Matex International Limited

(Company Registration No. 198904222M)

Full Year Financial Statement And Dividend Announcement for the Year Ended 31/12/2015

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 /
	2015	2014	(Decrease)
	$'000	$'000	%
Revenue	91,976	104,800	(12.24)
Cost of sales	(78,842)	(86,929)	(9.30)
Gross Profit	13,134	17,871	(26.51)
Other operating income	120	3,142	(96.18)
Selling and distribution expenses	(4,289)	(5,669)	(24.34)
General and administrative expenses	(8,960)	(9,589)	(6.56)
Other operating expenses	(4)	(30)	(86.67)
Finance income	519	328	58.23
Finance expenses	(980)	(872)	12.39
Finance expenses, net	(461)	(544)	
(Loss) / Profit before tax	(460)	5,181	(108.88)
Income tax	(993)	(555)	78.92
(Loss) / Profit after tax	(1,453)	4,626	(131.41)
Other comprehensive income :			
Currency translation difference	162	1,773	
Other comprehensive income, net of tax	162	1,773	
Total comprehensive (expenses) / income	(1,291)	6,399	
(Loss) / Profit attributable to:			
Owners of the parent	(1,631)	2,704	
Non-controlling interest	178	1,922	
	(1,453)	4,626	
Total comprehensive (expenses) / income attributable to:			
Owners of the parent	(1,538)	3,896	
Non-controlling interest	247	2,503	
	(1,291)	6,399	

N.M. - Not meaningful

Other notes :

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

	Group		Increase / (Decrease)
	2015	2014	
	$'000	$'000	%
Depreciation of property, plant and equipment	2,277	2,160	5.42
Amortisation of land use rights	116	64	81.25
Amortisation of intangible assets	50	93	(46.24)
Cost of inventories sold	64,894	70,313	(7.71)
Provision of trade receivables	35	1,073	(96.74)
Research and development	23	834	(97.24)
Allowance of inventory obsolescence	173	-	N.M.
Foreign exchange gain	(209)	(157)	33.22
Gain on disposal of property, plant and equipment	(2)	(3,018)	(99.93)
Property, plant and equipment written off	56	39	43.59
Interest expense	980	872	12.39
Interest income	(519)	(328)	58.23

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-15	Dec-14	Dec-15	Dec-14
	S$'000	S$'000	S$'000	S$'000
Non-Current Assets				
Property, plant and equipment	17,088	18,523	286	254
Land use right	1,004	1,104	-	-
Intangible assets	73	122	13	39
Investment in subsidiaries	-	-	12,055	12,055
Investment properties	37	42	-	-
Long-term staff loan	-	-	-	-
Long term prepaid and deferred expenses	29	-	-	-
Trade and notes receivables	2,334	2,595	2,334	2,595
Current Assets				
Inventories	20,907	16,022	138	859
Trade and notes receivables	31,993	30,498	2,619	3,323
Other receivables	720	619	1,588	1,069
Advance to suppliers	232	1,014	-	237
Prepayment	226	150	17	18
Tax recoverable	-	411	-	-
Fixed deposits	3,077	4,740	3,022	4,509
Cash at bank and at hand	9,927	3,693	579	1,482
	67,082	57,147	7,963	11,497
Current Liabilities				
Trade Payables	9,591	5,016	97	2,257
Bills Payable to banks	22	581	-	44
Other payables and accruals	2,790	2,166	703	407
Advances from customers	86	111	-	-
Tax Payable	576	-	-	-
Finance lease liabilities	28	31	18	30
Term loan	11,391	7,154	500	500
	24,484	15,059	1,318	3,238
Net Current Assets	42,598	42,088	6,645	8,259
Non-Current Liabilities				
Finance lease liabilities	46	66	-	18
	46	66	-	18
Net Assets	63,117	64,408	21,333	23,184
Equity				
Share capital	23,406	23,406	23,406	23,406
Warrants	-	-	-	-
Capital reserve	294	294	-	-
General reserve	4,369	4,369	-	-
Enterprise expansion fund	4,369	4,369	-	-
Translation reserve	1,679	1,586	-	-
Accumulated profits	6,806	8,437	(2,073)	(222)
	40,923	42,461	21,333	23,184
Non-controlling interest	22,194	21,947	-	-
Total Equity	63,117	64,408	21,333	23,184

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

Amount repayable in one year or less, or on demand

As at 31/12/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
10,941	500	6,685	1,081

Amount repayable after one year

As at 31/12/2015		As at 31/12/2014	
Secured	Unsecured	Secured	Unsecured
$'000	$'000	$'000	$'000
46	-	66	-

Details of any collateral

Secured borrowings

As at 31 December 2015, our Group's borrowings are secured by the following:

i) Short-term loan of approximately $10,913k (31 December 2014: $6,654k) 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 $74k (31 December 2014: $97k) secured by the underlying assets acquired with a net book value of approximately $37k as of 31 December 2015 (31 December 2014: $54k).

Unsecured borrowings

i) The was no oustanding unsecured Group borrowings and debt securities as at 31 December 2015 (31 December 2014: $44k) which usually consists of trust receipts and commerical bills to banks arising from trade financing of purchases made in the ordinary course of business;

ii) $500k (31 December 2014: $1,037k) 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	2015 S$'000	2014 S$'000
Cash flow from operating activities			
(Loss) / profit before tax:		(460)	5,181
Adjustments for:			
Depreciation of property, plant and equipment		2,277	2,160
Amortisation of land use rights		116	64
Amortisation of intangible assets		50	93
Gain from disposal of property, plant & equipment		(2)	(3,018)
Property, plant and equipment written off		56	39
Impairment of trade receivables		35	1,073
Deposit written off		-	834
Allowance of inventory obsolescence		173	255
Interest expense		980	872
Interest income		(519)	(328)
Translation adjustments		3	634
Operating profit before working capital changes		2,709	7,859
(Increase) / decrease in inventories		(5,057)	3,525
Increase in trade and other receivables		(5,364)	(3,111)
Decrease / (increase) in advances to suppliers		782	(854)
(Increase) / decrease in prepayment		(77)	19
Increase / (decrease) in trade and other payables		5,199	(4,986)
Decrease in advances from customers		(25)	(488)
Cash (used in) / generated from operations		(1,833)	1,964
Interest received		519	327
Interest paid		(980)	(872)
Income tax paid		(2)	(1,036)
Net cash (used in) / generated from operations		(2,296)	383
Cash flow from investing activities			
Purchase of property, plant and equipment		(599)	(518)
Proceeds from disposal of property, plant and equipment		11	5,870
Net cash (used in) / generated from investing activities		(588)	5,352

		2015	2014
		S$'000	S$'000
Cash flow from financing activities			
Proceeds from loans and borrowings		4,237	4,165
Repayment of loans and borrowings		-	(1,004)
Proceeds from issuance of ordinary shares from placemer *		-	2,600
(Repayment) of / addition finance lease obligations		(22)	18
Decrease / (increase) in note receivables from banks		3,996	(5,203)
Decrease in bill payables to banks		(560)	(2,219)
Net cash generated from / (used in) financing activities		7,651	(1,643)
Net increase in cash & cash equivalents		**4,767**	**4,092**
Effect of exchange rate changes on cash and cash equivalents		(196)	472
Cash and cash equivalents at beginning of financial period		**8,433**	**3,869**
Cash and cash equivalents at end of financial period	**A**	**13,004**	**8,433**

Note A: Cash and cash equivalents

Cash and cash equivalents consists of bank balances and fixed deposits

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

	2015	2014
	S$'000	S$'000
Cash and bank balances	9,927	3,693
Fixed deposits	3,077	4,740
Cash and cash equivalents	**13,004**	**8,433**

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								
	Share capital	**Capital reserve**	**General reserve**	**Enterprise Reserve**	**Translation Reserve**	**Retained Earnings**	**Sub-total**	**Non-controlling interests**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group									
As at 01-January-2014	20,806	294	4,369	4,369	394	5,733	35,965	19,444	55,409
Profit for the year	-	-	-	-	-	2,704	2,704	1,922	4,626
Other comprehensive income for the year	-	-	-	-	1,192	-	1,192	581	1,773
Total comprehensive income for the year	-	-	-	-	1,192	2,704	3,896	2,503	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**	**21,947**	**64,408**
As at 01-January-2015	23,406	294	4,369	4,369	1,586	8,437	42,461	21,947	64,408
Loss for the year	-	-	-	-	-	(1,631)	(1,631)	178	(1,453)
Other comprehensive income for the year	-	-	-	-	93	-	93	69	162
Total comprehensive expenses for the year	-	-	-	-	93	(1,631)	(1,538)	247	(1,291)
As at 31-December-2015	**23,406**	**294**	**4,369**	**4,369**	**1,679**	**6,806**	**40,923**	**22,194**	**63,117**
Company									
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**
As at 01-January-2015	23,406	-	-	-	-	(222)	23,184	-	23,184
Loss for the year	-	-	-	-	-	(1,851)	(1,851)	-	(1,851)
As at 31-December-2015	**23,406**	-	-	-	-	**(2,073)**	**21,333**	-	**21,333**

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 is no change in the Company's share capital for the reporting year ended 31 December 2015.

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 2015, share capital of the Company comprises 267,392,320 ordinary shares (31 December 2014 : 267,392,320).

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.

The Group and Company have applied the same accounting policies and methods of computation for financial years ended 31 December 2014 and 31 December 2015.

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:

		2015 **Cents**	**2014** **Cents**
(a)	Based on weighted average number of ordinary shares	(0.61)	1.12
(b)	Based on a fully diluted basis	(0.61)	1.01
	Weighted average number of ordinary shares in issue for	267,392,320	240,433,416

Earning per share was calculated based on 267,392,320 ordinary shares in issue for FY 2015. 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 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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
Net asset value per Ordinary Share based on total number of issued shares excluding treasury shares at the respective period	15.30	15.88	7.98	8.67

Net asset value per share as of 31 December 2015 was computed based on 267,392,320 ordinary shares (31 December 2014 : 267,392,320 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 $92.0m for the full year ended 31 December 2015 ("FY2015"). It recorded a reduction of $12.8m or 12.2% in comparison to $104.8m for the corresponding year ended 31 December 2014 ("FY2014"). The reduction in sales is mainly due to the decrease in the selling price as a result of stiff competition.

Gross Profit

As a result of lower revenue, the Group's FY2015 gross profit has decreased by $4.7m or 26.5% to $13.1m (FY2014: $17.9m). The decrease is mainly due to an overall decrease in selling price with no change in the cost price of most of the products to remain competitive in the market.

Net Operating Expenses

Net operating expenses have increased by $1.2m from $12.1m in FY2014 to $13.1m in FY2015. This is mainly attributed to the one-off gain from sales of a property of $3.1m in FY2014, recorded as part of other operating income. The decrease in operating income was offset by the following:

i) Selling and distribution expenses decreased by $1.4m or 24.3%;

ii) General and administrative expenses decreased by $629K or 6.6% and is partly due to decrease in depreciation expense as certain fixed assets were fully depreciated or sold.

Net Financial Expense

The Group recorded a net financial expense of $0.46m in FY2015, as compared to an amount of $0.54m in FY2014. The decrease of $80k in net financial expense is mainly due to increase in financial income of $0.19m which was due to interest income from bank deposits made during the year offset by increase in financial cost of $0.11m which rose as a result of increase in the borrowings during the year.

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 jurisdiction.

Net Results

As a result of the above, the Group registered a loss before tax of $460k for the full year ended 31 December 2015 as compared to profit before tax of $5.2m for the previous corresponding year. The loss after tax attributable to equity holders of the Company is approximately $1.6m in FY2015, as compared to the profit after tax of $2.7m recorded in FY2014.

Balance Sheet

The Group's property, plant and equipment ("PPE") including land use rights are at $19.6m and $18.1m as at 31 December 2014 and 31 December 2015 respectively. Save for $2.4m of depreciation and amortisation charges, there was no significant capital expenditure in FY2015.

Trade receivables has increased from $33.1m for FY2014 to $34.3m for FY2015. This is due to a longer credit terms granted to customers so as to continue to sustain competitiveness in the industry.

Cash and cash equivalents for the period increased from $8.4m as at 31 December 2014 to $13.0m as at 31 December 2015. During the period, the Group funded its working capital through short term loan and longer credit terms granted by suppliers, and utilised its working capital to fund inventories and trade receivables.

Trade payables has increased from $5.0m in FY2014 to $9.6m in FY2015. This significant increase is mainly due to longer credit terms granted by suppliers.

Short term loan has increased from $7.2m in FY2014 to $11.4m in FY2015, mainly used to finance its working capital.

Overall, Group's equity as at 31 December 2015 was $63.1m, a reduction of $1.3m or 2.0% from the position as at 31 December 2014.

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 past financial year witnessed considerable global market uncertainty and currency volatility. The Chinese economic slowdown impacted the world economy and the group's performance was in turn affected by these wider economic conditions which saw large reductions in product selling prices and slowing demand.

Despite these unfavorable difficult conditions, Matex continues to strive hard for credible, balanced and sustainable global business growth.

Going forward the Group needs to respond quicker to dynamic changing buying patterns, develop stronger partnerships across the supply chain and focus on a good sourcing portfolio that balances costs and risks.

The Group will strive to use latest available technologies to improve its operation efficiencies and further diversify into complementary areas of the clean colour science business. It will pursue a better sales performance outside its PRC market in its vision to internationalize Matex® and its brand and hope to constantly optimize its manufacturing facilities, driving down cost.

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 30/06/2015**

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	
	31/12/2015	31/12/2014	31/12/2015	31/12/2014
	$'000	$'000	$'000	$'000
Fees incurred or paid to an agency firm which a director is a partner	-	-	-	-
Fees incurred or paid to a law firm which a director is a partner[#]	-	317	-	317

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

Not applicable.

15 **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under rule 720(1).**

Yes, the Group and Company has procured undertakings form all its directors and executive officers in the format set out in Appendix 7.7.

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

16 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	
	2015	2014	2015	2014	2015	2014	2015	2014
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Segment revenue								
Sales to external customers	76,260	91,139	15,716	13,661	-	-	91,976	104,800
Inter-segment sales	46,625	36,671	1,226	1,748	(47,851)	(38,419)	-	-
Total revenue	122,885	127,810	16,942	15,409			91,976	104,800
Segment results	2,201	6,099	(2,241)	(248)	41	(126)	1	5,725
Financial expense, net							(461)	(544)
(Loss) / profit before tax							(460)	5,181
Income tax							(993)	(555)
(Loss) / profit after tax							(1,453)	4,626
Non-controlling interest							(178)	(1,922)
(Loss) / profit attributable to owners of the parent							(1,631)	2,704

The revenue of the Group is primarily derived from the manufacturing and sales of dye stuffs and auxiliary chemicals and the revenue is mainly contributed from People's Republic of China. Accordingly, it is not meaningful to present segmental information by business or geographical segments.

17 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.

18 A breakdown of sales.

	Group	
	2015	2014
	$'000	$'000
Sales reported for first half year	45,299	61,676
Operating (loss) / profit after tax before deducting non-controlling interests reported for first half year	(2,177)	6,463
Sales reported for second half year	46,677	43,124
Operating profit / (loss) after tax before deducting non-controlling interests reported for second half year	724	(1,837)

19 A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

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

20 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 2015

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	66	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	47	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	34	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

24 February 2016