Acma Ltd

Annual Report **2016**

Contents

Corporate Information

Directors

Quek Sim Pin
Executive Chairman

Low Seow Chye
Independent Director

Robert Low Mui Kiat
Independent Director

Tan Keng Lin
Independent Director

Victor Levin
Non-Executive Director

Nominating Committee

Low Seow Chye *(Chairman)*
Robert Low Mui Kiat
Tan Keng Lin

Remuneration Committee

Robert Low Mui Kiat *(Chairman)*
Tan Keng Lin
Low Seow Chye

Audit Committee

Low Seow Chye *(Chairman)*
Tan Keng Lin
Robert Low Mui Kiat

Share Registrar

Boardroom Corporate &
Advisory Services Pte Ltd

Company Secretary

Keloth Raj Kumar

Registered Office

17 Jurong Port Road
Singapore 619092
Telephone No. : 6268 7733
Facsimile No. : 6268 3338
Company Registration No. : 196500233E

Independent Auditors

Mazars LLP

Public Accountants & Chartered Accountants

Partner in-charge: Lai Keng Wei
(From financial year ended 31 December 2013)

Solicitors

Rodyk & Davidson LLP
Colin Ng & Partners LLP

Principal Bankers

United Overseas Bank Limited
Malayan Banking Berhad

Chairman's Statement

Dear Shareholders,

On behalf of your directors, I present to you the Annual Report for the financial year ended 31 December 2016 ("FY2016").

Revenue

Revenue increased by S$4.6 million from S$71.8 million for the financial year ended 31 December 2015 ("FY2015") to S$76.4 million. The improvement was due mainly to the S$7.9 million contribution from Xenon Manufacturing Pte Ltd ("Xenon") and its wholly-owned subsidiary, Metal Printing and Packaging, Ltd (collectively, known as "Xenon group") and a S$2.6 million increase in the revenue of our communications, electronics and equipment distribution business, set-off in part by a S$5.9 million reduction in the revenue of our tooling and injection moulding business.

Xenon wholly owns a Vietnam based metal packaging and customised metal printing business, for which the results have been consolidated from 4 July 2016.

Costs And Expenses

(a) Raw Materials and Consumables Used

In FY2016, raw materials and consumables used increased by S$6.2 million (15.0%) to S$47.3 million from S$41.1 million in FY2015. The 15.0% increase is slightly higher than the 6.4% increase in sales revenue mainly due to the change in sales mix (particularly following the consolidation of Xenon group's results) and the higher usage of tooling subcontractors during the year.

(b) Labour Costs

In FY2016, labour costs increased by S$0.4 million (8.9%) to S$4.9 million from S$4.5 million in FY2015. The increase was mainly due to the inclusion of Xenon group's results (S$1.2 million) in FY2016, set-off in part by lower labour costs (S$0.8 million) in our People's Republic of China ("PRC") - based tooling and injection moulding operations arising as a result of lower headcount as well as the effect of currency translation (due to the weakening of the Renminbi against the Singapore currency).

(c) Finance Costs

Finance costs increased by S$0.1 million from S$0.4 million in FY2015 to S$0.5 million in FY2016 due mainly to the consolidation of Xenon group's results from 4 July 2016.

(d) Depreciation of property, plant and equipment

In FY2016, depreciation decreased by S$0.4 million from S$2.4 million in FY2015 to S$2.0 million. The lower depreciation charge was due mainly to the increase in fixed assets becoming fully depreciated during FY2016 as compared to the previous year.

(e) **Other Operating Expenses**

In FY2016, other operating expenses were lowered by S$40.0 million, reducing from S$52.1 million in FY2015 to S$12.1 million. The reduction was due mainly to the Group making impairment provisions amounting to S$37.3 million in the last quarter of FY2015, comprising S$36.5 million in respect of the carrying value of investment in an associated company and a S$0.8 million provision in respect of two long-term operating leases. There were no similar provisions made in FY2016.

The other main factor for the reduction was due to a S$2.7 million reduction in the Group's tooling and injection moulding business. The reduction in expenses in relation to the tooling and injection moulding business (for which the manufacturing operations are based in PRC), was due partly to a weakening of the Renminbi exchange rate against the Singapore dollar in 2016 and to costs reduction arising from the streamlining of the Group's manufacturing operations.

Profit Before Income Tax

The Group achieved a pre-tax profit of S$2.1 million for the full year (FY2015: Pre-tax loss of S$38.0 million).

Income Tax Expense

The Group's income tax for FY2016 amounted to S$0.6 million (FY2015: S$0.6 million). The current year's income tax expense was in line with previous year despite the increased profits due to availability of unabsorbed tax losses to set-off against chargeable income.

Profit For The Period

The Group recorded an after-tax profit of S$1.5 million for FY2016 (FY2015: S$38.5 million loss).

Statement Of Financial Position

(a) Property, plant and equipment increased by S$5.3 million from S$6.2 million at 31 December 2015 to S$11.5 million at 31 December 2016. The increase was due mainly to the consolidation of Xenon group's financial position, offset partly by depreciation charge of S$2.0 million for the year.

(b) Investments in associates reduced from S$128,000 at 31 December 2015 to S$59,000 at 31 December 2016. This variance was attributed mainly to Xenon group ceasing to be an associated company during the year as well as the Group's equity share of losses of its associated companies for FY2016.

(c) Intangible assets increased from S$3.4 million at 31 December 2015 to S$4.0 million at 31 December 2016. The increase was mainly in relation to the goodwill on consolidation in respect of Xenon group, which became a subsidiary of the Group during the year.

Chairman's Statement

(d) Cash and bank balances decreased by S$2.9 million from S$9.7 million at 31 December 2015 to S$6.8 million at 31 December 2016. Bank borrowings (current and non-current) increased marginally by S$0.1 million from S$7.9 million at 31 December 2015 to S$8.0 million at 31 December 2016. Bank borrowings include bank overdrafts at 31 December 2016 of S$1.5 million (31 December 2015: S$0.4 million).

(e) Finance lease payables (current and non-current) increased from S$0.03 million at 31 December 2015 to S$0.8 million at 31 December 2016 due mainly to the inclusion of Xenon group.

Prospects For 2017

Notwithstanding the improved performance of the Group in the second half of 2016, the near term outlook is likely to remain challenging, particularly in view of the prevailing global economic uncertainties which may continue to dampen business sentiment. We anticipate having to deal with continuing price pressures from customers, an intensifying competitive landscape as well as rising costs in China where our tooling and injection moulding operations are based. We will continue to look to rationalise our manufacturing operations to maintain our competitiveness.

We remain optimistic on growth opportunities for our metal packaging and custom printing operations in Vietnam, one of the region's faster growing economies, for the near term.

In June 2016, we announced that a 70% subsidiary had secured a letter of award from a large utility company for the supply and installation of electrical equipment and services valued at approximately S$21 million. Of this amount, about S$8 million is subjected to an option exercisable at the customer's discretion. Delivery and installation has commenced, and equipment and services valued at approximately S$1.4 million have been delivered as of 31 December 2016. Though the supply schedule is dependent on the customer, we expect deliveries of equipment and services to pick up in 2017. The contract is expected to be completed by FY2019.

The Group continues to actively explore other business opportunities which may contribute to its earning base and add shareholder value.

Acknowledgement

I would like to express my sincere thanks to our hardworking staff, our bankers, our customers and our shareholders for their continuing support.

QUEK SIM PIN
Executive Chairman
30 March 2017

Board of Directors

Quek Sim Pin

Executive Chairman

Mr. Quek graduated with a Bachelor of Business Administration (Honours) Degree from the University of Singapore in 1971 and qualified as an Associate of the Chartered Institute of Insurers (London) in 1975. He founded the Lityan group in 1983 and has been the Executive Chairman of the Company since 1989 after the acquisition of the Lityan group by the Company. He is also on the board of directors of various companies in the Group.

Low Seow Chye

Independent Director

Mr. Low was appointed as independent, non-executive director on 12 July 1990. He was also appointed as Chairman of the Audit and Nominating Committee. He retired as a practicing accountant recently. Mr. Low is a member of the CPA Australia and a Chartered Accountant of Singapore. He is also an ordinary member of the Singapore Institute of Directors.

Victor Levin

Non-Executive Director

Mr. Victor Levin was appointed as non-independent, non-executive director on 29 October 2010. He is the Chairman and General Manager of OOO "Melina" Moscow and holds directorship in several companies. He is Executive Chairman of Neftech Pte. Ltd., an associated company of Acma Ltd.. He is a graduate of the Moscow Petroleum & Gas Industry Institute.

Robert Low Mui Kiat

Independent Director

Mr. Robert Low was appointed as independent, non-executive director on 11 December 2009. He was also appointed as Chairman of Remuneration Committee. Mr. Robert Low graduated from Curtin University, Perth, Western Australia in accounting and is a Chartered Accountant of the Malaysian Institute of Accountants (MIA). He has more than 30 years of experience working in the Oil & Gas industry, having worked mainly with Exxon Mobil where his last position in 2005 was as Asia Pacific Facilities Manager. Since then, he has been working as a consultant in the Oil & Gas industry.

Tan Keng Lin

Independent Director

Mr. Tan was appointed as independent, non-executive director on 23 August 2012. Mr. Tan graduated with a Bachelor of Science degree from the University of Singapore. He has been a non-executive Director of Acma Ltd from 1995 to 2006. Over the last 30 years, he has been managing his family's trading businesses.

Key Management

Rai Rajen
Chief Operating Officer

Mr. Rai is a fellow of the Association of Chartered Certified Accountants, United Kingdom and a Certified Public Accountant of Singapore. He has been with the Lityan group since 1984 and was the Finance Director of Acma Ltd. from 1989 to 1995. He is also on the board of directors of various companies in the Group.

Chou Kong Seng
Chief Financial Officer

Mr. Chou qualified as a Chartered Accountant in the United Kingdom and was a Certified Public Accountant of Singapore. He has been with the Group since 1994. He is on the board of directors of various companies in the Group. Prior to joining the Group, he was a senior manager with an international public accounting firm in Singapore.

Derek Thu Boon Leong
Managing Director, Injection Moulding Operations

Mr. Derek Thu is the Managing Director of our injection moulding operations which has plants in Xiamen and Shanghai. He is also responsible for the tool-making plant at Xiamen. He holds a Diploma in Electronics and Electrical Engineering. He worked for a Japanese multinational company before joining the Group in 1994 as a Quality Manager. He was subsequently promoted to run our plant in Xiamen as the General Manager. Having done well there, he was promoted in 2002 to run all our moulding operations.

Graham Wright
Managing Director, International Sales Tool-making Operations

Mr. Wright is in charge of our Marketing Offices in Germany, Spain and Latvia which brings in the orders for plastic injection moulds for the automotive market in Europe. Mr. Wright holds a degree in Management (BSc Hons) from Manchester University and he has been working in this field for many years with international companies. He joined us in 2000.

The Board of Directors (the **"Board"**) of Acma Ltd. (**"Acma"** or the "Company") is committed to maintaining a high standard of corporate governance to ensure greater transparency and to protect the interests of the Company's shareholders (the **"Shareholders"**).

The Company has put in place various policies and practices that will safeguard the interests of Shareholders and enhance Shareholders' value as part of its effort to maintain high standards of corporate governance. This report describes the corporate governance practices and procedures adopted by the Company with specific reference to the revised Code of Corporate Governance 2012 (the **"Code"**) prescribed by the Singapore Exchange Securities Trading Limited (the **"SGX-ST"**). References to the principles of the Code are listed below. The Company has complied with the principles of the Code where appropriate.

(I) BOARD MATTERS

The Board's Conduct of its Affairs

Principle 1: Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.

As at the date of this report, the Board comprises the following members:

Quek Sim Pin	(Executive Chairman)
Victor Levin	(Non-Executive Director)
Low Seow Chye	(Independent Director)
Robert Low Mui Kiat	(Independent Director)
Tan Keng Lin	(Independent Director)

The Board supervises the management of the business and affairs of the Group. It has established self-regulatory and monitoring mechanisms to ensure that effective corporate governance is practiced.

The Board's responsibilities include:-

- providing entrepreneurial leadership, setting the strategic direction and overall corporate policies of the Group;
- overseeing the Group's overall strategic plans, approval of major funding proposals, investments and divestment proposals, monitoring of the financial performance as well as approval of the full year and quarterly financial reports of the Group;
- ensuring the adequacy and effectiveness of internal controls, risk management processes and financial reporting and compliance;
- identifying key stakeholders and balancing the demands of the business with those of the key stakeholders and ensuring the obligations to key stakeholders (including shareholders) are met; and
- considering sustainability issues.

At least half of the Board is made up of independent directors who have the appropriate core competencies and diversity of experience to enable them to contribute effectively to the Group. All directors are expected, in the course of carrying out their duties, to act in good faith, provide insights and consider the interests of the Group.

While the Board remains responsible for providing oversight in the preparation and presentation of the financial statements, it has delegated to the management the task of ensuring that the financial statements are drawn up and presented in compliance with the relevant provisions of the Singapore Companies Act, Chapter 50 and the Singapore Financial Reporting Standards.

Board committees, namely the Audit Committee, Nominating Committee and the Remuneration Committee, have been constituted to assist the Board in the discharge of specific responsibilities. These committees review or make recommendations to the Board on matters within their specific terms of reference.

The Board meets regularly and additional meetings are convened when deemed necessary by the Board. Board members are provided with complete, adequate and timely information to allow directors to fulfil their duties properly. Management has access to the directors for guidance or exchange of views outside of the formal environment of the Board meetings.

Newly appointed directors are given an orientation on the Group's business strategies and operations, its corporate governance practices as well as information on their duties as a director under Singapore law. A formal letter outlining the duties and responsibilities of the Board will also be issued to each new director upon his initial appointment.

The Board has separate and independent access to the Company Secretary at all times. The Company Secretary attend Board and Committees' meetings and are responsible for ensuring that Board procedures are followed. The Board also has access to independent professional advice, where necessary, at the Company's expense.

Directors may also, at the Company's expense, attend any training course in connection with their duties as directors, if such participation or attendance is required. The directors are informed via electronic mail and briefed during Board meetings of new or revision in laws and regulations as well as changes to financial reporting standards which are relevant to the Group.

Briefings and updates provided for directors in FY2016:-

a) At audit committee meetings, the external auditors briefed attendees on developments in financial reporting standards.
b) The management updated the Board at each Board meeting on business and strategic developments of the various business segments of the Group.

The Company has adopted internal guidelines setting forth matters that require Board approval. The types of material transactions that require Board approval under such guidelines are listed below:

a) corporate strategy and business plans;
b) announcement of quarterly, half year and full year results and annual report;
c) declaration of interim dividends and proposal of final dividends;
d) convening of shareholders' meeting;
e) authorisation of major acquisition and disposal of companies and investments; and
f) authorisation of major transactions.

The Board has delegated certain specific responsibilities to the Audit Committee ("**AC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). More information on them is set out below. The Board accepts that while these Committees have the authority to examine particular issues and will report back to the Board with their decisions and recommendations, the ultimate responsibility for the final decision on all matters lies with the entire Board.

Board Composition and Balance

Principle 2: There should be a strong and independent element on the Board, which is able to exercise objective judgement on corporate affairs independently, in particular, from Management. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently has five (5) members, comprising one (1) Executive Director and four (4) Non-Executive Directors, three of whom are independent. Information in respect of the directors is set out in the "Board of Directors" section of this Annual Report.

To facilitate effective management, certain functions have been delegated to various Board committees, namely the AC, NC and RC. The Board members and Board Committee members are set out as below:

Table 1:

Name of Director	Status	Board	Audit Committee	Nominating Committee	Remuneration Committee
Executive					
Quek Sim Pin	Non-independent	Chairman			
Non-Executive					
Low Seow Chye	Independent	Member	Chairman	Chairman	Member
Robert Low Mui Kiat	Independent	Member	Member	Member	Chairman
Tan Keng Lin	Independent	Member	Member	Member	Member
Victor Levin	Non-independent	Member			

The criterion for independence is based on the definition given in the Code. According to the Code, an independent director is one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgment with a view to the best interests of the Company.

With the exception of Mr. Victor Levin's relationship with Neftech Pte Ltd and Femto Pte Ltd, both of which are associated companies of the Group, the non-executive directors have no relationship with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. Mr. Victor Levin is the executive chairman and holds a substantial shareholding interest in Neftech Pte. Ltd. and Femto Pte. Ltd.. Mr. Victor Levin is also a substantial shareholder of the Company.

The NC is charged with the responsibility of determining annually whether or not a director is independent. Each independent director is required to complete a confirmation of independence drawn up according to the guidelines stated in the Code. He is required to disclose to the Board any relationships or circumstances which are likely to affect, or could appear to affect, his judgment. Based on the annual review according to the guidelines stated in the Code, the NC is of the view that all independent directors are independent.

As more than half of the Board is independent, the requirement of the Code that at least half of the Board comprises Independent Directors where the Chairman and the chief executive officer is the same person, is satisfied.

When a director has multiple board representations, the NC also considers whether or not the director is able to and has adequately carried out his duties as a director of the Company. The NC is satisfied that sufficient time and attention were given by the directors to the affairs of the Company during FY2016, notwithstanding that they hold directorships in other private companies and have other principal commitments, and will continue to do so in FY2017.

The NC is of the view that the current board size is appropriate, taking into account the nature and scope of the Company's operations, and the depth and breadth of knowledge, expertise and business experiences of the directors to govern and manage the Group's affairs.

The NC is satisfied that the Board has the appropriate mix of expertise and experience that as a group provide an appropriate balance and diversity of skills, experience and knowledge of the Company. Each director has been appointed on the strength of his calibre, experience and expertise to contribute to the development of the Company. The NC is satisfied that the Board has substantial independent elements to ensure objective judgment is exercised on corporate affairs independently from Management. No individual or small group of individuals dominates the Board's decision making

The Board has no dissenting view on the Chairman's statement for the year in review.

The details of board meetings held in FY2016 as well as the attendance of each board member at those meetings and meetings of various board committees are disclosed below:

Name of Director	Board	Audit Committee	Nominating Committee	Remuneration Committee
Number of meetings held	4	4	1	1
Executive Director				
Quek Sim Pin	4	-	-	-
Non-Independent Director				
Victor Levin	2	-	-	-
Non-Executive Directors				
Low Seow Chye	4	4	1	1
Robert Low Mui Kiat	4	4	1	1
Tan Keng Lin	4	4	1	1

Role of Chairman and Chief Executive Officer

Principle 3: There should be a clear division of responsibilities at the top of the company - the working of the Board and the executive responsibility of the company's business - which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Mr. Quek Sim Pin ("Mr. Quek"), the Executive Chairman, currently assumes the roles of both Chairman and Chief Executive Officer ("CEO") of the Company. As Chairman, Mr. Quek ensures that corporate information is adequately and timely disseminated to all directors to facilitate effective contribution of all directors. He promotes a culture of sound corporate governance as well as of openness and debate both within the Board and between the Board and management. He ensures that adequate time is allocated for discussion of all agenda items, in particular strategic issues, and bears responsibility for the workings of the Board.

As CEO, Mr. Quek bears full executive responsibility for the overall management of the Company's businesses including charting its corporate and strategic direction.

Taking into account the current corporate structure and the scope of the Company's operations, the roles of the Chairman and CEO are not separated. All major proposals and transactions are made in consultation with the Board which comprises independent and non-executive directors. The Board is of the view that there are sufficient safeguards and checks in place to ensure that the process of decision making by the Board is independent and based on collective decisions, without any individual or group of individuals exercising any considerable power and influence.

In accordance with Principle 2 the Code, as the Chairman and CEO is the same person, at least half of the Board is made up of independent directors.

Board Membership and Nominating Committee

Principle 4: There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

The Nominating Committee's terms of reference include making recommendations to the Board on all Board appointments. It comprises three non-executive directors, all of whom are independent directors.

The principal functions of the NC are as follows:

- review and recommend to the Board the appointment and re-appointment of the directors having regard to each director's competencies, commitment, contribution and performance;
- review and assess candidates for directorships before nominating such candidates for approval by the Board;
- review the composition of the Board annually to ensure that the Board has an appropriate balance of independent directors and ensuring an appropriate balance of expertise, skills, attributes and abilities among the directors;
- make recommendations to the Board on training and professional development for Board members:
- review and determine on an annual basis whether or not a director is independent;
- to decide whether a director is able to and has been adequately carrying out his duties as director; and
- to assess the overall performance of the Board and contribution of each director to the effectiveness of the Board.

The NC has established a formal and transparent process for the Company on the appointment of new directors and re-nomination and re-election of directors at regular intervals. It is also responsible for determining the independence each director and conducting formal assessment of the effectiveness of the Board as a whole and the contribution of each director to the effectiveness of the Board. In evaluating the Board's performance, the NC considers a number of factors including those set out in the Code.

Pursuant to Article 93 of the Company's Constitution, one third of the Board are to retire from office by rotation and be subject to re-election at the Company's Annual General Meeting.

All directors are required to declare their board representations. The NC has reviewed and is satisfied that the directors of the Company have been adequately carried out his duties as a director of the Company.

The Board, through the delegation of its authority to the NC, has used its best efforts to ensure that directors appointed to the Board possess the background, experience and knowledge in technology, business, finance and management skills critical to the Group's businesses and that each director, through his unique contributions, brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The search and nomination process for new directors, if any, will be through search companies, contacts and recommendations that go through the normal selection process.

New directors are appointed by the Board after the NC has reviewed and recommended their appointment. Such new directors are required to submit themselves for re-election at the next Company's Annual General Meeting following their appointment.

As at 31 December 2016, one of the independent directors, Mr. Low Seow Chye, has served on the Board for more than nine years from the date of his first appointment. In subjecting the independence of Mr. Low to particularly rigorous review, the NC and the Board have (with Mr. Low abstaining from discussions and deliberation) placed more emphasis on whether he has demonstrated independent judgment, integrity, professionalism and objectivity in the discharge of his duties rather than imposing a maximum number of years that he should serve. The NC and the Board have noted that Mr. Low has not hesitated to express his own viewpoint as well as seeking clarification from management on issues he deems necessary. After due consideration, the NC and the Board are of the view that Mr. Low remains independent because he has continued to demonstrate strong independence in character and objective judgment.

The NC has recommended the re-election of Mr. Low Seow Chye and Mr. Quek Sim Pin who are retiring by rotation pursuant to Article 93 of the Company's Constitution at the forthcoming Annual General Meeting. The retiring directors have offered themselves for re-election and the Board has accepted the recommendations of the NC.

The dates of initial appointment and last re-election of the Directors as well as their directorships in other listed companies are set out below:

Name of Director	Date of Initial Appointment as Director in Acma Ltd	Date of Re-election as Director in Acma Ltd	Directorships in Other Listed Companies	
			Present	Last Three Years
Quek Sim Pin	6 December 1989	29 April 2014	–	–
Victor Levin	29 October 2010	28 April 2016	–	–
Low Seow Chye	12 July 1990	29 April 2015	–	–
Robert Low Mui Kiat	11 December 2009	29 April 2015	–	–
Tan Keng Lin	23 August 2012	28 April 2016	–	–

Key information in respect of the directors' academic and professional qualifications are set out in Page 5 of this Annual Report.

The NC has implemented an appraisal process that requires each director to assess the performance of the Board as a whole annually. It focuses on a set of performance criteria which includes the evaluation of the size and composition of the Board, the Board's access to information and Board accountability. The performance criteria are not changed from year to year unless circumstances deem it necessary for any of the criteria to be changed. The findings of such evaluations were analysed and discussed with a view to identifying areas for improvement and implementing certain recommendations to further enhance the effectiveness of the Board. In its evaluation, the NC considers the expertise and experience of each Board member, their attendance, participation and contributions to the Board both inside and outside of Board meetings which can be in various forms, including Management's access to him for guidance or exchange of views outside the formal environment of the Board.

The NC has reviewed the overall performance of the Board in terms of its role and responsibilities and the conduct of its affairs as a whole for the financial year. It is of the view that the performance of the Board as a whole has been satisfactory.

Access to Information

Principle 6: In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

Directors are furnished regularly with information from Management about the Group as well as the relevant information relating to the business to be discussed at Board meetings. All directors have separate and independent access to the management team and Company Secretary, all Board and board committees' minutes and all approval and information papers. In between Board meetings, important matters concerning the Company are also put to the Board for its decision by way of circulating resolutions in writing for the Directors' approval together with supporting memoranda to enable the Directors to make informed decisions

Directors are also welcomed to request further explanations, briefings or informal discussions on any aspect of the Company's operations or business issues from management. The CEO will make the necessary arrangements for the briefings, informal discussions or explanations required.

The Company Secretary attends Board meetings and is responsible for ensuring that proper procedures at such meetings are followed. In the absence of the Company Secretary, a representative from the Key Management will be appointed. Together with the Company's management, they are responsible to ensure that the Company complies with the requirements of the Companies Act, SGX-ST Listing Manual and other rules and regulations that are applicable to the Company. The appointment and removal of the Company Secretary would be a matter for the Board as a whole.

Each member of the Board, in the furtherance of their duties, has access to take independent professional advice if necessary, at the Company's expense.

(II) REMUNERATION MATTERS

Remuneration Committee

Principle 7: There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

Principle 8: The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than necessary for this purpose.

Principle 9: Each company should provide clear disclosure of its remuneration policy, level and mix of remuneration, and the procedure for setting remuneration in the company's annual report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key executives, and performance.

The RC comprises three non-executive directors, all of whom are independent directors.

Its role is to review and advise the Board an appropriate and competitive framework of remuneration for the Board, key executives and the Group. In developing remuneration policies, RC takes into account pay and employment conditions within the same industry and in comparable companies, as well as the Group's relative performance and the performance of individual directors and key management staff. The Board has also delegated to the RC the administration of the share incentive plan of the Company.

The RC has access to appropriate expert advice in the field of executive compensation outside the Company where required. The RC shall ensure that existing relationships, if any, between the Company and its appointed remuneration consultants (if any) will not affect the independence and objectivity of the remuneration consultants.

Remuneration for key executives is based on corporate and individual performance as well as the overall performance of the Group. In FY2016, there were no executive directors or key management executives who were contractually entitled to profit-sharing bonuses calculated as a percentage of profit from operations.

At the moment, the Company does not use any contractual provisions to reclaim incentive components of remuneration from executive directors and key management executives in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company. The RC will consider if required, whether there is a requirement to institute such contractual provisions to reclaim the incentive components of the remuneration of the executive directors and key management executives paid in prior years in such exceptional circumstances.

The RC's recommendations are submitted to the Board for endorsement. No director is involved in deciding his own remuneration.

In setting remuneration packages, the RC ensures that the directors are adequately but not excessively remunerated as compared to the industry and in comparable companies. The RC also ascertained that non-executive directors are not overly-compensated to the extent that their independence may be compromised.

The Executive Chairman/CEO has a service contract which includes terms of termination under appropriate notice. The non-executive directors do not have service contracts with the Company. They are remunerated based on basic fees for serving on the Board and Board Committees as well as fees linked to attendance at meetings for non-executive directors. In addition, directors who are non-controlling shareholders are also entitled to participate in the Company's share option scheme. Share options are granted to better align the interests of such non-executive directors with the interests of shareholders. Directors' fees are recommended by the Board to shareholders for approval at the Company's Annual General Meeting.

Except for their fees and share options, directors are not contractually entitled to any termination, retirement and post-employment benefits.

The level and mixed of each Director's remuneration for FY2016 are set out below:

	Fees & Salary %	Bonus %	Other benefits %	Number of share options granted
Remuneration Band: S$250,000 to S$499,999				
Quek Sim Pin	89	7	4	-
Remuneration Band: Below S$250,000				
Low Seow Chye	100	-	-	80,000
Robert Low Mui Kiat	100	-	-	80,000
Victor Levin	100	-	-	-
Tan Keng Lin	100	-	-	80,000

The aggregate remuneration payable to directors for FY2016 amounted to S$521,000 including fees of S$114,000.

The Company has disclosed the respective remunerations of the Directors individually (including the CEO) by names and within their respective remuneration bands (below S$250,000 and S$250,000 to S$499,999) as well as the percentage composition in terms of Fee & Salary, Bonus and Other Benefits. Due to the commercial sensitivity of remuneration, the Board is of the view that it will not be in the Company's interest to provide any further detailed information on the remuneration payable to the directors and the CEO.

Remuneration of top 4 key management executives (who are not Directors) for FY2016 are as set out below:

	Number of employees
S$250,000 to S$499,999	2
Below S$250,000	2

The aggregate remuneration paid to the top 4 key management personnel for FY2016 amounted to S$1,090,000.

The remuneration of the top 4 key management personnel (who are not Directors) is also disclosed within the two bands of below S$250,000 and S$250,000 to S$499,999. However, the Board is of the opinion that the remuneration details of key management staff and the aggregate remuneration paid to each of them are confidential and full disclosure of such information would not be in the interest of the Company.

No employee of the Company and its subsidiaries was an immediate family member of a Director and whose remuneration exceeded S$50,000 in FY2016.

Employees' Share Option Scheme

The Company on 28 November 2016 (the "Date of Grant") issued 1,976,000 Options pursuant to the Acma Employees' Share Option Scheme 2014, with an exercise price of S$0.35 per share. The Options were offered at 15.6% premium to the market price of the Company's shares based on the average of the last dealt prices for the shares on the Stock Exchange over the five (5) consecutive Market Days immediately preceding the date of grant to the Options.

The 240,000 Options in aggregate were granted to Directors as follows:

(a) Mr. Low Seow Chye - 80,000
(b) Mr. Robert Low Mui Kiat - 80,000
(c) Mr. Tan Keng Lin - 80,000

The Options are exercisable at any time on the first anniversary of the Date of Grant to the day falling before the fifth (5^{th}) anniversary of the Date of Grant (i.e. between 28 November 2017 to 27 November 2021, both dates inclusive).

The Board has not included in the Annual Report a separate annual remuneration report on the remuneration of directors and key management personnel as the Board is of the view that matters which are required to be disclosed in such annual remuneration report have already been sufficiently disclosed in this Corporate Governance Report and in the financial statements of the Company.

(III) ACCOUNTABILITY AND AUDIT

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Company's performance and position, when providing interim and other price sensitive public reports on a quarterly basis, and reports to regulators (if required).

Management is accountable to the Board and presents annual budgets, business plans and quarterly management accounts of the Group to the AC and Board for review. For the interim quarterly unaudited financial statements, the Board provides a negative assurance confirmation to shareholders in line with Rule 705(5).

The Board also take steps to ensure compliance with the law and other regulatory requirements as follows:

a) regular updates on changes on legislative and regulatory requirements including requirements under the listing rules of the SGX-ST;
b) consultations with professional advisors as appropriate;
c) seeking feedback from the external auditors on their observations during the conduct of the audit process;
d) ensuring disclosure obligations are fulfilled by obtaining feedback from professional advisors and completion of the relevant disclosure checklists

Audit Committee

Principle 11: The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of a sound system of internal controls and risk management practices for good corporate governance. The Board affirms its overall responsibility for the Group's systems of internal controls and risk management and for reviewing the adequacy and integrity of those systems on an annual basis

Management regularly reviews the Company's business and operational activities to identify areas of significant business risks as well as appropriate measures to control and mitigate these risks.

The Group has put in place appropriate risk management policies and processes to evaluate the operating, investment and financial risks of the Group. In evaluating a new investment proposal or business opportunity, several factors will be considered before a decision is being taken. These factors, which are essentially designed to ensure that the rate of returns commensurate with the risk exposure taken, including but not limited to evaluation of the return on investment, the pay-back period, cash-flow generated from the operation, potential for growth and investment climate.

The main areas of financial risk faced by the Group are liquidity risk, credit risk and foreign currency risk. Further details of the financial risks and how the Group manages them are set out in Note 36 to the Financial Statements.

The Board has received assurances from the CEO and the CFO in respect of FY2016 that:-

(a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and
(b) the Group's risk management and internal control systems are in place and effective.

The AC and the Board have considered the internal controls established and maintained by the Group, work performed by the external auditors in the course of their statutory audit (to the extent as required by them to form an audit opinion on the statutory financial statements), reviews performed by Management and various Board committees and the assurances received from the CEO and CFO. Based on the aforesaid, the Board, with the concurrence of the AC, is of the opinion that the system of internal controls, including financial, operational, compliance and information technology controls were adequate and effective to meet the Group's existing business objectives, having addressed the risks which the Group considers relevant and material to its operations. While the Board acknowledge its overall responsibility for the Group's systems of internal controls and risk management, it should be noted that such systems are designed to manage rather than to eliminate risks and therefore cannot provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors or misstatements, poor judgment in decision-making, human errors, losses, fraud, non-compliance with all relevant legislation or other irregularities.

The AC has put in place "Whistle-Blowing" arrangements by which staff and third-parties may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The objective is to ensure that arrangements are in place for independent investigation of such matters and for appropriate follow-up action.

Principle 12: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

The AC comprises three non-executive directors, all of whom are independent directors. No former partner or director of the Company's existing auditor is a member of the AC.

The Board is of the view that the AC has the requisite financial management expertise and experience to discharge its responsibility properly, with the members bringing with them extensive managerial and financial expertise in their own professional capacities. At least two members, including the AC Chairman, have relevant accounting or related financial management expertise or experience to discharge the AC's responsibilities.

The AC assists the Board to maintain a high standard of corporate governance, particularly in the areas of effective financial reporting and the adequacy of internal control systems of the Group.

The responsibilities of AC include:

- review with the external auditors the audit plans and any changes to legislation or financial reporting standards which may have a bearing on the financial statements of the Group;
- review with the external auditors their audit findings and their audit report;
- review the annual financial statements and the independent auditors' report on those financial statements before submission to the Board for approval;
- review and discuss with external auditors any suspected fraud, irregularities, suspected infringement of any relevant laws, rules and regulations, which has or likely to have a material impact on the Group's operating results or financial position, and management's response;
- evaluate the assistance given by management to the external auditors and discuss issues of concern, if any, arising from interim and final audits or any matters the auditors wish to discuss;
- make recommendation to the Board on the proposal to shareholders on the appointment, re-appointment and removal of the external auditors;
- review any interested person transactions in respect of Interested Person Transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- review any potential conflicts of interest;
- review whistle blowing investigations within the Group and ensuring appropriate follow up action, if required;
- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and which warrant for AC's attention; and
- generally undertake such other functions and duties as may be required under the AC Charter, by statute or the Listing Manual of SGX-ST, and by such amendments made thereto from time to time.

The AC is authorised to investigate any matters within its terms of reference and to have full access to the co-operation of the management and external auditors, Mazars LLP, for it to discharge its duties. It has the full authority and discretion to invite any director or executive officer to attend its meetings.

The AC has met with the external auditors separately without the presence of management for the year under review. In addition, updates on changes in accounting standards and treatment are prepared by the external auditors and circulated to members of the AC periodically for information.

The AC recommends to the Board the appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the external auditors.

The aggregate amounts of fees paid or payable to Mazars LLP, the external auditors of the Company, broken down into audit and non-audit services during FY2016 are as follows:

Audit fees	S$227,000
Non-audit fees	S$ 11,308
Total	S$238,308

The AC has considered the volume of the non-audit services provided by external auditors, Mazars LLP, to the Group during the financial year, and being satisfied that the nature and extent of such services will not prejudice the independence and objectivity of the external auditors, and that Rule 712 and 716 of the SGX-ST Listing Manual have been complied with.

The AC has also considered and confirmed that Mazars LLP is a suitable audit firm to meet the Company's audit obligations, having regard to the adequacy of resources and experience of the firm. Accordingly the AC recommends to the Board their re-appointment as external auditors of the Company at the forthcoming Annual General Meeting.

Certain subsidiaries and associated companies of the Company were audited by different auditors as disclosed in Notes to the Financial Statements in the Annual Report. However, the Management has made arrangements for the Company's Group auditors to review the audit files of all significant subsidiaries and associated companies, where applicable, and raise any issues of concern and report to the Board and the Audit Committee. The Board and AC have considered these arrangements pursuant to Rule 716 of SGX-ST Listing Manual and are satisfied that the appointments would not compromise the standard and effectiveness of the audit of the Group.

Internal Audit

Principle 13: The Company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The Board has deliberated and agreed that the size of the current business and operations of the Group does not warrant the Group having an in-house internal audit function or to appoint internal auditors. Currently, the accounting team from the corporate office conduct internal audit on significant companies and report directly to its audit committee if required.

As part of the annual statutory audit of the financial statements, the external auditors also reports to the AC on any material weaknesses in the Group's internal controls and provide recommendation on other significant matters which have come to their attention during the course of the audit.

The Group reviews annually the requirements in relation to its needs in relation to an internal audit function and will consider outsourcing its internal audit function to a firm of professional accountants at an appropriate time. The hiring, removal, evaluation and compensation of the professional firm to which the internal audit function is to be outsourced, shall be at subject to the approval of the AC. The internal auditors will report directly to the AC and shall have unfettered access to all the Company's documents, records and personnel.

(IV) COMMUNICATION WITH SHAREHOLDERS

Principle 14: Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

Principle 15: Companies should actively engage their shareholders and put in place an Investor relations policy to promote regular, effective and fair communication with shareholders.

Principle 16: Companies should encourage greater shareholder participation at general meetings of shareholders and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Communication with shareholders forms part of the Group's corporate governance and commitment to transparent, comprehensive and prompt disclosure. The Company does not practise selective disclosure. Price sensitive information is always released via SGX-ST's website after trading hours or when there is a trading halt.

The Company uses a number of communication channels to account to shareholders for the performance of the Group and to provide updates on pertinent developments. These include the annual report, quarterly results and other announcements made through the SGXNET, press releases, as well as the Annual General Meeting. The Company strives for timeliness and transparency in its disclosures to the shareholders and the public.

All shareholders are encouraged to attend the Annual General Meeting to ensure a greater level of shareholder participation. To facilitate participation by shareholders, the Constitution of the Company allows the shareholders to attend and vote at general meetings of the Company or by proxies. A shareholder is entitled to appoint not more than two proxies to attend, speak and vote, at general meetings in their absence. The proxy forms must be deposited with the Company not less than forty eight (48) hours before the time set for general meeting.

Every matter requiring shareholders' approval is proposed as a separate resolution. Each item of special business included in the notice of meeting is accompanied where appropriate by an explanation for the proposed resolution. As authentication of shareholder identity information and other related security issues still remain a concern, the Company has decided for the time being, not to implement voting in absentia by mail, facsimile or email.

All shareholders of the Company receive the Annual Report (online access at the Company's website, requested for printed copies or CD-ROM), circulars and notices of the shareholders' meetings. The notices are also advertised in newspapers and via announcement on SGXNET. At general meetings, shareholders are given the opportunity to air their views and ask Directors and Management questions. The Board and management are present at general meetings to address questions and views expressed by shareholders. The external auditors are also present at the Annual General Meeting to address shareholders' queries about the conduct of audit and the content of the auditors' report.

To promote greater transparency and effective participation, voting of all of its resolutions in general meetings are conducted by poll. The detailed voting results, including the total number of votes cast for and against each resolution tabled, are announced at the general meeting and via SGX-ST's website.

The minutes of general meetings are prepared and are made available to shareholders upon written request.

DIVIDEND POLICY

The Company has not formally instituted a dividend policy.

In proposing any dividend payout and/or determining the form, frequency and/or the amount of such dividend payout, the Board will take into account, *inter alia*, the Group's financial position, retained earnings, results of operation and cash flow, the Group's working capital requirements, general economic conditions and other internal or external factors that may have an impact on the business or financial performance of the Group.

The Board has not recommended any dividend for FY2016 as the Company has accumulated losses.

DEALING IN SECURITIES

The Group has in place an internal code of conduct on dealings in securities based on SGX-ST Listing Manual Rule 1207(19), which prohibits the directors, key executives of the Group and their connected persons from dealing in the Company's shares during the "black-out" periods commencing two weeks before the announcement of the Group's financial statements for each of the first three quarters of its financial year and one month before the announcement of the Group's full year financial statements and ending on the date of the announcement of such results; and when they are in possession of price-sensitive and confidential information, in accordance to the laws of insider trading. They are also discouraged from dealing in the Company's securities on short-term considerations.

In addition, directors, key executives and their connected persons are required to observe the insider trading under the Securities and Futures Act at all times even when engaging in dealings in securities within the permitted periods. To enable the Company to monitor such transactions, directors of the Company are required to report to the Company Secretary whenever they deal in the Company's securities.

INTERESTED PERSON TRANSACTIONS

To ensure compliance with SGX-ST Listing Manual Rule on interested person transactions, the Board meets quarterly to review if the Company will be entering into any interested person transaction. If the Company is intending to enter into an interested person transaction, the Board will ensure that the Company complies with the rules under Chapter 9 of the SGX-ST Listing Manual.

The Audit Committee will also meets quarterly to review whether the Company will be entering into any interested person transactions, and if so, the Audit Committee ensures that the Company complies with the rules under Chapter 9 of the SGX-ST Listing Manual.

When a potential conflict of interest arises, the director concerned does not participate in discussions, make decision and refrain from exercising any influence over the other members of the Board.

The Group does not have a general mandate from shareholders for interested person transactions pursuant to Rule 920 of the Listing Manual of the **SGX-ST.**

There were no interested person transactions conducted in FY2016 which exceeds S$100,000 in value.

MATERIAL CONTRACTS AND LOANS
Listing Manual Rule 1207(8)

Pursuant to Listing Manual Rule 1207(8), the Company confirmed that except as disclosed in the Report of Directors and Financial Statements of this Annual Report, there were no other material contracts and loans of the Company and its subsidiaries involving the interests of any Director or controlling shareholder of the Company, either still subsisting at the end of FY2016 or if not then subsisting, which were entered into since the end of the previous financial year.

Financial Contents

The directors present their statement to the members together with the audited consolidated financial statements of the Group for the financial year ended 31 December 2016 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2016.

1. Opinion of directors

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016, and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended in accordance with the provisions of the Singapore Companies Act Chapter 50 (the "Act") and Singapore Financial Reporting Standards; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

2. Directors

The directors of the Company in office at the date of this statement are:

Quek Sim Pin	Executive Chairman
Low Seow Chye	Independent Director
Robert Low Mui Kiat	Independent Director
Tan Keng Lin	Independent Director
Victor Levin	Non-Executive Director

3. Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects were, or one of whose objects was, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except as disclosed in paragraphs 4 and 5 below.

4. Directors' interests in shares or debentures

The directors of the Company holding office at the end of the financial year had no interest in the share capital and debentures of the Company and related corporations (other than wholly-owned subsidiaries), as recorded in the Register of Directors' Shareholdings kept by the Company under Section 164 of the Act, except as disclosed below:

Name of directors and respective company in which interest are held	Direct interests		Deemed interests	
Acma Ltd.	**At 1.1.2016**	**At 31.12.2016**	**At 1.1.2016**	**At 31.12.2016**
No. of ordinary shares				
Quek Sim Pin	28,129	4,447,671	7,213,104	2,793,562
Victor Levin	2,682,673	2,682,673	4,554,455	4,554,455
Low Seow Chye	10,000	10,000	–	–
Robert Low Mui Kiat	–	–	1,450	1,450

4. Directors' interests in shares or debentures (Continued)

Name of directors and respective company in which interest are held	Direct interests		Deemed interests	
Acma Ltd.	At 1.1.2016	At 31.12.2016	At 1.1.2016	At 31.12.2016
Number of Warrants –W160707				
Quek Sim Pin	9,375	–	–	–
Victor Levin	894,224	–	1,842,818	–
Low Seow Chye	3,333	–	–	–

	Options to subscribe for ordinary shares		
	At 1.1.2016	At 31.12.2016	Exercise price
Acma Ltd.			S$
Quek Sim Pin	100,000	–	3.50
Victor Levin	20,000	–	3.50
Low Seow Chye	30,000	–	3.50
Low Seow Chye	42,000	42,000	3.40
Low Seow Chye	–	80,000	0.35
Robert Low Mui Kiat	20,000	–	3.50
Robert Low Mui Kiat	30,000	30,000	3.40
Robert Low Mui Kiat	–	80,000	0.35
Tan Keng Lin	30,000	30,000	3.40
Tan Keng Lin	–	80,000	0.35

There was no change in any of the above mentioned interests between the end of the financial year and 21 January 2017.

5. Share options

On 9 June 2011 (the "Date of Grant"), share options were granted to management and confirmed employees under the Acma Employees' Share Option Scheme 2004 (the "Scheme 2004"). Options were granted at the exercise price of S$0.035* per share. The share options expired on 8 June 2016.

On 16 August 2013 (the "Date of Grant"), another batch of share options were granted to management and confirmed employees under the Acma Employees' Share Option Scheme 2004 (the "Scheme 2004"). Options were granted at the exercise price of S$0.034* per share.

* During the year 2015, the Company proposed a share consolidation of every hundred (100) existing issued ordinary shares in the capital of the Company into one (1) Consolidated Share, fractional entitlements to be disregarded save for the event that, upon the completion of the share consolidation, any shareholder who is entitled to less than one (1) Consolidated Share shall be deemed to be entitled to one (1) Consolidated Share. The share consolidation was approved by shareholders at the Extraordinary Meeting held on 29 April 2015. Following the share consolidation, the options were adjusted accordingly.

On 28 November 2016 (the "Date of Grant"), a new tranche of share options were granted to the management and confirmed employees under the Acma Employees' Share Option Scheme 2014 (the "Scheme 2014"). Options were granted at the exercise price of S$0.35 per share.

Both the Scheme 2004 and Scheme 2014 are administered by the Remuneration Committee which comprises three Independent Directors.

5. Share options (Continued)

The participants are entitled to exercise the options at any time after the first anniversary of the Date of Grant up to the fifth anniversary of the Date of Grant.

In all other cases, an option will be forfeited in the event of whichever is earlier:

(i) The option is not exercised within 5 years from the Date of Grant; or

(ii) The Participant ceased to be an employee of the Company. However, both the Schemes allow a participant to exercise an option (at the absolute discretion of the Remuneration Committee) where he or she has ceased employment as a result of retirement, ill health, accident or death.

Details of the options to subscribe for ordinary shares of the Company pursuant to the Schemes are as follows:

Date of Grant	Expiry date	Exercise price (S$)	At 1.1.2016	Issuance	Forfeited	At 31.12.2016
Scheme 2004						
09.06.2011	08.06.2016	3.50	476,500	–	(476,500)	–
16.08.2013	15.08.2018	3.40	945,500	–	–	945,500
Scheme 2014						
28.11.2016	27.11.2021	0.35	–	1,976,000	–	1,976,000
			1,422,000	1,976,000	(476,500)	2,921,500

Since the commencement of the Schemes till the end of the financial year:

- Save as disclosed above, no options have been granted to the other controlling shareholders of the Company and their subsidiaries and associates, and no other participant has received 5% or more of the total options available under the Schemes;
- The options granted by the Company do not entitle the option holders, by virtue of such holding, to any rights to participate in any share issue of any other company in the Group; and
- No options have been granted at a discount.

There were no unissued shares of the Company or any company in the Group other than those referred to above.

6. Warrants

At the end of the financial year, details of the unissued ordinary shares of the Company under Warrants are as follows:

Date of issue	At 1.1.2016	Warrants exercised	Warrants expired	At 31.12.2016	Date of expiry
Warrants W160707					
08.07.2013	13,952,270	(176)	(13,952,094)	–	07.07.2016

6. Warrants (Continued)

Each warrant entitles the warrant holder to subscribe for one new ordinary share in the Company at the exercise price of S$3.50 per share. The warrants do not entitle the holders of the warrants, by virtue of such holdings, to any rights to participate in any share issue of any other company in the Group. There were 176 new ordinary shares issued during the year pursuant to the exercise of warrants and all unexercised warrants expired in 2016.

7. Audit committee

The audit committee of the Company comprises three members, all of whom are Independent Directors and at the date of this statement are:

Low Seow Chye (Chairman)
Tan Keng Lin
Robert Low Mui Kiat

The audit committee has convened four meetings during the year with key management and the external auditors of the Company.

The audit committee carried out its functions in accordance with Section 201B (5) of the Act. In performing those functions, the audit committee:

- review with the external auditors the audit plans and any changes to legislation or financial reporting standards which may have a bearing on the financial statements of the Group;
- review with the external auditors their audit findings and their audit report;
- review the annual financial statements and the independent auditors' report on those financial statements before submission to the Board for approval;
- review and discuss with external auditors any suspected fraud, irregularities, suspected infringement of any relevant laws, rules and regulations, which has or likely to have a material impact on the Group's operating results or financial position, and managment's response;
- evaluate the assistance given by management to the external auditors and discuss issues of concerns, if any, arising from interim and final audits or any matters the auditors wish to discuss;
- make recommendation to the Board on the proposal to shareholders on the appointment, re-appointment and removal of external auditors;
- review any interested person transactions in respect of Interested Person Transactions falling within the scope of Chapter 9 of the Listing Manual of the SGX-ST;
- review any potential conflicts of interest;
- review whistle blowing investigations within the Group and ensuring appropriate follow up action, if required;

7. Audit committee (Continued)

- undertake such other reviews and projects as may be requested by the Board and report to the Board its findings from time to time on matters arising and which warrant for AC's attention; and

- generally undertake such other functions and duties as may be required under the AC Charter, by statute or the Listing Manual of SGX-ST, and by such amendments made thereto from to time.

The audit committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The external auditors have unrestricted access to the audit committee.

The audit committee has recommended the nomination of Mazars LLP for re-appointment as external auditors of the Group at the forthcoming Annual General Meeting of the Company.

8. Independent auditors

The auditors, Mazars LLP, have expressed their willingness to accept re-appointment as auditors.

On behalf of the directors

Quek Sim Pin
Executive Chairman

Low Seow Chye
Independent Director

Singapore
30 March 2017

INDEPENDENT AUDITORS' REPORT
To the Members of ACMA Ltd.

Report on the Audit of Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Acma Ltd. (the "Company") and its subsidiaries (the "Group") which comprise the statements of financial position of the Group and of the Company as at 31 December 2016, the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 32 to 106.

In our opinion, the financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Financial Reporting Standards in Singapore ("FRS") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2016 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the financial year ended on that date.

Basis of Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSA"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Overview

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements.

As in all our audits, we exercised our professional judgement in determining our materiality, which was also affected by our perception of the financial information needs of the users of the financial statements, being the magnitude of misstatement in the financial statements that makes it probable for a reasonably knowledgeable person to change or be influenced in his economic decision.

For the audit of the current year's financial statements, we performed full scope audit of 10 components, as appointed statutory auditors. We identified 4 significant components within the Group which required a full scope audit of their financial information, either because of their size or their risk characteristics, providing a combined 87% coverage of the Group's revenue and 69% of the Group's total assets. Out of the 4 significant components, 2 were audited by component auditors under our instructions and the remaining 2 are audited by us. For non-significant components that were not audited by us, we performed limited review and specific procedures on significant areas.

Overview (Continued)

We determined the component materiality and our level of involvement in their audit necessary for us, in our professional judgement, to obtain sufficient appropriate audit evidence as a basis for our opinion on the Group's financial statements as a whole which include but are not limited to the following:

- Issuance of a set of comprehensive group audit instructions to the component auditors to inform them about salient audit matters such as the component materiality thresholds, risks of material misstatements identified at the Group level, specific audit procedures, reporting deliverables and the necessity of timely communication to us of matters that could have a material impact on the Group's operations and financials;
- Review of the audit plans of significant components prepared by the component auditors and where deemed necessary, dictated additional audit procedures to be performed by them;
- Site-visit review of audit working files prepared by component auditors relating to the Group's significant components;
- Holding of teleconferences with the component auditors, as and when deemed necessary during the course of audit, to discuss about matters, including the audit approach and any other significant matters;
- Holding of closing meetings with the finance team of the significant components, and the corresponding component auditors to resolve issues and matters;
- Provision of regular updates to the Group's management about the progress of the Group audit and, as and when deemed necessary, any significant accounting and audit issues we encountered during the course of the Group audit such that these issues can be resolved on a timely basis to facilitate the progress of the audit; and
- Site-visits of factories of the Group's significant components.

We focused our resources and effort on areas which were assessed to have higher risks of material misstatement, including areas which involve significant judgements and estimates to be made by directors. We will elaborate on the salient areas in the key audit matters below.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters include the salient areas of focus in our audit and do not represent all the risks identified by our audit. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Continued)

Matter	Audit response
Investment in Neftech Pte. Ltd. ("Neftech") (refer to Note 13 to the financial statements)	
The Group makes investment in associates as part of its business strategy. Such transactions can be complex as judgement is involved in determining the classification of the investment. As of 31 December 2016, the Company held 48.9% of the equity interest in Neftech since financial year 2012. The determination of the Group's relationship with Neftech is the result of a critical accounting judgement on many factors principally, the extent of its power over the investee, the exposure or rights to variable returns from its involvement with the investee, the ability to assert its power over the investee to affect the amount of the investor's returns and significant influence over the investment. The classification of the investment will result in different accounting treatments with significant impact on the financial statements. An inappropriate classification can have a material effect on the Group's financial statements.	We assessed the management's consideration and basis for their determination of the classification of the investment, which includes, but is not limited to, the examination of documents to assess, among other factors, the relative size of other shareholdings, the constitution of the board of directors and the power of election and change of the directors and management, the existence of any potential voting rights as to determine the substantive rights that the Group has as of reporting date to direct Neftech's relevant activities.

Matter	Audit response
Goodwill arising from business combination and deemed disposal computation (refer to Note 12(d) to the financial statements)	
On 4 July 2016, the Group acquired additional equity interest of 11.19% in Xenon Manufacturing Pte Ltd and its subsidiary, Metal Printing and Packaging, Ltd ("Xenon group") and consequently Xenon group became subsidiaries of the Group. FRS 103 *Business Combinations* ("FRS 103") requires the Group to recognise the identifiable assets, liabilities and contingent liabilities at fair value at the date of acquisition, with the excess of the acquisition cost over the identified fair values recognised as goodwill. This requires a significant amount of management estimation, particularly in relation to the identification and valuation of intangible assets acquired in the business combinations and assignment of their useful lives. As of the date of this report, management is still seeking information existing as of acquisition date relating to certain plant and machineries, and the Group has reported in the financial statements provisional amounts for these certain plant and machineries. From this preliminary purchase price allocation exercise, the Group has reported S$269,000 of goodwill generated from the business combination during the financial year ended 31 December 2016.	We assessed the Group's processes for the review and the determination of the accounting for business combination. In response to this business combination, we have performed procedures which include examining the directors' resolution issued by acquiree and acquirer to determine terms and conditions of this transaction. We read the valuation reports issued by both the management and an independent professional valuer firm and reviewed management's computation to allocate the purchase price to the various assets and liabilities acquired in business combination. We compared the methodologies and key assumptions used in deriving the allocated values to generally accepted market practices and market data. The Group is still in the midst of valuing the plant and machineries, for which the amounts have been estimated and included in the consolidated financial statements.

Key Audit Matters (Continued)

Matter	Audit response
Goodwill arising from business combination and deemed disposal computation (refer to Note 12(d) to the financial statements) (Continued)	
As the final valuation is being performed, increases or decreases in the fair value of relevant balance sheet amounts will result in adjustments, which may result in material differences from the information presented herein the consolidated financial statements. The Group has estimated the fair value of Xenon group's identifiable assets and liabilities based on discussions with Xenon group's management, due diligence and preliminary work performed by in-house finance personnel. There is judgement used by management in the estimation used in allocating the overall purchase price to the different assets and liabilities acquired. The risks include, but are not limited to, inappropriate judgements' in determining the preliminary fair values for the assets and liabilities acquired.	The preliminary adjustments are based upon available information and certain assumptions that the Group believes are reasonable under the circumstances and may be revised as additional information becomes available. A final determination of the fair value of the assets acquired and liabilities assumed may differ materially from the preliminary estimates. The final valuation will be based on the actual assessment of the fair values of tangible and intangible assets and liabilities assumed of Xenon group's. The final valuation may change the purchase price allocation, which could affect the fair value assigned to the assets acquired and liabilities assumed and could result in a change to the consolidated financial statements.

Matter	Audit response
Impairment of goodwill (refer to Note 15 to the financial statements)	
In accordance with FRS 36 *Impairment of Assets*, goodwill acquired in a business combination is required to be tested for impairment, at least annually. The goodwill acquired in a business combination is allocated to the cash-generating units ("CGU") that are expected to benefit from the synergies of that business combination. The management assessed the CGU for impairment annually or more frequently when there is an indication that the unit may be impaired. The recoverable amounts are determined based on estimates of forecasted revenues, growth rates, profit margins and discount rates. These estimates require judgement and hence, the determination of the appropriateness of the recoverable amounts is a key focus area for our audit.	We assessed the recoverable amounts determined by the management in the discounted cash flow projections, challenged the management's assessment and the assumptions used in their planned strategies around business expansion, revenue stream growth strategies, cost initiatives and discount rate. We also considered the appropriateness of the disclosures in respect of value-in-use calculations presented in the financial statements.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and the independent auditors' report thereon, which we obtained prior to the date of this report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRS, and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditors' report is Lai Keng Wei.

MAZARS LLP
Public Accountants and
Chartered Accountants

Singapore
30 March 2017

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the Financial Year Ended 31 December 2016

	Note	2016 S$'000	2015 S$'000
Revenue	4	76,375	71,821
Other revenue	5	2,503	866
Total revenue		78,878	72,687
Cost and expenses			
Raw materials and consumables used	6	(47,970)	(34,531)
Changes in inventories of finished goods and work-in-progress		699	(6,562)
Labour costs		(4,940)	(4,501)
Staff costs		(9,876)	(9,953)
Finance costs	7	(533)	(358)
Depreciation of property, plant and equipment		(2,045)	(2,414)
Other operating expenses		(12,102)	(52,147)
Total costs and expenses		(76,767)	(110,466)
Profit/(Loss) from operations		2,111	(37,779)
Share of loss from equity-accounted for associates	13	(44)	(177)
Profit/(Loss) before income tax	8	2,067	(37,956)
Income tax expense	9	(588)	(567)
PROFIT/(LOSS) FOR THE YEAR		1,479	(38,523)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translating foreign operations		910	534
Other comprehensive income for the year		910	534
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		2,389	(37,989)
Profit/(Loss) attributable to:			
Owners of the parent		1,184	(38,966)
Non-controlling interests		295	443
		1,479	(38,523)
Total comprehensive income/(loss) attributable to:			
Owners of the parent		2,094	(38,432)
Non-controlling interests		295	443
		2,389	(37,989)
Earnings/(Loss) per share attributable to owners of the parent (cents per share)			
Basic earnings/(loss) per share	10	2.79	(91.92)
Diluted earnings/(loss) per share	10	2.72	(91.92)

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION
As at 31 December 2016

	Note	Group 2016 S$'000	Group 2015 S$'000	Company 2016 S$'000	Company 2015 S$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	11,549	6,166	50	70
Investments in subsidiaries	12	–	–	19,870	19,715
Investments in associates	13	59	128	20	20
Other investments	14	1,919	1,921	–	–
Intangible assets	15	3,965	3,443	–	–
Other assets	16	1,553	1,201	1,096	1,201
Other receivables	19	7,401	–	–	–
Total non-current assets		26,446	12,859	21,036	21,006
Current assets					
Inventories	17	9,654	7,495	–	–
Work-in-progress	18	290	111	–	–
Trade and other receivables	19	32,939	32,528	166	237
Amounts owing by subsidiaries	20	–	–	46,466	37,267
Amounts owing by associates	13	–	2,573	–	753
Derivative financial instrument	21	83	–	–	–
Marketable securities	22	4	3	–	–
Cash and bank balances	23	6,792	9,727	71	49
Total current assets		49,762	52,437	46,703	38,306
Total assets		76,208	65,296	67,739	59,312
EQUITY AND LIABILITIES					
Equity					
Share capital	24	195,039	195,038	195,039	195,038
Warrant reserve	25	–	–	–	–
Capital reserve	26	3,789	2,104	–	–
Share options reserve		97	97	97	97
General reserve		290	290	290	290
Accumulated losses		(168,662)	(168,161)	(171,409)	(169,926)
Foreign currency translation reserve	27	3,264	2,354	–	–
Equity attributable to owners of the parent		33,817	31,722	24,017	25,499
Non-controlling interests		4,373	2,530	–	–
Total equity		38,190	34,252	24,017	25,499
Non-current liabilities					
Finance lease payables	28	576	4	–	–
Provision	29	401	661	–	–
Bank borrowings	30	17	–	–	–
Deferred tax liabilities	31	574	9	–	–
Total non-current liabilities		1,568	674	–	–
Current liabilities					
Work-in-progress	18	34	29	–	–
Finance lease payables	28	212	27	–	–
Provision	29	402	544	–	–
Bank borrowings	30	8,006	7,900	–	–
Trade and other payables	32	27,315	21,322	955	747
Amounts owing to subsidiaries	20	–	–	42,767	33,066
Income tax payables		481	548	–	–
Total current liabilities		36,450	30,370	43,722	33,813
Total liabilities		38,018	31,044	43,722	33,813
Total equity and liabilities		76,208	65,296	67,739	59,312

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2016

	Attributable to owners of the parent								
	Share capital	Capital reserve	Share options reserve	General reserve	Accumulated losses	Foreign currency translation reserve	Total	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group									
Balance at 1 January 2015	195,038	2,104	97	290	(129,195)	1,820	70,154	2,237	72,391
Loss for the year	–	–	–	–	(38,966)	–	(38,966)	443	(38,523)
Other comprehensive income:									
Foreign currency translation reserve	–	–	–	–	–	534	534	–	534
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**(38,966)**	**534**	**(38,432)**	**443**	**(37,989)**
Dividends paid to a non-controlling shareholder by a subsidiary company	–	–	–	–	–	–	–	(150)	(150)
Balance at 31 December 2015	195,038	2,104	97	290	(168,161)	2,354	31,722	2,530	34,252
Balance at 1 January 2016	195,038	2,104	97	290	(168,161)	2,354	31,722	2,530	34,252
Profit for the year	–	–	–	–	1,184	–	1,184	295	1,479
Other comprehensive income:									
Foreign currency translation reserve	–	–	–	–	–	910	910	–	910
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**1,184**	**910**	**2,094**	**295**	**2,389**
Transfer of capital reserves to retained earnings (Note 26)	–	1,685	–	–	(1,685)	–	–	–	–
Acquisition of subsidiaries (Note 12(d))	–	–	–	–	–	–	–	1,698	1,698
Issuance of shares	1	–	–	–	–	–	1	–	1
Dividends paid to a non-controlling shareholder by a subsidiary company	–	–	–	–	–	–	–	(150)	(150)
Balance at 31 December 2016	195,039	3,789	97	290	(168,662)	3,264	33,817	4,373	38,190

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF CHANGES IN EQUITY
For the Financial Year Ended 31 December 2016

	Share capital	Share options reserve	General reserve	Accumulated losses	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Company					
Balance at 1 January 2015	195,038	97	290	(124,478)	70,947
Loss and total comprehensive loss for the year	–	–	–	(45,448)	(45,448)
Balance at 31 December 2015	195,038	97	290	(169,926)	25,499
Balance at 1 January 2016	195,038	97	290	(169,926)	25,499
Issuance of shares	1	–	–	–	1
Loss and total comprehensive loss for the year	–	–	–	(1,483)	(1,483)
Balance at 31 December 2016	195,039	97	290	(171,409)	24,017

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Year Ended 31 December 2016

	Note	2016 S$'000	2015 S$'000
OPERATING ACTIVITIES			
Profit/(Loss) before income tax		2,067	(37,956)
Adjustments for:			
Depreciation of property, plant and equipment		2,045	2,414
Write-off of property, plant and equipment		31	–
Unrealised foreign exchange differences		1,014	139
(Gain)/Loss on disposal of property, plant and equipment		(1)	1
Interest income		(345)	(188)
Interest expense		533	358
Share of results of associates		44	177
Gain on deemed disposal of associate		(*)	–
(Write-back)/Impairment of investment in associates	13	(786)	36,519
Allowance on impairment of doubtful receivables in associates	13	196	61
Write-back on impairment of doubtful receivables in associates	13	(1,550)	–
Amortisation of long-term operating lease	14	563	562
(Write-back)/Allowance on impairment loss of long-term operating lease	14	(523)	467
Amortisation of other assets	16	105	105
Write-back of allowance on inventory obsolescence	17	(152)	(122)
Allowance on impairment of doubtful receivables	19	103	105
(Gain)/Loss on revaluation of marketable securities	22	(1)	1
Provision for onerous contract	29	–	290
Amortisation on provision for onerous contract	29	(402)	(585)
Total operating cash flows before movements in working capital		2,941	2,348
Changes in working capital			
Trade and other receivables		(6,046)	9,006
Inventories and work-in-progress		(935)	361
Trade and other payables		3,626	(11,174)
Cash (used in)/generated from operations		(414)	541
Income taxes paid		(655)	(146)
Net cash flows (used in)/generated from operating activities		(1,069)	395
INVESTING ACTIVITIES			
Interest received		51	6
Acquisition of subsidiaries, net of cash acquired	12(d)	172	–
Purchase of property, plant and equipment [1.]		(1,123)	(917)
Proceeds from disposal of plant and equipment		1	–
Net cash flows used in investing activities		(899)	(911)

1. During the financial year, the Group acquired plant and equipment with an aggregate cost of S$1,447,000 (2015: S$917,000) of which S$324,000 (2015: Nil) was acquired by means of finance lease and S$1,123,000 (2015: S$917,000) by way of cash.

(*) denotes amount less than S$1,000

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
For the Financial Year Ended 31 December 2016

	Note	2016 S$'000	2015 S$'000
FINANCING ACTIVITIES			
Interest paid		(533)	(212)
Proceeds from bank borrowings		–	4,087
Repayment of bank borrowings		(1,194)	–
Repayment for finance lease		(71)	(26)
Increase in amounts owing by associates		–	(313)
Dividends paid by a subsidiary to a non-controlling shareholder		(150)	(150)
Proceeds from issuance of shares on conversion of Warrants		1	–
Net cash flows (used in)/generated from financing activities		(1,947)	3,386
Net (decrease)/increase in cash and cash equivalents		(3,915)	2,870
Cash and cash equivalents at beginning of the financial year		9,305	6,313
Effect of currency translation on cash and cash equivalents		(133)	122
Cash and cash equivalents at end of the financial year	21	5,257	9,305

The accompanying notes form an integral part of and should be read in conjunction with these financial statements.

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General

Acma Ltd. (the "Company") (Registration Number: 196500233E) is incorporated and domiciled in Singapore with its principal place of business and registered office at 17 Jurong Port Road, Singapore 619092.

The principal activity of the Company is that of investment holding. The principal activities of the respective subsidiaries are disclosed in Note 12 to the financial statements.

The financial statements of Acma Ltd. (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 31 December 2016 were authorised for issue in accordance with a resolution of the directors on 30 March 2017.

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and statements of financial position and changes in equity of the Company have been prepared in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore Financial Reporting Standards ("FRS") including related Interpretations of FRS ("INT FRS") and are prepared on historical cost basis, except as disclosed in the accounting policies below.

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statements of financial position and changes in equity of the Company are presented in Singapore dollar ("S$") which is also the functional currency of the Company, and all values presented are rounded to the nearest thousand ("S$'000"), unless otherwise indicated.

In the current financial year, the Group has adopted all the new and revised FRS and INT FRS that are relevant to its operations and effective for annual periods beginning on or after 1 January 2016. The adoption of these new/ revised FRS and INT FRS did not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS and INT FRS issued but not yet effective

At the date of authorisation of these financial statements, the following FRS and INT FRS that were issued but not yet effective:

		Effective date (annual periods beginning on or after)
FRS 7	Amendments to FRS 7: Disclosure Initiative	1 January 2017
FRS 12	Amendments to FRS 12: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 40	Amendments to FRS 40: Transfers of Investment Property	1 January 2018
FRS 102	Amendments to FRS 102: Classification and Measurement of Share-based Payment Transactions	1 January 2018
FRS 104	Amendments to FRS 104: Applying FRS 109 Financial Instruments to FRS 104 Insurance Contracts	1 January 2018
FRS 109	Financial Instruments	1 January 2018
FRS 110, FRS 28	Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined
FRS 115	Revenue from Contracts with Customers	1 January 2018
FRS 115	Amendments to FRS 115: Effective Date of FRS 115	1 January 2018
FRS 115	Amendments to FRS 115: Clarifications to FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 116	Leases	1 January 2019
Various	Improvements to FRSs (December 2016)	Various

Consequential amendments were also made to various standards as a result of these new/revised standards.

The Group and the Company have not early adopted any of the above new/revised standards, interpretations and amendments to the existing standards in the financial year ended 31 December 2016. Other than the following standards, management anticipates that the adoption of the aforementioned revised/new standards will not have a material impact on the financial statements of the Group or Company in the period of their initial adoption.

FRS 109 Financial Instruments

FRS 109 supersedes FRS 39 *Financial Instruments: Recognition and Measurement* with new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and hedge accounting.

Financial assets are classified into financial assets measured at (i) fair value through profit or loss; (ii) amortised cost; or (iii) fair value through other comprehensive income, depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets, or as otherwise designated as such upon initial recognition, if allowed.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 109 Financial Instruments (Continued)

Fair value gains or losses will be recognised in profit or loss except for certain equity investments, for which the entity will have a choice to recognise the gains and losses in other comprehensive income if the financial assets are measured at fair value through other comprehensive income.

There have been no changes in the de-recognition requirements of financial assets and liabilities, nor the recognition, classification and measurement requirements for financial liabilities from FRS 39, except for financial liabilities that are designated at fair value through profit or loss, where the amount of change in fair value attributable to change in credit risk of that liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch.

A new forward-looking impairment model based on expected credit losses, which replaces the incurred loss model in FRS 39, determines the recognition of impairment provisions as well as interest revenue. An entity will recognise (at a minimum of) 12 months of expected credit losses in profit or loss for financial assets measured at amortised cost or fair value through other comprehensive income, unless in the circumstance when there is a significant increase in credit risk after initial recognition which requires the entity to recognise lifetime expected credit losses on the affected assets.

The Group is still assessing the potential impact of FRS 109 on its financial statements in the initial year of adoption.

FRS 115 Revenue from Contracts with Customers

FRS 115 supersedes FRS 11 *Construction Contracts*, FRS 18 *Revenue*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services* to report useful information about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer.

Entities are required to adopt a five-step model which requires (i) their identification of the contract; (ii) their identification of the performance obligations in the contract; (iii) the determination of the transaction price; (iv) allocation of the transaction price; and (v) recognition of revenue when (i.e. at a point in time) or as (i.e. over time) each performance obligation is satisfied.

The core principle is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration which the entity expects to be entitled in exchange for those goods or services.

The Group is still assessing the potential impact of FRS 115 on its financial statements in the initial year of adoption.

2. Summary of significant accounting policies (Continued)

2.1 Basis of preparation (Continued)

FRS 116 Leases

FRS 116 supersedes FRS 17 *Lease*, INT FRS 104 *Determining whether an Arrangement contains a Lease*, INT FRS 15 *Operating Leases – Incentives*, and INT FRS 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease* to set out the principles for the recognition, measurement, presentation and disclosure of leases. The changes introduced by FRS 116 will primarily affect the financial statements of the lessees.

FRS 116 requires, with limited exceptions, the lessee to recognise, at initial recognition, lease liabilities, measured at the present value of lease payments that are not paid as of that date to reflect the present value of the future lease payments, and right-of-use assets at cost, comprising elements including the amount of the initial measurement of the lease liabilities, initial direct costs incurred by the lessee and estimates of other contracted costs to be incurred by the lessee, for its lease contracts. Leases of "low-value" assets and qualifying short term leases entered into by lessees can be exempted from the new recognition criteria.

The Group is still assessing the potential impact of FRS 116 on its financial statements in the initial year of adoption.

2.2 Basis of consolidation

The financial statements of the Group comprise the financial statements of the Company and its subsidiaries. Subsidiaries are entities (including structured entities) (i) over which the Group has power and the Group is (ii) able to use such power to (iii) affect its exposure, or rights, to variable returns from then through its involvement with them.

The Group reassesses whether it controls the subsidiaries if facts and circumstance indicate that there are changes to the one or more of the three elements of control.

When the Group has less than a majority of the voting rights of an investee, it still has power over the investee when the voting rights are sufficient, after considering all relevant facts and circumstances, to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers, among others, the extent of its voting rights relative to the size and dispersion of holdings of the other vote holders, currently exercisable substantive potential voting rights held by all parties, rights arising from contractual arrangements and voting patterns at previous shareholders' meetings.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intra-group assets and liabilities, equity, income, expenses and cashflows relating to intragroup transactions are eliminated on consolidation.

The financial statements of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting date as that of the Company. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

Non-controlling interests are identified separately from the Group's equity therein. On an acquisition-by-acquisition basis, non-controlling interests may be initially measured either at fair value or at their proportionate share of the fair value of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Losses in the subsidiary are attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. Summary of significant accounting policies (Continued)

2.2 Basis of consolidation (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any differences between the amount by which the non-controlling interests are adjusted to reflect the changes in the relative interests in the subsidiary and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control over a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

Investments in subsidiaries are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

2.3 Business combinations

<u>Business combinations from 1 January 2010</u>

The acquisition of subsidiaries is accounted for using the acquisition method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 *Business Combinations* ("FRS 103") are recognised at their fair values at the acquisition date, except for non-current assets (or disposal groups) that are classified as held-for-sale in accordance with FRS 105 *Non-Current Assets Held for Sale and Discontinued Operations* ("FRS 105") which are recognised and measured at the lower of cost and fair value less costs to sell.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are re-measured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

2. Summary of significant accounting policies (Continued)

2.3 Business combinations (Continued)

Business combinations from 1 January 2010 (Continued)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under FRS 103 are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;

- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with FRS 102 *Share-based Payment*; and

- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and is initially measured at cost, being the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the Group's interest in the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

In comparison to the above mentioned requirements, the following differences applied:

Business combinations were accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as step acquisitions. Adjustments to those fair values relating to previously held interests were treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree were not reassessed on acquisition unless the business combination resulted in a change in the terms of the contract that significantly modified the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was probable and a reliable estimate was determinable. Subsequent measurements to the contingent consideration affected goodwill.

2.4 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of estimated customer returns, rebates and other similar allowances.

(a) Sale of goods

Revenue from the sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership of the goods; retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold; is able to reliably measure the amount of revenue and the cost incurred or to be incurred in respect of the transaction; and assesses that it is probable for the economic benefits associated with the transaction to flow to the entity. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Contract revenue and service income

Revenues and results from contract work are recognised on the percentage of completion method and losses are provided for as they become known. Stage of completion is measured by reference to the survey of work performed. Claims for additional contract compensation are not recognised until resolved.

Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Revenues from the provision of services are recognised upon the rendering of the services.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

(d) Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

(e) Rental income

Rental income is accounted for on a straight-line basis over the relevant lease terms. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

2.5 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Borrowing costs on general borrowings are capitalised by applying a capitalisation rate to construction or development expenditures that are financed by general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. Summary of significant accounting policies (Continued)

2.6 Retirement benefit costs

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

2.7 Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the financial year.

2.8 Equity-settled share based payments

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which the share options are granted. In valuing the share options, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ("market conditions"), if applicable.

The cost of equity-settled transactions is recognised, together with a corresponding increase in employee share option reserve, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vested irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

When the options are exercised, the proceeds received (net of any directly attributable transaction costs) and the related balance previously recognised in the share options reserve are credited to share capital, when new ordinary shares are issued.

2.9 Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the financial year.

2. Summary of significant accounting policies (Continued)

2.9 Income tax (Continued)

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year and based on the tax consequence that will follow from the manner in which the Group expects, at the end of the financial year, to recover or settle the carrying amounts of its assets and liabilities. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited directly to equity, in which case the tax is also recognised directly in equity, or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim dividends are recorded in the financial year in which they are declared payable.

2.11 Foreign currency transactions and translation

Foreign currency transactions are translated into the individual entities' respective functional currencies at the exchange rates prevailing on the dates of the transactions. At the end of each financial year, monetary items denominated in foreign currencies are retranslated at the rates prevailing as of the end of the financial year. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

2. Summary of significant accounting policies (Continued)

2.11 Foreign currency transactions and translation (Continued)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the year. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the financial year. Profit or loss items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are taken to the foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

2.12 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses. The cost of property, plant and equipment includes its purchase price and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation is charged so as to write off the cost of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Leasehold buildings and improvements	-	3 to 25 years
Furniture and equipment	-	3 to 10 years
Motor vehicles	-	5 years
Plant and machinery	-	5 to 10 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The estimated useful lives and depreciation method are reviewed at each financial year end to ensure that the method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

2. Summary of significant accounting policies (Continued)

2.12 Property, plant and equipment (Continued)

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, if there is no certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life.

The gain or loss, being the difference between the sales proceeds and the carrying amount of the asset, arising on disposal or retirement of an item of property, plant and equipment is recognised in profit or loss. Any amount in the revaluation reserve relating to that asset is transferred to retained earnings directly.

Fully depreciated assets are retained in the financial statements until they are no longer in use and no further charge for depreciation is made in respect of these assets.

2.13 Intangible assets

Goodwill on acquisition

Goodwill represents the excess of the cost of an acquisition over the net fair value of the Group's interest in the identifiable assets, liabilities and contingent liabilities of the subsidiary or jointly controlled entity carried at the date of acquisition. Goodwill is at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit (including the goodwill), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

The attributable amount of goodwill is included in the determination of gain or loss on disposal of the subsidiary.

Distribution rights

Distribution rights represent the directors' estimate of the value in use of the portfolios of distribution agreements held by subsidiaries within the Group. Distribution rights are amortised by an accelerated-rate method over a period of 6 to 15 years.

The directors consider the amount at which this asset is stated is not in excess of the price which a prospective purchaser would pay to acquire the asset. This valuation is reviewed at each reporting date in the light of prevailing circumstances.

Customer relationships

Customer relationships which are acquired in business combinations are carried at fair values at the date of acquisition, and amortised on a straight-line basis over the period of the expected benefits. Customer relationships have estimated useful lives of 5 years.

2. Summary of significant accounting policies (Continued)

2.14 Investments in associates

An associate is an entity over which the Group has significant influence, being the power to participate in the financial and operating policy decisions of the entity but is not control or of joint control of those policies, and generally accompanying a shareholding of 20% or more of the voting power.

On acquisition of the associate, any excess of the cost of the investment over the Group's share of the net fair value of the associate identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate identifiable assets and liabilities over the cost of the investment is included as income in the determination of the Group's share of the associate's profit or loss in the reporting period in which the investment is acquired. Investments in associates are carried at cost less any impairment loss that has been recognised in profit or loss in the Company's separate financial statements.

The results and assets and liabilities of an associate are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held-for-sale, in which case it is accounted for under FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* from the date on which the investee become an associate. Under the equity method, investments in associates are carried at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment loss of individual investments. The Group's share of losses in an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Distributions received from the associate reduce the carrying amount of the investment. Any goodwill arising on the acquisition of the Group's interest in an associate is accounted for in accordance with the Group's accounting policy for goodwill arising on such acquisitions (see above).

The financial statements of the associates are prepared as at the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Unrealised profits and losses are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated in the same way as unrealised gains, but only to the extent that there is no impairment.

The Company has accounted for its investments in associates at cost in its separate financial statements.

2.15 Impairment of tangible and intangible assets excluding goodwill

The Group reviews the carrying amounts of its tangible and intangible assets as at each reporting date to assess for any indication of impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Irrespective of whether there is any indication of impairment, the Group also tests its intangible assets with indefinite useful lives and intangible assets not yet available for use for impairment annually by comparing their respective carrying amounts with their corresponding recoverable amounts.

The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

2. Summary of significant accounting policies (Continued)

2.15 Impairment of tangible and intangible assets excluding goodwill (Continued)

An impairment loss for the amount by which the asset's carrying amount exceeds the recoverable amount is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

2.16 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period, to the net carrying amount of the financial instrument. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments at fair value through profit or loss.

Financial assets

All financial assets are recognised on a trade date - the date on which the Group commits to purchase or sell the asset. They are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into the following specified categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose for which these financial assets were acquired and is determined at the time of initial recognition.

Financial asset at fair value through profit or loss ("FVTPL")

A financial asset is classified as FVTPL if the financial asset is either held for trading or is designated as such upon initial recognition.

A financial asset is classified as held-for-trading if it has been acquired principally for the purpose of selling in the short term; or if it is part of an identified portfolio of financial instruments with a recent actual pattern of short-term profit-taking and which is managed by the Group; or if it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee contract.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Financial asset at fair value through profit or loss ("FVTPL") (Continued)

A financial asset which is not classified as held-for-trading may be designated as FVTPL upon initial recognition if the financial asset is managed as part of a group of financial instruments, with its performance being evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis.

Gains or losses arising from changes in the fair value are recognised in profit or loss. The net gain or loss incorporates any dividend or interest earned on the financial asset.

Loans and receivables

The Group's loans and receivables comprise trade and other receivables (excluding prepayments), amounts owing by subsidiaries and associates and cash and bank balances.

Such loans and receivables are non-derivatives with fixed or determinable payments that are not quoted in an active market. They are measured at amortised cost, using the effective interest method less impairment. Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Available-for-sale financial assets ("AFS")

Certain equity instruments and debt securities held by the Group are classified as AFS if they are not classified in any of the other categories. Subsequent to initial recognition, with the exception of unquoted equity instruments that are not carried at fair value as the fair value cannot be reliably measured, AFS are measured at fair value and changes therein are recognised directly in the available-for-sale reserve with the exception of impairment losses, interests calculated using the effective interest method and foreign exchange gains and losses arising from monetary items. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale reserve is included in profit or loss for the year.

Impairment of financial assets

Financial assets, other than FVTPL, are assessed for indicators of impairment at the end of each financial year. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amounts of all financial assets are reduced by the impairment loss directly with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, any subsequent increase in fair value after an impairment loss is recognised directly in equity.

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds receivables.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Ordinary share capital

Ordinary share capital is classified as equity. Incremental cost directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

Other financial liabilities

Trade and other payables

Trade and other payables, finance lease payables and amounts owing to subsidiaries are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, where applicable, using the effective interest method, with interest expense recognised on an effective yield basis.

2. Summary of significant accounting policies (Continued)

2.16 Financial instruments (Continued)

Financial liabilities and equity instruments (Continued)

Other financial liabilities (Continued)

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in accordance with the Groups accounting policy for borrowing costs (see above).

Financial guarantee contracts

Financial guarantee contracts are measured initially at their fair values plus transaction costs and subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

In accordance with FRS 39, where intra-group guarantees are issued at nil consideration the issuer would then recognise a liability for the intra-group guarantee at fair value. The difference between fair value and consideration is accounted for as an investment in subsidiary where guarantee is given on behalf of the subsidiary.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expired.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs comprise direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

2.18 Service contracts

Where the outcome of a service contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the service activity at the end of the financial year (percentage-of-completion method), except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a service contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

At the end of the financial year, the aggregated costs incurred plus recognised profit (less recognised loss) on each contract is compared against the progress billings. Where costs incurred plus the recognised profits (less recognised losses) exceed progress billings, the balance is presented in current asset on the face of the statement of financial position as work-in-progress. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the balance is presented in current liabilities on the face of the statement of financial position as work-in-progress.

2. Summary of significant accounting policies (Continued)

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, bank overdrafts and other short-term highly liquid investments which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

2.20 Leases

Finance leases

Lessee

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is recognised as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to profit or loss, unless they are directly attributable to the acquisition, construction of production of qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (Note 2.5).

Operating leases

Lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

Lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

2.21 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

2. Summary of significant accounting policies (Continued)

2.21 Provisions (Continued)

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss as they arise.

2.22 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingencies are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair value can be reliably determined.

2.23 Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the statement of financial position and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalment.

2.24 Long-term prepaid operating lease

Long-term operating lease represents prepaid lease payments for use of land in which the Company's operational headquarters reside and is amortised on a straight-line basis over 20 years.

2. Summary of significant accounting policies (Continued)

2.25 Warrants

The proceeds received from the subscription price for the issue of warrants are credited to the warrant reserves. As and when the warrants are exercised, the subscription price for the warrants exercised will be transferred from the warrant reserve to share capital. Upon expiry of the warrants, the balance of the warrant reserve representing the proceeds from the issuance of the warrants not exercised will be taken to accumulated profits.

2.26 Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

2.27 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the group of executive directors and the chief executive officer who make strategic decisions.

3. Significant accounting estimates and judgements

The Group made judgements, estimates and assumptions about the carrying amounts of assets and liabilities that were not readily apparent from other sources in the application of the Group's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors that are considered to be reasonable under the circumstances. Actual results may differ from the estimates.

3.1 Critical judgements made in applying the Group's accounting policies

Impairment of financial assets

The Group follows the guidance of FRS 39 *Financial instruments: Recognition and Measurement* in assessing its financial assets for impairment. This assessment requires significant judgement. The Group evaluates, among other factors, the duration and extent to which the fair value of an asset is less than its cost; and the financial health of and near-term business outlook for the asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flows.

3. Significant accounting estimates and judgements (Continued)

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

Impairment of non-financial assets

The Group assesses whether there are any indication of indefinite impairment for its non-financial assets other than goodwill and intangible assets with an indefinite useful life, before computing the recoverable value of asset value. Goodwill and intangible assets with an indefinite useful life are assessed for their recoverable amounts at each reporting date.

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value-in-use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the Group's asset. The value-in-use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The Group evaluates among other factors, the reasonableness of the expected future cash flows in light of industry and business outlook and the appropriateness and relevant of the key assumption, including the discount rate, used in the value-in-use calculation.

Determination of functional currency

The Group translates foreign currency items into the respective functional currency of the Company and its subsidiaries. In determining the functional currency of the respective entity, judgement is used by the Group to determine the currency of the primary economic environment in which the respective entity operates that mainly influences sales prices of goods and services and the currency of the country whose consideration factors include the currency competitive forces and regulations mainly determines the sales prices of its goods and services.

Determination of significant influence over associate, Neftech Pte. Ltd.

The Group held 48.9% of the equity interest in the associate, Neftech Pte. Ltd. ("Neftech") as of 31 December 2016. In consideration of the relatively significant equity interest it holds in the investee entity, the Group considered both FRS 28 *Investments in Associates and Joint Ventures* and FRS 110 *Consolidated Financial Statements* to determine whether it holds control or just significant influence over Neftech. The Group considered factors, including but not limited to, the size of its holding of voting rights relative to the size and dispersion of holdings of the other vote holders, its representation at shareholders' and directors' meetings and the voting patterns, the composition of key management personnel in Neftech, and contractual arrangements. Consequently, the Group assessed that it has significant influence over Neftech and classified the investee entity as an associate.

Determination of purchase price allocation for business combination

Purchase price related to business combination and asset acquisition is allocated to the underlying acquired assets and liabilities based on their estimated fair value at the time of acquisition. The determination of fair value requires management to make assumptions, estimates and judgements regarding future events. The allocation process is inherently subjective and impacts the amounts assigned to individually identifiable assets and liabilities. As a result, the purchase price allocation impacts the Group's reported assets and liabilities, future net earnings due to the impact on future depreciation and amortisation expense and impairment tests.

3. Significant accounting estimates and judgements (Continued)

3.1 Critical judgements made in applying the Group's accounting policies (Continued)

Service contracts

The Group recognises contract revenue by reference to the stage of completion of the contract activity at the end of each financial year, when the outcome of a service contract can be estimated reliably. The stage of completion is measured by reference to the proportion of contract cost incurred for work performed to date compared to the estimated total contract cost. Significant assumptions are required to estimate the contract costs and the recoverable variation works that affect the stage of completion. In making these estimates, management has relied on past experiences and knowledge of the project engineers. The carrying amounts of work-in-progress as at 31 December 2016 included in current assets and current liabilities were S$290,000 (2015: S$111,000) and S$34,000 (2015: S$29,000) respectively.

3.2 Key sources of estimation uncertainty

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed below:

Depreciation of property, plant and equipment

The Group depreciates the property, plant and equipment over their estimated useful lives after taking into account of their estimated residual values. The estimated useful life reflects management's estimate of the period that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. Management estimates the useful lives of these property, plant and equipment to be within 3 to 25 years. Changes in the expected level of usage and technological developments could affect the economics, useful lives and the residual values of these assets which could then consequentially impact future depreciation charges. The carrying amounts of the Group's and the Company's property, plant and equipment at 31 December 2016 were S$11,549,000 (2015: S$6,166,000) and S$50,000 (2015: S$70,000) respectively.

Provision for income taxes

The Group has exposure to income taxes in several jurisdictions of which a portion of these taxes arose from certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities expected tax issues based on their best estimates of the likely taxes due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's and Company's current tax payable as at 31 December 2016 was S$481,000 (2015: S$548,000) and Nil (2015: Nil) respectively. The carrying amounts of deferred tax liabilities of the Group's as at 31 December 2016 was S$574,000 (2015: S$9,000).

Inventory valuation method

Inventory is valued at the lower of cost and net realisable value. Management reviews the Group's inventory levels in order to identify slow-moving and obsolete inventory and identifies items of inventory which have a market price, being the selling price quoted from the market of similar items that is lower than its carrying amount. Management then estimates the amount of inventory loss as an allowance on inventory. Changes in demand levels, technological developments and pricing competition could affect the saleability and values of the inventory which could then consequentially impact the Group's and Company's results, cash flows and financial position. The carrying amount of the Group's inventories as at 31 December 2016 was S$9,654,000 (2015: S$7,495,000).

3. Significant accounting estimates and judgements (Continued)

3.2 Key sources of estimation uncertainty (Continued)

Impairment of investments in subsidiaries and associates

At the end of each financial year, an assessment is made on whether there are indicators that the Company's investments are impaired. The Company's and Group's assessment are based on the estimation of the value-in-use of the necessary assets as defined in FRS 36 *Impairment of Assets* by forecasting the expected future cash flows for a period up to 5 years, using a suitable discount rate in order to calculate the present value of those cash flows. The Company's carrying amounts of investments in subsidiaries and associates as at 31 December 2016 were S$19,870,000 (2015: S$19,715,000) and S$20,000 (2015: S$20,000) respectively. The Group's carrying amount of investments in associates was S$59,000 (2015: S$128,000).

Impairment of goodwill

The Group tests goodwill for impairment at least on an annual basis. Determining whether goodwill is impaired includes an estimation of the value-in-use of the cash-generating units ("CGU") to which goodwill has been allocated. The value-in-use calculation requires the entity to estimate the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate present value. No impairment loss was recognised during the financial year. The carrying amount of goodwill as at 31 December 2016 was S$3,965,000 (2015: S$3,443,000).

Determining whether goodwill is impaired requires an estimation of their recoverable amounts. Where such recoverable amounts are based on the assets' value-in-use, the determination of such value-in-use involves significant use of estimates and assumptions by management. These estimates and assumptions including a sensitivity analysis, where applicable, are disclosed and further explained in Note 15.

Impairment of receivables

The Group assesses its receivables on a continuous basis for any objective evidence of impairment by considering factors, including the aging profile, the credit worthiness and the past collection history of each debtor. If the financial conditions of these debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

The carrying amounts of the Group's and the Company's trade and other receivables as at 31 December 2016 were S$40,340,000 (2015: S$32,528,000) and S$166,000 (2015: S$237,000) respectively.

The carrying amounts of the Group's and the Company's amounts owing by associates as at 31 December 2016 were Nil (2015: S$2,573,000) and Nil (2015: S$753,000) respectively.

The carrying amounts of the Company's amount owing by subsidiaries as at 31 December 2016 was S$46,466,000 (2015: S$37,267,000).

4. Revenue

	Group 2016 S$'000	Group 2015 S$'000
Sale of goods	73,740	69,126
Contract revenue	2,580	2,368
Rental income	55	327
	76,375	71,821

5. Other revenue

	Group 2016 S$'000	Group 2015 S$'000
Interest income	345	188
Secondary income from leased premises	12	364
Write back on impairment of doubtful receivables from associates	1,550	–
Reversal of allowance for slow moving inventories	152	122
Gain on disposal of plant and equipment	1	–
Gain on deemed disposal of associate	(*)	–
Others	443	192
	2,503	866

(*) denotes amount less than S$1,000

6. Raw materials and consumables used

	Group 2016 S$'000	Group 2015 S$'000
Raw materials and consumables used	33,770	25,223
Subcontracting of works	14,200	9,308
	47,970	34,531

7. Finance costs

	Group	
	2016	2015
	S$'000	S$'000
Interest expense on bank overdrafts	146	186
Interest expense on trust receipts and bills payable	356	170
Interest expense on finance lease	31	2
	533	358

8. Profit/(Loss) before income tax

The following charges/(credit) were included in the determination of profit/(loss) before income tax:

	Group	
	2016	2015
	S$'000	S$'000
Foreign exchange gain, net[1]	(603)	(989)
Directors' remuneration of the Company		
- Short-term benefits[3]	407	413
- Directors' fees[3]	114	114
Audit fees paid to auditors:		
- Auditors of the Company[1]	227	230
- Other auditors of subsidiaries[1]	71	65
Non-audit fees paid to auditors:		
- Auditors of the Company[1]	11	11
- Other auditors of subsidiaries[1]	6	3
Interest income[2]	(345)	(188)
Operating lease expenses[1]	1,809	2,157
Amortisation on provision for onerous contract[1]	(402)	(585)
Amortisation on long term operating lease[1]	563	562
Amortisation on other assets[1]	105	105
Impairment losses		
- Provision for onerous contracts[1]	–	290
- Allowance on impairment of doubtful receivables[1]	103	105
- Allowance on impairment of doubtful receivables from associates[1]	196	61
- (Reversal of)/Allowance on impairment loss on other investments[1]	(523)	467
- (Reversal of)/Allowance on investments in associates[1]	(786)	36,519

[1] Included in "Other operating expenses" in the Group's profit or loss
[2] Included in "Other income" in the Group's profit or loss
[3] Included in "Staff costs" in the Group's profit or loss

9. Income tax expense

	Group	
	2016 S$'000	2015 S$'000
Current tax	597	503
(Over)/Under provision in respect of prior years	(9)	64
Income tax expense	588	567

Reconciliation of effective tax rate is as follows:

	Group	
	2016 S$'000	2015 S$'000
Profit/(Loss) before income tax	2,067	(37,956)
Taxation at statutory rate of 17%	351	(6,453)
Tax effects of:		
Income not subject to tax	(376)	(2,778)
Effect of expenses not deductible for tax purposes	137	9,522
Effect of different tax rates of subsidiaries operating in other jurisdictions	(71)	20
Effect of tax concession	(46)	(8)
Deferred tax assets not recognised	602	200
(Over)/Under provision in respect of prior years	(9)	64
Income tax expense	588	567

The Company is incorporated in Singapore and accordingly is subjected to an income tax rate of 17% (2015: 17%). There were no changes in the enterprise income tax of the different applicable jurisdictions in the current year from the last year.

The Singapore Government's Budget 2017 announced that companies will receive a corporate income tax rebate of 50% and 20% (Year of Assessment 2016: 50%) net of all other tax set-off, subject to a cap of S$25,000 and S$10,000 per Years of Assessment 2017 and 2018 (Year of Assessment 2016: S$20,000).

Deferred tax assets of certain subsidiaries have not been recognised as it is not probable that future taxable profits will be available against which the Group can utilise the benefits. The unrecognised deferred tax assets arise mainly from unutilised tax losses of S$27,225,000 (2015: S$23,690,000).

The tax losses are subjected to an agreement by the tax authorities and compliance with tax regulations in the respective countries in which the subsidiaries operate.

Pursuant to the PRC Enterprise Income Tax Law (中华人民共和国企业所得税法) which was promulgated on 22 February 2008, dividends distributed by PRC entities for profits generated before 1 January 2008 are exempted from withholding tax. Dividends paid in respect of profits generated on or after 1 January 2008 from the Group's foreign invested PRC enterprises will be subjected to a withholding tax of 5%.

Deferred tax has not been provided in respect of temporary differences in relation to the undistributed earnings of the subsidiaries as at 31 December 2016 and 2015 amounting to approximately S$7.7 million and S$4.4 million, respectively as the Group is able to control the timing of the reversal and it is probable that such differences will not be reversed in the foreseeable future.

10. Earnings/(Loss) per share

The calculation of the basic earnings/(loss) per share attributable to the ordinary equity holders of the Company is based on the following data:

	Group	
	2016 S$'000	2015 S$'000
Profit/(Loss) for the financial year attributable to ordinary equity holders of the Group	1,184	(38,966)

	Group	
	2016 No. of shares '000	2015 No. of shares '000
Number of ordinary shares in issue at beginning of the financial year	42,391	42,391
Issue of shares on conversion of Warrants	(*)	–
Weighted average number of ordinary shares in issue during the financial year	42,391	42,391

(*) denotes amount less than 1,000

For the purpose of calculating the diluted earnings per ordinary share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive share options and full conversion of warrants into ordinary shares, with the potential ordinary shares weighted for the period outstanding. The effects of the exercise of share options and warrants on the weighted average number of ordinary shares in issue are as follows:

	2016 No. of shares '000	2015 No. of shares '000
Weighted average number of:		
Ordinary shares used in the calculation of basic earnings per share	42,391	42,391
Potential ordinary shares issuable under:		
- Share options	1,129	1,422
- Warrants	–	13,952
Weighted average number of ordinary shares in issue and potential ordinary shares assuming full conversion	43,520	57,765

In 2015, there were no potential dilutive ordinary shares of warrants and share options. Therefore, no shares were assumed to have been issued on the deemed exercise of the Company's outstanding warrants during the year ended 31 December 2015. Accordingly, the diluted loss per share for financial year ended 31 December 2015 was the same as the basic loss per share.

11. Property, plant and equipment

Group	Leasehold buildings and improvements S$'000	Furniture and equipment S$'000	Motor vehicles S$'000	Plant and machinery S$'000	Total S$'000
Cost					
At 1 January 2015	4,409	6,068	1,179	32,220	43,876
Additions	17	351	51	498	917
Disposals	–	(4)	–	(2)	(6)
Written-off	–	(17)	–	(314)	(331)
Currency realignment	114	48	10	796	968
At 31 December 2015	4,540	6,446	1,240	33,198	45,424
Acquisition of subsidiaries (Note 12 (d))	3,540	2	83	2,401	6,026
Additions	10	527	284	626	1,447
Disposals	–	–	(40)	–	(40)
Written-off	–	(56)	(191)	(923)	(1,170)
Currency realignment	29	(87)	5	(655)	(708)
At 31 December 2016	8,119	6,832	1,381	34,647	50,979
Accumulated depreciation					
At 1 January 2015	4,146	5,492	943	25,969	36,550
Depreciation	221	296	95	1,802	2,414
Disposals	–	(3)	–	(2)	(5)
Transfer	–	(8)	8	–	–
Written-off	–	(17)	–	(314)	(331)
Currency realignment	100	36	6	488	630
At 31 December 2015	4,467	5,796	1,052	27,943	39,258
Depreciation	279	229	111	1,426	2,045
Disposals	–	–	(40)	–	(40)
Written-off	–	(56)	(191)	(892)	(1,139)
Currency realignment	6	(63)	(3)	(634)	(694)
At 31 December 2016	4,752	5,906	929	27,843	39,430
Net carrying value					
At 31 December 2016	3,367	926	452	6,804	11,549
At 31 December 2015	73	650	188	5,255	6,166

11. Property, plant and equipment (Continued)

	Leasehold improvements	Furniture and equipment	Motor vehicles	Plant and machinery	Total
	S$'000	S$'000	S$'000	S$'000	S$'000
Company					
Cost					
At 1 January 2015	552	1,630	422	20	2,624
Additions	6	7	–	–	13
At 31 December 2015	558	1,637	422	20	2,637
Additions	–	10	–	–	10
At 31 December 2016	558	1,647	422	20	2,647
Accumulated depreciation					
At 1 January 2015	530	1,561	412	20	2,523
Charge for the year	11	23	10	–	44
At 31 December 2015	541	1,584	422	20	2,567
Charge for the year	11	19	–	–	30
At 31 December 2016	552	1,603	422	20	2,597
Carrying value					
At 31 December 2016	6	44	–	–	50
At 31 December 2015	17	53	–	–	70

The net carrying value of property, plant and equipment acquired under finance lease arrangements for the Group is S$788,000 (2015: S$56,000), and are pledged with a financial institution as at 31 December 2016.

12. Investments in subsidiaries

	Company	
	2016	2015
	S$'000	S$'000
Unquoted equity shares, at cost	363,079	363,079
Deemed investment arising from financial guarantees provided to banks on behalf of subsidiaries	484	329
	363,563	363,408
Less: Impairment loss at 1 January and 31 December	(343,693)	(343,693)
Carrying amount	19,870	19,715

There are no movements to the Company's provision of impairment losses for investment in subsidiaries during the financial years ended 31 December 2016 and 2015.

12. Investments in subsidiaries (Continued)

The Company issued financial guarantees to financial institutions for credit facilities obtained by its subsidiaries and recorded a deemed financial guarantee fee income in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The deemed income was amortised over the period of the guarantee. The guarantee fee was not charged by the Company to the subsidiary. The full amount of the guarantee fee is deemed to be the additional investment in subsidiaries.

In determining whether investments in subsidiaries are impaired requires an estimation of the recoverable amount of the subsidiaries. Such recoverable amounts are estimated based on the value-in-use of the subsidiaries. The estimates of the recoverable amount are determined based on value-in-use calculations. Cash flow projections used in these calculations were based on financial budgets approved by the Board of Directors covering a five-year period.

The key assumptions used for value-in-use calculations are as follows:

	Tooling and plastic injection moulding	
	People's Republic of China (including Hong Kong)	
	2016	2015
Growth rate[1]	2.6% - 54%	2.8%
Pre-tax discount rate[2]	11.49%	9%
Gross profit margin[3]	41%	41%
Terminal growth rate[4]	-2%	0%

1. Annual growth rates used to extrapolate cash flows for the next five-year period are based on the published industry research, adjusted for the specific circumstances of the CGU and based on management's experience.
2. The discount rate applied is based on the weighted average cost of the Group's capital (the "WACC"), adjusted for the specific circumstances of the CGU and based on management's experience, and grossed-up to arrive at the pre-tax rate.
3. Budgeted gross profit margin is based on historical data, adjusted for the specific circumstances of the CGU.
4. Terminal growth rate beyond the budget period is based on published industry research, adjusted for the specific circumstances of the CGU.

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources including, but not limited to, historical data.

12. Investments in subsidiaries (Continued)

Details of subsidiaries directly held by the Company and their cost of investment to the Company as at 31 December are as follows:

	2016 S$'000	2015 S$'000
Acma ICCL Pte Ltd	13,039	13,039
Acma Investments Pte Ltd	108,920	108,920
Spageddies Pte. Ltd.	500	500
Acma Technologies Pte Ltd	165,300	165,300
Lityan Systems (S) Pte Ltd	75,320	75,320
	363,079	363,079
Deemed investment in subsidiaries	484	329
	363,563	363,408

(a) Details of subsidiaries at 31 December are as follows:

	Name of company	Principal activities	Country of incorporation (iii)	Percentage of effective equity held by the Group 2016 %	2015 %
	Held by the Company				
*	Acma ICCL Pte Ltd	Investment holding	Singapore	100	100
*	Acma Investments Pte Ltd	Investment holding	Singapore	100	100
*	Spageddies Pte. Ltd. (ii)	Dormant	Singapore	100	100
*	Acma Technologies Pte Ltd	Investment holding	Singapore	100	100
*	Lityan Systems (S) Pte Ltd	Sales, maintenance and rental of communication equipment, computer equipment, peripherals and other office and industrial equipment and supplies	Singapore	100	100

Note: (i) Companies indicated with (*) are audited by Mazars LLP, Singapore.
(ii) This subsidiary is in the process of deregistration with ACRA.
(iii) All active companies are operating in their respective country of incorporation.

12. Investments in subsidiaries (Continued)

(b) Details of subsidiaries held by subsidiaries of the Company at 31 December are as follows:-

	Name of company	Principal activities	Country of incorporation [iii]	Percentage of effective equity held by the Group 2016 %	2015 %
	Held by Subsidiaries				
*	Acma Engineers Private Limited	Distributor of Hitachi air-conditioner packaged units and multi-split units	Singapore	70	70
	Acma Strategic Holdings Limited [iv]	Investment holding	Hong Kong	90	90
*	Acot Holdings Pte Ltd	Investment holding and trading of tools and moulds	Singapore	100	100
**	Acot Plastics (Xiamen) Co., Ltd [1]	Manufacturing of tools, automotive moulds and plastic injection moulding	People's Republic of China	100	100
**	Acot Tooling (Xiamen) Co., Ltd [1]	Manufacturing of tools and automotive moulds	People's Republic of China	100	100
**	AL&W Limited [2]	Investment holding	Hong Kong	70	70
**	Dongguan Chuangying Lihua Mould Co., Ltd [3]	Manufacturing of moulds	People's Republic of China	70	70
*	Global Tech Pte Ltd	Investment holding	Singapore	100	100
**	Metal Printing and Packaging, Ltd [4][v]	Manufacturing of metal packaging & metal printing services	Vietnam	51	40
	Magnatech Pte. Ltd. [iv]	Investment holding	Singapore	100	100
*	Ray Tech Acot Singapore Pte Ltd	Trading in moulds and injected plastic parts	Singapore	82.5	82.5
**	Rinzai Limited [5]	Trading of telecommunications and networking equipment and investment holding	Hong Kong	100	100
**	Xenon Manufacturing Pte Ltd [6][v]	Investment holding	Singapore	51	40
**	Shanghai Acma Precision Plastics Co., Ltd [7]	Dormant	People's Republic of China	100	100

Note: (i) Companies indicated with (*) are audited by Mazars LLP, Singapore.

(ii) Companies indicated with (**) are audited by other auditors
(1) Audited by Grant Thornton (Xiamen), PRC
(2) Audited by BDO Limited, Hong Kong
(3) Audited by Guangdong CCAT Certified Public Accountants Co., Ltd, PRC
(4) Audited by Global Auditing and Financial Consultancy Co., Ltd, Vietnam
(5) Audited by S.Y. Yang & Company, Hong Kong
(6) Audited by CA Practice PAC, Singapore
(7) The subsidiary is exempted from audit

(iii) All active companies are operating in their respective country of incorporation.

(iv) This subsidiary is in the process of liquidation, and exempted for audit.

(v) Following the share subscription on 4 July 2016, the investment in Xenon Manufacturing Pte Ltd has been accounted as subsidiary of the Group (Note 12 (d)).

12. Investments in subsidiaries (Continued)

(c) The Company has the following subsidiaries which have non-controlling interests ("NCI") that are material to the Group:

Subsidiaries	Proportion of ownership interest held by NCI		Profit/(Loss) allocated to NCI during the financial year		Accumulated NCI at the reporting date		Dividends paid to NCI	
	2016 %	2015 %	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Acma Engineers Private Limited	30	30	278	81	1,180	1,039	150	150
AL&W Limited	30	30	(344)	315	631	969	–	–
Xenon Manufacturing Pte Ltd and its subsidiary	49	N/A	220	N/A	2,111	N/A	–	N/A

Summarised financial information (before intercompany eliminations):

	Acma Engineers Private Limited		AL&W Limited		Xenon Manufacturing Pte Ltd and its subsidiary (*)	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Assets						
Non-current	362	177	791	856	7,310	N/A
Current	7,621	7,599	4,998	7,096	4,470	N/A
Liabilities						
Non-current	78	13	–	–	530	N/A
Current	3,972	4,299	3,686	4,722	3,872	N/A
Net assets	3,933	3,464	2,103	3,230	7,378	N/A
Revenue	17,957	15,306	4,469	10,610	7,895	N/A
Profit/(Loss) after income tax, representing total comprehensive income/(loss)	925	271	(1,146)	1,050	451	N/A
Net cash flow from operation	836	276	1,338	552	276	N/A

(*) The financial results for Xenon Manufacturing Pte Ltd and its subsidiary represent post acquisition results from 4 July 2016 to 31 December 2016.

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group except for cash and bank balances held in the People's Republic of China of S$4.8 million (2015: S$3.7 million) which are subject to local exchange control regulations which restrict the amount of currency to be exported other than through dividends.

12. Investments in subsidiaries (Continued)

(d) Acquisition of subsidiaries

On 4 July 2016 ("acquisition date"), the Group subscribed to Xenon Manufacturing Pte Ltd's ("Xenon") non-renounceable rights issue for a consideration of S$777,500. Following on the subscription, the Group's shareholding in Xenon increased from 512,000 shares to 3,622,000 shares, representing an increase from 40% to 51.19% of equity interest of Xenon. Xenon is principally involved in, through its wholly-owned Vietnam incorporated subsidiary, Metal Printing and Packaging, Ltd, in the manufacture of metal packaging and provision of customised metal printing services in Vietnam.

The Group foresees that the acquisition of Xenon Manufacturing Pte Ltd and its subsidiary, Metal Printing and Packaging, Ltd (collectively, "Xenon Group") will provide the opportunity to expand into new sectors and increase its presence in Vietnam.

The Group treated this acquisition of subsidiaries as a business combination. The completion of the acquisition of the subsidiaries was on 4 July 2016, which was also the date the Group obtained control over Xenon Group.

The fair value of the identifiable assets and liabilities of Xenon Group, as at acquisition date were:

	Note	Total fair value recognised on acquisition of Xenon Group S$'000
Property, plant and equipment	11	6,026
Customer relationships	15	253
Cash and cash equivalents		172
Inventories		1,244
Trade and other receivables		1,185
		8,880
Bank borrowings		(96)
Finance lease payables		(504)
Trade and other payables		(4,697)
Deferred tax liabilities	31	(565)
		(5,862)
Total net identifiable assets		3,018
Total consideration for acquisition:		
Capitalisation of receivables from the subsidiaries acquired		778
Fair value of non-controlling interest		1,698
Fair value of equity interest in Xenon Group immediately before the acquisition		811
		3,287
Less: Net identifiable assets at fair value for Xenon Group		(3,018)
Goodwill arising from business combination		**269**

12. Investments in subsidiaries (Continued)

(d) Acquisition of subsidiaries (Continued)

Details of the consideration paid, the assets acquired and liabilities assumed, the non-controlling interest recognised and the effects on the cash flows of the Group, at the acquisition date, are as follows:

	S$'000
Effect of the acquisition of Xenon Group on cash flows:	
Total consideration for the acquisition *	–
Less: Cash and cash equivalents of subsidiaries acquired	(172)
	(172)

* The consideration of S$777,500 is settled via the capitalisation of amount owing by the subsidiaries acquired to subscribe for the rights.

The Group recognised a gain on deemed disposal of S$191 as a result from measuring at fair value its 40% equity interest in Xenon Group held immediately before the business combination. The gain is included in "Other revenue" line item in the Group's profit or loss for the year ended 31 December 2016.

Goodwill of S$269,000 was recognised on the acquisition based on the difference between the consideration and the fair value of the identifiable assets and liabilities at the date of the acquisition. The goodwill arising from the acquisition comprises the value of expanding the Group's portfolio approach. Therefore, existing operations of the Group will not be disposed of or reduced in terms of production capacity as a result of the combination. None of the goodwill recognised is expected to be tax deductible for income tax purposes.

No contingent consideration arrangements and contingent liabilities were identified at acquisition.

From the acquisition date, Xenon Group has contributed S$7.9 million of revenue and S$0.5 million of net profit to the Group's profit for the year. Had Xenon Group been consolidated from 1 January 2016, consolidated revenue and consolidated profit for the year ended 31 December 2016 would have been S$12.8 million and S$0.6 million respectively.

The fair value as a result of business combination:

- *Property, plant and equipment acquired*
  The fair value of property, plant and equipment recognised as a result of a business combination is based on recent transaction prices for similar items when available and replacement cost when appropriate. Included in property, plant and equipment acquired is S$2,492,000 of plant and machinery which has been determined on a provisional basis as the final results of the independent valuations on certain plant and machinery have not been finalised as of the date of the financial statements. Accordingly, provisional goodwill of S$269,000 has been recorded and this will be adjusted on a retrospective basis when the purchase price allocation exercise is finalised during the measurement period.

- *Customer relationships acquired*
  The fair value of customer relationships acquired in a business combination is determined using the multi-period excess earnings method over a period of five years, whereby the subject asset is valued after deducting a fair return on all other assets that are part of creating the related cash flows by using the customer attrition rate of 15%.

- *Inventories acquired*
  The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

12. Investments in subsidiaries (Continued)

(d) Acquisition of subsidiaries (Continued)

- *Trade and other receivables acquired*
  The fair value of trade and other receivables is S$1,185,000 and includes trade receivables with a fair value of S$712,000. The gross contractual amount for trade receivables due is S$725,000, of which S$13,000 is expected to be uncollectible.

- *Trade and other payables assumed*
  The fair value of trade and other payables assumed approximates fair value largely due to the short-term maturities of these instruments.

- *Bank borrowings and finance lease payables assumed*
  The carrying amount of the bank borrowings and finance lease payables assumed are an approximation of fair values as these are subjected to frequent repricing (floating rates) on annual basis.

- *Non-controlling interest*
  The Group has chosen to recognise 48.81% non-controlling interest at its fair value of S$1,698,000. The fair value estimates are based on assumed adjustments because of lack of marketability that market participants would consider.

13. Investments in associates

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Unquoted equity investment, share of net assets				
At beginning of year	128	36,824	20	35,589
Share of loss	(44)	(177)	–	–
Impairment loss	–	(36,519)	–	(35,569)
Reversal of impairment loss	786	–	–	–
Deemed disposal of associate	(811)	–	–	–
At end of year	59	128	20	20
Unquoted equity shares, at cost				
At beginning of year	65,767	65,767	65,072	65,072
Deemed disposal of associate	(695)	–	–	–
At end of year	65,072	65,767	65,072	65,072
Share of accumulated post-acquisition results				
At beginning of year	363	540	–	–
Share of current year's results	(44)	(177)	–	–
Deemed disposal of associate	(116)	–	–	–
At end of year	203	363	–	–

13. Investments in associates (Continued)

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Impairment				
At beginning of year	66,002	29,483	65,052	29,483
Addition	–	36,519	–	35,569
Reversal of impairment loss	(786)	–	–	–
At end of year	65,216	66,002	65,052	65,052
Carrying amount	59	128	20	20
Amounts owing by associates	257	4,184	128	1,018
Less: Allowance for doubtful debts				
At beginning of year	(1,611)	(1,550)	(265)	(265)
Additions	(196)	(61)	(128)	–
Write-back on impairment of doubtful receivables	1,550	–	265	–
At end of year	(257)	(1,611)	(128)	(265)
Carrying amount	–	2,573	–	753

Amounts owing by associates are denominated in Singapore dollars.

Included in the amounts owing by associates as at 31 December 2015 was an amount of S$3.9 million which was unsecured, bears interest at 5.25% per annum for principal sum and 7.25% per annum for accrued interests and repayable on demand.

For the investment in Neftech Pte. Ltd. ("Neftech"), in 2015, management performed an assessment on the recoverable amount using a discounted cash flow model in financial year ended 31 December 2015 based on a cash flow projection from 2016 to 2020 with a terminal value and applying certain estimates and assumptions, such as discount rates and revenue growth rate. The assumption for long-term growth rate of 1% was determined by taking reference from external information sources. The pre-tax discount rate used was 9%. For financial year ended 31 December 2016, the management did not perform calculations of value-in-use as the operation of Neftech is expected to be worse than previous year's cash flow projections. Hence, the expected recoverable amount would be lower than original cost of investment. The carrying amounts of the investment in Neftech at both financial year 2016 and 2015 are Nil.

The summarised financial information of the material associate, Neftech, not adjusted for the Group's proportionate share; based on its FRS financial statements and reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

13. Investments in associates (Continued)

	Neftech Pte. Ltd.		Femto Pte. Ltd.		Xenon Group	
	2016	2015	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Assets and liabilities:						
Non-current assets	4	14	8	15	–	3,797
Current assets	42	757	291	684	–	3,881
Total assets	46	771	299	699	–	7,678
Non-current liabilities	484	764	–	–	–	4,467
Current liabilities	1,337	1,040	4	72	–	4,005
Total liabilities	1,821	1,804	4	72	–	8,472
Net (liabilities)/assets	(1,775)	(1,033)	295	627	–	(794)
Group's share of associates' net (liabilities)/assets	(868)	(505)	59	125	–	(318)
Identifiable asset at acquisition	34,161	34,161	20	20	–	615
Goodwill on acquisition	30,892	30,892	–	–	–	–
Other adjustment	–	–	143	146	–	23
Impairment loss	(65,053)	(65,053)	(163)	(163)	–	(320)
Carrying amount of the investment as at 31 December	–	–	59	128	–	–
Results						
Revenue	74	439	24	132	4,905	11,089
Profit/(Loss) for the year and total comprehensive income/(loss)	(742)	(487)	(332)	(384)	55	538
Group's share of associate's profit/(loss) for the year	–	–	(66)	(77)	22	215

13. Investments in associates (Continued)

Details of associates at 31 December are:

Name of company	Principal activities	Country of incorporation	Percentage of effective equity held by the Group 2016 %	2015 %
Held by the Company				
Neftech Pte. Ltd. [1]	Development and commercialisation of its proprietary cavitation technology in fuel efficiency	Singapore	48.9	48.9
Femto Pte. Ltd.[1]	Manufacture of additives	Singapore	20	20
Held by subsidiary				
Xenon Manufacturing Pte. Ltd.[2]	Investment holding and general trading	Singapore	–	40
Held by Xenon Manufacturing Pte Ltd				
Metal Printing and Packaging, Ltd[2]	Metal packaging and metal printing services	Vietnam	–	40

1. Audited by Tit Wei Lee & Co, Singapore.
2. Following the share subscription on 4 July 2016, the investment in Xenon Manufacturing Pte Ltd and Metal Printing and Packaging, Ltd have been accounted as subsidiaries of the Group (Note 12 (d)).

14. Other investments

	Group 2016 S$'000	2015 S$'000
Non-current		
Unquoted equity shares		
At cost	9,076	9,076
Less: Impairment loss		
At 1 January and 31 December	(9,076)	(9,076)
Net carrying amount	–	–

The investments in unquoted equity shares are carried at cost as there are no available methods to reasonably estimate the fair values. The amounts are denominated in United States dollar.

14. Other investments (Continued)

	Group 2016 S$'000	Group 2015 S$'000
Non-current		
Long-term operating lease, at cost		
At 1 January	18,222	16,959
Currency realignment	416	1,263
At 31 December	18,638	18,222
Less: Accumulated amortisation		
At 1 January	(10,168)	(8,905)
Charge for the year	(563)	(562)
Currency realignment	(257)	(701)
At 31 December	(10,988)	(10,168)
Less: Accumulated impairment		
At 1 January	(6,133)	(5,275)
Addition	–	(467)
Reversal of impairment loss	523	–
Currency realignment	(121)	(391)
At 31 December	(5,731)	(6,133)
Net	1,919	1,921
Total	1,919	1,921

The long-term operating lease is situated in Russia, falls in the "Investment" business segment (Note 35) and has a remaining lease period of 9 years (2015: 10 years) as at 31 December 2016 with an option to renew for another 5 years.

During the financial year ended 31 December 2016, impairment loss of approximately Nil (2015: S$467,000) was recognised in profit or loss subsequent to a review of the recoverable amount of the lease determined based on value-in-use calculation, using pre-tax discount rate of 12.5% (2015: 12.5%). The reversal of impairment loss is due to actual rental receipt being higher than the calculation of value-in-use determined in financial year ended 31 December 2015.

The reversal of the impairment losses of S$523,000 is included in "Other operating expenses" in the Group's profit or loss for the financial year ended 31 December 2016.

15. Intangible assets

	Non-contractual customer relationships*	Distribution rights	Goodwill	Total
	S$'000	S$'000	S$'000	S$'000
Group				
Cost				
At 1 January and 31 December 2015	–	2,160	3,443	5,603
Acquisition of subsidiary (Note 12 (d))	253	–	269	522
At 31 December 2016	253	2,160	3,712	6,125
Accumulated amortisation				
At 1 January and 31 December 2015	–	2,160	–	2,160
Amortisation charge	–	–	–	–
At 31 December 2016	–	2,160	–	2,160
Net carrying value				
As at 31 December 2016	253	–	3,712	3,965
As at 31 December 2015	–	–	3,443	3,443

* Cost of non-contractual customer relationships acquired is attributable to long-term relationship with its major customers.

The intangible assets represent customer relationships, distribution rights and goodwill. Customer relationships and goodwill are acquired through business combination.

Goodwill is allocated to the Group's cash-generating units ("CGU") identified that are expected to benefit from business combinations such as AL&W Limited and Metal Printing and Packaging, Ltd with the carrying amounts of S$3,443,000 (2015: S$3,443,000) and S$269,000 (2015:Nil) respectively.

The Group tests the CGU for impairment annually, or more frequently when there is an indication that the unit may be impaired. The estimate of the recoverable amount is determined based on value-in-use calculations. Cash flow projection used in this calculation was based on financial budgets covering a five-year period.

The key assumptions used in value-in-use calculations are as follows:

	People's Republic of China (including Hong Kong) AL&W Limited		Vietnam Metal Printing and Packaging, Ltd	
	2016	2015	2016	2015
Growth rate[1]	2.6% - 54%	2.8%	4.5%	N/A
Pre-tax discount rate[2]	11.49%	9%	15.3%	N/A
Gross profit margin[3]	41%	41%	14% - 18%	N/A
Terminal growth rate[4]	-2%	0%	-1%	N/A

1. Annual growth rates used to extrapolate cash flows for the next five-year period are based on the published industry research, adjusted for the specific circumstances of the CGU and based on management's experience.
2. The discount rate applied is based on the weighted average cost of the Group's capital (the "WACC"), adjusted for the specific circumstances of the CGU and based on management's experience, and grossed-up to arrive at the pre-tax rate.
3. Budgeted gross profit margin based on historical data, adjusted for the specific circumstances of the CGU.
4. Terminal growth rate beyond the budget period based on published industry research, adjusted for the specific circumstances of the CGU.

15. Intangible assets (Continued)

The values assigned to the key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources, including but not limited to historical data.

The impairment test carried out as at 31 December 2016 for AL&W Limited, which includes 86% of the goodwill recognised on the financial statements of the Group, has indicated that the recoverable amount of the CGU is S$5 million or 32% higher than its carrying amounts.

Management is of the view that no reasonable possible changes in any of the key assumptions would cause the CGU's carrying amount to exceed its recoverable amount.

No impairment loss was recognised during the financial year ended 31 December 2016 and 2015.

16. Other assets

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Long-term prepaid operating lease, at cost	2,060	2,060	2,060	2,060
Non-refundable deposits	52	–	–	–
Other assets	405	–	–	–
Less: Accumulated amortisation for long-term prepaid operating lease				
At 1 January	(859)	(754)	(859)	(754)
Charge for the year	(105)	(105)	(105)	(105)
At 31 December	(964)	(859)	(964)	(859)
Net carrying value	1,553	1,201	1,096	1,201

In 2007, the Company entered into a 20-year, non-transferable prepaid operating lease for a property where the Group's operational headquarters reside. Under the agreement, the Company can cancel the lease at any time giving 6 months' notice. Should that occur, a portion of the prepaid amount will be refunded to the Company in accordance with the terms and conditions in the agreement. As at 31 December 2016, the remaining lease period is 10 years (2015: 11 years).

17. Inventories

	Group 2016 S$'000	Group 2015 S$'000
Materials	1,988	1,321
Work-in-progress	3,813	3,357
Finished products	2,084	1,358
Trading inventories	1,769	1,459
	9,654	7,495

Inventories are stated after providing the allowance for inventories obsolescence as follows:

	Group 2016 S$'000	Group 2015 S$'000
At 1 January	2,023	2,148
Write off	(389)	–
Write back	(152)	(122)
Currency realignment	(10)	(3)
At 31 December	1,472	2,023

Inventories of S$152,000 (2015: S$122,000) have been written back pursuant to their sale at above their carrying amount.

18. Work-in-progress

	Group 2016 S$'000	Group 2015 S$'000
Cost plus attributable profits	3,192	469
Progress billings	(2,936)	(387)
	256	82
Represented by:		
Work-in-progress (included in current assets)	290	111
Work-in-progress (included in current liabilities)	(34)	(29)

19. Trade and other receivables

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Trade receivables	53,103	63,078	172	217
Less: Allowance on impairment loss	(38,795)	(41,067)	(36)	(36)
Net trade receivables	14,308	22,011	136	181
Other receivables	13,250	12,072	2,655	2,655
Less: Allowance on impairment loss	(6,742)	(6,651)	(2,655)	(2,655)
Net other receivables	6,508	5,421	–	–
Prepayments	1,673	570	10	27
Sundry deposits	352	292	–	–
Recoverable amounts	717	783	20	29
Accrued revenue	16,782	3,451	–	–
	40,340	32,528	166	237
Non-current	7,401	–	–	–
Current	32,939	32,528	166	237
	40,340	32,528	166	237

Trade receivables are non-interest bearing and are generally on 30 to 135 days (2015: 30 to 135 days) credit term.

The Group's non-current other receivable is stated at amortised cost and is non-interest bearing. This other receivable is expected to be received over a period of two years. The entire balance of non-current other receivable is denominated in United States dollar. The fair value of the non-current other receivable approximates to S$7.4 million (2015: Nil).

Movement in the allowance on impairment of trade receivables are as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Balance at 1 January	41,067	38,512	36	36
Currency realignment	(1,375)	2,450	–	–
Movement during the financial year:				
- Allowance of impairment loss	98	105	–	–
- Acquisition of subsidiaries (Note 12 (d))	13	–	–	–
- Write-off of receivables	(1,008)	–	–	–
Balance at 31 December	38,795	41,067	36	36

19. Trade and other receivables (Continued)

Movement in the allowance on impairment of other receivables are as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Balance at 1 January	6,651	6,419	2,655	2,655
Allowance during the year	5	–	–	–
Currency realignment	86	232	–	–
Balance at 31 December	6,742	6,651	2,655	2,655

Net trade and other receivables are mainly denominated in the following currencies as at the reporting date:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Singapore dollar	3,520	2,449	166	237
United States dollar	20,056	17,458	–	–
Chinese renminbi	9,049	6,394	–	–
Hong Kong dollar	697	673	–	–
Vietnamese dong	2,865	–	–	–
Euro	4,140	5,554	–	–
Others	13	–	–	–
	40,340	32,528	166	237

20. Amounts owing by/(to) subsidiaries

	Company	
	2016 S$'000	2015 S$'000
Amounts owing by subsidiaries	71,586	62,387
Allowance for doubtful debts:		
Balance at 1 January	(25,120)	(17,204)
Impairment loss	–	(7,916)
Balance at 31 December	(25,120)	(25,120)
Carrying amount	46,466	37,267
Amounts owing to subsidiaries	(42,767)	(33,066)

The amounts owing by/(to) subsidiaries are non-trade in nature, unsecured, interest-free and repayable on demand.

Amounts owing by/(to) subsidiaries are denominated in Singapore dollars.

In determining the recoverability of amount owing by subsidiaries, the Company considers whether there have been changes in the credit quality of these amounts owing by subsidiaries from the date of which credit was initially granted up to the reporting date. Management believes that there have been no significant changes in credit quality and these amounts owing by subsidiaries are recoverable, and accordingly, the net carrying amounts owing by subsidiaries at the end of reporting date are not impaired.

21. Derivative financial instrument

The Group undertake to foreign currency forward contracts to manage its foreign exchange exposures arising from its foreign currency denominated business transactions. The instruments purchased are primarily denominated in Euro.

The following details for foreign currency forward contracts outstanding as at 31 December:

	Contracted rates		Notional values		Settlement date
	2016	2015	2016	2015	
Nature					
Sell Euro, buy United States dollar	1.073	–	500,000	–	8 June 2017

As at 31 December 2016, the fair value of forward currency forward contracts is estimated at S$83,000 (2015: Nil). The fair values are measured based on estimated valuation derived from market quotations.

22. Marketable securities

	Group	
	2016 S$'000	2015 S$'000
Held for trading		
Quoted equity shares, at cost	14	14
Fair value adjustment	(10)	(11)
At fair value through profit or loss	4	3

The fair values of these securities are based on the closing quoted market prices on the last market day of the financial year.

The quoted equity shares are denominated in Malaysia Ringgit.

Movement in fair value adjustment of marketable securities are as follows:

	Group	
	2016 S$'000	2015 S$'000
Balance at 1 January	11	10
Current year revaluation to market value	(1)	1
Balance at 31 December	10	11

23. Cash and cash equivalents

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Cash and bank balances	6,792	9,727	71	49
Bank overdrafts (Note 30)	(1,535)	(422)	–	–
Cash and cash equivalents for statement of cash flows	5,257	9,305	71	49

Cash at bank earns interest at floating rates based on daily bank deposit rates ranging from 0.05% to 0.50% (2015: 0.05% to 0.50%) per annum.

Cash and bank balances are mainly denominated in the following currencies as at the reporting date:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Singapore dollar	511	761	57	35
United States dollar	1,664	4,177	13	13
Euro	183	470	–	–
Chinese renminbi	4,351	4,305	–	–
Others	83	14	1	1
	6,792	9,727	71	49

24. Share capital

	Group and Company			
	2016 No. of ordinary shares '000	2015 No. of ordinary shares '000	2016 S$'000	2015 S$'000
Issued and fully paid:				
At 1 January	42,391	4,239,080	195,038	195,038
Warrants exercised	(*)	–	1	–
Share consolidation	–	(4,196,689)	–	–
At 31 December	42,391	42,391	195,039	195,038

(*) denotes number less than 1,000

The holders of ordinary shares are entitled to dividends as declared from time to time and are entitled to one vote per share without restrictions and have no par value at meetings of the Company.

On 4 June 2015, the Company undertook a share consolidation for every 100 existing issued ordinary shares in the capital of the Company held by shareholders into one consolidated share, at a book closure date to be determined by the directors. Fractional entitlements were disregarded.

The Company issued 176 (2015: Nil) shares pursuant to the conversion of Warrants at exercise price of S$3.50 (2015: Nil) and these new shares rank *pari passu* with existing issued shares.

24. Share capital (Continued)

Share option scheme

The Group's and the Company's net asset value per share as at 31 December is as follows:

	Group		Company	
	2016	2015	2016	2015
Total equity excluding non-controlling interests (S$'000)	33,817	31,722	24,017	25,499
Total number of shares ('000)	42,391	42,391	42,391	42,391
Net asset value per share (cents)	80	75	57	60

Share options pursuant to the Acma Employees' Share Option Scheme 2004 and Acma Employees' Share Option Scheme 2014 were approved by shareholders on 28 April 2004 and 28 November 2016 respectively.

Movements in the number of share options during the year are as follows:

	Group and Company	
	2016 '000	2015 '000
Balance at 1 January	1,422	152,225
Adjustments pursuant to share consolidation	–	(140,778)
Issuance of share option	1,976	–
Forfeited during the year	(476)	(10,025)
Balance at 31 December	2,922	1,422

On 9 June 2011 ("Date of Grant"), the Company granted options for 69,250,000 and 17,000,000 shares to the employees and directors of the Company respectively at an exercise price of S$0.035 per share. The options are exercisable at any time after the first anniversary of the Date of Grant up to the fifth anniversary of the Date of Grant. The options expired on 8 June 2016.

On 16 August 2013 ("Date of Grant"), the Company granted options for 91,275,000 and 10,200,000 shares to the employees and the directors of the Company respectively, at an exercise price of S$0.034 per share. The options are exercisable at any time after the first anniversary of the Date of Grant up to the fifth anniversary of the Date of Grant.

During the year 2015, the Company proposed a share consolidation of every hundred (100) existing issued ordinary shares in the capital of the Company into one (1) Consolidated Share, fractional entitlements to be disregarded save for the event that, upon the completion of the share consolidation, any shareholder who is entitled to less than one (1) Consolidated Share shall be deemed to be entitled to one (1) Consolidated Share. The share consolidation was approved by shareholders at the Extraordinary Meeting held on 29 April 2015.

As a result of the share consolidation, the number of ordinary shares, share options and warrants and their exercise prices were adjusted accordingly.

24. Share capital (Continued)

On 28 November 2016 (the "Date of Grant"), a new tranche of 1,976,000 share options were granted to the employees and the directors under the Acma Employees' Share Option Scheme ("Scheme 2014"). Options were granted at the exercise price of S$0.35 per share.

As at 31 December 2016, there are outstanding options of 945,500 and 1,976,000 (2015: 1,422,000 and Nil) shares under the Acma Employees' Share Option Scheme 2004 ("Scheme 2004") and Acma Employees' Share Option Scheme 2014 ("Scheme 2014") respectively.

Options outstanding to subscribe for ordinary shares at the end of the financial year have the following terms:

Exercise period	Exercise price (S$)	No. of outstanding option	
		2016	2015
Scheme 2004			
09.06.2012 – 08.06.2016	3.50	–	476,500
16.08.2014 – 15.08.2018	3.40	945,500	945,500
Scheme 2014			
28.11.2017 – 27.11.2021	0.35	1,976,000	–

The fair value of share options as at the date of grant was estimated by using Binomial Model and Black-Scholes Option Pricing Model, taking into account the terms and conditions upon which the options were granted. The inputs to the model used are shown below:

Options granted:	Options granted on		
	9 June 2011	16 August 2013	28 November 2016
Expected volatility	8.19	3.58	14.33
Risk-free interest rate (%)	1.08	1.10	2.26
Expected life of option (years)	4	5	5
Weighted average share price (cents)	2.5	3.2	0.32

The expected life of the options is based on the full vesting period and therefore not necessarily indicative of exercise patterns that may occur. The expected volatility, which is based on the past 5 years' daily closing prices prior to the date of grant, reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options were incorporated into the measurement of fair value. All share options are settled via the issue of ordinary shares.

The fair value of the share options for Scheme 2014 at grant date is Nil due to the exercise price of the share options being higher than the fair value of the share options.

On expiry of the share options, the related share options are transferred to general reserve and as of year-end, the total amount was S$290,000 (2015: S$290,000).

25. Warrant reserve

	Group and Company			
	2016	2015	2016	2015
	No. of warrants			
	'000	'000	S$'000	S$'000
Balance at 1 January	13,952	1,395,527	–	–
Warrants exercised	(*)	–	–	–
Warrants expired	(13,952)	–	–	–
Share consolidation adjustment (Note 24)	–	(1,381,575)	–	–
Balance at 31 December	–	13,952	–	–

(*) denotes number less than 1,000

On 8 July 2013, the Company issued and allotted 1,395,526,880 free bonus Warrants. As at 31 December 2013, there were 1,395,526,880 Warrants ("Warrants W160707"), with each Warrant carrying the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of S$0.035 for each new share, on the basis of one (1) warrant for three (3) existing ordinary shares in the capital of the Company on 3 July 2013. Warrants W160707 expired on 7 July 2016.

The Company issued 176 (2015: Nil) shares pursuant to the conversion of Warrants at exercise price of S$3.50 (2015: Nil) and these new shares rank *pari passu* with existing issued shares. All unexercised Warrants expired in 2016.

26. Capital reserve

The capital reserve comprises statutory reserve which is computed based on 11% (2015: 11%) of the net profits of subsidiaries established in the People's Republic of China in accordance with local laws and regulations.

27. Foreign currency translation reserve

The foreign currency translation reserve comprises foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the presentation currency of the Group, as well as from the translation of foreign currency loans which form part of the Group's net investments in foreign operations.

28. Finance lease payables

	Minimum lease payments 2016 S$'000	Present value of lease payments 2016 S$'000	Minimum lease payments 2015 S$'000	Present value of lease payments 2015 S$'000
Group				
Within one year	277	212	29	27
After one year but not more than five years	644	552	5	4
More than five years	25	24	–	–
Total minimum finance lease payments	946	788	34	31
Less: Amounts representing finance charges	(158)	–	(3)	–
Present value of minimum finance lease payments	788	788	31	31

The finance lease term is 2 to 7 years (2015: 2 to 5 years).

The effective interest rates charged during the year was 5.57% to 9.40% (2015: 9.40%) per annum. Interest rates are fixed at contract dates and thus expose the Group to fair value interest rate risk. As at the end of the financial year, the fair values of the Group's finance lease obligations approximate their carrying amounts.

All leases are on a fixed repayment basis and no arrangements have been entered into for contingent rental payment.

Finance lease payables are denominated in the following currencies as at the reporting date:

	Group 2016 S$'000	Group 2015 S$'000
Singapore dollar	83	31
Vietnamese dong	705	–
	788	31

29. Provision

	Group	
	2016 S$'000	2015 S$'000
At 1 January	1,205	1,500
Addition	–	290
Utilisation	(402)	(585)
At 31 December	803	1,205
Non-current	401	661
Current	402	544
	803	1,205

The provision relates to an onerous non-cancellable lease contract of a factory in People's Republic of China which the Group has stopped using. The lease will expire in 2018. Part of the factory has been sublet to third parties. The changes in market conditions have meant that the rental income is lower than the rental expense. The obligation for the discounted future payments, net of expected rental income, has been provided.

30. Bank borrowings

	Group	
	2016 S$'000	2015 S$'000
Unsecured		
Overdrafts (Note 23)	1,535	422
Bank loan	17	–
Trust receipts and bills payable	6,471	7,478
	8,023	7,900
Non-current	17	–
Current	8,006	7,900
	8,023	7,900

Bank borrowings bear interest at rates ranging from 2.42% to 8.50% (2015: 2.42% to 5.50%) per annum.

The effective interest rate of the bank loan at reporting date is 8.5% per annum and the interest rate is repriced monthly (2015: Nil). The bank loan will mature in April 2018.

Trust receipts and bills payable have maturities between 1 to 5 months (2015: 1 to 5 months).

30. Bank borrowings (Continued)

Bank borrowings are denominated in the following currencies as at the reporting date:

	Group	
	2016 S$'000	2015 S$'000
Singapore dollar	913	422
United States dollar	6,471	7,478
Vietnamese dong	639	–
	8,023	7,900

31. Deferred tax liabilities

The movements in deferred tax liabilities were as follows:

	Group	
	2016 S$'000	2015 S$'000
At beginning of year	9	9
Acquisition of subsidiaries (Note 12 (d))	565	–
At end of year	574	9

Details of deferred tax liabilities are as follows:

	Group	
	2016 S$'000	2015 S$'000
Deferred tax liabilities:		
Differences in timing of deduction of certain expenses	9	9
Fair value adjustment on intangible assets	51	–
Fair value adjustment on property, plant and equipment	514	–
Acquisition of subsidiary (Note 12 (d))	565	–
	574	9

32. Trade and other payables

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Trade payables	20,120	14,208	620	491
Deposits from customers	2,402	2,225	–	–
Accruals	3,689	3,483	233	185
Other tax payables	249	–	–	–
Other payables	855	1,406	102	71
	27,315	21,322	955	747

Trade payables are non-interest bearing and are generally settled within 30 to 90 days (2015: 30 to 90 days) credit terms.

Trade and other payables are denominated in the following currencies as at the reporting date:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Singapore dollar	2,705	2,825	955	747
Chinese renminbi	9,181	9,417	–	–
United States dollar	12,238	8,286	–	–
Euro	41	153	–	–
Vietnamese dong	2,420	–	–	–
Hong Kong dollar	730	641	–	–
	27,315	21,322	955	747

33. Operating lease commitments

(a) As a lessee

The Group leases office and factory premises under lease agreements that are non-cancellable. The leases have lease term ranging from 1 to 13 years (2015: 1 to 2 years) and lease payments are usually revised at each renewal date to reflect the market rate.

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2016 S$'000	2015 S$'000
Within one year	2,514	1,249
After one year but not more than five years	5,308	1,564
More than five years	5,667	–
	13,489	2,813

33. Operating lease commitments (Continued)

(b) As a lessor

The Group has committed to lease its office and factory premises and long-term operating lease, under the non-cancellable agreements for the period ranging from 1 year to 11 years (2015: 1 year to 12 years).

Future minimum lease receivables under these non-cancellable leases are as follows:

	Group	
	2016 S$'000	2015 S$'000
Within one year	639	644
After one year but not more than five years	2,528	2,105
More than five years	1,872	5,752
	5,039	8,501

34. Contingent liabilities, unsecured

As at 31 December 2016, the Company has given guarantees amounting to S$17 million and US$5 million (2015: S$13.7 million and US$4.0 million) to certain banks and suppliers in respect of banking facilities and credit terms granted to the subsidiaries.

The Company has not recognised any liability in respect of the guarantees given to the banks for banking facilities granted to the subsidiaries as the Company's directors have assessed that the possible amount is not material and it is not probable that the subsidiaries will default on repayment.

As at the end of the financial year, the total amount of loans drawn down and outstanding covered by the guarantees is S$8 million (2015: S$7.9 million). Such guarantees are in the form of a financial guarantee as they require the Company to reimburse the respective banks if the respective subsidiaries to which the guarantees were extended fail to make principal or interest repayments when due in accordance with the terms of the borrowings. There has been no default or non-repayment since the utilisation of the banking facility.

The Company has issued corporate guarantees to banks for borrowings of certain subsidiaries and these guarantees qualify as financial guarantees because the Company is required to reimburse the banks if these subsidiaries breach any repayment terms.

As at the end of the financial year, the Company had also given undertakings to certain subsidiaries to provide continued financial support to these subsidiaries to enable them to operate as going concerns and to meet their obligations as and when they fall due for at least 12 months from the financial year end.

35. Segment information

Reporting format

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. For each of the strategic business units, the management reviews internal management reports on a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

The management also considers the business from both the business and geographic segment perspective.

Income taxes are managed on a Group basis.

The accounting policies of the operating segments are the same as those described in the summary of significant accounting policies. There is no asymmetrical allocation to reportable segments. Management evaluates performance on the basis of profit or loss from operation before tax expense not including non-recurring gains and losses and foreign exchange gains or losses.

There is no change from prior periods in the measurement methods used to determine reported segment profit or loss. However, certain comparative figures have been reclassified to conform with the current financial year's presentation.

The Group accounts for inter-segment sales and transfers as if the sales or transfers were to third parties, which approximate market prices. These inter-segment transactions are eliminated on consolidation.

Business segments

The Tooling and Plastic Injection Moulding segment manufactures moulds mainly for the automotive and electronics industries, and produces plastic injected parts for the manufacturing sector.

The Communications, Electronics and Equipment Distribution segment is a diverse supplier of tele-communications, electronics and packaged air-conditioners. It offers products and services in distribution of packaged air-conditioners, and in supply of microwave tele-communications systems and electronic/computer related products.

The Investment segment relates to the investment holding activities of the Group.

The Metal Packaging and Metal Printing Services segment relates to production of metal containers such as food cans, confectionery cans, paints cans etc. and the provision of customised metal printing services.

Geographical segments

In the Group's geographical segmentation, revenue is segmented based on the locations of the customers in relation to the contractual transactions with the legal entities within the Group. Assets are segmented based on the location where they are situated in relation to the location of the legal entities within the Group.

35. Segment information (Continued)

(a) *Business segments (Continued)*

The following table presents revenue and results information regarding the Group's business segments for the year ended 31 December:

Group	Tooling and plastic injection moulding S$'000	Communications, electronics and equipment distribution S$'000	Investment S$'000	Metal packaging and metal printing services S$'000	Elimination S$'000	Consolidated S$'000
2016						
Revenue						
External customers	50,365	17,750	377	7,883	–	76,375
Inter-segment [1]	6,139	–	–	–	(6,139)	–
Other revenue	1,569	199	723	12	–	2,503
Total revenue	58,073	17,949	1,100	7,895	(6,139)	78,878
Profit/(Loss) from operations	3,587	1,983	(2,149)	1,001	–	4,422
Depreciation of property, plant and equipment	(1,660)	(110)	(32)	(243)	–	(2,045)
Interest income	32	2	311	–	–	345
Finance costs	(226)	(90)	–	(217)	–	(533)
Amortisation of other assets	–	–	(105)	–	–	(105)
Impairment of doubtful receivables in associates	–	–	(196)	–	–	(196)
Amortisation of long-term operating lease	–	–	(563)	–	–	(563)
Write-back of investment in associates	–	–	786	–	–	786
Share of results of associates	–	–	(44)	–	–	(44)
Profit/(Loss) before income tax	1,733	1,785	(1,992)	541	–	2,067
Income tax expense	(440)	(58)	–	(90)	–	(588)
Net profit/(loss) for the financial year	1,293	1,727	(1,992)	451	–	1,479

1. Intersegment revenues are eliminated on consolidation.

35. Segment information (Continued)

(a) *Business segments (Continued)*

The following table presents revenue and results information regarding the Group's business segments for the year ended 31 December:

Group	Tooling and plastic injection moulding S$'000	Communications, electronics and equipment distribution S$'000	Investment S$'000	Metal packaging and metal printing services S$'000	Elimination S$'000	Consolidated S$'000
2015						
Revenue						
External customers	56,309	15,180	332	–	–	71,821
Inter-segment[1]	10,764	–	–	–	(10,764)	–
Other revenue	203	130	533	–	–	866
Total revenue	67,276	15,310	865	–	(10,764)	72,687
Profit/(Loss) from operations	4,802	(1,021)	(1,729)	–	–	2,052
Depreciation of property, plant and equipment	(2,276)	(101)	(37)	–	–	(2,414)
Interest income	23	–	165	–	–	188
Finance costs	(314)	(44)	–	–	–	(358)
Amortisation of other assets	–	–	(105)	–	–	(105)
Impairment of investment in associates[2]	–	–	(36,519)	–	–	(36,519)
Impairment of doubtful receivables in associates[2]	–	–	(61)	–	–	(61)
Amortisation of long-term operating lease[2]	–	–	(562)	–	–	(562)
Share of results of associates	–	–	(177)	–	–	(177)
Profit/(Loss) before income tax	2,235	(1,166)	(39,025)	–	–	(37,956)
Income tax expense	(544)	(23)	–	–	–	(567)
Net profit/(loss) for the financial year	1,691	(1,189)	(39,025)	–	–	(38,523)

1. Intersegment revenues are eliminated on consolidation.
2. Certain comparative figures have been reclassified to conform to the current financial year's presentation.

35. Segment information (Continued)

(a) Business segments (Continued)

The following table presents assets and liabilities regarding the Group's business segments as at 31 December:

Group	Tooling and plastic injection moulding	Communications, electronics and equipment distribution	Investment	Metal packaging and metal printing services	Consolidated
	S$'000	S$'000	S$'000	S$'000	S$'000
2016					
Segment assets	51,323	6,855	6,191	11,780	76,149
Investments in associates	–	–	59	–	59
Total assets	51,323	6,855	6,250	11,780	76,208
Total liabilities	(28,516)	(3,448)	(1,652)	(4,402)	(38,018)
Net assets	22,807	3,407	4,598	7,378	38,190
Capital expenditure – tangible assets	806	294	11	336	1,447
Other material non-cash items:					
Amortisation of long-term operating lease	–	–	563	–	563
Amortisation of other assets	–	–	105	–	105
Allowance for impairment of doubtful receivables	90	–	–	13	103
Depreciation of property, plant and equipment	1,701	70	31	243	2,045
Impairment provision	–	–	15	–	15
Utilisation of onerous contract	–	–	(402)	–	(402)
Fixed asset written-off	–	–	31	–	31
Write back on other investments	–	–	(523)	–	(523)
Write back on impairment of investment in associates	–	–	(786)	–	(786)
Write back on impairment of doubtful receivables in associates	–	–	(1,550)	–	(1,550)
Write back of allowance for impairment of invetories	–	(152)	–	–	(152)

35. Segment information (Continued)

(a) *Business segments (Continued)*

The following table presents assets and liabilities regarding the Group's business segments as at 31 December:

Group	Tooling and plastic injection moulding	Communications, electronics and equipment distribution	Investment	Metal packaging and metal printing services	Consolidated
	S$'000	S$'000	S$'000	S$'000	S$'000
2015					
Segment assets	48,710	9,380	7,078	–	65,168
Investments in associates	–	–	128	–	128
Total assets	48,710	9,380	7,206	–	65,296
Total liabilities	(25,165)	(2,976)	(2,903)	–	(31,044)
Net assets	23,545	6,404	4,303	–	34,252
Capital expenditure – tangible assets	845	59	13	–	917
Other material non-cash items:					
Loss on disposal of property, plant and equipment	1	–	–	–	1
Amortisation of long-term operating lease	–	–	562	–	562
Amortisation of other assets	–	–	105	–	105
Allowance for impairment of doubtful receivables	105	–	–	–	105
Write back of allowance for impairment of inventories[1]	–	(122)	–	–	(122)
Depreciation of property, plant and equipment	2,276	101	37	–	2,414
Amortisation on onerous contract	–	–	(585)	–	(585)
Allowance on impairment loss on other investment	–	–	467	–	467
Impairment of investment in associates	–	–	36,519	–	36,519
Provision for onerous contract [1]	–	–	290	–	290

1. Certain comparative figures have been reclassified to conform to the current financial year's presentation.

35. Segment information (Continued)

(b) *Geographical segments*

The following table presents revenue and certain asset information regarding the Group's geographical segments for the financial years ended 31 December 2016 and 2015:

	China (including Hong Kong)		Singapore		Europe (including UK)		Vietnam		Rest of Asia		North America and others		Consolidated	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Group														
Revenue														
External customers	14,410	21,381	5,409	5,908	17,691	23,344	7,883	–	12,895	9,698	18,087	11,490	76,375	71,821
Other revenue	243	539	2,248	327	–	–	12	–	–	–	–	–	2,503	866
Total revenue	14,653	21,920	7,657	6,235	17,691	23,344	7,895	–	12,895	9,698	18,087	11,490	78,878	72,687
Other geographical information:														
Segment assets	40,341	43,571	24,028	21,597	–	–	11,780	–	–	–	–	–	76,149	65,168
Investments in associates	–	–	59	128	–	–	–	–	–	–	–	–	59	128
Total assets	40,341	43,571	24,087	21,725	–	–	11,780	–	–	–	–	–	76,208	65,296
Total liabilities	(12,227)	(13,552)	(21,389)	(17,492)	–	–	(4,402)	–	–	–	–	–	(38,018)	(31,044)
Net assets	28,114	30,019	2,698	4,233	–	–	7,378	–	–	–	–	–	38,190	34,252
Non-current assets	10,127	11,263	9,009	1,596	–	–	7,310	–	–	–	–	–	26,446	12,859

36. Financial instruments and financial risks

	Group		Company	
	2016	2015	2016	2015
	S$'000	S$'000	S$'000	S$'000
Financial assets				
Trade and other receivables (excluding prepayments)	38,667	31,958	156	210
Amounts owing by subsidiaries	–	–	46,466	37,267
Amounts owing by associates	–	2,573	–	753
Cash and bank balances	6,792	9,727	71	49
Loan and receivables	45,459	44,258	46,693	38,279
Derivative financial instrument	83	–	–	–
Marketable securities	4	3	–	–
Fair value through profit or loss	87	3	–	–
Financial liabilities				
Finance lease payables	788	31	–	–
Bank borrowings	8,023	7,900	–	–
Trade and other payables	27,315	21,322	955	747
Amounts owing to subsidiaries	–	–	42,767	33,066
Financial liabilities at amortised cost	36,126	29,253	43,722	33,813

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks and they are summarised below.

The Group faces exposure to market risk, in particular, changes in foreign currency exchange rates and credit risk arising in the normal course of the Group's businesses. The following sets out the risk management policies and procedures to identify monitor and control these risks.

The Group has put in place a set of risk management policies and guidelines governing all investment and business risks. These policies and procedures set out the Group's overall business strategies, its tolerance for risk and general risk management philosophy. In addition, management has established processes to monitor and control such risks in a timely and effective manner. Where necessary, the Group may enter into transactions to hedge against these risks in order to keep them at an acceptable level. Finally, all major investment and divestment decisions are required to be approved by the Board of Directors.

Liquidity risk

Liquidity risk refers to the risk in which the Group is unable to meet its short-term obligations. Liquidity risk is managed by matching the payments and receipts cycle.

The Group monitors its liquidity risk and maintains a level of cash and bank balances deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

The Group prepares cash flows projections on a regular basis for its core operations to ensure as far as possible, that it will always have sufficient liquidity to meet its liabilities when due. The Group's operations are financed mainly through trade financing and internal funds. In addition, the Group has access to lines of credit from financial institutions, and within the Group companies, where necessary, as follows:

36. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

	Group 2016 S$'000	Group 2015 S$'000
Unutilised credit facilities		
- bank overdraft facilities	587	1,078
- trade facilities	10,812	4,622

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the reporting date based on contractual undiscounted repayment obligations:

	2016				2015			
	Effective interest rate	One year or less	Two to five years	Total	Effective interest rate	One year or less	Two to five years	Total
Group	%	S$'000	S$'000	S$'000	%	S$'000	S$'000	S$'000
Financial assets								
Trade and other receivables (excluding prepayments)	–	31,266	7,401	38,667	–	31,875	–	31,875
Amounts owing by associates	–	–	–	–	5.25–7.25	2,573	–	2,573
Derivative financial instrument	–	83	–	83	–	–	–	–
Cash and bank balances	0.05-0.50	6,792	–	6,792	0.05-0.50	9,727	–	9,727
Total financial assets		38,141	7,401	45,542		44,175	–	44,175
Financial liabilities								
Finance lease payables	5.57-9.40	212	576	788	9.40	27	4	31
Bank borrowings	2.42-5.50	8,006	17	8,023	2.42-5.50	7,900	–	7,900
Trade and other payables	–	27,315	–	27,315	–	21,322	–	21,322
Total undiscounted financial liabilities		35,533	593	36,126		29,249	4	29,253

36. Financial instruments and financial risks (Continued)

Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	2016				2015			
	Effective interest rate	One year or less	Two to five years	Total	Effective interest rate	One year or less	Two to five years	Total
Company	%	S$'000	S$'000	S$'000	%	S$'000	S$'000	S$'000
Financial assets								
Trade and other receivables (excluding prepayments)	–	156	–	156	–	210	–	210
Amounts owing by subsidiaries	–	46,466	–	46,466	–	37,267	–	37,267
Amounts owing by associates	–	–	–	–	–	753	–	753
Cash and cash balances	0.05-0.50	71	–	71	0.05-0.50	49	–	49
Total financial assets		46,693	–	46,693		38,279	–	38,279
Financial liabilities								
Trade and other payables	–	955	–	955	–	747	–	747
Amounts owing to subsidiaries	–	42,767	–	42,767	–	33,066	–	33,066
Total undiscounted financial liabilities		43,722	–	43,722		33,813	–	33,813

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counter-party to settle its financial and contractual obligations to the Group, as and when they fall due.

The Group's exposure to credit risk is mainly influenced by the individual characteristics of each customer. The Group has established credit limits for each customer under which these customers are analysed for credit worthiness before the Group's standard payment, and delivery terms are offered. The Group's reviews include external ratings, where available and in some cases bank references. Customers that fail to meet the Group's benchmark are only allowed to transact with the Group on a prepayment or cash basis. Most of the customers have been with the Group for many years and losses have occurred infrequently. In most cases, the Group does not require collateral in respect of trade and other receivables.

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. The Group has concentrations of credit risk to certain customers. The five largest customers of the Group accounted for approximately 17% (2015: 28%) of the Group's revenue for the year ended 31 December 2016. The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

At 31 December 2016, 25% (2015: 27%) of the Group's trade receivables was due from 5 (2015: 5) major customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statements of financial position.

Cash is placed with financial institutions with good credit ratings.

36. Financial instruments and financial risks (Continued)

Credit risk (Continued)

The credit risk for trade receivables based on the information provided by key management is as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
By geographical areas				
Singapore	972	1,574	136	181
China (including Hong Kong)	3,857	3,973	–	–
South Asia	656	846	–	–
Europe	2,699	6,344	–	–
North America	3,615	7,571	–	–
Vietnam	2,509	–	–	–
Other countries	–	1,703	–	–
	14,308	22,011	136	181

The aged analysis of trade receivables past due but not impaired is as follows:

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Past due less than 3 months	6,321	9,682	30	86
Past due 3 to 6 months	1,994	2,743	53	–
Past due over 6 months	363	2,287	–	–
	8,678	14,712	83	86

The management believes that no impairment allowance is necessary in respect of those trade and other receivables that are past due but not impaired. They are substantially companies with good track record and no recent history of default.

The Company provides unsecured financial guarantees to licensed banks in respect of credit facilities granted to subsidiaries. The Company monitors on an ongoing basis the trend of repayments made by the subsidiaries. The maximum exposure to credit risk amounts to S$8,023,000 (2015: S$7,900,000) representing the outstanding balance of credit facilities of subsidiaries in which financial guarantees are given as of the end of reporting date. At the reporting date, there was no indication that the subsidiaries would default on repayment.

36. Financial instruments and financial risks (Continued)

Market risk

The Group's activities expose it primarily to the financial risk of changes in foreign currency exchange rates and interest rates. Except for foreign currency forward contracts used to hedge against foreign currency risk, the Group did not enter into derivative financial instruments to hedge against foreign currency risk and interest rate risk.

Foreign currency risk

The Group is exposed to foreign exchange risk on sales, purchases, trade and other receivables, cash and cash equivalents, trade and other payables, and borrowings that are denominated in currencies other than the functional currencies of the respective entities in the Group. The currencies giving rise to this risk are primarily the United States dollar ("USD"), Euro ("EUR") and Chinese Renminbi ("RMB").

The Group uses forward exchange contracts to hedge against its foreign currency risk arising from trade transactions during the year.

The Group's exposures to foreign currency are as follows:

	2016			2015		
	USD S$'000	RMB S$'000	EUR S$'000	USD S$'000	RMB S$'000	EUR S$'000
Monetary assets:						
Trade and other receivables	20,056	9,049	4,140	17,458	6,394	5,471
Cash and bank balances	1,664	4,351	183	4,177	4,305	470
	21,720	13,400	4,323	21,635	10,699	5,941
Monetary liabilities:						
Trade and other payables	(12,238)	(9,181)	(41)	(8,286)	(9,417)	(153)
Bank borrowings	(6,471)	–	–	(7,478)	–	–
	(18,709)	(9,181)	(41)	(15,764)	(9,417)	(153)
Net monetary assets	3,011	4,219	4,282	5,871	1,282	5,788
Less:						
Foreign currency forward contracts	–	–	(83)	–	–	–
Currency exposure of those denominated in the respective entity's functional currency	(2,011)	(3,379)	–	(3,575)	(808)	–
Currency exposure of monetary assets net of those denominated in the respective entity's functional currency	1,000	840	4,199	2,296	474	5,788

36. Financial instruments and financial risks (Continued)

Market risk (Continued)

Foreign currency risk (Continued)

Foreign currency sensitivity analysis

At 31 December 2016, it is estimated that a five percentage point weakening of foreign currencies against the functional currency of respective entities, with all variables held constant, would decrease the Group's post-tax profit by approximately S$277,000 (2015: S$380,000). A five percentage point strengthening of foreign currencies against the functional currency, with all variables held constant, would have an equal but opposite effect. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the possible changes in foreign exchange rate.

If the following foreign currencies strengthens by 5% (2015: 5%) against the functional currency of each Group entity, profit or loss will increase/(decrease) by:

	Profit/(Loss) before income tax	
	2016 S$'000	2015 S$'000
USD	(28)	(123)
RMB	(35)	(20)
EUR	(201)	(229)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's interest rate risk relates to interest bearing liabilities.

The Group's policy is to maintain an efficient and optimal interest cost structure using a combination of fixed and variable rate debts, and long and short-term borrowings.

At the reporting date, the Group and the Company do not have significant exposure to interest rate risk.

37. Fair value of assets and liabilities

The fair values of applicable assets and liabilities are determined and categorised using a fair value hierarchy as follows:

(a) Level 1 - the fair values of assets and liabilities with standard terms and conditions and which trade in active markets that the Group can access at the measurement date are determined with reference to quoted market prices (unadjusted).

(b) Level 2 - in the absence of quoted market prices, the fair values of the assets and liabilities are determined using the other observable, either directly or indirectly, inputs such as quoted prices for similar assets/liabilities in active markets or included within Level 1, quoted prices for identical or similar assets/liabilities in non-active markets.

(c) Level 3 - in the absence of quoted market prices included within Level 1 and observable inputs included within Level 2, the fair values of the remaining assets and liabilities are determined in accordance with generally accepted pricing models.

37. Fair value of assets and liabilities (Continued)

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

	Fair value measurement			
Group	**Level 1**	**Level 2**	**Level 3**	**Total**
2016	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Recurring fair value measurements				
Marketable securities[1]	4	–	–	4
Derivatives financial instrument (Note 21)				
– Forward contracts[2]	–	83	–	83
	4	83	–	87
2015				
Recurring fair value measurements				
Marketable securities (Note 22)[1]	3	–	–	3
Company				
2016				
Recurring fair value measurements				
Marketable securities[1]	4	–	–	4
2015				
Recurring fair value measurements				
Marketable securities (Note 22)[1]	3	–	–	3

1. The fair value of market securities are determined based on closing quoted market prices on the last market day of the financial year.
2. Foreign exchange contracts are determined based on dealer quotes. These quotes are tested for reasonableness by using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing models. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forwards rates, interest rate curves and forward rates.

There were no transfers between levels 1 and 2 during the financial year.

Financial instruments whose carrying amount approximates fair value

The management assessed that cash and cash equivalents, trade and other receivables (excluding prepayments), bank borrowings, trade and other payables and amounts owing to subsidiaries approximate their carrying amounts largely due to the short-term maturities of these instruments. The carrying amount of the non-current borrowings are an approximation of fair values as these borrowings are subjected to frequent repricing (floating rates) on annual basis.

Valuation policies and techniques

The management of the Group oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regards, the management reports to the Group's Audit Committee.

It is the Group's policy that where assessed necessary by the management, the Group would engage experts to perform significant complex financial reporting valuations. The management is responsible for selecting and engaging such external experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 *Fair Value Measurement* guidance. The Group's internal financial personnel will undertake non-complex financial reporting valuations.

37. Fair value of assets and liabilities (Continued)

Valuation policies and techniques (Continued)

Significant changes in fair value measurements from period to period are evaluated for reasonableness. The management also reviews at least on an annual basis, the appropriateness of the valuation methodologies and assumptions adopted and evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

The analysis and results of the external valuations are then reported to the Audit Committee for the latter's comments before presenting the results to the Board of Directors for approval.

38. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged from 2015.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as borrowings, finance lease payables and trade and other payables, less cash and bank balances. Total capital is calculated as total equity including non-controlling interests, as shown in the statement of financial position, plus net debt.

The gearing ratio is as follows at the reporting date:

	Group	
	2016 S$'000	2015 S$'000
Total borrowings, finance lease payables and trade and other payables	36,126	29,253
Less: cash and bank balances (Note 23)	(6,792)	(9,727)
Net debt	29,334	19,526
Total equity	38,190	34,252
Total capital	67,524	53,778
Gearing ratio	43.4%	36.3%

The Company is not subjected to externally imposed capital requirements for the financial years ended 31 December 2016 and 2015 except as disclosed in Note 26 to the consolidated financial statements. PRC subsidiaries are required by the Foreign Enterprise Law of the PRC to contribute to and maintain a non-distributable statutory reserve fund whose utilisation is subjected to approval by the relevant PRC authorities. The Group is in compliance with the externally imposed requirement for the financial years ended 31 December 2016 and 2015.

39. Significant related party transactions

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company if that person:

- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Company or of a parent of the Company.

39. Significant related party transactions (Continued)

A related party is defined as follows: (Continued)

(b) An entity is related to the Company if any of the following conditions applies:

(i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
(iii) Both entities are joint ventures of the same third party;
(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
(v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
(vi) The entity is controlled or jointly controlled by a person identified in (a);
(vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Associates are related parties and include those that are associates of the holding and/or related companies. Many of the Group's and Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the financial year, other than those disclosed elsewhere in the financial statements, the Group had the following significant transactions with related parties on terms agreed between the parties as follows:

	Group	
	2016 S$'000	2015 S$'000
Rental income from Neftech Pte. Ltd. *	7	25
Interest income from Xenon Manufacturing Pte Ltd **	139	226

* Neftech Pte. Ltd. is a 48.9% owned associate of the Group. Mr. Quek Sim Pin and Mr. Victor Levin, who are the Executive Chairman and Non-Executive Director of the Company respectively, are substantial shareholders of Neftech Pte. Ltd.. Mr. Victor Levin is a director and Executive Chairman of Neftech Pte. Ltd.

** Xenon Manufacturing Pte Ltd is a 40% owned associate of the Group, and become a subsidiary of the Group with effect of 4 July 2016. The interest income pertains to interest charged prior to the date of Xenon Manufacturing Pte Ltd becoming a subsidiary of the Group.

Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group.

Key management personnel remuneration :-

	Group		Company	
	2016 S$'000	2015 S$'000	2016 S$'000	2015 S$'000
Short-term benefits	1,467	1,467	407	413
Employer's contribution to defined contribution plans	37	49	7	6
	1,504	1,516	414	419

Number of Shares Issued	:	42,390,998
Class of Shares	:	Ordinary Shares

ANALYSIS OF SHAREHOLDERS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
1 - 99	3,593	41.41	109,734	0.26
100 - 1,000	3,522	40.59	1,433,764	3.38
1,001 - 10,000	1,309	15.09	4,274,193	10.08
10,001 - 1,000,000	245	2.82	12,553,098	29.61
1,000,001 & above	8	0.09	24,020,209	56.67
Total	**8,677**	**100.00**	**42,390,998**	**100.00**

TOP TWENTY SHAREHOLDERS

Name of Shareholders	No. of Shares	% of Shares
SING INVESTMENTS & FINANCE NOMINEES (PTE.) LTD.	5,550,450	13.09
ALLINGHAM INVESTMENTS LIMITED	4,554,455	10.74
QUEK SIM PIN	4,447,671	10.49
VICTOR LEVIN	2,682,673	6.33
MAYBANK NOMINEES (SINGAPORE) PRIVATE LIMITED	2,196,470	5.18
UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	2,010,923	4.74
BNP PARIBAS NOMINEES SINGAPORE PTE LTD	1,350,540	3.19
S P QUEK INVESTMENTS PTE LTD	1,255,152	2.96
CHEW HUA SENG	886,167	2.09
OCBC SECURITIES PRIVATE LIMITED	628,194	1.48
DBS NOMINEES (PRIVATE) LIMITED	620,733	1.46
OEI SIU HOA @ SUKMAWATI WIDJAJA	618,570	1.46
MAYBANK KIM ENG SECURITIES PTE. LTD.	426,345	1.01
GOH GEOK KHIM	400,001	0.94
LIM & TAN SECURITIES PTE LTD	370,433	0.87
CHUA HEE TECK	370,000	0.87
JOSCA WOO KONG HWA	360,000	0.85
LIM HOW TECK	284,482	0.67
CIMB SECURITIES (SINGAPORE) PTE. LTD.	233,109	0.55
OCBC NOMINEES SINGAPORE PRIVATE LIMITED	226,144	0.53
	29,472,512	**69.50**

SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct Interest	Deemed Interest	Total	%
QUEK SIM PIN	4,447,671	2,793,562	7,241,233	17.08 [(1)]
VICTOR LEVIN	2,682,673	4,554,455	7,237,128	17.07 [(2)]
ALLINGHAM INVESTMENTS LIMITED	4,554,455	-	4,554,455	10.74
CHEW HUA SENG	886,167	5,617,870	6,504,037	15.34 [(3)]

Notes:

[(1)] Quek Sim Pin is deemed interested in 1,397,225 Acma shares held by his nominee accounts and 1,396,337 Acma shares through his ownership of S.P. Quek Investments Pte Ltd.

[(2)] Victor Levin is deemed interested in 4,554,455 Acma shares through his ownership of Allingham Investments Limited.

[(3)] Chew Hua Seng is deemed interested in 5,617,870 Acma shares held by his nominees.

SHAREHOLDINGS HELD IN THE HANDS OF PUBLIC

Based on information available to the Company as at 20 March 2017, 50.51% of the issued ordinary shares of the Company was held by the public and therefore Rule 723 of the Listing Manual's complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Fifty-Second Annual General Meeting of ACMA Ltd. (the "Company") will be held on Thursday, 27 April 2017 at 9.00 a.m. at 17 Jurong Port Road, Singapore 619092, to transact the following businesses: -

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon. **[Resolution 1]**

2. To approve the proposed Directors' fee of S$114,000/- for the financial year ended 31 December 2016. [2015: S$114,000/-] **[Resolution 2]**

3. To re-elect Mr. Quek Sim Pin, a Director retiring pursuant to Article 93 of the Company's Constitution. **[Resolution 3]**

4. To re-elect Mr. Low Seow Chye, a Director retiring pursuant to Article 93 of the Company's Constitution. **[Resolution 4]**

5. To re-appoint Messrs Mazars LLP, as the Company's Auditors and to authorise the Directors to fix their remuneration. **[Resolution 5]**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following Ordinary Resolutions with or without any modifications:-

7. Authority to allot and issue shares up to fifty per cent (50%) of issued share capital

   "THAT pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorized to issue and allot new shares in the Company (whether by way of rights, bonus or otherwise) at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit, PROVIDED ALWAYS that the aggregate number of shares and convertible securities to be issued pursuant to this Resolution shall not exceed fifty per cent (50%) of the total issued shares of the Company, of which the aggregate number of shares and convertible securities to be issued other than on a pro-rata basis to existing shareholders of the Company shall not exceed twenty per cent (20%) of the total issued shares of the Company, and, unless revoked or varied by the Company in general meeting, such authority shall continue in force until the conclusion of the Company's next Annual General Meeting or the date by which the Company's next Annual General Meeting is required by law or by the Constitution of the Company to be held, whichever is the earlier."
   [See Explanatory Note on Special Business (i)] **[Resolution 6]**

8. Authority to grant options and issue shares under the Acma Employees' Share Option Scheme 2014

   "THAT pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be and are hereby authorised to offer and grant options in accordance with the Acma Employees' Share Option Scheme 2014 ("the Scheme") and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of the options under the Scheme provided always that the aggregate number of shares to be issued pursuant to the Scheme shall not exceed fifteen per cent (15%) of the total issued shares of the Company from time to time."
   [See Explanatory Note on Special Business (ii)] **[Resolution 7]**

BY ORDER OF THE BOARD

Keloth Raj Kumar (Mr)
Company Secretary

Singapore,
11 April 2017

Notes:

1. (a) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the Annual General Meeting (the "Meeting"). Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

   (b) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

   "Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

2. A proxy need not be a member of the Company.

3. Members wishing to vote by proxy/proxies at the Meeting may use the proxy form enclosed. The completed proxy form must be deposited at the Registered Office of the Company at 17 Jurong Port Road, Singapore 619092 not less than 48 hours before the time set for the Meeting.

Note to item no. 3

Mr. Quek Sim Pin is an Executive Chairman. He will continue in the said capacity upon re-election as a Director of the Company.

Note to item no. 4

Mr. Low Seow Chye is an Independent Director and Chairman of the Audit and Nominating Committees as well as a member of the Remuneration Committee. He will continue in the said capacities upon re-election as a Director of the Company.

EXPLANATORY NOTES ON SPECIAL BUSINESS TO BE TRANSACTED:

(i) In the proposed **Resolution 6**, the percentage of issued share capital is calculated based on the issued shares at the time of the passing of the resolution approving the mandate after adjusting for:- (a) new shares arising from the conversion or exercise of convertible securities; (b) new shares arising from the exercise of share options or vesting of share awards outstanding or subsisting at the time of the passing of the resolution approving the mandate; and (c) any subsequent bonus issue, consolidation or subdivision of shares. The proposed Resolution 6, if passed, will empower the Directors of the Company from the date of the above Meeting until the date of the next Annual General Meeting, to allot and issue new shares in the Company (whether by way of rights, bonus or otherwise).

The number of shares which the Directors may issue under this Resolution shall not exceed fifty per cent (50%) of the total issued shares of the Company. For issue of shares other than on a pro-rata basis to all existing shareholders of the Company, the aggregate number of shares and convertible securities to be issued shall not exceed twenty per cent (20%) of the total issued shares of the Company. This authority will, unless previously revoked or varied at a general meeting, expire at the next Annual General Meeting of the Company.

(ii) The proposed **Resolution 7**, if passed, will empower the Directors of the Company from the date of the above Meeting until the next Annual General Meeting to issue shares up to an amount in aggregate not exceeding fifteen per cent (15%) of the total issued shares of the Company from time to time pursuant to the exercise of the options under the Scheme.

PERSONAL DATA PRIVACY

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

PROXY FORM

ACMA LTD.

(Incorporated in the Republic of Singapore)
Company Registration No. 196500233E

IMPORTANT

1. Relevant intermediaries as defined in Section 181 of the Companies Act, Chapter 50 may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For investors who have used their CPF monies to buy ACMA Ltd.'s shares, this form of proxy is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF investors should contact their respective agent banks if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting.

I/We ________________________________(Name) NIRC/Passport no.____________________________

of ____

being a *member/members of ACMA Ltd., hereby appoint

Name	Address	NRIC / Passport No.	Proportion of Shareholdings (%)	
and/or (delete as appropriate)				

as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting of the Company to be held on Thursday, 27 April 2017 at 9.00 a.m. at 17 Jurong Port Road, Singapore 619092 and at any adjournment thereof.

The proxy is required to vote as indicated with an "✓" on the resolutions set out in the Notice of Meeting and summarised below. If no specific direction as to voting is given, the proxy/proxies may vote or abstain at his/her/their discretion.

No.	Resolution	For	Against
1	To receive and adopt the Directors' Statement and Audited Financial Statements of the Company for the financial year ended 31 December 2016 together with the Auditors' Report thereon.		
2	To approve the proposed Directors' fee of S$114,000/- for the financial year ended 31 December 2016. [2015: S$114,000/-]		
3	To re-elect Mr. Quek Sim Pin, a Director retiring pursuant to Article 93 of the Company's Constitution.		
4	To re-elect Mr. Low Seow Chye, a Director retiring pursuant to Article 93 of the Company's Constitution.		
5	To re-appoint Messrs Mazars LLP, as the Company's Auditors and to authorise the Directors to fix their remuneration.		
6	Authority to allot and issue shares up to fifty per cent (50%) of issued share capital.		
7	Authority to grant options and issue shares under the Acma Employees' Share Option Scheme 2014.		

**Delete accordingly*
***Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (✓) within the relevant box provided. Alternatively, if you wish to exercise your votes both "For" and "Against" the relevant Resolution, please insert the relevant number of Shares in the boxes provided*

Signed this ____________ day of ___________ 2017

____
Signature(s) of Member(s)/Common Seal

Total No. of Shares in:	No. of Shares
1) CDP Register	
2) Register of Members	

Notes:

a) If the member has shares entered against his name in the Depository Register (maintained by The Central Depository (Pte) Limited), he should insert that number of shares. If the member has shares registered in his name in the Register of Members (maintained by or on behalf of the Company), he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member.

b) (1) A member who is not a relevant intermediary is entitled to appoint not more than two proxies to attend, speak and vote at the meeting. Where such member's form of proxy appoints more than one proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy.

(2) A member who is a relevant intermediary is entitled to appoint more than two proxies to attend, speak and vote at the meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Chapter 50.

c) A proxy need not be a member of the Company.

d) The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or if such appointor is a corporation under its common seal or under the hand of its attorney.

e) Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.

f) The appointment of a proxy or proxies by this instrument shall not preclude a member from attending and voting in person at the Meeting. If a member attends the Meeting in person the appointment of a proxy or proxies shall be deemed to be revoked, and the Company reserves the right to refuse to admit such proxy or proxies to the Meeting.

g) An instrument appointing a proxy must be deposited at the registered office of the Company 17 Jurong Port Road, Singapore 619092 not less than 48 hours before the time appointed for holding the meeting.

h) The Company shall be entitled to reject this instrument of proxy which is incomplete, improperly completed, illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in this instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms as set out in the Notice of Annual General Meeting.

IMPACT

Acma Ltd.
17 Jurong Port Road Singapore 619092

Acma Ltd.
17 Jurong Port Road Singapore 619092