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UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

- 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.

(i) CONSOLIDATED INCOME STATEMENT

	Note	Group		%+/-
		S\$'000		
		FY2017 (Unaudited)	FY2016 (Audited)	
Turnover	1	32,799	37,886	-13.4
Other operating income	2	1,051	1,447	-27.4
Changes in stocks of finished goods and work in progress		(106)	177	NM
Raw materials and consumables used	3	(17,459)	(20,312)	-14.0
Personnel expenses		(9,923)	(10,020)	-1.0
Depreciation		(2,145)	(2,154)	-0.4
Rental, property tax and utilities		(2,274)	(2,277)	-0.1
Freight, travelling and transportation expenses		(2,173)	(2,175)	-0.1
Repair and maintenance expenses	4	(539)	(487)	10.7
Royalties	5	-	(131)	-100.0
Subcontractor costs	6	(830)	(992)	-16.3
Fixed assets written off		(66)	(60)	10.0
Bad debts written off		(26)	(44)	-40.9
Other operating expenses		(3,039)	(2,972)	2.3
Impairment loss	7	(9)	(417)	-97.8
Loss on voluntary liquidation of subsidiary	8	(268)	-	100.0
Financial expense – net		(220)	(239)	-7.9
Loss before tax		(5,227)	(2,770)	88.7
Tax expense		(192)	22	NM
Loss, net of tax		(5,419)	(2,748)	97.2
Loss attributable to:				
- Owners of the Company		(5,341)	(2,478)	115.5
- Non-controlling interests		(78)	(270)	-71.1
		(5,419)	(2,748)	97.2

NM : not meaningful

NOTES TO THE CONSOLIDATED INCOME STATEMENT

One of the Group's wholly-owned subsidiary incorporated in China, namely IP Softcom (Xiamen) Co., had completed its member's voluntary liquidation ("Liquidation") in April 2017 as part of the Group's corporate restructuring.

Note 1

Group's **turnover** fell 13.4%, year-on-year ("yoy") to S\$32.8 million largely due to the cessation of a supply chain project to a major customer in May 2016 ("Ceased Project") and weaker performance in the existing supply chain management segment.

Note 2

Other operating income was lower at S\$1.1 million, or 27.4% down yoy largely due to the following:

- Ceased Project;
- the absence of one-off interest waiver from a supplier granted to the Group's partially-owned Indian subsidiary in FY2016 and;
- foreign exchange gain of S\$0.1 million for FY2016 as compared to a foreign exchange loss in FY2017.

Note 3

Raw materials and consumables used was lower at S\$17.5 million, or 14.0% lower yoy due to lower turnover in FY2017 and difference in sales mix.

Note 4

Repair and maintenance expenses was higher at S\$0.5 million, or 10.7% higher yoy due to higher frequency of repairs and servicing on print related intensive machines.

Note 5

No **royalty** was recorded in FY2017 due to the end of an agreement in Dec 2016.

Note 6

Subcontractor costs was 16.3% lower yoy at S\$0.8 million largely due to the lower business activities by the Indian subsidiaries.

Note 7

Impairment loss was lower due to the absence in FY2017 of S\$0.4 million impairment loss on the investment in securities held by the Group's partially-owned dormant China subsidiary in FY2016.

Note 8

One-off **Loss on voluntary liquidation of subsidiary** was mainly related to the realisation of translation differences arising from the Liquidation.

(ii) Loss from operations is stated after charging/(crediting) the following:

		Group S\$'000	
	Note	FY2017 (Unaudited)	FY2016 (Audited)
Allowance for doubtful trade receivables		3	78
Allowance for doubtful trade receivables written back		(29)	(5)
Allowance for inventory obsolescence		124	166
Allowance for inventory obsolescence written back		(170)	(276)
Allowance for other receivables written off	9	27	-
Inventories written off		106	105
Write back of inventories previously written off		-	(5)
(Gain)/loss on disposal of fixed assets		(2)	9
Interest income		(86)	(80)
Interest expense		306	319
Exchange loss/(gain), net		515	(95)

Note 9

Allowance for other receivables written off mainly related to amount provided for value-added tax receivable in Vietnam as recoverability is doubtful.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Group	
	S\$'000	
	FY2017	FY2016
	(Unaudited)	(Audited)
Loss, net of tax	(5,419)	(2,748)
Other comprehensive income:		
<u>Items that will not be reclassified to profit or loss</u>		
Net surplus on revaluation of leasehold factory building	59	131
<u>Items that may be reclassified subsequently to profit or loss</u>		
Foreign currency translation	(1)	(324)
Other comprehensive income for the year, net of tax	58	(193)
Total comprehensive Income for the year, net of tax	(5,361)	(2,941)
Total comprehensive income attributable to:		
- Owners of the Company	(5,339)	(2,739)
- Non-controlling interests	(22)	(202)
	(5,361)	(2,941)

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.

1(b)(i) **BALANCE SHEETS**

		Group		Company	
		31/12/2017	31/12/2016	31/12/2017	31/12/2016
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
Note	S\$'000	S\$'000	S\$'000	S\$'000	
Non-current assets					
Fixed assets		37,427	39,337	31,561	32,320
Intangible assets		2,355	2,400	-	-
Investment in subsidiaries	10	-	-	11,422	13,301
Investment securities		-	-	-	-
Other receivables and deposits	11	440	1,057	-	-
Deferred tax assets		679	676	-	-
Current assets					
Assets held for sale	12	647	-	-	-
Inventories		2,517	2,454	131	97
Trade receivables	13	7,593	6,317	1,346	1,492
Other receivables and deposits	11	1,920	1,453	339	356
Prepayments		262	223	60	64
Amounts due from subsidiaries (non-trade)		-	-	3,333	4,168
Tax recoverable		216	338	-	-
Cash and bank balances	14	4,028	8,024	729	930
		17,183	18,809	5,938	7,107

	Group		Company		
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	
Note	S\$'000	S\$'000	S\$'000	S\$'000	
Current liabilities					
Trade and other payables	15	6,057	5,475	647	509
Accruals		2,116	2,118	942	1,016
Amounts due to subsidiaries (non-trade)		-	-	22	30
Amount due to directors of company	16	410	145	410	145
Interest-bearing bank loans	16	3,323	3,183	-	-
Non-interest bearing loan	16	359	366	-	-
Provision for taxation	17	103	175	-	-
Amount due to holding company (loan)		733	720	733	720
		13,101	12,182	2,754	2,420
Net current assets		4,082	6,627	3,184	4,687
Non-current liabilities					
Deferred tax liabilities		369	372	-	-
Net assets		44,614	49,725	46,167	50,308
Equity attributable to owners of the Company					
Share capital		49,549	49,549	49,549	49,549
Reserves	18	(2,156)	2,933	(3,382)	759
		47,393	52,482	46,167	50,308
Non-controlling interests		(2,779)	(2,757)	-	-
Total equity		44,614	49,725	46,167	50,308

NOTES TO THE BALANCE SHEET

* Reclassification of prior year presentation

The following balance sheet figures in FY2016 have been reclassified to conform with current year's presentation:

Group	As previously classified S\$'000	As reclassified S\$'000
Current assets		
Other receivables and deposits	1,218	1,453
Tax recoverables	573	338

Note 10

The Company's *investment in subsidiaries* fell 14.1% yoy to S\$11.4 million largely due to the further impairment loss in the investment of a 75% owned subsidiary in India of S\$2.0 million due to the shortfall in the cost of investment against the discounted cashflow of the subsidiary. Additionally, one of the Company's wholly-owned investment in China repatriated the cost of investment back to the Company upon the completion of member's voluntary liquidation in April 2017. The above were offsetted by the increase in the cost of investment in the Company's wholly-owned subsidiary in Vietnam.

Note 11

	Group		Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Other receivables and deposits				
Non-current	440	1,057	-	-
Current	1,920	1,453	339	356
Total	2,360	2,510	339	356

Note 11 (cont'd)

The Group's **non-current Other Receivables and Deposits** was 58.4% lower yoy to S\$0.4 million mainly due to the reclassification to current Other receivables and deposits as the Group's Indian subsidiary started to utilise the service tax receivables against the goods and services tax in FY2017. As a result, the Group's **current Other Receivables and Deposits** was 32.1% higher yoy to S\$1.9 million.

Note 12

Assets held for sale mainly related to the freehold factory building in Australia. The sales consideration was approximately S\$0.8 million (AUD770,000) and the sales transaction was completed in January 2018. Accordingly, the freehold property and its related assets were classified as assets held for sale as at 31 December 2017.

Note 13

The Group's **Trade Receivables** was 20.2% higher yoy to S\$7.6 million due to slower settlement from customers in India as a result of the implementation of the country's goods and services tax and longer credit terms granted to new customers.

Note 14

The Group's **Cash and Bank Balances** fell largely due to the losses from operations and capital expenditures.

Note 15

	Group		Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	4,872	4,231	241	209
Other payables	1,185	1,244	406	300
Trade and other payables	6,057	5,475	647	509

The Group's **Trade Payables** was 15.2% higher yoy at S\$4.9 million largely due to longer credit terms granted by suppliers and higher level of inventories.

Note 16

	Group		Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	S\$'000	S\$'000	S\$'000	S\$'000
Amount due to directors of Company	410	145	410	145
Interest-bearing bank loans	3,323	3,183	-	-
Non-interest bearing loan	359	366	-	-
Total borrowings	4,092	3,694	410	145

The Group and Company's level **borrowings** increased 10.8% to S\$4.1 million and 182.8% to S\$0.4 million respectively mainly due to the drawdown of interest-bearing bank loans by the Group's Indian subsidiary for working capital purposes, translation difference, and the increase in amount owing to the directors of the Company.

Note 17

The Group's **provision for taxation** was 41.1% lower yoy at S\$0.1 million due to the Group's higher losses in FY2017.

Note 18

The Group and Company dipped further into a negative **reserves** mainly due to the huge losses incurred in FY2017.

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

Amount repayable in one year or less, or on demand

As at 31/12/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,323	769	3,183	511

The Group's unsecured borrowing comprised mainly of a non-interest bearing loan due to a minority shareholder of a subsidiary.

Amount repayable after one year

As at 31/12/2017		As at 31/12/2016	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

Details of any collateral

As at 31 December 2017 and 31 December 2016, the Group's secured borrowings comprised of interest-bearing bank loans of its Indian subsidiaries and are secured over the mortgage of the Company's leasehold factory building, guarantees and other securities.

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.

1(c) CONSOLIDATED STATEMENT OF CASH FLOW

	Group	
	FY2017	FY2016
	(Unaudited) S\$'000	(Audited) S\$'000
Cash flows from operating activities		
Loss before tax	(5,227)	(2,770)
Adjustments for:		
Depreciation of fixed assets	2,145	2,154
Impairment loss of fixed assets	9	1
Impairment loss of investment securities	-	416
(Gain)/loss on disposal of fixed assets	(2)	9
Fixed assets written off	66	60
Interest income	(86)	(80)
Interest expense	306	319
Loss on voluntary liquidation of subsidiary	268	-
Bad debts written off	26	44
Allowance for doubtful trade receivables	3	78
Allowance for doubtful trade receivables written back	(29)	(5)
Allowance for inventory obsolescence	124	166
Allowance for inventory obsolescence written back	(170)	(276)
Allowance for other receivables written off	27	-
Inventories written off	106	105
Write back of inventories previously written off	-	(5)
Currency realignment	205	(222)
Operating cash flows before working capital changes	(2,229)	(6)
<u>Changes in working capital:</u>		
(Increase)/decrease in inventories	(121)	2,127
(Increase)/decrease in trade receivables	(1,274)	4,984
Decrease/(increase) in other receivables, deposits and prepayments	69	(130)
Increase/(decrease) in trade and other payables	659	(2,148)
Decrease in accruals	(1)	(209)
Amount due to directors of company	265	-
Cash flows (used in)/generated from operations	(2,362)	4,618
Interest received	86	85
Interest paid	(294)	(306)
Tax paid	(170)	(776)
Net cash flows (used in)/generated from operating activities	(3,010)	3,621
Cash flows from investing activities		
Purchase of fixed assets	(1,121)	(845)
Proceeds from disposal of fixed assets	16	25
Net cash flows used in investing activities	(1,105)	(820)
Cash flows from financing activities		
Repayment of interest-bearing bank loans	-	(136)
Proceeds from interest-bearing bank loans	200	-
Net cash flows generated from/(used in) financing activities	200	(136)

	Group	
	FY2017	FY2016
	(Unaudited)	(Audited)
	S\$'000	S\$'000
Net (decrease)/increase in cash and cash equivalents	(3,915)	2,665
Effect of exchange rate changes on cash and cash equivalents	(81)	(4)
Cash and cash equivalents at beginning of the year	8,024	5,363
Cash and cash equivalents at end of the year (Note A)	4,028	8,024

NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

A. Cash and cash equivalents

	31/12/2017	31/12/2016
	S\$'000	S\$'000
Cash and bank balances	3,218	5,999
Fixed deposits	810	2,025
	<u>4,028</u>	<u>8,024</u>

- 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.

1(d)(i) STATEMENT OF CHANGES IN EQUITY

Unaudited The Group	Share capital	Revaluation reserve	Translation reserve	Restricted reserve	Other reserves	Accumulated losses	Equity attributable to owners of Company, total	Non-controlling interests	Equity, total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2017	49,549	23,240	(4,129)	942	2,568	(19,688)	52,482	(2,757)	49,725
Loss for the year	-	-	-	-	-	(5,341)	(5,341)	(78)	(5,419)
<u>Other comprehensive income</u>									
Net surplus on revaluation of leasehold factory building	-	59	-	-	-	-	59	-	59
Foreign currency translation	-	-	(57)	-	-	-	(57)	56	(1)
Other comprehensive income for the year, net of tax	-	59	(57)	-	-	-	2	56	58
Total comprehensive income for the year	-	59	(57)	-	-	(5,341)	(5,339)	(22)	(5,361)
<u>Contributions by and distribution to owners</u>									
Realization of reserves upon voluntary liquidation of subsidiary	-	-	250	(429)	-	429	250	-	250
Total contributions by and distribution to owners	-	-	250	(429)	-	429	250	-	250
Total transactions with owners in their capacity as owners	-	-	250	(429)	-	429	250	-	250
At 31 December 2017	49,549	23,299	(3,936)	513	2,568	(24,600)	47,393	(2,779)	44,614

1(d)(i) STATEMENT OF CHANGES IN EQUITY (Cont'd)

(Unaudited)	Share capital	Revaluation reserve	Translation reserve	Restricted reserve	Other reserves	Accumulated losses	Equity attributable to owners of Company, total	Non-controlling interests	Equity, total
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 1 January 2016	49,549	23,109	(3,737)	942	2,563	(17,210)	55,216	(2,556)	52,660
Loss for the year	-	-	-	-	-	(2,478)	(2,478)	(270)	(2,748)
<u>Other comprehensive income</u>									
Net surplus on revaluation of leasehold factory building	-	131	-	-	-	-	131	-	131
Foreign currency translation	-	-	(392)	-	-	-	(392)	68	(324)
Other comprehensive income for the year, net of tax	-	131	(392)	-	-	-	(261)	68	(193)
Total comprehensive income for the year	-	131	(392)	-	-	(2,478)	(2,739)	(202)	(2,941)
<u>Contributions by and distribution to owners</u>									
Others	-	-	-	-	5	-	5	1	6
Total contributions by and distribution to owners	-	-	-	-	5	-	5	1	6
Total transactions with owners in their capacity as owners	-	-	-	-	5	-	5	1	6
At 31 December 2016	49,549	23,240	(4,129)	942	2,568	(19,688)	52,482	(2,757)	49,725

(d)(i) STATEMENT OF CHANGES IN EQUITY (Cont'd)

The Company	Share capital S\$'000	Revaluation reserve S\$'000	Other reserves S\$'000	Accumulated losses S\$'000	Total equity S\$'000
At 1 January 2017	49,549	22,173	341	(21,755)	50,308
Loss for the financial year, represents total comprehensive income for the year	-	-	-	(4,141)	(4,141)
At 31 December 2017	49,549	22,173	341	(25,896)	46,167
At 31 January 2016	49,549	22,173	341	(14,707)	57,356
Loss for the financial year, represents total comprehensive income for the year	-	-	-	(7,048)	(7,048)
At 31 December 2016	49,549	22,173	341	(21,755)	50,308

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.

	No. of Shares	Share Capital (S\$'000)
As at 30/06/2017	439,222,000	21,961
As at 31/12/2017	439,222,000	21,961

There was no change in share capital between 30 June 2017 and 31 December 2017.

There were no outstanding options or convertibles as at 31 December 2017 and 31 December 2016.

There were no treasury shares and subsidiary holdings of the Company 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.

The total number of issued shares, excluding treasury shares, as at 31 December 2017 was 439,222,000 (31 December 2016: 439,222,000)

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

Not applicable. There were no treasury shares during and as at the end of the current financial year reported on.

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

Not applicable. There were no subsidiary holdings during and as at the end of the current financial year reported on.

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

The figures have not been audited nor reviewed by the Company's auditors.

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

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

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 accounting policies and methods of computation applied in the preparation of the financial statements for the current financial year are consistent with those disclosed in the audited annual financial statements for the year ended 31 December 2016, except for the adoption of certain revised Financial Reporting Standards ("FRS") and interpretations to FRS ("INT FRS") that became effective for the annual period beginning on or after 1st January 2017.

The adoption of the revised FRS and INT FRS has not resulted in any substantial changes to the Group's and Company's accounting policies and had no material effect in the Group's financial statements for the current financial year reported on.

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

Please refer to paragraph 4 above.

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

	Group	
	FY2017	FY2016
Loss per ordinary share for the financial year attributable to owners of the Company		
- (a) on weighted average number of ordinary shares on issue	(1.22) cents	(0.56) cents
- (b) on a fully diluted basis	(1.22) cents	(0.56) cents
- Weighted average number of ordinary shares outstanding	439,222,000	439,222,000

The basic and fully diluted loss per share were the same as there were no potentially dilutive ordinary shares in issue as at 31 December 2017 and 31 December 2016.

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	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the respective financial year	10.79 cents	11.95 cents	10.51 cents	11.45 cents

The net asset value per ordinary share is calculated based on the 439,222,000 (FY2016: 439,222,000) ordinary shares outstanding at the end of the respective financial years.

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.**

GROUP FINANCIAL PERFORMANCE REVIEW

Turnover

FY2017 vs FY2016

For the 12 months ended 31 December 2017 ("FY2017"), the Group registered a 13.4% year-on-year ("yoy") decline in turnover as compared to the 12 months ended 31 December 2016 ("FY2016") from S\$37.9 million for FY2016 to S\$32.8 million for FY2017. The decrease in turnover was due to the Ceased Project and a result of lower demand for the Group's supply chain management ("SCM") segment.

Turnover by geographical segment

	Turnover		
	FY2017	FY2016	
	S\$'000	S\$'000	% +/-
Singapore	2,616	7,028	-62.8
Malaysia	3,968	3,697	7.3
People's Republic of China	7,817	8,089	-3.4
India	12,289	13,156	-6.6
Australia	829	1,604	-48.3
Vietnam	5,280	4,312	22.4
Total	32,799	37,886	-13.4

On a geographical basis, the Group's operations which reported a decline in turnover for FY2017 were as follows:

1. Turnover from the Group's operations in Singapore fell 62.8% yoy to S\$2.6 million for FY2017 mainly due to the Ceased Project.
2. Turnover from the Group's operations in Australia fell 48.3% yoy to S\$0.8 million for FY2017 due to the downsizing of its operations and an overall decline in demand from customers.
3. Turnover from the Group's operations in India fell 6.6% yoy to S\$12.3 million for FY2017 due to a decline in orders from customers, including those affected by uncertainty from the demonetisation of the Indian rupee and the introduction of goods and services tax.
4. Turnover from the Group's operations in China fell marginally by 3.4% yoy to S\$7.8 million for FY2017.

The decline in revenue from the above geographical regions was partially offset by growth from operations in Vietnam and Malaysia:

1. Turnover from the Group's operations in Vietnam increased 22.4% yoy to S\$5.3 million for FY2017 due to growth in sales to new and existing customers.
2. Turnover from the Group's operations in Malaysia increased 7.3% yoy to S\$4.0 million for FY2017 due to growth in sales from new customers.

Profitability

FY2017 vs FY2016

For FY2017, the Group recorded a net loss after tax of S\$5.4 million as compared to a net loss after tax of S\$2.7 million for FY2016 largely due to lower business activities. Diluted loss per share attributable to owners of the Company dipped further by 117.9% yoy from 0.56 cents for FY2016 to 1.22 cents for FY2017.

The Group recorded a S\$0.3 million loss on the voluntary liquidation of one of its wholly-owned subsidiaries in China. This loss on the voluntary liquidation was mainly attributable to translation differences.

The Group's other operating income declined 27.4% yoy to S\$1.1 million for FY2017. The decline was mainly due to the followings:-

- Ceased Project;
- the absence of one-off interest waiver from a supplier granted to the Group's partially-owned Indian subsidiary in FY2016 and;
- foreign exchange gain of S\$0.1 million for FY2016 as compared to a foreign exchange loss of S\$0.5 million in FY2017.

Raw materials and consumables used decreased 14.0% yoy to S\$17.5 million for FY2017 as a result of lower turnover and difference in sales mix.

Despite the decline in business activity, repair and maintenance expenses increased 10.7% yoy to S\$0.5 million due to higher frequency of repairs and servicing of print related intensive machines. Correspondingly, this led to an increase in spare parts for machines mainly for print facilities operating in Vietnam and India.

The key financial results of the Group's operations for FY2017 were as follows:

1. The Group's operations in Singapore reported a 41.1% yoy increase in losses after tax to S\$5.4 million for FY2017 largely due to the Ceased Project, reduction in rental income and foreign exchange losses.
2. The Group's operations in India recorded a loss after tax of S\$0.4 million for FY2017 as compared to a loss after tax of S\$0.1 million for FY2016. This was due to a decline in turnover and the absence of one-off interest waiver from a supplier granted in FY2016.
3. The Group's operations in Australia recorded a loss after tax of S\$0.1 million for FY2017, a reversal from net profit after tax of S\$0.1 million for FY2016. This was mainly due to the Group's decision in downsizing operations in Australia which might eventually lead to cessation in FY2018 as a result of loss of competitiveness in the Australian market.
4. The Group's operations in Malaysia broke even for FY2017 as compared to a net profit after tax of S\$0.6 million for FY2016 due to weaker exchange rates and sales mix with lower margins.
5. The Group's wholly-owned Chinese subsidiary reported a 23.6% yoy decline in net profit after tax to S\$0.7 million for FY2017 mainly due to a decline in higher margin sales. The Group's partially-owned Chinese subsidiary which had made an one-off impairment loss of S\$0.4 million for FY2016, was dormant in FY2017.

The above was partially mitigated by the financial results of the Group's operations in Vietnam:

1. The Group's operations in Vietnam recorded a net profit after tax of S\$0.1 million for FY2017 as compared to breakeven results for FY2016 largely due to the growth in turnover. The margin from the incremental turnover was negated by the increase in personnel expenses, machine repair and maintenance costs as well as sales related expenses.

Financial Position

The Group's total net assets decreased 10.3% yoy to S\$44.6 million as at 31 December 2017. The Group's net current assets declined 38.4% yoy to S\$4.1 million as at 31 December 2017.

Non-current assets

Total non-current assets (excluding deferred tax assets) for the Group declined 6.0% yoy to S\$40.2 million as at 31 December 2017, largely due the depreciation charge on fixed assets and the reclassification of freehold factory building to current assets. Additionally, other receivables and deposits was 58.4% lower yoy to S\$0.4 million as at 31 December 2017, mainly due to the reclassification to current other receivables and deposits as the Group's Indian subsidiary started to utilise the service tax receivables against the goods and services tax in FY2017.

Current assets

The Group's current assets decreased S\$1.6 million or 8.6% yoy from S\$18.8 million as at 31 December 2016 to S\$17.2 million as at 31 December 2017, largely due to a decrease in cash and cash equivalents which was partially offset by assets held for sale, an increase in inventories and trade and other receivables.

Current liabilities

The Group's current liabilities increased S\$0.9 million from S\$12.2 million as at 31 December 2016 to S\$13.1 million as at 31 December 2017, largely due to trade payables, which saw an increase of S\$0.6 million in line with higher level of inventories and longer credit terms granted by suppliers. Additionally, the Group's level borrowings increased 10.8% to S\$4.1 million mainly due to the drawdown of interest-bearing bank loans by the Group's Indian subsidiary for working capital purposes, translation difference and the increase in amount owing to the directors of the Company.

Non-current liabilities

The Group's deferred tax liabilities remained stable at S\$0.4 million as at 31 December 2017 and 31 December 2016.

Cashflows

For FY2017, the Group generated negative net cashflows from operations amounting S\$3.0 million, as compared to cash inflows of S\$3.6 million for FY2016. This was largely due to the increase in losses recorded by the Group.

On the other hand, the Group utilised S\$1.1 million for investing activities in FY2017 due to the payment of capital expenditure for subsidiaries in India, Vietnam and Singapore (lift upgrading).

Net cash generated from financing activities amounted to S\$0.2 million for FY2017 mainly due to the drawdown of interest-bearing bank loans.

As a result of the above, the Group's cash and cash equivalents stood at S\$4.0 million as at 31 December 2017, down S\$4.0 million from 31 December 2016.

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

Not applicable. No forecast or a prospect statement has been previously disclosed to shareholders.

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.

Due to the loss of competitive advantages in Australia, management have embarked on plans to downsize and eventually cease operations of its Australian subsidiary, so as to reduce its negative impact on the Group.

Going forward, the Group is cautiously optimistic of continued growth in its Vietnam operations and will strive to procure new revenue streams whilst optimising its operations in the other regions.

11. If a decision regarding dividend has been made:

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

None.

(b) (i) Amount per share (cents)

Not applicable.

(b) (ii) Previous corresponding period (cents)

Not applicable.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable.

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

No dividend has been declared or recommended for FY2017.

- 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.**

The Company does not have a general mandate from shareholders for IPTs.

There was no IPT of S\$100,000 and above for FY2017.

- 14. Negative confirmation pursuant to Rule 705(5).**

Not applicable.

- 15. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all its directors and executive officers in the format as set out in Appendix 7.7 of the Catalist Rules in accordance with Rule 720(1) of the Catalist Rules.

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

16. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

BY BUSINESS SEGMENT	Supply Chain Management	Investment Holdings	Computer systems integration and consultancy services	Adjustments & Eliminations	Notes	Per consolidated financial statements
	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
<u>FY2017</u>						
Turnover:						
External customers	32,799	-	-	-	A	32,799
Inter-segment	6,054	-	-	(6,054)		-
Total turnover	38,853	-	-	(6,054)		32,799
Results:						
Interest income	86	-	-	-	B C	86
Interest expense	(306)	-	-	-		(306)
Depreciation	(2,145)	-	-	-		(2,145)
Impairment loss	(9)	-	-	-		(9)
Other non-cash expenses	(151)	-	-	-		(151)
Segment loss	(5,183)	(12)	(8)	(24)		(5,227)
Additions to non-current assets	1,045	-	-	-	D	1,045
Segment assets	57,686	252	-	146	E	58,084
Segment liabilities	12,254	6	5	1,205	F	13,470

BY BUSINESS SEGMENT	Supply Chain Management	Investment Holdings	Computer systems integration and consultancy services	Adjustments & Eliminations	Notes	Per consolidated financial statements
	S\$'000	S\$'000	S\$'000	S\$'000		S\$'000
FY2016						
Turnover:						
External customers	37,886	-	-	-	A	37,886
Inter-segment	6,235	-	-	(6,235)		-
Total turnover	44,121	-	-	(6,235)		37,886
Results:						
Interest income	80	-	-	-	B C	80
Interest expense	(319)	-	-	-		(319)
Depreciation	(2,154)	-	-	-		(2,154)
Impairment loss	(1)	-	(416)	-		(417)
Other non-cash expenses	(154)	-	(22)	-		(176)
Segment loss	(2,355)	(12)	(407)	4		(2,770)
Additions to non-current assets	924	-	-	-	D	924
Segment assets	61,866	258	-	155	E	62,279
Segment liabilities	11,274	6	7	1,267	F	12,554

SEGMENT INFORMATION

Note A

Inter-segment revenues are eliminated on consolidation.

Note B

Non-cash expenses are (deducted from)/added to segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	Group	
	FY2017	FY2016
	S\$'000	S\$'000
(Gain)/loss on disposal of fixed assets	(2)	9
Fixed assets written off	66	60
Bad debts written off	26	44
Allowance for other receivables written off	27	-
Allowance for doubtful trade receivables	3	78
Allowance for doubtful trade receivables written back	(29)	(5)
Allowance for inventory obsolescence	124	166
Allowance for inventory obsolescence written back	(170)	(276)
Inventories written off	106	105
Write back of inventories previously written off	-	(5)
	<u>151</u>	<u>176</u>

Note C

Unallocated expenses are added to segment profit to arrive at "loss after tax" presented in the consolidated income statement:

	Group	
	FY2017	FY2016
	S\$'000	S\$'000
Consolidation adjustments	<u>(24)</u>	<u>4</u>
	<u>(24)</u>	<u>4</u>

Note D

Additions to non-current assets consists of additions to property, plant and equipment.

Note E

The following items are (deducted from) or added to segment assets to arrive at total assets reported in the consolidated balance sheet:

	Group	
	FY2017	FY2016
	S\$'000	S\$'000
Deferred tax assets	679	676
Consolidation adjustments	<u>(533)</u>	<u>(521)</u>
	<u>146</u>	<u>155</u>

Note F

The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	Group	
	FY2017	FY2016
	S\$'000	S\$'000
Deferred tax liabilities	369	372
Provision for taxation	103	175
Unallocated inter-segment liabilities	733	720
	1,205	1,267

Geographical information

Revenue, loss after tax and non-current assets information are based on the geographical location of the source of revenue and assets respectively are as follows :

BY GEOGRAPHICAL SEGMENT	Turnover		Group Loss after tax		Non-current assets(*)	
	FY2017	FY2016	FY2017	FY2016	FY2017	FY2016
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	2,616	7,028	(5,380)	(3,813)	31,561	32,320
Malaysia	3,968	3,697	(24)	618	2,608	2,651
People's Republic of China	7,817	8,089	711	534	395	532
India	12,289	13,156	(444)	(127)	4,745	5,371
Australia	829	1,604	(83)	48	1	682
Vietnam	5,280	4,312	106	(48)	912	1,238
Eliminations and adjustments	-	-	(305)	40	-	-
At 31 December	32,799	37,886	(5,419)	(2,748)	40,222	42,794

(*) Excludes deferred tax assets

Non current assets information presented above consist of property, plant and equipment, investment securities, other receivable and deposits and intangible assets as presented in the consolidated balance sheet.

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

Turnover and profitability by business segments

FY2017 vs FY2016

As explained in paragraph 8 above, the Group's turnover declined 13.4% to S\$32.8 million for FY2017 mainly due to the ceased project and a weak operating environment in the supply chain management segment, mitigated by growth in turnover from Vietnam.

Supply Chain Management segment ("SCM")

The Group's SCM turnover declined 13.4% yoy to S\$32.8 million for FY2017 due to a decline in turnover recorded in Singapore, Australia, India and China. Turnover from the Group's Vietnam operations recorded a 22.4% yoy growth to S\$5.3 million for FY2017 due to growth in sales to new and existing customers.

The Group's SCM segment recorded a net loss before tax of S\$5.2 million for FY2017 as compared to a net loss before tax of S\$2.4 million for FY2016, largely due to the loss of margin from the ceased project in Singapore, decline in the Group's turnover, loss on liquidation of a wholly-owned China subsidiary and foreign exchange losses.

Investment holding ("IH")

There were no business activities in FY2017 and FY2016.

Computer systems integration and consultancy services (“CSI”)

The Group’s partially-owned Chinese subsidiary (Avantouch) in the CSI segment was dormant in both FY2017 and FY2016. Impairment loss on investment securities amounting to S\$0.4 million was provided in FY2016.

18. A breakdown of sales as follows:

Group	FY2017	FY2016	%+/-
	S\$’000	S\$’000	
(a) Sales reported for first half year	16,461	21,560	-23.7
(b) Operating loss after tax before deducting minority interests reported for first half year	(3,058)	(1,734)	76.4
(c) Sales reported for second half year	16,338	16,326	0.1
(d) Operating loss after tax before deducting minority interests reported for second half year	(2,361)	(1,014)	132.8

NM – not meaningful

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

	FY2017 S\$’000	FY2016 S\$’000
Ordinary	-	-
Preference	-	-
Total	-	-

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to a director or chief executive officer or substantial shareholder of the Company pursuant to Rule 704(10).

BY ORDER OF THE BOARD

Teh Eng Chai
Company Secretary
27 February 2018

This announcement has been prepared by the Company and its contents have been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “Sponsor”) for compliance with the Singapore Exchange Securities Trading Limited (the “SGX-ST”) Listing Manual Section B: Rules of Catalist. The Sponsor has not verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms Keng Yeng Pheng, Associate Director, Continuing Sponsorship (Mailing Address: 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318 and E-mail: sponsorship@ppcf.com.sg).