



**AGV GROUP LIMITED**  
Company Registration No. 201536566H

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**UNAUDITED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED  
30 SEPTEMBER 2016**

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**Background**

The Company was incorporated in Singapore on 2 October 2015 under the Companies Act (Chapter 50) as a private company limited by shares under the name of “AGV Group Pte Ltd”. On 24 May 2016, the Company was converted into a public limited company and the name of its Company was changed to AGV Group Limited.

The Company and its subsidiary (the “Group”), were formed pursuant to a restructuring exercise which was conducted to rationalise the Group structure (the “Restructuring Exercise”) prior to the Company’s initial public offering (“IPO”) and listing on Catalist of the SGX-ST. Please refer to the Company’s offer document dated 18 August 2016 (“Offer Document”) for further details on the Restructuring Exercise.

The Company was admitted to Catalist on 26 August 2016. For the purpose of this announcement, the results of the Group for the full year ended 30 September 2016 (“FY2016”), and the comparative results of the Group for the full year ended 30 September 2015 (“FY2015”), represented a combination or aggregation of the financial statements of the Company and its subsidiaries after the Restructuring Exercise, and have been prepared based on the assumption that the Group structure following the completion of the Restructuring Exercise has been in place since 1 October 2014. No comparative figures will be presented for the Company as the Company was only incorporated on 2 October 2015.

**Part I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR and FULL YEAR ANNOUNCEMENTS**

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

|   | The Group              |                        | Increase/<br>(Decrease)<br>% |
|---|------------------------|------------------------|------------------------------|
|   | 30 Sep 2016<br>S\$'000 | 30 Sep 2015<br>S\$'000 |                              |
| <b>Revenue</b>  | 20,230                 | 18,764                 | 7.8                          |
| <b>Other item of income</b>   |                        |                        |                              |
| Other income  | 4,754                  | 2,110                  | 125.3                        |
| <b>Expenses</b>   |                        |                        |                              |
| Consumables used  | (9,078)                | (8,489)                | 6.9                          |
| Consumables sold  | (3,302)                | -                      | n.m.                         |
| Employee benefits expense   | (4,945)                | (4,151)                | 19.1                         |
| Operating lease expenses  | (511)                  | (381)                  | 34.1                         |
| Depreciation expenses   | (1,069)                | (1,170)                | (8.6)                        |
| Other expenses  | (3,656)                | (2,914)                | 25.5                         |
| Finance costs   | (346)                  | (488)                  | (29.1)                       |
| Listing expenses  | (674)                  | (133)                  | 406.8                        |
| Share of loss of associate, net of tax                                  | (406)                  | (267)                  | 52.1                         |
| <b>Profit before income tax</b>   | 997                    | 2,881                  | (65.4)                       |
| <b>Income tax expense</b>   | (374)                  | (644)                  | (41.9)                       |
| <b>Profit for the financial year</b>                                    | 623                    | 2,237                  | (72.2)                       |
| <b>Items that may be reclassified subsequently to profit or loss:</b>   |                        |                        |                              |
| Exchange differences on translating foreign Operations                  | (14)                   | -                      | 100.0                        |
| Other comprehensive loss for the year                                   | (14)                   | -                      | 100.0                        |
| <b>Total comprehensive loss for the year</b>                            | 609                    | 2,237                  |                              |
| <b>Earnings per share attributable to owners of the Company (cents)</b> |                        |                        |                              |
| Basic and diluted   | 0.49                   | 1.78                   |                              |

n.m. – not meaningful

- 1 (a) (ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:

|  | <b>The Group</b>               |                                |
|--|--------------------------------|--------------------------------|
|  | <b>30 Sep 2016<br/>S\$'000</b> | <b>30 Sep 2015<br/>S\$'000</b> |
| <b>Other income</b>                            |                                |                                |
| Sale of consumables                            | 3,961                          | -                              |
| Storage income                                 | -                              | 60                             |
| Government grant                               | 147                            | 142                            |
| Miscellaneous income                           | 46                             | 117                            |
| Gain from disposal of held-for-sale investment | -                              | 604                            |
| Service income                                 | 600                            | 1,187                          |
| <b>Total</b>                                   | <b>4,754</b>                   | <b>2,110</b>                   |

|                                   | <b>The Group</b>               |                                |
|-----------------------------------|--------------------------------|--------------------------------|
|                                   | <b>30 Sep 2016<br/>S\$'000</b> | <b>30 Sep 2015<br/>S\$'000</b> |
| <b>Employee benefits expenses</b> |                                |                                |
| Directors' remuneration           | 692                            | 633                            |
| Employee Compensation costs       | 4,253                          | 3,518                          |

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:**

|   | The Group              |                        | Company*               |
|---|------------------------|------------------------|------------------------|
|   | 30 Sep 2016<br>S\$'000 | 30 Sep 2015<br>S\$'000 | 30 Sep 2016<br>S\$'000 |
| <b>ASSETS</b>   |                        |                        |                        |
| <b>Non-current assets</b>                                 |                        |                        |                        |
| Subsidiary  | -                      | -                      | 9,187                  |
| Associate   | 2,546                  | 237                    | -                      |
| Property, plant and equipment                             | 10,888                 | 11,442                 | -                      |
| Other receivables   | 3,156                  | 1,834                  | -                      |
| <b>Total non-current assets</b>                           | <b>16,590</b>          | <b>13,513</b>          | <b>9,187</b>           |
| <b>Current assets</b>                                     |                        |                        |                        |
| Inventories   | 2,060                  | 2,350                  | -                      |
| Trade and other receivables                               | 7,919                  | 6,214                  | -                      |
| Prepayments   | 105                    | 244                    | 14                     |
| Pledged fixed deposit                                     | 180                    | 252                    | -                      |
| Other cash and bank balances                              | 4,039                  | 39                     | 3,946                  |
| <b>Total current assets</b>                               | <b>14,303</b>          | <b>9,099</b>           | <b>3,960</b>           |
| <b>Total assets</b>                                       | <b>30,893</b>          | <b>22,612</b>          | <b>13,147</b>          |
| <b>EQUITY AND LIABILITIES</b>                             |                        |                        |                        |
| <b>Equity</b>   |                        |                        |                        |
| Share capital   | 13,453                 | 6,426                  | 13,453                 |
| Merger reserve  | (2,565)                | -                      | -                      |
| Translation reserve                                       | (14)                   | -                      | -                      |
| Accumulated profits/(losses)                              | 1,884                  | 2,761                  | (883)                  |
| <b>Total equity attributable to owners of the Company</b> | <b>12,758</b>          | <b>9,187</b>           | <b>12,570</b>          |
| <b>Non-current liabilities</b>                            |                        |                        |                        |
| Finance lease payables                                    | 112                    | -                      | -                      |
| Borrowings  | 4,005                  | 4,598                  | -                      |
| Deferred tax liabilities                                  | 482                    | 567                    | -                      |
| <b>Total non-current liabilities</b>                      | <b>4,599</b>           | <b>5,165</b>           | <b>-</b>               |
| <b>Current liabilities</b>                                |                        |                        |                        |
| Income tax payable  | 582                    | 494                    | -                      |
| Trade and other payables                                  | 4,352                  | 2,147                  | 577                    |
| Provision for reinstatement cost                          | 100                    | 100                    | -                      |
| Finance lease payables                                    | 49                     | 22                     | -                      |
| Borrowings  | 8,453                  | 5,497                  | -                      |
| <b>Total current liabilities</b>                          | <b>13,536</b>          | <b>8,260</b>           | <b>577</b>             |
| <b>Total liabilities</b>                                  | <b>18,135</b>          | <b>13,425</b>          | <b>577</b>             |
| <b>Total equity and liabilities</b>                       | <b>30,893</b>          | <b>22,612</b>          | <b>13,147</b>          |

\* There are no comparative figures at the company level for the corresponding period of the immediately preceding financial year as the Company was incorporated on 2 October 2015

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following as at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

|  | 30 Sep 2016        |                      | 30 Sep 2015        |                      |
|--|--------------------|----------------------|--------------------|----------------------|
|  | Secured<br>S\$'000 | Unsecured<br>S\$'000 | Secured<br>S\$'000 | Unsecured<br>S\$'000 |
| Amount repayable in one year or less, or on demand | 8,453              | -                    | 5,497              | -                    |
| Amount repayable after one year                    | 4,005              | -                    | 4,598              | -                    |
|  | 12,458             | -                    | 10,095             | -                    |

**Details of collaterals**

The Group's existing borrowings are secured by:

- (i) Personal guarantees by a previous shareholder, certain shareholders and directors;
- (ii) Legal mortgage on the leasehold property and renovation; and
- (iii) Fixed charge over the subsidiary's plant and equipment.

1(c)

**Group cash flow statement together with a comparative statement for the preceding financial year:**

| <b>Consolidated Statements of Cash flows</b>                       | <b>30 Sep 2016<br/>S\$'000</b> | <b>30 Sep 2015<br/>S\$'000</b> |
|--|--------------------------------|--------------------------------|
| <b>Operating activities</b>  |                                |                                |
| Profit before income tax   | 997                            | 2,881                          |
| Adjustments for:   |                                |                                |
| Depreciation expense   | 1,069                          | 1,170                          |
| Interest expense   | 346                            | 488                            |
| Allowance for impairment of receivables                            | 34                             | -                              |
| Loss on disposal of property, plant and equipment                  | 21                             | -                              |
| Loss arising from realisation of derivative instruments            | 376                            | 209                            |
| Gain from disposal of held-for-sale investment                     | -                              | (604)                          |
| Share of loss of associate   | 237                            | 267                            |
| <b>Operating cash flows before movements in working capital</b>    | <b>3,080</b>                   | <b>4,411</b>                   |
| <i>Movements in working capital</i>                                |                                |                                |
| Inventories  | 290                            | (615)                          |
| Trade and other receivables  | (848)                          | (1,925)                        |
| Prepayments  | 139                            | (198)                          |
| Trade and other payables   | 1,836                          | 231                            |
| Cash generated from operations                                     | 4,497                          | 1,904                          |
| Income taxes paid  | (286)                          | (146)                          |
| <b>Net cash generated from operating activities</b>                | <b>4,211</b>                   | <b>1,758</b>                   |
| <b>Investing activities</b>  |                                |                                |
| Acquisition of property, plant and equipment                       | (537)                          | (70)                           |
| Acquisition of associate and held-for-sale investment              | -                              | (1,400)                        |
| Proceeds from held-for-sale investment                             | -                              | 1,500                          |
| Settlement of derivative instruments                               | (376)                          | (113)                          |
| Loans to related company   | (4,758)                        | (1,878)                        |
| <b>Net cash used in investing activities</b>                       | <b>(5,671)</b>                 | <b>(1,961)</b>                 |
| <b>Financing activities</b>  |                                |                                |
| Dividend paid  | (1,216)                        | -                              |
| Interest paid  | (346)                          | (488)                          |
| Repayment to related company                                       | -                              | (424)                          |
| Proceeds from borrowings   | 4,403                          | 1,543                          |
| Repayment of borrowings  | (2,040)                        | (2,885)                        |
| Proceeds from finance lease obligations                            | 162                            | -                              |
| Repayment of finance lease obligations                             | (23)                           | (26)                           |
| Net proceeds from issuance of new and IPO shares                   | 4,448                          | -                              |
| Proceeds from issuance of redeemable convertible preference shares | -                              | 2,426                          |
| Decrease in pledge deposit   | 72                             | 52                             |
| <b>Net cash generated from financing activities</b>                | <b>5,460</b>                   | <b>198</b>                     |
| <b>Net increase/(decrease) in cash and cash equivalents</b>        | <b>4,000</b>                   | <b>(5)</b>                     |
| Cash and cash equivalents at beginning of year                     | 39                             | 44                             |
| <b>Cash and cash equivalents at end of year</b>                    | <b>4,039</b>                   | <b>39</b>                      |

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:

| <b>Statement of changes in Equity</b>   | <b>The Group</b>     |                                     |                       |                            |                     |
|---|----------------------|-------------------------------------|-----------------------|----------------------------|---------------------|
|   | <b>Share Capital</b> | <b>Accumulated profits/(losses)</b> | <b>Merger reserve</b> | <b>Translation reserve</b> | <b>Total Equity</b> |
|   | <b>S\$'000</b>       | <b>S\$'000</b>                      | <b>S\$'000</b>        | <b>S\$'000</b>             | <b>S\$'000</b>      |
| Balance at 1 October 2014   | 4,000                | 524                                 | -                     | -                          | 4,524               |
| Issuance of redeemable convertible preference shares                                | 2,426                | -                                   | -                     | -                          | 2,426               |
| Profit for the year, representing total comprehensive income for the financial year | -                    | 2,237                               | -                     | -                          | 2,237               |
| <b>Balance at 30 September 2015</b>   | <b>6,426</b>         | <b>2,761</b>                        | <b>-</b>              | <b>-</b>                   | <b>9,187</b>        |
| Balance as 1 October 2015   | 6,426                | 2,761                               | -                     | -                          | 9,187               |
| Issuance of shares prior to restructuring   | 196                  | -                                   | -                     | -                          | 196                 |
| Dividend paid prior to restructuring  | -                    | (1,500)                             | -                     | -                          | (1,500)             |
| Adjustment pursuant to the Restructuring Exercise                                   | (6,622)              | -                                   | (2,565)               | -                          | (9,187)             |
| Issuance of shares  | 13,988               | -                                   | -                     | -                          | 13,988              |
| Initial Public Offering ("IPO") expenses  | (535)                | -                                   | -                     | -                          | (535)               |
| Profit for the year   | -                    | 623                                 | -                     | -                          | 623                 |
| <i>Other comprehensive income:</i>  |                      |                                     |                       |                            |                     |
| Exchange differences on translating foreign operations                              | -                    | -                                   | -                     | (14)                       | (14)                |
| <b>Balance as at 30 September 2016</b>  | <b>13,453</b>        | <b>1,884</b>                        | <b>(2,565)</b>        | <b>(14)</b>                | <b>12,758</b>       |

| <b>Statement of changes in Equity</b>                                 | <b>The Company<sup>(1)</sup></b> |                                     |                     |
|---|----------------------------------|-------------------------------------|---------------------|
|   | <b>Share Capital</b>             | <b>Accumulated profits/(losses)</b> | <b>Total Equity</b> |
|   | <b>S\$'000</b>                   | <b>S\$'000</b>                      | <b>S\$'000</b>      |
| Balance as at 2 October 2015 <sup>(2)</sup>                           | 1                                | -                                   | 1                   |
| Issuance of shares  | 13,987                           | -                                   | 13,987              |
| Initial Public Offering ("IPO") expenses                              | (535)                            | -                                   | (535)               |
| Loss for the year, representing total comprehensive loss for the year | -                                | (883)                               | (883)               |
| <b>Balance as at 30 September 2016</b>                                | <b>13,453</b>                    | <b>(883)</b>                        | <b>12,570</b>       |

<sup>(1)</sup> There are no comparative figures at the company level for the corresponding period of the immediately preceding financial year as the Company was incorporated on 2 October 2015.

<sup>(2)</sup> Date of incorporation.

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**

|   | Number of Shares   | Share Capital S\$'000 |
|---|--------------------|-----------------------|
| As at the date of incorporation   | 1,000              | 1                     |
| Allotment of shares pursuant to the Restructuring Exercise on 24 May 2016 | 104,125,440        | 9,187                 |
| Pre-Placement issued and paid-up share capital                            | 104,126,440        | 9,188                 |
| Issuance of new shares pursuant to IPO                                    | 21,820,000         | 4,800                 |
| Listing expenses set off against Share Capital                            | -                  | (535)                 |
| <b>Balance as at 30 September 2016</b>                                    | <b>125,946,440</b> | <b>13,453</b>         |

As at 30 September 2016, the Company has no outstanding convertible or treasury shares. There are no comparative figures for the Company as at the end of the corresponding period of the immediately preceding year as the Company was incorporated on 2 October 2015.

1(d)(iii) **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**

|  | Number of Issued Shares excluding treasury shares |
|--|---|
| <b>Balance as at 30 September 2016</b> | 125,946,440                                       |

There are no comparative figures for the Company as at the end of the corresponding period of the immediately preceding year as the Company was incorporated on 2 October 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**

Not applicable.



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

The figures presented have not been audited or reviewed by the auditors of the Company.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial year compared to its audited financial statements for the financial year ended 30 September 2015.

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

The Group has adopted all new and revised Singapore Financial Reporting Standards ("FRS") and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for the financial period on or after 1 October 2015, where applicable. The adoption of these new and revised standards from the effective date is not expected to result in any material adjustments to the financial statements of the Group for the current financial reporting year.

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

|  | The Group   |              |
|--|-------------|--------------|
|  | 30 Sep 2016 | 30 Sep 2015* |
| Profit used in calculating basic and dilutive EPS (S\$' 000) | 623         | 2,237        |
| Weighted average number of ordinary shares                   | 125,946,440 | 125,946,440  |
| <b>Basic and diluted EPS (cents)</b>                         | 0.49        | 1.78         |

\* For illustrative and comparative purpose, earnings per share for both financial years have been computed based on the post IPO share capital of 125,946,440 shares.

**7 Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares, excluding treasury shares, of the issuer at the end of the**

- (a) current period reported on and  
(b) immediately preceding financial year

| Net asset value ("NAV") per ordinary share                               | The Group   |             | Company <sup>(1)</sup> |
|--|-------------|-------------|------------------------|
|  | 30 Sep 2016 | 30 Sep 2015 | 30 Sep 2016            |
| NAV (S\$' 000)   | 12,758      | 9,187       | 12,570                 |
| Number of ordinary shares  | 125,946,440 | 125,946,440 | 125,946,440            |
| Net asset value per ordinary share based on issued share capital (cents) | 10.13       | 7.29        | 9.98                   |

<sup>(1)</sup> There are no comparative figures for the Company as at the end of the corresponding period of the immediately preceding year as the Company was incorporated on 2 October 2015.

**8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported

**REVIEW OF FINANCIAL PERFORMANCE**

**Revenue**

Our revenue increased by approximately S\$1.4 million from S\$18.8 million in FY2015 to S\$20.2 million in FY2016, this was mainly due to the increase in tonnage of hot dip galvanizing services provided by the Group.

**Other items of income**

Other income increased by S\$2.7 million from S\$2.1 million in FY2015 to S\$4.8 million in FY2016. The increase was mainly due to sales of consumables of S\$4.0 million to AGV Malaysia, the subsidiary of our Group's associate, but was partially offset by an aggregate decrease in storage income, miscellaneous income and service income of S\$0.7 million and one off gain of S\$0.6 million from a disposal of a held for sale investment in prior year.

**Consumables used**

Consumables used increased by S\$0.6 million from S\$8.5 million in FY2015 to S\$9.1 million in FY2016. The increase was in tandem with the increase in service orders and cost of consumables.

### **Consumables sold**

Consumables sold amounted to S\$3.3 million in FY2016. This relates to the cost of zinc and pre-treatment chemicals purchased for resale to the subsidiary of our Group's associate.

### **Employee benefits expense**

Employee benefits expense, comprising Directors' remuneration and staff-related expenses, increased by S\$0.7 million from S\$4.2 million in FY2015 to S\$4.9 million in FY2016. The increase was mainly due to increase in the number of directors and number of staff headcount from 130 in FY2015 to 157 in FY2016.

### **Operating lease expenses**

Operating lease expenses comprise mainly machinery, factory rental and office equipment rental for use in our operations.

### **Depreciation expense**

Depreciation expenses remain at a level comparable with the previous year.

### **Other expenses**

Other expenses increased by S\$0.7 million, from S\$2.9 million in FY2015 to S\$3.6 million in FY2016. This was mainly due to an aggregate increase in expenses such as handling of waste disposal, an one-off loss on realisation of derivatives instruments and upkeep of motor vehicles and plant and equipment of S\$1.0 million. The overall increase was partially offset by an aggregate decline in outsourced labour and utilities charges of S\$0.3 million.

### **Finance costs**

Our finance costs comprise interest payments for bank borrowings and finance leases for purchase of motor vehicles which we have undertaken. Bank borrowings consist of machinery, property and term loans which we have undertaken to finance the purchase of our property and machineries as well as for support of our increasing operations.

### **Listing Expenses**

Listing expenses pertain to the portion of fees and expenses incurred in the listing process that do not qualify for deduction against IPO proceeds and hence written off as expenses.

### **Share of loss of associate**

This pertains to our Group's share of losses of the operating performance of our associate, AGV Holdings Pte. Ltd. It was mainly due to losses incurred by its subsidiary, AGV Galvanising (M) Sdn. Bhd., which only commenced operations in April 2016.

### **Income tax expense**

Income tax expenses declined by S\$0.2 million, from S\$0.6 million in FY2015 to S\$0.4 million in FY2016 due to the decline in pre-tax profits.

## **REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2016**

### **Non-current assets**

Non-current assets of S\$16.6 million, comprised investment in associate, property, plant and equipment and other receivables, which increased by S\$3.1 million from S\$13.5 million as at 30 September 2015, mainly due to:

- (a) Other receivables of S\$3.2 million, increased by S\$1.4 million, from S\$1.8 million as at 30 September. The increase was mainly due to amounts due from the subsidiary of the Group's associate, AGV Malaysia. The outstanding amount consisted of management fee, service fee, sales of consumables and payments on behalf made during the year, as AGV Malaysia had just commenced operations at the end of April 2016.
- (b) Increase in investment in associate by S\$2.3 million was attributed to quasi-equity loan, subsequent to the sharing of losses of approximately S\$420,000 during the financial year. The interest in associate was determined using equity method together with the quasi-equity loan.

The increase was partially offset by:

- (c) Decrease in property, plant and equipment by S\$0.6 million.

### **Current assets**

Current assets stood at S\$14.3 million, increased by S\$5.2 million, comprising:

- (a) Trade and other receivables of S\$7.9 million, increased by S\$1.7 million, from S\$6.2 million as at 30 September 2015. Trade and other receivables increased in line with increased service orders during the financial year.
- (b) Other cash and bank balances S\$4.0 million, from unutilised proceeds from our Initial Public Offering.

The increase was partially offset by decreases in:

- (c) inventories, comprising consumables such as zinc and pre-treatment chemicals, of S\$0.3 million to S\$2.1 million. The level of inventories held was in line with the timing of consumables usage and purchases.
- (d) prepayments by S\$139,000 to S\$105,000.
- (e) pledged fixed deposits by S\$72,000 to S\$180,000, relating to banker's guarantee required by one of our suppliers. This amount varies with the level of on-going transactions with the suppliers.

## **Equity**

Equity comprises share capital, merger reserve, translation reserve and retained earnings. The increase in equity was mainly due to:

- (a) Increase in share capital due to newly issued shares amounting to S\$7.0 million.
- (b) Profit attributable to owners of the Company for the financial year amounting to S\$0.7 million.

The increase was partially offset by:

- (c) Dividends declared amounting to S\$1.5 million for FY2015.
- (d) Merger reserve of S\$2.6 million arising from the Company's Restructuring Exercise.

## **Non-current liabilities**

Non-current liabilities stood at S\$4.6 million, declined by the S\$0.6 million reduction in borrowings from S\$5.2 million as at 30 September 2015.

## **Current liabilities**

Current liabilities stood at S\$13.5 million, increased by S\$5.2 million, from S\$8.3 million as at 30 September 2015, due mainly to:

- (a) S\$2.2 million increase in trade and other payables due to increased purchases and billings received from suppliers for materials supplied, and billings of from IPO-related professionals and other vendors, near or towards the end of the year.
- (b) S\$3.0 million increase in bank borrowings for working capital purposes.

## **REVIEW OF STATEMENTS OF CASH FLOWS**

In FY2016, net cash generated from operating activities amounted to S\$4.2 million. This was derived mainly from cash generated from operating activities before working capital changes of S\$3.1 million and adjusted by a net working capital inflow of S\$1.4 million, partially offset by tax expenses of S\$0.3 million.

Net cash used in investing activities amounted to S\$5.7 million in FY2016. This was mainly due to loan to the subsidiary of our Group's associate of S\$4.8 million and additions of property, plant and equipment of S\$0.5 million and settlements of derivative instruments of S\$0.4 million.

Net cash from financing activities amounted to S\$5.5 million in FY2016. This was derived mainly from an aggregate inflow of S\$9.1 million from proceeds from borrowings and issuance of shares. These which were partially offset by an aggregate outflow of S\$3.6 million for the repayment of borrowings, dividends and interest.

As a result of the above, the net increase in cash and cash equivalents was S\$4.0 million.

9

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

No forecast or prospect statement was previously disclosed to shareholders.

**10 A commentary at the date of the announcement of the 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**

According to the Building and Construction Authority of Singapore (“BCA”), between S\$27 billion and S\$34 billion worth of construction contracts are expected to be awarded in 2016. Demand from the public sector is forecast to account for about 65% of these contracts. This will mitigate the slowdown in construction demand from the private sector arising from less favourable economic conditions and increased supply of completed private housing and office projects in 2016.

BCA expects construction demand to be sustained at between S\$26 billion and S\$35 billion annually in 2017 and 2018 and between S\$26 billion and S\$37 billion annually in 2019 and 2020. Civil engineering construction demand is expected to remain strong beyond 2016 due to various major infrastructure works, such as new MRT lines, the North-South Expressway, associated infrastructure works for Changi Airport Terminal 5 and phase 2 of the Deep Tunnel Sewerage System.<sup>1</sup>

Taking into account the above, the Group believes demand for its hot-dip galvanizing services will remain resilient and that it is well-positioned to expand its customer base. Nevertheless, the Group is mindful that continuing challenges in the operating environment, including stiff competition and tighter foreign manpower policies, could potentially impact its margins and operating results.

**11 Dividend**

**(a) Current Financial Period Reported**

Any dividend declared for the current financial period reported on?

Not applicable.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

The Company declared and paid tax exempt dividend of 0.375 cent per ordinary share of the Company totalling of S\$1,500,000 in respect of the financial year ended 30 September 2015.

**(c) Date payable**

Not applicable.

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<sup>1</sup> Source: BCA media release dated 15 January 2016 and entitled “BCA Estimates S\$27 Billion To S\$34 Billion Worth of Construction Contracts To Be Awarded This Year”. BCA has not provided its consent, for the purposes of Section 249 of the SFA, to the inclusion of the above information extracted from its website and is thereby not liable for such information under Sections 253 and 254 of the SFA. While we, the Sponsor, Issue Manager and Placement Agent have taken reasonable actions to ensure that the relevant information has been reproduced in its proper form and context, neither we, the Sponsor, Issue Manager and Placement Agent nor any other party has conducted an independent review or verified the accuracy or completeness of such information.

**(d) Books closure date**

Not applicable.

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

Not Applicable.

**13 Interested person transactions disclosure**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

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

**14 Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

As at 30 September 2015 and 2016, the Group only has one business segment, which is the provision of hot dip galvanising services.

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

Please refer to Paragraph 8.

**16 A breakdown of sales**

Please refer Paragraph 14.

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

|                | <b>FY2016</b> | <b>FY2015</b> |
|----------------|---------------|---------------|
| (a) Ordinary   | -             | S\$1,500,000  |
| (b) Preference | -             | -             |
| (c) Total      | -             | S\$1,500,000  |

**18 Use of proceeds as at 30 September 2016**

In accordance with the section entitled “use of Proceeds and Listing Expenses” in the Offer Document, and as at 30 September 2016, the Company wishes to announce that the net proceeds of S\$4.8 million have been utilised as follows:

|  | <b>Amount<br/>Allocated</b> | <b>Amount<br/>Utilised</b> | <b>Amount<br/>Balance</b> |
|--|-----------------------------|----------------------------|---------------------------|
|  | <b>S\$' 000</b>             | <b>S\$' 000</b>            | <b>S\$' 000</b>           |
| <b>Intended Use of Proceeds</b>  |                             |                            |                           |
| Funding our expansion by way of acquisitions, joint-ventures and/or strategic alliances to expand our businesses | 3,500                       | -                          | 3,500                     |
| Working capital  | 810                         | (45)                       | 765                       |
| <b>Net proceeds attributable to the Company</b>  | <b>4,310</b>                | <b>(45)</b>                | <b>4,265</b>              |
| Listing and application fees   | 17                          | (17)                       | -                         |
| Professional fees and expenses   | 305                         | (305)                      | -                         |
| Placement commission and brokerage fees  | 168                         | (168)                      | -                         |
| <b>Gross Proceeds</b>  | <b>4,800</b>                | <b>(535)</b>               | <b>4,265</b>              |

**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**

Not applicable.

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

BY ORDER OF THE BOARD

Albert Ang

Executive Director and Chief Executive Officer

28 November 2016



*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Hong Leong Finance Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement.*

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

*The contact person for the Sponsor is Mr. Tang Yeng Yuen, Vice President, Head of Corporate Finance, at 16 Raffles Quay, #40-01A, Hong Leong Building, Singapore 048581, Telephone: (65) 6415-9886.*