



ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 30 June 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			6 months ended		
	2Q FY15	2Q FY14	+ / (-)	1H FY15	1H FY14	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	28,111	24,542	15%	56,662	47,124	20%
Other income	539	275	96%	909	2,289	(60%)
Total revenue	28,650	24,817	15%	57,571	49,413	17%
Change in inventories of finished goods and work-in-progress	1,590	(192)	(>100%)	(1,005)	(1,479)	(32%)
Raw materials and consumables used	(19,015)	(14,188)	34%	(34,365)	(26,745)	28%
Depreciation expenses	(1,308)	(780)	68%	(2,660)	(1,626)	64%
Amortisation expenses	(4)	(5)	(20%)	(9)	(9)	-
Staff costs	(5,629)	(5,254)	7%	(11,164)	(10,768)	4%
Other operating expenses	(5,449)	(4,331)	26%	(9,302)	(8,673)	7%
Total operating expenses	(29,815)	(24,750)	20%	(58,505)	(49,300)	19%
(Loss)/profit from operating activities	(1,165)	67	(>100%)	(934)	113	(>100%)
Interest on borrowings	(50)	(63)	(21%)	(71)	(123)	(42%)
(Loss)/profit before income tax	(1,215)	4	(>100%)	(1,005)	(10)	>100%
Income tax						
- current year	(39)	(21)	86%	(104)	(21)	>100%
- prior year	-	-	n.m	-	-	n.m
- deferred tax	-	(967)	n.m	-	(967)	n.m
	(39)	(988)	(96%)	(104)	(988)	(89%)
Loss after income tax	(1,254)	(984)	27%	(1,109)	(998)	11%
Attributable to:						
Equity holders of the Company	(1,254)	(984)	27%	(1,109)	(998)	11%
Statement of comprehensive income						
Loss after income tax	(1,254)	(984)	27%	(1,109)	(998)	11%
<i>Other comprehensive income</i>						
Translation differences relating to financial statements of foreign subsidiaries	(630)	(570)	11%	783	(2,039)	(>100%)
Total comprehensive income for the period	(1,884)	(1,554)	21%	(326)	(3,037)	(89%)
Attributable to equity holders of the Company	(1,884)	(1,554)	21%	(326)	(3,037)	(89%)

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 (crediting)/charging the followings:

	GROUP			
	<u>2Q FY 15</u>	<u>2Q FY 14</u>	<u>1H 2015</u>	<u>1H 2014</u>
	S\$'000	S\$'000	S\$'000	S\$'000
(a) Raw materials and consumables used:				
Write-back of inventory obsolescence	(399)	(17)	(841)	(327)
Inventories written off	89	-	231	-
(b) Other income:				
Interest income	(9)	(15)	(20)	(74)
Gain on disposal of property, plant and equipment	(415)	(6)	(460)	(20)
Amortisation of deferred compensation income	(129)	-	(256)	(1,770)
Rental income	(17)	(165)	(87)	(338)
(c) Operating (loss)/profit is stated after charging/(crediting):				
Allowance for impairment on trade debtors	208	-	209	2
Foreign exchange losses/(gains)	511	(51)	70	324

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	
	30/06/15 S\$'000	31/12/14 S\$'000	30/06/15 S\$'000	31/12/14 S\$'000
Non-current assets				
Intangible assets	172	184	32	39
Property, plant and equipment	49,173	50,977	101	165
Investment property	4,457	4,491	-	-
Investment in subsidiaries	-	-	34,514	34,513
Loan receivables from subsidiaries	-	-	17,172	16,027
Deferred tax assets	1,435	1,414	-	-
Other investments	2,205	2,205	2,081	2,081
	<u>57,442</u>	<u>59,271</u>	<u>53,900</u>	<u>52,825</u>
Current assets				
Inventories	9,596	9,179	25	652
Amounts due from subsidiaries	-	-	10,325	9,926
Trade debtors	31,042	31,500	1,430	2,882
Other debtors	4,153	4,618	184	1,037
Prepayments and advances to suppliers	2,163	1,437	127	48
Fixed deposits (pledged)	360	317	-	-
Cash and bank balances	11,393	10,256	1,154	1,507
	<u>58,707</u>	<u>57,307</u>	<u>13,245</u>	<u>16,052</u>
Current liabilities				
Trade creditors	25,140	27,708	1,106	1,596
Hire purchase creditor	8	-	-	-
Other creditors and accruals	9,752	9,977	2,080	2,659
Deferred compensation income	513	505	-	-
Amounts due to bankers	5,528	2,634	2,021	1,992
Income tax payable	25	193	-	-
	<u>40,966</u>	<u>41,017</u>	<u>5,207</u>	<u>6,247</u>
Net current assets	17,741	16,290	8,038	9,805
Non-current liabilities				
Hire purchase creditor	16	-	-	-
Deferred compensation income	9,228	9,344	-	-
Deferred tax liabilities	4,445	4,397	-	-
	<u>13,689</u>	<u>13,741</u>	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>61,494</u>	<u>61,820</u>	<u>61,938</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	1,766	983	-	-
Statutory reserve fund	4,889	4,889	-	-
Other reserves	189	189	189	189
Retained (losses)/earnings	(2,687)	(1,578)	4,412	5,104
TOTAL EQUITY	<u>61,494</u>	<u>61,820</u>	<u>61,938</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 30 June 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
5,536	-	2,634	-

Amount repayable after one year

As at 30 June 2015		As at 31 December 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
16	-	-	-

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) a leasehold land and properties of the respective subsidiaries; and
- (3) 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 year ended 30 June

	3 months ended		6 months ended	
	2Q FY15 S\$'000	2Q FY14 S\$'000	1H FY15 S\$'000	1H FY14 S\$'000
Cash flows from operating activities				
(Loss)/profit before income tax	(1,215)	4	(1,005)	(10)
Adjustments for:				
Gain on disposal of property, plant and equipment	(415)	(6)	(460)	(20)
Depreciation of property, plant and equipment	1,307	780	2,660	1,626
Amortisation of intangible assets	4	4	9	9
Amortisation of deferred compensation income	(129)	-	(256)	(1,770)
Interest income	(9)	(15)	(20)	(74)
Interest expense	50	63	71	123
Currency realignment	90	(80)	532	(1,019)
Operating (loss)/profit before working capital changes	(317)	750	1,531	(1,135)
(Increase)/decrease in inventories	(255)	382	(417)	1,437
Decrease/(increase) in trade debtors and other debtors	554	(1,466)	197	(598)
(Decrease)/increase in trade creditors and other creditors	(1,993)	4,079	(2,193)	1,300
Cash (used in)/generated from operations	(2,011)	3,745	(882)	1,004
Interest paid	(50)	(63)	(71)	(123)
Interest received	9	15	20	74
Tax paid	(185)	(18)	(293)	(18)
Net cash (used in)/generated from operating activities	(2,237)	3,679	(1,226)	937
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	550	6	611	20
Government grant received pursuant to Suzhou's compulsory land acquisition	-	-	-	2,011
Purchase of property, plant and equipment	(267)	(6,859)	(411)	(7,120)
Net cash generated from/(used in) investing activities	283	(6,853)	200	(5,089)
Cash flows from financing activities				
Dividend paid	-	(3,376)	-	(3,376)
Net increase/(decrease) in hire purchase creditors	25	-	25	(10)
Repayment of amount due to a director	-	-	(600)	-
Drawdown of bank borrowings	3,225	1,791	5,528	3,680
Repayment of bank borrowings	(3)	(838)	(2,643)	(3,377)
Increase/(decrease) in pledged fixed deposit	2	(4)	(52)	(3)
Net cash generated from/(used in) financing activities	3,249	(2,427)	2,258	(3,086)
Net increase/(decrease) in cash and cash equivalents	1,295	(5,601)	1,232	(7,238)
Cash and cash equivalents at beginning of period	9,906	18,768	10,256	20,091
Effects of exchange rates on opening cash	192	102	(95)	416
Cash and cash equivalents at end of period	11,393	13,269	11,393	13,269

- 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 30 June
(In S\$'000)

	Ordinary shares	Exchange translation reserve	Statutory reserve fund	Other reserves	Retained (losses)/ earnings	Total shareholders' equity
Group						
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
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

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	Retained earnings	Total shareholders' equity
<u>Company</u>				
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
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

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 (30 June 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.

	30 June 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		6 months ended	
	<u>2Q FY15</u> Basic / Diluted *	<u>2Q FY14</u> Basic / Diluted *	<u>1H FY15</u> Basic / Diluted *	<u>1H FY14</u> Basic / Diluted *
<u>Earnings (\$'000)</u>				
Loss attributable to equity holders of the Company	(1,254)	(984)	(1,109)	(998)
Earnings per share (cents)				
- Basic and diluted	(0.19)	(0.15)	(0.16)	(0.15)

*employees' share option (expired on 30 June 2015) 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	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	9.11	9.16	9.17	9.28
Net asset value as at end of period (\$'000)	61,494	61,820	61,938	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

The Group recorded S\$28.11 million of revenue in 2Q FY2015, representing a 15% increase as compared to that in 2Q FY2014. The increase is mainly attributed to the higher revenue achieved by the Company's subsidiaries located in Suzhou, Vietnam, Dongguan and Thailand, which began to generate revenue in FY2015.

In 2Q FY2015, the Suzhou subsidiary has recorded tremendous increase in revenue derived from multiple new products and tooling projects awarded from new and existing customers as compared to 2Q FY2014, when Suzhou subsidiary had just completed the compulsory factory relocation.

Similarly, the revenue of the Company's Vietnam and Dongguan subsidiaries increased in 2Q FY2015. The increase is mainly due to higher sales orders received from their existing main customers.

The Company's Thailand subsidiary which was incorporated in 2Q FY2014 has started mass production for its projects in 2Q FY2015. Thus, it has edged up the Group's revenue by 2% in 2Q FY2015.

Other income of the Group comprises mainly rental income, interest income, amortisation of deferred compensation income and gain on disposal of property, plant and equipment. A higher amount of other income that has been recorded in 2Q FY2015 as compared to 2Q FY2014 is mainly due to gain on disposal of property, plant and equipment ("PPE") in the Dongguan subsidiary but this is partially offset by the reduction in rental income in Taicang subsidiary.

b. Operating results

Overall

In 2Q FY2015, the Group recorded a loss before tax of S\$1.22 million compared to the marginal profit before tax posted in 2Q FY2014. Despite an increase of 15% in the Group's revenue to S\$28.11 million, the Group has ended with a negative bottom line in 2Q FY2015. This is primarily due to higher material costs, staff costs and other operating expenses incurred in the current quarter.

The Group's loss-making result in 2Q FY2015 is mainly due to the Company and its Shanghai and Thailand subsidiaries. The Shanghai subsidiary's performance is continuously affected by high production and labour costs while the Thailand subsidiary is still making a loss in 2Q FY2015 attributed to the high depreciation expenses in relation to the newly invested PPE in late FY2014. As at the period ended 30 June 2015, the Thailand subsidiary has yet to operate at full capacity.

In terms of tax expense, higher deferred tax expense was charged in 2Q FY2014 and 1H FY2014 compared to 2Q FY2015 and 1H FY2015 respectively, of which relates to the impairment of deferred tax assets in the Shanghai subsidiary.

Overall, the Group has recorded a loss after tax of S\$1.25 million and S\$1.11 million in 2Q FY2015 and 1H FY2015 which is a decrease of 27% and 11% from the result in 2Q FY2014 and 1H FY2014 respectively.

Raw materials and consumables used

Compared to 2Q FY2014, raw materials and consumables used by the Group has increased by 34% to S\$19.02 million. This is attributed to higher sales recorded in 2Q FY2015 and new mix of material for products.

Staff costs

Staff costs in 2Q FY2015 have increased by 7% to S\$5.63 million as compared to that in 2Q FY2014.

This is mainly due to the increase in total headcount of the Group from 1,761 as at 30 June 2014 to 1,829 as at 30 June 2015. Besides, the increase in staff costs is also caused by the upward revision of minimum wages in Shanghai in 2Q FY2015.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased by 68% to S\$1.31 million in 2Q FY2015 compared to that in 2Q FY2014.

The increase is mainly attributed to the depreciation charged on the assets of the Company's Suzhou subsidiary, which were previously under construction, coupled with the addition of PPE by the Company's Thailand subsidiary.

Other operating expenses

Other operating expenses include packaging costs, carriage inwards, utilities, administrative expenses and the effects of foreign exchange differences.

The Group's operating expenses rose by 26% to S\$5.45 million in 2Q FY2015 compared to that in 2Q FY2014, primarily due to the unfavourable movement of the US Dollar against the Singapore Dollar in 2Q FY2015.

Finance costs

In 2Q FY2015 and 1H FY2015, there is a decline of 21% and 42% in the Group's finance costs as compared to 2Q FY2014 and 1H FY2014 respectively. Despite taking up additional bank borrowings of S\$3.23 million and S\$5.53 million in 2Q FY2015 and 1H FY2015 respectively, the Group's finance cost has decreased due to lower interest rates on existing bank loans.

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 1H FY2015. However, it is partially offset by the effect of the strengthening of the Renminbi ("RMB") against the Singapore Dollar, as compared to that last December, which resulted in the Company's subsidiaries in the People's Republic of China (the "PRC") having a higher translated amount of PPE.

As at 30 June 2015, inventories balance increased slightly to S\$9.60 million in order to cope with sales in the coming quarter while trade debtors and other debtors balances have each been reduced by S\$0.46 million due to payment collection. However, the Group's prepayments and advances to suppliers balance has increased by S\$0.73 million to S\$2.16 million as at 30 June 2015. This is mainly due to the down payment for PPE acquisition as well as advances made to new suppliers by the Company's overseas subsidiaries for the purchase of materials for new projects.

Trade creditors balance has dropped significantly from S\$27.71 million to S\$25.14 million as a result of payment made to the material suppliers. Meanwhile, the other creditors and accruals balance has declined slightly to S\$9.75 million as at 30 June 2015.

The Group's deferred compensation income balance has decreased to S\$9.74 million as at 30 June 2015 due to amortization of deferred compensation income in 1H FY2015. 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 as at 31 December 2014 to S\$5.53 million as at 30 June 2015.

As at 30 June 2015, deferred tax liabilities and deferred tax assets are attributed to the subsidiaries in the PRC. The strengthening of the RMB has resulted in higher translated amount of deferred tax liabilities and deferred tax assets amounting to S\$4.45 million and S\$1.44 million respectively.

For the period ended 30 June 2015, the Group has recorded a net increase in cash and cash equivalents of S\$1.23 million, which raised the cash and bank balances to S\$11.39 million as at 30 June 2015. The Group's net cash surplus is mainly derived from its financing activities with a net drawdown of bank borrowings of S\$2.89 million, offset by net cash used in its operating activities amounting to S\$1.23 million.

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?

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 30 June 2015 has been declared or recommended.

13 Interested Person Transactions.

The Group has not obtained a general mandate from shareholders for interested person transactions. There were no interested person transactions with an amount exceeding S\$100,000 during 2Q FY2015.

14. Confirmation by the Board pursuant to rule 705 (5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the Group and the Company for the second quarter ended 30 June 2015 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

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

Soh Weng Kheong
Executive Director and
Group Deputy Managing Director

6 August 2015