

Full Year Financial Statement And Dividend Announcement for the Year Ended 31/12/2014

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

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

	Group		Increase / (Decrease) %
	2014 \$'000	2013 \$'000	
Revenue	104,800	69,741	50.27
Cost of sales	(86,929)	(57,727)	50.59
Gross Profit	17,871	12,014	48.75
Other operating income	3,142	38	N.M.
Selling and distribution expenses	(5,669)	(4,760)	19.10
General and administrative expenses	(9,589)	(6,287)	52.52
Other operating expenses	(30)	(72)	(58.33)
Finance income	328	110	198.18
Finance expenses	(872)	(408)	113.73
Finance expenses, net	(544)	(298)	
Profit before tax	5,181	635	715.91
Income tax	(555)	(143)	288.11
Profit after tax	4,626	492	840.24
Other comprehensive income :			
Currency translation difference	1,773	1,976	
Other comprehensive income, net of tax	1,773	1,976	
Total comprehensive income	6,399	2,468	
Profit attributable to:			
Owners of the parent	2,704	156	
Non-controlling interest	1,922	336	
	4,626	492	
Total comprehensive income attributable to:			
Owners of the parent	3,896	1,417	
Non-controlling interest	2,503	1,051	
	6,399	2,468	

N.M. - Not meaningful

Other notes :

Profit / (loss) from operations is arrived at after charging / (crediting) the following.

	Group		Increase / (Decrease)
	2014	2013	
	\$'000	\$'000	%
Depreciation of property, plant and equipment	2,160	2,434	(11.26)
Amortisation of land use rights	64	43	48.84
Amortisation of intangible assets	93	48	93.75
Cost of inventories sold	70,313	30,181	132.97
Impairment of trade receivables	1,073	1	N.M.
Deposit written off	834	-	N.M.
Allowance of inventory obsolescence	255	86	196.51
Foreign exchange gain	(157)	(9)	N.M.
Gain on disposal of property, plant and equipment	(3,018)	(11)	N.M.
Interest expense	872	408	113.73
Interest income	(328)	(110)	198.18
Property, plant and equipment written off	39	-	N.M.

N.M. - Not meaningful

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	
	Dec-14	Dec-13	Dec-14	Dec-13
	S\$'000	S\$'000	S\$'000	S\$'000
Non-Current Assets				
Property, plant and equipment	18,523	19,636	254	185
Land use right	1,104	1,174	-	-
Intangible assets	122	170	39	66
Investment in subsidiaries	-	-	12,055	12,055
Investment properties	42	43	-	-
Trade and notes receivables	2,595	3,957	2,595	3,957
Current Assets				
Inventories	16,022	19,802	859	1,176
Trade and notes receivables	30,498	21,719	3,323	5,047
Other receivables	619	1,625	1,306	2,186
Advance to suppliers	1,014	160	-	-
Prepayment	150	168	18	38
Tax recoverable	411	-	-	-
Fixed deposits	4,740	917	4,509	-
Cash at bank and at hand	3,693	2,952	1,482	1,582
Current asset held for sale	-	2,792	-	2,792
	57,147	50,135	11,497	12,821
Current Liabilities				
Trade Payables	5,016	10,535	2,257	4,988
Bills Payable to banks	581	2,800	44	643
Other payables and accruals	2,166	1,634	407	823
Advances from customers	111	599	-	-
Tax Payable	-	67	-	-
Finance lease liabilities	31	30	30	30
Term loan	7,154	3,993	500	1,504
	15,059	19,658	3,238	7,988
Net Current Assets	42,088	30,477	8,259	4,833
Non-Current Liabilities				
Finance lease liabilities	66	48	18	48
	66	48	18	48
Net Assets	64,408	55,409	23,184	21,048
Equity				
Share capital	23,406	20,806	23,406	20,806
Capital reserve	294	294	-	-
General reserve	4,369	4,369	-	-
Enterprise expansion fund	4,369	4,369	-	-
Translation reserve	1,586	394	-	-
Accumulated profits	8,437	5,733	(222)	242
	42,461	35,965	23,184	21,048
Non-controlling interest	21,947	19,444	-	-
Total Equity	64,408	55,409	23,184	21,048

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

Amount repayable in one year or less, or on demand

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
6,685	1,081	3,967	2,856

Amount repayable after one year

As at 31/12/2014		As at 31/12/2013	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
66	-	48	-

Details of any collateral

Secured borrowings

As at 31 December 2014, our Group's borrowings are secured by the following:

- i) Short-term loan of approximately \$6,654k (31 December 2013: \$3,937k) granted to the subsidiaries of the company used mainly as working capital and for financing of purchases made in the ordinary course of business;
- ii) Finance lease obligations of approximately \$97k (31 December 2013: \$78k) secured by the underlying assets acquired with a net book value of approximately \$54k as of 31 December 2014 (31 December 2013: \$28k).

Unsecured borrowings

- i) The unsecured Group borrowings and debt securities of \$44k (31 December 2013: \$1,352k) are bills payable consisting of trust receipts and commercial bills to banks arising from trade financing of purchases made in the ordinary course of business;
- ii) \$1,037k (31 December 2013: \$1,504k) unsecured term loan being a drawdown of the Group's revolving credit facility.

- 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.

	Note	2014 S\$'000	2013 S\$'000
Cash flow from operating activities			
Profit/(loss) before tax:		5,181	635
Adjustments for:			
Depreciation of property, plant and equipment		2,160	2,433
Amortisation of land use rights		64	43
Amortisation of intangible assets		93	48
Gain from disposal of property, plant & equipment		(3,018)	(10)
Property, plant and equipment written off		39	-
Impairment of trade receivables		1,073	1
Deposit writte off		834	-
Allowance of inventory obsolescence / Inventories written down		255	86
Interest expense		872	408
Interest income		(328)	(110)
Translation adjustments		634	666
Operating profit before working capital changes		7,859	4,200
Decrease in long-term staff loans		-	12
Decrease / (increase) in inventories		3,525	(3,463)
Increase in trade and other receivables		(3,111)	(8,312)
Increase in advances to suppliers		(854)	(34)
Decrease / (increase) in prepayment		19	(30)
(Decrease) / increase in trade and other payables		(4,986)	6,558
(Decrease) / increase in advances from customers		(488)	435
Cash generated from / (used in) operations		1,964	(634)
Interest received		327	110
Interest paid		(872)	(408)
Income tax (paid) / refunded		(1,036)	15
Net cash generated from / (used in) operations		383	(917)
Cash flow from investing activities			
Purchase of property, plant and equipment		(518)	(171)
Proceeds from disposal of property, plant and equipment		5,870	32
Net cash generated from / (used in) investing activities		5,352	(139)

	2014 S\$'000	2013 S\$'000
Cash flow from financing activities		
Increase in restricted cash	-	(316)
Proceeds from loans and borrowings	4,165	-
Repayment of loans and borrowings	(1,004)	(5,902)
Proceeds from issuance of ordinary shares from placemer *	2,600	3,114
Repayment of finance lease obligations	18	(47)
(Increase) / decrease in note receivables from banks	(5,203)	2,562
Decrease in bill payables to banks	(2,219)	(776)
Net cash used in financing activities	(1,643)	(1,365)
Net decrease in cash and cash equivalents	4,092	(2,421)
Effect of exchange rate changes on cash and cash equivalents	472	632
Cash and cash equivalents at beginning of financial period	3,869	5,658
Cash and cash equivalents at end of financial period	8,433	3,869

A

Note A: Cash and cash equivalents

Cash and cash equivalents consists of unrestricted cash and bank balances and fixed deposits

Cash and cash equivalents included in consolidated statement of cash flows comprise the following balance sheet amounts:

	2014 S\$'000	2013 S\$'000
Cash and bank balances	3,693	2,952
Fixed deposits	4,740	917
	8,433	3,869
Less : Restricted cash	-	-
Cash and cash equivalents	8,433	3,869

*During the year, the Company has raised a total of \$2,600,000 (Total net proceed is \$2,508,652, after deduction of placement and related expenses) through one placement for an aggregate number of 40,000,000 new ordinary shares being issued. The total net proceed was used to pay for general & administration expenses.

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.

	Attributable to owners of parent						Non-controlling interests	Total
	Share capital	Capital reserve	General reserve	Enterprise Reserve	Translation Reserve	Retained Earnings		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
As at 01-January-2013	17,692	294	4,369	4,369	(867)	5,577	31,434	49,827
Profit for the year	-	-	-	-	-	156	156	492
Other comprehensive income for the year	-	-	-	-	1,261	-	1,261	1,976
Total comprehensive income for the year	-	-	-	-	1,261	156	1,417	2,468
Issued of new ordinary shares	3,114	-	-	-	-	-	3,114	3,114
As at 31-December-2013	20,806	294	4,369	4,369	394	5,733	35,965	55,409
As at 01-January-2014	20,806	294	4,369	4,369	394	5,733	35,965	55,409
Profit for the year	-	-	-	-	-	2,704	2,704	4,626
Other comprehensive income for the year	-	-	-	-	1,192	-	1,192	1,773
Total comprehensive income for the year	-	-	-	-	1,192	2,704	3,896	6,399
Issued of new ordinary shares	2,600	-	-	-	-	-	2,600	2,600
As at 31-December-2014	23,406	294	4,369	4,369	1,586	8,437	42,461	64,408
Company								
As at 01-January-2013	17,692	-	-	-	-	101	17,793	17,793
Profit for the year	-	-	-	-	-	141	141	141
Issued of new ordinary shares	3,114	-	-	-	-	-	3,114	3,114
As at 31-December-2013	20,806	-	-	-	-	242	21,048	21,048
As at 01-January-2014	20,806	-	-	-	-	242	21,048	21,048
Loss for the year	-	-	-	-	-	(464)	(464)	(464)
Issued of new ordinary shares	2,600	-	-	-	-	-	2,600	2,600
As at 31-December-2014	23,406	-	-	-	-	(222)	23,184	23,184

- 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.

<u>Changes in Company's share capital :</u>	<u>Quantity</u>	<u>Share capital</u> <u>S\$'000</u>
Balance as at 01-January 2014	227,392,320	20,806
Placement of shares completed on 2 September 2014	40,000,000	2,600
Balance as at 31 December 2014	<u>267,392,320</u>	<u>23,406</u>

- 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.

As at 31 December 2014, share capital of the Company comprises 267,392,320 ordinary shares (31 December 2013 : 227,392,320).

- 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.

The Company does not have any treasury shares.

- 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.

With effect from 1 January 2014, the Group and Company have adopted the following new and revised accounting policies and methods of computation, which are applicable for the financial years ended 31 December 2014.

New Policies

FRS 110 Consolidated Financial Statements

FRS 112 Disclosure of Interests in Other Entities

Revised Policies

Amendments to FRS 32 Offsetting of Financial Assets and Financial Liabilities

Amendments to FRS 36 Recoverable Amount Disclosures for Non-financial Assets

- 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 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 based on profit attributable to shareholders:

	2014 Cents	2013 Cents
(a) Based on weighted average number of ordinary shares	1.12	0.07
(b) Based on a fully diluted basis	1.01	0.07
Weighted average number of ordinary shares in issue for	240,433,416	210,842,332

As at 31 December 2014, 40,000,000 new shares were issued as a result of a share placement completed on 2 September 2014. Therefore, earnings per share was calculated based on weighted average number of 240,433,416 (FY 2013: 210,842,332) ordinary shares in issue for FY 2014.

7 Net asset value (for the issuer and group) per ordinary share based on the total number of 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	
Cents		Cents	
31/12/2014	31/12/2013	31/12/2014	31/12/2013

Net asset value per Ordinary Share based on total number of issued shares excluding treasury shares at the respective period

15.88	15.82	8.67	9.26
-------	-------	------	------

Net asset value per share as of 31 December 2014 was computed based on 267,392,320 ordinary shares (31 December 2013 : 227,392,320 ordinary shares).

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

The Group recorded a total revenue of \$104.8m for the full year ended 31 December 2014 ("FY2014"). It achieved an increase of \$35.1m or 50.3% in comparison to \$69.7m for full year ended 31 December 2013 ("FY2013"). The increase in sales is mainly due to sales made to new customers during the year.

Gross Profit

The Group's FY2014 gross profit increased by \$5.9m or 48.8% to \$17.9m (FY2013: \$12.0m). This is mainly contributed by the increase in sales and the improvement in productivities.

Net Operating Expenses

Net operating expenses have increased by \$1.1m from \$11.0m in FY2013 to \$12.1m in FY2014. The reasons for this increase are:

- i) General and administrative expenses increased by \$3.3m or 52.5%, mainly due to deposit written off as well as allowance for impairment of trade receivables;
ii) Selling and distribution expenses increased by 900k or 19.1% which is in line with the increase in revenue.

The increase was offset by the gain on sales of a property in February 2014 of \$3.1m (which is recorded as part of other operating income).

Net Financial Expense

The Group recorded a net financial expense of \$0.5m in FY2014, as compared to an amount of \$0.3m in FY2013. The increase of \$0.2m in net financial expense is mainly due to increase in short term borrowing which is used as working capital to fund the increase in sales.

Tax

Taxation is in line with profits made by profitable subsidiaries in China. There is no such tax charge for other entities in the Group due to their unutilised losses carried forward. The losses made by these entities cannot be used to offset the profits generated by the profitable subsidiaries, as they are not assessed by the same tax authority.

Net Results

As a result of the above, the Group registered a profit before tax of \$5.2m for the full year ended 31 December 2014 as compared to profit before tax of \$635k for the prior year. The profit after tax attributable to equity holders of the Company is approximately \$2.7m in FY2014, as compared to \$0.2m recorded in FY2013.

Balance Sheet

The Group's property, plant and equipment ("PPE") including land use rights are at \$20.8m and \$19.6m as at 31 December 2013 and 31 December 2014 respectively. There was a disposal of property (net book value of \$2.8m) during the year. Save for \$2.2m of depreciation and amortisation charges, there was no significant capital expenditure in FY2014.

Inventories are at \$19.8m and \$16.0m as at 31 December 2013 and 31 December 2014 respectively. The decrease of \$3.8m is largely due to better inventory management by the Group.

Trade receivables has increased from \$25.7m for FY2013 to \$33.1m for FY2014, which is in line with the increase in sales.

Cash and cash equivalents as at 31 December 2013 and 31 December 2014 were at \$3.9m and \$8.4m respectively. The increased balance as at 31 December 2014 was due to the cash proceeds generated from sales of a property and receipts from increased sales.

Trade payables has decreased from \$10.5m in FY2013 to \$5.0m in FY2014, the significant decrease is mainly due to payment funded through short term loan.

Term loans are at \$4.0m and \$7.2m as at 31 December 2013 and 31 December 2014 respectively. To facilitate the increase in business activities, there were new term loans secured in FY2014 for subsidiaries in China.

Overall, Group's equity as at 31 December 2014 was \$64.4m, an increase of \$9.0m or 16.2% from the position as at 31 December 2013.

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

None.

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.

The rising cost of doing business, especially staff and other operational costs, will post a challenge. Year 2015 will continue to be another year of challenges for the industry we serve. Issues such as compliance, sustainability and product safety will continue to feature prominently. Trade talks to expand duty-free opportunities such as the Trans-Pacific Partnership (TPP) could yield opportunities in the many countries we are already in and have strategically chosen to do business with, thus resulting some optimism.

The Group will thus need to remain nimble enough to respond to changing buying patterns, develop strong partnerships across the supply chain, and focus on a sourcing portfolio that balances costs and risks.

The Group will continue to diversify into complementary areas of the clean colour science technology business. It will continue its efforts to improve sales performance outside PRC market in its global long-term vision and efforts to internationalize the Matex® and Megafix® brand, further optimizing its manufacturing facilities.

As at 30 December 2014, the Group has entered into a legally binding Heads of Agreement with Blackgold International Holdings Limited ("Vendor"), a company listed on the Australian Securities Exchange, in relation to the proposed acquisition of the Vendor's entire equity interest in its wholly-owned subsidiary, Blackgold Holdings Hong Kong Limited.

11 Dividend***(a) Current Financial Period Reported On***

Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(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 / recommended.

13 Interested Person Transactions pursuant to SGX Rule 920(1)(a) for the financial period ended 31/12/2014.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

During the financial year, there were related parties transactions based on the terms agreed between the parties as follows:

	Group		Company	
	31/12/2014	31/12/2013	31/12/2014	31/12/2013
	\$'000	\$'000	\$'000	\$'000
Fees incurred or paid to an agency firm which a director is a partner	-	5	-	5
Fees incurred or paid to a law firm which a director is a partner	317	279	317	279

14 Statement pursuant to SGX Listing Rule 705(5) of the Listing Manual

Not applicable.

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

- 15 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.**

	PRC		Other Asia Pacific		Eliminations		Group	
	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue								
Sales to external customers	91,139	56,277	13,661	13,464	-	-	104,800	69,741
Inter-segment sales	36,671	24,421	1,748	1,274	(38,419)	(25,695)	-	-
Total revenue	127,810	80,698	15,409	14,738			104,800	69,741
Segment results	6,099	1,250	(248)	(383)	(126)	66	5,725	933
Financial expense, net							(544)	(298)
Profit before tax							5,181	635
Income tax							(555)	(143)
Profit after tax							4,626	492
Non-controlling interest							(1,922)	(336)
Profit attributable to owners of the parent							2,704	156

The revenue of the Group is primarily derived from the manufacturing and scales of dye stuffs and auxillary chemicals. Accordingly, it is not meaningful to present segmental information by business segments.

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

Not applicable.

17 A breakdown of sales.

	Group	
	2014 \$'000	2013 \$'000
Sales reported for first half year	61,676	25,348
Operating profit / (loss) after tax before deducting non-controlling interests reported for first	6,463	(804)
Sales reported for second half year	43,124	44,393
Operating (loss) / profit after tax before deducting non-controlling interests reported for second	(1,837)	1,296

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

Total Annual Dividend (Refer to Para 16 of Appendix 7.2 for the required details)

	Latest Full Year (\$'000)	Previous Full Year (\$'000)
Ordinary	Nil	Nil
Preference	Not applicable	Not applicable
Tota	Nil	Nil

19 Persons occupying managerial positions who are related to the Directors, Chief Executive Officer or substantial shareholders

Pursuant to Rule 704(13) of the Listing Manual of SGX-ST, we set out below the persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries:

For the Financial Year Ended * 31 December 2014

Name	Age	Family relationship with any director, CEO and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Pang Sim	65	Brother of Dr Tan Pang Kee, MD & CEO	Appointed as a Director of Unimatex Sdn Bhd, a subsidiary in Malaysia since 2004; responsible for its management and development of corporate policies and procedures.	NA
Tan Pang Jang	46	Brother of Dr Tan Pang Kee, MD & CEO	Appointed as Senior Sales & Marketing Manager of Unimatex Sdn Bhd, a subsidiary in Malaysia since 2013; responsible for looking into the sales & marketing.	NA
Tan Guan Liang	33	Son of Dr Tan Pang Kee, MD & CEO	Appointed as Executive Director in 2010; responsible for managing operational readiness and effectiveness, promoting Matex's Image and Brand locally and aboard, all business projects work, developing cost-effective plans and project schedule.	NA

BY ORDER OF THE BOARD

Dr Tan Pang Kee
Chief Executive Officer / Managing Director
26 February 2015