JADASON ENTERPRISES LTD (REG. NO. 199003898K)

Financial Statement And Dividend Announcement for the Year Ended 31 December 2014

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

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

Unaudited Income Statement of the Group for the year ended 31 December 2014 ("FY 2014"):

	S$'000		%
	FY 2014	FY 2013	Increase/ (Decrease)
Revenue	80,837	90,289	(10)
Cost of sales	(73,385)	(79,759)	(8)
Gross profit (Note 1)	7,452	10,530	(29)
Other income (Note 2)	611	2,153	(72)
Selling and distribution expenses	(2,234)	(2,077)	8
Administrative expenses	(13,327)	(12,948)	3
Loss from operations	(7,498)	(2,342)	220
Finance cost	(712)	(916)	(22)
Impairment loss on amount owing by associate (Note 3)	(246)	(1,803)	(86)
Share of loss of associate	(275)	(287)	(4)
Loss before income tax	(8,731)	(5,348)	63
Income tax (Note 4)	(192)	(513)	(63)
Loss after income tax	(8,923)	(5,861)	52
Attributable to: Equity holders of the Company	(8,923)	(5,861)	52

Loss for the year is arrived at after crediting/(charging) the following:

	S$'000		%
	FY 2014	FY 2013	Increase/ (Decrease)
Foreign exchange loss (Note 2)	(1,219)	(181)	573
Depreciation of property, plant and equipment	(7,230)	(8,131)	(11)
Gain on sale of plant and equipment	5	87	(94)
Allowance for doubtful debt	(66)	(80)	(18)
Allowance for inventory obsolescence (Note 1)	(2,120)	(200)	960

Notes to Income Statement:

Note 1
The gross margin for the year under review was negatively impacted by a write-down in value of inventories of S$2.1 million.

Note 2
The decrease in 'other income' was due mainly to a higher foreign exchange loss and lower sales of scrap materials. Foreign exchange loss increased in FY2014 due mainly to the following factors:

- strengthening of Hong Kong Dollar ("HKD"), in tandem with USD, resulting in foreign exchange loss booked on the Group's HKD liabilities;
- weakening of Japanese Yen, resulting in foreign exchange loss booked on the Group's Yen denominated assets; and
- weakening of Chinese Reminbi ("RMB") relative to HKD, resulting in foreign exchange loss booked on the Group's RMB denominated assets.

Note 3
The Group carried out a review of the recoverability of the amount owing by the associate, and noted that the expansion of the associate into certain key markets was not progressing as planned. The review led to the recognition of a non-cash impairment loss of S$0.2 million and S$1.8 million in the income statement of the Group in FY2014 and FY2013 respectively.

Note 4
An income tax charge arose in spite of the loss before income tax as certain subsidiaries within the Group were profitable, and that losses incurred by certain entities could not be offset against the profits of other subsidiaries for income tax purposes.

NM – Percentage changes are not meaningful.

Please refer to Section 8 of this report for a more detailed discussion on the performance of the Group's operating segments.

Unaudited statement of comprehensive income of the Group for the year ended 31 December 2014:

	FY 2014	FY 2013	Increase/(Decrease)
	S$'000	S$'000	%
Loss after income tax for the year	(8,923)	(5,861)	52
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translating foreign operations	1,361	6,385	(79)
	1,361	6,385	
Total comprehensive income for the year	(7,562)	524	NM
Total comprehensive income attributable to:			
Equity holders of the Company	(7,562)	524	NM

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

Financial positions as at 31 December 2014 and 31 December 2013:

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S$'000	S$'000	S$'000	S$'000
ASSETS				
Current assets:				
Cash and bank balances	12,151	15,635	2,580	4,349
Bank deposits	23,249	30,494	-	-
Inventories (Note 1)	9,640	12,627	1,426	1,534
Trade receivables (Note 2)	26,838	43,358	2,738	8,217
Bills receivables (Note 3)	14,929	8,062	-	-
Other receivables and prepayments	3,337	3,607	119	120
Amounts due from Subsidiaries	-	-	2,981	5,182
Total	**90,144**	**113,783**	**9,844**	**19,402**
Non-current assets:				
Property, plant and equipment (Note 4)	37,408	40,310	263	359
Subsidiaries	-	-	62,708	63,873
Other receivables	-	1,307	-	-
Total	**37,408**	**41,617**	**62,971**	**64,232**
TOTAL ASSETS	**127,552**	**155,400**	**72,815**	**83,634**

	Group		Company	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	S$'000	S$'000	S$'000	S$'000
LIABILITIES & EQUITY				
Current liabilities:				
Bank loans (Note 5)	23,172	26,243	4,769	9,727
Trust receipts (Note 6)	3,587	1,688	2,305	1,688
Trade payables (Note 2)	14,460	28,790	4,359	7,662
Other payables	3,801	4,478	543	569
Income tax payable	81	415	-	-
Finance leases	14	92	13	12
Amounts due to subsidiaries	-	-	4,582	384
Total	**45,115**	**61,706**	**16,571**	**20,042**
Non-current liabilities:				
Finance leases	35	49	34	47
Bank loans (Note 5)	-	3,639	-	3,639
Deferred income tax	524	610	16	16
Provision for long service payment	635	591	-	-
Total	**1,194**	**4,889**	**50**	**3,702**
Capital & reserves:				
Share capital	50,197	50,197	50,197	50,197
Share option reserve	1,280	1,280	1,280	1,280
Treasury shares	(307)	(307)	(307)	(307)
Translation reserve	(464)	(1,825)	(80)	(77)
Reserve and Enterprise Expansion Funds (Note 7)	6,005	6,005	-	-
Accumulated profits	24,532	33,455	5,104	8,797
Total	**81,243**	**88,805**	**56,194**	**59,890**
TOTAL LIABILITIES AND EQUITY	**127,552**	**155,400**	**72,815**	**83,634**

Notes:

Note 1
The decrease was due mainly to a write-down in value of inventories of S$2.1 million.

Note 2
The decreases in trade receivables and trade payables were due mainly to lesser business activities for both the Equipment and Supplies business and the Manufacturing and Support Services business in the last quarter of the year under review, compared with the last quarter of FY2013.

Note 3
The increase in bills receivables was due mainly to lesser need for the discounting of bills to obtain funds for operations, as the Group's liquidity position is healthy. Additionally, as the interest rate in China is high, the Group is able to save on interest cost by discounting lesser bills.

Note 4
The decrease in property, plant and equipment was due mainly to depreciation charge, offset partially by the effects of translating the financial statements of foreign subsidiaries into Singapore dollar and the acquisition of equipment for use in the Group's Manufacturing and Support Services business.

Note 5
During the year under review, the Group repaid bank loans totaling S$13.0 million and obtained new loans of S$6.3 million.

Note 6
The increase in trust receipts at 31 December 2014 was due mainly to timing reasons. Subsequent to 31 December 2014, the Group settled S$2.3 million of trust receipts.

Note 7
Reserve and Enterprise Expansion Funds pertain to subsidiaries in China, and are appropriations of profits made in accordance with applicable laws and regulations.

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 Dec 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
$14,000	$26,759,000	$92,000	$27,931,000

Amount repayable after one year

As at 31 Dec 2014		As at 31 Dec 2013	
Secured	Unsecured	Secured	Unsecured
$35,000	-	$49,000	$3,639,000

Details of any collateral

Plant and equipment of the Group with net book values of $95,000 (31 December 2013: $459,000) are acquired under finance leases.

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.

	FY 2014	FY 2013
	S$'000	S$'000
Cash flows from operating activities:		
Loss before income tax	(8,731)	(5,348)
Adjustments for:		
Depreciation of property, plant and equipment	7,230	8,131
Impairment loss on amount owing by associate	246	1,803
Interest expense	712	916
Interest income	(1,249)	(1,035)
Gain on disposal of plant and equipment	(5)	(87)
Provision for long-service payment	61	-
Share of loss of associate	275	287
Write-down in value of inventories	2,120	200
Operating profit before working capital changes	659	4,867
Trade receivables	16,520	(11,523)
Bill receivables	(6,867)	4,681
Other receivables	1,577	(1,304)
Inventories	867	(1,141)
Balances with associate	(521)	(347)
Trade payables	(14,330)	8,970
Trust receipts	1,899	(3,745)
Other payables	(677)	418
Cash (used in) / generated from operations	(873)	876
Interest paid	(712)	(916)
Interest received	1,249	1,035
Income tax paid	(612)	(276)
Net cash (used in) / from operating activities	(948)	719
Cash flows used in investing activities:		
Purchase of plant and equipment (Note 1)	(4,112)	(1,422)
Proceeds from disposal of plant and equipment	117	170
Net cash used in investing activities	(3,995)	(1,252)
Cash flows from financing activities:		
Dividends paid to shareholders	-	(3,612)
Proceeds from loans	6,303	8,161
Repayment of loans	(13,013)	(9,177)
Repayment of finance leases	(92)	(119)
Net cash used in financing activities	(6,802)	(4,747)
Net decrease in cash and cash equivalents	(11,745)	(5,280)
Cash and cash equivalents at beginning of year	46,129	47,925
Effects of exchange rate changes	1,016	3,484
Cash and cash equivalents at end of year	35,400	46,129

Note 1:

	FY 2014	FY 2013
	S$'000	S$'000
Purchase of plant and equipment	4,112	1,487
Less: Assets financed under financing arrangement	-	(65)
Net	4,112	1,422

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 year.

	Share Capital	Treasury Shares	Share Option Reserve	Translation Reserve	Surplus Reserve #	Accumulated Profits	Total Equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
GROUP							
2014							
Balance at 1 January 2014	50,197	(307)	1,280	(1,825)	6,005	33,455	88,805
Loss for the year	-	-	-	-	-	(8,923)	(8,923)
Currency translation gain	-	-	-	1,361	-	-	1,361
Balance at 31 December 2014	50,197	(307)	1,280	(464)	6,005	24,532	81,243
2013							
Balance at 1 January 2013	50,197	(307)	1,280	(8,210)	5,818	43,115	91,893
Dividends paid	-	-	-	-	-	(3,612)	(3,612)
Loss for the year	-	-	-	-	-	(5,861)	(5,861)
Currency translation gain	-	-	-	6,385	-	-	6,385
Transfer to Surplus Reserve	-	-	-	-	187	(187)	-
Balance at 31 December 2013	50,197	(307)	1,280	(1,825)	6,005	33,455	88,805
COMPANY							
2014							
Balance at 1 January 2014	50,197	(307)	1,280	(77)	-	8,797	59,890
Loss for the year	-	-	-	-	-	(3,693)	(3,693)
Currency translation loss	-	-	-	(3)	-	-	(3)
Balance at 31 December 2014	50,197	(307)	1,280	(80)	-	5,104	56,194
2013							
Balance at 1 January 2013	50,197	(307)	1,280	(79)	-	14,239	65,330
Dividends paid	-	-	-	-	-	(3,612)	(3,612)
Loss for the year	-	-	-	-	-	(1,830)	(1,830)
Currency translation gain	-	-	-	2	-	-	2
Balance at 31 December 2013	50,197	(307)	1,280	(77)	-	8,797	59,890

Surplus Reserve refers to Reserve Fund and Enterprise Expansion Fund (Note 7 of Section 1(b)(i)).

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.

There was no change in the share capital of the company during the year ended 31 December 2014.

As at 31 December 2014, there were unexercised options for 16,500,000 (31 December 2013: 17,000,000) unissued ordinary shares under the Jadason Share Option Scheme 2000. During the year ended 31 December 2014, 500,000 options were cancelled.

As at 31 December 2014, there were 3,670,000 (31 December 2013: 3,670,000) shares held in treasury. (See also Section 1(d)(iv) below.)

1(d)(iii) To show the 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.

The total number of issued shares (excluding treasury shares) as at 31 December 2014 was 722,395,000 (31 December 2013: 722,395,000).

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.

At 1 January 2014 and 31 December 2014	(3,670,000)

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

The figures have not been audited nor reviewed by the auditors.

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.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared with those of the audited financial statements for the year ended 31 December 2013 except as described in Section 5 below.

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.

The Group has adopted the new and revised Singapore Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on and after 1 January 2014, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the retained earnings of the Group as at 1 January 2014.

6. 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 Figures	
	FY 2014	FY 2013
Loss per ordinary share for the year after deducting any provision for preference dividends:-		
(i) Based on weighted average number of ordinary shares in issue	(1.24 cents)	(0.81 cents)
(ii) On a fully diluted basis	(1.24 cents)	(0.81 cents)

The calculation of earnings per share for the year ended 31 December 2014 is based on:

(1) Group's loss after taxation attributable to equity holders of $8,923,000 (2013: loss after taxation of $5,861,000);
(2) Weighted average number of ordinary shares of 722,395,000 (2013: 722,395,000) applicable to basic earnings per share;
(3) Weighted average number of ordinary shares of 722,395,000 (2013: 722,395,000) applicable to diluted earnings per share.

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 financial period reported on; and
(b) immediately preceding financial year.

	Group		**Company**	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Net asset value per ordinary share	11.25 cents	12.29 cents	7.78 cents	8.29 cents

8. A review of the 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) seasonal 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		Loss from Operations	
	FY 2014	FY 2013	FY 2014	FY 2013
Business Segments:	S$'000	S$'000	S$'000	S$'000
Equipment and Supplies	37,347	49,048	(3,740)	(1,422)
Manufacturing and Support Services	43,490	41,241	(3,758)	(920)
Total	**80,837**	**90,289**	**(7,498)**	**(2,342)**

Revenue for FY2014 was S$80.8 million, a decrease of 10% compared with the previous year. The Group posted a loss from operations of S$7.5 million for FY2014, compared with a loss from operations of S$2.3 million for FY2013. As noted in Section 1(a) of this report, the operating results for the year included a write-down in value of inventories of S$2.1 million (FY2013: S$0.2 million) and a depreciation charge of S$7.2 million (FY2013: S$8.1 million).

Revenue for the Equipment and Supplies business for FY2014 decreased by S$11.7 million, or 24%, compared with FY2013 as sales of equipment to printed circuit board ("PCB") manufacturers weakened. During the year under review, PCB manufacturers were generally cautious in expanding their production capacities as demand for information and technology products was affected by the slow growth in the major economies, including China. The operating results for this business segment was also negatively impacted by the foreign exchange loss as described in Note 2 of Section 1(a) of this report, and a write-down in value of inventories of S$1.2 million.

Revenue of the Manufacturing and Support Services business for FY2014 increased by 5% to S$43.5 million compared with FY2013. However, as noted in previous announcements, this business segment saw weak demand in the second half of the year. The business segment reported a higher loss from operations of S$3.8 million (FY2013: loss from operations of S$0.9 million) due mainly to an unfavourable change in product mix and a write-down in value of inventories of S$0.9 million.

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

The results are in line with our announcement dated 7 November 2014.

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 the near term, PCB manufacturers are likely to be cautious given the still uncertain global economy and the slow growth in China. Demand for the Group's products and manufacturing services is likely to be soft in the first quarter of FY2015 due to seasonal factors.

The Group has a net cash balance of S$12.2 million as at 31 December 2014 (31 December 2013: S$16.1 million) after accounting for its bank loans and leasing obligations. The Group's financial position also remained healthy, and has recently made additional investment in our mass lamination plant to increase its production capacity.

The Group continuously reviews its operational efficiency and productivity, and has progressively invested in automation equipment to reduce headcount and cost.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No.

Name of dividend	
Dividend type	
Dividend rate	
Tax rate	

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

Name of dividend	
Dividend type	
Dividends in cents per share	
Tax rate	

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared for the year ended 31 December 2014.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("IPTs"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group has not obtained a general mandate from shareholders for IPTs.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT
(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Equipment and supplies	Manufacturing and support services	Others	Total
	S$'000	S$'000	S$'000	S$'000
2014				
Revenue:				
- External sales	37,347	43,490	-	80,837
- Inter-segment sales	-	-	-	-
Total	37,347	43,490	-	80,837
Results:				
EBITDA*	(3,664)	2,147	-	(1,517)
Interest income	139	1,110	-	1,249
Depreciation	(215)	(7,015)	-	(7,230)
Operating loss	(3,740)	(3,758)	-	(7,498)
Interest expense	(391)	(321)	-	(712)
Impairment loss on amount owing by associate	-	-	(246)	(246)
Share of loss of associate	-	-	(275)	(275)
Loss before income tax	(4,131)	(4,079)	(521)	(8,731)
Income tax expense	(171)	(21)	-	(192)
Loss for the year	(4,302)	(4,100)	(521)	(8,923)
2013				
Revenue:				
- External sales	49,048	41,241	-	90,289
- Inter-segment sales	-	-	-	-
Total	49,048	41,241	-	90,289
Results:				
EBITDA*	(1,260)	6,014	-	4,754
Interest income	138	897	-	1,035
Depreciation	(300)	(7,831)	-	(8,131)
Operating loss	(1,422)	(920)	-	(2,342)
Interest expense	(443)	(473)	-	(916)
Impairment loss on amount owing by associate	-	-	(1,803)	(1,803)
Share of loss of associate	-	-	(287)	(287)
Loss before income tax	(1,865)	(1,393)	(2,090)	(5,348)
Income tax expense	(155)	(358)	-	(513)
Loss for the year	(2,020)	(1,751)	(2,090)	(5,861)

* EBITDA – Earnings before interest, taxation, depreciation and amortisation.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to Section 8 of this announcement.

16. A breakdown of sales.

	FY 2014	FY 2013	+/(-)
Group	S$'000	S$'000	%
Sales reported for first half-year	39,271	38,877	1
Loss after income tax for first half-year	(860)	(3,386)	(75)
Sales reported for second half-year	41,566	51,412	(19)
Loss after income tax for second half-year	(8,063)	(2,475)	226

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

	FY 2014	FY 2013
	S$'000	S$'000
Ordinary dividend	-	-
Special dividend (Preference dividend)	-	-
Total	-	-

18. Disclosure of person occupying a managerial position in the issuer or any ot its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(1) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Group who is related to a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Fung Chi Wai
Chief Executive Officer
28 February 2015