
Cash (used in)/generated from operations	(628)	(334)	(186)	5,146
Interest paid	(81)	(31)	(227)	(219)
Interest received	12	12	42	96
Tax paid	-	(68)	(293)	(115)
Net cash (used in)/generated from operating activities	(697)	(421)	(664)	4,908
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	248	-	859	42
Government grant received pursuant to Suzhou's compulsory land acquisition	-	-	-	2,011
Purchase of property, plant and equipment	(373)	(955)	(961)	(12,035)
Net cash used in investing activities	(125)	(955)	(102)	(9,982)
Cash flows from financing activities				
Dividend paid	-	-	-	(3,376)
Net (decrease)/increase in hire purchase creditors	(2)	-	20	(10)
Increase/(decrease) in amount due to director	-	600	(600)	600
Drawdown of bank borrowings	7,015	139	15,781	4,484
Repayment of bank borrowings	(3,646)	(1,946)	(8,565)	(6,274)
Increase in pledged fixed deposit	(465)	(5)	(684)	(86)
Net cash generated from/(used in) financing activities	2,902	(1,212)	5,952	(4,662)
Net increase/(decrease) in cash and cash equivalents	2,080	(2,588)	5,186	(9,736)
Cash and cash equivalents at beginning of period	12,865	13,043	10,256	20,091
Effects of exchange rates on opening cash and cash equivalents	569	(199)	72	(99)
Cash and cash equivalents at end of period	15,514	10,256	15,514	10,256

- 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 31 December
(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
Total comprehensive income for the period	-	(1,076)	-	-	1,197	121
Balance as at 31 December 2015	57,337	2,737	4,889	189	(1,251)	63,901
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
Total comprehensive income for the period	-	1,422	-	-	(7,098)	(5,676)
Balance as at 31 December 2014	57,337	983	4,889	189	(1,578)	61,820

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)

<u>Company</u>	Ordinary shares	Other reserve	Retained earnings	Total shareholders' equity
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
Total comprehensive income for the period	-	-	(291)	(291)
Balance as at 31 December 2015	57,337	189	6,267	63,793
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
Total comprehensive income for the period	-	-	(260)	(260)
Balance as at 31 December 2014	57,337	189	5,104	62,630

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 (31 December 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.

	31 December 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		12 months ended	
	<u>4Q FY15</u> Basic / Diluted *	<u>4Q FY14</u> Basic / Diluted *	<u>12M FY15</u> Basic / Diluted *	<u>12M FY14</u> Basic / Diluted *
<u>Earnings (\$'000)</u>				
Profit/(loss) attributable to equity holders of the Company	1,197	(7,098)	327	(7,929)
Profit/(loss) per share (cents) - Basic and diluted	0.18	(1.05)	0.05	(1.17)

*employees' share option 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	
	31-Dec-15	31-Dec-14	31-Dec-15	31-Dec-14
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	9.46	9.16	9.45	9.28
Net asset value as at end of period (\$'000)	63,901	61,820	63,793	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

In 4Q FY2015 and 12M FY2015, the Group has recorded an increase in its revenue of S\$5.91 million and S\$20.44 million respectively as compared to that in 4Q FY2014 and 12M FY2014. The increase is mainly contributed by the Company's overseas subsidiaries located in Vietnam, Suzhou, Malaysia and Thailand.

For the Company's Vietnam subsidiary, it has achieved a 24% increase in revenue in 4Q FY2015 compared to 4Q FY2014. This is largely due to the increase of sales orders received from its existing main customers. With the constant increase of its revenue in the previous quarters, the total revenue of Vietnam subsidiary in 12M FY2015 rose from S\$29.95 million to S\$40.04 million.

As for the Suzhou subsidiary, it recorded a significant increase in revenue in both 4Q FY2015 and 12M FY2015 as compared to the previous periods. The increase in revenue is mainly derived from multiple new products and tooling projects awarded by new and existing customers. However, the increase is partially offset by the lower revenue recorded in Shanghai and Dongguan subsidiaries, which are located in the same region, as the Dongguan subsidiary has since ceased operation in mid of 3Q FY2015. The total revenue recorded by the People's Republic of China (the "PRC") subsidiaries is S\$62.79 million, representing a 15% increase as compared to 12M FY2014.

On the other hand, revenue for the Company has dropped since 2Q FY2015 as the Company had transferred most of its projects to its Malaysia subsidiary in view of the implementation of Malaysia's Goods and Service Tax ("GST"). This is to achieve tax savings and comply with the Malaysia GST regulation as the Company's manufacturing plant and majority of the customers are both located in Malaysia. Therefore, revenue in Malaysia has increased substantially in 4Q FY2015 and 12M FY2015.

During the year, Thailand subsidiary's revenue has surged up to S\$2.97 million as compared to the minimal revenue recorded in 12M FY2014. This is primarily due to the commencement of its major projects in FY2015.

Overall in FY2015, the Group recorded a revenue of S\$120.07 million which is 21% higher than that of FY2014. This is mainly attributed to the subsidiaries located in China, which in total contributed 52% to the Group's revenue.

Other income of the Group comprises mainly of rental income, interest income, amortisation of deferred compensation income and gain on disposal of property, plant and equipment ("PPE"). The other income in 4Q FY2015 fell by 44% as compared to 4Q FY2014 due to the absence of rental income in Taicang subsidiary since its tenancy agreement terminated early this year.

Similarly, in 12M FY2015, other income has also declined to S\$1.27 million from S\$3.06 million as a consequence of lower rental income earned and decrease in amortization of compensation income in Suzhou subsidiary of S\$2.06 million, but this is partially offset by the gain on disposal of PPE in the Dongguan subsidiary.

b. Operating results

Overall

The Group recorded a profit before interest and tax ("PBIT") of S\$1.25 million and S\$0.95 million in 4Q FY2015 and 12M FY15 respectively compared to losses incurred in 4Q FY2014 and 12M FY2014.

The result in 4Q FY2015 is better than 4Q FY2014 due to the higher revenue recorded as well as no impairment loss on PPE and investment property being charged to the income statement in the current quarter.

In 4Q FY2015, the PBIT is mainly derived from the Group's overseas subsidiaries located in Suzhou, Vietnam, Dongguan and Thailand, but partially offsetting the losses incurred by the Company and its subsidiaries in Malaysia, Shanghai and Taicang which generated lower revenue in the same quarter.

In terms of full year result, the Group's PBIT has increased by S\$0.70 million compared to 12M FY2014 without accounting for the impairment loss on PPE and investment property of S\$2.72 million in 12M FY2014. The improved result is primarily caused by the increase in revenue especially in Suzhou and Vietnam subsidiaries. In addition to that, the Group has also placed stringent controls on its expenses of all subsidiaries.

Although Suzhou has achieved better results in 4Q FY2015 and 12M FY2015 respectively, it has been mitigated by the losses incurred by Shanghai and Taicang subsidiaries due to the high production and labour costs amid a high-inflationary business environment and rigorous pricing pressure from customers.

Therefore, geographically, PRC subsidiaries are making a loss before interest and tax of S\$0.63 million in FY2015.

On the other hand, the Vietnam subsidiary, which generating stable revenue, has contributed S\$1.04 million of PBIT to the Group. Meanwhile, as the Thailand subsidiary has started to generate profit in 4Q FY2015 since its incorporation in 2Q FY2014, it has managed to decrease its loss before interest and tax in 12M FY2015 by S\$0.40 million to S\$0.20 million.

Tax expenses in 12M FY2015 mainly consists of reversal of deferred tax assets in the Dongguan subsidiary, which has now ceased operation and disposed of all its PPE, while the deferred tax expense in 12M FY2014 of S\$5.05 million is pertaining to the impairment of deferred tax assets in the Shanghai subsidiary and recognition of deferred tax liabilities by the Suzhou subsidiary.

Overall, the Group has recorded a profit after tax of S\$1.20 million and S\$0.33 million in 4Q FY2015 and 12M FY2015 respectively.

Raw materials and consumables used

Compared to 4Q FY2014, raw materials and consumables used by the Group increased significantly by 40% as a result of the higher revenue generated during the quarter. Similarly, raw material and consumables used in 12M FY2015 has increased by 30% to S\$74.90 million in conjunction with 21% increase in revenue.

The increase in material used is outweighed by the increase in revenue. This is associated to the change in material mix for the Group's new products in FY2015, which requires a higher percentage of raw material used.

Staff costs

Staff costs in 4Q FY2015 and 12M FY2015 have increased slightly by 2% and 5% respectively.

This is due to the increase in total headcount of the Group from 1,906 as at 31 December 2014 to 2,005 as at 31 December 2015.

Depreciation and amortisation expenses

Depreciation and amortization expenses decreased 10% in 4Q FY2015 while it increased 22% to S\$4.96 million in 12M FY2015.

Lower depreciation and amortization expenses occurred in 4Q FY2015 as compared to 4Q FY2014 is due to the disposal of PPE in Dongguan subsidiary in 2Q FY2015.

Whereas, the increase in 12M FY2015 mainly comprises of depreciation charged on the addition of PPE in the Group's overseas subsidiaries especially Thailand subsidiaries, which was newly incorporated in 2Q FY2014 and depreciation charged on the PPE of the Company's Suzhou subsidiary, which were completed in 3Q FY2014, subsequent to the completion of its compulsory factory relocation.

Other operating expenses

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

Other operating expenses increased by 12% and 7% respectively for both 4Q FY2015 and 12M FY2014 as a result of higher revenue achieved.

Finance costs

The Group's finance costs have increased to S\$0.08 million and S\$0.23 million in 4Q FY2015 and 12M FY2015 respectively. This is mainly attributed to higher bank borrowings drawn down by the Group during the abovementioned periods.

As at 31 December 2015, the Group has a total bank borrowings of S\$9.86 million compared to the total bank borrowings of S\$2.63 million as at 31 December 2014.

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 the year. However, it is partially offset by the effect of the strengthening of the Renminbi ("RMB") against the Singapore Dollar ("SGD"), as compared to last December, which resulted in the Company's subsidiaries in the PRC having a higher translated amount of PPE.

As at 31 December 2015, inventories balance increased by S\$3.67 million to S\$12.85 million in order to cope with sales in the coming quarter. The Group has also recorded a higher trade debtors balance of S\$37.78 million as at 31 December 2015, in line with the increase in revenue. The other debtors balance has increased by S\$0.11 million as a result of accrual of tooling cost, which will be recognized in income statement only when the tooling is fully completed.

On the other hand, trade creditors balance has increased from S\$27.71 million to S\$31.08 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\$9.13 million as at 31 December 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 and repayment made to other creditors for PPE purchased by Thailand subsidiary.

The Group's deferred compensation income balance has decreased to S\$9.53 million as at 31 December 2015 due to amortization of deferred compensation income during the year. 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\$9.86 million as at 31 December 2015.

Both deferred tax liabilities and deferred tax assets in the Group's balance sheet are attributed to the subsidiaries in the PRC. Both deferred tax liabilities and assets as at 31 December 2015 are lower due to reversal made during the year in Suzhou and Dongguan subsidiaries. However, they are partially offset by the effect of strengthened RMB against SGD as at 31 December 2015.

For the year ended 31 December 2015, the Group has recorded a net increase in cash and cash equivalents of S\$5.19 million (before the effect of exchange rates on opening cash and cash equivalents), which raised the cash and bank balances from S\$10.26 million to S\$15.51 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\$7.22 million and offset by other repayments and cash used in operating and investing activities.

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.

In light of the uncertain global economic outlook, 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 31 December 2015 has been declared or recommended.

13 Interested Person Transactions

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

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

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

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

(\$'000)	Singapore & Malaysia		China		Vietnam		Thailand		Others		Elimination		Group	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Segment revenue														
External customers	14,265	14,971	62,791	54,711	40,039	29,946	2,968	1	6	-	-	-	120,069	99,629
Inter segment revenue	6	-	990	323	27	-	21	-	-	-	(1,044)	(323)	-	-
Total revenue	14,271	14,971	63,781	55,034	40,066	29,946	2,989	1	6	-	(1,044)	(323)	120,069	99,629
Profit/(loss) before interest and taxation	2,967	4,495	(633)	(4,479)	1,035	702	(200)	(603)	(44)	(42)	-	-	3,125	73
Finance cost													(227)	(219)
Unallocated expenses													(2,175)	(2,539)
Profit/(loss) before taxation													723	(2,685)
Taxation													(396)	(5,244)
Net profit/(loss)													327	(7,929)
Segment assets	8,826	8,003	83,357	80,529	27,912	21,024	4,616	3,375	11	28	-	-	124,722	112,959
Unallocated assets													3,093	3,619
													127,815	116,578
Other segment information														
Capital expenditures	61	104	309	8,291	488	285	103	3,355	-	-	-	-	961	12,035
Depreciation and amortization	90	28	3,867	3,412	380	389	643	265	-	-	-	-	4,980	4,094
Other significant non-cash expenses														
(Write-back of)/allowance for inventory obsolescence	(224)	(155)	(227)	850	(419)	72	-	-	-	-	-	-	(870)	767
Inventories written off	227	87	26	19	-	-	-	-	-	-	-	-	253	106
Allowance for/(write back of) impairment on trade debtors	264	19	271	28	(12)	11	-	-	2	-	-	-	525	58
Impairment loss on property, plant and equipment and investment property	-	-	-	2,716	-	-	-	-	-	-	-	-	-	2,716
Gain/(loss) on disposal of assets	5	17	392	7	3	6	-	-	(3)	-	-	-	397	30

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

Please refer to paragraph 8.

17. A breakdown of sales.

A breakdown of sales as follows:

	FY 2015 S\$'000 Group	FY 2014 S\$'000 Group	% increase / (decrease) Group
Sales reported for first half year	56,662	47,124	20%
Operating loss after tax before deducting minority interests reported for first half of the year	(1,109)	(998)	11%
Sales reported for second half year	63,407	52,505	21%
Operating profit/(loss) after tax before deducting minority interests reported for second half of the year	1,436	(6,931)	(>100%)

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

No dividend is paid or proposed in respect of the financial year ended 31 December 2015 and 2014.

- 19 **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.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Hsu Chin Chieh	46	Brother of Mr Hsu Ching Yuh @ Sheu Ching Yuh, the Chief Executive Officer and Group Managing Director	Deputy General Manager of Allied Machineries (Shanghai) Co., Ltd	No change of duties or position held during the year.

ON BEHALF OF THE BOARD

Hsu Ching Yuh @ Sheu Ching Yuh
Group Managing Director and
Chief Executive Officer

Soh Weng Kheong
Group Deputy Managing Director

19 February 2016