

SANTAK HOLDINGS LIMITED (Company Registration No. 200101065H)
(Incorporated In Singapore)

**Full Year Financial Statement And Dividend Announcement for the Year Ended
30 June 2016**

**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.

	GROUP		
	Latest Year 30 June 2016 S\$'000	Previous Year 30 June 2015 S\$'000 (Restated)	% Increase / (Decrease)
Continuing operations¹			
Revenue	48,695	58,651	(17)
Cost of sales	(45,435)	(54,127)	(16)
Gross profit	<u>3,260</u>	<u>4,524</u>	(28)
Other income	424	419	1
Distribution and selling expenses	(1,833)	(1,779)	3
Administrative expenses	(2,145)	(2,121)	1
Other operating expenses	-	(232)	n.m
Financial expenses	(1,446)	(1,343)	8
Financial income	25	17	47
Loss before taxation	<u>(1,715)</u>	<u>(515)</u>	n.m
Taxation	204	5	n.m
Loss for the year from continuing operations	<u>(1,511)</u>	<u>(510)</u>	n.m
Discontinued operation¹			
Loss for the year from discontinued operation	(21,065)	(2,782)	n,m
Loss for the year	<u>(22,576)</u>	<u>(3,292)</u>	n.m
Loss attributable to equity holders of the Company			
- From continuing operations	(1,511)	(510)	n.m
- From discontinued operation	(21,065)	(2,782)	n.m
	<u>(22,576)</u>	<u>(3,292)</u>	n.m

	GROUP		
	Latest Year 30 June 2016 S\$'000	Previous Year 30 June 2015 S\$'000 (Restated)	% Increase / (Decrease)
Loss for the year	(22,576)	(3,292)	n.m
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign currency translation	(988)	2,799	n.m
Realisation of translation reserve on deregistration of a subsidiary	(60)	-	n.m
Total other comprehensive income for the year	<u>(1,048)</u>	<u>2,799</u>	n.m
Total comprehensive income for the year	<u>(23,624)</u>	<u>(493)</u>	n.m
Total comprehensive income attributable to equity holders of the Company	<u>(23,624)</u>	<u>(493)</u>	n.m

Discontinued Operation¹

Revenue	14,915	44,497	(66)
Cost of sales	(30,615)	(43,430)	(30)
Gross (loss)/profit	<u>(15,700)</u>	<u>1,067</u>	n.m
Other income	1,964	2,195	(11)
Distribution and selling expenses	(854)	(1,233)	(31)
Administrative expenses	(1,032)	(1,353)	(24)
Other operating expenses	(414)	(3,488)	(88)
Financial income	26	30	(13)
Loss from discontinued operation before taxation	<u>(16,010)</u>	<u>(2,782)</u>	n.m
Taxation	(5,055)	-	n.m
Loss from discontinued operation after income tax	<u>(21,065)</u>	<u>(2,782)</u>	n.m
Total comprehensive income for the year	<u>(21,065)</u>	<u>(2,782)</u>	n.m

n.m – not meaningful

¹As a result of an ongoing business restructuring plan to restructure the assets and business in China (please refer to separate announcement on 29 August 2016), the China operation is classified as “Discontinued operation” and prior year figures were restated.

The loss attributable to shareholders is determined after crediting/(charging) the following:

Continuing Operations :-

	GROUP	
	Latest Year 30 June 2016 S\$'000	Previous Year 30 June 2015 S\$'000 (Restated)
Other income	424	419
Interest Income	25	17
Interest on borrowings	(1,121)	(750)
Depreciation and amortisation	(887)	(947)
Allowance for stocks obsolescence (net)	(70)	(52)
Write off of stocks directly to profit and loss account	(15)	(8)
Foreign exchange gain	273	350
Over provision of tax in respect of prior years	24	12
Gain on disposal of property, plant and equipment	60	-

Discontinued Operation :-

	GROUP	
	Latest Year 30 June 2016 S\$'000	Previous Year 30 June 2015 S\$'000 (Restated)
Other income	1,964	2,195
Interest Income	26	30
Depreciation and amortisation	(4,177)	(3,906)
Allowance for stocks obsolescence (net)	(2,029)	(637)
Foreign exchange (loss)/gain	(552)	110
Under provision of tax in respect of prior years	(114)	-
Gain/(loss) on disposal of property, plant and equipment	1,027	(2)

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	GROUP		COMPANY	
	30 June 2016 S\$'000	30 June 2015 S\$'000	30 June 2016 S\$'000	30 June 2015 S\$'000
Non-current assets				
Property, plant and equipment	12,068	31,976	195	244
Investments in subsidiary companies	-	-	8,113	8,113
Intangible assets	98	136	4	25
Loan to a subsidiary company	-	-	4,030	4,030
Deferred tax assets	-	4,976	7	4
Restricted fixed deposits	2,756	2,735	-	-
	<u>14,922</u>	<u>39,823</u>	<u>12,349</u>	<u>12,416</u>
Current assets				
Restricted fixed deposits	753	1,251	-	-
Stocks	2,249	26,043	-	-
Trade debtors	9,950	45,363	-	-
Other debtors, deposits and prepayments	1,429	3,802	22	22
Due from subsidiary companies (non-trade)	-	-	1,572	1,799
Dividend receivable	-	-	-	200
Cash and cash equivalents	10,962	15,523	213	132
	<u>25,343</u>	<u>91,982</u>	<u>1,807</u>	<u>2,153</u>
Assets of subsidiary classified as held for sale	28,477	-	-	-
	<u>53,820</u>	<u>91,982</u>	<u>1,807</u>	<u>2,153</u>
Current liabilities				
Trade creditors	9,434	27,656	-	-
Other creditors and accruals	5,407	9,114	484	444
Provision for taxation	(28)	79	8	10
Loans and borrowings (secured) – current portion	29,317	31,160	-	-
Finance lease obligations – current portion	66	54	33	31
	<u>44,196</u>	<u>68,063</u>	<u>525</u>	<u>485</u>
Net current assets	9,624	23,919	1,282	1,668
Non-current liabilities				
Loans and borrowings (secured) – non-current portion	-	14,923	-	-
Finance lease obligations – non-current portion	338	328	138	170
Deferred tax liabilities	1,832	2,025	-	-
	<u>2,170</u>	<u>17,276</u>	<u>138</u>	<u>170</u>
Net assets	<u>22,376</u>	<u>46,466</u>	<u>13,493</u>	<u>13,914</u>

	GROUP		COMPANY	
	30 June 2016 S\$'000	30 June 2015 S\$'000	30 June 2016 S\$'000	30 June 2015 S\$'000
Equity attributable to equity holders of the Company				
Share capital	12,852	12,780	12,852	12,780
Share option reserve	-	305	-	305
Retained earnings	(947)	21,847	641	829
Revaluation reserve	7,347	7,347	-	-
Translation reserve	2,177	3,225	-	-
Statutory reserves	947	962	-	-
	<u>22,376</u>	<u>46,466</u>	<u>13,493</u>	<u>13,914</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities. Amount repayable in one year or less, or on demand

As at 30/06/2016		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
29,383,000	0	31,214,000	0

Amount repayable after one year

As at 30/06/2016		As at 30/06/2015	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
338,000	0	15,251,000	0

Details of any collateral

- 1) The loans and borrowings are secured as follows:
 - (a) S\$26,807,000 (2015: S\$41,611,000) is secured by way of a legal mortgage over a subsidiary company's leasehold property with a net book value as at 30 June 2016 of S\$10,714,000 (2015: S\$11,107,000), a charge over a subsidiary company's fixed deposit of S\$2,756,000 as at 30 June 2016 (2015: S\$2,735,000) and a corporate guarantee from the Company, and
 - (b) S\$2,510,000 (2015: S\$4,170,000) is secured by a charge over a subsidiary company's fixed deposit of S\$753,000 as at 30 June 2016 (2015: S\$1,251,000) and a corporate guarantee from the Company, and
 - (c) S\$Nil (2015: S\$302,000) is secured by corporate guarantees from the Company.
- 2) Finance lease obligations are secured over the motor vehicles as well as corporate guarantees from the Company.

The Group's loan agreements are subject to covenant clauses. A subsidiary company did not fulfil a covenant. One of the banks constituting 91% of the total outstanding bank loans had given a 3 months waiver. As at the date of this announcement, the banks had not requested early repayment of the loans and borrowings. Management is in discussion with the banks to rectify the situation. The Company will provide further updates as and when appropriate.

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

	GROUP	
	30 June 2016	30 June 2015
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before taxation from continuing operations	(1,715)	(515)
Loss before taxation from discontinued operation	(16,010)	(2,782)
Adjustments:		
Depreciation of property, plant and equipment	5,019	4,798
Amortisation of intangible assets	45	55
(Gain)/loss on disposal of property, plant and equipment	(1,087)	2
Interest expenses	1,121	750
Interest income	(51)	(47)
Realisation of translation reserves on deregistration of subsidiary	(60)	-
Unrealised exchange (gain)/loss	(505)	833
Operating cash flows before working capital changes	(13,243)	3,094
Stocks	10,989	(17,664)
Trade debtors	35,413	(30,045)
Other debtors, deposits and prepayments	2,373	(2,903)
Trade creditors	(18,222)	19,082
Other creditors and accruals	(4,151)	2,881
Cash flows from operations	13,159	(25,555)
Interest received	51	47
Income taxes paid, net	(210)	(273)
Net cash flows generated from/(used in) operating activities	13,000	(25,781)
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,477)	(4,625)
Purchase of intangible assets	(5)	(6)
Proceeds from disposal of property, plant and equipment	1,129	1
Net cash flows used in investing activities	(353)	(4,630)
Cash flows from financing activities		
(Repayment of)/proceeds from loans and borrowings, net	(15,795)	32,505
Proceeds from/(repayment of) finance leases, net	22	(164)
Proceeds from share issue	72	-
Dividends paid	(538)	(536)
Interest paid	(1,121)	(750)
Placement/ (Redemption) of a fixed deposit	485	(751)
Net cash flows (used in)/generated from financing activities	(16,875)	30,304
Net decrease in cash and cash equivalents	(4,228)	(107)
Effect of exchange rate changes on cash and cash equivalents	(333)	684
Cash and cash equivalents at beginning of year	15,523	14,946
Cash and cash equivalents at end of year	10,962	15,523

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.

Statement of changes in equity for the year ended 30 June 2016.

GROUP

	Share capital	Share option reserve	Retained earnings	Revaluation reserve	Statutory reserves	Translation reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 July 2014	12,780	542	25,445	7,347	955	426	47,495
Loss net of tax	-	-	(3,292)	-	-	-	(3,292)
Other comprehensive income for the year	-	-	-	-	-	2,799	2,799
Total comprehensive income for the year	-	-	(3,292)	-	-	2,799	(493)
Dividends on ordinary shares	-	-	(536)	-	-	-	(536)
Transfer of share options reserve	-	(237)	237	-	-	-	-
Transfer to statutory reserves	-	-	(7)	-	7	-	-
Balance at 30 June 2015	12,780	305	21,847	7,347	962	3,225	46,466
Balance at 1 July 2015	12,780	305	21,847	7,347	962	3,225	46,466
Loss net of tax	-	-	(22,576)	-	-	-	(22,576)
Other comprehensive income for the year	-	-	-	-	-	(1,048)	(1,048)
Total comprehensive income for the year	-	-	(22,576)	-	-	(1,048)	(23,624)
Dividends on ordinary shares	-	-	(538)	-	-	-	(538)
Transfer of share option reserve	-	(305)	305	-	-	-	-
Transfer to statutory reserves	-	-	15	-	(15)	-	-
Exercise of employee share options	72	-	-	-	-	-	72
Balance at 30 June 2016	12,852	-	(947)	7,347	947	2,177	22,376

COMPANY

	Share capital S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total S\$'000
Balance at 1 July 2014	12,780	542	867	14,189
Total comprehensive income for the year	-	-	261	261
Dividends on ordinary shares	-	-	(536)	(536)
Transfer of share option reserve	-	(237)	237	-
Balance at 30 June 2015	12,780	305	829	13,914
Balance at 1 July 2015	12,780	305	829	13,914
Total comprehensive income for the year	-	-	45	45
Dividends on ordinary shares	-	-	(538)	(538)
Transfer of share option reserve	-	(305)	305	-
Exercise of employee share options	72	-	-	72
Balance at 30 June 2016	12,852	-	641	13,493

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.

The issued and paid-up capital of the Company was S\$12,852,188 as at 30 June 2016 (30 June 2015: S\$12,780,488).

There were no share options as at 30 June 2016 (30 June 2015: 2,800,000). The movement of share options of the Company during the financial year was as follows:

Balance as at 1.7.2015	Exercised	Lapsed	Balance as at 30.06.2016	Exercise price S\$	Exercise period
2,800,000	(300,000)	(2,500,000)	-	\$0.239	15.09.2006 to 14.09.2015

There was no share held as treasury shares as at 30 June 2016 (30 June 2015: Nil).

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.

As at 30 June 2016, the total number of issued shares of the Company was 107,580,980 shares (30 June 2015: 107,280,980).

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.

There were no treasury shares as at 30 June 2016.

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 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year ended 30 June 2016 compared to the audited financial statements as at 30 June 2015.

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 adopted all the new and revised FRS and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after July 1, 2015. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's accounting policies and has no material effects on the amounts reported for the current or prior periods.

The management has considered and anticipated that the adoption of FRS, INT FRS and amendments to FRS that were issued but not effective until future periods will not have a material impact on the financial statements of the Group in the period of their initial adoption.

6. Loss 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.

Loss per ordinary share of the Group:	Latest year	Previous year
(a) Based on the weighted average number of ordinary shares on issue; and	(20.99) cents	(3.07) cents
(i) Loss from continuing operations attributable to ordinary shareholders of the parent	(1.40) cents	(0.48) cents
(ii) Loss from discontinued operation attributable to ordinary equity holders of the parent	(19.59) cents	(2.59) cents
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	(20.99) cents	(3.07) cents
(i) Loss from continuing operations attributable to ordinary shareholders of the parent	(1.40) cents	(0.48) cents
(ii) Loss from discontinued operation attributable to ordinary equity holders of the parent	(19.59) cents	(2.59) cents

Basic loss per share is calculated by dividing the net loss for the year attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic and diluted loss per share computations:

	Latest year	Previous year
Net loss from continuing operations attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	(1,511)	(510)
<hr/>		
Net loss from discontinued operation attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	(21,065)	(2,782)
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Weighted average number of ordinary shares (in thousands) on issue applicable to basic loss per share	107,529	107,281
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Weighted average number of ordinary shares (in thousands) applicable to diluted loss per share	107,529	107,281
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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	
	Latest financial year 30 June 2016	Previous financial year 30 June 2015	Latest financial year 30 June 2016	Previous financial year 30 June 2015
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year reported on	20.80 cents	43.31 cents	12.54 cents	12.97 cents

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.**

**FY2016 vs FY2015
Continuing Operations**

Revenue decreased by 17.0% from S\$58.65 million in FY2015 to S\$48.70 million FY2016. The decrease was mainly due to sales of the Precision Engineering Division ("PE") came in at S\$44.54 million, a decrease of S\$10.92 million or 19.7% compared to prior year. The decrease in sales in PE compared to prior year was mainly due to the lower sales arising from the substantially weaker demand from the recent precision machined component projects in FY2016 for the consumer electronics sector. In particular, the turnover for second half of FY2016 ("2H2016") was substantially lower at S\$14.98 million compared to S\$29.56 million in first half of FY2016 ("1H2016").

On the other hand, the Trading & Distribution Division ("T&D") registered higher sales at S\$4.16 million compared to S\$3.20 million in FY2015 mainly due to stronger demand from the security/access control systems sector. The Group's gross profit was lower at S\$3.26 million in FY2016 compared to S\$4.52 million in FY2015 following the decrease in turnover.

The slight increase in administrative expenses by S\$0.02 million to S\$2.15 million in FY2016 was mainly due to the absence of reclassification of payroll cost to other operating expenses in FY2016 and the higher distribution and selling expenses of S\$1.83 million was mainly due to the higher sales commission expenses in FY2016. Other operating expenses in FY2016 were nil due to the absence of the S\$0.23 million cost incurred in FY2015 for the qualification and development process (including the new production facilities expenses and factory overhead incurred in preparation for the mass production) of our recent precision machined component projects. The increase in financial expenses by approximately S\$0.10 million was the result of higher bank interest expenses arising from the higher bank borrowings balance during FY2016 compared to during FY2015.

A higher loss before tax of S\$1.72 million was registered for FY2016 compared to S\$0.52 million in the previous year. The tax credit of S\$0.20 million in FY2016 was mainly due to the decrease in the deferred tax liabilities mainly arose from higher tax losses and capital allowances balance as at 30 June 2016. The loss after tax for FY2016 was S\$1.51 million. Our basic and diluted loss per share were both 1.40 cents for FY2016 versus basic and diluted loss per share of 0.48 cents in the prior year.

Discontinued Operation

Turnover decreased by 66% from S\$44.50 million in FY2015 to S\$14.92 million in FY2016. This decrease was mainly due to lower orders arising from weaker demand for the consumer electronics sector in our China operations. In particular, the turnover for second half of FY2016 ("2H2016") was significantly lower at S\$2.20 million compared to S\$12.72 million in first half of FY2016 ("1H2016").

The gross loss of S\$15.70 million in FY2016 compared to gross profit of S\$1.07 million in FY2015 was mainly due to a significant decrease in revenue coupled with substantial selling price erosions particularly during 2H2016, as well as the substantial fixed operating overheads arising from additional two new factory facilities set up in FY2015 for the recent precision machined component projects and the on-going efforts to restructure the Group's businesses.

The decrease in administrative expenses by S\$0.32 million to S\$1.03 million in FY2016 and the lower distribution and selling expenses of S\$0.85 million was in line with the lower turnover in FY2016. The lower other operating expenses in FY2016 of S\$0.41 million compared to S\$3.49 million in prior year were mainly due to the absence of the significant costs of approximately S\$3.49 million incurred in FY2015 for the qualification and development process (including the new production facilities expenses and factory overhead incurred in preparation for the mass production) of our recent precision machined component projects.

The lower other income of approximately S\$1.96 million was attributable to lower sales of scraps in FY2016 which was due to lower turnover as well as foreign exchange loss of S\$0.55 million mainly arising from the weakening of RMB against USD in FY2016. On the other hand, the increase in allowance for stocks obsolescence was mainly due to higher allowance for substantial unit selling price reduction in FY2016. The gain on disposal of property, plant and equipment was due to the disposal of some fully depreciated machines.

As a result, our China operations registered a loss before tax of S\$16.01 million in FY2016 compared to loss before tax of S\$2.78 million in the previous year. The tax expense of S\$5.06 million in FY2016 arose mainly from the de-recognition of deferred tax assets of S\$4.94 m in our China operations. The loss after tax for FY2016 was S\$21.07 million. Our basic and diluted loss per share were both 19.59 cents for FY2016 versus basic and diluted loss per share of 2.59 cents in the prior year.

REVIEW OF FINANCIAL POSITION

The decrease in property, plant and equipment ("PPE") from S\$31.98 million as at 30 June 2015 to S\$12.07 million as at 30 June 2016 was mainly due to the reclassification of S\$15.67 million of the China operation PPE to assets held for sales as well as depreciation expense of S\$5.02 million and partially offset by PPE additions during the year.

The decrease in the trade debtors, trade creditors and stocks by S\$35.41 million, S\$18.22 million and S\$23.79 million respectively as at 30 June 2016 was due to the decrease in sales, especially in 2H2016.

The decrease in other debtors, deposits and prepayments by S\$2.37 million to S\$1.43 million as at 30 June 2016 was mainly due to lower deposits and prepayments for equipment and materials as well as lower receivable from sales of product samples during FY2016.

The assets of subsidiary classified as held for sale of S\$28.48 million arose from the reclassification of the plant and equipment as well as its inventory in the China operations as at 30 June 2016. There was no such reclassification in prior year.

Other creditors and accruals decreased by S\$3.71 million to S\$5.41 million mainly as a result of lower provision for payroll cost and other payables for renovation as at 30 June 2016 compared to 30 June 2015.

The lower restricted fixed deposits was due to the lower bank loans outstanding as at 30 June 2016. The decrease in cash and cash equivalent by S\$4.56 million from S\$15.52 million to S\$10.96 million is explained in the cash flow explanation in the following paragraph below.

Loans and borrowings (excluding finance leases) decreased by S\$16.76 million from S\$46.08 million to S\$29.32 million mainly due to repayments of loans and borrowings during FY2016. The Group's loan agreements are subject to covenant clauses. As a subsidiary company did not fulfill a covenant, the non-current portion of the bank loans and borrowings balance of S\$11.05 million has been reclassified as a current liability as at 30 June 2016 (please refer to item 1(b)(ii) for further details).

The decrease in translation reserves was mainly the result of the weakening of RMB against SGD as at 30 June 2016 compared to 30 June 2015.

The Group's net asset value per share was 20.80 cents as at 30 June 2016 compared to 43.31 cents as at 30 June 2015.

REVIEW OF CASH FLOW

Following the higher loss incurred, the Group's operations generated operating cash outflow before working capital changes of approximately S\$13.24 million in FY2016, compared to operating cash inflow before working capital changes of S\$3.09 million in FY2015. As a result of lower trade debtors and stocks balances as at 30 June 2016, partially offset by lower trade creditors, the Group recorded a net cash generated from operating activities of approximately S\$13.00 million in FY2016, compared to net cash outflow of S\$25.78 million in FY2015. Cash utilised in investing activities decreased by S\$4.28 million mainly as a result of lower renovation of factory facilities and proceeds from disposal of PPE in FY2016. Net cash used in financing activities during the period was S\$16.88 million which mainly arose from repayments of bank borrowings of S\$15.80 million, dividend payment of S\$0.54 million and interest expense payment of S\$1.12 million. Overall, cash and cash equivalents decreased by S\$4.23 million during FY2016 to S\$10.96 million as at 30 June 2016 compared to the balance of S\$15.52 million as at 30 June 2015.

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

The announcement is in line with the profit guidance announcement released by the Company via SGXNet on 23 August 2016.

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 market in which the Group operates remains competitive and demanding. Going forward into the current financial year ending 30 June 2017 ("FY2017"), the demand for our precision machined components is expected to be uncertain and challenging in FY2017. There is an ongoing business restructuring plan to restructure the assets and business in our China operation which was loss making (please refer to separate announcement dated 29 August 2016). As of to-date, the Group is still negotiating and finalizing the terms with the potential buyer. The Company will provide further updates as and when appropriate. Further, the Group will review and restructure its Singapore operations, *inter alia*, improving its capabilities and business.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? None

(b) If Corresponding Period of the Immediately Preceding Year

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

Name of Dividend	First & Final
Dividend Type	Cash
Dividend Amount per Share (in cents)	0.50 Singapore cents per ordinary share (one-tier tax)
Optional:- Dividend Rate (in %)	
Tax Rate	Tax exempt

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

No dividend has been declared or recommended for the financial year ended 30 June 2016.

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 any general mandate for interested person transactions.

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.

Segment information

(a) Operating segments

FY 2016					
	Precision Engineering & Assembly	Trading & Distribution	Investment and Management Services	Inter – segment Eliminations	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing Operations: -					
Revenue					
External sales	44,536	4,159	-	-	48,695
Inter-segment sales	-	-	1,515	(1,515)	-
Total revenue	44,536	4,159	1,515	(1,515)	48,695
Results					
Interest Income	25	-	-	-	25
Interest Expenses	(1,114)	-	(7)	-	(1,121)
Depreciation & Amortisation	(824)	(2)	(61)	-	(887)
Other non-cash expenses	(68)	-	(2)	-	(70)
Taxation	213	(7)	(2)	-	204
Segment profit /(loss)	(1,679)	123	45	-	(1,511)
Discontinued Operation: -					
Revenue					
External sales	14,915	-	-	-	14,915
Inter-segment sales	-	-	-	-	-
Total revenue	14,915	-	-	-	14,915
Results					
Interest Income	26	-	-	-	26
Depreciation & Amortisation	(4,177)	-	-	-	(4,177)
Other non-cash expenses	(1,123)	-	-	-	(1,123)
Taxation	(5,055)	-	-	-	(5,055)
Segment loss	(21,065)	-	-	-	(21,065)
Group: -					
Assets					
Additions to non-current assets	1,898	1	6	-	1,905
Segment assets	67,443	1,258	14,148	(14,107)	68,742
Liabilities					
Segment liabilities	50,279	1,426	655	(5,994)	46,366

FY 2015					
	Precision Engineering & Assembly	Trading & Distribution	Investment and Management Services	Inter – segment Eliminations	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing Operations: -					
Revenue					
External sales	55,451	3,200	-	-	58,651
Inter-segment sales	-	-	1,715	(1,715)	-
Total revenue	55,451	3,200	1,715	(1,715)	58,651
Results					
Interest Income	17	-	-	-	17
Interest Expenses	(745)	-	(5)	-	(750)
Depreciation & Amortisation	(878)	(2)	(67)	-	(947)
Other non-cash expenses	(96)	(5)	-	-	(101)
Taxation	12	(1)	(6)	-	5
Segment profit /(loss)	(616)	45	261	(200)	(510)
Discontinued Operation: -					
Revenue					
External sales	44,497	-	-	-	44,497
Inter-segment sales	-	-	-	-	-
Total revenue	44,497	-	-	-	44,497
Results					
Interest Income	30	-	-	-	30
Depreciation & Amortisation	(3,906)	-	-	-	(3,906)
Other non-cash expenses	(732)	-	-	-	(732)
Segment loss	(2,782)	-	-	-	(2,782)
Group: -					
Assets					
Additions to non-current assets	5,496	3	4	-	5,503
Segment assets	130,701	1,075	14,566	(14,537)	131,805
Liabilities					
Segment liabilities	89,751	1,358	652	(6,422)	85,339

(b) Geographical segments

Revenue and non-current assets information are based on the geographical locations of customers and assets respectively.

	Turnover-Continuing Operations	Turnover-Discontinued Operation	Non Current Assets
	S\$'000	S\$'000	S\$'000
FY 2016			
Singapore	506	-	12,160
Asean (excluding Singapore)	6,317	-	-
North Asia	35,177	14,915	6
America & Europe	6,583	-	-
Others	112	-	-
Total	48,695	14,915	12,166

	Turnover-Continuing Operations	Turnover-Discontinued Operation	Non Current Assets
	S\$'000	S\$'000	S\$'000
FY 2015			
Singapore	862	-	12,967
Asean (excluding Singapore)	6,553	-	-
North Asia	46,563	44,497	19,145
America & Europe	4,534	-	-
Others	139	-	-
Total	58,651	44,497	32,112

15. 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 item 8.

16. A breakdown of sales.

	Group		%
	S\$'000		
	30-June-16	30-June-15	Increase/ (Decrease)
<u>Continuing Operations</u>			
Sales reported for first half year	31,688	17,130	85
Loss attributable to shareholders reported for first half year	(383)	(1,073)	(64)
Sales reported for second half year	17,007	41,521	(59)
(Loss)/Profit attributable to shareholders reported for second half year	(1,128)	563	n.m

Discontinued Operation

Sales reported for first half year	12,720	23,010	(45)
Loss attributable to shareholders reported for first half year	(5,220)	(5,161)	1
Sales reported for second half year	2,195	21,487	(90)
(Loss)/Profit attributable to shareholders reported for second half year	(15,845)	2,379	n.m

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

Total Annual Dividend

	FY2016 (S\$'000)	FY2015 (S\$'000)
Ordinary	0	536
Preference	0	0
Total:	0	536

18. **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.**

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
Mr Tan Sin Hock	55	Brother of Mr Tan Chee Hawaii (Group Managing Director and Substantial Shareholder) and Mr Tan Ah Wo (Substantial Shareholder). Brother-in-law of Ms Heng Kheng Hwai (Non-Executive Director and Substantial Shareholder).	Executive Director since year 2001. He is currently responsible for equipment upgrading and plant maintenance.	Nil
Ms Heng Kheng Hwai	58	Sister-in-law of Mr Tan Sin Hock (Executive Director and Substantial Shareholder) and Mr Tan Ah Wo (Substantial Shareholder). Spouse of Mr Tan Chee Hawaii (Group Managing Director and Substantial Shareholder).	Non-Executive Director since year 2001. Member of the Audit Committee.	Nil
Mr Tan Chee Hawaii	66	Brother of Mr Tan Sin Hock (Executive Director and Substantial Shareholder) and Mr Tan Ah Wo (Substantial Shareholder). Spouse of Ms Heng Kheng Hwai (Non-Executive Director and Substantial Shareholder).	Group Managing Director since year 2012. Mr Tan's main duties include overseeing the planning and review of corporate strategies and policies as well as coordinating overall management functions of the Group.	Nil

19. Confirmation Pursuant to Rule 720(1) of the Catalist Rules

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7(H) under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

Lynn Wan Tiew Leng
Company Secretary
29 August 2016

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor ("**Sponsor**"), Asian Corporate Advisors Pte. Ltd., for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**Exchange**"). The Company's Sponsor has not independently verified the contents of this announcement including the correctness of any of the figures used, statements or opinions made.*

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

*The contact person for the Sponsor is Ms Foo Quee Yin
Telephone number: 6221 0271*