



# International Press Softcom Limited

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## UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2016

- 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.

### CONSOLIDATED INCOME STATEMENT

	Note	Group		%+/-
		S\$'000		
		FY2016	FY2015	
		(Unaudited)	(Audited)	
Turnover	1	37,886	49,975	-24.2
Other operating income	2	1,447	2,315	-37.5
Changes in stocks of finished goods and work in progress	3	177	36	391.7
Raw materials and consumables used	3	(20,312)	(29,693)	-31.6
Personnel expenses		(10,020)	(10,294)	-2.7
Depreciation		(2,154)	(2,126)	1.3
Rental, property tax and utilities		(2,277)	(2,506)	-9.1
Freight, travelling and transportation expenses		(2,175)	(2,507)	-13.2
Repair and maintenance expenses		(487)	(569)	-14.4
Royalties		(131)	(159)	-17.6
Subcontractor costs		(992)	(1,085)	-8.6
Fixed assets written off		(60)	(59)	1.7
Bad debts written off		(44)	-	NM
Other operating expenses		(2,972)	(3,067)	-3.1
Impairment loss	4	(417)	-	NM
Financial expense – net	5	(239)	(303)	-21.1
<b>Loss before tax</b>		<b>(2,770)</b>	<b>(42)</b>	6495.2
Tax expense		22	(403)	NM
<b>Loss, net of tax</b>		<b>(2,748)</b>	<b>(445)</b>	517.5
<b>Loss attributable to:</b>				
- Owners of the Company	6	(2,478)	(442)	460.6
- Non-controlling interests	7	(270)	(3)	8900.0
		<b>(2,748)</b>	<b>(445)</b>	517.5

NM : not meaningful

### NOTES TO THE CONSOLIDATED INCOME STATEMENT

Effective January 2016, the Group renamed the segment, “software contract manufacturing” to “supply chain management”. This change is in line with the Group’s focus on wider scope of activities that cover the flow of goods, services and information.

#### Note 1

Group’s **turnover** fell 24.2%, year-on-year (“yoy”) to S\$37.9 million mainly due to the cessation of a supply chain project to a major customer (“Ceased Project”) and weaker performance in the existing supply chain management segment.

#### Note 2

**Other operating income** was lower at S\$1.4 million, or 37.5% down yoy largely due to the lower foreign exchange gain and miscellaneous income from the Ceased Project in the financial year ended 31 December 2016 (“FY2016”) as compared to the financial year ended 31 December 2015 (“FY2015”).

Note 3

The decrease in **Raw materials and consumables used** (S\$20.3 million) net of **changes in stocks of finished goods and work in progress** (S\$0.2 million) was lower at S\$20.1 million, or 32.1% lower yoy due to a lower turnover in FY2016 and a different sales mix.

Note 4

**Impairment loss** of S\$0.4 million relates to the investment in securities held by the Group's partially-owned dormant China subsidiary, Avantouch Software (Suzhou) Co., Ltd ("Avantouch").

Note 5

**Net financial expenses** was 21.1% lower yoy mainly due to lower interest paid on reduced bank borrowings.

Note 6

Higher loss attributable to **Owners of the Company** in FY2016 was mainly due to a lower turnover in FY2016.

Note 7

Higher loss attributable to **minority interest** in FY2016 was mainly due to higher losses by the Group's 75% owned subsidiary operating in India (Scantrans (India) Pvt. Ltd) and the one-off impairment loss in investment securities by Avantouch.

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

	Group	
	S\$'000	
	FY2016	FY2015
Bad debts recoverable	-	(8)
Allowance for doubtful trade receivables	78	11
Allowance for doubtful trade receivables written back	(5)	(68)
Allowance for inventory obsolescence	166	286
Allowance for inventory obsolescence written back	(276)	(224)
Inventories written off	105	177
Write back of inventories previously written off	(5)	(8)
Loss/(gain) on disposal of fixed assets	9	(7)
Interest income	(80)	(92)
Interest expense	319	395
Provision for restructuring cost written back	-	(112)
Exchange gain, net	(95)	(584)

<b>CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME</b>	<b>Group</b>	
	<b>S\$'000</b>	
	<b>FY2016</b>	<b>FY2015</b>
	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Loss, net of tax</b>	(2,748)	(445)
<b>Other comprehensive income:</b>		
<u>Items that will not be reclassified to profit or loss</u>		
Net surplus on revaluation of leasehold factory building	131	707
<u>Items that may be reclassified subsequently to profit or loss</u>		
Foreign currency translation	(324)	(564)
<b>Other comprehensive income for the year, net of tax</b>	(193)	143
<b>Total comprehensive Income for the year, net of tax</b>	<b>(2,941)</b>	<b>(302)</b>
<b>Total comprehensive income attributable to:</b>		
- Owners of the Company	(2,739)	(245)
- Non-controlling interests	(202)	(57)
	<b>(2,941)</b>	<b>(302)</b>

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**

	<b>Note</b>	<b>Group</b>		<b>Company</b>	
		<b>31/12/2016</b>	<b>31/12/2015</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
		<b>(Unaudited)</b>	<b>(Restated)*</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
		<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b>Non-current assets</b>					
Fixed assets		39,337	40,617	32,320	33,279
Intangible assets		2,400	2,423	-	-
Investment in subsidiaries	8	-	-	13,301	15,904
Investment securities	9	-	437	-	-
Other receivables and deposits		1,057	1,133	-	-
Deferred tax assets		676	710	-	-
<b>Current assets</b>					
Inventories	10	2,454	4,552	97	1,934
Trade receivables	10	6,317	11,418	1,492	5,092
Other receivables and deposits	11	1,218	985	356	286
Prepayments		223	227	64	49
Amounts due from subsidiaries (non-trade)		-	-	4,168	4,647
Tax recoverable		573	326	-	-
Cash and bank balances	12	8,024	5,363	930	1,404
		18,809	22,871	7,107	13,412
<b>Current liabilities</b>					
Trade and other payables	13	5,475	7,543	509	2,563
Accruals		2,118	2,327	1,016	1,058

	Group			Company	
		31/12/2016	31/12/2015	31/12/2016	31/12/2015
	Note	(Unaudited) S\$'000	(Restated)* S\$'000	(Unaudited) S\$'000	(Audited) S\$'000
Amounts due to subsidiaries (non-trade)		-	-	30	103
Amount due to directors of company		145	145	145	145
Interest-bearing bank loans		3,183	3,348	-	208
Non-interest bearing loan		366	369	-	-
Provision for taxation		175	217	-	-
Amount due to holding company (loan)		720	708	720	708
		<u>12,182</u>	<u>14,657</u>	<u>2,420</u>	<u>4,785</u>
<b>Net current assets</b>		6,627	8,214	4,687	8,627
<b>Non-current liabilities</b>					
Deferred tax liabilities	14	<u>372</u>	<u>874</u>	-	454
<b>Net assets</b>		<u>49,725</u>	<u>52,660</u>	<u>50,308</u>	<u>57,356</u>
<b>Equity attributable to owners of the Company</b>					
Share capital		49,549	49,549	49,549	49,549
Reserves	15	<u>2,933</u>	<u>5,667</u>	<u>759</u>	<u>7,807</u>
		52,482	55,216	50,308	57,356
Non-controlling interests		<u>(2,757)</u>	<u>(2,556)</u>	-	-
<b>Total equity</b>		<u>49,725</u>	<u>52,660</u>	<u>50,308</u>	<u>57,356</u>

#### NOTES TO THE BALANCE SHEET

##### \* Reclassification of prior year presentation

The following balance sheet figures in FY2015 have been reclassified to conform with current year's presentation:

Group	As previously classified S\$'000	As reclassified S\$'000
<u>Non-current assets</u>		
Other receivables and deposits	1,059	1,133
<u>Current assets</u>		
Other receivables and deposits	1,059	985

##### Note 8

The Company's **investment in subsidiaries** fell 16.3% yoy to S\$13.3 million largely due to the impairment loss in the investment of a 75% owned subsidiary in India of S\$4.0 million due to the shortfall in the cost of investment against the discounted cashflow of the subsidiary, offset by intercompany loans to subsidiaries in Vietnam and China of S\$1.4 million.

##### Note 9

**Investment securities** held by Avantouch, being a 15% equity interest in a China company, Shanghai Fengzhiwo E-Commerce Technology Co., Ltd was fully impaired in FY2016.

##### Note 10

Largely due to decline in the Group's turnover due to the Ceased Project and the liquidation by one of the Group's China subsidiary, the Group's and Company's **inventories and trade receivables** fell.

##### Note 11

**Other receivables and deposits** was 23.6% higher yoy at S\$1.2 million due to the increase in deposits, advance to suppliers and service tax receivables.

Note 12

The increase in the Group's **cash and bank balances** was attributed largely to the realisation of trade receivables and inventories from the Ceased Project and the progressive voluntary liquidation of the Group's wholly-owned subsidiary in China as part of corporate restructuring.

The Company's **cash and bank balances** fell largely due to the additional loans granted to subsidiaries of the Group and the repayment of interest-bearing bank loans, offset by proceeds from the realisation of inventories and trade receivables from the Ceased Project.

Note 13

	Group		Company	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	4,231	6,482	209	2,291
Other payables	1,244	1,061	300	272
<b>Trade and other payables</b>	<b>5,475</b>	<b>7,543</b>	<b>509</b>	<b>2,563</b>

The Group's **Trade Payables** was 34.7% lower yoy at S\$4.2 million largely due to lower inventories held as at 31 December 2016 after the Ceased Project ended and the Group's effort to manage inventory levels.

The Company's **Trade payables** was 90.9% lower yoy at S\$0.2 million mainly due to the Ceased Project.

Note 14

The Group's deferred tax liabilities fell 57.4% yoy to S\$0.4 million largely due to the Company's recognition of deferred tax assets on unutilised tax losses to the extent of the taxable temporary differences in FY2016.

Note 15

The Group's overall **reserves** fell 48.2% yoy to S\$2.9 million largely due to the Group's losses and translation differences for the current financial year.

**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 31/12/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
3,183	511	3,348	514

The Group's unsecured borrowings comprised mainly of a non-interest bearing loan due to a minority shareholder of a subsidiary and amount due to directors of the Company.

**Amount repayable after one year**

As at 31/12/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
-	-	-	-

**Details of any collateral**

As at 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.

As at 31 December 2015, the Group's secured borrowings comprised of interest-bearing bank loans of the Company and 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	
	FY2016	FY2015
	(Unaudited)	(Audited)
	S\$'000	S\$'000
<b>Cash flows from operating activities</b>		
Loss before tax	(2,770)	(42)
Adjustments for:		
Depreciation of fixed assets	2,154	2,126
Impairment loss on investment securities	416	-
Impairment loss on fixed assets	1	-
Loss/(gain) on disposal of fixed assets	9	(7)
Fixed assets written off	60	59
Interest income	(80)	(92)
Interest expense	319	395
Bad debts written off	44	-
Bad debts recovered	-	(8)
Allowance for doubtful trade receivables	78	11
Allowance for doubtful trade receivables written back	(5)	(68)
Allowance for inventory obsolescence	166	286
Allowance for inventory obsolescence written back	(276)	(224)
Inventories written off	105	177
Write back of inventories previously written off	(5)	(8)
Allowance for restructuring cost written back	-	(112)
Currency realignment	(286)	(686)
<b>Operating cash flows before working capital changes</b>	(70)	1,807
<u>Decrease/(increase) in:</u>		
Inventories	2,127	66
Trade receivables	4,984	(23)
Other receivables, deposits and prepayments	(130)	845
<u>(Decrease)/increase in:</u>		
Trade and other payables	(2,148)	(1,220)
Accruals	(209)	(697)
Amount due to directors of company	-	145
<b>Cash flows generated from operations</b>	4,554	923
Interest received	85	92
Interest paid	(306)	(383)
Tax paid	(776)	(941)
<b>Net cash flows generated from/(used in) operating activities</b>	3,557	(309)
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	(845)	(2,192)
Proceeds from disposal of fixed assets	25	77
<b>Net cash flows used in investing activities</b>	(820)	(2,115)
<b>Cash flows from financing activities</b>		
Repayment of interest-bearing bank loans	(136)	-
Proceeds from interest-bearing bank loans	-	253
Proceed from non-interest bearing loan from minority shareholder of a subsidiary	-	31
Repayment of amount due to a director of a subsidiary	-	(64)
<b>Net cash flows (used in)/generated from financing activities</b>	(136)	220
<b>Net increase/(decrease) in cash and cash equivalents</b>	2,601	(2,204)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	60	265
<b>Cash and cash equivalents at beginning of the year</b>	5,363	7,302
<b>Cash and cash equivalents at end of the year (Note A)</b>	8,024	5,363

**NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS**

**A. Cash and cash equivalents**

	31/12/2016	31/12/2015
	S\$'000	S\$'000
Cash and bank balances	5,999	4,270
Fixed deposits	2,025	1,093
	8,024	5,363

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
<b>At 1 January 2016</b>	<b>49,549</b>	<b>23,109</b>	<b>(3,737)</b>	<b>942</b>	<b>2,563</b>	<b>(17,210)</b>	<b>55,216</b>	<b>(2,556)</b>	<b>52,660</b>
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)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>131</b>	<b>(392)</b>	<b>-</b>	<b>-</b>	<b>(2,478)</b>	<b>(2,739)</b>	<b>(202)</b>	<b>(2,941)</b>
<u>Contributions by and distribution to owners</u>									
Others	-	-	-	-	5	-	5	1	6
<b>Total contributions by and distribution to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>1</b>	<b>6</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5</b>	<b>-</b>	<b>5</b>	<b>1</b>	<b>6</b>
<b>At 31 December 2016</b>	<b>49,549</b>	<b>23,240</b>	<b>(4,129)</b>	<b>942</b>	<b>2,568</b>	<b>(19,688)</b>	<b>52,482</b>	<b>(2,757)</b>	<b>49,725</b>

(Audited) 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
<b>At 1 January 2015</b>	<b>49,549</b>	<b>22,402</b>	<b>(3,227)</b>	<b>942</b>	<b>2,556</b>	<b>(16,768)</b>	<b>55,454</b>	<b>(2,501)</b>	<b>52,953</b>
Loss for the year	-	-	-	-	-	(442)	(442)	(3)	(445)
<u>Other comprehensive income</u>									
Net surplus on revaluation of leasehold factory building	-	707	-	-	-	-	707	-	707
Foreign currency translation	-	-	(510)	-	-	-	(510)	(54)	(564)
Other comprehensive income for the year, net of tax	-	707	(510)	-	-	-	197	(54)	143
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>707</b>	<b>(510)</b>	<b>-</b>	<b>-</b>	<b>(442)</b>	<b>(245)</b>	<b>(57)</b>	<b>(302)</b>
<u>Contributions by and distribution to owners</u>									
Others	-	-	-	-	7	-	7	2	9
<b>Total contributions by and distribution to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>2</b>	<b>9</b>
<b>Total transactions with owners in their capacity as owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>7</b>	<b>2</b>	<b>9</b>
<b>At 31 December 2015</b>	<b>49,549</b>	<b>23,109</b>	<b>(3,737)</b>	<b>942</b>	<b>2,563</b>	<b>(17,210)</b>	<b>55,216</b>	<b>(2,556)</b>	<b>52,660</b>



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

<b>The Company</b>	<b>Share capital S\$'000</b>	<b>Revaluation reserve S\$'000</b>	<b>Other reserves S\$'000</b>	<b>Accumulated losses S\$'000</b>	<b>Total equity S\$'000</b>
<b>At 1 January 2016</b>	<b>49,549</b>	<b>22,173</b>	<b>341</b>	<b>(14,707)</b>	<b>57,356</b>
Loss for the financial year, represents total comprehensive income for the year	-	-	-	(7,048)	(7,048)
<b>At 31 December 2016</b>	<b>49,549</b>	<b>22,173</b>	<b>341</b>	<b>(21,755)</b>	<b>50,308</b>
<b>At 1 January 2015</b>	<b>49,549</b>	<b>22,173</b>	<b>341</b>	<b>(14,727)</b>	<b>57,336</b>
Profit for the financial year, represents total comprehensive income for the year	-	-	-	20	20
<b>At 31 December 2015</b>	<b>49,549</b>	<b>22,173</b>	<b>341</b>	<b>(14,707)</b>	<b>57,356</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

**Share capital**

	<b>No. of Shares</b>	<b>Share Capital (S\$'000)</b>
As at 30/06/2016	439,222,000	21,961
As at 31/12/2016	439,222,000	21,961

There were no outstanding options or convertibles as at 31 December 2016 and 31 December 2015.

There were no treasury shares of the Company as at 31 December 2016 and 31 December 2015.

- 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 2016 was 439,222,000 (31 December 2015: 439,222,000)

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

Not applicable. There were no treasury shares 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 matter).**

Not applicable. The figures have not been audited nor 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 2015, 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 2016.

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	
	FY2016	FY2015
Loss per ordinary share for the financial year attributable to owners of the Company		
- (a) on weighted average number of ordinary shares on issue	(0.56) cents	(0.10) cents
- (b) on a fully diluted basis	(0.56) cents	(0.10) 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 for the financial year ended 31 December 2016 and 31 December 2015.

**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	
	31/12/2016	31/12/2015	31/12/2016	31/12/2015
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares as at the respective financial year	11.95 cents	12.57 cents	11.45 cents	13.06 cents

The net asset value per ordinary share is calculated based on the 439,222,000 (FY2015: 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**

##### **FY2016 vs FY2015**

For the twelve months ended 31 December 2016 ("FY2016"), the Group registered a 24.2% year-on-year ("yoy") drop in turnover as compared to the twelve months ended 31 December 2015 ("FY2015") from S\$50.0 million to S\$37.9 million. The decrease in turnover was a result of a lacklustre demand in the supply chain management ("SCM") segment amidst challenging market conditions.

##### **Turnover by geographical segment**

	Turnover		
	FY2016	FY2015	
	S\$'000	S\$'000	% +/-
Singapore	7,028	16,656	-57.8
Malaysia	3,697	4,150	-10.9
People's Republic of China	8,089	9,619	-15.9
India	13,156	13,878	-5.2
Australia	1,604	2,032	-21.1
Vietnam	4,312	3,640	18.5
<b>Total</b>	<b>37,886</b>	<b>49,975</b>	<b>-24.2</b>

On a geographical basis, the operations that recorded a decline in turnover for FY2016 were as follows:

1. Turnover from the Singapore operations fell 57.8% yoy to S\$7.0 million mainly due to the cessation of a supply chain project for a major customer ("Ceased Project").
2. Turnover from the Group's Malaysia operations fell 10.9% yoy to S\$3.7 million due to the volatile Malaysian Ringgit and weak demand.
3. Turnover from the Group's China operations declined 15.9% yoy to S\$8.1 million due to weak demand.
4. Turnover from the Group's India operations fell 5.2% yoy to S\$13.2 million due to the depreciation of Indian Rupees against the Singapore Dollar.
5. Turnover from the Group's Australia operations fell 21.1% yoy to S\$1.6 million due to the continual decline in overall demand from customers.

The decline was, however mitigated by growth from operations in Vietnam as follows:

1. Turnover from the Group's Vietnam operations increased 18.5% yoy to S\$4.3 million due to growth in sales to new and existing customers.

##### **Profitability**

##### **FY2016 vs FY2015**

For FY2016, the Group recorded a net loss after tax of S\$2.7 million as compared to a net loss after tax of S\$0.4 million in FY2015 largely due to the decrease in turnover. Loss per share attributable to owners of the Company was 0.56 Singapore cents in FY2016 (FY2015: 0.10 Singapore cents).

The Group's partially-owned dormant China subsidiary, Avantouch provided for an one-time impairment loss on investment securities amounting to S\$0.4 million in FY2016 as a result of management assessment of impairment indicators.

Depreciation increased 1.3% yoy to S\$2.2 million for FY2016 primarily due to higher expansionary capital expenditures in India (for customised returnable packaging materials) and Vietnam (for in-house printing capabilities) in the second half of FY2015. In addition, the Group's Australia freehold factory building acquired in June 2015 also commenced depreciation since July 2015.

Raw materials and consumables used was lower at S\$20.2 million, or 31.6% lower yoy due to a lower turnover in FY2016 and a different sales mix.

Freight, travelling and transportation expenses, and repair and maintenance expenses fell in tandem with lower turnover in FY2016.

Other operating income declined 37.5% yoy to S\$1.4 million mainly due to the lower foreign exchange gain and miscellaneous income from the Ceased Project in FY2016 as compared to FY2015. The Group recorded a lower net foreign exchange gain of S\$0.1 million in FY2016 as compared to a net foreign exchange gain of S\$0.6 million in FY2015.

The financial results of the main companies in the Group for FY2016 were as follows:

1. The Group's Singapore operations recorded 43.4% yoy increase in loss after tax to S\$3.8 million, largely due to the Ceased Project.
2. The Group's India operations recorded a loss after tax of S\$0.1 million for FY2016, a reversal from net profit after tax of S\$0.4 million for FY2015. This was mainly due to decline in turnover and differences in sales mix.
3. While turnover improved in FY2016, the Group's Vietnam operations broke even in FY2016 as compared to a net profit after tax of S\$0.1 million in FY2015. This was primarily due to the higher capital expenditure required to ramp up the printing capabilities in Vietnam ahead of anticipated increase in product demand.
4. The Group's Malaysia operations recorded profit after tax of S\$0.6 million, down 31.9% yoy due to an unstable exchange rate and lower sales.

The above was partially mitigated by the financial results of the following companies in the Group:

1. Albeit a 15.9% yoy decline in turnover from China to S\$8.1 million, the China operations's net profit remained stable at S\$0.5 million, after accounting for a one-off impairment loss on investment securities held by the Group's partially-owned dormant subsidiary Avantouch. This was largely due to cost efficiencies from consolidation and re-organisation of the other wholly-owned operating sites in China.
2. Due to weakening sales in the Australian economy, the Group's Australia operations broke even in FY2016 compared to a net profit after tax of S\$0.1 million.

### **Financial Position**

The Group's total net assets decreased 5.6% yoy to S\$49.7 million as at 31 December 2016. Net current assets was down 19.3% yoy from S\$8.2 million to S\$6.6 million as at 31 December 2016.

#### **Non-current assets**

Total non-current assets (excluding deferred tax assets) of the Group fell marginally by 4.1% yoy to S\$42.8 million as at 31 December 2016 primarily due to the depreciation charge on fixed assets and impairment of investment securities held by Avantouch.

#### **Current assets**

The Group's current assets decreased S\$4.1 million or 17.8% yoy from S\$22.9 million as at 31 December 2015 to S\$18.8 million as at 31 December 2016. The decrease in current assets was largely due to the decrease in inventories and trade receivables relating to the Ceased Project, offset by increases in deposits and advance to suppliers and increases in cash and cash equivalents. Tax recoverable increased by 75.8% to S\$0.6 million as at 31 December 2016 largely due to the increase in the input tax credit by the Group's partially-owned India subsidiary.

#### **Current liabilities**

The Group's current liabilities decreased S\$2.5 million from S\$14.7 million as at 31 December 2015 to S\$12.2 million as at 31 December 2016. The decrease was largely due to trade payables, which saw a decrease of S\$2.3 million primarily attributable to the Ceased Project. Group's borrowings fell 4.4% yoy to S\$3.7 million in FY2016 due to translation differences arising from the translation of loans denominated in Indian Rupees and repayment of interest-bearing bank loans.

#### **Non-current liabilities**

The Group's deferred tax liabilities fell to S\$0.4 million as at 31 December 2016, 57.4% down from S\$0.9 million as at 31 December 2015, mainly due to the Company's recognition of deferred tax assets on unutilised tax losses to the extent of the taxable temporary differences.

### **Cashflows**

In FY2016, the Group generated positive net cashflows from operations of S\$3.6 million, as compared to cash outflows of S\$0.3 million for FY2015. This was largely due to the absence of the Ceased Project that required high working capital and the realisation of assets pertaining to a voluntary liquidation of one of the Group's wholly-owned China subsidiary which commenced in November 2016.

As at 31 December 2016, all inventories and trade receivables relating to the Ceased Project has been sold and collected respectively, resulting in an one-off cash inflow under working capital changes. In addition, interest savings from repayment of certain bank borrowings also contributed to the positive cashflows.

On the other hand, the Group utilised S\$0.8 million for investing activities in FY2016 on capital expenditures incurred largely for subsidiaries in Vietnam and India.

Net cash used in financing activities was S\$0.1 million for FY2016 mainly due to repayment of interest-bearing bank loans.

As a result of the above, the Group's cash and cash equivalents stood at S\$8.0 million as at 31 December 2016, representing a S\$2.6 million improvement from S\$5.4 million as at 31 December 2015.

**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.**

The global economic landscape continues to be surrounded by uncertainties and volatility, which will weigh on the Group's overall performance. In mitigating business headwinds, the Group will continue to commit efforts into streamlining operating costs in order to run a leaner organisation. Backed by the generation of positive operating cash flow, the Group's cash and cash equivalent balance has improved from S\$5.4 million as at 31 December 2015 to S\$8.0 million as at 31 December 2016.

Faced with challenging market conditions, the Group will adopt a prudent approach in prospecting for growth opportunities within the region.

**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)***

None.

***(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 FY2016.

**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 did not obtain a general mandate from shareholders for IPTs.

There was no IPT of S\$100,000 and above for FY2016.

**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 7H) 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 7H 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 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.**

<b>BY BUSINESS SEGMENT</b>	<b>Supply Chain Management</b>	<b>Investment Holdings</b>	<b>Computer systems integration and consultancy services</b>	<b>Adjustments &amp; Eliminations</b>	<b>Notes</b>	<b>Per consolidated financial statements</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>		<b>S\$'000</b>
<b>FY2016</b>						
Turnover:						
External customers	37,886	-	-	-		37,886
Inter-segment	6,235	-	-	(6,235)	A	-
Total turnover	44,121	-	-	(6,235)		37,886
<b>Results:</b>						
Interest income	80	-	-	-		80
Interest expense	(319)	-	-	-		(319)
Depreciation	(2,154)	-	-	-		(2,154)
Impairment loss	(1)	-	(416)	-		(417)
Other non-cash expenses	(154)	-	(22)	-	B	(176)
Segment loss	(2,355)	(12)	(407)	4	C	(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

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
<b><u>FY2015</u></b>						
Turnover:						
External customers	49,975	-	-	-	A	49,975
Inter-segment	7,540	-	-	(7,540)		-
Total turnover	57,515	-	-	(7,540)		49,975
<b>Results:</b>						
Interest income	92	-	-	-	B C	92
Interest expense	(395)	-	-	-		(395)
Depreciation	(2,126)	-	-	-		(2,126)
Other non-cash expenses	(218)	-	-	-		(218)
Segment loss	(115)	(11)	(12)	96		(42)
Additions to non-current assets	2,112	-	-	-	D	2,112
Segment assets	67,345	263	466	117	E	68,191
Segment liabilities	13,682	5	45	1,799	F	15,531



## **NOTES TO 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:

	<b>Group</b>	
	<b>FY2016</b>	<b>FY2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Net loss/(gain) on disposal of fixed assets	9	(7)
Fixed assets written off	60	59
Bad debts recovered	-	(8)
Bad debts written off	44	-
Allowance for doubtful trade receivables	78	11
Allowance for doubtful trade receivables written back	(5)	(68)
Allowance for inventory obsolescence	166	286
Allowance for inventory obsolescence written back	(276)	(224)
Inventories written off	105	177
Write back of inventories previously written off	(5)	(8)
	<u>176</u>	<u>218</u>

### **Note C**

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

	<b>Group</b>	
	<b>FY2016</b>	<b>FY2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Consolidation adjustments	<u>4</u>	<u>96</u>
	<u>4</u>	<u>96</u>

### **Note D**

Additions to non-current assets mainly 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:

	<b>Group</b>	
	<b>FY2016</b>	<b>FY2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Deferred tax assets	676	710
Consolidation adjustments	<u>(521)</u>	<u>(593)</u>
	<u>155</u>	<u>117</u>

**Note F**

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

	<b>Group</b>	
	<b>FY2016</b>	<b>FY2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Deferred tax liabilities	372	874
Provision for taxation	175	217
Unallocated inter-segment liabilities	720	708
	1,267	1,799

**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 :

<b>BY GEOGRAPHICAL SEGMENT</b>	<b>Turnover</b>		<b>Group Loss after tax</b>		<b>Non-current assets(*)</b>	
	<b>FY2016</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2015</b>	<b>FY2016</b>	<b>FY2015</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Singapore	7,028	16,656	(3,813)	(2,659)	32,320	33,279
Malaysia	3,697	4,150	618	908	2,651	2,643
People's Republic of China	8,089	9,619	534	565	532	1,219
India	13,156	13,878	(127)	431	5,371	5,523
Australia	1,604	2,032	48	81	682	685
Vietnam	4,312	3,640	(48)	85	1,238	1,261
Eliminations and adjustments	-	-	40	144	-	-
At 31 December	37,886	49,975	(2,748)	(445)	42,794	44,610

(\*) Excludes deferred tax assets

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

**Information about a major customer**

Revenue from one major customer amounted to S\$4.6 million (FY2015: S\$14.6 million), arising from sales by the supply chain management segment.

**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****FY2016 vs FY2015**

As explained in paragraph 8 above, the Group's turnover fell 24.2% to S\$37.9 million for FY2016 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 fell 24.2% yoy to S\$37.9 million in FY2016 due to a weak performance from Singapore, Malaysia, China, Australia and India. Turnover from the Group's Vietnam operations remained relatively stable with a 18.5% yoy growth to S\$4.3 million due to growth in sales to new and existing customers.

The Group's SCM segment recorded a net loss before tax of S\$2.4 million in FY2016 as compared to a net loss before tax of S\$0.1 million in FY2015 largely due to decrease in turnover from Singapore operations as a result of the Ceased Project.

Investment holding ("IH")

There were no business activity in FY2016 and FY2015.

Computer systems integration and consultancy services ("CSI")

In FY2016, the Group's partially-owned China subsidiary (Avantouch) in the CSI segment provided for an impairment loss on investment securities amounting to S\$0.4 million.

**18. A breakdown of sales as follows:**

	FY2016	FY2015	%+/-
Group	S\$'000	S\$'000	
(a) Sales reported for first half year	21,560	25,570	-15.7
(b) Operating loss after tax before deducting minority interests reported for first half year	(1,734)	(1,112)	55.9
(c) Sales reported for second half year	16,326	24,405	-33.1
(d) Operating profit/(loss) after tax before deducting minority interests reported for second half year	(1,014)	667	NM

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**

	FY2016 S\$'000	FY2015 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 2017

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*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, at 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, telephone (65) 6229 8088.*