



ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 31 March 2017

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 period.

	GROUP 3 months ended		
	YTD-1Q FY17 S\$'000	YTD-1Q FY16 S\$'000	+ / (-) %
Revenue	34,519	27,301	26%
Other income	337	444	(24%)
Total revenue	34,856	27,745	26%
Change in inventories of finished goods and work-in-progress	(641)	(647)	(1%)
Raw materials and consumables used	(21,955)	(17,370)	26%
Depreciation expenses	(860)	(1,199)	(28%)
Amortisation expenses	(3)	(5)	(40%)
Staff costs	(5,395)	(5,620)	(4%)
Other operating expenses	(4,359)	(3,985)	9%
Total operating expenses	(33,213)	(28,826)	15%
Operating profit/(loss)	1,643	(1,081)	n.m.
Finance costs	(65)	(91)	(29%)
Profit/(loss) before income tax	1,578	(1,172)	n.m.
Income tax			
- current year	(16)	-	n.m.
- prior year	-	-	n.m.
- deferred tax	-	-	n.m.
	(16)	-	n.m.
Profit/(loss) after income tax	1,562	(1,172)	n.m.
Attributable to:			
Owners of the Company	1,562	(1,172)	n.m.
<u>Statement of comprehensive income</u>			
Profit/(loss) after income tax	1,562	(1,172)	n.m.
<i>Other comprehensive income</i>			
Translation differences relating to financial statements of foreign subsidiaries	(897)	(2,229)	(60%)
Total comprehensive income for the period	665	(3,401)	n.m.
Attributable to owners of the Company	665	(3,401)	n.m.

Note:

(i) n.m. - not meaningful

**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 period.
(continued)**

Note:

Profit/(loss) before income tax is arrived at after charging/(crediting) the following:

	GROUP		
	<u>1Q FY 17</u>	<u>1Q FY 16</u>	+ / (-)
	S\$'000	S\$'000	%
(a) Raw materials and consumables used:			
Allowance for inventory obsolescence	51	35	46%
(b) Other income:			
Interest income	(16)	(11)	45%
Gain on disposal of property, plant and equipment	(5)	(194)	(97%)
Amortisation of deferred interest income	(81)	-	n.m.
Amortisation of deferred compensation income	(122)	(128)	(5%)
Rental income	(22)	(22)	-
(c) Operating profit/(loss) is stated after (crediting)/charging:			
Write back of impairment on trade debtors	(23)	(245)	(91%)
Foreign exchange losses	611	162	277%

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	
	31/03/17	31/12/16	31/03/17	31/12/16
	S\$'000	S\$'000	S\$'000	S\$'000
Non-current assets				
Intangible assets	138	150	4	10
Property, plant and equipment	36,128	35,609	24	32
Investment in subsidiaries	-	-	22,723	21,919
Loan receivables from subsidiaries	-	-	15,856	17,916
Deferred tax assets	465	477	-	-
Other investments	2,205	2,205	2,081	2,081
Other debtors	12,378	12,431	10,405	10,405
Prepayments	99	1,680	-	-
	<u>51,413</u>	<u>52,552</u>	<u>51,093</u>	<u>52,363</u>
Current assets				
Inventories	11,676	12,610	-	-
Amounts due from subsidiaries	-	-	4,467	4,685
Trade debtors	31,532	33,299	1,556	1,550
Other debtors	13,791	9,950	6,131	5,923
Prepayments and advances to suppliers	1,161	721	171	37
Income tax recoverable	-	4	-	-
Fixed deposits (pledged)	1,030	1,096	335	348
Cash and bank balances	14,365	13,939	952	1,108
	<u>73,555</u>	<u>71,619</u>	<u>13,612</u>	<u>13,651</u>
Current liabilities				
Trade creditors	30,263	31,945	234	763
Hire purchase creditor	8	8	-	-
Other creditors and accruals	7,421	8,292	3,240	3,079
Deferred compensation income	479	491	-	-
Loans and borrowings	7,553	5,688	64	267
Income tax payable	12	-	-	-
	<u>45,736</u>	<u>46,424</u>	<u>3,538</u>	<u>4,109</u>
Net current assets	27,819	25,195	10,074	9,542
Non-current liabilities				
Other creditors and accruals	1,922	2,201	1,616	1,842
Hire purchase creditor	1	4	-	-
Deferred compensation income	7,775	8,105	-	-
Loans and borrowings	1,532	-	-	-
Deferred tax liabilities	3,763	3,863	-	-
	<u>14,993</u>	<u>14,173</u>	<u>1,616</u>	<u>1,842</u>
TOTAL NET ASSETS	<u>64,239</u>	<u>63,574</u>	<u>59,551</u>	<u>60,063</u>
Equity attributable to owners of the Company				
Share capital	57,337	57,337	57,337	57,337
Foreign currency translation reserve	153	1,050	-	-
Statutory reserve fund	1,938	1,938	-	-
Other reserves	189	189	189	189
Retained earnings	4,622	3,060	2,025	2,537
TOTAL EQUITY	<u>64,239</u>	<u>63,574</u>	<u>59,551</u>	<u>60,063</u>

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 2017		As at 31 December 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
7,561	-	5,696	-

Amount repayable after one year

As at 31 March 2017		As at 31 December 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
1,533	-	4	-

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

- (1) fixed deposits placement by the Company and its respective subsidiaries;
- (2) lands and properties of the respective subsidiaries; and
- (3) 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 FY17	1Q FY16
	S\$'000	S\$'000
Cash flows from operating activities		
Profit/(loss) before taxation	1,578	(1,172)
Adjustments for:		
Gain on disposal of property, plant and equipment	(5)	(194)
Gain on termination of club membership	(41)	-
Depreciation of property, plant and equipment and investment property	860	1,199
Amortisation of intangible assets	3	5
Amortisation of deferred interest income	(81)	-
Amortisation of deferred compensation income	(122)	(128)
Interest income	(16)	(11)
Interest expense	65	91
Exchange differences	388	68
Operating cash flows before changes in working capital	2,629	(142)
Decrease in inventories	575	845
(Increase)/decrease in trade debtors and other debtors	(3,981)	6,006
Decrease in trade creditors and other creditors	(1,225)	(3,910)
Cash (used in)/generated from operations	(2,002)	2,799
Interest paid	(65)	(91)
Interest received	16	11
Tax paid	-	-
Net cash (used in)/generated from operating activities	(2,051)	2,719
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	5	201
Proceeds from termination of club membership	45	-
Purchase of property, plant and equipment	(706)	(545)
Prepayment for building construction cost	(99)	-
Net cash used in investing activities	(755)	(344)
Cash flows from financing activities		
Net decrease of hire purchase creditors	(2)	(2)
Drawdown of bank borrowings	8,505	2,261
Repayment of bank borrowings	(4,873)	(2,973)
Decrease/(increase) in pledged fixed deposits	31	(59)
Net cash generated/(used) in financing activities	3,661	(773)
Net increase in cash and cash equivalents	855	1,602
Cash and cash equivalents at beginning of period	13,939	15,514
Effects of exchange rates on opening cash and cash equivalents	(429)	(755)
Cash and cash equivalents at end of period	14,365	16,361

- 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)**

	Share Capital	Foreign currency translation reserve	Statutory reserve fund	Other reserves	Retained earnings/ (losses)	Total equity attributable to owners of the Company
<u>Group</u>						
Balance as at 1 January 2017	57,337	1,050	1,938	189	3,060	63,574
Total comprehensive income for the period	-	(897)	-	-	1,562	665
Balance as at 31 March 2017	57,337	153	1,938	189	4,622	64,239
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

(In S\$'000)

	Share capital	Other reserves	Retained earnings	Total equity attributable to owners of the Company
<u>Company</u>				
Balance as at 1 January 2017	57,337	189	2,537	60,063
Total comprehensive income for the period	-	-	(512)	(512)
Balance as at 31 March 2017	57,337	189	2,025	59,551
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

- 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 were no changes in the Company's share capital since the end of the previous period reported on, being 31 December 2016.

As at 31 March 2017 and 31 March 2016, the Company did not have any outstanding convertibles or treasury shares.

- 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.**

	31 March 2017	31 December 2016
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.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 by the Company's 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.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2016.

- 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 all the new and revised financial reporting standards (“FRS”) and Interpretations of FRS (“INT FRS”) that are relevant to the Group and effective for the financial period beginning on or after 1 January 2017. The adoption of these new and revised FRS and INT FRS did not result in changes to the Group’s accounting policies and has no material effect on the amounts reported for the current or prior periods.

- 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.

Earnings/(loss) Per Share

The Group	3 months ended	
	<u>1Q FY17</u> Basic / Diluted	<u>1Q FY16</u> Basic / Diluted
<u>Earnings (\$'000)</u>		
Profit/(loss) attributable to equity holders of the Company	1,562	(1,172)
Weighted average number of ordinary shares ('000)	675,164	675,164
Earnings/(loss) per share (cents)		
- Basic and diluted	0.23	(0.17)

- 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-17	31-Dec-16	31-Mar-17	31-Dec-16
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	9.51	9.42	8.82	8.90
Net asset value as at end of period (\$'000)	64,239	63,574	59,551	60,063
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 FY2017 increased 26% to S\$34.52 million as compared to 1Q FY2016. Despite the completion of the disposal of the Group’s former Shanghai subsidiary in 4Q FY2016, the

Group's revenue increased in 1Q FY2017. This is mainly attributable to the higher revenue recorded in the Company's overseas subsidiaries located in Malaysia, Suzhou, Vietnam and Thailand.

The revenue generated by the Company and its Malaysia subsidiary increased by S\$3.72 million in total, mainly resulting from the higher demand from the existing projects. The revenue in Suzhou and Vietnam subsidiaries had also increased significantly by S\$4.57 million and S\$3.34 million respectively, due to higher orders received from its existing and new customers.

In addition, the Thailand subsidiary also reported a slight increase in revenue of S\$0.20 million compared to that of 1Q FY2016.

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 lower than that in 1Q FY2016 by S\$0.11 million. This is mainly due to lower gain on disposal of PPE recorded in 1Q FY2017 by S\$0.19 million. The decrease is partly offset by the amortisation of deferred interest income recognised in 1Q FY2017 of S\$0.08 million.

b. Operating results

Overall

In 1Q FY2017, the Group recorded a profit before tax of S\$1.58 million compared to loss before tax of S\$1.17 million in 1Q FY2016. This is primarily contributed by the higher revenue achieved and lower staff costs incurred by the Group in 1Q FY2017.

The Group's positive bottom line is mainly attributable to the profit-making subsidiaries located in Malaysia, Suzhou, Vietnam and Thailand. With the disposal of loss-making former subsidiaries in Shanghai and Taicang, the Group managed to turnaround its financial performance in 1Q FY2017 as opposed to the loss-making results reported in 1Q FY2016.

Besides, the increase in sales in the Group's overseas subsidiaries led to improvement in financial performance of the Group in 1Q FY2017.

As a result, the Group recorded a profit after tax of S\$1.56 million in 1Q FY2017 as opposed to the loss after tax of S\$1.17 million recorded in 1Q FY2016.

Raw materials and consumables used

Raw materials and consumables used by the Group in 1Q FY2017 increased by 26% to S\$21.96 million compared to 1Q FY2016. The increase is in line with the increase in revenue in 1Q FY2017.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group decreased by 28% in 1Q FY2017 to S\$0.86 million compared to 1Q FY2016.

The lower depreciation expenses on 1Q FY2017 is mainly attributable to the PPE in the former Shanghai and Taicang subsidiaries, which had been disposed of in 4Q FY2016.

Staff costs

Staff costs in 1Q FY2017 decreased by 4% from that in 1Q FY2016 despite the increase in the Group's headcount from 1,873 as at 31 March 2016 to 2,117 as at 31 March 2017.

The lower staff costs in 1Q FY2017 is primarily due to the disposal of the former subsidiary in Shanghai in 4Q FY2016, which incurred higher staff costs in 1Q FY2016. This decrease is partially offset by the staff costs for additional operation workers recruited to cope with the higher sales volume in 1Q FY2017.

Other operating expenses

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

Other operating expenses increased by 9% in 1Q FY2017 mainly due to unfavorable movement of foreign currencies which resulted in foreign exchange losses.

Finance costs

The Group's finance costs decreased to S\$0.07 million in 1Q FY2017 compared to S\$0.09 million in 1Q FY2016. This is mainly attributed to higher quantum of bank borrowings repayments made in 1Q FY2017.

c. Balance Sheet

The Group has S\$36.13 million of PPE balance as at 31 March 2017 compared to that of S\$35.61 million as at 31 December 2016. The increase in the carrying amount of PPE is due to addition of new PPE but offset partially by depreciation charge during the current quarter.

As at 31 March 2017, the prepayment balance under non-current assets decreased from S\$1.68 million to S\$0.10 million due to reclassification of prepayment balance (for land acquisition) to PPE upon obtaining the land ownership. The current prepayment balance of S\$0.10 million pertains to the prepayments made in relation to the factory building construction costs incurred by the Company's newly incorporated subsidiary, Allied Precision Technologies (M) Sdn Bhd ("**APT**M"). APTM was incorporated in August 2016 and has not started its operations.

As at 31 March 2017, inventories balance decreased to S\$11.68 million due to higher sales demand from customers in the current quarter. The Group's trade debtors balance as at 31 March 2017 is lower compared to that of 31 December 2016, as a result of collections received from its trade debtors.

The Group's other debtors balances have increased to S\$13.79 million as at 31 March 2017. The increase is mainly due to placement of security deposits for new solar power projects tendered by Suzhou subsidiary as well as accrual of tooling cost, which will be recognized in income statement only when the tooling is fully completed. Prepayments and advances to suppliers balance of the Group has also increased by S\$0.44 million as at 31 March 2017. This is attributable to advances made to new suppliers by the Company's overseas subsidiaries for the purchase of materials for new projects.

Trade creditors balance has decreased from S\$31.95 million to S\$30.26 million as a result of repayments made during the period. The other creditors and accruals balances (both current and non-current) have also declined from S\$10.49 million to S\$9.34 million as at 31 March 2017. The decrease is mainly due to repayment of partial land acquisition cost accrued as at 31 December 2016 and amortisation of deferred interest income during the period.

The Group's deferred compensation income balance in Suzhou subsidiary had decreased to S\$8.25 million as at 31 March 2017 due to the amortisation of deferred compensation income. In addition, the effect of the weakening of the Renminbi ("**RMB**") against the Singapore Dollar ("**S\$**") resulted in a lower translated balance.

As at 31 March 2017, the Group's loans and borrowings have increased to S\$9.09 million from S\$5.69 million as at 31 December 2016. This is mainly due to the drawdown of bank borrowings by the Group's overseas subsidiaries for land acquisition and working capital purposes amounting to S\$8.51 million. However, the increase is partially offset by the repayments of bank borrowings which had matured during the period.

Both deferred tax liabilities and deferred tax assets in the Group's balance sheet are attributable to the subsidiaries in the PRC. The lower total net deferred tax liabilities balances presented as at 31 March 2017 as compared to 31 December 2016 is solely caused by the foreign currency translation differences. The equity attributable to owners of the Company has increased by S\$0.67 million to S\$64.24 million as at 31 March 2017. The increase is resulting from the profit generated in 1Q FY 2017 of S\$1.56 million and partly offset by the foreign currency translation loss of S\$0.90 million mainly due to the weakening of RMB against S\$ in 1Q FY2017.

d. Cash Flow Statements

In 1Q FY2017, the Group recorded a net cash outflow in operating activities of S\$2.05 million compared to the net cash generated from operating activities of S\$2.72 million in 1Q FY2016. This is mainly due to the working capital outflows of approximately S\$4.63 million and partially offset by the net profit generated in 1Q FY2017.

The Group's net cash used in investing activities for 1Q FY2017 increased by S\$0.41 million as compared to 1Q FY2016. This is mainly due to lower proceeds from disposal of PPE being recorded by the Group by S\$0.20 million in 1Q FY2017. The increase is also due to higher PPE acquisition and prepayments made for building construction costs in 1Q FY2017 of S\$0.16 million and S\$0.10 million respectively.

The Group has generated S\$3.66 million from its financing activities as compared to the net cash used in 1Q FY2016 of S\$0.77 million. This is mainly due to the net proceeds from drawdown of bank borrowings of S\$3.63 million as opposed to the net repayment of bank borrowings of S\$0.71 million in 1Q FY2016.

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

No forecast or prospect statement has been previously disclosed to shareholders.

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 and slower growth in China, 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 declared (recommended) for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(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 2017 has been declared or recommended.

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

14 Confirmation by the Board pursuant to Rule 705 (5)

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 unaudited financial statements of the Group and the Company for the first quarter ended 31 March 2017 to be false or misleading in any material aspect.

15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) 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 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

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

12 May 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor assume no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lee Chee Cheong, Associate Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone: +65 6337 5115.