



ADVANCER GLOBAL LIMITED

(Company Registration No. 201602681W)
(Incorporated in the Republic of Singapore)

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2018

This announcement has been prepared by Advancer Global Limited (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 Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). The Sponsor has not independently verified the contents of this announcement.

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

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Background

Advancer Global Limited (the “**Company**”) was incorporated in Singapore on 2 February 2016 under the Companies Act (Chapter 50) of Singapore as an investment holding private company limited by shares, under the name of “Advancer Global Pte. Ltd.”. On 6 June 2016, the Company was converted into a public limited company and its name was changed to “Advancer Global Limited”. The Company was listed on the Catalist Board (“**Catalist**”) of the SGX-ST on 11 July 2016.

The Group is an established and diverse integrated services provider offering workforce solutions and services in Singapore through its two main business divisions being Employment Services and Facilities Management Services. The Facilities Management Services division has 2 sub-divisions, being (i) Building Management Services; and (ii) Security Services.

PART I: INFORMATION REQUIRED FOR QUARTERLY (1Q, 2Q & 3Q), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

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

	Group		Increase/ (Decrease) %
	HY2018	HY2017	
	S\$'000	S\$'000	
Revenue	32,770	31,921	2.7
Cost of sales	(23,828)	(22,468)	6.1
Gross profit	<u>8,942</u>	<u>9,453</u>	(5.4)
Other operating income	862	813	6.0
Administrative expenses	(8,238)	(7,612)	8.2
Finance expenses	(45)	(55)	(18.2)
Share of profits from equity-accounted for associates	<u>290</u>	<u>-</u>	N/M ⁽¹⁾
Profit before income tax	1,811	2,599	(30.3)
Income tax expense	<u>(104)</u>	<u>(194)</u>	(46.4)
Profit for the financial period, representing total comprehensive income for the financial period	<u><u>1,707</u></u>	<u><u>2,405</u></u>	(29.0)
Profit for the financial period attributable to:			
Owners of the Company	1,602	2,277	(29.6)
Non-controlling interests	<u>105</u>	<u>128</u>	(18.0)
Profit of the period	<u><u>1,707</u></u>	<u><u>2,405</u></u>	(29.0)

1(a)(ii) Notes to the income statement or statement of comprehensive income

Profit for the financial period is arrived at after (charging)/crediting the following:

	Group		Increase/ (Decrease) %
	HY2018	HY2017	
	S\$'000	S\$'000	
<i>Included in other operating income:</i>			
Gain on disposal of property, plant and equipment	18	*(2)	N/M ⁽¹⁾
Government credit schemes and government grants	765	737	3.8
Interest income from advances to subcontractors	7	7	-
<i>Included in cost of sales:</i>			
Operating lease expense	(144)	(112)	28.6
Recruitment expenses	(2,312)	(2,488)	(7.1)
Subcontractors' fees	(5,389)	(5,229)	3.1
<i>Included in administrative expenses:</i>			
Amortisation of intangible asset	(300)	(293)	2.4
Bad debts written-off	(340)	-	N/M ⁽¹⁾
Depreciation of property, plant and equipment	(281)	(270)	4.1
Directors' fees	(57)	(57)	-

	Group		Increase/ (Decrease) %
	HY2018	HY2017	
	S\$'000	S\$'000	
Loss on disposal of property, plant and equipment	-	*(2)	N/M ⁽¹⁾
Loss on fair value re-measurement of contingent consideration payable	63	-	N/M ⁽¹⁾
Operating lease expense	(783)	(846)	(7.5)
Property, plant and equipment written-off	*(2)	*(2)	N/M ⁽¹⁾
Share issue expense	(12) ⁽³⁾	(21) ⁽⁴⁾	N/M ⁽¹⁾
Share option expense ⁽⁵⁾	(26)	(11)	136.4
 <i>Others:</i>			
Interest expenses on borrowings	(28)	(35)	(20.0)
Interest expenses on finance leases	(17)	(21)	(19.0)
Adjustment for under/(over) provision of tax in prior years	-	(3)	N/M ⁽¹⁾

Note:

(1) N/M – Not meaningful

(2) Denotes lesser than S\$1,000

(3) Share issue expenses related to the issue and allotment of 1,691,002 new shares, on 29 June 2018, at an issue price of S\$0.2898 per new share to the shareholders of the Company who were entitled to the final dividend for the financial year ended 31 December 2017 and have elected to participate in the Advancer Global Limited Scrip Dividend Scheme (refer to the Company's announcement on 9 February 2018) ("**FY2017 Scrip Dividend**")

(4) Share issue expense related to the issue and allotment of 12,500,000 placement shares and 6,250,000 warrants that was completed on 17 May 2017 (the "**Placement and Warrants Issue**")

(5) Share option expense related to 1,102,500 share options granted on 20 April 2017 pursuant to Company's Employee Share Option Scheme ("**ESOS**")

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

	Group		Company	
	As at		As at	
	30-Jun- 2018 S\$'000	31-Dec- 2017 S\$'000	30-Jun- 2018 S\$'000	31-Dec- 2017 S\$'000
ASSETS				
Non-current assets				
Goodwill on consolidation	5,489	5,489	-	-
Intangible asset	1,297	1,597	-	-
Investments in subsidiaries	-	-	11,429	11,404
Investment in associates	292	2	-	-
Available-for-sale financial assets	99	99	-	-
Property, plant and equipment	2,530	2,511	-	-
Total non-current assets	9,707	9,698	11,429	11,404
Current assets				
Inventories	440	38	-	-
Trade and other receivables	16,477	16,622	7,818	6,740
Cash and cash equivalents	4,482	8,033	268	1,182
Total current assets	21,399	24,693	8,086	7,922
Total assets	31,106	34,391	19,515	19,326
EQUITY AND LIABILITIES				
Equity				
Share capital	18,868	18,378	18,868	18,378
Retained earnings	7,134	6,163	482	635
Other reserves	(2,894)	(2,920)	62	36
Equity attributable to owners of the Company	23,108	21,621	19,412	19,049
Non-controlling interests	549	444	-	-
Total equity	23,657	22,065	19,412	19,049
Non-current liabilities				
Deferred tax liabilities	264	319	-	-
Finance lease payables	420	485	-	-
Bank borrowings	634	649	-	-
Total non-current liabilities	1,318	1,453	-	-
Current liabilities				
Finance lease payables	132	135	-	-
Trade and other payables	5,032	9,608	103	277
Bank borrowings	532	630	-	-
Income tax payable	435	500	-	-
Total current liabilities	6,131	10,873	103	277
Total liabilities	7,449	12,326	103	277
Total equity and liabilities	31,106	34,391	19,515	19,326

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

	30-Jun-2018		31-Dec-2017	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	664	-	765	-
Amount repayable after one year	1,054	-	1,134	-
Total borrowings	<u>1,718</u>	<u>-</u>	<u>1,899</u>	<u>-</u>

Details of collaterals

The Group's borrowings are secured by:

- (i) Account receivables of subsidiaries;
- (ii) Motor vehicles under finance leases;
- (iii) A factory unit at 18 Boon Lay Way, #03-138 Tradehub 21, Singapore 609966; and
- (iv) Corporate guarantees provided by Advancer Global Limited, Advancer Global Facility Pte. Ltd. and Advancer Global Security Pte. Ltd..

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

	Group	
	HY2018 S\$'000	HY2017 S\$'000
Operating activities		
Profit before income tax	1,811	2,599
Adjustments for:		
Amortisation of intangible assets	300	293
Bad debts written-off	340	-
Depreciation of property, plant and equipment	281	270
Gain on disposal of property, plant and equipment, net	(18)	*(1)
Interest expense	45	56
Interest income	(7)	(7)
Property, plant and equipment written-off	*(1)	*(1)
Share issue expenses	12 ⁽³⁾	21 ⁽⁴⁾
Share of profit from equity-accounted for associates	(290)	-
Share options expense pursuant to the ESOS	26	11
Loss on fair value re-measurement of contingent consideration payable	63	-
Operating cash flows before movements in working capital	2,563	3,243
Changes in working capital:		
Inventories	(402)	*(1)
Trade and other receivables	(297)	(701)
Trade and other payables	(1,088)	(1,069)
Cash generated from operations	776	1,473
Interest received	7	7
Income taxes paid	(224)	(261)
Net cash generated from operating activities	559	1,219
Investing activities		
Acquisition of non-controlling interests in a subsidiary	-	(477)
Deposit on investment	(200) ⁽²⁾	-
Final payment of contingent consideration for previously acquired subsidiaries	(3,100)	-
Net cash outflow on acquisition of subsidiaries	-	(1,000)
Non-controlling interests arising from investment in a subsidiary	-	180
Proceeds from disposal of property, plant and equipment	18	3
Purchase of property, plant and equipment	(300)	(207)
Share issue expenses paid	(12) ⁽³⁾	-
Net cash used in investing activities	(3,594)	(1,501)
Financing activities		
Dividend paid to owners of the Company	(141)	(745)
Dividend paid to non-controlling interests	(144)	-
Interest paid	(44)	(55)
Proceeds from bank borrowings	502	726
Proceeds from issuance of new shares pursuant to the Placement and Warrants Issue	-	5,000
Repayment to directors	(307)	-
Repayment of bank borrowings	(615)	(597)
Repayment of finance lease payables	(69)	(86)
Repayment from an associate company	302	-
Share issue expense paid	-	(183) ⁽⁴⁾
Net cash used in financing activities	(516)	4,060
Net (decrease)/increase in cash and cash equivalents	(3,551)	3,778
Cash and cash equivalents at beginning of financial period	8,028	8,233
Cash and cash equivalents at end of financial period⁽⁵⁾	4,477	12,011

Note:

- (1) Denotes lesser than S\$1,000
- (2) A refundable deposit in relation to a non-binding agreement entered into with third parties (who are independent and unrelated third parties to the Directors, and controlling shareholders) for acquisition of a group of companies ("**Deposit On Investment**")
- (3) Share issue expenses related to the issue and allotment of 1,691,002 new shares in relation to FY2017 Scrip Dividend
- (4) Share issue expenses related to the Placement and Warrants Issue.
- (5) For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise the following at the end of the financial periods:

	Group	
	HY2018	HY2017
	S\$'000	S\$'000
Cash and bank balances	4,482	12,016
Fixed deposit pledged	(5)	(5)
Cash and cash equivalents	<u>4,477</u>	<u>12,011</u>

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group

	Attributable to owners of the Company					Total S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Retained earnings S\$'000	Share options reserve S\$'000	Capital reserve S\$'000	Merger reserve S\$'000			
Balance at 1 January 2018	18,378	6,163	36	(353)	(2,603)	21,621	444	22,065
Profit for the financial period, representing total comprehensive income for the financial period	-	1,602	-	-	-	1,602	105	1,707
Issuance of ordinary shares pursuant to FY2017 Scrip Dividend	490	(490)	-	-	-	-	-	-
Share options expense pursuant to the ESOS	-	-	26	-	-	26	-	26
Dividend paid	-	(141)	-	-	-	(141)	-	(141)
Balance at 30 June 2018	18,868	7,134	62	(353)	(2,603)	23,108	549	23,657
Balance at 1 January 2017	13,562	4,761	-	-	(2,603)	15,720	457	16,177
Profit for the financial period, representing total comprehensive income for the financial period	-	2,277	-	-	-	2,277	128	2,405
Acquisition of remaining non-controlling interests in a subsidiary	-	-	-	(353)	-	(353)	(124)	(477)
Non-controlling interests investment in a subsidiary	-	-	-	-	-	-	180	180
Issuance of ordinary shares pursuant to the Placement and Warrants Issue	5,000	-	-	-	-	5,000	-	5,000
Share option expenses pursuant to the ESOS	-	-	11	-	-	11	-	11
Share issue expenses pursuant to the Placement and Warrants Issue	(162)	-	-	-	-	(162)	-	(162)
Dividend paid	-	(745)	-	-	-	(745)	-	(745)
Balance at 30 June 2017	18,400	6,293	11	(353)	(2,603)	21,748	641	22,389

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)

Company

	Share capital S\$'000	Retained earnings S\$'000	Share options reserve S\$'000	Total S\$'000
Balance at 1 January 2018	18,378	635	36	19,049
Profit for the financial period, representing total comprehensive income for the financial period	-	478	26	504
Issuance of ordinary shares pursuant to FY2017 Scrip Dividend	490	(490)	-	-
Dividend paid	-	(141)	-	(141)
Balance as at 30 June 2018	<u>18,868</u>	<u>482</u>	<u>62</u>	<u>19,412</u>
Balance at 1 January 2017	13,562	848	-	14,410
Profit for the financial period, representing total comprehensive income for the financial period	-	859	-	859
Issuance of ordinary shares pursuant to the Placement and Warrants Issue	5,000	-	-	5,000
Share issue expenses pursuant to the Placement	(162)	-	-	(162)
Share options expense pursuant to the ESOS	-	-	11	11
Dividend paid	-	(745)	-	(745)
Balance as at 30 June 2017	<u>18,400</u>	<u>962</u>	<u>11</u>	<u>19,373</u>

- 1(d)(ii) Details of any changes in the Company's share capital arising from right issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

The changes in the Company's share capital since 1 January 2018 up to 30 June 2018 are as follows:

	Number of shares	Issued and paid-up share capital (S\$)
As at 1 January 2018	185,672,589	18,378,147 ⁽¹⁾
Issuance of ordinary shares pursuant to the FY2017 Scrip Dividend	1,691,002	490,064
As at 30 June 2018	187,363,591	18,868,211 ⁽¹⁾

On 20 April 2017, 1,156,500 share options were granted pursuant to the Advancer Global Employee Share Option Scheme. As at 30 June 2017, 1,156,500 share options were outstanding. Following the resignation of employees who were granted such share options, 1,102,500 share options remained outstanding as at 30 June 2018.

As at 30 June 2018 and 30 June 2017, the Company had 6,250,000 warrants outstanding from the Placement and Warrants Issue.

The number of shares that may be issued on conversion from all outstanding convertibles is 7,352,500 ordinary shares against 187,363,591 issued shares as at 30 June 2018. The number of shares that may be issued on conversion from all outstanding convertibles is 7,406,500 ordinary shares against 185,672,589 issued shares as at 30 June 2017.

The Company had no treasury shares and subsidiary holdings as at 30 June 2018 and 30 June 2017.

Notes:

(1) The issued and paid-up share capital recorded are net of the issue costs incurred.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares, excluding treasury shares as at 31 December 2017 and 30 June 2018 was 185,672,589 and 187,363,591 respectively. Please refer to 1 (d)(ii) above.

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

Not applicable. The Company did not have any treasury shares at the beginning and end of the current financial period.

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

Not applicable. The Company did not have any subsidiary holdings at the beginning and as at the end of the current financial period reported on.

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures presented have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for half year ended 30 June 2018 ("HY2018") compared to its most recently audited financial statements for the financial year ended 31 December 2017 ("FY2017").

5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

There are no changes in the Group's accounting policies and methods of computation including any required by the accounting standards. The new and revised financial reporting standards ("FRS") and Interpretations of FRS ("INT FRS") applicable to the Group which are effective for the financial year beginning 1 January 2018 are assessed to have no material impact on the financial statements of the Group and the Company in current or prior financial year/period.

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

	Group	
	30 June 2018	30 June 2017
Profit attributable to owners of the Company (S\$'000)	1,602	2,277
Weighted average number of ordinary shares	185,681,932	176,228,145
Earnings per share (basic and diluted)(cents)	0.86	1.29

The basic and dilutive earnings per share as at 30 June 2017 and 30 June 2018 is the same as there were no potentially dilutive instruments.

Whilst there were 6,250,000 warrants outstanding as at 30 June 2018, the warrants are, given their exercise price of S\$0.45, not considered to be dilutive for the financial period ended 30 June 2018. Whilst there were 1,102,500 share options outstanding as at 30 June 2018, the share options were granted at an exercise price of S\$0.40 per share and are not considered to be dilutive for the financial period ended 30 June 2018.

Weighted average number of ordinary shares for HY2018 was computed based on the issue and allotment of 1,691,002 new shares, pursuant to FY2017 Scrip Dividend, on 29 June 2018.

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the Issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year**

	Group		Company	
	30 June 2018	31 Dec 2017	30 June 2018	31 Dec 2017
Net asset value per share (cents)	12.33	11.64	10.36	10.26
Net asset value (S\$'000)	23,108	21,621	19,412	19,049
Number of ordinary shares issued	187,363,591	185,672,589	187,363,591	185,672,589

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

REVIEW OF GROUP RESULTS

	Employment Services Business	Building Management Business	Security Services Business	Total
HY2018				
External sales (S\$'000)	5,992	17,602	9,176	32,770
Cost of sales (S\$'000)	3,175	13,160	7,493	23,828
Gross profit (S\$'000)	2,817	4,442	1,683	8,942
Gross profit margin (%)	47.0	25.2	18.3	27.3
HY2017				
External sales (S\$'000)	6,432	18,010	7,479	31,921
Cost of sales (S\$'000)	3,563	12,736	6,169	22,468
Gross profit (S\$'000)	2,869	5,274	1,310	9,453
Gross profit margin (%)	44.6	29.3	17.5	29.6

Group's revenue increased by S\$0.9 million or 2.7% from S\$31.9 million in HY2017 to S\$32.8 million in HY2018 mainly due the increase in (a) service income from new security projects and (b) aggregate service fees charged from on-going security projects. However, the increase was offset by the (a) decrease in the number of foreign domestic workers ("FDWs") that the Group has placed out to Singapore households, and (b) decrease of some cleaning service contracts.

As at 30 June 2018, the Group has service contracts (with varying contract periods) amounting to approximately S\$3.8 million monthly from its facility management projects.

The Group's cost of sales increased by S\$1.3 million or 6.1%, from S\$22.5 million in HY2017 to S\$23.8 million in HY2018 which was in line with the increase in revenue. The increase was mainly due to the increase in direct labour costs and sub-contractors' fees for projects of the Group's Building Management Business and Security Services Business. Conversely, this increase was offset by the discount of insurance premiums and the decrease in recruitment costs paid (or payable) to overseas recruiters of the Group's Employment Services Business.

Group's gross profit decrease by S\$0.5 million or 5.4%, from S\$9.4 million in HY2017 to S\$8.9 million in HY2018, which was mainly due the decrease in gross profit from both Employment Services Business and Building Management Business segments. The Group's gross profit margin decreased

by 2.3 percentage points from 29.6% in HY2017 to 27.3% in HY2017 which is mainly due to the decrease in gross profit margin of the Group's Building Management Business.

Other operating income of the Group increased by S\$49,000 or 6.0% from S\$0.81 million in HY2017 to S\$0.86 million in HY2018, mainly due to the, (i) increase in the amount from government credit schemes such as Wage Credit Scheme as a result of under-accrual in FY2017, and (ii) gain on disposal of property, plant and equipment in HY2018 that was absent in HY2017.

The Group's administrative expenses increased by S\$0.6 million or 8.2% from S\$7.6 million in HY2017 to S\$8.2 million in HY2018, mainly due to the (a) increased administrative staff costs for the Group's business segments which includes the additional headcounts to support the Group's corporate activities and business developments, and (b) increased advertising fees, professional fees to support Group's investors relationship, depreciation expenses of the Group's property, plant and equipment arising from the increase in capital expenditures in HY2018, amortisation expenses of intangible assets arising from acquisition of subsidiaries in FY2017, loss on fair value re-measurement of contingent consideration payable in relation to the acquisition of Premier Eco-Care Pte. Ltd., Prestige Enviro-Care Pte. Ltd., and Green Management Pte. Ltd. (collectively, the "**Premier Group**"), share option expenses pursuant to ESOS and bad debts written-off in HY2018 arising from Facilities Management Services segment. Conversely, the increase in administrative expenses was offset by the decrease of operating lease expenses for motor vehicles and staff accommodation as well as director's remuneration of a subsidiary.

Finance expenses decreased by S\$10,000 or 18.2% from S\$55,000 in HY2017 to S\$45,000 in HY2018 which was in line with the decrease in finance lease payables and bank borrowings.

The effective tax rate of 5.7% in HY2018 was lower than 7.5% in HY2017 mainly due to the share of profits from equity-accounted for associate companies which were exempted from taxation. Accordingly, the Group's profit after tax decreased by S\$0.7 million or 29.0% from S\$2.4 million in HY2017 to S\$1.7 million in HY2018, was mainly due to the explanations set out above.

REVIEW OF GROUP'S FINANCIAL POSITION

The Group's current assets decreased by S\$3.3 million or 13.3% from S\$24.7 million as at 31 December 2017 to S\$21.4 million as at 30 June 2018, mainly due to a decrease of (a) trade receivables of S\$133,000 and other receivables of S\$12,000, and (b) cash and cash equivalents of S\$3.6 million. This was offset by the increase in inventory of S\$0.4 million comprising mainly electronic products for security related projects.

The decrease in trade receivables was mainly in line with the decrease in revenue in the Building Management Business segment for HY2018. The decrease in other receivables was mainly due to the (a) repayment from Group's associate company, G3 Environmental Private Limited, and (b) the decrease in receivables from government credit schemes. This was partially offset against the increase in (a) prepayment of remuneration to a director of a subsidiary (who is an independent and unrelated third party to the Directors and controlling shareholders of the Company) for his continuing employment with the Group, (b) a refundable Deposit On Investment, advances to recruiters for the Employment Service Business and deferred recruitment costs for the Employment Services Business of which revenue will be invoiced during the next financial periods.

The Group's non-current assets remains relatively consistent at S\$9.7 million as at 30 June 2018 and 31 December 2017. During the financial period, there was an increase in capital expenditures and investment in associated companies (comprising G3 Environmental Private Limited and the Chiang Kiong Group) arising from its share of profits for HY2018. However, this increase was offset fully by the amortisation of the Group's intangible assets.

The Group's current liabilities decreased by S\$4.8 million or 43.6% from S\$10.9 million as at 31 December 2017 to S\$6.1 million as at 30 June 2018, mainly due to (a) the decrease in trade payables as a result of the decrease in cost of sales of the Employment Services Business, (b) absence of the contingent consideration payables (classified under other payables in FY2017) in relation to the remaining consideration payment (of S\$3.1 million) for the acquisition of Premier Group, (c) decrease of other payables in relation to employees remuneration and dividend payables to non-controlling interests in HY2018, and (d) decrease in finance lease payables, bank borrowings and income tax payables.

The Group's non-current liabilities decreased by S\$135,000 or 9.3% from S\$1.4 million as at 31 December 2017 to S\$1.3 million as at 30 June 2018, mainly due to the decrease of deferred tax liabilities, finance lease payables and bank borrowings in HY2018.

Net asset value of the Group increased by S\$1.5 million or 6.9% from S\$21.6 million as at 31 December 2017 to S\$23.1 million as at 30 June 2018 due to the reasons set out above.

REVIEW OF GROUP'S CASH FLOWS

The Group's net cash generated from operating activities amounted to S\$0.6 million for HY2018, which was resulted from the operating cash flows before movements in working capital of S\$2.6 million and the increase in (a) inventories of S\$0.4 million, (b) trade and other receivables of S\$0.3 million, and decrease in trade and other payables of S\$1.1 million as well as payment of income tax of S\$0.2 million.

Net cash used in investing activities amounted to S\$3.6 million for HY2018, which was mainly due to payment of remaining consideration for the acquisition of Premier Group of S\$3.1 million, payment of Deposit On Investment of S\$0.2 million, and purchase of property, plant and equipment of S\$0.3 million. The investing cash outflow is partially offset by proceeds from disposal of property, plant and equipment.

Net cash used in financing activities amounted to S\$0.5 million for HY2018, mainly due to payment of dividend of S\$0.3 million, repayment to directors of S\$0.3 million, repayment of bank borrowings of S\$0.6 million and finance lease payables of S\$69,000, which is partially offset by the proceeds from bank borrowings of S\$0.5 million and repayment from an associate company of S\$0.3 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

With Singapore's overall muted economic growth in the coming months¹, the Group expects the challenging business environment to continue. Nevertheless, the Group will continue to integrate and optimise its services, including complementing our facilities management services with smart solutions and technologies for the Group's customers. Furthermore, the Group is exploring to develop and expand its employment business in Japan, in view of its strategic alliance with Fullcast Holdings Co. Ltd., a listed company in Japan who through its subsidiaries provides a range of human resource services to companies in Japan. These plans (if crystallised), will create additional sources of earnings and growth for the Group in the long term.

11. If a decision regarding dividend has been made:

(a) Whether an interim (final) ordinary dividend has been declared or recommended.

The directors are pleased to declared an interim one-tier tax exempt dividend of 0.25 Singapore cent per share for HY2018 ("**Interim Dividend**"). The Interim Dividend will be paid in cash.

(b) (i) Amount per share

An Interim Dividend of 0.25 Singapore cent per share.

(b) (ii) Previous corresponding period of the immediately preceding financial year

¹ <https://www.channelnewsasia.com/news/business/singapore-gdp-economy-slows-q2-mti-advance-estimates-10525080>

An interim one-tier tax exempt dividend of 0.35 Singapore cent per share for HY2017.

- (c) **Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state whether the tax rate and the country where the dividend is derived. (if the dividend is not taxable in the hands of shareholders, this must be stated).**

The Interim Dividend is tax exempted.

- (d) **The date the dividend is payable**

28 September 2018

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

19 September 2018, 5.00 p.m.

Please refer to "Notice of Book Closure" announcement for further details.

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

Not applicable.

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

The Group has not obtained a general mandate from shareholders for interested person transactions.

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

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

15. **Updates on use of IPO proceeds**

The Board refers to the Company's annual report for financial year ended 31 December 2017 in relation to the status of use of net proceeds raised from the Company's initial public offering ("**Net IPO Proceeds**") and wishes to provide a further update on the use of the Net IPO Proceeds as at the date of this announcement is as follows:

	Amount allocated	Amount utilised	Balance of net proceeds as at at the date of this announcement
	S\$ million	S\$ million	S\$ million
Expansion of business operations	6.40	(6.40)	-
Branding and marketing	0.30	(0.30)	-
General corporate and working capital purposes ^(a)	0.84	(0.84)	-
	<u>7.54</u>	<u>(7.54)</u>	<u>-</u>

Note:

(a) Breakdown of the general and corporate working capital requirements:

	S\$'000
Professional and listing related expenses	150
Administrative expenses	190
Cost of Services – Staff Costs	500
	<u>840</u>

16. Updates on use of Placement proceeds

The Board refers to the Company's annual report for financial year ended 31 December 2017 in relation to the status of use of net placement proceeds (the "**Net Placement Proceeds**") from the Placement and Warrants Issue and wishes to provide a further update on the use of the Net Placement Proceeds as at the date of this announcement is as follows:

	Amount allocated	Amount utilised	Balance of net proceeds as at at the date of this announcement
	<u>S\$ million</u>	<u>S\$ million</u>	<u>S\$ million</u>
Expansion of business operations	3.62	(3.62)	-
General corporate and working capital purposes	1.20	(1.20)	-
	<u>4.82</u>	<u>(4.82)</u>	<u>-</u>

Note:

(a) Breakdown of the general and corporate working capital requirement:

	S\$'000
Professional and listing related expenses	741
Administrative expenses – staff costs	427
Administrative expenses - others	32
	<u>1,200</u>

17. Confirmation by the Board Pursuant to Rule 705(5).

The Board of Directors hereby confirms, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for half year ended 30 June 2018 to be false or misleading in any material aspect.

By order of the Board

Chin Mui Hiong
Executive Chairman
13 August 2018

Chin Mei Yang
Chief Executive Officer and Executive Director
13 August 2018