

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

PART 1 – 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.

	FY 2014 S\$'000	FY 2013 S\$'000	Change %	Note
Revenue	78,417	64,450	22%	
Cost of sales	(64,718)	(51,126)	27%	a
Gross profit	13,699	13,324	N.M.*	
<u>Other items of income</u>				
Interest income	34	24	N.M.*	
Other credits	249	124	101%	b
<u>Other items of expense</u>				
Distribution costs	(1,900)	(2,191)	-13%	
Administrative expenses	(6,886)	(6,673)	3%	a
Interest expense	(4)	(3)	N.M.*	
Other charges	(244)	(121)	102%	c
Share of profit from equity-accounted joint venture	322	261	23%	
Profit before tax from continuing operations	5,270	4,745	11%	
Income tax expense	(534)	(574)	-7%	
Profit from continuing operations, net of tax	4,736	4,171	14%	
Profit from discontinued operations, net of tax	259	392	-34%	d
Profit net of tax	4,995	4,563	9%	
<u>Other comprehensive income</u>				
Exchange differences on translation from functional currency to presentation currency	1,056	679	N.M.*	e
Share of other comprehensive income from equity-accounted joint venture	140	30	N.M.*	
Fair value changes on available-for-sale assets	23	(59)	N.M.*	
Total comprehensive income	6,214	5,213	19%	
Profit attributable to owners of the parent, net of tax	4,995	4,563	9%	
Profit net of tax	4,995	4,563	9%	
Total comprehensive income attributable to owners of the parent	6,214	5,213	19%	
Total comprehensive income	6,214	5,213	19%	

Note:

*N.M. : Not meaningful

Notes to Statement of Comprehensive Income

	FY 2014 S\$'000	FY 2013 S\$'000
a. Depreciation		
The total depreciation expenses charged are as follows:		
Cost of sales	(387)	(384)
Administrative expenses	(706)	(671)
	<u>(1,093)</u>	<u>(1,055)</u>
b. Other Credits		
Allowance for impairment on trade receivables - reversal	28	-
Bad debts recovered on trade receivables	1	6
Gain on disposal of plant and equipment	14	1
Government grant	122	26
Other Income	84	91
	<u>249</u>	<u>124</u>
c. Other Charges		
Allowance for impairment on trade receivables	-	(42)
Bad debts written off trade receivables	(85)	(12)
Foreign exchange adjustments losses	(159)	(67)
	<u>(244)</u>	<u>(121)</u>
d. Profit from discontinued operations, net of tax		
This relates to share of profit from an associate for the year and does not include any profit or loss arising from disposal of the associate.		
The group had entered into a sale and purchase agreement during the year to dispose its entire shareholding in the associate. The transaction was completed subsequent to year end and as a result, any gain or loss on disposal of this associate will only be recognised in FY 2015.		
e. Exchange differences		
Exchange differences arose mainly from the translation of foreign currency assets and liabilities of the financial statements in functional currency to presentation currency (i.e. Singapore dollars) at the exchange rate at the end of the financial year.		

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		
	31-12-14	31-12-13	%	31-12-14	31-12-13	%
	S\$'000	S\$'000	Change	S\$'000	S\$'000	Change
<u>Non-current assets</u>						
Property, plant and equipment	3,591	3,864	-7%	877	905	-3%
Goodwill	409	409	N.M.*	-	-	N.M.*
Investments in subsidiaries	-	-	N.M.*	5,430	5,907	N.M.*
Investments in associates	-	1,368	N.M.*	-	-	N.M.*
Investments in joint venture	1,583	1,365	16%	-	-	N.M.*
Deferred tax assets	36	29	24%	-	-	N.M.*
Other assets	619	600	3%	-	-	N.M.*
Other financial assets	776	724	7%	776	724	7%
Total non-current assets	7,014	8,359	-16%	7,083	7,536	-6%
<u>Current assets</u>						
Inventories	6,041	7,684	-21%	4,562	6,316	-28%
Trade and other receivables	8,147	8,152	N.M.*	5,770	4,012	44%
Other assets	1,157	179	546%	1,076	111	869%
Asset held for sale	1,627	-	N.M.*	-	-	N.M.*
Cash and cash equivalents	31,303	26,211	19%	17,488	13,768	27%
Total current assets	48,275	42,226	14%	28,896	24,207	19%
Total assets	55,289	50,585	9%	35,979	31,743	13%
<u>Equity and liabilities</u>						
<u>Equity attributable to owners of the parent</u>						
Share capital	6,606	6,606	N.M.*	6,606	6,606	N.M.*
Retained earnings	39,693	35,521	12%	19,098	15,980	20%
Other reserves, total	47	(1,172)	N.M.*	(1,343)	(1,699)	N.M.*
Total equity	46,346	40,955	13%	24,361	20,887	17%
<u>Non-current liabilities</u>						
Deferred tax liabilities	243	248	-2%	73	78	-6%
Other financial liabilities	21	-	N.M.*	-	-	N.M.*
Total non-current liabilities	264	248	6%	73	78	-6%
<u>Current liabilities</u>						
Income tax payable	741	660	12%	170	-	N.M.*
Trade and other payables	7,926	8,722	-9%	11,375	10,778	6%
Other financial liabilities	12	-	N.M.*	-	-	N.M.*
Total current liabilities	8,679	9,382	-7%	11,545	10,778	7%
Total liabilities	8,943	9,630	-7%	11,618	10,856	7%
Total equity and liabilities	55,289	50,585	9%	35,979	31,743	13%

Note:

*N.M. : Not meaningful

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

Amount repayable in one year or less, or on demand (S\$'000)

31-12-14		31-12-13	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
12	-	-	-

Amount repayable after one year (S\$'000)

31-12-14		31-12-13	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
21	-	-	-

Details of any collaterals

Not applicable.

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 S\$'000	FY 2013 S\$'000
<u>Cash flows from operating activities</u>		
Profit from continuing operations	4,736	4,171
Profit from discontinued operation	259	392
Profit for the year	<u>4,995</u>	<u>4,563</u>
Adjustments for:		
Income tax expense recognised in profit or loss	534	574
Interest income	(34)	(24)
Interest expense	4	3
Insurance premium charged to profit or loss	5	73
Depreciation of property, plant and equipment	1,093	1,055
Share of profit from equity-accounted associate, net of tax	(259)	(392)
Share of profit from equity-accounted joint venture, net of tax	(322)	(261)
Gain on disposal of property, plant and equipment	<u>(14)</u>	<u>(1)</u>
Operating cash flows before changes in working capital	6,002	5,590
Inventories	1,944	(1,140)
Trade and other receivables	195	952
Other assets	(972)	285
Trade and other payables	<u>(991)</u>	<u>2,752</u>
Net cash flows from operations	6,178	8,439
Net income tax paid	<u>(465)</u>	<u>(757)</u>
Net cash flows from operating activities	<u>5,713</u>	<u>7,682</u>
<u>Cash flows from investing activities</u>		
Disposal of property, plant and equipment	34	8
Purchase of property, plant and equipment	(753)	(1,018)
Purchase of keyman insurance policy	-	(856)
Dividend from associates	135	470
Interest received	34	24
Net cash flows used in investing activities	<u>(550)</u>	<u>(1,372)</u>
<u>Cash flows from financing activities</u>		
Dividends paid to equity owners	(823)	(823)
Repayment of finance leases	(2)	-
Interest paid	<u>(4)</u>	<u>(3)</u>
Net cash flows used in financing activities	<u>(829)</u>	<u>(826)</u>
Net Increase in cash and cash equivalents	4,334	5,484
Cash and cash equivalents, statement of cash flow, beginning balance	26,211	20,443
Net effect of exchange rate changes on cash and cash equivalents	758	284
Cash and cash equivalents, statement of cash flow, ending balance	<u>31,303</u>	<u>26,211</u>

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

	Total Equity S\$'000	Attributable to Parent Sub-total S\$'000	Share Capital S\$'000	Retained Earning S\$'000	Currency Translation Reserve S\$'000	Other Reserve S\$'000
Group						
Current period:						
Opening balance at 1.1.14	40,955	40,955	6,606	35,521	(2,343)	1,171
Movements in equity:						
Total comprehensive income for the year	6,214	6,214	-	4,995	1,196	23
Dividends paid	(823)	(823)	-	(823)	-	-
Closing balance at 31.12.14	46,346	46,346	6,606	39,693	(1,147)	1,194
Previous period:						
Opening balance at 1.1.13	36,565	36,565	6,606	31,781	(3,052)	1,230
Movements in equity:						
Total comprehensive income for the year	5,213	5,213	-	4,563	709	(59)
Dividends paid	(823)	(823)	-	(823)	-	-
Closing balance at 31.12.13	40,955	40,955	6,606	35,521	(2,343)	1,171
Company						
Current period:						
Opening balance at 1.1.14	20,887	20,887	6,606	15,980	(1,640)	(59)
Movements in equity:						
Total comprehensive income for the year	4,297	4,297	-	3,941	333	23
Dividends paid	(823)	(823)	-	(823)	-	-
Closing balance at 31.12.14	24,361	24,361	6,606	19,098	(1,307)	(36)
Previous period:						
Opening balance at 1.1.13	18,828	18,828	6,606	14,325	(2,103)	-
Movements in equity:						
Total comprehensive income for the year	2,882	2,882	-	2,478	463	(59)
Dividends paid	(823)	(823)	-	(823)	-	-
Closing balance at 31.12.13	20,887	20,887	6,606	15,980	(1,640)	(59)

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 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.

As at 31 December 2014, there was no movement in the company's share capital and no share options were issued.

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 was 164,531,172 as at 31.12.2014 and 31.12.2013.

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.

Yes.

5. If there were 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 adoption of new and revised Financial Reporting Standards (FRSs) and Interpretations to FRSs (INT FRSs) effective for the current reporting period have no material impact on the financial statements of the Group.

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

	Group Continuing operations		Group Discontinued operations	
	31-12-14	31-12-13	31-12-14	31-12-13
	Singapore Cents	Singapore Cents	Singapore Cents	Singapore Cents
(i) Based on number of ordinary shares in issue of 164,531,172 (31.12.2013: 164,531,172 shares)	2.88	2.53	0.16	0.24
(ii) On a fully diluted basis of 164,531,172 ordinary shares (31.12.2013: 164,531,172 shares)	2.88	2.53	0.16	0.24

Note:

The total earnings per ordinary share from continuing and discontinued operations were calculated based on the number of ordinary shares in issue of 164,531,172 as at 31.12.2014 and 31.12.2013.

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

	31-12-14	31-12-13
	Singapore Cents	Singapore Cents
Net asset value per ordinary shares in issue of 164,531,172 (31.12.13 : 164,531,172)		
Group	28.17	24.89
Company	14.81	12.69

Note:

Net asset value per ordinary share was calculated based on the number of ordinary shares in issue of 164,531,172 as at 31.12.2014 and 31.12.2013.

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 period reported on.

Income Statement

- (i) Total revenue increased by 22% to S\$78.4 million due mainly to higher trading and franchising activities during the year.
- (ii) The cost of sales increased by 27% in line with the increased trading and franchising activities. The reduction in gross profit margin was due mainly to higher proportion of trading and franchising activities which generated lower margin.
- (iii) The profit before tax and net profit after tax increased by 8% and 9% to S\$5.5 million and S\$5.0 million, respectively.
- (iv) There was lower distribution cost in 2014 compared to 2013 due to provision of demurrage charges and one time commission incurred in 2013.
- (v) The Group adopts US dollars as functional currency while the financial presentation here is in Singapore dollars. Exchange difference arose mainly from the translation of foreign currency assets and liabilities of the financial statements in functional currency to presentation currency (i.e. Singapore dollars) with the exchange rate at the end of the year. The income and expenses were converted at the average rate of exchange for the year.

Statement of Financial Position

- (i) Investments in associates decreased by 100% due to the following:
 - (a) A wholly-owned subsidiary had entered into a sale and purchase agreement during the year to dispose its entire shareholding in an associate, Systematic Laundry & Uniform Services Pte Ltd. The disposal was completed subsequent to year end. The associate was reclassified to 'asset held for sale (current asset)' during the year.
 - (b) Investment in an associate was reclassified to investment in joint venture during the year.
- (ii) Inventories reduced by 21% as a result of lower raw material replenishment towards end of FY 2014.
- (iii) Other assets (current) increased by 546% due to the following:
 - (a) Payment made for the acquisition of a subsidiary. The Company had entered into a sale and purchase agreement during the year to acquire 60% of the issued and paid-up share capital in Heptalink Chemicals Pte Ltd. The acquisition was completed subsequent to year end.
 - (b) Deposits paid for raw material purchases in the last quarter of FY 2014.

Statement of Cash Flow

Operational cash flow decreased by 26% or S\$2.0 million. This was largely due to payment made for the acquisition of a subsidiary and deposits paid for raw material purchases in the last quarter of FY 2014.

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

There is no significant variance between the previous disclosures and the actual results.

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.

- (i) Given the uncertainty of the global economy and decline in oil prices, we expect the business environment will continue to be challenging in 2015.
- (ii) Nevertheless, we believe the overall businesses of our major subsidiaries and joint venture should remain resilient.
- (iii) Apart from organic growth, it has been our corporate strategy to explore suitable opportunities in acquisitions and business alliances.
- (iv) Barring any unforeseen circumstances, the management expects the outlook of the Group for FY2015 to remain healthy.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes, an interim exempt (one-tier) dividend of 0.50 cent in cash per ordinary share.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes, an interim exempt (one-tier) dividend of 0.50 cent in cash per ordinary share.

(c) Date payable

23 March 2015.

(d) Books closure date

6 March 2015.

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

Not applicable.

13. If the Group has obtained a general mandate from shareholders for 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 does not have a general mandate from shareholders for interested person transactions.

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.

	Manufacturing		Trading		Franchising*		Unallocated		Group	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Continuing Operations										
Revenue by segment										
Total revenue by segment	57,555	54,083	19,557	12,784	19,115	12,650	-	-	96,227	79,517
Inter-segment sales	(17,610)	(14,867)	(200)	(200)	-	-	-	-	(17,810)	(15,067)
External revenue	39,945	39,216	19,357	12,584	19,115	12,650	-	-	78,417	64,450
Operating profit	10,016	10,556	1,563	1,116	2,120	1,652	-	-	13,699	13,324
Interest income							34	24	34	24
Other credit							249	124	249	124
Finance costs							(4)	(3)	(4)	(3)
Other charges							(244)	(121)	(244)	(121)
Unallocated expense							(8,786)	(8,864)	(8,786)	(8,864)
Share of profit of joint venture							322	261	322	261
Profit before tax									5,270	4,745
Income tax expense									(534)	(574)
Profit from continuing operations									4,736	4,171
Profit from discontinuing operations									259	392
Profit net of tax									4,995	4,563
Assets and reconciliations										
Total assets for reportable segments	13,144	14,974	2,972	2,431	888	1,461	38,285	31,719	55,289	50,585
Liabilities and reconciliations										
Total liabilities for reportable segments	4,555	5,120	1,173	1,534	1,098	1,090	2,117	1,886	8,943	9,630
Othe material items and reconciliations										
Depreciation expense	485	487	351	339	-	-	257	229	1,093	1,055
Capital expenditure	340	301	317	311	-	-	131	406	788	1,018

* The franchising segment includes trades in raw materials for products under our brand names.

Geographical Information

Country	Revenue			Non-Current Asset		
	2014 S\$'000	2013 S\$'000	% Change	2014 S\$'000	2013 S\$'000	% Change
Singapore	40,538	41,248	-2%	6,359	7,730	-18%
Bangladesh	9,030	1,404	543%	-	-	N.M.
Indonesia	2,595	1,885	38%	-	-	N.M.
Myanmar	3,357	3,834	-12%	-	-	N.M.
Philippines	3,025	1,639	85%	-	-	N.M.
Vietnam	14,088	11,273	25%	619	600	N.M.
Other countries	5,784	3,167	83%	-	-	N.M.
Total	78,417	64,450		6,978	8,330	

Information about major customers

2 customers (FY 2013: 2 customers) contributed more than 10% each of the Group's total revenues. The total sale to these 2 customers (FY 2013: 2 customers) was approximately S\$33 million (FY 2013: S\$26 million).

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

Total revenue increased by 22% to S\$78.4 million due mainly to higher trading and franchising activities during the year.

16. A breakdown of sales and profit

	Group		
	2014 \$'000	2013 \$'000	% Change
Revenue for first half year	40,691	35,339	15%
Operating profit for first half year	2,985	3,050	-2.1%
Revenue for second half year	37,726	29,111	30%
Operating profit for second half year	2,010	1,513	33%

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

	2014 \$'000	2013 \$'000
Ordinary	823	823
Preference	-	-
Total:	823	823

18. 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 pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(13) of the Listing Manual, we confirm that there is no person occupying managerial positions in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Ho Chee Hon
Group Deputy Chief Executive Officer
24 February 2015