

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

Full Year Financial Statement And Dividend Announcement for the Year Ended 30 June 2017

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF FULL YEAR RESULTS

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

	GROUP		
	Latest Year 30 June 2017 S\$'000	Previous Year 30 June 2016 S\$'000	% Increase / (Decrease)
Continuing operations¹			
Revenue	26,930	48,695	(45)
Cost of sales	(25,556)	(45,435)	(44)
Gross profit	<u>1,374</u>	<u>3,260</u>	(58)
Other income	112	424	(74)
Distribution and selling expenses	(1,467)	(1,833)	(20)
Administrative expenses	(2,079)	(2,145)	(3)
Other operating expenses	(31)	-	n.m
Financial expenses	(1,091)	(1,446)	(25)
Financial income	38	25	52
Loss before taxation	<u>(3,144)</u>	<u>(1,715)</u>	83
Taxation	507	204	149
Loss for the year from continuing operations	<u>(2,637)</u>	<u>(1,511)</u>	75
Discontinued operation¹			
Profit/(loss) for the year from discontinued operation	4,387	(21,065)	n.m
Profit/(loss) for the year	<u>1,750</u>	<u>(22,576)</u>	n.m
Profit/(loss) attributable to equity holders of the Company			
- From continuing operations	(2,637)	(1,511)	75
- From discontinued operation	4,387	(21,065)	n.m
	<u>1,750</u>	<u>(22,576)</u>	n.m

	Latest Year 30 June 2017 S\$'000	GROUP Previous Year 30 June 2016 S\$'000	% Increase / (Decrease)
Profit/(loss) for the year	1,750	(22,576)	n.m
Other comprehensive income: <i>Items that may be reclassified subsequently to profit and loss:</i>			
Foreign currency translation	(69)	(988)	(93)
Realisation of translation reserve on deregistration of a subsidiary	-	(60)	n.m
Net surplus on revaluation of leasehold property	973	-	n.m
Total other comprehensive income for the year	904	(1,048)	n.m
Total comprehensive income for the year	2,654	(23,624)	n.m
Total comprehensive income attributable to equity holders of the Company	2,654	(23,624)	n.m

Discontinued Operation¹

Revenue	3,465	14,915	(77)
Cost of sales	(5,810)	(30,615)	(81)
Gross loss	(2,345)	(15,700)	(85)
Other income	636	2,516	(75)
Distribution and selling expenses	(514)	(854)	(40)
Administrative expenses	(406)	(1,032)	(61)
Other operating expenses	(259)	(966)	(73)
Financial income	5	26	(81)
Gain on disposal of investment in discontinued operation	7,270	-	n.m
Profit/(loss) from discontinued operation before taxation	4,387	(16,010)	n.m
Taxation	-	(5,055)	n.m
Profit/(loss) from discontinued operation after income tax	4,387	(21,065)	n.m
Total comprehensive income for the year	4,387	(21,065)	n.m

n.m – not meaningful

¹ As a result of a wholly owned subsidiary of the Company, Santak Metal Manufacturing Pte Ltd having entered into a sale and purchase agreement dated 24 November 2016 with LY Investment (HK) Limited (the "Purchaser") for sale of 100% equity interest of its wholly owned subsidiary, Santak Metal Manufacturing (Wuxi) Co., Ltd. ("Santak Wuxi") to the Purchaser ("Proposed Disposal"), Santak Wuxi is classified as "Discontinued operation". The Proposed Disposal was completed on 16 March 2017 upon receiving the final instalment payment of the disposal consideration.

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

Continuing Operations :-

	GROUP	
	Latest Year 30 June 2017 S\$'000	Previous Year 30 June 2016 S\$'000
Other income	112	424
Interest Income	38	25
Interest on borrowings	(819)	(1,121)
Depreciation and amortisation	(861)	(886)
Allowance for stocks obsolescence (net)	(116)	(70)
Write off of stocks directly to profit and loss account	-	(15)
Foreign exchange (loss)/gain	(31)	273
Over provision of tax in respect of prior years	1	24
Gain on disposal of property, plant and equipment	- *	82

* Denotes less than S\$1,000

Discontinued Operation :-

	GROUP	
	Latest Year 30 June 2017 S\$'000	Previous Year 30 June 2016 S\$'000
Other income	636	2,516
Interest Income	5	26
Depreciation and amortisation	-	(4,178)
Write-back/(allowance) for stocks obsolescence (net)	1,207	(2,029)
Foreign exchange loss	(247)	(552)
Under provision of tax in respect of prior years	-	(114)
Gain on disposal of property, plant and equipment	174	1,027
Gain on disposal of investment in discontinued operation	7,270	-

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 2017 S\$'000	30 June 2016 S\$'000	30 June 2017 S\$'000	30 June 2016 S\$'000
Non-current assets				
Property, plant and equipment	12,392	12,068	144	195
Investments in subsidiary companies	-	-	8,113	8,113
Intangible assets	75	92	-*	4
Loan to a subsidiary company	-	-	4,030	4,030
Deferred tax assets	-	-	7	7
	<u>12,467</u>	<u>12,160</u>	<u>12,294</u>	<u>12,349</u>
Current assets				
Restricted fixed deposits	-	3,509	-	-
Inventories	1,939	1,810	-	-
Trade receivables	3,556	7,684	-	-
Other receivables	1	1	-	-
Prepayments	66	76	21	22
Due from subsidiary companies (non-trade)	-	-	1,684	1,572
Tax credit	-	29	-	-
Cash and cash equivalents	9,685	5,216	71	213
	<u>15,247</u>	<u>18,325</u>	<u>1,776</u>	<u>1,807</u>
Assets of subsidiary classified as held for sale	-	38,286	-	-
	<u>15,247</u>	<u>56,611</u>	<u>1,776</u>	<u>1,807</u>
Current liabilities				
Trade payables	2,440	1,226	-	-
Other liabilities	1,335	2,394	430	484
Provision for taxation	13	-	4	8
Loans and borrowings (secured) – current portion	88	29,317	-	-
Obligations under finance leases	70	66	34	33
	<u>3,946</u>	<u>33,003</u>	<u>468</u>	<u>525</u>
Liabilities of subsidiary classified as held for sale	-	11,221	-	-
	<u>3,946</u>	<u>44,224</u>	<u>468</u>	<u>525</u>
Net current assets	11,301	12,387	1,308	1,282
Non-current liabilities				
Obligations under finance leases	272	338	103	138
Deferred tax liabilities	1,520	1,833	-	-
	<u>1,792</u>	<u>2,171</u>	<u>103</u>	<u>138</u>
Net assets	<u>21,976</u>	<u>22,376</u>	<u>13,499</u>	<u>13,493</u>

* Denotes less than S\$1,000.

	GROUP		COMPANY	
	30 June 2017 S\$'000	30 June 2016 S\$'000	30 June 2017 S\$'000	30 June 2016 S\$'000
Equity attributable to equity holders of the Company				
Share capital	12,852	12,852	12,852	12,852
Retained profits/(Accumulated losses)	803	(947)	647	641
Revaluation reserve	8,320	7,347	-	-
Translation reserve	1	2,177	-	-
Statutory reserves	-	947	-	-
	<u>21,976</u>	<u>22,376</u>	<u>13,499</u>	<u>13,493</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 30/06/2017		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
158,000	0	29,383,000	0

Amount repayable after one year

As at 30/06/2017		As at 30/06/2016	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
272,000	0	338,000	0

Details of any collateral

- 1) The loans and borrowings are secured as follows:
 - (a) S\$88,000 (2016*: S\$26,807,000) is secured by way of a legal mortgage over a subsidiary company's leasehold property with a net book value as at 30 June 2017 of S\$11,500,000 (2016*: S\$10,714,000), a charge over a subsidiary company's fixed deposit of S\$Nil as at 30 June 2017 (2016*: S\$2,756,000) and a corporate guarantee from the Company and
 - (b) The loans and borrowings have been fully repaid as at 30 June 2017 (2016*: the loans and borrowings of S\$2,510,000 was secured by a charge over a subsidiary company's fixed deposit of S\$753,000 and a corporate guarantee from the Company).

*2016 refer to as at 30 June 2016.

- 2) Finance lease obligations are secured over the motor vehicles as well as corporate guarantees from the Company.

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 2017	30 June 2016
	S\$'000	S\$'000
Cash flows from operating activities		
Loss before taxation from continuing operations	(3,144)	(1,715)
Profit/(Loss) before taxation from discontinued operation	4,387	(16,010)
Adjustments:		
Depreciation of property, plant and equipment	844	5,019
Amortisation of intangible assets	17	45
Gain on disposal of property, plant and equipment	(174)	(1,109)
Gain on disposal of investment in discontinued operation	(7,270)	-
Interest expenses	819	1,121
Interest income	(43)	(51)
Realisation of translation reserves on deregistration of subsidiary	-	(60)
Unrealised exchange gain	(697)	(505)
Operating cash flows before working capital changes	(5,261)	(13,265)
Inventories	3,871	10,989
Trade receivables	4,342	35,413
Other receivables, deposits and prepayments	759	2,373
Trade payables	(3,035)	(18,222)
Other liabilities	(2,481)	(4,151)
Cash flows from operations	(1,805)	13,137
Interest received	43	51
Income taxes paid, net	32	(210)
Net cash flows (used in)/ generated from operating activities	(1,730)	12,978
Cash flows from investing activities		
Purchase of property, plant and equipment	(104)	(1,455)
Purchase of intangible assets	-	(5)
Proceeds from disposal of property, plant and equipment	191	1,129
Proceeds from disposal of investment in discontinued operation, net of cash balance of discontinued operation and disposal cost*	26,416	-
Net cash flows generated from/(used in) investing activities	26,503	(331)
Cash flows from financing activities		
Repayment of loans and borrowings, net	(28,684)	(15,795)
(Repayment of)/proceeds from finance leases, net	(63)	22
Proceeds from share issue	-	72
Dividends paid	-	(538)
Interest paid	(819)	(1,121)
Redemption of restricted fixed deposits	3,605	485
Net cash flows used in financing activities	(25,961)	(16,875)
Net decrease in cash and cash equivalents	(1,188)	(4,228)
Effect of exchange rate changes on cash and cash equivalents	(89)	(333)
Cash and cash equivalents at beginning of year	10,962	15,523
Cash and cash equivalents at end of year	9,685	10,962

Note *: Consists of gross proceeds of S\$27.69 million less cash balance in discontinued operation of S\$1.02 million as well as the professional and travelling expenses of S\$0.25 million incurred in relation to the disposal of investment in discontinued operation..

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 2017.

GROUP

	Share capital	Share option reserve	Retained earnings	Revaluation reserve	Statutory reserves	Translation reserve	Total
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
Balance at 1 July 2016	12,852	-	(947)	7,347	947	2,177	22,376
Profit net of tax	-	-	1,750	-	-	-	1,750
Other comprehensive income for the year	-	-	-	973	-	(69)	904
Total comprehensive income for the year	-	-	1,750	973	-	(69)	2,654
Reclassification of reserve to retained earning upon disposal of investment in discontinued operation	-	-	-	-	(947)	(2,107)	(3,054)
Balance at 30 June 2017	12,852	-	803	8,320	-	1	21,976

COMPANY

	Share capital S\$'000	Share option reserve S\$'000	Retained earnings S\$'000	Total S\$'000
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
Balance at 1 July 2016	12,852	-	641	13,493
Total comprehensive income for the year	-	-	6	6
Balance at 30 June 2017	12,852	-	647	13,499

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

The issued and paid-up capital of the Company was S\$12,852,188 as at 30 June 2017 (30 June 2016: S\$12,852,188).

There were no share options as at 30 June 2017 (30 June 2016: Nil).

There was no share held as treasury shares as at 30 June 2017 (30 June 2016: 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 2017, the total number of issued shares of the Company was 107,580,980 shares (30 June 2016: 107,580,980).

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

There were no treasury shares as at 30 June 2017.

1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not Applicable. The Company did not have any subsidiary holdings during and at the end of the current financial period 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 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 2017 compared to the audited financial statements as at 30 June 2016.

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, 2016. 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. Earnings/(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	1.63 cents	(20.99) cents
(i) Loss from continuing operations attributable to ordinary shareholders of the parent	(2.45) cents	(1.40) cents
(ii) Profit/(Loss) from discontinued operation attributable to ordinary equity holders of the parent	4.08 cents	(19.59) cents
(b) On a fully diluted basis (detailing any adjustments made to the earnings)	1.63 cents	(20.99) cents
(i) Loss from continuing operations attributable to ordinary shareholders of the parent	(2.45) cents	(1.40) cents
(ii) Profit/(Loss) from discontinued operation attributable to ordinary equity holders of the parent	4.08 cents	(19.59) cents

Basic and diluted earnings/(loss) per share are calculated by dividing the net profit/(loss) for the year attributable to ordinary shareholders by the weighted average number of ordinary shares for basic earnings/(loss) per share computation.

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

	Latest year	Previous year
Loss from continuing operations attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	(2,637)	(1,511)
Net Profit/(loss) from discontinued operation attributable to ordinary shareholders for basic and diluted loss per share (S\$'000)	4,387	(21,065)
Weighted average number of ordinary shares (in thousands) on issue applicable to basic loss per share	107,581	107,529
Weighted average number of ordinary shares (in thousands) applicable to diluted loss per share	107,581	107,529

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 2017	Previous financial year 30 June 2016	Latest financial year 30 June 2017	Previous financial year 30 June 2016
Net asset value per ordinary share based on issued share capital of the issuer at the end of the financial year reported on	20.43 cents	20.80 cents	12.55 cents	12.54 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.**

FY2017 vs FY2016

The Group (including the discontinued operation) registered revenue of S\$30.40 million and profit after tax of S\$1.75 million in FY2017 compared to revenue of S\$63.61 million and loss after tax of S\$22.58 million in FY2016.

Continuing Operations

Revenue decreased by 44.7% from S\$48.70 million in FY2016 to S\$26.93 million FY2017. The decrease was mainly due to sales of the Precision Engineering Division ("PE") came in at S\$22.80 million, a decrease of S\$21.74 million or 48.8% 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 consumer electronics sector. In particular, the turnover for second half of FY2017 ("2H2017") was substantially lower at S\$7.18 million compared to S\$15.62 million in first half of FY2017 ("1H2017"). On the other hand, the Trading & Distribution Division ("T&D") sales remained relatively stable at S\$4.13 million compared to S\$4.16 million in FY2016. The continuing operations' gross profit was lower at S\$1.37 million in FY2017 compared to S\$3.26 million in FY2016 following the decrease in turnover.

Other operating income decreased by S\$0.31 million or 73.6% mainly due to the absence of foreign exchange gain of S\$0.27 million in FY2016 arising from the strengthening of USD against SGD. The decrease in distribution and selling expenses by S\$0.37 million to S\$1.47 million was mainly due to lower sales commission and payroll expenses in FY2017. The decrease in financial expenses by approximately S\$0.36 million to S\$1.09 million in FY2017 was the result of reduced bank interest expenses arising from the lower bank borrowings balance during FY2017 compared to FY2016.

A loss before tax of S\$3.14 million was registered for FY2017 compared to S\$1.72 million in the previous year. The tax credit of S\$0.51 million in FY2017 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 2017. The loss after tax for FY2017 was S\$2.64 million compared to S\$1.51 million in prior year. Our basic and diluted loss per share were both 2.45 cents for FY2017 versus basic and diluted loss per share of 1.40 cents in the prior year.

Discontinued Operation

The turnover decreased by 76.8% from S\$14.92 million in FY2016 to S\$3.47 million in FY2017 mainly due to the disposal of 100% equity interest of Santak Metal Manufacturing (Wuxi) Co., Ltd., an indirect wholly owned subsidiary of the Company (the “Disposal of Discontinued Operation”) which was completed on 16 March 2017 and the lower orders arising from weaker demand for the consumer electronics sector in the Discontinued Operation in China.

Despite the lower turnover, the gross loss in FY2017 was lower at S\$2.34 million compared to gross loss of S\$15.70 million in FY2016 mainly due to the absence of depreciation and amortisation expenses in FY2017 in line with the requirements of FRS105 as a result of the reclassification of the property, plant and equipment and intangible assets as “assets of subsidiary classified as held for sales” as part of the Discontinued Operation arising from the proposed Disposal of Discontinued Operation compared to depreciation and amortisation expenses of S\$4.18 million charged in FY2016. In addition, there was a net reversal of allowance of stocks obsolescence of S\$1.21 million in FY2017 arising mainly from an over allowance for unit price reduction in prior year which was no longer required as a result of the proposed Disposal of Discontinued Operation. In addition, there were on-going efforts to restructure the Group’s businesses as well as continuous efforts to reduce operating overheads including significant reduction in headcount.

The lower other operating income of approximately S\$0.64 million was mainly attributable to lower gain on disposal of property, plant and equipment as well as lower sales of scraps in FY2017 due to lower turnover. The gain on disposal of property, plant and equipment of approximately S\$0.17 million was due to the disposal of some fully depreciated machines. The decrease in administrative expenses by S\$0.63 million to S\$0.41 million in FY2017 and the lower distribution and selling expenses of S\$0.51 million was in line with the lower turnover in FY2017 as well as continuous efforts to reduce operating overheads. The lower other operating expenses in FY2017 of S\$0.26 million compared to S\$0.97 million in the previous year was mainly due to lower rental compensation cost arising from the early termination of a factory lease agreement in China as well as lower foreign exchange loss at S\$0.25 million mainly arising from the weakening of RMB against USD during FY2017. The gain on disposal of investment in Discontinued Operation of S\$7.27 million (“Disposal Gain”) was attributable to the gain on the Disposal of Discontinued Operation which was completed on 16 March 2017 (“Completion”). The higher Disposal Gain by approximately S\$4.77 million (previously estimated at S\$2.5 million based on the audited consolidated financial statements as at 30 June 2016 as disclosed in the Circular to Shareholders dated 10 January 2017) was mainly attributable to the lower net assets value of the Discontinued Operation by approximately S\$4.37 million as at Completion and the higher consideration proceeds from Disposal of Discontinued Operation by S\$0.69 million as at Completion (based on the adjustments to the consideration as provided for in the sale and purchase agreement dated 24 November 2016) and partially offset by professional and travelling expenses of S\$0.25 million incurred in relation to the Disposal of Discontinued Operation.

The Discontinued Operation registered a profit before and after tax of S\$4.39 million in FY2017 compared to loss before and after tax of S\$16.01 million and S\$21.07 million respectively in FY2016. The tax expense of S\$5.06 million in FY2016 arose mainly from the de-recognition of deferred tax assets of S\$4.94 million in the Discontinued Operation. Our basic and diluted earnings per share were both 4.08 cents for FY2017 versus basic and diluted loss per share of 19.59 cents in the prior year.

REVIEW OF FINANCIAL POSITION

The increase in property, plant and equipment by S\$0.32 million was mainly due to the surplus on revaluation of a subsidiary company's leasehold property as at 30 June 2017, partially offset by depreciation charge during FY2017. The decrease in trade receivables by S\$4.13 million as at 30 June 2017 versus 30 June 2016 was mainly in line with lower turnover in FY2017 versus FY2016. The restricted fixed deposit was fully utilised to repay loans and borrowings in FY2017. The increase in cash and cash equivalent by S\$4.47 million from S\$5.22 million to S\$9.69 million is explained in the cash flow explanation in the following paragraph below.

The increase in trade payables by S\$1.21 million was mainly due to trade amount due to the Discontinued Operation of S\$1.23 million which was reclassified as trade payables as at 30 June 2017 compared to as inter-companies balance which was eliminated in the consolidated balance sheet as at 30 June 2016. The decrease in other liabilities by S\$1.06 million to S\$1.34 million as at 30 June 2017 was mainly due to the absence of payables for machinery as at 30 June 2017.

The absence of the assets and liabilities of subsidiary classified as held for sale as at 30 June 2017 was due to the completion of the Disposal of Discontinued Operation on 16 March 2017. Loans and borrowings (excluding finance leases) decreased by S\$29.23 million from S\$29.32 million to S\$0.09 million was due to repayments of loans and borrowings and bank advances on factored trade debtors during FY2017 using the proceeds from the Completion of the Disposal of Discontinued Operation. The decrease in finance lease obligations was a result of repayments during FY2017. The decrease in deferred tax liabilities mainly arose from higher tax losses and capital allowances balance as at 30 June 2017. The increase in revaluation reserves as at 30 June 2017 was the result of the surplus on revaluation of a subsidiary company's leasehold property. The decrease in translation and statutory reserves was the result of the realisation of the translation and statutory reserves on the Disposal of Discontinued Operation in FY2017.

The Group's net asset value per share was 20.43 cents as at 30 June 2017 compared to 20.80 cents as at 30 June 2016.

Review of Cash Flow

Following the lower loss incurred, the Group's operations generated lower operating cash outflow before working capital changes of approximately S\$5.26 million in FY2017 compared to S\$13.27 million in FY2016.

As a result of decrease in trade receivables and inventories in FY2017, partially offset by lower trade payables and other liabilities balance, the Group recorded a lower net cash used in operating activities of approximately S\$1.73 million in FY2017, compared to net cash generated from operating activities of S\$12.98 million in FY2016.

As a result of the net proceeds of S\$26.42 million (consists of gross proceeds of S\$27.69 million less cash balance in Discontinued Operation of S\$1.02 million as well as professional and travelling expenses of S\$0.25 million incurred in relation to the Disposal of Discontinued Operation) received in relation to the Completion of the Disposal of Discontinued Operation in FY2017, the net cash flows generated from investing activities amounted to S\$26.50 million in FY2017 compared to cash used in investing activities of S\$0.33 million in FY2016. The gross proceeds of S\$27.69 million from the Disposal of Discontinued Operations was mainly utilised to repay bank loans and borrowings. As a result, net cash used in financing activities during FY2017 was S\$25.96 million which arose from the repayments of bank borrowings and finance leases of S\$28.75 million and interest expense payment of S\$0.82 million and partially offset by the redemption of restricted fixed deposits of S\$3.61 million. Overall, cash and cash equivalents decreased by S\$1.27 million during FY2017 to S\$9.69 million as at 30 June 2017 compared to the balance of S\$10.96 million as at 30 June 2016 which include cash and bank balances for Discontinued Operation classified as assets of subsidiary held for sales.

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

Not applicable.

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. The demand for the Group's precision machined components is expected to be uncertain and challenging going forward in the current financial year ending 30 June 2018 ("FY2018").

With the completion of the disposal of 100% equity interest of the Company's indirect wholly owned subsidiary, Santak Metal Manufacturing (Wuxi) Co., Ltd. on 16 March 2017, the Group will continue to review and, where applicable, restructure the Continuing Operations, *inter alia*, to improve its efficiencies and business (including but not limited to further expansion of the existing product offering and/ or geographical expansion). The Group may explore, *inter alia*, new viable business, investment, acquisition and realisation opportunities (as and when they may arise). The Group will also continue its effort for cost rationalization and optimisation and streamlining of the Continuing Operations. The potential future plans for the Group as set out above may change as the Board and the Management continue to seek opportunities which offer potential growth for the Group and enhancement of value for the Shareholders as and when appropriate.

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? None

(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 2017.

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 2017					
	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	22,797	4,133	-	-	26,930
Inter-segment sales	-	-	1,584	(1,584)	-
Total revenue	22,797	4,133	1,584	(1,584)	26,930
Results					
Interest Income	38	-	-	-	38
Interest Expenses	(814)	-	(5)	-	(819)
Depreciation & Amortisation	(820)	(3)	(38)	-	(861)
Other non-cash expenses	(163)	-	-	-	(163)
Taxation	517	(8)	(2)	-	507
Segment (loss)/profit	(2,748)	105	6	-	(2,637)
Discontinued Operation: -					
Revenue					
External sales	3,465	-	-	-	3,465
Inter-segment sales	-	-	-	-	-
Total revenue	3,465	-	-	-	3,465
Results					
Interest Income	5	-	-	-	5
Depreciation & Amortisation	-	-	-	-	-
Other non-cash expenses	37	-	-	-	37
Taxation	-	-	-	-	-
Segment profit	4,387	-	-	-	4,387
Group: -					
Assets					
Additions to non-current assets	104	-	-	-	104
Segment assets	26,626	1,259	14,064	(14,235)	27,714
Liabilities					
Segment liabilities	9,755	1,334	564	(6,121)	5,532

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	(822)	(3)	(61)	-	(886)
Other non-cash expenses	(78)	(2)	(2)	-	(82)
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	(4,178)	-	-	-	(4,178)
Other non-cash expenses	(1,091)	-	-	-	(1,091)
Taxation	(5,055)	-	-	-	(5,055)
Segment loss	(21,065)	-	-	-	(21,065)
Group: -					
Assets					
Additions to non-current assets	1,900	1	6	-	1,907
Segment assets	67,472	1,258	14,148	(14,107)	68,771
Liabilities					
Segment liabilities	50,308	1,426	655	(5,994)	46,395

(b) Geographical segments

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

	Turnover- Continuing Operations S\$'000	Turnover- Discontinued Operation S\$'000	Non Current Assets S\$'000
FY 2017			
Singapore	433	-	12,467
Asean (excluding Singapore)	5,351	-	-
North Asia	14,741	3,330	-
America & Europe	6,194	135	-
Others	211	-	-
Total	26,930	3,465	12,467

	Turnover- Continuing Operations S\$'000	Turnover- Discontinued Operation S\$'000	Non Current Assets S\$'000
FY 2016			
Singapore	506	-	12,160
Asean (excluding Singapore)	6,317	-	-
North Asia	35,177	14,895	-
America & Europe	6,583	20	-
Others	112	-	-
Total	48,695	14,915	12,160

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		% Increase/ (Decrease)
	30-June-17	30-June-16	
Continuing Operations			
Sales reported for first half year	17,513	31,689	(45)
Loss attributable to shareholders reported for first half year	(1,271)	(412)	208
Sales reported for second half year	9,417	17,006	(45)

Loss attributable to shareholders reported for second half year	(1,366)	(1,099)	24
<u>Discontinued Operation</u>			
Sales reported for first half year	2,909	12,720	(77)
Loss attributable to shareholders reported for first half year	(2,072)	(5,192)	(60)
Sales reported for second half year	556	2,195	(75)
Profit/(loss) attributable to shareholders reported for second half year	6,459	(15,873)	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

	FY2017 (S\$'000)	FY2016 (S\$'000)
Ordinary	0	0
Preference	0	0
Total:	0	0

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	56	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	59	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	67	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

Lai Foon Kuen
Company Secretary
28 August 2017

*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
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