MultiChem

The Hole Solution Provider

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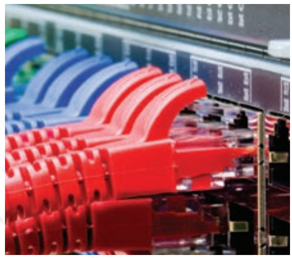
BEYOND NOW

ANNUAL REPORT 2014

CONTENTS >>



THE MULTI-CHEM GROUP'S BUSINESS

Multi-Chem has been engaged as a value added supplier to PCB manufacturers for close to three decades. With the ability to apply advanced technologies, a skillful and dedicated production team and customer oriented services, Multi-Chem has emerged as one of the leading drilling service providers in terms of capacity and technology in Eastern China. In addition to being a service provider to PCB manufacturers, the Company is also in the complementary business of distribution of PCB specialty chemicals and related materials.

Other than PCB related business, the Group also ventures to the IT arena, where Multi-Chem, through the M.Tech group, has been engaged in the distribution of IT products since 2002. The M.Tech group is a leading regional IT products distributor, carrying best-of-breed products from industry leading vendors and with a presence in 29 cities in 15 countries.

DEFINITIONS

In this Annual Report, the following definitions apply throughout where the context so admits:

"Group"	The Company and its subsidiaries
"Multi-Chem" or "Company"	Multi-Chem Limited
"M.Tech"	One or more of the M.Tech / M-Security companies
"E-Secure"	One or more of the E-Secure companies
SUBSIDIARIES	
"E-Secure Malaysia"	E Fortify Asia Sdn. Bhd.
"E-Secure Singapore"	E-Secure Asia Pte. Ltd.
"E-Secure Thailand"	E-Secure Asia Co., Ltd.
"M.SaaS Solutions"	M.SaaS Solutions Pte. Ltd.
"M.Tech Australia"	M.Tech Products Aust Pty Limited
"M.Tech Holdings"	M.Tech Holdings Pte. Ltd.
"M.Tech Hong Kong"	M.Tech Products (HK) Pte Limited
"M.Tech India"	M.Tech Solutions (India) Private Limited
"M.Tech Indochina"	M-Security Technology Indochina Pte. Ltd.
"M.Tech Indonesia"	PT. M.Tech Products
"M.Tech Japan"	M.Tech Products Japan Kabushiki Kaisha
"M.Tech Korea"	M.Tech Products Korea Limited Liability Company
"M.Tech Malaysia"	M-Security Technology Sdn. Bhd.
"M.Tech Myanmar"	M.Tech Products Myanmar Ltd.
"M.Tech New Zealand"	M.Tech Products New Zealand Limited
"M.Tech Philippines"	M.Tech Products Philippines, Inc.
"M.Tech Shanghai"	M.Tech (Shanghai) Co., Ltd.
"M.Tech Singapore"	M.Tech Products Pte Ltd
"M.Tech Taiwan"	M.Tech Products TW Pte. Ltd.
"M.Tech Thailand"	M-Solutions Technology (Thailand) Co., Ltd.
"M.Tech UK"	M.Tech Products (UK) Pte Ltd
"M.Tech Vietnam"	M-Security Technology Vietnam Company Limited
"M-Security Philippines"	M-Security Tech Philippines, Inc.
"Multi-Chem Kunshan"	Multi-Chem Electronics (Kunshan) Co., Ltd
"Multi-Chem Laser"	Multi-Chem Laser Technology (Suzhou) Co., Ltd.
"Multi-Chem PCB Kunshan"	Multi-Chem PCB (Kunshan) Co., Ltd.
"Multi-Chem Suzhou"	Multi-Chem (Suzhou) Co., Ltd.
"M-Virtual India"	M-Virtual Technology India Private Limited
"SecureOneAsia"	SecureOneAsia Pte. Ltd.
"SecureOne India"	SecureOne India Holding Pte. Ltd.
ASSOCIATE	
"HPTec Singapore"	Hawera Precision Tec Pte Ltd
OTHER TERMS	
"AC"	Audit Committee
"Board"	Board of Directors
"CNC"	Computer numeric controlled
"FY"	Financial year
"IT"	Information technology
"M"	Million
"NC"	Nominating Committee
"PAT"	Profit after tax
"PBT"	Profit before tax
"PCB"	Printed circuit board
"RC"	Remuneration Committee
"WAN"	Wide area network

CORPORATE PROFILE

Multi-Chem is a specialist drilling service provider and also a distributor of specialty chemicals and materials to PCB manufacturers. Incorporated in 1985, Multi-Chem was listed on SESDAQ in January 2000 and upgraded to the Main Board of The Singapore Exchange in November 2000.

Already established in South East Asia, we expanded to Suzhou, China in 2002, and Kunshan, China in 2006. Besides doing mechanical drilling, we also commenced the provision of laser drilling services in China. Laser drilling complements our strengths in mechanical drilling and allows us to drill microvia of sizes not achievable by mechanical drilling.

We are currently one of the leading PCB drilling providers, in terms of both capacity and technology, in the Huadong area in China (Eastern China, in particular, Shanghai, Suzhou and Kunshan regions).

In May 2002, we diversified into the business of IT distribution where we focus on best-of-breed internet security, WAN optimisation, network management and video conferencing products from industry leading vendors.

Through Multi-Chem's subsidiaries under the M.Tech umbrella, our IT business has expanded in both product range and geographical coverage since inception and now spans Singapore, Australia, China (including Hong Kong), India, Indonesia, Japan, Korea, Malaysia, Myanmar, New Zealand, Philippines, Taiwan, Thailand, United Kindom and Vietnam.

We started IT training business in Singapore in late second quarter of 2004 to complement the IT distribution business. We are currently authorised to conduct training for Blue Coat, Check Point, Citrix, Nutanix and Riverbed courses.

Today, the Group comprises the Company, 30 subsidiaries, 2 representative offices, 3 branches, 10 offices and 1 associated company, with a staff strength of nearly 1000.

CORPORATE DATA

Board of Directors

Lim Keng Jin *Chairman*
Foo Suan Sai *CEO*
Han Juat Hoon
Wong Meng Yeng
Neo Mok Choon
Foo Maw Shen

Company Secretary

Chan Lai Yin

Audit Committee

Wong Meng Yeng *Chairman*
Lim Keng Jin
Neo Mok Choon
Foo Maw Shen

Nominating Committee

Neo Mok Choon *Chairman*
Foo Suan Sai
Wong Meng Yeng
Lim Keng Jin
Foo Maw Shen

Remuneration Committee

Lim Keng Jin *Chairman*
Wong Meng Yeng
Neo Mok Choon
Foo Maw Shen

Registered Office

16H Enterprise Road
Singapore 627657
Tel: (65) 6863 1318
Fax: (65) 6863 1618

Share Registrar

M & C Services Private Limited
112 Robinson Road #05-01
Singapore 068902

Share Listing

The Company's shares are listed on the Main Board of the Singapore Exchange Securities Trading Limited since November 2000

Independent Auditor

BDO LLP
Public Accountants and
Chartered Accountants
21 Merchant Road, #05-01
Singapore 058267
Partner-in-charge: Goh Chern Ni
Appointment since the financial year ended 31 December 2013

Internal Auditor

Yang Lee & Associates
10 Anson Road #31-03
International Plaza
Singapore 079903

Principal Bankers

Citibank N.A.
DBS Bank Ltd
HSBC Limited
United Overseas Bank Limited
Australia and New Zealand Banking Group Limited (ANZ)

IR Contact

16H Enterprise Road
Singapore 627657
Tel: (65) 6863 1318
Fax: (65) 6863 1618
E-mail: irmultichem@multichem.com.sg

General

For further information about Multi-Chem, please contact the secretariat at the registered office

E-mail:
salesmultichem@multichem.com.sg
sales@mtechpro.com

Websites:
http://www.multichem.com.sg
http://www.mtechpro.com

BOARD OF DIRECTORS

BOARD OF DIRECTORS >>

1. Lim Keng Jin

Chairman, Independent Director, Chairman of RC, Member of AC and NC

Mr Lim was appointed as a Director of the Company in April 2005. He is currently the non-executive director of G.K.Goh Holdings Limited and has more than 29 years of experience in the stock broking industry. He is a fellow member of the Institute of Chartered Accountants of England and Wales. He was an auditor and accountant in Singapore and England before he joined the stock broking industry in 1971.

2. Foo Suan Sai

Chief Executive Officer and Member of NC

Mr Foo, one of the founding shareholders of Multi-Chem, has more than 20 years of experience in the PCB industry, of which the last 26 years were spent building up the Company. Mr Foo is currently responsible for the overall direction and development of the Group. He holds a Diploma in Chemical Process Technology from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management.

3. Han Juat Hoon

Chief Operating Officer

Mdm Han is a founding shareholder of Multi-Chem. She has been a Director of the Company since 1987 and commenced working in an executive capacity with the Company in 1992. Mdm Han is well versed in factory operations, having held the appointment of factory manager with a chemical company for 12 years from 1980 to 1992. She is responsible for the overall operations of the Group. Mdm Han holds a Diploma in Chemical Process Technology from the Singapore Polytechnic and a Diploma in Management Studies from the Singapore Institute of Management.

4. Wong Meng Yeng

Independent Director, Chairman of AC, Member of RC and NC

Mr Wong was appointed as a Director in January 2000. He has been an advocate and solicitor in Singapore for 31 years, with the past 25 years spent as a corporate lawyer. He holds a Bachelor of Law (Hons) degree from the National University of Singapore. He is currently a director in Alliance LLC, a law corporation he co-founded.

5. Neo Mok Choon

Independent Director, Chairman of NC, Member of AC and RC

Mr Neo was appointed as a Director in August 2012. He has more than 20 years of experience in the PCB industry. He holds a Bachelor of Engineering (Chemical) degree from the National University of Singapore. He is currently a Vice President (Operations, Asia Pacific) of Bedero Shaw (Singapore) Pte Ltd.

6. Foo Maw Shen

Independent Director, Member of AC, NC and RC

Mr Foo was appointed as a Director in July 2014. He has over 20 years of extensive experience in commercial litigation, with particular emphasis on restructuring, insolvency litigation, shareholders' disputes, commercial fraud, trust laws and litigation involving gaming issues. He is currently a partner in Rodyk & Davidson LLP's Litigation & Arbitration Practice Group and heads the firm's China Practice.

MANAGEMENT TEAM

Foo Fang Yong

Koh Henry

Pui Boon Tiong Eugene

Lim Kok Soon Rayson

Yang Wen Kuai

Goh Tian Keong Winston

Wong Yoke Hean

MANAGEMENT TEAM >>

Foo Fang Yong

General Manager

Mr Foo joined the Company's subsidiary, M.Tech Products Ptd Ltd in Year 2011 as an I-Security Engineer after completing his Honours Degree in Bachelor of Engineering (Computer Engineering) from National University of Singapore. He subsequently moved to the position of Product Manager in May 2012. At the same time, he attained RSA SecurID Certified Systems Engineer in Year 2011 and Blue Coat Certified ProxySG Professional, Sourcefire Certified Expert (SFCE) v5 and Riverbed Certified Solutions Professional WAN Optimization in Year 2012.

Koh Henry

Senior Manager, Operations

Mr Koh joined the Company as a Service Engineer in May 2000 after completing his university education. He was promoted from QA & Process Manager to Senior Manager (Operations) in November 2005. He currently oversees the operation in the Manufacturing Services Division, which include quality assurance and production. From 1996 to 1997, he worked as an assistant engineer in Hitachi Chemical Asia Pacific Pte Ltd. He holds a Bachelor's degree in Mechanical & Production Engineering from the Nanyang Technological University.

Pui Boon Tiong Eugene

Director, Business Development (Products)

Mr Pui worked as an engineer with local PCB manufacturers, Motorola Electronics Pte Ltd and WUS Printed Circuits Pte Ltd prior to joining the Company in December 1999. He worked his way up in Multi-Chem from Assistant Production Manager to Operations Manager before being named Director, Business Development (Products) in January 2013. He currently oversees the manufacturing division's equipment and facilities maintenance within PCB business and business development for various products and IT training within IT business.

Lim Kok Soon Rayson

Financial Controller

Mr Lim has been with the Company since March 2002, where he joined as an accountant and was promoted to Senior Finance Manager and subsequently Financial Controller, a position he currently holds. He is in-charge of the Group's financial reporting, finance and tax functions and works closely with internal and external auditors, tax agent and the bankers in performing his role.

Yang Wen Kuai

Senior Manager, Business - China Operations

Mr Yang has been with the Company since August 2001. He worked with Multi-Chem for 2 months before being posted to Multi-Chem Suzhou as sales manager and he is based there for the last 13 years. He currently oversees the marketing and business development of the Group's operations in China. Before joining the Company, Mr Yang has 8 years of sales experience in the automotive industry in Taiwan.

Goh Tian Keong Winston

Regional Director of Greater China and Korea

Mr Goh has been responsible for the IT business development of M.Tech business in Greater China for the past 10 years. He was promoted to Regional Director of Greater China and Korea and is responsible for the IT business development in Greater China, Hong Kong, Taiwan and Korea. Prior to joining Multi-Chem Limited in Year 2004, he worked in various IT companies for 6 years. He started as Senior Network Specialist and progressed to Senior Business Development Manager.

Wong Yoke Hean

Regional Director – Business Development, South Asia & India

Mr Wong joined the Company's subsidiary, M.Tech Products Pte Ltd as Regional Director of South Asia and India. He is responsible for IT business development in South Asia and India. He has a vast range of working experience in the IT industry. Prior joining the Group, he has over 10 years of working experience in IT companies, covering sales, marketing and channels management. At various points of his career, he has also managed various aspects of the IT business in Singapore, South East Asia and across the Asia Pacific region.

LETTER TO SHAREHOLDERS

Revenue $292M in 2014 11% growth from 2013

The Group's revenue reached new heights in year 2014 as we brought in $292M in revenue as compared to $263M in year 2013. This boost in the Group's performance was due to continual expansion of the Group's IT arm, the increase in spending by corporations and governments on internet security products, and the increased demand for electronic products in the year 2014. The IT business and PCB business grew by 10% and 18% respectively in year 2014. Overall, the Group's revenue grew by 11%.

The Group

The Group currently has manufacturing facilities in the city of Kunshan in Eastern China, a region known to be one of the fastest growing in terms of PCB production volume. We are one of the leading players in PCB drilling in terms of technology and capacity. As of 31 December 2014 the Group has 140 CNC drilling machines and 14 laser drilling machines in China.

As at 31 December 2014 the Group has 143 CNC drilling machines and 22 laser drilling machines.

In Singapore, the Group currently operates out of its premise at 16H Enterprise Road and several units at Tradehub 21. As at 31 December 2014, the number of CNC drilling machines and laser drilling machines in Singapore numbered 3 and 8 respectively.

During the year, the Group sold 2 laser drilling machines and 4 CNC drilling machines. This was due to the low utilization of such machines and the need to free up cash to keep its balance sheet strong. However, the Group still retains an adequate number of machines to meet customers' demand. Currently, the Group has 22 laser machines and 143 CNC drilling machines, 42 of the CNC drilling machines are capable of drilling at speeds of up to 200,000 rpm, which can achieve higher accuracy for micro vias, particularly for hole-sizes of 0.2mm and below. These machines enable us to service customers that have more stringent hole requirements. Further savings were made when we cut back on headcount in the manufacturing service business.

The Group's main business in 2014 was still its IT business, which accounted for 91% of the Group's revenue. This business commenced in 2002 and is marketed under the M.Tech brand. We expect the IT business to remain as the Group's main business in the near future as corporations and governments increasingly recognize the need to strengthen their internet security infrastructure. An article published on the Gartner website on 22 August 2014 stated that spending on IT security is poised to grow 8.2% in year 2015. We believe that we will benefit from this growth through our wide geographical coverage and by promoting only the best-of-breed IT products.

Presence in 31 cities
Net working capital improved from $58M in 2013 to $64M in 2014

LETTER TO SHAREHOLDERS >>

While IT security remains the main focus of M.Tech, the Group also carries complementary products in the areas of WAN optimization and network management. The Group has also expanded its product range to include video conferencing products. It will continue to rationalize and be selective of its existing IT product range. Besides the IT products we distribute, the Group is also authorized to provide certified IT training courses for Blue Coat, Check Point, Citrix, Nutanix and Riverbed.

Financial Performance

The Group recorded revenue of $292M in 2014, which is 11% more than $263M achieved in 2013. Comparing the fourth quarter of 2014 to fourth quarter of 2013, the revenue dropped by 3%, from $82M to $79M.

The increase in Group's revenue for the year is due to the positive contributions from both IT business and PCB business. In the fourth quarter of 2014, the PCB business increased by 39% compared to fourth quarter of 2013, while the IT business decreased by 6% over the same period. The increase in PCB business was mainly due to increased demand in electronic products.

Revenue from the PCB business accounted for approximately 9% of Group's revenue in 2014. Contribution from the IT business made up about 91% of Group's revenue in 2014.

Comparing revenue by geographical segments, 22% of the Group's revenue in 2014 was derived from China. Of the remaining 78%, Singapore accounted for 29% and the rest of the regions accounted for the remaining 49%. Contribution from Singapore increased from 24% to 29% as compared to year 2013 mainly due to the improved economic condition in Singapore and continued focus on IT security.

The Group recorded a profit before tax of $7.4M in 2014 compared to $2.8M in 2013. On an after-tax basis, the Group recorded a profit of approximately $5.4M.

The Group recorded a profit before tax of $7.4M in 2014 compared to $2.8M in 2013, an increase of 164%. The increase in profit before tax is mainly attributed by the increase in revenue, the decrease in allowance for inventory obsolescence due to tapering off of the impact from the change in stock provision estimate introduced during year 2013 and foreign exchange gain mainly due to appreciation of USD and RMB against SGD. On an after-tax basis, the Group recorded a profit of approximately $5.4M in 2014 as compared to $611,000 in 2013. On a weighted average basis, the Group's earnings per share increased from 0.03 cents in 2013 to 1.34 cents in 2014.

Financial Position

The Group has kept its balance sheet healthy and improved its financial position in 2014. As of 31 December 2014, the net working capital of the Group stood at $64M, compared to $58M as at 31 December 2013. This includes cash and cash equivalents of $44M. Shareholders' funds and net asset value per share stood at approximately $91M and 24 cents respectively as at 31 December 2014.

In the fourth quarter of 2014, the PCB business increased by 39% compared to fourth quarter of 2013.

The Directors are pleased to recommend a final dividend of 0.55 cents for 2014.

Business Outlook

The Group aims to maintain its position as one of the leaders, both in terms of capacity and technology in the area of PCB mechanical drilling and laser drilling services in the Huadong area in China, where it currently serves the major PCB producers. It will also be selective to its customers.

Although growth from the PCB industry is expected to be limited as the Group continues to face price reduction pressures from its customers, Multi-Chem is poised to benefit from any additional capacity requirements being a leader in this drilling services.

In the IT business, growth is still expected, particularly with respect to the countries where we are newly established. Economic and political conditions are still key factors in determining the level of IT spending. The IT business contributed $266M and this accounted for around 91% of Group's revenue in 2014 and this business is expected to deliver more in 2015.

The Group will continue to focus on the distribution of only the top names in IT security products, and will continue to look for suitable products to add to its range.

The Group has a presence in 31 cities in 15 countries in Asia Pacific Region and Europe. The M.Tech regional offices are expected to contribute positively to the Group's business in 2015.

Appreciation

On behalf of the Board of Directors, we wish to thank the staff and management of the Group for their commitment and dedication during the past years. Special thanks go to the colleagues on the Board for their strong support and positive contribution. We would also like to express our sincere appreciation to our shareholders, suppliers, customers and business partners for their invaluable support.

We look forward to bringing the Group to greater heights in 2015.

Lim Keng Jin
Group Chairman

Foo Suan Sai
Chief Executive Officer

OPERATIONS REVIEW

PCB Business

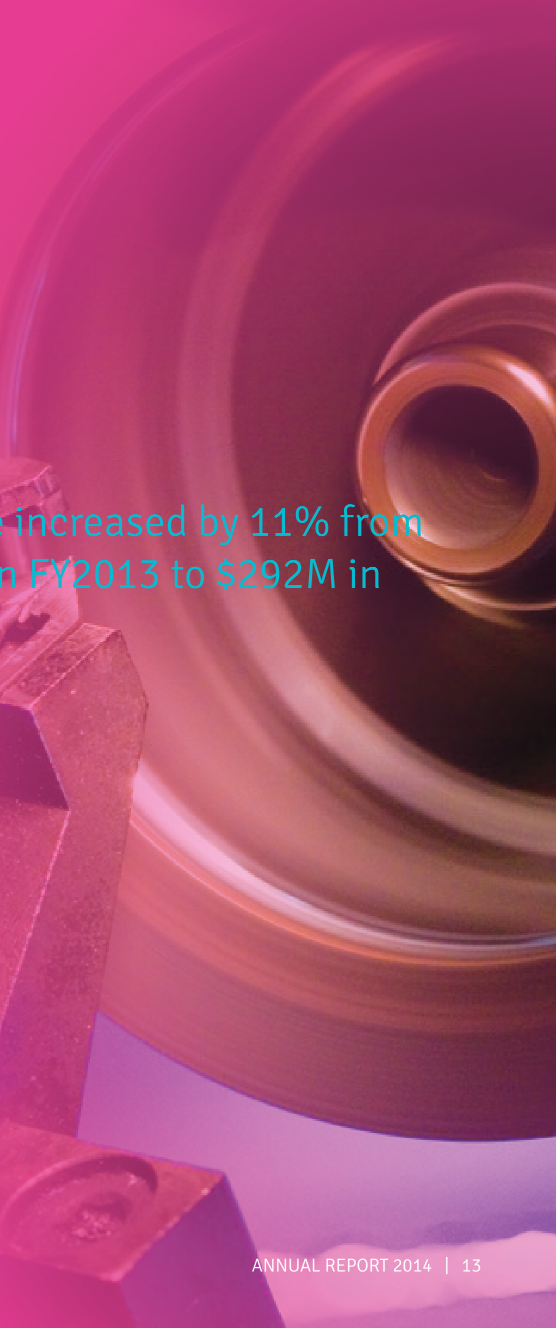
Revenue for PCB Business of the Group increased by 18.3% or $4.0M from $21.8M in FY2013 to $25.8M in FY2014. The increase is mainly due to increase in demand of electronic products.

Revenue for mechanical drilling service in China remained relatively unchanged at $17.3M in FY2014. The demand for PCB mechanical drilling services remained weak in FY2014.

> Revenue increased by 11% from $263M in FY2013 to $292M in FY2014.

Laser drilling services improved significantly in FY2014 due to the increase in demand of electronic products. Revenue for this business increased by 144.0% from $2.5M in FY2013 to $6.1M in FY2014.

During FY2014, the Group sold 2 laser drilling machines and 4 mechanical drilling machines to reduce excess production capacity and to free up cash to maintain a strong balance sheet. As at 31 December 2014, the Group has 22 laser drilling machines and 143 CNC drilling machines, of which 42 are capable of drilling at 200,000 rpm, 85 are capable of drilling at 160,000 rpm and 16 are capable of drilling at 125,000 rpm. The higher drilling speeds allow for higher accuracy for drilling smaller holes.



IT Business

The IT sector of the Group under the M.Tech companies has expanded yearly in both product range and geographical coverage since its inception in May 2002.

The Group also added more leading products, including Cisco, Violin Memory, Infloblox, Bromium and Appdynamics, to its product suite during the year.

In FY2014, the Group extended its presence into Myanmar and established E-Secure business. The Group also added more leading products, including Cisco, Violin Memory, Infloblox, Bromium and Appdynamics, to its product suite during the year. Of the products that it carries, the Group is also the sole distributor for several leading products in selected regions.

The Group is selective in taking up new products to remain focused on selling the best-of-breed IT security products and delivering value added services to major systems integrators and resellers in Singapore and the regions.

The IT Business of the Group currently has a presence in 29 cities in 15 countries and carries internet security products from industry leading vendors.

PROSPECTS AND FUTURE PLAN

PCB Business

Comparing 4Q2014 to 4Q2013, the revenue for this quarter increased by 38.8% or $1.9M from $4.9M in 4Q2013 to $6.8M in 4Q2014. On a 12 month basis, revenue also increased by 18.3% from $21.8M in 12M2013 to $25.8M in 12M2014. The increase was mainly due to increase in demand of electronic products. The Group expects revenue contribution from this sector to be limited as the Group continues to face price reduction pressures from its customers.

The Group is currently one of the leading PCB drilling service providers in terms of capacity and technology in Eastern China. As at 31 December 2014, the Group had 143 mechanical drilling machines and 22 laser drilling machines. The Group will continue to be selective to its customers, rationalise operations, manage headcount to cut cost and conserve cash.

PROSPECTS AND FUTURE PLAN >>

IT Business

The IT business through Singapore and the regional offices reported revenue of $72.3M in 4Q2014, a decrease of 6.0% or $4.6M from $76.9M in 4Q2013. On a full year basis, this business grew by 10.4% or $25.0M, from $240.9M in 12M2013 to $265.9M in 12M2014. The growth was mainly due to bigger deals closed and the improvement of the USA economy.

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

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

As at 31 December 2014, the Group's IT business has a presence in 29 cities in 15 countries in the Asia Pacific Region and Europe. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

The near term outlook in the IT business is dependent on events such as those political or economic in nature and such events could affect business in certain markets. With USA interest rates expected to increase in year 2015, the cost of business is expected to increase as well. However, as the Group is diversified across markets, it is expected to be better able to mitigate such impact than if it were in a single market. IT is a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group as more efforts are put into growing the IT business.

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

PROSPECTS AND FUTURE PLAN >>

Risk Factors

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

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

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

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

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

SIGNIFICANT EVENTS

1Q2014

- Multi-Chem incorporated a wholly-owned subsidiary, E-Secure Singapore in Singapore with paid-up share capital of S$2.00.
- M.Tech distributes Violin Memory in Asia-Pacific.
- M.Tech distributes Infloblox in Asia-Pacific.
- M.Tech distributes Bromium in Asia-Pacific.
- M.Tech distributes Trend Micro in Singapore.

2Q2014

- Multi-Chem's Independent Director, Mr Chew Thiam Keng retired from office and ceased as Chairman of the NC and a member of the AC and RC.
- Multi-Chem Appointed Independent Director, Mr Neo Mok Choon as Chairman of the NC and a member of the RC.
- Multi-Chem's indirect subsidiary, SecureOneAsia incorporated a wholly-owned subsidiary M.Tech Myanmar in the Republic of the Union of Myanmar with a proposed issued share capital of USD50,000.
- Multi-Chem's associate company, Hawera Precision TEC Pte Ltd commenced members' voluntary liquidation.
- M.Tech distributes Appdynamics in Asia-Pacific.

SIGNIFICANT EVENTS >>

3Q2014

- Multi-Chem's indirect subsidiary, E-Secure Singapore subscribed for 48.8% of the issued share capital in E-Secure Thailand.
- Multi-Chem appointed Mr Foo Maw Shen as Independent Director, a member of the AC, NC and RC.
- Multi-Chem's indirect subsidiary, E-Secure Singapore acquired 100% equity interest in E-Secure Malaysia at RM2.00.
- Multi-Chem's wholly-owned subsidiary, Multi-Chem Wuxi had been wound up under member's voluntary liquidation.
- E-Secure distributes Cisco in Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam.
- M.Tech held M.Pro Golf Challenge 2014.

4Q2014

- M.Tech held Security Exchange 2014.
- M.Tech held M.Appreciation Night 2014 in Singapaore.

FINANCIAL CALENDAR

April 2014
30
Annual General Meeting and announcement of 2014 1st quarter results

July 2014
31
Announcement of 2014 half year results

October 2014
30
Announcement of 2014 3rd quarter results

February 2015
05
Announcement of 2014 full year results

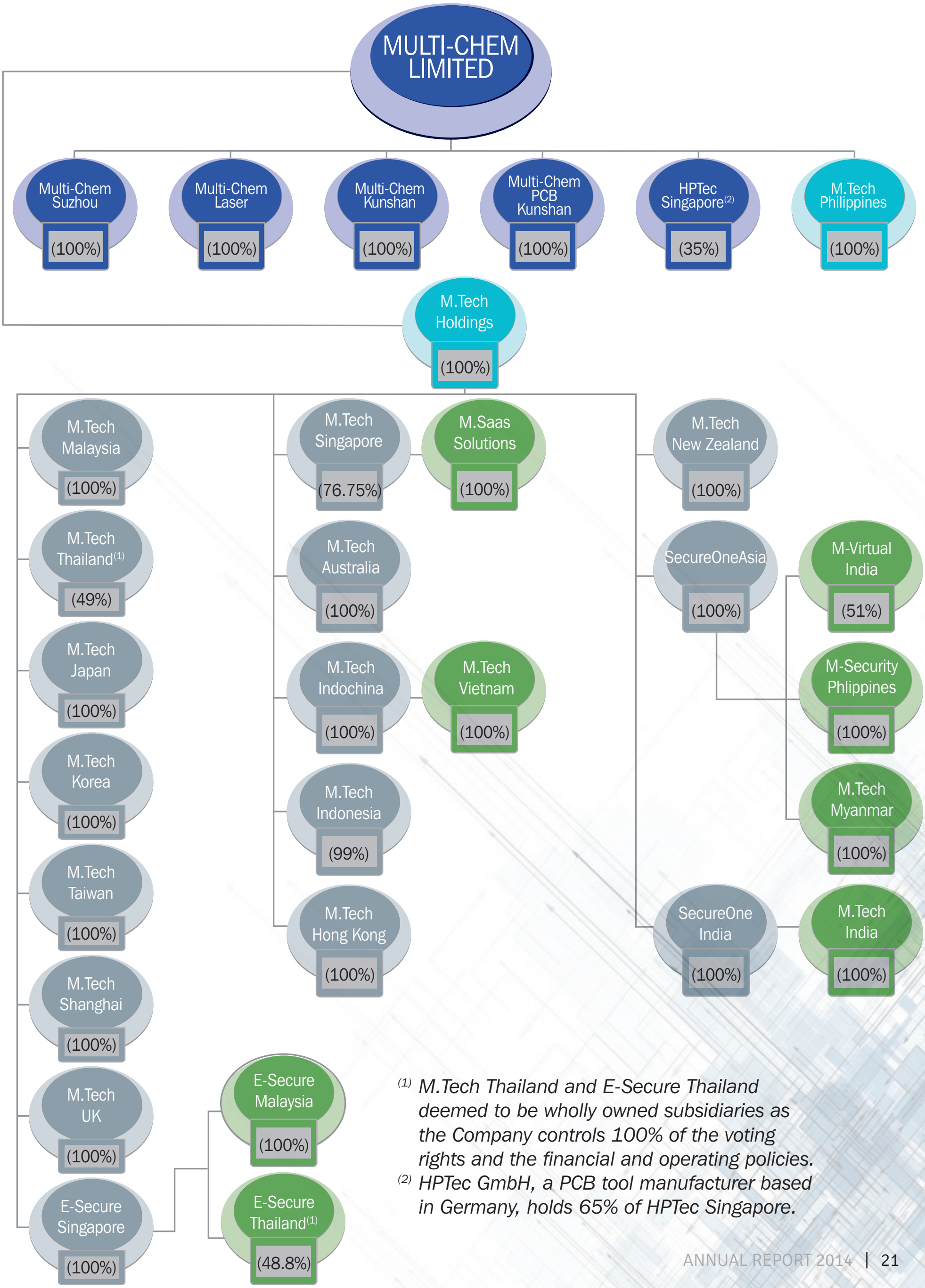
April 2015
30
Annual General Meeting and announcement of 2015 1st quarter results

July 2015
Announcement of 2015 half year results

October 2015
Announcement of 2015 3rd quarter results

February 2015
Announcement of 2015 full year results

GROUP STRUCTURE



(1) M.Tech Thailand and E-Secure Thailand deemed to be wholly owned subsidiaries as the Company controls 100% of the voting rights and the financial and operating policies.

(2) HPTec GmbH, a PCB tool manufacturer based in Germany, holds 65% of HPTec Singapore.

FINANCIAL HIGHLIGHTS

GROUP BALANCE SHEET

As At 31 December ($'000)	2014	2013	2012	2011	2010
Property, plant and equipment	23,571	27,375	28,920	37,249	33,543
Investment in an associate	224	474	617	743	1,356
Available-for-sale investment	3,647	-	-	-	-
Other non-current assets	3,878	2,481	1,659	1,185	668
Current assets	157,328	145,761	127,224	122,421	99,295
Current liabilities	(93,785)	(87,615)	(71,428)	(70,915)	(50,587)
Net current assets	63,543	58,146	55,796	51,506	48,708
Long term borrowings	(3,498)	(1,600)	(1,273)	(1,442)	(981)
Deferred income tax liabilities	-	(11)	(29)	(126)	(27)
	91,365	86,865	85,690	89,115	83,267
Share capital and share premium	37,288	37,288	37,288	37,288	37,288
Other reserves	2,182	345	(3,917)	1,286	(2,822)
Accumulated profits	47,056	45,171	49,039	47,417	45,839
	86,526	82,804	82,410	85,991	80,305
Non-controlling interest	4,839	4,061	3,280	3,124	2,962
	91,365	86,865	85,690	89,115	83,267

FINANCIAL HIGHLIGHTS >>

GROUP PROFIT & LOSS

Year Ended ($'000)	2014	2013	2012	2011	2010
Turnover	291,664	262,736	237,404	206,850	181,982
Gross profit	45,750	41,014	41,755	38,716	39,238
Other income	3,098	2,778	3,213	3,826	6,216
Earnings before interest, tax, depreciation & amortisation (EBITA)	13,324	9,080	15,189	17,677	24,096
Depreciation & amortisation	(5,160)	(5,585)	(5,669)	(8,334)	(8,089)
Interest expense	(543)	(541)	(381)	(186)	(410)
Profit from operations	7,621	2,954	9,139	9,157	15,597
Share of results of an associated company	(250)	(143)	(126)	35	142
Profit before income tax	7,371	2,811	9,013	9,192	15,739
Income tax expense	(1,976)	(2,200)	(2,989)	(3,390)	(3,961)
Net profit	5,395	611	6,024	5,802	11,778
Non-controlling interests	(555)	(515)	(438)	(260)	(166)
Equity holders of the company	4,840	96	5,586	5,542	11,612

ANALYSIS (%)

Year	2014	2013	2012	2011	2010
Gross profit margin	15.7	15.6	17.6	18.7	21.6
PBT margin	2.5	1.1	3.8	4.4	8.6
Turnover increase	11.0	10.7	14.8	13.7	17.7
Operating profit increase/(decrease)	158.0	(67.7)	(0.2)	(41.3)	3,276.0
Net profit increase/(decrease)	783.0	(89.9)	3.8	(50.7)	888.4

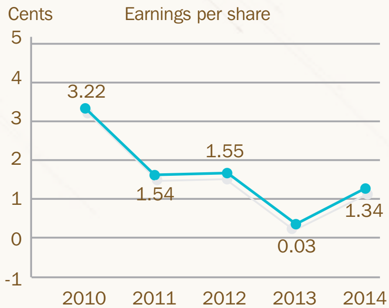
FINANCIAL HIGHLIGHTS >>

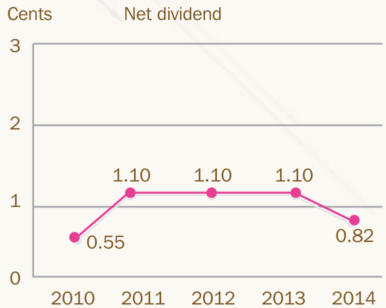
PER SHARE DATA

(cents, unless otherwise stated)

	2014	2013	2012	2011	2010
Net earnings (basic)[1]	1.34	0.03	1.55	1.54	3.22
Net earnings (fully diluted)[2]	1.34	0.03	1.55	1.54	3.22
Net dividend	0.82	1.10	1.10	1.10	0.55
Net dividend payout (times)	0.61	36.67	0.71	0.71	0.17
Net assets value[3]	24.01	22.98	22.87	23.86	22.28
Gross dividend	0.82	1.10	1.10	1.10	0.55
Gross dividend yield (%)[4]	5.66	7.91	8.33	11.96	3.67

	2014	2013	2012	2011	2010
1 Numbers of shares used in the above computation (M)	360.4	360.4	360.4	360.4	360.4
2 Numbers of shares used in the above computation (M)	360.4	360.4	360.4	360.4	360.4
3 Numbers of shares used in the above computation (M)	360.4	360.4	360.4	360.4	360.4
4 Based on the closing share price as at the last market day of the year	14.5	13.9	13.2	9.2	15.0

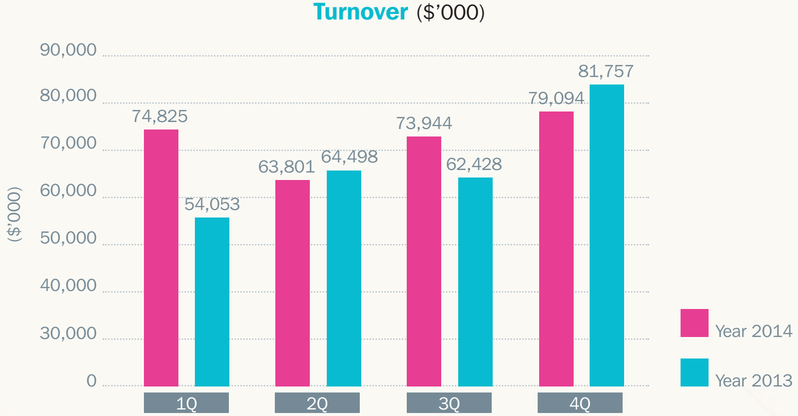


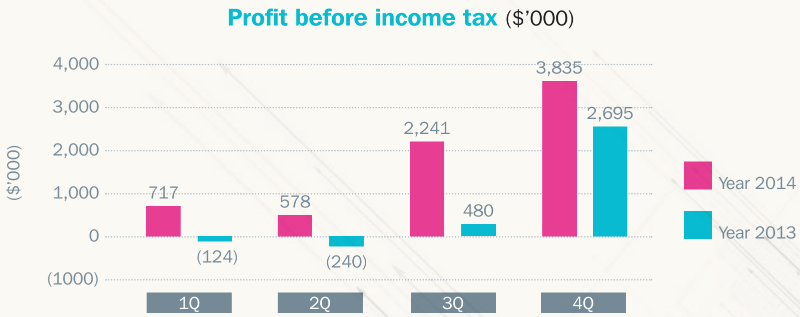


FINANCIAL RATIOS

	2014	2013	2012	2011	2010
Current ratio (times)	1.68	1.66	1.78	1.73	1.96
Return on shareholder's funds (%)	5.59	0.12	6.78	6.44	14.46
Return on assets employed (%)	2.57	0.05	3.53	3.43	8.61
Debt equity ratio	0.41	0.36	0.28	0.31	0.18
Debt interest cover	0.38	0.30	0.64	0.68	1.65

FINANCIAL HIGHLIGHTS >>





FINANCIAL HIGHLIGHTS >>

SEGMENTAL INFORMATION

BY BUSINESS SEGMENTS

Year Ended ($'000)	PCB Business 2014	PCB Business 2013	IT Business 2014	IT Business 2013	Total 2014	Total 2013
Turnover						
1st Quarter	5,101	4,334	69,724	49,719	74,825	54,053
2nd Quarter	5,965	6,882	57,836	57,616	63,801	64,498
3rd Quarter	7,985	5,765	65,959	56,663	73,944	62,428
4th Quarter	6,762	4,859	72,332	76,898	79,094	81,757
	25,813	21,840	265,851	240,896	291,664	262,736
Segment results						
1st Quarter	(120)	(1,102)	837	978	717	(124)
2nd Quarter	(288)	1,005	866	(1,245)	578	(240)
3rd Quarter	1,763	205	478	275	2,241	480
4th Quarter	1,244	(254)	2,591	2,949	3,835	2,695
	2,599	(146)	4,772	2,957	7,371	2,811

BY GEOGRAPHICAL SEGMENTS

Year Ended ($'000)	Singapore 2014	Singapore 2013	China 2014	China 2013	Others 2014	Others 2013	Total 2014	Total 2013
1st Quarter	24,349	13,293	14,437	10,798	36,039	29,962	74,825	54,053
2nd Quarter	18,990	15,317	13,939	18,129	30,872	31,052	63,801	64,498
3rd Quarter	21,150	17,700	18,595	16,809	34,199	27,919	73,944	62,428
4th Quarter	21,600	18,328	16,023	14,236	41,471	49,193	79,094	81,757
	86,089	64,638	62,994	59,972	142,581	138,126	291,664	262,736

FINANCIAL REVIEW

REVENUE

The Group achieved a turnover of $79.1M for the three months ended 31 December 2014 (“4Q2014”), a decrease of 3.3% or $2.7M compared to the revenue of $81.8M for the three months ended 31 December 2013 (“4Q2013”). For the twelve months ended 31 December 2014 (“12M2014”), the Group achieved a turnover of $291.7M, a year-on-year increase of 11.0% or $29.0M, compared to revenue of $262.7M achieved for the twelve months ended 31 December 2013 (“12M2013”).

Comparing to the three months ended 30 September 2014 (“3Q2014”), the revenue for 4Q2014 increased by 7.0% or $5.2M from $73.9M in 3Q2014 to $79.1M in 4Q2014. The increase in revenue in 4Q2014 was primarily due to bigger deals closed by the IT Division.

For 12M2014, the IT business accounted for 91.2% of Group revenue, while the PCB business accounted for the remaining 8.8% of Group revenue.

FINANCIAL REVIEW >>

PCB Business

Revenue in this segment increased by 38.8% or $1.9M, from $4.9M in 4Q2013 to $6.8M in 4Q2014. Comparing 4Q2014 to 3Q2014, revenue in this division decreased by 15.0% or $1.2M from $8.0M in 3Q2014 to $6.8M in 4Q2014. The decrease is mainly due to one of our customers losing a contract, therefore causing a reduction in outsourcing capacity to us.

IT Business

The IT business reported a quarterly revenue of $72.3M in 4Q2014, a decrease of 6.0% or $4.6M, from $76.9M in 4Q2013. On a full year basis, this business grew by 10.4% or $25.0M, from $240.9M in 12M2013 to $265.9M in 12M2014. The growth was mainly due to bigger deals closed and the improvement of the economy.

Comparing 4Q2014 to 3Q2014, revenue increased by 9.7% or $6.4M, from $65.9M in 3Q2014 to $72.3M in 4Q2014.

PROFIT BEFORE TAX ("PBT")

The Group registered a PBT of $3.8M in 4Q2014, as compared to a PBT of $2.7M in 4Q2013.

The increase in PBT was due to the following:

(1) An increase of $1.0M in gross profit mainly due to an increase in gross profit margin by 1.7 percentage points from 13.8% in 4Q2013 to 15.5% in 4Q2014. The increase in gross profit margin was mainly due to increase in turnover in the high operating leverage PCB Business. Given the fixed cost of depreciation on laser and mechanical drilling machines, the gross margin is particularly sensitive to changes in production volumes;

(2) A decrease in allowance for inventory obsolescence from $1.7M in 4Q2013 to $326,000 in 4Q2014. The decrease was mainly due to tapering off of the impact from the change in stock provision estimate introduced during Year 2013, coupled with improved controls in inventory management;

(3) Foreign exchange gain of $228,000 in 4Q2014 as compared to foreign exchange loss of $625,000 in 4Q2013 mainly because of appreciation of USD and RMB against SGD;

(4) Gain on disposal of plant and equipment of $12,000 in 4Q2014 as compared to loss on disposal of plant and equipment of $101,000 in 4Q2013; and

(5) Interest expense decreased from $188,000 in 4Q2013 to $139,000 in 4Q2014.

The improvement in PBT was however affected by the following:

(1) Increase in depreciation cost from $1.0M in 4Q2013 to $1.4M in 4Q2014 mainly due to appreciation of RMB against SGD;

(2) Allowance for doubtful third parties receivables of $156,000 in 4Q2014 as compared to a reversal in allowance for doubtful third parties receivables of $276,000; and

(3) An increase in inventory written off of $155,000 from $128,000 in 4Q2013 to $283,000 in 4Q2014.

Comparing 4Q2014 to 3Q2014, the Group PBT stood at $3.8M in 4Q2014 as compared to $2.2M in 3Q2014 mainly due to higher revenue attained in 4Q2014.

FINANCIAL REVIEW >>

PROFIT AFTER TAX ("PAT")

Group PAT increased from a profit of $2.3M in 4Q2013 to a profit of $3.4M in 4Q2014. Comparing 4Q2014 to 3Q2014, net profit after tax increased from a profit of $1.4M in 3Q2014 to profit of $3.8M in 4Q2014. This was largely in line with the increase in PBT.

Income tax expenses comprised mainly current income tax and deferred tax of the Company and its subsidiaries.

STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items for the financial year ended 31 December 2014.

Cash and cash equivalents at the Group level increased by $3.1M from $40.5M to $43.6M. The increase was mainly due to collection from customers net of payment to vendors. At the Company level, cash and cash equivalents increased from $1.9M to $11.1M. The increase was mainly due to capital return from a subsidiary.

Trade and other receivables of the Group increased by $4.3M from $72.4M to $76.7M, due to longer credit term for certain big projects. The increase at the Company level by $9.4M from $22.9M to $32.3M was mainly due to advances to a subsidiary.

Inventories at the Group level increased by $3.3M from $30.2M to $33.5M mainly due to the increase in IT inventories. The increase in inventory level is in line with the growth of the IT business in Singapore and regionally.

Investments in subsidiaries at Company level decreased by $25.2M from $56.5M to $31.3M mainly due to capital reduction in one subsidiary, liquidation of another subsidiary and impairment loss on investment in subsidiaries.

Investment in an associated company at Group level decreased by $250,000 from $474,000 to $224,000 mainly due to share of losses for 12M2014. Investment at the Company level is accounted for at cost, as opposed to the equity method at the Group level.

Property, plant and equipment decreased by $3.8M from $27.4M to $23.6M at the Group level mainly due to depreciation charge and disposals of plant and equipment net of purchase of new plant and equipment. The increase at the Company level was mainly due to purchase of new plant and equipment from China subsidiaries, net of depreciation charge.

Available-for-sale investment refers to purchase of keyman insurance.

Prepayment increased from $0.9m to $1.6m at the Group level mainly due to prepaid insurance premium. Prepayment at Company level was mainly due to prepaid insurance premium.

Trade and other payables increased by $1.8M from $57.6M to $59.4M at the Group level due mainly to longer credit terms given by vendors in support of certain big projects. The increase at Company level is mainly due to payment made on behalf by a subsidiary.

Borrowings increased at Group and Company level mainly due to drawdown of short-term loans to finance the operation of the Group and term loan to finance the available-for-sale investment.

INDEBTEDNESS

The amount of Group's borrowings is as set out below:

Year Ended ($'000)	2014	2013
Due within 1 year:		
Bank borrowings	33,506	29,207
Finance leases	129	121
	33,635	29,328
Due after 1 year:		
Bank borrowings	3,333	1,301
Finance leases	165	299
	3,498	1,600
Total debt	**37,133**	**30,928**
Debt equity ratio	0.41	0.36
Debt interest cover	0.38	0.30

Working capital of the Group stood at $63.5M and $58.1M as at 31 December 2014 and 31 December 2013 respectively. The increase was mainly due to the increase in inventory, trade and other receivables and cash and cash equivalents.

At the Company level, working capital stood at $28.0M and $10.7M as at 31 December 2014 and 31 December 2013 respectively. Current assets at the Company level as at 31 December 2014 comprised mainly trade and other receivables of $32.3M, and this increased by 41.0% from $22.9M as at 31 December 2013 mainly due to advance to a subsidiary. Cash and cash equivalents increased by $9.2M from $1.9M as at 31 December 2013 to $11.1M in 31 December 2014 mainly due to capital return from a subsidiary. Current liabilities comprised mainly bank borrowings and trade and other payables. Bank borrowings comprised mainly short term loans to finance the working capital expenditure of the Company and its subsidiaries.

FINANCIAL REVIEW >>

CASH FLOW ANALYSIS

The movement in cash and cash equivalents is set out as follows:

Year Ended ($'000)	2014	2013
Cash flows provided by/(used in) operating activities	4,193	(5,550)
Cash flows used in investing activities	(1,227)	(250)
Cash flows (used in)/provided by financing activities	(8,663)	5,747
Net decrease in cash and cash equivalents	(5,697)	(53)
Cash and cash equivalents at beginning of the financial year	38,870	37,605
Effect of exchange rate changes on cash and cash equivalents	545	1,318
Cash and cash equivalents at end of the financial year	**33,718**	**38,870**

Net cash of $4.2M was generated from operating activities in 12M2014, as opposed to net cash of $5.6M used in 12M2013. This was mainly due to higher profit before tax in 12M2014 and a lower level of increase in trade and other trade receivables as at 31 December 2014.

Net cash of $1.2M was used in investing activities in 12M2014, as opposed to $250,000 used in 12M2013. The changes were mainly due to purchase of available-for-sale investment of $520,000, purchase of plant and equipment of $1.0M net of proceeds from disposals of plant and equipment and financial assets of $276,000 in 12M2014 as compared to purchase of plant and equipment of $1.1M, net of proceeds from disposals of plant and equipment and financial assets of $882,000 in 12M2013.

Net cash of $8.7M was used in financing activities in 12M2014 as compared to $5.7M generated in 12M2013. This was mainly due to the increase of $8.3M in pledged fixed deposits, repayment of bank borrowings of $69.4M and dividend payment of $3.0M net of proceeds from bank borrowings of $72.6M in 12M2014, as compared to a lift in pledged fixed deposits of $5.1M, proceeds from bank borrowings of $82.1M, net of repayment of bank borrowings of $76.7M and dividend payment of $4.0M in 12M2013.

Cash and cash equivalents stood at $33.7M as at end of 31 December 2014, down from $38.9M as at the end of 31 December 2013.

VALUE ADDED STATEMENT

Year Ended	2014	2013
	$'000	$'000
Sales	291,664	262,736
Purchase of goods & services	(249,370)	(224,176)
Gross value added from operations	42,294	38,560
Other operating income	2,251	2,778
Share of results of an associate before tax	(250)	(143)
Exchange gain/(loss)	847	(2,048)
Total value added	45,142	39,147
Distribution:		
To employees in salaries & other staff related costs	32,068	30,210
To government in corporate and other taxes	1,976	2,200
To providers of capital		
– Finance costs	543	541
Retained in the business		
– Depreciation	5,160	5,585
– Non-controlling interests	555	515
– Retained earnings	4,840	96
Total distribution	45,142	39,147
Productivity Data		
Average numbers of employees	970	1,004
Sales per employee ($'000)	301	262
Value added per employee ($'000)	47	39
Value added per $ employment cost	1.41	1.30
Value added per $ net sales	0.15	0.15

INVESTOR RELATIONS

Multi-Chem recognises the importance of good investor relations and has made positive strides in this area. The Company has been keeping shareholders and the investing community updated on the key developments of the Group through regular announcements on SGXNET.

Multi-Chem has always made efforts to announce our results early. The Company continues to announce its quarterly results to provide investors prompt quarterly updates of financial and business developments of the Group.

The Company has its own corporate website www.multichem.com.sg while its IT security arm has its own website www.mtechpro.com to provide information on its products and services.

The Company will respond within two working days to all calls and emails requesting for information.

Investors are encouraged to refer to the investor guides on SGX website in regards to how to read annual reports and how to prepare for Annual General Meeting.

We will continue to place emphasis on good investor relations and make efforts on improving the information flow so that awareness about the Group and its business can be built.

INFORMATION ON EMPLOYEES

As at 31 December 2014

Human Resource is the single most important asset in the Group and the people we have determines the character of the Group.

Our employees are key resources and we aim to recognise and reward capable and dedicated staff. Rewards are linked directly to employee's performance, contribution to the Company and responsibility level.

Promising employees are given the opportunity to work for a period in our overseas subsidiaries to further enhance their experience. Selected employees are also given the opportunity to attend local or overseas trade shows or vendors' events to learn more about the products and to network.

The Group conducts half yearly appraisal to evaluate the performance of staff and provides staff with a sense of self-awareness to undertake training that will improve their skills and abilities.

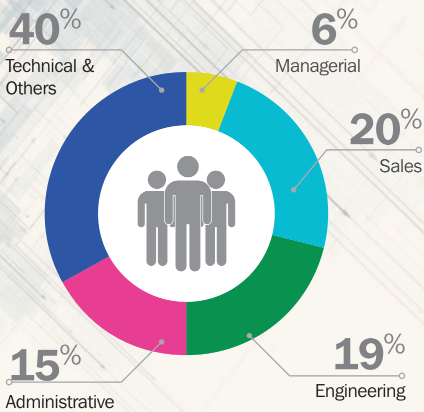
The Manufacturing Services Division is in a business which is capital intensive and that further requires our employees to have the necessary knowledge in operating the machinery and equipment. Selected employees are sent for training conducted by machine manufacturers to learn about the operations, capability and maintenance of the equipment.

In the IT Business, selected employees are sent for training by our vendors, as well as attached to our customers' production lines in the region for on-the-job training. The employees of the M.Tech group are also given regular product updates and technical training both in-house and by our vendors. In 2014 a total of 39 long service awards were given out to employees with five years, ten years, fifteen years and twenty years continuous employment record.

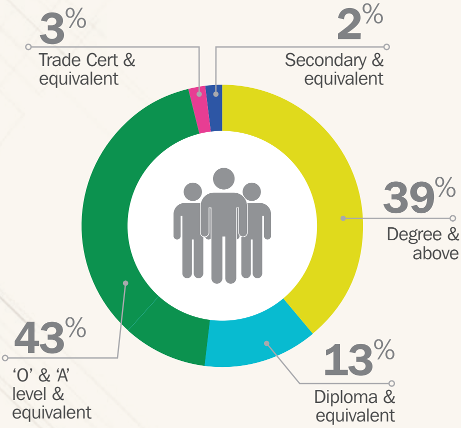
The amount spent on employees providing them with on-the-job training, in-house and external training amounted to approximately $114,000 (2013:$154,000).

INFORMATION ON EMPLOYEES >>

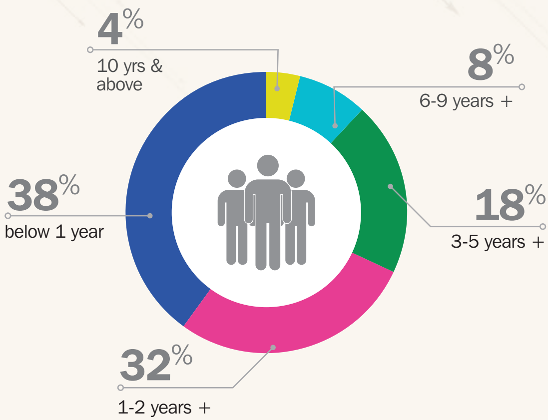
Breakdown by Job Group



Breakdown by Education Qualification



Breakdown by Years of Service



Number of Employees as at 31 December 2014

	Singapore	China	ASEAN	Others	Total
PCB Business	32	424	–	–	456
IT Business	137	78	221	98	534
Total	169	502	221	98	990

CORPORATE GOVERNANCE REPORT >>

Corporate governance refers to the processes and structure by which the business and affairs of the Company are directed and managed. The Board recognises that sound corporate governance is an essential part of good business practices and corporate accountability. Accordingly, the Company has adopted measures and practices set out in the Code of Corporate Governance 2012 ("2012 Code"). Deviations from the 2012 Code, if any, are explained in the report below.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board is responsible for setting the Group's strategic vision, direction and long-term goals, management and internal control, approval of major projects and significant financing matters, and approval of the release of the quarterly reports. The Board works closely with the management. All Directors make objective decisions in the fiduciary interests of the Company.

The Board has delegated certain functions to various Board committees, namely the Audit Committee ("AC"), the Nominating Committee ("NC") and the Remuneration Committee ("RC"). Each of the Committees has the authority to examine particular issues and report to the Board with their recommendations. The ultimate responsibility lies with the Board.

Matters that are reserved for the Board include broad policy decisions, material acquisitions and disposals of assets, approval of the nomination of Directors, announceable matters to the Singapore Exchange Securities Trading Limited ("SGX-ST"), proposal of dividends, approval of Directors' Report and Statement by Directors and audited financial statements, corporate or financial restructuring and other significant corporate actions. In lieu of physical meetings, written resolutions were also circulated for approval by the Directors.

Board approval has to be sought for transactions not in the ordinary course of business if any such transaction exceeds $2.0M in value. To facilitate operational efficiency, Board approval would not be required for day-to-day decisions and matters that are operational in nature, even though such single transaction may exceed $2.0M in value.

The Company, assisted by the corporate secretarial firm, Tricor Evatthouse Corporate Services, provides the Board with regular updates of the latest governance and listing policies. The Board also receives relevant training, if required, on changes in the business environment, relevant new laws, regulations and changing commercial risk. The Board has approved an annual training budget for each Director to attend relevant training and professional development programs. During the year, the Board was briefed on the latest changes to the Listing Manual requirements , developments in accounting by the external auditor, updates on internal controls from the internal auditor and business development from the Chief Executive Officer.

Any newly appointed Director will be given briefings on the business activities of the Group, its strategic directions, governance practices and Director's duties and obligations. They will be given the opportunity to visit the Group's operational facilities to gain a better understanding of the Group's business operations. Mr Foo Maw Shen was appointed to the Board on 31 July 2014. He was briefed by the Chief Executive Officer on the Group's activities.

The Board meets at least on a quarterly basis to coincide with the announcement of the Group's quarterly results. Where circumstances require, the Board will arrange for telephonic and videoconference meetings. Non-executive Directors are encouraged to meet regularly without management present. In 2014, the non-executive Directors met without management before half year results meeting.

Minutes of all Board Committee and Board Meetings are circulated to its members for review and confirmation. These minutes enable Directors to be kept abreast of matters discussed at such meetings. The number of board meetings held in 2014 and the attendance of every board member at the Board meetings and respective Board Committees meetings are disclosed as follows:

Name of Director	Board		AC		RC		NC	
	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended	No. of meetings held	No. of meetings attended
Lim Keng Jin (Chairman, Non-executive and Independent Director)	4	4	4	4	1	1	1	1
Foo Suan Sai (Chief Executive Officer)	4	4	–	–	–	–	1	1
Han Juat Hoon (Chief Operating Officer)	4	4	–	–	–	–	–	–
Chew Thiam Keng (Non-executive and Independent Director)#	2	0	2	0	1	0	1	0
Wong Meng Yeng (Non-executive and Independent Director)	4	4	4	4	1	1	1	1
Neo Mok Choon* (Non-executive and Independent Director)	4	4	4	4	0	0	0	0
Foo Maw Shen+ (Non-executive and Independent Director)	2	2	2	2	0	0	0	0

Resigned on 30 April 2014.

* Appointed as Chairman of Nominating Committeee and member of the Remuneration Committeee on 30 April 2014.

+ Appointed on 31 July 2014.

Principle 2: Board Composition and Guidance

Currently, the Board consists of six members, out of whom four are non-executive and independent Directors. There is a strong and independent element on the Board.

The independence of each Director is reviewed annually by the NC. The criterion of independence is based on the guidelines provided in the 2012 Code. The NC will look into the ability of the independent Directors to represent the minority shareholders and to exercise judgement without being influenced by relationships or transactions with the management and/or companies within the Group. Among the items the NC considers while reviewing the independence are:–

1. Whether there is any business arrangement or relationship between the independent Director and the management and/or the Group;

2. If yes, the nature of such arrangement and whether such arrangement constitutes a conflict of interest and is likely to compromise the independent decision making ability of that Director;

3. Whether there is any relationship between the independent Director and the management or key individuals within the Group, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgment with a view to the best interests of the Company and Group;

4. Whether the independent Director has a conflict of interest, e.g. by participating in the boards of the Group's customers, suppliers or competing businesses.

An independent Director shall notify the Company Secretary immediately of any change in circumstances that may result in him not being able to meet the criteria for independence. The Board may, after considering the change in circumstances, require the resignation of the Director.

The independent Directors are not employees of any company within the Group and they bring diverse experience to the Company's decision-making process. Apart from receiving Director's fees, they do not have any other material pecuniary relationship or transactions with companies within the Group or the management, which in the judgement of the Board may affect their independence of judgement.

The independence of each Independent Director is assessed annually by the NC. Particular attention is given to review and assess the independence of any director as at FY2014 who has served beyond 9 years from the date of appointment. Mr Wong Meng Yeng and Mr Lim Keng Jin have served the Board beyond 9 years and they were subject to rigorous review. The Board has conducted a review of the performance of each of the two Independent Directors based on a set of criteria. The Board had rigorously reviewed and agreed that the directors concerned had participated, deliberated and expressed their views independently at all times, presented objective and constructive challenges to the assumptions and viewpoints by Management and the Board has benefited from valuable insight from the presence of the directors concerned who have over time gained valuable insight into the Group and its markets. The Board had also considered there is no need for progressive refreshing of the Board currently. The Board considers that each of the Directors concerned brings invaluable expertise, experience and knowledge to the Board. The Directors concerned, who are familiar with the business, will continue to contribute positively to the deliberation of the Board and Board Committees. The independence of character and judgement of each of the Directors concerned was not in any way affected or impaired by the length of service. The Board has determined that Mr Wong Meng Yeng and Mr Lim Keng Jin remained independent of character and judgement. The Board is satisfied that Mr Wong Meng Yeng and Mr Lim Keng Jin can continue to discharge their duties objectively. No NC member is involved in the deliberation in respect of his independence.

The Board comprises Directors who are of diverse professions. These include accounting or finance, legal, business or management experience, engineering and banking. Key information regarding the Directors' academic and professional qualifications and other appointments is set out on page 4,5 and 41 of the Annual Report.

The Board is of the view that its size is appropriate for effective decision making taking into account the scope and the nature of the operations of the Company. Apart from the diversity of skills and experiences, the Board is also not uni-gender.

No individual or small group of individuals dominate the Board's decision making process.

Principle 3: Chairman and Chief Executive Officer ("CEO")

As a principle of good corporate governance, when the Group's turnover exceeded $100M, the roles of Chairman and Chief Executive Officer were separated. The Chairman of the Company is Mr Lim Keng Jin who is an independent Director while Mr Foo Suan Sai is the Chief Executive Officer.

As Chairman of the Board, Mr Lim Keng Jin's role includes:

- Scheduling of meetings that enables the Board to perform its duties while not interfering with the flow of the Company's operations;
- Setting meeting agenda;
- Exercising control over quality, quantity and timeliness of the flow of information between management and the Board;
- Assisting in ensuring compliance with the Company's guidelines on corporate governance; and
- Encouraging constructive relations between executive Directors and non-executive Directors and facilitating the effective contribution of non-executive Directors in particular.

The Chief Executive Officer, Mr Foo Suan Sai manages the business of the Company, sets business strategies and direction for the Group and implements the Board's decisions. Mr Foo Suan Sai also provides business updates to the Board and shares strategy and goals.

BOARD COMMITTEES

Principle 4: Board Membership

Board membership is under the purview of NC which comprises Mr Neo Mok Choon as Chairman. Mr Lim Keng Jin, Mr Foo Suan Sai, Mr Wong Meng Yeng and Mr Foo Maw Shen are members of NC. A majority of the NC is independent, including the NC Chairman.

The NC has written terms of reference that describe its objectives, duties and responsibilities. The objectives of the NC is to maintain an effective Board and ensuring that only competent individuals capable of contributing to the success of the Company are appointed. The NC's main functions as defined in the written terms of reference are as follows:

(a) make recommendations to the Board on all board appointments;
(b) assess the effectiveness of the Board as a whole and the effectiveness and contribution of each Director to the Board;
(c) determine annually whether or not a Director is independent;
(d) recommend re-nomination and re-election of Directors; and
(e) review training and professional development programs for the Board.

The Board agreed that directors with multiple listed company board representation and other principal commitments were able to and have been adequately carrying out their duties as a Director of the Company.

Where new appointments are required, the NC will consider recommendations for new Directors, review their qualifications and meet with such candidates before a decision is made on a selection. The Board was of the view that the skills and knowledge of each Director contributes to the core competencies of the Board. The NC promotes transparency in the selection and appointment of new Board members as well as their subsequent re-nomination/re-election.

The NC has reviewed and determined that Mr Wong Meng Yeng, Mr Lim Keng Jin, Mr Neo Mok Choon and Mr Foo Maw Shen are independent as at the date of this Annual Report and their experience in finance, business, law and engineering enables them to exercise objective judgement on corporate affairs independently.

A member who wishes to retire or resign should provide sufficient notice to the Company so that a replacement may be appointed before he leaves. In the event of any vacancy in the NC, the Company shall endeavour to fill the vacancy within two months, but in any case not later than three months.

The NC had recommended to the Board that Mr Neo Mok Choon and Mr Foo Maw Shen be nominated for re-election at the forthcoming Annual General Meeting ("AGM"). In reviewing for re-nomination/re-election, NC has considered criteria such as the Director's contribution and performance, attendance, preparedness, participation and candour and if applicable, assessment of the Director's independence. The Committee should also decide whether the Director under review has been adequately carrying out his/her duties as Director of the Company. All Directors have to submit themselves for re-nomination/re-election at regular intervals or at least once every three years in accordance with the Company's Articles of Association. Although the non-executive Directors hold directorships in other companies which are not in the Group, the Board is of the view that such multiple board representations do not hinder them from carrying out their duties as Directors. These Directors will widen the experience of the Board and give it a broader perspective.

Key information regarding the Directors of the Company are disclosed as follows:

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/ Chairmanship both present and those held over the preceding three years in other listed company
Foo Suan Sai	30 September 1988	–	Chief Executive Officer	Member of Nominating Committee	None
Han Juat Hoon	16 May 1987	30 April 2014	Chief Operating Officer	None	None
Wong Meng Yeng	5 January 2000	30 April 2014	Independent Director	Chairman of Audit Committee, Member of Nominating Committee and Remuneration Committee	KS Energy Services Limited Baker Technology Limited Keong Hong Holdings Limited
Lim Keng Jin	29 April 2005	30 April 2014	Independent Director and Chairman	Chairman of Remuneration Committee, Member of Audit Committee and Nominating Committee	G.K. Goh Holdings Limited
Neo Mok Choon*	1 August 2012	29 April 2013	Independent Director	Chairman of Nominating Committee, Member of Audit Committee and Remuneration Committee	None
Foo Maw Shen#	31 July 2014	-	Independent Director	Member of the Audit Committee, Nominating Committee and Remuneration Committee	None

* Appointed as Chairman of Nominating Committee and a member of the Remuneration Committee on 30 April 2014.

\# Appointed as Independent Director, a member of Audit Committee, Nominating Committee and Remuneration Committee on 31 July 2014.

Details of other principal commitments of the Directors have been set out in page 4 and 5 of this Annual Report.

Principle 5: Board Performance

The Board's performance is ultimately reflected in the performance of the Group. The Board shall, at all times, act honestly and use reasonable diligence and care in the discharge of the duties of their office. They have to carry their duties in the best interests of the Company and its shareholders. Board members must attend at least 75% of all Board Meetings.

The NC has established an appraisal process to assess the performance and effectiveness of the Board annually as a whole and assessing the contribution by each individual Director to the effectiveness of the Board. Each Director is required to complete a questionnaire which is not changed from year to year. It focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information, Board processes and accountability, and the Board's performance in relation to discharging its principal responsibilities. The findings of such evaluations were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board. The Board was updated on the analysis of such evaluations. The assessment on the effectiveness of Board Committees had been included in the Board assessment.

Performance of Board members is also evaluated informally on a continual basis by the NC according to their contribution during meetings and also their input to the Company on e.g. corporate governance, legal or accounting matters, based on their individual expertise.

The NC is of the opinion that the above performance evaluation criteria are currently adequate.

Principle 6: Access to Information

In order to ensure that the Board is able to fulfill its responsibilities, the Company circulates the reports relating to operational and financial performance of the Group and Company prior to the Board meetings held quarterly. Additional reports are also available upon request. Where a physical meeting is not possible, timely communication with members of the Board is effected through electronic means which include electronic mail and teleconferencing. Monthly management accounts are also provided to the Directors.

The Directors have also been provided with the phone numbers and email particulars of the key management personnel and Company Secretary for separate and independent access.

The Board will refer issues to the AC for opinion on whether any independent advice is necessary. Should any independent advice be required, the cost of such professional advice will be borne by the Company.

The role of the Company Secretary was clearly defined and reported to the Board. It includes responsibility for ensuring Board procedures are followed and that applicable rules and regulations are complied with. The Company Secretary shall attend all Board Meetings. The appointment and the removal of the Company Secretary is a matter for the Board as a whole.

REMUNERATION COMMITTEE

Principle 7: Remuneration Matters

The RC comprises three members, who are all independent Directors. The RC is chaired by Mr Lim Keng Jin, an independent Director. Mr Wong Meng Yeng, Mr Neo Mok Choon and Mr Foo Maw Shen are members of the RC. The RC meets at least once a year. The RC has a written terms of reference that describe its objectives, duties and responsibilities. The objectives of the RC are to facilitate appropriate transparency and accountability to shareholders and make recommendations to the Board on remuneration matters of the Director, CEO and key management personnel.

The RC's main responsibilities as written in the terms of reference include:-

(a) recommending to the Board, a framework of remuneration for the Board and the key management personnel of the Group covering all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, share options, benefits-in-kind and specific remuneration packages for each Director and key management personnel;
(b) reviewing the remuneration packages with the aim of building capable and committed management teams through competitive compensation and focused management and progressive policies and considering long-term incentives.

The RC reviews the performance of the Chief Executive Officer, Chief Operating Officer and key management personnel, as well as reviewing and approving executive remuneration including but not limited to Directors' fees, salaries, allowances, bonuses and benefits. The recommendations from the RC will be submitted for endorsement by the entire Board. No RC member or any Director is involved in deliberation in respect of any remuneration, compensation or any form of benefits to be granted to him/her.

If necessary, the RC may seek expert advice inside and/or outside the Company on remuneration of all Directors.

Principle 8: Level and Mix of Remuneration

The executive Directors, Mr Foo Suan Sai and Mdm Han Juat Hoon, are also the substantial shareholders of the Company. Their interests are therefore in line with the Company's interest. Remuneration of these executive Directors is in accordance with their service contracts. There is a linkage between remuneration paid to executive Directors and performance of the Company based on a profit sharing scheme. The profit sharing scheme is approved by the Board with the concurrence of the Remuneration Committee on an annual basis.

Remuneration of non-executive Directors takes into account the effort and time spent, including the responsibilities of each Director. Non-executive Directors are paid Directors' fees, which are subjected to approval of the Shareholders at the AGM.

The Board comprises independent Directors who hold shares in the Company and their interests are aligned with the interests of shareholders.

The Company currently does not have any share option scheme or any long term scheme in place. The Company currently does not have any contractual provisions to allow the Company to reclaim incentive from executive directors and key management personnel in exceptional cases of misstatement of financial results, or of misconduct resulting in financial loss to the Company.

Principle 9: Disclosure on Remuneration

Remuneration is fixed in accordance with the experience of the person in question, the role performed, market comparison, the contribution of the individual and/or the performance of the Company.

The number of Directors whose remuneration falls within the following bands:

	2014	2013
$750,000 to below $1M	**1**	1
$500,000 to below $750,000	**1**	1
Below $250,000	**4**	4
Total	**6**	6

The annual remuneration bands (in Singapore Dollars) of the Directors and the key management personnel as at 31 December 2014 are set out below:

FY2014	Base Salary%	Variable Bonus%	Profit Sharing %	Benefits %	Fees %	Total %
Directors $750,000 to below $1.0M						
Foo Suan Sai	81	-	17	2	-	100
$500,000 to below $750,000						
Han Juat Hoon	77	-	19	4	-	100
Below $250,000						
Wong Meng Yeng	-	-	-	-	100	100
Lim Keng Jin	-	-	-	-	100	100
Neo Mok Choon	-	-	-	-	100	100
Foo Maw Shen	-	-	-	-	100	100
Key management personnel $250,000 to below $500,000						
Goh Tian Keong Winston	49	-	22	29	-	100
Lim Kok Soon Rayson	68	32	-	-	-	100
Wong Yoke Hean	93	-	-	7	-	100
Below $250,000	-	-	-	-	-	100
Foo Fang Yong	100	-	-	-	-	100
Koh Henry	76	15	-	9	-	100
Pui Boon Tiong Eugene	61	24	-	15	-	100
Yang Wen Kuai	74	11	-	15	-	100

For competitive reasons, the Company is not disclosing each individual Director's remuneration. Instead, the Company is disclosing the remuneration of each Director in bands of S$250,000. The Group remunerates its key management personnel competitively. To maintain confidentiality of staff remuneration and to prevent poaching of key management personnel, the Company shall not disclose the aggregate remuneration paid to the key management personnel of the Group in this report.

Remuneration of Mr Foo Suan Sai and Mdm Han Juat Hoon are in accordance with their respective service contracts with the Company, which is renewed annually unless terminated by either party giving not less than three months notice to the other. For the key management personnel, the remuneration is based on their respective employment contract with the Company and fixed based on the above factors as well as negotiation between the parties concerned.

The total remuneration of employees who are related to the substantial shareholders is subject to annual review and approval of the RC. For FY2014, the total remuneration paid to these employees amounted to $285,848 (2013: $298,379).

Mr Foo Fang Yong is a son of Mr Foo Suan Sai, the Chief Executive Officer. He is the General Manager of the Company and Director of the Company's subsidiary, M.Tech Products Aust Pty Limited. The remuneration of Mr Foo Fang Yong is in the band of S$150,000 to S$200,000. Save as disclosed, there were no employees who were immediate family members of a Director or the Chief Executive Officer and whose remuneration exceeds S$50,000 during FY2014.

The Company does not have any employee share schemes.

ACCOUNTABILITY AND AUDIT

Principle 10: Accountability

The Board is accountable to the shareholders and the management is accountable to the Board. The Board is provided with management accounts and such explanation and information to assess the Group's performance and make informed decisions.

The Company has adopted quarterly results reporting since the third quarter of 2002. For its financial reporting, the Company will continue to provide a balanced and understandable assessment of the Group's performance, position and prospects on a quarterly basis.

The Board takes adequate steps to ensure compliance with regulatory requirements.

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk and sets the tone and direction for the Group in the way risks are managed in the Group's businesses. The Board has ultimate responsibility for approving the strategy of the Group in a manner which addresses stakeholders' expectations and does not expose the Group to an unacceptable level of risk.

The Board approves the key risk management policies and ensures a sound system of risk management and internal controls and monitors performance against them. In addition to determining the approach to risk governance, the Board sets and instills the right risk focused culture throughout the Group for effective risk governance.

The Board has approved a Group Risk Management Framework for the identification of key risks within the business which is aligned with the ISO 31000:2009 Risk Management framework.

The Audit Committee oversees risk governance which includes the following roles and responsibilities:
- proposes the risk governance approach and risk policies for the Group to the Board;
- reviews the risk management methodology adopted by the Group;
- reviews the strategic, financial, operational, regulatory, compliance, information technology and other emerging risks relevant to the Group identified by management; and
- reviews management's assessment of risks and management's action plans to mitigate such risks.

Management presented a report for the FY2014 to the Audit Committee and the Board on the Group's risk profile, the status of risk mitigation action plans and the results of various assurance activities carried out on the adequacy of Group's risk management and internal controls including financial, operational, compliance and information technology controls. Such assurance activities include control self-assessment performed by Management, internal and external audits performed by internal and external auditors.

The Board has obtained a written confirmation from the Chief Executive Officer ("CEO") and Financial Controller ("FC"):
(a) that the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
(b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group's internal control system including financial, operational, compliance and information technology controls, were adequate and effective for the financial year ended 31 December 2014.

Based on the Group Risk Management Framework established and the work performed under the framework, the Board is satisfied that the risk management system in place is adequate and effective.

The Board notes that system of internal controls and risk management established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Principle 12: Audit Committee

The AC comprises four members, all are independent Directors. The AC is chaired by Mr Wong Meng Yeng. The other AC members are Mr Lim Keng Jin, Mr Neo Mok Choon and Mr Foo Maw Shen. The AC members have accounting or related financial management expertise and experience. The NC is of the view that the members of the AC have the necessary expertise and experience to discharge its functions. The objectives of the AC are to safeguard the Company's assets, maintain adequate accounting records and develop and maintain effective systems of internal control.

The AC has a set of written terms of reference defining its scope of authority and duties which includes:

- To review the scope and results of the audit, whether it is cost effective and the independence and objectivity of the external auditors on an annual basis;
- To make recommendations to the Board on the appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors;
- To review with the external auditors on their audit report, management letter and management's response;
- To review the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcement relating to the Company's financial performance;
- To review the quarterly, half-yearly and annual financial statements before submission to the Board;
- To review the assistance given by the management to the auditors;
- To make recommendations to the Board for the appointment, re-appointment and removal of internal auditors, and approve the terms of engagement and remuneration;
- to approve the hiring, removal, evaluation and compensation of the accounting/ auditing/ professional service firm to which the internal audit function is outsourced;
- To review with the internal auditors the scope of the internal audit and results of the internal audit report and management's response;
- To review the adequacy of the Company's internal controls and procedures with the internal auditors;
- To review interested party transactions periodically;
- To review the policy and arrangement by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- To oversee risk governance (refer to detailed disclosure under principle 11).

During the year, the AC has reviewed the scope and quality of the audits and independence and objectivity of the external auditors. The AC is satisfied that the external auditor, Messrs BDO LLP is able to meet the audit requirements and statutory obligation of the Company. The AC shall continue to review the scope and results of the external audit, its cost effectiveness and the independence and objectivity of the external auditors.

During the review of all audit and non-audit services provided by the external auditors, Messrs BDO LLP during the year, the AC noted there were no non-audit services provided by Messrs BDO LLP. The AC is satisfied with the independence of the external auditors. The AC has recommended to the Board the re-appointment of Messrs BDO LLP as the Company's external auditors at the forthcoming AGM. Details of the audit and non-audit fees are available on page 123.

The Board and the AC are satisfied that the appointment of different auditors for its overseas incorporated subsidiaries would not compromise the standard and effectiveness of the audit of the Company. The Company is therefore in compliance with Rule 712 and Rule 715 of the Listing Manual of SGX-ST.

The AC meets at least four times a year. The AC meetings are attended by external auditors and where required, internal auditors and appropriate members of the executive management are invited to attend its meetings. In FY2014, the AC carried out the activities as set out above. The AC meets the auditors without the presence of management at least once annually. For FY2014, the AC met the external auditors and the internal auditors without the presence of management on 30 October 2014. The AC received updates on changes in accounting standards and corporate governance from the external and internal auditors periodically.

The Company has put in place a whistle-blowing framework, endorsed by the AC, where employees of the Company may, in confidence, raise their concerns over any wrongdoing within the Company relating to unlawful conduct, financial malpractice or dangers to the public or the environment. Details of the whistle-blowing policies and arrangements have been made available to all employees.

Other information pertaining to the AC is disclosed on page 38 of the Annual Report.

Principle 13: Internal Audit

The Group outsources its internal audit function to Messrs Yang Lee & Associates ("YLA or "IA"). The IA reports directly to the AC and internal control weaknesses identified during the internal audit reviews and the recommended corrective actions are reported to the AC periodically.

The AC reviews and approves the internal audit scope and plan to ensure that there is sufficient coverage of the Group's activities. It also oversees the implementation of the internal audit plan and ensures that Management provides the necessary co-operation to enable the IA to perform its function.

The IA is guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) issued by the Institute of Internal Auditors.

The AC annually reviews the adequacy of the internal audit function to ensure that the internal audits are performed effectively. The AC is satisfied that the IA is staffed by qualified and experienced personnel.

The IA completed three reviews during the financial year ended 31 December 2014 in accordance with the internal audit plan approved by the AC. The Board has adopted the recommendations of the internal auditors set out in the internal audit report.

Principle 14: Shareholder Rights

The Board is accountable to the shareholders and is mindful of its obligation to provide timely and fair disclosure of material information to shareholders, investors and public. The Board treats all shareholders fairly and equitably and seeks to protect and facilitate exercise of shareholders' rights.

The Board allows all shareholders to exercise its voting rights by participation and voting at general meetings. Shareholders were informed about the voting procedures that govern general meetings of shareholders.

The Board will review its Articles of Association from time to time. Where amendment of its Articles of Association is required to align the relevant provisions with the requirements of the Listing Manual of the SGX-ST, shareholders' approval will be obtained.

Principle 15: Communication with Shareholders

The Company aims to engage in regular, effective and fair communication with shareholders, and be as descriptive, detailed and forthcoming as possible.

Its financial results are disclosed on a quarterly basis through SGXNET within the mandatory period and the information is also available on the Company's website www.multichem.com.sg and investor relations site, TodayIR.com.sg. The Company's quarterly announcements were released within 45 days from the close of financial year.

Information on the Company's new initiatives or key developments are first disseminated via SGXNET and also made available on-line to shareholders. Price sensitive information is announced through SGXNET. However, any information that may be regarded as undisclosable material information about the Group will not be given.

Principle 16: Conduct of Shareholder Meetings

All shareholders of the Company receive the Annual Report and notice of AGM. The notice is also advertised in the press and made available on the website. At AGM, the Company encourages shareholder participation and shareholders are given the opportunity to air their views and ask Directors or management questions regarding the Company.

The Company's Articles of Associations allow a member of the Company to appoint one or two proxies to attend and vote instead of the member. The Company also allows shareholders who hold shares through nominees to attend the AGM as observers without being constrained by the two-proxy rule.

At every AGM, the chairpersons of the AC, NC and RC are present and available to address questions. The external auditors are also present to assist the Directors in addressing any relevant queries by shareholders and address shareholders' queries about the conduct of audit and the preparation and content of the auditor's report.

The Company ensures that there are separate resolutions at general meeting on each distinct issue. Each item of special business included in the notice of the meeting will be accompanied by a full explanation of the effects of a proposed resolution. Separate resolutions are proposed for substantially separate issues at the meeting and the Chairman declares the number of proxy votes received both for and against each separate resolution.

Minutes of general meetings include substantial comments or queries from shareholders and responses from the Board and management relating to the agenda of the meeting. These minutes are made available to shareholders upon their request.

DEALINGS IN SECURITIES

The Group has set an internal guideline relating to dealing in the Company's securities by the Company and its officers. The Company and its officers should not deal in the Company's securities

(a) when in possession of unpublished material price sensitive information;
(b) on short term considerations; and
(c) during the period commencing two weeks before the announcement of the Company's first three quarter results and one month before the announcement of the Company's full year results and ending on the date of the particular announcement.

The above mentioned share trading guideline have been disseminated to the Company and its officers (including Directors and employees with access to price sensitive information in relation to the Company's shares). In addition, the guidelines require officers to disclose in writing to the executive Directors on their dealings in the Company's securities.

INTERESTED PERSON TRANSACTIONS

The Company monitors all its interested person transactions and ensures that all transactions with interested persons are reported in a timely manner for review by the AC.

There was no interested party transaction entered into with value more than $100,000 during the financial year. The Company does not have a mandate on Interested Person Transactions.

MATERIAL CONTRACTS

There were no material contracts entered into by the Company or any of its subsidiaries involving the interest of the Chief Executive Officer, any Director or controlling shareholder, either still subsisting at the end of FY2014.

CORPORATE DIRECTORY >>

Chief Executive Officer
Foo Suan Sai

Chief Operating Officer
Han Juat Hoon

General Manager
Foo Fang Yong

Finance, HR & Administration
Lim Kok Soon Rayson
Goh Pei Chen Sandra
Zhao Yu

Purchasing & Logistics
Goh Kie Soon Geraldine
Siow Mee Lin

Distribution Division
Goh Tian Keong Winston
Pui Boon Tiong Eugene
Wong Yoke Hean James

Manufacturing Services Division
Koh Henry
Yang Wen Kuai
Lee Thiam Huat Daniel

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  9-23 Aquavista Building,
  401 Dockland Drive
  Dockland, Victoria 3008, Australia
  Main Line : (61) 3 8615 9300

VIETNAM OFFICE:

- **M-SECURITY TECHNOLOGY VIETNAM COMPANY LIMITED**
  M-SECURITY TECHNOLOGY INDOCHINA PTE. LTD.
  HANOI REPRESENTATIVE OFFICE
  15th Floor, Ladeco Building,
  266 Doi Can street, Ba Dinh district,
  Hanoi, Vietnam
  Main Line : (844) 3935 0970 / 0971
  Main Fax : (844) 3773 8278

- **HO CHI MINH CITY REPRESENTATIVE OFFICE**
  Artex Sai Gon Building,
  236-238 Nguyen Cong Tru,
  District 1, 4th floor Unit 4B
  Ho Chi Minh City, Vietnam
  Main Line : (848) 6290 5418
  Main Fax : (848) 6290 5420

THAILAND OFFICE:

- **M-SOLUTIONS TECHNOLOGY (THAILAND) CO., LTD**
  E-SECURE ASIA CO., LTD.
  25 Bangkok Insurance Building, 21st Floor,
  Sathorn Road, Thungmahamek,
  Sathorn Bangkok 10120
  Main Line : (662) 650 6500
  Main Fax : (662) 677 4166

PHILIPPINES OFFICE:

- **M.TECH PRODUCTS PHILS., INC**
  1100, 88 Corporate Center,
  Valero corner Sedeno Streets,
  Salcedo Village, Makati City,
  1227 Philippines
  Main Line : (632) 908 2583
  Main Fax : (632) 908 2555

- **M-SECURITY TECH PHILIPPINES, INC.**
  Unit 2904, 88 Corporate Center,
  Valero corner Sedeno Streets,
  Salcedo Village, Makati City,
  1227 Philippines
  Main Line : (632) 729 8837/39
  Main Fax : (632) 729 8839 loc 105

TAIWAN OFFICE:

- **M.TECH PRODUCTS TW PTE. LTD. TAIWAN BRANCH**
  3F., No.10, Lane 360, Sec. 1,
  Neihu Rd., Neihu District,
  Taipei City 114, Taiwan (R.O.C)
  Main Line : (886) 2 2659 9128
  Fax : (886) 2 2659 9127

CHINA OFFICE:

- **M.TECH (SHANGHAI) CO.,LTD**
  Room 602, South Building,
  China Merchants Plaza
  No.333, North Chengdu Road
  Jing' an District, Shanghai,
  PRC 200041
  Main Line : (86-21) 6217 1508
  Main Fax : (86-21) 6217 1221

- **BEIJING BRANCH**
  Room 907A,
  Tianchuang Technology Building,
  No.8, Caihefang Road, Haidian District,
  Beijing, PRC 100080
  Main Line : (86-10) 8280 0190
  Main Fax : (86-10) 8280 0180

CORPORATE DIRECTORY >>

- **GUANGZHOU BRANCH**
  Room 2507, Haihang Building,
  No. 8 Linhe Zhong Road, Tianhe District,
  Guangzhou, PRC 510610
  Main Line : (86-20) 8550 1455
  Main Fax : (86-20) 8550 1461

- **SHENZHEN OFFICE**
  Room YZ, 11 Floor, A Block, Haoming
  Fortune Plaza
  No. 7002 Shennan Dadao, Futian District,
  Shenzhen, PRC 518040
  Main Line : (86-755) 2151 7458
  Main Fax : (86-755) 8370 7800

- **HANGZHOU OFFICE**
  Room 1810, Yufeng Building
  No.333, Pingshui Street
  Hangzhou, PRC 310011
  Main Line : (86-571) 8971 4719

HONG KONG OFFICE:

- **M.TECH PRODUCTS (HK) PTE LIMITED**
  Rm 1401, 14/F, Nanyang Plaza
  57 Hung To Rd, Kwun Tong, Hong Kong
  Main Line : (852) 2369 2678
  Main Fax : (852) 2369 2993

INDIA OFFICE

- **M. TECH SOLUTIONS (INDIA) PVT LTD**
  Sri Narayani, NPSR Plaza, No. 25, 3rd Floor,
  7th Cross Road, Vasanthanagara Extn,
  Bangalore 560052
  Main Line : (91-80) 4097 7238
  Main Fax : (91-80) 4097 7238

- **CHENNAI OFFICE**
  New No. 63, Old No. 38,
  Second Floor, Raj Towers
  First Avenue, Ashok Nagar
  Chennai 600083
  Main Line : (91-44) 4502 2391
  Main Fax : (91-44) 4502 2390

- **DELHI OFFICE**
  Unit No.403, 4th Floor, Tower - B,DLF Towers
  No.11, Jasola District Centre
  New Delhi 110025
  Main Line : (91-11) 4100 2960

- **MUMBAI OFFICE**
  Unit No. 501, 5th Floor, Town Centre –II,
  Marol, Sakinaka, Andheri Kurla Road
  Andheri (East), Mumbai 400059
  Main Line : (91-22) 4015 4354
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- **AHMEDABAD OFFICE**
  706, Sakar III, Nr. Income tax office
  Ashram Road, Ahmedabad 380014
  Main Line : (91-79) 2754 2872/3002 6203
  Main Fax : (91-79) 2754 0920

- **PUNE OFFICE**
  Regus Business Centre Pune Pvt Ltd
  Level 2, Connaught Place, Bund Garden Road
  Pune 411001
  Main Line : (91-20) 4014 7575

- **HYDERABAD OFFICE**
  Regus Business Centre Hyderabad Pvt Ltd
  Level 1, Mid Town Plaza
  Road No 1, Banjara Hills
  Hyderabad 500034, Andhra Pradesh, India
  Main Line : (91-40) 4433 4433

NEW ZEALAND OFFICE

- **M.TECH PRODUCTS NEW ZEALAND LIMITED**
  Level 7, 53 Fort Street
  Auckland 1140
  Main Line : (61) 2 8987 0400
  Main Fax : (61) 2 8987 0401

JAPAN OFFICE:

- **M.TECH PRODUCTS JAPAN KABUSHIKI KAISHA**
  C/O Azabu Aiwa & Co Sengoluyama Annex.
  5-3-20 Toranomon, Minato-Ku, Tokyo
  Japan 105-0001
  Main Line : (65) 6516 0088
  Main Fax : (65) 6862 6558

KOREA OFFICE:

- **M.TECH PRODUCTS KOREA LLC**
  211-4 Yongjong-Dong Gyeyang-Gu,
  Incheon, Korea
  Main Line : (65) 6516 0088
  Main Fax : (65) 6862 6558

UK OFFICE:

- **M.TECH PRODUCTS (UK) PTE LTD**
  5th Floor, 52-54 Gracechurch Street,
  London, England, EC3V 0EH,
  United Kingdom
  Main Line : (65) 6516 0052
  Main Fax : (65) 6862 6558

MYANMAR OFFICE:

- **M.TECH PRODUCTS MYANMAR LTD.**
  173/B, Shwegondine Road
  Bahan Township, Yangon, Myanmar
  Main Line : (65) 6516 0088
  Main Fax : (65) 6862 6558

FINANCIAL CONTENTS

REPORT OF THE DIRECTORS >>

The Directors of the Company present their report to the members together with the audited financial statements of the Group for the financial year ended 31 December 2014 and the statement of financial position of the Company as at 31 December 2014.

1. Directors

The Directors of the Company at the date of this report are:

Lim Keng Jin
Foo Suan Sai
Han Juat Hoon
Wong Meng Yeng
Neo Mok Choon
Foo Maw Shen (appointed on 31 July 2014)

2. Arrangements to enable Directors to acquire shares or debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object is to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

3. Directors' interests in shares or debentures

According to the register of Directors' shareholdings kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the "Act"), none of the Directors holding office at the end of the financial year had any interest in the shares or debentures of the Company and its related corporations except as detailed below:

	Shareholdings registered in the name of Directors		Shareholdings in which Directors are deemed to have an interest	
	Balance as at 1 January 2014	Balance as at 31 December 2014	Balance as at 1 January 2014	Balance as at 31 December 2014
	Number of ordinary shares			
Company				
Foo Suan Sai	143,198,500	143,238,500	101,380,500	101,380,500
Han Juat Hoon	101,380,500	101,380,500	143,198,500	143,238,500
Wong Meng Yeng	34,000	34,000	-	-
Neo Mok Choon	-	-	1,490,000	1,490,000

By virtue of Section 7 of the Act, Mr Foo Suan Sai and Mdm Han Juat Hoon are deemed to have interests in the shares of all the subsidiaries of the Company as at the beginning and end of the financial year. Mr Foo Suan Sai is deemed to be interested in the shares held by his wife, Mdm Han Juat Hoon, and vice versa.

3. Directors' interests in shares or debentures (Continued)

In accordance with the continuing listing requirements of the Singapore Exchange Securities Trading Limited, the Directors of the Company state that, according to the register of Directors' shareholdings, the Directors' interests as at 21 January 2015 in the shares of the Company have not changed from those disclosed as at 31 December 2014.

4. Directors' contractual benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or by a related corporation with the Director of the Company, or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except as disclosed in the financial statements. Certain Directors received remuneration from related corporations in their capacity as directors and/or executives of those related corporations.

5. Share options

There were no share options granted by the Company or its subsidiaries during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company or its subsidiaries.

There were no unissued shares of the Company or its subsidiaries under options as at the end of the financial year.

6. Audit committee

The Audit Committee comprises the following members who, including the Chairman, are all non-executive and Independent Directors. The members of the Audit Committee during the financial year and at the date of this report are:

Wong Meng Yeng (Chairman)
Lim Keng Jin
Neo Mok Choon
Foo Maw Shen (appointed on 31 July 2014)

The Audit Committee performs the functions specified in Section 201B (5) of the Act. In performing those functions, the Audit Committee reviewed the audit plans and the overall scope of examination by the external auditors of the Company. The Audit Committee also reviewed the independence of the external auditors of the Company and the nature and extent of the non-audit services provided by the external auditors.

The Audit Committee has reviewed the assistance provided by the Company's officers to the external auditors and the financial statements of the Group and the statement of financial position of the Company as well as the Independent Auditor's Report thereon prior to their submission to the Directors of the Company for adoption and reviewed the interested person transactions as defined in Chapter 9 of the Listing Manual.

6. Audit committee (Continued)

The Audit Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It has also full discretion to invite any Director and executive officer to attend its meetings. The external auditors have unrestricted access to the Audit Committee.

The Audit Committee has recommended to the Board of Directors the nomination of BDO LLP, for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The Audit Committee has carried out an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors prior to recommending their recommendation.

7. Auditors

The auditors, BDO LLP, have expressed their willingness to accept re-appointment.

On behalf of the Board of Directors

Foo Suan Sai
Director

Han Juat Hoon
Director

Singapore
18 March 2015

STATEMENT BY DIRECTORS >>

In the opinion of the Board of Directors,

(a) the accompanying financial statements comprising the statements of financial position of the Group and of the Company, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows together with the notes thereon are properly drawn up in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors

Foo Suan Sai
Director

Han Juat Hoon
Director

Singapore
18 March 2015

Report on the financial statements

We have audited the accompanying financial statements of Multi-Chem Limited (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2014, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and a summary of significant accounting policies and other explanatory information as set out on pages 61 to 146.

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Report on the financial statements (Continued)

Opinion

In our opinion, the accompanying financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the results, changes in equity and cash flows of the Group for the financial year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors, have been properly kept in accordance with the provisions of the Act.

BDO LLP
Public Accountants and
Chartered Accountants

Singapore
18 March 2015

STATEMENTS OF FINANCIAL POSITION >>

AS AT 31 DECEMBER 2014

	Note	Group 2014 $'000	Group 2013 $'000	Company 2014 $'000	Company 2013 $'000
Non-current assets					
Property, plant and equipment	4	**23,571**	27,375	**3,597**	2,748
Investment properties	5	**-**	-	**1,718**	1,753
Investments in subsidiaries	6	**-**	-	**31,299**	56,456
Investment in an associate	7	**224**	474	**224**	700
Club memberships	8	**380**	363	**-**	-
Deferred tax assets	9	**1,986**	1,462	**-**	-
Available-for-sale financial assets	10	**3,647**	-	**3,647**	-
Other receivables	11	**708**	656	**-**	-
Prepayment	12	**804**	-	**804**	-
		31,320	30,330	**41,289**	61,657
Current assets					
Inventories	13	**33,479**	30,199	**301**	202
Trade and other receivables	11	**75,994**	71,784	**32,264**	22,919
Prepayments	12	**830**	862	**238**	195
Current income tax recoverable		**3,396**	2,438	**551**	335
Financial assets at fair value through profit or loss	14	**-**	-	**-**	-
Cash and cash equivalents	15	**43,629**	40,478	**11,142**	1,880
		157,328	145,761	**44,496**	25,531
Less:					
Current liabilities					
Trade and other payables	16	**59,386**	57,611	**2,965**	1,013
Finance lease payables	17	**129**	121	**91**	83
Bank borrowings	18	**33,506**	29,207	**13,414**	13,722
Current income tax payable		**764**	676	**-**	-
		93,785	87,615	**16,470**	14,818
Net current assets		**63,543**	58,146	**28,026**	10,713

The accompanying notes form an integral part of these financial statements.

AS AT 31 DECEMBER 2014

		Group		Company	
	Note	2014	2013	2014	2013
		$'000	$'000	$'000	$'000
Less:					
Non-current liabilities					
Finance lease payables	17	165	299	143	239
Bank borrowings	18	3,333	1,301	3,219	991
Deferred tax liabilities	9	-	11	-	-
		3,498	1,611	3,362	1,230
		91,365	86,865	65,953	71,140
Equity					
Share capital	19	37,288	37,288	37,288	37,288
Foreign currency translation reserve	20	2,249	468	-	-
Available-for-sale reserve	21	56	-	56	-
Other reserves	22	4,796	6,009	-	-
Retained earnings	23	42,137	39,039	28,609	33,852
Equity attributable to owners of the parent		86,526	82,804	65,953	71,140
Non-controlling interests		4,839	4,061	-	-
Total equity		91,365	86,865	65,953	71,140

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT >>

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	2014 $'000	2013 $'000
Revenue	24	**291,664**	262,736
Cost of sales		**(245,914)**	(221,722)
Gross profit		**45,750**	41,014
Other items of income			
Interest income		**416**	512
Other income	25	**2,682**	2,266
Other items of expense			
Selling and distribution costs		**(21,745)**	(19,456)
Administrative and other expenses		**(18,939)**	(20,841)
Finance costs	26	**(543)**	(541)
Share of results of an associate, net of tax		**(250)**	(143)
Profit before income tax	27	**7,371**	2,811
Income tax expense	28	**(1,976)**	(2,200)
Profit for the financial year		**5,395**	611
Profit attributable to:			
Owners of the parent		**4,840**	96
Non-controlling interests		**555**	515
		5,395	611
Earnings per share	29		
- Basic		**1.34 cents**	0.03 cents
- Diluted		**1.34 cents**	0.03 cents

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME >>

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 $'000	2013 $'000
Profit for the financial year	**5,395**	611
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Foreign currency differences on translation of foreign operations	**1,876**	4,534
Reclassification of foreign currency translation differences on liquidation of a subsidiary	**128**	-
Fair value gain on available-for-sale financial assets	**56**	-
Other comprehensive income for the financial year, net of tax	**2,060**	4,534
Total comprehensive income for the financial year	**7,455**	5,145
Total comprehensive income attributable to:		
Owners of the parent	**6,677**	4,481
Non-controlling interests	**778**	664
	7,455	5,145

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY >>

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital	Foreign currency translation reserve	Premium on acquisition of non-controlling interests	Available-for-sale reserve	Statutory reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2014		37,288	468	(123)	-	6,132	39,039	82,804	4,061	86,865
Profit for the financial year		-	-	-		-	4,840	4,840	555	5,395
Other comprehensive income for the financial year										
Foreign currency differences on translation of foreign operations		-	1,653	-	-	-	-	1,653	223	1,876
Reclassification of foreign currency translation differences on liquidation of a subsidiary		-	128	-	-	-	-	128	-	128
Fair value gain on available-for-sale financial assets	21	-	-	-	56	-	-	56	-	56
Total comprehensive income for the financial year		-	1,781	-	56	-	4,840	6,677	778	7,455
Contributions by and distributions to the owners of the parent										
Dividends	30	-	-	-	-	-	(2,955)	(2,955)	-	(2,955)
Transfer to statutory reserve		-	-	-	-	(1,213)	1,213	-	-	-
Total transactions with the owners of the parent		-	-	-	-	(1,213)	(1,742)	(2,955)	-	(2,955)
Balance at 31 December 2014		37,288	2,249	(123)	56	4,919	42,137	86,526	4,839	91,365

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY >>

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	Note	Share capital	Foreign currency translation reserve/ (account)	Premium on acquisition of non-controlling interests	Statutory reserve	Retained earnings	Equity attributable to owners of the parent	Non-controlling interests	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 January 2013		37,288	(3,917)	-	5,778	43,261	82,410	3,280	85,690
Profit for the financial year		-	-	-	-	96	96	515	611
Other comprehensive income for the financial year									
Foreign currency differences on translation of foreign operations		-	4,385	-	-	-	4,385	149	4,534
Total comprehensive income for the financial year		-	4,385	-	-	96	4,481	664	5,145
Contributions by and distributions to the owners of the parent									
Dividends	30	-	-	-	-	(3,964)	(3,964)	-	(3,964)
Transfer to statutory reserve		-	-	-	354	(354)	-	-	-
Total transactions with the owners of the parent		-	-	-	354	(4,318)	(3,964)	-	(3,964)
Transactions with non-controlling shareholders									
Acquisition of non-controlling interests	6	-	-	(123)	-	-	(123)	117	(6)
Balance at 31 December 2013		37,288	468	(123)	6,132	39,039	82,804	4,061	86,865

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS >>

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 $'000	2013 $'000
Operating activities		
Profit before income tax	**7,371**	2,811
Adjustments for:		
Allowance for doubtful third party trade receivables	**137**	136
Allowance for doubtful third party non-trade receivables	**57**	-
Allowance for inventory obsolescence	**2,902**	4,490
Bad third party trade receivables written off	**30**	3
Changes in fair value of financial assets at fair value through profit or loss	**-**	(6)
Currency translation adjustment	**754**	1,193
Depreciation of property, plant and equipment	**5,160**	5,585
Dividend income	**-**	(1)
Gain on disposal of financial assets at fair value through profit or loss	**-**	(3)
(Gain)/Loss on disposal of plant and equipment	**(100)**	193
Interest expense	**543**	541
Interest income	**(416)**	(512)
Inventories written off	**556**	162
Plant and equipment written off	**23**	24
Reversal of impairment loss of plant and equipment	**-**	(348)
Share of results of an associate	**250**	143
Operating cash flows before working capital changes	**17,267**	14,411
Working capital changes:		
Inventories	**(6,738)**	(5,202)
Trade and other receivables	**(4,486)**	(22,140)
Prepayments	**(772)**	519
Trade and other payables	**1,775**	10,667
Cash generated from/(absorbed by) operations	**7,046**	(1,745)
Interest received	**416**	512
Income tax paid	**(3,269)**	(4,317)
Net cash generated from/(used in) operating activities	**4,193**	(5,550)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS >>

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

	2014 $'000	2013 $'000
Investing activities		
Net cash outflow from acquisition of interest in a subsidiary (Note 6)	-	(6)
Proceeds from disposal of plant and equipment	276	758
Proceeds from disposal of financial assets at fair value through profit or loss	-	124
Dividends received from financial assets at fair value through profit or loss	-	1
Purchase of property, plant and equipment (Note 4)	(983)	(1,127)
Purchase of available-for-sale investment (Note 10)	(520)	-
Net cash used in investing activities	(1,227)	(250)
Financing activities		
(Increase)/decrease in fixed deposits pledged	(8,303)	5,062
Proceeds from bank borrowings	72,622	82,130
Repayments of bank borrowings	(69,358)	(76,766)
Repayments of finance lease payables	(126)	(174)
Interest paid	(543)	(541)
Dividends paid to owners of the parent	(2,955)	(3,964)
Net cash (used in)/generated from financing activities	(8,663)	5,747
Net change in cash and cash equivalents	(5,697)	(53)
Cash and cash equivalents at beginning of financial year	38,870	37,605
Effects of exchange rate changes on cash and cash equivalents	545	1,318
Cash and cash equivalents at end of financial year (Note 15)	33,718	38,870

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of and should be read in conjunction with the financial statements.

1. General corporate information

Multi-Chem Limited (the "Company") is a public limited company, incorporated and domiciled in Singapore with its registered office and principal place of business at 16H Enterprise Road, Singapore 627657. The Company's registration number is 198500318Z.

The principal activities of the Company are those of investment holding and provision of value-added printed circuit board ("PCB") manufacturing services, mainly in precision drilling, to PCB fabricators and the distribution of specialty chemicals and other PCB related products and equipment to PCB fabricators.

The principal activities of the subsidiaries are set out in Note 6 to the financial statements.

The statement of financial position of the Company and the consolidated financial statements of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2014 were authorised for issue in accordance with a Directors' resolution dated 18 March 2015.

2. Summary of significant accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared under the historical cost convention, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore dollar ("$") which is the functional currency of the Company and the presentation currency for the consolidated financial statements and all values presented are rounded to the nearest thousand ("$'000") as indicated.

The preparation of financial statements in conformity with FRS requires the management to exercise judgement in the process of applying the Group's and the Company's accounting policies and requires the use of accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the financial year, and the reported amounts of revenue and expenses during the financial year. Although these estimates are based on the management's best knowledge of historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from those estimates.

Critical accounting judgements and key sources of estimation uncertainty used that are significant to the financial statements are disclosed in Note 3 to the financial statements.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

In the current financial year, the Group and the Company adopted the new or revised FRS and INT FRS that are relevant to their operations and effective for the current financial year. The adoption of the new or revised FRS and INT FRS did not result in any substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current and prior financial years, except as detailed below.

FRS 110 *Consolidated Financial Statements and FRS 27 (Revised) Separate Financial Statements*

FRS 110 introduces a single new control model, as the basis for determining which entities are consolidated in the Group's financial statements. Under FRS 110, control exists when the Group has:

- power over an investee;
- exposure, or rights, to variable returns from the investee; and
- the ability to use its power over an investee to affect the Group's returns from the investee.

FRS 110 is required to be applied retrospectively, in accordance with the transitional provisions of FRS 110 and changed its accounting policy for determining whether it has control over an entity and whether it is required to consolidate that interest. The adoption of FRS 110 did not result in any changes to the control conclusions reached by the Group in respect of its involvement with other entities as at the date of initial adoption on 1 January 2014. The adoption of FRS 27 (Revised) did not result in any changes to the Group's or the Company's financial statements.

FRS 112 *Disclosure of Interests in Other Entities*

FRS 112 prescribes comprehensive disclosure requirements for all types of interests in other entities. It requires an entity to disclose information that helps users to assess the nature and financial effects of relationships with subsidiaries, associates, joint arrangements and unconsolidated structured entities. As the new standard affects only disclosure, there is no effect on the Group's financial position or performance. Certain new disclosures are included in these financial statements following the adoption of FRS 112 on 1 January 2014.

Amendments to FRS 36 - *Recoverable Amount Disclosures for Non-financial Assets*

The amendments to FRS 36 were issued to remove the requirement to disclose the recoverable amount of any cash-generating unit for which the carrying amount of goodwill or intangible assets with an indefinite useful life which is significant compared to the total carrying amount of goodwill or intangible assets with an indefinite useful life, and instead require disclosure about recoverable amount only when there is a significant impairment or reversal of an impairment, as well as to require additional disclosures when recoverable amount is based on fair value less costs of disposal.

The Group has adopted the amendments to FRS 36 from 1 January 2014, and there is no impact on the Group's financial position or financial performance.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the following FRS that have been issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 1 (Amendments)	: Disclosure Initiative	1 January 2016
FRS 16 and FRS 38 (Amendments)	: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
FRS 16 and FRS 41 (Amendments)	: Agriculture: Bearer Plants	1 January 2016
FRS 19 (Amendments)	: Defined Benefit Plans: Employee Contributions	1 July 2014
FRS 27 (Amendments)	: Equity Method in Separate Financial Statements	1 January 2016
FRS 109	: Financial Instruments	1 January 2018
FRS 110 and FRS 28 (Amendments)	: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
FRS 110, FRS 112 and FRS 28 (Amendments)	: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 111 (Amendments)	: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
FRS 114	: Regulatory Deferral Account	1 January 2016
FRS 115	: Revenue from Contracts with Customers	1 January 2017
Improvements to FRSs (January 2014)		1 July 2014
Improvements to FRSs (February 2014)		1 July 2014
Improvements to FRSs (November 2014)		1 January 2016

Consequential amendments were also made to various standards as a result of these new or revised standards.

The Group and the Company expect that the adoption of the above FRS if applicable, will have no material impact on the financial statements in the period of initial adoption, except as discussed below.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 109 *Financial Instruments*

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Under FRS 109, financial assets are classified into financial assets measured at fair value or at amortised cost depending on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the Group will have a choice to recognise the gains and losses in other comprehensive income. A third measurement category has been added for debt instruments – fair value through other comprehensive income. This measurement category applies to debt instruments that meet the Solely Payments of Principal and Interest contractual cash flow characteristics test and where the Group is holding the debt instrument to both collect the contractual cash flows and to sell the financial assets.

FRS 109 carries forward the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, FRS 109 retains the requirements in FRS 39 for de-recognition of financial assets and financial liabilities.

FRS 109 introduces a new forward-looking impairment model based on expected credit losses to replace the incurred loss model in FRS 39. This determines the recognition of impairment provisions as well as interest revenue. For financial assets at amortised cost or fair value through other comprehensive income, the Group will now always recognise (at a minimum) 12 months of expected losses in profit or loss. Lifetime expected losses will be recognised on these assets when there is a significant increase in credit risk after initial recognition.

FRS 109 also introduces a new hedge accounting model designed to allow entities to better reflect their risk management activities in their financial statements.

The Group plans to adopt FRS 109 in the financial year beginning on 1 January 2018 with retrospective effect in accordance with the transitional provisions. There may be a potentially significant impact on the accounting for financial instruments on initial adoption. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard, however the Group will be required to reassess the classification and measurement of financial assets, particularly those currently classified as available-for-sale, and the new impairment requirements are expected to result in changes for impairment provisions on trade receivables and other financial assets not measured at fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation of financial statements (Continued)

FRS issued but not yet effective (Continued)

FRS 115 *Revenue from Contracts with Customers*

FRS 115 introduces a comprehensive model that applies to revenue from contracts with customers and supersedes all existing revenue recognition requirements under FRS. The model features a five-step analysis to determine whether, how much and when revenue is recognised, and two approaches for recognising revenue: at a point in time or over time. The core principle is that an entity recognises revenue when control over promised goods or services is transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. FRS 115 also introduces extensive qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

On initial adoption of this standard there may be a potentially significant impact on the timing and profile of revenue recognition of the Group. Due to the recent release of this standard, the Group has not yet made a detailed assessment of the impact of this standard. The Group plans to adopt the standard in the financial year beginning on 1 January 2017 with either full or modified retrospective effect in accordance with the transitional provisions, and will include the required additional disclosures in its financial statements for that financial year.

2.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries. Subsidiaries are entities over which the Group has control. The Group controls an investee if the Group has power over the investee, exposure to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group to ensure consistency.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which that control ceases, as appropriate.

Intra-group balances and transactions and any unrealised income and expenses arising from intra-group transactions are eliminated on consolidation. Unrealised losses may be an impairment indicator of the asset concerned.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Company, using consistent accounting policies. Where necessary, accounting policies of subsidiaries are changed to ensure consistency with the policies adopted by other members of the Group.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Non-controlling interests in subsidiaries relate to the equity in subsidiaries which is not attributable directly or indirectly to the owners of the parent. They are shown separately in the statements of comprehensive income, financial position and changes in equity.

Non-controlling interests in the acquiree that are a present ownership interest and entitle its holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value, of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary it derecognises the assets and liabilities of the subsidiary and any non-controlling interest. The profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to accumulated profits) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or joint venture.

Investments in subsidiaries are accounted for at cost less accumulated impairment losses, if any, in the Company's separate financial statements.

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The consideration transferred for the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred. Consideration also includes the fair value of any contingent consideration. Contingent consideration classified as a financial liability is remeasured subsequently to fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair values at the acquisition date.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Business combinations before 1 January 2010

In comparison to the above mentioned requirements, the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2. Summary of significant accounting policies (Continued)

2.4 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and impairment loss, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to the property, plant and equipment that has already been recognised is added to the carrying amount of the asset when it is probable that the future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the Company and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense during the financial year in which it is incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The gain or loss arising on disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

Depreciation is calculated using the straight-line method to allocate the depreciable amounts of the property, plant and equipment over their estimated useful lives as follows:

	Years
Leasehold properties	Over the lease terms of 25 to 60
Office plant and equipment	1 to 5
Factory plant and machinery	
- Factory machinery	8 to 10
- Other factory equipment	5

The estimated useful lives, residual values and depreciation methods are reviewed, and adjusted as appropriate, at the end of each financial year.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Fully depreciated plant and equipment are retained in the financial statements until they are no longer in use.

2. Summary of significant accounting policies (Continued)

2.5 Investment properties

The Company has adopted the cost method for measurement of its investment properties. Investment property which is property held to earn rentals and/or for capital appreciation is initially recognised at cost and subsequently carried at cost less accumulated depreciation and impairment losses. Depreciation is charged, using the straight-line method, so as to write off the cost over their estimated useful lives of 50 years. The residual values, useful lives and depreciation method are reviewed, and adjusted as appropriate, at the end of each financial year. The effects of any revision are included in profit or loss when the changes arise.

Investment property is subject to renovations or improvements at regular intervals. The costs of major renovations and improvements are capitalised as additions and the carrying amounts of the replaced components are written off to profit or loss. The costs of maintenance, repairs and minor improvement are charged to profit or loss when incurred.

On disposal of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss.

2.6 Associate

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Investment in an associate is accounted for in the consolidated financial statements of the Group using the equity method of accounting. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Investment in an associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition.

In applying the equity method of accounting, the Group's share of its associate's post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition movements in reserves is recognised in other comprehensive income. These post-acquisition movements are adjusted against the carrying amount of the investments. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or has made payments on behalf of the associate.

If the associate subsequently reports profits, the Group resumes recognising its share of those profits after its share of the profits equals the share of losses not recognised.

2. Summary of significant accounting policies (Continued)

2.6 Associate (Continued)

Unrealised gains on transactions between the Group and its associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

After application of the equity method of accounting, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in an associate.

Investment in an associate is accounted for at cost less accumulated impairment losses, if any, in the Company's separate financial statements.

2.7 Club memberships

The club memberships are initially recognised at cost and are subsequently measured at cost less any accumulated impairment losses, if any.

2.8 Impairment of non-financial assets

At the end of each financial year, the Group and the Company review the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group and the Company estimate the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2. Summary of significant accounting policies (Continued)

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost in respect of chemicals and other PCB related products is determined on a weighted average basis. Cost in respect of hardware and software relating to internet and network products is determined based on the first-in, first-out basis. The cost includes all costs of purchase and other costs in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price at which inventories can be realised in the ordinary course of business less estimated costs of completion and costs incurred in marketing and distribution. Where necessary, allowance is made for obsolete, slow-moving and defective inventories to adjust the carrying value of those inventories to the lower of cost and net realisable value.

With effect from 1 January 2014, the Group changed its accounting policy on the determination of the cost of inventories in respect of hardware and software relating to internet and network products from "first-in, first-out" basis to "specific identification" basis to better reflect the value of their inventories.

FRS 8 *Accounting Policies, Changes in Accounting Estimates and Errors requires* that the above change be adopted retrospectively resulting in the restatement of comparative figures for the previous financial year in the financial statements. However, the Group has not restated the comparative figures as the management has assessed that the impact on the Group's profit or loss and retained earnings is not material. The change in accounting policy has resulted in an increase in cost of sales and correspondingly, a decrease in the Group's profit before income tax of approximately $82,000 during the financial year ended 31 December 2014, and a decrease in cost of sales and correspondingly, an increase in the Group's profit before income tax of approximately $82,000 during the financial year ended 31 December 2013.

2.10 Financial instruments

Financial assets and financial liabilities are recognised on the statements of financial position when the Group becomes a party to the contractual provisions of the instrument.

All financial assets are initially recognised at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially recognised at fair value.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss ("FVTPL")

Financial assets are classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument. The Group has not designated any financial assets as FVTPL upon initial recognition.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

Non-derivative financial assets which have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The Group's loans and receivables in the statements of financial position comprise trade and other receivables and cash and bank balances.

Available-for-sale financial assets ("AFS")

Certain investments held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, they are measured at fair value and changes therein are recognised in other comprehensive income and accumulated in the available-for-sale reserve, with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses which are recognised in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the period.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less any impairment loss.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale investments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale investments, any subsequent increase in fair value after an impairment loss is recognised directly in equity, except for impairment losses on equity instruments at cost which are not reversed.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition, any difference between the carrying amount and the sum of proceeds received and amounts previously recognised in other comprehensive income is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

2. Summary of significant accounting policies (Continued)

2.10 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs. The Group classifies ordinary shares as equity instruments.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

Other financial liabilities

Trade and other payables

Trade and other payables, excluding deferred revenue and advance billings, are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs.

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contract liabilities are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of the obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised, less cumulative amortisation in accordance with FRS 18 *Revenue*.

Intra-group transactions are eliminated on consolidation.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount and the consideration paid is recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.11 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash and deposits with banks and financial institutions. Cash and cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, cash at bank and fixed deposits, net of fixed deposits pledged.

2.12 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services rendered in the ordinary course of business. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. Revenue is presented, net of rebates, discounts and sales related taxes.

Revenue from sale of goods is recognised when goods are delivered to the customer and the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably.

Revenue from rendering of services includes drilling services and maintenance services for internet and network products. Drilling service is recognised when the service is rendered. Maintenance service is recognised in profit or loss on a straight-line basis over the term of the agreement.

Rental income from leasing of plant and machineries is recognised on a straight-line basis over the term of the relevant lease.

Interest income is recognised on a time-apportionment basis using the effective interest method.

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group. Commission income is recognised upon the completion of a transaction in which the commission relates to.

Dividend income is recognised when the shareholders' right to receive is established.

2.13 Grants

Grants are recognised at the fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grants relate to expenditures, which are not capitalised, the fair value of grants are credited to profit or loss as and when the underlying expenses are included and recognised in profit or loss to match such related expenditures.

2. Summary of significant accounting policies (Continued)

2.14 Employee benefits

Defined contribution plan

Contributions to defined contribution plans are recognised as expenses in profit or loss in the same financial year as the employment that gives rise to the contributions.

Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. An accrual is made for estimated undiscounted liability for annual leave expected to be settled wholly within twelve months from the end of the financial year as a result of services rendered by employees up to the end of the financial year.

2.15 Leases

When the Group and the Company are the lessees of finance leases

Leases in which the Group and the Company assume substantially the risks and rewards of ownership are classified as finance leases.

Upon initial recognition, plant and equipment acquired through finance leases are capitalised at the lower of their fair values and the present values of the minimum lease payments. Any initial direct costs are also added to the amount capitalised.

Subsequent to initial recognition, the plant and equipment are accounted for in accordance with the accounting policy applicable to those assets. Lease payments are apportioned between finance charge and reduction of the lease liability. The finance charge is allocated to each period during the lease term so as to achieve a constant periodic rate of interest on the remaining balance of the finance lease liability. Finance charge is recognised in profit or loss.

When the Group is the lessee of operating leases

Leases of assets in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the financial year in which termination takes place.

When the Group and the Company are the lessors of operating leases

Leases where the Group and the Company retain substantially all risks and rewards incidental to the ownership are classified as operating leases.

2. Summary of significant accounting policies (Continued)

2.15 Leases (Continued)

When the Group and the Company are the lessors of operating leases (Continued)

Assets leased out under operating leases are included in property, plant and equipment.

Rental income from operating leases (net of any incentives) is recognised in profit or loss on a straight-line basis over the lease term.

2.16 Borrowing costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised as an expense in profit or loss in the financial year in which they are incurred. Borrowing costs are recognised on a time-proportion basis in profit or loss using the effective interest method.

2.17 Taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the financial year. Taxable profit differs from profit reported as profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is recognised at the amount expected to be paid or recovered from the tax authorities and is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Current income taxes are recognised in profit or loss, except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

2. Summary of significant accounting policies (Continued)

2.17 Taxes (Continued)

Deferred tax (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the group expects to recover or settle its assets and liabilities, except for investment properties at fair value which are presumed to be recovered through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Deferred tax is recognised in profit or loss, except when it relates to items recognised outside profit or loss, in which case the tax is also recognised either in other comprehensive income or directly in equity, or where it arises from the initial accounting for a business combination. Deferred tax arising from a business combination, is taken into account in calculating goodwill on acquisition.

Sales tax

Revenue, expenses and assets are recognised net of the amount of sales tax except:

- when the sales tax that is incurred on purchase of assets or services in not recoverable from the tax authorities, in which case the sales tax is recognised as part of cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax included.

2.18 Foreign currencies transactions and translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency ("foreign currencies") are recorded at the rates of exchange prevailing on the date of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are re-translated at the rates prevailing at the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are re-translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not re-translated.

2. Summary of significant accounting policies (Continued)

2.18 Foreign currencies transactions and translation (Continued)

Exchange differences arising on the settlement of monetary items and on re-translating of monetary items are recognised in profit or loss for the financial year. Exchange differences arising on the re-translation of non-monetary items carried at fair value are recognised in profit or loss for the financial year except for differences arising on the re-translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollar using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, are recognised initially in other comprehensive income and accumulated in the Group's foreign exchange reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign exchange reserve.

On disposal of a foreign operation, the accumulated foreign exchange reserve relating to that operation is reclassified to profit or loss.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable. Final dividends are recorded in the financial year in which the dividends are approved by the shareholders.

2.20 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

2. Summary of significant accounting policies (Continued)

2.21 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingencies are not recognised on the statements of financial position, except for contingent liabilities assumed in a business combination that are present obligations and for which the fair value can be reliably determined.

3. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's and the Company's accounting policies, which are described in Note 2, management made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources. The estimates and associated assumptions were based on historical experience and other factors that were considered to be reasonable under the circumstances. Actual results may differ from these estimates.

These estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.1 Critical judgements made in applying the accounting policies

The following are the critical judgements, apart from those involving estimations (see below) that management has made in the process of applying the Group's accounting policies and which have a significant effect on the amounts recognised in the financial statements.

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.1 Critical judgements made in applying the accounting policies (Continued)

Impairment of investments in subsidiaries and financial assets

The Group and the Company follow the guidance of FRS 36 and FRS 39 in determining whether investments in subsidiaries or a financial asset is impaired. This determination requires significant judgement. The Group and the Company evaluate, among other factors, the duration and extent to which the fair value of an investment or a financial asset is less than its cost and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty as at the end of the financial year that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below.

Depreciation of property, plant and equipment and investment properties

Property, plant and equipment and investment properties are depreciated on a straight-line basis over their estimated useful lives. The management estimates the useful lives of these assets to be within 1 to 60 years. The carrying amounts of the Group's and the Company's property, plant and equipment as at 31 December 2014 were approximately $23,571,000 and $3,597,000 (2013: $27,375,000 and $2,748,000) respectively. The carrying amount of the Company's investment properties as at 31 December 2014 was approximately $1,718,000 (2013: $1,753,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

Amortisation of prepayment on life insurance plan

The prepaid insurance premium relates to the life insurance plan purchased by the Company for a Director. The prepayment on life insurance plan is amortised and charged to profit or loss on a straight-line basis over the estimated coverage period. The management has estimated the coverage period to be 11 years, which is based on the expected employment period to be derived from the Director. The carrying amount of the Group's and the Company's prepayment on life insurance plan as at 31 December 2014 was approximately $887,000 (2013: $Nil).

3. Critical accounting judgements and key sources of estimation uncertainty (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Allowance for inventory obsolescence

Inventories are stated at the lower of cost and net realisable value. The management determines cost of inventories using the weighted average method for chemicals and other PCB related products and specific identification method for hardware and software relating to internet and network products. The management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on historical and estimated future demand and related pricing. In determining excess quantities, the management considers recent sales activities, related margin and market positioning of the products. However, factors beyond its control, such as demand levels and pricing competition, could change from period to period. Such factors may require the Group and the Company to reduce the value of their inventories. The carrying amounts of the Group's and the Company's inventories as at 31 December 2014 were approximately $33,479,000 and $301,000 (2013: $30,199,000 and $202,000) respectively.

Allowance for doubtful receivables

The management establishes allowance for doubtful receivables on a case-by-case basis when it believes that payment of amounts owed is unlikely to occur. In establishing these allowances, the management considers the historical experience and changes to the customers' financial position. If the financial conditions of receivables were to deteriorate, resulting in impairment of their abilities to make the required payments, additional allowances may be required. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2014 were approximately $76,702,000 and $32,264,000 (2013: $72,440,000 and $22,919,000) respectively.

Income taxes

The Group and the Company recognise expected liabilities for income tax based on estimation of the likely taxes due, which requires significant judgement as to the ultimate tax determination of certain items. Where the final tax outcome of these matters differs from the amounts that are initially recognised, such differences will impact the current income tax and deferred tax provisions, in the financial year in which such determination is made. The carrying amounts of the Group's current income tax payable as at 31 December 2014 was approximately $764,000 (2013: $676,000). The carrying amounts of the Group's and the Company's current income tax recoverable as at 31 December 2014 were approximately $3,396,000 and $551,000 (2013: $2,438,000 and $335,000) respectively.

The carrying amount of the Group's deferred tax liabilities as at 31 December 2014 was approximately $Nil (2013: $11,000). The carrying amount of the Group's deferred tax assets as at 31 December 2014 was approximately $1,986,000 (2013: $1,462,000).

4. Property, plant and equipment

Group	Leasehold properties $'000	Office plant and equipment $'000	Factory plant and machinery $'000	Total $'000
Cost				
Balance at 1 January 2014	5,463	7,259	66,072	78,794
Additions	-	927	56	983
Disposals	-	(336)	(2,758)	(3,094)
Written off	-	(146)	(71)	(217)
Currency translation adjustment	101	183	739	1,023
Balance at 31 December 2014	5,564	7,887	64,038	77,489
Accumulated depreciation and impairment loss				
Balance at 1 January 2014	396	4,886	46,137	51,419
Depreciation for the financial year	128	1,115	3,917	5,160
Disposals	-	(233)	(2,685)	(2,918)
Written off	-	(130)	(64)	(194)
Currency translation adjustment	10	125	316	451
Balance at 31 December 2014	534	5,763	47,621	53,918
Carrying amount				
Balance at 31 December 2014	5,030	2,124	16,417	23,571
Cost				
Balance at 1 January 2013	3,599	6,863	66,603	77,065
Additions	1,788	751	8	2,547
Disposals	-	(271)	(3,108)	(3,379)
Written off	-	(163)	(661)	(824)
Currency translation adjustment	76	79	3,230	3,385
Balance at 31 December 2013	5,463	7,259	66,072	78,794
Accumulated depreciation and impairment loss				
Balance at 1 January 2013	252	4,204	43,689	48,145
Depreciation for the financial year	139	1,034	4,412	5,585
Disposals	-	(248)	(2,180)	(2,428)
Written off	-	(163)	(637)	(800)
Reversal of impairment loss	-	-	(348)	(348)
Currency translation adjustment	5	59	1,201	1,265
Balance at 31 December 2013	396	4,886	46,137	51,419
Carrying amount				
Balance at 31 December 2013	5,067	2,373	19,935	27,375

4. Property, plant and equipment (Continued)

Company	Leasehold properties $'000	Office plant and equipment $'000	Factory plant and machinery $'000	Total $'000
Cost				
Balance at 1 January 2014	**1,410**	**1,771**	**2,071**	**5,252**
Additions	**-**	**166**	**1,323**	**1,489**
Disposals	**-**	**(91)**	**(1)**	**(92)**
Balance at 31 December 2014	**1,410**	**1,846**	**3,393**	**6,649**
Accumulated depreciation				
Balance at 1 January 2014	**183**	**900**	**1,421**	**2,504**
Depreciation for the financial year	**52**	**310**	**234**	**596**
Disposals	**-**	**(47)**	**(1)**	**(48)**
Balance at 31 December 2014	**235**	**1,163**	**1,654**	**3,052**
Carrying amount				
Balance at 31 December 2014	**1,175**	**683**	**1,739**	**3,597**
Cost				
Balance at 1 January 2013	1,410	1,668	2,078	5,156
Additions	-	209	2	211
Written off	-	(106)	(9)	(115)
Balance at 31 December 2013	1,410	1,771	2,071	5,252
Accumulated depreciation				
Balance at 1 January 2013	131	730	1,278	2,139
Depreciation for the financial year	52	276	152	480
Written off	-	(106)	(9)	(115)
Balance at 31 December 2013	183	900	1,421	2,504
Carrying amount				
Balance at 31 December 2013	1,227	871	650	2,748

As at 31 December 2014, the carrying amounts of office plant and equipment of the Group and the Company which were acquired under finance lease arrangement were approximately $309,000 and $264,000 (2013: $470,000 and $370,000) respectively. Finance leased assets are pledged as a security for the related finance lease payables (Note 17).

As at 31 December 2014, the carrying amounts of properties of the Group and the Company which were acquired through bank borrowings were approximately $4,112,000 and $1,175,000 (2013: $4,170,000 and $1,227,000) respectively. The properties are pledged as a security for the related bank borrowings (Note 18).

4. Property, plant and equipment (Continued)

As at 31 December 2014, the Group had motor vehicles included in office plant and equipment which were held in trust by certain employees of the Group with carrying amounts of approximately $17,000 (2013: $48,000).

In the previous financial year, the Group reversed impairment loss no longer required of approximately $348,000 which has been recognised in "other income" line item of profit or loss when the related machineries were sold above their carrying amounts.

For the purpose of consolidated statement of cash flows, the Group's additions to property, plant and equipment were financed as follows:

	Group	
	2014	2013
	$'000	$'000
Additions of property, plant and equipment	**983**	2,547
Acquired under bank borrowings	**-**	(1,420)
Cash payments to acquire property, plant and equipment	**983**	1,127

5. Investment properties

	Company	
	2014	2013
	$'000	$'000
Cost		
Balance at beginning of financial year	**1,788**	-
Additions	**-**	1,788
Balance at end of financial year	**1,788**	1,788
Accumulated depreciation		
Balance at beginning of financial year	**35**	-
Charged for the financial year	**35**	35
Balance at end of financial year	**70**	35
Carrying value		
At end of financial year	**1,718**	1,753

The fair value of investment properties as at 31 December 2014 amounted to approximately $1,958,000 (2013: $1,939,000). The fair value was determined based on the management's estimation by reference to the recent market evidences of transaction prices for comparable properties in similar location and adjusted for differences in property size. The fair value hierarchy is considered as Level 2 as the inputs to determine the fair value are based on observable comparable market data. The management's estimation is based on the assets' highest and best use, which is in line with their actual use.

5. Investment properties (Continued)

The following amounts are recognised in profit or loss:

	Company	
	2014	2013
	$'000	$'000
Rental income from investment properties	**106**	83
Direct operating expenses (including repairs and maintenance) arising from rental-generating investment property	**39**	66

As at 31 December 2014, the carrying amount of investment properties acquired through bank borrowings was approximately $1,718,000 (2013: $1,753,000). The properties are pledged as a security for the related bank borrowings (Note 18).

The details of the Company's investment properties are as follows:

Location	Description	Tenure
18 Boon Lay Way #04-110 TradeHub 21, Singapore 609966	General office building	60 years leasehold from 10 December 2003
18 Boon Lay Way #04-111 TradeHub 21, Singapore 609966	General office building	60 years leasehold from 10 December 2003

The Company leased out the investment properties to its subsidiary, M.Tech Holdings Pte Ltd, under cancellable operating leases.

6. Investments in subsidiaries

	Company	
	2014	2013
	$'000	$'000
Unquoted equity shares, at cost	**40,870**	62,291
Allowance for impairment losses	**(9,571)**	(5,835)
	31,299	56,456

6. Investments in subsidiaries (Continued)

Movements in allowance for impairment losses were as follows:

	Company	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	**5,835**	6,177
Allowance made during the financial year	**4,737**	-
Impairment written off upon liquidation of a subsidiary	**(799)**	-
Transferred to a subsidiary	**(202)**	(342)
Balance at end of financial year	**9,571**	5,835

As at 31 December 2014, the Company carried out a review on the recoverable amount of its investments in subsidiaries due to the losses reported by those subsidiaries. The review led to the recognition of an impairment loss of approximately $4,737,000 (2013: $Nil) that have been recognised in the Company's profit or loss. The recoverable amount of the investment in a subsidiary of $2,375,000 has been determined on the basis of the subsidiary's fair value less costs to sell which was estimated by the management using the following basis:

i) by reference to market evidences of transaction prices for the non-current assets of the subsidiary;
ii) the fair value of the current assets and liabilities are determined by management to be approximate their carrying values due to short-term maturity.

The fair value hierarchy is considered as Level 2 as the inputs to determine the fair value less costs to sell of the non-current assets which comprise mainly of machineries are based on observable comparable market data.

Additional interest in a subsidiary

In the previous financial year, the Company's subsidiary, M.Tech Products Pte Ltd acquired the remaining 25% equity interest in M.SaaS Solutions Pte Ltd ("M.SaaS") from non-controlling interests for a cash consideration of approximately $6,000. The carrying value of the 25% equity interest as at the date of acquisition for M.SaaS was at net liabilities of $117,000. Accordingly, this resulted in the difference of $123,000 between the cash consideration and the carrying value of the additional interest acquired which has been recognised as "Premium on acquisition of non-controlling interests" within equity.

Incorporation of a subsidiary

During the financial year, the Company's wholly-owned subsidiary, SecureOneAsia Pte. Ltd., incorporated a wholly-owned subsidiary, M.Tech Products Myanmar Limited, a company incorporated in the Republic of the Union of Myanmar, with a registered capital of US$50,000. The share capital of US$25,000 ($32,000 equivalent) was injected on 26 May 2014 by cash. The balance of US$25,000 will be subsequently injected no later than 24 April 2019.

6. Investments in subsidiaries (Continued)

Incorporation of a subsidiary (Continued)

During the financial year, the Company incorporated a wholly-owned subsidiary, E-Secure Asia Pte. Ltd., a company incorporated in Singapore, with a cash consideration of $2.

During the financial year, the Company's wholly-owned indirect subsidiary, E-Secure Asia Pte. Ltd., incorporated a wholly-owned subsidiary, E Fortify Asia Sdn. Bhd., a company incorporated in Malaysia, with a cash consideration of RM2 ($1 equivalent).

During the financial year, the Company's wholly-owned indirect subsidiary, E-Secure Asia Pte. Ltd., subscribed a 48.8% interest in E-Secure Asia Co., Ltd., a company incorporated in Thailand, with a cash consideration of THB100,000 ($4,000 equivalent).

In the previous financial year, the Company's subsidiary, M.Tech Holdings Pte. Ltd., ("MTHD") incorporated a wholly-owned subsidiary, M.Tech Products (UK) Pte. Ltd., a company incorporated in the United Kingdom, with a cash consideration of GBP1 ($2 equivalent).

Transfer of subsidiaries

During the financial year, the Company transferred its entire 100% equity interest in certain subsidiaries to its wholly-owned subsidiary, MTHD, for a total consideration of approximately $202,000 which was based on the Company's cost of investment. Accordingly, the impairment loss of approximately $202,000 that were provided for on the subsidiary in prior years has been transferred to MTHD.

In the previous financial year, the Company transferred its entire equity interests in certain subsidiaries to one of its wholly-owned subsidiary, MTHD, for a total consideration of $1,726,000 which was based on the Company's cost of investment. Accordingly, the impairment loss of approximately $342,000 that were provided for on those subsidiaries in prior years have been transferred to MTHD.

Liquidation of a subsidiary

During the financial year, the Company's wholly-owned subsidiary incorporated in the People's Republic of China, Multi-Chem Electronics (Wuxi) Co., Ltd ("Multi-Chem Wuxi"), had been wound up under member's voluntary liquidation on 18 September 2014. Accordingly, Multi-Chem Wuxi ceased to be a subsidiary of the Company. The cost of investment in Multi-Chem Wuxi and the impairment provided in previous financial year amounted to approximately $8,546,000 and $799,000 respectively, have been derecognised upon liquidation of the subsidiary.

Reduction in share capital of a subsidiary

During the financial year, the Company's wholly-owned subsidiary incorporated in the People's Republic of China, Multi-Chem (Suzhou) Co. Ltd ("Multi-Chem Suzhou"), had reduced its share capital from US$16,000,000 to US$6,000,000. Accordingly, the Company's investment in Multi-Chem Suzhou was reduced by US$10,000,000 ($12,673,000 equivalent).

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2014	2013	2014	2013	
	%	%	%	%	
Held by the Company					
Multi-Chem (Suzhou) Co., Ltd[(c)] (People's Republic of China)	**100**	100	**-**	-	Designing, manufacturing panel and microdrill, selling own products and providing relevant service, renting out machines
Multi-Chem Electronics (Wuxi) Co., Ltd[(d)] (People's Republic of China)	**-**	100	**-**	-	Provision of value-added PCB manufacturing services, mainly in precision drilling, to PCB fabricators
Multi-Chem Laser Technology (Suzhou) Co., Ltd[(c)] (People's Republic of China)	**100**	100	**-**	-	Designing, producing, processing PCB and related products, selling own products and providing relevant service
M.Tech Products Philippines, Inc[(h)] (Philippines)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
Multi-Chem Electronics (Kunshan) Co., Ltd[(c)] (People's Republic of China)	**100**	100	**-**	-	Provision of value-added PCB manufacturing services, mainly in precision drilling, to PCB fabricators
M.Tech Products (HK) Pte Limited[(k)] (Hong Kong)	**-***	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2014	2013	**2014**	2013	
	%	%	**%**	%	
Held by the Company (Continued)					
Multi-Chem PCB (Kunshan) Co., Ltd[c] (People's Republic of China)	**100**	100	**-**	-	Provision of value-added PCB manufacturing services, mainly in precision drilling, to PCB fabricators
M.Tech Holdings Pte. Ltd.[a] (Singapore)	**100**	100	**-**	-	Investment holding and distribution of hardware and software relating to internet and networks products and provision of maintenance services for such products
Held by M.Tech Holdings Pte. Ltd.					
M.Tech Products Pte Ltd[a] (Singapore)	**76.75**	76.75	**23.25**	23.25	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M-Solutions Technology (Thailand) Co., Ltd[e],[f] (Thailand)	**49**	49	**51**	51	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M-Security Technology Sdn. Bhd.[b] (Malaysia)	**100**	100	**-**	-	Distribution of information technology products and related services
SecureOneAsia Pte. Ltd.[a] (Singapore)	**100**	100	**-**	-	Investment holding and provision of management services of its subsidiaries

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2014	2013	**2014**	2013	
	%	%	**%**	%	
Held by M. Tech Holdings Pte. Ltd. (Continued)					
M-Security Technology Indochina Pte. Ltd.[a] (Singapore)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech (Shanghai) Co., Ltd[c] (People's Republic of China)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
PT. M.Tech Products[g] (Indonesia)	**99**	99	**1**	1	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products (HK) Pte Limited[k] (Hong Kong)	**100**	-	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products TW Pte. Ltd.[a],[l] (Singapore and Taiwan)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2014	2013	**2014**	2013	
	%	%	**%**	%	
Held by M. Tech Holdings Pte. Ltd. (Continued)					
M. Tech Products Aust Pty Limited[m] (Australia)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
SecureOne India Holding Pte. Ltd.[a] (Singapore)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products Japan Kabushiki Kaisha[n] (Japan)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and networks products and provision of maintenance services for such products
M.Tech Products New Zealand Limited[j] (New Zealand)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and networks products and provision of maintenance services for such products
M.Tech Products Korea Limited Liability Company[n] (South Korea)	**100**	100	**-**	-	Distribution of hardware and software relating to internet and networks products and provision of maintenance services for such products

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows: (Continued)

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2014	2013	2014	2013	
	%	%	%	%	
Held by M. Tech Holdings Pte. Ltd. (Continued)					
M.Tech Products (UK) Pte Ltd[n] (United Kingdom)	100	100	-	-	Distribution of hardware and software relating to internet and networks products and provision of maintenance services for such products
E-Secure Asia Pte. Ltd.[a] (Singapore)	100	-	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
Held by M. Tech Products Pte Ltd					
M.SaaS Solutions Pte. Ltd.[a] (Singapore)	76.75	76.75	23.25	23.25	Software consultancy and implementation services
Held by SecureOneAsia Pte. Ltd.					
M-Virtual Technology India Private Limited[i] (India)	51	51	49	49	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M-Security Tech Philippines, Inc[h] (Philippines)	100	100	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
M.Tech Products Myanmar Limited[n] (Republic of the Union of Myanmar)	100	-	-	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products

6. Investments in subsidiaries (Continued)

The details of the subsidiaries are as follows:

Name of company (Country of incorporation and principal place of business)	Proportion of ownership interest held by the Group		Proportion of ownership interest held by non-controlling interests		Principal activities
	2014	2013	**2014**	2013	
	%	%	**%**	%	
Held by SecureOne India Holding Pte. Ltd.					
M.Tech Solutions (India) Private Limited(p) (India)	**99.99**	99.99	**0.01**	0.01	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
Held by M-Security Technology Indochina Pte. Ltd.					
M-Security Technology Vietnam Company Limited(o) (Vietnam)	**100**	100	**-**	-	Provision of installation and related technical service of hardware and software relating to internet and network products and distribution of such products
Held by E-Secure Asia Pte. Ltd.					
E Fortify Asia Sdn. Bhd.(b) (Malaysia)	**100**	-	**-**	-	Distribution of hardware and software relating to internet and network products, and provision of maintenance services for such products
E-Secure Asia Co., Ltd.(e)(f) (Thailand)	**48.80**	-	**51.20**	-	Distribution of IT products and maintenance services

6. Investments in subsidiaries (Continued)

Notes:
(a) Audited by BDO LLP, Singapore
(b) Audited by BDO, Malaysia
(c) Audited by Jiangsu Welsen Certified Public Accountants Co., Ltd., People's Republic of China
(d) Not audited as the subsidiary has been wound up on 18 September 2014
(e) Audited by Dharmniti Auditing Co., Ltd, Thailand
(f) Deemed to be a subsidiary as the Company has power, exposure to variable returns and the ability to use its power to affect those variable returns over the subsidiary. The remaining proportion of ownership interest are held in trust by the non-controlling interests on behalf of the Company. Accordingly, the subsidiary is deemed to be 100% owned by the Company
(g) Audited by KAP Tanubrata Sutanto Fahmi & Rekan, Indonesia, a member firm of BDO International Limited
(h) Audited by Mateo Ramos Celestino Llona & Co., Philippines
(i) Audited by Rajendra Kumar & Co, India
(j) Audited by Walker Wayland Auckland Limited, New Zealand
(k) Audited by BDO Limited, Hong Kong
(l) Branch is audited by RSM Kwang-I Earnest & Co., Taiwan
(m) Audited by Peter Tsang & Co., Australia
(n) Not required to be audited and not considered as significant subsidiaries as defined under Rule 718 of the SGX Listing Manual
(o) Audited by Nexia Stt Vietnam Co., Ltd, Vietnam
(p) Audited by Kalyaniwalla & Mistry, India
* Shares transferred from the Company to M.Tech Holdings Pte. Ltd. during the financial year

Non-controlling interests

Summarised financial information in relation to the subsidiary that have non-controlling interests ("NCI") that are material to the Group, before intra-group eliminations and together with amounts attributed to NCI, is presented below:

	M.Tech Products Pte Ltd	
	2014	2013
	$'000	$'000
Revenue	**80,979**	64,109
Profit before income tax	**2,830**	2,411
Income tax expense	**(8)**	(44)
Profit after income tax	**2,822**	2,367
Profit allocated to NCI	**656**	550
Other comprehensive income allocated to NCI	**-**	-
Total comprehensive income allocated to NCI	**656**	550
Dividends paid to NCI	**-**	-

6. Investments in subsidiaries (Continued)

Non-controlling interests (Continued)

	M.Tech Products Pte Ltd	
	2014	2013
	$'000	$'000
Cash flows used in operating activities	**(5,292)**	(3,770)
Cash flows used in investing activities	**(479)**	(276)
Cash flows generated from financing activities	**6,572**	3,396
Net cash inflows/(outflows)	**801**	(650)
Assets:		
Current assets	**75,320**	54,621
Non-current assets	**4,198**	3,927
Liabilities:		
Current liabilities	**56,787**	39,363
Non-current liabilities	**136**	380
Net assets	**22,595**	18,805
Accumulated non-controlling interests	**5,253**	4,372

Significant restriction

Cash and bank balances of $13,066,000, equivalent to RMB61,547,000 (2013: $23,897,000, equivalent to RMB114,860,000) held with subsidiaries in the People's Republic of China are subject to local exchange control regulations. These regulations place restrictions on exporting capital out of the country other than through dividends and thus significantly affect the Group's ability to access or use assets, and settle liabilities, of the Group.

7. Investment in an associate

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Equity investment at cost			**700**	700
Allowance for impairment losses			**(476)**	-
			224	700
Balance at beginning of financial year	**474**	617		
Share of results	**(250)**	(143)		
Balance at end of financial year	**224**	474		

Movement in allowance for impairment losses was as follows:

	Company	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	**-**	-
Allowance made during the financial year	**476**	-
Balance at end of financial year	**476**	-

The details of the associate are as follows:

Name of company (Country of incorporation)	Effective equity interest		Principal activities
	2014	2013	
	%	%	
Hawera Precision Tec Pte Ltd[1] (Singapore)	**35**	35	Distribution of precision tools and provision of regrinding services

[1] Not audited, under voluntary winding up.

7. Investment in an associate (Continued)

The associate's financial year-end is 31 December. The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group and the Company is as follows:

	2014 $'000	2013 $'000
Assets and liabilities:		
Total assets	715	1,685
Total liabilities	(74)	(330)
Net assets	641	1,355
Share of net assets (35%), representing the carrying amount of the investment	224	474
Results:		
Revenue	969	1,634
Net loss for the financial year, representing total comprehensive income for the financial year	(714)	(409)

8. Club memberships

	Group	
	2014 $'000	2013 $'000
Balance at beginning of financial year	363	351
Currency translation adjustment	17	12
Balance at end of financial year	380	363

Club memberships comprise memberships for golf clubs in the People's Republic of China and Singapore. As the club memberships do not have quoted market prices in an active market and there are no other available methods to reasonably estimate the fair values, it is not practicable to determine the fair values of the club memberships with sufficient reliability. However, the Directors of the Company are of the view that the carrying amounts of club memberships approximate their fair values.

As at 31 December 2014, the Group had club membership held in trust by a Director of the Company with carrying amount of approximately $243,000 (2013: $230,000).

There is no amortisation on club memberships as there is no expiry date on the club memberships.

9. Deferred tax

	Group	
	2014	2013
	$'000	$'000
Deferred tax assets		
Balance at beginning of financial year	**1,462**	1,308
Credit to profit or loss	**472**	184
Currency translation adjustment	**52**	(30)
Balance at end of financial year	**1,986**	1,462

The following are the major deferred tax assets recognised by the Group and the movements during the financial year.

	Provisions	Unutilised tax losses	Other temporary differences	Total
	$'000	$'000	$'000	$'000
Group				
At 1 January 2013	1,207	27	74	1,308
(Charge)/Credit to profit or loss	(114)	153	145	184
Currency translation adjustment	(11)	(7)	(12)	(30)
At 1 January 2014	**1,082**	**173**	**207**	**1,462**
Credit to profit or loss	**100**	**221**	**151**	**472**
Currency translation adjustment	**27**	**15**	**10**	**52**
At 31 December 2014	**1,209**	**409**	**368**	**1,986**

Deferred tax assets are recognised for provisions, unutilised tax losses and deductible temporary differences to the extent that realisation of the related tax benefits through future taxable profits is probable.

	Group	
	2014	2013
	$'000	$'000
Deferred tax liabilities		
Balance at beginning of financial year	**(11)**	(29)
Credit to profit or loss	**11**	19
Currency translation adjustment	**-**	(1)
Balance at end of financial year	**-**	(11)

9. Deferred tax (Continued)

The following are the major deferred tax liabilities recognised by the Group and the movements during the financial year.

	Accelerated tax depreciation $'000	Provisions $'000	Others $'000	Total $'000
Group				
At 1 January 2013	(29)	-	-	(29)
(Charge)/Credit to profit or loss	(3)	26	(4)	19
Currency translation adjustment	(1)	-	-	(1)
At 1 January 2014	**(33)**	**26**	**(4)**	**(11)**
(Charge)/Credit to profit or loss	**33**	**(26)**	**4**	**11**
At 31 December 2014	**-**	**-**	**-**	**-**

10. Available-for-sale financial assets

	Group and Company	
	2014 $'000	2013 $'000
Unquoted equity shares, at cost	**50**	50
Investment in life insurance plan, at fair value	**3,647**	-
	3,697	50
Allowance for impairment losses	**(50)**	(50)
	3,647	-

Investment in unquoted equity shares

The investment in unquoted equity shares which are stated at cost less impairment loss since there is no quoted market price in an active market and fair value cannot be reliably measured.

The Group does not have intention to dispose the unquoted equity shares in the near future.

During the financial year, the Group and the Company carried out a review on the recoverable amount of the investment and allowance for impairment was made for available-for-sale investment in equity shares due to declining value.

10. Available-for-sale financial assets (Continued)

Investment in life insurance plan

Movement in the investment in life insurance plan is as follows:

	Group and Company	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	**-**	-
Addition	**3,543**	-
Fair value change recognised in other comprehensive income	**56**	-
Exchange differences charged to profit or loss (other income)	**48**	-
Balance at end of financial year	**3,647**	-

The investment in life insurance plan pertains to the Jade Ultra Global Generations Universal Life Insurance Policy (the "Policy") purchased by the Company for a Director with a sum insured of US$8,500,000 and has a guaranteed return of 4.2% per annum within the 1 year lock-in period, after which, a variable return will be received, as determined by the insurer. The single premium paid on the Policy amounted to approximately US$703,000, equivalent to approximately $922,000 (Note 12). The investment is measured at fair value and changes therein are recognised in other comprehensive income and accumulated in the available-for-sale reserve, with the exception of impairment losses and foreign exchange gains and losses which are recognised in profit or loss.

The Policy is pledged as a security for the related bank borrowings (Note 18).

The available-for-sale financial assets are denominated in United States dollar.

For the purpose of consolidated statement of cash flows, the Group's addition to available-for-sale financial assets was financed as follows:

	Group	
	2014	2013
	$'000	$'000
Addition of available-for-sale financial asset	**3,543**	-
Acquired under bank borrowings	**(3,023)**	-
Cash payments to acquire available-for-sale financial asset	**520**	-

11. Trade and other receivables

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Non-current assets				
Other receivables	**708**	656	**-**	-
Current assets				
Trade receivables				
- third parties	**73,891**	70,626	**1,073**	566
- subsidiaries	**-**	-	**-**	37
Allowance for doubtful trade receivables				
- third parties	**(1,164)**	(1,479)	**-**	-
	72,727	69,147	**1,073**	603
Non-trade receivables				
- third parties	**2,859**	2,087	**79**	20
- subsidiaries	**-**	-	**31,099**	22,503
- an associate	**8**	92	**8**	92
Allowance for doubtful non-trade receivables				
- third parties	**(57)**	-	**-**	-
- subsidiaries	**-**	-	**-**	(329)
	2,810	2,179	**31,186**	22,286
Deposits	**457**	458	**5**	30
Total current trade and other receivables	**75,994**	71,784	**32,264**	22,919
Total trade and other receivables	**76,702**	72,440	**32,264**	22,919

Trade receivables are unsecured, non-interest bearing and generally on 30 to 120 (2013: 30 to 120) days credit terms.

Non-current other receivables due from third parties are unsecured, non-interest bearing and expected to be settled within 2 to 6 years (2013: 7 years).

The amounts due from subsidiaries and an associate are unsecured, non-interest bearing and repayable on demand, except for an amount due from a subsidiary of approximately $19,599,000 (2013: 15,181,000) which bears an interest rate of 2.5% (2013: 4%) per annum.

The carrying amount of non-current other receivables approximate the fair value as at the end of the financial year as the impact of discounting is insignificant.

11. Trade and other receivables (Continued)

Movements in allowance for doubtful third party trade receivables were as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**1,479**	2,026	**-**	-
Allowance made during the financial year	**137**	136	**-**	-
Bad debt receivables written off	**(469)**	(711)	**-**	-
Currency translation adjustment	**17**	28	**-**	-
Balance at end of financial year	**1,164**	1,479	**-**	-

The Group's allowance for doubtful trade receivables of approximately $137,000 (2013: $136,000) was included in "administrative and other expenses" line item in profit or loss subsequent to a debt recovery assessment performed during the financial year.

Movements in allowance for doubtful non-trade receivables were as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Balance at beginning of financial year	**-**	-	329	318
Allowance made/(reversed) during the financial year	**57**	-	(335)	-
Currency translation adjustment	**-**	-	6	11
Balance at end of financial year	**57**	-	-	329

The Group's allowance for doubtful third party non-trade receivables of approximately $57,000 (2013: $Nil) was included in "administrative and other expenses" line item in profit or loss subsequent to a debt recovery assessment performed during the financial year.

The Company wrote back allowance for doubtful non-trade receivables from subsidiaries no longer required of approximately $335,000 (2013: $Nil) during the financial year subsequent to the recovery of the related receivables.

11. Trade and other receivables (Continued)

Trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Singapore dollar	**2,737**	5,050	**29,292**	20,305
United States dollar	**43,733**	34,154	**672**	2,519
Chinese renminbi	**12,340**	9,124	**2,112**	22
Thailand baht	**6,150**	9,056	**-**	-
Indian rupee	**3,560**	4,707	**-**	-
Ringgit Malaysia	**3,905**	4,458	**-**	-
New Taiwan dollar	**1,150**	2,007	**-**	-
Australian dollar	**1,748**	2,752	**-**	-
Others	**1,379**	1,132	**188**	73
	76,702	72,440	**32,264**	22,919

12. Prepayment

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Non-current	**804**	-	**804**	-
Current	**830**	862	**238**	195
	1,634	862	**1,042**	195

The Group's and the Company's prepayments classified as non-current assets as at 31 December 2014 represent prepaid insurance premium in relation to the life insurance plan purchased by the Company for a Director (Note 10).

13. Inventories

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Finished goods	**33,479**	30,199	**301**	202

The cost of inventories recognised as an expense and included in "cost of sales" line item in profit or loss amounted to approximately $219,630,000 (2013: $193,348,000).

During the financial year, the Group carried out a review of the realisable values of its inventories and the review led to the recognition of an allowance for inventory obsolescence and inventories written off of approximately $2,902,000 and $556,000 (2013: $4,490,000 and $162,000) respectively that have been included in "cost of sales" line item in profit or loss.

14. Financial assets at fair value through profit or loss

	Group and Company	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	**-**	115
Disposal during the financial year	**-**	(121)
Changes in fair value during the financial year	**-**	6
Balance at end of financial year	**-**	-

In the previous financial year, the above comprised listed equity securities in Singapore that were held for trading.

15. Cash and cash equivalents

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Cash and bank balances	**24,189**	18,157	**1,362**	459
Fixed deposits with banks	**19,440**	22,321	**9,780**	1,421
Cash and cash equivalents as per statements of financial position	**43,629**	40,478	**11,142**	1,880
Fixed deposits pledged with banks	**(9,911)**	(1,608)		
Cash and cash equivalents as per consolidated statement of cash flows	**33,718**	38,870		

15. Cash and cash equivalents (Continued)

Fixed deposits mature on varying dates between 24 days to 8 months (2013: 8 days to 12 months) from the end of the financial year. The effective interest rates on the fixed deposits range from 1.10% to 8.25% (2013: 0.1% to 8.25%) per annum.

As at 31 December 2014, the fixed deposits of the Group amounting to approximately $9,911,000 (2013: $1,608,000) are pledged to banks for bankers' guarantees issued on behalf of the Group and as security for banking facilities as disclosed in Note 18 to the financial statements.

Cash and cash equivalents included in the statements of financial position are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Singapore dollar	1,495	388	328	61
United States dollar	6,908	2,890	828	209
Chinese renminbi	19,165	23,325	7,857	-
Ringgit Malaysia	4,648	4,667	-	-
Thailand baht	3,360	1,709	-	-
Indian rupee	2,472	3,740	-	-
Australian dollar	2,654	2,444	1,922	1,421
Others	2,927	1,315	207	189
	43,629	40,478	11,142	1,880

16. Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade payables				
- third parties	43,160	43,033	197	86
Non-trade payables				
- third parties	3,841	4,468	71	77
- subsidiaries	-	-	1,691	217
Advance billings	2,603	2,165	-	
Deferred revenue	3,605	3,110	-	-
Accrued operating expenses	6,177	4,835	1,006	633
	59,386	57,611	2,965	1,013

16. Trade and other payables (Continued)

Trade and non-trade payables are unsecured, non-interest bearing and are normally settled between 30 to 90 (2013: 30 to 90) days credit terms.

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

Deferred revenue represents unrecognised revenue from maintenance contracts expiring in future financial periods.

Trade and other payables are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Singapore dollar	**3,345**	13,172	**923**	764
United States dollar	**45,934**	33,210	**1,842**	51
Chinese renminbi	**2,657**	2,854	**192**	188
Ringgit Malaysia	**1,683**	1,386	**-**	-
Thailand baht	**2,106**	2,491	**-**	-
Australian dollar	**1,031**	1,904	**-**	-
Others	**2,630**	2,594	**8**	10
	59,386	57,611	**2,965**	1,013

17. Finance lease payables

	Minimum lease payments	Future finance charges	Present value of minimum lease payments
	$'000	$'000	$'000
Group			
2014			
Current liabilities			
Within one year	**141**	**(12)**	**129**
Non-current liabilities			
After one year but within five years	**172**	**(7)**	**165**
	313	**(19)**	**294**

17. Finance lease payables (Continued)

	Minimum lease payments $'000	Future finance charges $'000	Present value of minimum lease payments $'000
Group			
2013			
Current liabilities			
Within one year	141	(20)	121
Non-current liabilities			
After one year but within five years	313	(14)	299
	454	(34)	420
Company			
2014			
Current liabilities			
Within one year	**98**	**(7)**	**91**
Non-current liabilities			
After one year but within five years	**147**	**(4)**	**143**
	245	**(11)**	**234**
2013			
Current liabilities			
Within one year	98	(15)	83
Non-current liabilities			
After one year but within five years	246	(7)	239
	344	(22)	322

The finance lease payables are due to financial institutions.

The carrying amounts of non-current financial lease payables approximate their fair values as at the end of the financial year.

The finance lease term is 5 to 7 (2013: 5 to 7) years. The average effective interest rates for finance lease payable are between 3.57% to 5.43% (2013: 3.57% to 5.43%) per annum.

17. Finance lease payables (Continued)

Interest rate is fixed at the contract date and is on a fixed repayment basis and no arrangements have been entered into for contingent rental payments.

The Group's and the Company's payables under finance leases are secured by the leased assets, which will revert to the lessor in the event of default by the Group and the Company.

The finance lease payables are denominated in Singapore dollar.

18. Bank borrowings

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Current liabilities				
Secured				
Short term loans	**8,200**	1,075	**8,200**	1,075
Term loan I	**116**	231	**116**	231
Term loan II	**196**	196	**-**	-
Term loan III	**284**	284	**284**	284
Term loan IV	**444**	-	**444**	-
	9,240	1,786	**9,044**	1,590
Unsecured				
Short term loans	**24,266**	27,421	**4,370**	12,132
	33,506	29,207	**13,414**	13,722
Non-current liabilities				
Secured				
Term loan I	**-**	116	**-**	116
Term loan II	**114**	310	**-**	-
Term loan III	**592**	875	**592**	875
Term loan IV	**2,627**	-	**2,627**	-
	3,333	1,301	**3,219**	991
	36,839	30,508	**16,633**	14,713

18. **Bank borrowings** (Continued)

The average effective interest rates per annum of the bank borrowings are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Short term loans	**1.91**	2.04	**2.05**	1.93
Term loan I	**2.27**	2.27	**2.27**	2.27
Term loan II	**2.02**	2.07	**-**	-
Term loan III	**1.86**	1.82	**1.86**	1.82
Term loan IV	**1.83**	-	**1.83**	-

Secured

Short term loans were secured against fixed deposits placed with financial institutions.

Term loan I from a financial institution is repayable over 54 months commencing from 19 January 2011. Term loan I is secured by the Company's leasehold property.

Term loan II from a financial institution is repayable over 54 months commencing from 30 January 2012. Term loan II is secured by a subsidiary's leasehold property.

Term loan III from a financial institution is repayable over 60 months commencing from 15 February 2013. Term loan III is secured by the Company's leasehold property.

Term loan IV from a financial institution is repayable over 83 months commencing from 15 January 2015. Term loan IV is secured by the Company's available-for-sale financial assets.

As at the end of the financial year, the Group and the Company have banking facilities as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Banking facilities granted	**88,453**	82,395	**56,212**	59,919
Banking facilities utilised	**36,839**	30,508	**16,633**	14,713

18. Bank borrowings (Continued)

Secured (Continued)

Bank borrowings are denominated in the following currencies:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Singapore dollar	**23,866**	14,217	**13,562**	8,861
United States dollar	**12,973**	16,291	**3,071**	5,852
	36,839	30,508	**16,633**	14,713

The carrying amounts of non-current bank borrowings approximate their fair values as at the end of the financial year as the interest rates are at variable interest rates.

19. Share capital

	Group and Company			
	2014	**2013**	**2014**	**2013**
	Number of ordinary shares			
	'000	**'000**	**$'000**	**$'000**
Issued and fully-paid:				
Balance at beginning and end of financial year	**360,381**	360,381	**37,288**	37,288

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares have no par value and carry one vote per share without restriction.

20. Foreign currency translation reserve

Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency and is not distributable.

21. Available-for-sale reserve

Available-for-sale reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are derecognised or impaired.

	Group and Company	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	**-**	-
Fair value gain recognised in other comprehensive income	**56**	-
Balance at end of financial year	**56**	-

22. Other reserves

	Group	
	2014	2013
	$'000	$'000
Premium on acquisition of non-controlling interests	**(123)**	(123)
China statutory reserve	**4,878**	6,091
Thailand statutory reserve	**41**	41
	4,796	6,009

Premium on acquisition of non-controlling interests

Premium on acquisition of non-controlling interests is the effect of transactions with non-controlling interests if there are no changes in control and the transactions will no longer result in goodwill or gains or losses.

China statutory reserve

According to the relevant regulations in the People's Republic of China ("PRC") and the Articles of Association of the PRC subsidiaries, they are required to transfer 10% of their profit after income tax to the statutory reserve until the reserve balance reaches 50% of their registered capital. The transfer of this reserve must be made before the distribution of dividends to shareholders. Statutory reserve can be used to make good previous years' losses, if any, and may be converted into paid-in capital in proportion to the existing interests of owners, provided that the balance after conversion is not less than 25% of the registered capital.

22. Other reserves (Continued)

Thailand statutory reserve

Under the provisions of the Civil and Commercial Code of Thailand, the subsidiary in Thailand is required to set aside as legal reserve at least 5% of its profit at each dividend declaration until the reserve reaches 10% of authorised capital. The reserve is not available for dividend distribution. The subsidiary in Thailand had already appropriated retained earnings as legal reserve amounting to Thailand baht 1,000,000 ($41,000) equivalent to 10% of the authorised capital.

The movements of the other reserves of the Group are presented in the consolidated statement of changes in equity.

23. Retained earnings

Retained earnings of the Group are distributable except for the accumulated losses of an associate amounting to $476,000 (2013: $226,000).

Movements of retained earnings of the Company are as follows:

	Company	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	**33,852**	29,532
Total comprehensive income for the financial year	**(2,288)**	8,284
Dividends (Note 30)	**(2,955)**	(3,964)
Balance at end of financial year	**28,609**	33,852

24. Revenue

	Group	
	2014	2013
	$'000	$'000
Rendering of services	**119,564**	103,464
Sale of goods	**172,100**	159,272
	291,664	262,736

25. Other income

	Group	
	2014	2013
	$'000	$'000
Changes in fair value in financial assets at fair value through profit or loss	**-**	6
Commission income	**199**	280
Compensation income from an associate	**181**	-
Dividend income	**-**	1
Foreign exchange gain, net	**847**	-
Freight income	**192**	-
Gain on disposal of plant and equipment	**100**	-
Gain on disposal of financial assets at fair value through profit or loss	**-**	3
Government grant	**131**	61
Incentive received	**163**	110
Marketing income	**147**	383
Third party trade payables written off	**203**	-
Rental from office and equipment	**-**	39
Reversal of impairment loss for plant and equipment	**-**	348
Sale of drill bits	**123**	187
Scrap sales	**237**	261
Service fee	**-**	314
Others	**159**	273
	2,682	2,266

26. Finance costs

	Group	
	2014	2013
	$'000	$'000
Interest expenses		
- bank borrowings	**528**	516
- finance leases	**15**	19
- others	**-**	6
	543	541

27. Profit before income tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following charges:

	Group	
	2014	2013
	$'000	$'000
Cost of sales		
Allowance for inventory obsolescence	**2,902**	4,490
Inventories written off	**556**	162
Depreciation of property, plant and equipment	**3,921**	4,412
Selling and distribution costs		
Entertainment	**1,663**	1,468
Sales commission	**2,163**	1,978
Travelling	**1,637**	1,460
Administrative and other expenses		
Allowance for doubtful third party trade receivables	**137**	136
Allowance for doubtful third party non-trade receivables	**57**	-
Bad third party trade receivables written off	**30**	3
Depreciation of property, plant and equipment	**1,239**	1,173
Directors' fees		
– Directors of the Company	**148**	144
Foreign exchange loss, net	**-**	2,048
Loss on disposal of plant and equipment	**-**	193
Audit fees		
- auditors of the Company	**138**	132
- other auditors	**142**	196
Non-audit fees		
- auditors of the Company	**-**	-
- other auditors	**3**	3
Operating lease expenses	**1,309**	1,346
Plant and equipment written off	**23**	24

27. Profit before income tax (Continued)

The profit before income tax also includes:

	Group	
	2014	2013
	$'000	$'000
Employee benefits		
- salaries and other short term benefits	**29,039**	27,340
- post-employment benefits	**3,029**	2,870
	32,068	30,210

The employee benefits are recognised in the following line items of profit or loss:

	Group	
	2014	2013
	$'000	$'000
Cost of sales	**5,078**	4,603
Selling and distribution costs	**16,922**	15,335
Administrative and other expenses	**10,068**	10,272
	32,068	30,210

Included in the staff costs were key management remuneration as disclosed in Note 33 to the financial statements.

28. Income tax expense

	Group	
	2014	2013
	$'000	$'000
Current income tax		
- current year	**2,283**	2,585
- under/(over) provision in prior years	**176**	(182)
	2,459	2,403
Deferred tax		
- current year	**(207)**	(192)
- over provision in prior years	**(276)**	(11)
	(483)	(203)
Total income tax expense recognised in profit or loss	**1,976**	2,200

28. Income tax expense (Continued)

Reconciliation of effective tax rate

	Group	
	2014	2013
	$'000	$'000
Profit before income tax	7,371	2,811
Share of results of an associate	250	143
	7,621	2,954
Income tax calculated at Singapore's statutory income tax rate of 17%	1,296	502
Effect of different income tax rates in other countries	195	(335)
Effect of expenses not deductible for income tax purposes	734	663
Effect of partial tax exemption and tax relief	(411)	(201)
Deferred tax assets not recognised	662	2,229
Utilisation of deferred tax assets not recognised previously	(698)	(523)
Under/(Over) provision of current income tax in prior years	176	(182)
Over provision of deferred tax in prior years	(276)	(11)
Withholding tax paid overseas	304	-
Others	(6)	58
	1,976	2,200

Unrecognised deferred tax assets

	Group	
	2014	2013
	$'000	$'000
Balance at beginning of financial year	4,287	2,692
Utilised during the financial year	(698)	(523)
Amount not recognised during financial year	662	2,229
Forfeited upon liquidation of subsidiary	(174)	-
Currency translation adjustment	(65)	(111)
Balance at end of financial year	4,012	4,287

Unrecognised deferred tax assets are attributable to:

	Group	
	2014	2013
	$'000	$'000
Unutilised tax losses	3,583	3,693
Other temporary differences	429	594
	4,012	4,287

28. Income tax expense (Continued)

Unrecognised deferred tax assets (Continued)

As at 31 December 2014, the Group had unutilised tax losses of approximately $13,295,000 (2013: $13,933,000) available for offset against future taxable profits subject to the agreement by the tax authorities and provisions of the tax legislations of the respective countries in which the Group operates. No deferred tax assets have been recognised in respect of such losses as the management is not confident that there will be sufficient future taxable profits to realise these future benefits. Accordingly, these deferred tax assets have not been recognised in the consolidated financial statements of the Group in accordance with its accounting policy.

The total unutilised tax losses of the subsidiaries in the jurisdiction of the People's Republic of China, Vietnam and India amounting to $8,925,000 (2013: $10,020,000), $Nil (2013: $568,000) and $3,335,000 (2013: $2,480,000) respectively can only be utilised for set-off against its future taxable profits within five, five and eight years from the date the tax losses were incurred.

29. Earnings per share

The calculation for earnings per share is based on:

	Group	
	2014	2013
	$'000	$'000
Profit after income tax attributable to owners of the parent ($'000)	**4,840**	96
Actual number of ordinary shares in issue during the financial year applicable to basic earnings per share ('000)	**360,381**	360,381
Earnings per share (in cents)		
- Basic	**1.34**	0.03
- Diluted	**1.34**	0.03

Basic earnings per share is calculated by dividing the net profit for the financial year attributable to owners of the parent by the actual number of ordinary shares in issue during the financial year. As the Group has no dilutive potential ordinary shares, the diluted earnings per share is equivalent to basic earnings per share for the financial year.

30. Dividends

	Group and Company	
	2014	2013
	$'000	$'000
Interim tax-exempt dividends paid of $0.0027 per share in respect of financial year ended 31 December 2014	**973**	-
Interim tax-exempt dividends paid of $0.0055 per share in respect of financial year ended 31 December 2013	**-**	1,982
Final tax-exempt dividends paid of $0.0055 per share in respect of financial year ended 31 December 2013	**1,982**	-
Final tax-exempt dividends paid of $0.0055 per share in respect of financial year ended 31 December 2012	**-**	1,982
	2,955	3,964

The Directors of Company recommend a final tax-exempt dividend of $0.0055 (2013: $0.0055) per share amounting to approximately $1,982,000 (2013: $1,982,000) be paid in respect of current financial year. This final dividend has not been recognised as a liability as at the end of the financial year as it is subject to approval by shareholders at the Annual General Meeting of the Company.

31. Commitments and contingent liabilities

31.1 Operating lease commitments

The Group as a lessee

As at the end of the financial year, there were operating lease commitments for rental payable in subsequent accounting periods as follows:

	Group	
	2014	2013
	$'000	$'000
Within one year	**1,500**	1,573
After one year but within five years	**487**	1,218
	1,987	2,791

The above operating lease commitments are based on existing rental rates at the end of the financial year. The operating lease agreements provide for periodic revision of such rates in the future. The Group leases various office premises under non-cancellable operating lease agreements. These leases have varying terms, escalation rights and renewal rights.

31. Commitments and contingent liabilities (Continued)

31.1 Operating lease commitments(Continued)

The Group and the Company as lessors

The Group and the Company have entered into operating lease commitment on its machineries. These non-cancellable leases have remaining lease terms of between 4 to 20 (2013: 8 to 10) months.

As at the end of the financial year, future minimum rentals receivable under non-cancellable operation leases at the end of the financial year are as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Within one year	**822**	239	**822**	239
After one year but within five years	**208**	-	**208**	-
	1,030	239	**1,030**	239

31.2 Contingent liabilities

(a) Legal suit

On 19 July 2013, a Writ of Summons with a Statement of Claim was served on the Company by a supplier of the Group. The Company was the named Defendants, being the corporate guarantor of one of its subsidiaries. The subsidiary had entered into an agreement with the said supplier where the subsidiary was granted the right and license to distribute various software products owned or licensed by the supplier. Accordingly, the subsidiary has recorded the inventories and corresponding amount owing to the supplier in the previous financial year. However, owing to certain misrepresentations by the supplier, the subsidiary decided to return those software products to the supplier, which was not agreed by the supplier.

During the financial year, the Writ of Summons was settled out of court with the supplier without further liabilities incurred by the Group.

(b) Corporate guarantees

As at 31 December 2014, the Company had given guarantees amounting to $19,896,000 (2013: $15,289,000) to certain banks in respect of banking facilities granted to the subsidiaries (Note 6). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

31. Commitments and contingent liabilities (Continued)

31.2 Contingent liabilities (Continued)

(b) Corporate guarantees (Continued)

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Directors of the Company have assessed that the likelihood of the subsidiaries defaulting on repayment of its loan is remote.

32. Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker (Note 2.20).

Management considers the business from both a geographic and business segment perspective. Geographically, management manages and monitors the business in these primary geographic areas: Singapore, People's Republic of China ("PRC") and other countries. These locations are engaged in the manufacturing, distribution of PCB and distribution of hardware and software.

The Group has two reportable segments being PCB business and IT business.

The PCB business segment provides precision drilling services to PCB fabricators and distributes specialty chemicals and other PCB-related products and equipment to PCB manufacturers.

The IT business segment relates to the distribution of hardware and software relating to internet and network products and the provision of maintenance services for such products.

The Group's reportable segments are strategic business units that are organised based on their function and targeted customer groups. They are managed separately because each business unit requires different skill sets and marketing strategies.

Management monitors the operating results of the segments separately for the purpose of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operation profit or loss which is similar to the accounting profit or loss.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss from 2013.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

32. Segment information (Continued)

	Singapore		PRC		Others		
	PCB business	IT business	PCB business	IT business	IT business	Elimination and adjustments	Total
2014	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Revenue							
- External sales	3,419	102,845	22,394	44,176	118,830	-	291,664
- Inter-segment sales	15	543	-	-	117	(675)	-
Total revenue	3,434	103,388	22,394	44,176	118,947	(675)	291,664

	PCB business	IT business	Elimination and adjustments	Total
	$'000	$'000	$'000	$'000
Segment results				
Interest income	237	179	-	416
Interest expense	(10)	(533)	-	(543)
Depreciation of property, plant and equipment	(4,322)	(838)	-	(5,160)
Share of results of an associate, net of tax	(250)	-	-	(250)
Other material non-cash items:				
- Gain/(Loss) on disposal of plant and equipment	109	(9)	-	100
- Inventories written off	-	(556)	-	(556)
- Foreign exchange gain	402	445	-	847
- Allowance for inventory obsolescence	2	(2,904)	-	(2,902)
- Allowance for doubtful third party trade receivables	-	(137)	-	(137)
- Allowance for doubtful third party non-trade receivables	-	(57)	-	(57)
Segment profit	2,600	4,771	-	7,371

32. Segment information (Continued)

	Singapore		PRC		Others			
	PCB business	IT business	PCB business	IT business	IT business	Unallocated	Elimination and adjustments	Total
2014	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Capital expenditure								
Property, plant and equipment	192	520	29	98	144	-	-	983
Assets and liabilities								
Segment assets	22,612	61,543	31,634	20,743	46,511	5,381	-	188,424
Investment in an associate	224	-	-	-	-	-	-	224
Segment liabilities	18,141	57,490	1,387	7,015	12,486	764	-	97,283

32. Segment information (Continued)

	Singapore		PRC		Others		
2013	PCB business $'000	IT business $'000	PCB business $'000	IT business $'000	IT business $'000	Elimination and adjustments $'000	Total $'000
Revenue							
- External sales	2,354	81,485	19,486	40,432	118,979	-	262,736
- Inter-segment sales	14	111	-	26	519	(670)	-
Total revenue	2,368	81,596	19,486	40,458	119,498	(670)	262,736

	PCB business $'000	IT business $'000	Elimination and adjustments $'000	Total $'000
Segment results				
Interest income	427	85	-	512
Interest expense	(332)	(209)	-	(541)
Depreciation of property, plant and equipment	(4,789)	(796)	-	(5,585)
Share of results of an associate, net of tax	(143)	-	-	(143)
Other material non-cash items:				
- Reversal of impairment loss of plant and equipment	348	-	-	348
- (Loss)/Gain on disposal of plant and equipment	(197)	4	-	(193)
- Inventories written off	-	(162)	-	(162)
- Foreign exchange loss	157	(2,205)	-	(2,048)
- Changes in fair value of financial assets at fair value through profit or loss	6	-	-	6
- Allowance for inventory obsolescence	(1)	(4,489)	-	(4,490)
Segment profit	(146)	2,957	-	2,811

32. Segment information (Continued)

	Singapore		PRC		Others			
2013	PCB business $'000	IT business $'000	PCB business $'000	IT business $'000	IT business $'000	Unallocated $'000	Elimination and adjustments $'000	Total $'000
Capital expenditure								
Property, plant and equipment	1,999	288	11	30	219	-	-	2,547
Assets and liabilities								
Segment assets	7,486	51,025	46,064	15,527	51,615	3,900	-	175,617
Investment in an associate	474	-	-	-	-	-	-	474
Segment liabilities	15,832	50,651	1,389	4,868	15,799	687	-	89,226

Geographical information

The Group's two business segments operate in three main geographical areas. Revenue is based on the country in which the customer is located.

Revenue from external customers

	Singapore $'000	PRC $'000	Others $'000	Group $'000
2014				
Revenue from external customers	**86,089**	**62,994**	**142,581**	**291,664**
2013				
Revenue from external customers	64,638	59,972	138,126	262,736

32. Segment information (Continued)

Geographical information (Continued)

Location of non-current assets

	Singapore $'000	PRC $'000	Others $'000	Group $'000
2014				
Non-current assets	**9,597**	**15,243**	**139**	**24,979**
2013				
Non-current assets	8,933	19,935	1,462	30,330

Non-current assets consist of property, plant and equipment, investment in an associate, club memberships and prepayment as presented in the statement of financial position of the Group.

Major customers

The Group does not have a major customer whose revenue is 10% or more of the Group's revenue.

33. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (ii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint ventures of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

33. Significant related party transactions (Continued)

A related party is defined as follows: (Continued)

(b) An entity is related to the Group and the Company if any of the following conditions applies: (Continued)

(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

In addition to the related party information disclosed elsewhere in the financial statements, the following were significant related party transactions at terms and rates agreed between the parties during the financial year:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
With subsidiaries				
Sale of goods and services	**-**	-	**15**	14
Purchase of goods	**-**	-	**123**	110
Service fee	**-**	-	**1,744**	1,419
Sales of spare parts	**-**	-	**1**	57
Dividend income	**-**	-	**3,136**	9,469
Advances made to subsidiaries	**-**	-	**29,110**	48,022
Interest on advances made to a subsidiary	**-**	-	**495**	639
Transfer of shares	**-**	-	**202**	1,726
Payment made by the Company on the subsidiaries' behalf	**-**	-	**339**	209
With an associate				
Sale of goods and services	**1**	11	**1**	11
Compensation income	**181**	-	**181**	-
Service fee	**249**	566	**249**	566
Accounting fee	**36**	31	**36**	31
Payment made by the Company on the associate's behalf	**-**	14	**-**	14

33. Significant related party transactions (Continued)

Compensation of key management personnel

The remuneration of Directors and other members of the key management personnel of the Group and the Company during the financial year were as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Salaries and other short-term benefits (other than fees)	**3,062**	2,697	**2,617**	2,250
Post-employment benefits	**100**	108	**68**	71
Directors' fees	**147**	144	**147**	144
	3,309	2,949	**2,832**	2,465

The above includes the following remuneration to the Directors of the Company:

	Group	
	2014	2013
	$'000	$'000
Salaries and other short-term benefits (other than fees)	**1,602**	1,306
Post-employment benefits	**19**	22
Directors' fees	**147**	144
	1,768	1,472

34. Financial instruments, financial risks and capital management

The Group's and the Company's activities expose them to credit risk, market risk (including interest rate risk and foreign exchange risk), and liquidity risk. The Group's and the Company's overall risk management strategy seek to minimise adverse effects from the volatility of financial markets on the Group's and the Company's financial performance.

The Board of Directors of the Company is responsible for setting the objectives and underlying principles of financial risk management for the Group and the Company. The Group's and the Company's management then establish the detailed policies such as risk identification and measurement, exposure limits and hedging strategies, in accordance with the objectives and underlying principles approved by the Board of Directors.

There has been no change to the Group's and the Company's exposures to these financial risks or the manner in which they manage and measure these risks.

34. Financial instruments, financial risks and capital management (Continued)

34.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a loss to the Group and the Company. The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. The Group and the Company perform ongoing credit evaluation of their counterparties' financial condition and generally do not require collaterals.

As the Group and the Company do not hold any collateral, the maximum exposure to credit risk for each class of financial instruments is the carrying amount of that class of financial instruments presented on the statement of financial position, except as follows:

	Company	
	2014	2013
	$'000	$'000
Corporate guarantees provided to banks for subsidiaries' banking facilities utilised as at the end of financial year	**19,896**	15,289

The earliest period that the guarantee could be called is within 1 year from the end of the financial year. Based on expectations at the end of the financial year, the Company considers that it is more likely than not that no amount will be payable under the arrangement (Note 31.2b). However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The Group and the Company do not have any significant credit exposure to any single counterparty or any group of counterparties having similar characteristics except for the top three trade receivables from third parties amounting to approximately $17,290,000 and $988,000 (2013: $11,032,000 and $527,000) respectively as at the end of financial year.

The carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses, represents the Group's and the Company's maximum exposure to credit risk.

The Group's and the Company's major classes of financial assets are bank deposits and trade and other receivables.

34. Financial instruments, financial risks and capital management (Continued)

34.1 Credit risk (Continued)

The credit risk for trade receivables based on the information provided to the key management as at the end of the financial year was as follows:

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
By geographical areas				
Singapore	**27,711**	22,046	**1,008**	526
People's Republic of China	**15,138**	13,855	**-**	37
Thailand	**6,083**	8,972	**9**	-
Other countries	**23,795**	24,274	**56**	40
	72,727	69,147	**1,073**	603

Trade receivables that are neither past due nor impaired are substantially companies with good collection track record with the Group and the Company. Management will assess for impairment with reference to the creditworthiness and the past collection history of each customer. Based on historical experience, the Group's and the Company's collection of receivables falls within the credit period granted.

The age analysis of trade receivables that are past due is as follows:

	Gross receivables	Impairment	Gross receivables	Impairment
	2014	**2014**	2013	2013
	$'000	**$'000**	$'000	$'000
Group				
Past due 0 to 1 month	**16,141**	**-**	15,662	-
Past due 1 to 2 months	**8,787**	**-**	9,436	-
Past due 2 to 5 months	**4,603**	**-**	3,667	-
Past due over 5 months	**2,528**	**1,164**	2,931	1,479
Company				
Past due 0 to 1 month	**273**	**-**	113	-
Past due 1 to 2 months	**108**	**-**	47	-
Past due 2 to 5 months	**47**	**-**	39	-
Past due over 5 months	**-**	**-**	-	-

34. Financial instruments, financial risks and capital management (Continued)

34.2 Market risk

(i) Foreign exchange risk management

Currency risk arises from transactions denominated in currencies other than the functional currencies of the entities within the Group. The currencies that give rise to this risk are primarily United States dollar and Chinese renminbi.

The Group and the Company monitor their foreign currency exchange risks closely and maintains funds in various currencies to minimise currency exposure due to timing differences between sales and purchases. Currency translation risk arises when commercial transactions, recognised assets and liabilities and net investment in foreign operations are denominated in a currency that is not the entity's functional currency.

It is not the Group's and the Company's policy to take speculative positions in foreign currencies. Where appropriate, the Group and the Company enter into foreign currency forward contracts with its principal bankers to mitigate the foreign currency risks (mainly export sales and import purchases). As at the end of the financial year, there were no outstanding forward foreign currency contracts.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the financial year were as follows:

	Assets		Liabilities	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Group				
United States dollar	**14,110**	9,872	**12,688**	16,230
Chinese renminbi	**7,859**	-	**3**	-
Others	**2,595**	1,934	**412**	8,385
Company				
United States dollar	**1,500**	2,714	**4,913**	5,903
Chinese renminbi	**9,969**	22	**192**	188
Others	**2,317**	1,683	**8**	10

34. Financial instruments, financial risks and capital management (Continued)

34.2 Market risk (Continued)

(i) *Foreign exchange risk management* (Continued)

Foreign currency sensitivity analysis

The Group's and the Company's exposure to foreign currency risk are mainly in United States dollar and Chinese renminbi.

The following table details the Group's and Company's sensitivity to a 3% (2013: 0.5%) change in United States dollar and Chinese renminbi against the Singapore dollar. The sensitivity analysis assumes an instantaneous 3% (2013: 0.5%) change in the foreign currency exchange rates from the end of the financial year, with all other variables held constant. The results of the model are also constrained by the fact that only monetary items, which are denominated in United States dollar and Chinese renminbi are included in the analysis.

	Profit or loss	
	2014	2013
	$'000	$'000
Group		
United States dollar		
Strengthens against Singapore dollar	**43**	(32)
Weakens against Singapore dollar	**(43)**	32
Chinese renminbi		
Strengthens against Singapore dollar	**236**	-
Weakens against Singapore dollar	**(236)**	-
Company		
United States dollar		
Strengthens against Singapore dollar	**(103)**	(16)
Weakens against Singapore dollar	**103**	16
Chinese renminbi		
Strengthens against Singapore dollar	**293**	(1)
Weakens against Singapore dollar	**(293)**	1

34. Financial instruments, financial risks and capital management (Continued)

34.2 Market risk (Continued)

(ii) Interest rate risk management

The Group's and the Company's exposure to market risk for changes in interest rates relates primarily to short-term bank deposits, finance lease payables and bank borrowings as shown in Notes 15, 17 and 18 to the financial statements.

The Group's and the Company's results are affected by changes in interest rates due to the impact of such changes on interest income and expenses from short-term bank deposits and bank borrowings which are at floating interest rates. It is the Group's and the Company's policy to obtain quotes from banks to ensure that the most favourable rates are made available to the Group and the Company.

The Group's and Company's borrowings at variable rates are denominated in Singapore dollar and United States dollar. If the Singapore dollar interest rates increase or decrease by 0.5% (2013: 0.5%) with all other variables including tax rate being held constant, the Group's profit before income tax will decrease or increase by approximately $119,000 (2013: $71,000) as a result of higher or lower interest expense on borrowings. If the United States dollar interest rates increase or decrease by 0.5% (2013: 0.5%) with all other variables including tax rate being held constant, the Group's profit before income tax will decrease or increase by approximately $65,000 (2013: $81,000) as a result of higher or lower interest expense on borrowings.

34.3 Liquidity risk

Liquidity risk refers to the risk in which the Group and the Company encounter difficulties in meeting their short-term obligations. Liquidity risks are managed by matching the payment and receipt cycle.

The Group and the Company actively manage their operating cash flows so as to finance the Group's and the Company's operations. As part of their overall prudent liquidity management, the Group and the Company minimise liquidity risk by ensuring the availability of funding through an adequate amount of committed credit facilities from financial institutions and maintain sufficient levels of cash to meet their working capital requirement.

The following table details the Group's and the Company's remaining contractual maturity for their non-derivative financial liabilities. The table has been drawn up based on undiscounted cash flows of financial instruments based on the earlier of the contractual date or when the Group and the Company are expected to receive or pay.

34. Financial instruments, financial risks and capital management (Continued)

34.3 Liquidity risk (Continued)

Contractual maturity analysis

	Within one year $'000	After one year but within five years $'000	After five years $'000	Total $'000
Group				
2014				
Financial liabilities				
Non-interest bearing				
- Trade and other payables	53,178	-	-	53,178
Interest bearing				
- Bank borrowings	33,651	2,623	867	37,141
- Finance lease payables	141	172	-	313
	86,970	2,795	867	90,632
2013				
Financial liabilities				
Non-interest bearing				
- Trade and other payables	52,336	-	-	52,336
Interest bearing				
- Bank borrowings	29,247	1,332	-	30,579
- Finance lease payables	141	313	-	454
	81,724	1,645	-	83,369

The disclosed amounts for the financial guarantee contracts represent the maximum amount of issued financial guarantees in the earliest period for which the guarantees could be called upon in the contracted maturity analysis.

34. Financial instruments, financial risks and capital management (Continued)

34.3 Liquidity risk (Continued)

Contractual maturity analysis (Continued)

	Within one financial year $'000	After one year but within five years $'000	After five years $'000	Total $'000
Company				
2014				
Financial liabilities				
Non-interest bearing				
- Trade and other payables	**2,965**	**-**	**-**	**2,965**
Interest bearing				
- Bank borrowings	**13,492**	**2,508**	**867**	**16,867**
- Finance lease payables	**98**	**147**	**-**	**245**
	16,555	**2,655**	**867**	**20,077**
Financial guarantee contracts	**19,896**	**-**	**-**	**19,896**
2013				
Financial liabilities				
Non-interest bearing				
- Trade and other payables	1,013	-	-	1,013
Interest bearing				
- Bank borrowings	13,735	1,018	-	14,753
- Finance lease payables	98	246	-	344
	14,846	1,264	-	16,110
Financial guarantee contracts	15,289	-	-	15,289

The Group's operations are financed mainly through equity, retained earnings, finance leases and bank borrowings. Adequate lines of credits are maintained to ensure the necessary liquidity is available when required.

34. Financial instruments, financial risks and capital management (Continued)

34.4 Capital management policies and objectives

The Group and the Company manage their capital to ensure that the Group and the Company are able to continue as going concern and to maintain an optimal capital structure so as to maximise shareholders' value.

The management constantly reviews the capital structure to ensure the Group and the Company are able to service any debt obligations (include principal repayment and interests) based on their operating cash flows. The Group's and the Company's overall strategy remains unchanged from 2013.

The management monitors capital based on gearing ratio. The gearing ratio is calculated as net debt divided by equity attributable to owners of the parent plus net debt. The Group and the Company include within net debt, trade and other payables, finance lease payables and bank borrowings less cash and cash equivalents. Equity attributable to owners of the parent consists of share capital, foreign currency translation reserve, available-for-sale reserve, other reserves and retained earnings.

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Trade and other payables	**59,386**	57,611	**2,965**	1,013
Finance lease payables	**294**	420	**234**	322
Bank borrowings	**36,839**	30,508	**16,633**	14,713
Less: Cash and cash equivalents	**(43,629)**	(40,478)	**(11,142)**	(1,880)
Net debt	**52,890**	48,061	**8,690**	14,168
Equity attributable to owners of the parent	**86,526**	82,804	**65,953**	71,140
Total capital	**139,416**	130,865	**74,643**	85,308
Gearing ratio (%)	**38**	37	**12**	17

The Group and the Company are in compliance with all borrowing covenants for the financial year ended 31 December 2014 and 2013.

As disclosed in Note 22 to the financial statements, certain subsidiaries of the Group is required by the People's Republic of China and Civil and Commercial Code of Thailand to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subject to approval by the relevant authorities.

34. Financial instruments, financial risks and capital management (Continued)

34.5 Fair value of financial assets and financial liabilities

The carrying amounts of the Group's and the Company's current financial assets and current financial liabilities approximate their respective fair values due to the relative short term maturity of these financial instruments. The fair values of non-current other receivables and non-current liabilities in relation to finance lease payables and bank borrowings are disclosed in the respective notes to the financial statements.

Financial instruments by category

	Group		Company	
	2014	2013	**2014**	2013
	$'000	$'000	**$'000**	$'000
Financial assets				
Available-for-sale financial assets	**3,647**	-	**3,647**	-
Loans and receivables				
Trade and other receivables	**76,702**	72,440	**32,264**	22,919
Cash and bank balances	**43,629**	40,478	**11,142**	1,880
	120,331	112,918	**43,406**	24,799
Financial liabilities				
Other financial liabilities				
Trade and other payables, excluding deferred revenue and advance billings	**53,178**	52,336	**2,695**	1,013
Bank borrowings	**36,839**	30,508	**16,633**	14,713
Finance lease payables	**294**	420	**234**	322
	90,311	83,264	**19,562**	16,048

The fair values of financial assets and liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and

- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

34. Financial instruments, financial risks and capital management (Continued)

34.5 Fair value of financial assets and financial liabilities (Continued)

Financial instruments by category (Continued)

The management considers that the carrying amounts of the financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their fair values.

Fair value hierarchy

The Group and the Company classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The table below analyses financial instruments carried at fair value by the valuation method. The fair value hierarchy has the following levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows:

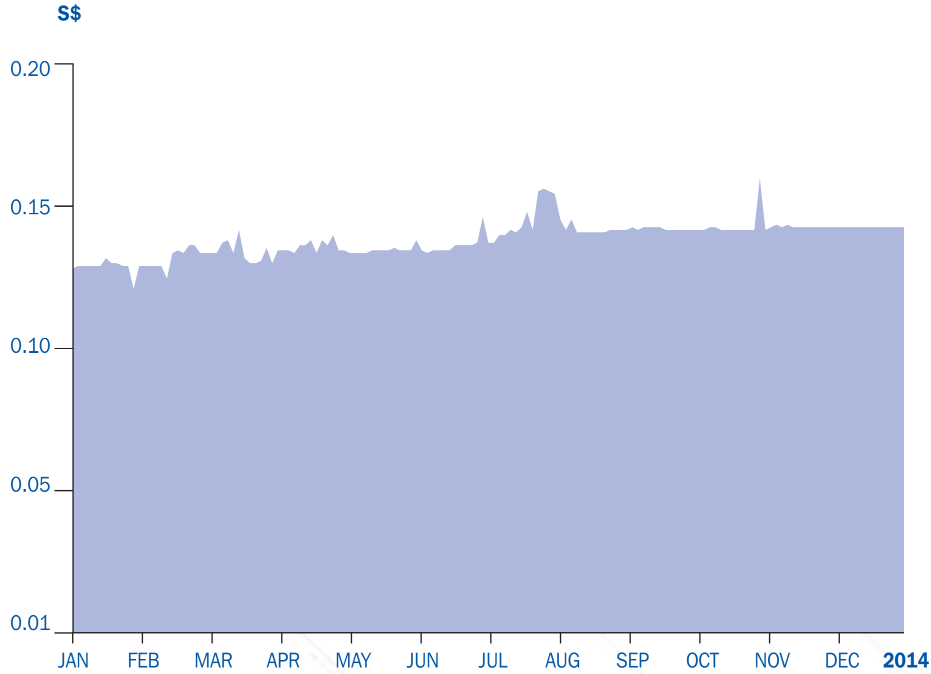
	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000
Group and Company				
2014				
Available-for-sale financial assets	-	-	3,647	3,647
2013				
Available-for-sale financial assets	-	-	-	-

There were no transfers between Levels 1 and 2 during the year.

The fair value measurements categorised within Level 3 includes unobservable inputs that are not developed by the Group and Company.

The fair value of the investment in life insurance plan is based on the cash value provided by the insurer without adjustment.

Share Price Chart



	In 2014			As at 18 March 2015
	Highest	Lowest	Average	
Share Price (S$)	0.164	0.121	0.140	0.146
Share Volume	320,000	1,000	29 ,000	2,000

STATISTICS OF SHAREHOLDERS >>

AS AT 18 MARCH 2015

ANALYSIS OF SHAREHOLDINGS AS AT 18 MARCH 2015

Total number of issued shares excluding treasury shares	-	360,381,150
Number of treasury shares	-	NIL
Class of Shares	-	Ordinary shares
Voting Rights	-	One Vote per share

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shareholdings
1 – 1,000	284	4.99	154,903	0.04
1,001 – 10,000	4,599	80.85	12,557,276	3.48
10,001 – 1,000,000	795	13.98	42,685,308	11.85
1,000,001 and above	10	0.18	304,983,633	84.63
TOTAL	5,688	100.00	360,381,150	100.00

STATISTICS OF SHAREHOLDERS >>

AS AT 18 MARCH 2015

LIST OF TWENTY LARGEST SHAREHOLDERS

(as shown in the Register of Members)

No.	Name of Shareholder	No. of Shares	% of Shareholdings
1	FOO SUAN SAI	143,238,500	39.75
2	HAN JUAT HOON	100,450,500	27.87
3	YAOWALAK PHOOWARACHAI	42,672,000	11.84
4	DBS NOMINEES PTE LTD	7,988,250	2.22
5	DBS VICKERS SECURITIES (S) PTE LTD	2,291,000	0.64
6	UNITED OVERSEAS BANK NOMINEES PTE LTD	2,113,500	0.59
7	UOB KAY HIAN PTE LTD	1,917,000	0.53
8	MAYBANK KIM ENG SECURITIES PTE LTD	1,608,000	0.45
9	RAFFLES NOMINEES (PTE) LTD	1,464,913	0.41
10	IAN HAROLD HOLLAND	1,240,000	0.34
11	NEO THUA TEE	905,000	0.25
12	FOO CHIK HEE @ FOO CHIK ENG	758,000	0.21
13	EU YEE CHUN BARRY	644,312	0.18
14	EU YEE-KWUN MICHAEL	644,312	0.18
15	HARRY HALIM @ LIM ENG LIAN	577,000	0.16
16	HOO LEN YUH	535,000	0.15
17	YONG WAI CHENG	525,000	0.14
18	OCBC SECURITIES PRIVATE LTD	511,008	0.14
19	SUZUKI TOSHIAKI	500,000	0.14
20	PHUA SOO HONG	488,500	0.13
	TOTAL	311,071,795	86.32

SUBSTANTIAL SHAREHOLDERS >>

AS AT 18 MARCH 2015

(as shown in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interest	
No.	**Name of Shareholder**	**No. of Shares**	**%**	**No. of Shares**	**%**
1.	Foo Suan Sai	143,238,500	39.75	101,380,500	28.13
2.	Han Juat Hoon	101,380,500	28.13	143,238,500	39.75
3.	Yaowalak Phoowarachai	42,672,000	11.84	-	-

Notes :

Mr Foo Suan Sai and Mdm Han Juat Hoon are husband and wife and they are each deemed to be interested in the shares held by the other.

COMPLIANCE WITH RULE 723 OF THE SGX-ST LISTING MANUAL

As at 18 March 2015, based on the registers of shareholders and to the best knowledge of the Company, the percentage of shareholding held in the hands of the public is 19.76%. The Company is therefore in compliance with Rule 723 of the SGX-ST Listing Manual.

NOTICE OF ANNUAL GENERAL MEETING >>

NOTICE IS HEREBY GIVEN THAT the Annual General Meeting of the Company will be held at 18 Boon Lay Way, #04-110 Tradehub 21, Singapore 609966 on Thursday, 30 April 2015 at 11.30 a.m., for the purpose of transacting the following businesses:

As Ordinary Business

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2014 together with the Directors' Report and the Auditor's Report thereon. **(Resolution 1)**

2. To re-elect Mr. Foo Maw Shen who is retiring by rotation pursuant to Article 90 of the Articles of Association of the Company. *(See Explanatory Note 1)* **(Resolution 2)**

   Mr. Foo Maw Shen will, upon re-election as a Director of the Company, remain as a member of the Audit Committee, Remuneration Committee and Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

3. To re-elect Mr. Neo Mok Choon who is retiring by rotation pursuant to Article 106 of the Articles of Association of the Company. *(See Explanatory Note 2)* **(Resolution 3)**

   Mr. Neo Mok Choon will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

4. To approve a final tax exempt (one-tier) dividend of SGD0.0055 per ordinary share for the financial year ended 31 December 2014. **(Resolution 4)**

5. To approve the payment of Directors' fees of S$147,500 for the financial year ended 31 December 2014. **(Resolution 5)**

6. To re-appoint Messrs BDO LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 6)**

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

As Special Business

To consider and, if thought fit, to pass the following as Ordinary Resolutions, with or without modifications:

8. Re-appointment of directors under Section 153(6) of the Companies Act, Cap. 50

   "That pursuant to Section 153(6) of the Companies Act, Cap. 50, Mr Lim Keng Jin be re-appointed as a Director of the Company to hold office until the next annual general meeting of the Company." **(Resolution 7)**
   (See Explanatory Note 3)

   Mr. Lim Keng Jin will, upon re-election as a Director of the Company, remain as Chairman of the Board, Chairman of Remuneration Committee and a member of the Audit Committee and Nominating Committee. He will be considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.

9. Authority to issue shares

   "That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"), authority be and is hereby given to the Directors of the Company to:- **(Resolution 8)**

   (a) (i) issue shares in the capital of the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

   (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force, provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares is based on the Company's total number of issued shares excluding treasury shares at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Articles of Association for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."
(See Explanatory Note 4)

BY ORDER OF THE BOARD
Chan Lai Yin
Company Secretary
Singapore, 15 April 2015

BOOKS CLOSURE DATE

Subject to shareholders' approval at the Annual General Meeting, the Register of Members and Share Transfer Books of the Company will be closed on 5 June 2015, for the purpose of determining Members' entitlements to a final tax exempt (one-tier) dividend of 0.55 cents per ordinary share for the financial year ended 31 December 2014, to be proposed at the Annual General Meeting of the Company to be held on 30 April 2015 (the "Proposed Final Dividend").

Duly completed registrable transfers received by the Company's Share Registrar, M & C Services Private Limited, 112 Robinson Road, #05-01, Singapore 068902 by 5.00 p.m. on 4 June 2015 will be registered to determine Members' entitlements to the Proposed Final Dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with shares of the Company as at 5.00 p.m. on 4 June 2015 will be entitled to the Proposed Final Dividend.

The Proposed Final Dividend, if approved at the Annual General Meeting, will be paid on 19 June 2015.

Explanatory Notes on Businesses to be Transacted

1. The detailed information of Mr Foo Maw Shen can be found under Directors' Profile section and page 41 of the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr Foo Maw Shen and the other Directors and the Company or its 10% shareholders.

2. The detailed information of Mr Neo Mok Choon can be found under Directors' Profile section and page 41 of the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr Neo Mok Choon and the other Directors and the Company or its 10% shareholders.

3. The detailed information of Mr Lim Keng Jin can be found under Directors' Profile section and page 41 of the Company's Annual Report. There are no relationships (including immediate family relationships) between Mr Lim Keng Jin and the other Directors and the Company or its 10% shareholders.

4. The Ordinary Resolution no. 8 proposed in item 9 above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue shares and convertible securities in the Company. The aggregate number of shares (including any shares issued pursuant to the convertible securities) which the Directors may allot and issue under this Resolution will not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares of the Company. For issues of shares other than on a pro rata basis to all shareholders, the aggregate number of shares to be issued will not exceed twenty per cent. (20%) of Company's total number of issued shares excluding treasury shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier. However, notwithstanding the cessation of this authority, the Directors are empowered to issue shares pursuant to any Instrument made or granted under this authority.

Notes

i. A member is entitled to attend and vote at this meeting and may appoint not more than two proxies to attend and vote in his stead.

ii. Where a member appoints two proxies, he/she should specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

iii. A proxy need not be a member of the Company.

iv. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body, such person as it thinks fit to act as its representative at the meeting.

v. The instrument appointing a proxy must be deposited at the registered office of the Company at 16H Enterprise Road, Singapore 627657 not less than 48 hours before the time appointed for holding the meeting.

PERSONAL DATA PRIVACY

By lodging an instrument appointing a proxy(ies) and/or representative(s), a Shareholder (i) consents to the collection, use and disclosure of the Shareholder's personal date by the Company (and its agents) for the purpose of the processing and administration by the Company (and its agents) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (and its agents) to comply with any applicable laws, listing rule, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the Shareholder discloses the personal data of the Shareholder's proxy(ies) and/or representative(s) to the Company (and its agents), the Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (and its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Shareholder will indemnity the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Shareholder's breach of warranty.

MULTI-CHEM LIMITED
(Company Registration No.: 198500318Z)
(Incorporated in Singapore)

PROXY FORM

IMPORTANT
1. For investors who have used their CPF monies to buy shares of Multi-Chem Limited, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

Personal data privacy
By submitting an instrument appointing a proxy and/or representative, the Shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 15 April 2015.

*I/We ____ of

____

being *a member/members of Multi-Chem Limited (the "Company"), hereby appoint

Name	Address	NRIC/ Passport No.	Proportion of shareholdings to be represented by proxy (%)

*and/or

as *my/our *proxy/proxies to vote for *me/us on *my/our behalf and, if necessary, to demand a poll, at the Annual General Meeting of the Company to be held at 18 Boon Lay Way, #04-110 Tradehub 21, Singapore 609966 on Thursday, 30 April 2015 at 11.30 a.m. and at any adjournment thereof.

*I/we direct *my/our *proxy/proxies to vote for or against the Ordinary Resolutions to be proposed at the Annual General Meeting as indicated with an "X" in the spaces provided hereunder. If no specified directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

No.	Ordinary Resolutions	For	Against
1.	To receive and adopt the Audited Financial Statements, Directors' Report and Auditor's Report for the financial year ended 31 December 2014.		
2.	To re-elect Mr Foo Maw Shen as Director.		
3.	To re-elect Mr Neo Mok Choon as Director.		
4.	To approve a final tax exempt (one-tier) dividend.		
5.	To approve the payment of Directors' fees.		
6.	To re-appoint Messrs BDO LLP as Auditors and to authorise the Directors to fix their remuneration.		
7.	To re-appoint Mr Lim Keng Jin as Director to hold office until next Annual General Meeting.		
8.	To authorise Directors to issue shares.		

Dated this ____________ day of ____________________ 2015

Total Number of Shares Held

____
Signature(s) of Member(s)/Common Seal

** Delete accordingly*

IMPORTANT. Please read notes overleaf

Notes:

1. A member entitled to attend and vote at the Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.

2. Where a member appoints more than one proxy, he should specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each proxy and if no percentage is specified, the first named proxy shall be treated as representing 100 per cent of the shareholding and the second named proxy shall be deemed to be an alternate to the first named.

3. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.

4. The instrument appointing proxy or proxies must be deposited at the registered office of the Company at 16H Enterprise Road, Singapore 627657 not later than 48 hours before the time set for the Meeting.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer.

FOLD ALONG THIS LINE

6. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy and deposited at the registered office of the Company at 16H Enterprise Road, Singapore 627657 not later than 48 hours before the time set for the Meeting, failing which the instrument may be treated as invalid.

7. A corporation which is a member of the Company may, in accordance with Section 179 of the Companies Act, Cap. 50 of Singapore, authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting.

8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

IMPORTANT

1. For investors who have used their CPF monies to buy shares of Multi-Chem Limited, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent FOR INFORMATION ONLY.

2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

FOLD ALONG THIS LINE

AFFIX STAMP

The Company Secretary
MULTI-CHEM LIMITED
16H Enterprise Road
Singapore 627657

MultiChem
The Hole Solution Provider

M.TECH
Your Preferred i-Security Partner

Multi-Chem Limited
Company's Registration No. 198500318Z

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