

ANNICA HOLDINGS LIMITED

Unaudited Financial Statements And Dividend Announcement For The Half-Year Financial Period Ended 30 June 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume 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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For the purpose of this Announcement, **HY2017** refers to the six-month financial period ended 30 June 2017 whereas **HY2016** refers to the corresponding six-month financial period ended 30 June 2016. **FY2016** refers to the full financial year ended 31 December 2016.

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

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

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	Group		
	HY2017 \$'000	HY2016 \$'000	Increase/ (Decrease) %
<u>Continuing Operations</u>			
Revenue	9,009	7,126	26
Cost of sales	(7,414)	(5,469)	36
Gross profit	1,595	1,657	(4)
Other income	19	39	(51)
Selling and distribution expenses	(168)	(132)	27
Administrative and general expenses	(1,774)	(2,274)	(22)
Other expenses	(149)	(368)	(60)
Finance costs	(157)	(48)	NM
Loss before income tax from continuing operations	(634)	(1,126)	(44)
Income tax expense	(65)	(39)	67
Loss from continuing operations, net of tax	(699)	(1,165)	(40)
<u>Discontinued Operations</u>			
Loss from discontinued operations, net of tax	-	(4,127)	NM
Total loss for the financial period	(699)	(5,292)	(87)
<u>Other comprehensive loss</u>			
<i>Items that are or may be reclassified subsequently to profit or loss:</i>			
Currency translation differences arising from consolidation	(35)	(5)	NM
Reclassification of currency translation differences from equity on disposal of subsidiaries to profit or loss	-	(3)	NM
Other comprehensive loss, net of tax	(35)	(8)	NM
Total comprehensive loss for the financial period	(734)	(5,300)	(86)

1(a)(i) A consolidated statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial period. (Cont'd)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Cont'd)
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	Group		
	HY2017 \$'000	HY2016 \$'000	Increase/ (Decrease) %
Total loss attributable to:			
- Equity holders of the Company	(759)	(5,033)	(85)
- Non-controlling interests	60	(259)	NM
	<u>(699)</u>	<u>(5,292)</u>	<u>(87)</u>
Total loss attributable to equity holders of the Company			
- from continuing operations	(759)	(1,217)	(38)
- from discontinued operations	-	(3,816)	NM
	<u>(759)</u>	<u>(5,033)</u>	<u>(85)</u>
Total profit/(loss) attributable to non-controlling interest:			
- from continuing operations	60	52	15
- from discontinued operations	-	(311)	NM
	<u>60</u>	<u>(259)</u>	<u>NM</u>
Total comprehensive loss attributable to:			
- Equity holders of the Company	(792)	(5,035)	(84)
- Non-controlling interests	58	(265)	NM
	<u>(734)</u>	<u>(5,300)</u>	<u>(86)</u>
Total comprehensive loss attributable to equity holders of the Company:			
- from continuing operations	(792)	(1,156)	(31)
- from discontinued operations	-	(3,879)	NM
	<u>(792)</u>	<u>(5,035)</u>	<u>(84)</u>
Total comprehensive profit/(loss) attributable to non-controlling interest:			
- from continuing operations	58	46	26
- from discontinued operations	-	(311)	NM
	<u>58</u>	<u>(265)</u>	<u>NM</u>

NM: Not meaningful

1(a)(ii) Loss before taxation arrived at after charging/(crediting) the following:

Loss from continuing operations

	Group		
	HY2017 \$'000	HY2016 \$'000	Increase/ (Decrease) %
Interest income from bank	(1)	(1)	NM
Interest expense on borrowings	157	48	NM
Depreciation of property, plant and equipment	99	127	(22)
Foreign currency exchange loss, net	92	188	(51)
Fair value loss on financial assets, at fair value through profit or loss	16	17	(6)
Allowance for doubtful non-trade debts	-	104	NM

1(a)(ii) Loss before taxation arrived at after charging/(crediting) the following (Cont'd):

Loss from discontinued operations

Loss from discontinued operations in HY2016 pertained to the Group's disposal of its former subsidiaries, Industrial Power Technology Pte Ltd and The Think Environmental Co Sdn Bhd (the "Disposal Group") during HY2016.

An analysis of the loss from discontinued operations is as follows:

	Group		
	HY2017 \$'000	HY2016 \$'000	Increase/ (Decrease) %
Revenue	-	1,724	NM
Net expenses	-	(2,443)	NM
Loss before income tax of Disposal Group	-	(719)	NM
Income tax expenses	-	-	NM
Loss of Disposal Group, net of tax	-	(719)	NM
Loss on disposal of Disposal Group	-	(3,408)	NM
Loss from discontinued operations, net of tax	-	(4,127)	NM

Loss before income tax of Disposal Group is arrived at after charging the following:

	Group		
	HY2017 \$'000	HY2016 \$'000	Increase/ (Decrease) %
Interest expense on borrowings	-	3	NM
Depreciation of property, plant and equipment	-	24	NM
Foreign exchange loss, net	-	23	NM
Amortisation of intangible assets	-	2	NM

NM: Not meaningful

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

**STATEMENTS OF FINANCIAL POSITION
AS AT 30 JUNE 2017**

	Group		Company	
	As at HY2017 \$'000	As at FY2016 \$'000	As at HY2017 \$'000	As at FY2016 \$'000
<u>ASSETS</u>				
Current assets:				
Cash and bank balances	1,222	2,144	27	358
Fixed deposits	270	280	-	-
Trade and other receivables	11,010	8,045	2,372	2,409
Inventories	600	401	-	-
Financial assets, at fair value through profit or loss	21	37	21	37
	13,123	10,907	2,420	2,804
Non-current assets held for sale	2,274	2,274	2,274	2,274
	15,397	13,181	4,694	5,078
Non-current assets:				
Trade and other receivables	66	66	1,134	1,134
Investments in subsidiaries	-	-	4,470	4,470
Investments in associated companies	- ^	-	- ^	-
Available-for-sale financial assets	2	2	-	-
Property, plant and equipment	1,309	1,211	35	64
Intangible assets	1,020	1,020	-	-
Deferred tax assets	4	4	-	-
	2,401	2,303	5,639	5,668
Total assets	17,798	15,484	10,333	10,746

^ Amount is less than \$1,000

1(b)(i) Statements of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial period. (Cont'd)

STATEMENTS OF FINANCIAL POSITION (Cont'd)
AS AT 30 JUNE 2017

	Group		Company	
	As at HY2017 \$'000	As at FY2016 \$'000	As at HY2017 \$'000	As at FY2016 \$'000
LIABILITIES				
Current liabilities:				
Trade and other payables	8,067	5,863	2,588	2,465
Borrowings	499	520	100	514
Current income tax liabilities	185	163	-	-
	8,751	6,546	2,688	2,979
Non-current liabilities:				
Borrowings	3,858	3,364	3,436	3,282
Deferred income tax liabilities	79	80	-	-
	3,937	3,444	3,436	3,282
Total liabilities	12,688	9,990	6,124	6,261
Net assets	5,110	5,494	4,209	4,485
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	63,274	62,924	63,274	62,924
Accumulated losses	(56,540)	(55,781)	(59,065)	(58,439)
Other reserves	(1,996)	(1,963)	-	-
	4,738	5,180	4,209	4,485
Non-controlling interests	372	314	-	-
Total equity	5,110	5,494	4,209	4,485

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

Amount repayable in one year or less, or on demand

As at HY2017		As at FY2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
118	381	6	514

Amount repayable after one year

As at HY2017		As at FY2016	
Secured	Unsecured	Secured	Unsecured
\$'000	\$'000	\$'000	\$'000
422	3,436	82	3,282

As at HY2017, the Group's secured borrowings were secured on the Group's leasehold properties, plant and equipment, fixed deposits and personal guarantees of directors of subsidiaries. As at FY2016, the Group's secured borrowings were secured on the Group's leasehold properties, fixed deposits and personal guarantees of directors of a subsidiary.

Included in the Group's unsecured borrowings as at HY2017 and FY2016 were advances from the subscriber of the redeemable convertible bonds and loans from LionGold Corp Ltd (please refer to discussion in paragraph 8 on "LionGold Loan" under "Debt conversion and grant of options to an Investor").

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

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2017**

	Group HY2017 \$'000	HY2016 \$'000
Cash flows from operating activities:		
Loss before income tax from continuing operations	(634)	(1,126)
Loss before income tax from discontinued operations	-	(4,127)
	(634)	(5,253)
Adjustments for:		
Depreciation of property, plant and equipment	99	151
Interest expense	157	51
Interest income	(1)	(1)
Loss on disposal of Disposal Group	-	3,408
Fair value loss on financial assets at fair value through profit or loss	16	17
Amortisation of intangible assets	-	2
Fee related to issuance of redeemable convertible bonds settled by way of issuance of Shares of the Company	-	300
Operating cash flows before working capital changes	(363)	(1,325)
Changes in working capital net of effects from disposal of Disposal Group:		
Trade and other receivables	(2,965)	(3,475)
Inventories	(199)	825
Trade and other payables	2,518	1,455
Cash used in operations	(1,009)	(2,520)
Income tax paid	(40)	(19)
Net cash used in operating activities	(1,049)	(2,539)
Cash flows from investing activities:		
Interest received	1	1
Settlement of promissory note issued during previous year on acquisition of remaining non-controlling interest in a subsidiary	(100)	-
Purchases of property, plant and equipment	(46)	(879)
Net cash inflow from Disposal Group	-	340
Net cash outflow from acquisition of a subsidiary	-	(1,799)
Net cash used in investing activities	(145)	(2,337)
Cash flows from financing activities:		
Net proceeds from issuance of redeemable convertible bonds	475	3,500
Proceeds from borrowings	421	950
Repayment of borrowings	(376)	(8)
Release of fixed deposits pledged as security for banking facilities, net	-	6
Placement/release of deposits in cash margin account	(8)	459
Receipt of money in relation to the grant of transferrable share option	50	-
Repayment of a former subsidiary's bank overdraft	(262)	-
Interest paid	(13)	(5)
Net cash generated from financing activities	287	4,902
Net (decrease)/increase in cash and cash equivalents	(907)	26
Cash and cash equivalents at beginning of the financial period	1,911	1,884
Effects of foreign currency translation on cash and cash equivalents	(16)	(17)
Cash and cash equivalents at end of the financial period	988	1,893
Cash and cash equivalents at end of the financial period were made up of:		
Cash and bank balances	1,222	2,093
Less: deposit placed in cash margin account	(234)	(200)
	988	1,893

Major non-cash items:

During HY2017, the Group acquired plant and equipment for a total consideration of \$203,000, out of which \$46,000 was paid by cash and \$157,000 was financed under finance lease arrangement.

During HY2016, the Group acquired the remaining non-controlling interest in a subsidiary from two vendors for a consideration of \$660,000, out of which \$500,000 was settled by way of issuance of 500,000,000 new shares of the Company ("Shares") and \$160,000 through promissory notes entered into with the two vendors. The Group paid \$100,000 and \$60,000 of the promissory notes during HY2017 and second half of 2016, respectively.

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

Disposal of subsidiaries

The effects of the disposal of Disposal Group during HY2016 on the cash flows of the Group in HY2016 are as follows:

	HY2017 \$'000	Group HY2016 \$'000
<u>Carrying amount of assets and liabilities disposed of:</u>		
Cash and cash equivalents	-	35
Trade and other receivables	-	13,059
Property, plant and equipment	-	207
Intangible assets	-	14
Total assets	-	13,315
Trade and other payables	-	10,449
Borrowings	-	4,406
Total liabilities	-	14,855
Net liabilities derecognised	-	(1,540)
Non-controlling interests	-	4,951
Net assets disposed of	-	3,411
The aggregate of cash outflows arising from the disposal of Disposal Group were:		
Net assets disposed of (as above)	-	3,411
Reclassification of currency translation reserve	-	(3)
	-	3,408
Loss on disposal of Disposal Group	-	(3,408)
Total sale consideration	-	-*
Less: cash and cash equivalents of Disposal Group	-	(35)
Add: bank overdraft of Disposal Group	-	375
Net cash inflow on disposal of Disposal Group	-	340

* Nominal amount of \$2

Acquisition of a subsidiary

The fair value of assets acquired and liabilities assumed arising from the acquisition of a subsidiary, GPE Power Systems (M) Sdn. Bhd., during HY2016 are as follows:

	HY2017 \$'000	Group HY2016 \$'000
Net assets acquired	-	663
Provisional goodwill	-	1,175
Purchase consideration	-	1,838
Less: cash and cash equivalents of a subsidiary acquired	-	(39)
Net cash outflow on acquisition	-	1,799

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 period.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017**

	----- Attributable to equity holders of the Company -----					Non-controlling interests	Total equity
	Share capital \$'000	Capital reserve \$'000	Translation reserve \$'000	Accumulated losses \$'000	Total \$'000	\$'000	\$'000
Group							
Balance as at 1 January 2017	62,924	(1,506)	(457)	(55,781)	5,180	314	5,494
Loss for the financial period	-	-	-	(759)	(759)	60	(699)
Other comprehensive loss:							
Currency translation differences arising from consolidation	-	-	(33)	-	(33)	(2)	(35)
	-	-	(33)	-	(33)	(2)	(35)
Total comprehensive profit/(loss) for the financial period	-	-	(33)	(759)	(792)	58	(734)
Issuance of Shares	350	-	-	-	350	-	350
Balance as at 30 June 2017	63,274	(1,506)	(490)	(56,540)	4,738	372	5,110
Balance as at 1 January 2016	54,524	(1,389)	(443)	(47,840)	4,852	(4,080)	772
Loss for the financial period	-	-	-	(5,033)	(5,033)	(259)	(5,292)
Other comprehensive income/(loss):							
Currency translation differences arising from consolidation	-	-	1	-	1	(6)	(5)
Currency translation differences on disposal of subsidiaries reclassified to profit or loss	-	-	(3)	-	(3)	-	(3)
	-	-	(2)	-	(2)	(6)	(8)
Total comprehensive loss for the financial period	-	-	(2)	(5,033)	(5,035)	(265)	(5,300)
Issuance of Shares	5,200	-	-	-	5,200	-	5,200
Changes in ownership interests in subsidiaries:							
Disposal of subsidiaries	-	-	-	-	-	4,951	4,951
Acquisition of ownership interest in subsidiary, without loss of control	-	(117)	-	-	(117)	(543)	(660)
Acquisition of a subsidiary	-	-	-	-	-	282	282
	-	(117)	-	-	(117)	4,690	4,573
Balance as at 30 June 2016	59,724	(1,506)	(445)	(52,873)	4,900	345	5,245

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 period. (Cont'd)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Cont'd)
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2017

	Share capital \$'000	Accumulated losses \$'000	Total equity \$'000
Company			
Balance as at 1 January 2017	62,924	(58,439)	4,485
Issuance of Shares	350	-	350
Total comprehensive loss for the financial period	-	(626)	(626)
Balance as at 30 June 2017	63,274	(59,065)	4,209
Balance as at 1 January 2016	54,524	(54,068)	456
Issuance of Shares	5,200	-	5,200
Total comprehensive loss for the financial period	-	(1,379)	(1,379)
Balance as at 30 June 2016	59,724	(55,447)	4,277

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

	Number of Shares '000	Share Capital \$'000
Issued and fully paid:		
As at 31 December 2016	11,728,456	63,574
Issuance of Shares		
- converted from redeemable convertible bonds (the "RCB Conversion Shares") at \$0.00085 per RCB Conversion Share	411,764	350
At 30 June 2017	12,140,220	63,924
Less: Share issue expenses as at 30 June 2017	-	(650)
Net share capital as at 30 June 2017	12,140,220	63,274

Convertible Securities

There are no Shares that may be issued on conversion of any outstanding convertibles as at the end of the current financial period except as follows:

RCB Conversion Shares:

	Number of Shares '000	Estimated proceeds \$'000
New RCB Conversion Shares to be allotted and issued upon conversion of redeemable convertible bonds issued as at HY2017, assuming conversion at the minimum conversion price of \$0.00085 per RCB Conversion Share	882,353	750
New RCB Conversion Shares to be allotted and issued upon conversion of redeemable convertible bonds which have yet to be issued as at HY2017, assuming conversion at the minimum conversion price of \$0.00085 per RCB Conversion Share	14,154,412	12,031
Total	15,036,765	12,781

Debt Conversion Shares:

	Number of Shares '000	Estimated proceeds \$'000
New Debt Conversion Shares to be allotted and issued upon assignment and conversion of debts, which have yet to be issued as at HY2017, assuming conversion at the minimum conversion price of \$0.001 per Debt Conversion Share	2,504,879	2,505
Total	2,504,879	2,505

Option Shares

In accordance with the terms and conditions of an option agreement entered with an investor, the Company has issued 5,000,000,000 transferable share options ("Options", and each an "Option"), with each Option carrying the right to subscribe for one (1) new ordinary Share ("Option Share") at a minimum exercise price of \$0.001 to raise an amount of up to \$5,000,000 in aggregate (the "Grant of Options"). No Option Share has been issued at HY2017.

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

Annica Performance Share Plan and the Annica Employee Share Option Scheme (collectively, the "Schemes")

The aggregate number of Shares that may be issued under the Schemes or any other share option or share scheme of the Company then in force shall not exceed 15% of the total number of issued Shares of the Company from time to time. The Company has not granted or issued any Shares under the Schemes as at HY2017.

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.

	As at HY2017	As at FY2016
Total number of issued Shares excluding treasury Shares ('000)	12,140,220	11,728,456

The Company has no treasury Shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

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

Not applicable.

2. Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard).

The figures have not been audited or reviewed by the 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 adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to the most recently audited financial statements for the financial year ended 31 December 2016 except for the adoption of revised Financial Reporting Standards ("FRS") and Interpretations to FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2017.

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.

The adoption of the revised FRS and INT FRS as discussed in paragraph 4 are not expected to result in any significant changes to the Group's accounting policies and methods of computation.

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

	Group	
	HY2017	HY2016
Loss per Share based on the weighted average number of Shares on issue (in cents):		
- from continuing operations – basic and fully diluted (Note (a))	(0.01)	(0.03)
- from discontinued operations – basic and fully diluted (Note (b))	-	(0.09)
Total	(0.01)	(0.12)

The basic and diluted loss per Share are the same as the Group did not have any potentially dilutive instruments for the respective financial period.

Notes:

(a) Basic and fully diluted loss per Share from continuing operations for HY2017 were calculated by dividing the total loss attributable to Shareholders of \$759,000 (HY2016: \$1,217,000) by the weighted average number of Shares of 11,958,225,047 as at HY2017 (HY2016: 4,423,603,661).

(b) Basic and fully diluted loss per Share from discontinued operations were calculated by dividing the total loss attributable to Shareholders of Nil (HY2016: \$3,816,000) by the weighted average number of Shares of 11,958,225,047 as at HY2017 (HY2016: 4,423,603,661).

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 period.**

	Group		Company	
	HY2017	FY2016	HY2017	FY2016
Net asset value per Share based on the issued Shares at the end of the financial period reported on (in cents)	0.04	0.05	0.03	0.04

Net asset value per Share of the Group as at HY2017 was calculated by dividing the Group's net asset value of \$5,110,000 as at HY2017 (FY2016: \$5,494,000) by the number of issued Shares of the Company of 12,140,220,497 as at HY2017 (FY2016: 11,728,455,792).

Net asset value per Share of the Company as at HY2017 was calculated by dividing the Company's net asset value of \$4,209,000 as at HY2017 (FY2016: \$4,485,000) by the number of issued Shares of the Company of 12,140,220,497 as at HY2017 (FY2016: 11,728,455,792).

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.**

STATEMENT OF COMPREHENSIVE INCOME

CONTINUING OPERATIONS

Revenue and Gross Profit

The Group posted revenue of \$9,009,000 in HY2017 which was an increase of \$1,883,000 or 26% from \$7,126,000 in HY2016, primarily due to higher revenue from the energy and oil and gas equipment businesses, offset by the engineering services segment's weak results owing to keen competition and sluggish market conditions faced by its major overseas customers which are in the oil and gas industry. Geographically, the Group operates in Singapore and the Asia Pacific region including Malaysia, Indonesia, Thailand, Vietnam, Brunei and Myanmar, with the energy segment and oil and gas equipment segment each contributing 47% and 53%, respectively, to the Group's revenue in HY2017.

Despite the higher revenue, gross profit decreased by \$62,000 or 4% from \$1,657,000 in HY2016 to \$1,595,000 in HY2017. While the energy segment and oil and gas equipment segment turned in higher gross profit in HY2017, the Group's overall gross profit was lower in HY2017 as a result of lower gross margin and the engineering services segment's performance. The Group reported gross margin of 18% in HY2017, which was a decrease of 5% from 23% in HY2016, in order to secure more contracts and remain competitive in the markets that it operates in.

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. (Cont'd)

STATEMENT OF COMPREHENSIVE INCOME (Cont'd)

CONTINUING OPERATIONS (Cont'd)

Other income

The Group received lower government grant in HY2017 which resulted in the decrease of \$20,000 in other income from \$39,000 in HY2016 to \$19,000 in HY2017.

Selling and distribution expenses

The increase in selling and distribution expenses in HY2017 of \$36,000, from \$132,000 in HY2016 to \$168,000 in HY2017 was in line with the higher revenue reported in HY2017. The Group maintained these expenses at approximately 2% of total revenue for both financial periods.

Administrative and general expenses

The Group incurred administrative and general expenses of \$1,774,000 in HY2017, which was a decrease of \$500,000 from \$2,274,000 reported in HY2016. The lower expenses was mainly due to higher professional fees incurred in HY2016 arising from corporate exercises and transactions undertaken by the Group in HY2016 and reduced depreciation charge in HY2017 after one of the Group's leasehold properties was classified as held for sale during second half of FY2016. The Group undertakes to continue close monitoring of expenses by implementing cost-cutting measures and budget spending.

Other expenses

Other expenses decreased by \$219,000 from \$368,000 in HY2016 to \$149,000 in HY2017 as impairment allowance was made in HY2016 on an amount due from a former subsidiary, Industrial Power Technology Pte Ltd, which was disposed in FY2016 and lower exchange loss in HY2017 due to strengthening of Singapore currencies against major currencies in the Asia Pacific region where the Group's trade customers are based.

Finance costs

The increase in finance costs of \$109,000 from \$48,000 in HY2016 to \$157,000 in HY2017 was primarily from interest expenses on redeemable convertible bonds and borrowings and finance leases taken up during HY2017 and interest on loan from the LionGold Loan (as defined hereinafter) accounted for in HY2017.

Income tax

The income tax expense arose from taxable profits of certain subsidiaries during HY2017.

Loss from continuing operations

The Group reported a loss from continuing operations of \$699,000 in HY2017, which was a decrease of \$466,000 from \$1,165,000 in HY2016. The decrease was primarily from lower administrative and general expenses, lower exchange loss and impairment allowance adjustment on non-trade debts, offset by lower gross profit and higher finance costs, as explained above.

DISCONTINUED OPERATIONS

The Group's discontinued operations pertained to former subsidiaries which were disposed during HY2016.

STATEMENT OF FINANCIAL POSITION

Current assets

Current assets of the Group totalled \$15,397,000 as at HY2017 which was an increase of \$2,216,000 from \$13,181,000 as at FY2016, primarily due to higher trade and other receivables and inventories, partially offset by decrease in cash and bank balances. The sale of the leasehold property (classified as held for sale) was completed recently and subsequent to HY2017. The investments in the financial assets, comprising listed equity securities, were stated at quoted market price as at the respective financial periods.

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. (Cont'd)

STATEMENT OF FINANCIAL POSITION (Cont'd)

Non-current assets

The Group's non-current assets increased by \$98,000 from \$2,303,000 as at FY2016 to \$2,401,000 as at HY2017 due to the purchase of new plant and equipment less depreciation charge. Included in the non-current assets were goodwill arising on acquisition of a subsidiary, GPE Power Systems (M) Sdn. Bhd., in FY2016 accounted for as intangible assets as well as leasehold properties, comprising two leasehold shop units in Malaysia, which are pledged as security for the Group's banking facilities.

Current liabilities

The Group reported current liabilities of \$8,751,000 as at HY2017 which was an increase of \$2,205,000 from \$6,546,000 as at FY2016 arising from higher trade and other payables.

Non-current liabilities

There was an increase in the Group's non-current liabilities of \$493,000 from \$3,444,000 as at FY2016 to \$3,937,000 as at HY2017 due to borrowings and finance leases taken up and higher outstanding RCBs (as defined hereinafter) as at HY2017.

Shareholders' equity

The Group's capital and reserves attributable to equity holders of the Company was \$4,738,000 as at HY2017. This was a decrease of \$442,000 from \$5,180,000 as at FY2016 as a result of losses incurred by the Group and changes in translation reserves, partially offset by share issuance during HY2017.

CASH FLOWS

The Group had cash and cash equivalents of \$988,000 as at HY2017.

The Group reported a net cash outflow of \$907,000 during HY2017 mainly due to net cash used in operating and investing activities, partially offset by net cash generated from financing activities.

Net cash used in operations arose from HY2017's operating losses, increase in trade and other receivables and purchase of inventories in anticipation of customers' demand, offset by increase in trade and other payables.

During HY2017, the Group settled its remaining obligations under a promissory note issued in HY2016 on the acquisition of the remaining interest in a subsidiary which explained the cash used in investing activities.

Net proceeds from the issuance of RCBs and borrowings, offset by repayment of a former subsidiary's bank overdraft, contributed to the net cash generated from financial activities of the Group in HY2017.

MATTERS ARISING DURING 2017

Sale of the property located at 38 Kallang Place Singapore 339166 (the "Property")

The sale of the Property was completed on 11 August 2017. The gross sale consideration of \$3,000,000 was arrived at on a willing-buyer, willing-seller basis taking into account the open market value based on the valuation report on the Property issued by a professional valuer, the current market conditions and the prevailing transacted price in the vicinity of the Property. The carrying value of the Property was \$2,274,000 as at HY2017.

Acquisition of interest in HT Energy (S) Sdn. Bhd. ("HTES")

On 18 April 2017, the Company announced the acquisition of 49% share in the issued and paid-up capital of HTES for a cash consideration of \$15 (equivalent to Ringgit Malaysia 49).

The principal activities of HTES are to build, construct, assemble, install, commission and operate power module systems. HTES has, on 27 April 2017, entered into a memorandum of understanding ("MOU") with HEC-TINA, Inc. ("HEC-Tina"), a company incorporated in the United States of America. HEC-Tina is a subsidiary of Hydrogen Engine Centre, Inc. ("HEC") whose shares are quoted on the Over-The-Counter Bulletin Board (OTCBB). HEC group of companies is principally in the business of developing and commercialising clean energy solutions.

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. (Cont'd)

MATTERS ARISING DURING 2017 (Cont'd)

Acquisition of interest in HT Energy (S) Sdn. Bhd. ("HTES") (Cont'd)

Under the terms of the MOU, which is non-binding (save for terms relating to confidentiality, governing law and third-party rights), it is contemplated that the parties shall collaborate in the powering of rural clinics in Sarawak, Malaysia with green electricity produced by renewables and hydrogen using HEC-Tina's proprietary hybrid WSWH2 power modules (the "**Project**"). The parties have identified and are looking to implement a pilot project at Klinik Long Loyang Marudi, Sarawak, Malaysia, to evaluate feasibility, time, cost and adverse events prior to a full-scale implementation of the Project (the "**Pilot Project**").

As at HY2017 and the date of this announcement, the parties have not entered into any definitive agreement in relation to the subject matter under the MOU, including the Pilot Project. If and when the parties intend to commence implementation of the Project, including the Pilot Project, a separate written agreement will be entered into, setting out the parties' contributions, deliverables and responsibilities.

Issuance of 2% redeemable convertible bonds due 2018 with an aggregate principal amount of up to \$60,000,000

The issuance of the 2% redeemable convertible bonds due 2018 with an aggregate principal amount of up to \$60,000,000 (the "**RCBs**"), pursuant to the RCB subscription agreement dated 31 July 2015 (the "**Subscription Agreement**") entered into with Premier Equity Fund Sub Fund F (the "**Subscriber**") and its manager, Value Capital Asset Management Pte Ltd (the "**Manager**"), was approved by Shareholders in 2015.

The first tranche of the RCBs (the "**Tranche 1 RCBs**") comprises equal sub-tranches of \$500,000 each, while the remaining three (3) tranches of the RCBs comprises equal sub-tranches of \$1,000,000 each. The RCBs shall be issued in registered form in denominations of \$50,000 each. The RCBs are convertible into Shares (the "**RCB Conversion Shares**"), which when issued, shall rank *pari passu* in all respects with all other existing Shares.

The issue price of the RCBs is 100% of the principal amount. The issue price of the RCB Conversion Shares (the "**RCB Conversion Price**") is determined by taking 85.0% of the average of the traded volume weighted average price (the "**VWAP**") per Share for any three (3) consecutive trading days determined at the sole and absolute discretion of the Subscriber, during the thirty (30) trading days immediately preceding the relevant date on which the RCBs were to be converted (the "**Average Price**"). On 18 September 2016, the Company entered into a supplemental agreement with the Subscriber (the "**Subscription Agreement Supplemental Agreement**"), pursuant to which it was agreed that, from 15 September 2016, the Conversion Price of each RCB shall not be less than 85.0% of the Average Price. The subscription and conversion of the RCBs shall be in accordance with the terms and conditions of the Subscription Agreement (as amended, supplemented and modified by the Subscription Agreement Supplemental Agreement).

Please refer to the Company's circular to the Shareholders dated 11 December 2015 (the "**RCB Circular**") for further details on the RCBs.

As at HY2017, the Company has issued the first to sixteenth sub-tranche of the Tranche 1 RCBs, with an aggregate principal amount of \$8,000,000, to the Subscriber, out of which an aggregate amount of \$7,250,000 had been converted into a total of 8,963,235,291 RCB Conversion Shares at RCB Conversion Price of between \$0.0008 and \$0.00085 per RCB Conversion Share. The principal amount of RCBs subscribed but yet to be converted into RCB Conversion Shares was \$750,000 as at HY2017.

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. (Cont'd)

MATTERS ARISING DURING 2017 (Cont'd)

Issuance of 2% redeemable convertible bonds due 2018 with an aggregate principal amount of up to \$60,000,000 (Cont'd)

As at the date of this announcement, the utilisation of proceeds from the issuance of the RCBs (the "RCB Proceeds") is as follows:

Purpose	Amount \$'000	Percentage of RCB Proceeds %
Set-off of loan against issuance of RCBs to the Subscriber	1,699	21
Group's general working capital (Note (a))	3,723	47
Arranger's fee on RCBs issued	400	5
Expenses incurred by the Subscriber (Note (b))	40	-
Consideration for the acquisition of a subsidiary	1,838	23
Repayment of third party liabilities	300	4
Total	8,000	100

Notes:

- (a) Funds used for the Group's general working capital were for payments to suppliers, refundable deposit paid to a supplier for purchase of inventories, capital expenditure and operating expenses including staff salaries and professional fees.
- (b) This was paid in accordance with the Subscription Agreement. The percentage of RCB Proceeds is less than 1%.

The use of RCB Proceeds is consistent with the use of proceeds for the RCBs as disclosed in the RCB Circular.

Debt conversion and grant of options to an Investor

In order to discharge the Group's share of liabilities as one of the guarantors of performance securities in 2015 in respect of a project undertaken by a former subsidiary, LionGold Corp Ltd ("LionGold") extended loans in the aggregate sum of \$3,504,879 to the Company (the "LionGold Loan") at an interest of 8% per annum. The LionGold Loan was due and payable in December 2018.

Subsequently, LionGold announced in 2015 that it had assigned the benefits under the LionGold Loan to Mr. Lim In Chong (the "Investor"). Pursuant to the deed of assignment between LionGold and the Investor (the "Deed of Assignment"), it provides that the LionGold Loan will be assigned in three (3) portions.

Separately, Shareholders approved a debt conversion agreement (the "Debt Conversion Agreement") and the option agreement (as amended, modified and supplemented by the option agreement supplemental deed) (the "Option Agreement") between the Company and the Investor. Under the Debt Conversion Agreement, the Company had agreed, for nominal consideration, to grant an option (the "Debt Conversion Option") to the Investor to convert the Assigned Debt (as defined herein) into Shares of the Company (the "Debt Conversion Shares") at a conversion price of \$0.001 (the "Debt Conversion Price") per Debt Conversion Share, for an aggregate number of up to 3,504,878,770 Debt Conversion Shares upon the full exercise of the Debt Conversion Option. The exercisability of the Debt Conversion Option by the Investor is linked to the Deed of Assignment and the Investor will only be able to exercise the Debt Conversion Option in respect of such amount of the LionGold Loan which have been assigned by LionGold to the Investor at any point in time pursuant to the Deed of Assignment (the "Assigned Debt").

The Debt Conversion Option will be exercisable in whole or in part in tranches of \$50,000 (convertible into 50,000,000 Debt Conversion Shares for each tranche exercised) at any time and upon the assignment of the respective proportions of the Assigned Debt as provided for in the Deed of Assignment.

The Debt Conversion Price and the number of Debt Conversion Shares will be adjusted proportionately in the event that the Company undertakes a stock split, reverse stock split, capitalisation issue, rights issue, capital reduction or distribution, such adjustment to be certified by auditors of the Company for the time being, acting as an independent expert.

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. (Cont'd)

MATTERS ARISING DURING 2017 (Cont'd)

Debt conversion and grant of options to an Investor (Cont'd)

Upon exercise of the Debt Conversion Option (whether in full or in part) by the Investor, that portion of the LionGold Loan shall be deemed to be fully repaid under the LionGold Loan and neither LionGold nor the Investor will have any claim whatsoever against the Company for the same.

The Debt Conversion Shares will, when allotted and issued pursuant to the Debt Conversion Option, be authorised, allotted, validly issued and credited as fully paid-up, be free from encumbrances, will be fully transferable and shall rank *pari passu* in all respects with and carry all rights similar to the existing Shares including the right to receive dividends declared, made or paid, the books closure date of entitlement of which is on or after the date of issue of the Debt Conversion Shares, and shall not be subject to any pre-emptive right, rights of first refusal or other rights in favour of any other party to purchase or receive the same.

Pursuant to the Deed of Assignment, the Company had, on 5 December 2016, received notice of the assignment by LionGold of a portion of the Assigned Debt of \$1,000,000 (the "**First Assigned Debt**") to the Investor. On 8 December 2016, following the receipt of notice from the Investor on his intention to exercise the Debt Conversion Option on the First Assigned Debt, the Company allotted and issued 1,000,000,000 Debt Conversion Shares at the Debt Conversion Price of \$0.001 per Debt Conversion Share to the Investor in accordance with the Debt Conversion Agreement. As at HY2017 and the date of this announcement, 2,504,878,770 Debt Conversion Shares are available for issue upon assignment of the remaining Assigned Debt by LionGold and exercising of the Debt Conversion Option by the Investor.

Under the Option Agreement, the Company for a cash consideration of \$50,000 it has received, granted the Investor an aggregate of 5,000,000,000 transferable share options ("**Options**", and each an "**Option**"), with each Option carrying the right to subscribe for one (1) new ordinary Share ("**Option Share**") at a minimum exercise price of \$0.001 to raise an amount of up to \$5,000,000 in aggregate (the "**Grant of Options**"). The Options shall be exercisable by April 2020 (which is within thirty-six (36) months after the issue of the Options) and the total value of each duly executed notice of exercise of Options shall not be less than \$50,000. The Option Shares, when allotted and issued upon exercise of the Options, shall be fully paid and shall rank *pari passu* in all respects with the existing Shares, save that they shall not rank for any dividends, rights, allotments, distributions or entitlements, the record date of which falls on or prior to the date of allotment of the Option Shares.

The Debt Conversion Option will extinguish the LionGold Loan owed by the Company and reduce the Company's debt burden. The Investor is also a strategic investor in the Company and the Company believes that the Investor has and will continue to make contributions to the Group. The Grant of Options and issuance of the Option Shares is also to align the interests of the Investor with those of the Company as well as motivate the Investor generally to contribute towards the Group's long-term prosperity.

Please refer to the Company's circular dated 12 July 2016 for further details on the Debt Conversion Option and Grant of Options.

Proposed acquisition of shares in Horizon Greentech Resources Sdn. Bhd. ("**HGR**" or "the **Proposed HGR Acquisition**")

On 23 December 2016, the Company announced that it has entered into a conditional sale and purchase agreement to acquire 2,450,000 ordinary shares from the vendors (the "**HGR Vendors**"), representing approximately 49% of the issued and paid-up share capital of HGR for a consideration of \$4,200,000 (the "**HGR Consideration**"). In addition, upon completion of the Proposed HGR Acquisition, the Company will benefit from the transfer of an amount of \$2,400,000 (equivalent to Malaysia Ringgit 7,497,000) from the HGR Vendors by way of novation to the Company, which is a proportionate part of a loan owing by HGR to the HGR Vendors.

HGR is principally engaged in the business of extrusion and recycling of end-of-life waste tyres for the production of tyre derived fuel, carbon black and scrap metal and it owns a waste tyre pyrolysis plant. The proposed acquisition of HGR is in line with the Company's diversification into the New Businesses.

The HGR Consideration shall be satisfied by:

- (i) \$2,600,000 through promissory notes repayable within six (6) months from the completion date (or such other later date as may be mutually agreed in writing between the Company the vendors), bearing an interest of 8% per annum; and
- (ii) \$1,600,000 by way of the allotment and issue to the vendors of newly paid up Shares of the Company ("the **HGR Consideration Shares**") upon the completion date at \$0.001 per HGR Consideration Shares.

The Proposed HGR Acquisition is on-going.

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

The Group's HY2017 operating results were in line with the expectations as disclosed in the Company's FY2016 annual report and the FY2016 results announcement dated 1 March 2017. The sale of the non-core leasehold property was completed on 11 August 2017.

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.

The Directors remain cautious in the near term as the South East Asian market, which the Group operates in and of which is dependent on the performance of the major world economies, is volatile. While recognising the challenges it faces given the prevailing tough economic conditions in the global markets, the Group had embarked on a strategic restructuring plan since FY2016 by streamlining its operations, reducing its reliance on business segments inextricably aligned to the vagaries of the oil and gas industry and kick-start its entry into the new recycling segment through the ongoing Proposed HGR Acquisition and the new renewable energy segment through the proposed HTES' Project of powering of rural clinics and villages in Sarawak, Malaysia.

Together with the Debt Conversion Options to reduce the Group's overall debt gearing, the ongoing RCB programme, grant of Option Shares to the strategic investor as well as the proceeds from the recently completed sale of the non-core leasehold property, these provide the Group with additional liquidity to pursue other viable and strategic investments. The Directors constantly undertake continuous reviews of the Group's operating models, strategies and planning process to enable the Group to enhance its competitiveness and market presence and simultaneously focusing on strengthening the Group's fundamentals for sustainable growth in the long term. While the Directors are reasonably positive that these strategies can be achieved given time, nonetheless, they are subject to market conditions.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared/recommended for the current financial period reported on?
No ordinary dividend has been recommended or declared.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared/recommended for the corresponding period of the immediately preceding financial year?
No ordinary dividend was recommended or declared.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared /recommended, a statement to that effect.

No dividend has been recommended or declared for HY2016.

13. If the group has obtained a general mandate from shareholders for Interested Person Transactions, 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 Company has not obtained a general mandate from Shareholders for interested person transactions.

During HY2017, there were no interested person transactions entered into by the Group pursuant to Chapter 9 of the Catalist Rules of the SGX-ST.

14. Confirmation pursuant to Rule 705(5) of the Listing Manual.

We, Sandra Liz Hon Ai Ling and Su Jun Ming, on behalf of the Directors of Annica Holdings Limited (the "**Company**"), do hereby confirm that to the best of our knowledge, nothing has come to the attention of the Directors of the Company which may render the unaudited consolidated financial results for the six-month financial period ended 30 June 2017 to be false and misleading in any material aspect.

15. 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 confirms that the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from its Directors and Executive Officer in the format set out in Appendix 7H of the Catalist Rules.

**BY ORDER OF THE BOARD
ANNICA HOLDINGS LIMITED**

**Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer**

**Su Jun Ming
Independent and Non-Executive Director
and Lead Independent Director**

14 August 2017