



ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 31 December 2014

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 FY14	4Q FY13	+ / (-)	12M FY14	12M FY13	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	27,019	22,393	21%	99,629	98,654	1%
Other income	344	15,696	(98%)	3,057	24,540	(88%)
Total revenue	27,363	38,089	(28%)	102,686	123,194	(17%)
Change in inventories of finished goods and work-in-progress	(853)	565	(>100%)	(2,195)	(2,176)	1%
Raw materials and consumables used	(15,854)	(15,276)	4%	(57,761)	(58,434)	(1%)
Depreciation expenses	(1,267)	(737)	72%	(4,076)	(3,052)	34%
Amortisation expenses	(4)	(4)	-	(18)	(18)	-
Staff costs	(5,533)	(4,986)	11%	(21,478)	(24,923)	(14%)
Impairment loss on property, plant and equipment and investment property	(2,716)	(1,851)	47%	(2,716)	(1,851)	47%
Other operating expenses	(4,100)	(4,057)	1%	(16,908)	(19,780)	(15%)
Total operating expenses	(30,327)	(26,346)	15%	(105,152)	(110,234)	(5%)
(Loss)/profit from operating activities	(2,964)	11,743	(>100%)	(2,466)	12,960	(>100%)
Interest on borrowings	(31)	(75)	(59%)	(219)	(464)	(53%)
(Loss)/profit before income tax	(2,995)	11,668	(>100%)	(2,685)	12,496	(>100%)
Income tax						
- current year	(33)	84	(>100%)	(212)	(68)	>100%
- prior year	19	(27)	(>100%)	19	(27)	(>100%)
- deferred tax	(4,089)	(1,423)	>100%	(5,051)	(1,423)	>100%
	(4,103)	(1,366)	>100%	(5,244)	(1,518)	>100%
(Loss)/profit after income tax	(7,098)	10,302	(>100%)	(7,929)	10,978	(>100%)
Attributable to:						
Equity holders of the Company	(7,098)	10,302	(>100%)	(7,929)	10,978	(>100%)
Statement of comprehensive income						
(Loss)/profit after income tax	(7,098)	10,302	(>100%)	(7,929)	10,978	(>100%)
<i>Other comprehensive income</i>						
Translation differences relating to financial statements of foreign subsidiaries	1,422	1,436	(1%)	1,040	3,579	(71%)
Total comprehensive income for the period	(5,676)	11,738	(>100%)	(6,889)	14,557	(>100%)
Attributable to equity holders of the Company	(5,676)	11,738	(>100%)	(6,889)	14,557	(>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) (Loss)/profit before income tax is arrived at after charging/(crediting) the followings:

	4Q FY 14	GROUP		
	S\$'000	4Q FY 13	12M FY 14	12M FY 13
		S\$'000	S\$'000	S\$'000
(a) Raw materials and consumables used:				
Allowance for/(write-back of) inventory obsolescence	273	159	767	(24)
Inventories written off	82	224	106	368
(b) Other income:				
Interest income	(12)	(163)	(96)	(201)
Loss/(gain) on disposal of property, plant and equipment	12	(13,604)	(30)	(21,886)
Amortisation of deferred compensation income	(135)	(1,745)	(2,017)	(1,745)
Rental income	(173)	(117)	(678)	(507)
(c) Operating (loss)/profit is stated after charging/(crediting):				
Allowance for/(write-back of) impairment on trade debtors	24	18	58	(173)
Foreign exchange (gains)/losses	(230)	(312)	(237)	372

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	
	31/12/14	31/12/13	31/12/14	31/12/13
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Intangible assets	184	196	39	53
Property, plant and equipment	50,977	43,882	165	227
Investment property	4,491	4,895	-	-
Investment in subsidiary companies	-	-	34,513	34,876
Loan receivables from subsidiary companies	-	-	16,027	14,200
Deferred tax assets	1,414	5,947	-	-
Other investments	2,205	2,205	2,081	2,081
	<u>59,271</u>	<u>57,125</u>	<u>52,825</u>	<u>51,437</u>
Current assets				
Inventories, net	9,179	12,927	652	957
Amounts due from subsidiary companies	-	-	9,926	11,039
Trade debtors	31,500	28,797	2,882	2,516
Other debtors	4,618	2,983	1,037	66
Prepayments and advances to suppliers	2,430	1,237	48	51
Dividend receivable	-	-	-	127
Fixed deposits (pledged)	317	235	-	-
Cash at bank and in hand	10,256	20,091	1,507	3,953
	<u>58,300</u>	<u>66,270</u>	<u>16,052</u>	<u>18,710</u>
Current liabilities				
Trade creditors	27,708	25,666	1,596	1,678
Hire purchase creditors	-	10	-	10
Other creditors and accruals	10,970	5,696	2,659	1,132
Deferred compensation income	505	1,808	-	-
Amounts due to bankers	2,634	4,424	1,992	1,901
Provision for taxation	193	39	-	-
	<u>42,010</u>	<u>37,643</u>	<u>6,247</u>	<u>4,720</u>
Net current assets	16,290	28,627	9,805	13,990
Non-current liabilities				
Deferred compensation income	9,344	9,884	-	-
Deferred tax liabilities	4,397	3,783	-	-
	<u>13,741</u>	<u>13,667</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>61,820</u>	<u>72,085</u>	<u>62,630</u>	<u>65,427</u>
Equity attributable to equity holders of the Company				
Share capital	57,337	57,337	57,337	57,337
Capital reserve	4,889	4,889	-	-
Other reserve	189	189	189	189
Revenue reserve	(1,578)	9,727	5,104	7,901
Exchange translation reserve	983	(57)	-	-
TOTAL EQUITY	<u>61,820</u>	<u>72,085</u>	<u>62,630</u>	<u>65,427</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 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,634	-	4,424	-

Amount repayable after one year

As at 31 December 2014		As at 31 December 2013	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
-	-	-	-

Details of any collateral

The Group's borrowings comprise of amounts due to bankers.

The amounts due to bankers are the secured and unsecured 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; and
- (2) a leasehold land and properties of respective subsidiary companies.

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 FY14	4Q FY13	12M FY14	12M FY13
	S\$'000	S\$'000	S\$'000	S\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	(2,995)	11,668	(2,685)	12,496
Adjustments for:				
Loss/(gain) on disposal of property, plant and equipment	12	(13,604)	(30)	(21,886)
Depreciation of property, plant and equipment	1,267	737	4,076	3,052
Impairment loss of property, plant and equipment	2,372	1,247	2,372	1,247
Impairment loss of investment property	344	604	344	604
Amortisation of intangible assets	4	4	18	18
Amortisation of deferred compensation income	(135)	(1,745)	(2,017)	(1,745)
Interest income	(12)	(163)	(96)	(201)
Interest expense	31	75	219	464
Currency realignment	611	(2,443)	122	(2,216)
Operating profit/(loss) before working capital changes	1,499	(3,620)	2,323	(8,167)
Decrease/(increase) in inventories	1,305	(162)	3,748	3,477
(Increase)/decrease in trade debtors and other debtors	(7,868)	7,424	(7,542)	6,346
Increase/(decrease) in trade creditors and other creditors	4,829	(458)	6,716	(5,008)
Cash generated from operations	(235)	3,184	5,245	(3,352)
Interest paid	(31)	(75)	(219)	(464)
Interest received	12	163	96	201
Tax paid	(71)	(2)	(118)	(192)
Net cash (used in)/generated from operating activities	(325)	3,270	5,004	(3,807)
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	103	42	9,219
Government grant received pursuant to Suzhou's compulsory land acquisition	-	4,258	2,011	40,431
Purchase of property, plant and equipment	(955)	(10,268)	(12,035)	(11,878)
Net cash outflow on acquisition of a subsidiary	-	-	-	(12,487)
Net cash (used in)/generated from investing activities	(955)	(5,907)	(9,982)	25,285
Cash flows from financing activities				
Issuance of ordinary shares	-	2,397	-	2,399
Dividend paid	-	-	(3,376)	-
Net decrease in hire purchase creditors	-	(29)	(10)	(117)
Increase in amount due to director	600	-	600	-
Drawdown of bank borrowings	-	1,806	4,345	13,582
Repayment of bank borrowings	(1,903)	(4,115)	(6,231)	(25,972)
Net (decrease)/increase in fixed deposit	(5)	11,392	(86)	1
Net cash (used in)/generated from financing activities	(1,308)	11,451	(4,758)	(10,107)
Net (decrease)/increase in cash and cash equivalents	(2,588)	8,814	(9,736)	11,371
Cash and cash equivalents at beginning of period	13,043	11,416	20,091	9,081
Effects of exchange rates on opening cash	(199)	(139)	(99)	(361)
Cash and cash equivalents at end of period	10,256	20,091	10,256	20,091

- 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)

	Ordinary shares	Exchange translation reserve	Statutory reserve fund	Other reserve	Revenue reserve	Total shareholders' equity
Group						
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
Balance as at 1 January 2013	54,322	(3,636)	4,889	805	(1,251)	55,129
Total comprehensive income for the period	-	862	-	-	(1,864)	(1,002)
Issuance of ordinary shares pursuant to warrants exercised	1	-	-	-	-	1
Balance as at 31 March 2013	54,323	(2,774)	4,889	805	(3,115)	54,128
Total comprehensive income for the period	-	1,349	-	-	(3,106)	(1,757)
Balance as at 30 June 2013	54,323	(1,425)	4,889	805	(6,221)	52,371
Total comprehensive income for the period	-	(68)	-	-	5,646	5,578
Issuance of ordinary shares pursuant to warrants exercised	1	-	-	-	-	1
Balance as at 30 September 2013	54,324	(1,493)	4,889	805	(575)	57,950
Total comprehensive income for the period	-	1,436	-	-	10,302	11,738
Issuance of ordinary shares pursuant to warrants exercised	3,013	-	-	(616)	-	2,397
Balance as at 31 December 2013	57,337	(57)	4,889	189	9,727	72,085

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

(In S\$'000)

	Ordinary shares	Other reserve	Revenue reserve	Total shareholders' equity
<u>Company</u>				
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
Balance as at 1 January 2013	54,322	805	3,025	58,152
Total comprehensive income for the period	-	-	(46)	(46)
Issuance of ordinary shares pursuant to warrants exercised	1	-	-	1
Balance as at 31 March 2013	54,323	805	2,979	58,107
Total comprehensive income for the period	-	-	(488)	(488)
Balance as at 30 June 2013	54,323	805	2,491	57,619
Total comprehensive income for the period	-	-	6,649	6,649
Issuance of ordinary shares pursuant to warrants exercised	1	-	-	1
Balance as at 30 September 2013	54,324	805	9,140	64,269
Total comprehensive income for the period	-	-	(1,239)	(1,239)
Issuance of ordinary shares pursuant to warrants exercised	3,013	(616)	-	2,397
Balance as at 31 December 2013	57,337	189	7,901	65,427

- 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.**

As at 31 December 2014, there are 1,464,000 (31 December 2013: 1,644,000) unissued shares under the Company's Employee Share Option Scheme.

- 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 2014	31 December 2013
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 new and revised Financial Reporting Standards, which came into effect this financial year, 1 January 2014, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those applied in the audited financial statements for the financial year ended 31 December 2013. 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 FY14</u>	<u>4Q FY13</u>	<u>12M FY14</u>	<u>12M FY13</u>
	Basic /	Basic /	Basic /	Basic /
	Diluted *	Diluted *	Diluted *	Diluted *
<u>Earnings (\$'000)</u>				
(Loss)/profit attributable to equity holders of the Company	(7,098)	10,302	(7,929)	10,978
(Loss)/profit per share (cents)				
- Basic and diluted	(1.05)	1.57	(1.17)	1.77

*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-14	31-Dec-13	31-Dec-14	31-Dec-13
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	9.16	10.68	9.28	9.69
Net asset value as at end of period (\$'000)	61,820	72,085	62,630	65,427
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 2014, the Group recorded a revenue of S\$27.0 million, representing a 21% increase compared to S\$22.4 million in 4Q 2013. The increase is mainly attributed to higher revenue achieved by the Company's Dongguan and Vietnam subsidiaries.

This increase is, however, offset by the decrease in revenue of the Company's Suzhou subsidiary. This is mainly attributed to the relocation of the Suzhou plant, which resulted in decreased sales orders and delays in the production of certain projects.

The revenue of the Company's Dongguan subsidiary increased significantly in 4Q 2014 as compared to 4Q 2013. This is mainly attributed to the higher sales orders for the new projects awarded by its main customers.

The revenue of the Company's Vietnam subsidiary increased by 45% as compared to 4Q 2013. This is mainly due to a significant improvement in sales which is a result of new projects awarded by existing major customers.

Other income of the Group comprises mainly of rental income, interest income, amortisation of compensation income and gain on disposal of property, plant and equipment. In 4Q 2013, the Group's other income of S\$15.7 million mainly represents gain on disposal of property, plant and equipment of approximately S\$13.6 million and recognition of compensation income of S\$1.7 million of the Company's Suzhou subsidiary.

Overall in FY2014, the Group recorded a revenue of S\$99.6 million which is comparable to the revenue of S\$98.7 million in FY2013. The marginal increase of 1% is mainly derived from higher revenue recorded by the Company and its Dongguan and Vietnam subsidiaries. The increase in revenue is however offset by the decrease in revenue in the Company's Suzhou subsidiary.

Other income in FY2014 recorded a decrease of S\$21.5 million compared to FY2013. This is due to the recognition of significant gain on disposal of property, plant and equipment by the Company's Suzhou subsidiary with regard to the compulsory land acquisition of Suzhou's plant in FY2013 amounting to S\$13.9 million. Besides, the Company had also disposed of its property with a gain on disposal of approximately S\$8.0 million.

b. Operating results

Overall

The Group recorded an operating loss of S\$3.0 million and S\$2.5 million in 4Q 2014 and FY2014 respectively. The operating loss is mainly due to the impairment loss on property, plant and equipment and investment property of S\$2.7 million in total being charged to the income statement in 4Q 2014. If the abovementioned impairment loss is excluded, the Group would have an operating loss of S\$0.3 and operating profit of S\$0.2 million respectively for 4Q 2014 and FY2014.

Operationally, the Group's performance is better than that in 4Q 2013 and FY2013 despite operating losses being recorded. This is mainly attributed to the fact that the results in 4Q 2013 and FY2013 had included the Company and its Suzhou subsidiary's gain on disposal of property, plant and equipment and compensation income of the Suzhou's subsidiary under other income.

During 4Q 2014 and FY2014, the Company and its Dongguan and Vietnam subsidiaries generated profit for the Group but it has been mitigated by losses recorded by the Company's other overseas subsidiaries.

Subsidiaries located in Dongguan and Vietnam have contributed to the Group with a total operating profit of S\$0.5 million and S\$1.7 million in 4Q 2014 and FY2014 respectively.

Whereas for the Company's Shanghai and Suzhou subsidiaries, the operating results were adversely affected by high production and labour costs amid a high-inflationary business environment and rigorous pricing pressure from customers. However, reasonable steps have been taken to control the operating costs which have led to lower operating losses being recorded by the Company's Shanghai subsidiary in 4Q 2014 as compared to 4Q 2013.

In addition, the Group's operating losses were higher due to the pre-operating expenses incurred by the Company's newly incorporated Thailand subsidiary.

Meanwhile, the Group reported a net loss of S\$7.1 million and S\$7.9 million in 4Q 2014 and FY2014 respectively. The net losses are derived after taking into account tax expenses of S\$4.1 million and S\$5.2 million respectively. The tax expenses are mainly attributed to the reversal of Shanghai subsidiary's deferred tax asset and recognition of deferred tax liabilities by its Suzhou subsidiary.

Raw materials and consumables used

Compared to 4Q 2013, raw materials and consumables used by the Group increased by approximately 4%. This is mainly attributed to higher sales recorded in 4Q 2014.

Despite revenue in FY2014 has increased marginally by 1%, the raw materials and consumables used by the Group has been decreased by approximately 1% due to better control of inventory usage.

Staff costs

Staff costs in 4Q 2014 have recorded an increase of 11% as compared to 4Q 2013 mainly due to adjustment of provision for bonus for FY2014.

Compared to FY2013, staff costs decreased by 14% to S\$21.5 million in FY2014. This is mainly attributed to stringent cost-cutting measures and decrease in total headcounts of the Group.

The total headcount of the Group stood at 1,906 as at 31 December 2014 as compared to 1,933 as at 31 December 2013.

Depreciation and amortisation expenses

In 4Q 2014 and FY2014 respectively, depreciation and amortisation expenses have increased by 72% and 34%.

The increase is mainly attributed to the depreciation charged on the assets of the Company's Suzhou subsidiary, which were previously under construction. In addition to that, the increase is also caused by the depreciation charged on the newly acquired assets of the Company's newly incorporated Thailand subsidiary.

Other operating expenses

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

Other operating expenses for both 4Q 2014 and 4Q 2013 are comparable despite higher revenue recorded in 4Q 2014. Whereas, other operating expenses in FY2014 has decreased by 15% compared to FY2013. This is mainly attributed to a tighter control in expenses.

Finance costs

The Group's finance costs have decreased significantly by 59% and 53% in 4Q 2014 and FY2014 respectively. This is mainly attributed to a lower quantum of borrowings drawn down by the Group compared to 4Q 2013 and FY2013. As at 31 December 2014, the Group has a total bank borrowings of S\$2.6 million, which is slightly lower than the balance as at 31 December 2013 which amounted to S\$4.4 million.

c. Balance Sheet and Cash Flow Statements

The increase in the value of property, plant and equipment is mainly attributed to the addition of fixed assets in the Company's Suzhou and Thailand subsidiaries. Besides, the strengthening of the Renminbi ("RMB") against the Singapore Dollar, as compared to last December, resulted in a higher translated value of fixed assets of the Company's subsidiaries in the People's Republic of China (the "PRC"). However, this increase has been partially offset by depreciation charged in FY2014.

Deferred tax assets has decreased to S\$1.4 million. This is mainly attributed to the reversal of deferred tax assets recorded in the Company's Shanghai and Suzhou subsidiaries of S\$1.0 million and S\$3.6 million respectively.

As at 31 December 2014, inventories balances were reduced by S\$3.7 million from 31 December 2013 as a result of provision for stock obsolescence and tighter control of inventory usage.

Trade debtors balances as at 31 December 2014 has increased by S\$2.7 million from 31 December 2013. Apart from a higher revenue, the increase in trade debtors is also due to the fact that most of the Group's revenue is under credit terms and will be collected at a later time. The Group's other debtors balance has increased by S\$1.6 million to S\$4.6 million. This is mainly attributed to higher tooling cost being accrued as a result of increased tooling projects being awarded in FY2014. Similarly, higher tooling revenue is also being accrued under other creditors balance. Tooling cost and revenue will be recognized in income statement only when the tooling is fully completed.

Whereas, the Group's prepayments have increased by S\$1.2 million, which is mainly attributed to the investment in machineries in the Company's newly incorporated Thailand subsidiary. Meanwhile, the decrease in cash and bank balances is mainly attributed to the acquisition of assets as well as payment of dividends to the Company's shareholders.

On the other hand, trade creditors balance of the Group has increased to S\$27.7 million from S\$25.7 million mainly due to higher subcontract purchases made by the Company's Dongguan and Vietnam subsidiaries in line with their higher revenue recorded for FY2014. The other creditors balance of the Group has increased in FY2014 by S\$5.3 million compared to FY2013. The increase is primarily related to the incorporation of the Company's Thailand subsidiary and higher tooling revenue being accrued as explained above. Also included in other creditors balance is the amount of S\$0.6 million due to a director.

The bank borrowings of the Group has decreased to S\$2.6 million as a result of repayment of bank borrowings by the Company's Shanghai subsidiary. The Group's provision for taxation of S\$0.2 million is mainly pertains to the income tax payable by the Company's Dongguan subsidiary due to its profit making position in FY2014.

The amortisation of deferred compensation income resulted in a decrease in the Group's balance of deferred compensation income to S\$9.8 million.

As at 31 December 2014, the deferred tax liabilities have increased from S\$3.8 million as at 31 December 2013 to S\$4.4 million. This is mainly attributed to the additional provision of deferred tax liabilities on the assets of the Company's Suzhou subsidiary.

The Group recorded an operating cash surplus of S\$5.0 million as at 31 December 2014. This is mainly attributed to the operating profit and positive cash inflow from working capital changes.

The Company paid dividends amounting to S\$3.4 million to its shareholders during the year. Overall, cash and bank balances decreased from S\$20.0 million as at 31 December 2013 to S\$10.3 million as at 31 December 2014.

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

Nil.

10 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

As the business environment remains challenging, the Group will continue to seek ways to step up its marketing efforts to improve growth opportunities by securing high value-added projects to improve its utilisation capacity and productivity.

With the increase in production costs across the region, stiff pricing competition and foreign currency movements, the Group expects to face challenging business conditions in the next 12 months.

11 Dividend

(a) Current Financial Period Reported On

Whether any dividend has been recommended for the current financial year reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Whether any dividend was declared for the corresponding period of the immediately preceding financial year?

Yes.

Final one-tier tax exempt dividend of 0.5 Singapore cents per ordinary share in respect of the financial year ended 31 December 2013 amounting to S\$3.4 million was paid on 12 May 2014.

(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 2014 has been declared or recommended.

13 Interested Person Transactions

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

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.

(S\$'000)	Singapore & Malaysia		China		Vietnam		Others		Elimination		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Segment revenue												
External customers	14,971	10,301	54,711	66,940	29,946	21,413	1	-			99,629	98,654
Inter segment revenue	-	-	323	232	-	-	-	-	(323)	(232)	-	-
Total revenue	14,971	10,301	55,034	67,172	29,946	21,413	1	-	(323)	(232)	99,629	98,654
Profit/(loss) before interest and taxation	4,495	9,017	(4,479)	7,595	702	(1,073)	(645)	(44)	-	-	73	15,495
Finance cost											(219)	(464)
Unallocated expenses											(2,539)	(2,535)
(Loss)/Profit before taxation											(2,685)	12,496
Taxation											(5,244)	(1,518)
Net (loss)/profit											(7,929)	10,978
Segment assets	8,003	9,330	80,529	88,008	21,024	17,887	4,396	37	-	-	113,952	115,262
Unallocated assets											3,619	8,151
											117,571	123,413
Other segment information												
Capital expenditures	104	42	8,291	20,716	285	210	3,355	-	-	-	12,035	20,968
Depreciation and amortization	28	139	3,412	2,536	389	394	265	1	-	-	4,094	3,070
Other significant non-cash expenses												
Allowance for/(write-back of) allowance for inventory obsolescence	(155)	88	850	(355)	72	235	-	8	-	-	767	(24)
Inventories written off	87	10	19	338	-	20	-	-	-	-	106	368
Allowance for/(write back of) impairment on trade debtors	19	37	28	(210)	11	-	-	-	-	-	58	(173)
Impairment loss on property, plant and equipment and investment property	-	-	2,716	1,851	-	-	-	-	-	-	2,716	1,851
Gain on disposal of assets	17	7,963	7	13,919	6	4	-	-	-	-	30	21,886

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.

Please refer to paragraph 8.

16. A breakdown of sales.

A breakdown of sales as follows:

	FY 2014 S\$'000 Group	FY 2013 S\$'000 Group	% increase / (decrease) Group
Sales reported for first half year	47,124	50,904	(7%)
Operating loss after tax before deducting minority interests reported for first half of the year	(998)	(4,970)	(80%)
Sales reported for second half year	52,505	47,750	10%
Operating (loss)/profit after tax before deducting minority interests reported for second half of the year	(6,931)	15,948	(>100%)

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

Total dividends (paid and proposed) in respect of the financial year ended 31 December 2014 will be as follows :

	FY2014 S\$'000	FY2013 S\$'000
Ordinary		
- Interim	-	-
- Final (Paid)	-	3,376
- Special	-	-
Total annual dividend	<u>-</u>	<u>3,376</u>

- 18 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

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

26 February 2015