



**JEP HOLDINGS LTD.**

(Formerly known as Alantac Technology Ltd.)

(the “Company”)

(Registration No. 199401749E)

(Incorporated in the Republic of Singapore on 12 March 1994)

**Unaudited Full Year Financial Statement and Dividend Announcement for the Year Ended 31 December 2016**

**PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS ANNOUNCEMENTS**

1(a)(i) **An income statement and statement of comprehensive income, or a statement of comprehensive income for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Full Year Ended 31 December 2016 S\$'000 (Unaudited)	Full Year Ended 31 December 2015 S\$'000 (Audited)	Incr/ (Decr)  %
<b>Continuing operations</b>			
<b>Revenue</b>	71,934	58,778	22.4%
Cost of sales	(64,199)	(52,022)	23.4%
<b>Gross profit</b>	7,735	6,756	14.5%
<b>Other items of income</b>			
Other operating income	1,465	1,379	6.2%
<b>Other items of expense</b>			
Selling and distribution expenses	(2,235)	(1,463)	52.8%
Administrative expenses	(7,157)	(5,910)	21.1%
Finance costs	(984)	(532)	85.0%
<b>(Loss)/profit before tax from continuing operation</b>	(1,176)	230	N.M.
Tax credit	991	265	274.0%
<b>(Loss)/profit after tax from continuing operations for the year</b>	<b>(185)</b>	<b>495</b>	N.M.
<b>Discontinued operation</b>			
(Loss) from discontinued operation after tax	-	(2)	N.M.
<b>(Loss)/profit for the year, net of tax</b>	<b>(185)</b>	<b>493</b>	N.M.
<b>Other comprehensive income/(expense), net of tax: subsequently to profit or loss</b>			
Currency translation differences	1	(1)	N.M.
<b>Total comprehensive (expense)/income for the year</b>	<b>(184)</b>	<b>492</b>	N.M.

N.M. = not meaningful

\* Represents amount less than \$1,000

	Full Year Ended 31 December 2016 S\$'000 (Unaudited)	Full Year Ended 31 December 2015 S\$'000 (Audited)	Incr/ (Decr) %
<b>Profit for the year, attributable to:</b>			
Equity owners of the Company	154	570	-73.0%
Non-controlling interest	(339)	(77)	340.3%
	<u>(185)</u>	<u>493</u>	N.M.
<b>Total comprehensive income for the year attributable to:</b>			
Equity owners of the Company	155	569	-72.8%
Non-controlling interests	(339)	(77)	340.3%
	<u>(184)</u>	<u>492</u>	N.M.

**1(a)(ii) Notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:**

Profit/(loss) before tax from operations is derived after charging/(crediting) the following:

The Group	Full Year Ended 31 December 2016 S\$'000 (Unaudited)	Full Year Ended 31 December 2015 S\$'000 (Audited)	Incr/ (Decr) %
Allowance for doubtful debts	21	30	-30.0%
Amortisation of intangible assets	973	890	9.3%
Gain on disposal of property, plant and equipment	(253)	(81)	212.3%
Amortisation of gain on sales & leaseback	(529)	(529)	0.0%
Foreign exchange loss	643	63	920.6%
Interest expense	984	532	85.0%
Depreciation of property, plant and equipment	3,778	3,886	-2.8%
Inventory Written off	794	100	694.0%

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

	The Group		The Company	
	As at 31 December 2016 S\$'000 (Unaudited)	As at 31 December 2015 S\$'000 (Audited)	As at 31 December 2016 S\$'000 (Unaudited)	As at 31 December 2015 S\$'000 (Audited)
<b>Non-current assets</b>				
Property, plant and equipment	50,857	30,548	-	5
Investment in subsidiaries	-	-	50,637	50,637
Goodwill on consolidation	17,542	17,629	-	-
Intangible assets	1,211	2,184	-	-
Amount due from subsidiary	-	-	5,000	-
Deferred tax assets	377	306	357	306
	<b>69,987</b>	<b>50,667</b>	<b>55,994</b>	<b>50,948</b>
<b>Current assets</b>				
Inventories	14,037	13,459	-	-
Trade receivables	17,624	13,193	-	-
Other receivables	3,536	1,816	13	8
Amount due from subsidiaries	-	-	1,663	966
Cash and bank balances	7,990	3,139	3,000	287
	<b>43,187</b>	<b>31,607</b>	<b>4,676</b>	<b>1,261</b>
Assets of disposal group classified as held for sale	38	37	-	-
	<b>43,225</b>	<b>31,644</b>	<b>4,676</b>	<b>1,261</b>
<b>Total assets</b>	<b>113,212</b>	<b>82,311</b>	<b>60,670</b>	<b>52,209</b>
<b>Equity</b>				
Share capital	45,186	37,834	45,186	37,834
Capital reserve	247	247	247	247
Warrants reserve	623	-	623	-
Retained profits	962	808	8,575	7,653
Translation reserve	(194)	(195)	-	-
<b>Equity attributable to owners of the Company</b>	<b>46,824</b>	<b>38,694</b>	<b>54,631</b>	<b>45,734</b>
Non-controlling interests	2,242	2,581	-	-
<b>Total equity</b>	<b>49,066</b>	<b>41,275</b>	<b>54,631</b>	<b>45,734</b>
<b>Non-current liabilities</b>				
Contingent consideration and provision	1,791	3,848	1,791	3,564
Obligations under finance leases	1,148	899	-	-
Loans and borrowings	23,862	10,709	-	-
Amount due to a subsidiary	-	-	950	1,851
Deferred tax liabilities	1,132	2,046	-	-
Deferred income	-	432	-	-
	<b>27,933</b>	<b>17,934</b>	<b>2,741</b>	<b>5,415</b>
<b>Current liabilities</b>				
Trade payables	9,235	6,745	-	-
Other payables and accruals	11,895	7,079	391	204
Amount due to a subsidiary	-	-	902	856
Obligations under finance leases	803	4,719	-	-
Loans and borrowings	11,983	4,559	-	-
Contingent consideration and provision	2,297	-	2,005	-
	<b>36,213</b>	<b>23,102</b>	<b>3,298</b>	<b>1,060</b>
<b>Total liabilities</b>	<b>64,146</b>	<b>41,036</b>	<b>6,039</b>	<b>6,475</b>
<b>Total equity and liabilities</b>	<b>113,212</b>	<b>82,311</b>	<b>60,670</b>	<b>52,209</b>

1(b)(ii) In relation to the aggregate amount of group's borrowings and debt securities, specify the following as at the end of current financial period reported on with comparative figures as at the end of the immediately preceding financial year:

(A) the amount repayable in one year or less, or on demand:

As at 31/12/2016 S\$'000		As at 31/12/2015 S\$'000	
Secured	Unsecured	Secured	Unsecured
12,722	64	9,220	58

(B) the amount repayable after one year:

As at 31/12/2016 S\$'000		As at 31/12/2015 S\$'000	
Secured	Unsecured	Secured	Unsecured
25,010	-	11,544	64

(C) details of any collaterals.

As at 31 December 2016 the Group's finance leases and bank term loans are secured as follows:

- 1) Finance leases amounting to S\$1.9 million (31 December 2015: S\$5.6 million) are secured by the Group's production equipment.
- 2) Bank term loan amounting to S\$35.8 million (31 December 2015: S\$15.3 million) are secured by the property, plant and equipment of subsidiaries.

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

	Financial Year Ended 31 December 2016 S\$'000	Financial Year Ended 31 December 2015 S\$'000
<b>Cash Flows from Operating Activities</b>		
(Loss)/profit before tax from continuing operations	(1,176)	230
(Loss)/profit before tax from discontinued operation	-	(2)
(Loss)/profit before tax, total	(1,176)	228
Adjustments for:		
Allowance for impairment of trade receivables	21	-
Depreciation of property, plant and equipment	3,778	3,886
Amortisation of intangible assets	973	890
Gain on disposal of property, plant and equipment	(253)	(81)
Amortisation of gain on sales & leaseback	(529)	(529)
Property, plant and equipment written off	9	-
Inventory written off	794	100
Interest income	-	(1)
Interest expense	984	532
Goodwill written off	-	12
	4,601	5,037
Change in working capital:		
Inventories	(1,372)	(124)
Trade and other receivables	(4,920)	640
Trade and other payables	2,556	(1,511)
<b>Cash generated from operations</b>	865	4,042
Interest expense paid	(752)	(532)
Interest income received	-	1
Tax paid	(303)	(57)
<b>Net cash (used in)/generated from operations</b>	(190)	3,454
<b>Cash Flows from Investing Activities</b>		
Net cash inflow on acquisition of a subsidiary	-	1,327
Purchase of property, plant and equipment	(5,872)	(1,082)
Proceeds from disposal of property, plant and equipment	216	359
<b>Net cash (used in)/generated from investing activities</b>	(5,656)	604
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of share capital	7,473	-
Proceeds from issue of warrants	623	-
Obligations under finance leases	(1,706)	(3,035)
Bank borrowings obtained	9,004	247
Repayment of bank borrowings	(4,697)	(1,082)
Share issuance expenses	-	(1)
<b>Net cash generated from/(used in) financing activities</b>	10,697	(3,871)
<b>Net increase in cash and bank balances</b>	4,851	187
Currency translation differences	1	(1)
Cash and bank balances at beginning of year	3,176	2,990
<b>Cash and bank balances at end of year</b>	8,028	3,176

	Financial Year Ended 31 December 2016 S\$'000	Financial Year Ended 31 December 2015 S\$'000
<b>Cash and bank balances at end of year</b>		
Cash and bank balances		
- Continuing operations	7,990	3,139
- Discontinued operation	38	37
	<u>8,028</u>	<u>3,176</u>

**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.**

The Group	Share capital S\$'000	Warrants reserve S\$'000	Capital reserve S\$'000	Translation reserve S\$'000	Retained profits S\$'000	Total attributable to equity holders of the Company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
Balance as at 1 January 2015	34,163	-	247	(194)	238	34,454	2,658	37,112
Net profit/(loss) for the year	-	-	-	-	570	570	(77)	493
Currency translation differences	-	-	-	(1)	-	(1)	*	(1)
Total comprehensive income /(expenses) for the year	-	-	-	(1)	570	569	(77)	492
Issue of new ordinary shares	3,672	-	-	-	-	3,672	-	3,672
Shares issuance expenses	(1)	-	-	-	-	(1)	-	(1)
Balance as at 31 December 2015	<u>37,834</u>	<u>-</u>	<u>247</u>	<u>(195)</u>	<u>808</u>	<u>38,694</u>	<u>2,581</u>	<u>41,275</u>
Balance as at 1 January 2016	37,834	-	247	(195)	808	38,694	2,581	41,275
Net profit/(loss) for the year	-	-	-	-	154	154	(339)	(185)
Currency translation differences	-	-	-	1	-	1	-	1
Total comprehensive income /(expenses) for the year	-	-	-	1	154	155	(339)	(184)
Issue of new ordinary shares	7,473	-	-	-	-	7,473	-	7,473
Issue of warrants	-	623	-	-	-	623	-	623
Shares issuance expenses	(121)	-	-	-	-	(121)	-	(121)
Balance as at 31 December 2016	<u>45,186</u>	<u>623</u>	<u>247</u>	<u>(194)</u>	<u>962</u>	<u>46,824</u>	<u>2,242</u>	<u>49,066</u>

The Company	Share capital S\$'000	Warrants reserve S\$'000	Capital reserve S\$'000	Retained profits S\$'000	Total equity S\$'000
Balance as at 1 January 2015	34,163	-	247	6,544	40,954
Total comprehensive income for the year	-	-	-	1,109	1,109
Issue of new ordinary shares	3,672	-	-	-	3,672
Shares issuance expenses	(1)	-	-	-	(1)
Balance as at 31 December 2015	<u>37,834</u>	<u>-</u>	<u>247</u>	<u>7,653</u>	<u>45,734</u>
Balance as at 1 January 2016	37,834	-	247	7,653	45,734
Total comprehensive income for the year	-	-	-	922	922
Issue of new ordinary shares	7,473	-	-	-	7,473
Issue of warrants	-	623	-	-	623
Shares issuance expenses	(121)	-	-	-	(121)
Balance as at 31 December 2016	<u>45,186</u>	<u>623</u>	<u>247</u>	<u>8,575</u>	<u>54,631</u>

**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.**

During the year, the Company undertook a renounceable non-underwritten Rights cum Warrants Issue at an issue price of S\$0.020 for each Rights Share, on the basis of one (1) Rights Share for every two (2) existing ordinary shares held by entitled shareholders of the Company, and free detachable warrants on the basis of one (1) Warrant for every two (2) Rights Shares subscribed. Each Warrant carrying the right to subscribe for one (1) new ordinary share at an exercise price of S\$0.020 for each new share.

As at the close of the Rights cum Warrants Issue on 16 December 2016, valid acceptance and excess applications for a total of 404,784,605 Rights Shares with Warrants were received. The Company has raised net proceeds of S\$8.0 million from the Rights cum Warrants Issue after deduction of issuance expenses of S\$121,238.

The Company did not have any treasury shares as at 31 December 2015 and 31 December 2016.

<b>Share Capital</b>	<b>Number of Shares</b>	<b>S\$</b>
Share capital as at 31 December 2015	1,048,973,266	37,833,962
Issuance of new ordinary shares pursuant to Rights cum Warrants Issue	404,784,605	7,351,708*
Share capital as at 31 December 2016	1,453,757,871	45,185,670

\* After deducting share issuance expenses of S\$121,238.

<b>Warrants</b>	<b>Number of Warrants</b>	<b>S\$</b>
Warrants as at 31 December 2015	-	-
Issuance of Warrants pursuant to Rights cum Warrants Issue	202,392,299	622,746
Exercised during the year	-	-
Warrants as at 31 December 2016	202,392,299	622,746

As at 31 December 2016, the maximum number of ordinary shares that may be issued upon full conversion of all free-detachable warrants of the Company is 202,392,299 ordinary shares (31 December 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.**

The total number of issued shares excluding treasury shares as at 31 December 2016 was 1,453,757,871 shares (31 December 2015: 1,048,973,266 shares).

**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 sales, transfers, disposal, cancellation and/or use of treasury shares as at 31 December 2016 and 31 December 2015.

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 our 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 Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as those applied in the Group's most recently audited financial statements for the year ended 31 December 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.**

In the current year, the Group and the Company adopted the amended Financial Reporting Standards ("FRS") and the Interpretations to FRS ("INT FRS") that are mandatory for annual periods beginning on and after 1 January 2016. Changes to the Group's and the Company's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS.

The adoption of these amended FRS and INT FRS did not result in any substantial impact on the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	31 December 2016 (Unaudited)	31 December 2015 (Restated)
i) based on the weighted average number of ordinary shares in issue, and	0.015 cents	0.054 cents
ii) on a fully diluted basis	0.015 cents	0.054 cents
Weighted average number of ordinary shares in issue:		
- Basic	1,057,845,257	1,057,845,257
- Diluted	1,062,281,253	1,062,281,253

**Note:**

Basic earnings/(loss) per share is computed by dividing net profit for the year of S\$154,344 (2015: net profit of S\$570,841) by the weighted average number of 1,057,845,257 shares (2015:1,057,845,257 shares) in issue during the year.

Diluted earnings/(loss) per share is computed by dividing net profit for the year of S\$154,344 (2015: net profit of S\$570,841) by the weighted average number of 1,062,281,253 shares (2015:1,062,281,253) in issue during the year.



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.**

	The Group		The Company	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Net assets value, net of non-controlling interests (S\$)	46,823,677	38,694,284	54,630,422	45,733,752
Net assets per ordinary share at end of financial year	3.2 cents	3.7 cents	3.8 cents	4.4 cents

**Note:**

Net assets per ordinary share based on number of issued 1,453,757,871 ordinary shares (excluding treasury shares) as at 31 December 2016 (1,048,973,266 ordinary shares (excluding treasury shares) as at 31 December 2015).

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**

**Group Performance**

*Note: all figures rounded to the nearest single decimal point. Any discrepancies between the listed amounts and the totals thereof are due to rounding.*

**Revenue and cost of sales**

The breakdown of the Group's revenue for the year under review is as follows:

	Full year ended 31 December	
	2016	2015
Aerospace	37,589	32,816
Oil & Gas	3,380	9,753
Electronics	2,940	1,479
Precision Machining	8	161
Trading & Others	18,488	6,250
Equipment Manufacturing	9,529	8,319
Total Revenue	<b>71,934</b>	<b>58,778</b>

For FY2016, the Group registered revenue of S\$71.9 million, which is an increase of 22.4% or S\$13.2 million, from S\$58.8 million in FY2015. The increase was mainly contributed by an increase revenue from Trading & Others segment of S\$12.2 million from S\$6.3 million in FY2015 to S\$18.5 million in FY2016 due to the acquisition of JEP Industrades Pte Ltd ("JEPI") in end August 2015, and an increase in revenue from Aerospace and Equipment Manufacturing segments of S\$6.0 million collectively. This was partially offset by a decrease in revenue from Oil & Gas segment of S\$6.4 million, from S\$9.8 million in FY2015 to S\$3.4 million in FY2016.

Cost of sales increased by 23.4% or S\$12.2 million, from S\$52.0 million in FY2015 to S\$64.2 million in FY2016. The increase was mainly due to the increase of S\$10.2 million in cost of sales from Trading & Others segment attributable to JEP Industrades Pte Ltd ("JEPI") as a result of the acquisition of JEPI in end August 2015.

Gross profit increased by 14.5% or S\$ 1.0 million, from S\$6.8 million in FY2015 to S\$7.8 million in FY2016. The increase was largely due to higher gross profit from Trading & Others segment of S\$2.3 million offset by the net loss generated from Oil & Gas and Aerospace segment of S\$1.6 million collectively.

#### **Other operating income**

Compared with FY2015, other operating income for FY2016 remained relatively constant at S\$1.5 million.

#### **Selling and distribution expenses**

Selling and distribution expenses for FY2016 increased by S\$0.8 million compared to FY2015 from S\$1.5 million to S\$2.2 million, with the inclusion of the related staff payroll expenses of S\$0.5 million from the acquisition of JEPI in end August 2015.

#### **Administrative expenses**

Administrative expenses increased by S\$1.2 million, from S\$5.9 million in FY2015 to S\$7.2 million in FY2016 of which S\$0.6 million was due to translation-related foreign exchange loss primarily from United States Dollar ("USD") and Japanese Yen ("Yen"). A higher director's remuneration of S\$0.3 million also arose from the acquisition of JEPI in end August 2015.

#### **Finance costs**

Finance costs increased by S\$0.5 million from S\$0.5 million in FY2015 to S\$1.0 million in FY2016, mainly due to an increase in loan borrowings and the corresponding increase in the cost of finance.

#### **Tax credit**

The Group recorded total income tax credit of S\$1.0 million in FY2016 mainly due to the reduction of deferred tax liabilities arising from the excess of net book value over tax written down value of property plant and equipment.

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

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

Property, plant and equipment increased by S\$20.3 million, from S\$30.5 million as at 31 December 2015 to S\$50.9 million as at 31 December 2016. The increase was due mainly to additions of S\$20.1 million that was attributable to the Seletar Aerospace Park ("SAP"). The project completed in November 2016.

Intangible assets decreased by S\$1.0 million from S\$2.2 million as at 31 December 2015 to S\$1.2 million as at 31 December 2016. The decrease was due mainly to amortisation costs incurred during FY2016.

#### **Trade and other receivables**

Trade and other receivables increased by S\$6.2 million, from S\$15.0 million as at 31 December 2015 to S\$21.2 million as at 31 December 2016. This was due mainly to the increase in trade receivables of S\$1.8 million arising from Aerospace segment, and S\$1.3 million and S\$1.4 million arising from Trading & Others and Equipment Manufacturing

segments respectively, which was in line with the abovementioned improvement in revenue in FY2016. Other receivables increased by S\$1.7 million from S\$1.8 million as at December 2015 to S\$3.5 as at 31 December 2016. This was largely due to GST input tax receivables of S\$0.6 million, and higher deposit and prepaid operating expenses of S\$1.0 million mainly caused by higher deposit paid for purchase of machinery.

#### **Trade and other payables**

Trade and other payables increased by S\$7.3 million, from S\$13.8 million as at 31 December 2015 to S\$21.1 million as at 31 December 2016. This was due mainly to S\$7.0 million of accruals relating to the construction cost of the SAP factory building at year end.

#### **Obligation under finance lease**

The Group's total obligation under finance lease decreased by S\$3.7 million, from S\$5.6 million as at 31 December 2015 to S\$2.0 million as at 31 December 2016. This was due mainly to the finance lease of S\$3.6 million that was refinanced under a secured S\$3.1 million 4-year term loan in May 2016.

#### **Loan and borrowings**

The Group's total loans and borrowings had increased by S\$20.6 million, from S\$15.3 million as at 31 December 2015 to S\$35.8 million as at 31 December 2016. This was largely due to:

- (1) increase in revolving credit facilities of S\$5.8 million.
- (2) 10-year term loan up to an aggregate principle amount of S\$20 million to finance 80% of the construction cost of S\$25 million for the factory building at SAP, with total drawdown amount of S\$13.1 million as at 31 December 2016.
- (3) S\$3.1 million for above mentioned finance lease refinanced under a 4-year term loan.

This was partially offset by repayment of term loan of S\$1.4 million. The Group maintained a healthy gearing ratio of 1.3 as at 31 December 2016.

#### **Contingent consideration and provision**

Contingent consideration and provision increased by S\$0.2 million, from \$3.8 million to S\$4.1 million. This was due mainly to the remeasurment of the fair value of contingent consideration arising from the acquisition from JEPI in end August 2015.

#### **Deferred tax liabilities**

Deferred tax liabilities decreased by S\$0.9 million, from S\$2.0 million as at 31 December 2015 to S\$1.1 million as at 31 December 2016. This was mainly due to tax credit arising from the excess of net book value over tax written down value of property plant and equipment.

#### **Statement of cash flows of the Group**

The net cash outflow from operating activities amounted to S\$0.2 million for FY2016. This was mainly due to cash outflow from working capital of S\$3.7 million and payment of tax and interest of S\$1.1 million collectively, which was offset by cash inflow from operating activities of S\$4.6 million.

The net cash outflow from investing activities amounted to S\$5.7 million for FY2016. S\$3.3 million cash outflows related to the construction cost paid to the main contractor of the factory building at SAP. S\$2.5 million related to the additional investment in machinery and equipment, which was offset by proceeds received from disposal of machinery of S\$0.2 million in FY2016.

The net cash inflow from financing activities amounted to S\$10.7 million. This was mainly due to net proceeds of S\$8.1 million from the Rights cum Warrants Issue after deduction of issuance expenses of S\$0.1 million, and the net cash inflow arising from net proceeds

from borrowings of S\$9.0 million. This was partially offset by repayment of term-loan of S\$1.4 million, credit facilities of S\$3.1 million and finance lease of S\$1.7 million.

The utilisation of the net proceeds from the Rights cum Warrants Issue amounted to S\$3.3 million as at 31 December 2016 for the SAP factory building, which is in accordance with the stated uses and the percentages allocated in the Offer Information Statement dated 29 November 2016.

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

Nil.

**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.**

Aerospace segment is expected to continue as the key contributor to the Group's revenue as the global aerospace sector is expected to sustain its levels activities arising from accelerated replacement cycle of obsolete aircrafts with next generation fuel efficient aircrafts as well as the continued increases in passenger travel demand.

Oil and gas segment remains sluggish as the recent oil price declines reflect concerns about the lower economic growth in emerging markets, expectations of higher oil exports and continuing expected growth in global oil inventory.

The Group's revenue and profitability was enhanced by trading business from the acquired subsidiary, JEPI, in end August 2015.

The Group would continue to work towards improving its operational efficiency and productivity, enhancing its competitiveness and increasing its market share in global aerospace markets, while also seeking new growth businesses and other attractive opportunities.

**11. If a decision regarding dividend has been made:**

**(a) Whether an interim (final) ordinary dividend has been declared (recommended): and**

The Directors are pleased to recommend a final tax-exempt (one-tier) dividend in respect of the financial year ended 31 December 2016 of 0.03 Singapore cent per ordinary share for approval by the ordinary shareholders at the forthcoming annual general meeting of the Company.

Name of Dividend	Proposed Final Tax-exempt (One-tier) Ordinary Dividend
Dividend Type	Cash
Dividend Amount (in cents)	0.03 cent per Ordinary Share

**(b) Corresponding Period of the immediately preceding financial year  
Any dividend declared for the corresponding period of the immediately preceding financial year?**

None

**(c) Date payable**

To be announced at a later date.

**(e) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.**

To be announced at a later date.

**12. If no dividend has been declared (recommended), a statement to that effect.**

Not applicable

**13. If the group has obtained a general mandate from the shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained a general mandate from its shareholders for IPTs.

**14. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

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

**PART II – ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**15. Segmented revenue and results for operating 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.**

	Operating Segments						Total S\$'000
	Aerospace S\$'000	Oil & Gas S\$'000	Electronics S\$'000	Precision Machining S\$'000	Trading & Others S\$'000	Equipment Manufacturing S\$'000	
<b>2016</b>							
<b>Continuing operations</b>							
<b>Revenue:</b>							
External customers	37,589	3,380	2,940	139	21,951	9,992	75,991
Elimination of Inter-reporting unit sales	-	-	-	(131)	(3,463)	(463)	(4,057)
External revenue	<u>37,589</u>	<u>3,380</u>	<u>2,940</u>	<u>8</u>	<u>18,488</u>	<u>9,529</u>	<u>71,934</u>
Segment result	<u>(446)</u>	<u>(945)</u>	<u>(48)</u>	<u>10</u>	<u>2,133</u>	<u>1,816</u>	<u>2,520</u>
<b>Unallocated corporate expenses</b>							(2,712)
Profit from continuing operations							(192)
Finance costs							(984)
<b>Profit before tax from continuing operations</b>							(1,176)
Tax credit							991
<b>Net profit for the year after tax from continuing operations</b>							(185)
<b>Discontinued operation</b>							
Loss from discontinued operation, net of tax							-
<b>Net profit for the year, net of tax</b>							<u>(185)</u>

	Operating Segments						Total S\$'000
	Aerospace S\$'000	Oil & Gas S\$'000	Electronics S\$'000	Precision Machining S\$'000	Trading & Others S\$'000	Equipment Manufacturing S\$'000	
<b>2015</b>							
<b>Continuing operations</b>							
<b>Revenue:</b>							
External customers	32,816	9,753	1,479	335	8,859	9,014	62,256
Elimination of Inter-reporting unit sales	-	-	-	(174)	(2,609)	(695)	(3,478)
External revenue	<u>32,816</u>	<u>9,753</u>	<u>1,479</u>	<u>161</u>	<u>6,250</u>	<u>8,319</u>	<u>58,778</u>
Segment result	<u>975</u>	<u>(946)</u>	<u>124</u>	<u>(2)</u>	<u>854</u>	<u>1,413</u>	<u>2,418</u>
<b>Unallocated corporate expenses</b>							(1,657)
Profit from continuing operations							761
Financial income							1
Finance costs							(532)
<b>Profit before tax from continuing operations</b>							230
Tax credit							265
<b>Net profit for the year after tax from continuing operations</b>							495
<b>Discontinued operation</b>							
Loss from discontinued operation, net of tax							(2)
<b>Net profit for the year, net of tax</b>							<u>493</u>

16. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

**Trading & Others**

Except for the inclusion to the Trading and Others segment due to acquisition of the JEPI, in end August 2015, there are no other factors which led to material changes in contribution to turnover and earnings as compared to FY2015. For detailed review of performance, please refer to section 8(a) above.

17. A breakdown of sales as follows:

	FY2016 S\$'000 Group	FY2015 S\$'000 Group	% increase/ (decrease) Group
<b>Continuing operations</b>			
a) Sales reported for first half year	35,549	28,469	24.9%
b) Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	(256)	589	N.M
c) Sales reported for the second half year	36,385	30,309	20.0%
d) Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	72	(96)	N.M

N.M. = not meaningful

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

- (a) Ordinary  
(b) Preference  
(c) Total

Share	Total Annual Dividend	
	FY2016 (Recommended) S\$'000	FY2015 S\$'000
Ordinary		
- Interim	-	-
- Final (Recommended)	436	-
Total	436	-

The final tax-exempt (one-tier) ordinary dividend for the year ended 31 December 2016 of 0.03 Singapore cent per ordinary share is subject to the approval of ordinary shareholders at the forthcoming Annual General Meeting and the final dividend amount is based on the number of issued ordinary shares as at the books closure date. The total amount for FY2016 is hence subject to adjustments according to the number of ordinary shares existing as at the books closure date.

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(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
Lau Adelene	30	Eldest daughter of Mr. Joe Lau, the Executive Chairman and Chief Executive Officer and Substantial Shareholder of the Company.	<p>Ms. Lau joined JEPS in 11 July 2012, as a management trainee.</p> <p>She was promoted to assistant manager of JEPS with effect from 1 January 2013.</p> <p>She was promoted to Business Development manager with effect from 1 January 2014.</p> <p>She obtained her Bachelor of Communication from the University Canberra in 2007 and her Master of Communications, Advertising from the RMIT University, Australia in 2009.</p>	<p>As an assistant manager, Ms. Lau assisted in overseeing the administration and management functions of JEPS.</p> <p>As a Business Development manager, she is responsible for the business development and sales functions of JEPS.</p> <p>There was no change in position and duties during FY2016.</p>
Patrick Lau Fook Kong	52	Younger brother of Mr. Joe Lau, the Executive Chairman and Chief Executive Officer and Substantial Shareholder of the Company.	<p>Mr. Lau joined DEPL in 24 September 2014, as a Manufacturer Representative, Distribution Services.</p> <p>He obtained his Diploma in Sales and Marketing from the Chartered Management Institute in 1988 and Executive Program (Logistics and Distribution Management, Economics, Human Resources Management and Transport Operations) from the Centre for Instructional Technology, National University of Singapore in 1996.</p>	<p>As a Manufacturer Representative, he is responsible for the distribution and marketing management functions of DEPL.</p> <p>There was no change in position and duties during FY2016.</p>
Lee Pui Rong	56	Spouse of Mr. Zee Hoong Huay, the Executive Director and Controlling Shareholder of the Company.	<p>Ms. Lee is the Human Resource executive of JEPI.</p> <p>She was appointed as director of JEPI on 8 January 2003, and resigned as director pursuant to terms of the</p>	<p>As a Human Resource executive, she is responsible for the administrative and human resource functions of JEPI.</p> <p>There was no</p>



			<p>sale and purchase agreement entered into between the Company and all shareholders of JEPI on 15 July 2015 in connection with the acquisition by the Company of the entire issued and paid-up share capital of JEPI.</p> <p>She graduated from the Singapore Nanyang Girls School in 1976.</p>	<p>change in position and duties during FY2016.</p>
Darren Zee Yu Liang	29	<p>Eldest son of Mr. Zee Hoong Huay, the Executive Director and Controlling Shareholder of the Company.</p>	<p>Mr. Zee joined JEPI in 1 July 2011, as a management trainee.</p> <p>He was promoted to Sale and Marketing manager with effect from 1 January 2013.</p> <p>He was appointed as director of JEPI on 22 July 2010, and resigned as director pursuant to terms of the sale and purchase agreement entered into between the Company and all shareholders of JEPI on 15 July 2015 in connection with the acquisition by the Company of the entire issued and paid-up share capital of JEPI.</p> <p>He obtained his Diploma in Mechatronics from Temasek Polytechnic in 2009 and Diploma in Sales &amp; Marketing Management from Marketing Institute of Singapore in 2012.</p>	<p>As a Sales and Marketing manager, he is responsible for the sales, marketing and operation functions of JEPI.</p> <p>There was no change in position and duties during FY2016.</p>

#### BY ORDER OF THE BOARD

Joe Lau  
Executive Chairman and Chief Executive Officer  
28 February 2017

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, Stamford Corporate Services Pte Ltd (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Sponsor has not independently verified the contents of this announcement. This announcement has not been examined or approved by the SGX-ST and the SGX-ST 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.*

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