

## Financial Statement for the Year Ended 31 December 2014

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### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

#### 1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	FY2014 S\$ (Unaudited)	FY2013 S\$ (Audited)	Increase / (Decrease) %
<b>Revenue</b>	<b>4,652,030</b>	<b>4,386,199</b>	6.1
Cost of sales	(3,860,768)	(3,415,220)	13.0
<b>Gross profit</b>	<b>791,262</b>	<b>970,979</b>	(18.5)
Other operating income	266,194	1,453,969	(81.7)
Other operating expenses	(11,262)	-	N/M
Distribution and selling expenses	(94,696)	(91,742)	3.2
Administrative costs	(3,277,329)	(3,129,805)	4.7
Finance costs	(86,766)	(112,715)	(23.0)
<b>Loss before tax</b>	<b>(2,412,597)</b>	<b>(909,314)</b>	165.3
Income tax credit			
Corporate tax			
- Over provision in respect of previous years	7,606	96,055	(92.1)
Deferred tax			
- Current year taxation	10,025	10,025	-
	17,631	106,080	(83.4)
<b>Loss for the year</b>	<b>(2,394,966)</b>	<b>(803,234)</b>	198.2
<b>Other comprehensive income, net of tax</b>			
Items that maybe classified subsequently to profit or loss			
- Exchange differences on transaction of foreign operations	9,948	7,714	29.0
<b>Other comprehensive income, net of tax</b>	<b>9,948</b>	<b>7,714</b>	29.0
<b>Total comprehensive loss for the year</b>	<b>(2,385,018)</b>	<b>(795,520)</b>	199.8
Loss attributable to:			
Owners of Company	(2,392,610)	(803,234)	197.9
Non-controlling interest	(2,356)	-	N/M
	<u>(2,394,966)</u>	<u>(803,234)</u>	198.2

**1(a) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)**

	<b>FY2014</b>	<b>FY2013</b>	<b>Increase / (Decrease) %</b>
	<b>S\$</b>	<b>S\$</b>	
	<b>(Unaudited)</b>	<b>(Audited)</b>	
Total comprehensive loss attributable to:			
Owners of Company	(2,382,662)	(795,520)	199.5
Non-controlling interest	(2,356)	-	N/M
	<u>(2,385,018)</u>	<u>(795,520)</u>	199.8

**NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

The loss before taxation were computed after charging/(crediting) the following:

	<b>FY2014 (Unaudited)</b>	<b>FY2013 (Audited)</b>	<b>Increase / (decrease)</b>	<b>Note</b>
	<b>S\$</b>	<b>S\$</b>	<b>%</b>	
Allowance/(Reversal of allowance) for inventories	113,075	(67,944)	(266.4)	(i)
Allowance/(Reversal of allowance) for receivables	29,917	(1,286,112)	(102.3)	(ii)
Depreciation of property, plant and equipment	589,350	670,079	(12.0)	(iii)
Foreign exchange loss, net	16,040	1,757	812.9	(iv)
Loss/(Gain) on disposal of held-for-trading investment	(126,312)	-	N/M	(v)
Loss/(Gain) on disposal of available-for-sale investment	-	(88,792)	N/M	(vi)
Loss/(Gain) on disposal of property, plant and equipment	(4,779)	(46,072)	(89.6)	(vii)
Impairment of property, plant and equipment	-	67,462	N/M	(viii)
Interest expense	86,766	112,715	(23.0)	(ix)
Interest income	(8,124)	(5)	N/M	(x)
Impairment of held-for-trading investment	11,262	-	N/M	(xi)

**Note:**

**N/M - Not Meaningful**

**Notes:**

- i- The allowance was for inventory obsolescence in subsidiaries.
- ii- In FY2013, there was recovery of receivables which were impaired in the previous reporting period. There was no such recovery during FY2014.
- iii- The decrease was mainly due to disposal of a machine by a subsidiary, and certain assets were fully depreciated in FY2014.
- iv- The foreign currency exposure increased due to (i) repayment received from receivables denominated in foreign currency; and (ii) subsidiaries' payables denominated in foreign currencies.
- v- This figure was for disposal of certain held-for-trading quoted investments during FY2014.
- vi- This figure was for disposal of certain available-for-sale quoted investments during FY2013.
- vii- This figure was for disposal of a machine by a subsidiary during FY2014.
- viii- In FY2013, the allowance was for impairment attributable to certain machinery of a subsidiary. There was no such impairment in FY2014.
- ix- The decrease was due to lower amount of principal outstanding in FY2014 as compared to FY2013. In FY2014, the finance costs included the interest payment of S\$3,991 to a director of a subsidiary for advances made to that subsidiary.
- x- This figure was for interest earned from quoted investments made during FY2014. There was no such investment during FY2013.
- xi- The impairment on fair value of financial assets held-for-trading reflected the fair value of quoted investment, based on the market price on 31 December 2014 (the last trading day of the financial year). There was no such investment as at 31 December 2013.

**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 December 2014	31 December 2013	31 December 2014	31 December 2013
		S\$	S\$	S\$	S\$
<u>ASSETS</u>	Note	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>NON-CURRENT ASSETS</b>					
Subsidiaries		-	-	1,121,091	1,120,480
Goodwill		-	-	-	-
Property, plant and equipment	8b(i)	3,549,169	4,405,804	19,481	-
		<b>3,549,169</b>	<b>4,405,804</b>	<b>1,140,572</b>	<b>1,120,480</b>
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		20,161,808	2,423,165	19,972,418	1,903,284
Trade and other receivables	8b(ii)	685,874	1,780,312	76,623	1,251,711
Inventories	8b(iii)	808,507	1,390,670	-	-
Held-for-trading investments	8b(iv)	1,233,738	-	1,233,738	-
		<b>22,889,927</b>	<b>5,594,147</b>	<b>21,282,779</b>	<b>3,154,995</b>
<b>TOTAL ASSETS</b>		<b>26,439,096</b>	<b>9,999,951</b>	<b>22,423,351</b>	<b>4,275,475</b>
<b><u>EQUITY AND LIABILITIES</u></b>					
<b>CAPITAL AND RESERVES</b>					
Equity attributable to owners					
Company		<b>23,442,890</b>	<b>6,629,519</b>	<b>21,821,152</b>	<b>3,779,204</b>
<b>NON-CURRENT LIABILITIES</b>					
Finance Leases	8b(v)	-	219,524	-	-
Other payables		6,097	5,785	-	-
Interest-bearing loans	8b(vi)	1,082,261	1,147,774	-	-
Deferred tax liabilities	8b(vii)	230,580	240,605	-	-
		<b>1,318,938</b>	<b>1,613,688</b>	<b>-</b>	<b>-</b>
<b>CURRENT LIABILITIES</b>					
Finance leases	8b(v)	124,854	415,906	-	-
Trade and other payables	8b(viii)	1,486,900	1,278,667	602,199	496,271
Interest-bearing loans	8b(vi)	65,514	62,171	-	-
		<b>1,677,268</b>	<b>1,756,744</b>	<b>602,199</b>	<b>496,271</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>26,439,096</b>	<b>9,999,951</b>	<b>22,423,351</b>	<b>4,275,475</b>

**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 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
190,368	Nil	478,077	Nil

**Amount repayable after one year**

As at 31 December 2014		As at 31 December 2013	
Secured	Unsecured	Secured	Unsecured
1,082,261	Nil	1,367,298	Nil

The borrowings above relate to a mortgage loan and finance leases for assets of subsidiaries.

**Details of any collateral**

The Company's subsidiary, Apphia Advanced Materials Pte Ltd ("**Apphia**") has two (2) (2013: three (3)) Hire Purchase agreements with a financial institution for certain plant and machinery. These Hire Purchase agreements were secured via mortgages over the plant and machinery.

Additionally, Apphia also has a mortgage loan for its leasehold property and building located at Tuas, Singapore through the same financial institution. The mortgage loan is secured by a first legal mortgage over the said property. Both of the hire purchases and mortgage loan were also secured by a corporate guarantee from the Company in favour of the financial institution.

**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.**

	<b>FY2014</b> <b>S\$</b> <b>(Unaudited)</b>	<b>FY2013</b> <b>S\$</b> <b>(Audited)</b>
<b>Operating Activities</b>		
Loss before taxation	<b>(2,412,597)</b>	<b>(909,314)</b>
<u>Adjustments for :</u>		
Allowance/(Reversal of allowance) for inventories	113,075	(67,944)
Allowance/(Reversal of allowance) for receivables	29,917	(1,286,112)
Depreciation of property, plant & equipment	589,350	670,079
Gain on disposal of held-for-trading investment	(126,312)	-
Gain on disposal of available-for-sale investment	-	(88,792)
Gain on disposal of property, plant and equipment	(4,779)	(46,072)
Impairment on held-for-trading financial asset	11,262	-
Impairment of goodwill	743	-
Impairment on property, plant and equipment	-	67,462
Interest expense	86,766	112,715
Interest income	(8,124)	(5)
Reinstatement cost	-	295
Share options expenses	-	3,110
<b>Operating cash flows before working capital changes</b>	<b>(1,720,699)</b>	<b>(1,544,578)</b>
Trade receivables	(44,858)	201,552
Other receivables	(18,572)	(38,719)
Inventories	469,088	281,177
Trade payables	(96,577)	106,456
Other payables	303,665	129,381
<b>Cash used in operations</b>	<b>(1,107,953)</b>	<b>(864,731)</b>
Income tax refund	7,606	144,075
<b>Net cash used in operating activities</b>	<b>(1,100,347)</b>	<b>(720,656)</b>
<b>Investing Activities</b>		
Acquisition of plant and equipment	(45,495)	(126,136)
Interest received	8,124	5
Net cash outflow from acquisition of subsidiary (Note A)	(510)	-
Proceeds from disposal of property, plant and equipment	316,713	60,349
Acquisition of held-for-trading investment	(19,359,372)	-
Proceeds from disposal of available-for-sale investment	-	346,392
Proceeds from disposal of held-for-trading investment	18,240,684	-
<b>Net cash (used in)/from investing activities</b>	<b>(839,856)</b>	<b>280,610</b>
<b>Financing Activities</b>		
Interest paid	(86,766)	(112,715)
Issuances of shares	19,198,613	218,300
Repayment from third parties	1,128,951	87,792
Repayment of obligations under bank loan	(62,170)	(53,560)
Repayment of obligations under finance lease	(510,576)	(408,519)
<b>Net cash from/(used in) financing activities</b>	<b>19,668,052</b>	<b>(268,702)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>17,727,849</b>	<b>(708,748)</b>
Cash and cash equivalents at beginning of the year	2,423,165	3,121,395
Net effect of exchange rate changes on cash and cash equivalents	10,794	10,518
<b>Cash and cash equivalents at end of the year</b>	<b>20,161,808</b>	<b>2,423,165</b>

**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. (continued)**

Note A - Acquisition of subsidiary

Assets acquired and liabilities assumed at the date of acquisition:

	<b>S\$</b> <b>(Unaudited)</b>
<u>Current assets</u>	
Other receivables and prepayments	1,000
<u>Current liabilities</u>	
Other payables and accruals	<u>(1,457)</u>
Net liabilities acquired	(457)
Non-controlling interest	<u>224</u>
	(233)
Consideration transferred	<u>(510)</u>
Goodwill on acquisition	<u><u>(743)</u></u>

Net cash outflow on acquisition of subsidiary

	<b>S\$</b> <b>(Unaudited)</b>
Consideration transferred	<u>(510)</u>

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

GROUP	Share capital S\$	Warrant reserve S\$	Statutory reserve S\$	Translation reserve S\$	Employee share option reserve S\$	Accumulated losses S\$	Total attributable to owners of the Company S\$	Minority Interest S\$	Total S\$
<b>Balance at 1 January 2013</b>	<b>31,465,503</b>	<b>1,439,206</b>	<b>119,135</b>	<b>6,834</b>	<b>113,484</b>	<b>(25,940,533)</b>	<b>7,203,629</b>	<b>-</b>	<b>7,203,629</b>
Total comprehensive loss for the year									
- Loss for the year	-	-	-	-	-	(803,234)	(803,234)	-	(803,234)
- Other comprehensive income for the year	-	-	-	7,714	-	-	7,714	-	7,714
	-	-	-	7,714	-	(803,234)	(795,520)	-	(795,520)
Transaction with owners recognised directly in equity									
- Recognition of share-based payments	-	-	-	-	3,110	-	3,110	-	3,110
- Exercise of share options	28,901	-	-	-	(10,601)	-	18,300	-	18,300
- Exercise of warrants	256,560	(56,560)	-	-	-	-	200,000	-	200,000
	285,461	(56,560)	-	-	(7,491)	-	221,410	-	221,410
<b>Balance at 31 December 2013</b>	<b>31,750,964</b>	<b>1,382,646</b>	<b>119,135</b>	<b>14,548</b>	<b>105,993</b>	<b>(26,743,767)</b>	<b>6,629,519</b>	<b>-</b>	<b>6,629,519</b>
Total comprehensive loss for the year									
- Loss for the year	-	-	-	-	-	(2,392,610)	(2,392,610)	(2,356)	(2,394,966)
- Other comprehensive income for the year	-	-	-	9,948	-	-	9,948	-	9,948
	-	-	-	9,948	-	(2,392,610)	(2,382,662)	(2,356)	(2,385,018)
Transaction with owners recognised directly in equity									
- Non-controlling interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	(224)	(224)
- Issuance of shares	14,165,580	-	-	-	-	-	14,165,580	-	14,165,580
- Exercise of share options	223,081	-	-	-	(79,147)	-	143,934	-	143,934
- Exercise of warrants	6,271,745	(1,382,646)	-	-	-	-	4,889,099	-	4,889,099
	20,660,406	(1,382,646)	-	-	(79,147)	-	19,198,613	(224)	19,198,389
<b>Balance at 31 December 2014</b>	<b>52,411,370</b>	<b>-</b>	<b>119,135</b>	<b>24,496</b>	<b>26,846</b>	<b>(29,136,377)</b>	<b>23,445,470</b>	<b>(2,580)</b>	<b>23,442,890</b>

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

COMPANY	Share capital	Warrant reserve	Employee share option reserve	Accumulated losses	Total
	S\$	S\$	S\$	S\$	S\$
<b>Balance at 1 January 2013</b>	<b>31,465,503</b>	<b>1,439,206</b>	<b>113,484</b>	<b>(29,371,596)</b>	<b>3,646,597</b>
Total comprehensive loss for the year					
- Loss for the year	-	-	-	(88,803)	(88,803)
Transaction with owners recognised directly in equity					
- Recognition of share options	-	-	3,110	-	3,110
- Exercise of share options	28,901	-	(10,601)	-	18,300
- Exercise of warrants	256,560	(56,560)	-	-	200,000
	285,461	(56,560)	(7,491)	-	221,410
<b>Balance at 31 December 2013</b>	<b>31,750,964</b>	<b>1,382,646</b>	<b>105,993</b>	<b>(29,460,399)</b>	<b>3,779,204</b>
Total comprehensive loss for the year					
- Loss for the year	-	-	-	(1,156,665)	(1,156,665)
Transaction with owners recognised directly in equity					
- Issuance of shares	14,165,580	-	-	-	14,165,580
- Exercise of share options	223,081	-	(79,147)	-	143,934
- Exercise of warrants	6,271,745	(1,382,646)	-	-	4,889,099
	20,660,406	(1,382,646)	(79,147)	-	19,198,613
<b>Balance at 31 December 2014</b>	<b>52,411,370</b>	<b>-</b>	<b>26,846</b>	<b>(30,617,064)</b>	<b>21,821,152</b>



**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.**

**Issuance of Shares**

On 26 November 2013, the Company announced that the Company had entered into a subscription agreement with Mr Chin Bay Ching to allot and issue 875,000,000 new shares in the capital of the Company to Mr Chin Bay Ching at the issue price of S\$0.0165 per share (the "Subscription").

On 12 March 2014, the Company announced that it had completed the Subscription. Following the completion of the Subscription, the number of issued ordinary shares in the capital the Company increased from 825,054,385 shares to 1,700,054,385 shares. The net proceeds received from the Subscription amounted to S\$14.166 million.

**Warrants**

At the beginning of FY2014, there were 244,454,946 unexercised warrants. During the financial year, all unexercised warrants were exercised by warrant holders at an exercise price of S\$0.02 per warrant. Pursuant to the exercise of warrants, Company allotted and issued 244,454,946 new ordinary shares in the capital of Company to the warrant holders. There were no outstanding unexercised warrants as at 31 December 2014.

**Employee Share Options Scheme (the "ESOS")**

The movements in ESOS during the period were as follows:

<b>Options under the ESOS outstanding as at 1 January 2013</b>	<b>11,975,000</b>
Less:	
Cancellation due to cessation of employment	(2,670,000)
Exercise of share options	(1,000,000)
<b>Options under the ESOS outstanding as at 31 December 2013</b>	<b>8,305,000</b>
Less:	
Expiry of share options	(15,000)
Exercise of share options	(6,110,000)
<b>Options under the ESOS outstanding as at 31 December 2014</b>	<b>2,180,000</b>

**Others**

Assuming that all the 2,180,000 share options under the ESOS (31 December 2013: 8,305,000 share options and 244,454,946 warrants) were exercised at end of FY2014, the total number of shares that could be issued was 2,180,000 shares (31 December 2013: 252,759,946 shares). This represented approximately 0.11% (31 December 2013: 23.45%) of the Company's enlarged share base of 1,952,799,331 shares (31 December 2013: 1,077,814,331 shares).

Other than the unexercised share options under the ESOS as stated in the preceding paragraphs, the Company had no other outstanding convertible securities as at 31 December 2014.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<b>Group</b>		<b>Company</b>	
	<b>31 December 2014</b>	<b>31 December 2013</b>	<b>31 December 2014</b>	<b>31 December 2013</b>
	<b>No. of share</b>	<b>No. of share</b>	<b>No. of share</b>	<b>No. of share</b>
Issued share capital	<u>1,950,619,331</u>	<u>825,054,385</u>	<u>1,950,619,331</u>	<u>825,054,385</u>

**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 as the Company did not have any treasury shares.

**2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

These figures have not been audited nor 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.**

Except as disclosed in paragraph 5 below, the Group had applied the same accounting policies and methods of computation in the preparation of the financial statements for the current period as compared with the audited financial statements for the year ended 31 December 2013.

**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.**

In the current financial period, the Group adopted the new/ revised Financial Reporting Standards ("FRS") and Interpretations of FRS ("**INT FRS**") that were effective for annual periods beginning on or after 1 January 2014.

The following were the new or amended FRS that were relevant to the Group:

FRS 27 (Revised) *Separate Financial Statements*

FRS 110 *Consolidated Financial Statements*

Amendments to FRS 32 *Financial Instruments: Presentation*

Amendments to FRS 36 *Impairment of Assets*

FRS 112 *Disclosure of Interests in Other Entities*

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	FY2014	FY2013
	S\$	S\$
	(Unaudited)	(Audited)
Attributable to owners of the Company:		
- Loss after tax	(2,392,610)	(803,234)
<b><u>Basic and diluted</u></b>		
	No. of shares	No. of shares
	('000)	('000)
Weighted average number of ordinary shares	1,533,681	817,644
	(in S\$ cents)	(in S\$ cents)
Attributable to owners of the Company:		
- Loss per share	(0.16)	(0.10)

7. **Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 December 2014 (Unaudited) Singapore cents	31 December 2013 (Audited) Singapore cents	31 December 2014 (Unaudited) Singapore cents	31 December 2013 (Audited) Singapore cents
Net asset value per share based on existing capital issued as at respective period	1.20	0.80	1.12	0.46
	No. of shares	No. of shares	No. of shares	No. of shares
Issued share capital at the end of the period	1,950,619,331	825,054,385	1,950,619,331	825,054,385

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

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

For FY2014, the Group recorded a total revenue of S\$4.65 million, which was an increase of 6.1% over the S\$4.39 million recorded in FY2013. The improvement was largely due to a subsidiary having managed to secure larger orders for equipment and machinery, despite the drop in revenue of another subsidiary.

The cost of sales increased 13.0% to S\$3.86 million (FY2013: S\$3.42 million). The increase was mainly due to allowance made for inventory obsolescence in subsidiaries. However the increase was partially offset by a decrease in depreciation of machinery arising from disposal of a machine by a subsidiary, and certain assets were fully depreciated during the year.

The overall gross profit was S\$0.79 million compared to S\$0.97 million in FY2013. The decrease was mainly due to allowance made for inventory obsolescence in subsidiaries, and loss on sales of scrap materials of a subsidiary amounting to S\$0.17 million (FY2013: Nil). However the decrease was partially offset by lower depreciation charged in FY2014.

Other operating income comprised mainly gains on disposal of held-for-trading investments of S\$0.13 million (FY2013: S\$Nil) and government grants received amounting to S\$0.10 million (FY2013: S\$0.009 million). The other operating income decreased to S\$0.27 million (FY2013: S\$1.45 million) mainly due to the writing back of impairment on a receivable (S\$1.13 million) in FY2013.

Distribution costs were largely attributable to sales commissions.

Other operating expenses comprised impairment loss on held-for-trading investments.

For FY2014, the Group incurred S\$3.28 million for administrative expenses (FY2013: S\$3.13 million). The increase was mainly due to increase in headcount within the Group, higher professional fees and higher travelling expenses.

The finance costs consisted mainly of interest charged by a financial institution for hire purchase agreements and mortgage term loan with subsidiaries, and interest payment to a subsidiary's director for advances made to the subsidiary. The decrease was due to lower amount of principal outstanding in FY2014 as compared to FY2013.

The income tax credit was attributable to tax refund received by a subsidiary in FY2014.

The increase in exchange differences on translation of foreign operations was mainly due to fluctuation of foreign currency exchange rates.

In summary, the Group's loss before tax increased to S\$2.41 million in FY2014 from S\$0.91 million in FY2013 due mainly to:

- write back of impairment on a receivables of S\$1.13 million in FY2013;
- loss on sales of scrap materials amounting to S\$0.17 million in FY2014 (FY2013: Nil);
- additional allowance made for inventory obsolescence amounting to S\$0.11 million in FY2014; and
- staff costs increased by S\$0.11 million in FY2014.

**8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following- (continued)**

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

Statement of Financial Position

- (i) Property, plant and equipment decreased mainly due to disposal of a machine by a subsidiary, and current year depreciation.
- (ii) Trade and other receivables as at 31 December 2014 comprised the following:

	<b>FY 2014</b>	<b>FY 2013</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade receivables	490,345	468,886
Other receivables and prepayments	195,529	1,311,426
	<u>685,874</u>	<u>1,780,312</u>

The decrease was mainly attributable to repayments from other receivables in 1Q2014.

- (iii) The decrease in inventories is mainly due to consumption for sales activities and subsidiaries' effort to maintain lower stock level to reduce holding cost.
- (iv) Held-for-trading investment comprised quoted investments acquired during FY2014. There was no such investment as at end of FY2013.
- (v) The finance leases were hire purchase agreements of a subsidiary in relation to certain motor vehicles, plant and machinery. The decrease was due to repayment during the year.
- (vi) The interest-bearing loan comprised a loan from a financial institution for a leasehold building located at Tuas, Singapore of a subsidiary. The decrease is due to repayments made in FY2014.
- (vii) The deferred tax liabilities arose from revaluation of a leasehold building of a subsidiary. The decrease was due to the reversal of the deferred tax liabilities in line with the depreciation of the building.
- (viii) Trade and other payables as at 31 December 2014 comprised the following:

	<b>FY2014</b>	<b>FY2013</b>
	<b>S\$</b>	<b>S\$</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
Trade payables	415,853	512,429
Other payables and accruals	921,047	766,238
Amount due to a related party	150,000	-
	<u>1,486,900</u>	<u>1,278,667</u>

The trade payables decreased mainly due to shorter credit terms imposed by suppliers. The other payables and accruals increased mainly due to higher professional fees incurred during the year. The amount due to a related party was for advances made by a subsidiary's director to the subsidiary in FY2014.

Statement of Cash Flows

The net cash used in operating activities in FY2014 was higher than that of FY2013 mainly due to better operating results achieved in FY2013 and more tax refund received in FY2013.

The net cash used in investing activities increased mainly due to the Group having incurred S\$1.12 million for investing in held-for-trading quoted investments in FY2014. No such investments were made in FY2013.

The increase in 'Net cash from financing activities' was mainly due to (i) S\$19.20 million net proceeds received from various shares issuance activities, including the placement to Mr Chin, exercise of warrants and options under the ESOS; and (ii) S\$1.13 million repayment from 3<sup>rd</sup> parties.

**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.**

The advanced materials market in which the Group's existing subsidiaries operate are expected to remain challenging due to intense competition and uncertain global economic climate.

On 3 November 2014, Company obtained shareholders' approval to (i) expand its existing manufacturing business to energy-efficient equipment and apparatus; (ii) undertake property development, management and investment; and (iii) hospitality services.

Management is of the view that the above expansion when executed can benefit the Group by contributing to its revenue and earnings.

**11. Dividend**

***(a) Current Financial Period Reported On***

Any dividend declared for the current financial period reported on?

No dividend was proposed for declaration for the current financial year ended 31 December 2014.

***(b) Corresponding Period of the Immediately Preceding Financial Year***

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

No dividend was declared for the corresponding year ended 31 December 2013.

***(c) Date payable***

Not applicable.

***(d) Books closure date***

Not applicable.

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

No dividend for the financial year ended 31 December 2014 is recommended nor declared.

**13. Interested Person Transactions – Pursuant to Rule 920 (1) (a) of Section B of the Catalist Listing Manual**

The Company does not have any existing general mandate pursuant to Rule 920 of the Catalist Listing Manual.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**(This part is not applicable to Q1, Q2, Q3 or Half Year Results)**

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

	Advanced materials & solutions		Commodities and mineral resources		Property and hospitality		Corporate revenue and expenses		Total continuing operations	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Total revenue	4,652,030	4,386,199	-	-	-	-	-	-	4,652,030	4,386,199
Segment results	(1,293,155)	(1,109,847)	(6,080)	(9,229)	(2,604)	-	(1,278,181)	(1,131,492)	(2,580,020)	(2,250,568)
Other operating income	125,628	150,815	-	1,214,355	-	-	132,442	88,794	258,070	1,453,964
Other operating expenses	-	-	-	-	-	-	(11,262)	-	(11,262)	-
Interest income	10	5	-	-	-	-	8,114	-	8,124	5
Finance costs	(86,766)	(112,715)	-	-	-	-	-	-	(86,766)	(112,715)
Impairment of goodwill	(743)	-	-	-	-	-	-	-	(743)	-
Income tax	17,631	106,080	-	-	-	-	-	-	17,631	106,080
<b>Loss for the year</b>	<b>(1,237,395)</b>	<b>(965,662)</b>	<b>(6,080)</b>	<b>1,205,126</b>	<b>(2,604)</b>	<b>-</b>	<b>(1,148,887)</b>	<b>(1,042,698)</b>	<b>(2,394,966)</b>	<b>(803,234)</b>

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

	Advanced materials & solutions		Commodities and mineral resources		Property and hospitality		Corporate revenue and expenses		Total continuing operations	
	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013	FY2014	FY2013
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Segment assets	5,191,500	6,877,131	-	1,129,000 <sup>(1)</sup>	450	-	21,247,146	1,993,820	26,439,096	9,999,951
Segment liabilities	2,508,935	2,988,089	4,300	6,000	800	-	482,171	376,343	2,996,206	3,370,432
Capital expenditure	19,316	126,136	-	-	-	-	26,179	-	45,495	126,136
Depreciation of property, plant and equipment	582,652	670,079	-	-	-	-	6,698	-	589,350	670,079
Gain on disposal of property, plant and equipment	(4,779)	(46,072)	-	-	-	-	-	-	(4,779)	(46,072)
Gain on disposal of available-for-sale investment	-	-	-	-	-	-	-	(88,792)	-	(88,792)
Gain on disposal of held-for-trading investment	-	-	-	-	-	-	(126,312)	-	(126,312)	-
Impairment of goodwill	743	-	-	-	-	-	-	-	743	-
Impairment on held-for-trading investment	-	-	-	-	-	-	11,262	-	11,262	-
Impairment on property, plant and equipment	-	67,462	-	-	-	-	-	-	-	67,462

All assets and liabilities are allocated to reportable segments other than corporate assets and liabilities which cannot be attributed to any one operating segment.

<sup>(1)</sup> The segment assets of Commodities and Mineral Resources segment comprised advances receivable from a third party for the exploration of certain business opportunities. This amount was recovered from the third party during current financial year.

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

	<b>FY2014 S\$ (Unaudited)</b>	<b>FY2013 S\$ (Audited)</b>
<b><u>Sales revenue</u></b>		
North Asia <sup>(1)</sup>	955,102	998,496
South Asia <sup>(2)</sup>	1,442,547	924,229
Singapore	1,981,614	1,959,527
Europe <sup>(3)</sup>	216,977	347,843
United States	49,293	148,423
Others	6,497	7,681
	<u>4,652,030</u>	<u>4,386,199</u>
<b><u>Non-current assets</u></b>		
Singapore	3,547,946	4,401,562
Malaysia	1,223	4,242
	<u>3,549,169</u>	<u>4,405,804</u>

Notes:

<sup>(1)</sup> North Asia consists of China, South Korea, Japan, Bangladesh and Pakistan.

<sup>(2)</sup> South Asia consists of Thailand, Vietnam, India, Indonesia and Malaysia.

<sup>(3)</sup> Europe consists of Germany, France, United Kingdom and Liechtenstein.

**Information about major customer**

In 2014, S\$1,074,978 (2013: S\$727,767) of revenue was generated from two (2) customers (2013: one (1) customer) from the Advanced Materials and Solutions segment, which accounted for 23.9% (2013: 16.6%) of total Group's revenue.

**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.**

In FY2014, subsidiaries in Advanced Materials & Solutions Segment reported unfavourable results, despite the increase in its revenue. Management will continue its effort to improve its revenue and earnings.

The Group presently does not have any business activities in other segments. The deficits are mainly attributable to statutory expenses incurred. The management will continue to explore business opportunity in these segments. At the appropriate time, the Company will announce to shareholders should an opportunity present itself.

**16. A breakdown of sales.**

	<b>FY2014 S\$ (Unaudited)</b>	<b>FY2013 S\$ (Audited)</b>	<b>Increase / (Decrease) %</b>
Sales reported for 1 <sup>st</sup> half	2,444,779	2,025,014	20.7
Operating loss after tax before minority interest for 1 <sup>st</sup> half	(1,023,625)	(838,423)	22.1
Sales reported for 2 <sup>nd</sup> half	2,207,251	2,361,185	(6.5)
Operating income (loss) after tax before minority interest for 2 <sup>nd</sup> half	(1,371,341)	35,189	(3,997.1)

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

Not applicable. No dividend was declared.



## 18. Utilisation of Proceeds

As at the beginning of the financial year ended 31 December 2014, the Company had balance proceeds of S\$1.34 million, which was raised from a placement in October 2010. An aggregate of S\$0.86 million was used for working capital purposes, as set out below:

	S\$'000
Balance as at 1 Jan 2014	1,340
Repayments received from loan	1,129
Payments for director and staff expenses	(795)
Payments for operational costs	(166)
Payments for professional fee and other compliance costs	(254)
Balance as at 31 December 2014	<u>1,254</u>

On 12 March 2014, the Company completed the issuance of 875,000,000 new ordinary shares at S\$0.0165 per share and received net proceeds of S\$14.166 million. Pending the deployment of the net proceeds, the Company invested S\$1.245 million in certain quoted securities to generate investment income during the interim.

## 19. Disclosure of person occupying a managerial position in the issuer or any of its principle subsidiaries who is a relative of a director or chief executive office or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries is related to a Director or Chief Executive Officer or Substantial Shareholder of the Company, for the financial year ended 31 December 2014.

## BY ORDER OF THE BOARD

Lee Bee Fong  
Company Secretary  
27 February 2015