



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 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.: 65-6532 3829) at 1 Robinson Road, #21-02 AIA Tower, Singapore 048542.

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 financial year ended 31 December 2017 (“**FY2017**”) and the comparative financial results of the Group for the financial year ended 31 December 2016 (“**FY2016**”) 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		
	FY2017	FY2016	Increase/ (Decrease)
	S\$'000	S\$'000	%
Revenue	65,260	50,909	28.2
Cost of services	(46,403)	(37,354)	24.2
Gross profit	18,857	13,555	39.1
Other operating income	1,320	2,747	(51.9)
Administrative expenses	(16,701)	(12,896)	29.5
Finance expenses	(101)	(106)	(4.7)
Profit before income tax	3,375	3,300	2.3
Income tax expense	(262)	(504)	(48.0)
Profit for the financial year, representing total comprehensive income for the financial year	3,113	2,796	11.3
Profit for the financial year attributable to:			
Owners of the Company	3,056	2,675	14.2
Non-controlling interests	57	121	(52.9)
Profit of the year	3,113	2,796	11.3

- 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		
	FY2017	FY2016	Increase/ (Decrease)
	S\$'000	S\$'000	%
<i>Included in other operating income:</i>			
Bad debts recovered	*(1)	-	N/M ⁽²⁾
Gain on disposal of property, plant and equipment	21	6	250.0
Government credit schemes and government grants	1,146	2,060	(44.4)
Interest income from advances to subcontractors	15	14	7.1
Interest expense on borrowings	(61)	(77)	(20.8)
Interest expense on finance leases	(40)	(29)	37.9
Adjustment for over/(under) provision of tax in prior years	137	(43)	N/M ⁽²⁾
Written back of allowance of doubtful receivables	-	383	N/M ⁽²⁾
<i>Included in cost of services:</i>			
Operating lease expense	(229)	(162)	41.4
Recruitment expenses	(4,961)	(4,913)	1.0
Subcontractors' fees	(10,762)	(11,057)	(2.7)

	Group		
	FY2017	FY2016	Increase/ (Decrease)
	S\$'000	S\$'000	%
<i><u>Included in administrative expenses:</u></i>			
Allowance for doubtful trade receivables	(71)	-	N/M ⁽²⁾
Amortisation of intangible asset	(599)	(241)	148.5
Bad debts written-off	(7)	-	N/M ⁽²⁾
Depreciation of property, plant and equipment	(556)	(368)	51.1
Directors' fees	(114)	(64)	78.1
Initial Public Offering ("IPO") expenses	-	(899)	N/M ⁽²⁾
Loss on disposal of property, plant and equipment	(2)	(15)	(86.7)
Operating lease expense	(1,670)	(1,097)	52.2
Property, plant and equipment written-off	(3)	(9)	(66.7)
Share option expense ⁽³⁾	<u>(36)</u>	<u>-</u>	N/M ⁽²⁾

Note:

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

(2) N/M – Not meaningful

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

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

	Group		Company	
	As at		As at	
	31-Dec-2017	31-Dec-2016	31-Dec-2017	31-Dec-2016
	S\$'000	(Restated)⁽¹⁾ S\$'000	S\$'000	S\$'000
ASSETS				
Non-current assets				
Goodwill on consolidation	5,489	5,343 ⁽¹⁾	-	-
Intangible asset	1,597	2,159	-	-
Investments in subsidiaries	-	-	11,404	11,371
Investment in an associate	2	-	-	-
Available-for-sale financial assets	99	99	-	-
Property, plant and equipment	2,511	1,488	-	-
Total non-current assets	9,698	9,089	11,404	11,371
Current assets				
Inventories	38	26	-	-
Trade and other receivables	16,622	11,088	6,740	1,563
Cash and cash equivalents	8,033	8,238	1,182	1,684
Total current assets	24,693	19,352	7,922	3,247
Total assets	34,391	28,441	19,326	14,618
EQUITY AND LIABILITIES				
Equity				
Share capital	18,378	13,562	18,378	13,562
Retained earnings	6,163	4,761	635	848
Reserves	(2,920)	(2,603)	36	-
Equity attributable to the owners of the Company	21,621	15,720	19,049	14,410
Non-controlling interests	444	457	-	-
Total equity	22,065	16,177	19,049	14,410
Non-current liabilities				
Deferred tax liabilities	319	426	-	-
Finance lease payables	485	617	-	-
Bank borrowings	649	-	-	-
Total non-current liabilities	1,453	1,043	-	-
Current liabilities				
Finance lease payables	135	164	-	-
Trade and other payables	9,608	9,986 ⁽¹⁾	277	208
Bank borrowings	630	597	-	-
Income tax payable	500	474	-	-
Total current liabilities	10,873	11,221	277	208
Total liabilities	12,326	12,264	277	208
Total equity and liabilities	34,391	28,441	19,326	14,618

Note:

- (1) The financial position as at 31 December 2016 has been restated to adjust the goodwill and other payables arising from the estimation of the contingent consideration of S\$3,037,000 ("**Adjustment**") in relation to the acquisition of entire issued and paid-share capital of Premier Eco-Care Pte. Ltd. ("**Premier**"), Prestige Enviro-Care Pte. Ltd. ("**Prestige**"), and Green Management Pte. Ltd. in October 2016. The Adjustment had no effect on the Group's financial result, net asset value and

earning per share for the financial year ended 31 December 2016. The further consideration to be paid was eventually determined to be S\$3.1 million as announced on 1 February 2018.

- 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-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	765	-	608	153
Amount repayable after one year	1,134	-	617	-
Total borrowings	<u>1,899</u>	<u>-</u>	<u>1,225</u>	<u>153</u>

Details of collaterals

The Group's borrowings are secured by:

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

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

	Group	
	FY2017	FY2016
	S\$'000	S\$'000
Operating activities		
Profit before income tax	3,375	3,300
Adjustments for:		
Allowance for doubtful trade receivables	71	-
Amortisation of intangible asset	599	241
Bad debts recovered	(*(1))	-
Bad debts written-off	7	-
Depreciation of property, plant and equipment	556	368
(Gain)/Loss on disposal of property, plant and equipment, net	(19)	9
IPO expenses	-	899
Interest expense	101	106
Interest income	(15)	(14)
Property, plant and equipment written-off	3	9
Share options expense pursuant to the ESOS	36	-
Written back of allowance for doubtful receivables	-	(383)
Operating cash flows before movements in working capital	4,714	4,535
Changes in working capital:		
Inventories	(12)	23
Trade and other receivables	(1,893)	(201)
Trade and other payables	439	537
Cash generated from operations	3,248	4,894
Interest received	15	14
Income taxes paid	(349)	(579)
Net cash generated from operating activities	2,914	4,329
Investing activities		
Acquisition of non-controlling interests in a subsidiary	(477)	-
Net cash outflow from the acquisition of subsidiaries	(1,152)	(4,772)
Investment in an associate company	(2)	-
Loan to an associate company	(3,719)	-
Non-controlling interests arising from investment in a subsidiary	180	-
Proceeds from disposal of property, plant and equipment	54	30
Purchase of property, plant and equipment	(886)	(484)
Net cash used in investing activities	(6,002)	(5,226)
Financing activities		
Dividend paid to owners of the Company	(1,654)	(2,606)
Interest paid	(98)	(106)
IPO expenses	-	(1,675)
Placement of pledged fixed deposit with bank	-	(5)
Proceeds from bank borrowings	600	597
Proceeds from issuance of new shares pursuant to IPO	-	9,460
Proceeds from issuance of new shares pursuant to the Placement ⁽²⁾	5,000	-
Repayment of bank borrowings	(606)	(895)
Repayment of finance lease payables	(164)	(89)
Repayment to directors	(11)	(10)
Repayment to related parties	-	(76)
Share issue expense pursuant to the Placement ⁽²⁾	(184)	-
Net cash generated from financing activities	2,883	4,595
Net (decrease)/increase in cash and cash equivalents	(205)	3,698
Cash and cash equivalents at beginning of financial year	8,233	4,535
Cash and cash equivalents at end of financial year⁽³⁾	8,028	8,233

Note:

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

(2) 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**”)

(3) 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	
	FY2017	FY2016
	S\$'000	S\$'000
Cash and bank balances	8,033	8,238
Fixed deposit pledged	(5)	(5)
Cash and cash equivalents	<u>8,028</u>	<u>8,233</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 S\$'000	Retained earnings S\$'000	Share options reserve S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Total S\$'000	
Balance at 1 January 2017	13,562	4,761	-	-	(2,603)	15,720	457
Profit for the financial year, representing total comprehensive income for the financial year	-	3,056	-	-	-	3,056	57
Issuance of ordinary shares pursuant to the Placement	5,000	-	-	-	-	5,000	-
Share issue expense pursuant to the Placement	(184)	-	-	-	-	(184)	-
Share options expense pursuant to the ESOS	-	-	36	-	-	36	-
Acquisition of remaining non-controlling interest in a subsidiary	-	-	-	(353)	-	(353)	(124)
Acquisition of a subsidiary	-	-	-	-	-	-	18
Non-controlling interests investment in a subsidiary	-	-	-	-	-	-	180
Dividends declared to non-controlling interests	-	-	-	-	-	-	(144)
One-tier tax exempt dividends:							
-Final ordinary dividend paid of 0.43 Singapore cent per share in respect of FY2016	-	(745)	-	-	-	(745)	-
-Interim ordinary dividend paid of 0.49 Singapore cent per share	-	(909)	-	-	-	(909)	-
Balance at 31 December 2017	18,378	6,163	36	(353)	(2,603)	21,621	444
Balance at 1 January 2016	1,405	2,692	-	813	-	4,910	67
Profit for the financial year, representing total comprehensive income for the financial year	-	2,675	-	-	-	2,675	121
Adjustments pursuant to the Restructuring Exercise	(1,405)	-	-	(813)	(2,603)	(4,821)	-
Issuance of ordinary shares pursuant to IPO	14,281	-	-	-	-	14,281	-
IPO expenses	(719)	-	-	-	-	(719)	-
Acquisition of subsidiaries	-	-	-	-	-	-	269
One-tier tax exempt interim dividends declared of 0.35 Singapore cent per share	-	(606)	-	-	-	(606)	-
Balance at 31 December 2016	13,562	4,761	-	-	(2,603)	15,720	457

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 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
One-tier tax exempt dividends:				
-Final ordinary dividend paid of 0.43 Singapore cent per share in respect of FY2016	-	(745)	-	(745)
-Interim ordinary dividend paid of 0.49 Singapore cent per share	-	(909)	-	(909)
Balance as at 31 December 2017	18,378	635	36	19,049
Balance as at 2 February 2016⁽¹⁾	*(2)	-	-	*(2)
Profit for the financial period, representing total comprehensive income for the financial period	-	1,454	-	1,454
Issuance of ordinary shares pursuant to IPO	14,281	-	-	14,281
IPO expenses	(719)	-	-	(719)
One-tier tax exempt interim dividends declared of 0.35 Singapore cent per share	-	(606)	-	(606)
Balance as at 31 December 2016	13,562	848	-	14,410

Note:

(1) Date of incorporation

(2) S\$1.00

- 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 30 June 2017 up to 31 December 2017 is as follows:

	Number of shares	Issued and paid-up share capital (S\$)
As at 1 January 2017	173,172,589	13,561,500
Issuance of ordinary shares pursuant to the Placement	12,500,000	4,837,962 ⁽¹⁾
As at 30 June 2017	185,672,589	18,399,462 ⁽¹⁾
Share issue expense pursuant to the Placement	-	(21,315) ⁽²⁾
As at 31 December 2017	<u>185,672,589</u>	<u>18,378,147⁽¹⁾</u>

On 20 April 2017, 1,156,500 share options granted pursuant to the Advancer Global Employee Share Option Scheme. However, in FY2017, following the resignation of employee who was granted such share options, 1,126,500 share options remained outstanding as at 31 December 2017.

As at 31 December 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 convertibles is 7,376,500 ordinary shares against 185,672,589 issued shares. The Company had no treasury shares and subsidiary holdings as at 31 December 2017.

As at 31 December 2016, the Company had no outstanding convertibles, treasury shares and subsidiary holdings.

Notes:

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

(2) Capitalisation of share issue expense in relation to the Placement.

- 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 2016 and 31 December 2017 was 173,172,589 and 185,672,589 respectively. Please refer to 1 (d)(jj) above.

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

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

- 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 Group has applied the same accounting policies and methods of computation in the Group's financial statements for FY2017 compared to its most recently audited financial statements for 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	
	31 Dec 2017	31 Dec 2016
Profit attributable to owners of the Company (S\$'000)	3,056	2,675
Weighted average number of ordinary shares	180,980,808	173,172,589
Earnings per share (basic and diluted)(cents)	1.69	1.54

The basic and dilutive earnings per share as at 31 December 2016 and 31 December 2017 is the same as there were no potentially dilutive instruments.

Whilst there were 6,250,000 warrants outstanding as at 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 2017. Whilst there were 1,126,500 share options outstanding as at 31 December 2017, 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 2017.

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.

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 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
Net asset value per share (cents)	11.64	9.08	10.26	8.32
Net asset value (S\$'000)	21,621	15,720	19,049	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

Revenue increased by S\$14.4 million or 28.2% from S\$50.9 million in FY2016 to S\$65.3 million in FY2017 mainly due to the following:

- (a) an increase in the number of foreign domestic workers ("**FDWs**") that the Group had placed out to households in Singapore;
- (b) revenue contribution from the Group's acquisition of, (a) 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, Prestige and Ashtree International Pte Ltd ("**Ashtree**") in the second half of FY2016 ("**2HY2016**"), and (b) 76% of the total issued and paid up capital of Envirocare Landscape (S) Pte. Ltd. on 4 July 2017.

(Collectively, Ashtree, NGPC, NAPL, Premier, Prestige, Envirocare are the "**New Subsidiaries**");
- (c) an increase in service income from existing and new cleaning services contracts, which is partially offset by the decrease in service income from stewarding service contracts ; and
- (d) an increase in the aggregate service fees charged for on-going security projects.

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

Cost of services increased by S\$9.0 million or 24.2%, from S\$37.4 million in FY2016 to S\$46.4 million in FY2017 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, (b) increase in average salaries of employees and operating lease expenses for its cleaning and stewarding projects, and (c) increase in number of security officers. Conversely, this increase was offset by the discount of insurance premiums and the decrease in subcontractors' fees from the cleaning and stewarding projects.

Gross profit increased by S\$5.3 million or 39.1%, from S\$13.6 million in FY2016 to S\$18.9 million in FY2017, which was mainly due the increase in revenue across the Group's business segments. The Group's gross profit margin increased by 2.3 percentage points from 26.6% in FY2016 to 28.9% in FY2017 as gross profit margins increased throughout the Group's business segments.

Other operating income decreased by S\$1.4 million or 51.9% from S\$2.7 million in FY2016 to S\$1.3 million in FY2017, mainly due to the 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 and write back of allowance of doubtful receivables in FY2017.

Administrative expenses increased by S\$3.8 million or 29.5% from S\$12.9 million in FY2016 to S\$16.7 million in FY2017, 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 advertising fees, depreciation expenses of the Group's property, plant and equipment arising from the increase in capital expenditures in FY2017, amortisation expense of intangible assets arising from acquisition of New Subsidiaries, operating lease expenses for office premises and motor vehicles, professional fees, and expenses in relation

to 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 remained relatively consistent at approximately S\$0.1 million for FY2017 and FY2016.

The effective tax rate was lower at 7.8% in FY2017, as compared to 15.3% in FY2016, due to the one-off non-tax-deductible IPO expenses and over provision of tax expenses in FY2016. Accordingly, the Group's profit after tax increased by S\$0.3 million or 11.3% from S\$2.8 million in FY2016 to S\$3.1 million in FY2017, was mainly due to the explanations set out above.

REVIEW OF GROUP'S FINANCIAL POSITION

The Group's current assets increased by S\$5.3 million or 27.6% from S\$19.4 million as at 31 December 2016 to S\$24.7 million as at 31 December 2017, mainly due to an increase of (a) trade receivables of S\$1.4 million and other receivables of S\$4.1 million, and (b) inventory of S\$12,000. This was offset by the decrease in cash and cash equivalent of S\$0.2 million.

The increase in trade receivables was in line with the increase in revenue for FY2017. The increase in other receivables was mainly due to the (a) Group's provision of a shareholder's loan to its associate company, G3 Environmental Private Limited, of approximately S\$3.7 million (as previously announced on 29 December 2017 and 20 November 2017), (b) increase in advances to staff (who are independent and unrelated third parties to the Directors and controlling shareholders of the Company) 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 as well as advances to recruiters for the Employment Service Business, in line with the increase in revenue. This was partially offset against the decrease in receivables from government credit schemes.

The Group's non-current assets increased by S\$0.6 million or 6.7% from S\$9.1 million as at 31 December 2016 to S\$9.7 million as at 31 December 2017, mainly due to the increase in capital expenditures and the increase in goodwill as a result of the acquisition of Envirocare. This was partially offset by the decrease in intangible assets due to the amortisation. The non-current assets as at 31 December 2016 has been restated to S\$9.1 million from S\$6.1 million, due to the adjustment of goodwill arising the estimation of the contingent consideration of approximately S\$3.0 million in relation to the acquisition of Premier Group in October 2016.

The Group's current liabilities decreased by S\$0.4 million or 3.1% from S\$11.2 million as at 31 December 2016 to S\$10.8 million as at 31 December 2017, mainly due to the (a) decrease in other accrued operating expenses (classified under other payables) in relation to the payment of remaining consideration for the acquisition of NGPC and NAPL in FY2017, and (b) decrease in finance lease payables, which is offset by the increase (a) in trade payables as a result of the increase in cost of services for Group's all business segments, (b) in other payables in relation to employees remuneration being mainly accruals for bonuses, (c) in bank borrowings, and (d) increase in income tax payables and dividend payables to non-controlling interest (classified under other payables). The current liabilities as at 31 December 2016 has been restated to S\$11.2 million from S\$8.2 million, due to the adjustment of other payables arising the estimation of the contingent consideration of approximately S\$3.0 million in relation to the acquisition of Premier Group in October 2016.

The Group's non-current liabilities increased by S\$0.4 million or 39.3% from S\$1.0 million as at 31 December 2016 to S\$1.4 million as at 31 December 2017, mainly due to the increase of bank borrowings. The increase is partially offset by the decrease of finance lease payables and deferred tax liabilities in FY2017.

Net asset value of the Group increased by S\$5.9 million or 37.5% from S\$15.7 million as at 31 December 2016 to S\$21.6 million as at 31 December 2017 due to the reasons set out above.

REVIEW OF GROUP'S CASH FLOWS

The Group's net cash generated from operating activities amounted to S\$2.9 million for FY2017, which was resulted from the operating cash flows before movements in working capital of S\$4.7 million and increase in trade and other payables of S\$0.4 million. The operating cash inflows is

partially offset by the (a) increase in trade and other receivables of S\$1.9 million, and (b) payment of income tax of S\$0.3 million.

Net cash used in investing activities amounted to S\$6.0 million for FY2017, which was mainly due to the acquisition of the remaining 20% of Unipest Pte. Ltd of S\$0.5 million, repayment of the remaining consideration in relation to the acquisition of NGPC and NAPL of S\$1.0 million, acquisition of 76% of Envirocare of S\$0.2 million, investment in and loan to an associate company of S\$3.7 million and purchase of property, plant and equipment of S\$0.9 million. The investing cash outflow is partially offset by an increase of non-controlling interests arising from AGS Integration Pte. Ltd. and proceeds from disposal of property, plant and equipment.

Net cash generated from financing activities amounted to S\$2.9 million for FY2017, mainly due to Net Placement Proceeds (as defined below) of S\$4.8 million and proceeds from bank borrowings of S\$0.6 million, which is partially offset by the payment of dividends of S\$1.7 million, repayments of bank borrowings of S\$0.6 million and finance lease payables of S\$0.2 million.

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

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

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

The Group is cautiously optimistic of its business outlook. While the Singapore economy is expected to grow, there are potential concerns including higher taxation and expected wage growth in 2018.

Against the backdrop of heightened safety and security, there is increasing demand for security services amid declining manpower (aging population), incremental wages and capped overtime hours of security officers. The Group will continue to promote its integrated smart security solutions and services to private estates, commercial and industrial properties.

In response to the government's effort in building Singapore into a Smart Nation, the Group continues to innovate its labour-intensive facilities management services with technology. It has evolved the man-machine method to overcome the labour shortage challenges in the industries in which its subsidiaries operate.

The Group will continue to optimise its range of facilities management services offered by its subsidiaries, providing its broad customer base with effective and cost saving smart solutions through its integrated facilities management services. The Group believes that its commitment to delivering excellent service and cost savings to its customers will continue to drive sustainable growth for the Group. The Group will also continue to 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 0.49 Singapore cent per share in respect of FY2017 has been paid on 30 September 2017 ("**Interim Dividend**").

The directors are pleased to recommend a final one-tier tax exempt dividend of 0.34 Singapore cent per share for FY2017 ("**Final Dividend**"). The Final Dividend will be in cash and/or scrip.

(b) (i) Amount per share

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 would constitute approximately 50% of net profit after tax attributable to owners of the Company in FY2017.

(b) (ii) Previous corresponding period

The Final Dividend of 0.43 Singapore cent per share together with the Interim Dividend of 0.35 Singapore cents per share would aggregate a full year dividend of 0.78 Singapore cent per share for FY2016. The full year dividend payout for FY2016 constituted approximately 50% of net profit after tax attributable to owners of the Company in FY2016.

(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

29 June 2018

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

15 May 2018, 5.00 p.m. Please refer to "Notice of Book Closure and Application of Advancer Global Scrip Dividend Scheme" 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 7 August 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 the date of this announcement
	S\$ million	S\$ million	S\$ million
Expansion of business operations	6.40	(6.40)	-
Branding and marketing	0.30	(0.25)	0.05
General corporate and working capital purposes ^(a)	0.84	(0.84)	-
	<u>7.54</u>	<u>(7.49)</u>	<u>0.05</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 29 December 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
	<u>S\$ million</u>	<u>S\$ million</u>	<u>S\$ million</u>
Expansion of business operations	3.62	(3.62)	-
General corporate and working capital purposes	1.20	(0.90)	0.30
	<u>4.82</u>	<u>(4.52)</u>	<u>0.30</u>

Note:

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

	S\$'000
Professional and listing related expenses	641
Administrative expenses – staff costs	246
Administrative expenses - others	15
	<u>902</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.

The Building Management Business and the Security Services Business, which are integrated and complementary, collectively constitute the Facilities Management Businesses.

	Employment Services Business	Building Management Business	Security Services Business	Non- allocated income /(expenses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2017					
External sales	13,151	37,135	14,974	-	65,260
Cost of services	7,012	27,538	11,853	-	46,403
Gross profit	6,139	9,597	3,121	-	18,857
Interest income	-	15	-	-	15
Interest expense	3	53	45	-	101
Amortisation	-	530	69	-	599
Depreciation	150	269	137	-	556
Allowance for doubtful trade receivables	-	71	-	-	71
Reportable segment profit before income tax	1,190	1,991	1,143	(949)	3,375
Reportable segment assets	3,433	22,084	7,426	1,448	34,391
Reportable segment liabilities	1,933	6,862	3,254	277	12,326
Capital expenditures	22	134	1,418	-	1,574
	Employment Services Business	Building Management Business	Security Services Business	Non- allocated income /(expenses)	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2016					
External sales	12,627	24,753	13,529	-	50,909
Cost of services	7,104	18,711	11,539	-	37,354
Gross profit	5,523	6,042	1,990	-	13,555
Interest income	-	14	-	-	14
Interest expense	5	48	53	-	106
Amortisation	-	214	27	-	241
Depreciation	108	131	129	-	368
Written back of allowance of doubtful receivables	-	383	-	-	383
Reportable segment profit before income tax	1,262	2,864	820	(1,646)	3,300
Reportable segment assets	2,403	18,587	5,754	1,697	28,441
Reportable segment liabilities	1,834	7,558	2,317	555	12,264
Capital expenditures	395	229	338	-	962

17. In view of performance, the factors leading to any material changes in contributions to turnover and earnings by the business segments.

Please refer to section 8.

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

	Group		Increase/ (Decrease) %
	FY2017 S\$'000	FY2016 S\$'000	
Revenue			
(a) First half year	31,921	23,231	37.4
(b) Second half year	33,339	27,678	20.4
	<u>65,260</u>	<u>50,909</u>	28.2
Profit after tax before deducting non-controlling interests			
(c) First half year	2,277	1,909	19.3
(d) Second half year	779	766	1.7
	<u>3,056</u>	<u>2,675</u>	14.2

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

	FY2017 S\$	FY2016 S\$
Interim dividend	909,796	606,000
Final dividend	631,287	744,642

N/A – Not Applicable

Note: The proposed final dividend of 0.34 Singapore cent per ordinary share amounting to S\$631,287 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	63	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	32	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
1 March 2018

Chin Mei Yang
Chief Executive Officer and Executive Director
1 March 2018