

Darco Water Technologies Limited
(Incorporated in Singapore)
(Company registration no: 200106732C)

Unaudited Financial Statements For the Half Year Ended 30 June 2017

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

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

	Group		
	Half Year Ended		
	Unaudited	Unaudited	
	30/6/2017	30/6/2016	
	(\$'000)	(\$'000)	Change
			%
Revenue	24,767	26,677	-7.2
Cost of sales	(19,933)	(21,449)	-7.1
Gross profit	4,834	5,228	-7.5
Other income	1,299	116	1019.8
Marketing and distribution expenses	(746)	(568)	31.3
Administrative expenses	(4,636)	(3,858)	20.2
Other expenses	-	(623)	-100.0
Finance expenses	(135)	(53)	154.7
Profit before income tax	616	242	154.5
Income tax expense	(193)	(188)	2.7
Profit for the period	423	54	683.3
Profit attributable to:			
Equity holders of the Company	361	(511)	-170.6
Non-controlling interests	62	565	-89.0
Profit for the period	423	54	

Note:

n.m- not meaningful

1(a)(ii) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR HALF YEAR ENDED 30 JUNE 2017.

	Group Half Year Ended		
	Unaudited 30/6/2017 (\$'000)	Unaudited 30/6/2016 (\$'000)	change %
Profit for the period	423	54	683.3
Other comprehensive loss:			
<i>Items that may be reclassified subsequently to profit and loss:</i>			
Currency translation differences arising from consolidation	(413)	(430)	-4.0
Other comprehensive loss for the period	(413)	(430)	-4.0
Total comprehensive income/(loss) for the period	10	(376)	-102.7
Profit/(loss) attributable to:			
Equity holders of the Company	361	(511)	-170.6
Non-controlling interests	62	565	-89.0
Profit for the period	423	54	683.3
Total comprehensive (loss)/profit attributable to:			
Equity holders of the Company	(74)	(754)	-90.2
Non-controlling interests	84	378	-77.8
Total comprehensive income/(loss) for the period	10	(376)	-102.7

Note:

n.m- not meaningful

NOTES TO THE CONSOLIDATED INCOME STATEMENT

1(a)(iii) Profit/(Loss) before income tax is arrived after (charging)/crediting the followings:

Included in other income are:	Group Half Year Ended Unaudited		change %
	30/6/2017 (\$'000)	30/6/2016 (\$'000)	
Derecognition of fair value adjustments on contract backlogs	1,032	-	n.m
Interest income	2	16	-87.5
Government grant	151	10	1410.0
Gain on disposal of property, plant and Equipment	4	8	-50.0
Gain on foreign exchange	90	46	95.7
Miscellaneous income	20	36	-44.4
	<u>1,299</u>	<u>116</u>	

Finance expenses:	Group Half Year Ended Unaudited		Change %
	30/6/2017 (\$'000)	30/6/2016 (\$'000)	
Interest expense on:-			
Borrowings	(133)	(50)	166.0
Finance lease	(2)	(3)	-33.3
	<u>(135)</u>	<u>(53)</u>	154.7

Included in the profit before income tax are:	Group Half Year Ended Unaudited		change %
	30/6/2017 (\$'000)	30/6/2016 (\$'000)	
Employee compensation	(4,516)	(4,578)	1.4
Amortisation of intangible assets	(214)	(95)	125.3
Depreciation of property, plant and equipment	(464)	(295)	57.3
Operating leases	(230)	(275)	-16.4

Note:

n.m- not meaningful

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 years.

	Group		Company	
	Unaudited 30/6/2017 \$'000	Audited 31/12/2016 \$'000	Unaudited 30/6/2017 \$'000	Audited 31/12/2016 \$'000
ASSETS				
Non-current assets				
Property, plant equipment	7,150	7,121	-	-
Intangible assets	9,278	9,492	-	-
Investment in subsidiaries	-	-	11,073	10,822
Deferred tax assets	260	318	-	-
Total non-current assets	16,688	16,931	11,073	10,822
Current assets				
Inventories	1,905	1,003	-	-
Trade and other receivables	50,078	44,006	7,568	5,868
Income tax recoverable	222	276	-	-
Cash and cash equivalents	7,094	8,155	320	101
Total current assets	59,299	53,440	7,888	5,969
Total assets	75,987	70,371	18,961	16,791
LIABILITIES				
Current liabilities				
Trade and other payables	32,304	30,692	1,850	2,323
Borrowings	3,226	2,836	-	-
Income tax payable	45	578	-	-
Total current liabilities	35,575	34,106	1,850	2,323
Non-current liabilities				
Other payables	-	-	517	517
Borrowings	1,952	849	-	-
Deferred tax liabilities	1,189	1,033	-	-
Total non-current liabilities	3,141	1,882	517	517
Total liabilities	38,716	35,988	2,367	2,840
Net assets	37,271	34,383	16,594	13,951
EQUITY				
Capital and reserves attributable to equity holders of the Company				
Share capital	54,321	51,405	54,321	51,405
Other reserves	(3,766)	(3,331)	-	-
Accumulated losses	(22,766)	(23,127)	(37,727)	(37,454)
	27,789	24,947	16,594	13,951
Non-controlling interests	9,482	9,436	-	-
Total equity	37,271	34,383	16,594	13,951

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 Dec 2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
3,226	-	2,836	-

Amount repayable after one year

As at 30 June 2017		As at 31 Dec 2016	
Secured \$'000	Unsecured \$'000	Secured \$'000	Unsecured \$'000
1,952	-	849	-

Details of any collateral

As at 30 June 2017 and 31 December 2016, all borrowings are secured by corporate guarantees and freehold land and properties of subsidiaries.

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	
	Unaudited 30/6/2017 (\$'000)	Unaudited 30/6/2016 (\$'000)
Profit before income tax	616	242
Adjustments for:-		
Amortisation of intangible assets	214	95
Depreciation of property, plant and equipment	464	295
Gain on disposal of property, plant and equipment	(4)	(8)
Unrealised loss/(gain) in foreign exchange	57	(34)
Interest expense	135	53
Interest income	(2)	(16)
Operating cashflow before working capital	1,480	627
Changes in working capital		
Inventories	(902)	1,680
Construction work-in-progress	(3,712)	(5,278)
Trade and other receivables	(2,792)	(6,473)
Trade and other payables	3,486	5,201
Cash used in operations	(2,440)	(4,243)
Income tax paid	(457)	(724)
Net cash used in operating activities	(2,897)	(4,967)
Cash flows from investing activities		
Net cash inflow from acquisition of subsidiary	-	3,337
Additions of property, plant and equipment	(541)	(71)
Interest received	2	16
Proceeds from disposal of property, plant and Equipment	4	8
Net cash (used in)/from investing activities	(535)	3,290
Cash flows from financing activities		
Decrease in pledged short-term deposits	545	8
Proceeds from bank borrowing	2,263	
Repayment of borrowings	(717)	(112)
Net proceeds from issuance of shares	1,416	-
Interest paid	(135)	(50)
Repayment of finance lease liabilities	(26)	(25)
Divident paid to minority interest	(38)	
Net cash from/(used in) financing activities	3,308	(179)
Net decrease in cash and cash equivalents	(124)	(1,856)
Cash and cash equivalents at beginning of the year	5,494	7,711
Effect of currency translation differences	(365)	(413)
Cash and cash equivalents at end of period	5,005	5,442

	Half Year Ended	
	Unaudited 30/6/2017 \$'000	Unaudited 30/6/2016 \$'000
Bank and cash balances	7,094	7,214
Short-term bank deposits pledged	(1,301)	(845)
Bank overdraft	(788)	(927)
	5,005	5,442

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 Equity
	Share Capital	Accumulated losses	Other Reserves	Total		
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at 1 Jan 2017	51,405	(23,127)	(3,331)	24,947	9,436	34,383
Issuance of shares	2,916	-	-	2,916	-	2,916
Dividend paid	-	-	-	-	(38)	(38)
Profit for the year	-	361	-	361	62	423
Other comprehensive income/(loss), net of tax:						
- Currency translation difference	-	-	(435)	(435)	22	(413)
Total comprehensive income for the year	-	361	(435)	(74)	84	10
Balance at 30 Jun 2017	54,321	(22,766)	(3,766)	27,789	9,482	37,271

Group	Attributable to equity holders of the Company				Non-controlling interests	Total Equity
	Share Capital	Accumulated losses	Other Reserves	Total		
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Balance at 1 Jan 2016	44,980	(25,469)	(3,245)	16,266	1,492	17,758
Issuance of shares	6,425	-	-	6,425	-	6,425
Acquisition of subsidiary	-	-	-	-	4,515	4,515
Profit for the year	-	(511)	-	(511)	565	54
Other comprehensive income/(loss), net of tax:						
- Currency translation difference	-	-	(243)	(243)	(187)	(430)
Total comprehensive income for the year	-	(511)	(243)	(754)	378	(376)
Balance at 30 Jun 2016	51,405	(25,980)	(3,488)	21,937	6,385	28,322

1(d)(i) A statement of Changes in equity of the Company

Company	Share Capital (\$'000)	Accumulated Loss (\$'000)	Total (\$'000)
Balance at 1 Jan 2017	51,405	(37,454)	13,951
Issurance of shares	2,916	-	2,916
Total comprehensive income for the period	-	(273)	(273)
Balance at 30 Jun 2017	54,321	(37,727)	16,594

Company	Share Capital (\$'000)	Accumulated Loss (\$'000)	Total (\$'000)
Balance at 1 Jan 2016	44,980	(36,834)	8,146
Issurance of shares	6,425	-	6,425
Total comprehensive income for the period	-	(320)	(320)
Balance at 30 Jun 2016	51,405	(37,154)	14,251

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.

During the financial period, the Company has announced that it has:

- (a) Allotted and issued 2,500,000 placement shares to Capital Boom Limited on 7 April 2017; and
- (b) Allotted and issued 2,500,000 placement shares to Stone Robert Alexander ("Robert Stone") on 3 May 2017, collectively (the "**Share Placements**")

As a result of the above, the total number of shares has increased from 52,326,601 shares to 57,326,601 shares.

	Note	Company	
		As at 30/6/2017	As at 31/12/2016
Number of ordinary shares	A	<u>57,326,601</u>	<u>52,326,601</u>
Share capital	A	\$'000 <u>54,321</u>	\$'000 <u>51,405</u>

Note A

2,500,000 placement shares (the "**Placement Shares**") were allotted and issued to Capital Boom Limited (the "**Placee**") on 7 April 2017. The Company did not receive the placement consideration of \$1.5 million from the Placee as at the end of the financial period.

The Company has, as at the date of this announcement, received a sum of \$150,000 as partial payment of the placement consideration due from the Placee. As part of its efforts to ensure that the Company will receive the remaining sum of the placement consideration (the "**Outstanding Sum**"), the Company also procured the Placee and the sole legal and beneficial owner to execute a deed of undertaking and indemnity in favour of the Company that, *inter alia*, the Placee and/or its sole legal and beneficial owner shall:-

- (a) pay the entirety of the Outstanding Sum to the Company in 2 tranches as follows:-
 - (i) First tranche payment of \$500,000 by 30 September 2017; and
 - (ii) Second tranche payment of \$850,000 by 31 December 2017; and
- (b) not transfer or dispose any of the Placement Shares at any time prior to the Company's receipt of the entirety of the Outstanding Sum.

There were no outstanding convertibles, shares held as treasury shares and subsidiary holdings 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.

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 2017 and 31 December 2016, the issued ordinary shares of the Company were 57,326,601 and 52,326,601 respectively. 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. The Company does not have any treasury shares during and as at the end of the current financial period reported on.

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. The Company does not have any subsidiary holdings during and as at the end of the current financial period reported on.

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

These figures have not been reviewed nor audited 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.

Save as disclosed in paragraph 5 below, the Group has adopted the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting year as per the most recent 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 the new and revised Singapore Financial Reporting Standards ("FRSs") that are mandatory for financial years beginning on and after 1 Jan 2017, where applicable. The adoption of these standards did not result in substantial changes to the Group's accounting policies, and there is no material impact on the financial statements of the Group as at 1 Jan 2017.

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.**
(a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group	
	Unaudited 30/6/2017	Unaudited 30/6/2016
Profit/(loss) per ordinary shares of the group for the current year reported on and the corresponding period of the immediate preceding financial year:-	Cents	Cents
Basic and diluted profit/(loss) per share	0.66	(1.24)
Weighted average number of ordinary shares Outstanding for basic and diluted loss per share	54,287,927	41,293,262

The basic and diluted earnings/loss per share were the same as there were no potentially dilutive ordinary shares in issue as at 30 June 2017 and 30 June 2016.

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	
	Unaudited 30/6/2017	Audited 31/12/2016	Unaudited 30/6/2017	Audited 31/12/2016
	Cents	Cents	Cents	Cents
Net asset value (for issuer and group) per ordinary share based on issued share capital of the issuer at the end of the financial period/ year.	65.02	65.71	28.95	26.66
Number of ordinary shares	57,326,601	52,326,601	57,326,601	52,326,601

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.

Revenue and Gross Profit

	Group Half Year Ended		Change %
	Unaudited 30/6/2017 (\$'000)	Unaudited 30/6/2016 (\$'000)	
Engineered Environmental Systems ("EE Systems")	14,033	15,781	-11.1
Water Management Services ("WM Services")	5,148	5,212	-1.2
Trading	5,586	5,684	-1.7
	<u>24,767</u>	<u>26,677</u>	

Revenue of the Group decreased from \$26.7 million in 1H2016 to \$24.8 million in 1H2017, due to lower contribution from the Group's project in China and Malaysia.

Revenue from EE Systems segment decreased from \$15.8 million in 1H2016 to \$14.0 million in 1H2017 mainly due to the lower contribution from the Engineering, procurement, and construction ("EPC") projects during the financial period.

Revenue from WM Services segment decreased from \$5.2 million in 1H2016 to \$5.1 million in 1H2017 as a results of lower service revenue contribution from Darco Youli Medical Waste operations in Taiwan.

Sales from the trading of chemical, spare parts and others slightly decreased from \$5.7 million in 1H2016 to \$5.6 million in 1H2017 mainly due to lower contribution from the Malaysia subsidiaries.

The Group has maintained it overall gross profit ("GP") margin of 19.5%, in comparison to the prior period's 19.6%.

Other Income

The Group's other income has increase from \$116,000 in 1H2016 to \$1,299,000 in 1H2017, mainly due to the following:-

1. The Group has received a grant income of \$139,000 relating to the acquisition cost incurred in FY2016 for the acquisition of Wuhan Kaidi Services Co., Ltd. ("WHKD"); and
2. Derecognition of fair value adjustments (reversal of fair value loss) on contract backlogs amounting to \$1.0 million in 1H2017. As at 30 June 2017, the Management has determined a project that was included in the contract order that was signed in July 2015 (pre-acquisition of WHKD, with no work started to-date), has no prospect of completion. Accordingly, an adjustment on the fair value (reversal of fair value loss) has been made.

Operating Expenses

The group's marketing and distribution expenses increased from \$568,000 to \$746,000 in 1H2017 mainly due to higher marketing cost incurred in China. The Group has strengthened its marketing team in China by increasing its headcount of its sales division, resulting in additional manpower cost of \$153,000.

Administrative expenses comprising mainly of admin staff salary, professional fees, rental, depreciation and other operating expenses, increased from \$3.9 million in 1H2016 to \$4.6 million in 1H2017. The increase is mainly due to: (1) Increase in depreciation of \$169,000 mainly due to the addition of a new building in FY2016 and upgrade of the Taiwanese plant; (2) Consultancy fees of \$87,000 paid for renewal of the license for medical waste treatment in Taiwan during 1H2017; and (3) expenses contribution from WHKD amounting to \$1,141,000 in 1H2017 (1H2016:\$548,000) following the completion of the acquisition of WHKD in March 2016.

Other expenses decrease by \$623,000 due to in absence of one off expenses in 1H2016 relating to the acquisition of WHKD.

Finance costs increased by \$82,000, from \$53,000 in 1H2016 to \$135,000 in 1H2017, mainly due to the newly secured long-term borrowing for the acquired office building in Wuhan and also a higher utilisation of bank overdraft facilities in 1H2017.

Amortisation of intangible assets amounting to \$214,000 in 1H2017 is mainly attributed to the software licenses acquired by WHKD in FY2016.

Balance Sheet

Current Assets

The Group's trade and other receivables comprised of the following items:-

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
	\$'000	\$'000
Construction work in progress	24,957	21,620
Trade receivables	14,070	17,649
Other receivables, deposits and prepayments	11,051	4,737
Total	50,078	44,006

Balance Sheet (Cont'd)

Current Assets (Cont'd)

Construction work in progress increased mainly due to the work done for unbilled China projects. The construction work in progress relating to these China projects has increased from \$19.2 million as at 31 December 2016 to \$22.3 million as at 30 June 2017.

The reduction in trade receivables is mainly due to the higher unbilled work done as at 30 June 2017 and is in line with the increase in the construction work in progress.

The increase in other receivables was mainly due to:-

1. An outstanding receivable of \$1,500,000 from the placee relating to the share placement during the financial period (refer to Note 1d(ii) for details);
2. Higher advance payment made to suppliers of \$3,599,000 as at 30 June 2017, as compared to \$1,373,000 as at 31 December 2016; and
3. VAT receivables of \$3,438,000 (31 December 2016: \$1,143,000).

Current Liabilities

The Group's trade and other payables comprised of the following:-

	As at 30 June 2017 (Unaudited)	As at 31 December 2016 (Audited)
	\$'000	\$'000
Trade payables	19,086	15,331
Other payables and accruals	10,102	11,870
Construction work in progress	3,116	3,491
Total	32,304	30,692

The increase in trade payables is mainly due to numerous purchases made towards the end of the financial period, which remained unpaid as at 30 June 2017.

As at 31 December 2016, other payables comprised of an outstanding balance due to vendor for the acquisition of building in Wuhan of \$1,245,000.

Borrowings

Total borrowings increased from \$3,685,000 as at 31 December 2016 to \$5,178,000 as at 30 June 2017, mainly due to a loan drawdown of \$1,245,000 for the acquisition of office building and a short term loan of \$1,018,000 for working capital in Wuhan.

This is offset by a loan repayment of \$717,000 during the financial period.

Income tax payable

The reduction is mainly due to the repayment of tax during the financial period.

Non-current liabilities

Non-current liabilities comprised of deferred tax liabilities and bank borrowings.

The fluctuation in the deferred tax liabilities is mainly due to the reversal of deferred tax corresponding to the derecognition of fair value adjustments on contract backlogs in 1H2017.

Cash flow statement for the period ended

	30 Jun 2017	30 Jun 2016
	\$'000	\$'000
Net cash used in operating activities	(2,897)	(4,967)
Cash flows (used in)/from investing activities	(535)	3,290
Cash flows from/(used in) financing activities	3,308	(179)
Net decrease in cash and cash equivalents	<u>(124)</u>	<u>(1,856)</u>

The group cash position was \$7.1 million as at 30 June 2017 compared to \$8.2 million, as at 31 December 2016.

In 1H2017, operating cash flow before changes in working capital was \$1,480,000, after adding non cash items of \$864,000. Net cash used in operating activities was \$2.9 million mainly due to cash outflow for the construction contracts.

Cash used in investing activities in 1H2017 is \$0.5 million mainly due to the cash payment of \$0.3 million for the upgrading of medical waste plant in Taiwan and \$0.2 million for the renovation work carried out in the new office building in Wuhan.

Cash generated from financing activities in 1H2017 of \$3.3 million was mainly arising from the loan drawdown of \$2.3 million and proceeds from share placement of \$1.4 million.

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

The business activities of the Group remain broad-based and the actual results are in line with the statements made in announcements released earlier.

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 industrial sector market is expected to remain challenging for the Group in the next twelve months. Demand for water treatment systems for Semiconductor, F&B, and Solar sector is not expected to show any significant growth in the coming months.

Increasingly therefore the Company shall spend more business development effort in the municipal sectors, continue to work on investment opportunities in Asean and China, especially developing nations, such as Vietnam, Cambodia, and Myanmar where demand for drinking water and sewerage treatment is strong.

The Group has recently obtained Investment Certificate from the Vietnam authority for a concession to invest in a drinking water project (“Darco Ba Lai Utility Water Supply Project ”) in Ben Tre province. Subject to funding being made available, the Group intends to begin construction within the next 12 months and also to invest in a few more similar projects in the region.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

Not applicable.

11. Dividend (Cont'd)**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

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

Not applicable

13. Use of proceeds

Pursuant to the share placement completed on 7 April 2017 and 3 May 2017 respectively, the Company received net proceeds from the issuance of new shares of approximately \$1,566,000, after deducting issue expenses. There is an amount of \$1,350,000 pertaining to the share placement on 7 April 2017 which remains outstanding as of the date of this announcement (refer to Note 1d(ii) for details).

The utilisation of the share placement proceeds as at the date of this announcement is as follows:

S/N	Purpose from share placement proceeds	Amount allocated	Amount utilised	Balance
		\$'000	\$'000	\$'000
1	Funding new projects or investments when opportunities arose	1,096	(387)	709
2	General working capital	470	(470)	-
	- Payment of company's indebtedness	-	(217)	-
	- Repayment of overdraft and loan taken for the working capital of the Group's working capital	-	(100)	-
	- Other general working capital			
	- Staff salary	-	(114)	-
	- Professional fees	-	(39)	-
	Total	1,566	(857)	709

The above utilisation is in accordance with the intended use of proceeds of the Shares Placements as stated in the announcement dated 26 January 2017.

- 14. If the Group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), 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.**

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
N/A	N/A	N/A

The Group does not have any IPT general mandate from shareholders pursuant to Rule 920.

- 15. Confirmation that the issuer has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) 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 7.7 under Rule 720(1) of the Listing Manual.

- 16. Confirmation pursuant to Rule 705(5) of the Listing Manual of SGX-ST**

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 half year financial statements for the period ended 30 June 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors,

Thye Kim Meng
Chairman and CEO

Heather Tan Chern Ling
Executive Director

BY ORDER OF THE BOARD

Thye Kim Meng
Chairman and CEO
11 August 2017