ALLIED TECHNOLOGIES LIMITED

Financial Statement for the period ended 30 June 2017

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

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

	GROUP					
	3 months ended			6 months ended		
	2Q FY17	2Q FY16	+/(-)	1H FY17	1H FY16	+/(-)
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue	31,143	28,741	8%	65,662	56,042	17%
Other income	376	406	(7%)	713	850	(16%)
Total revenue	31,519	29,147	8%	66,375	56,892	17%
Change in inventories of finished goods and work-in-progress	682	(735)	n.m.	41	(1,382)	n.m.
Raw materials and consumables used	(20,261)	(17,920)	13%	(42,216)	(35,290)	20%
Depreciation expenses	(867)	(1,048)	(17%)	(1,727)	(2,247)	(23%)
Amortisation expenses	(3)	(4)	(25%)	(6)	(9)	(33%)
Staff costs	(5,404)	(5,773)	(6%)	(10,799)	(11,393)	(5%)
Other operating expenses	(3,848)	(4,207)	(9%)	(8,207)	(8,192)	0%
Total operating expenses	(29,701)	(29,687)	0%	(62,914)	(58,513)	8%
Profit/(loss) from operating activities	**1,818**	**(540)**	n.m.	**3,461**	**(1,621)**	n.m.
Interest on borrowings	(119)	(96)	24%	(184)	(187)	(2%)
Profit/(loss) before income tax	**1,699**	**(636)**	n.m.	**3,277**	**(1,808)**	n.m.
Income tax credit	34	-	n.m.	18	-	n.m.
Profit/(loss) after income tax	**1,733**	**(636)**	n.m.	**3,295**	**(1,808)**	n.m.
Attributable to:						
Equity holders of the Company	**1,733**	**(636)**	n.m.	**3,295**	**(1,808)**	n.m.
<u>Statement of comprehensive income</u>						
Profit/(loss) after income tax	1,733	(636)	n.m.	3,295	(1,808)	n.m.
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Liquidation of subsidiaries	(152)	-	n.m.	(152)	-	n.m.
Items that may be reclassified to profit or loss						
Translation differences relating to financial statements of foreign subsidiaries	(150)	(817)	(82%)	(1,047)	(3,046)	(66%)
Total comprehensive income for the period	1,431	(1,453)	n.m.	2,096	(4,854)	n.m.
Attributable to equity holders of the Company	1,431	(1,453)	n.m.	2,096	(4,854)	n.m.

Note:

(i) n.m. - not meaningful

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

Note:

Profit/(loss) before income tax is arrived at after charging/(crediting) the following:

		GROUP					
		2Q FY17	2Q FY16	+/(-)	1H FY17	1H FY16	+/(-)
		S$'000	S$'000	%	S$'000	S$'000	%
(a)	**Raw materials and consumables used:**						
	Allowance for inventory obsolescence	50	191	(74%)	101	226	(55%)
(b)	**Other income:**						
	Interest income	(13)	(10)	30%	(29)	(21)	38%
	Gain on disposal of property, plant and equipment	-	-	n.m.	(5)	(194)	(97%)
	Gain on liquidation of subsidiaries	(141)	-	n.m.	(141)	-	n.m.
	Amortisation of deferred interest income	(80)	-	n.m.	(161)	-	n.m.
	Amortisation of deferred compensation income	(119)	(122)	(2%)	(241)	(250)	(4%)
	Rental income	(21)	(59)	(64%)	(43)	(81)	(47%)
(c)	**Operating profit/(loss) is stated after charging/(crediting):**						
	Allowance for/(write back of) impairment on trade debtors	52	(128)	n.m.	29	(373)	n.m.
	Foreign exchange (gains)/losses	(55)	444	n.m	556	606	(8%)

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

	GROUP		COMPANY	
	30/06/17	31/12/16	30/06/17	31/12/16
	S$'000	S$'000	S$'000	S$'000
Non-current assets				
Intangible assets	134	150	3	10
Property, plant and equipment	36,541	35,609	16	32
Investment in subsidiaries	-	-	25,859	21,919
Loan receivables from subsidiaries	-	-	15,318	17,916
Deferred tax assets	466	477	-	-
Other investments	2,205	2,205	2,081	2,081
Other debtors	9,381	12,431	7,882	10,405
Prepayments	369	1,680	-	-
	49,096	52,552	51,159	52,363
Current assets				
Inventories	12,488	12,610	-	-
Amounts due from subsidiares	-	-	6,071	4,685
Trade debtors	31,560	33,299	1,819	1,550
Other debtors	17,629	9,950	5,877	5,923
Prepayments and advances to suppliers	4,139	721	125	37
Income tax recoverable	4	4	-	-
Fixed deposits	3,397	1,096	-	348
Cash and bank balances	11,194	13,939	4,044	1,108
	80,411	71,619	17,936	13,651
Current liabilities				
Trade creditors	29,567	31,945	195	763
Hire purchase creditor	8	8	-	-
Other creditors and accruals	7,582	8,292	4,434	3,079
Deferred compensation income	480	491	-	-
Loans and borrowings	11,436	5,688	-	267
	49,073	46,424	4,629	4,109
Net current assets	31,338	25,195	13,307	9,542
Non-current liabilities				
Other creditors and accruals	1,653	2,201	1,389	1,842
Hire purchase creditor	-	4	-	-
Deferred compensation income	7,672	8,105	-	-
Loans and borrowings	1,701	-	-	-
Deferred tax liabilities	3,738	3,863	-	-
	14,764	14,173	1,389	1,842
TOTAL NET ASSETS	65,670	63,574	63,077	60,063
Equity attributable to owners of the Company				
Share capital	57,337	57,337	57,337	57,337
Foreign currency translation reserve	(149)	1,050	-	-
Statutory reserve fund	1,938	1,938	-	-
Other reserves	189	189	189	189
Retained earnings	6,355	3,060	5,551	2,537
TOTAL EQUITY	65,670	63,574	63,077	60,063

1(b)(ii) Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 30 June 2017		As at 31 December 2016	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
11,444	-	5,696	-

Amount repayable after one year

As at 30 June 2017		As at 31 December 2016	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
1,701	-	4	-

Details of any collateral

The Group's borrowings comprise of hire purchase creditor and amounts due to bankers.

The hire purchase creditor relates to an asset of the Company's subsidiary which is financed under hire purchase.

The amounts due to bankers are secured facilities granted to the Company's subsidiaries (collectively, the "**Group**"). The secured facilities granted are secured by:

(1) fixed deposits placement by the Company's respective subsidiaries;
(2) lands and properties of the respective subsidiaries; and
(3) an agreed amount of corporate guarantee provided by the Company.

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.

Consolidated cash flow statement for the year ended 30 June

	3 months ended		6 months ended	
	2Q FY17	**2Q FY16**	**1H FY17**	**1H FY16**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Cash flows from operating activities				
Profit/(loss) before income tax	1,699	(636)	3,277	(1,808)
Adjustments for:				
Gain on disposal of property, plant and equipment	-	-	(5)	(194)
Gain on temination of club membership	-	-	(41)	-
Gain on liquidation of subsidiaries	(141)	-	(141)	-
Depreciation of property, plant and equipment and investment property	867	1,048	1,727	2,247
Amortisation of intangible assets	3	4	6	9
Amortisation of deferred interest income	(80)	-	(161)	-
Amortisation of deferred compensation income	(119)	(122)	(241)	(250)
Interest income	(13)	(10)	(29)	(21)
Interest expense	119	96	184	187
Exchange differences	(110)	345	278	413
Operating profit before working capital changes	**2,225**	**725**	**4,854**	**583**
(Increase)/decrease in inventories	(860)	630	(285)	1,475
Increase in trade debtors and other debtors	(4,160)	(198)	(8,141)	5,808
Decrease in trade creditors and other creditors	(400)	(4,230)	(1,625)	(8,140)
Cash used in operations	(3,195)	(3,073)	(5,197)	(274)
Interest paid	(119)	(96)	(184)	(187)
Interest received	13	10	29	21
Tax paid	(16)	-	(16)	-
Net cash used in operating activities	**(3,317)**	**(3,159)**	**(5,368)**	**(440)**
Cash flows from investing activities				
Proceeds from disposal of property, plant and equipment	-	-	5	201
Proceeds from termination of club membership	-	-	45	-
Purchase of property, plant and equipment	(1,259)	(290)	(1,965)	(835)
Prepayment for building construction cost	(269)	-	(368)	-
Net cash used in investing activities	**(1,528)**	**(290)**	**(2,283)**	**(634)**
Cash flows from financing activities				
Net decrease in hire purchase creditors	(2)	(2)	(4)	(4)
Drawdown of bank borrowings	4,725	2,677	13,230	4,938
Repayment of bank borrowings	(727)	(1,257)	(5,600)	(4,230)
Increase in fixed deposits	(2,352)	(451)	(2,321)	(510)
Net cash generated from financing activities	**1,644**	**967**	**5,305**	**194**
Net decrease in cash and cash equivalents	(3,201)	(2,482)	(2,346)	(880)
Cash and cash equivalents at beginning of period	14,365	16,361	13,939	15,514
Effects of exchange rates on opening cash and cash equivalents	30	(88)	(399)	(843)
Cash and cash equivalents at end of period	**11,194**	**13,791**	**11,194**	**13,791**

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 Shareholders' Equity for the period ended 30 June
(In S$'000)

Group	Share Capital	Foreign currency translation reserve	Statutory reserve fund	Other reserves	Retained earnings/ (losses)	Total equity attributable to owners of the Company
Balance as at 1 January 2017	57,337	1,050	1,938	189	3,060	63,574
Total comprehensive income for the period	-	(897)	-	-	1,562	665
Balance as at 31 March 2017	**57,337**	**153**	**1,938**	**189**	**4,622**	**64,239**
Total comprehensive income for the period	-	(302)	-	-	1,733	1,431
Balance as at 30 June 2017	**57,337**	**(149)**	**1,938**	**189**	**6,355**	**65,670**
Balance as at 1 January 2016	57,337	2,737	4,889	189	(1,251)	63,901
Total comprehensive income for the period	-	(2,229)	-	-	(1,172)	(3,401)
Balance as at 31 March 2016	**57,337**	**508**	**4,889**	**189**	**(2,423)**	**60,500**
Total comprehensive income for the period	-	(817)	-	-	(636)	(1,453)
Balance as at 30 June 2016	**57,337**	**(309)**	**4,889**	**189**	**(3,059)**	**59,047**

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.

(In S$'000)	Share capital	Other reserves	Retained earnings	Total equity attributable to owners of the Company
Company				
Balance as at 1 January 2017	57,337	189	2,537	60,063
Total comprehensive income for the period	-	-	(512)	(512)
Balance as at 31 March 2017	**57,337**	**189**	**2,025**	**59,551**
Total comprehensive income for the period	-	-	3,526	3,526
Balance as at 30 June 2017	**57,337**	**189**	**5,551**	**63,077**
Balance as at 1 January 2016	57,337	189	6,267	63,793
Total comprehensive income for the period	-	-	(1,948)	(1,948)
Balance as at 31 March 2016	**57,337**	**189**	**4,319**	**61,845**
Total comprehensive income for the period	-	-	(436)	(436)
Balance as at 30 June 2016	**57,337**	**189**	**3,883**	**61,409**

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 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.

There were no changes in the Company's share capital since the end of the previous period reported on, being 31 March 2017.

As at 30 June 2017 and 30 June 2016, the Company did not have any outstanding convertibles, treasury shares or subsidiary holdings.

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.

	30 June 2017	**31 December 2016**
Total number of issued shares ('000) (excluding treasury shares)	675,164	675,164

There were no treasury shares as at 30 June 2017 and 31 December 2016.

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

Not applicable as the Company did not have any treasury shares as at 30 June 2017 and 31 December 2016.

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

Not applicable as the Company did not hold any subsidiary holdings as at 30 June 2017 and 31 December 2016.

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

The figures 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 a 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.

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as compared to those applied in the audited financial statements for the financial year ended 31 December 2016.

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 Group has adopted all the new and revised financial reporting standards ("**FRS**") and Interpretations of FRS ("**INT FRS**") that are relevant to the Group and effective for the financial period beginning on or after 1 January 2017. The adoption of these new and revised FRS and INT FRS did not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior periods.

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.

Earnings/(loss) Per Share

	3 months ended		6 months ended	
The Group	**2Q FY17 Basic / Diluted**	**2Q FY16 Basic / Diluted**	**1H FY17 Basic / Diluted**	**1H FY16 Basic / Diluted**
Earnings (S$'000)				
Profit/(loss) attributable to equity holders of the Company	1,733	(636)	3,295	(1,808)
Weighted average number of ordinary shares ('000)	675,164	675,164	675,164	675,164
Earnings/(loss) per share (cents) - Basic and diluted	0.26	(0.09)	0.49	(0.27)

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.

Net asset value per ordinary share

	Group		Company	
	30-Jun-17	**31-Dec-16**	**30-Jun-17**	**31-Dec-16**
Net asset value per ordinary share based on issued share capital at end of the period (in cents)	9.73	9.42	9.34	8.90
Net asset value as at end of period (S$'000)	65,670	63,574	63,077	60,063
No. of ordinary shares ('000)	675,164	675,164	675,164	675,164

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

a. Revenue

The Group's revenue in 2Q FY2017 increased by 8% to S$31.14 million compared to 2Q FY2016. Despite the completion of the disposal of the Group former's subsidiary in 4Q FY2016, the Group's revenue in 2Q FY2017 is higher than that of in 2Q FY2016. This is mainly attributable to the higher revenue recorded in the Company and its overseas subsidiaries located in Malaysia, Suzhou, and Thailand.

In 2Q FY2017, the Company and its Malaysia subsidiary recorded an increase in revenue of S$5.00 million in total, mainly resulting from higher sales demand from the existing main customers. The revenue in Suzhou and Thailand subsidiaries are also in an upwards trend, increasing by S$0.99 million and S$0.12 million, respectively, compared to 2Q FY2016. The increase in revenue is partially offset by the lower revenue achieved by the Group's Vietnam subsidiary due to lower orders received from its existing main customer in 2Q FY2017.

Overall, comparing the revenue in 1H FY2017 and 1H FY2016, revenue increased by 17% to S$65.66 million, which was contributed by the Company and its overseas subsidiaries located in Malaysia, Suzhou, Vietnam and Thailand.

Other income of the Group comprises mainly of rental income, interest income, amortisation of deferred compensation income, gain on disposal of property, plant and equipment ("**PPE**") and gain on liquidation of subsidiaries.

Other income of the Group in 2Q FY2017 and 1H FY2017 are lower than that in 2Q FY2016 and 1H FY2016 by 7% and 16%, respectively. This is mainly due to lower gain on disposal of PPE recorded in 1H FY2017 and lower rental income recognised in 2Q FY2017 and 1H FY2017. The decrease is partly offset by the amortisation of deferred interest income recognised in 2Q FY2017 and 1H FY2017 of S$0.08 million and S$0.16 million, respectively, as well as gain on liquidation of subsidiaries of S$0.14 million.

b. Operating results

<u>Overall</u>

In 2Q FY2017, the Group recorded a profit before tax of S$1.70 million compared to loss before tax of S$0.64 million in 2Q FY2016. This is primarily contributed by the higher revenue achieved and lower staff costs incurred by the Group in 2Q FY2017.

The Group's positive bottom line is mainly attributable to the profit-making subsidiaries located in Malaysia, Suzhou, Vietnam and Thailand. With the disposal of loss-making former subsidiaries in Shanghai and Taicang, the Group managed to turnaround its financial performance in 2Q FY2017 as opposed to the loss-making results reported in 2Q FY2016.

As a result, the Group recorded a profit after tax of S$1.73 million and S$3.30 million in 2Q FY2017 and 1H FY2017, respectively, as opposed to the losses after tax of S$0.64 million and S$1.81 million recorded in 2Q FY2016 and 1H FY2016, respectively.

Raw materials and consumables used

Raw materials and consumables used by the Group in 2Q FY2017 and 1H FY2017 increased by 13% and 20%, respectively, compared to 2Q FY2016 and 1H FY2016.

These increases are higher than the increases in revenue due to change in material mix for the Group's new products, which requires a higher percentage of raw material used.

Depreciation and amortisation expenses

Depreciation and amortisation expenses of the Group decreased by 17% and 23% in 2Q FY2017 and 1H FY2017, respectively.

The lower depreciation expenses in 2Q FY2017 and 1H FY2017 are mainly attributable to the absence of depreciation on PPE held by former Shanghai and Taicang subsidiaries, which had been disposed of in 4Q FY2016.

Staff costs

Staff costs in 2Q FY2017 and 1H FY2017 decreased by 6% and 5%, respectively, despite the Group's increased headcount from 2,055 as at 30 June 2016 to 2,078 as at 30 June 2017.

The lower staff costs in 2Q FY2017 and 1H FY2017 are primarily due to the disposal of the former subsidiary in Shanghai in 4Q FY2016, which incurred higher staff costs in 2Q FY2016 and 1H FY2016. These decreases are partially offset by the staff costs for additional operation workers recruited to cope with the higher sales volume in 2Q FY2017 and 1H FY2017.

Other operating expenses

Other operating expenses include packaging costs, carriage inwards, utilities, foreign exchange differences, and administrative expenses.

Other operating expenses decreased by 9% in 2Q FY2017 mainly due to favorable movement of foreign currencies, which resulted in foreign exchange gains as compared to foreign exchange losses incurred in 2Q FY2016.

Finance costs

The Group's finance costs increased by 24% to S$0.12 million in 2Q FY2017 from S$0.10 million in 2Q FY2016. This is mainly attributed to increase in bank borrowings drawdown in 2Q FY2017.

c. Balance Sheet

The Group has S$36.54 million of PPE balance as at 30 June 2017 compared to that of S$35.61 million as at 31 December 2016. The increase in the carrying amount of PPE is due to addition of new PPE but offset partially by depreciation charge during the period.

The Group's other debtors balance (under non-current assets) is pertaining to deferred consideration arising from disposal of the Group's former subsidiaries in Shanghai and Taicang. The balance as at 30 June 2017 is lower due to the receipt of S$2.82 million instalment payment in the 2Q FY2017.

As at 30 June 2017, the prepayment balance under non-current assets decreased from S$1.68 million to S$0.37 million due to reclassification of prepayment balance (for land acquisition) to PPE upon obtaining the land ownership. The current prepayment balance of S$0.37 million pertains to the prepayments made in relation to the factory building construction costs incurred by the Company's newly incorporated subsidiary, Allied Precision Technologies (M) Sdn Bhd ("**APTM**"). APTM was incorporated in August 2016 and has not started its operations.

As at 30 June 2017, inventories balance decreased to S$12.49 million due to higher sales demand from customers in the current quarter. The Group's trade debtors balance as at 30 June 2017 is lower compared to that of 31 December 2016, as a result of collections received from its trade debtors.

The Group's other debtors balances have increased to S$17.63 million as at 30 June 2017 from S$9.95 million as at 31 December 2016. The increase is mainly due to advances to a third party for placement of tender deposits for new solar power projects tendered by Suzhou subsidiary of S$4.23 million as well as cost incurred in relation to procurement of materials for new solar power projects managed by the Suzhou subsidiary of S$3.81 million, which are expected to be completed in 2H FY2017.

In addition, the higher other debtors balance also due to accrual of tooling cost, which will be recognized in income statement only when the tooling is fully completed and partially offset by value-added tax receivable refunded by Vietnam local tax authority.

Prepayments and advances to suppliers balance of the Group has also increased by S$3.42 million as at 30 June 2017. This is attributable to advances made to new suppliers by the Company's overseas subsidiaries for the purchase of materials and tooling for new and existing projects.

Trade creditors balance has decreased from S$31.95 million to S$29.57 million as a result of repayments made during the period and partly offset by the material cost accrued for new solar power projects by Suzhou subsidiary. The other creditors and accruals balances (both current and non-current) have also declined from S$10.49 million to S$9.24 million as at 30 June 2017. The decrease is mainly due to repayment of partial land acquisition cost accrued as at 31 December 2016 and amortisation of deferred interest income during the period.

The Group's deferred compensation income balance in Suzhou subsidiary had decreased to S$8.15 million as at 30 June 2017 due to the amortisation of deferred compensation income. In addition, the effect of the weakening of the Renminbi ("**RMB**") against the Singapore Dollar ("**S$**") resulted in a lower translated balance.

As at 30 June 2017, the Group's loans and borrowings have increased to S$13.14 million from S$5.69 million as at 31 December 2016. This is mainly due to the drawdown of bank borrowings by the Group's overseas subsidiaries for land acquisition and working capital purposes amounting to S$13.23 million in total. However, the increase is partially offset by the repayments of bank borrowings which had matured during the period.

Both deferred tax liabilities and deferred tax assets in the Group's balance sheet are attributable to the subsidiaries in the PRC. The lower total net deferred tax liabilities balances presented as at 30 June 2017 as compared to 31 December 2016 is mainly caused by the foreign currency translation differences and reversal of deferred tax liabilities of S$0.03 million.

The equity attributable to owners of the Company has increased by S$2.10 million to S$65.67 million as at 30 June 2017. The increase is resulting from the profit generated in 1H FY 2017 of S$3.30 million and partly offset by the foreign currency translation loss of S$1.20 million mainly due to the weakening of RMB against S$ as at 30 June 2017.

d. Cash Flow Statements

In 1H FY2017, the Group recorded a net cash used in operating activities of S$5.37 million compared to that of S$0.44 million in 1H FY2016. This is due to the working capital outflows of approximately S$10.05 million mainly pertain to the management of new solar power projects by Suzhou subsidiary, which includes placement of contract deposits as well as advances paid to suppliers for purchases of required materials and related expenses. These outflows have been partially offset by the net profit generated in 1H FY2017.

The Group's net cash used in investing activities for 1H FY2017 increased by S$1.65 million as compared to 1H FY2016. The increase is mainly attributable to the higher PPE acquisition and prepayments made for building construction costs in 1H FY2017 of S$1.97 million and S$0.37 million respectively.

The Group has generated S$5.31 million from its financing activities as compared to that of S$0.19 million in 1H FY2016. This is mainly due to higher net proceeds from drawdown of bank borrowings of S$6.92 million as compared to 1H FY2016. The increase in bank borrowings is mainly for working capital and investment in PPE purposes.

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

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.

In light of the uncertain global economic outlook and slower growth in China, the business environment remains challenging. The Group will continue to seek ways to step up its marketing efforts to improve growth opportunities by securing high value-added projects to improve its utilisation capacity and productivity.

With the increase in production costs across the region, stiff pricing competition and foreign currency movements, the Group expects to face challenging business conditions in the next 12 months.

11 Dividend

(a) Current Financial Period Reported On

Whether any dividend has been declared (recommended) for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Whether any dividend was declared (recommended) for the corresponding period of the immediately preceding financial year?

None.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state 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).

Not applicable.

(d) Date payable

Not applicable.

(e) Books closure date

Not applicable.

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

No dividend for the period ended 30 June 2017 has been declared or recommended.

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

14 Negative confirmation by the Board pursuant to Rule 705(5)

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements of the Group and the Company for the second quarter ended 30 June 2017 to be false or 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 it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H of the Catalist Rules) under Rule 720(1) of the Catalist Rules.

ON BEHALF OF THE BOARD

Hsu Ching Yuh @ Sheu Ching Yuh
Group Managing Director and
Chief Executive Officer

Soh Weng Kheong
Group Deputy Managing Director

14 August 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"), this being the SGX-ST Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The SGX-ST and the Sponsor 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.

The contact person for the Sponsor is Mr Lee Chee Cheong, Associate Director, Investment Banking, Singapore. The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, Telephone:+65 6337 5115.