PROCURRI CORPORATION LIMITED
(Registration No: 201306969W)
UNAUDITED FOURTH QUARTER AND FULL YEAR 2016 FINANCIAL STATEMENTS ANNOUNCEMENT
FOR THE PERIOD AND YEAR ENDED 31 DECEMBER 2016 ("FY2016")

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), NINE MONTHS AND FULL YEAR ANNOUNCEMENTS

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

	4Q2016 $'000	4Q2015 $'000	Change %	FY2016 $'000	FY2015 $'000	Change %
Revenue	**41,936**	**32,787**	27.9	**135,750**	**122,814**	10.5
Cost of sales	(28,090)	(19,014)	47.7	(89,713)	(81,192)	10.5
Gross Profit	**13,846**	**13,773**	0.5	**46,037**	**41,622**	10.6
Other items of income						
Other income	1,689	211	N.M.	2,715	840	223.2
Other items of expense						
Selling expenses	(2,731)	(2,532)	7.9	(9,664)	(9,665)	(0.0)
Administrative expenses	(8,736)	(5,842)	49.5	(27,401)	(21,414)	28.0
Finance costs	(198)	(174)	13.8	(729)	(532)	36.9
Other charges, net	(354)	(644)	(45.0)	(980)	(854)	14.8
Profit before tax, before IPO expenses	**3,516**	**4,792**	(26.6)	**9,978**	**9,997**	(0.2)
IPO expenses	-	-	N.M.	(2,181)	-	N.M.
Profit before tax, after IPO expenses	**3,516**	**4,792**	(26.6)	**7,797**	**9,997**	(22.0)
Income tax expense	(1,033)	18	N.M.	(2,475)	(1,225)	102.0
Profit, net of tax	**2,483**	**4,810**	(48.4)	**5,322**	**8,772**	(39.3)
Profit, net of tax, attributable to:						
Owners of the Company	2,483	4,810	(48.4)	5,322	8,772	(39.3)
Profit, net of tax	**2,483**	**4,810**	(48.4)	**5,322**	**8,772**	(39.3)

N.M. – Not meaningful

Statement of comprehensive income

	Note	4Q2016 $'000	4Q2015 $'000	Change %	FY2016 $'000	FY2015 $'000	Change %
Profit, net of tax		**2,483**	**4,810**	(48.4)	**5,322**	**8,772**	(39.3)
Other comprehensive income							
Exchange differences on translating foreign operations, net of tax	1	49	538	(90.9)	(2,595)	(402)	N.M
Other comprehensive income for the period, net of tax		**49**	**538**	(90.9)	**(2,595)**	**(402)**	N.M
Total comprehensive income for the period		**2,532**	**5,348**	(52.7)	**2,727**	**8,370**	(67.4)
Total comprehensive income attributable to shareholders		2,532	5,348	(52.7)	2,727	8,370	(67.4)
Total comprehensive income for the period		**2,532**	**5,348**	(52.7)	**2,727**	**8,370**	(67.4)

Notes to Income Statement

Other Income							
Interest income		(96)	(27)	255.6	(165)	(112)	47.3
Gain on bargain purchase	2	(1,243)	-	N.M.	(1,243)	-	N.M.
Other Charges, Net							
Allowance for trade receivables		513	432	18.8	245	600	(59.2)
Gain on disposal of plant and equipment, net		(298)	-	N.M.	(340)	(290)	17.4
Provision for stock obsolescence	3	990	243	307.4	2,123	676	214.1
Foreign exchange gain	4	(851)	(31)	N.M.	(1,050)	(132)	N.M.
		354	644		978	854	
Other items							
Depreciation of plant and equipment	5	982	555	76.9	3,677	2,805	31.1
Amortisation of intangible assets	6	188	59	217.3	756	237	219.0
Interest expense	7	198	174	13.8	729	532	37.0

N.M. – Not meaningful

Notes

(1) The increase in exchange differences on translating foreign operations was mainly due to the deterioration of the exchange rate between Sterling Pound against Singapore Dollar. Sterling Pound weakened from S$2.10/GBP in December 2015 to S$1.94/GBP in March 2016, S$1.82/GBP in June 2016, S$1.77/GBP in September 2016 and S$1.78/GBP in December 2016.

(2) On 7 November 2016, the Group acquired 100% shareholding interest in EAF Supply Chain Holding Ltd ("EAF") and recognised a gain on bargain purchase accordingly.

(3) The increase in provision for stock obsolescence was due to provision made for aged inventory based on historical trend on net realisable value.

(4) The increase in foreign exchange gain was mainly arose from the favourable exchange rate between Sterling Pound against United States Dollar. The average exchange rate between Sterling Pound against United States Dollar weakened from £0.66/USD in FY2015 to £0.74/USD in FY2016.

(5) The increase in depreciation of plant and equipment was mainly due to newly acquired plant and equipment.

(6) The increase in amortisation expenses was mainly due to addition of intangible assets (technical know-how) of $2.6 million. On 28 January 2015, the Group acquired 51% shareholding interest in Procurri Asia Pacific Pte Ltd. and, on 23 December 2015, the Group acquired technical know-how in relation to the provision of re-manufacturing services from the non-controlling shareholder.

(7) Interest expenses increased in line with more borrowings taken up for funding of working capital.

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	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	$'000	$'000	$'000	$'000
Non-current assets				
Plant and equipment	11,695	9,022	7,507	739
Investments in subsidiaries	-	-	42,564	35,369
Intangible assets	14,322	16,901	2,079	2,598
Finance lease receivables	1,677	445	-	-
Deferred tax assets	554	897	-	51
Total non-current assets	**28,248**	**27,265**	**52,150**	**38,757**
Current assets				
Inventories	15,641	11,168	-	-
Trade and other receivables	39,202	35,374	10,823	6,421
Finance lease receivables	1,299	744	-	-
Prepayments	2,868	1,884	11	167
Cash and bank balances	30,006	4,932	18,170	1,573
Total current assets	**89,016**	**54,102**	**29,004**	**8,161**
Total assets	**117,264**	**81,367**	**81,154**	**46,918**
Equity				
Share capital	70,068	33,062	70,068	33,062
Retained earnings	20,235	14,913	(1,442)	374
Other reserves	(23,038)	(13,749)	208	-
Equity attributable to shareholders of the Company	**67,265**	**34,226**	**68,834**	**33,436**
Non-controlling interests	-	98	-	-
Total equity	**67,265**	**34,324**	**68,834**	**33,436**
Non-current liabilities				
Deferred tax liabilities	508	426	167	3
Provisions	827	70	-	-
Loans and borrowings	4,480	4,653	3,186	5,175
Deferred income	1,422	-	-	-
Total non-current liabilities	**7,237**	**5,149**	**3,353**	**5,178**
Current liabilities				
Trade and other payables	24,670	24,992	6,007	5,845
Advanced billings	3,452	2,473	-	-
Loans and borrowings	13,607	13,863	2,960	2,459
Income tax payable	1,033	566	-	-
Total current liabilities	**42,762**	**41,894**	**8,967**	**8,304**
Total equity and liabilities	**117,264**	**81,367**	**81,154**	**46,918**

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.

	As at 31-Dec-16			As at 31-Dec-15		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	$'000	$'000	$'000	$'000	$'000	$'000
Amount repayable in one year or less, on demand	7,089	6,518	**13,607**	3,705	10,158	**13,863**
Amount repayable after one year	900	3,580	**4,480**	55	4,598	**4,653**
	7,989	**10,098**	**18,087**	**3,760**	**14,756**	**18,516**
Borrowings consist of:						
Bank term loans	-	8,195	**8,195**	-	10,536	**10,536**
Short term trade facilities	6,434	382	**6,816**	3,297	3,452	**6,749**
Finance lease obligations	1,555	607	**2,162**	336	-	**336**
Bank overdrafts	-	548	**548**	127	505	**632**
Others	-	366	**366**	-	263	**263**
	7,989	**10,098**	**18,087**	**3,760**	**14,756**	**18,516**

Details of collaterals

The secured short-term trade facilities of $6.4 million (31 December 2015: $3.3 million) include trust receipts and trade receivables factoring. The finance lease obligations of $1.6 million as at 31 December 2016 are secured by charges over the inventories with a cost of $2.3 million as at 31 December 2016 (31 December 2015: Nil).

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

	4Q2016 $'000	4Q2015 $'000	FY2016 $'000	FY2015 $'000
Cash flows from operating activities				
Profit before tax	3,517	4,792	7,797	9,997
Depreciation of plant and equipment	982	555	3,677	2,805
Amortisation of intangible assets	188	59	756	237
Share based payment	156	-	208	-
Gain on bargain purchase	(1,243)	-	(1,243)	-
Gain on disposal of plant and equipment, net	(298)	-	(340)	(290)
Interest income	(96)	(27)	(165)	(112)
Interest expense	198	174	729	532
Effect of exchange rate changes	(238)	(125)	(1,320)	114
Operating cash flows before changes in working capital	**3,166**	**5,428**	**10,099**	**13,283**
(Increase)/Decrease in inventories	226	333	(1,627)	(3,575)
(Increase)/Decrease in trade and other receivables	(5,055)	(447)	(7,464)	11,745
Decrease/(Increase) in finance lease receivables	547	66	(1,787)	(57)
Decrease/(Increase) in prepayments	2,466	(608)	(984)	(985)
Increase/(Decrease) in trade and other payables, and deferred income	6,504	(2,987)	1,362	(14,489)
(Decrease)/Increase in advanced billings	(1,397)	262	979	664
Net cash flows generated from operations	**6,457**	**2,047**	**578**	**6,586**
Income taxes refunded/(paid), net	211	(346)	(1,202)	(1,623)
Net cash flows generated from / (used in) operating activities	**6,668**	**1,701**	**(624)**	**4,963**
Cash flows from investing activities				
Purchase of plant and equipment	(4,873)	(502)	(7,192)	(2,883)
Addition to intangible asset	-	(2,598)	-	(2,598)
Proceeds from disposal of plant and equipment	3,063	(3)	3,502	22
Placement of fixed deposit	(3,000)	-	(3,000)	-
Net cash outflow on acquisition of a subsidiary	(2,003)	-	(2,003)	(102)
Amounts due from related companies	133	489	2,973	(228)
Amount due from ultimate holding company	51	567	5,892	(2,904)
Interest received	96	27	165	112
Net cash flows used in investing activities	**(6,533)**	**(2,020)**	**337**	**(8,581)**
Cash flows from financing activities				
Issuance of ordinary shares	-	-	-	3,656
Issuance of new shares pursuant to IPO	-	-	38,573	-
Share Issuance expenses	-	-	(1,567)	-
Acquisition of non-controlling interest	-	-	(7,000)	(7,893)
Release/(Placement) of fixed deposits pledged as collateral for bank facilities	4	(6)	-	20
Proceeds from loans and borrowings	31,467	3,995	73,881	39,658
Repayments of loans and borrowings	(35,742)	(8,633)	(75,176)	(38,545)
Amounts due to related companies	(218)	(558)	(3)	(9)
Amount due to ultimate holding company	233	680	(4,095)	3,882
Net movements in amount due to directors	-	1,428	(1,428)	1,428
Interest paid	(198)	(174)	(729)	(532)
Net cash flows generated from financing activities	**(4,454)**	**(3,269)**	**22,456**	**1,665**
Net increase in cash and cash equivalents	**(4,319)**	**(3,588)**	**22,170**	**(1,953)**
Effect of exchange rate changes on cash and cash equivalents	23	(112)	(11)	61
Cash and cash equivalents, beginning balance	30,559	7,805	4,105	5,997
Cash and cash equivalents, ending balance	**26,263**	**4,105**	**26,263**	**4,105**
Cash and cash equivalents comprise the following:				
Cash and bank balances	30,006	4,932	30,006	4,932
Less: Bank overdraft	(548)	(632)	(548)	(632)
Less: Fixed deposits pledged as collateral for banking facilities	(195)	(195)	(195)	(195)
Less: Fixed deposits	(3,000)	-	(3,000)	-
Cash and cash equivalents	**26,263**	**4,105**	**26,263**	**4,105**

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.

	Total Equity	Attributable to Shareholders	Share Capital	Other Reserves	Retained Earnings	Non-Controlling Interests
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
At 1 January 2016	34,324	34,226	33,062	(13,749)	14,913	98
Total comprehensive income for the period	2,727	2,727	-	(2,595)	5,322	-
Acquisition of non-controlling interests of a subsidiary	(7,000)	(6,902)	-	(6,902)	-	(98)
Issuance of new shares pursuant to IPO	38,573	38,573	38,573	-	-	-
Share issue expenses	(1,567)	(1,567)	(1,567)	-	-	-
Share based payment	208	208	-	208	-	-
At 31 December 2016	**67,265**	**67,265**	**70,068**	**(23,038)**	**20,235**	**-**
At 1 January 2015	30,784	29,611	27,883	(4,413)	6,141	1,173
Total comprehensive income for the period	8,370	8,370	-	(402)	8,772	-
Issuance of ordinary shares	3,656	3,656	3,656	-	-	-
Acquisition of non-controlling interests of a subsidiary	(8,584)	(7,411)	1,523	(8,934)	-	(1,173)
Acquisition of subsidiaries	98	-	-	-	-	98
At 31 December 2015	**34,324**	**34,226**	**33,062**	**(13,749)**	**14,913**	**98**

	Total Equity	Share Capital	Other Reserves	Retained Earnings
Company	$'000	$'000	$'000	$'000
At 1 January 2016	33,436	33,062	-	374
Total comprehensive income for the period	(1,816)	-	-	(1,816)
Issuance of new shares pursuant to IPO	38,573	38,573	-	-
Share issue expenses	(1,567)	(1,567)	-	-
Share based payment	208	-	208	-
At 31 December 2016	**68,834**	**70,068**	**208**	**(1,442)**
At 1 January 2015	28,212	27,883	-	329
Total comprehensive income for the period	45	-	-	45
Issuance of ordinary shares	3,656	3,656	-	-
Acquisition of non-controlling interests of a subsidiary	1,523	1,523	-	-
At 31 December 2015	**33,436**	**33,062**	**-**	**374**

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.

A) Changes in share capital during the financial period

	Number of Ordinary Shares	Issued and Paid-up Share Capital
	'000	'000
At 1 January 2016	32	33,062
Sub-division of shares	211,120	33,062
Issuance of new shares pursuant to the IPO	68,880	38,573
Share issue expenses	-	(1,567)
At 30 December 2016	**280,000**	**70,068**

B) Shares options - employee share option scheme

Between 1 January 2016 and 31 December 2016, the Company did not issue any share under the employee share option scheme.

C) Performance share plan

As at 31 December 2016, the number of outstanding awards granted under the performance share plan was 1,747,000 (31 December 2015: Nil).

The shares to be issued pursuant to the awards shall be released to the respective participants after the respective performance periods.

D) Treasury shares

No treasury shares were held by the Company as at 31 December 2016 and 31 December 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.

The total number of issued shares as at 31 December 2016 was 280,000,000 (31 December 2015: 32,480). The Company has no treasury shares.

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 as the Company has no treasury shares.

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

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

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 consistently applied the same accounting policies and methods of computation in the financial statements for the year ended 31 December 2016 compared with those of the audited financial statements for the financial year ended 31 December 2015, except for the adoption of the Singapore Financial Reporting Standards ("SFRS"), including improvements to SFRS and Interpretations of FRS that are mandatory for financial years beginning on or after 1 January 2016, in the year ended 31 December 2016, where applicable.

The adoption of these new / revised standards and interpretations applicable for the financial period beginning 1 January 2016 did not result in significant change to the Group's accounting policies and did not have a material impact on the Group's financial results for the year ended 31 December 2016.

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.

Please refer to item 4 above.

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

Earnings per share (after IPO expenses)	4Q2016	4Q2015	FY2016	FY2015
Basic earnings per share (cents)	0.89	2.28	2.20	4.34
Weighted average number of shares ('000)	280,000	211,120	242,069	202,224
Fully diluted earnings per share (cents)	0.88	2.28	2.19	4.34
Weighted average number of shares ('000)	281,747	211,120	242,648	202,224

Earnings per share (before IPO expenses)	4Q2016	4Q2015	FY2016	FY2015
Basic earnings per share (cents)	0.89	2.28	3.10	4.34
Weighted average number of shares ('000)	280,000	211,120	242,069	202,224
Fully diluted earnings per share (cents)	0.88	2.28	3.09	4.34
Weighted average number of shares ('000)	281,747	211,120	242,648	202,224

Note: On 29 June 2016, every one ordinary share in the issued and paid-up share capital of the Company was sub-divided into 6,500 ordinary shares. The earnings per share for 4Q2015 and FY2015 was computed based on weighted average number of shares sub-divided into 6,500 ordinary shares for comparison purpose.

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	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Net asset value per share (cents)	24.02	16.26	24.58	15.84
Number of shares in issue ('000)	280,000	211,120	280,000	211,120

Note: On 29 June 2016, every one ordinary share in the issued and paid-up share capital of the Company was sub-divided into 6,500 ordinary shares. The net asset value per share for financial year ended 31 December 2015 was computed based on total number of shares sub-divided into 6,500 ordinary shares for comparison purpose.

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

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

Review of performance – 4Q2016 vs Q42015

	4Q2016	4Q2015	Change %
Revenue ($'000)			
IT Distribution	30,601	23,268	31.5
Lifecycle Services	11,335	9,519	19.1
Total	**41,936**	**32,787**	27.9
Gross Profit ($'000)			
IT Distribution	8,390	6,368	31.8
Lifecycle Services	5,456	7,405	(26.3)
Total	**13,846**	**13,773**	0.5
Gross Profit Margin (%)			
IT Distribution	27.4	27.4	0.0
Lifecycle Services	48.1	77.8	(29.7)
Total	**33.0**	**42.0**	(9.0)

The Group's revenue increased 27.9% or $9.1 million from $32.8 million in 4Q2015 to $41.9 million in 4Q2016. Revenue from IT Distribution business segment grew by 31.5% or $7.3 million, from $23.3 million in 4Q2015 to $30.6 million in 4Q2016, of which $4.6 million was contributed by the newly acquired subsidiary, EAF, and the remaining from Asia Pacific. Revenue from Lifecycle Services increased 19.1% or $1.8 million, from $9.5 million in 4Q2015 to $11.3 million in 4Q2016, arising from better performance in Europe (including the UK), Middle East and Africa ("EMEA") and North and South America ("Americas").

The Group's overall gross profit margin declined by 9.0 percentage points from 42.0% in 4Q2015 to 33.0% in 4Q2016. Gross profit margin in IT Distribution was relatively constant. Gross profit margin in Lifecycle Services weakened 29.7 percentage points from 77.8% in 4Q2015 to 48.1% in 4Q2016, mainly due to increased cost of sales as the Group invested in growing the market share.

Selling expenses increased by 7.9% or $0.2 million, from $2.5 million in 4Q2015 to $2.7 million in 4Q2016, mainly due to higher payout of sales commission in line with the growth in both business segments of the Group.

Administrative expenses increased by 49.5% or $2.9 million, from $5.8 million in 4Q2015 to $8.7 million in 3Q2016, mainly due to increase in staff costs, depreciation and amortisation expenses, and other operating expenses. Staff costs increased 45.1% or $1.7 million as a result of the increase in headcount, primarily in Asia, to support the Group's expansion plans, both geographically and across the IT Distribution and Lifecycle Services business segments. Amortisation expenses arising from intangible assets acquired during late FY2015, rental and operating expenses such as compliance costs (director fees, investor relations expenses, etc) incurred post listing formed the rest of the increase in the administrative expenses.

The increase in Group's tax expense was mainly due to over-provision of deferred tax assets in 4Q2015.

Profit after tax decreased 48.4% or $2.3 million from $4.8 million in 4Q2015 to $2.5 million in 4Q2016, mainly arising from the increased staff costs, rental and other expenses, and higher tax expenses, as mentioned in the earlier paragraphs.

Review of performance - FY2016 vs FY2015

	FY2016	FY2015	Change %
Revenue ($'000)			
IT Distribution	106,320	99,564	6.8
Lifecycle Services	29,430	23,250	26.6
Total	**135,750**	**122,814**	10.5
Gross Profit ($'000)			
IT Distribution	31,454	27,433	14.7
Lifecycle Services	14,583	14,189	2.8
Total	**46,037**	**41,622**	10.6
Gross Profit Margin (%)			
IT Distribution	29.6	27.6	2.0
Lifecycle Services	49.6	61.0	(11.4)
Total	**33.9**	**33.9**	0.0

The Group's revenue increased 10.5% or $13.0 million from $122.8 million in FY2015 to $135.8 million in FY2016, with strong growth coming from Lifecycle Services across the 3 regions, from $23.3 million in FY2015 to $29.4 million in FY2016, a growth of 26.6% or $6.1 million. Revenue from IT Distribution business segment grew 6.8% or $6.7 million from $99.6 million in FY2015 to $106.3 million in FY2016, of which $4.6 million was contributed by EAF.

The Group's overall gross profit margin remained relatively unchanged. There is a slight improvement in IT Distribution's gross profit margin of 2.0 percentage points, from 27.6% in FY2015 to 29.6% in FY2016. This was fully offset by lower margins from Lifecycle Services as the Group invested in growing the market share.

Selling expenses remained constant at $9.7 million in FY2016 and FY2015 despite the growth in gross profit. This is mainly due to mix of sales commission plans across all regions. Administrative expenses (excluding IPO expenses) grew 28.0% or $6.0 million, from $21.4 million in FY2015 to $27.4 million in FY2016, mainly from increased staff cost, amortisation expenses, rental and other operating expenses such as compliance costs (director fees, investor relations expenses, etc) incurred post listing formed the rest of the increase in the administrative expenses.

The increase in Group's tax expense was mainly due to over-provision of deferred tax assets in FY2015.

Profit after tax decreased 39.3% or $3.5 million from $8.8 million in FY2015 to $5.3 million in FY2016, mainly arising from the non-recurring IPO expenses of $2.2 million and increase in operating expenses. Excluding non-recurring IPO expenses of $2.2 million, profit after tax would be $7.5 million.

Review of financial position

Non-current assets

a) Plant and equipment increased by $2.7 million or 29.6% from $9.0 million as at 31 December 2015 to $11.7 million as at 31 December 2016, mainly due to additions for renovation of $1.8 million of our office and warehouse premises at 29 Tai Seng Avenue, #01-02 and #02-01, Natural Cool Lifestyle Hub, Singapore 534119, maintenance parts of $6.7 million [(1)], leased equipment and other plant and equipment of $1.6 million, and $0.2 million arising from EAF, partially offset by depreciation charges of $3.7 million and disposal of $3.9 million.

(1) In 4Q2016, the Group set-up a global parts center ("GPC"), which acts as the think-tank and center of excellence in the delivery of Lifecycle Services. The GPC allows the Group to achieve economies of scale and standardize the service delivery methodology across operations of all current and future acquired entities. Purchases of maintenance parts were made accordingly to set up the GPC.

At the Company level, the $6.8 million increase in plant and equipment was mainly due to purchases for maintenance parts of $5.6 million, renovation of $1.8 million, and other plant and equipment of $0.3 million, partially offset by depreciation charges of $0.9 million.

b) At the Company level, the $7.0 million increase in investments in subsidiaries is related to the acquisition of the remaining 49% of issued share capital in a subsidiary, Procurri Asia Pacific Pte. Ltd..

c) Intangible assets decreased by $2.6 million mainly due to the amortisation charges of $0.8 million and translation losses of $1.8 million on the closing balance of intangible assets as at 31 December 2016. The intangible assets were primarily denominated in foreign currencies.

d) The increase in finance lease receivables (both current and non-current) of $1.8 million was mainly due to new leases secured during the period.

e) Deferred tax assets decreased by $0.3 million mainly due to utilisation of unutilised capital allowances brought forward from the prior year.

Current assets

f) Inventories went up by $4.5 million, of which $2.6 million arose from the acquisition of EAF. The remaining $1.9 million was mainly due to an increase in inventory levels to cater for increased sales demand.

g) Trade and other receivables increased by $3.8 million, primarily due to $5.2 million from the acquisition of EAF and the remaining increase in trade receivables of $7.5 million is a result of higher revenue. This is partially offset by decrease in amounts due from DeClout Limited, the controlling shareholder of the Company, and related companies of $8.9 million.

h) Prepayments increased by $1.0 million mainly due to larger advance payments made to suppliers.

i) The movement in cash and bank balances is illustrated in the statement of cash flows and review of cash flows.

Equity

j) Other reserves' movement was mainly due to the premium paid for the acquisition of the remaining 49% of issued share capital in a subsidiary, Procurri Asia Pacific Pte. Ltd., foreign exchange differences on translating overseas operations, and share based payment.

Liabilities

k) The decrease in loans and borrowings (both current and non-current) of $0.4 million was mainly due to repayment of term loan, partially offset by higher hire purchase and trade receivables factoring.

l) The increase in advanced billings of $1.0 million was mainly due to higher maintenance services billed in advance to our customers.

m) The decrease in trade and other payables of $0.3 million was mainly due to payment made to suppliers and repayment of loan due to DeClout Limited, the controlling shareholder of the Company, partially offset by $6.1 million arising from the acquisition of EAF.

n) The increase in provisions (non-current) pertained to provision for reinstatement costs and recognition of indemnification assets in EAF.

o) The increase in deferred income was mainly due to cash received in advance from customers.

Net current position

The Group recorded positive working capital of $46.3 million as of 31 December 2016 as compared to $12.2 million as of 31 December 2015.

Review of cash flows

Net cash generated from operating activities in 4Q2016 amounted to $6.7 million, compared to $1.7 million in 4Q2015. This is mainly due to better collection of trade receivables. Net cash used in operating activities in FY2016 amounted to $0.6 million as compared to net cash generated from operating activities of $5.0 million in FY2015. This was mainly due to increase in working capital, which is in line with the increase in business activities.

Net cash used in investing activities was $6.5 million in 4Q2016, compared to $2.0 million in 4Q2015. This was mainly due to additions of plant and equipment, net cash outflow on acquisition of EAF, and placement of fixed deposit. Net cash generated from investing activities in FY2016 was $0.3 million as compared to net cash used in investing activities of $8.6 million in FY2015, mainly arising from net cash from related companies and DeClout Limited, the controlling shareholder of the Company.

Net cash used in financing activities was $4.5 million in 4Q2016, compared to $3.3 million in 4Q2015, primarily due to net repayments of loans and borrowings. Net cash from financing activities amounted to $22.5 million in FY2016, compared to $1.7 million in FY2015. This was mainly due to net proceeds from issuance of new shares pursuant to the IPO, and was partially offset by acquisition of non-controlling interest of $7.0 million, and repayment of loan due to DeClout Limited, the controlling shareholder of the Company.

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 for the current reporting period.

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.

Given the challenging market conditions exacerbated by geopolitical tension, the Group maintains a cautious outlook for its performance in the following periods.

On 23 January 2017, the Group announced a joint venture between its wholly-owned subsidiary, Procurri LLC and Massachusetts-based Congruity LLC ("Congruity"), a well-established and reputable provider of third-party maintenance support services for refurbished data centre storage hardware. Considering Congruity's strong track record of operational expertise in the maintenance services industry, the joint venture is well-aligned with Procurri's strategy to ramp up its higher-margin Lifecycle Services through inorganic growth. Furthermore, Congruity's global network of over 1,000 partners and 12,000 service professionals and engineers will create new cross-selling opportunities for the Group. The joint venture is also expected to have a positive impact on the Group's financials in the coming quarters.

As the Group embarked on its aggressive growth plans for its Lifecycle Services segment to secure income resilience and visibility, operating expenses have increased primarily due to the addition of staff costs. However, the Group will continue to adopt a prudent approach in its expenses and remain committed to a cost regime that supports sustainable long-term growth.

The Group continues to prospect selectively for acquisition targets that will reap synergistic benefits. Leveraging on its economies of scale and worldwide geographical footprint, the Group will also focus on cross-selling opportunities to pursue organic growth.

11 If a decision regarding dividend has been made:-

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

Name of dividend	Final
Dividend Type	Cash
Dividend rate	0.475 cent per ordinary share
Tax rate	One-tier tax exempt

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

None.

(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 the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

The proposed final dividend will be paid on 8 May 2017 subject to shareholders' approval at the forthcoming Annual General Meeting to be held on 27 April 2017.

(e) Book closure date

The Register of Members and Share Transfer Books of the Company will be closed on 2 May 2017 for the purpose of determining members' entitlements to the proposed final dividend. Accordingly, registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services (a business division of Tricor Singapore Pte Ltd) at 80 Robinson Road, #02-00 Singapore 068898, up to 5.00 pm on 2 May 2017 will be registered to determine members' entitlement to the proposed final dividend. Members whose securities accounts with The Central Depository (Pte) Limited are credited with ordinary shares in the capital of the Company as at 5.00 p.m. on 2 May 2017 will be entitled to the proposed final dividend.

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

Not applicable.

13 If the Group has obtained a general mandate from shareholders for Interested Person Transactions (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.

Name of Interested Person	Aggregate value of all interested person transactions during the financial period 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)
	20 Jul 2016 to 31 Dec 2016 $'000	20 Jul 2016 to 31 Dec 2016 $'000
Purchases of IT Hardware and Equipment and Lifecycle Services from the DeClout Group		
Acclivis Technologies and Solutions Pte. Ltd.	N.A	620
Pacific Internet (S) Pte. Ltd.	N.A	1,559
Provision of IT Hardware and Equipment and Lifecycle Services to the DeClout Group		
TJ Systems (S) Pte. Ltd.	N.A	188
Performance share plan expenses charged by the DeClout Group		
DeClout Limited	124	N.A

14 Use of IPO proceeds

The Company received net proceeds (after deducting IPO expenses of approximately $3.8 million) from the IPO of approximately $34.8 million (the "Net Proceeds"). As at the date of this announcement, the Net Proceeds have been utilised as follows:

Use of Proceeds	Estimated amount (as disclosed in the Prospectus) $ million	Net Proceeds utilised as at the date of this announcement $ million	Balance of Net Proceeds as at the date of this $ million
Merger and acquisitions, joint ventures and partnerships strategy	17.0	11.2	5.8
Enhancement of infrastructure	5.0	1.9	3.1
Repayment of the DeClout loans	6.1	6.1	-
Working capital purposes	6.7 [(1)]	6.7	-
	34.8	25.9	8.9

(1): The allocation for the use of proceeds for working capital purposes was disclosed in the Prospectus to be $6.5 million. However, due to an over-estimation of the listing expenses, the actual amount allocated to working capital purposes increases to $6.7 million.

The Company will make further announcements on the use of the balance IPO proceeds as and when such proceeds are disbursed.

15 Negative confirmation by the Board pursuant to Rule 705(5) (not required for announcement on full year results)

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16 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 immediately preceding year.

(a) Business segments

Management monitors the operating results of its segments separately for the purpose of making decision about resource allocation and performance assessment. Segment performance is monitored based on revenue and gross profit. Selling expenses, administrative expenses, finance costs, assets and liabilities are managed on a legal entity basis and are not monitored by segments. Please refer to paragraph 8 for results for operating segments (IT Distribution and Lifecycle Services).

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	FY2016 $'000	FY2015 $'000	Increase/ (decrease) %
Geographical information by revenue			
Singapore	32,893	17,463	88%
Europe, the Middle East and Africa	37,437	41,447	-10%
Americas	60,418	59,963	1%
Others	5,002	3,941	27%
	135,750	122,814	11%
Geographical information by non current assets			
Singapore	11,697	9,159	28%
Europe, the Middle East and Africa	10,640	11,989	-11%
Americas	503	1,098	-54%
Others	3,177	3,678	-14%
	26,017	25,924	0%

Non-current assets information presented above consist of plant and equipment and intangible assets as presented in the consolidated balance sheet.

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

Please refer to paragraph 8.

18 A breakdown of sales.

	FY2016 $'000	FY2015 $'000	Increase/ (decrease) %
(a) Sales reported for first half year	61,965	56,485	10%
(b) Profit after tax for first half year	3,017	1,998	51%
(c) Sales reported for second half year	73,785	66,329	11%
(d) Profit after tax for second half year	2,305	6,774	-66%

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

Not applicable.

20 Confirmation pursuant to Rule 720 (1) of the Listing Manual.

The Company confirms that it has procured the Undertakings from all its Directors and Executive Officers in the format set out in Appendix 7.7 pursuant to Rule 720(1) of the Listing Manual.

21 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.

The Company confirms that there is no person occupying a managerial position in the Company and its subsidiaries who is a relative of a director, chief executive officer or substantial shareholder of the Company.

BY ORDER OF THE BOARD

Thomas Sean Murphy
Executive Director and Global Chief Executive Officer
21 February 2017

DBS Bank Ltd. was the issue manager and underwriter (the "Issue Manager and Underwriter") for the initial public offering of shares in, and listing of, Procurri Corporation Limited on the Main Board of the Singapore Exchange Securities Trading Limited. The Issue Manager and Underwriter assumes no responsibility for the contents of this announcement.