



ADVANCER GLOBAL LIMITED

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

UNAUDITED FULL YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 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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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) %
	FY2018	FY2017	
	S\$'000	S\$'000	
Revenue	67,283	65,260	3.1
Cost of sales	(50,000)	(46,403)	7.8
Gross profit	<u>17,283</u>	<u>18,857</u>	(8.3)
Other operating income	1,668	1,320	26.4
Administrative expenses	(17,438)	(16,701)	4.4
Finance expenses	(73)	(101)	(27.7)
Share of profits from equity-accounted for associate	<u>76</u>	<u>-</u>	N/M ⁽¹⁾
Profit before income tax	1,516	3,375	(55.1)
Income tax expense	<u>(121)</u>	<u>(262)</u>	(53.8)
Profit for the financial year, representing total comprehensive income for the financial year	<u><u>1,395</u></u>	<u><u>3,113</u></u>	(55.2)
Profit for the financial year attributable to:			
Owners of the Company	1,336	3,056	(56.3)
Non-controlling interests	<u>59</u>	<u>57</u>	3.5
Profit of the financial year	<u><u>1,395</u></u>	<u><u>3,113</u></u>	(55.2)

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

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

	Group		Increase/ (Decrease) %
	FY2018	FY2017	
	S\$'000	S\$'000	
<i>Included in other operating income:</i>			
Bad debts recovered	-	*(2)	N/M ⁽¹⁾
Gain on disposal of property, plant and equipment, net	21	19	10.5
Government credit schemes and government grants	1,407	1,146	22.8
Interest income from advances to subcontractors	14	15	(6.7)
Interest income from fixed deposits	28	-	N/M ⁽¹⁾
Reversal of loss allowance for receivables (trade)	46	-	N/M ⁽¹⁾
<i>Included in cost of sales:</i>			
Operating lease expense	(289)	(229)	26.2
Recruitment expenses	(4,842)	(4,961)	(2.4)
Subcontractors' fees	<u>(10,990)</u>	<u>(10,762)</u>	2.1

	Group		Increase/ (Decrease) %
	FY2018	FY2017	
	S\$'000	S\$'000	
<i><u>Included in administrative expenses:</u></i>			
Amortisation of intangible assets	(617)	(599)	3.0
Bad debts written-off	(354)	(7)	>100.0
Depreciation of property, plant and equipment	(620)	(556)	11.5
Directors' fees	(114)	(114)	-
Fair value loss arising from financial assets at FVTPL ⁽³⁾	(99)	-	N/M ⁽¹⁾
Loss allowance for receivables (trade)	(23)	(71)	(67.6)
Loss on fair value re-measurement of contingent consideration payable	(81)	-	N/M ⁽¹⁾
Operating lease expense	(1,519)	(1,670)	(9.0)
Property, plant and equipment written-off	(5)	(3)	66.7
Share issue expenses ⁽⁴⁾	(36)	-	N/M ⁽¹⁾
Share options expense ⁽⁵⁾	(50)	(36)	38.9
<i><u>Others:</u></i>			
Interest expense on borrowings	(40)	(61)	(34.4)
Interest expense on finance leases	(33)	(40)	(17.5)
Adjustment for over provision of tax in prior years	45	136	(66.9)

Note:

(1) N/M – Not meaningful

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

(3) Fair value loss arising from financial assets at FVTPL (previously classified as available-for-sale financial assets) was in relation to the Group's investment in 10% of Beijing Singapore Technology & Facility Management Co., Ltd, a company incorporated in the People's Republic of China, held through the Group's subsidiary, Newman & Goh Property Consultants Pte. Ltd. ("**Unquoted China Investment**"). The Unquoted China Investment is accounted for at fair value through profit or loss ("**FVTPL**") and was fully impaired during the financial year

(4) Share issue expense 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**")

(5) Share option expense related to 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	
	31-Dec-2018	31-Dec-2017	31-Dec-2018	31-Dec-2017
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Goodwill on consolidation	5,489	5,489	-	-
Intangible assets	1,012	1,597	-	-
Investments in subsidiaries	-	-	11,454	11,404
Investment in an associate	78	2	-	-
Finance assets at FVTPL ⁽¹⁾	-	99	-	-
Property, plant and equipment	2,645	2,511	-	-
Deferred tax assets	19	-	-	-
Total non-current assets	9,243	9,698	11,454	11,404
Current assets				
Inventories	547	38	-	-
Trade and other receivables	17,463	16,622	9,941	6,740
Cash and cash equivalents	26,006	8,033	19,624	1,182
Total current assets	44,016	24,693	29,565	7,922
Total assets	53,259	34,391	41,019	19,326
EQUITY AND LIABILITIES				
Equity				
Share capital	40,607	18,378	40,607	18,378
Treasury shares	(223)	-	(223)	-
Retained earnings	6,237	6,163	453	635
Other reserves	(2,870)	(2,920)	86	36
Equity attributable to the owners of the Company	43,751	21,621	40,923	19,049
Non-controlling interests	359	444	-	-
Total equity	44,110	22,065	40,923	19,049
Non-current liabilities				
Deferred tax liabilities	218	319	-	-
Finance lease payables	401	485	-	-
Bank borrowings	625	649	-	-
Total non-current liabilities	1,244	1,453	-	-
Current liabilities				
Finance lease payables	134	135	-	-
Trade and other payables	7,446	9,608	96	277
Bank borrowings	24	630	-	-
Income tax payable	301	500	-	-
Total current liabilities	7,905	10,873	96	277
Total liabilities	9,149	12,326	96	277
Total equity and liabilities	53,259	34,391	41,019	19,326

Note:

- (1) As a first-time adopter of Singapore Financial Reporting Standards (International) (“SFRS(I)s”), the Group has retrospectively applied *SFRS(I) 9 Financial Instruments* to reclassify the Unquoted China Investment from Available-for-Sale (“AFS”) financial assets to financial assets measured at FVTPL. Except as described above, the application of SFRS(I)s did not have a significant impact on the Group’s financial statements.

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

	31-Dec-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	158	-	765	-
Amount repayable after one year	1,026	-	1,134	-
Total borrowings	<u>1,184</u>	<u>-</u>	<u>1,899</u>	<u>-</u>

Details of collaterals

The Group's borrowings are secured by:

- (i) Motor vehicles under finance leases;
- (ii) Personal guarantees by a Director of the Company and a director of a subsidiary for purchase of motor vehicles under finance leases. Each of the personal guarantors did not receive any benefits in kind, commission or interest payments from the Group for providing these personal guarantees;
- (iii) A factory unit at 18 Boon Lay Way, #03-138 Tradehub 21, Singapore 609966 (the "**Tradehub 21 Property**"); and
- (iv) Corporate guarantees provided by Advancer Global Limited and Advancer Global Security Pte. Ltd. for property loan related to the Tradehub 21 Property.

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	
	FY2018 S\$'000	FY2017 S\$'000
Operating activities		
Profit before income tax	1,516	3,375
Adjustments for:		
Loss allowance for receivables (trade)	23	71
Fair value loss arising from financial assets at FVTPL	99	-
Amortisation of intangible assets	617	599
Bad debts recovered	-	(*) ⁽¹⁾
Bad debts written-off	354	7
Depreciation of property, plant and equipment	620	556
Gain on disposal of property, plant and equipment, net	(21)	(19)
Interest expense	73	101
Interest income	(42)	(15)
Loss on fair value re-measurement of contingent consideration payable	81	-
Property, plant and equipment written-off	5	3
Share issue expenses	36 ⁽²⁾	-
Share options expenses pursuant to the ESOS	50	36
Share of profit from equity-accounted for associates	(76)	-
Reversal of loss allowance for receivables (trade)	(46)	-
Operating cash flows before movements in working capital	3,289	4,714
Changes in working capital:		
Inventories	(509)	(12)
Trade and other receivables	(1,183)	(1,893)
Trade and other payables	1,101	439
Cash generated from operations	2,698	3,248
Interest received	42	15
Income taxes paid	(440)	(349)
Net cash generated from operating activities	2,300	2,914
Investing activities		
Acquisition of non-controlling interests in a subsidiary	-	(477)
Deposits on investments	(371) ⁽³⁾	-
Final payment of contingent consideration for previously acquired subsidiaries	(3,168) ⁽⁴⁾	-
Investment in an associate company	-	(2)
Loan to an associate company	-	(3,719)
Net cash outflow from the acquisition of subsidiaries	-	(1,152)
Non-controlling interests arising from investment in a subsidiary	-	180
Proceeds from disposal of property, plant and equipment	42	54
Purchase of property, plant and equipment	(732)	(886)
Purchase of intangible asset	(32)	-
Share issue expenses paid	(36) ⁽²⁾	-
Net cash used in investing activities	(4,297)	(6,002)

	Group	
	FY2018	FY2017
	S\$'000	S\$'000
Financing activities		
Dividends paid to owners of the Company	(772)	(1,654)
Dividends paid to non-controlling interests	(144)	-
Interest paid	(71)	(98)
Proceeds from bank borrowings	100	600
Proceeds from issuance of new shares	22,148 ⁽⁵⁾	5,000 ⁽⁶⁾
Purchase of treasury shares	(223)	-
Repayment of bank borrowings	(730)	(606)
Repayment of finance lease payables	(136)	(164)
Repayment to directors	(175)	(11)
Repayment from an associate company	382	-
Share issue expenses paid	(409) ⁽⁷⁾	(184) ⁽⁸⁾
Net cash generated from financing activities	<u>19,970</u>	<u>2,883</u>
Net increase/(decrease) in cash and cash equivalents	17,973	(205)
Cash and cash equivalents at beginning of financial year	<u>8,028</u>	<u>8,233</u>
Cash and cash equivalents at end of financial year⁽⁹⁾	<u><u>26,001</u></u>	<u><u>8,028</u></u>

Note:

- (1) Denotes amount lesser than S\$1,000
- (2) Share issue expenses related to the issue and allotment of 1,691,002 new shares in relation to the FY2017 Scrip Dividend
- (3) It comprises of (i) 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 and (ii) cash consideration paid to the vendor for the acquisition of 76% of the issued and paid-up share capital of Country Cousins Pte. Ltd. as announced by the Company on 26 November 2018. The acquisition was completed on 2 January 2019 ("**Deposits On Investments**")
- (4) It relates to the remaining consideration paid in cash for the acquisition of Premier Eco-Care Pte. Ltd., Prestige Enviro-Care Pte. Ltd. and Green Management Pte. Ltd. (collectively, the "**Premier Group**") and Envirocare Landscape (S) Pte. Ltd. ("**Envirocare**")
- (5) Proceeds related to the issue and allotment of 65,000,000 subscription shares to Fullcast Holdings Co., Ltd., a listed company in Japan who through its subsidiaries provides a range of human resource services to companies in Japan ("**Fullcast**"), that was completed on 31 August 2018 (the "**Share Subscription**")
- (6) Proceeds 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**")
- (7) Share issue expenses related to the Share Subscription
- (8) Share issue expenses related to the Placement and Warrants Issue
- (9) 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	
	FY2018	FY2017
	S\$'000	S\$'000
Cash and bank balances	26,006	8,033
Fixed deposit pledged	(5)	(5)
Cash and cash equivalents	<u>26,001</u>	<u>8,028</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							Non-controlling interests S\$'000	Total equity S\$'000
	Share capital	Treasury shares	Retained earnings	Share options reserve	Capital reserve	Merger reserve	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000		
Balance at 1 January 2018	18,378	-	6,163	36	(353)	(2,603)	21,621	444	22,065
Profit for the financial year, representing total comprehensive income for the financial year	-	-	1,336	-	-	-	1,336	59	1,395
Issuance of ordinary shares pursuant to Share Subscription	22,148	-	-	-	-	-	22,148	-	22,148
Issuance of ordinary shares pursuant to FY2017 Scrip Dividend	490	-	(490)	-	-	-	-	-	-
Share issue expenses pursuant to the Share Subscription	(409)	-	-	-	-	-	(409)	-	(409)
Share options expense pursuant to the ESOS	-	-	-	50	-	-	50	-	50
Purchase of treasury shares	-	(223)	-	-	-	-	(223)	-	(223)
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	(144)	(144)
Dividends declared	-	-	(772)	-	-	-	(772)	-	(772)
Balance at 31 December 2018	40,607	(223)	6,237	86	(353)	(2,603)	43,751	359	44,110
Balance at 1 January 2017	13,562	-	4,761	-	-	(2,603)	15,720	457	16,177
Profit for the financial year, representing total comprehensive income for the financial year	-	-	3,056	-	-	-	3,056	57	3,113
Issuance of ordinary shares pursuant to Placement	5,000	-	-	-	-	-	5,000	-	5,000
Share issue expenses pursuant to the Placement	(184)	-	-	-	-	-	(184)	-	(184)
Share options expense pursuant to the ESOS	-	-	-	36	-	-	36	-	36
Acquisition of remaining non-controlling interest in a subsidiary	-	-	-	-	(353)	-	(353)	(124)	(477)
Acquisition of a subsidiary	-	-	-	-	-	-	-	18	18
Non-controlling interests investment in a subsidiary	-	-	-	-	-	-	-	180	180
Dividends declared to non-controlling interests	-	-	-	-	-	-	-	(144)	(144)
Dividends declared	-	-	(1,654)	-	-	-	(1,654)	-	(1,654)
Balance at 31 December 2017	18,378	-	6,163	36	(353)	(2,603)	21,621	444	22,065

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	Treasury shares 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 year, representing total comprehensive income for the financial year	-	-	1,080	-	1,080
Issuance of ordinary shares pursuant to the Share Subscription	22,148	-	-	-	22,148
Issuance of ordinary shares pursuant to FY2017 Scrip Dividend	490	-	(490)	-	-
Share issue expenses pursuant to the Share Subscription	(409)	-	-	-	(409)
Share options expense pursuant to the ESOS	-	-	-	50	50
Purchase of treasury shares	-	(223)	-	-	(223)
Dividends declared	-	-	(772)	-	(772)
Balance as at 31 December 2018	40,607	(223)	453	86	40,923
Balance at 1 January 2017	13,562	-	848	-	14,410
Profit for the financial year, representing total comprehensive income for the financial year	-	-	1,441	-	1,441
Issuance of ordinary shares pursuant to the Placement	5,000	-	-	-	5,000
Share issue expenses pursuant to the Placement	(184)	-	-	-	(184)
Share options expense pursuant to the ESOS	-	-	-	36	36
Dividends declared	-	-	(1,654)	-	(1,654)
Balance as at 31 December 2017	18,378	-	635	36	19,049

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 31 December 2018 are as follows:

	Number of shares	Issued and paid-up share capital (\$)
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	<u>187,363,591</u>	<u>18,868,211⁽¹⁾</u>
Issuance of ordinary shares pursuant to the Share Subscription	65,000,000	22,147,976
Share issue expense pursuant to the Share Subscription	-	(409,087) ⁽²⁾
Purchase of treasury shares	<u>(1,014,900)</u>	<u>(223,278)</u>
As at 31 December 2018	<u>251,348,691</u>	<u>40,383,822⁽¹⁾</u>

As at 31 December 2018, the number of treasury shares held by the Company, amounting to 1,014,900 represented 0.40% (31 December 2017: Nil) of the total number of issued ordinary shares (excluding treasury shares).

On 20 April 2017, 1,156,500 share options were granted pursuant to the Advancer Global Employee Share Option Scheme. Following the resignation of employees who were granted such share options, 1,085,500 share options remained outstanding as at 31 December 2018 (31 December 2017: 1,126,500).

As at 31 December 2018, 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 7,335,500 ordinary shares against 251,348,691 issued shares (excluding treasury shares) as at 31 December 2018 (31 December 2017: Nil).

The Company had no subsidiary holdings as at 31 December 2018 and 31 December 2017.

Notes:

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

(2) Capitalisation of share issue expenses related to Share Subscription.

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 31 December 2018 was 185,672,589 and 251,348,691 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.

No treasury shares were sold, transferred, disposed, cancelled and/or used during FY2018.

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 year 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 Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group has adopted the new financial reporting framework on 1 January 2018 and adopted the Singapore Financial Reporting Standards (International) (SFRS(I)) which are effective on 1 January 2018.

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.

Singapore-incorporated companies listed on SGX-ST are required to apply a new financial reporting framework, Singapore Financial Reporting Standards (International) ("**SFRS(I)s**") for annual periods beginning on or after 1 January 2018.

The Group has adopted the new/revised SFRS(I)s and interpretations of SFRS(I) ("**INT SFRS(I)**") on 1 January 2018.

In adopting the new framework, the Group has applied the specific transition requirements in SFRS(I) 1 *First-time Adoption of SFRS(I)s*, SFRS(I) 9 *Financial Instruments* and SFRS(I) 15 *Revenue from Contracts with Customers*. The adoption of the new framework did not give rise to any significant changes to Group's financial statements except for the reclassifying of Unquoted China Investment from "Available-for-sale financial assets" to "Financial assets at FVTPL" (fair value through profit or loss) in the statement of financial position of the Group.

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

	Group	
	31 Dec 2018	31 Dec 2017
Profit attributable to owners of the Company (S\$'000)	1,336	3,056
Weighted average number of ordinary shares	208,030,230	180,980,808
Earnings per share (basic and diluted)(cents)	0.64	1.69

Weighted average number of ordinary shares for FY2017 was computed based on the issue and allotment of 12,500,000 placement shares on 17 May 2017.

The weighted average number of ordinary shares for FY2018 was computed based on the issue and allotment of (i) 1,691,002 new shares pursuant to FY2017 Scrip Dividend on 29 June 2018, and (ii) 65,000,000 new shares pursuant to Share Subscription on 31 August 2018, as well as the

purchase of 14,900 and 1 million treasury shares by the Company on 5 October 2018 and 11 October 2018 respectively.

Whilst there were 6,250,000 warrants outstanding as at 31 December 2018 and 31 December 2017, the warrants are, given their exercise price of S\$0.45, not considered to be dilutive for the financial year ended 31 December 2018 and 31 December 2017.

Whilst there were 1,085,500 share options outstanding as at 31 December 2018 (31 December 2017: 1,126,500), 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 year ended 31 December 2018 and 31 December 2017.

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	
	31 Dec 2018	31 Dec 2017	31 Dec 2018	31 Dec 2017
Net asset value per share (cents)	17.41	11.64	16.28	10.26
Net asset value (S\$'000)	43,751	21,621	40,923	19,049
Number of ordinary shares issued (excluding treasury shares)	251,348,691	185,672,589	251,348,691	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

Revenue

The Group's revenue increased by S\$2.0 million or 3.1% from S\$65.3 million in FY2017 to S\$67.3 million in FY2018 mainly due to the increase in revenue from the Security Services Business that was offset by the decrease in revenue for the (a) Building Management Business and (b) Employment Services Business.

- For the Security Services Business, there was an increase of 24.8% of revenue as compared to the prior financial period due to the increase in service income from new and on-going security projects.
- For the Building Management Business there was a decrease of 2.7% of revenue as compared to the prior financial period. While there was an increase in service income received from property management services and gardening and landscaping services contributed mainly by the newly acquired subsidiaries, the increase was offset by a decrease in service income from pest control and cleaning services.
- For the Employment Services Business, there was decrease of 5.2% of revenue due to a decrease in the number of foreign domestic workers ("FDWs") that the Group has placed out to Singapore households.

For FY2018, the Group's customer retention rates for its Security Services Business and Building Management Business were 85.8% and 87.9% and respectively (FY2017: 93.9% and 87.2% respectively). As at 31 December 2018, the Group has service contracts from its Building Management and Security Services Businesses (with varying contract periods) amounting to approximately S\$3.7 million monthly (31 December 2017: S\$3.6 million monthly).

Cost of Sales

The Group's cost of sales increased by S\$3.6 million or 7.8%, from S\$46.4 million in FY2017 to S\$50.0 million in FY2018, mainly due to increase in direct labour costs for Security Services Business.

Gross Profit

As a result of the foregoing, gross profit decreased by S\$1.6 million or 8.3%, from S\$18.9 million in FY2017 to S\$17.3 million in FY2018, which was mainly due to the decrease in gross profit from all of the Group's business segments.

The Group's gross profit margin decreased by 3.2 percentage points from 28.9% in FY2017 to 25.7% in FY2018, mainly due to the following:

- Employment Services Business- Higher average recruitment costs paid (payable) to overseas recruiters;
- Building Management Business- Increased direct labour costs of pest control services; and
- Security Services Business- Increase in average salaries of security guards.

Other operating income

Other operating income increased by S\$348,000 or 26.4% from S\$1.3 million in FY2017 to S\$1.7 million in FY2018, mainly due to the (a) increase in the amount from government credit schemes such as Wage Credit Scheme as a result of under-accrual in FY2017, (b) reversal of loss allowance for receivables (trade) in FY2017, and (c) interest income from fixed deposits placed with the banks.

Administrative expenses

Administrative expenses increased by S\$0.7 million or 4.4% from S\$16.7 million in FY2017 to S\$17.4 million in FY2018, mainly due to the following:

(a) increased administrative staff costs to support the increase scale of the Group's operations following the acquisition of subsidiaries since listing, (b) increased bad debt written-off arising from Group's cleaning and pest controls businesses of which 93.2% was due to bankruptcy of a hotel's owner, (c) increased (i) advertising fees, (ii) professional fees to support Group's investor relations, traveling and transportation expenses overseas, (iii) depreciation expenses of the Group's property, plant and equipment arising from the increase in capital expenditures in FY2018, (iv) amortisation expenses of intangible assets arising from acquisition of subsidiaries in FY2017 and capitalisation of design costs in relation to an operational web portal for the Employment Service Business in FY2018, (v) loss on fair value re-measurement of contingent consideration payable in relation to the acquisition of the Premier Group and Envirocare, (vi) share option expenses pursuant to ESOS, and (vii) share issue expenses pursuant to FY2017 Scrip Dividend and (viii) fair value loss arising from impairment of Unquoted China Investment.

Conversely, the increase in administrative expenses was offset by the decrease of operating lease expenses for motor vehicles, office premise and staff accommodation, loss allowance for receivables (trade) as well as a subsidiary director's remuneration.

Finance expenses

Finance expenses decreased by S\$28,000 or 27.7% from S\$101,000 in FY2017 to S\$73,000 in FY2018 which was in line with the decrease in finance lease payables and bank borrowings.

Share of profits from equity-accounted for associate

The Group recorded share of profits of S\$76,000 from investment in G3 Environmental Private Limited ("G3") for FY2018.

Profit for the financial year

The effective tax rate of 8.0% in FY2018 was slightly higher than 7.8% in FY2017 mainly due to expire of Productivity and Innovation Credit Scheme which allows 400% tax deductions for qualifying expenditure incurred in FY2017. Accordingly, the Group's profit after tax decreased by S\$1.7 million or 55.2% from S\$3.1 million in FY2017 to S\$1.4 million in FY2018, was mainly due to the explanations set out above.

REVIEW OF GROUP'S FINANCIAL POSITION

Current assets

The Group's current assets increased by S\$19.3 million or 78.3% from S\$24.7 million as at 31 December 2017 to S\$44.0 million as at 31 December 2018, mainly due to an increase of (a) trade receivables of S\$359,000 and other receivables of S\$482,000, (b) cash and cash equivalents of S\$18.0 million (more details of the cash movement is explained in the review of the Group's Cash Flow Statement), and (c) inventory of S\$509,000 comprising mainly electronic products for security related projects and cleaning projects.

Trade and other receivables

The increase in trade receivables was in line with the increase in revenue for FY2018. The increase in other receivables was mainly due to the following:

(a) Deposits On Investments, which arose from (i) 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, and (ii) the cash consideration paid for the acquisition of 76% of the issued and paid-up share capital of Country Cousins Pte. Ltd. as announced by the Company on 26 November 2018.

(b) deposit paid for software development in relation to cleaning business,

(c) prepayment in relation to the remuneration paid to a subsidiary director (who is an independent and unrelated third party to the Directors and controlling shareholders of the Company) for his continuing of employment with the Group, and

(d) increase in receivables from government credit schemes, deferred recruitment costs for the Employment Services Business of which revenue will be invoiced during the next financial periods. This was partially offset against (a) the repayment of loan from Group's associate company, G3, (b) decrease in advances to recruiters for the Employment Service Business, (c) advances to staff (who are independent and unrelated third parties to the Directors and controlling shareholders of the Company), and (d) prepayment and deposits in relation to operation.

Non-current assets

The Group's non-current assets decreased by S\$456,000 or 4.7% from S\$9.7 million as at 31 December 2017 to S\$9.2 million as at 31 December 2018, mainly due to the amortisation of the Group's intangible assets and fair value loss arising from the impairment of the Unquoted China Investment. The decrease was partially offset by increase in capital expenditures and increase in investment in associated companies (comprising G3 Environmental Private Limited and the Chiang Kiong Group) arising from its share of profits for FY2018.

Current liabilities

The Group's current liabilities decreased by S\$3.0 million or 27.3% from S\$10.9 million as at 31 December 2017 to S\$7.9 million as at 31 December 2018, mainly due to (a) absence of the contingent consideration payables (classified under other payables in FY2017 in relation to the remaining consideration payment amounting to S\$3.1 million) for the acquisition of Premier Group, (b) decrease of other payables related to provision of unutilised leaves, and (c) repayment of bank borrowings. The decrease was offset by the increase in (a) trade payables as a result of the increase in costs of sales for Group's Security Services Business, (b) other payables related to employees remuneration, (c) deferred income related to advance payments received from customers of Employment Services Business and government grants received to be recognised as income over the periods to match with their related costs, and (d) credit notes to customers and GST payables.

Non-current liabilities

The Group's non-current liabilities decreased by S\$209,000 or 14.4% from S\$1.4 million as at 31 December 2017 to S\$1.2 million as at 30 December 2018, mainly due to the decrease of deferred tax liabilities, finance lease payables and bank borrowings in FY2018.

Net asset value

Net asset value of the Group increased by S\$22.0 million or 99.9% from S\$22.1 million as at 31 December 2017 to S\$44.1 million as at 31 December 2018 due to the reasons set out above.

REVIEW OF GROUP'S CASH FLOWS

Net cash generated from operating activities

The Group's net cash generated from operating activities amounted to S\$2.3 million for FY2018, which resulted from operating cash flows before movements in working capital of S\$3.3 million and the increase in (a) inventories of S\$0.5 million, (b) trade and other receivables of S\$1.2 million, and decrease in trade and other payables of S\$1.1 million as well as payment of income tax of S\$0.4 million.

Net cash used in investing activities

Net cash used in investing activities amounted to S\$4.3 million for FY2018, which was mainly due to payment of remaining consideration for the acquisition of Premier Group and Envirocare of S\$3.1 million and S\$68,000 respectively, payment of Deposits On Investments of S\$371,000, purchase of property, plant and equipment of S\$0.7 million, development of an operational web portal for Employment Service Business (i.e. intangible asset) of S\$32,000 and payment of share issue expenses of S\$36,000 pursuant to FY2017 Scrip Dividend. The investing cash outflow is partially offset by proceeds from disposal of property, plant and equipment of S\$42,000.

Net cash generated from financing activities

Net cash generated from financing activities amounted to S\$20.0 million for FY2018, mainly due to proceeds from issuance of new shares of S\$22.1 million pursuant to the Share Subscription, proceeds from bank borrowings of S\$0.1 million and repayment from an associate company of S\$0.4 million, which is partially offset by payment of dividends of S\$0.9 million, interest payment of S\$71,000 in relation to bank borrowings and finance lease payables, purchases of treasury shares of S\$0.2 million, repayment of bank borrowings of S\$0.7 million and finance lease payables of S\$0.1 million, repayment to directors of S\$0.2 million and payment of share issue expenses of S\$0.4 million pursuant to the Share Subscription.

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.

Trade conflicts and slowing global demand will continue to weigh on the world economy in 2019. In spite of the muted economy in 2019, it is expected that smart urban living¹ from the Singapore Smart Nation initiative² will be the driving force for the Facilities Management (FM) Sector in Singapore as building owners aim for increased efficiency of operations, optimised performance, sustainability programmes to minimise environmental impact and maximise cost-saving benefits.

The Group's Facility Management Services division (comprising Building Management and Security Services Business) has been investing in technology innovations and Internet of Things (IoT) to strengthen our competitive advantage in line with the Government's smart urban living and smart nation initiative. This is a necessary step forward as increasing manpower costs for cleaners and security guards under the Progressive Wage Model (PWM) is a major factor expected to impact the bottom-lines of the Group's businesses.

The Security Services Business is poised for new challenges through the integrated offerings of physical and hardware, such as intelligent surveillance cameras, biometric systems and backend AI-based platforms to help organisations mitigate risks under their business continuity plans.

Under the Employment Services Business, the strategy to target new growth sectors (such as the ageing population), and the increasing use of social media channels and digital mobile devices in the employers' search for foreign domestic workers and household solutions remain relevant. The

¹ <https://www.smartnation.sg/what-is-smart-nation/initiatives/Urban-Living/smart-towns>

² Smart Nation is an initiative by the Singapore government to transform the Republic into a global city through technology and digital innovation.

Group is also exploring to develop and expand its employment business in Japan, in view of its strategic alliance with Fullcast.

Amidst the changing landscape in the industries in which it operates, the Group's vision is to be the pre-eminent solutions provider, admired for technology innovations and delivering effective and cost saving solutions and services to customers. The Group will also continue to integrate and optimise the businesses of its subsidiaries, expand through acquisition, joint ventures and/or strategic alliances of businesses in the provision of services of all Group's reportable segments.

11. If a decision regarding dividend has been made:

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

An interim one-tier tax exempt dividend of 0.25 Singapore cent per share for HY2018 has been paid on 28 September 2018 ("**Interim Dividend**").

The directors are pleased to recommend a final one-tier tax exempt dividend of 0.15 Singapore cent per share for FY2018 ("**Final Dividend**"). The Final Dividend will be paid in cash.

(b) (i) Amount per share

The Final Dividend of 0.15 Singapore cent per share together with the Interim Dividend of 0.25 Singapore cents per share would aggregate a full year dividend of 0.40 Singapore cent per share for FY2018.

The full year dividend payout for FY2018 would constitute approximately 75.5% of net profit after tax attributable to owners of the Company in FY2018.

(b) (ii) Previous corresponding period

The Final Dividend of 0.34 Singapore cent per share together with the Interim Dividend of 0.49 Singapore cents per share would aggregate a full year dividend of 0.83 Singapore cent per share for FY2017. The full year dividend payout for FY2017 constituted approximately 50% of net profit after tax attributable to owners of the Company in FY2017.

(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 Final Dividend is tax exempted.

(d) The date the dividend is payable

31 May 2019

(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.

15 May 2019, 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 and the reasons for the decision.

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 Net Subscription Proceeds

The Board refers to the announcement dated 26 November 2018 in relation to the status of use of net subscription proceeds (the “**Net Subscription Proceeds**”) arising from the Share Subscription 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:

	<u>Amount allocated</u> S\$ million	<u>Amount utilised</u> S\$ million	<u>Balance</u> S\$ million
Expansion of business operations	16.30	(0.37)	15.93
General corporate and working capital purposes of the Group, mainly to support administrative and operational expenses (Note (a))	5.44	(1.79)	3.65
	<u>21.74</u>	<u>(2.16)</u>	<u>19.58</u>

Note:

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

	<u>S\$'000</u>
Professional and listing related expenses	156
Administrative expenses – staff costs	57
Administrative expenses - others	2
Purchase of inventory for a subsidiary	170
Repayment of loan incurred by a subsidiary	300
Advances to subsidiaries for operational expenses	1,100
	<u>1,785</u>

PART I: ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

16. Segmented revenue and result for operating segments (of the group) in the form presented in the issuer’s most recently audited financial statements, with comparative information for the immediately preceding year

The Group operates only in one geographical location, being Singapore. For management purpose, the Group is organized into business units based on its products and services, and has three reportable segments as follows:

- (a) **Employment Services Business segment** – the provision of one-stop services for the sourcing, employment and training of FDWs to households, as well as sourcing and employment foreign workers to, amongst others, corporate and organisations.
- (b) **Building Management Business segment*** – the provision of integrated building facility management services including property consultancy, property and facilities management services, property valuation, investment sales, cleaning and stewarding, waste management, landscape, pest control and fumigation services to, amongst others, hospitals, hotels, schools, residential, commercial and industrial properties.
- (c) **Security Services Business segment*** – the provision of manpower and technology for security solutions and services to, amongst others, commercial, industrial and residential properties, as well as security escort services, remote surveillance and security consultancy services such as crisis management.

18. A breakdown of sales and operating profit after tax are as follows:

	Group		Increase/ (Decrease) %
	FY2018	FY2017	
	S\$'000	S\$'000	
Revenue			
(a) First half year	32,770	31,921	2.7
(b) Second half year	34,513	33,339	3.5
	67,283	65,260	3.1

	Group		Increase/ (Decrease) %
	FY2018	FY2017	
	S\$'000	S\$'000	
Profit after tax before deducting non-controlling interests			
(c) First half year	1,602	2,277	(29.6)
(d) Second half year	(266)	779	N.M.
	1,336	3,056	(56.3)

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

Ordinary Dividend

	FY2018 S\$	FY2017 S\$
Interim dividend	630,909	909,796
Final dividend	377,023	631,287

N/A – Not Applicable

Note: The proposed final dividend of 0.15 Singapore cent per ordinary share amounting to S\$377,023 is subject to shareholders' approval at the forthcoming Annual General Meeting of the Company.

20. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chin Chwee Hwa	64	Brother of Chin Mui Hiong and Chin Mei Yang, the directors and substantial shareholders of the Company	Director of World Clean Facility Services Pte. Ltd. since 12 July 2005.	Nil
James Chin Yee Hong	33	Son of Chin Swee Siew @ Chen Yin Siew, the substantial shareholder of the Company and Head of Employment Services Business of the Group	(1) Operations manager of First Stewards Private Limited and Master Clean Facility Services Pte. Ltd. and involve in day-to-day operations. (2) Director of Nation Human Resources Pte.Ltd. (3) Administrative supports to both Nation Employment Pte Ltd and Enreach Employment Pte. Ltd.	Nil

By order of the Board

Chin Mui Hiong
Executive Chairman
25 February 2019

Chin Mei Yang
Chief Executive Officer and Executive Director
25 February 2019