Acma Ltd

ANNUAL REPORT 2013

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Corporate Information

Directors

Quek Sim Pin
Executive Chairman

Low Seow Chye
Independent Director

Robert Low Mui Kiat
Independent Director

Tan Keng Lin
Independent Director

Victor Levin
Non-Executive Director

Nominating Committee

Low Seow Chye (Chairman)
Robert Low Mui Kiat
Tan Keng Lin

Remuneration Committee

Robert Low Mui Kiat (Chairman)
Tan Keng Lin
Low Seow Chye

Audit Committee

Low Seow Chye (Chairman)
Tan Keng Lin
Robert Low Mui Kiat

Share Registrar

Boardroom Corporate &
Advisory Services Pte Ltd

Company Secretary

Keloth Raj Kumar

Registered Office

17 Jurong Port Road
Singapore 619092
Telephone No. : 6268 7733
Facsimile No. : 6268 3338
Company Registration No.: 196500233E

Independent Auditors

Mazars LLP

Partner in-charge: Lai Keng Wei
(From financial year ended 31 December 2013)

Solicitors

Rodyk & Davidson LLP
Colin Ng & Partners LLP

Principal Bankers

United Overseas Bank Limited
Malayan Banking Berhad

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of your directors, I present to you the Annual Report for the financial year ended 31 December 2013.

REVENUE

For the full year, revenue increased by S$8.5 million from S$52.9 million in FY2012 to S$61.4 million in FY2013, attributed mainly to revenue increases of S$7.3 million and S$3.2 million of the Group's Tooling and Plastic injection moulding businesses respectively, partially offset by a decrease in revenue of S$2.0 million in respect of our Communications and Equipment distribution business.

COSTS AND EXPENSES

(a) Goods and consumables used

Goods and consumables used increased by 22.9% from S$28.3 million in FY2012 to S$34.8 million in FY2013, attributed mainly to the revenue increases in Tooling and Plastic injection moulding businesses.

(b) Staff costs

Although revenue increased by 16.0% in FY2013 compared to FY2012, staff costs increased marginally by 1.4% due mainly to the disposal of our Shanghai plastic injection moulding operation in Q3 2012 and the more extensive use of sub-contractors to meet manufacturing requirements of our tooling operations in FY2013.

c) Operating expenses

Operating expenses decreased by 18.3% from S$20.5 million in FY2012 to S$16.8 million in FY2013, attributed mainly to S$1.6 million decrease in impairment provisions for doubtful receivables and S$0.2 million exchange gain in FY2013 compared to S$1.2 million exchange loss in FY2012.

SHARE OF RESULTS OF ASSOCIATES

This relates mainly to the Group's equity interest in Neftech Pte Ltd, Femto Pte Ltd and our Vietnam operation. The loss for Q4 2013 was due to the S$0.08 million share of loss of our Vietnam operation. For the full year, the Group recorded a S$0.7 million profit in FY2013 compared to S$0.4 million profit in FY2012, which includes S$1.0 million negative goodwill on acquisition of Femto.

PROFIT/(LOSS) AFTER TAXATION

The Group recorded a profit after tax of S$0.4 million in FY2013 compared to a loss of S$7.5 million in FY2012.

Chairman's Statement

STATEMENT OF FINANCIAL POSITION

a) The reduction in property, plant and equipment from S$10.4 million at 31 December 2012 to S$8.5 million at 31 December 2013 was due mainly to depreciation of S$3.0 million and capital expenditure of S$0.6 million during the year and S$0.5 million gain on currency realignment.

b) Inventories increased by S$0.5 million from S$3.5 million at 31 December 2012 to S$4.0 million at 31 December 2013 due mainly to the higher level of Plastic injection moulding and Communication & Equipment distribution businesses at the end of Q4 2013.

c) Assets available-for-sale was reduced to Nil following the sale of these assets in Q2 2013.

d) Trade and other receivables increased by S$2.4 million from S$31.9 million at 31 December 2012 to S$34.3 million at 31 December 2013. This was due mainly to the higher activity level of the Group's Tooling and Plastics injection moulding businesses.

e) Amount due from associates increased by S$0.7 million from S$1.4 million at 31 December 2012 to S$2.1 million at 31 December 2013 due mainly to interest charged for loans due from our Vietnam associate.

f) Trade and other payables increased by S$2.2 million from S$20.5 million at 31 December 2012 to S$22.7 million at 31 December 2013, due mainly to higher activity level of the Plastic moulding injection and prepayments received for the Communication & Equipment distribution businesses.

g) Bank borrowings decreased by S$3.9 million from S$9.0 million at 31 December 2012 to S$5.1 million at 31 December 2013 due mainly to increase repayment of borrowings during the current period.

WORKING CAPITAL

As at 31 December 2013, the Group had net working capital of S$18.3 million.

PROSPECTS FOR 2014

It was reported recently that European auto sales rose in January 2014, their fifth straight month in a row and adding to growing confidence that Europe's auto market has, after a six-year slump, finally passed the worst. However, it is expected that sales growth in 2014 will be modest and the market environment in the coming months will remain competitive.

A significant part of the Group's automotive tooling business is European based and in light of the aforesaid, we anticipate conditions to remain challenging. We will continue to rationalize our marketing and manufacturing operations in order to cope with the squeeze on margins arising from continuing price pressures and rising costs.

Unlike Europe, the US automotive market has been recovering steadily over the last few years. We are confident that our efforts to increase revenue from North American based customers will help cushion the sluggish recovery being seen in Europe.

Chairman's Statement

NEFTECH PTE LTD

Neftech is our associated company whose principal activity is the development and marketing of its proprietary cavitation technology and nano additives to achieve fuel savings for shipping companies.

Fuel comprises more than half the cost of a shipping company's operating expenses and keeping this expenditure to a minimum is important to their management. Neftech has signed an agreement to supply its emulsion system to a number of ships with a potential value of US$14 million, with implementation to start in 2014. For its nano additives which it introduced last year, it has achieved satisfactory savings in trials on the main engines of ships belonging to two of the largest container lines in the world.

Management is confident that Neftech will turn in significant profits in 2014.

FEMTO PTE LTD

Femto is our associated company which manufactures and markets a nano additive product, which added to engine oil, saves up to 10% and more on fuel consumption. It has appointed Neftech (mentioned above) as its sole distributor for the shipping market. Acma bought into Femto in 2013 and is pleased to note that the young company made a small profit in its first year of operation.

Femto has initially concentrated on establishing itself in the Singapore market and has signed agreements to supply its product to major diesel users including SMRT (buses), ComfortDelgro (taxis), and Transcab (taxis). The company is now moving to overseas markets and we expect rapid growth in the years ahead.

The Group is continually looking for openings in the high tech sector and believes its Russian connections will give it access to exciting opportunities which will serve it well in the coming years.

ACKNOWLEDGEMENT

I would like to express my sincere thanks to our hardworking staff, our bankers, our customers and our shareholders for their continuing support.

QUEK SIM PIN
Executive Chairman

10 April 2014

Board of Directors

QUEK SIM PIN
Executive Chairman

Mr Quek graduated with a Bachelor of Business Administration (Honours) Degree from the University of Singapore in 1971 and qualified as an Associate of the Chartered Institute of Insurers (London) in 1975. He founded the Lityan group in 1983 and has been the Executive Chairman of the Company since 1989 after the acquisition of the Lityan group by the Company. He is also on the board of directors of various companies in the Group.

LOW SEOW CHYE
Independent Director

Mr Low was appointed as independent, non-executive director on 12 July 1990. He was also appointed as Chairman of the Audit and Nominating Committee. Mr Low has more than 40 years experience in accounting, auditing and taxation work, and is the proprietor of his own public accounting firm, Low Seow Chye & Company. Mr Low, is a member of the CPA Australia and a member of the Institute of Certified Public Accountants of Singapore.

VICTOR LEVIN
Non-Executive Director

Mr Victor Levin was appointed as non-independent, non-executive director on 29 October 2010. He is the Chairman and General Manager of OOO "Melina" Moscow and holds directorship in several companies. He is Executive Chairman of Neftech Pte Ltd, an associated company of China Auto Corporation Ltd. He is a graduate of the Moscow Petroleum & Gas Industry Institute.

ROBERT LOW MUI KIAT
Independent Director

Mr Robert Low was appointed as independent, non-executive director on 11 December 2009. He was also appointed as Chairman of Remuneration Committee. Mr Robert Low graduated from Curtin University, Perth, Western Australia in accounting and is a Chartered Accountant of the Malaysian Institute of Accountants (MIA). He has more than 30 years of experience working in the Oil & Gas industry, having worked mainly with Exxon Mobil where his last position in 2005 was as Asia Pacific Facilities Manager. Since then, he has been working as a consultant in the Oil & Gas industry.

TAN KENG LIN
Independent Director

Mr Tan was appointed as independent, non-executive director on 23 August 2012. Mr Tan graduated with a Bachelor of Science degree from the University of Singapore. He has been a non-executive Director of Acma Ltd from 1995 to 2006. Over the last 30 years, he has been managing his family's shipping and trading businesses.

Key Management

RAI RAJEN
Chief Operating Officer

Mr Rai is a fellow of the Association of Chartered Certified Accountants, United Kingdom and a Certified Public Accountant of Singapore since 1980. He has been with the Lityan group since 1984 and was the Finance Director of Acma Ltd from 1989 to 1995. He is also on the board of directors of various companies in the Group.

CHOU KONG SENG
Chief Financial Officer

Mr Chou is a Certified Public Accountant of Singapore having qualified as a Chartered Accountant in the United Kingdom. He has been with the Group since 1994. He is on the board of directors of various companies in the Group. Prior to joining the Group, he was a senior manager with an international public accounting firm in Singapore.

DEREK THU BOON LEONG
Managing Director, Injection Moulding Operations

Mr Derek Thu is the Managing Director of our injection moulding operations which has plants in Xiamen and Shanghai. He is also responsible for the tool-making plant at Xiamen. He holds a Diploma in Electronics and Electrical Engineering. He worked for a Japanese multinational company before joining the Group in 1994 as a Quality Manager. He was subsequently promoted to run our plant in Xiamen as the General Manager. Having done well there, he was promoted in 2002 to run all our moulding operations.

GRAHAM WRIGHT
Managing Director, International Sales Toolmaking Operations

Mr Wright is in charge of our Marketing Offices in Germany, Spain and Latvia which brings in the orders for plastic injection moulds for the automotive market in Europe. Mr Wright holds a degree in Management (BSc Hons) Manchester University and he has been working in this field for many years with international companies. He joined us in 2000.

Corporate Governance Report

The Board of Directors (the "**Board**") of Acma Ltd ("**Acma**" or the "**Company**") is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company's shareholders (the "**Shareholders**").

The Company has put in place various policies and practices that will safeguard the interests of Shareholders and enhance Shareholders' value as part of its effort to maintain high standards of corporate governance. This report describes the corporate governance practices and procedures adopted by the Company with specific reference to the revised Code of Corporate Governance 2012 (the "**Code**") prescribed by the Singapore Exchange Securities Trading Limited (the "**SGX-ST**"). References to the principles of the Code are listed below. The Company has complied with the principles of the Code where appropriate.

(I) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

As at the date of this report, the Board comprises the following members:

Quek Sim Pin	(Executive Chairman)
Victor Levin	(Non-Executive Director)
Low Seow Chye	(Independent Director)
Robert Low Mui Kiat	(Independent Director)
Tan Keng Lin	(Independent Director)

The Board supervises the management of the business and affairs of the Company and the Group. It has established self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practiced. The Board oversees the Group's overall strategic plans, approves major funding proposals, investments and divestment proposals and reviews the financial performance of the Company and the Group.

The Board meets regularly and additional meetings are convened when deemed necessary by the Board. Board members are provided with complete, adequate and timely information to allow directors to fulfill their duties properly.

Newly appointed directors are given an orientation on the Group's business strategies and operations and are also provided with information on their duties as a director under Singapore law. They may attend any training course in connection with their duties as Directors, if such participation or attendance is required.

The Company has adopted internal guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval under such guidelines are listed below:

a) corporate strategy and business plans;
b) announcement of quarterly, half year and full year results and annual report;
c) declaration of interim dividends and proposal of final dividends;
d) convening of shareholders' meeting;
e) authorisation of major acquisition and disposal of companies and investments; and
f) authorisation of major transactions.

The Board has delegated certain specific responsibilities to three Committees, namely the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). More information on them is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

Corporate Governance Report

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently has five (5) members, comprising one (1) Executive Director and four (4) Non-Executive Directors and three of whom are independent. Information in respect of the directors is set out in the "Board of Directors" section of this Annual Report.

To facilitate effective management, certain functions have been delegated to various Board committees, namely the AC, NC and RC. The Board members and Board Committee members are set out as below:

Table 1:

Name of Director	Status	Board	Audit Committee	Nominating Committee	Remuneration Committee
Executive					
Quek Sim Pin	Non-independent	Chairman			
Non-Executive					
Low Seow Chye	Independent	Member	Chairman	Chairman	Member
Robert Low Mui Kiat	Independent	Member	Member	Member	Chairman
Tan Keng Lin	Independent	Member	Member	Member	Member
Victor Levin	Non-independent	Member			

Notes:
1. Mr Victor Levin resigned as member of Audit, Nominating and Remuneration Committees of the Company on 10 May 2013.
2. Mr Tan Keng Lin was appointed as member of Audit, Nominating and Remuneration Committees of the Company on 10 May 2013.

With the exception of Mr. Victor Levin's relationship with Neftech Pte Ltd and Femto Pte Ltd, both are associated companies of the Group, the non-executive directors have no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. Mr. Victor Levin is the executive chairman and holds a substantial shareholding interest in Neftech Pte Ltd and Femto Pte Ltd. Mr. Victor Levin is also a substantial shareholder of the Company.

The NC is of the view that Mr Low Seow Chye, Mr Robert Low Mui Kiat and Mr Tan Keng Lin are independent. As more than one third of the Board is independent, the requirement of the Code that at least one third of the Board comprises Independent Directors is satisfied. The NC is satisfied that the Board has substantial independent elements to ensure that objective judgement is exercised on corporate affairs.

The independence of each director is reviewed annually by the NC, which confirms that the independent directors made up at least half of the Board. The NC is also of the view that the current board size is appropriate, taking into account the nature and scope of the Company's operations. No individual or small group of individuals dominates the Board's decision making.

The NC is satisfied that the Board has the appropriate mix of expertise and experience who as a group provide an appropriate balance and diversity of skills, experience and knowledge of the Company. Each director has been appointed on the strength of his caliber, experience and expertise to contribute to the development of the Company.

The Board conducts scheduled meetings on a regular basis and on the day of the Annual General Meeting. Adhoc meetings are convened when circumstances require.

Corporate Governance Report

Director's Attendance at Board & Committee Meetings

The details of the number of board meetings held in the year as well as the attendance of each board member at those meetings and meetings of various board committees are disclosed below:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	4	4	1	1
Executive Director				
Quek Sim Pin	4	3*	1*	1*
Non-Independent Director				
Victor Levin	2	2*	-	-
Non-Executive Directors				
Low Seow Chye	4	4	1	1
Robert Low Mui Kiat	4	4	1	1
Tan Keng Lin	4	3, 1*	1*	1*

* Attendance upon invitation of the Committee.

Role of Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Mr Quek Sim Pin ("Mr Quek"), the Executive Chairman, currently assumes the roles of both Chairman and Chief Executive Officer ("CEO") of the Company. As such, Mr Quek bears executive responsibility for the Company's business as well as responsibility for the workings of the Board and ensuring that procedures are introduced to comply with the Code.

Taking into account the current corporate structure and the scope of the Company's operations, the roles of the Chairman and Chief Executive Officer are not separated. All major proposals and transactions are made in consultation with the Board which comprises independent and non-executive directors. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable power and influence.

Board Membership and Nominating Committee

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

The Nominating Committee's terms of reference include making recommendations to the Board on all Board appointments. It comprises three non-executive directors, all of whom are independent directors.

Corporate Governance Report

The principal functions of the NC are as follows:

- to review and recommend the nomination or re-nomination of the Directors having regard to the Director's contribution and performance;
- to set criteria for identifying candidates and reviewing nominations for the appointments referred to above;
- to determine on an annual basis whether or not a Director is independent; and
- to assess the overall performance of the Board and contribution of each Director to the effectiveness of the Board.

The NC has established a formal and transparent process for the Company on the appointment of new directors and re-nominations and re-elections of directors at regular intervals. It is also responsible for determining the independence of each director and conducting formal assessment of the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board. In evaluating the Board's performance, the NC considers a number of factors, including those set out in the Code.

Pursuant to Article 93 of the Company's Articles of Association, one third of the Board are to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting. New directors are appointed by way of a Board resolution, after the NC approves their appointments and pursuant to Article 99 of the Company's Articles of Association, the newly appointed director must submit himself or herself for re-election at the next Company's Annual General Meeting following his or her appointment.

All directors are required to declare their board representations. The NC has reviewed and is satisfied that the directors of the Company have been adequately carried out his duties as a director of the Company.

The dates of appointment and directorships of the Directors in other listed companies are set out below:

Name of Director	Date of Appointment to Acma Ltd	Directorships in Other Listed Companies	
		Present	Last Three Years
Quek Sim Pin	29 April 2011	-	-
Victor Levin	30 April 2013	-	-
Low Seow Chye	30 April 2013	-	-
Robert Low Mui Kiat	30 April 2012	-	-
Tan Keng Lin	30 April 2013	-	-

Access to Information

Principle 6: In order to fulfill their responsibilities, Board members should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis.

Directors are furnished regularly with information from Management about the Group as well as the relevant information relating to the business to be discussed at Board meetings. All directors have separate and independent access to senior management and Company Secretary.

Directors are also welcomed to request further explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from management. The CEO will make the necessary arrangements for the briefings, informal discussions or explanations required.

The Company Secretary attends Board meetings and is responsible for ensuring that proper procedures at such meetings are followed. In the absence of the Company Secretary, a representative from the Key Management will be appointed. Together with the Company's management, they are responsible to ensure that the Company complies with the requirements of the Companies Act, SGX-ST Listing Manual and other rules and regulations that are applicable to the Company. The appointment and removal of the Company Secretary would be a matter for the Board as a whole.

Each member of the Board, in the furtherance of their duties, has access to take independent professional advice, if necessary, at the Company's expense.

Corporate Governance Report

(II) REMUNERATION MATTERS

Remuneration Committee

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The RC comprises three non-executive directors, all of whom are independent directors.

Its role is to review and advise the Board an appropriate and competitive framework of remuneration for the Board, key executives and the Group. In developing remuneration policies, RC takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors and key management staff.

The RC has access to appropriate expert advice in the field of executive compensation outside the Company where required.

The RC's recommendations are submitted to the Board for endorsement. No director is involved in deciding his own remuneration.

In setting remuneration packages, the RC ensures that the directors are adequately but not excessively remunerated as compared to the industry and in comparable companies.

Non-executive directors receive directors' fees in accordance with their level of contributions, taking into account factors such as effort and time spent, as well as the responsibilities and obligations of the directors. Directors' fees are recommended by the Board to shareholders for approval at the Company's Annual General Meeting.

The level and mixed of the Directors' remuneration for the financial year ended 31 December 2013 ("**FY2013**") are set out below:

	Fees & Salary	Bonus	Other benefits	Number of share options granted
	%	%	%	
S250,000 to $499,999				
Quek Sim Pin	89	8	3	10,000,000
Below $250,000				
Low Seow Chye	88	-	12	7,200,000
Robert Low Mui Kiat	84	-	16	5,000,000
Victor Levin	95	-	5	2,000,000
Tan Keng Lin	87	-	13	3,000,000

The number of share options granted which includes both share options granted in 2011 and 2013 that were granted to the directors and employees of the Company. Further details of which can be found in the Report of the Directors and Notes to the Financial Statements of the Annual Report.

Corporate Governance Report

Key Management Staff

Annual remuneration of top 5 key executives who are not Directors in remuneration bands of S$250,000 are set out below for FY2013.

	Number of employees
S$250,000 to S$499,999	1
Below S$250,000	4

The Code recommends that the remuneration of at least the top five (5) key executives who are not also Directors be disclosed within the bands of S$250,000. However, the Board is of the opinion that the remuneration details of individual key management staff and the aggregate remuneration paid to the top five key executives are confidential and full disclosure of such information would not be in the interest of the Company.

No employee of the Company and its subsidiaries was an immediate family member of a Director and whose remuneration exceeded S$50,000 in FY2013.

Employee Share Option Scheme
Details on the Employee Share Option Scheme are set out in the Report of the Directors in this Annual Report.

(III) ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Company's performance and position, when providing interim and other price sensitive public reports on a quarterly basis, and reports to regulators (if required).

In line with the SGX Listing Rules, the Board provides a negative assurance statement to the shareholders in respect of the interim financial statements. For the financial year under review, the Chief Executive Officer (Executive Chairman) and Chief Financial Officer have provided assurance to the Board on the integrity of the Group's financial statements.

The management currently provides to the Board for endorsement, annual budgets, business plans and quarterly management accounts of the Group.

Audit Committee

Principle 11: The Board should establish an Audit Committee ("AC") with written terms of reference which clearly set out its authority and duties.

Listing Manual Rule 712, 716 & 1207(6)

The AC comprises of three non-executive directors, all of whom are independent directors.

The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibility properly, with the members bringing with them extensive managerial and financial expertise in their own professional capacities. At least two members, including the AC Chairman, have relevant accounting or related financial management expertise or experience to discharge the AC's responsibilities.

The AC assists the Board to maintain a high standard of corporate governance, particularly in the areas of effective financial reporting and the adequacy of internal control systems of the Group.

The responsibilities of AC include:
- review and approve the audit plans, evaluation of internal accounting control systems, audit report and audit findings submitted by external auditors;
- review the quarterly and annual financial statements before submission to the Board for approval;
- review and discuss with external auditors any suspected fraud, irregularities, suspected infringement of any relevant laws, rules and regulations, which has or likely to have a material impact on the Group's operating results or financial position, and management's response;
- evaluate the assistance given by management to the external auditors and discuss issues of concern, if any, arising from interim and final audits or any matters the auditors wish to discuss;

Corporate Governance Report

- reviews any interested person transactions in respective of Interested Person Transactions and Listing Manual of the SGX-ST;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and which warrant for AC's attention; and
- generally undertake such other functions and duties as may be required under the AC Charter, by statute or the Listing Manual of SGX-ST, and by such amendments made thereto from time to time.

The AC is authorised to investigate any matters within its terms of reference and the full access to the co-operation of the management and external auditors, Mazars LLP for it to discharge its duties. It has the full authority and discretion to invite any director or executive officer to attend its meetings.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors.

Certain subsidiaries of the Company were audited by different auditors as disclosed in Note 11 to the Financial Statements in this Annual Report. The Board and AC have considered these and are satisfied that the appointments would not compromise the standard and effectiveness of the audit of the Group.

The aggregate amount of fees paid or payable to the external auditors of the Company, broken down into audit and non-audit services during FY2013 are as follows:

Audit fees	:	S$230,000
Non-audit fees	:	S$14,800
Total	:	S$244,800

The AC considers the volume of the non-audit services provided by external auditors, Mazars LLP to the Group during the financial year, and being satisfied that the nature and extend of such services will not prejudice the independence and objectivity of the external auditors, and that Rule 712 and 716 of the SGX-ST Listing Manual have been complied with, recommends to the Board their re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

The external auditors present to the AC the audit plan and updates relating to any change of accounting standards which have a direct impact on financial statements before an audit commences.

Internal Controls

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Listing Manual 1207(10)

The Board, with the concurrence of the Audit Committee, after carrying out a review of potential risks and the control measures employed to manage these risks, is of the opinion that the system of internal controls of the Group to address the financial, operational and compliance risks in its current business environment is adequate.

The system provides reasonable, but not absolute, assurance against material financial misstatements or loss, the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislations, regulations and the identification and containment of business risks.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost effective internal control system could provide absolute assurance against the occurrence of material errors, poor judgment in decision-making, human error, losses, fraud or other irregularities.

Internal Audit

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

The size of the operations of the Group does not warrant the Group having an in-house internal audit function. Currently the accounting staff in the corporate office conduct internal audit on significant companies and report directly to its audit committee if required.

The Group is looking into outsourcing its internal audit function to a firm of certified public accountants at an appropriate time. The internal auditors will report directly to the Chairman of the AC.

Corporate Governance Report

(IV) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Communication with shareholders forms part of the Group's corporate governance and commitment to transparent, comprehensive and prompt disclosure. The Company uses a number of communication channels to account to shareholders for the performance of the Group and to provide updates on pertinent developments. These include the annual report, quarterly results and other announcements made through the SGXNET, press releases, as well as the Annual General Meeting. The Company strives for timeliness and transparency in its disclosures to the shareholders and the public. All shareholders would be equally informed of all major developments impacting the Group on regular and timely basis.

Shareholders are given the opportunity to participate and vote in shareholders' meetings.

All shareholders of the Company receive the annual report (online access at the Company's website, requested for printed copies or CD-Rom), circulars and notices of the shareholders' meetings. The notices are also advertised in newspapers and via announcement on SGXNET. Shareholder of the Company is allowed to appoint proxies to attend and vote on his behalf. At shareholders' meetings, shareholders are given the opportunity to air their views and ask directors or management questions regarding the Company.

The Board and management are present at Annual General Meetings to address questions by shareholders. The external auditors are also present to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

The Board has not recommended any dividend for FY2013 as the Company has accumulated losses though it recorded a net profit for the current financial year.

DEALING IN SECURITIES

Listing Manual Rule 1207(19)

The Group has in place an internal code of conduct on dealings in securities based on SGX-ST Listing Manual Rule 1207(19), which prohibits the directors, key executives of the Group and their connected persons from dealing in the Company's shares during the "black-out" periods commencing two weeks before the announcement of the Group's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Group's full year financial statements and ending on the date of the announcement of such results; and when they are in possession of price-sensitive and confidential information, in accordance to the laws of insider trading. They are also discouraged from dealing in the Company's securities on short-term considerations.

In addition, directors, key executives and their connected persons are required to observe the insider trading under the Securities and Futures Act at all times even when engaging in dealings in securities within the permitted periods. To enable the Company to monitor such transactions, directors of the Company are required to report to the Company Secretary whenever they deal in the Company's securities.

Risk Management Policies And Processes

(a) Risk of changes in political, economic, legal and regulatory conditions in countries where the Group operates.

The Group has substantial operations in China, Europe, North America and Singapore. Any significant downturn in the economy and/or political instability and changes in legal and regulatory conditions in the countries in which the Group operates could adversely impact the Group's operations. However, the geographical spread of the Group's operations would serve to cushion the impact of such risk.

(b) Foreign currency risk, interest rate risk, credit risk and liquidity risk

The Group faces exposure to market risks, in particular, changes in currency exchange rates and interest rates of financial instruments, and credit risk arising in the normal course of the Group's business.

The Group's policies and procedures to identify, monitor and control these risks are set out in Notes to the Financial Statements "Financial instruments and financial risks" in this Annual Report.

Corporate Governance Report

INTERESTED PERSON TRANSACTIONS

Listing Manual Rule 907

Disclosure of interested person transaction is set out below. When a potential conflict of interest arises, the director concerned does not participate in discussions, make decision and refrain from exercising any influence over the other members of the Board.

To ensure compliance with SGX-ST Listing Manual Rule on interested person transactions, the Board meets quarterly to review if the Company will be entering into any interested person transaction. If the Company is intending to enter into an interested person transaction, the Board will ensure that the Company complies with the rules under Chapter 9 of the SGX-ST Listing Manual.

The Audit Committee will also meets quarterly to review if the Company will be entering into any interested person transaction, and if so, the Audit Committee ensures that the Company complies with the rules under Chapter 9 of the SGX-ST Listing Manual.

Interested Person Transaction

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**").

The aggregate value of all Interested Person Transactions entered into for the financial year ended 31 December 2013 pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited are as tabulated hereunder:

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000
Neftech Pte Ltd (48.9% owned associated company)		
Sale of goods and services	S$46,827	Nil
Rental income received	S$24,000	Nil
Xenon Manufacturing Pte Ltd (40.0% owned associated company)		
Interest income	S$852,806	Nil

MATERIAL CONTRACTS AND LOANS

Listing Manual Rule 1207(8)

Pursuant to Listing Manual Rule 1207(8), the Company confirmed that except as disclosed in the Report of Directors and Financial Statements of this Annual Report, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of any Director or controlling shareholder of the Company, either still subsisting at the end of FY2013 or if not then subsisting, which were entered into since the end of the previous financial year.

REPORT OF THE DIRECTORS
31 December 2013

The directors herein present their report to the members together with the audited financial statements of Acma Ltd (formerly known as China Auto Corporation Ltd) (the “Company”) and its subsidiaries (collectively the “Group”) and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2013.

1. Directors

The names of the directors of the Company in office at the date of this report are:

Quek Sim Pin	Executive Chairman
Low Seow Chye	Independent Director
Robert Low Mui Kiat	Independent Director
Tan Keng Lin	Independent Director
Victor Levin	Non-Executive Director

2. Arrangements to enable directors to acquire shares and debentures

Except as disclosed in the following section, neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is to enable directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

3. Directors’ interests in shares or debentures

According to the Register of Directors’ Shareholdings kept by the Company under Section 164 of the Singapore Companies Act, Chapter 50 (the “Act”), the directors of the Company holding office at the end of the financial year had no interest in shares, share options and warrants of the Company and related corporations (other than wholly-owned subsidiaries), except as stated below:

Name of directors and respective company in which interest are held	**Direct interests**		**Deemed interests**	
Acma Ltd	**At 1.1.2013**	**At 31.12.2013**	**At 1.1.2013**	**At 31.12.2013**
No. of ordinary shares				
Quek Sim Pin	382,895,100	382,895,100	341,228,373	341,228,373
Victor Levin	268,267,372	268,267,372	652,845,547	530,445,547
Low Seow Chye	1,000,000	1,000,000	–	–
Robert Low Mui Kiat	–	–	145,000	145,000
Number of warrants – W130806				
Quek Sim Pin	31,583,812	–	69,816,874	–
Number of warrants – W160707				
Quek Sim Pin	–	937,500	–	–
Victor Levin	–	89,422,457	–	184,281,849
Low Seow Chye	–	333,333	–	–

	Options to subscribe for ordinary shares		
	At 1.1.2013	**At 31.12.2013**	**Exercise price**
Acma Ltd			**S$**
Quek Sim Pin	10,000,000	10,000,000	0.035
Victor Levin	2,000,000	2,000,000	0.035
Low Seow Chye	3,000,000	3,000,000	0.035
Low Seow Chye	–	4,200,000	0.034
Robert Low Mui Kiat	2,000,000	2,000,000	0.035
Robert Low Mui Kiat	–	3,000,000	0.034
Tan Keng Lin	–	3,000,000	0.034

REPORT OF THE DIRECTORS

31 December 2013

3. Directors' interests in shares or debentures (Continued)

Except for the following, there was no change in any of the above mentioned interests between the end of the financial year and 21 January 2014:

Name of directors and respective company in which interest are held	**Direct interests**		**Deemed interests**	
Acma Ltd	**At 31.12.2013**	**At 21.1.2014**	**At 31.12.2013**	**At 21.1.2014**
No. of ordinary shares				
Victor Levin	268,267,372	268,267,372	530,445,547	455,445,547

4. Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit which is required to be disclosed under Section 201(8) of the Act, by reason of a contract made by the Company or a related corporation with the director or with a firm of which he is a member, or with a company in which he has a substantial financial interest, except for salaries, bonuses and other benefits as disclosed in the financial statements.

5. Share options

On 9 June 2011, (the "Date of Grant") share options were granted to management and confirmed employees under the Acma Employee Share Option Scheme 2004 (the "Scheme"). Options were granted at the exercise price of $0.035 per share.

On 16 August 2013, (the "Date of Grant") another share options were granted to management and confirmed employees under the Scheme. Options were granted at the exercise price of $0.034 per share.

The Scheme is administered by the Remuneration Committee which comprises three Independent Directors.

The participants are entitled to exercise the options at any time after the first anniversary of the Date of Grant up to the fifth anniversary of the Date of Grant.

In all other cases, an option will be forfeited in the event of whichever is earlier:

(i) The option is not exercised within 5 years from the Date of Grant; or

(ii) The Participant ceased to be an employee of the Company. However, the Scheme allows a participant to exercise an option (at the absolute discretion of the Remuneration Committee) where he or she has ceased employment as a result of retirement, ill health, accident or death.

Details of the options to subscribe for ordinary shares of the Company pursuant to the Scheme are as follows:

Date of grant	Expiry date	Exercise price (SGD)	At 1.1.2013	Issued	Forfeited	Exercised	At 31.12.2013
9.6.2011	8.6.2016	0.035	84,250,000	–	–	23,500,000	60,750,000
16.8.2013	15.8.2018	0.034	–	101,475,000	–	–	101,475,000
			84,250,000	101,475,000	–	23,500,000	162,225,000

REPORT OF THE DIRECTORS
31 December 2013

5. Share options (Continued)

Since the commencement of the Scheme till the end of the financial year:

- Save as disclosed above on options granted to Mr. Quek Sim Pin who is the Executive Chairman and substantial shareholder of the Company, no options have been granted to the other controlling shareholders of the Company and their subsidiaries and associates, and no other participant has received 5% or more of the total options available under the Scheme;
- The options granted by the Company do not entitle the option holders, by virtue of such holding, to any rights to participate in any share issue of any other company in the Group; and
- No options have been granted at a discount.

There were no unissued shares of the Company or any company in the Group other than those referred to above.

6. Warrants

At the end of the financial year, details of the unissued ordinary shares of the Company under warrants are as follows:

Date of issue	At. 1.1.2013	Warrants issued	Warrants exercised	Warrants expired	At 31.12.2013	Date of expiry
Warrants W130806						
11.08.2008	809,001,175	11,059,734	–	820,060,909	–	06.08.2013
Warrants W160707						
08.07.2013	–	1,395,527,880	–	–	1,395,527,880	07.07.2016

Warrants W130806

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at the exercise price of $0.07 per share. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of any other company in the Group. There were no new ordinary shares issued during the year pursuant to the exercise of warrants as disclosed above.

Warrants W160707

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at the exercise price of $0.035 per share. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of any other company in the Group. There were no new ordinary shares issued during the year pursuant to the exercise of warrants as disclosed above.

As at the end of the financial year, except as reported above, no other warrants to take up unissued shares of the Company or its subsidiaries were granted and no shares were issued by virtue of the exercise of warrants to take up unissued shares of the Company or its subsidiaries.

Except for the abovementioned outstanding warrants, no other warrants to take up unissued shares of the Company or its subsidiaries were outstanding as at the end of the financial year.

REPORT OF THE DIRECTORS

31 December 2013

7. Audit committee

The audit committee of the Company comprises three members, all of whom are Independent Directors and at the date of this report are:

Low Seow Chye (Chairman)
Tan Keng Lin
Robert Low Mui Kiat

The audit committee has convened four meetings during the year with key management and the external auditors of the Company.

The audit committee carried out its duties which included the following:

(i) Review of the audit plan and results of the external audit, including the evaluation of internal accounting controls and its cost effectiveness, and the independence and objectivity of the external auditors, including the review of the extent of non-audit services provided by the external auditors to the Group;
(ii) Review of the Group's quarterly and annual financial statements and the external auditors' report on the annual financial statements of the Group and of the Company before their submission to the board of directors;
(iii) Review of the quarterly, half-yearly and annual announcements as well as the related press releases on the results of the Group and financial position of the Group and of the Company;
(iv) Review of the adequacy of the Group's risk management processes;
(v) Review of the Group's compliance with legal requirements and regulations, including the related compliance policies and programmes and reports received from regulators, if any;
(vi) Review of interested person transactions in accordance with SGX listing rules;
(vii) Nomination of external auditors and approval of their compensation; and
(viii) Submission of report of actions and minutes of the audit committee to the board of directors with any recommendations as the audit committee deems appropriate.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the audit committee.

The audit committee has recommended the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

8. Independent auditors

Mazars LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the Directors

Quek Sim Pin
Executive Chairman

Low Seow Chye
Independent Director

Singapore
10 April 2014

STATEMENT BY DIRECTORS
31 December 2013

In the opinion of the directors,

(a) the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013, and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Directors

Quek Sim Pin
Executive Chairman

Low Seow Chye
Independent Director

Singapore
10 April 2014

INDEPENDENT AUDITORS' REPORT

To the Members of Acma Ltd

Report on the Financial Statements

We have audited the accompanying financial statements of Acma Ltd (formerly known as China Auto Corporation Ltd) (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the statements of changes in equity of the Group and the Company and the statements of profit or loss and other comprehensive income and cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 23 to 85.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements of the Group, the statements of financial position and changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and of the results, changes in equity and cash flows of the Group and of the changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
10 April 2014

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Revenue			
Revenue	4	61,358	52,884
Other revenue	5	3,354	1,365
Total revenue		64,712	54,249
Costs and expenses			
Goods and consumables used		(34,825)	(28,331)
Staff costs		(12,871)	(12,691)
Finance costs	7	(299)	(329)
Depreciation of property, plant and equipment		(2,959)	(3,830)
Other operating expenses		(13,798)	(16,668)
Total costs and expenses		(64,752)	(61,849)
Loss from operations		(40)	(7,600)
Share of results of associates	12	697	414
Profit/(Loss) before income tax	6	657	(7,186)
Income tax expense	8	(237)	(267)
PROFIT/(LOSS) FOR THE YEAR		420	(7,453)
Other comprehensive income/(loss):			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		847	(2,061)
Total items that may be reclassified subsequently to profit or loss		847	(2,061)
Other comprehensive income/(loss) for the year, net of tax		847	(2,061)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		1,267	(9,514)
Profit/(Loss) attributable to:			
Owners of the parent		448	(7,515)
Non-controlling interests		(28)	62
		420	(7,453)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		1,295	(9,576)
Non-controlling interests		(28)	62
		1,267	(9,514)
Earnings/(Loss) per share attributable to owners of the parent (cents per share)			
Basic and diluted	9	0.01	(0.22)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	8,498	10,361	124	150
Investments in subsidiaries	11	–	–	19,407	29,254
Investments in associates	12	66,088	65,371	65,072	65,052
Other investments	13	5,616	5,921	–	–
Intangible assets	14	3,443	3,443	–	–
Other assets	15	1,411	1,516	1,411	1,516
Total non-current assets		85,056	86,612	86,014	95,972
Current assets					
Inventories	16	4,016	3,461	–	–
Work-in-progress	17	605	887	–	–
Assets available-for-sale	13	–	2,567	–	–
Trade and other receivables	18	34,259	31,927	54	124
Amounts owing by subsidiaries	11	–	–	46,006	45,098
Amounts owing by associates	12	2,053	1,432	645	591
Marketable securities	19	5	6	–	–
Cash and cash equivalents	20	5,382	4,889	725	60
Total current assets		46,320	45,169	47,430	45,873
Total assets		131,376	131,781	133,444	141,845
EQUITY AND LIABILITIES					
Equity					
Share capital	21	193,920	193,098	193,920	193,098
Warrant reserve	22	–	11,795	–	11,795
Capital reserve	23	1,786	1,778	–	–
Employee share options reserve		42	9	42	9
General reserve	21	290	290	290	290
Accumulated losses		(96,253)	(108,488)	(93,189)	(93,668)
Foreign currency translation reserve	24	1,808	961	–	–
Equity attributable to owners of the parent		101,593	99,443	101,063	111,524
Non-controlling interests		1,741	2,069	–	–
Total equity		103,334	101,512	101,063	111,524
Non-current liabilities					
Finance lease payables	25	57	84	–	–
Current liabilities					
Work-in-progress	17	34	223	–	–
Finance lease payables	25	26	33	–	7
Bank borrowings	26	5,116	9,052	–	–
Trade and other payables	27	22,727	20,545	1,293	665
Amounts owing to subsidiaries	11	–	–	31,088	29,649
Income tax payables		82	332	–	–
Total current liabilities		27,985	30,185	32,381	30,321
Total liabilities		28,042	30,269	32,381	30,321
Total equity and liabilities		131,376	131,781	133,444	141,845

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

	Attributable to owners of the parent									
	Share capital	Warrant reserve	Capital reserve	Employee share options reserve	General reserve	Accumulated losses	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group										
Balance at 1 January 2012	162,739	11,795	1,722	5	290	(100,877)	3,022	78,696	2,157	80,853
Total comprehensive loss for the year	–	–	–	–	–	(7,515)	(2,061)	(9,576)	62	(9,514)
Transfer to statutory reserve	–	–	56	–	–	(56)	–	–	–	–
Disposal of subsidiary	–	–	–	–	–	(40)	–	(40)	–	(40)
Allotment of shares in relation to acquisition of an associate, net of transaction costs	30,359	–	–	–	–	–	–	30,359	–	30,359
Cost of share-based payment	–	–	–	4	–	–	–	4	–	4
Dividends paid to non-controlling shareholder by a subsidiary	–	–	–	–	–	–	–	–	(150)	(150)
Balance at 31 December 2012	193,098	11,795	1,778	9	290	(108,488)	961	99,443	2,069	101,512
Balance at 1 January 2013	193,098	11,795	1,778	9	290	(108,488)	961	99,443	2,069	101,512
Total comprehensive income for the year	–	–	–	–	–	448	847	1,295	(28)	1,267
Share options exercised	822	–	–	–	–	–	–	822	–	822
Transfer to statutory reserve	–	–	8	–	–	(8)	–	–	–	–
Cost of share-based payment	–	–	–	33	–	–	–	33	–	33
Dividends paid to non-controlling shareholder by a subsidiary	–	–	–	–	–	–	–	–	(300)	(300)
Transfer of warrant reserve upon expiry of warrants	–	(11,795)	–	–	–	11,795	–	–	–	–
Balance at 31 December 2013	193,920	–	1,786	42	290	(96,253)	1,808	101,593	1,741	103,334

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2013

	Attributable to owners of the Company					
	Share capital	Warrant reserve	Employee share options reserve	General reserve	Accumulated losses	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Company						
Balance at 1 January 2012	162,739	11,795	5	290	(86,906)	87,923
Total comprehensive loss for the year	–	–	–	–	(6,762)	(6,762)
Allotment of shares in relation to acquisition of an associate, net of transaction costs	30,359	–	–	–	–	30,359
Cost of share-based payment	–	–	4	–	–	4
Balance at 31 December 2012	193,098	11,795	9	290	(93,668)	111,524
Balance at 1 January 2013	193,098	11,795	9	290	(93,668)	111,524
Total comprehensive loss for the year	–	–	–	–	(11,316)	(11,316)
Share options exercised	822	–	–	–	–	822
Cost of share-based payment	–	–	33	–	–	33
Transfer of warrant reserve upon expiry of warrants	–	(11,795)	–	–	11,795	–
Balance at 31 December 2013	193,920	–	42	290	(93,189)	101,063

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the financial year ended 31 December 2013

	2013 $'000	2012 $'000
Operating activities		
Profit/(loss) before income tax	657	(7,186)
Adjustments for :		
Depreciation of property, plant and equipment	2,959	3,830
Amortisation of long-term operating lease	510	507
Amortisation of other assets	105	106
Cost of share-based payment	33	4
Write-off of property, plant and equipment	1	272
Unrealised exchange differences	(112)	(631)
(Gain)/loss on disposal of :		
- property, plant and equipment	13	768
- subsidiaries (Note A)	–	(51)
- assets available-for-sale	(1,262)	(27)
Interest income	(880)	(198)
Interest expense	299	329
Write-back of allowance on impairment of doubtful receivables	(494)	(608)
Allowance on impairment of doubtful receivables	1,460	3,255
Write-back of impairment loss on property, plant and equipment	(1)	(637)
Allowance on inventories obsolescence	68	322
Loss on revaluation of marketable securities	1	–
Share of results of associates	(697)	(414)
Operating profit/(loss) before working capital changes	2,660	(359)
Increase in trade and other receivables	(3,168)	(2,676)
(Increase)/decrease in inventories and work-in-progress	(530)	4,293
Increase/(decrease) in trade and other payables	2,182	(2,865)
Cash generated from/(used in) operating activities	1,144	(1,607)
Income taxes paid	(351)	(93)
Net cash generated from/(used in) operating activities	793	(1,700)
Investing activities		
Interest received	11	29
Disposal of subsidiaries, net of cash disposed (Note A)	–	(809)
Purchase of property, plant and equipment	(565)	(1,296)
Transaction costs paid in relation to additional shares of an associate	–	(266)
Acquisition of an associate	(20)	–
Proceeds from sale of other investments	–	48
Proceeds from disposal of property, plant and equipment	3	–
Proceeds from disposal of assets available-for-sale	3,875	–
Net cash generated from/(used in) investing activities	3,304	(2,294)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2013

	2013 $'000	2012 $'000
Financing activities		
Interest paid	(299)	(329)
Proceeds from bank borrowings	12,850	13,478
Repayment of bank borrowings	(16,684)	(10,918)
(Decrease)/increase in finance lease	(34)	97
Increase in amounts owing by associates	(18)	(440)
Dividends paid by a subsidiary to a non-controlling shareholder	(300)	(150)
Proceeds from issuance of shares on exercise of share options	822	–
Net cash (used in)/generated from financing activities	(3,663)	1,738
Net increase/(decrease) in cash and cash equivalents	434	(2,256)
Cash and cash equivalents at beginning of year	4,022	6,509
Effect of currency translation on cash and cash equivalents	161	(231)
Cash and cash equivalents at end of year (Note 20)	4,617	4,022

Note A

During the financial year 2012, the Group disposed of its entire interest in Acot Deutschland GmbH and Shanghai Acma Plastics Co., Ltd. The effect of the disposal of these subsidiaries on the consolidated statement of cash flows was as follows:

	2012 $'000
Non-current assets	427
Current assets	9,516
Current liabilities	(9,993)
Net assets disposed	(50)
Gain on disposal of subsidiaries	51
Cash disposed	(810)
Cash outflows on disposal	(809)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

The Company is a limited liability company incorporated in Singapore with its registered office and principal place of business at 17 Jurong Port Road, Singapore 619092.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries are disclosed in Note 11 to the financial statements.

The financial statements of Acma Ltd (formerly known as China Auto Corporation Ltd) (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2013 were authorised for issue in accordance with a resolution of the Directors on 10 April 2014.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and the statements of financial position and changes in equity of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The financial statements of the Group and the statements of financial position and changes in equity of the Company are presented in Singapore dollar ("$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("$'000"), unless otherwise indicated.

The Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for the current financial year in the current financial year. The adoption of these new/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 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 27	Separate financial statements	1 January 2014
FRS 28	Investments in associates and joint ventures	1 January 2014
FRS 32	Amendments to FRS 32 – Offsetting of financial assets and financial liabilities	1 January 2014
FRS 36	Amendments to FRS 36: Recoverable amount disclosures for non-financial assets	1 January 2014
FRS 39	Amendments to FRS 39: Novation of derivatives and continuation of hedge accounting	1 January 2014
FRS 110	Consolidated financial statements	1 January 2014
FRS 110, FRS 111, FRS 112, FRS 27 & FRS 28	Amendments to FRS 110, FRS 111, FRS 112, FRS 27 (2011) and FRS 28 (2011): Mandatory effective date	1 January 2014
FRS 110, FRS 111 & FRS 112	Amendments to FRS 110, FRS 111 and FRS 112: Transition guidance	1 January 2014
FRS 111	Joint arrangements	1 January 2014
FRS 110, FRS 112 & FRS 27	Amendments to FRS 110, FRS 112 and FRS 27: Investment entities	1 January 2014
FRS 112	Disclosure of interests in other entities	1 January 2014
INT FRS 121	Levies	1 January 2014
FRS 19	Amendments to FRS 19: Defined benefit plans: Employee contributions	1 July 2014
Improvements to FRSs (January 2014)		1 July 2014
Improvements to FRSs (February 2014)		1 July 2014

Consequential amendments were also made to various standards as a result of these new/revised standards.

The management anticipates that the adoption of the above FRS and INT FRS in future periods will not have a material impact on the financial statements, and in particular, to the financial position and financial performance, of the Group in the period of their initial adoption.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including special purposes entities) over which the Group has the power to govern the financial and operating policies, generally accompanied by a shareholding of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group balances, transactions, income and expenses are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 Financial Instruments: Recognition and Measurement ("FRS 39") or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries and associates are carried at cost less any impairment loss that has been recognised in profit or loss.

2.3 Business combinations

Business combinations from 1 January 2010

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 Business Combinations ("FRS 103") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 Non-Current Assets Held for Sale and Discontinued Operations ("FRS 105"), which are recognised and measured at the lower of cost and fair value less costs to sell.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 Income Taxes and FRS 19 Employee Benefits respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 Share-based Payment; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of consideration received and receivable.

(a) Sale of goods

Revenue is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Contract revenue and service income

Revenues and results from contract work are recognised on the percentage of completion method and losses are provided for as they become known. Stage of completion is measured by reference to the survey of work performed. Claims for additional contract compensation are not recognised until resolved.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenues from the provision of services are recognised upon the rendering of the services.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Interest income

Interest income is recognised on a time proportion basis using the effective interest method.

(e) Rental income

Rental income is accounted for on a straight-line basis over the relevant lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.6 Retirement benefit costs

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.7 Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to reporting date.

2.8 Equity settled benefits

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions'), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in employee share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date'). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

When the options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balance previously recognised in the share options reserve are credited to share capital, when new ordinary shares are issued.

2.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.9 Income tax (Continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year.

2.11 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the dates of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

All resulting exchange differences are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.11 Foreign currency transactions and translation (Continued)

On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss. In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associated companies that are foreign operations, the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the asset as follows:

Leasehold buildings and improvements	-	3 to 20 years
Furniture and equipment	-	3 to 10 years
Motor vehicles	-	5 years
Plant and machinery	-	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year end to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.13 Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity carried at the date of acquisition. Goodwill is at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.13 Intangible assets (Continued)

Distribution rights

Distribution rights represent the directors' estimate of the value in use of the portfolios of distribution agreements held by subsidiaries within the Group. Distribution rights are amortised by an accelerated-rate method over a period of 6 to 15 years.

The directors consider the amount at which this asset is stated is not in excess of the price which a prospective purchaser would pay to acquire the asset. This valuation is reviewed at each reporting date in the light of prevailing circumstances.

2.14 Associate

An associate is an entity over which the Group has significant influence, but not control, and generally accompanying a shareholding of between 20% and 50% of the voting rights.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. Losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment is recognised immediately in profit and loss.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The financial statements of associates are prepared using the accounting policies in conformity with the accounting policies adopted by the Group.

2.15 Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.15 Impairment of tangible and intangible assets excluding goodwill (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.16 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Financial asset at fair value through profit or loss (FVTPL)

A financial asset is classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Gains or losses arising from changes in the fair value are recognised in profit or loss. The net gain or loss incorporates any dividend or interest earned on the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Loans and receivables

The Group's loans and receivables comprise trade and other receivables (excluding prepayments), amounts owing by subsidiaries and associates and cash and cash equivalents.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets (AFS)

Certain equity instruments and debt securities held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as the fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses arising from monetary items. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the year.

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Other financial liabilities

Trade and other payables, finance lease payables and amounts owing to subsidiaries are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Groups accounting policy for borrowing costs (see above).

Financial guarantee contracts

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

Financial guarantee contracts are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation in accordance with FRS 18 Revenue.

In accordance with FRS 39, where intra-group guarantees are issued at nil consideration the issuer would then recognise a liability for the intra-group guarantee at fair value. The difference between fair value and consideration is accounted for as an investment in subsidiary where guarantee is given on behalf of the subsidiary.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.18 Service contracts

Where the outcome of a service contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the service activity at the end of the financial year (percentage-of-completion method), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a service contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented in current asset on the face of the statement of financial position as work-in-progress. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented in current liabilities on the face of the statement of financial position as work-in-progress.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.20 Leases

As lessee

(a) *Finance lease*

Finance leases, which effectively transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments at the inception of the lease term. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

(b) *Operating lease*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. The accounting policy for rental income is set out in Note 2.4 (e).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.22 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.23 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.24 Long-term prepaid operating lease

Long-term operating lease represents prepaid lease payments for use of land in which the Company's operational headquarters reside and is amortised on a straight-line basis over 20 years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

2. Summary of significant accounting policies (Continued)

2.25 Warrants

The proceeds received from the subscription price for the issue of warrants are credited to the warrant reserves. As and when the warrants are exercised, the subscription price for the warrants exercised will be transferred from the warrant reserve to share capital. Upon expiry of the warrants, the balance of the warrant reserve representing the proceeds from the issuance of the warrants not exercised will be taken to accumulated profits.

2.26 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. Significant accounting estimates and judgements

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

The following are the judgements made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Impairment of other investments

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Impairment of financial assets

The Group follows the guidance of FRS 39 in determining when an asset is impaired in respect of its financial assets. This assessment requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an asset is less than its cost; and the financial health of and near-term business outlook for the asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currency of the respective entity in the Group, judgement is required to determine the currency that mainly influences sales prices of goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on the local management's assessment of the economic environment in which the entities operate and the respective entities' process of determining sales prices.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

3. Significant accounting estimates and judgements (Continued)

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

Evaluation of levels of control and significant influence

The Group and the Company carry on parts of its business activities through subsidiaries or associates. In those circumstances, the Group and the Company have the ability to affect the significant financial and operating policies of the investees through the presence of control or significant influence. The definition of control and significant influence is defined in Note 2.2 and 2.14 respectively. The determination of the level of influence the Company and the Group have over a business is often a mix of contractually defined and subjective factors that can be critical to the appropriate accounting treatment of investees in the Company's and the Group's financial statements. The management exercises significant judgement in analysing and evaluating relevant, subjective, diverse and sometimes contrasting qualitative and quantitative facts and circumstances surrounding its involvement in the investees, in determining whether the Group and the Company have control or significant influence over the investees. There are instances, elements are present that, considered in isolation, indicate control or lack of control over an investee, but when considered together make it difficult to reach a clear conclusion. In certain circumstances, despite the lack of the required legal equity ownership, there could exist a parent subsidiary relationship or an investor-associate relationship between the Group and the Company with these investees. Such evaluation and assessment processes do take into consideration to account for transactions and events in accordance with their substance and economic reality, and not merely their legal forms.

Service contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each financial year, when the outcome of a service contracts can be estimated reliably. The stage of completion is measured by reference to the proportion of contract cost incurred for work performed to date compared to the estimated total contracts costs. Significant assumptions are required to estimate the contract costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experiences and knowledge of the project engineers. The carrying amounts of work-in-progress as at 31 December 2013 included in current assets and current liabilities were $605,000 (2012: $887,000) and $34,000 (2012: $223,000) respectively.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 10 years. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore future depreciation charges could be revised. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2013 was $8,498,000 (2012: $10,361,000) and $124,000 (2012: $150,000) respectively.

Provision for income taxes

The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's provision for taxation at 31 December 2013 was $82,000 (2012: $332,000) and the carrying amount of the Group's tax recoverable amount was Nil (2012: $200,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

3. Significant accounting estimates and judgements (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Inventory valuation method

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on the current market condition and the historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to severe industry cycles. Management reassesses the estimations at reporting date annually. The carrying amount of the Group's inventories as at 31 December 2013 was $4,016,000 (2012: $3,461,000).

Impairment of investments in subsidiaries and associates

At the end of each financial year, an assessment is made on whether there is objective evidence that the Company's investments in subsidiaries and associates and the Group's investments in associates are impaired. The management's assessment is based on the estimation of the value-in-use of the cash-generating unit ("CGU") by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amounts of investments in subsidiaries and associates as at 31 December 2013 were $19,407,000 (2012: $29,524,000) and $65,072,000 (2012: $65,052,000) respectively. The Group's carrying amount of investments in associates was $66,088,000 (2012: $65,371,000).

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units (CGU) to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of goodwill as at 31 December 2013 was $3,443,000 (2012: $3,443,000).

Impairment of receivables

The Group makes allowance for impairment based on an assessment of the recoverability of trade and other receivables. Allowance is applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. The identification of doubtful receivables requires the use of judgement and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and the allowance for impairment in the financial year in which such estimate has been changed. The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2013 were $34,259,000 (2012: $31,927,000) and $54,000 (2012: $124,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

4. Revenue

	Group	
	2013	2012
	$'000	$'000
Sale of goods	60,306	51,789
Rental income	1,052	1,095
	61,358	52,884

5. Other revenue

	Group	
	2013	2012
	$'000	$'000
Interest income	880	198
Gain on disposal of assets available-for-sale	1,262	27
Management fee	3	–
Write-back of unclaimed dividends	–	16
Government grants	129	5
Others	1,080	1,119
	3,354	1,365

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

6. Profit/(loss) before income tax

Profit/(loss) before income tax is stated after charging/(crediting):

	Group	
	2013 $'000	2012 $'000
Amortisation of long-term operating lease (Note 13)	510	507
Amortisation of other assets (Note 15)	105	106
Foreign exchange (gain)/loss, net	(227)	1,195
Depreciation of property, plant and equipment (Note 10)	2,959	3,830
Write-off of property, plant and equipment	1	272
Loss/(gain) on disposal of:		
- property, plant and equipment	13	768
- subsidiaries	–	(51)
- assets available-for-sale (Note 13)	(1,262)	(27)
Directors' fees:		
- Directors of the Company	97	80
Directors' remuneration other than fees:		
- Directors of the Company		
- Short-term benefits	303	293
Key executives and directors of subsidiaries	2,086	1,775
Staff cost (excluding directors' remuneration)	12,201	11,927
Costs of defined contribution plans	270	391
Audit fees paid to auditors :		
- Auditors of the Company	230	220
- Other auditors of subsidiaries	70	55
Non-audit fees paid to auditors :		
- Auditors of the Company	15	14
- Other auditors of subsidiaries	–	5
Allowance on impairment of :		
- Amount owing by associates (Note 12)	250	–
- Doubtful receivables (Note 18)	1,210	3,255
Write-back of :		
- Allowance on impairment of doubtful receivables (Notes 12 and 18)	(494)	(608)
- Impairment loss on property, plant and equipment	(1)	(637)
Interest income from banks	(11)	(29)
Allowance for inventories obsolescence (Note 16)	68	322
Cost of inventories recognised as expenses	34,825	28,331
Operating lease expenses	1,439	1,428
Loss on revaluation of marketable securities	1	–

7. Finance costs

	Group	
	2013 $'000	2012 $'000
Interest expense on bank overdrafts	55	49
Interest expense on short term loans	–	47
Interest expense on trust receipts and bills payable	240	228
Interest on finance lease	3	5
Others	1	–
	299	329

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

8. Income tax expense

	Group	
	2013 $'000	2012 $'000
Current tax	157	267
Under provision in respect of prior years	80	–
	237	267

A reconciliation between the tax expense and the product of accounting loss multiplied by the applicable tax rate for the years ended 31 December 2013 and 2012 was as follows:

	Group	
	2013 $'000	2012 $'000
Profit/(loss) before income tax	657	(7,186)
Taxation at statutory rate of 17%	112	(1,222)
Adjustments :		
Income not subject to tax	(884)	(533)
Expenses not deductible for tax purposes	826	428
Effect of different tax rates of subsidiaries operating in other jurisdictions	5	(688)
Deferred tax assets not recognised	178	2,282
Income tax expense	237	267

The Singapore Government has announced on 17 February 2012 that companies will receive a corporate income tax rebate of 30% net of all other tax set-off, subject to a cap of $30,000, per Years of Assessment 2013, 2014 and 2015.

Deferred tax assets of certain subsidiaries have not been recognised as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The unutilised deferred tax assets are as follows:

	Group	
	2013 $'000	2012 $'000
Unutilised tax losses	21,440	20,392

Tax losses arising from subsidiaries incorporated in PRC are not included in the above.

The tax losses are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

Pursuant to the PRC Enterprise Income Tax Law（中华人民共和国企业所得税法）which was promulgated on 22 February 2008, dividends distributed by PRC entities for profits generated before 1 January 2008 are exempt from withholding tax. Dividend paid in respect of profits generated on or after 1 January 2008 will be subject to a withholding tax of 5%.

At the reporting date, temporary differences in relation to the undistributed earnings of the subsidiaries, for which deferred tax liabilities have not been recognised as the Group is able to control the timing of the reversal and it is probable that such differences will not be reversed in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

9. Earnings/(Loss) per share

	Group 2013	Group 2012
The calculation of basic earnings/(loss) per share is based on the following:		
Net profit/(loss) attributable to owners of the parent ($'000)	448	(7,515)
Weighted average number of shares ('000)	4,198,714	3,483,365
Basic earnings/(loss) per share (cents)	0.01	(0.22)

There are no potential dilutive ordinary shares of warrants and share options since the exercise price of the warrants and share options were higher than the average market price for the last 30 days of the financial year of the Company's ordinary shares during the year ended 31 December 2013. Therefore, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding warrants during the year ended 31 December 2013. Accordingly, the diluted earnings/(loss) per share is the same as the basic earnings/(loss) per share.

10. Property, plant and equipment

Group	Leasehold buildings and improvements $'000	Furniture and equipment $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
At cost					
As at 1.1.2012	4,958	5,970	1,145	37,077	49,150
Currency realignment	(193)	(128)	(18)	(1,742)	(2,081)
Additions	655	188	274	179	1,296
Disposals	–	–	(240)	(783)	(1,023)
Disposal of subsidiary	(1,375)	(123)	(99)	(5,377)	(6,974)
Written-off	–	(434)	–	–	(434)
As at 31.12.2012 and 1.1.2013	4,045	5,473	1,062	29,354	39,934
Currency realignment	218	129	19	1,880	2,246
Additions	42	287	19	217	565
Disposals	–	(37)	(15)	(102)	(154)
Written-off	–	(15)	(19)	–	(34)
As at 31.12.2013	4,305	5,837	1,066	31,349	42,557

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

10. Property, plant and equipment (Continued)

Group	Leasehold buildings and improvements $'000	Furniture and equipment $'000	Motor vehicles $'000	Plant and machinery $'000	Total $'000
Accumulated depreciation					
As at 1.1.2012	3,519	5,247	1,021	24,566	34,353
Currency realignment	(142)	(94)	(17)	(1,158)	(1,411)
Charge for the year	888	198	120	2,624	3,830
Disposals	–	–	(239)	(16)	(255)
Disposal of subsidiary	(1,206)	(110)	(95)	(5,136)	(6,547)
Write-back of impairment	–	–	–	(235)	(235)
Written-off	–	(162)	–	–	(162)
As at 31.12.2012 and 1.1.2013	3,059	5,079	790	20,645	29,573
Currency realignment	181	106	19	1,393	1,699
Charge for the year	517	187	86	2,169	2,959
Disposals	–	(32)	(6)	(100)	(138)
Write-back of impairment	–	–	–	(1)	(1)
Written-off	–	(14)	(19)	–	(33)
As at 31.12.2013	3,757	5,326	870	24,106	34,059
Impairment loss					
As at 1.1.2012	–	–	–	402	402
Write-back of impairment loss	–	–	–	(402)	(402)
As at 31.12.2012, 1.1.2013 and 31.12.2013	–	–	–	–	–
Net carrying value					
As at 31.12.2013	548	511	196	7,243	8,498
As at 31.12.2012	986	394	272	8,709	10,361

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

10. Property, plant and equipment (Continued)

	Leasehold improvements	Furniture and equipment	Motor vehicles	Plant and machinery	Total
Company	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Cost					
As at 1.1.2012	501	1,564	506	20	2,591
Additions	47	24	–	–	71
Disposals	–	(2)	(84)	–	(86)
As at 31.12.2012 and 1.1.2013	548	1,586	422	20	2,576
Additions	–	29	–	–	29
As at 31.12.2013	548	1,615	422	20	2,605
Accumulated depreciation					
As at 1.1.2012	430	1,505	407	20	2,362
Charge for the year	79	16	54	–	149
Disposals	–	(1)	(84)	–	(85)
As at 31.12.2012 and 1.1.2013	509	1,520	377	20	2,426
Charge for the year	11	19	25	–	55
As at 31.12.2013	520	1,539	402	20	2,481
Net carrying value					
As at 31.12.2013	28	76	20	–	124
As at 31.12.2012	39	66	45	–	150

The net carrying value of property, plant and equipment acquired under finance lease arrangements for the Group is $160,000 (2012: $212,000), and are pledged with a financial institution as at 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

11. Investments in subsidiaries

	Company 2013 $'000	Company 2012 $'000
Unquoted equity shares, at cost	363,079	363,079
Deemed injection in subsidiaries arising from financial guarantees	21	(132)
Net	363,100	362,947
Less: Impairment loss		
Balance at 1 January	(333,693)	(327,693)
Impairment loss	(10,000)	(6,000)
Balance at 31 December	(343,693)	(333,693)
Carrying amount	19,407	29,254
Amounts owing by subsidiaries	63,210	62,302
Allowance for doubtful debts:		
Balance at 1 January	(17,204)	(17,212)
Write-back of impairment loss	–	8
Balance at 31 December	(17,204)	(17,204)
Carrying amount	46,006	45,098
Amounts owing to subsidiaries	(31,088)	(29,649)

The amounts owing by/(to) subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Amount owing by/(to) subsidiaries are denominated in Singapore dollars.

Allowance for impairment loss is recognised in profit or loss as certain subsidiaries of the Company have been persistently making losses.

Management has performed a review of the recoverable amount of its cost of investments in and amounts owing by subsidiaries as at 31 December 2013. Based on the review, an impairment charge of $10,000,000 (2012: $6,000,000) was made in respect of the cost of investments in the subsidiaries and no impairment (2012: Nil) was made in respect of the amounts owing by subsidiaries.

The estimates of the recoverable amount are determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by the Board of Directors covering a five-year period.

The key assumptions used for value-in-use calculations are as follows:

(i) The anticipated annual revenue growth included in cash flow projections is 0% to 12%; and

(ii) Pre-tax discount rate of 7.5% has taken into consideration of Singapore's prime lending rate.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources, including but not limited to historical data.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

11. Investments in subsidiaries (Continued)

Details of subsidiaries directly held by the Company and their cost of investment to the Company at 31 December are:

	2013 $'000	2012 $'000
Acma ICCL Pte Ltd	13,039	13,039
Acma Investments Pte Ltd	108,920	108,920
Spageddies Pte Ltd	500	500
Acma Technologies Pte Ltd	165,300	165,300
Lityan Systems (S) Pte Ltd	75,320	75,320
	363,079	363,079
Deemed injection in subsidiaries arising from financial guarantees	21	(132)
Net	363,100	362,947

Details of subsidiaries at 31 December are:

	Name of company	Principal activities	Country of incorporation[iii]	Percentage of effective equity held by the Group 2013	2012
	Held by the Company			%	%
*	Acma ICCL Pte Ltd	Investment holding	Singapore	100	100
*	Acma Investments Pte Ltd	Investment holding	Singapore	100	100
*	Spageddies Pte Ltd	Dormant	Singapore	100	100
*	Acma Technologies Pte Ltd	Investment holding	Singapore	100	100
*	Lityan Systems (S) Pte Ltd	Sales, maintenance and rental of communication equipment, computer equipment, peripherals and other office and industrial equipment and supplies	Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

11. Investments in subsidiaries (Continued)

	Name of company	Principal activities	Country of incorporation(iii)	Percentage of effective equity held by the Group	
				2013	2012
	Held by the subsidiaries			%	%
*	Acma Engineers (Private) Limited	Sole distributor of Hitachi air-conditioner packaged units and multi-split units	Singapore	70	70
**	Acma Strategic Holdings Limited (1)	Investment holding	Hong Kong	90	90
*	Acot Holdings Pte Ltd	Investment holding and trading of tools and moulds	Singapore	100	100
**	Acot Plastics (Xiamen) Co., Ltd (2)	Manufacturing of tools, automotive moulds and plastic injection moulding	People's Republic of China	100	100
**	Acot Tooling (Xiamen) Co., Ltd (2)	Manufacturing of tools, automotive moulds and plastic injection moulding	People's Republic of China	100	100
**	AL&W Limited (3)	Manufacturing of moulds and investment holding	Hong Kong	70	70
**	Dongguan Chuangying Lihua Mould Co., Ltd (4)	Manufacturing of moulds	People's Republic of China	70	70
*	Global Tech Pte Ltd	Investment holding	Singapore	100	100
	Magnatech Pte Ltd (iv)	Investment holding	Singapore	100	100
*	Ray Tech Acot Singapore Pte Ltd	Trading in moulds and injected plastic parts	Singapore	82.5	82.5
**	Rinzai Limited (5)	Trading of telecommunications and networking equipment and investment holding	Hong Kong	100	100
**	Shanghai Acma Precision Plastics Co., Ltd (6)	Dormant	People's Republic of China	100	100

Note:

(i) Companies indicated with (*) are audited by Mazars LLP, Singapore.

(ii) Companies indicated with (**) are audited by other auditors
- (1) Audited by S.L. Lam & Company, Hong Kong
- (2) Audited by Grant Thornton (Xiamen), PRC
- (3) Audited by BDO Limited, Hong Kong
- (4) Audited by Guangdong CCAT Certified Public Accountants Co., Ltd, PRC
- (5) Audited by S.Y. Yang & Company, Hong Kong
- (6) Audited by Shanghai Hua Cheng Certified Public Accountants Co., Ltd, PRC

(iii) All active companies are operating in their respective country of incorporation.

(iv) This subsidiary is in the process of liquidation.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

12. Investments in associates

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Unquoted equity shares, at cost				
At beginning of year	65,747	34,747	65,052	34,427
Additions	20	31,000	20	30,625
At end of year	65,767	65,747	65,072	65,052
Share of accumulated post-acquisition results				
At beginning of year	(376)	(790)	–	–
Share of current year (losses)/profits	(253)	414	–	–
Negative goodwill on acquisition of associate	950	–	–	–
	697	414	–	–
At end of year	321	(376)	–	–
Carrying amount	66,088	65,371	65,072	65,052
Amounts owing by associates	3,603	2,732	910	856
Less: Allowance for doubtful debts				
At beginning of year	(1,300)	(1,550)	(265)	(515)
(Additions)/Write-back	(250)	250	–	250
At end of year	(1,550)	(1,300)	(265)	(265)
Carrying amount	2,053	1,432	645	591

Amounts owing by associates are denominated in Singapore dollars.

Included in amounts owing by associates is an amount of $2.6 million (2012: $1.8 million) which is unsecured, bears interest at 5.25% per annum and repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

12. Investments in associates (Continued)

Management has performed a review of the recoverable amount of its cost of investments in and amounts owing by associates as at 31 December 2013. Based on the review, an impairment charge of $250,000 (2012: Nil) was made in respect of the amounts owing by associates and no impairment (2012: Nil) was made in respect of investments in associates.

The estimates of the recoverable amount are determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by Board of Directors covering a five-year period.

The key assumptions used for value-in-use calculations are as follows:

	Growth rate %	Discount rate[1] %
Neftech Pte. Ltd.	25 – 131[2]	7.5
Femto Pte Ltd	35 - 94[2]	7.5
Xenon Manufacturing Pte Ltd Group	0 - 3	7.5

(1) Average pre-tax discount rate has taken into consideration Singapore's prime lending rate.
(2) The anticipated annual revenue growth started from a low base.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources, including but not limited to historical data.

The summarised financial information of the associates, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2013 **$'000**	**2012** **$'000**
Assets and liabilities:		
Current assets	5,259	1,823
Non-current assets	2,897	23
Total assets	8,156	1,846
Current liabilities	4,661	1,023
Non-current liabilities	5,181	1,187
Total liabilities	9,842	2,210
Results:		
Revenue	10,869	3,715
Loss/(profit) for the year	(504)	978

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

12. Investments in associates (Continued)

Details of associates at 31 December are:

Name of company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group	
			2013	2012
Held by the Company			%	%
Neftech Pte. Ltd.[1] [b]	Development and commercialisation of its proprietary cavitation technology in fuel efficiency	Singapore	48.9	48.9
Femto Pte Ltd [1] [a]	Manufacture of additives	Singapore	20	–
Held by subsidiary				
Xenon Manufacturing Pte Ltd [2] [c]	Investment holding and general trading	Singapore	40	40
Metal Printing and Packaging Ltd [3]	Metal printing and packaging	Vietnam	40	40

(1) Audited by Tit Wei Lee & Co, Singapore
(2) Audited by Y.M. Kew & Co, Chartered Accountants, Singapore
(3) Audited by Global Auditing and Financial Consultancy Co., Ltd, Vietnam

(a) Femto Pte Ltd

On 19 March 2013, the Company purchased 20% equity interest in Femto Pte Ltd for $20,000 from a third party. The purchase price was based on the original subscription price paid by the third party. The Company acquired Femto Pte Ltd in order to expand its portfolio of advanced fuel saving technologies.

The fair value of the identifiable assets and liabilities of Femto Pte Ltd as at the acquisition date, of $970,000, was estimated by applying the income approach. Cash flow projection used in this calculation was based on financial budgets approved by the Board of Directors covering a five-year period. The fair value estimates are based on the following:

(i) From a low base, the anticipated annual revenue growth included in cash flow projection is 35% to 94%; and

(ii) Pre-tax discount rate of 7.5% has taken into consideration of Singapore's prime lending rate.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources.

The acquisition resulted in a negative goodwill of $950,000, which is recognised directly in the consolidated statement of profit or loss.

(b) Neftech Pte Ltd

On 27 July 2012, the Company allotted and issued 1,224,997,588 shares at $0.025 per share totalling $30,624,940 as consideration for the purchase of additional 53,631 shares being 25% equity interest in Neftech Pte Ltd thereby raising the Company interest in the associate from 23.9% to 48.9% as at 31 December 2012.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

12. Investments in associates (Continued)

(c) Xenon Manufacturing Pte Ltd

On 31 July 2012, the Group purchased additional 15% equity interest in Xenon Manufacturing Pte Ltd pursuant to a buy-back option, thereby raising the Company interest in the associate from 25% to 40% as at 31 December 2012. Metal Printing and Packaging Ltd is 100% owned by Xenon Manufacturing Pte Ltd.

On 3 September 2013, the Company entered into a sale and purchase agreement with a third party to acquire 120,000 shares in the issued and paid-up share capital of LLC CC Avanguard 500 ("AVG"), representing 30% of the issued shares ("the Proposed Acquisition"). The consideration of the Proposed Acquisition will be satisfied by the issue and allotment of shares in the issued and paid-up share capital of the Company ("Acma Shares") to the Vendor. The consideration for the Proposed Acquisition is US$3.0 million. The consideration shall be satisfied by the allotment and issue by the Company to the Vendor 123,086,817 Acma Shares at an issue price of $0.0311 per Acma Share (representing 2.93% of the issued and paid-up share capital of the Company), free from all encumbrances and such consideration shares shall rank pari passu in all respects with all other existing shares in the share capital of the Company. The issue price is based on a 5% discount on the weighted average price on trades done on the Acma Shares on the market day immediately preceding the signing of the agreement. At the date of this report, the Proposed Acquisition has not been completed.

13. Other investments

	Group 2013 $'000	Group 2012 $'000
Non-current		
Available-for-sale		
Unquoted equity shares		
At cost	9,076	9,102
Currency realignment	–	(5)
Disposal	–	(21)
	9,076	9,076
Less: Impairment loss		
At 1 January and 31 December	(9,076)	(9,076)
Net	–	–

The investments in unquoted equity shares are carried at cost as there are no available methods to reasonably estimate the fair values, and are denominated in United States dollar.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

13. Other investments (Continued)

	Group 2013 $'000	Group 2012 $'000
Non-current		
Long-term operating lease, at cost		
At 1 January	19,684	19,684
Currency realignment	(3,444)	(3,998)
At 31 December	16,240	15,686
Less: Accumulated amortisation		
At 1 January	(7,232)	(7,169)
Currency realignment	(259)	444
Charge for the year	(510)	(507)
At 31 December	(8,001)	(7,232)
Less: Accumulated impairment		
At 1 January	(2,533)	(2,696)
Currency alignment	(90)	163
At 31 December	(2,623)	(2,533)
Net	5,616	5,921
Total	5,616	5,921

Other investments include long-term operating lease with a carrying amount of $5,616,000 (2012: $5,921,000) held by a subsidiary. The long-term operating lease is situated in Russia and has a remaining lease period of 12 years (2012: 13 years) as at 31 December 2013 with an option to renew for another 6 years.

Long-term operating lease is denominated in United States dollar.

Current

Assets available-for-sale

In 2010, the Group entered into a sales and purchase agreement with a third party to dispose one of its unquoted equity investments with a carrying value of $2.6 million (US$2.1 million) for a cash consideration of $3.3 million (US$2.6 million). This agreement was terminated during the financial year.

During the financial year, the Group sold its unquoted equity shares with a carrying value of $2.6 million (US$2.1 million) for a cash consideration of $3.9 million (US$3.2 million), resulting in a gain of $1.3 million.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

14. Intangible assets

	Distribution rights $'000	Goodwill $'000	Total $'000
Group			
Cost			
As at 1.1.2012	3,274	3,443	6,717
Disposal of subsidiary	(1,114)	–	(1,114)
As at 31.12.2012, 1.1.2013 and 31.12.2013	2,160	3,443	5,603
Accumulated amortisation			
As at 1.1.2012	3,274	–	3,274
Disposal of subsidiary	(1,114)	–	(1,114)
As at 31.12.2012, 1.1.2013 and 31.12.2013	2,160	–	2,160
Net carrying value			
As at 31.12.2013	–	3,443	3,443
As at 31.12.2012	–	3,443	3,443

Goodwill acquired in a business combination is allocated to the cash-generating units (CGU) that are expected to benefit from that business combination. The carrying amount of goodwill was allocated to AL&W Limited as a single CGU.

The Group tests the CGU for impairment annually, or more frequently when there is an indication that the unit may be impaired.

The estimate of the recoverable amount is determined based on value-in-use calculations. Cash flow projection used in this calculation was based on financial budgets approved by the Board of Directors covering a five-year period.

The key assumptions used for value-in-use calculations are as follows:

(i) The anticipated annual revenue growth included in cash flow projection is 0% to 12%; and
(ii) Pre-tax discount rate of 7.5% has taken into consideration of the Group's current borrowing costs.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources, including but not limited to historical data.

15. Other assets

	Group and Company 2013 $'000	2012 $'000
Long - term prepaid operating lease, at cost	2,060	2,060
Less: Accumulated amortisation		
At 1 January	(544)	(438)
Charge for the year	(105)	(106)
At 31 December	(649)	(544)
Net carrying value	1,411	1,516

In 2007, the Company entered into a 20 year, non-transferable prepaid operating lease for a property where the Group's operational headquarters resides. Under the agreement, the Company can cancel the lease at any time giving 6 months' notice. Should that occur, a portion of the prepaid amount will be refunded to the Company in accordance with the terms and conditions in the agreement. As at 31 December 2013, the remaining lease period is 13 years (2012: 14 years).

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

16. Inventories

	Group 2013 $'000	Group 2012 $'000
Materials	1,035	1,017
Work-in-progress	420	705
Finished products	1,045	508
Trading inventories	1,516	1,231
	4,016	3,461

Inventories are stated after providing the allowance for inventories obsolescence as follows:

	2013 $'000	2012 $'000
At beginning of year	2,134	1,847
Currency realignment	40	(35)
Additions	68	322
At end of year	2,242	2,134

17. Work-in-progress

	Group 2013 $'000	Group 2012 $'000
Cost plus attributable profits	3,089	9,345
Progress billings	(2,518)	(8,681)
	571	664
Represented by:		
Work-in-progress (included in current assets)	605	887
Work-in-progress (included in current liabilities)	(34)	(223)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

18. Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade receivables	55,126	53,934	80	89
Less: Allowance on impairment of doubtful receivables	(36,752)	(34,920)	(36)	(36)
Net trade receivables	18,374	19,014	44	53
Other receivables	8,494	8,222	2,655	2,665
Less: Allowance on impairment of doubtful receivables	(6,023)	(5,924)	(2,655)	(2,655)
Net other receivables	2,471	2,298	–	10
Prepayments	626	964	7	27
Sundry deposits	844	976	–	–
Tax recoverable	–	200	–	–
Recoverable amounts	635	61	3	34
Sale of a subsidiary	566	544	–	–
Accrued revenue	9,309	6,664	–	–
Advances to suppliers	1,434	1,206	–	–
	34,259	31,927	54	124

Trade receivables are non-interest bearing and are generally on 30 to 135 days (2012: 30 to 135 days) credit term.

Sale of a subsidiary of $566,000 (2012: $544,000) relates to receivable from buyer to whom the Group had disposed of its shares in a subsidiary in 2011.

Movement in the allowance on impairment of doubtful trade receivables are as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Balance at 1 January	34,920	34,864	36	36
Currency realignment	1,116	(1,675)	–	–
Allowance during the year	1,210	3,255	–	–
Write-back of allowance during the year	(494)	(258)	–	–
Disposal of subsidiary	–	(1,266)	–	–
Balance at 31 December	36,752	34,920	36	36

<u>Russian customers</u>

Included in the trade receivables of the Group is aggregated net receivables of $2.7 million (2012: $3.2 million) relating to sale of telecommunication equipment and provision of ancillary services to certain customers based in Russia. These customers were previously major customers of the Group, but the sales transactions to them have reduced significantly in recent financial years.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

18. Trade and other receivables (Continued)

Russia customers (Continued)

These trade receivables are unsecured and the analysis of their ageing, net of impairment loss, at the end of reporting period is as follows:

	Group	
	2013 $'000	2012 $'000
Past due less than 1 year	601	1,996
Past due between 1 to 2 years	2,066	1,162
	2,667	3,158

During the year, the Group collected $0.5 million (2012: $2.4 million) from these customers. There are no disputes on these outstanding receivables and the management is working to pare down the exposure through its continued business relationships with these customers. Management re-assessed credit quality of these receivables and concluded that an additional impairment loss of $0.7 million (2012: $3.2 million) is needed for the receivables which are aged more than 2 years. The change in the impairment estimate for the current financial year is based on management's best estimation of their recoverability after taking into account of past collection pattern, discussions with the customers and probability of default in payments.

The remaining impairment loss of $0.5 million (2012: Nil) arose mainly from customers who have difficulty in settling the amount due.

Movement in the allowance on impairment of doubtful other receivables are as follows:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Balance at 1 January	5,924	6,205	2,655	2,755
Currency realignment	99	(181)	–	–
Write-back of allowance during the year	–	(100)	–	(100)
Balance at 31 December	6,023	5,924	2,655	2,655

Net trade and other receivables are mainly denominated in the following foreign currencies at the reporting date:

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
United States dollar	17,513	19,565	–	–
Chinese Renminbi	6,934	3,922	–	–
Hong Kong dollar	605	600	–	–
Euro	7,337	6,457	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

19. Marketable securities

	Group 2013 $'000	Group 2012 $'000
Held for trading		
Quoted equity shares, at cost	14	14
Fair value adjustment	(9)	(8)
At fair value through profit or loss	5	6

The fair values of these securities are based on the closing quoted market prices on the last market day of the financial year.

The quoted equity shares are denominated in Malaysia Ringgit.

20. Cash and cash equivalents

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Cash and bank balances	5,382	4,889	725	60
Bank overdrafts (Note 26)	(765)	(867)	–	–
Cash and cash equivalents for statement of cash flows	4,617	4,022	725	60

Cash and cash equivalents are mainly denominated in the following foreign currencies at the reporting date:

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
United States dollar	2,344	1,979	642	11
Euro	325	45	–	–
Chinese Renminbi	947	1,299	–	–

21. Share capital

	Group and Company 2013 No. of ordinary shares '000	2012 No. of ordinary shares '000	2013 $'000	2012 $'000
Issued and paid-up				
At beginning of year	4,179,539	2,954,541	193,098	162,739
Issued during the year	23,500	1,224,998	822	30,359
At end of year	4,203,039	4,179,539	193,920	193,098

Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company without restriction and have no par value.

During the financial year 2013, the Company issued 23,500,000 shares upon the exercise of 23,500,000 share options under the Acma Employee Share Option Scheme 2004 at exercise price of $0.035 per share. The newly issued shares rank pari passu in all respects with the previously issued shares.

On 27 July 2012, the Company issued 1,224,997,588 ordinary shares as consideration for the acquisition of 25% in the issued share capital of Neftech Pte. Ltd.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

21. Share capital (Continued)

The Group's and the Company's net asset value per share as at 31 December are as follows:

	Group		Company	
	2013	2012	2013	2012
Total equity excluding non-controlling interests ($'000)	101,593	99,443	101,063	111,524
Total number of shares ('000)	4,203,039	4,179,539	4,203,039	4,179,539
Net asset value per share (cents)	2.42	2.38	2.40	2.67

Employee share option scheme

Share options pursuant to the Acma Employee Share Option Scheme 2004 were approved by shareholders on 28 April 2004.

Movements in the number of share options during the year are as follows:

	Group and Company	
	2013 $'000	2012 $'000
Balance at 1 January	84,250	86,250
Granted during the year	101,475	–
Forfeited during the year	–	(2,000)
Exercised during the year	(23,500)	–
Balance at 31 December	162,225	84,250

On 9 June 2011 ("Date of Grant"), the Company granted options for 69,250,000 and 17,000,000 shares to the employees and Directors of the Company respectively at an exercise price of $0.035 per share. The options are exercisable at any time after the first anniversary of the Date of Grant up to the fifth anniversary of the Date of Grant.

On 16 August 2013 ("Date of Grant"), the Company granted options for 91,275,000 and 10,200,000 shares to the employees and the Directors of the company respectively, at an exercise price of $0.034 per share. The options are exercisable at any time after the first anniversary of the Date of Grant up to the fifth anniversary of the Date of Grant.

As at 31 December 2013, there are outstanding options for 162,225,000 (2012: 84,250,000) shares under the Acma Employee Share Option Scheme 2004.

Options outstanding to subscribe for ordinary shares at the end of financial year have the following terms:

Exercise period	Exercise price (SGD)	2013	2012
9.6.2012 – 8.6.2016	0.035	60,750,000	84,250,000
16.8.2014 – 15.8.2018	0.034	101,475,000	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

21. Share capital (Continued)

The fair value of share options as at the date of grant, was estimated by using a binomial model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used are shown below:

Options granted on 9 June 2011:	
Expected volatility (%)	8.19
Risk-free interest rate (%)	1.08
Expected life of option (years)	4
Expected dividend yield (%)	–
Weighted average share price (cents)	2.5
Options granted on 16 August 2013:	
Expected volatility (%)	3.58
Risk-free interest rate (%)	1.10
Expected life of option (years)	5
Expected dividend yield (%)	–
Weighted average share price (cents)	3.2

The expected life of the options is based on the full vesting period and therefore not necessary indicative of exercise patterns that may occur. The expected volatility which is based on the past 5 years' daily closing prices prior to the Date of Grant, reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options were incorporated into the measurement of fair value. All share options are settled via the issue of ordinary shares.

On expiry of the share options, the related share options are transferred to general reserve and as of year-end, the total amount was $290,000 (2012: $290,000).

22. Warrant reserve

	Group and Company			
	2013	2012	2013	2012
	No. of warrants			
	'000	'000	$'000	$'000
Balance at 1 January	809,001	809,001	11,795	11,795
Issued during the year				
-Warrants W130806	11,060	–	–	–
-Warrants W160707	1,395,528	–	–	–
Expired during the year	(820,061)	–	(11,795)	–
Balance at 31 December	1,395,528	809,001	–	11,795

On 29 April 2008, the Company proposed a renounceable non-underwritten rights issue of up to 1,245,201,428 warrants at an issue price of $0.015 for each warrant. Each warrant carrying the right to subscribe for one (1) new share at an exercise price of $0.07 for each new share, on the basis of one (1) warrant for every two (2) existing ordinary shares in the capital of the Company held by shareholders of the Company as at 14 July 2008.

On 6 August 2008, a total of 809,001,675 warrants were subscribed and outstanding at 31 December 2008. Proceeds of $12.14 million less expenses of $0.34 million were credited to the warrant reserve.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

22. Warrant reserve (Continued)

On 8 July 2013, the Company issued and allotted 1,395,527,880 free bonus warrants. As at 31 December 2013, there were 1,395,527,880 warrants ("Warrants W160707"), with each warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of $0.035 for each new share, on the basis of one (1) warrant for three (3) existing ordinary shares in the capital of the Company on 3 July 2013. Warrants W160707 will expire on 7 July 2016.

In addition, on 8 July 2013, the Company issued and allotted 11,059,734 additional warrants ("Warrants W130806"), at 0.0137 additional warrants for every one (1) unexercised warrant held by warrant holders as adjustment in relation to the issue of Bonus warrants W160707. Warrants W130806 expired during the financial year 2013.

There were no warrants exercised during the financial year ended 31 December 2013 (2012: Nil).

23. Capital reserve

The capital reserve comprises of statutory reserve which is computed based on 11% (2012: 11%) of the net profits of subsidiaries established in the People's Republic of China in accordance with local laws and regulations.

24. Foreign currency translation reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

25. Finance lease payables

	Minimum lease payments 2013 $'000	Present value of lease payments 2013 $'000	Minimum lease payments 2012 $'000	Present value of lease payments 2012 $'000
Group				
Within one year	29	26	37	33
After one year but not more than five years	63	57	92	84
Total minimum finance lease payments	92	83	129	117
Less: Amounts representing finance charges	(9)	–	(12)	–
Present value of minimum finance lease payments	83	83	117	117

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

25. Finance lease payables (Continued)

	Minimum lease payments 2013 $'000	Present value of lease payments 2013 $'000	Minimum lease payments 2012 $'000	Present value of lease payments 2012 $'000
Company				
Within one year	–	–	9	7
After one year but not more than five years	–	–	–	–
Total minimum finance lease payments	–	–	9	7
Less: Amounts representing finance charges	–	–	(2)	–
Present value of minimum finance lease payments	–	–	7	7

The finance lease terms range from 5 to 7 years.

The effective interest rates charged during the year range from 1.88% to 3.51% (2012: 1.88% to 6.5%) per annum. Interest rates are fixed at contract dates and thus expose the Group to fair value interest rate risk. As at the end of the financial year, the fair values of the Group's and Company's finance lease obligations approximate their carrying amounts.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

The Group's and Company's present value of lease payments are denominated in Singapore dollars.

26. Bank borrowings

	Group 2013 $'000	Group 2012 $'000
Overdrafts (Note 20)	765	867
Short-term loans	–	392
Trust receipts and bills payable	4,351	7,793
	5,116	9,052

The above borrowings are unsecured.

Bank borrowings are mainly denominated in the following foreign currencies as at reporting dates:

	Group 2013 $'000	Group 2012 $'000
United States dollar	4,351	7,716
Chinese Renminbi	–	392

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

26. Bank borrowings (Continued)

Bank borrowings bear interest at rates ranging from 3.31% to 5.50% (2012: 3.40% to 8.53%) per annum.

Trust receipts and bills payable have maturities between 4 to 5 months (2012: 4 to 5 months).

27. Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade payables	13,179	13,214	177	207
Deposits from customers	3,506	2,108	14	14
Other deposits	16	43	–	–
Accruals	3,773	2,697	436	399
Other tax payables	304	109	–	–
Deposit on assets held for sale	20	1,610	–	–
Other payables	1,929	764	666	45
	22,727	20,545	1,293	665

Trade payables are non-interest bearing and are generally settled within 30 to 90 days (2012: 30 to 90 days) credit terms.

Trade and other payables are mainly denominated in the following foreign currencies at the reporting date:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Chinese Renminbi	13,096	11,766	–	–
United States dollar	6,502	5,252	638	–
Euro	–	275	–	–
Hong Kong dollar	588	956	–	–

28. Operating lease commitments

(a) As a lessee

The Group leases office and factory premises under lease agreements that are non-cancellable. The leases expire at various dates till 2018 and contain provisions for rental adjustments.

Future minimum lease payments under these non-cancellable operating leases are as follows:

	Group	
	2013	2012
	$'000	$'000
Within one year	2,020	1,830
After one year but not more than five years	3,610	4,777
More than five years	681	543
	6,311	7,150

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

28. Operating lease commitments (Continued)

(b) As a lessor

The Group was committed to lease its office and factory premises and long-term operating lease, under the non-cancellable agreements for the period ranging from 1 year to 12 years.

Future minimum lease receivables under these non-cancellable leases are as follows:

	Group	
	2013 $'000	2012 $'000
Within one year	1,593	1,363
After one year but not more than five years	4,768	4,983
More than five years	15,799	16,813
	22,160	23,159

29. Contingent liabilities, unsecured

As at 31 December 2013, the Company had given guarantees amounting to $13.6 million (2012: $13.6 million) to certain banks and suppliers in respect of banking facilities and credit terms granted to the subsidiaries.

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Company's directors have assessed that the possible amount is not material and the likelihood of the subsidiaries defaulting on repayment is remote.

As at the end of the financial year, the total amount of loans outstanding covered by the guarantees is $5.1 million (2012: $8.7 million). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

30. Segment information

Reporting format

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. For each of the strategic business units, the management reviews internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

The management also considers the business from both a business and geographic segment perspective.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same of those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

30. Segment information (Continued)

Reporting format (Continued)

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss.

The Group accounts for intersegment sales and transfer as if the sales or transfers were to third parties, which approximate market prices. These intersegment transactions are eliminated on consolidation.

Business segments

The Tooling and plastic injection moulding segment manufactures moulds mainly for the automotive and electronics industries, and plastic injection.

The Communications, electronics and equipment distribution segment is a diverse supplier of tele-communications, electronics and packaged air-conditioners. It offers products and services in the areas of microwave tele-communications systems and distribution of packaged air-conditioners, electronic/computer related products and software.

The Investment segment relates to the investment holding activities of the Group.

The Others segment consists of the Group's non-core businesses.

Geographical segments

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

30. Segment information (Continued)

(a) Business segments

The following table presents revenue and results information regarding the Group's business segments for the year ended 31 December 2013:

Group	Tooling and plastic injection moulding	Communications, electronics and equipment distribution	Investment	Others	Elimination	Notes	Consolidated
	$'000	$'000	$'000	$'000	$'000		$'000
2013							
Revenue							
External customers	48,205	12,979	174	–	–		61,358
Inter-segment	4,227	–	1,411	–	(5,638)	A	–
Other revenue	1,927	946	481	–	–		3,354
Total revenue	54,359	13,925	2,066	–	(5,638)		64,712
Profit/(loss) from operations	2,307	1,075	(1,199)	(4)	159	B	2,338
Depreciation of property, plant and equipment	(2,831)	(73)	(55)	–	–		(2,959)
Interest income	14	–	1,025	–	(159)	B	880
Finance costs	(420)	(36)	(2)	–	159		(299)
Share of results of associates	–	–	697	–	–		697
Profit/(loss) before income tax	(930)	966	466	(4)	159		657
Income tax expense	(166)	(26)	(45)	–	–		(237)
Net profit/(loss) for the financial year	(1,096)	940	421	(4)	159		420

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

30. Segment information (Continued)

(a) Business segments (Continued)

The following table presents revenue and results information regarding the Group's business segments for the year ended 31 December 2012:

Group	Tooling and plastic injection moulding	Communications, electronics and equipment distribution	Investment	Others	Elimination	Notes	Consolidated
	$'000	$'000	$'000	$'000	$'000		$'000
2012							
Revenue							
External customers	37,737	14,940	207	–	–		52,884
Inter-segment	22,505	–	1,129	–	(23,634)	A	–
Other revenue	1,112	79	174	–	–		1,365
Total revenue	61,354	15,019	1,510	–	(23,634)		54,249
Loss from operations	(1,040)	(1,244)	(1,600)	(3)	248	B	(3,639)
Depreciation of property, plant and equipment	(3,609)	(74)	(147)	–	–		(3,830)
Interest income	143	–	303	–	(248)	B	198
Finance costs	(482)	(59)	(3)	–	215		(329)
Share of results of associates	–	–	414	–	–		414
Loss before income tax	(4,988)	(1,377)	(1,033)	(3)	215		(7,186)
Income tax expense	(87)	(218)	38	–	–		(267)
Net loss for the financial year	(5,075)	(1,595)	(995)	(3)	215		(7,453)

Notes: Nature of adjustments and eliminations to arrive at amounts reported in the consolidated financial statements:

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment loss to arrive at "Profit/(loss) before income tax" presented in the consolidated statement of profit or loss and other comprehensive income:

	2013	2012
	$'000	$'000
Interest income charged by related company	159	248

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

30. Segment information (Continued)

(a) Business segments (Continued)

The following table presents assets and liabilities regarding the Group's business segments as at 31 December 2013:

Group	Tooling and plastic injection moulding	Communications, electronics and equipment distribution	Investment	Others	Consolidated
	$'000	$'000	$'000	$'000	$'000
2013					
Segment assets	44,537	16,583	4,167	1	65,288
Investments in associates	–	–	66,088	–	66,088
Total assets	44,537	16,583	70,255	1	131,376
Total liabilities	(22,841)	(3,209)	(1,984)	(8)	(28,042)
Net assets	21,696	13,374	68,271	(7)	103,334
Capital expenditure - Tangible assets	519	17	29	–	565
Other material non-cash items:					
Loss on disposal of property, plant and equipment	13	–	–	–	13
Amortisation of long-term operating lease	–	510	–	–	510
Amortisation of other assets	–	–	105	–	105
Write-back of allowance on impairment of doubtful receivables	(494)	–	–	–	(494)
Allowance for impairment of doubtful receivables	762	696	2	–	1,460
Gain on disposal of assets available-for-sale	–	–	(1,262)	–	(1,262)

30. Segment information (Continued)

(a) Business segments (Continued)

The following table presents assets and liabilities regarding the Group's business segments as at 31 December 2012:

Group	Tooling and plastic injection moulding	Communications, electronics and equipment distribution	Investment	Others	Consolidated
	$'000	$'000	$'000	$'000	$'000
2012					
Segment assets	43,583	19,035	3,792	–	66,410
Investments in associates	–	–	65,371	–	65,371
Total assets	43,583	19,035	69,163	–	131,781
Total liabilities	(24,892)	(4,369)	(1,001)	(7)	(30,269)
Net assets	18,691	14,666	68,162	(7)	101,512
Capital expenditure - Tangible assets	950	277	69	–	1,296
Other material non-cash items:					
Loss on disposal of property, plant and equipment	768	–	–	–	768
Amortisation of long-term operating lease	–	507	–	–	507
Amortisation of other assets	–	–	106	–	106
Write-back of allowance on impairment of doubtful receivables	(258)	–	(350)	–	(608)
Allowance for impairment of doubtful receivables	–	3,255	–	–	3,255
Allowance for inventories obsolescence	322	–	–	–	322

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

30 Segment information (Continued)

(b) Geographical segments

The following table presents revenue and certain asset information regarding the Group's geographical segments for the years ended 31 December 2013 and 2012:

	China (including Hong Kong)		Singapore		Germany		Russia		Others		Consolidated	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group												
Revenue												
External customers	15,217	12,672	6,508	10,073	11,434	13,456	1,473	2,992	26,726	13,691	61,358	52,884
Other revenue	1,088	991	1,364	324	–	50	902	–	–	–	3,354	1,365
Total revenue	16,305	13,663	7,872	10,397	11,434	13,506	2,375	2,992	26,726	13,691	64,712	54,249
Other geographical information:												
Segment assets	41,753	40,093	18,896	20,396	(977)	–	5,616	5,921	–	–	65,288	66,410
Investments in associates	–	–	66,088	65,371	–	–	–	–	–	–	66,088	65,371
Total assets	41,753	40,093	84,984	85,767	(977)	–	5,616	5,921	–	–	131,376	131,781
Total liabilities	(15,717)	(15,624)	(12,325)	(14,645)	–	–	–	–	–	–	(28,042)	(30,269)
Net assets	26,036	24,469	72,659	71,122	(977)	–	5,616	5,921	–	–	103,334	101,512
Non-current assets	11,553	13,327	67,887	67,364	–	–	5,616	5,921	–	–	85,056	86,612

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31. Financial instruments and financial risks

Categories of financial instruments

The following table sets out the financial instruments of the Group and the Company as at the reporting date:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Financial assets				
Trade and other receivables (excluding prepayments)	33,633	30,963	47	97
Amounts owing by subsidiaries	–	–	46,006	45,098
Amounts owing by associates	2,053	1,432	645	591
Cash and cash equivalents	5,382	4,889	725	60
Financial liabilities				
Finance lease payables	83	117	–	7
Bank borrowings	5,116	9,052	–	–
Trade and other payables	22,727	20,545	1,293	665
Amounts owing to subsidiaries	–	–	31,088	29,649

The main risk arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

The Group faces exposure to market risk, in particular, changes in foreign currency exchange rates and credit risk arising in the normal course of the Group's businesses. The following sets out the risk management policies and procedures to identify, monitor and control these risks.

The Group has put in place a set of risk management policies and guidelines governing all investment and business risks. These policies and procedures set out the Group's overall business strategies, its tolerance for risk and general risk management philosophy. In addition, management has established processes to monitor and control such risks in a timely and effective manner. Where necessary, the Group may enter into transactions to hedge against these risks in order to keep them at an acceptable level. Finally, all major investment and divestment decisions are required to be approved by the Board of Directors.

Liquidity risk

Liquidity risk refers to the risk in which the Group is unable to meet its short term obligations. Liquidity risk is managed by matching the payments and receipts cycle.

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

The Group prepares cash flows projections on a regular basis for its core operations to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Group's operations are financed mainly through trade financing and internal funds. In addition, the Group has access to lines of credit from financial institutions, and within the Group companies, where necessary, as follows:

	2013 $'000	2012 $'000
Unutilised credit facilities		
- bank overdraft facilities	735	633
- trade facilities	7,749	4,307

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the reporting date based on contractual undiscounted repayment obligations:

		2013			2012		
	Effective interest rate %	One year or less $'000	One to five years $'000	Total $'000	One year or less $'000	One to five years $'000	Total $'000
Group							
Financial liabilities							
Finance lease payables	1.88-6.50	29	63	92	37	92	129
Bank borrowings	3.31-8.53	5,400	–	5,400	9,302	–	9,302
Trade and other payables	-	22,727	–	22,727	20,545	–	20,545
Total undiscounted financial liabilities		28,156	63	28,219	29,884	92	29,976

		2013			2012		
	Effective interest rate %	One year or less $'000	One to five years $'000	Total $'000	One year or less $'000	One to five years $'000	Total $'000
Company							
Financial liabilities							
Finance lease payables	6.50	–	–	–	9	–	9
Trade and other payables	-	1,293	–	1,293	665	–	665
Amounts owing to subsidiaries	-	31,088	–	31,088	29,649	–	29,649
Total undiscounted financial liabilities		32,381	–	32,381	30,323	–	30,323

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31. Financial instruments and financial risks (Continued)

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter-party to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group had established credit limits for each customer under which these customers are analysed for credit worthiness before the Group's standard payment, and delivery terms are offered. The Group reviews include external ratings, where available and in some cases bank references. Customers that fail to meet the Group's benchmark are only allowed to transact with the Group on a pre-payment or cash basis. Most of the customers have been with the Group for many years and losses have occurred infrequently. In most cases, the Group does not require collateral in respect of trade and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Group has concentrations of credit risk to certain customers. The five largest customers of the Group accounted for approximately 28% (2012: 40%) of the Group's revenue for the year ended 31 December 2013. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

At 31 December 2013, 30% (2012: 41%) of the Group's trade receivables was due from 5 (2012: 5) major customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Cash is placed with financial institutions with good credit ratings.

The credit risk for trade receivables based on the information provided by key management is as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
By geographical areas				
Singapore	734	1,358	44	53
China (including Hong Kong)	8,679	8,013	–	–
Russia	2,958	3,219	–	–
Germany	1,664	2,832	–	–
Other countries	4,339	3,592	–	–
	18,374	19,014	44	53

The aged analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Past due less than 3 months	5,923	5,429	22	22
Past due 3 to 6 months	1,372	804	–	9
Past due over 6 months	4,024	1,440	–	–
	11,319	7,673	22	31

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The management believes that no impairment allowance is necessary in respect of those trades receivables that are past due but not impaired. They are substantially companies with good track record and no recent history of default.

Effective interest rate

In respect of interest-earning financial assets and interest-bearing financial liabilities, the following table indicates their effective annual interest rates at the reporting date.

Group	Note	Effective interest rate	Total	Within 1 year	1 to 5 years
		%	$'000	$'000	$'000
2013					
Financial assets					
Cash and cash equivalents	20	0.05-0.50	5,382	5,382	–
Financial liabilities					
Bank overdrafts	26	5.00-5.50	(765)	(765)	–
Trust receipts and bills payable	26	3.31-3.96	(4,351)	(4,351)	–
Finance lease payables	25	1.88	(83)	(26)	(57)
			(5,199)	(5,142)	(57)
Net balance			183	240	(57)

Group	Note	Effective interest rate	Total	Within 1 year	1 to 5 years
		%	$'000	$'000	$'000
2012					
Financial assets					
Cash and cash equivalents	20	0.00-0.50	4,889	4,889	–
Financial liabilities					
Bank overdrafts	26	5.00-5.50	(867)	(867)	–
Short-term loans	26	8.53	(392)	(392)	–
Trust receipts and bills payable	26	3.40-3.96	(7,793)	(7,793)	–
Finance lease payables	25	3.72-6.50	(117)	(33)	(84)
			(9,169)	(9,085)	(84)
Net balance			(4,280)	(4,196)	(84)

Except for finance leases which have fixed rate of interest, all other financial liabilities are subject to current market interest rates.

The Company provides unsecured financial guarantees to licensed banks in respect of credit facilities granted to subsidiaries. The Company monitors on an ongoing basis the trend of repayments made by the subsidiaries. The maximum exposure to credit risk amounts to $5,116,000 (2012: $9,052,000) representing the outstanding balance of credit facilities of subsidiaries in which financial guarantees are given as of the end of the reporting date. At the end of the reporting date, there was no indication that the subsidiaries would default on repayment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31. Financial instruments and financial risks (Continued)

Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. Except for foreign currency forward contracts used to hedge against foreign currency risk, the Group did not enter into a variety of derivative financial instruments to hedge against foreign currency risk and interest rate risk.

Foreign currency risk

The Group is exposed to foreign exchange risk on sales, purchases, borrowings and investments that are denominated in foreign currencies. The currencies giving rise to this risk are primarily the United States dollar ("USD"), Euro ("EUR") and Chinese Renminbi ("RMB").

The Group uses forward exchange contracts to hedge against its foreign currency risk arising from trade transactions during the year. As at 31 December 2013, no foreign currency forward contracts were recognised as the amount is not significant.

The Group's exposures to foreign currency are as follows:

	2013			2012		
	USD	RMB	EUR	USD	RMB	EUR
	$'000	$'000	$'000	$'000	$'000	$'000
Monetary assets:						
Trade and other receivables	17,513	6,934	7,337	19,565	3,922	6,457
Cash and cash equivalents	2,344	947	325	1,979	1,299	45
	19,857	7,881	7,662	21,544	5,221	6,502
Monetary liabilities:						
Trade and other payables	(6,502)	(13,096)	–	(5,252)	(11,766)	(275)
Bank borrowings	(4,351)	–	–	(7,716)	(392)	–
	(10,853)	(13,096)	–	(12,968)	(12,158)	(275)
Net monetary assets/ (liabilities)	9,004	(5,215)	7,662	8,576	(6,937)	6,227

Foreign currency sensitivity analysis

At 31 December 2013, it is estimated that a five percentage point weakening of foreign currencies against the functional currency with all variables held constant, would increase the Group's post-tax loss by approximately $202,000 (2012: $216,000). A five percentage point strengthening of foreign currencies against functional currency with all variables held constant, would have an equal but opposite effect. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible changes in foreign exchange rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

31. Financial instruments and financial risks (Continued)

Market risk (Continued)

Foreign currency sensitivity analysis (Continued)

A 5% strengthening of functional currency against the following currencies at the reporting date would increase/(decrease) profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Profit or (loss) $'000
31 December 2013	
United States dollar	(157)
Euro	(219)
Singapore dollar	–
British pound	(9)
Chinese Renminbi	183
31 December 2012	
United States dollar	(171)
Euro	(297)
Singapore dollar	(2)
British pound	(2)
Chinese Renminbi	256

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk relates to interest bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

At the reporting date, the Group and the Company do not have significant exposure to interest rate risk.

32. Fair value of assets and liabilities

The management assessed that cash and cash equivalents, trade and other receivables (excluding prepayments), amounts owing by subsidiaries and associates, bank overdrafts, trade and other payables and amounts owing to subsidiaries approximate their carrying amounts largely due to the short-term maturities of these instruments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

32. Fair value of assets and liabilities (Continued)

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy have the following levels:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices), and

Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The fair value of marketable securities as at reporting date are estimated based on quoted market prices for these marketable securities. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

Assets available-for-sale are carried at cost as there are no available methods to reasonably estimate the fair values.

33. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from 2012.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings and trade and other payables, less cash and cash equivalents. Total capital is calculated as total equity including non-controlling interests, as shown in the statement of financial position, plus net debt.

	Group	
	2013	2012
	$'000	$'000
Total borrowings and trade and other payables	27,843	29,597
Less: cash and cash equivalents (Note 20)	(4,617)	(4,022)
Net debt	23,226	25,575
Total equity	103,334	101,512
Total capital	126,560	127,087
Gearing ratio	18.4%	20.1%

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2013

34. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

(i) Has control or joint control over the Company;
(ii) Has significant influence over the Company; or
(iii) Is a member of the key management personnel of the Company or of a parent of the Company.

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Associates are related parties and include those that are associates of the holding and/or related companies.

Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, other than those disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties on terms agreed between the parties as follows:

	Group	
	2013	2012
	$'000	$'000
Sales of goods and services to Neftech Pte Ltd *	46	168
Rental income from Neftech Pte Ltd *	24	24
Interest income from Xenon Manufacturing Pte Ltd**	853	140

* Neftech Pte Ltd is 48.9% owned associate of the Group. Mr Quek Sim Pin and Mr Victor Levin, who are the Executive Chairman and Non-Executive Director of the Company respectively, are substantial shareholders of Neftech Pte Ltd. Mr Victor Levin is the director and executive chairman of Neftech Pte Ltd.

** Xenon Manufacturing Pte Ltd is 40% owned associate of the Group.

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2013

34. Significant related party transactions (Continued)

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel remuneration

	Group		Company	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Short-term benefits	2,430	2,087	400	368
Post-employment benefits	55	61	4	5
Share option expense	15	–	15	–
	2,500	2,148	419	373

Statistics of Shareholders

As at 19 March 2014

Number of shares issued : 4,213,039,945
Class of Shares : Ordinary shares

Analysis of Shareholders

Size of Shareholdings	Number of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
1 - 999	328	3.60	103,046	0.00
1,000 - 10,000	3,729	40.92	16,114,755	0.38
10,001 - 1,000,000	4,852	53.24	620,069,916	14.72
1,000,001 & above	204	2.24	3,576,752,228	84.90
Total	9,113	100.00	4,213,039,945	100.00

Top Twenty Shareholders

Name of Shareholder	No. of Shares	% of Issued Share Capital
DORIS CHUNG GIM LIAN	532,725,750	12.64
ALLINGHAM INVESTMENTS LIMITED	455,445,547	10.81
QUEK SIM PIN	382,895,100	9.09
VICTOR LEVIN	268,267,372	6.37
UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	222,575,141	5.28
MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	202,583,400	4.81
UOB NOMINEES (2006) PRIVATE LIMITED	184,558,973	4.38
BNP PARIBAS NOMINEES SINGAPORE PTE LTD	135,054,000	3.21
POLYAKOV MIKHAIL	107,000,000	2.54
OCBC SECURITIES PRIVATE LIMITED	100,365,720	2.38
DBS NOMINEES PTE LTD	66,093,660	1.57
OEI SIU HOA @ SUKMAWATI WIDJAJA	61,857,000	1.47
CHEW HUA SENG	42,694,000	1.01
MAYBANK KIM ENG SECURITIES PTE. LTD.	40,486,152	0.96
GOH GEOK KHIM	40,000,105	0.95
YEO CHEOW TONG	38,726,105	0.92
JOSCA WOO KONG HWA	36,000,000	0.85
FOK CHEE CHEONG @ FOK CHEE CHIONG	32,180,000	0.76
LIM & TAN SECURITIES PTE LTD	30,150,311	0.72
HSBC (SINGAPORE) NOMINEES PTE LTD	29,780,000	0.71
	3,009,438,336	71.43

Substantial Shareholders

Name of Substantial Shareholder	Direct Interest	Deemed Interest	Total	%
QUEK SIM PIN	382,895,100	341,228,373	724,123,473	17.19 [(1)]
VICTOR LEVIN	268,267,372	455,445,547	723,712,919	17.18 [(2)]
ALLINGHAM INVESTMENTS LIMITED	455,445,547	-	455,445,547	10.81
DORIS CHUNG GIM LIAN	532,725,750	62,481,000	595,206,750	14.13 [(3)]
CHEW HUA SENG	62,481,000	532,725,750	595,206,750	14.13 [(4)]

Notes:
(1) Quek Sim Pin is deemed interested in 201,594,624 Acma shares held by his various nominee accounts and 139,633,749 Acma Shares through his ownership of S.P. Quek Investments Pte Ltd.
(2) Victor Levin is deemed interested in 455,445,547 Acma Shares through his ownership of Allingham Investments Limited.
(3) Doris Chung Gim Lian is deemed interested in 62,481,000 Acma Shares held by her spouse Chew Hua Seng.
(4) Chew Hua Seng is deemed interested in 532,725,750 Acma Shares held by his spouse Doris Chung Gim Lian.

Shareholdings Held in the Hands of Public

Based on information available to the Company as at 19 March 2014, 51.5% of the issued ordinary shares of the Company was held by the public and therefore Rule 723 of the Listing Manual is complied with.

Statistics of Warrantholders

As at 19 March 2014

Analysis of Warrantholders

Size of Warrantholdings	Number of Warrantholders	% of Warrantholders	No. of Warrants	% of Warrants
1 - 1,000	1,993	24.18	918,719	0.06
1,001 - 10,000	3,519	42.69	14,235,845	1.02
10,001 - 1,000,000	2,681	32.52	195,751,638	14.03
1,000,001 & above	50	0.61	1,184,620,678	84.89
Total	8,243	100.00	1,395,526,880	100.00

Top Twenty Warrantholders

Name of Warrantholder	No. of Warrants	% of warrants
CHEW HUA SENG	240,436,989	17.23
DORIS CHUNG GIM LIAN	204,177,916	14.63
ALLINGHAM INVESTMENTS LIMITED	184,281,849	13.21
VICTOR LEVIN	89,422,457	6.41
FOK CHEE CHEONG @ FOK CHEE CHIONG	79,308,000	5.68
UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	69,898,563	5.01
GOODVIEW PROPERTIES PTE LTD	45,000,000	3.22
OCBC SECURITIES PRIVATE LIMITED	34,411,222	2.47
POLYAKOV MIKHAIL	33,333,333	2.39
OEI SIU HOA @ SUKMAWATI WIDJAJA	20,619,000	1.48
DBS NOMINEES PTE LTD	17,231,297	1.23
CIMB SECURITIES (SINGAPORE) PTE. LTD.	14,329,612	1.03
LIM & TAN SECURITIES PTE LTD	13,830,666	0.99
GOH GEOK KHIM	13,333,368	0.96
YEO CHEOW TONG	12,908,701	0.93
JOSCA WOO KONG HWA	12,000,000	0.86
HSBC (SINGAPORE) NOMINEES PTE LTD	11,829,665	0.85
LIM HOW TECK	9,482,736	0.68
OCBC NOMINEES SINGAPORE PRIVATE LIMITED	5,881,908	0.42
LIAN KHENG HONG	5,072,000	0.36
	1,116,789,282	80.04

NOTICE OF ANNUAL GENERAL MEETING

As at 31 December 2013

NOTICE IS HEREBY GIVEN that the Forty-Ninth Annual General Meeting of ACMA Ltd. will be held on Tuesday, 29 April 2014 at 9.00 a.m. at 17 Jurong Port Road, Singapore 619092, to transact the following businesses: -

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and Audited Accounts of the Company for the financial year ended 31 December 2013 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve the proposed Directors' fee of S$114,000/- for the financial year ended 31 December 2013. [2012: S$ 96,667/-] **[Resolution 2]**

3. To re-elect Mr Quek Sim Pin, a Director retiring pursuant to Article 93 of the Company's Articles of Association. **[Resolution 3]**

4. To re-elect Mr Low Seow Chye as a Director, pursuant to Section 153(6) of the Companies Act, Cap. 50. **[Resolution 4]**

5. To re-appoint Messrs Mazars LLP, as the Company's Auditors and to authorise the Directors to fix their remuneration. **[Resolution 5]**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without any modifications:-

7. Authority to allot and issue shares up to fifty per cent (50%) of issued share capital

   "THAT pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorized to issue and allot new shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total issued shares of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total issued shares of the Company, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the Company's next Annual General Meeting is required by law or by the Articles of Association of the Company to be held, whichever is the earlier."

   [See Explanatory Note (i)] **[Resolution 6]**

BY ORDER OF THE BOARD

Keloth Raj Kumar (Mr)
Company Secretary

Singapore,
10 April 2014

NOTICE OF ANNUAL GENERAL MEETING

As at 31 December 2013

Note to item no. 3

Mr Quek Sim Pin is an Executive Chairman. He will continue in the said capacity upon-re-election as a Director of the Company.

Note to item no. 4

Mr Low Seow Chye is an Independent Director and Chairman of the Audit and Nominating Committees as well as a member of the Remuneration Committee. He will continue in the said capacities upon re-election as a Director of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) In the proposed Resolution 6, the percentage of issued share capital is calculated based on the issued shares at the time of the passing of the resolution approving the mandate after adjusting for:- (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate; and (c) any subsequent bonus issue, consolidation or subdivision of shares. The proposed Resolution 6, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue new shares in the Company (whether by way of rights, bonus or otherwise).

The number of shares which the Directors may issue under this Resolution shall not exceed fifty per cent (50%) of the total issued shares of the Company. For issue of shares other than on a pro-rata basis to all existing shareholders of the Company, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per cent (20%) of the total issued shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

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PROXY FORM

ACMA LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No.: 196500233E)

IMPORTANT:

1. For investors who have used their CPF monies to buy ACMA Ltd's shares, this Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF Investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

I/We ____

of ____

being a *member/members of Acma Ltd. (the "**Company**") hereby appoint(s):

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)	
*and/or (delete as appropriate)				

or failing *him/her, the Chairman of Forty-Ninth Annual General Meeting of the Company, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting to be held on Tuesday, 29 April 2014 at 9.00 a.m. at 17 Jurong Port Road, Singapore 619092 and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the Annual General Meeting as indicated hereunder. If no specific direction as to voting is given, the *proxy/proxies will vote or abstain from voting at *his/her/their discretion, as *he/she/they will on any other matter arising at the Annual General Meeting.

No.	Resolution	For	Against
1	To receive and adopt the Directors' Report and Audited Accounts for the financial year ended 31 December 2013 together with the Auditors' Report thereon.		
2	To approve the proposed Directors' Fees of S$114,000/- for the financial year ended 31 December 2013. [2012: S$96,667/-]		
3	To re-elect Mr Quek Sim Pin as a Director {retiring pursuant to Article 93 of the Company's Articles of Association}.		
4	To re-elect Mr Low Seow Chye as a Director {retiring pursuant to Article 93 of the Company's Articles of Association}. Section 153(6) of the Companies Act, Cap. 50}.		
5	To re-appoint Messrs Mazars LLP as the Company's Auditors and to authorise the Directors to fix their remuneration.		
6	Authority to allot and issue shares up to fifty per cent (50%) of issued share capital.		

Dated this ____________ day of __________ 2014

Total Number of Ordinary Shares Held	
(a) CDP Register	
(b) Register of Members	

____
Signature(s) of Shareholder(s)/ Common
Seal of Corporate Shareholder
delete as appropriate

IMPORTANT: PLEASE READ NOTES OVERLEAF

Notes:

a) Where a member appoints two proxies, the appointments shall be invalid unless he specifies the proportion (expressed as a percentage of the whole) of his shareholding to be represented by each proxy.

b) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of its attorney.

c) An instrument appointing a proxy must be deposited at the registered office of the Company, 17 Jurong Port Road, Singapore 619092 not less than 48 hours before the time appointed for holding the meeting.

d) The Company shall be entitled to reject a Proxy Form which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified on the Proxy Form. In addition, in the case of shares entered in the Depository Register, the Company may reject a Proxy Form if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Acma Ltd 17 Jurong Port Road Singapore 619092