

HALF YEAR FINANCIAL STATEMENT ANNOUNCEMENT

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

The Board of Directors of AA Group Holdings Ltd. (the “**Company**”) is pleased to announce the consolidated results of the Company and its subsidiaries (the “**Group**”) for the half year ended 30 June (“**HY**”) 2018.

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

	Group		
	HY2018	HY2017	% change
	S\$ '000	Restated S\$ '000	+ / (-)
Continued operations			
Revenue	9,801	3,133	212.83%
Cost of sales	(6,868)	-	n.m
Gross profit	2,933	3,133	-6.38%
Other income	97	35,388	-99.73%
Administrative expenses	(2,605)	(3,113)	-16.32%
Distribution costs	(574)	-	n.m
Other expenses	(250)	(1)	24900.00%
Operating (loss)/profit	(399)	35,407	-101.13%
Finance income	223	-	n.m.
Finance costs	(192)	(24)	700.00%
(Loss)/profit before income tax	(368)	35,383	-101.04%
Income tax credit/(expense)	139	(130)	-206.92%
(Loss)/profit for the year from continuing operations	(229)	35,253	-100.65%
Discontinued operations			
Profit/(Loss) for the year from discontinued operations	182	(1,361)	-113.36%
Total (loss)/profit for the period	(47)	33,892	-100.14%
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation	282	28	907.14%
Total comprehensive income for the period	235	33,920	-99.31%
Attributable to:			
Equity holders of the Company			
- Continuing operations	(214)	35,253	-101%
- Discontinued operations	464	(1,333)	-135%
	250	33,920	-99%
Non-controlling interests			
- Continuing operations	(15)	-	n.m.
- Discontinued operations	-	-	n.m.
	(15)	-	n.m.
	235	33,920	

n.m. – not meaningful

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the consolidated statement of comprehensive income or in the notes to the consolidated statement of comprehensive income the current financial period reported on and the corresponding period of the immediately preceding financial year:

(Loss)/profit before income tax is determined after charging / (crediting) the following:

Continuing operations:

	Group		% change + / (-)
	HY2018 S\$ '000	HY2017 S\$ '000	
Depreciation of property, plant and equipment	1,638	150	992%
Allowance for impairment of trade receivables	259	-	n.m.
Amortisation of intangible asset	247	165	50%.
Negative goodwill	-	(35,345)	100%
Loss on disposal of property, plant and equipment	-	1	100%
Interest expense	192	24	700%
Interest income	223	-	n.m.

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

	Group		Company	
	As at 30 June 2018 S\$ '000	As at 31 Dec 2017 S\$ '000	As at 30 June 2018 S\$ '000	As at 31 Dec 2017 S\$ '000
ASSETS				
Non-Current Assets				
Property, plant and equipment	60,378	61,562	-	-
Intangible asset	1,814	2,061	-	-
Goodwill	2,233	2,233	-	-
Financial assets, available for sale	150	150	-	-
Investment in subsidiaries	-	-	27,700	27,700
	64,575	66,006	27,700	27,700
Current Assets				
Inventories	86	90	-	-
Trade receivables	3,231	2,936	-	-
Other receivables, prepayments and deposits	12,176	8,775	2,325	2,325
Cash and bank balance	2,731	2,908	327	562
	18,224	14,709	2,652	2,887
Assets directly related to disposal group classified as held for sale	-	23,678	-	7,000
	18,224	38,387	2,652	9,887
Total Assets	82,799	104,393	30,352	37,587
EQUITY AND LIABILITIES				
Equity attributable to holders of the Company				
Share capital	28,150	28,131	28,150	28,131
Reserves	27,147	26,896	(9,935)	(9,441)
	55,297	55,027	18,215	18,690
Non-controlling interests	38	53	-	-
Total equity	55,335	55,080	18,215	18,690
Non-Current Liabilities				
Bank borrowings	1,220	1,533	-	-
Hire purchase creditors	57	41	-	-
Deferred tax liabilities	10,381	10,632	-	-
Other liabilities	-	648	-	-
	11,658	12,854	-	-

Cont'd

	Group		Company	
	As at 30 June 2018 S\$ '000	As at 31 Dec 2017 S\$ '000	As at 30 June 2018 S\$ '000	As at 31 Dec 2017 S\$ '000
Current Liabilities				
Trade payables	4,311	3,261	-	-
Other payables and accruals	1,949	2,979	11,137	11,357
Hire purchase creditors	74	175	-	-
Bank borrowings	7,284	5,298	-	-
Income tax payable	1,188	1,604	-	-
Bond payable	1,000	7,000	1,000	7,000
	15,806	20,317	12,137	18,357
Liabilities directly related to disposal group classified as held for sale	-	16,142	-	540
	15,806	36,459	12,137	18,897
Total Liabilities	27,464	49,313	12,137	18,897
Total Equity and Liabilities	82,799	104,393	30,352	37,587

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

The amount repayable in one year or less, or on demand

	As at 30 June 2018		As at 31 Dec 2017	
	Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
Bank borrowings	7,284	-	5,298	-
Hire purchase creditors	74	-	175	-

The amount repayable after one year

	As at 30 June 2018		As at 31 Dec 2017	
	Secured S\$ '000	Unsecured S\$ '000	Secured S\$ '000	Unsecured S\$ '000
Bank borrowings	1,220	-	1,533	-
Hire purchase creditors	57	-	41	-

Details of any collaterals

All of the Group's secured borrowings were either obtained through a pledge of assets of property, plant and equipment by the Group or personal guarantee provided jointly and severally by third party individuals. The Group's obligation under hire purchases are secured by the lessors' title to the leased assets of plant and machinery and motor vehicles.

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

	Group	
	HY2018 S\$ '000	HY2017 S\$ '000
Cash flows from operating activities:		
(Loss)/Profit before income tax – Continuing operations	(367)	35,383
Profit/(Loss) before income tax – Discontinued operations	182	(1,738)
Adjustments for:		
Depreciation of property, plant and equipment	1,794	882
Depreciation of investment property	-	538
Amortisation of prepaid land lease payments	-	5
Amortisation of intangible assets	247	165
Impairment of property, plant and equipment	-	1,863
Loss on disposal of property, plant and equipment	-	20
Allowance for impairment of trade receivables	259	-
Unrealised loss/(gain) on foreign exchange	25	(53)
Negative goodwill	-	(35,345)
Gain on disposal of subsidiaries	(4,142)	-
Interest expense	192	252
Interest income	(223)	-
Operating cash flows before changes in working capital	(2,033)	1,972
Changes in working capital:		
Inventories	3,464	641
Trade and other receivables	(4,253)	(1,773)
Trade and other payables	(126)	(1,573)
Cash used in operating activities	(2,948)	(733)
Interest income	223	-
Interest paid	(192)	(252)
Income tax paid	(562)	-
Income tax refund	-	6
Net cash used in operating activities	(3,479)	(979)
Cash flows from investing activities:		
Purchase of property, plant and equipment ^(a)	(454)	(1,823)
Proceeds from disposal of property, plant and equipment	-	44
Net cash outflow on acquisition of subsidiaries	-	(5,873)
Net cash inflow on disposal of subsidiaries	7,347	-
Net cash from/(used in) investing activities	6,893	(7,652)
Cash flows from financing activities:		
Repayment to a director	-	(48)
Repayment of bills payables	-	(179)
Repayment of hire purchase creditors (net)	(139)	(773)
Proceeds from money market loans	1,980	-
Repayment of term loans	(390)	(278)
Proceeds from issue of shares from exercise of warrants	19	3,127
Repayment of coupons	(6,000)	-
Net cash (used in)/ from financing activities	(4,530)	1,849
Net decrease in cash and cash equivalents	(1,116)	(6,782)
Cash and cash equivalents at the beginning of period	3,847	10,384
Effects of exchange rate changes on balance of cash held in foreign currencies	-	1
Cash and cash equivalents at the end of period ^(b)	2,731	3,603

(a) During the financial period under review, certain property, plant and equipment were acquired by means of hire purchases which amounted to approximately S\$Nil (2017: S\$1,597,000). Other property, plant and equipment amounting to S\$454,000 (2017: S\$1,823,000) were acquired by cash payment.

(b) For the purpose of consolidating the statement of cash flows, the cash and cash equivalents at the end of the corresponding period of the immediately preceding financial year comprise the following:

	Group	
	As at 30 June 2018 S\$ '000	As at 30 June 2017 S\$ '000
Cash and bank balances	2,731	4,168
(Less) Bank overdrafts	-	(565)
	<u>2,731</u>	<u>3,603</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 equity holders of the Company					Non-controlling interests	Total
	Share Capital	Merger Reserve	Translation Reserve	Retained Earnings	Total		
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000		
Balance as at 1 January 2017	22,143	(6,478)	(4,717)	8,503	19,451	-	19,451
Exercise of warrants	3,127	-	-	-	3,127	-	3,127
Net loss for the period	-	-	-	33,892	33,892	-	33,892
Other comprehensive income for the period net of tax:							
Exchange differences on translation	-	-	28	-	28	-	28
Total comprehensive income for the period	-	-	28	33,892	33,892	-	33,920
Balance as at 30 June 2017	25,270	(6,478)	(4,689)	42,395	56,498	-	56,498

Group	Attributable to equity holders of the Company					Non-controlling interests	Total
	Share Capital	Merger Reserve	Translation Reserve	Retained Earnings	Total		
	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Balance as at 1 January 2018	28,131	(6,478)	(4,476)	37,850	55,027	53	55,080
Exercise of warrants	19	-	-	-	19	-	19
Net loss for the period	-	-	-	(31)	(31)	(15)	(46)
Other comprehensive income for the period net of tax:							
Exchange differences on translation	-	-	282	-	282	-	282
Total comprehensive income for the period	-	-	282	(31)	251	(15)	236
Disposal of subsidiaries	-	-	4,194	(4,194)	-	-	-
Balance as at 30 June 2018	28,150	(6,478)	-	33,625	55,297	38	55,335

Company

	Share Capital S\$ '000	Accumulated Losses S\$ '000	Total Equity S\$ '000
Balance as at 1 January 2017	22,143	(2,892)	19,251
Exercise of warrants	3,127	-	3,127
Total comprehensive loss for the period	-	(774)	(774)
Balance as at 30 June 2017	25,270	(3,666)	21,604

	Share Capital S\$ '000	Accumulated Losses S\$ '000	Total Equity S\$ '000
Balance as at 1 January 2018	28,131	(9,441)	18,690
Exercise of warrants	19	-	19
Total comprehensive loss for the period	-	(494)	(494)
Balance as at 30 June 2018	28,150	(9,935)	18,215

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

Changes in share capital during the financial period

	As at 30 June 2018	As at 30 June 2017
As at beginning of the period	1,423,018,461	1,059,038,211
Issue of shares from exercise of warrants	1,546,000	260,598,750
As at end of the period	1,424,564,461	1,319,636,961

On 23 December 2016, the Company issued 962,762,010 new ordinary shares in the capital of the Company at \$0.01 each and 962,762,010 free detachable warrants ("**Rights cum Warrants Issue**") on the basis of ten (10) Rights Shares for every one (1) existing share held. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.012.

As at 30 June 2018, 275,526,250 (2017: 260,598,750) warrants were exercised at \$0.012 each pursuant to the Rights cum Warrants Issue. There were outstanding warrants of 687,235,760 (2017: 702,163,260) for conversion into ordinary shares.

As at 30 June 2018 and 30 June 2017, the Company did not have any treasury shares. As 30 June 2018 and 30 June 2017, the Company did not have any outstanding convertibles that may be converted into shares.

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

	As at 30 June 2018	As at 31 December 2017
Total number of issued shares (excluding treasury shares)	1,424,564,461	1,423,018,461

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

Not applicable as the Company does not have any treasury shares.

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

The figures have not been audited or reviewed by the 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

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation adopted in the Group's financial statements for the current reporting period as compared with the audited financial statements of the Group for the financial year ended 31 December 2017.

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

Adoption of new or revised Financial Reporting Standards ("FRS") which are relevant to the Group and mandatory for the financial period beginning on or after 1 January 2018 are as follows:-

The Group has adopted all the new and revised FRS and interpretation of FRS that are relevant and effective for annual periods beginning 1 January 2018.

The adoption of these new/revised FRS and interpretation of FRS does not have a significant financial impact on the financial performance or financial position of the Group and of the Company. They did however give rise to additional disclosure including, in some cases, revision to accounting policies.

6. (Loss)/earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

	Group	
	HY2018	HY2017 (Restated)
Continuing operations:		
(Loss)/profit per share (S\$ cents)		
- Basic ⁽¹⁾	(0.01)	2.67
- Diluted ⁽²⁾	(0.01)	2.03

Notes:

- (1) (Loss)/profit per share was computed based on the weighted average number of issued shares in issue, being 1,775,108,699 (2017: 1,732,508,552) ordinary shares.
- (2) For the purpose of calculating the diluted (loss)/profit per share, the weighted average number of ordinary shares in issue is adjusted to take into account the dilutive effect arising from the dilutive warrants with the potential ordinary shares weighted for the period outstanding.

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 period reported on and (b) immediately preceding financial year

	<-----Group----->		<-----Company----->	
	As at 30 June 2018	As at 31 December 2017	As at 30 June 2018	As at 31 December 2017
Net asset value per share based on existing issued capital (excluding treasury shares) as at the end of the respective financial periods (S\$ cents) ⁽¹⁾	3.88	3.87	1.28	1.68

Note:

- (1) NAV per share were computed based on the issued share capital of 1,424,564,461 ordinary shares as at 30 June 2018 and 1,423,018,461 ordinary shares as at 31 December 2017.

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) The Group's revenue for HY2018 increased by approximately S\$6.67 million or 212.83% as compared to HY2017. The increase in revenue was attributable to contribution of revenue from subsidiaries, W&P Corporation Pte. Ltd. ("WPC") and W&P Precast Pte. Ltd. ("WPP") acquired in Aug 2017. Each of the subsidiary contributed approximately S\$3.77 million and S\$1.49 million respectively to the Group's revenue. In addition, Engineering Manufacturing Services (S) Pte. Ltd. ("EMS") has recorded higher service and rental income by approximately S\$1.5 million as compared to HY 2017.

(b) Cost of sales for HY2018 was higher by S\$6.87 million as compared to HY2017 and this is mainly attributable to cost of precast concrete and related products by WPC and WPP. Included in HY2018 costs of sales is the reclassification of leasing costs incurred by EMS, such as property tax, utilities and depreciation, of which were previously recognised in administrative expenses.

(c) The Group's other income for HY2018 reduced significantly by approximately S\$35.29 million as compared to HY2017, mainly due to negative goodwill of approximately S\$35.34 million arising from the acquisition of EMS during FY2017.

(d) The Group's administrative expenses decreased by approximately S\$0.51 million or 16.32% approximately as compared to HY2017. This is mainly due to reclassification of leasing related expenses incurred by EMS to costs of sales, approximately S\$1.59 million. The decrease was offset by higher consultancy incurred by approximately S\$0.3 million. Also included in the administrative expenses is the contribution of expense by WPC as well as WPP that were acquired in August 2017, totalling S\$0.9 million. It mainly comprises depreciation, staff costs and management fees of approximately S\$0.62 million.

(e) The Group's distribution cost was higher by S\$0.57 million is mainly due to the expenses incurred by WPC and WPP that were acquired in August 2017. The Group's other expenses increased by S\$0.25million or 24900% is mainly due to amortisation of intangible assets which is in relation to customer contracts acquired arising from the acquisition of the subsidiaries.

(f) The Group's finance income increased by approximately S\$0.22 million as compared to HY 2017, mainly due to the loans provided to third party amounting to S\$10.06 million and S\$2.0 million, bearing interest 3.77% and 8% per annum respectively. The Group's finance costs increased by approximately S\$0.17 million or 700% as compared to HY2017, mainly due to increase of hire purchases and money market loan.

(g) The Group recorded lower profit before income tax for HY2018 by approximately S\$35.75 million or 101.04%, mainly due to the recognition of negative goodwill amounting to S\$35.34 million arising from the acquisition of EMS in prior period.

(h) The Group's income tax credit for HY2018 is mainly due to the recognition of deferred tax assets of approximately S\$0.12 million arising from the fair value adjustment for the investment property of EMS.

(i) Discontinued operations pertain to the results of Allied Advantage Sdn Bhd and its subsidiaries and Toko Construction Pte. Ltd. up to the date of disposal in FY18. A profit of \$0.18 million was recorded by discontinued operations this year due mainly to loss from the operation amounting to S\$3.96 million but offset with the gain from disposal amounting to S\$4.14 million.

(j) As at 30 June 2018, the net book value of the Group's property, plant and equipment was approximately S\$60.38 million. The foregoing constituted approximately 72.92% of the Group's total assets as at 30 June 2018.

Intangible asset was recognised in relation to a customer contracts acquired arising from the acquisition of EMS in FY 2017.

(k) As at 30 June 2018, the current assets of the Group amounted to approximately S\$18.22 million, representing approximately 22.01% of the Group's total assets.

As at 30 June 2018, the Group's inventories amounted to approximately S\$86k and constituted approximately 0.47% of the Group's total current assets. The Group's inventories comprised mainly of raw materials and finished products.

As at 30 June 2018, the Group's trade receivables amounted to approximately S\$3.23 million and other receivables amounted to approximately S\$12.18 million, representing approximately 17.73% and 66.81% respectively of the Group's total current assets. The increase in trade receivables during HY2018 were mainly due to the increase of revenue during the financial period. Included in other receivables is an amount of S\$10.06 million loan made to a third party (the "**Loan**"). The Loan is a 6-month revolving loan and bears an interest of 3.77% per annum. Apart from that, included in other receivables is an amount of S\$2.0 million loan made to a third party. The Loan is a 12-month revolving loan and bears an interest of 8% per annum.

The Group's cash and bank balances comprising cash on hand and cash at financial institutions amounted to approximately S\$2.73 million as at 30 June 2018.

(l) As at 30 June 2018, the total current liabilities of the Group amounted to approximately S\$15.81 million, representing approximately 57.55% of the Group's total liabilities.

The increase in the Group's trade payables from approximately S\$3.26 million as at 31 December 2017 to approximately S\$4.31 million as at 30 June 2018 was mainly due to the purchase of raw materials.

Short-term borrowings of the Group, including hire purchase payables, amounted to approximately S\$7.36 million as at 30 June 2018 and represented approximately 46.55% of the Group's total current liabilities. These borrowings were used mainly for the Group's working capital purposes. Included in the short term liabilities is the 3 year redeemable bond payable to previous owner for the acquisition of the subsidiary amounting to S\$1 million.

As at 30 June 2018, long-term borrowings of the Group amounted to S\$1.28 million, representing 10.95% of the Groups' non-current liabilities.

(m) The Group's shareholders' equity as at 30 June 2018 was approximately S\$55.30 million.

(n) In HY2018, the Group's operating cash flow before changes in working capital was approximately S\$2.03 million and net cash used in operating activities was approximately S\$3.48 million. This was mainly due to an increase in trade and other receivables and payment of income taxes.

(o) The Group's net cash from investing activities in HY2018 amounted to approximately S\$6.89 million. This was mainly attributable to the disposal of subsidiaries during the period and purchase of equipment for operation purposes.

(p) The Group's net cash used in financing activities in HY2018 amounted to approximately S\$4.53 million. This was mainly attributable to the repayment of bond to previous owner amounting to S\$ 6.0 million. It was offset by the proceeds from loan amounting to S\$1.98 million during the period.

(q) On 23 December 2016, the Company issued 962,762,010 new ordinary shares in the capital of the Company at \$0.01 each and 962,762,010 free detachable warrants ("**Rights cum Warrants Issue**") on the basis of ten (10) Rights Shares for every one (1) existing share held. Each warrant carries the right to subscribe for one new ordinary share in the capital of the Company at an exercise price of \$0.012.

As at 30 June 2018, the utilisation of the net proceeds raised from the Rights cum Warrants Issue is as follows:

Intended use	Percentage allocated	Amount utilised (S\$'000)	Balance (S\$'000)
For business expansion and financing business ventures through acquisitions and/or strategic investments	80-95	S\$8,214 (86%)	NIL
Working capital purposes	5-20	S\$1,326 (14%)	NIL
Total	100	S\$9,540 (100%)	NIL

As at 30 June 2018, 275,526,250 Warrants have been exercised and the Company has raised net proceeds of approximately S\$3,306,315. The Company has applied the proceeds of approximately S\$2,873,000 as follows:

Intended use	Amount utilised (S\$'000)
For business expansion through the setting up of a subsidiary and the intended businesses of such subsidiary	S\$2,000 (70%)
Working capital purposes	S\$873 (30%)
Total	S\$2,873 (100%)

The remaining net proceeds is S\$433,315. This is consistent with the intended use as disclosed in the Previous Announcements and the Offer Information Statement.

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

Not applicable, there was no forecast or prospect statement previously disclosed to shareholders.

10. A commentary at the date of the announcement of the 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

As at the date of the announcement, the Group is principally engaged in the following business:

- (a) Supply and manufacturing of ready-mix concrete, precast component and related products;
- (b) Manufacturing of articles of concrete, cement and plaster; and
- (c) Providing one-stop high value-added general warehousing and logistics services, industrial and office space for engineering, and manufacturing and industrial training and workers' dormitory facilities.

The Group expects its supply and manufacturing business to be challenging as the industry is at the trough of the market cycle and the Group faces increased competition in this sector. However, the Group expects a consistent flow of revenue contribution from Engineering Manufacturing Services (S) Pte Ltd for the next 12 months, mainly arising from contracted leasing/service income.

While it is certain that the global business environment remains competitive and the Group will continue to face challenges along the way, the management maintains a cautious outlook and expects the business environment to remain highly challenging for the next 12 months

The Group intends to diversify its current core businesses to include that of the Waste Management and Recycling Business. The Group will continue to look for the right opportunities to diversify its businesses and revenue streams. This could happen through further acquisitions, investments or the starting of new businesses. It is important that the Group stays diversified so that it will be able to ride any potential storm that comes its way.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend has been declared or recommended in respect of HY2018.

13. Summary of Interested Person Transactions for HY2017

There was no interested person transaction which is S\$100,000 and above during the period under review. The Group has not obtained a general mandate from shareholders in respect of any interested person transactions.

14. Undertakings pursuant to Rule 720(1)

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H.

15. Negative Assurance Confirmation by Directors Pursuant to SGX Listing Rule 705(5)

We, Yau Woon Foong and Lai Choong Hon, being the directors of the Company, do hereby confirm on behalf of the board of directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the unaudited interim financial statements of the Group for the half year ended 30 June 2018 (comprising the comprehensive income statement, balance sheet, cash flow statement and statement of changes in equity, together with the accompanying notes) presented in this announcement to be false or misleading in any material respect. A signed confirmation copy is kept in record.

On behalf of the Board,

Yau Woon Foong
Executive Director

Lai Choong Hon
Executive Director

BY ORDER OF THE BOARD

Yau Woon Foong
Executive Director
14 August 2018

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