

ACROMEC LIMITED

(incorporated in the Republic of Singapore)
(Company Registration Number: 2015440003M)



PROFIT GUIDANCE FOR FINANCIAL YEAR ENDED 30 SEPTEMBER 2016

The Board of Directors of ACROMEC Limited (the "**Company**", and together with its subsidiary, the "**Group**") wishes to announce that, following a preliminary review of the unaudited financial results of the Group for financial year ("**FY2016**") ended 30 September 2016, the Group is expected to incur a net loss.

The net loss is mainly attributed to the following factors:

- a) Substantial one-off professional fees incurred in relation to the initial public offering exercise, pursuant to which the Company was successfully listed on the Catalist board of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 18 April 2016;
- b) Lower gross profit margins reported for FY2016 mainly due to recognition of additional cost incurred in a few of the Group's major projects in the second half of the financial year due to unanticipated requirements from customers and scope changes. Whilst the Group has submitted its corresponding variation orders and is in discussion with its customers, the Group has not recognised these variation orders as revenue before the issues are resolved. In addition, the Group has underestimated the impact of the execution difficulties and complexity of two of its healthcare projects where the projects' adjacent critical facilities are running at full scale operations; and
- c) Poorer manpower productivity as manpower were increased in the second half of the financial year to prepare for expected increase in tender activities. These tenders were however delayed, in part, due to Singapore's slower growth and the uncertainty in the global economy.

Concurrently, as competition becomes keener in a period of slower economic growth, the Group is actively taking steps to streamline its processes so as to achieve cost and operational optimisation.

The Company is in the process of finalising the financial results of the Group for FY2016. Further details of the Group's financial performance will be disclosed when the Company announces its unaudited financial results for FY2016 on or before 29 November 2016.

By Order of the Board

Lim Say Chin
Executive Chairman and Managing Director
28 October 2016

This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor") for compliance with the relevant rules of the SGX-ST. The Sponsor has not independently verified the contents of this announcement.

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

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