



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Full Year Financial Statements and Dividend Announcement

For the financial year ended 31 December 2015

Multi-Chem Limited

Registration No. 198500318Z

Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2015***CONSOLIDATED INCOME STATEMENT**

Group	3 months ended			12 months ended		
	31/12/2015	31/12/2014	Change	31/12/2015	31/12/2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	96,032	79,094	21	347,057	291,664	19
Cost of sales	(82,744)	(66,826)	24	(294,367)	(245,914)	20
Gross profit	13,288	12,268	8	52,690	45,750	15
Other items of income						
- Interest income	103	128	(20)	491	416	18
- Other income	564	1,038	(46)	1,913	2,682	(29)
Other items of expense						
- Selling and distribution costs	(5,347)	(5,237)	2	(22,403)	(21,745)	3
- Administrative expenses	(5,755)	(4,219)	36	(23,252)	(18,939)	23
- Finance costs	(170)	(139)	22	(648)	(543)	19
- Share of results of an associate, net of tax	-	(4)	Nm	(30)	(250)	(88)
Profit before income tax	2,683	3,835	(30)	8,761	7,371	19
Income tax expense	(850)	(406)	109	(2,739)	(1,976)	39
Profit for the financial period/year	1,833	3,429	(47)	6,022	5,395	12
Profit attributable to:						
Owners of the parent	1,659	3,117	(47)	4,779	4,840	(1)
Non-controlling interests	174	312	(44)	1,243	555	124
	1,833	3,429	(47)	6,022	5,395	12
Earnings per share for profit attributable to owners of the parent during the financial period/year (expressed in cents per share)						
Basic	1.84 cents	3.46 cents		5.30 cents	5.37 cents	
Diluted	1.84 cents	3.46 cents		5.30 cents	5.37 cents	

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Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2015***CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

Group	3 months ended			12 months ended		
	31/12/2015	31/12/2014	Change	31/12/2015	31/12/2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period/year	1,833	3,429	(47)	6,022	5,395	12
Other comprehensive income for the financial period/year:						
<i>Items that may be reclassified subsequently to profit or loss:</i>						
Foreign currency differences						
on translation of foreign operations	(778)	2,152	(136)	2,816	1,876	50
Reclassification of currency translation difference on liquidation of a subsidiary	-	-	Nm	-	128	Nm
Remeasurements of post-employment benefits	127	-	Nm	127	-	Nm
Available-for-sale financial assets fair value gains	31	56	(45)	142	56	154
	(620)	2,208	(128)	3,085	2,060	50
Income tax relating to components of other comprehensive income	-	-	-	-	-	-
Other comprehensive income for the financial period/year, net of tax	(620)	2,208	(128)	3,085	2,060	50
Total comprehensive income for the financial period/year	1,213	5,637	(78)	9,107	7,455	22
Total comprehensive income attributable to:						
Owners of the parent	1,038	5,130	(80)	7,469	6,677	12
Non-controlling interests	175	507	(65)	1,638	778	111
	1,213	5,637	(78)	9,107	7,455	22

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Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2015***NOTES TO CONSOLIDATED INCOME STATEMENT**

The profit after income tax is arrived at after (charging)/crediting:

Group	3 months ended			12 months ended		
	31/12/2015	31/12/2014	Change	31/12/2015	31/12/2014	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	337	798	(58)	1,686	1,735	(3)
Interest income	103	128	(20)	491	416	18
Interest expense	(170)	(139)	22	(648)	(543)	19
Amortisation of club memberships	(30)	-	Nm	(30)	-	Nm
Depreciation of property, plant and equipment	(893)	(1,446)	(38)	(4,837)	(5,160)	(6)
Allowance for doubtful third parties trade receivables	(712)	(99)	619	(2,100)	(137)	1,433
Allowance reversed/(made) for doubtful third parties non-trade receivables	59	(57)	(204)	59	(57)	(204)
Doubtful third parties trade receivables written off	(527)	(30)	1,657	(544)	(30)	1,713
Allowance for inventory obsolescence	(1,021)	(326)	213	(3,112)	(2,902)	7
Inventories written off	(142)	(283)	(50)	(176)	(556)	(68)
Foreign exchange gain/(loss), net	438	228	92	(252)	847	(130)
Gain on disposals of a subsidiary	227	-	Nm	227	-	Nm
(Loss)/Gain on disposals of plant and equipment	(1)	12	(108)	(22)	100	(122)
Impairment loss of plant and equipment	(502)	-	Nm	(502)	-	Nm
Plant and equipment written off	(16)	(1)	1,500	(34)	(23)	48
Changes in fair value of financial assets at fair value through profit or loss	(27)	-	Nm	(27)	-	Nm

Nm : Not meaningful

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STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	20,673	23,571	3,719	3,597
Investment property	-	-	1,684	1,718
Investments in subsidiaries	-	-	31,299	31,299
Investment in an associate	-	224	-	224
Club memberships	572	380	186	-
Deferred tax assets	2,386	1,986	-	-
Available-for-sale investment	4,047	3,647	4,047	3,647
Other receivables	705	708	-	-
Prepayment	720	804	720	804
	29,103	31,320	41,655	41,289
Current assets				
Inventories	29,486	33,479	323	301
Trade and other receivables	87,012	75,994	31,769	32,264
Prepayments	1,707	830	228	238
Current income tax recoverable	3,051	3,396	199	551
Financial assets at fair value through profit or loss	17	-	-	-
Cash and cash equivalents	36,697	43,629	2,361	11,142
	157,970	157,328	34,880	44,496
Less:				
Current liabilities				
Trade and other payables	65,664	59,386	1,749	2,965
Finance lease payables	191	129	160	91
Bank borrowings	19,808	33,506	7,041	13,414
Current income tax payable	653	764	-	-
Financial liabilities at fair value through profit or loss	45	-	45	-
	86,361	93,785	8,995	16,470
Net current assets	71,609	63,543	25,885	28,026
Less:				
Non-current liabilities				
Finance lease payables	146	165	146	143
Bank borrowings	2,643	3,333	2,643	3,219
Provision for post-employee benefits	219	-	-	-
	3,008	3,498	2,789	3,362
	97,704	91,365	64,751	65,953
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation reserve	4,670	2,249	-	-
Available-for-sale reserve	198	56	198	56
Other reserve	5,158	4,796	-	-
Retained earnings	43,699	42,137	27,265	28,609
Equity attributable to owners of the parent	91,013	86,526	64,751	65,953
Non-controlling interests	6,691	4,839	-	-
Total equity	97,704	91,365	64,751	65,953

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Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2015***CONSOLIDATED STATEMENT OF CASH FLOWS**

	3 months ended		12 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Profit before income tax	2,683	3,835	8,761	7,371
Adjustments for:				
- Allowance for doubtful third parties trade receivables	712	99	2,100	137
- Allowance for inventory obsolescence	1,021	326	3,112	2,902
- Allowance (reversed)/made for doubtful third parties non-trade receivables	(59)	57	(59)	57
- Changes in fair value of financial assets at fair value through profit and loss	27	-	27	-
- Amortisation of club memberships	30	-	30	-
- Depreciation of property, plant and equipment	893	1,446	4,837	5,160
- Doubtful third parties trade receivables written off	527	30	544	30
- Gain on disposal of a subsidiary	(227)	-	(227)	-
- (Gain)/Loss on disposals of plant and equipment	1	(12)	22	(100)
- Impairment loss of plant and equipment	502	-	502	-
- Interest expense	170	139	648	543
- Interest income	(103)	(128)	(491)	(416)
- Inventories written off	142	283	176	556
- Plant and equipment written off	16	1	34	23
- Share of results of an associate	-	4	30	250
- Unrealised foreign exchange gain	(831)	(777)	(622)	(1,347)
Operating cash flows before working capital changes	5,504	5,303	19,424	15,166
Working capital changes:				
- Inventories	1,354	(6,663)	2,172	(5,573)
- Trade and other receivables	(12,233)	(4,706)	(6,735)	1,787
- Prepayments	(595)	155	(778)	(762)
- Post-employment benefits	127	-	127	-
- Trade and other payables	8,020	2,040	1,291	(3,735)
Cash generated from/(absorbed by) operations	2,177	(3,871)	15,501	6,883
Interest received	103	128	491	416
Income tax paid	(484)	(711)	(2,825)	(3,167)
Net cash from/(used in) operating activities	1,796	(4,454)	13,167	4,132

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Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2015***CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)**

	3 months ended		12 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000
INVESTING ACTIVITIES				
Proceeds from disposal of a subsidiary	2	-	2	-
Proceeds from liquidation of an association	-	-	194	-
Proceeds from disposals of plant and equipment	-	(94)	66	276
Purchase of available-for-sale financial asset	-	(167)	-	(520)
Purchase of club memberships	(202)	-	(202)	-
Purchase of plant and equipment	(430)	(147)	(1,421)	(983)
Net cash used in investing activities	(630)	(408)	(1,361)	(1,227)
FINANCING ACTIVITIES				
Decrease/(Increase) in fixed deposits pledged	938	(1,327)	8,418	(8,299)
Proceeds from bank borrowings	24,917	20,058	72,746	72,144
Repayments of bank borrowings	(24,581)	(6,408)	(87,768)	(69,362)
Repayments of finance lease payables	(39)	(29)	(155)	(124)
Interest paid	(170)	(139)	(648)	(543)
Dividends paid to owners of the parent	(1,000)	(973)	(2,982)	(2,955)
Net cash from/(used in) financing activities	65	11,182	(10,389)	(9,139)
Net change in cash and cash equivalents	1,231	6,320	1,417	(6,234)
Cash and cash equivalents at beginning of financial period/year	33,936	26,683	33,718	38,870
Effects of exchange rate changes	48	715	80	1,082
Cash and cash equivalents at end of financial period/year (Note 1)	35,215	33,718	35,215	33,718

Note 1*Cash and cash equivalents at end of financial period/year comprise of:*

Cash and cash equivalents as per Statement of Financial Position	36,697	43,629	36,697	43,629
Less: Fixed deposits pledged with banks	(1,482)	(9,911)	(1,482)	(9,911)
	35,215	33,718	35,215	33,718

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Premium on acquisition of non-controlling interests \$'000	Available-for-sale reserve \$'000	Foreign currency translation reserve \$'000	Statutory surplus reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2015	37,288	(123)	56	2,249	4,919	42,137	86,526	4,839	91,365
Profit for the financial year	-	-	-	-	-	4,779	4,779	1,243	6,022
Other comprehensive income for the financial year									
Foreign currency differences on translation of foreign operations	-	-	-	2,421	-	-	2,421	395	2,816
Remeasurements of post-employment benefits	-	-	-	-	-	127	127	-	127
Available-for-sale financial assets fair value gains	-	-	142	-	-	-	142	-	142
Total comprehensive income for the financial year	-	-	142	2,421	-	4,906	7,469	1,638	9,107
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(2,982)	(2,982)	-	(2,982)
Transfer to statutory reserve	-	-	-	-	362	(362)	-	-	-
Total transactions with the owners of the parent	-	-	-	-	362	(3,344)	(2,982)	-	(2,982)
Transactions with non-controlling shareholders									
Disposal of non-controlling interests	-	-	-	-	-	-	-	214	214
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	214	214
Balance at 31 December 2015	37,288	(123)	198	4,670	5,281	43,699	91,013	6,691	97,704
Balance at 1 January 2014	37,288	(123)	-	468	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 difference on liquidation of a subsidiary	-	-	-	128	-	-	128	-	128
Available-for-sale financial assets fair value gains	-	-	56	-	-	-	56	-	56
Total comprehensive income for the financial year	-	-	56	1,781	-	4,840	6,677	778	7,455
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(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	(123)	56	2,249	4,919	42,137	86,526	4,839	91,365

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STATEMENTS OF CHANGES IN EQUITY (Continued)

Company	Share capital \$'000	Retained earnings \$'000	Available-for-sale reserve \$'000	Total equity \$'000
Balance at 1 January 2015	37,288	28,609	56	65,953
Profit for the financial year	-	1,638	-	1,638
Other comprehensive income for the financial year				
Available-for-sale financial assets				
fair value gains	-	-	142	142
Total comprehensive income for the financial period	-	1,638	142	1,780
Transaction with the owners				
Dividends	-	(2,982)	-	(2,982)
Total transactions with the owners	-	(2,982)	-	(2,982)
Balance at 31 December 2015	37,288	27,265	198	64,751
Balance at 1 January 2014	37,288	33,852	-	71,140
Loss for the financial year	-	(2,288)	-	(2,288)
Other comprehensive income for the financial year				
Available-for-sale financial assets				
fair value gains	-	-	56	56
Total comprehensive income for the financial period	-	(2,288)	56	(2,232)
Transaction with the owners				
Dividends	-	(2,955)	-	(2,955)
Total transactions with the owners	-	(2,955)	-	(2,955)
Balance at 31 December 2014	37,288	28,609	56	65,953

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Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2015*

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

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

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

REVENUE

The Group achieved a turnover of \$96.0m for the three months ended 31 December 2015 ("4Q2015"), an increase of 21.4% or \$16.9m compared to the revenue of \$79.1m for the three months ended 31 December 2014 ("4Q2014"). For the twelve months ended 31 December 2015 ("12M2015"), the Group achieved turnover of \$347.0m, a year-on-year increase of 19.0% or \$55.3m, compared to revenue of \$291.7m achieved for the twelve months ended 31 December 2014 ("12M2014").

In comparison to the three months ended 30 September 2015 ("3Q2015"), the revenue for 4Q2015 increased by 14.4% or \$12.1m from \$83.9m in 3Q2015 to \$96.0m in 4Q2015.

For 4Q2015, the IT Division accounted for 94.2% of Group revenue, while PCB Division accounted for the remaining 5.8% of Group revenue.

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REVENUE

PCB Division

Revenue in this Division decreased by 17.6% or \$1.2m, from \$6.8m in 4Q2014 to \$5.6m in 4Q2015. The decrease is mainly due to the economic slowdown in China. Comparing 4Q2015 to 3Q2015, revenue in this Division decreased by 18.8% or \$1.3m from \$6.9m in 3Q2015 to \$5.6m in 4Q2015.

IT Division

The IT distribution business achieved a quarterly revenue of \$90.4m in 4Q2015, an increase by 25.0% or \$18.1m, from \$72.3m in 4Q2014. On a full year basis, this business grew by 20.9% or \$55.5m, from \$265.9m in 12M2014 to \$321.4m in 12M2015. The growth was mainly due to the closing of a few big deals in 12M2015.

Comparing 4Q2015 to 3Q2015, revenue increased by 17.4% or \$13.4m, from \$77.0m in 3Q2015 to \$90.4m in 4Q2015.

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PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$2.7m in 4Q2015, as compared to \$3.8m in 4Q2014.

The decrease in PBT was due to the following:-

- (1) Lower gross profit margin by 1.7 percentage points from 15.5% in 4Q2014 to 13.8% in 4Q2015. The decrease in gross profit margin was mainly due to a decrease in turnover in the high operating leverage PCB Division. Given the fixed cost of depreciation on laser and mechanical drilling machines, the gross margin is particularly sensitive to changes in production volumes;
- (2) An increase in allowance for inventory obsolescence from \$326,000 in 4Q2014 to \$1.0m in 4Q2015. The increase was mainly due to cancellation of orders from customers;
- (3) An impairment loss of plant and equipment of \$502,000 in 4Q2015 due to lower revenue forecast for PCB Business as a result of the gloomy economic outlook in China. There is no such impairment in 4Q2014;
- (4) An increase in allowance for doubtful third parties receivables from \$156,000 in 4Q2014 to \$653,000 in 4Q2015 due to delay in payment from customers; and
- (5) An increase in doubtful third parties trade receivables written off from \$30,000 in 4Q2014 to \$527,000 in 4Q2015 mainly due to doubtful trade receivables written off to profit or loss, arising from the disposal of a subsidiary during 4Q2015.

The drop in PBT was however ameliorated by the following:

- (1) A decrease in depreciation cost from \$1.4m in 4Q2014 to \$893,000 in 4Q2015 mainly due to depreciation of RMB against SGD and some of the plant and equipment were fully depreciated;
- (2) A decrease in inventory written off from \$283,000 in 4Q2014 to \$142,000 in 4Q2015;
- (3) An increase in net foreign exchange gain from \$228,000 in 4Q2014 to \$438,000 in 4Q2015 mainly due to depreciation of USD. Excluding net foreign exchange gain, the Group reported a PBT of \$2.3m in 4Q2015 compared to PBT of \$3.6m in 4Q2014; and
- (4) Gain on disposal of a subsidiary of \$227,000 in 4Q2015. There is no such disposal in 4Q2014.

Comparing 4Q2015 to 3Q2015, the Group PBT stood at \$2.7m in 4Q2015 as compared to \$754,000 in 3Q2015 mainly due to higher revenue attained in 4Q2015.

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PROFIT AFTER TAX (“PAT”)

Group PAT decreased from a profit of \$3.4m in 4Q2014 to a profit of \$1.8m in 4Q2015. Comparing 4Q2015 to 3Q2015, net profit after tax increased from a profit of \$282,000 in 3Q2015 to profit of \$1.8m in 4Q2015. This is largely in line with the changes in PBT.

Income tax expenses comprised mainly current income tax and deferred tax of the Company and its subsidiaries. Income tax expenses increased from \$406,000 in 4Q2014 to \$850,000 in 4Q2015 mainly due to income tax expenses for subsidiaries with higher taxable profits attained.

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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 2015.

Cash and cash equivalents at the Group level decreased by \$6.9m from \$43.6m to \$36.7m. The decrease was mainly due to repayment of bank borrowings. At the Company level, cash and cash equivalents decreased from \$11.1m to \$2.4m. The decrease was mainly due to repayment of bank borrowings.

Trade and other receivables of the Group increased by \$11.0m from \$76.7m to \$87.7m, mainly due to higher revenue attained in 4Q2015. At the Company level, trade and other receivables decreased from \$32.3m to \$31.8m, mainly due to repayment received from a subsidiary.

Inventories at the Group level decreased by \$4.0m from \$33.5m to \$29.5m mainly due to the decrease in IT inventories attributed to better inventory management.

Investments in an associated company at both Group and Company level decreased to zero following the liquidation of the associate and capital return from the associate.

Property, plant and equipment decreased by \$2.9m from \$23.6m to \$20.7m at the Group level mainly due to depreciation charge net of purchase of new plant and equipment. The increase at the Company level was mainly due to purchase of new plant and equipment, net of depreciation charge.

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

Prepayment increased from \$1.6m to \$2.4m at the Group level mainly due to operating expenses prepaid in 4Q2015. Prepayment at Company level remains relatively unchanged.

Trade and other payables increased by \$6.3m from \$59.4m to \$65.7m at the Group level mainly due to higher purchases to support the higher revenue attained in 4Q2015. At Company level, trade and other payables decreased from \$3.0m to \$1.7m mainly due to payment made to a subsidiary.

Borrowings decreased significantly at both Group and Company level mainly due to repayment made, net of loan drawdown.

Foreign currency translation reserve at the Group level increased from \$2.2m to \$4.7m mainly due to depreciation of Singapore dollar.

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CASH FLOW ANALYSIS

Net cash of \$13.2m was generated in operating activities in 12M2015, as compared to net cash of \$4.1m generated in 12M2014. This was mainly due to a higher profit before tax and adjustments for non-cash operating expenses.

Net cash of \$1.4m was used in investing activities in 12M2015, as compared to \$1.2m used in 12M2014. The changes were mainly due to purchase of plant and equipment of \$1.4m, purchase of club membership of \$202,000, net of proceeds from liquidation of an associate of \$194,000, as compared 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 of \$276,000 in 12M2014.

Net cash of \$10.4m was used in financing activities in 12M2015 as compared to \$9.1m used in 12M2014. This was mainly due to repayment of bank borrowings of \$87.8m, dividend payment of \$3.0m, net of proceeds from bank borrowings of \$72.7m and a lift in pledged fixed deposits of \$8.4m, as compared to an 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 \$72.1m in 12M2014.

Cash and cash equivalents stood at \$35.2m as at end of 31 December 2015, up from \$33.7m as at the end of 31 December 2014.

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

PCB

Comparing 4Q2015 to 4Q2014, the revenue for this quarter decreased by 17.6% or \$1.2m, from \$6.8m in 4Q2014 to \$5.6m in 4Q2015. On a twelve months basis, revenue decreased marginally by \$0.2m from \$25.8m in 12M2014 to \$25.6m in 12M2015. The decrease was mainly due to the economic slowdown in China in year 2015.

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 2015, the Group has 143 mechanical drilling machines and 22 laser drilling machines. The Group will continue to be selective of its customers, rationalise operations, manage headcount to cut cost and conserve cash.

IT

The IT Division through the Singapore and the regional offices achieved a year-on-year revenue growth of 25.0% and 20.9% in 4Q2015 and 12M2015 respectively over the corresponding periods in year 2014.

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 Allot, Blue Coat, Check Point and Nutanix courses. The Education Services Division is able to provide training courses for MobileIron and SolarWinds too. 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 2015, the Group's IT business has a presence in 29 cities in 15 countries in the Asia Pacific region and in Europe. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

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IT (Continued)

The near term outlook in the IT Division is dependent on events such as those political or economic in nature and such events could affect business in certain markets. With the recent USA interest rates rise, the cost of business is expected to increase as well. However, IT is still 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.

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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 receivables closely as collection 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, and to a lesser extent, Euro, Indonesian rupiah, Philippines peso, Hong Kong dollars, Indian rupee, Korea won, Japanese yen and Australian dollars. The Group may, from time to time, enter into borrowing and foreign exchange arrangements to reduce its foreign currency exposure. 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 subject 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 inventories on a quarterly basis and will make allowance where necessary.

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

The actual results for FY2015 were largely in line with the prospect commentary disclosed to the shareholders on 5 February 2015.

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As at 31 Dec 2015		As at 31 Dec 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,091	17,908	9,369	24,266

Amount repayable after one year

As at 31 Dec 2015		As at 31 Dec 2014	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
2,789	-	3,498	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's two properties, three motor vehicles, available-for-sale investment and fixed deposits placed with the financial institutions.

2. SHARE CAPITAL

Group	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2015	360,381	37,288	37,288
Balance at 31 Dec 2015 due to share consolidation	90,095	37,288	37,288
Balance at 1 Jan 2014 and 31 Dec 2014	360,381	37,288	37,288

3. A statement showing all sales, transfers, disposal, cancellation and/or issue of treasury shares as at the end of the current financial period reported on.

Not applicable.

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- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2014. In addition, the Group also adopted various revisions to the FRS, which became effective during the period. The said adoption has no significant impact to the financial statements of the Group.

- 5. If there are any changes in accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

Not applicable.

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

The figures presented in the announcement have not been audited or reviewed by our auditors.

- 7. Where the figures have been audited or reviewed, the auditor's report (including any qualification of emphasis of a matter).**

Not applicable.

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

Group Earnings per share attributable to owners of the parent during the financial period/year (expressed in cents per share)	3 months ended		12 months ended	
	31-Dec-2015	31-Dec-2014 (Restated)	31-Dec-2015	31-Dec-2014 (Restated)
(i) Based on weighted average number of shares	1.84 cents	3.46 cents	5.30 cents	5.37 cents
- Weighted average number of shares ('000)	90,095	90,095	90,095	90,095
(ii) On fully diluted basis	1.84 cents	3.46 cents	5.30 cents	5.37 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095	90,095	90,095

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9. **Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.**

	Group		Company	
	31-Dec-2015	31-Dec-2014	31-Dec-2015	31-Dec-2014
Net asset value per share based on existing issued share capital as at the respective period	101.02 cents	24.01 cents	71.87 cents	18.30 cents

The net asset value per ordinary share at the end of the current period and the immediately preceding financial year have been calculated based on 90,095,000 and 360,381,000 ordinary shares respectively.

10. **DIVIDEND**

(a) **Dividend for financial year ended 31 December 2015**

The Board of Directors are pleased to propose a final dividend of 2.20 cents per Ordinary Share (One-tier tax-exempt) in respect of the financial year ended 31 December 2015 for approval by shareholders at the next Annual General Meeting to be convened.

The book closure date of the final dividend will be on 19 May 2016.

The final dividend will be paid on 30 May 2016 after it is approved by the shareholders at the next Annual General Meeting to be convened.

(b) **Dividend for financial year ended 31 December 2014**

The Company paid a final dividend of 2.20 cents per Consolidated Ordinary Share (One-tier tax-exempt) for financial year ended 31 December 2014.

11. **If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions. If no IPT mandate has been obtained, a statement to that effect.**

There is no general mandate from shareholders for IPTs obtained.

12. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).**

The Company confirmed that it has procured undertakings from all its directors and executive officer under Rule 720(1) of the Listing Manual.

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13. ADDITIONAL INFORMATION

i) SEGMENT INFORMATION

	Singapore		China		Others		
12 months ended	PCB business	IT business	PCB business	IT business	IT business	Elimination and	Total
31 December 2015	\$'000	\$'000	\$'000	\$'000	\$'000	adjustments	\$'000
Revenue							
- External sales	4,733	130,768	20,889	49,748	140,919	-	347,057
- Inter-segment sales	-	118	-	-	13	(131)	-
Total revenue	4,733	130,886	20,889	49,748	140,932	(131)	347,057
Segment results							
Interest income				296	195	-	491
Interest expense				(12)	(636)	-	(648)
Depreciation of property, plant and equipment				(3,980)	(857)	-	(4,837)
Share of results of an associate, net of tax				(30)	-	-	(30)
<i>Other material non-cash items:</i>							
- Impairment of plant and equipment				(502)	-	-	(502)
- (Loss)/Gain on disposals of plant and equipment				(28)	6	-	(22)
- Inventories written off				1	(177)	-	(176)
- Foreign exchange gain/(loss)				585	(837)	-	(252)
- Allowance for inventory obsolescence				(12)	(3,100)	-	(3,112)
- Allowance for doubtful third parties trade receivables				-	(2,100)	-	(2,100)
- Amortisation of club membership				-	(30)	-	(30)
- Write-back of allowance for third parties non-trade receivables				-	59	-	59
- Changes in fair value of financial assets at fair value through profit or loss				(45)	18	-	(27)
Segment profit				2,575	6,186	-	8,761

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13. ADDITIONAL INFORMATION (Continued)

i) **SEGMENT INFORMATION** (Continued)

	Singapore		China		Others		
	PCB business	IT business	PCB business	IT business	IT business	Elimination and adjustments	Total
2015	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure							
Property, plant and equipment	573	439	355	38	216	-	1,621
Assets and liabilities							
Segment assets	14,236	62,564	31,710	22,430	50,697	5,436	187,073
Segment liabilities	11,532	52,036	1,578	8,275	15,295	653	89,369

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13. ADDITIONAL INFORMATION (Continued)

i) SEGMENT INFORMATION (Continued)

	Singapore		China		Others		
12 months ended	PCB business	IT business	PCB business	IT business	IT business	Elimination and adjustments	Total
31 December 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)
<i>Other material non-cash items:</i>							
- Gain on disposals 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 parties trade receivables				-	(137)	-	(137)
- Allowance for doubtful third parties non-trade receivables				-	(57)	-	(57)
Segment profit				2,600	4,771	-	7,371

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13. ADDITIONAL INFORMATION (Continued)

i) SEGMENT INFORMATION (Continued)

	Singapore		China		Others		Elimination and adjustments	Total
	PCB business	IT business	PCB business	IT business	IT business			
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	

Geographical segments

	Singapore		China		Others		Total	
	12 months ended		12 months ended		12 months ended		12 months ended	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	114,972	86,089	66,760	62,994	165,325	142,581	347,057	291,664
	Singapore		China		Others		Total	
	as at		as at		as at		as at	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets	9,659	9,597	11,989	15,243	317	139	21,965	24,979

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13. ADDITIONAL INFORMATION (Continued)

ii) **BREAKDOWN OF SALES**

	2015 \$'000	2014 \$'000	Increase / (Decrease) %
Sales reported for first half year	167,157	138,626	21
Profit after tax before deducting non-controlling interests reported for first half year	3,907	526	643
Sales reported for second half year	179,900	153,038	18
Profit after tax before deducting non-controlling interests reported for second half year	2,115	4,869	(57)

14. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

There is no person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
5 February 2016