SHS Holdings Ltd.
(Company Registration No. 197502208Z)

Unaudited Financial Statement Announcement for the Fourth Quarter of and Full Year 2017

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		
	2017	2016	Change	2017	2016	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Continuing Operations						
Revenue	12,072	17,292	(30%)	37,725	56,135	(33%)
Cost of sales and services	(12,295)	(11,261)	9%	(33,493)	(40,561)	(17%)
Gross profit	(223)	6,031	N/M	4,232	15,574	(73%)
Other income	760	799	(5%)	2,096	2,853	(27%)
Selling and distribution expenses	(178)	(196)	(9%)	(770)	(689)	12%
Administrative expenses	(2,460)	(2,034)	21%	(8,688)	(8,610)	1%
Other operating expenses	(12,390)	(2,273)	445%	(16,345)	(5,182)	215%
(Loss)/profit from operations	(14,491)	2,327	N/M	(19,475)	3,946	N/M
Finance costs	(144)	(40)	260%	(246)	(135)	82%
Share of (loss)/profit of associated companies	(256)	(108)	137%	(571)	257	N/M
Share of profit of joint ventures	23	(4)	N/M	79	(4)	N/M
(Loss)/profit before income tax	(14,868)	2,175	N/M	(20,213)	4,064	N/M
Income tax	7	177	(96%)	12	277	(96%)
(Loss)/profit from continuing operations after tax	(14,861)	2,352	N/M	(20,201)	4,341	N/M
Discontinued operations #						
(Loss)/profit from discontinued operations after tax	(43)	(429)	(90%)	149	7,296	(98%)
(Loss)/profit after income tax	(14,904)	1,923	N/M	(20,052)	11,637	N/M
Attributable to:						
Equity holders of the Company						
- Continuing Operations	(13,957)	2,492	N/M	(18,376)	4,494	N/M
- Discontinued Operations	(43)	(429)	(90%)	149	7,296	(98%)
	(14,000)	2,063	N/M	(18,227)	11,790	N/M
Non-controlling interests, net of income tax						
- Continuing Operations	(904)	(140)	546%	(1,825)	(153)	N/M
- Discontinued Operations	-	-	N/M	-	-	N/M
	(904)	(140)	546%	(1,825)	(153)	N/M
	(14,904)	1,923	N/M	(20,052)	11,637	N/M

Discontinued operations relates to the Refined Petroleum Business which was divested in FY 2015

Statement of Comprehensive Income

	Group 3 months ended 31 Dec 2017 S$'000	2016 S$'000	Change %	Group 12 months ended 31 Dec 2017 S$'000	2016 S$'000	Change %
(Loss)/profit after income tax	(14,904)	1,923	N/M	(20,052)	11,637	(272%)
Other comprehensive income						
Foreign currency translation	69	(168)	N/M	(268)	(503)	(47%)
	69	(168)	N/M	(268)	(503)	(47%)
Total comprehensive (expenses)/income	(14,835)	1,755	N/M	(20,320)	11,134	N/M
Attributable to:						
Equity holders of the Company	(13,911)	1,896	N/M	(18,453)	11,287	(263%)
Non-controlling interests, net of income tax	(924)	(141)	555%	(1,867)	(153)	N/M
	(14,835)	1,755	N/M	(20,320)	11,134	N/M

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

(Loss)/profit from continuing operations is arrived at after (charging)/crediting the following:

	Note	Group 3 months ended 31 Dec 2017 S$'000	2016 S$'000	Change %	Group 12 months ended 31 Dec 2017 S$'000	2016 S$'000	Change %
Other Income	1	459	154	198%	817	852	(4%)
Dividend income	2	77	77	0%	175	411	(57%)
Interest Income	3	166	161	3%	1,045	897	16%
Interest on borrowings	4	(144)	(40)	260%	(246)	(135)	82%
Depreciation	5	(1,361)	(685)	99%	(3,529)	(2,972)	19%
Fixed assets written off		(1)	-	N/M	(18)	(2)	800%
Gain/(loss)on disposal of fixed assets		58	(4)	N/M	59	2	N/M
Impairment in goodwill	6	(9,600)	-	N/M	(9,600)	-	N/M
Impairment of property, plant & equipment	7	(16)	(544)	(97%)	(16)	(544)	(97%)
Amortisation of intangible assets		(5)	(14)	(64%)	(48)	(57)	(16%)
Amortisation of prepaid land lease		(34)	-	N/M	(34)	-	N/M
Bad debts expense		-	(4)	(100%)	-	4	(100%)
Allowance on allowance for doubtful debts	8	(746)	(278)	168%	(791)	(251)	215%
Write-back on allowance for stock obsolescence		2	13	(85%)	2	13	(85%)
Stock written back/ (written off)	9	(3)	(193)	(98%)	12	(192)	N/M
Foreign exchange (loss)/gain	10	(109)	411	N/M	(914)	691	N/M

1) The decrease for FY17 was largely due to lower scraps income from the Engineering & Construction “E&C” (formerly known as SSF) segment whilst the increase in 4Q17 was due to rental income arising from renting factory/warehouse space to third parties.
2) The dividend income is mainly derived from investment in EVIA fund which in 2Q16 a special dividend was paid.
3) The higher interest in FY17 is due largely to under accrual of interest income from shareholder loan to an associate company adjusted in 3Q17.
4) The increase was mainly due to the construction/term loan for the redevelopment of the Hetat factory; longer tenor of trust receipts placement and the money market loan to repay trust receipts during the FY.
5) The increase was mainly due to commencement of depreciation of new Hetat factory and office buildings in 4Q17 and the consolidation of the newly acquired TLC modular construction business under E&C segment.
6) The impairment of goodwill mainly derived from the acquisition of the Hetat Engineering Group in 2014 of the E&C segment with the projected decrease in value in use for the next 5 years.
7) Impairment of assets in 4Q16/FY16 relates to the assets of Eastern Tank Store due to the expiry of lease term factory with JTC.
8) Increase in allowance for doubtful debts due to foreseeable uncollectable debts from customers of Hetat Group in the E&C segment.
9) Stock written off higher in 2016 due mainly from E&C segment for excess material.
10) The increase in exchange loss was due to the depreciating USD against S$ for the Group’s overseas projects and the depreciating M$ against the S$.

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 2017 S$'000	31 Dec 2016 S$'000	31 Dec 2017 S$'000	31 Dec 2016 S$'000
ASSETS				
Non-current assets				
Property, plant and equipment	75,445	42,793	14,599	8,399
Investment in subsidiary companies	-	-	54,347	54,347
Investments in associated companies	9,330	22,291	7,004	7,004
Financial assets, available-for-sale	19,711	19,711	17,135	17,135
Investment in joint ventures	102	6	-	-
Intangible assets	-	52	-	-
Goodwill	20,501	26,450	-	-
Loan to related party	-	-	-	-
Prepaid land lease	3,752	-	-	-
	128,841	111,303	93,085	86,885
Current Assets				
Prepaid land lease	189	-	-	-
Inventories and work-in-progress	20,483	9,941	-	429
Trade receivables	13,704	21,147	433	201
Amount due from subsidiaries	-	-	72,353	39,517
Amount due from joint ventures	-	328	-	-
Other receivables and prepayments	38,014	31,888	7,981	17,727
Loan receivables from joint ventures	2,276	2,633	-	-
Loan receivables from an associated company	-	600	-	-
Fixed deposits	35,000	51,000	35,000	51,000
Cash and bank balances	14,107	19,792	2,670	3,787
	123,773	137,329	118,437	112,661
Total Assets	**252,614**	**248,632**	**211,522**	**199,546**
LIABILITIES				
Current Liabilities				
Trade payables and accruals	10,916	12,311	982	1,722
Other payables	5,893	4,397	310	263
Amount due to subsidiaries	-	-	83	4,980
Term loans	12,846	18	-	-
Amount due to associated companies	1,029	-	-	-
Other amounts due to bankers	2,927	5,314	-	-
Amount due to non-controlling interest	4,112	-	-	-
Finance leases	79	103	-	-
Provision for taxation	848	528	-	-
	38,650	22,671	1,375	6,965
Non-current Liabilities				
Term loans	3,980	3,840	-	-
Finance leases	128	278	-	-
Deferred taxation	3,598	2,015	1,802	633
	7,706	6,133	1,802	633
Total Liabilities	46,356	28,804	3,177	7,598
EQUITY				
Share capital	160,637	160,636	160,637	160,636
Treasury shares	(5,003)	(5,003)	(5,003)	(5,003)
Asset revaluation reserve	7,456	1,748	8,582	2,874
Foreign currency translation reserve	671	897	-	-
Other reserve	-	-	3,297	3,297
Revenue reserve	39,559	59,499	40,832	30,144
	203,320	217,777	208,345	191,948
Non-controlling interests	2,938	2,051	-	-
Total Equity	206,258	219,828	208,345	191,948
Total Liabilities and Equity	**252,614**	**248,632**	**211,522**	**199,546**

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

	31-Dec-17 S$'000	31-Dec-16 S$'000
Amount Repayable in one year or less, or on demand		
Secured	15,852	5,435
Unsecured	-	-
	15,852	5,435
Amount Repayable after one year, or on demand		
Secured	4,108	4,118
Unsecured	-	-
	4,108	4,118

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, and a mortgage in-escrow and deed of assignment over 19 Tuas Avenue 20, corporate guarantee of S$41.10 million by the Company extended to Hetat Pte Ltd for banking facilities of approximately S$23.68 million and US$12 million;

ii) A mortgage in-escrow and deed of assignment over industrial land together with a factory building to be erected held under title GM2485, Lot 1979, Mukim Jeram Batu. Daerah Pontian, Johor, Malaysia, corporate guarantee by the Company of $$9.46million and RM1.30 million for banking facility of approximately S$3.99 million and RM5.30 million (including foreign exchange spot and forward).

iii) A corporate guarantee for S$5.75 million by the Company for banking facility extended to Sinenergy Holdings Pte Ltd of approximately S$5 million.

iv) 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.

v) A corporate guarantee of US$1.3 million for banking facilities extended to Aenergy Holdings Company Limited of approximately US$5.2 million.

vi) 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		12 months ended 31 Dec	
	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000
Cash Flows from Operating Activities				
(Loss)/profit before income tax from continuing operations	(14,868)	2,175	(20,213)	4,064
Profit before income tax from discontinued operations	(43)	(429)	149	7,296
(Loss)/profit before income tax, total	(14,911)	1,746	(20,064)	11,360
Adjustments for:				
Depreciation	1,361	685	3,529	2,972
Fixed assets written off	1	-	18	2
Amortisation of prepaid land lease	34	-	34	-
Amortisation of intangible assets	5	14	48	57
(Gain)/loss on disposal of fixed assets	(58)	4	(59)	(2)
Interest on borrowings	144	40	246	135
Interest income	(166)	(161)	(1,045)	(897)
Share of (profit)/loss of joint ventures	8	1	(47)	4
Share of loss/(profit) of associated companies	223	111	538	(257)
Impairment of goodwill	9,600	-	9,600	-
Impairment of property, plant and equipment	16	544	16	544
Gain on disposal of subsidiary	-	-	-	(7,725)
Allowance/(write back) for doubtful debts	746	279	791	252
Write back provision for doubtful debts	-	-	-	-
Allowance/(Write back) for inventory obsolescence	43	416	(151)	416
Dividend income	(77)	(77)	(175)	(411)
Bad debts expense	-	4	-	4
Inventories written off/(written back)	3	193	(12)	192
Loss from discontinued operations	-	-	-	-
Net foreign currency translation adjustments	16	(259)	(550)	(511)
Operating cash flow before working capital changes	(3,012)	3,540	(7,283)	6,135
Changes in working capital				
Inventories and work-in-progress	2,167	(3,060)	(8,140)	(6,328)
Receivables	(2,743)	(8,482)	2,902	(9,168)
Payables	(4,851)	6,296	(6,342)	284
Cash used in operations	(8,439)	(1,706)	(18,863)	(9,077)
Interest paid	(144)	(40)	(246)	(135)
Interest received	166	161	1,045	897
Income tax payment	219	(14)	215	(240)
Net cash used in operating activities	(8,198)	(1,599)	(17,849)	(8,555)
Cash Flows from Investing Activities				
Dividend received from investment and associates	1,577	77	13,675	411
Purchase of property, plant and equipment	(5,826)	(8,923)	(26,552)	(19,547)
Proceeds from disposal of property, plant and equipment	-	3	1	239
Proceeds from disposal of intangible assets	5	-	5	-
Net cash inflow on disposal of subsidiary (discontinued operations)	-	-	-	7,725
Capital contribution to a joint venture	-	-	-	(7)
Capital contribution to an associated company	-	-	(1,110)	(2,039)
Repayment from/(loan to) a joint venture	71	(2,636)	357	(2,636)
Loan/repayment from assosiated companies	1,029	-	1,629	-
Cashflow on acquisition of subsidiary (net of cash)	-	-	(5,837)	-
Net cash used in investing activities	(3,144)	(11,479)	(17,832)	(15,854)
Cash Flows from Financing Activities				
Net proceeds from issue of shares	1	-	1	16,906
Purchase of treasury shares	-	-	-	(1,777)
Dividends paid	-	-	(1,713)	(27,741)
Fixed deposit discharge with bank	-	-	-	1,200
Fund repayment to hire purchase	(38)	(50)	(175)	(215)
Drawdown/(repayment) to term loan	1,215	3,858	12,968	3,708
Repayment of trusts receipts	(26)	279	(2,387)	(915)
Capital contribution from non-controlling interest	36	1,248	1,196	1,355
Shareholder loan from non-controlling interest	63	-	4,112	-
Net cash generated from/(used in) financing activities	1,251	5,335	14,002	(7,479)
Net foreign currency translation adjustments	225	209	(6)	125
Net decrease in cash and cash equivalents	(9,866)	(7,534)	(21,685)	(31,763)
Cash and cash equivalents at the beginning of the period	58,973	78,326	70,792	102,555
Cash and cash equivalents at the end of the period	49,107	70,792	49,107	70,792

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 2017	160,636	(5,003)	1,748	-	897	59,499	217,777	2,051	219,828
Comprehensive income	-	-	-	-	(226)	(18,227)	(18,453)	(1,867)	(20,320)
Exercise of warrants	1	-	-	-	-	-	1	-	1
Acquisition of subsidiary	-	-	-	-	-	-	-	1,558	1,558
Dividends paid	-	-	-	-	-	(1,713)	(1,713)	-	(1,713)
Capital contribution by non-controlling interest	-	-	-	-	-	-	-	1,196	1,196
Revaluation gain on Property, plant & Equipment	-	-	5,708	-	-	-	5,708	-	5,708
Balance at 31 December 2017	160,637	(5,003)	7,456	-	671	39,559	203,320	2,938	206,258
Balance at 01 January 2016	143,730	(3,226)	1,748	-	1,400	75,450	219,102	849	219,951
Comprehensive income	-	-	-	-	(503)	11,790	11,287	(153)	11,134
Exercise of warrants	16,906	-	-	-	-	-	16,906	-	16,906
Dividends paid						(27,741)	(27,741)	-	(27,741)
Share buy-back	-	(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	59,499	217,777	2,051	219,828
Company									
Balance at 01 January 2017	160,636	(5,003)	2,874	3,297	-	30,144	191,948	-	191,948
Comprehensive income	-	-	-	-	-	12,401	12,401	-	12,401
Dividends paid	-	-	-	-	-	(1,713)	(1,713)	-	(1,713)
Revaluation gain on Property, plant & Equipment	-	-	5,708	-	-	-	5,708	-	5,708
Exercise of warrants	1	-	-	-	-	-	1	-	1
Balance at 31 December 2017	160,637	(5,003)	8,582	3,297	-	40,832	208,345	-	208,345
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
Share buyback	-	(1,777)	-	-	-	-	(1,777)	-	(1,777)
Exercise of warrants	16,906	-	-	-	-	-	16,906	-	16,906
Dividends paid	-	-	-	-	-	(27,741)	(27,741)	-	(27,741)
Balance at 31 December 2016	160,636	(5,003)	2,874	3,297	-	30,144	191,948	-	191,948

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed 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: -

	2017		2016	
Ordinary shares	Number of shares	$	Number of shares	$
As at beginning of financial year	710,618,161	160,636,116	626,087,386	143,729,961
Exercise of warrants	2,551	510	84,530,775	16,906,155
As at 31 December	710,620,712	160,636,626	710,618,161	160,636,116
Treasury shares				
As at beginning of financial year	25,490,900	5,003,269	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	25,490,900	5,003,269
Total shares excluding treasury shares as at 31 December	685,129,812	155,633,357	685,127,261	155,632,847

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 SGD0.20. The Warrants have a 5-year excercise period from the date of issue and it will expire on 17 December 2019.

At the end of the financial period, the unissued ordinary shares of the Company under warrants were 218,582,052.

There were no subsidiary holdings as at 31 December 2017 and 31 December 2016.

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

	31-Dec-17	31-Dec-16
Total number of shares (including treasury shares)	710,620,712	710,618,161
Less treasury shares	(25,490,900)	(25,490,900)
Total number of shares (excluding treasury shares)	685,129,812	685,127,261

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.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

There are no sales, transfers, disposal, cancellation and/or use of subsidiary holdings 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 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

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	
	2017	2016	2017	2016
<u>Continuing Operations</u> (Loss)/profit per ordinary share for the financial year based on consolidated profit attributable to members of the Company (Basic and diluted)				
- Basic	(2.04) cents	0.38 cents	(2.68) cents	0.68 cents
-Diluted	(1.98) cents	0.36 cents	(2.61) cents	0.65 cents
Based on the weighted averge number of shares (Basic)	685,127,863	662,109,747	685,127,863	662,109,747
Based on the weighted averge number of shares (Diluted)	705,374,175	690,061,973	705,374,175	690,061,973

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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net asset backing per ordinary share	29.68 cents	31.79 cents	30.41 cents	28.02 cents
Based on the number of shares in issue, excluding treasury shares	685,129,812	685,127,261	685,129,812	685,127,261

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 2017 ("4Q17"), the Group recorded a 30% decrease in revenue from continuing operations to S$12.1 million and a net loss attributable to equity holders from continuing operations of S$14 million which included a one-off exceptional impairment charge of goodwill of S$9.6 million. This compares with a net profit attributable to equity holders from continuing operations of S$2.4 million a year ago.

For the 12 months ended 31 December 2017 ("FY17"), the Group achieved revenue from continuing operations of S$37.7 million, a decrease of 33% from FY16. Net loss attributable to equity holders from continuing operations in FY17 was S$18.4 million which included a one-off exceptional impairment charge of goodwill of S$9.6 million against a net profit of S$4.5 million a year ago.

Profit from discontinued operations after tax in 4Q16 and FY16 relates to the post completion payment adjustment received from the acquirer Brenntag for the disposal of the Refine Petroleum Business segment.

As at 31 December 2017, the Group's total equity attributable to shareholders stood at S$203.3 million compared to S$217.5 million as at 31 December 2016. The Group has cash and cash equivalent balance of S$49.1 million. It is in a net cash position with low debt-to-total equity ratio of 9.8%.

Revenue from Continuing Operations

S$'000	4Q17	4Q16	Change	FY17	FY16	Change
Corrosion Prevention ("CP")	1,255	3,382	-63%	9,976	17,589	-43%
Engineering & Construction ("E&C")*	9,837	11,046	-11%	25,773	34,196	-25%
Solar Energy	626	2,642	-76%	1,049	3,269	-68%
Others	354	222	59%	927	1,081	-14%
Total	**12,072**	**17,292**	**-30%**	**37,725**	**56,135**	**-33%**

**formerly classified as Structural Engineering & Façade"*

The Group's revenue declined 30% to S$12.1 million in 4Q16, compared with S$17.3 million in the previous corresponding period. For FY17, revenue was 33% lower at S$37.7 million. This was mainly due to lower revenue contribution from the CP, E&C and Solar Energy segments.

Corrosion Prevention ("CP") segment

The Marine, Offshore Oil and Gas sectors which the CP business is dependent upon continue in the doldrums for 2017 as oil prices remained low in the 40s and 50s range and only cross the psychological barrier of US$60 in January 2018. Orders were very much curtailed throughout 2017 as the industry continued to experience orders cancellation or deliveries deferred.

On the back of the depressed marine and offshore sectors, revenue for CP segment dived 63% to S$1.2 million in 4Q17 from the already low base of S$3.4 million in 4Q16. For FY17, revenue plunged 43% to S$10.0 million, from S$17.6 million in FY16. At FY17 activity levels, the CP operations in particular its factory operations was operating well below breakeven utilization.

Engineering & Construction ("E&C") segment

Revenue for the EC segment decreased 11% year-on-year to S$9.8 million in 4Q17 from S$11 million in 4Q16 and decreased 25% year-on-year in FY17 from S$34.2 million to S$25.7 million. This is driven largely by the slowdown of the Singapore construction sector which resulted in fewer orders coupled with delays in the start of projects on hand. For the newly acquired modular construction business, the revenue recognized in FY17 was insignificant as the projects currently on hand are of a design and build contract nature, hence revenue is only recognized when the project is commissioned and fully handed over to the owners. These projects are currently still progressing in line with expected margins but as explained, the contribution are not recognized in the income statement until the completion of the contracts largely in 2018.

Solar Energy segment

The Solar Energy segment for 4Q17 registered revenue of S$0.6 million a decrease of 76% against 4Q16 of S$2.6 million. This is due to 4Q16 included significant contribution from the Singapore Airport Terminal Services ("SATS") 3.6MW project and to a lesser extend delay in two projects in 4Q17 to 2018. Similarly for FY17, sales fell 68% from S$3.3 million in FY16 to S$1 million for the reasons explained above.

Gross Profit and Gross Profit Margin

Gross Profit from Continuing Operations

S$'000	4Q17	4Q16	Change	FY17	FY16	Change
CP	(331)	864	nm	1,058	4,954	-79%
E&C	60	4,887	-99%	3,155	9,934	-68%
Solar Energy	(29)	205	nm	(238)	239	nm
Others	77	75	3%	257	447	-43%
Total	**(223)**	**6,031**	**nm**	**4,232**	**15,574**	**-73%**

For 4Q17, the Group's gross profit plunged year-on-year to a loss of S$0.2 million, compared with a profit of S$6 million in 4Q16. The decrease was mainly due to the significant drop in revenue of the CP, E&C and Solar Energy segments as discussed above and costs over-runs incurred in a few structural steel projects under the E&C segment. As a result, the Group's gross margin fell substantially from 34.8% in 4Q16 to -1.9% in 4Q17.

Similarly for the same reasons above, for FY17, the Group's gross profit decreased by 73% to S$4.2 million from S$15.6 million. Gross margin decreases from 27.7% to 11.2%.

CP segment

Gross loss for CP segment in 4Q17 dived to $0.3 million from a gross profit of S$0.9 million in 4Q16. This is driven on the back of the continuing slump in revenue as explained above which was further exacerbated by pricing pressures especially for the factory operations which are operating well below breakeven utilization. For

FY17, gross profit decreased 72% to S$1.4 million from S$4.9 million. The underutilization of the factory capacity and equipment and pricing pressures resulted in gross margin decreasing to 16.6% from 28.2% a year ago.

E&C segment

E&C segment's gross profit also plunged 99% to S$60,000 in 4Q17 from S$4.9 million in 4Q16 on the back of drop in revenue due to delay in timing of the delivery of project; fewer projects from the lackluster construction sector and costs over-runs on a few structural steel projects on hand. As a result, gross margin dipped significantly to 0.6% from 44.2% a year earlier. Similarly for the same reasons above, for FY17, gross profit fell 68% to S$3.2 million against S$9.9 million a year earlier.

Solar Energy segment

The Solar Energy segment continues to report a gross loss as it is still at its development phase coupled with projects earlier secured during the year had been delayed to 2018. The significantly better gross profit in FY16 was due to the contribution from the major SATS project in its maiden year.

Other Income

Other income decreased by 5% to S$ 0.76 million in 4Q17 due to the absence of unrealized exchange gain arising from the appreciating USD and depreciation of the Mongolian currency recorded in 4Q16.

For FY17, other income at S$2.1 million was 27% lower than a year ago due to the absence of the unrealized exchange gain arising from the appreciating USD and depreciation of the Mongolian currency recorded for FY 16 totaling S$0.84 million and lower interest income earned due to lower excess cash placed in fixed deposits and lower interest yield.

Selling, Distribution, Administrative and Other Operating Expenses

S$'000	4Q17	4Q16	Change	FY17	FY16	Change
Selling & Distribution	(178)	(196)	-9%	(770)	(689)	12%
Administrat ive	(2,460)	(2,034)	21%	(8,688)	(8,610)	1%
Other OPEX	(12,390)	(2,273)	445%	(16,345)	(5,182)	215%
Total OPEX	**(15,028)**	**(4,503)**	**234%**	**(25,803)**	**(14,481)**	**78%**

Total operating expenses increased 234% in 4Q17 and increased 78% in FY17 largely driven by the impairment charge on goodwill (included in "Other Opex"). S$9.6 million impairment was taken on the S$25 million goodwill arising from the acquisition of the Structural Steel Engineering business in 2014 as the business had been hit by slowing orders and compressed margins. The increase in selling and distribution expenses for FY17 is due primarily to the inclusion of modular construction business acquired in early February 2017 whose projects are mainly in overseas markets. Administrative expenses increased 21% in 4Q17 due to the inclusion of the modular construction business. It increased 1% in FY17 despite the inclusion of the modular construction business due to the Group's continuing cost rationalization efforts during the year in the light of slow business activities of its CP and structural steel business. Other OPEX increased 441% in 4Q17 and increased 215% in FY17 due to the S$9.6 million goodwill impairment charge; bad debts provided for the E&C segment; the inclusion of the modular construction business and; unrealized foreign exchange loss incurred on the depreciating USD against the S$ for the overseas projects and the depreciating M$ against the S$ incurred by the E&C and Solar segments.

Finance Costs

Finance costs in 4Q17 at S$144,000 increased 260% compared with S$40,000 in 4Q16 due to higher borrowings incurred for the development of the new Hetat factory. Similarly for the same reason, finance costs in FY17 was S$246,000, compared with S$135,000 in FY16.

Share of Associates' Results

Share of loss of associated companies came in at S$256,000 in 4Q17 against S$108,000 a year ago largely attributable to the mini-hydro power projects of Aenergy which is still at its development stage. Share of loss of associated companies for FY17 was S$571,000 against a profit of S$257,000 as the final 2 units from the Heron Bay project was disposed at a loss in 1Q17 as reported in earlier quarter coupled with the higher loss from the mini-hydro power projects of Aenergy.

Financial Position and Cash Flow Analysis

Non-current assets increased S$17.5 million from S$111.3 million as at 31 December 2016 to S$128.8 million as at 31 December 2017. This was mainly due to:

a) Increase in fixed assets of S$32.7 million arising largely from the redevelopment of the Hetat plant at 19 Tuas Avenue 20; the increase in valuation of S$6.2 million from the periodic revaluation of the CP property; the consolidation of fixed assets of newly acquired TLC JSC Vietnam of S$5.1 million; addition of S$10.3 million from Solar segment for the progressively acquisition of land for the Bangladesh solar project less the depreciation of Property, plant and equipment charged to the income statement in the financial year of S$3.5 million;

b) Increase in Prepaid Land Lease of S$3.8 million in relation to factory land arising from the consolidation of the newly acquired TLC JSC Vietnam.

c) Decrease of S$5.9 million in Goodwill arising from S$9.6 million impairment charge taken on the goodwill arising from the acquisition of Hetat Group in 2014 less the acquisition of TLC JSC Vietnam in February 2017 of S$3.7 million;

d) Decrease in Investment in Associate from dividend received for the Heron Bay Executive Condominium project of S$13.5 million less the investment of S$1.1 million in Yokomori Singapore Pte Ltd for a 30% equity interest.

Current assets decreased S$13.5 million from S$137.3 million as at 31 December 2016 to S$123.8 million as at 31 December 2017. This was mainly due to:

a) Lower cash and cash equivalents of S$21.7 million from fixed assets increase of S$26.5 million arising from the redevelopment of the Hetat factory and acquisition of land for the solar project in Bangladesh partially financed from term loan increased of S$13 million ; acquisition of modular business of TLC JSC in Vietnam of $$5.8 million and investment in joint venture with Yokomori of S$1.1 million ; working capital funding for inventory and works in progress for E&C projects including funding the financial year operating loss and dividend payment of S$1.7 million offset by improved collections from trade receivables; the receipt of S$10 million held previously in escrow from the sale of the RP business and S$14 million from dividend from associate company for the Heron Bay EC project;

b) Lower trade receivables of S$7.4 million from collections of receivables and lower revenue for FY17;

c) Higher other receivables of S$6.1 million largely from the receipt of escrow monies of $10 million previously held for the sale of the RP business and repayment of shareholder loans received from an associate company S$2.8 million less progress payments made for the Bangladesh solar project of S$16.6 million and Vietnam solar project S$1.9 million;

d) Increase in inventories and work in progress of $10.5 million largely from the E&C segment in relation to the works in progress for the projects on hand.

Current liabilities of the Group increased S$16.0 million from S$22.7 million as at 31 December 2016 to S$38.7 million as at 31 December 2017. This was mainly due to:

a) Increase in other payables of S$1.4 million from the amount held in escrow for the profit warranty arising from the acquisition of the modular business and advance deposits from lease rental;

b) Increase in term loan from the drawdown of construction loan to finance the redevelopment of Hetat factory and revolving credit line to repay trust receipts due to banks;

c) Increase of amount due to Non-Controlling Interests of S$4.1 million for its share of the Bangladesh's solar project under development.

Non-current liabilities of the Group increased S$1.6 million as at 31 December 2017 due largely to increase in deferred taxation from the periodic revaluation of the leasehold properties of the Group.

Shareholders' equity decreased to S$203.3 million as at 31 December 2017 from S$217.8 million as at 31 December 2016. The decrease was largely attributed to the loss for the financial year offset partially by the revaluation of the leasehold properties of the Group.

Non-controlling interests of S$2.9 million relates to the minority interests portion of Solar Energy segment and the newly acquired subsidiary of TLC JSC Vietnam.

During FY17, the Group recorded a net cash outflow of S$17.8 million from operating activities after using S$10.6 million for changes in working capital largely driven by working capital used for the modular construction and solar projects currently in progress and the balance largely for funding the FY17 operating loss.

Net cash used in investing activities amounted to S$17.9 million in FY17 mainly due to the construction in progress arising from the redevelopment of Hetat leasehold land; the purchase of land in Bangladesh for the Solar Energy segment and the payment in relation to the acquisition of TLC JSC in Vietnam offset partially by the S$13.7 million dividend receive from its investment and associate company.

Net cash generated from financing activities in FY17 was S$14 million derived from drawdown of bank loans for the redevelopment of Hetat factory and office building and funds received from non-controlling shareholders for their shareholding in part of the Group's business. After taking into account net foreign currency translation adjustments, the Group recorded a net decrease in cash equivalents of S$21.7 million to S$49.1 million for FY17.

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 2017.

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.

Notwithstanding the challenging conditions guided for the year, operating conditions in FY17 had been more difficult than expected resulting in the dismal results reported. The business landscape for FY18 is showing signs of improvement and on the back of some of earlier initiatives taken by the Group for the modular construction business and for solar energy segment which are gaining traction, the Group expects 2018 results to improve over the previous year.

On the back of a weakened prospect of the construction sector, the Group's engineering business in Singapore continues to face margin pressure in an increasingly competitive industry which had resulted in FY17 loss and the need to take impairment charge on goodwill. Management continues to take appropriate action to stay efficient and remain nimble in this difficult trading condition. For the Group's efforts to move into modular construction and explore overseas for growth in this segment, this business has successfully entered the New Zealand market with delivery of the first modular hotel in Christchurch to take place in 1H18. Following this, the Group's is cautiously optimistic that more modular contracts will follow with more adopters for the new technology.

For the Group's solar energy segment, the Group will focus on developing the 50MW Bangladesh project and target to commission the project in the 4th quarter of 2018 and at the same time seek to secure new orders for roof-top solar projects and reap value from existing projects on hand. Barring unforeseen circumstances, this segment is expected to be profitable for the Group.

With the gradual recovery of oil prices to sustain at above US$60, management is seeing some recovery in the marine, offshore oil and gas sector and improvement in demand for its corrosion prevention services. The Group expects the contribution from this segment to improve from 2017 but whether it can return to profitability remains uncertain. The Group will continue its cost rationalisation exercise and enhance productivity to maintain an appropriate and efficient cost structure while it focuses on delivering value from its improved orders.

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	:	0.20 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	:	0.25 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 24 May 2018.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 11 May 2018. 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 10 May 2018 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 no interested person transactions during the three months ended 31 December 2017. For the 12-month ended 31 December 2017, there were twenty-five interested person transactions totalling S$377,000. This represents 0.17% of the Group's audited net tangible asset as at 31 December 2016. 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
Engineering & Construction
Solar Energy

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

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

The Solar Energy is specialising 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		Engineering & Contruction		Solar Energy		Others		Adjustment and elimination #		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000 Restated
Segment revenue	9,976	17,589	25,773	34,196	1,049	3,269	927	1,081			37,725	56,135
Segment result	(876)	2,356	(863)	7,529	(1,085)	129	(442)	233			(3,266)	10,247
Impairment of goodwill	-	-	(9,600)	-	-	-	-	-			(9,600)	-
Impairment of property, plant and equipment	-	-	-	-	-	-	(16)	(544)			(16)	(544)
Impairment of intangible assets	-	-	-	-	-	-	-				-	-
Finance cost	(1)	-	(245)	(133)		-	-	(2)			(246)	(135)
Share of profit/(loss) of associates, net of tax											(571)	257
Share of profit/(loss) of joint venture, net of tax											79	(4)
Central administration costs and directors' salaries											(8,688)	(8,610)
Other income											2,096	2,853
Profit before tax											(20,213)	4,064

Revenue reported above represents revenue generated from external customers. Inter-segment sales for the year 2017 was S$2,325,500 (2016: S$2,866,000).

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	
	2017	2016
	S$'000	S$'000
Segment assets		
Corrosion prevention	32,575	29,063
Solar Energy	43,243	14,764
Engineering & Construction	101,585	86,732
Others	75,210	118,073
Total segment assets	252,614	248,632
Consolidated assets	252,614	248,632
Segment liabilities		
Corrosion prevention	4,172	5,137
Solar Energy	6,387	2,830
Engineering & Construction	30,755	18,179
Others	597	115
Total segment liabilities	41,910	26,261
Unallocated liabilities		
- Provision for taxation	848	528
- Deferred income tax	3,598	2,015
Consolidated liabilites	46,356	28,804

(c) Other segment information

	Group			
	Depreciation and amortisation		Additions to non-current assets	
	Year ended 2017	Year ended 2016	Year ended 2017	Year ended 2016
	S$'000	S$'000	S$'000	S$'000
Corrosion prevention	1,653	1,760	1,448	389
Solar Energy	36	9	10,315	1,562
Engineering & Construction	1,871	1,118	14,781	17,593
Others	51	143	8	2,048
	3,611	3,030	26,552	21,592

* 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 2017	Year ended 2016	Year ended 2017	Year ended 2016
	S$'000	S$'000	S$'000	S$'000
Singapore	31,573	53,444	78,894	85,249
Rest of South East Asia (a)	3,920	2,636	17,515	4,823
People of Republic China	2	1	2	4
Others (b)	2,230	54	12,719	1,517
	37,725	56,135	109,130	91,593

(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 2017 S$'000	Full Year 2016 S$'000 Restated	Change %
Revenue reported for first half year			
Continuing operation	15,749	26,643	(41%)
Discontinued operation	-	-	N/M
Net profit reported for first half year			
Continuing operation	(2,814)	610	(561%)
Discontinued operation	184	7,556	(98%)
Revenue reported for second half year			
Continuing operation	21,976	29,492	(25%)
Discontinued operation	-	-	N/M
Net profit reported for second half year			
Continuing operation	(17,387)	3,731	(566%)
Discontinued operation	(35)	(260)	(86%)
Total revenue reported for the full year			
Continuing operation	37,725	56,135	(33%)
Discontinued operation	-	-	N/M
Total net profit reported for the full year			
Continuing operation	(20,201)	4,341	(565%)
Discontinued operation	149	7,296	(98%)

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	1,713	27,741
Preference	0	0
Total	1,713	27,741

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	58	Nephew of Thomas Lim Siok Kwee	Manager (Operations) - Assisting CEO in marine projects (since May 2006)	Nil
Lim Peng Cheng	49	Nephew of Thomas Lim Siok Kwee	Production Manager - Assisting CEO in plant operation (since April 2010)	Nil

19. 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 CEO
28 February 2018