

Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

PART I: INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

- 1(a) **An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.**

Consolidated Income Statement
(Amount expressed in thousands of United States dollar (“USD”))

| | Group | | Increase/ (Decrease) |
|--|----------------|----------------|---------------------------------|
| | FY2017 | FY2016 | % |
| | USD'000 | USD'000 | |
| Continuing operations | | | |
| Revenue | 13,293 | 19,155 | (31%) |
| Cost of sales | (10,888) | (15,510) | (30%) |
| Gross profit | 2,405 | 3,645 | (34%) |
| Other income | 99 | 66 | 50% |
| Distribution expenses | (264) | (465) | (43%) |
| Administrative expenses | (3,995) | (5,863) | (32%) |
| Results from operating activities | (1,755) | (2,617) | (33%) |
| Finance costs | (135) | (247) | (45%) |
| Loss before income tax | (1,890) | (2,864) | (34%) |
| Income tax expenses | (12) | (42) | (71%) |
| Loss for the year | (1,902) | (2,906) | (35%) |
| Discontinued operation | | | |
| Loss from discontinued operation (net of tax) | - | (161) | n.m` |
| Loss for the year | (1,902) | (3,067) | (38%) |
| Loss for the year attributable to: | | | |
| Owners of the Company | (1,875) | (2,989) | (37%) |
| Non-controlling interests | (27) | (78) | (65%) |
| | (1,902) | (3,067) | (38%) |

Note:

n.m denotes not meaningful



Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

1(b) Consolidated Statement of Comprehensive Income for full year ended 28 February 2017 and 29 February 2016

| | Group | | Increase/ (Decrease) % |
|--|----------------------------|----------------------------|---------------------------------------|
| | FY 2017 USD'000 | FY 2016 USD'000 | |
| Loss for the year | (1,902) | (3,067) | (38%) |
| Other comprehensive loss: | | | |
| <i>Item that is or may be reclassified subsequently to profit or loss:</i> | | | |
| Foreign currency translation differences - foreign operations | (189) | (519) | (64%) |
| Other comprehensive loss for the year, net of tax | (189) | (519) | |
| Total comprehensive loss for the year | (2,091) | (3,586) | (42%) |
| Total comprehensive loss attributable to: | | | |
| Owners of the Company | (2,095) | (3,548) | (41%) |
| Non-controlling interests | 4 | (38) | n.m |
| | (2,091) | (3,586) | |

Note:

n.m denotes not meaningful

Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

Notes:

Loss for the year is arrived at after charging/(crediting) the following items:

| | Group | |
|---|----------------|----------------|
| | FY2017 | FY2016 |
| | USD'000 | USD'000 |
| Allowance for inventory obsolescence | 461 | 1,635 |
| Amortisation of intangible assets | 1 | 1 |
| Bad debts | 11 | 2 |
| Allowance of doubtful debts | 49 | 12 |
| Depreciation of property, plant and equipment | 249 | 315 |
| Directors' fees | 152 | 75 |
| Equity – settled commitment fees | 178 | - |
| Foreign exchange loss, net | 60 | 400 |
| Interest expense | 135 | 247 |
| Interest income from bank deposits | (1) | (7) |
| Key management remuneration included in staff costs | 559 | 727 |
| Gain on disposal of property, plant and equipment | - | (2) |
| Loss on disposal of a subsidiary | - | 142 |
| Operating lease expenses | 238 | 287 |
| Property, plant and equipment written off | 14 | - |
| Staff costs | 1,551 | 1,901 |



Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

1(c)(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.

Statements of Financial Position

(Amounts expressed in thousands of United States dollar ("USD"))

| | Group | | Company | |
|---|---|---|---|---|
| | As at 28 February 2017 USD'000 | As at 29 February 2016 USD'000 | As at 28 February 2017 USD'000 | As at 29 February 2016 USD'000 |
| Non-current assets | | | | |
| Property, plant and equipment | 3,355 | 3,689 | - | - |
| Investment in subsidiaries | - | - | 7,697 | 7,764 |
| Long-term investments | 18 | 18 | 18 | 18 |
| Intangible assets | 4 | 5 | - | - |
| Deferred tax assets | 109 | 54 | - | - |
| | <u>3,486</u> | <u>3,766</u> | <u>7,715</u> | <u>7,782</u> |
| Current assets | | | | |
| Inventories | 7,264 | 8,317 | - | - |
| Trade and other receivables | 4,263 | 6,012 | 1,831 | 1,322 |
| Cash at banks and in hand | 1,224 | 1,944 | 72 | 96 |
| | <u>12,751</u> | <u>16,273</u> | <u>1,903</u> | <u>1,418</u> |
| Total assets | <u>16,237</u> | <u>20,039</u> | <u>9,618</u> | <u>9,200</u> |
| Equity | | | | |
| Share capital | 11,366 | 8,410 | 11,366 | 8,410 |
| Reserves | (1,593) | (1,373) | - | - |
| Accumulated profits/(losses) | 2,383 | 4,258 | (2,044) | (1,121) |
| Equity attributable to owners of the Company | 12,156 | 11,295 | 9,322 | 7,289 |
| Non-controlling interests | (639) | (643) | - | - |
| Total equity | <u>11,517</u> | <u>10,652</u> | <u>9,322</u> | <u>7,289</u> |
| Non-current liabilities | | | | |
| Financial liabilities | 1 | 6 | - | 6 |
| Deferred tax liabilities | 10 | 10 | - | - |
| | 11 | 16 | - | 6 |
| Current liabilities | | | | |
| Trade and other payables | 1,857 | 4,301 | 253 | 1,881 |
| Bill payables | 772 | 1,861 | - | - |
| Bond payables | 36 | - | 36 | - |
| Financial liabilities | 2,040 | 3,178 | 6 | 23 |
| Current tax payable | 4 | 31 | 1 | 1 |
| | <u>4,709</u> | <u>9,371</u> | <u>296</u> | <u>1,905</u> |
| Total liabilities | <u>4,720</u> | <u>9,387</u> | <u>296</u> | <u>1,911</u> |
| Total equity and liabilities | <u>16,237</u> | <u>20,039</u> | <u>9,618</u> | <u>9,200</u> |



Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

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

| | Group | |
|--|------------------------------|------------------------------|
| | As at 28 February 2017 | As at 29 February 2016 |
| | USD'000 | USD'000 |
| Amounts repayable in one year or less, or on demand | | |
| Secured bank loans | 2,034 | 3,154 |
| Obligations under hire purchase | 6 | 24 |
| | <u>2,040</u> | <u>3,178</u> |
| Amounts repayable after one year | | |
| Obligations under hire purchase | 1 | 6 |
| | <u>1</u> | <u>6</u> |

Details of any collateral

- Secured bank loans are secured against trade receivables in China, amounting to USD 2,393,462 (FY2016: USD 3,126,015), and are guaranteed by the Company.
- As at 28 February 2017, the net book value of property, plant and equipment for the Group under hire purchase arrangements were USD 986 (29 February 2016: USD 1,471).



Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

1(d) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONSOLIDATED CASH FLOW STATEMENT
(Amounts expressed in thousands of United States dollars (“USD”))

| | Group | |
|---|-------------------|-------------------|
| | FY2017 USD'000 | FY2016 USD'000 |
| Cash flows from operating activities | | |
| Loss before tax from continuing operations | (1,890) | (2,864) |
| Loss before tax from discontinued operation | - | (161) |
| Loss before income tax, total | (1,890) | (3,025) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 249 | 315 |
| Allowance for inventory obsolescence | 461 | 1,635 |
| Amortisation of intangible assets | 1 | 1 |
| Gain on disposal of property, plant and equipment | - | (2) |
| Loss on disposal of a subsidiary | - | 142 |
| Bad debts written off | 11 | - |
| Allowance for bad debts | 49 | 12 |
| Interest expense | 135 | 247 |
| Dividend income | (1) | (1) |
| Interest income from banks | (1) | (7) |
| Property, plant and equipment written off | 14 | - |
| Equity-settled commitment fees | 178 | - |
| Operating cash flows before working capital changes | (794) | (683) |
| Changes in working capital: | | |
| Inventories | 592 | 2,040 |
| Trade and other receivables | 1,623 | 4,757 |
| Trade and other payables | (392) | 115 |
| Bills payable | (1,089) | (5,618) |
| Currency translation adjustments | (156) | (388) |
| Cash (used in)/ generated from operations | (216) | 223 |
| Income taxes paid (net) | (26) | (167) |
| Cash flows (used in)/generated from operating activities | (242) | 56 |
| Investing activities | | |
| Interest received | 1 | 7 |
| Dividend received | 1 | 1 |
| Purchase of property, plant and equipment | (19) | (50) |



Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

CONSOLIDATED CASH FLOW STATEMENT
(Amounts expressed in thousands of United States dollars (“USD”))

| | Group | |
|---|-------------------|-------------------|
| | FY2017 USD'000 | FY2016 USD'000 |
| Proceeds from disposal of property, plant and equipment | - | 16 |
| Net cash inflow on disposal of a subsidiary | - | 57 |
| Purchase of intangible assets | (1) | (1) |
| Cash flows (used in) / generated from investing activities | (18) | 30 |
| Financing activities | | |
| Interest paid | (135) | (247) |
| Repayments of bank loans | (1,064) | (949) |
| Proceeds from bank loans | - | 1,650 |
| Repayment of loan from affiliated companies | (1,126) | - |
| Repayment of loan from directors | (1,075) | (22) |
| Payment of finance lease liabilities | (25) | (26) |
| Proceeds from loan from directors | 150 | - |
| Proceeds from issue of redeemable convertible bonds | 2,814 | - |
| Proceeds from non-trade amount due to affiliated companies | - | 177 |
| Cash flows (used in) / generated from financing activities | (461) | 583 |
| Net (decrease) / increase in cash and cash equivalents | (721) | 669 |
| Cash and cash equivalents at beginning of the year | 1,944 | 1,271 |
| Effect of exchange rate changes on balances held in foreign currencies | 1 | 4 |
| Cash and cash equivalents at end of the year | 1,224 | 1,944 |

Cash and cash equivalents included in the consolidated cash flow statement comprise the following:

| | Group | |
|---|-------------------|-------------------|
| | FY2017 USD'000 | FY2016 USD'000 |
| Cash and bank balances | 1,224 | 1,944 |
| Cash and cash equivalents at end of the year | 1,224 | 1,944 |



Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

1(e)(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.

STATEMENT OF CHANGES IN EQUITY

(Amounts expressed in thousands of United States dollars (“USD”))

| | Share capital | Merger deficit | Currency translation reserve | Statutory surplus reserve | Accumulated profits | Total | Non-controlling interests | Total equity |
|--|---------------|----------------|------------------------------|---------------------------|---------------------|---------|---------------------------|--------------|
| <u>The Group</u> | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 | USD'000 |
| At 1 March 2015 | 8,410 | (2,825) | 1,630 | 381 | 7,247 | 14,843 | (605) | 14,238 |
| Total comprehensive loss for the period | | | | | | | | |
| Loss for the year | - | - | - | - | (2,989) | (2,989) | (78) | (3,067) |
| Other comprehensive income/(loss) | | | | | | | | |
| Foreign currency translation differences | - | - | (559) | - | - | (559) | 40 | (519) |
| | - | - | (559) | - | (2,989) | (3,548) | (38) | (3,586) |
| At 29 February 2016 | 8,410 | (2,825) | 1,071 | 381 | 4,258 | 11,295 | (643) | 10,652 |
| The Group | | | | | | | | |
| At 1 March 2016 | 8,410 | (2,825) | 1,071 | 381 | 4,258 | 11,295 | (643) | 10,652 |
| Total comprehensive loss for the period | | | | | | | | |
| Loss for the year | - | - | - | - | (1,875) | (1,875) | (27) | (1,902) |
| Other comprehensive loss | | | | | | | | |
| Foreign currency translation differences | - | - | (220) | - | - | (220) | 31 | (189) |
| | - | - | (220) | - | (1,875) | (2,095) | 4 | (2,091) |
| Transactions with owners, recognised directly in equity | | | | | | | | |
| Issue of ordinary shares related to redeemable convertible bonds | 2,956 | - | - | - | - | 2,956 | - | 2,956 |
| At 28 February 2017 | 11,366 | (2,825) | 851 | 381 | 2,383 | 12,156 | (639) | 11,517 |

Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

STATEMENT OF CHANGES IN EQUITY
(Amounts expressed in thousands of United States dollars (“USD”))

| <u>The Company</u> | <u>Share capital</u> | <u>Accumulated Profits/(loss)</u> | <u>Total</u> |
|--|--------------------------|---------------------------------------|--------------|
| | USD'000 | USD'000 | USD'000 |
| At 1 Mar 2015 | 8,410 | (369) | 8,041 |
| Loss and total comprehensive loss for the year | - | (752) | (752) |
| At 29 Feb 2016 | 8,410 | (1,121) | 7,289 |
| Loss and total comprehensive loss for the year | - | (923) | (923) |
| Issue of ordinary shares related to redeemable convertible bonds | 2,956 | - | 2,956 |
| At 28 Feb 2017 | 11,366 | (2,044) | 9,322 |

Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

1(e)(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.

The changes to the Company's issued share capital since 29 February 2016 are as following:

| Date | Description | No. of shares converted | Conversion Price (S\$) |
|------------------|--|--------------------------------|-------------------------------|
| 15 March 2016 | Issued commitment shares | 10,416,666 | S\$0.024 |
| 21 March 2016 | Conversion of part of the first tranche under Tranche 1 Bonds issued on 15 March 2016 | 28,571,428 | S\$0.021 |
| 7 June 2016 | Conversion of part of the first tranche under Tranche 1 Bonds issued on 15 March 2016 | 31,818,181 | S\$0.011 |
| 29 November 2016 | Conversion of remaining first sub-tranche under Tranche 1 Bonds issued on 15 March 2016. Conversion of part of second sub-tranche under Tranche 1 Bonds issued on 29 Nov 2016 | 30,000,000 | S\$0.010 |
| 30 November 2016 | Conversion of part of second sub-tranche under Tranche 1 Bonds issued on 29 Nov 2016 | 10,000,000 | S\$0.010 |
| 12 December 2016 | Conversion of part of second sub-tranche under Tranche 1 Bonds issued on 29 November 2016 | 60,000,000# | S\$0.010 |

**Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017**

| | | | |
|------------------|---|------------|----------|
| 11 January 2017 | Conversion of remaining second sub-tranche under Tranche 1 Bonds issued on 29 Nov 2016. Conversion of part of third sub-tranche under Tranche 1 Bonds issued on 10 January 2017 | 10,000,000 | S\$0.010 |
| 16 January 2017 | Conversion of part of third sub-tranche under Tranche 1 Bonds issued on 10 January 2017 | 15,000,000 | S\$0.010 |
| 18 January 2017 | Conversion of part of third sub-tranche under Tranche 1 Bonds issued on 10 January 2017 | 25,000,000 | S\$0.010 |
| 19 January 2017 | Conversion of part of third sub-tranche under Tranche 1 Bonds issued on 10 January 2017 | 20,000,000 | S\$0.010 |
| 23 January 2017 | Conversion of part of third sub-tranche under Tranche 1 Bonds issued on 10 January 2017 | 30,000,000 | S\$0.010 |
| 26 January 2017 | Conversion of remaining third sub-tranche under Tranche 1 Bonds issued on 10 January 2017. Conversion of part of fourth sub-tranche under Tranche 1 Bonds issued on 24 January 2017 | 30,000,000 | S\$0.010 |
| 10 February 2017 | Conversion of part of fourth sub-tranche under Tranche 1 Bonds issued on 24 January 2017 | 10,000,000 | S\$0.010 |
| 14 February 2017 | Conversion of part of fourth sub-tranche under Tranche 1 Bonds issued on 24 January 2017 | 30,000,000 | S\$0.010 |
| 17 February 2017 | Conversion of part of fourth sub-tranche under Tranche 1 Bonds issued on 24 January 2017 | 30,000,000 | S\$0.010 |

Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

There were no outstanding convertibles as at 29 February 2016. As at 28 February 2017, SGD 50,000 of the Tranche 1 Bonds has yet to be converted.

Further to the announcement dated 6 January 2017, 12 January 2017 and 21 April 2017, the Company wishes to inform shareholders that the Company is in the processing of rectification to correct the said over-allotment of shares by way of shares cancellation. The Company will provide an update to shareholders when the rectification has been completed.

1(e)(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.

| | Number of shares ('000) | |
|---|-------------------------|----------------|
| | FY2017 | FY2016 |
| Number of ordinary shares Issued and fully paid | | |
| At 1 March | 126,814 | 126,814 |
| Issuance of new ordinary shares | 370,807 | - |
| At 28 February | <u>497,621</u> | <u>126,814</u> |

There were no treasury shares as at 28 February 2017 and 29 February 2016.

1(e)(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.

1(e)(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.

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

These figures have not been audited or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a 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 for the current financial year compared to those of the audited financial statements for the year ended 29 February 2016.



Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year compared to the audited financial statements for the year ended 29 February 2016 except for the adoption of new Financial Reporting Standards (FRS) and Interpretations of FRS (INT FRS) that are mandatory for the financial year beginning on or after 1 March 2016. The adoption of these FRS and INT FRS has no significant impact to the Group.

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.**

| | <u>FY2017</u> USD'000 | <u>FY2016</u> USD'000 |
|---|--------------------------------|--------------------------|
| Net loss for the year from continuing operations | (1,875) | (2,828) |
| Net loss for the year from discontinued operation | - | (161) |
| Net loss for the year attributable to Owners of the Company | <u>(1,875)</u> | <u>(2,989)</u> |
| | <u>Number of shares ('000)</u> | |
| | <u>FY2017</u> | <u>FY2016</u> |
| Weighted average number of ordinary shares during the year | 497,621 | 126,814 |
| Loss per share (US cents) – Continuing and discontinued operations - basic and diluted | (0.4) | (2.4) |
| Loss per share (US cents) – Continuing operations - basic and diluted | (0.4) | (2.2) |
| Loss per share (US cents) – Discontinued operation - basic and diluted | - | (0.1) |

7. **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 | |
|--|---------------------|---------------------|---------------------|---------------------|
| | FY2017 (USD'000) | FY2016 (USD'000) | FY2017 (USD'000) | FY2016 (USD'000) |
| Net assets | <u>11,517</u> | <u>10,652</u> | <u>9,322</u> | <u>7,289</u> |
| Net asset value per ordinary share based on the existing issued share capital as at the respective period (US cents) | 2.3 | 8.4 | 1.9 | 5.7 |

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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;

REVIEW OF RESULTS OF OPERATIONS

BREAKDOWN OF GROUP REVENUE BY PRODUCT CATEGORIES

| | FY2017 | | FY2016 | |
|---|---------------|--------------|---------------|--------------|
| | USD'000 | % of revenue | USD'000 | % of revenue |
| Revenue from continuing operations | | | | |
| Commercial Metal Alloys | 2,469 | 18.6 | 5,022 | 26.2 |
| Customised Metal Alloys | 8,426 | 63.4 | 12,147 | 63.4 |
| NICO Branded Materials | 2,398 | 18.0 | 1,986 | 10.4 |
| Total | <u>13,293</u> | <u>100.0</u> | <u>19,155</u> | <u>100.0</u> |

The overall revenue of the Group has reduced by 30.7% from USD 19.2 million in FY 2016 to USD 13.3 million in FY 2017. The decrease was mainly due to the market lower demand.

Despite the reduction in the overall Group's revenue, the Group has made better progress in FY 2017 to promote Nico Branded Materials. The revenue arising from the sales of this product accounted for 18.0% of the Group's total revenue in FY 2017 compared to 10.4% of the Group's total revenue in FY 2016.

Geographically, the PRC remained as the key revenue driver in FY 2017, contributing 78.0% of the Group's total revenue, as compared to 60.6% in FY 2016. Thailand and the United States contributed 18.5% and 2.0% respectively to the Group's revenue in FY 2017, as compared to 17.7% and 7.5% in FY 2016.

GROSS PROFIT MARGIN

The Group's gross profit margin has decreased from 19.0% in FY 2016 to 18.1% in FY 2017.

OTHER INCOME

Other income increased by 50.0% from USD 66,000 in FY 2016 to USD 99,000 in FY 2017. This was mainly due to Group's sales of scrap metal amounting to USD 27,000 in FY 2017.

Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

DISTRIBUTION, ADMINISTRATIVE, OTHER OPERATING AND FINANCE EXPENSES

Distribution costs which are in line with revenue, decreased by 43.2% from USD 465,000 in FY 2016 to USD 264,000 in FY 2017.

Administrative expenses decreased by 32.2% from USD 5.9 million in FY 2016 to USD 4.0 million in FY 2017. The decrease was mainly due to (i) Hong Kong subsidiary has been disposed in FY 2016 and (ii) an overall decrease in staff costs and tighter cost control measures implemented by the Group.

Finance costs decreased by 45.3% from USD 247,000 in FY 2016 to USD 135,000 in FY 2017. The decrease was mainly due to (i) the repayment of bank loans and (ii) the prompt repayment of bills payable of a subsidiary in Singapore.

Tax expenses decreased by 71.4% from USD 42,000 in FY 2016 to USD 12,000 in FY 2017. The decrease was mainly due to most of Companies within the Group recorded loss making position. The effective tax rates of FY 2017 and FY 2016 are approximately 0.6% and 1.5% respectively.

UTILIZATION OF THE NET PROCEEDS FROM THE BONDS ISSUED ON 15 MARCH 2016, 29 NOVEMBER 2016, 10 JANUARY 2017 AND 24 JANUARY 2017

| USE OF PROCEEDS - BOND ISSUE | Amount S\$'000 | Amount S\$'000 |
|--|-------------------|-------------------|
| Net Proceeds from the Initial Bond# | | 3,787 |
| Less: | | |
| Repayment of loans from Parot Tovot LLC | 260 | |
| Repayment of loans from Nico Steel Solutions (S) Pte Ltd | 300 | |
| Repayment of loans from Affiliated Companies | 340 | |
| Group's general working capital* | 2,020 | |
| Legal and professional fee in relation to RCB issued | 177 | |
| Total usage of proceeds | | (3,097) |
| Balance of Net Proceeds | | 690 |

Net Proceeds from the Initial Bond of SGD 3,787,000 was after deduction of transaction costs amounting to SGD 213,000, including arranger's fee and legal fee of VCAM incurred.

* Funds used for the Group's general working capital were for staff costs and other operating costs.

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(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Property, plant and equipment decreased by 8.1% from USD 3.7 million as at 29 February 2016 to USD 3.4 million as at 28 February 2017.

Trade and other receivables decreased by 30.0% from USD 6.0 million as at 29 February 2016 to USD 4.2 million as at 28 February 2017. The reduction was mainly due to (i) the overall reduction in revenue and (ii) the improvement in debtors' turnover period resulting from the efforts put in place by management to continuously monitor the overall credit risks of the Group.

Cash at bank and in hand decreased by 36.8% from USD 1.9 million as at 29 February 2016 to USD 1.2 million as at 28 February 2017. The reduction was mainly due to (i) the repayment of bank loans and (ii) the prompt repayment of bills payable of a subsidiary in Singapore.

Inventories decreased by 12.0 % from USD 8.3 million as at 29 February 2016 to USD 7.3 million as at 28 February 2017. The decrease was mainly due to the Group has provided allowance for inventory obsolescence for entities in China, Singapore and Thailand amounting to USD 0.5 million in FY 2017.

Trade and other payables, and bills payable decreased by 57.4% from USD 6.1 million as at 29 February 2016 to USD 2.6 million as at 28 February 2017. The decrease was mainly due to the Group's effort to manage its subsidiary in Singapore to repay its bills payable promptly to reduce the Group's reliance on bank trade facilities.

The Group's financial liabilities decreased by 37.5% from USD 3.2 million as at 29 February 2016 to USD 2.0 million as at 28 February 2017. The decrease was mainly due to the repayment of bank loans in FY 2017.

REVIEW OF CASH FLOW STATEMENT

The Group recorded a net cash outflow from its operating activities of USD 0.24 million in FY 2017 (FY 2016: net cash inflow of USD 0.06 million).

The impact of the proceeds of USD 2.8 million from the issue of Redeemable Convertible Bonds was offset by the net repayment of the Group's short term bank loans, loans from affiliated companies and loans from directors amounting to USD 3.3 million.

As a result of the above, the Group generated net cash outflows of USD 721,000 in FY 2017 compared to net cash inflow of USD 669,000 in FY 2016.

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

No forecast or prospect statement has been disclosed to shareholders previously.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group expects the operating environment in the electronic industry to remain challenging in the current uncertain economic conditions. Keen competition coupled with increased operating costs will continue to exert pressure on the gross profit margin. To counter these challenges, the Group will continue focusing on driving revenue from Nico Branded Materials and managing its operating costs.



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The Group will strike off one subsidiary in Singapore and wind up the subsidiary in Malaysia. The Company will make the necessary announcements when it takes any further steps towards the striking off & winding up of these two subsidiaries.

The Group will continue to promote its alternative materials solution derived from green manufacturing process under the Nico Branded Materials, review its operations, implement cost control measures, enhance governance and stay competitive.

The Group will also continue to explore markets and materials for its existing business while at the same time look for opportunities in new markets.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended for the year under review.

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 Group has not obtained a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

There was no interested person transaction, as defined in Charter 9 of the Listing Manual of the SGX-ST, entered into by the Group or by the Company during the financial year ended 28 February 2017.

Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

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.**

BREAKDOWN OF GROUP REVENUE BY GEOGRAPHICAL REGIONS

| | FY2017 | | FY2016 | |
|-------------------|---------------|--------------|---------------|--------------|
| | USD'000 | % | USD'000 | % |
| Singapore | 96 | 0.7 | 145 | 0.8 |
| PRC | 10,371 | 78.0 | 11,609 | 60.6 |
| Malaysia | 55 | 0.4 | 2,449 | 12.8 |
| Thailand | 2,454 | 18.5 | 3,387 | 17.7 |
| USA | 265 | 2.0 | 1,427 | 7.5 |
| Other Countries * | 52 | 0.4 | 138 | 0.6 |
| Total | 13,293 | 100.0 | 19,155 | 100.0 |

* Other Countries comprise mainly Japan, Indonesia, Taiwan and Hong Kong.

15. **Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)**

The Company hereby confirms that it has procured undertakings from all the directors and executive officers under Rule 720(1).

16. **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 the section on "Review of Results of Operations" in paragraph 8 of this announcement for details.

17. **A breakdown of sales.**

| | FY2017 USD'000 | FY2016 USD'000 | Change % |
|--|-------------------|-------------------|-------------|
| (a) Sales reported for first half year | 7,207 | 10,078 | (28%) |
| (b) Operating (loss) after tax for first half year | (648) | (1,041) | (38%) |

Full Year Financial Statement And Dividend Announcement for the year ended 28 February 2017

| | | | |
|---|---------|---------|-------|
| (c) Sales reported for second half year | 6,086 | 9,077 | (33%) |
| (d) Operating (loss) after tax for second half year | (1,254) | (2,026) | (38%) |

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

Not Applicable.

19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer 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 first held | Details of changes in duties and position held, if any, during the year |
|--------------|-----|--|---|---|
| Ang Bee Choo | 52 | <p>Wife of Tan Chee Khiong, Executive Director/Chairman and President of the Company</p> <p>Sister-in-law of Tang Chee Wee, Executive Directors of the Company</p> <p>Daughter-in-law of Tang Hee Kya, substantial shareholder of the Company</p> <p>Sister-in-law of Tang Chee Bian, substantial shareholder of the Company</p> | Administrative Manager since 7 July 1995, responsible for office administration and human resource matters. | NIL |

Tan Chee Khiong, Tang Chee Bian, Tang Chee Wee and Tang Hee Kya are substantial shareholders of the Company. Tan Chee Khiong (Executive Chairman & President), Tang Chee Bian and Tang Chee Wee (Executive Director) are siblings. Tang Hee Kya is their father.

Save as disclosed above, there are no other persons holding managerial positions in the Group who are related to the Directors, Chief Executive Officer or substantial shareholders of the Company or of any of its principal subsidiaries.

By order of the Board

Tan Chee Khiong
Chairman and President
25 April 2017