



Multi-Chem Limited

(Incorporated in Singapore. Registration Number: 198500318Z)

Full Year Financial Statements and Dividend Announcement

For the financial year ended 31 December 2017

Multi-Chem Limited

Registration No. 198500318Z

Full Year Financial Statements and Dividend Announcement*For the financial year ended 31 December 2017***CONSOLIDATED INCOME STATEMENT**

Group	3 months ended			12 months ended		
	31/12/2017	31/12/2016	Change	31/12/2017	31/12/2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Revenue	118,881	96,357	23	415,951	361,450	15
Cost of sales	(101,503)	(82,130)	24	(355,753)	(304,787)	17
Gross profit	17,378	14,227	22	60,198	56,663	6
Other items of income						
- Interest income	152	38	300	487	386	26
- Other income	660	1,936	(66)	4,972	3,041	63
Other items of expense						
- Selling and distribution costs	(6,708)	(5,593)	20	(25,169)	(22,994)	9
- Administrative and other expenses	(5,247)	(4,631)	13	(24,402)	(22,020)	11
- Finance costs	(138)	(64)	116	(392)	(443)	(12)
Profit before income tax	6,097	5,913	3	15,694	14,633	7
Income tax expense	(1,141)	(1,496)	(24)	(3,855)	(3,836)	0
Profit for the financial period/year	4,956	4,417	12	11,839	10,797	10
Profit attributable to:						
Owners of the parent	4,775	3,826	25	10,967	9,740	13
Non-controlling interests	181	591	(69)	872	1,057	(18)
	4,956	4,417	12	11,839	10,797	10
Earnings per share for profit attributable to owners of the parent during the financial period/year						
(expressed in cents per share)						
Basic	5.30 cents	4.25 cents		12.17 cents	10.81 cents	
Diluted	5.30 cents	4.25 cents		12.17 cents	10.81 cents	

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Group	3 months ended			12 months ended		
	31/12/2017	31/12/2016	Change	31/12/2017	31/12/2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Profit for the financial period/year	4,956	4,417	12	11,839	10,797	10
Other comprehensive income for the financial period/year:						
<i>Items that may be reclassified subsequently to profit or loss</i>						
- Foreign currency differences on translation of foreign operations	(521)	2,506	(121)	(3,564)	(1,032)	245
- Fair value gain on available-for-sale financial assets	28	28	-	129	143	(10)
	(493)	2,534	(119)	(3,435)	(889)	286
<i>Item that will not be reclassified subsequently to profit or loss</i>						
- Remeasurements of post-employee benefits	(74)	(5)	1,380	(74)	(5)	1,380
Other comprehensive income for the financial period/year, net of tax	(567)	2,529	(122)	(3,509)	(894)	293
Total comprehensive income for the financial period/year	4,389	6,946	(37)	8,330	9,903	(16)
Total comprehensive income attributable to:						
Owners of the parent	4,357	5,920	(26)	8,089	8,641	(6)
Non-controlling interests	32	1,026	(97)	241	1,262	(81)
	4,389	6,946	(37)	8,330	9,903	(16)

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NOTES TO CONSOLIDATED INCOME STATEMENT

The profit after income tax is arrived at after (charging)/crediting:

Group	3 months ended			12 months ended		
	31/12/2017	31/12/2016	Change	31/12/2017	31/12/2016	Change
	\$'000	\$'000	%	\$'000	\$'000	%
Other gains	462	711	(35)	1,166	1,816	(36)
Interest income	152	38	300	487	386	26
Interest expense	(138)	(64)	116	(392)	(443)	(12)
Amortisation of club memberships	(6)	(3)	100	(18)	(9)	100
Depreciation of property, plant and equipment	(666)	(2,019)	(67)	(2,813)	(4,177)	(33)
Allowance reversed for doubtful third parties receivables	530	1,390	(62)	138	550	(75)
Bad third parties trade receivables written off	-	(2)	(100)	-	(3)	(100)
Allowance reversed/(made) for inventory obsolescence	71	(373)	(119)	(728)	(1,267)	(43)
Inventories written off	(29)	(25)	16	(82)	(32)	156
Foreign exchange (loss)/gain, net	(62)	1,112	(106)	(1,198)	578	(307)
Gain on disposals of plant and equipment	65	114	(43)	3,668	97	3,681
Plant and equipment written off	(24)	(16)	50	(73)	(17)	329
Fair value change in derivative financial instruments	(7)	(2)	250	(2)	(138)	(99)

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	Group		Company	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
Non-current assets				
Property, plant and equipment	10,571	17,431	1,784	2,261
Investment properties	-	-	2,581	2,637
Investments in subsidiaries	-	-	24,432	24,432
Club memberships	525	563	186	186
Deferred tax assets	2,415	2,056	-	-
Available-for-sale financial assets	4,092	4,290	4,092	4,290
Trade receivables	320	679	-	-
Prepayment	552	636	552	636
	18,475	25,655	33,627	34,442
Current assets				
Inventories	31,391	28,976	355	297
Trade and other receivables	100,953	84,021	34,134	33,065
Prepayments	644	1,401	143	172
Current income tax recoverable	1,575	2,553	199	199
Derivative financial instruments	-	2	-	-
Cash and cash equivalents	76,825	50,773	12,901	1,826
	211,388	167,726	47,732	35,559
Less:				
Current liabilities				
Trade and other payables	91,466	74,889	2,735	2,935
Finance lease payables	29	117	29	117
Bank borrowings	24,373	9,495	16,883	1,295
Current income tax payable	1,452	967	-	-
Derivative financial instruments	7	7	-	-
	117,327	85,475	19,647	4,347
Net current assets	94,061	82,251	28,085	31,212
Less:				
Non-current liabilities				
Other payables	1,988	1,185	-	-
Finance lease payables	-	29	-	29
Bank borrowings	1,310	1,927	1,310	1,927
Provision for post-employee benefits	308	195	-	-
Deferred tax liabilities	65	4	-	-
	3,671	3,340	1,310	1,956
	108,865	104,566	60,402	63,698
Equity				
Share capital	37,288	37,288	37,288	37,288
Foreign currency translation reserve	500	3,433	-	-
Available-for-sale reserve	470	341	470	341
Other reserve	5,222	5,222	-	-
Retained earnings	57,308	50,388	22,644	26,069
Equity attributable to owners of the parent	100,788	96,672	60,402	63,698
Non-controlling interests	8,077	7,894	-	-
Total equity	108,865	104,566	60,402	63,698

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CONSOLIDATED STATEMENT OF CASH FLOWS

	3 months ended		12 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
OPERATING ACTIVITIES				
Profit before income tax	6,097	5,913	15,694	14,633
Adjustments for:				
- Allowance reversed for doubtful third parties trade receivables	(530)	(1,390)	(138)	(550)
- Allowance (reversed)/made for inventory obsolescence	(71)	373	728	1,267
- Amortisation of club memberships	6	3	18	9
- Depreciation of property, plant and equipment	666	2,019	2,813	4,177
- Bad third parties trade receivables written off	-	2	-	3
- Fair value change in derivative financial instruments	7	2	2	138
- Gain on disposals of plant and equipment	(65)	(114)	(3,668)	(97)
- Interest expense	138	64	392	443
- Interest income	(152)	(38)	(487)	(386)
- Inventories written off	29	25	82	32
- Plant and equipment written off	24	16	73	17
- Unrealised foreign exchange (gain)/loss	(277)	(1,061)	1,976	(417)
Operating cash flows before working capital changes	5,872	5,814	17,485	19,269
Working capital changes:				
- Inventories	3,668	(2,427)	(4,876)	(326)
- Trade and other receivables	(10,178)	6,957	(25,638)	5,096
- Prepayments	211	(448)	806	383
- Trade and other payables	12,902	4,699	26,476	8,343
- Provision for post-employee benefits	75	(33)	75	(33)
Cash generated from operations	12,550	14,562	14,328	32,732
Interest received	152	38	487	386
Income tax paid	(799)	(893)	(2,784)	(2,716)
Net cash generated from operating activities	11,903	13,707	12,031	30,402

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CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)

	3 months ended		12 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000
INVESTING ACTIVITIES				
Derivative financial instruments	-	(17)	-	(161)
Proceeds from disposals of plant and equipment	1,228	209	8,731	663
Purchase of property, plant and equipment	(634)	(755)	(1,655)	(2,486)
Net cash generated from/(used in) investing activities	594	(563)	7,076	(1,984)
FINANCING ACTIVITIES				
(Increase)/Decrease in fixed deposits pledged	(2,213)	9,217	(19,138)	700
Proceeds from bank borrowings	19,064	21,129	85,556	72,236
Repayments of bank borrowings	(20,575)	(33,143)	(71,319)	(83,209)
Repayments of finance lease payables	(18)	(62)	(117)	(190)
Interest paid	(138)	(64)	(392)	(443)
Dividends paid to owners of the parent	(1,000)	(1,000)	(3,973)	(2,982)
Dividends paid to non-controlling shareholders	-	(59)	(58)	(59)
Net cash used in financing activities	(4,880)	(3,982)	(9,441)	(13,947)
Net change in cash and cash equivalents	7,617	9,162	9,666	14,471
Cash and cash equivalents at beginning of financial period/year	49,946	39,367	49,990	35,215
Effects of exchange rate changes on cash and cash equivalents	(411)	1,461	(2,504)	304
Cash and cash equivalents at end of financial period/year (Note 1)	57,152	49,990	57,152	49,990

Note 1

Cash and cash equivalents at end of financial period/year comprise of:

Cash and cash equivalents as per Statement of Financial Position	76,825	50,773	76,825	50,773
Less: Fixed deposits pledged with banks	(19,673)	(783)	(19,673)	(783)
	57,152	49,990	57,152	49,990

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STATEMENTS OF CHANGES IN EQUITY

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Premium on acquisition of non-controlling interests \$'000	Available- for-sale reserve \$'000	Statutory reserve \$'000	Retained earnings \$'000	Equity attributable to owners of the parent \$'000	Non-controlling interests \$'000	Total equity \$'000
Balance at 1 January 2017	37,288	3,433	(123)	341	5,345	50,388	96,672	7,894	104,566
Profit for the financial year	-	-	-	-	-	10,967	10,967	872	11,839
Other comprehensive income for the financial year									
Foreign currency differences on translation of foreign operations	-	(2,933)	-	-	-	-	(2,933)	(631)	(3,564)
Remeasurement of post-employee benefits	-	-	-	-	-	(74)	(74)	-	(74)
Fair value gain on available-for-sale financial assets	-	-	-	129	-	-	129	-	129
Total comprehensive income for the financial year	-	(2,933)	-	129	-	10,893	8,089	241	8,330
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(3,973)	(3,973)	-	(3,973)
Total transactions with the owners of the parent	-	-	-	-	-	(3,973)	(3,973)	-	(3,973)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(58)	(58)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(58)	(58)
Balance at 31 December 2017	37,288	500	(123)	470	5,345	57,308	100,788	8,077	108,865
Balance at 1 January 2016	37,288	4,670	(123)	198	5,281	43,699	91,013	6,691	97,704
Profit for the financial year	-	-	-	-	-	9,740	9,740	1,057	10,797
Other comprehensive income for the financial year									
Foreign currency differences on translation of foreign operations	-	(1,237)	-	-	-	-	(1,237)	205	(1,032)
Remeasurement of post-employee benefits	-	-	-	-	-	(5)	(5)	-	(5)
Fair value gain on available-for-sale financial assets	-	-	-	143	-	-	143	-	143
Total comprehensive income for the financial year	-	(1,237)	-	143	-	9,735	8,641	1,262	9,903
Contributions by and distributions to the owners of the parent									
Dividends	-	-	-	-	-	(2,982)	(2,982)	-	(2,982)
Transfer to statutory reserve	-	-	-	-	64	(64)	-	-	-
Total transactions with the owners of the parent	-	-	-	-	64	(3,046)	(2,982)	-	(2,982)
Transactions with non-controlling shareholders									
Dividends paid by a subsidiary	-	-	-	-	-	-	-	(59)	(59)
Total transactions with non-controlling shareholders	-	-	-	-	-	-	-	(59)	(59)
Balance at 31 December 2016	37,288	3,433	(123)	341	5,345	50,388	96,672	7,894	104,566

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STATEMENTS OF CHANGES IN EQUITY (Continued)

Company	Share capital \$'000	Retained earnings \$'000	Available-for-sale reserve \$'000	Total equity \$'000
Balance at 1 January 2017	37,288	26,069	341	63,698
Profit for the financial year	-	548	-	548
Other comprehensive income for the financial year				
Fair value gain on available-for-sale financial assets	-	-	129	129
Total comprehensive income for the financial year	-	548	129	677
Transaction with the owners				
Dividends	-	(3,973)	-	(3,973)
Total transactions with the owners	-	(3,973)	-	(3,973)
Balance at 31 December 2017	37,288	22,644	470	60,402
Balance at 1 January 2016	37,288	27,265	198	64,751
Profit for the financial year	-	1,786	-	1,786
Other comprehensive income for the financial year				
Fair value gain on available-for-sale financial assets	-	-	143	143
Total comprehensive income for the financial year	-	1,786	143	1,929
Transaction with the owners				
Dividends	-	(2,982)	-	(2,982)
Total transactions with the owners	-	(2,982)	-	(2,982)
Balance at 31 December 2016	37,288	26,069	341	63,698

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A review of the financial 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) seasonable 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.

REVENUE

The Group achieved revenue of \$118.9m for the three months ended 31 December 2017 ("4Q2017"), an increase of 23.3% or \$22.5m compared to the revenue of \$96.4m for the three months ended 31 December 2016 ("4Q2016"). For the twelve months ended 31 December 2017 ("12M2017"), the Group achieved revenue of \$416.0m, a year-on-year increase of 15.1% or \$54.5m, compared to revenue of \$361.5m achieved for the twelve months ended 31 December 2016 ("12M2016").

Comparing 4Q2017 to three months ended 30 September 2017 ("3Q2017"), the Group revenue increased by 26.9% or \$25.2m, from \$93.7m to \$118.9m, mainly due to closing of a few big deals in 4Q2017 in IT Division.

For 4Q2017, the IT Division accounted for 97.7% of the Group's revenue, while the PCB Division accounted for the remaining 2.3% of the Group's revenue.

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REVENUE

PCB Division

Revenue in this Division decreased by 56.9% or \$3.7m, from \$6.5m in 4Q2016 to \$2.8m in 4Q2017 mainly due to significantly reduced production capacity resulting from the disposal of 103 CNC drilling machines in China during the year.

Comparing 4Q2017 to 3Q2017, revenue in this Division remained unchanged at \$2.8m.

IT Division

The IT Distribution business achieved quarterly revenue of \$116.1m in 4Q2017, an increase of 29.1% or \$26.2m, from \$89.9m in 4Q2016. On a full year basis, this business grew by 20.1% or \$67.2m, from \$334.8m in 12M2016 to \$402.0m in 12M2017. The increase in sales was mainly due to certain big deals closed in year 2017.

Comparing 4Q2017 to 3Q2017, revenue increased by 27.7% or \$25.2m, from \$90.9m in 3Q2017 to \$116.1m in 4Q2017, mainly due to certain big deals closed in 4Q2017.

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PROFIT BEFORE TAX (“PBT”)

The Group registered a PBT of \$6.1m in 4Q2017, as compared to \$5.9m in 4Q2016.

The increase in PBT was mainly due to the following:-

- (1) An increase of \$3.2m in gross profit mainly due to the increase in revenue;
- (2) Reversal of allowance for inventory obsolescence of \$71,000 in 4Q2017, as compared to allowance for inventory obsolescence of \$373,000 made in 4Q2016, based on the review of inventory obsolescence performed;
- (3) A decrease in depreciation charge from \$2.0m in 4Q2016 to \$666,000 in 4Q2017, mainly due to the disposal of 103 mechanical drilling machines during the year and additional depreciation charged in 4Q2016 as a result of the change in estimate on the residual value of machineries during year 2016; and
- (4) An increase in interest income of \$114,000 from \$38,000 in 4Q2016 to \$152,000 in 4Q2017 mainly due to more fixed deposits placed with the financial institutions.

The increase in PBT was however pared by the following:

- (1) A decrease in the reversal of allowance for doubtful third parties receivables of \$860,000 from \$1.4m in 4Q2016 to \$530,000 in 4Q2017, mainly due to collections received, net of additional allowance made;
- (2) Net foreign exchange loss of \$62,000 in 4Q2017, as compared to net foreign exchange gain of \$1.1m in 4Q2016, mainly due to continuing depreciation of United States dollar against Singapore dollar and other local currencies in 4Q2017. Excluding net foreign exchange differences, the Group reported a PBT of \$6.2m in 4Q2017, compared to a PBT of \$4.8m in 4Q2016; and
- (3) A decrease in other gain from \$711,000 in 4Q2016 to \$462,000 in 4Q2017, mainly due to higher scrap sales in 4Q2016.

Comparing 4Q2017 to 3Q2017, the Group PBT stood at \$6.1m in 4Q2017 as compared to \$1.9m in 3Q2017, mainly due to the increase in gross profit by \$3.6m, corresponding with the increase in revenue, and the decrease in net foreign exchange loss by \$749,000 due to depreciation of United States dollar against regional local currencies.

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PROFIT AFTER TAX (“PAT”)

Group PAT increased from a profit of \$4.4m in 4Q2016 to a profit of \$5.0m in 4Q2017. Comparing 4Q2017 to 3Q2017, Group PAT increased from a profit of \$1.2m in 3Q2017 to a profit of \$5.0m in 4Q2017. This was largely in line with the changes in PBT.

Income tax expenses comprised mainly current income tax, deferred tax and withholding tax expenses of the Company and its subsidiaries.

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STATEMENTS OF FINANCIAL POSITION REVIEW

Presented below is a review of material changes in the key statements of financial position items for the financial year ended 31 December 2017.

Cash and cash equivalents at the Group level increased by \$26.0m from \$50.8m to \$76.8m. The increase was mainly due to fixed deposits pledged with banks to draw short-term loans in Singapore dollar to finance the operating expenses of the Group. At the Company level, cash and cash equivalents increased from \$1.8m to \$12.9m. The increase was mainly due to fixed deposits pledged with bank to draw short-term loans in Singapore dollar.

Trade and other receivables of the Group increased by \$16.6m from \$84.7m to \$101.3m, mainly due to higher revenue attained in 4Q2017. At the Company level, trade and other receivables increased by \$1.0m from \$33.1m to \$34.1m was mainly due to advance to a subsidiary.

Inventories at the Group level increased by \$2.4m from \$29.0m to \$31.4m mainly due to increased purchases to cater for contracts not yet fulfilled.

Property, plant and equipment decreased by \$6.8m from \$17.4m to \$10.6m at the Group level mainly due to disposal of plant and equipment, depreciation charge, net of purchase of new plant and equipment. The decrease at the Company level is mainly due to the same reasons.

Current income tax recoverable decreased by \$1.0m from \$2.6m to \$1.6m at the Group level mainly due to tax refund received in year 2017. There was no change at the Company level.

Prepayment decreased by \$0.8m from \$2.0m to \$1.2m at the Group level mainly due to lower prepaid operating expenses at end of year 2017. There was no significant change at the Company level.

Trade and other payables increased by \$17.4m from \$76.1m to \$93.5m at the Group level due mainly to increased purchases to cater for contracts not yet fulfilled. There was no significant change at the Company level.

Borrowings increased at both Group and Company level mainly due to short-term loans drawn down to finance the operating expenses of the Group, owing to the higher business volume.

Foreign currency translation reserve at the Group level decreased from \$3.4m to \$500,000 mainly due to depreciation of United States dollar and Chinese renminbi against Singapore dollar.

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CASH FLOW ANALYSIS

Net cash of \$12.0m was generated from operating activities in 12M2017, as compared to net cash of \$30.4m in 12M2016. This was mainly due to non-cash adjustments in operating profit and increased purchase of inventories to cater for contracts not yet fulfilled and increase in both trade receivables and trade payables owing to the higher business volume.

Net cash of \$7.1m was generated from investing activities in 12M2017, as compared to \$2.0m used in 12M2016. The changes were mainly due to proceeds from disposal of plant and equipment of \$8.7m, net of purchase of plant and equipment of \$1.7m in 12M2017, as compared to purchase of plant and equipment of \$2.5m, net of proceeds from disposals of plant and equipment of \$663,000 in 12M2016.

Net cash of \$9.4m was used in financing activities in 12M2017 as compared to \$13.9m used in 12M2016. This was mainly due to repayment of bank borrowings of \$71.3m, an increase in fixed deposits pledged of \$19.1m and dividend payment of \$4.0m, net of proceeds from bank borrowings of \$85.6m in 12M2017, as compared to repayment of bank borrowings of \$83.2m, dividend payment of \$3.0m, net of proceeds from bank borrowings of \$72.2m and a lift in pledged fixed deposits of \$700,000 in 12M2016.

Cash and cash equivalents stood at \$57.2m as at end of 31 December 2017, up from \$50.0m as at the end of 31 December 2016.

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A commentary at the date of the announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next twelve months.

PCB

Comparing 4Q2017 to 4Q2016, revenue for this quarter decreased by 56.9% or \$3.7m from \$6.5m in 4Q2016 to \$2.8m in 4Q2017. On a twelve months basis, revenue decreased by 47.6% or \$12.7m from \$26.7m in 12M2016 to \$14.0m in 12M2017.

As at 31 December 2017, the Group has 29 mechanical drilling machines and 20 laser drilling machines. The Group will continue to be selective of its customers, rationalise operations, manage headcount and conserve cash.

With the disposal of 103 CNC drilling machines in China in year 2017, contribution from its manufacturing division is expected to reduce in the subsequent years.

IT

The IT business through Singapore and the regional offices achieved a year-on-year revenue growth of 29.1% and 20.1% in 4Q2017 and 12M2017 respectively over the corresponding periods in year 2016.

The Group has a focused strategy of selling and promoting only the best-of-breed IT products. Among the products the Group currently carries are industry-leading IT products from Symantec, Check Point, Cyberark, Imperva, Riverbed and RSA.

To promote technical competency internally and to train its partners, the Group is able to provide certified IT training through the Education Services Division of M.Tech Products Pte Ltd, which is authorised to conduct training for Allot, Symantec and Check Point courses. The Education Services Division is able to provide training courses for SolarWinds too. This business is complementary to the core IT distribution business and is expected to bring about more awareness and technical knowledge through the courses conducted.

As at 31 December 2017, the Group's IT business has a presence in 29 cities in 15 countries in the Asia Pacific region and Europe. M.Tech offices in countries that are already mature in operations are expected to contribute more to the Group's performance.

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IT (Continued)

The near term outlook in the IT business is dependent on events such as those political or economic in nature and such events could affect business in certain markets. Global economic outlook remains uncertain which will in turn affect the Group's business. With the recent increase in US interest rates, the cost of business is expected to similarly increase. However, IT is still a critical requirement in businesses and security will continue to remain an integral part of the IT infrastructure. This should augur well for the Group as more efforts are put into growing the IT business.

For growth, the Group will focus on its best-of-breed products and will continue to look out for opportunities for regional expansion. The Group will also be selective of the products we carry so as to be able to do the best for the principals that the M.Tech companies represent. The Group will also promote the M.Tech brand name and intends to work closely with key partners to further promote the products.

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Risk Factors

The Group's primary business risk is in its IT business. In the area of IT business, the Group is subject to risk of reliance on a few key vendors, with respect to their channel strategies, as well as product roadmap. The Group is also exposed to the risks of product obsolescence with respect to the hardware carried. Despite such risks, the Group has taken steps to align with the leading names in the IT arena and as such, there is a good probability that such companies will take steps to ensure that their products maintain the technological edge. The Group monitors its inventories on a quarterly basis and will make allowances where necessary.

The Group is also exposed to foreign exchange risks as we mainly transact with our suppliers, vendors and customers in Singapore dollar, US dollar, Chinese renminbi, Thailand baht, Malaysian ringgit, Indian rupee and to a lesser extent, Euro, Indonesian rupiah, Philippines peso, Hong Kong dollar, Korean won, Japanese yen, Taiwan dollar, Vietnam dong, Australian dollar, New Zealand dollar and British Pound. The Group may, from time to time, enter into borrowing and foreign currency arrangements to reduce its foreign currency exposure. The Group expects to be exposed to a higher foreign exchange risk with the current volatility of the US dollar against some of the local currencies we collect from the customers.

The Group is also exposed to the political, legal and economic climates of the country in which the Group is operating. Economic and political conditions are still key factors in determining the level of IT spending.

In the area of PCB business, the Group's risk is the exposure to the electronics products sector. Our customers are PCB manufacturers, most of which will be exposed to the cyclical nature of the electronics business. Any downturn in the electronics cycle will result in a cutback in outsourcing, which will impact the Group negatively.

The Group's success in the China market will depend on our ability to maintain our technological, quality assurance, capacity and pricing advantage over our competitors. Additionally, we have to monitor trade receivables closely as collection generally takes longer in China. The Group is tightening the credit assessment on customers for all regions.

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

The actual results for 12M2017 were largely in line with the prospect commentary disclosed to the shareholders on 10 February 2017.

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As at 31 Dec 2017		As at 31 Dec 2016	
Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
16,248	8,154	1,412	8,200

Amount repayable after one year

As at 31 Dec 2017		As at 31 Dec 2016	
Secured S\$'000	Secured S\$'000	Secured S\$'000	Unsecured S\$'000
1,310	-	1,956	-

Additional information and details of any collateral

The secured borrowings are secured on the Group's two properties, one motor vehicles, available-for-sale investment and fixed deposits placed with the financial institutions.

2. SHARE CAPITAL

Group	Issued shares '000	Share capital \$'000	Total share capital \$'000
Balance at 1 Jan 2017 and 31 Dec 2017	90,095	37,288	37,288
Balance at 1 Jan 2016 and 31 Dec 2016	90,095	37,288	37,288

3. A statement showing all sales, transfers, disposal, cancellation and/or issue of treasury shares as at the end of the current financial period reported on.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited annual financial statements for the financial year ended 31 December 2016. In addition, the Group also adopted various revisions to the FRS, which became effective during the period. The said adoption has no significant impact to the financial statements of the Group.

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5. If there are any changes in 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.

Not applicable.

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

The figures presented in the announcement have not been audited or reviewed by our auditors.

7. Where the figures have been audited or reviewed, the auditor's report (including any qualification of emphasis of a matter).

Not applicable.

8. 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.

<u>Group</u> Earnings per share attributable to owners of the parent during the financial period/year (expressed in cents per share)	3 months ended		12 months ended	
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
(i) Based on weighted average number of shares	5.30 cents	4.25 cents	12.17 cents	10.81 cents
- Weighted average number of shares ('000)	90,095	90,095	90,095	90,095
(ii) On fully diluted basis	5.30 cents	4.25 cents	12.17 cents	10.81 cents
- Adjusted weighted average number of shares ('000)	90,095	90,095	90,095	90,095

9. Net asset value (for the issuer and group) per ordinary share based on issued share capital 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 value per share based on existing issued share capital as at the respective period	111.87 cents	107.30 cents	67.04 cents	70.70 cents

The net asset value per ordinary share at the end of the current period and the immediately preceding financial year have been calculated based on 90,095,000 ordinary shares.

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NOTES TO THE FINANCIAL STATEMENTS

10. DIVIDEND

(a) Current Financial Year Reported On

Name of Dividend	2017 Interim Tax Exempt – 1-Tier	Proposed 2017		2017 Total
		Final Tax Exempt – 1-Tier	Special Tax Exempt – 1-Tier	
Dividend Type	Cash	Cash	Cash	Cash
Dividend Amount (Cents Per Share)	1.11	3.30	1.10	5.51

(b) Corresponding Year of the Immediately Preceding Financial Year

Name of Dividend	2016 Interim Tax Exempt – 1-Tier	2016 Final Tax Exempt – 1-Tier	2016 Total
Dividend Type	Cash	Cash	Cash
Dividend Amount (Cents Per Share)	1.11	3.30	4.41

(c) Book closure date and dividend payment date

The proposed final tax exempt 1-Tier dividend of 3.30 cents per ordinary share and special dividend of 1.10 cents per ordinary share, if approved by shareholders at the next Annual General Meeting to be convened, will be paid on 23 May 2018.

The book closure date of the proposed final and special dividends will be on 9 May 2018.

11. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions. If no IPT mandate has been obtained, a statement to that effect.

There is no general mandate from shareholders for IPTs obtained.

12. 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 confirmed that it has procured undertakings from all its directors and executive officer under Rule 720(1) of the Listing Manual.

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13. ADDITIONAL INFORMATION

i) SEGMENT INFORMATION

	Singapore		China		Others		
12 months ended	PCB business	IT business	PCB business	IT business	IT business	Elimination and adjustments	Total
31 December 2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue							
- External sales	3,052	178,056	10,913	44,849	179,081		415,951
- Inter-segment sales	-	25	-	-	56	(81)	-
Total revenue	3,052	178,081	10,913	44,849	179,137	(81)	415,951
				PCB business	IT business	Elimination and adjustments	Total
				\$'000	\$'000	\$'000	\$'000
Segment results							
Interest income				271	216	-	487
Interest expense				(3)	(389)	-	(392)
Depreciation of property, plant and equipment				(1,785)	(1,028)	-	(2,813)
<i>Other material non-cash items:</i>							
- Gain on disposals of plant and equipment				3,664	4	-	3,668
- Inventories written off				-	(82)	-	(82)
- Plant and equipment written off				(57)	(16)	-	(73)
- Unrealised foreign exchange loss				(1,678)	(298)	-	(1,976)
- Allowance made for inventory obsolescence				(11)	(717)	-	(728)
- Allowance reversed for doubtful third parties trade receivables				-	138	-	138
- Amortisation of club memberships				(8)	(10)	-	(18)
- Fair value change in derivative financial instruments				-	(2)	-	(2)
Segment profit				2,181	13,513	-	15,694

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	Singapore		China		Others		
	PCB business	IT business	PCB business	IT business	IT business	Unallocated	Total
2017	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure							
Property, plant and equipment	302	1,023	3	7	320	-	1,655
Assets and liabilities							
Segment assets	23,193	95,684	19,509	19,392	68,095	3,990	229,863
Segment liabilities	20,957	60,975	383	8,839	28,327	1,517	120,998

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13. ADDITIONAL INFORMATION (Continued)

i) SEGMENT INFORMATION (Continued)

	Singapore		China		Others		
12 months ended	PCB business	IT business	PCB business	IT business	IT business	Elimination and	Total
31 December 2016	\$'000	\$'000	\$'000	\$'000	\$'000	adjustments	\$'000
Revenue							
- External sales	3,480	146,431	23,227	51,386	136,926		361,450
- Inter-segment sales	-	35	-	-	5	(40)	-
Total revenue	3,480	146,466	23,227	51,386	136,931	(40)	361,450
				PCB business	IT business	Elimination and	Total
				\$'000	\$'000	adjustments	\$'000
Segment results							
Interest income				147	239	-	386
Interest expense				(9)	(434)	-	(443)
Depreciation of property, plant and equipment				(3,464)	(713)	-	(4,177)
<i>Other material non-cash items:</i>							
- (Loss)/Gain on disposals of plant and equipment				(109)	206	-	97
- Bad third parties trade receivables written off				-	(3)	-	(3)
- Inventories written off				-	(32)	-	(32)
- Plant and equipment written off				-	(17)	-	(17)
- Unrealised foreign exchange gain/(loss)				800	(383)	-	417
- Allowance made for inventory obsolescence				(7)	(1,260)	-	(1,267)
- Allowance reversed for doubtful third parties trade receivables				-	550	-	550
- Amortisation of club memberships				-	(9)	-	(9)
- Fair value change in derivative financial instruments				(117)	(21)	-	(138)
Segment profit				3,794	10,839	-	14,633

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13. ADDITIONAL INFORMATION (Continued)

i) SEGMENT INFORMATION (Continued)

	Singapore		China		Others		
	PCB business	IT business	PCB business	IT business	IT business	Unallocated	Total
2016	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Capital expenditure							
Property, plant and equipment	1,036	889	150	3	408	-	2,486
Assets and liabilities							
Segment assets	13,110	80,602	19,350	19,811	55,899	4,609	193,381
Segment liabilities	6,106	48,418	4,010	5,364	23,945	972	88,815

Geographical segments

	Singapore		China		Others		Total	
	12 months ended		12 months ended		12 months ended		12 months ended	
	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016	31/12/2017	31/12/2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue from external customers	158,448	127,427	53,168	70,329	204,335	163,694	415,951	361,450
	Singapore		China		Others		Total	
	as at		as at		as at		as at	
	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016	12/31/2017	12/31/2016
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets	8,754	9,581	2,445	8,529	449	520	11,648	18,630

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13. ADDITIONAL INFORMATION (Continued)

ii) BREAKDOWN OF SALES

	2017 \$'000	2016 \$'000	Increase / (Decrease) %
Sales reported for first half year	203,372	173,019	18
Profit after tax before deducting non-controlling interests reported for first half year	5,733	3,831	50
Sales reported for second half year	212,579	188,431	13
Profit after tax before deducting non-controlling interests reported for second half year	6,106	6,966	(12)

14. 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.

There is no 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.

BY ORDER OF THE BOARD

Foo Suan Sai
Chief Executive Officer
9 February 2018