



AGV GROUP LIMITED
Company Registration No. 201536566H
(Incorporated in the Republic of Singapore on 2 October 2015)

**UNAUDITED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED
30 SEPTEMBER 2017**

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.

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.

Income Statement:

	The Group		Increase/ (Decrease) %
	30 Sep 2017 S\$'000	30 Sep 2016 S\$'000	
Revenue	18,009	20,230	(11.0)
Other item of income			
Other income	1,313	4,754	(98.2)
Items of expense			
Consumables used	(9,424)	(9,078)	3.8
Cost of consumables sold	(44)	(3,302)	(98.6)
Employee benefits expense	(5,991)	(4,945)	21.2
Operating lease expense	(643)	(511)	25.8
Depreciation expenses	(1,296)	(1,070)	21.2
Other expenses	(4,702)	(3,655)	28.6
Finance costs	(326)	(346)	(5.8)
Listing expenses	-	(674)	(100.0)
Share of results of associate	(180)	(406)	(55.7)
(Loss)/Profit before income tax	(3,285)	997	(429.5)
Income tax benefit/(expense)	350	(374)	(193.6)
(LOSS)/PROFIT FOR THE YEAR	(2,935)	623	(571.1)
(Loss)/Profit attributable to:			
Owners of the Company	(2,736)	623	(539.2)
Non-controlling interest	(199)	-	(100.0)
	(2,935)	623	(571.1)
(Loss)/Earnings per share attributable to owners of the Company (cents)			
Basic and diluted	(2.17)	0.49	

Statement of comprehensive income:

	The Group		Increase/ (Decrease) %
	30 Sep 2017 S\$'000	30 Sep 2016 S\$'000	
(LOSS)/PROFIT FOR THE YEAR	(2,935)	623	(571.1)
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operation	(444)	(14)	(3,071.4)
Other comprehensive loss for the year	(444)	(14)	(3,071.4)
TOTAL COMPREHENSIVE (LOSS)/PROFIT FOR THE YEAR	(3,379)	609	(654.8)
Total comprehensive (loss)/profit attributable to:			
Owners of the Company	(3,099)	609	(608.9)
Non-controlling interest	(280)	-	(100.0)
	(3,379)	609	(654.9)

- 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:

Note 1: Other Income

	The Group	
	30 Sep 2017 S\$'000	30 Sep 2016 S\$'000
Government grant	31	147
Miscellaneous income	50	46
Service income	-	600
Gain on deemed disposal of associate	1,227	-
Sale of consumables	5	3,961
Total	1,313	4,754

Note 2: Employee benefits expense:

	The Group	
	30 Sep 2017 S\$'000	30 Sep 2016 S\$'000
Directors' remuneration	1,381	692
Employee compensation cost	4,610	4,253

Note 3: Included under other expenses:

	The Group	
	30 Sep 2017 S\$'000	30 Sep 2016 S\$'000
Allowance for impairment of receivables	596	34
Utilities	759	712
Waste disposal	546	569
Business development expense	437	-
Entertainment expense	433	446

Note 4: Income tax (benefit)/expense

	The Group	
	30 Sep 2017 S\$'000	30 Sep 2016 S\$'000
<u>Current taxation</u>		
- Provision for current year	-	459
- Over-provision in respect of prior year	(183)	-
<u>Deferred taxation</u>		
- Current financial year	(522)	(17)
- Under/(Over) provision in respect of prior years	355	(68)
	(350)	374

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 2017 S\$'000	30 Sep 2016 S\$'000	30 Sep 2017 S\$'000	30 Sep 2016 S\$'000
ASSETS				
Non-current assets				
Subsidiaries	-	-	9,189	9,187
Associate	-	2,546	-	-
Property, plant and equipment	17,459	10,888	-	-
Other receivable	-	3,156	-	-
Goodwill	2,909	-	-	-
Deferred tax asset	338	-	-	-
Total non-current assets	20,706	16,590	9,189	9,187
Current assets				
Inventories	2,890	2,060	-	-
Other asset	44	-	-	-
Tax recoverable	109	-	-	-
Trade and other receivables	5,563	7,919	6,705	-
Prepayments	1,158	105	26	14
Pledged fixed deposit	272	180	-	-
Other cash and bank balances	338	4,039	6	3,946
Total current assets	10,374	14,303	6,737	3,960
Total assets	31,080	30,893	15,926	13,147
EQUITY AND LIABILITIES				
Equity				
Share capital	13,453	13,453	13,453	13,453
Other reserve	(2,565)	(2,565)	-	-
Translation reserve	(362)	(14)	-	-
Accumulated (losses)/profits	(852)	1,884	(1,287)	(883)
Non-controlling interest	(567)	-	-	-
Total equity attributable to owners of the Company	9,107	12,758	12,166	12,570
Non-current liabilities				
Finance lease payables	441	112	-	-
Borrowings	1,434	4,005	260	-
Deferred tax liabilities	-	482	-	-
Total non-current liabilities	1,875	4,599	260	-
Current liabilities				
Income tax payable	-	582	7	-
Trade and other payables	5,135	4,352	3,348	577
Provision for reinstatement cost	100	100	-	-
Finance lease payables	873	49	-	-
Borrowings	13,990	8,453	145	-
Total current liabilities	20,098	13,536	3,500	577
Total liabilities	21,973	18,135	3,760	577
Total equity and liabilities	31,080	30,893	15,926	13,147

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 2017		30 Sep 2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable within one financial year	13,990	-	8,453	-
Amount repayable after one financial year but within five financial years	1,434	-	4,005	-
	15,424	-	12,458	-

Details of collaterals

The Group's existing borrowings are secured by:

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

1(c) **Group cash flow statement together with a comparative statement for the preceding financial year:**

<u>Consolidated Statements of Cash flows</u>	30 Sep 2017 S\$'000	30 Sep 2016 S\$'000
Operating activities		
(Loss)/Profit before income tax	(3,285)	997
Adjustments for:		
Depreciation expense	1,296	1,070
Interest income	(6)	-
Interest expense	325	346
Allowance for impairment of receivables	596	34
Impairment of property, plant and equipment	126	-
Loss on disposal of property, plant and equipment	6	21
Loss arising from realisation of derivative instruments	-	376
Gain on deem disposal of associate	(1,227)	-
Share of results of associate	180	406
Unrealised foreign exchange	(281)	-
Operating cash flows before movements in working capital	(2,270)	3,250
<i>Movements in working capital</i>		
Inventories	358	290
Other assets	(44)	-
Trade and other receivables	10,376	(257)
Prepayments	(1,053)	139
Trade and other payables	(8,948)	1,921
Cash (used in)/generated from operations	(1,581)	5,343
Income taxes paid	(509)	(370)
Net cash (used in)/generated from operating activities	(2,090)	4,973
Investing activities		
Acquisition of subsidiary	(354)	-
Acquisition of property, plant and equipment	(213)	(361)
Proceeds from disposal of plant and equipment	17	2
Settlement of derivative instruments	-	(376)
Receipts from/(loans to) related companies	-	(5,534)
Net cash used in investing activities	(550)	(6,269)
Financing activities		
Dividend paid	-	(1,216)
Interest paid	(325)	(346)
Interest income	6	-
Proceeds from borrowings	1,500	4,403
Repayment of borrowings	(327)	(2,040)
Repayment of finance lease obligations	(1,823)	(39)
Net proceeds from issuance of new and IPO shares	-	4,462
Decrease in pledge deposit	(92)	72
Net cash (used in)/generated from financing activities	(1,061)	5,296
Net (decrease)/increase in cash and cash equivalents	(3,701)	4,000
Cash and cash equivalents at beginning of year	4,039	39
Cash and cash equivalents at end of year	338	4,039

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:

<i>Statement of changes in Equity</i>	<i>The Group</i>						
	<i>Share Capital</i>	<i>Accumulated profits/ (losses)</i>	<i>Other reserve</i>	<i>Translation reserve</i>	<i>Attributable to Equity Owner of the Company</i>	<i>Non-controlling interest</i>	<i>Total Equity</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Balance as 1 October 2015	6,426	2,761	-	-	9,187	-	9,187
Issuance of shares prior to restructuring	196	-	-	-	196	-	196
Dividend paid prior to restructuring	-	(1,500)	-	-	(1,500)	-	(1,500)
Adjustment pursuant to the Restructuring Exercise	(6,622)	-	(2,565)	-	(9,187)	-	(9,187)
Issuance of shares	13,988	-	-	-	13,988	-	13,988
Initial Public Offering ("IPO") expenses	(535)	-	-	-	(535)	-	(535)
Profit for the year	-	623	-	-	623	-	623
<i>Other comprehensive income:</i>							
Exchange differences on translating foreign operations	-	-	-	(14)	(14)	-	(14)
Balance as at 30 September 2016	13,453	1,884	(2,565)	(14)	12,758		12,758
Balance as 1 October 2016	13,453	1,884	(2,565)	(14)	12,758	-	12,758
Loss for the year	-	(2,736)	-	-	(2,736)	(199)	(2,935)
<i>Other comprehensive income:</i>							
Exchange differences on translating foreign operations	-	-	-	(362)	(362)	(82)	(444)
Deemed disposal of associate	-	-	-	14	14	-	14
Acquisition of subsidiary	-	-	-	-	-	(286)	(286)
Balance as at 30 September 2017	13,453	(852)	(2,565)	(362)	9,674	(567)	9,107

<i>Statement of changes in Equity</i>	<i>The Company</i>		
	<i>Share Capital</i>	<i>Accumulated profits/(losses)</i>	<i>Total Equity</i>
	<i>S\$'000</i>	<i>S\$'000</i>	<i>S\$'000</i>
Balance as at 2 October 2015 ⁽¹⁾	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)
Balance as at 30 September 2016	13,453	(883)	12,570
Balance as at 1 October 2016	13,453	(883)	12,570
Loss for the year, representing total comprehensive loss for the year	-	(404)	(404)
Balance as at 30 September 2017	13,453	(1,287)	12,166

⁽¹⁾ 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 30 September 2016 and 2017	125,946,440	13,453

As at 30 September 2016 and 2017, the Company has no outstanding convertible or treasury shares.

- 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
As at 30 September 2016 and 2017	125,946,440

There are no treasury shares as at the end of the current financial year and as at the end of the immediately preceding financial year.

- 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.

- 1(d)(v) A statement showing all sales, transfers, disposals, cancellation and/or use of subsidiary holdings 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 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

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 year on or after 1 October 2016, 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 2017	30 Sep 2016
(Loss)/Profit used in calculating basic and dilutive EPS (S\$' 000)	(2,736)	623
Weighted average number of ordinary shares	125,946,440	125,946,440
Basic and diluted EPS (cents)	(2.17)	0.49

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	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
NAV (S\$' 000)	9,107	12,758	12,166	12,570
Number of ordinary shares	125,946,440	125,946,440	125,946,440	125,946,440
Net asset value per ordinary share based on issued share capital (cents)	7.23	10.13	9.66	9.98

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

During the financial year ended 30 September 2017, the Group obtained de-facto control of its then associate, AGV Holdings Pte. Ltd. ("AGV H").

As of 1 August 2017, the Group obtained control over AGV H at the point of obtaining substantive potential voting rights through its holding of call options which allowed the Group to purchase controlling interest from the other shareholders of AGV H. The Group exercised the call options to purchase 51.2% of the shareholding in AGV H, which will effectively give the Group 87.2% interest of the shareholding in the subsidiary upon completion of the transaction.

As of 30 September 2017, the 51.2% shareholding were not yet transferred to the Group and hence, the Group reported 36% equity interest in subsidiary, with 64% as non-controlling interest in its consolidated financial statements.

REVIEW OF FINANCIAL PERFORMANCE

Revenue

Our revenue declined by approximately S\$2.2 million from S\$20.2 million in FY2016 to S\$18.0 million in FY2017. This was mainly due to the decline in tonnage of hot dip galvanizing services provided by the Group. The decline in revenue is net of the inclusion of revenue from our AGV Galvanising (M) Sdn. Bhd. ("AGV M"), the subsidiary of AGV H Group, of approximately S\$0.9 million.

Other items of income

Other income declined by S\$3.5 million from S\$4.8 million in FY2016 to S\$1.3 million in FY2017. The decline was mainly due to an aggregate decrease in service income and sales of consumables of S\$4.6 million to AGV M; and an aggregate decrease in government grant and miscellaneous income of S\$0.1 million, partially off-set by a gain on deemed disposal of associate of S\$1.2 million.

Consumables used

Consumables used in FY2017 remained at a level comparable with FY2016. The increase of approximately S\$0.3 million, was attributable to the acquisition of a AGV H.

Consumables sold

Consumables sold had declined by S\$3.3 million in FY2017 as compared to FY2016. This relates to the cost of zinc and pre-treatment chemicals purchased for resale to AGV M, which had been reduced in FY2017.

Employee benefits expense

Employee benefits expense, comprising directors' remuneration and staff-related expenses, increased by S\$1.0 million from S\$5.0 million in FY2016 to S\$6.0 million in FY2017, inclusive of approximately S\$0.2 million attributed to AGV M. The increase was mainly due to increase in the number of directors and number of staff headcount.

Operating lease expenses

Operating lease expenses increased by S\$132,000 from S\$511,000 to S\$643,000; comprise mainly machinery, factory rental and office equipment rental for use in our operations. The increase was inclusive of approximately S\$29,000 of expenses attributed to AGV M.

Depreciation expense

Depreciation expenses remain at a level comparable with the previous year. The increase of approximately S\$0.2 million, was mainly due to additions in property, plant and equipment; and is inclusive of S\$0.1 million attributable to AGV M.

Other expenses

Other expenses increased by S\$1.0 million, from S\$3.7 million in FY2016 to S\$4.7 million in FY2017.

This was mainly due to an aggregate increase of expenses such as gas supply, waste disposal, business development, bad debt, legal and professional, consultation, provision for impairment of assets and upkeep of motor vehicles of S\$1.6 million, which is inclusive of S\$0.3 million attributed to AGV M. The overall increase was partially offset by an aggregate decrease of S\$0.6 million, attributed to a decline in upkeep of plant and equipment and an absence of the one-off loss on realisation of derivatives instruments of S\$0.4 million incurred during FY2016.

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. S\$0.1 million is attributed to AGV M.

Listing Expenses

Listing expenses for FY2016 pertained to the portion of fees and expenses incurred in the listing process that did not qualify for deduction against IPO proceeds and hence written off as expenses.

Share of results of associate

This pertains to our Group's share of results of the operating performance of our past associate, AGV H Group prior to August 2017. It was mainly due to losses incurred by its subsidiary, AGV M, which only commenced operations in April 2016. The share of results for FY2017, covers the period from the 1 October 2016 to 31 July 2017, which is the period prior to AGV H Group being recognised as a subsidiary of the Group.

Income tax benefit

Income tax benefit was due to over provision of tax provision and deferred tax for prior year.

REVIEW OF FINANCIAL POSITION AS AT 30 SEPTEMBER 2017

Non-current assets

Non-current assets of S\$20.7 million, comprised property, plant and equipment, other receivables, goodwill and deferred tax asset which increased by S\$4.1 million from S\$16.6 million as at 30 September 2016, mainly due to:

- (a) investment in associate declined by S\$2.5 million, due to the business combination which occurred during the year.
- (b) Property plant and equipment increased by S\$6.6 million, from S\$10.9 million as at 30 September 2016. The increase was due to the inclusion of S\$7.6 million of property, plant and equipment attributable to AGV M, as a result of the business combination and net additions to property plant and equipment of S\$0.3 million during the year, which were partially offset by depreciation of S\$1.3 million.
- (c) other receivables declined by S\$3.2 million, from 30 September 2016. The decline was mainly due to the business combination which occurred during the year.
- (d) goodwill of S\$2.9 million had arose from the business combination between the Group's subsidiary, Asia Galvanising (S) Pte Ltd and AGV H group.
- (e) Deferred tax asset of S\$0.3 million, which is attributed from our subsidiary, AGV M.

Current assets

Current assets stood at S\$10.4 million, declined by S\$3.9 million, comprising mainly:

- (a) trade and other receivables of S\$5.6 million, declined by S\$2.3 million, from S\$7.9 million as at 30 September 2016, due to collections received.
- (b) other cash and bank balances declined by S\$3.7 million.

These were partially offset by increases in:

- (c) Tax recoverable of S\$0.1 million, due to over provision in prior year.
- (d) Inventories (including S\$1.3 million pertaining to AGV M), comprising consumables such as zinc and pre-treatment chemicals, of S\$0.8 million to S\$2.9 million.
- (e) prepayments of S\$1.1 million (including S\$0.1 million pertaining to AGV M) to S\$1.2 million, mainly due to S\$0.9 million payments made to the shareholders of the Group's past associate, AGV H Group, for the purchase of their shareholdings.
- (f) pledged fixed deposits of S\$92,000 to S\$272,000, 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, other reserve, translation reserve, accumulated profits and non-controlling interest. The decline in equity was mainly due to:

- a) Losses of S\$2.9 million
- b) Translation reserve of S\$0.4 million
- c) Non-controlling interest of S\$(0.6) million

Non-current liabilities

Non-current liabilities stood at S\$1.9 million, declined by S\$2.7 million from S\$4.6 million as at 30 September 2016, mainly due to an aggregate decline in finance lease and borrowings of S\$2.2 million and tax liabilities of S\$0.5 million.

Current liabilities

Current liabilities stood at S\$20.1 million, increased by S\$6.6 million, from S\$13.5 million as at 30 September 2016, due mainly to:

- (a) S\$6.4 million aggregate increase in finance lease and borrowings.
- (b) S\$0.8 million increase in trade and other payables.

The above was partially off-set by a decline in:

- (c) S\$0.6 million in tax payables.

REVIEW OF STATEMENTS OF CASH FLOWS

In FY2017, net cash used in operating activities amounted to S\$2.1 million. This was derived mainly from cash used in operating activities of S\$1.6 million and tax related outflow of S\$0.5 million.

Net cash used in investing activities amounted to S\$0.6 million in FY2017. This was mainly due to an outflow of S\$0.4 million used in the business combination between Asia Galvanising (S) Pte Ltd and AGV H and additions of property, plant and equipment of S\$0.2 million.

Net cash used in financing activities amounted to S\$1.1 million in FY2017. This was derived mainly from an aggregate outflow of S\$2.6 million from finance, borrowings and interest income. These were partially offset by an aggregate inflow S\$1.5 million from borrowings.

As a result of the above, the net cash and cash equivalents was S\$0.3 million as at year end.

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

The Group's profitability has been affected by the increase in raw material cost as zinc prices have surged to their highest in almost a decade following the supply cuts from mining companies and continued strong demand out of China¹. In view of this, the Group has taken the step to reduce the impact by passing some of the incremental cost to the customers gradually. With passing of the cost to customers, the volumes do get affected for a period of time and that is reflected in our sales volumes for the latest financial results. The Group is expecting a drop in sales volume following the price adjustment as the customers gradually adjust to the revised pricing caused by the spike in zinc prices. However, the Group is optimistic that the business will gradually recover once the capacity in the industry is soaked up.

In September 2017, the Singapore Government announced its intention to bring forward S\$700 million worth of public amenities projects to 2017 and 2018. This is on top of another \$700 million worth of contracts that it had announced during the 2017 Singapore Budget in February². The Singapore Government has been spending more on infrastructure in 2017 in mega infrastructure projects such as the Jurong Region Line, Cross Island Line and Changi Airport Terminal 5. This trend is set to continue in the next few years. Across the Causeway, the Johor state government aims to transform the Johor Bahru city centre into an international business district over the next decade by improving infrastructure with a total investment of RM20 billion³. Besides that, the Pengerang Integrated Petroleum Complex ("PIPC"), an upcoming oil and gas industry hub at

¹ <http://www.foxbusiness.com/features/2017/08/16/zinc-prices-hit-10-year-high-update.html>

² <http://www.straitstimes.com/singapore/govt-to-shift-forward-14-billion-in-public-amenities-works-in-boost-for-construction-firms>

³ <http://www.straitstimes.com/business/jb-city-centre-plays-catch-up>

Pengerang, has attracted investment worth billions of ringgit with Petronas and Saudi Aramco being the anchor investors⁴.

These positive developments augur well for the Group as demand for hot-dip galvanizing in Singapore and Malaysia is expected to remain positive in the foreseeable future as an essential service for corrosion protection for steel structures in public infrastructure, oil and gas and construction sectors.

11 Dividend

(a) Current Financial Period Reported

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared/recommendeded for the year under review.

13 Interested person transactions disclosure

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

⁴ <http://www.channelnewsasia.com/news/asiapacific/malaysia-s-petronas-saudi-aramco-to-enter-us-7b-oil-refinery-dea-7601528>

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**

Business Segment

As at 30 September 2016 and 2017, the Group only has one business segment, which is the provision of hot dip galvanising services.

Geographical Segment

Revenue

	Singapore		Malaysia	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2016
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue	17,140	20,230	869	-

Assets

FY2016

During FY2016, the Group had operated only in Singapore.

FY2017

	Carrying amount of assets		Property, plant and equipment	
	30 Sep 2017	30 Sep 2016	30 Sep 2017	30 Sep 2017
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	19,798	30,893	9,800	10,800
Malaysia	11,282	-	7,659	-
	31,080	30,893	17,459	10,800

- 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

	30 Sep 2017	30 Sep 2016	Change %
(a) Revenue reported for first half of the year	9,034	9,772	(7.6)
(b) Profit reported for first half of the year	(1,900)	475	(500.0)
(c) Revenue reported for second half of the year	8,975	10,458	(14.2)
(d) Profit reported for second half of the year	(1,035)	148	(799.3)

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

Not applicable.

18 Use of proceeds as at 30 September 2017

In accordance with the section entitled "use of Proceeds and Listing Expenses" in the Company's Offer Document dated 18 August 2016, and as at 30 September 2017, the Company wishes to announce that the net proceeds of S\$4.8 million have been fully utilised as follows:

	Amount Allocated	Amount Re-Allocated on 27 February 2017	Amount Re-Allocated on 22 September 2017	Amount Utilized	Amount Balance
	S\$' 000	S\$' 000	S\$' 000	S\$' 000	S\$' 000
Intended Use of Proceeds					
Funding our expansion by way of acquisitions, joint-ventures and/or strategic alliances to expand our businesses	3,500	1,000	-	-	-
Working capital	810	3,310	4,310	(4,310)	-
Net proceeds attributable to the Company	4,310	4,310	4,310	(4,310)	-
Listing and application fees	17	17	17	(17)	-
Professional fees and expenses	305	305	305	(305)	-
Placement commission and brokerage fees	168	168	168	(168)	-
Gross Proceeds	4,800	4,800	4,800	(4,800)	-

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

26 January 2018

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, #01-05, Hong Leong Building, Singapore 048581, Telephone: (65) 6415-9886.