

SEN YUE HOLDINGS LIMITED RCB REG. NO: 200105909M

Full Year Financial Statements and Dividend Announcement for the Financial Year Ended 30 September 2016 (“FY2016”)

PART 1 – INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a)(i) An income statement and statement of comprehensive income, or statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediate preceding financial year.

| | Group | | Change % |
|--|---|---|-----------|
| | Year ended 30/9/2016 (unaudited) S\$'000 | Year Ended 30/9/2015 (audited) S\$'000 | |
| Revenue | 152,224 | 101,732 | 49.6 |
| Cost of sales | (140,314) | (92,161) | 52.2 |
| Gross profit | 11,910 | 9,571 | 24.4 |
| Other operating income | 1,027 | 2,575 | (60.1) |
| Distribution expenses | (1,124) | (939) | 19.7 |
| Administrative expenses | (8,711) | (7,680) | 13.4 |
| Other operating expenses | (3,222) | (935) | 244.6 |
| Results from operating activities | (120) | 2,592 | NM |
| Finance costs | (1,111) | (693) | 60.3 |
| | (1,231) | 1,899 | NM |
| Share of loss of joint venture | - | (871) | NM |
| (Loss)/Profit before income tax | (1,231) | 1,028 | NM |
| Income tax expense | (474) | (924) | (48.7) |
| (Loss)/Profit after income tax | (1,705) | 104 | NM |
| (Loss)/Profit attributable to: | | | |
| Owners of the Company | (926) | (226) | NM |
| Non-controlling interests | (779) | 330 | NM |
| | (1,705) | 104 | NM |

NM: Not Meaningful

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

| | Group | | Change % |
|--|--------------------|-------------------|-----------------|
| | Year ended | Year Ended | |
| | 30/9/2016 | 30/9/2015 | |
| | (unaudited) | (audited) | |
| | S\$'000 | S\$'000 | |
| (Loss)/Profit for the year | (1,705) | 104 | NM |
| Other comprehensive income: | | | |
| <i>Items that will not be reclassified to profit and loss:</i> | | | |
| Revaluation of properties | (30) | 1,004 | NM |
| Reversal of impairment of properties | - | 779 | NM |
| | (30) | 1,783 | NM |
| <i>Items that may be reclassified subsequently to profit and loss:</i> | | | |
| Exchange differences on translation of foreign operations | 480 | (4,218) | NM |
| Revaluation of available for sale assets | 191 | - | NM |
| Other comprehensive income/(loss) for the year, net of income tax | 641 | (2,435) | NM |
| Total comprehensive loss for the year | (1,064) | (2,331) | (54.4) |
| Total comprehensive (loss)/income attributable to: | | | |
| Owners of the Company | (366) | (2,894) | NM |
| Non-controlling interests | (698) | 563 | NM |
| | (1,064) | (2,331) | NM |

NM: Not Meaningful

1(a)(ii) Other profit and loss items disclosure.

The following items were (credited)/charged to the income statement:

| | Group | | Change % |
|---|--------------------|-------------------|-----------------|
| | Year ended | Year Ended | |
| | 30/9/2016 | 30/9/2015 | |
| | (unaudited) | (audited) | |
| | S\$'000 | S\$'000 | |
| Interest income | (23) | (148) | (84.5) |
| Interest expense | 1,111 | 693 | 60.3 |
| Depreciation of property, plant and equipment | 1,617 | 1,084 | 49.2 |
| Loss on disposal of property, plant and equipment | 4 | 6 | (33.3) |
| Foreign exchange loss/(gain), net | 2,167 | (1,339) | NM |
| Allowance for inventories | 1 | 4 | (75.0) |
| Bad debts written off – other receivables | 62 | 8 | NM |
| Property, plant and equipment written-off | 1 | 12 | (91.7) |
| Reversal of impairment of property, plant and equipment | - | (222) | NM |

NM: Not Meaningful

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

| | Group | | Company | |
|---|---|--|---|---|
| | Year ended 30/9/2016 (unaudited) S\$'000 | Year Ended 30/9/2015 (restated) S\$'000 | Year ended 30/9/2016 (unaudited) S\$'000 | Year Ended 30/9/2015 (audited) S\$'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 19,081 | 19,632 | - | - |
| Subsidiaries | - | - | 25,864 | 24,948 |
| Deferred tax assets | 26 | 6 | - | - |
| Other receivables | 743 | 333 | - | - |
| Available-for-sale – financial assets | 3,316 | 1,820 | - | - |
| Goodwill on consolidation | 338 | 338 | - | - |
| | 23,504 | 22,129 | 25,864 | 24,948 |
| Current assets | | | | |
| Inventories | 4,949 | 3,078 | - | - |
| Trade and other receivables | 41,344 | 38,612 | 2,553 | 37 |
| Cash and cash equivalents | 8,904 | 9,901 | 325 | 377 |
| | 55,197 | 51,591 | 2,878 | 414 |
| Total assets | 78,701 | 73,720 | 28,742 | 25,362 |
| Equity attributable to equity holders of the Company | | | | |
| Share capital | 34,366 | 34,366 | 34,366 | 34,366 |
| Merger deficit | (3,454) | (3,454) | - | - |
| Foreign currency translation reserve | (6,971) | (7,451) | - | - |
| Revaluation reserve | 6,576 | 6,496 | - | - |
| Capital reserve | (26) | (26) | - | - |
| Accumulated losses | (5,907) | (4,981) | (11,994) | (12,576) |
| Equity attributable to owners of the Company | 24,584 | 24,950 | 22,372 | 21,790 |
| Non-controlling interests | 8,669 | 9,367 | - | - |
| Total equity | 33,253 | 34,317 | 22,372 | 21,790 |
| Non-current liabilities | | | | |
| Deferred tax liabilities | 1,194 | 1,323 | - | - |
| Convertible notes | 1,900 | - | 1,900 | - |
| Finance leases | 147 | 188 | - | - |
| Post-employment benefits liability | 41 | - | - | - |
| | 3,282 | 1,511 | 1,900 | - |
| Current liabilities | | | | |
| Bank overdrafts and loans | 35,504 | 31,843 | 1,860 | 2,497 |
| Trade and other payables | 6,210 | 5,458 | 2,610 | 1,075 |
| Finance leases | 109 | 112 | - | - |
| Income tax payable | 343 | 479 | - | - |
| | 42,166 | 37,892 | 4,470 | 3,572 |
| Total liabilities | 45,448 | 39,403 | 6,370 | 3,572 |
| Total equity and liabilities | 78,701 | 73,720 | 28,742 | 25,362 |

In prior years, the available-for-sale financial assets relating to the life insurance policies purchased using the revolving loans provided to secure trade facilities has been offsetted instead of presenting in gross figures. Accordingly, the comparative figures for available-for sale and loans have been reclassified to present them on gross basis.

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

Amount repayable in one year or less, or on demand:

| As at 30/09/2016 (unaudited) | | As at 30/09/2015 (restated) | |
|------------------------------|-------------------|-----------------------------|-------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 35,613 | - | 31,955 | - |

Amount repayable after one year:

| As at 30/09/2016 (unaudited) | | As at 30/09/2015 (audited) | |
|------------------------------|-------------------|----------------------------|-------------------|
| Secured S\$'000 | Unsecured S\$'000 | Secured S\$'000 | Unsecured S\$'000 |
| 147 | 1,900 | 188 | - |

- 1) Term loan facilities of \$860,000 (30 September 2015: \$1,497,000) and, a revolving credit facility of \$1,000,000 (30 September 2015: \$1,000,000) have been secured over certain freehold land and buildings of the Group.
- 2) Term loan facilities of approximately S\$1,273,000 as at 30 September 2016 (30 September 2015: S\$Nil) were secured on the following:
 - a. First party legal charge over certain freehold land and properties of the Group.
 - b. Corporate guarantee given by the Company.
- 3) Trade facilities of approximately S\$1,458,000 as at 30 September 2016 (30 September 2015: S\$Nil) were secured on the following:
 - a. Deposits pledged with the financial institution amounting to \$1,005,000.
 - b. Joint and several guarantees by the directors; and
 - c. Corporate guarantee given by the Company.
- 4) Revolving credit facilities of S\$2,079,000 (30 September 2015: S\$2,175,000) and trade facilities of S\$12,171,000 (30 September 2015: S\$9,366,000) and overdraft facility of S\$492,000 (30 September 2015: S\$135,000) as at 30 September 2016 were secured on the following:
 - a. Mortgages over a leasehold land and building of a subsidiary with a total carrying value of approximately S\$4,000,000 as at 30 September 2016 (30 September 2015: S\$4,600,000);
 - b. Deposits pledged with financial institutions of approximately S\$2,400,000 as at 30 September 2016 (30 September 2015: S\$2,400,000);
 - c. Joint and several guarantees by the directors; and
 - d. Assignment of life insurance policies assured on a director of the subsidiary.
- 5) Trade facilities of S\$9,993,000 (30 September 2015: S\$10,108,000) and overdraft facility of S\$483,000 (30 September 2015: S\$496,000) as at 30 September 2016 were secured on the following:
 - a. Deposits pledged with financial institutions of approximately S\$505,000 as at 30 September 2016 (30 September 2015: S\$2,362,000);
 - b. Guarantees by one of the directors of the subsidiary; and
 - c. Assignment of life insurance policies assured on a director of the subsidiary.
- 6) Term loans of S\$680,000 (30 September 2015 : S\$707,000) and trade facilities of S\$5,015,000 (30 September 2015 : S\$5,037,000) as at 30 September 2016 were secured by the deposits pledged with financial institutions of approximately S\$2,243,000 as at 30 September 2016 (30 September 2015: S\$2,334,000);
- 7) Term loans of nil (30 September 2015: S\$1,322,000) were secured on the following:
 - a. Joint and several guarantees by the directors; and
 - b. An open mortgage over the personal property of a Director
- 8) The finance leases of S\$256,000 as at 30 September 2016 (30 September 2015: S\$300,000) were secured with the leased assets.
- 9) The convertible notes of S\$1,900,000 as at 30 September 2016 (30 September 2015: NIL) was not secured with any collateral.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediate preceding financial year.

| | Group | |
|---|---|--|
| | Year ended 30/9/2016 (unaudited) S\$'000 | Year Ended 30/9/2015 (restated) S\$'000 |
| Operating activities | | |
| (Loss)/Profit before income tax | (1,231) | 1,028 |
| Adjustment for: | | |
| Loss on disposal of property, plant and equipment | 4 | 6 |
| Reversal of impairment losses on loans and receivables | (287) | - |
| Depreciation of property, plant and equipment | 1,617 | 1,084 |
| Interest income | (23) | (148) |
| Interest expense | 1,111 | 693 |
| Share of loss of joint venture | - | 871 |
| Property, plant and equipment written-off | 1 | 12 |
| Bad debts written-off – other receivables | 62 | 8 |
| Allowance for inventories | 1 | 4 |
| Net loss/(gain) on foreign exchange | 67 | (56) |
| Net reversal of property, plant and equipment | - | (204) |
| Post-employment benefits | 34 | - |
| Deposit forfeited | 8 | - |
| Operating profits before working capital changes | 1,364 | 3,298 |
| Changes in working capital: | | |
| Inventories | (1,852) | (38) |
| Trade and other receivables | (2,932) | (4,089) |
| Available for sale, financial assets | (1,496) | - |
| Trade and other payables | 643 | 853 |
| Trade bills and banker acceptances | 4,124 | 2,737 |
| Cash (used in)/generated from operating activities | (149) | 2,761 |
| Income taxes paid | (797) | (597) |
| Net cash (used in)/generated from operating activities | (946) | 2,164 |
| Investing activities | | |
| Interest received | 23 | 148 |
| Purchase of property, plant and equipment | (474) | (187) |
| Proceeds from disposal of property, plant and equipment | 10 | 1 |
| Acquisition of a subsidiary | - | (5,234) |
| Acquisition of non-controlling interests in a subsidiary | - | (61) |
| Increased in fixed deposits | (35) | - |
| Expenses from issuance of ordinary shares | - | (8) |
| Net cash used in investing activities | (476) | (5,341) |
| Financing activities | | |
| Interest paid | (1,111) | (693) |
| Repayment of borrowings | (1,976) | (1,903) |
| Repayment of finance lease liabilities | (128) | (66) |
| Decrease/(increase) in pledged deposits with financial institutions | 944 | (172) |
| New bank loans raised | 1,339 | 805 |
| Issuance of convertible notes | 1,900 | - |
| Net cash generated from/(used in) financing activities | 968 | (2,029) |
| Net decrease in cash and cash equivalents | (454) | (5,206) |
| Cash and cash equivalents at beginning of the financial year | 2,140 | 7,833 |
| Effect of exchange rate changes on cash balances held in foreign currencies | 20 | (487) |
| Cash and cash equivalents at end of the financial year | 1,706 | 2,140 |
| Cash at bank and in hand | 2,681 | 2,771 |
| Fixed deposits with financial institutions | 6,223 | 7,130 |
| | 8,904 | 9,901 |
| Fixed deposits pledged with financial institutions | (6,223) | (7,130) |
| Bank overdraft (secured) | (975) | (631) |
| Cash and cash equivalents at end of the financial year | 1,706 | 2,140 |

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

| Group | Share capital S\$'000 | Merger deficit S\$'000 | Foreign currency translation reserve S\$'000 | Revaluation reserve S\$'000 | Capital reserve S\$'000 | Accumulated losses S\$'000 | Equity attributable to owners of the Company S\$'000 | Non-controlling interests S\$'000 | Total equity S\$'000 |
|--|--------------------------|---------------------------|---|--------------------------------|----------------------------|-------------------------------|---|--------------------------------------|-------------------------|
| At 1 October 2014 (audited) | 30,639 | (3,454) | (3,233) | 4,946 | - | (4,755) | 24,143 | 35 | 24,178 |
| Total comprehensive income | - | - | - | - | - | (226) | (226) | 330 | 104 |
| Profit/(Loss) for the year | - | - | - | - | - | (226) | (226) | 330 | 104 |
| Total other comprehensive (loss)/income | - | - | (4,218) | 1,550 | - | - | (2,668) | 233 | (2,435) |
| Total compressive loss for the year | - | - | (4,218) | 1,550 | - | (226) | (2,894) | 563 | (2,331) |
| Acquisition of subsidiary | 3,727 | - | - | - | - | - | 3,727 | 8,804 | 12,531 |
| Effect of acquiring part of non-controlling interest in a subsidiary | - | - | - | - | (26) | - | (26) | (35) | (61) |
| Total | 3,727 | - | - | - | (26) | - | 3,701 | 8,769 | 12,470 |
| At 1 October 2015 (audited) | 34,366 | (3,454) | (7,451) | 6,496 | (26) | (4,981) | 24,950 | 9,367 | 34,317 |
| Total comprehensive income | - | - | - | - | - | (926) | (926) | (779) | (1,705) |
| Loss for the year | - | - | - | - | - | (926) | (926) | (779) | (1,705) |
| Total other comprehensive (loss)/income | - | - | 480 | 80 | - | - | 560 | 81 | 641 |
| Total compressive loss for the year | - | - | 480 | 80 | - | (926) | (366) | (698) | (1,064) |
| At 30 September 2016 (unaudited) | 34,366 | (3,454) | (6,971) | 6,576 | (26) | (5,907) | 24,584 | 8,669 | 33,253 |

| Company | Share Capital S\$'000 | Accumulated losses S\$'000 | Total S\$'000 |
|---|--------------------------|-------------------------------|------------------|
| At 1 October 2014 (audited) | 30,639 | (10,930) | 19,709 |
| Total comprehensive loss | - | (1,646) | (1,646) |
| Transaction with owners, recognised directly in equity-issue of share capital | 3,727 | - | 3,727 |
| At 1 October 2015 (audited) | 34,366 | (12,576) | 21,790 |
| Total comprehensive income | - | 582 | 582 |
| At 30 September 2016 (unaudited) | 34,366 | (11,994) | 22,372 |

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Issued and fully paid-up ordinary shares of the Company ("Shares")

Movements in the Company's share capital since 31 March 2016 up to 30 September 2016 were as follows:

| | Number of Shares | Issued and paid-up capital – S\$ |
|---------------------------------|------------------|----------------------------------|
| Balance as at 31 March 2016 | 637,809,450 | 34,366,000 |
| Balance as at 30 September 2016 | 637,809,450 | 34,366,000 |

The Company had completed the issuance of convertible notes amounting to an aggregate of S\$1,900,000 pursuant to a Convertible Notes Agreement dated 30 September 2015. If all the Notes are converted, an aggregate of 26,388,887 Conversion Shares will be issued after disregarding fractional entitlements of the Subscribers to the Conversion Shares.

Save as disclosed above, the Company did not have any outstanding options, convertibles or treasury shares as at 30 September 2015 and 30 September 2016.

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

| | Company as at 30 September 2016 | Company as at 30 September 2015 |
|---|--|--|
| Total number of issued shares excluding treasury shares | 637,809,450 | 637,809,450 |

There were no shares held as treasury shares as at 30 September 2016 and 30 September 2015.

1(d)(iv) A statement showing all sales, transfers, disposals, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. There were no sales, transfers, disposals, cancellations and/or use of treasury shares during the financial year reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

Save as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those used in the most recently audited financial statements for the financial year ended 30 September 2015 ("FY2015").

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

The Group has adopted the applicable new and/or revised Financial Reporting Standards (“FRS”) and Interpretations of Financial Reporting Standards (“INT FRS”) which are effective for the financial periods beginning on or after 1 October 2015.

The adoption of these new or revised FRS and INT FRS did not result in any substantial change to the Group’s accounting policies and has no material financial impact on the Group’s financial statements for the current financial year reported on.

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

| | Group | |
|--|---------------------------|-------------------------|
| Basic loss per ordinary share (“LPS”) | FY2016 (Unaudited) | FY2015 (Audited) |
| Loss attributable to equity holders of the Company (S\$) | (926,000) | (226,000) |
| Weighted average number of ordinary shares in issue | 637,809,450 | 592,205,054 |
| LPS (Singapore cents) | (0.15) | (0.04) |

| | Group | |
|--|---------------------------|-------------------------|
| Diluted LPS | FY2016 (Unaudited) | FY2015 (Audited) |
| Loss attributable to equity holders of the Company (S\$) | (926,000) | (226,000) |
| Weighted average number of ordinary shares in issue | 637,809,450 | 592,205,054 |
| LPS (Singapore cents) | (0.15) | (0.04) |

The basic and diluted LPS for the financial year ended 30 September 2016 (“FY2016”) and FY2015 were the same as there were no potentially dilutive ordinary shares in issue as at end of the respective financial years. The potential ordinary shares to be converted under the Convertible Notes are anti-dilutive as the conversion would result in a lower diluted loss per share than the basic loss per share.

As at 30 September 2016, the Company has a balance of S\$1,900,000 Convertible Notes, which can be converted into 26,388,887 shares, after disregarding fractional entitlements of the Subscribers.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

| | Group | | Company | |
|---|---|--|---|---------------------------------------|
| | As at 30/09/2016 (Unaudited) | As at 30/09/2015 (Restated) | As at 30/09/2016 (Unaudited) | As at 30/09/2015 (Audited) |
| Net asset value as per ordinary share based on existing issued share capital excluding treasury shares as at the end of the period (in Singapore cents) | 3.85 | 3.91 | 3.51 | 3.42 |
| Number of ordinary shares in issue | 637,809,450 | 637,809,450 | 637,809,450 | 637,809,450 |

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

CONSOLIDATED INCOME STATEMENT

The following comparative performance of the Group is based on financial statements for FY2016 and FY2015.

Revenue

The Group's revenue increased by approximately S\$50.5 million or 49.6% mainly due to the increase of revenue in the trading of commodities segment. However, the Group registered a loss before tax of S\$1.2 million from a profit before tax of S\$1.0 million in FY2015, mainly due to the foreign currency translation loss of S\$2.1 million from the trading of commodities segment arising from the devaluation of Chinese Yuan ("CNY") and US Dollar ("USD") against Singapore Dollar ("SGD").

The breakdown of revenue and (loss)/profit before tax for each business segment are as follows:

| Segments | Revenue | | | | (Loss)/Profit Before Tax | | | |
|--|----------------|----------------|---------------------|-------------|--------------------------|--------------|---------------------|-----------|
| | FY2016 | FY2015 | Increase/(Decrease) | | FY2016 | FY2015 | Increase/(Decrease) | |
| | S\$'000 | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | S\$'000 | % |
| Metal Components & Tool and Die | 3,152 | 2,348 | 804 | 34.2 | 1,038 | 437 | 601 | 137.5 |
| Electro-Deposition ("ED") and other Secondary Processes | 10,772 | 13,140 | (2,368) | (18.0) | 982 | 42 | 940 | 2,238.1 |
| Trading of Commodities | 138,300 | 86,139 | 52,161 | 60.6 | (1,544) | 1,127 | (2,671) | NM |
| Other Operations | - | 105 | (105) | NM | (1,707) | (578) | (1,129) | 195.3 |
| Total | 152,224 | 101,732 | 50,492 | 49.6 | (1,231) | 1,028 | (2,259) | NM |

NM: Not Meaningful

Metal Components and Tool and Die Operations

Revenue from the metal components and tooling division increased by approximately S\$0.8 million or 34.2% from S\$2.3 million in FY2015 to S\$3.2 million in FY2016, mainly due to an increase in orders of metal components from existing customers.

In line with the above, profit before tax improved by S\$0.6 million from S\$0.4 million in FY2015 to S\$1.0 million in FY2016.

ED Coating and Other Secondary Processes

Revenue from the ED coating division decreased by S\$2.4 million or 18.0% from S\$13.1 million in FY2015 to S\$10.8 million in FY2016, mainly due to a decrease in demand for ED coating services by existing customers who are mainly manufacturers of motorcycle components. However, the division registered a higher profit before tax of S\$1.0 million in FY2016 from S\$42,000 in FY2015 mainly due to lower operating expenses incurred by an Indonesian subsidiary.

Trading of Commodities

Revenue and profit before tax from trading of commodities were derived from SMC Industrial Pte Ltd (“SMC”) and PNE Resources Pte. Ltd. which started its commodities trading activities in FY2016. The trading of commodities segment recorded a loss before tax of S\$1.5 million in FY2016 as compared to profit before tax of S\$1.1 million in FY2015 mainly due to unrealised foreign exchange loss on trade receivables of S\$1.7 million recorded in FY2016, arising from the devaluation of CNY and USD against the SGD.

The increase in revenue of S\$52.1 million from FY2015 to FY2016 was mainly due to an increase in sales to Taiwan and other Asian countries, eg. Nepal and Thailand.

Other Operations

Increase in loss before tax from other operation by S\$1.1 million from S\$0.6 million in FY2015 to S\$1.7 million in FY2016 was mainly due to higher operating expenses incurred by the Company. Revenue was *nil* as a Malaysian subsidiary has become dormant.

Gross Profit

Gross profit increased by approximately S\$2.4 million or 24.4% from S\$9.6 million in FY2015 to S\$11.9 million in FY2016. The gross profit margin decreased from 9.4% in FY2015 to 7.8% in FY2016, mainly due to lower profit margin for the trading of commodities segment.

Other Income Statement Items

Decrease in other operating income to S\$1.0 million in FY2016 (FY2015: S\$2.6 million) was mainly due to an absence of foreign exchange gain of S\$1.3 million present in FY2015.

Increases in administrative expenses to S\$8.7 million in FY2016 (FY2015: S\$7.7 million) and in distribution expenses to S\$1.1 million in FY2016 (FY2015: S\$0.9 million) were mainly due to expenses incurred by SMC which was acquired in January 2015. For FY2015, only 9 months of expenses incurred by SMC were consolidated.

Share of loss of joint venture was *nil* in FY2016 as the investment in PNE Teknikast Sdn. Bhd. (“PNE Teknikast”), being the joint venture company, were fully impaired in FY2015. PNE Teknikast has commenced members’ voluntary liquidation on 20 April 2016 and the liquidation exercise is in progress, pending tax clearance from the Inland Revenue Board of Malaysia as at date of this announcement.

Increase in other operating expenses to S\$3.2million in FY2016 (FY2015: S\$0.9 million) was mainly due to the foreign exchange loss incurred by the trading of commodities segment.

Increase in finance cost to S\$1.1 million in FY2016 (FY2015: S\$0.7 million) was mainly due to higher bank borrowings undertaken for working capital purposes and interest from the convertible notes issued during the financial year.

The increase in depreciation of property, plant and equipment to S\$1.6 million (FY2015: S\$1.1 million) was mainly due to the upward revaluations of properties and additional purchase of machinery and equipment during the financial year.

Statements of Financial Position

The following comparative performance for both the Group’s assets and liabilities are based on financial statements as at 30 September 2016 and 30 September 2015.

Non-Current Assets

The decrease in property, plant and equipment from S\$19.6 million as at 30 September 2015 to S\$19.1 million as at 30 September 2016 was mainly due to depreciation charges, offset by the purchase of new machinery and equipment for the expansion of operation.

The increase in the available for sale financial assets to S\$3.3 million as at 30 September 2016 was mainly due to the life insurance policies taken up on a director of a subsidiary. These policies were pledged to financial institutions as collaterals for banking facilities related to working capital purposes.

Working Capital

The working capital of the Group as at 30 September 2016 and 30 September 2015 are set out below:

| S\$'000 | As at 30 September 2016 (Unaudited) | As at 30 September 2015 (Restated) |
|---------------------------|--|---|
| Total current assets | 55,197 | 51,591 |
| Total current liabilities | 42,166 | 37,892 |
| Working capital | 13,031 | 13,699 |

The Group had a positive working capital of approximately S\$13.0 million as at 30 September 2016, compared to approximately S\$13.7 million as at 30 September 2015.

Current Assets

The Group's current assets amounted to S\$55.2 million in FY2016, comprising mainly cash and cash equivalents of S\$8.9 million, trade and other receivables of S\$41.3 million and inventories of S\$4.9 million.

The increase in trade and other receivables of S\$2.7 million was mainly due to the increase in trading activities from the commodities segment.

The increase in inventories of S\$1.9 million was mainly to the increase in inventory levels related to the trading of commodities segment which recorded higher revenue for the financial year.

Current Liabilities

The Group's current liabilities amounted to S\$42.2 million as at 30 September 2016, comprising mainly trade and other payables of S\$6.2 million, bank overdrafts and short term loans of S\$35.5 million, finance leases of S\$0.1 million and income tax payable of S\$0.3 million.

The increase in trade and other payables of approximately S\$0.8 million was mainly due to an increase in purchases of materials in the commodities trading segment.

The increase in the bank overdrafts and short term loans of approximately S\$3.7 million was mainly due to an increase in loan facilities of S\$1.7 million undertaken for working capital purposes and S\$2.0 million of short term loans undertaken in FY2016 by PNE Resources Pte. Ltd. which commenced its business activities in the financial year.

The decrease in income tax payable of S\$136,000 was mainly due to lower income taxes estimated for FY2016 for which a subsidiary reported a loss.

Non-Current Liabilities

The Group's non-current liabilities amounted to approximately S\$3.3 million as at 30 September 2016. The increase was due to the issuance of convertible notes of S\$1.9 million by the Company for the purpose of working capital and business expansion. Finance leases decreased by approximately S\$41,000 in FY2016 mainly due to the repayment of hire purchase loans.

Post-employment benefits liability of S\$41,000 was recorded in relation to an Indonesian subsidiary to comply with the local rules and regulation pertaining to domestic labour laws.

The decrease in deferred tax liabilities of approximately S\$0.1 million was mainly due to the reversal of deferred tax liabilities in one of the Indonesia subsidiaries.

Cash Flow Analysis

The following comparative performance of the Group is based on financial statements for FY2016 and FY2015.

In FY2016, the Group generated net cash from operating activities before changes in working capital of approximately S\$1.4 million and the net cash used in operating activities amounted to about S\$0.9 million. This was mainly due to an increase in trade and other receivables of approximately S\$2.9 million and increase in inventories of approximately S\$1.9 million, partially offset by the increase in trade payable of S\$0.6 million and trade bills and banker acceptances of S\$4.1 million. There is an increase in available for sales, financial assets of S\$1.5 million. Additionally, income tax paid was approximately S\$0.8 million in FY2016.

Net cash used in investing activities amounted to approximately S\$0.5 million in FY2016, mainly due to capital expenditures for the purchase of property, plant and equipment amounting to approximately S\$0.5 million.

Net cash generated from financing activities amounted to approximately S\$1.0 million in FY2016, mainly due to the proceeds obtained from bank loans amounting to approximately S\$1.3 million, issuance of convertible notes of S\$1.9 million and decrease in pledged deposits with financial institutions of approximately S\$0.9 million, partially offset by interest paid of S\$1.1 million and repayment of borrowings of S\$2.0 million.

As a result of the above, there was a net decrease of approximately S\$0.4 million in cash and cash equivalents (after taking into account the effect of exchange rate changes on cash balances held in foreign currencies). The Group recorded a cash and cash equivalent balance of approximately S\$8.9 million as at 30 September 2016.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Our ED coating business was stable in the past few months. However, we expect to operate in tougher market conditions given the uncertainties in the markets that we operate in.

While the commodities prices seemed to show some signs of recovery in the past few months, the economic conditions remained uncertain and we expect volatility in commodities prices. As such, the outlook remained challenging for our commodities business segment. We have also expanded our services to include the “handling” of lithium, with related operations expected to be set up in the next few months (please refer to the announcement dated 1 November 2016).

Moving forward, we will manage our cashflow in a prudent manner in these volatile market conditions.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared (recommended); and

No

(b)(i) Amount per share:

Not applicable

(ii) Previous corresponding period:

Not applicable

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (if the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable

(d) the date of dividend payable

Not applicable

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

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

No dividend has been declared or recommended for FY2016.

13. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained for recurrent interested person transactions. There were no interested person transactions with an amount of S\$100,000 or more during FY2016.

14. Update on use of proceeds

The Company had raised net proceeds amounting to S\$1,900,000 from the issuance of convertible notes on 30 October 2015 (S\$900,000) and 18 January 2016 (S\$1,000,000).

As at the date of this announcement, the use of the proceeds from issuance of convertible notes is as follows:

| Intended use of proceeds | Amount allocated S\$'000 | Amount utilised S\$'000 | Balance S\$'000 |
|--|-------------------------------------|------------------------------------|----------------------------|
| Business expansion and working capital | 1,900 | 1,900 | - |

All funds were used for the purchase of materials (i.e. copper and PCBs materials) for trading purposes.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediate preceding year.

(a) Business Segments

| FY2016 S\$'000 | Metal components and tool and die | ED Coating | Commodities | Others | Inter- segment elimination | Total |
|-----------------------------|--|-----------------------|--------------------|---------------|---|----------------|
| Revenue and expenses | | | | | | |
| External revenue | 3,201 | 11,048 | 138,300 | 1,237 | (1,562) | 152,224 |
| Cost of sales | (2,152) | (7,513) | (131,208) | (141) | 700 | 140,314 |
| Segment result | 1,049 | 3,535 | 7,092 | 1,096 | (862) | 11,910 |
| Other operating income | | | | | | 1,027 |
| Distribution costs | | | | | | (1,124) |
| Administrative expenses | | | | | | (8,711) |
| Other operating expenses | | | | | | (3,222) |
| Finance costs | | | | | | (1,111) |
| Profit before income tax | | | | | | (1,231) |
| Income tax expense | | | | | | (474) |
| Profit for the year | | | | | | (1,705) |
| Segment assets | 6,620 | 16,478 | 56,650 | 33,702 | (34,749) | 78,701 |
| Segment liabilities | 1,574 | 9,527 | 39,585 | 21,189 | (26,427) | 45,448 |

Other segment information

| | | | | | | |
|---|------|-------|-------|------|---------|---------|
| Additions to non-current assets | 10 | 2,559 | 164 | 1 | (2,213) | 521 |
| Depreciation and amortisation expenses | (32) | (790) | (749) | (46) | - | (1,617) |
| Revaluation of properties | - | - | (30) | - | - | (30) |
| Revaluation of available for sale assets | - | - | 191 | - | - | 191 |
| Exchange differences on translation of foreign operations | | | | | | 480 |

| FY2015 (Restated) S\$'000 | Metal components and tool and die | ED Coating | Commodities | Others | Inter- segment elimination | Total |
|--------------------------------------|--|-----------------------|--------------------|---------------|---|--------------|
| Revenue and expenses | | | | | | |
| External revenue | 2,392 | 13,853 | 86,139 | 2,681 | (3,333) | 101,732 |
| Cost of sales | (1,825) | (9,408) | (81,764) | (262) | 1,098 | (92,161) |
| Segment result | 567 | 4,445 | 4,375 | 2,419 | (2,235) | 9,571 |
| Other operating income | | | | | | 2,575 |
| Distribution costs | | | | | | (939) |
| Administrative expenses | | | | | | (7,680) |
| Other operating expenses | | | | | | (935) |
| Share of loss of joint venture | - | (871) | - | - | - | (871) |
| Finance costs | | | | | | (693) |
| Profit before income tax | | | | | | 1,028 |
| Income tax expense | | | | | | (924) |
| Profit for the year | | | | | | 104 |
| Segment assets | 5,873 | 14,309 | 52,349 | 33,506 | (32,317) | 73,720 |
| Segment liabilities | 1,293 | 8,086 | 33,284 | 20,210 | (23,470) | 39,403 |

Other segment information

| | | | | | | |
|--|------|-------|-------|------|------|---------|
| Additions to non-current assets | 2 | 140 | 7,497 | - | (47) | 7,592 |
| Depreciation and amortisation expenses | (36) | (714) | (269) | (65) | - | 1,084 |
| Revaluation of properties | | 699 | 305 | | | 1,004 |
| Impairment of property, plant and equipment recognised in: | | | | | | |
| - Profit or Loss | - | 222 | - | - | - | 222 |
| - Other comprehensive income | - | 779 | - | - | - | 779 |
| Exchange differences on translation of foreign operations | | | | | | (4,218) |

| (b) Geographical segments S\$'000 | Revenue | | Non-Current Assets | |
|--------------------------------------|----------------|----------------|--------------------|---------------------|
| | FY2016 | FY2015 | FY2016 | FY2015 Re-stated |
| Singapore | 5,530 | 13,374 | 6,560 | 7,726 |
| Malaysia | 8,350 | 6,553 | 8,411 | 10,265 |
| Indonesia | 2,565 | 2,818 | 8,507 | 4,132 |
| People Republic of China | 47,803 | 42,141 | - | - |
| South Korea | 15,654 | 11,430 | - | - |
| Taiwan | 58,045 | 13,376 | - | - |
| Japan | 5,664 | 2,420 | - | - |
| India | - | 1,552 | - | - |
| Others | 8,613 | 8,068 | - | - |
| Total operations | 152,224 | 101,732 | 23,478 | 22,123 |

Non-current assets presented comprise property, plant and equipment, other receivables, available for sales – financial assets and goodwill excluding deferred tax assets

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

See paragraph 8 above.

17. A breakdown of sales

| Group | FY2016 | FY2015 | Increase/ (Decrease) |
|---|---------|---------|-------------------------|
| | S\$'000 | S\$'000 | % |
| (a) Sales reported for first half year | 71,177 | 32,762 | 117.3 |
| (b) Operating (loss)/profit after tax before deducting non-controlling interests reported for first half year | (1,297) | 784 | (265.0) |
| (c) Sales reported for second half year | 81,047 | 68,970 | 17.5 |
| (d) Operating loss after tax before deducting non-controlling interests reported for second half year | (408) | (680) | (40.0) |

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

No dividend has been recommended for the FY2016 and FY2015.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, as at the date of this announcement, none of the persons occupying managerial positions in the Company or any of its principal subsidiaries, is related to a director, the chief executive officer or substantial shareholder of the Company or its principal subsidiaries.

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

The Company confirms that it has procured undertakings from all of its directors and executive officers in the required format.

BY ORDER OF THE BOARD

NEO GIM KIONG

CHIEF EXECUTIVE OFFICER

23 NOVEMBER 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor") for compliance with the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

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

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.