

Dynamic Colours Limited
Incorporated in the Republic of Singapore
(Company registration no. 199304233Z)
Full Year 2016 Financial Statement and Dividend Announcement
For the year ended 31 December 2016



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1.	Unaudited Financial Statements – 31 December 2016		
1.(a)(i)	Statement of Comprehensive Income (Group) (An income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year)		
	Group		% Changes
	31-Dec-16 US\$'000	31-Dec-15 US\$'000	
Revenue	41,783	48,152	(13.2)
Cost of sales	(34,492)	(41,671)	(17.2)
Gross Profit	7,291	6,481	12.5
Other income	516	5,960	(91.3)
Distribution expenses	(909)	(958)	(5.1)
Administrative expenses	(2,761)	(2,601)	6.2
Other operating expenses	(216)	(120)	80.0
Net Finance (cost)	(35)	(157)	(77.7)
Profit before tax from continuing operations	3,886	8,605	(54.8)
Income tax expense	(623)	(857)	(27.3)
Profit from continuing operations	3,263	7,748	(57.9)
Loss from discontinued operations	-	(443)	(100.0)
Profit for the financial year	3,263	7,305	(55.3)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences for foreign operations	(412)	(375)	9.9
	2,851	6,930	(58.9)
Profit attributable to:			
Owner of the company			
- Profit from continuing operations, net of tax	3,263	7,748	(57.9)
- Loss from discontinued operations, net of tax	-	(354)	(100.0)
Non-controlling interests			
- Loss from discontinued operations, net of tax	-	(89)	(100.0)
	3,263	7,305	(55.3)
Total comprehensive income attributable to:			
Owners of the company			
- Profit from continuing operations, net of tax	2,851	7,373	(61.3)
- Loss from discontinued operations, net of tax	-	(354)	(100.0)
Non-controlling interests			
- Loss from discontinued operations, net of tax	-	(89)	(100.0)
	2,851	6,930	(58.9)

1.(a)(ii) Notes to the Statement of Comprehensive Income (Group)

	Group		% Changes
	31-Dec-16 US\$'000	31-Dec-15 US\$'000	
<u>Continuing Operations:</u>			
After charging and crediting:			
Depreciation of property, plant and equipment	1,471	1,463	0.5
Gain on disposal of property, plant and equipment	50	(4,944)	(101.0)
Amortisation of intangible assets	6	7	(14.3)
Amortisation of lease prepayments	22	21	4.8
Finance income:			
Interest income	(42)	(13)	223.1
	(42)	(13)	223.1
Finance cost:			
Finance lease payable	3	-	100.0
Term loans	18	69	(73.9)
Trust receipts	20	59	(66.1)
Foreign exchange loss, net	36	42	(14.3)
	77	170	(54.7)
Net finance cost	35	157	(77.7)
Income tax expense:			
Current tax expense	876	518	69.1
Deferred tax expense	(117)	420	(127.9)
Overprovision in prior years	(136)	(81)	67.9
	623	857	(27.3)

	Group		% Changes
	31-Dec-16 US\$'000	31-Dec-15 US\$'000	
<u>Discontinued Operations:</u>			
After charging and crediting:			
Loss on disposal of property, plant and equipment	-	428	(100.0)

1.(b)(i)	Statement of Financial Position (Group and Company)
	Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Property, plant and equipment	16,418	17,011	-	-
Lease prepayments	672	688	-	-
Intangible assets	7	13	-	-
Investment in subsidiaries	-	-	9,534	9,534
	17,097	17,712	9,534	9,534
Current assets				
Inventories	5,537	5,501	-	-
Trade and other receivables	8,051	6,795	18,028	8,198
Prepayments	134	340	31	1
Cash and cash equivalents	8,977	11,430	3,237	4,834
	22,699	24,066	21,296	13,033
Total assets	39,796	41,778	30,830	22,567
Equity				
Share capital	18,822	18,822	18,822	18,822
Reserves	2,465	2,877	152	152
Retained earnings	11,271	13,086	3,564	278
	32,558	34,785	22,538	19,252
Non-current liabilities				
Deferred tax liabilities	923	1,030	-	-
Finance lease payable	39	-	-	-
	962	1,030	-	-
Current liabilities				
Trade and other payables	5,507	4,573	8,062	2,346
Finance lease payable	10	-	-	-
Interest bearing liabilities	-	969	-	969
Derivative financial instruments	142	-	142	-
Current income tax payable	617	421	88	-
	6,276	5,963	8,292	3,315
Total liabilities	7,238	6,993	8,292	3,315
Total equity and liabilities	39,796	41,778	30,830	22,567

1.(b)(ii) Aggregate amount of Group's Borrowings and Debt Securities

Details of Group's liabilities	As at 31 December 2016			As at 31 December 2015		
	Secured US\$'000	Unsecured US\$'000	Total US\$'000	Secured US\$'000	Unsecured US\$'000	Total US\$'000
Amount repayable in one year or less, or on demand Interest bearing liabilities	-	-	-	-	969	969
Amount repayable after one year Interest bearing liabilities	-	-	-	-	-	-
Amount repayable in one year or less, or on demand Finance lease payable	10	-	10	-	-	-
Amount repayable after one year Finance lease payable	39	-	39	-	-	-

1.(c)	Statement of Cash Flows (Group)
	Consolidated statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	31-Dec-16 US\$'000	31-Dec-15 US\$'000
Cash flows from operating activities		
Profit before income tax from continuing operations	3,886	8,605
(Loss) before income tax from discontinued operations	-	(442)
	3,886	8,163
Adjustments for:-		
Write back of allowance for inventory obsolescence	(92)	(300)
Depreciation of property, plant and equipment	1,471	1,463
Amortisation of lease prepayments	22	21
Amortisation of intangible assets	6	7
Interest expense	41	128
Interest income	(42)	(3)
Gain on disposal of property, plant and equipment	(50)	(4,944)
Property, plant and equipment written off	651	224
Net change in fair value of forward exchange contracts	142	-
	6,035	4,759
Changes in working capital:		
Inventories	56	1,922
Trade and other receivables	(1,256)	4,827
Prepayments	206	1,189
Trade and other payables	337	(1,490)
Deposit pledged	6	(105)
Cash generated from operations	5,384	11,102
Income tax paid	(534)	(174)
Net cash from operating activities	4,850	10,928
Cash flows from investing activities		
Acquisition of property, plant and equipment	(1,576)	(4,072)
Interest received	42	3
Proceeds from disposal of property, plant and equipment	52	7,448
Net cash impact on liquidation of subsidiary	-	(41)
Net cash (used in)/from investing activities	(1,482)	3,338
Cash flows from financing activities		
Dividends paid	(5,078)	(3,450)
Interest paid	(41)	(128)
Proceeds from short term loans	4,971	969
Repayment of short term loans	(5,940)	(4,838)
Proceeds from trust receipts	4,061	11,159
Repayment of trust receipts	(3,464)	(15,854)
Repayment of finance lease	(7)	-
Net cash used in financing activities	(5,498)	(12,142)
Net change in cash and cash equivalents	(2,130)	2,124
Cash and cash equivalent at beginning of the financial year	11,251	9,281
Effect of foreign exchange rate changes on cash and cash equivalents	(317)	(154)
Cash and cash equivalents at end of the financial year	8,804	11,251

1.(d)(i)	Statement of Changes in Equity (Group and Company) 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.							
Group	Share capital	Currency translation reserve	Statutory reserve	Share-based payment reserve	Retained earnings	Total equity attributable to the company	Non-controlling interest	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2016	18,822	1,045	1,680	152	13,086	34,785	-	34,785
Comprehensive income for the period								
Profit for the period	-	-	-	-	3,263	3,263	-	3,263
Foreign currency translation differences	-	(412)	-	-	-	(412)	-	(412)
Total comprehensive income for the period	-	(412)	-	-	3,263	2,851	-	2,851
Transactions with owners								
Dividend paid	-	-	-	-	(5,078)	(5,078)	-	(5,078)
Total transactions with owners	-	-	-	-	(5,078)	(5,078)	-	(5,078)
At 31 December 2016	18,822	633	1,680	152	11,271	32,558	-	32,558
At 1 January 2015	18,822	1,420	1,680	152	9,142	31,216	130	31,346
Comprehensive income for the period								
Profit from continuing operations	-	-	-	-	7,748	7,748	-	7,748
Loss from discontinued operations	-	-	-	-	(354)	(354)	(89)	(443)
Foreign currency translation differences	-	(375)	-	-	-	(375)	-	(375)
Total comprehensive income for the period	-	(375)	-	-	7,394	7,019	(89)	6,930
Transactions with owners								
Dividend paid	-	-	-	-	(3,450)	(3,450)	-	(3,450)
Liquidation of subsidiary	-	-	-	-	-	-	(41)	(41)
Total transactions with owners	-	-	-	-	(3,450)	(3,450)	(41)	(3,491)
At 31 December 2015	18,822	1,045	1,680	152	13,086	34,785	-	34,785

Company	Share Capital US\$'000	Payment Reserve US\$'000	Retained earnings US\$'000	Total equity US\$'000
At 1 January 2016	18,822	152	278	19,252
Comprehensive income for the period				
Profit for the period	-	-	8,364	8,364
Total comprehensive income for the period	-	-	8,364	8,364
Transactions with owners				
Dividend paid	-	-	(5,078)	(5,078)
Total transactions with owners	-	-	(5,078)	(5,078)
At 31 December 2016	18,822	152	3,564	22,538
At 1 January 2015	18,822	152	2,640	21,614
Comprehensive income for the period				
Profit for the period	-	-	1,089	1,089
Total comprehensive income for the period	-	-	1,089	1,089
Transactions with owners				
Dividend paid	-	-	(3,451)	(3,451)
Total transactions with owners	-	-	(3,451)	(3,451)
At 31 December 2015	18,822	152	278	19,252

1.(d)(ii)	Statement of Changes in Equity (Group and Company) (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.)	
	There is no change in the Company's share capital for the financial year ended 31 December 2015 and 2016.	
1.(d)(iii)	Number of Issued Shares excluding Treasury Shares (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.)	
	Total number of issued shares as at 31 December 2016	209,971,310
	Total number of issued shares as at 31 December 2015	209,971,310
1.(d)(iv)	Sales, Transfers, Disposals, Cancellations and/or use of Treasury Shares (A statements 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.	
2.	Audit – Whether figures have been audited or reviewed (Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.)	
	The financial information have not been audited or reviewed by the Company's auditors.	
3.	Auditors' report (if audited) (Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter.)	
	Not applicable.	
4.	Accounting Policies (Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.)	
	Other than the adoption of the new and revised Financial Reporting Standards (FRS) as mentioned in paragraph 5 below, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements for the year ended 31 December 2015.	

5.	Changes in accounting Policies (If there are any changes in the accounting policies and methods of computation, including any required by and accounting standard, what has changed, as well as the reasons for, and the effect of, the change.)
	In the current financial period, the Group and the Company have adopted all the new and revised Financial Reporting Standards (FRSs) and Interpretations of FRSs (INT FRSs) that are relevant to its operations and effective annual periods beginning on 1 January 2016. The adoption of these new/revised FRSs and INT FRSs does not result in substantial changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.
6.	Earnings per ordinary share (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	
	31-Dec-16	31-Dec-15
Profit from continuing operation attributable to owners of the parent (US\$'000)	3,263	7,748
Loss from discontinued operation attributable to owners of the parent (US\$'000)	-	(354)
Number of ordinary shares ('000)		
As at 1 January	209,971	209,971
Issued during the year	-	-
As at 31 December	209,971	209,971
<u>Continuing Operations</u>		
Earnings per ordinary share (US\$):		
(a) Based on weighted average number of ordinary shares on issue (cents)	1.55	3.69
(b) On a fully diluted basis (cents)	1.55	3.69
Earnings per ordinary share (S\$ equivalent)*		
(a) Based on weighted average number of ordinary shares on issue (cents)	2.24	5.22
(b) On a fully diluted basis (cents)	2.24	5.22
*S\$ equivalent, based on US\$ 1 = S\$1.4467 (2015 US\$ = S\$1.4136)		
<u>Discontinued Operations</u>		
Earnings per ordinary share (US\$):		
(c) Based on weighted average number of ordinary shares on issue (cents)	-	(0.17)
(d) On a fully diluted basis (cents)	-	(0.17)
Earnings per ordinary share (S\$ equivalent)*		
(c) Based on weighted average number of ordinary shares on issue (cents)	-	(0.24)
(d) On a fully diluted basis (cents)	-	(0.24)
*S\$ equivalent, based on US\$ 1 = S\$1.4467 (2015 US\$ = S\$1.4136)		

7.	Net asset value per ordinary share (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.)
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	Group		Company	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15
Net assets (US\$'000)	32,558	34,785	22,538	19,252
Number of ordinary shares ('000)	209,971	209,971	209,971	209,971
Net asset value per share:				
- in US cents	15.51	16.57	10.73	9.17
- in Singapore cents*	22.44	23.42	15.52	12.96
*S\$ equivalent, based on US\$ 1 = S\$1.4467 (2015 US\$1 = S\$1.4136)				

8.	Review of performance of the Group (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.)
	Year ended 31 December 2016 ("FY2016") compared to the year ended 31 December 2015 ("FY2015") (all figures are in US\$)

	Overview of Group's business
	The core businesses of Dynamic Colours Group ("the Group") are resin compounding and polyethylene packaging. Currently, our resin compounding ("RC") segment comprises our wholly owned subsidiaries in Suzhou, Vietnam and Malaysia, namely, Suzhou Huiye Plastic Industry Co., Ltd ("SHP"), Suzhou Huiye Chemical & Light Industry Co., Ltd ("SHC"), Huiye (Vietnam) Plastic Co., Ltd ("HVP") and Huiye Polymer (M) Sdn. Bhd. ("HPM"). Our polyethylene packaging ("PP") segment is represented by SL Packaging Industries Pte Ltd ("SLP") in Singapore and HPM in Malaysia. The Group's injection moulding ("IM") business in Vietnam ceased operations in July 2015. In FY2016, our RC segment accounted for 53.3% of the total Group revenue (FY2015: 56.5%) and 46.7% (FY2015: 39.9%) was contributed by the PP segment.

	Statement of Comprehensive Income
	Group revenue decreased by US\$6.37 million (13.2%), from US\$48.15 million in FY2015 to US\$41.78 million in FY2016. Revenue for RC segment declined by 21.2%, from US\$28.23 million to US\$22.26 million. The lower revenue was due to a decrease in RC production tonnage by 9.2% to 14,041MT and a reduction in average selling price by 13.2% to US\$1,585 per tonnage. The PP segment revenue decreased by 2.0% from US\$19.92 million to US\$19.52 million despite an increase in production tonnage of 4.3%, which was not enough to counter the effect of a 6% decline in average selling price.

Cost of sales fell 17.2% to US\$34.49 million in FY2016 from US\$41.67 million in FY2015 resulting in an increase in gross profit margin to 17.4% in FY2016 from 13.5% in FY2015.

Other income decreased from US\$5.96 million in FY2015 to US\$516K in FY2016. The decrease was mainly due to the inclusion of the capital gain from sale of Yishun factory in 2015. The FY2016 other income of US\$516K comprises:

- (a) Rental income US\$153K for FY2016.
- (b) Sale of raw materials and a write-back of an old payable and others, totaling US\$313K.
- (c) Profit on disposal of fixed assets at US\$50K.

Distribution expenses decreased by 5.1% from US\$958K to US\$909K mainly due to lower manpower cost in Singapore and freight costs in China as a result of RC's lower sales volume.

Administrative expenses increased from US\$2.60 million in FY2015 to US\$2.76 million in FY2016. This was due to employee compensation of US\$286K in China entities, partially offset by reduction in staff cost and property tax.

Other operating expenses increased by US\$96K from US\$120K in FY2015 to US\$216K in FY2016 mainly due to cost of stock written off and higher depreciation.

Finance income (representing bank interest income) increased from US\$13K to US\$42k. Finance cost (representing interest expense and net foreign exchange loss) declined from US\$170K to US\$77K. This is primarily due to a decrease in interest expense from US\$128K to US\$38K owing to lower trade and other financing. Net foreign exchange loss remained low; it was reduced from US\$42K to US\$36K.

As a result of the above, the Group's profit for the year decreased by 55.3% from US\$7.31 million in FY2015 to US\$3.26 million in FY2016.

Statement of Financial Position

The decrease in property, plant and equipment from US\$17.01 million to US\$16.42 million was mainly the result of a depreciation charge of US\$1.47 million and a write-off of assets with a book value of US\$651K, and offset by the incurrence of US\$1.08 million of factory construction costs in Vietnam.

The value of inventories increased by US\$36K, together with a 17.2% drop cost of sales has resulted in the number of days inventory increased from 48 days to 59 days (see Liquidity and Capital Resources below).

The increase in trade and other receivables by US\$1.26 million was due to higher sales recorded towards the end of FY2016 as well as an increase in receivable turnover days.

The increase in trade and other payables by US\$0.93 million to US\$5.51 million was largely due to the increase in the purchase of raw materials towards the year end. Interest bearing liabilities decreased from US\$969K to zero was due to repayment of short-term loans.

The derivative financial instruments was provision for losses in the fair value of forward exchange contracts

	Statement of Cash Flows Cash and cash equivalents decreased by US\$2.45 million, from US\$11.43 million to US\$8.98 million. The Group achieved a positive cash flow from its operating activities of US\$4.85 million compared with a net profit before tax of US\$3.89 million. The excess was largely the result of the depreciation add-back, decrease in prepayments and increase in payables being offset by the increase in trade and other receivables and income tax payment. There was a net cash outflow of US\$1.48 million from investing activities, largely due to the acquisition of property, plant and equipment in Vietnam and Malaysia. The net cash outflow of US\$5.50 million in financing activities was the result of dividend payments and repayment of short term loans and trust receipts, offset by proceeds from new short term loans and trust receipts.
	Liquidity and Capital Resources As at 31 December 2016, the Group's net current assets was US\$16.42 million (31 December 2015: US\$18.10 million), with a current ratio of 3.62 as compared to 4.04 as at 31 December 2015. The net working capital cycle increased to 74 days as at 31 December 2016 from 65 days as at 31 December 2015 due to the following factors: (i) Inventories, in terms of stock turnover days, increased to 59 days (31 December 2015 : 48 days) and, (ii) Trade receivables, in terms of debtors turnover days, increased to 69 days (31 December 2015: 50 days). And offset by (iii) Trade payables, in terms of creditors turnover days, increased to 54 days (31 December 2015: 33 days).
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 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 in the next 12 months. The RC and PP market segments of the Group are likely to remain highly competitive amidst challenges faced in the volatile crude oil price, currency markets and uncertain macroeconomic conditions. The Management will continue to remain vigilant and monitor the operations closely.

11.	Dividends
	(a) Current Financial Period Reported on?
	Any dividend declared for the current financial period reported on?

Final dividends FY 2016 (Recommended)	
Name of Dividend	Final Dividend 2016
Dividend Type	Ordinary
Dividend Amount per Share	S\$0.015 per share
Par Value of Shares	N.A.
Tax Rate	Tax exempt (1 tier)
Date Declared/Announced	27/2/17
Books Closure Date	5/5/17
Date to be paid	15/5/17
Amount to be paid in Singapore dollars	S\$3.15 million
Amount in US\$ (for accounting purposes)	US\$2.18 million

(b) Corresponding period of the immediately Preceding Financial Year

Final dividends FY 2015 (Paid)	
Name of Dividend	Final Dividend 2015
Dividend Type	Ordinary
Dividend Amount per Share	S\$0.0075 per share
Par Value of Shares	N.A.
Tax Rate	Tax exempt (1 tier)
Date Declared/Announced	24/2/16
Books Closure Date	3/5/16
Date to be paid	13/5/16
Amount to be paid in Singapore dollars	S\$1.57 million
Amount in US\$ (for accounting purposes)	US\$1.17 million

Final dividends FY 2015 (Paid)	
Name of Dividend	Special Dividend 2015
Dividend Type	Ordinary
Dividend Amount per Share	S\$0.025 per share
Par Value of Shares	N.A.
Tax Rate	Tax exempt (1 tier)
Date Declared/Announced	24/2/16
Books Closure Date	3/5/16
Date to be paid	13/5/16
Amount to be paid in Singapore dollars	S\$5.25 million
Amount in US\$ (for accounting purposes)	US\$3.91 million

Interim dividends FY 2015 (Paid)	
Name of Dividend	Interim Dividend 2015
Dividend Type	Ordinary
Dividend Amount per Share	S\$0.0075 per share
Par Value of Shares	N.A.
Tax Rate	Tax exempt (1 tier)
Date Declared/Announced	12/8/15
Books Closure Date	16/9/15
Date to be paid	25/9/15
Amount to be paid in Singapore dollars	S\$1.57 million
Amount in US\$ (for accounting purposes)	US\$1.11 million

(c) Date payable	
	15 May 2017.

(d) Books closure date	
	5 May 2017.

12.	If no dividend has been declared/recommendeded, a statement to that effect.
	Not applicable.

13.	Interested Person Transactions (If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.)
	There is no general mandate from shareholders. The value of IPT is below the threshold prescribed under Part III of Chapter 9 of Listing Manual.

14.	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).
	Pursuant to Listing Rule 720(1), the Company has received revised Letter of Undertakings from all its directors and executive officers in the form as set out in Appendix 7.7 of the SGX-ST Listing Manual.

15.	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.
	Segmented information is prepared in respect of the Group's operating and geographical segments. The operating segments are based on the Group's management and internal reporting structures. Inter-segment pricing is determined on mutually agreed terms Segmented results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(a) Operating segments

The group comprises the following main operating segments:

Resin compounding (RC): Manufacture and sale of compounded resins and toll compounding services.

Polyethylene packaging (PP): Manufacture and sale of polyethylene packaging materials.

	Resin compounding (Continuing Operations)		Polyethylene packaging (Continuing Operations)		Injection moulding (Discontinued Operations)			Consolidated	
	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Dec-15	31-Dec-16	31-Dec-15
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment revenue	22,259	28,234	19,524	19,918	-	1,778	-	41,783	49,930
Segment results	2,423	1,498	1,498	1,744	-	(438)	-	3,921	2,804
Interest income	42	85	-	73	-	2	-	42	160
Finance cost	(68)	(270)	(9)	(45)	-	(6)	-	(77)	(321)
Profit before income tax	2,397	1,313	1,489	1,772	-	(442)	-	3,886	2,643
Income tax expenses	(522)	(327)	(101)	(530)	-	(1)	-	(623)	(858)
Profit before disposal	1,875	986	1,388	1,242	-	(443)	-	3,263	1,785
Profit on disposal of property	-	-	-	5,520	-	-	-	-	5,520
Profit for the year	1,875	986	1,388	6,762	-	(443)	-	3,263	7,305
Assets and liabilities									
Segment assets	24,164	24,389	15,632	17,389	-	-	-	39,796	41,778
Segment liabilities	5,613	5,170	1,625	1,823	-	-	-	7,238	6,993
Other material (non-cash items)									
Capital expenditure	1,381	692	251	3,300	-	80	-	1,632	4,072
Depreciation of property, plant and equipment	467	306	1,004	1,107	-	50	-	1,471	1,463

(b) Geographical segments	
	In presenting information on the basis of geographical segments, segment revenue and assets are based on the geographical location of the business activities.
	The Group's three operating segments operate in four main geographical areas:
	- Singapore – The Company is the holding company of the subsidiaries and is involved in the sale of plastic resins and polyethylene packaging materials.
	- People's Republic of China – The operations are principally manufacture and sale of compounded resins and toll compounding services.
	- Vietnam – The operations are principally manufacture and sale of compounded resins and toll compounding services. The injection moulding activity ceased operations in July 2015.
	- Malaysia – The operations are principally manufacture and sale of compounded resins, toll compounding services and manufactures and sale of polyethylene packaging material.

	Sales		Non-current assets	
	31-Dec-16 US\$'000	31-Dec-15 US\$'000	31-Dec-16 US\$'000	31-Dec-15 US\$'000
<u>Continuing operations:</u>				
People's Republic of China	14,236	19,300	2,198	2,476
Singapore	19,322	19,794	2,493	3,296
Vietnam	4,785	5,592	2,213	1,002
Malaysia	3,440	3,466	10,193	10,938
	41,783	48,152	17,097	17,712
<u>Discontinued operations:</u>				
Vietnam	-	1,778	-	-
	-	1,778	-	-
Total	41,783	49,930	17,097	17,712

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.
	The factors leading to the material changes in contributions to revenue and earnings by business or geographical segments are stated in paragraph 8.

17. Breakdown of sales.

	Group		% Change
	31-Dec-16 US\$'000	31-Dec-15 US\$'000	
<u>Continuing operations:</u>			
Revenue reported for first half year	19,285	25,816	(25.3)
Revenue reported for second half year	22,498	22,336	0.7
Total revenue reported for the year	41,783	48,152	(13.3)
Operating profit after tax reported for first half year	1,789	1,235	44.9
Operating profit after tax reported for second half year	1,474	6,513	(77.4)
Total operating profit after tax reported for the year	3,263	7,748	(57.9)
<u>Discontinued operations:</u>			
Revenue reported for first half year	-	1,778	(100.0)
Revenue reported for second half year	-	-	-
Total revenue reported for the year	-	1,778	(100.0)
Operating profit after tax reported for first half year	-	(27)	(100.0)
Operating profit after tax reported for second half year	-	(416)	(100.0)
Total operating profit after tax reported for the year	-	(443)	(100.0)

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

Please refer to paragraph 11 Dividends above.

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 held	Details of changes in duties and position held, if any, during the year
Grace Yeo Jia Lin	27	Daughter of Mr. Yeo Hock Leng and Mdm. Goh Seok Eng	Assistant Technical and Production Manager since January 2015	No Change

	ON BEHALF OF THE BOARD
	Yeo Hock Leng Executive Chairman and Group Managing Director
	27 February 2017