



ADVANCER GLOBAL LIMITED

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

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE HALF-YEAR ENDED 30 JUNE 2017

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.

The contact person for the Sponsor is Mr. Ong Hwee Li (Telephone no.: (65) 65323829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542. SAC Capital Private Limited is the parent company of SAC Advisors Private Limited.

Background

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

The group comprising the Company and its subsidiaries (the “**Group**”) was formed pursuant to a corporate reorganisation exercise (the “**Restructuring Exercise**”) for the purpose of the Company’s listing on Catalist. Please refer to the Company’s Offer Document dated 30 June 2016 for further details on the Restructuring Exercise. The Group is an established and diverse integrated services provider offering workforce solutions and services in Singapore through its Employment Services Business, its Building Management Business and its Security Services Business.

For the purpose of this announcement, the financial results of the Group for the half-year ended 30 June 2017 (“**HY2017**”) and the comparative financial results of the Group for the half-year ended 30 June 2016 (“**HY2016**”) have been prepared on the assumption that the Group’s structure, following the completion of the Restructuring Exercise has been in place since 1 January 2016.

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) %
	HY2017 S\$'000	HY2016 S\$'000	
Revenue	31,921	23,231	37.4
Cost of services	(22,468)	(17,305)	29.8
Gross profit	9,453	5,926	59.5
Other operating income	813	1,537	(47.1)
Administrative expenses	(7,612)	(5,332)	42.8
Finance expenses	(55)	(49)	12.2
Profit before income tax	2,599	2,082	24.8
Income tax expense	(194)	(145)	33.8
Profit for the financial period, representing total comprehensive income for the financial period	2,405	1,937	24.2
Profit attributable to:			
Owners of the Company	2,277	1,909	19.3
Non-controlling interests	128	28	357.1
	2,405	1,937	24.2

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

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

	Group		Increase/ (Decrease) %
	HY2017 S\$'000	HY2016 S\$'000	
Amortisation of intangible asset	(293)	(43)	581.4
Depreciation of property, plant and equipment	(270)	(128)	110.9
Government credit schemes and government grants	737	1,275	(42.2)
Interest income from advances to subcontractors	7	7	-
Initial Public Offering ("IPO") expenses	-	(681)	N/M ⁽¹⁾
Share issue expenses	(21) ⁽³⁾	-	N/M ⁽¹⁾
Share option expenses	(11) ⁽⁴⁾	-	N/M ⁽¹⁾
Interest expenses on borrowings	(35)	(38)	(7.9)
Interest expenses on finance leases	(21)	(11)	90.9
Gain/(loss) on disposal of property, plant and equipment, net	* ⁽²⁾	(9)	N/M ⁽¹⁾
Property, plant and equipment written-off	* ⁽²⁾	(8)	N/M ⁽¹⁾
Adjustment for under/(over) provision of tax in prior years	(3)	39	N/M ⁽¹⁾

Note:

(1) Not meaningful

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

(3) Share issue expenses in relation 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")

- (4) Share option expenses in relation to 1,156,500 share options granted on 20 April 2017 pursuant to Company's Employee Share Option Scheme ("ESOS")

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

	Group		Company	
	As at		As at	
	30-Jun-2017	31-Dec-2016	30-Jun-2017	31-Dec-2016
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Goodwill on consolidation	2,306	2,306	-	-
Intangible assets	1,866	2,159	-	-
Investments in subsidiaries	-	-	11,371	11,371
Available-for-sale financial assets	99	99	-	-
Property, plant and equipment	1,422	1,488	-	-
Total non-current assets	5,693	6,052	11,371	11,371
Current assets				
Inventories	26	26	-	-
Trade and other receivables	11,789	11,088	2,768	1,563
Cash and cash equivalents	12,016	8,238	5,294	1,684
Total current assets	23,831	19,352	8,062	3,247
Total assets	29,524	25,404	19,433	14,618
EQUITY AND LIABILITIES				
Equity				
Share capital	18,400	13,562	18,400	13,562
Retained earnings	6,293	4,761	962	848
Other reserves	(2,946)	(2,603)	11	-
Equity attributable to the owners of the Company	21,747	15,720	19,373	14,410
Non-controlling interests	642	457	-	-
Total equity	22,389	16,177	19,373	14,410
Non-current liabilities				
Deferred tax liabilities	396	426	-	-
Finance lease payables	550	617	-	-
Total non-current liabilities	946	1,043	-	-
Current liabilities				
Finance lease payables	147	164	-	-
Trade and other payables	4,879	6,949	60	208
Bank borrowings	726	597	-	-
Income tax payable	437	474	-	-
Total current liabilities	6,189	8,184	60	208
Total liabilities	7,135	9,227	60	208
Total equity and liabilities	29,524	25,404	19,433	14,618

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

	30-Jun-2017		31-Dec-2016	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	670	203	608	153
Amount repayable after one year	550	-	617	-
Total borrowings	<u>1,220</u>	<u>203</u>	<u>1,225</u>	<u>153</u>

Details of collaterals

The Group's borrowings are secured by:

- (i) Account receivables of a subsidiary;
- (ii) Personal guarantees by Chin Mei Yang (a Director of the Company), Chin Mui Hiong (a Director of the Company), Chin Swee Siew @ Chen Yin Siew, Ong Eng Tiang (a Director of the Company) and a director of a subsidiary. 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) Motor vehicles under finance leases; and
- (iv) Corporate guarantee provided by Advancer Global Limited and Advancer Global Facility Pte. Ltd.

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

	Group	
	HY2017 S\$'000	HY2016 S\$'000
Operating activities		
Profit before income tax	2,599	2,082
Adjustments for:		
Amortisation of intangible assets	293	43
Depreciation of property, plant and equipment	270	128
(Gain)/loss on disposal of property, plant and equipment, net	(^{*(1)})	9
IPO expenses	-	681
Share issue expenses	21	-
Share option expenses	11	-
Interest expense	56	49
Interest income	(7)	(7)
Property, plant and equipment written-off	^{*(1)}	8
Operating cash flows before movements in working capital	3,243	2,993
Changes in working capital:		
Inventories	^{*(1)}	-
Trade and other receivables	(701)	(767)
Trade and other payables	(1,069)	(22)
Cash generated from operations	1,473	2,204
Interest received	7	7
Income taxes paid	(261)	(411)
Net cash generated from operating activities	1,219	1,800
Investing activities		
Non-controlling interests arising from investment in a subsidiary	180	-
Acquisition of non-controlling interests in a subsidiary	(477)	-
Remaining consideration for acquisition of a subsidiary	(1,000)	-
Proceeds from disposal of property, plant and equipment	3	30
Purchase of property, plant and equipment	(207)	(320)
Net cash used in from investing activities	(1,501)	(290)
Financing activities		
Dividend paid to owners of the Company	(745)	(1,750)
Interest paid	(55)	(48)
IPO expenses	-	(681)
Proceeds from bank borrowings	726	477
Proceeds from issuance of new shares pursuant to The Placement	5,000	-
Share issue expenses	(183)	-
Repayment of bank borrowings	(597)	(753)
Repayment of finance lease payables	(86)	(27)
Repayment to directors	-	(10)
Repayment to related parties	-	(76)
Net cash generated from/(used in) financing activities	4,060	(2,868)
Net increase/(decrease) in cash and cash equivalents	3,778	(1,358)
Cash and cash equivalents at beginning of financial period	8,233	4,535
Cash and cash equivalents at end of financial period⁽²⁾	12,011	3,177

Note:

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

- (2) 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	
	HY2017 S\$'000	HY2016 S\$'000
Cash and bank balances	12,016	3,177
Fixed deposits pledged	(5)	-
Cash and cash equivalents	<u>12,011</u>	<u>3,177</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 (continued)**

Company	Share capital S\$'000	Retained earnings S\$'000	Share options reserve S\$'000	Total S\$'000
Balance at 1 January 2017	13,562	848	-	14,410
Profit for the financial period, representing total comprehensive income for the financial period	-	859	-	859
Issuance of ordinary shares pursuant to the Placement	5,000	-	-	5,000
Share issue expenses	(162)	-	-	(162)
Share option expenses pursuant to the ESOS	-	-	11	11
One-tier tax exempt dividends: -Final ordinary dividend paid of 0.43 Singapore cent per share in respect of FY2016	-	(745)	-	(745)
Balance as at 30 June 2017	<u>18,400</u>	<u>962</u>	<u>11</u>	<u>19,373</u>
Balance as at 2 February 2016 ⁽¹⁾	*(2)	-	-	*
Profit for the financial period, representing total comprehensive income for the financial period	-	920	-	920
Issuance of ordinary shares pursuant to the Restructuring Exercise	4,821	-	-	4,821
One-tier tax exempt interim dividends declared of 0.35 Singapore cent per share	-	(600)	-	(600)
Balance as at 30 June 2016	<u>4,821</u>	<u>320</u>	<u>-</u>	<u>5,141</u>

Note:

(1) Date of incorporation

(2) S\$1.00

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	Total equity
	Share capital	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 2017	13,562	4,761	-	-	(2,603)	15,720	457	16,177	
Profit for the financial period, representing total comprehensive income for the financial period	-	2,277	-	-	-	2,277	128	2,405	
Share option expenses pursuant to the ESOS	-	-	11	-	-	11	-	11	
Acquisition of remaining non-controlling interests in a subsidiary	-	-	-	(354)	-	(354)	(123)	(477)	
Non-controlling interest arising from acquisition of a subsidiary	-	-	-	-	-	-	180	180	
One-tier tax exempt dividends:									
-Final ordinary dividend paid of 0.43 Singapore cent per share in respect of FY2016	-	(745)	-	-	-	(745)	-	(745)	
Issuance of ordinary shares pursuant to the Placement	5,000	-	-	-	-	5,000	-	5,000	
Share issue expenses	(162)	-	-	-	-	(162)	-	(162)	
Balance at 30 June 2017	18,400	6,293	11	(354)	(2,603)	21,747	642	22,389	
Balance at 1 January 2016	1,405	2,692	-	813	-	4,910	67	4,977	
Profit for the financial period, representing total comprehensive income for the financial period	-	1,909	-	-	-	1,909	28	1,937	
One-tier tax exempt interim dividends declared of 0.35 Singapore cent per share	-	(600)	-	-	-	(600)	-	(600)	
Issuance of ordinary shares pursuant to IPO	4,821	-	-	-	-	4,821	-	4,821	
Adjustments pursuant to the Restructuring Exercise	(1,405)	-	-	(813)	(2,603)	(4,821)	-	(4,821)	
Balance at 30 June 2016	4,821	4,001	-	-	(2,603)	6,219	95	6,314	

- 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 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 2017 up to 30 June 2017 is as follows:

	Number of shares	Issued and paid-up share capital (\$)
As at 1 January 2017	173,172,589	13,561,500 ⁽¹⁾
Issuance of ordinary shares pursuant to the Placement	12,500,000	4,837,962 ⁽¹⁾
As at 30 June 2017	<u>185,672,589</u>	<u>18,399,462</u>

As at 30 June 2017, the Company had 6,250,000 warrants outstanding from the Placement. The number of shares that may be issued on conversion from all outstanding warrants is 6,250,000 ordinary shares against 185,672,589 issued shares. The Company had no treasury shares and subsidiary holdings as at 30 June 2017.

As at 30 June 2016, the Company had no outstanding convertibles, and treasury shares and subsidiary holdings.

Notes:

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

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

The total number of issued ordinary shares, excluding treasury shares, as at 30 June 2016 and 30 June 2017 were 130,172,589 and 185,672,589 respectively.

The Company was incorporated on 2 February 2016 with an issued and paid-up share capital of S\$1 comprising 1 ordinary share. Pursuant to the Restructuring Exercise, on 1 June 2016, the Company has an issued and paid-up share capital of S\$4,821,208 comprising 4,821,208 ordinary shares. Immediately after the Restructuring Exercise, on 1 June 2016, the 4,821,208 ordinary shares of the Company were sub-divided into 130,172,589 ordinary shares. Following the subdivision, the issue and paid-up share capital of the Company was S\$4,821,208 comprising 130,172,589 ordinary shares. Subsequent to the financial period ended 30 June 2016, the Company issued 43,000,000 ordinary shares pursuant to the IPO of the Company on 11 July 2016.

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

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

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

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statement for HY2016 compared to its most recently audited financial statements for the financial year ended 31 December 2016 ("FY2016").

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

There are no changes in the Group's accounting policies and methods of computation including any required by the accounting standards. The new and revised financial reporting standards ("FRS") and Interpretations of FRS ("INT FRS") applicable to the Group which are effective for the financial year beginning 1 January 2017 are assessed to have no material impact on the financial statements of the Group and the Company in current or prior financial year/period.

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

	Group	
	30 June 2017	30 June 2016
Profit attributable to owners of the Company (\$'000)	2,277	1,909
Weighted average number of ordinary shares	176,228,145	130,172,589
Earnings per share (basic and diluted)(cents)	1.29	1.47

The basic and dilutive earnings per share as at 30 June 2016 and 30 June 2017 is the same as there were no potentially dilutive instruments.

Whilst there were 6,250,000 warrants outstanding as at 30 June 2017, the warrants are, given their exercise price of S\$0.45, not considered to be dilutive for the half year ended 30 June 2017.

Weighted average number of ordinary shares for HY2017 was computed based on the issue and allotment of 12,500,000 placement shares on 17 May 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	
	30 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016⁽¹⁾
Net asset value per share (cents)	11.71	9.08	10.43	8.32
Net asset value (S\$'000)	21,747	15,720	19,373	14,410
Number of ordinary shares issued	185,672,589	173,172,589	185,672,589	173,172,589

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

The Group is organized into business units based on its products and services, and has three reportable segments of (i) Employment Services, (ii) Building Management Services and (iii) Security Services. The segmental revenue, cost of services, gross profit and gross profit margin for HY2017 and HY2016 are as follows:

	Employment Services Business	Building Management Business	Security Services Business	Total
HY2017				
External sales (S\$'000)	6,432	18,010	7,479	31,921
Cost of services (S\$'000)	3,563	12,736	6,169	22,468
Gross profit (S\$'000)	2,869	5,274	1,310	9,453
Gross profit margin (%)	44.6	29.3	17.5	29.6
HY2016				
External sales (S\$'000)	6,283	10,297	6,651	23,231
Cost of services (S\$'000)	3,662	8,011	5,632	17,305
Gross profit (S\$'000)	2,621	2,286	1,019	5,926
Gross profit margin (%)	41.7	22.2	15.3	25.5

Revenue increased by S\$8.7 million or 37.4% from S\$23.2 million in HY2016 to S\$31.9 million in HY2017 mainly due to the following:

- (a) an increase in the average service income received from the Employment Services Business as a result of the Advance Placement Scheme ("**APS**", a pilot programme proposed by the employment agency industry to enable faster placement and better matching of foreign domestic workers ("**FDW**"s) for employers with caregiving needs) offered to households in Singapore.

(b) revenue contribution from the Group's acquisition of 76% of the total issued and paid up capital of Newman & Goh Property Consultants Pte Ltd ("**NGPC**"), Newman & Associate Pte Ltd ("**NAPL**") and the entire issued and paid-share capital of Premier Eco-Care Pte. Ltd. ("**Premier**"), Prestige Enviro-Care Pte. Ltd. ("**Prestige**"), Green Management Pte. Ltd. ("**Green Management**"), and Ashtree International Pte Ltd ("**Ashtree**") in the second half of FY2016 ("**2HY2016**").

(Collectively, Ashtree, NGPC, NAPL, Premier, Prestige and Green Management are the "**New Subsidiaries**");

(c) new cleaning services contracts, offset by stewarding service contracts which were completed and not renewed in HY2017; and

(d) new security service contracts secured in HY2017.

As at 30 June 2017, the Group has service contracts amounting to approximately S\$3.8 million monthly from its facility management projects.

Cost of services increased by S\$5.2 million or 29.8%, from S\$17.3 million in HY2016 to S\$22.5 million in HY2017, which was in-line with the increase in revenue. The increase was mainly due to the (a) increase in direct labour costs and purchase of supplies and equipment arising from the acquisition of the New Subsidiaries, and (b) increase in salaries of employees for its cleaning and stewarding projects and an increase in the number of employees that were employed to support the Group's operation. Conversely, this increase was offset by the decrease in recruitment costs paid to overseas recruiters from the Employment Services Business and sub-contractors' fees from the stewarding projects.

Gross profit increased by S\$3.5 million or 59.5%, from S\$5.9 million in HY2016 to S\$9.5 million in HY2017, which was mainly due to the increase in revenue across all business segments. Gross profit margin increased by 4.1 percentage points from 25.5% in HY2016 to 29.6% in HY2017 as gross profit margins increased throughout all business segments.

Other operating income decreased by S\$0.7 million or 47.1% from S\$1.5 million in HY2016 to S\$0.8 million in HY2017, mainly due to a decrease in the amount from government credit schemes such as Wage Credit Scheme and Temporary Employment Credit arising from revisions made to the schemes, as well as an absence of insurance premium rebates in HY2017.

Administrative expenses increased by S\$2.3 million or 42.8% from S\$5.3 million in HY2016 to S\$7.6 million in HY2017, mainly due to the (a) consolidation of administrative expense arising from the acquisition of the New Subsidiaries, (b) increased administrative staff costs for the Group's business segments including additional headcount to support corporate activities subsequent to the Company's listing on the Catalist, and (c) increased administrative expenses of advertising fees, depreciation expenses of the Group's property, plant and equipment arising from the increase in capital expenditures last year, amortisation expense of intangible assets, operating lease expenses for office premises, motor vehicles, professional fees, and expenses in relation to the Placement and granting of share options. Conversely, the increase in administrative expenses was offset by an absence of the prior year's one-off IPO expenses.

Finance expenses increased by S\$6,000 or 12.2% from S\$49,000 in HY2016 to S\$55,000 in HY2017, mainly due to an increase in bank borrowings.

The profit after tax increased by S\$0.5 million or 24.2% from S\$1.9 million in HY2016 to S\$2.4 million in HY2017, mainly due to the increase of revenue and gross profit margin, offset by the increase of cost of services, administrative expenses to support the Group's operations and corporate activities after Company's listing on Catalist. Effective tax rate remained relatively consistent for both HY2016 and HY2017 at 7.0% and 7.5% respectively.

REVIEW OF GROUP'S FINANCIAL POSITION

The Group's current assets increased by S\$4.5 million or 23.1% from S\$19.4 million as at 31 December 2016 to S\$23.8 million as at 30 June 2017, mainly due to the (a) increase in cash and cash equivalent of S\$3.8 million partially due to Net Placement Proceeds (as defined below), offset by payments for acquisitions and dividend payment, (b) increase in trade receivables of S\$0.6 million and other receivables of S\$0.1 million. The increase in trade receivables was in line with the increase in revenue. The increase in other receivables was mainly due to the increase in advances to staff (who are independent and unrelated third parties to the Directors and controlling shareholders) and deferred recruitment costs for the Employment Services Business of which revenue will be invoiced during the next financial periods, prepayment and deposits in relation to operation. This was offset by the decrease in receivables from government credit schemes and advances to recruiters from the Employment Services Business.

The Group's non-current assets decreased by S\$0.4 million or 5.9% from S\$6.1 million as at 31 December 2016 to S\$5.7 million as at 30 June 2017, mainly due to depreciation of property, plant and equipment and amortisation of intangible assets.

The Group's current liabilities decreased by S\$2.0 million or 24.4% from S\$8.2 million as at 31 December 2016 to S\$6.2 million as at 30 June 2017, mainly due to the (a) decrease in other payables in relation to employees remuneration being mainly accruals for bonuses and unutilised leave, (b) decrease in other accrued operating expenses due to payment of remaining consideration for the acquisition of NGPC and NAPL in HY2017, and (c) decrease in income tax payables and finance lease payables, offset by the (a) increase in bank borrowings, and (b) increase in advances from customers in Employment Services Business for services have not been rendered completely. As at 30 June 2017 and 30 June 2016, the advances from customer in Employment Services Business was S\$0.5 million and S\$0.4 million respectively.

The Group's non-current liabilities decreased by S\$97,000 or 9.3% from S\$1.0 million as at 31 December 2016 to S\$0.9 million as at 30 June 2017, mainly due to the decrease of finance lease payables and deferred tax liabilities.

Net asset value of the Group increased by S\$6.0 million from S\$15.7 million as at 31 December 2016 to S\$21.8 million as at 30 June 2017, mainly due to profit attributable to owners of the Company in HY2017 and the issue and allotment of 12.5 million ordinary shares pursuant to the Placement. This was offset by expenses in relation to the share issuance, the payment of dividends and acquisition of the remaining 20% of Unipest Pte. Ltd.

REVIEW OF GROUP'S CASH FLOWS

The Group's net cash generated from operating activities amounted to S\$1.2 million for HY2017, which was resulted from the operating cash flows before movements in working capital of S\$3.2 million, being offset by the (a) increase in trade and other receivables of S\$0.7 million, (b) decrease in trade and other payables of S\$1.0 million, and (c) payment of income tax of S\$0.3 million.

Net cash used in investing activities amounted to S\$1.5 million for HY2017, which was mainly due to the acquisition of the remaining 20% of Unipest Pte. Ltd. and repayment of the remaining consideration in relation to the acquisition of NGPC and NAPL and purchase of property, plant and equipment, offset by non-controlling interests arising from AGS Integration Pte. Ltd.

Net cash generated from financing activities amounted to S\$4.1 million for HY2017, mainly due to Net Placement Proceeds (as defined below) of S\$4.8 million and proceeds from bank borrowings of S\$0.7 million being offset by the payment of dividends of S\$0.7 million and repayments of bank borrowings of S\$0.6 million and finance lease payables of S\$86,000.

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.

The Group expects the business environment to continue to be challenging and competitive, due to the overall slower economy and the fragmented service industries that its subsidiaries operate in.

The Group will continue to seek new and/or complementary business opportunities to expand its range of facilities management services including integrated security services, property management, specialized pest control services, building maintenance and landscaping. This will enrich the Group's Facilities Management Business as an effective holistic solutions and services provider with extensive offerings for its customers.

The Group will also continue to integrate and optimise the businesses of its subsidiaries, to achieve sustainable earnings growth in the long term.

11. If a decision regarding dividend has been made:

(a) An interim (final) ordinary dividend has been declared and amount per share (cent).

The directors declared an interim one-tier tax exempt dividend of 0.49 Singapore cent per share.

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

An Interim one-tier tax exempt dividend of 0.35 Singapore cent per share

(c) The date the dividend is payable

30 September 2017

(e) Book closure date

21 September 2017, 5.00 p.m. Please refer to "Notice of Book Closure" announcement for further details.

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

Not applicable.

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

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

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

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

15. Updates on use of IPO proceeds

The Board refers to the announcement dated 30 June 2017 in relation to the status of use of net proceeds raised from IPO (the "**Net IPO Proceeds**")

	Amount allocated	Amount utilised	Balance of net proceeds as at at the date of this announcement
	S\$ million	S\$ million	S\$ million
Expansion of business operations	6.40	(6.40)	-
Branding and marketing	0.30	(0.02)	0.28
General corporate and working capital purposes ^(a)	0.84	(0.84)	-
	<u>7.54</u>	<u>(7.26)</u>	<u>0.28</u>

Note:

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

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

16. Updates on use of Placement proceeds

The Board refers to the announcement dated 4 July 2017 in relation to the status of use of net placement proceeds (the “**Net Placement Proceeds**”) from the Placement and wishes to provide a further update on the use of the Net Placement Proceeds as at the date of this announcement is as follows:

	Amount allocated	Amount utilised	Balance of net proceeds as at at the date of this announcement
	S\$ million	S\$ million	S\$ million
Expansion of business operations	3.62	(0.57)	3.05
General corporate and working capital purposes	1.20	(0.15)	1.05
	<u>4.82</u>	<u>(0.72)</u>	<u>4.10</u>

Note:

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

(b)

	S\$'000
Professional and listing related expenses	56
Administrative expenses – staff costs	87
Administrative expenses - others	7
	<u>150</u>

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

The Board of Directors hereby confirms, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for half year ended 30 June 2017 to be false or misleading in any material aspect.

By order of the Board

Chin Mui Hiong
Executive Chairman
7 August 2017

Chin Mei Yang
Chief Executive Officer and Executive Director
7 August 2017