

SHS Holdings Ltd.

(Company Registration No. 197502208Z)

Unaudited Financial Statement Announcement for the Fourth Quarter of and Full Year 2016

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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.

	Group 3 months ended 31 Dec			Group 12 months ended 31 Dec		
	2016	2015	Change	2016	2015	Change
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
<u>Continuing Operations</u>						
Revenue	17,292	19,653	(12%)	56,135	62,727	(11%)
Cost of sales and services	(11,261)	(15,161)	(26%)	(40,561)	(47,529)	(15%)
Gross profit	<u>6,031</u>	<u>4,492</u>	34%	<u>15,574</u>	<u>15,198</u>	2%
Other income	799	342	134%	2,853	698	309%
Selling and distribution expenses	(196)	(200)	(2%)	(689)	(824)	(16%)
Administrative expenses	(2,034)	(2,382)	(15%)	(8,610)	(9,536)	(10%)
Other operating expenses	(2,273)	(5,111)	(56%)	(5,182)	(10,132)	(49%)
Profit/(loss) from operations	<u>2,327</u>	<u>(2,859)</u>	N/M	<u>3,946</u>	<u>(4,596)</u>	N/M
Finance costs	(40)	(37)	9%	(135)	(100)	35%
Share of profit of associated companies	(108)	13,704	N/M	257	13,797	(98%)
Share of loss of joint venture	(4)	-		(4)	-	
Profit before income tax	<u>2,175</u>	<u>10,808</u>	(80%)	<u>4,064</u>	<u>9,101</u>	(55%)
Income tax	177	299	(41%)	277	(127)	N/M
Profit from continuing operations after tax	<u>2,352</u>	<u>11,107</u>	(79%)	<u>4,341</u>	<u>8,974</u>	(52%)
<u>Discontinued operations #</u>						
Profit/(loss) from discontinued operations after tax	(429)	40,783	N/M	7,296	48,703	(85%)
Profit after income tax	<u>1,923</u>	<u>51,890</u>	(96%)	<u>11,637</u>	<u>57,677</u>	(80%)
Attributable to:						
Equity holders of the Company						
- Continuing Operations	2,225	11,124	(80%)	4,227	9,012	(53%)
- Discontinued Operations	(429)	40,803	N/M	7,296	48,739	(85%)
	<u>1,796</u>	<u>51,927</u>	(97%)	<u>11,523</u>	<u>57,751</u>	(80%)
Non-controlling interests, net of income tax						
- Continuing Operations	127	(17)	N/M	114	(38)	N/M
- Discontinued Operations	-	(20)	(100%)	-	(36)	(100%)
	<u>127</u>	<u>(37)</u>	N/M	<u>114</u>	<u>(74)</u>	N/M
	<u>1,923</u>	<u>51,890</u>	(96%)	<u>11,637</u>	<u>57,677</u>	(80%)

Discontinued operations relates to the Refined Petroleum Business which was divested in 4Q15

Statement of Comprehensive Income

	Group 3 months ended 31 Dec			Group 12 months ended 31 Dec		
	2016 S\$'000	2015 S\$'000	Change %	2016 S\$'000	2015 S\$'000	Change %
Profit after income tax	1,923	51,890	(96%)	11,637	57,677	(80%)
<u>Other comprehensive income</u>						
Foreign currency translation	(168)	(157)	7%	(503)	250	N/M
Realisation of exchange difference on disposal of subsidiaries	-	(22)	(100%)	-	(22)	(100%)
Impairment loss on revaluation of property	-	(1,490)	(100%)	-	(1,490)	(100%)
	<u>(168)</u>	<u>(1,669)</u>	<u>(90%)</u>	<u>(503)</u>	<u>(1,262)</u>	<u>(60%)</u>
Total comprehensive income	<u>1,755</u>	<u>50,221</u>	<u>(97%)</u>	<u>11,134</u>	<u>56,415</u>	<u>(80%)</u>
Attributable to:						
Equity holders of the Company	1,628	50,983	(97%)	11,020	57,219	(81%)
Non-controlling interests, net of income tax	127	(762)	N/M	114	(804)	N/M
	<u>1,755</u>	<u>50,221</u>	<u>(97%)</u>	<u>11,134</u>	<u>56,415</u>	<u>(80%)</u>

Additional Information to Group Consolidated Profit and Loss Accounts Under the Provision of Rule 705 of SGX-ST Listing Manual

	Note	Group 3 months ended 31 Dec			Group 12 months ended 31 Dec		
		2016 S\$'000	2015 S\$'000	Change %	2016 S\$'000	2015 S\$'000	Change %
Other Income	1	154	104	48%	852	456	87%
Dividend income	2	77	399	(81%)	411	399	3%
Interest Income	3	161	25	N/M	897	53	N/M
Interest on borrowings	4	(40)	(37)	8%	(135)	(100)	35%
Depreciation	5	(685)	(812)	(16%)	(2,972)	(3,300)	(10%)
Fixed assets written off		-	-	N/M	(2)	(2)	0%
Gain/(loss) on disposal of fixed assets		(4)	8	(150%)	2	(11)	N/M
Impairment in goodwill		-	(2,754)	(100%)	-	(2,754)	(100%)
Impairment of property, plant & equipment	6	(544)	-	N/M	(544)	-	N/M
Amortisation of intangible assets	7	(14)	(45)	(69%)	(57)	(512)	(89%)
Bad debts expense		(9)	39	N/M	(9)	(4)	N/M
Write-back/(Allowance) on allowance for doubtful debts	8	(274)	(1,398)	(80%)	(247)	(2,549)	(90%)
Write-back on allowance for stock obsolescence	9	13	295	(96%)	13	103	(87%)
Stock written off	10	(193)	(15)	N/M	(192)	(99)	94%
Foreign exchange gain/(loss)	11	411	(194)	N/M	691	(199)	N/M

- 1) The increase was largely due to income from the sale of scrap materials from SSF segment.
- 2) The dividend income was derived from an investment fund.
- 3) The increase was mainly due to interests earned from the unutilised cash consideration from the divestment of the RP business placed in fixed deposits.
- 4) The increase was mainly due to higher cost of borrowings.
- 5) The decrease was mainly due to more assets had been fully depreciated.
- 6) The impairment of property, plant and equipment mainly relates to Eastern Tankstore Pte Ltd for the land lease expiring next year.
- 7) The decrease was mainly due to Group amortisation in relation to the fair value of Hetat's order book at acquisition as required by FRS 103 had been fully amortized in FY 2015.
- 8) The decrease was mainly due to lesser bad debts were noted and required to be written off.
- 9) The decrease was mainly due to lesser provision being noted for write back during the year.
- 10) The increase was mainly due to more stocks required written off during the year.
- 11) The foreign exchange gain was mainly due to unrealized exchange gain from the Mongolian Tugriks and the appreciation of the US\$ as compared to last year.

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 2016 S\$'000	31 Dec 2015 S\$'000	31 Dec 2016 S\$'000	31 Dec 2015 S\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	42,793	27,138	8,399	8,995
Subsidiary companies	-	-	54,347	53,447
Associated companies	22,291	20,112	7,004	4,965
Financial assets, available-for-sale	19,711	19,712	17,135	17,136
Investment in Joint Ventures	6	-	-	-
Intangible assets	52	110	-	-
Goodwill	26,450	26,450	-	-
	<u>111,303</u>	<u>93,522</u>	<u>86,885</u>	<u>84,543</u>
Current Assets				
Stock and work-in-progress	9,941	4,083	429	-
Trade receivables	21,147	23,518	201	1,533
Amount due from related parties	-	-	39,517	12,690
Amount due from joint venture	328	-	-	-
Other receivables	32,300	20,932	17,727	17,714
Loan to joint ventures	2,221	-	-	-
Loan to related party	600	600	-	-
Fixed deposits	51,000	1,531	51,000	1,531
Cash and bank balances	19,792	102,224	3,787	90,691
	<u>137,329</u>	<u>152,888</u>	<u>112,661</u>	<u>124,159</u>
Total Assets	<u>248,632</u>	<u>246,410</u>	<u>199,546</u>	<u>208,702</u>
LIABILITIES				
Current Liabilities				
Trade payables and accruals	12,107	14,041	1,722	3,453
Other payables	4,594	2,383	263	338
Amount due to related parties	-	-	4,980	6,700
Term loans	18	150	-	-
Other amounts due to bankers	5,314	6,229	-	-
Hire purchase creditors	103	210	-	-
Provision for taxation	535	858	-	35
	<u>22,671</u>	<u>23,871</u>	<u>6,965</u>	<u>10,526</u>
Non-current Liabilities				
Term loans	3,840	-	-	-
Hire purchase creditors	278	386	-	-
Deferred taxation	2,015	2,202	633	707
	<u>6,133</u>	<u>2,588</u>	<u>633</u>	<u>707</u>
Total Liabilities	<u>28,804</u>	<u>26,459</u>	<u>7,598</u>	<u>11,233</u>
EQUITY				
Share capital	160,636	143,730	160,636	143,730
Treasury shares	(5,003)	(3,226)	(5,003)	(3,226)
Asset revaluation reserve	1,748	1,748	2,874	2,874
Foreign currency translation reserve	897	1,400	-	-
Other reserve	-	-	3,297	3,297
Revenue reserve	59,232	75,450	30,144	50,794
	<u>217,510</u>	<u>219,102</u>	<u>191,948</u>	<u>197,469</u>
Non-controlling interests	2,318	849	-	-
Total Equity	<u>219,828</u>	<u>219,951</u>	<u>191,948</u>	<u>197,469</u>
Total Liabilities and Equity	<u>248,632</u>	<u>246,410</u>	<u>199,546</u>	<u>208,702</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	31-Dec-16	31-Dec-15
	S\$'000	S\$'000
Amount Repayable in one year or less, or on demand		
Secured	5,435	6,589
Unsecured	-	-
	<u>5,435</u>	<u>6,589</u>
Amount Repayable after one year, or on demand		
Secured	4,118	386
Unsecured	-	-
	<u>4,118</u>	<u>386</u>

Details of any collateral

The credit facilities of the Group were secured by the following:

- (i) A mortgage in-escrow and deed of assignment over 81 Tuas South Street 5 for the Company's banking facility (including foreign exchange spot and forward) of approximately S\$19.0 million.
- (ii) A mortgage in-escrow and deed of assignment over 19 Tuas Avenue 20, corporate guarantee of S\$29.68 million by the Company and Corporate guarantee of S\$5 million by Hetat Engineering Construction Sdn Bhd for banking facilities (including foreign exchange spot and forward) extended to Hetat Pte Ltd of approximately S\$33.18 million;
- (iii) A joint corporate guarantee of S\$3 million by the Company and GEP Asia Holdings Pte Ltd in the ratio of 51% and 49% for banking facilities extended to Eastern Tankstore (S) Pte Ltd of approximately S\$3 million.
- (iv) A corporate guarantee of US\$1.3 million for banking facilities extended to Aenergy Holdings Company Limited of approximately US\$5.2 million.
- (v) Fixed assets under hire purchase arrangements.

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

	Group		Group	
	3 months ended 31 Dec	2015	12 months ended 31 Dec	2015
	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000
Cash Flows from Operating Activities				
Profit before income tax from continuing operations	2,175	10,808	4,064	9,101
Profit before income tax from discontinued operations	(429)	40,920	7,296	50,555
Profit before income tax, total	1,746	51,728	11,360	59,656
Adjustments for:				
Depreciation	685	1,161	2,972	4,679
Fixed assets written off	-	1	2	9
Amortisation of intangible assets	14	45	57	512
(Gain)/loss on disposal of fixed assets	4	20	(2)	20
Interest on borrowings	40	333	135	1,166
Interest income	(161)	(33)	(897)	(85)
Share of loss of joint ventures	1	-	4	-
Share of profit of associated companies	111	(13,703)	(257)	(13,797)
Impairment of goodwill	-	2,754	-	2,754
Impairment of property, plant and equipment	544	-	544	-
Gain on disposal of subsidiary	-	(35,322)	(7,725)	(35,322)
Allowance for doubtful debts	274	1,339	247	3,409
Allowance for inventory obsolescence	416	636	416	1,003
Dividend income	(77)	(399)	(411)	(526)
Bad debts expense	9	39	9	82
Inventories written off	193	143	192	227
Net foreign currency translation adjustments	(259)	74	(511)	363
Operating cash flow before working capital changes	3,540	8,816	6,135	24,150
Changes in working capital				
Inventories and work-in-progress	(3,214)	473	(6,482)	(337)
Receivables	(8,894)	(6,004)	(9,581)	6,083
Payables	6,295	875	284	(2,830)
Cash (used in)/generated from operations	(2,273)	4,160	(9,644)	27,066
Interest paid	(40)	(332)	(135)	(1,166)
Interest received	161	14	897	46
Income tax payment	(14)	(363)	(240)	(2,936)
Net cash (used in)/generated from operating activities	(2,166)	3,479	(9,122)	23,010
Cash Flows from Investing Activities				
Dividend received	77	399	411	526
Purchase of property, plant and equipment	(8,768)	(1,516)	(19,392)	(3,457)
Proceeds from disposal of property, plant and equipment	3	11	239	67
Investment in a joint venture	-	-	(7)	-
Additional investment in associated company	-	(1,788)	(2,039)	(1,788)
Loan to joint venture	(2,224)	-	(2,224)	-
Loan to investment company	-	(734)	-	(734)
Acquisition of other investment	-	(1,550)	-	(1,550)
Deposit held in escrow	-	(10,000)	-	(10,000)
Net cash inflow on disposal of subsidiary	-	70,165	7,725	70,165
Net cash (used in)/generated from investing activities	(10,912)	54,987	(15,287)	53,229
Cash Flows from Financing Activities				
Net proceeds from issue of shares	-	95	16,906	105
Purchase of treasury shares	-	-	(1,777)	-
Dividends paid	-	-	(27,741)	(5,659)
Fixed deposit discharge/(pledges) with bank	-	305	1,200	254
Repayment of obligations under finance leases	(50)	(364)	(215)	(351)
Proceeds from/(repayment of) term loan	3,858	(150)	3,708	(1,227)
(Decrease)/ increase in fund from trusts receipts	279	(3,888)	(915)	(2,429)
Capital contribution from non-controlling interest	1,248	-	1,355	120
Net cash (used in)/generated from financing activities	5,335	(4,002)	(7,479)	(9,187)
Net foreign currency translation adjustments	209	48	125	(117)
Net (decrease)/increase in cash and cash equivalents	(7,534)	54,512	(31,763)	66,935
Cash and cash equivalents at the beginning of the period	78,326	48,043	102,555	35,620
Cash and cash equivalents at the end of the period	70,792	102,555	70,792	102,555

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

	Share Capital S\$'000	Treasury Share S\$'000	Revaluation Reserve S\$'000	Other Reserve S\$'000	Foreign Currency Translation Reserve S\$'000	Revenue Reserve S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
Group									
Balance at 01 January 2016	143,730	(3,226)	1,748	-	1,400	75,450	219,102	849	219,951
Comprehensive income	-	-	-	-	(503)	11,523	11,020	114	11,134
Exercise of warrants	16,906	-	-	-	-	-	16,906	-	16,906
Dividends paid	-	-	-	-	-	(27,741)	(27,741)	-	(27,741)
Share buyback	-	(1,777)	-	-	-	-	(1,777)	-	(1,777)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	1,355	1,355
Balance at 31 December 2016	160,636	(5,003)	1,748	-	897	59,232	217,510	2,318	219,828
Balance at 01 January 2015	143,625	(3,226)	2,508	(16,687)	1,172	23,358	150,750	1,497	152,247
Comprehensive income	-	-	(760)	-	228	57,751	57,219	(804)	56,415
Exercise of warrants	105	-	-	-	-	-	105	-	105
Disposal of subsidiary	-	-	-	16,687	-	-	16,687	36	16,723
Dividends paid	-	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	120	120
Balance at 31 December 2015	143,730	(3,226)	1,748	-	1,400	75,450	219,102	849	219,951
Company									
Balance at 01 January 2016	143,730	(3,226)	2,874	3,297	-	50,794	197,469	-	197,469
Comprehensive income	-	-	-	-	-	7,091	7,091	-	7,091
Dividends paid	-	-	-	-	-	(27,741)	(27,741)	-	(27,741)
Share buyback	-	(1,777)	-	-	-	-	(1,777)	-	(1,777)
Exercise of warrants	16,906	-	-	-	-	-	16,906	-	16,906
Balance at 31 December 2016	160,636	(5,003)	2,874	3,297	-	30,144	191,948	-	191,948
Balance at 01 January 2015	143,625	(3,226)	2,874	-	-	(1,909)	141,364	-	141,364
Comprehensive income	-	-	-	-	-	58,362	58,362	-	58,362
Other reserve arise through the transfer of shares within group	-	-	-	3,297	-	-	3,297	-	3,297
Exercise of warrants	105	-	-	-	-	-	105	-	105
Dividends paid	-	-	-	-	-	(5,659)	(5,659)	-	(5,659)
Balance at 31 December 2015	143,730	(3,226)	2,874	3,297	-	50,794	197,469	-	197,469

- 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.**

Details of the changes in the share capital of the Company are as follows:-

	2016		2015	
	Number of shares	\$	Number of shares	\$
Ordinary shares				
As at beginning of financial year	626,087,386	143,729,961	625,561,178	143,624,719
Exercise of warrants	84,530,775	16,906,155	526,208	105,242
As at 31 December	710,618,161	160,636,116	626,087,386	143,729,961
Treasury shares				
As at beginning of financial year	17,100,000	3,225,724	17,100,000	3,225,724
Share buy-back	8,390,900	1,777,545	-	-
As at 31 December	25,490,900	5,003,269	17,100,000	3,225,724
Total shares excluding treasury shares as at 31 December	685,127,261	155,632,847	608,987,386	140,504,237

Pursuant to announcements made on 18 December 2014, 303,641,586 Warrants were issued on 17 December 2014, and listed and quoted on the Mainboard of SGX-ST with effect from 19 December 2014 at an exercise price of S\$0.20. The Warrants have a 5-year exercise period from the date of issue and it will expire on 17 December 2019.

At the end of the financial year, the unissued ordinary shares of the Company under warrants were 218,584,603.

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

	31-Dec-16	31-Dec-15
Total number of shares (including treasury shares)	710,618,161	626,087,386
Less treasury shares	(25,490,900)	(17,100,000)
Total number of shares (excluding treasury shares)	685,127,261	608,987,386

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

There are no sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

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

These figures have not been reviewed nor audited 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 applied the same accounting policies and methods of computation in the financial statements for the current financial period compared with those of the audited financial statements for the financial year ended 31 December 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

None.

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

	Group		Group	
	3 months ended 31 Dec		12 months ended 31 Dec	
	2016	2015	2016	2015
Continuing Operations				
Profit per ordinary share for the financial year based on consolidated profit attributable to members of the Company (Basic and diluted)				
- Basic	0.34 cents	1.84 cents	0.64 cents	1.49 cents
-Diluted	0.32 cents	1.68 cents	0.61 cents	1.36 cents
Based on the weighted average number of shares (Basic)	662,109,747	605,972,754	662,109,747	605,972,754
Based on the weighted average number of shares (Diluted)	690,061,973	660,718,289	690,061,973	660,718,289

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 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Net asset backing per ordinary share	31.75 cents	35.98 cents	28.02 cents	32.43 cents
Based on the number of shares in issue, excluding treasury shares	685,127,261	608,987,386	685,127,261	608,987,386

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.**

Overview

For the fourth quarter ended 31 December 2016 ("4Q16"), the Group recorded a 12% decrease in revenue from continuing operations to S\$17.3 million and a net profit attributable to equity holders from continuing operations of S\$2.2 million. This compares with a net profit attributable to equity holders from continuing operations of S\$11.1 million a year ago. The lower profit from continuing operations was due to the absence of the contribution in 4Q15 from the substantial share of associated company profits of S\$13.8 million arising from the Heron Bay Executive Condominium project which was offset partially by goodwill impairment charges and provision for doubtful debts. Excluding these one-off impact, 4Q15 net profit would be S\$1.1 million compared with 4Q16 net profit of S\$2.2 million. The Group recorded a loss from discontinued operations after tax of S\$429,000 in 4Q16 compared to a profit of S\$40.8 million in 4Q15. Discontinued operations relates to the Refined Petroleum Business, which was divested in FY15. As a result, the Group recorded a net profit attributable to equity holders of S\$1.8 million in 4Q16, down from S\$51.9 million in 4Q15.

For the 12 months ended 31 December 2016 ("FY16"), the Group achieved revenue from continuing operations of S\$56.1 million, a decrease of 11% from FY15. Net profit attributable to equity holders from continuing operations in FY16 was 53% lower at S\$4.2 million. The lower profit from continuing operations was due to the absence of the contribution in FY15 from the substantial share of associated company profits of S\$13.8 million arising from the Heron Bay Executive Condominium project which was offset partially by goodwill impairment charges and provision for doubtful debts. Excluding these one-off impact, FY15 net profit would be S\$0.2 million compared with FY16 net profit of S\$4.2 million. Profit from discontinued operations after tax was S\$7.3 million, compared to S\$48.7 million in the previous year. As a result, the Group's net profit attributable to equity holders for FY16 was S\$11.5 million, a decrease of 80% against the S\$57.8 million achieved in FY15.

As at 31 December 2016, the Group's total equity attributable to shareholders stood at S\$217.5 million compared to S\$219.1 million as at 31 December 2015. The Group has cash, fixed deposits and cash equivalent balance of S\$70.8 million. It is in a net cash position with low debt-to-total equity ratio of 4.4%.

Revenue from Continuing Operations

S\$'000	4Q16	4Q15	Change	FY16	FY15	Change
Corrosion Prevention ("CP")	3,382	6,044	(44%)	17,589	23,020	(24%)
Structural Steel & Façade ("SSF")	11,046	13,575	(19%)	34,196	38,827	(12%)
Solar Energy	2,642	-	NM	3,269	-	NM
Others	222	34	NM	1,081	880	23%
Total	17,292	19,653	(12%)	56,135	62,727	(11%)

The Group's revenue declined 12% to S\$17.3 million in 4Q16, compared with S\$19.7 million in the previous corresponding period. For FY16, revenue was 11% lower at S\$56.1 million. This was mainly due to lower revenue contribution from the CP and SSF segments.

Corrosion Prevention ("CP") segment

Revenue for the CP segment decreased by 44% to S\$3.4 million in 4Q16 from S\$6.0 million in 4Q15. For FY16, revenue declined 24% to S\$17.6 million, from S\$23.0 million in FY15. The decline in revenue was due to the severe and protracted downturn of the global offshore oil and gas industry, as crude oil prices remain volatile and depressed.

Structural Steel and Façade ("SSF") segment

Revenue for the SSF segment decreased by 19% to S\$11.0 million in 4Q16 from S\$13.6 million in 4Q15, on the back of challenging trading conditions and the loss of a production line as the Group is redeveloping its SSF plant in Tuas. For FY16, revenue declined by 12% to S\$34.2 million, from S\$38.8 million in FY15.

Solar Energy segment

The Solar Energy segment in its maiden year achieved revenue amounting to S\$2.6 million in 4Q16. Revenue was mainly from the construction of the 4MW solar project for Singapore Airport Terminal Services ("SATS") in Singapore. For FY16, the Solar Energy segment achieved maiden revenue contribution of S\$3.3 million.

Gross Profit and Gross Profit Margin

Gross Profit from Continuing Operations

S\$'000	4Q16	4Q15	Change	FY16	FY15	Change
CP	864	1,586	(45%)	4,954	6,289	(21%)
SSF	4,887	3,029	61%	9,934	8,827	13%
Solar Energy	205	-	NM	239	-	NM
Others	75	(123)	NM	447	82	NM
Total	6,031	4,492	34%	15,574	15,198	2%

Despite the decline in revenue, the Group's 4Q16 gross profit increased by 34% to S\$6.0 million, from S\$4.5 million in 4Q15, driven by better project margins from the SSF segment due to higher margin projects recognized and cost management control. As a result, gross margin improved from 22.9% in 4Q15 to 34.9% in 4Q16.

For FY16, gross profit was 2% higher at S\$15.6 million, compared with S\$15.2 million in FY15. This was mainly attributable to higher margin projects recognized and cost management control from the SSF segment. Gross margin for FY16 improved to 27.8%, from 24.2% in FY15.

CP segment

Gross profit from the CP segment was lower at S\$864,000 in 4Q16, from S\$1.5 million in 4Q15. GP margin declined marginally to 25.5% from 26.2% a year ago. This was mainly due to lower revenue recognized by the segment during the quarter.

For FY16, the CP segment achieved 21% lower gross profit of S\$5.0 million, from S\$6.2 million achieved in FY15. Gross profit margin for FY16 was 28.2% in FY16, compared with 27.3% in FY15. This was achieved despite lower revenue from improvement made to the business model from lower dependence on subcontractors.

SSF segment

Gross profit from the SSF segment increased 61% from S\$3.0 million in 4Q15 to S\$4.9 million in 4Q16, despite the lower revenue achieved. This was largely due to better project margins, and better cost management control. Gross margin was 44.3% in 4Q16, up from 22.3% in 4Q15.

For FY16, gross profit from the SSF segment was S\$9.9 million, compared with S\$8.8 million in FY15. Gross profit margin improved to 29.1% in FY16, from 22.7% in FY15, largely due to better margin projects and better cost management control.

Solar Energy segment

The Solar Energy segment recorded a gross profit of S\$205,000 in 4Q16, with a gross profit margin of 7.8%. For FY16, gross profit was S\$239,000, while gross profit margin was 7.3%. This was contributed largely from the construction of the 4MW SATS project.

Other Income

Other income increased to S\$0.8 million in 4Q16, from S\$0.3 million in 4Q15. This was mainly attributable to higher income from the sale of scrap materials from the SSF segment, unrealized exchange gain arising from the depreciation of the Mongolian currency and the appreciation of the USD and interest income earned from proceeds from sale of the RP business offset partially by lower dividends received in 4Q16.

For FY16, other income grew to S\$2.9 million, from S\$0.7 million in FY15. The increase was mainly attributable to higher income from the sale of scrap materials from the SSF segment, unrealized exchange gain arising from the depreciation of the Mongolian currency and the appreciation of the USD, government grants, and the interest income earned from the proceeds from sale of the RP business.

Selling, Distribution, Administrative and Other Operating Expenses

S\$'000	4Q16	4Q15	Change	FY16	FY15	Change
Selling & Distribution	(196)	(200)	(2%)	(689)	(824)	(16%)
Administrative	(2,034)	(2,382)	(15%)	(8,610)	(9,536)	(10%)
Other OPEX	(2,273)	(5,111)	(56%)	(5,182)	(10,132)	(49%)
Total OPEX	(4,503)	(7,693)	(41%)	(14,481)	(20,492)	(29%)

Total operating expenses decreased by 41% from S\$7.7 million in 4Q15 to S\$4.5 million in 4Q16, as 4Q15 included provision for doubtful debts of S\$1.1 million and impairment of goodwill of ETS arising from the discontinuance of the chemical hub project. Similarly for FY16, total operating expenses fell 29% to S\$14.5 million from S\$20.5 million in FY15 from continued costs rationalization measures taken in 2016 and absence of FY15 provision for doubtful debts of S\$2.5 million and goodwill impairment on ETS of S\$2.7 million.

Finance Costs

Finance costs were higher at S\$40,000 in 4Q16, compared with S\$37,000 in 4Q15 due to higher costs of borrowings. Similarly, finance costs in FY16 was S\$135,000, compared with S\$100,000 in FY15, due to higher costs of borrowings during the period.

Share of Associates' Results

The Group recorded a loss of S\$108,000 from its share of associates' results in 4Q16 compared with a profit S\$13.7 million in 4Q15. The profit in 4Q15 was mainly due to recognition of the Heron Bay project upon TOP. For FY16, share of associates' profit was S\$0.3 million compared with S\$13.8 million in FY15, mainly attributable to the recognition of the Heron Bay project in FY15.

Financial Position and Cash Flow Analysis

Non-current assets increased by S\$17.8 million from S\$93.5 million as at 31 December 2015 to S\$111.3 million as at 31 December 2016. This was mainly due to an increase of S\$15.7 million in property, plant and equipment ("PPE"), as well as additional investment in an associate company. The increase in PPE was mainly from the redevelopment of the SSF factory at 19 Tuas Avenue 20 and payment of the Malaysian land, as well as progressive acquisition of land for the Bangladesh solar project offset by the annual depreciation of PPE and impairment of plant assets in relation to the discontinuance of the chemical hub. The increase in associate company relates to the share of profit for the Heron Bay project and the additional investment for Aenergy arising from a cash call for its projects.

Current assets decreased by S\$15.6 million, from S\$152.9 million as at 31 December 2015 to S\$137.3 million as at 31 December 2016. This was mainly due to lower cash and cash equivalents and lower trade receivables, offset by increase in inventories and work-in-progress and other receivables. Cash and cash equivalents decreased mainly due to the payment of dividends, working capital financing, construction-in-progress for the redevelopment of SSF factory, payment for the Malaysian land acquired and purchase of land for Bangladesh solar project, share buyback, settlement of trust receipts, and investment in associated company. These outflows were offset by cash inflows from the conversion of warrants, term loan for the land acquisition and final post completion adjustment from the sale of TAT Petroleum. The lower trade receivables were generally in line with lower sales revenue. The increase in stocks and works in progress were the result of on-going steel fabrication and modular construction projects. The increases in other receivables were due to the loans and advances extended to modular construction projects, for the acquisition of land for the Bangladesh solar project and the deferred development costs for the solar project in Bangladesh.

Current liabilities decreased by S\$1.2 million from S\$23.9 million as at 31 December 2015 to S\$22.7 million as at 31 December 2016. This was mainly due to a decrease in trade payables and accruals, and trust receipts, offset by higher other payables incurred for amounts owing for land acquisition for Bangladesh solar project.

Non-current liabilities increased from S\$2.6 million as at 31 December 2015 to S\$6.1 million as at 31 December 2016, due to secured term loans drawdown for the purchase of a freehold land in Malaysia.

Shareholders' equity decreased to S\$217.5 million as at 31 December 2016 from S\$219.1 million as at 31 December 2015. This was mainly due to the payment of dividends and share buyback, offset by increase in share capital from the conversion of warrants and profits derived for the year.

During FY16, the Group recorded a net cash outflow of S\$9.1million from operating activities largely to fund its working capital.

Net cash used in investing activities amounted to S\$15.3 million in FY16, mainly due to the purchase of PPE amounting to S\$19.4 million and additional investment in associated company amounting to S\$2.0 million and loans to a JV company, partially offset by cash proceeds of S\$7.7 million from the disposal of subsidiary in relation to the final adjustment on the sale of the RP business.

Net cash used in financing activities in FY16 was S\$7.5 million, mainly due to the payment of dividends of S\$27.7 million and share buyback amounting to S\$1.8 million. This was offset by cash proceeds from the conversion of warrants amounting to S\$16.9 million and the proceeds from term loan amounting to S\$3.7 million.

As a result, after taking into account the net foreign currency translation adjustments, the Group recorded a net decrease in cash and cash equivalents of S\$31.8 million for FY16 to S\$70.8 million.

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

The current announced results are in line with the prospect commentary previously disclosed to shareholders in the results announcement for the period ended 30 September 2016.

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.

The Group expects FY17 to remain challenging for its core businesses, against the backdrop of domestic and global economic volatility, heightening competition and severe and protracted downturn of the marine, oil and gas sectors.

Its CP business will continue to be impacted by a depressed marine, and offshore oil and gas sector. To mitigate the challenges, the Group will continue its cost rationalisation efforts and enhance productivity to maintain an appropriate and efficient cost structure while focusing on expanding and diversifying its customer base.

The SSF segment continues to face margin pressure in an increasingly competitive industry. The Group has taken appropriate action to stay efficient and nimble while managing to secure a stable order book for FY17. In addition, the Group has progressively moved up the value chain with its entry into Pre-fabrication Pre-finished Volumetric Construction, which will provide new impetus for this segment and is expected to contribute positively from 2017. On 7 February 2017, the Group, through its wholly-owned subsidiary Hetat Holdings Pte Ltd, completed the acquisition of 60% of the total issued and paid-up share capital of TLC Modular Construction Joint Stock Company, Vietnam, and it is now a subsidiary of the Group.

The Group made its foray into the Solar energy business as a core business in 2016. Its two key projects, the 4MW SATS project in Singapore and the 50MW Bangladesh project, are progressing on track. The 4MW SATS project was completed in end 2016 and is subject to regulatory approvals to be obtained by SATS. The Group is expected to be able to start selling power by the later part of 1Q17, and this will provide a steady income stream for the Group. The 50MW Bangladesh project is on target to complete by 2Q18.

The Group will continue its efforts to secure new income accretive projects to progressively contribute to its sales and profit, as well as add on to its portfolio of assets. The Group will also continue to explore and implement measures that increases operational efficiency and reduce costs.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	:	Proposed Final
Dividend Type	:	Cash
Dividend Amount per Ordinary Share	:	0.25 cents
Tax Rate	:	Tax exempt one-tier

(b) Corresponding Period of the Immediately Preceding Financial Year

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

Yes.

Name of Dividend	:	Final
Dividend Type	:	Cash
Dividend Amount per Ordinary Share	:	0.32 cents
Tax Rate	:	Tax exempt one-tier

Name of Dividend	:	Special
Dividend Type	:	Cash
Dividend Amount per Ordinary Share	:	3.68 Cents
Tax Rate	:	Tax exempt one-tier

(c) Date payable

The proposed final dividend, if approved at the forthcoming Annual General Meeting of the Company, will be paid on 25 May 2017.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 12 May 2017. Duly completed transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte Ltd, 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to 5 p.m. on 11 May 2017 will be registered to determine entitlements to the final dividend. In respect of shares in securities accounts with The Central Depository (Pte) Limited ("CDP"), the final dividend will be paid by the Company to CDP which will in turn distribute the dividend entitlement to shareholders.

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 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,

There were eleven interested person transactions totalling S\$271,500 during the three months ended 31 December 2016. For the year ended 31 December 2016, there were sixty-two interested person transactions totalling S\$902,300. This represents 0.47% of the Group's audited net tangible asset as at 31 December 2015. The Group does not have a general mandate pursuant to Rule 920(1)(a)(ii).

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

Products and services from which reportable segments derive their revenues

Segment information reported externally was analysed on the basis of the types of goods supplied and services provided by the Group's operating divisions. Information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is also focussed on the three principal reportable segments of the group. The Group's reportable segments under FRS 108 are therefore as follows:

Corrosion Prevention
Structural Steel and Façade Engineering
Solar Energy

The corrosion prevention segment provides coating services to marine, oil and gas, construction and infrastructure industries.

The structural steel and façade engineering is in the business of designing, engineering and construction of steel, aluminium and glass structures and modular construction

The Solar Energy is specialises in solar energy development and M&E works.

Information regarding the Group's reportable segments is presented below.

(a) Segment revenues and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Corrosion prevention		Structural Steel & Façade		Solar Energy		Others		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Segment revenue	17,589	23,020	34,196	38,827	3,269	-	1,081	880	56,135	62,727
Segment result	2,356	3,054	7,529	4,061	129	-	233	(119)	10,247	6,996
Impairment of goodwill	-	-	-	-	-	-	-	(2,754)	-	(2,754)
Impairment of property, plant and equipment	-	-	-	-	-	-	(544)	-	(544)	-
Finance cost	-	-	(133)	(90)	-	-	(2)	(10)	(135)	(100)
Share of profit of associates, net of tax									257	13,797
Share of loss of joint venture, net of tax									(4)	-
Central administration costs and directors' salaries									(8,610)	(9,536)
Other income									2,853	698
Profit before tax									4,064	9,101

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the year 2016 was S\$2,886,000 (2015: S\$11,710,000).

Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, share of profits of associates, other income and finance costs. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

(b) Segment assets and liabilities

	Group	
	<u>2016</u>	<u>2015</u>
	S\$'000	S\$'000
Segment assets		
Corrosion prevention	29,056	32,593
Structural steel & facade	86,739	61,855
Solar Energy	14,764	-
Others *	118,073	151,962
Total segment assets	<u>248,632</u>	<u>246,410</u>
Consolidated assets	<u>248,632</u>	<u>246,410</u>
Segment liabilities		
Corrosion prevention	5,130	8,547
Structural steel & facade	18,179	11,710
Solar Energy	2,830	-
Others *	115	3,142
Total segment liabilities	<u>26,254</u>	<u>23,399</u>
Unallocated liabilities		
- Provision for taxation	535	858
- Deferred income tax	2,015	2,202
Consolidated liabilities	<u>28,804</u>	<u>26,459</u>

*others include corporate head office and strategic investments.

(c) Other segment information

	Group			
	Depreciation and amortisation		Additions to non-current assets *	
	Year ended	Year ended	Year ended	Year ended
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Corrosion prevention	1,760	1,757	364	633
Structural steel & facade	1,118	1,740	17,464	2,585
Solar Energy	9	-	1,562	-
Others	142	315	2	1,788
	<u>3,029</u>	<u>3,812</u>	<u>19,392</u>	<u>5,006</u>

* Non-current assets excluding investment in associates, loan receivable from associate and financial assets available-for-sale.

(d) Geographical information

The Group's continuing operation is primarily carried out in Singapore. The Group's revenue from external customers and information about its non-current assets by geographical location are detailed below:

	Group's revenue from external customers		Group's non-current assets #	
	Year ended	Year ended	Year ended	Year ended
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	53,444	56,380	85,249	73,724
Rest of South East Asia (a)	2,636	6,199	4,823	73
People of Republic China	1	39	4	12
Others (b)	54	109	1,516	1
	<u>56,135</u>	<u>62,727</u>	<u>91,592</u>	<u>73,810</u>

(a) Includes Malaysia, Vietnam, Thailand and Indonesia
(b) Includes Mongolia, Korea, Bangladesh and others

Non-current assets exclude financial assets available for sale.

(e) Any single individual customer contributed significantly to the Group's revenue

No.

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

	Full Year 2016 S\$'000	Full Year 2015 S\$'000	Change %
Revenue reported for first half year			
Continuing operation	26,643	23,821	12%
Discontinued operation	-	222,000	N/M
Net profit reported for first half year			
Continuing operation	610	(1,844)	N/M
Discontinued operation	7,556	5,774	31%
Revenue reported for second half year			
Continuing operation	29,492	38,906	(24%)
Discontinued operation	-	102,624	N/M
Net profit reported for second half year			
Continuing operation	3,731	10,818	(66%)
Discontinued operation	(260)	42,929	N/M
Total revenue reported for the full year			
Continuing operation	56,135	62,727	(11%)
Discontinued operation	-	324,624	N/M
Total net profit reported for the full year			
Continuing operation	4,341	8,974	(52%)
Discontinued operation	7,296	48,703	(85%)

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

Total Annual Dividend

	Latest Full Year (S\$'000)	Previous Full Year (S\$'000)
Ordinary	27,741	5,659
Preference	0	0
Total	27,741	5,659

18. **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 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Goh Sia Teck	57	Nephew of Thomas Lim Siok Kwee	Manager (Operations) - Assisting CEO in marine projects (since May 2006)	Nil
Lim Peng Cheng	48	Nephew of Thomas Lim Siok Kwee	Assistant Production Manager - Assisting CEO and Production Manager in plant operation (since April 2010)	Nil

19. **USE OF PROCEEDS PURSUANT TO THE EXERCISE OF WARRANTS**

As at the date of this announcement, the proceeds pursuant to the exercise of warrants have been utilised in accordance with its stated use and the breakdown is as follows:

	S\$ '000
Net Proceeds- Exercise of Warrants	17,011
Less:	
Proceeds for the Group's projects in Solar and Modular Construction	(8,210)
Proceeds for use in share buyback	(1,778)
Proceeds use for Group redevelopment of factory for its structural steel business	(2,000)
Working capital including but not limited to the repayment of professional fees	(233)
Acquisition of shares in TLC Modular Construction Joint Stock Company, Vietnam	(4,790)
	-

20. **Undertaking from Directors and Executive Officers pursuant to Rule 720(1) of the SGX Listing Manual**

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

BY ORDER OF THE BOARD

Ng Han Kok, Henry
Group Chief Executive Officer
27 February 2017