



ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 31 March 2016

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

- 1 (a) An income statement and statement of comprehensive income (for the issuer and group) together with a comparative statement for the corresponding period of the immediately preceding financial period.

	GROUP 3 months ended		
	YTD-1Q FY16 S\$'000	YTD-1Q FY15 S\$'000	+/(-) %
Revenue	27,301	28,551	(4%)
Other income	444	370	20%
Total revenue	27,745	28,921	(4%)
Change in inventories of finished goods and work-in-progress	(647)	(400)	62%
Raw materials and consumables used	(17,370)	(17,545)	(1%)
Depreciation expenses	(1,199)	(1,352)	(11%)
Amortisation expenses	(5)	(5)	-
Staff costs	(5,620)	(5,535)	2%
Other operating expenses	(3,985)	(3,853)	3%
Total operating expenses	(28,826)	(28,690)	-
Operating (loss)/profit	(1,081)	231	(>100%)
Finance costs	(91)	(21)	>100%
(Loss)/profit before income tax	(1,172)	210	(>100%)
Income tax			
- current year	-	(65)	(100%)
- prior year	-	-	n.m
- deferred tax	-	-	n.m
	-	(65)	(100%)
(Loss)/profit after income tax	(1,172)	145	(>100%)
Attributable to:			
Equity holders of the Company	(1,172)	145	(>100%)
<u>Statement of comprehensive income</u>			
(Loss)/profit after income tax	(1,172)	145	(>100%)
<i>Other comprehensive income</i>			
Translation differences relating to financial statements of foreign subsidiaries	(2,229)	1,413	(>100%)
Total comprehensive income for the period	(3,401)	1,558	(>100%)
Attributable to equity holders of the Company	(3,401)	1,558	(>100%)

1 (a) An income statement and statement of comprehensive income (for the issuer and group) together with a comparative statement for the corresponding period of the immediately preceding financial period. (continued)

Notes:

- (i) n.m. - not meaningful
- (ii) (Loss)/profit before income tax is arrived at after charging/(crediting) the followings:

	GROUP	
	1Q FY 16	1Q FY 15
	S\$'000	S\$'000
(a) Raw materials and consumables used:		
Allowance for/(write-back of) inventory obsolescence	35	(442)
Inventories written off	-	142
(b) Other income:		
Interest income	(11)	(11)
Gain on disposal of property, plant and equipment	(194)	(45)
Amortisation of deferred compensation income	(128)	(127)
Rental income	(22)	(70)
(c) Operating (loss)/profit is stated after (crediting)/charging:		
(Write back of)/allowance for impairment on trade debtors	(245)	1
Foreign exchange losses/(gains)	162	(441)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	31/03/16	31/12/15	31/03/16	31/12/15
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Intangible assets	155	165	21	24
Property, plant and equipment	44,978	47,531	39	46
Investment property	4,139	4,363	-	-
Investment in subsidiaries	-	-	34,514	34,515
Loan receivables from subsidiaries	-	-	17,903	19,116
Deferred tax assets	849	888	-	-
Other investments	2,205	2,205	2,081	2,081
Fixed deposits (pledged)	324	341	324	341
	52,650	55,493	54,882	56,123
Current assets				
Inventories	11,657	12,849	-	-
Amounts due from subsidiaries	-	-	10,668	10,517
Trade debtors	29,574	37,784	1,626	1,690
Other debtors	4,599	4,728	558	1,445
Prepayments and advances to suppliers	1,571	719	242	41
Income tax recoverable	66	68	-	-
Fixed deposits (pledged)	736	660	-	-
Cash and bank balances	16,361	15,514	623	958
	64,564	72,322	13,717	14,651
Current liabilities				
Trade creditors	27,002	31,077	277	83
Hire purchase creditor	8	8	-	-
Other creditors and accruals	7,890	9,126	3,756	3,277
Deferred compensation income	493	515	-	-
Loans and borrowings	8,636	9,595	2,659	3,359
	44,029	50,321	6,692	6,719
Net current assets	20,535	22,001	7,025	7,932
Non-current liabilities				
Hire purchase creditor	9	12	-	-
Deferred compensation income	8,500	9,018	-	-
Loans and borrowings	62	262	62	262
Deferred tax liabilities	4,114	4,301	-	-
	12,685	13,593	62	262
TOTAL NET ASSETS	60,500	63,901	61,845	63,793
Equity attributable to equity holders of the Company				
Share capital	57,337	57,337	57,337	57,337
Foreign currency translation reserve	508	2,737	-	-
Statutory reserve fund	4,889	4,889	-	-
Other reserves	189	189	189	189
(Accumulated losses)/retained earnings	(2,423)	(1,251)	4,319	6,267
TOTAL EQUITY	60,500	63,901	61,845	63,793

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31 March 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
8,644	-	9,603	-

Amount repayable after one year

As at 31 March 2016		As at 31 December 2015	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
71	-	274	-

Details of any collateral

The Group's borrowings comprise of hire purchase creditor and amounts due to bankers.

The hire purchase creditor relates to an asset of the Company's subsidiary which is financed under hire purchase.

The loans and borrowings are secured facilities granted to the Company and its subsidiaries (collectively, the "**Group**"). The secured facilities granted are secured by:

- (1) a debenture with fixed and floating charges over all the assets of the Company;
- (2) fixed deposits placement by the Company and its respective subsidiaries;
- (3) a leasehold land and properties of the respective subsidiaries; and
- (4) an agreed amount of corporate guarantee provided by the Company.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated cash flow statement for the period ended 31 March

	3 months ended	
	1Q FY16	1Q FY15
	S\$'000	S\$'000
Cash flows from operating activities		
(Loss)/profit before income tax	(1,172)	210
Adjustments for:		
Gain on disposal of property, plant and equipment	(194)	(45)
Depreciation of property, plant and equipment	1,199	1,353
Amortisation of intangible assets	5	5
Amortisation of deferred compensation income	(128)	(127)
Interest income	(11)	(11)
Interest expense	91	21
Exchange differences	68	442
Operating (loss)/profit before working capital changes	(142)	1,848
Decrease/(increase) in inventories	845	(162)
Decrease/(increase) in trade debtors and other debtors	6,006	(357)
Decrease in trade creditors and other creditors	(3,910)	(200)
Cash generated from operations	2,799	1,129
Interest paid	(91)	(21)
Interest received	11	11
Tax paid	-	(108)
Net cash generated from operating activities	2,719	1,011
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	201	61
Purchase of property, plant and equipment	(545)	(144)
Net cash used in investing activities	(344)	(83)
Cash flows from financing activities		
Net decrease of hire purchase creditors	(2)	-
Repayment of amount due to a director	-	(600)
Drawdown of bank borrowings	2,261	2,303
Repayment of bank borrowings	(2,973)	(2,640)
(Decrease)/increase in pledged fixed deposits	(59)	(54)
Net cash used in financing activities	(773)	(991)
Net increase/(decrease) in cash and cash equivalents	1,602	(63)
Cash and cash equivalents at beginning of period	15,514	10,256
Effects of exchange rates on opening cash and cash equivalents	(755)	(287)
Cash and cash equivalents at end of period	16,361	9,906

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

Consolidated Statement of Changes in Shareholders' Equity for the period ended 31 March
(In S\$'000)

	Ordinary shares	Foreign currency translation reserve	Statutory reserve fund	Other reserves	Accumulated losses	Total equity attributable to owners of the Company
Group						
Balance as at 1 January 2016	57,337	2,737	4,889	189	(1,251)	63,901
Total comprehensive income for the period	-	(2,229)	-	-	(1,172)	(3,401)
Balance as at 31 March 2016	57,337	508	4,889	189	(2,423)	60,500
Balance as at 1 January 2015	57,337	983	4,889	189	(1,578)	61,820
Total comprehensive income for the period	-	1,413	-	-	145	1,558
Balance as at 31 March 2015	57,337	2,396	4,889	189	(1,433)	63,378

(In S\$'000)

	Ordinary shares	Other reserves	Retained earnings	Total equity attributable to owners of the Company
Company				
Balance as at 1 January 2016	57,337	189	6,267	63,793
Total comprehensive income for the period	-	-	(1,948)	(1,948)
Balance as at 31 March 2016	57,337	189	4,319	61,845
Balance as at 1 January 2015	57,337	189	5,104	62,630
Total comprehensive income for the period	-	-	1,078	1,078
Balance as at 31 March 2015	57,337	189	6,182	63,708

- 1(d)(ii) Details of any changes in the Company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The share options to subscribe to the entire 1,464,000 (31 March 2015: 1,464,000) unissued shares under the Company's Employee Share Option Scheme had expired on 30 June 2015.

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

	31 March 2016	31 December 2015
Total number of issued shares ('000) (excluding treasury shares)	675,164	675,164

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

Not applicable.

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

The figures have not been audited or reviewed.

- 3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

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

Save for the adoption of the new and revised Financial Reporting Standards, which came into effect at the beginning of this financial year on 1 January 2016, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared to those applied in the audited financial statements for the financial year ended 31 December 2015. The adoption of the new and revised Financial Reporting Standards will not give rise to any significant change to the financial statements.

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

Not applicable.

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

Earnings Per Share

The Group	3 months ended	
	<u>1Q FY16</u> Basic / Diluted	<u>1Q FY15</u> Basic / Diluted
Earnings (\$'000)		
(Loss)/profit attributable to equity holders of the Company	(1,172)	145
(Loss)/profit per share (cents)		
- Basic and diluted	(0.17)	0.02

- 7 **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares of the issuer at the end of the (a) current period reported on and (b) immediately preceding financial year.**

Net asset value per ordinary share

	Group		Company	
	31-Mar-16	31-Dec-15	31-Mar-16	31-Dec-15
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	8.96	9.46	9.16	9.45
Net asset value as at end of period (\$'000)	60,500	63,901	61,845	63,793
No. of ordinary shares ('000)	675,164	675,164	675,164	675,164

- 8 **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

a. Revenue

The Group's revenue in 1Q FY2016 decreased slightly by 4% to S\$27.30 million as compared to 1Q FY2015. This is largely due to the cessation of operation in Dongguan subsidiary in 3Q FY2015, which contributed S\$2.42 million of revenue to the Group in 1Q FY2015. On top of that, sales demand in most of the subsidiaries such as Vietnam, Suzhou and Malaysia have also dropped due to weaker demands from customers.

However, the decline in revenue has been partially offset by the increase in revenue in Thailand and Shanghai subsidiaries which recorded a total S\$1.6 million increase in revenue as compared to 1Q FY2015.

Thailand subsidiary's sales are growing since its commencement of its major projects in FY2015 while Shanghai subsidiary's higher revenue achieved is derived from its new projects awarded from local customers.

Other income of the Group comprises mainly of rental income, interest income, amortisation of deferred compensation income and gain on disposal of property, plant and equipment ("PPE"). Other income of the Group is slightly higher than 1Q FY2015, of S\$0.07 million, due to the gain on disposal of PPE of the Group's overseas subsidiaries.

b. Operating results

Overall

In 1Q FY2016, the Group recorded a loss before tax of S\$1.17 million compared to a profit before tax of S\$0.21 million in 1Q FY2015. This is primarily due to the lower revenue achieved and higher material costs, staff costs and other operating expenses incurred in the current quarter.

The Group's loss-making result in 1Q FY2016 is mainly derived from the Company and its Shanghai subsidiary. The loss incurred by the Company is attributable to the unfavourable movement of the US Dollar exchange rate against the SGD. Meanwhile, Shanghai subsidiary is still making loss despite having new projects in 1Q FY2016, as Shanghai's production and labours costs remain high amid a high-inflationary business environment.

However, the losses in the Company and Shanghai subsidiary have been partially mitigated by the profits made by Malaysia, Suzhou and Thailand subsidiaries, which recorded a higher revenue compared to 1Q FY2015.

Overall, the Group has recorded a loss after tax of S\$1.17 million in 1Q FY2016 as opposed to the profit after tax of S\$0.15 million recorded in 1Q FY2015.

Raw materials and consumables used

Compared to 1Q FY2015, raw materials and consumables used by the Group reduced slightly by 1% to S\$17.37 million. This is mainly attributed to the lower sales recorded in 1Q FY2016.

Despite the revenue of the Group having dropped by 4% in 1Q FY2016, raw materials and consumables used have only showed a small percentage of reduction. This is associated to the change in material mix for the Group's new products in FY2016, which requires a higher percentage of raw material used.

Staff costs

Staff costs in 1Q FY2016 has increased slightly by 2% from that in 1Q FY2015 despite the reduction in the Group's headcount from 1,943 as at 31 March 2015 to 1,873 as at 31 March 2016.

This is primarily caused by the upward revision of minimum wages in the People's Republic of China ("PRC") and Vietnam in FY2016.

Depreciation and amortisation expenses

Depreciation expenses of the Group decreased by 11% in 1Q FY2016 while the amortisation expenses remain the same as compared to 1Q FY2015.

The lower depreciation expenses in 1Q FY2016 is mainly attributable to the disposal of PPE of the Group's Dongguan subsidiary in 2Q FY2015.

Other operating expenses

Other operating expenses include packaging costs, carriage inwards, utilities, foreign exchange gains/losses, and administrative expenses.

Other operating expenses increased slightly by 3% in 1Q FY2016. This is mainly due to the unfavourable impact of the foreign exchange which brings additional losses of S\$0.16 million to the Group in contrast with the foreign exchange gains of S\$0.44 million recorded in 1Q FY2015.

Finance costs

The Group's finance costs have increased by S\$0.07 million to S\$0.09 million in 1Q FY2016. This is mainly attributed to higher bank borrowings drawn down by the Group in 1Q FY2016.

Total loans and borrowings for the Group as at 31 March 2016 and 2015 are S\$8.7 million and S\$2.3 million respectively.

c. Balance Sheet and Cash Flow Statements

The decrease in the carrying amount of PPE is mainly due to the disposal of PPE and depreciation charged during the year. In addition, the effect of the weakening of the Renminbi ("**RMB**") against the Singapore Dollar ("**SGD**"), as compared to last December, has further reduced the carrying amount of PPE. As a result, the Company's subsidiaries in the PRC have a lower translated amount of PPE.

As at 31 March 2016, inventories balance decreased by S\$1.19 million to S\$11.66 million due to lower sales demand from customers. The Group has also recorded a lower trade debtors balance of S\$29.57 million as at 31 March 2016, as a result of decreased revenue and collections from trade debtors.

Meanwhile, the Group's prepayments and advances to suppliers balances have increased by S\$0.85 million to S\$1.57 million as at 31 March 2016. This is mainly due to the downpayment for fixed assets acquisition as well as advances made to new suppliers by the Company's overseas subsidiaries for the purchase of materials for new projects.

On the other hand, trade creditors balance has decreased from S\$31.08 million to S\$27.00 million as a result of a decrease in purchases and repayments made during the period. Similarly, the other creditors and accruals balances have also declined from S\$9.13 million to S\$7.89 million as at 31 March 2016. The decrease is mainly caused by repayments made to other creditors in relation to the operating expenses of the Group.

The Group's deferred compensation income balance in Suzhou subsidiary has decreased to S\$8.99 million as at 31 March 2016 due to amortisation of deferred compensation income. In addition, the effect of the weakening of the RMB against the Singapore Dollar, has resulted in lower translated balance.

As at 31 March 2016, the Group's total loans and borrowings have decreased to S\$8.70 million from S\$9.86 million as at 31 December 2015. The decrease is pertaining to the repayment of bank borrowings which had matured in the period ended 31 March 2016.

Both deferred tax liabilities and deferred tax assets in the Group's balance sheet are attributed to the subsidiaries in the PRC. The lower total net deferred tax liabilities balances presented as at 31 March 2016 compared to 31 December 2015 is solely caused by the foreign currency translation differences.

For the quarter ended 31 March 2016, the Group has recorded a net increase in cash and cash equivalents of S\$1.60 million (before the effect of exchange rates on opening cash and cash equivalents), which raised the cash and bank balances from S\$15.51 million to S\$16.36 million. The Group's net cash surplus is mainly derived from its operating activities, which amounting to S\$2.72 million and offset by bank borrowings repayments and cash used in investing activities.

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

Nil.

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

In light of the uncertain global economic outlook, the business environment remains challenging. The Group will continue to seek ways to step up its marketing efforts to improve growth opportunities by securing high value-added projects to improve its utilisation capacity and productivity.

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

- 11 Dividend**

- (a) Current Financial Period Reported On**

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

No.

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

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

No.

- (c) Date payable**

Not applicable.

- (d) Book closure date**

Not applicable.

- 12 If no dividend has been declared (recommended), a statement to that effect.**

No dividend for the period ended 31 March 2016 has been declared or recommended.

- 13 Interested Person Transactions**

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

14 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1).

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1).

15. Confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the Group and the Company for the first quarter ended 31 March 2016 to be false or misleading in any material aspect.

ON BEHALF OF THE BOARD

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

Soh Weng Kheong
Group Deputy Managing Director

13 May 2016