

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

- 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.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

| | Group | | | | | |
|--|----------------------|----------|--------|-----------------------|-----------|--------|
| | Q2'17 | Q2'16 | Change | 1H 2017 | 1H 2016 | Change |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Revenue | 97,444 | 91,600 | 6.4 | 192,782 | 181,092 | 6.5 |
| Sub-contractor expenses | (63,482) | (57,719) | 10.0 | (126,083) | (115,311) | 9.3 |
| Gross profit | 33,962 | 33,881 | 0.2 | 66,699 | 65,781 | 1.4 |
| Other income | 1,093 | 774 | 41.2 | 5,715 | 10,083 | -43.3 |
| Other employee benefit expenses | (16,931) | (18,241) | -7.2 | (33,729) | (35,542) | -5.1 |
| Facilities and depreciation expenses | (2,719) | (2,619) | 3.8 | (5,472) | (5,303) | 3.2 |
| Selling expenses | (939) | (900) | 4.3 | (1,813) | (1,747) | 3.8 |
| Other expenses | (3,192) | (867) | 268.2 | (4,488) | (1,958) | 129.2 |
| Profit before income tax | 11,274 | 12,028 | -6.3 | 26,912 | 31,314 | -14.1 |
| Income tax expense | (2,372) | (2,415) | -1.8 | (5,076) | (5,840) | -13.1 |
| Profit for the period | 8,902 | 9,613 | -7.4 | 21,836 | 25,474 | -14.3 |
| Other comprehensive income: | | | | | | |
| <i>Items that may be reclassified subsequently to profit or loss</i> | | | | | | |
| Exchange differences on translation of foreign operations | 228 | (53) | 530.2 | 109 | (715) | 115.2 |
| Other comprehensive income for the period, net of tax | 228 | (53) | 530.2 | 109 | (715) | 115.2 |
| Total comprehensive income for the period | 9,130 | 9,560 | -4.5 | 21,945 | 24,759 | -11.4 |
| Profit attributable to: | | | | | | |
| Owners of the Company | 7,330 ⁽¹⁾ | 8,169 | -10.3 | 18,487 ⁽¹⁾ | 22,261 | -17.0 |
| Non-controlling interests | 1,572 | 1,444 | 8.9 | 3,349 | 3,213 | 4.2 |
| | 8,902 | 9,613 | -7.4 | 21,836 | 25,474 | -14.3 |
| Total comprehensive income attributable to: | | | | | | |
| Owners of the Company | 7,616 ⁽¹⁾ | 8,144 | -6.5 | 18,643 ⁽¹⁾ | 21,754 | -14.3 |
| Non-controlling interests | 1,514 | 1,416 | 6.9 | 3,302 | 3,005 | 9.9 |
| | 9,130 | 9,560 | -4.5 | 21,945 | 24,759 | -11.4 |

n.m. : Not meaningful

Note:

- ⁽¹⁾ Profit attributable to owners of the Company ("PATMI") and total comprehensive income attributable to owners of the Company are prepared assuming 30 June 2017 as the GLOW Initial Acquisition completion date for the purpose of post-acquisition cut-off as the transactions were substantially completed on 19 June 2017 and 3 August 2017. The pro forma effect of the transactions on 2017 results are illustrated in section 8 of this announcement.

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

1 (a) (ii) Notes to consolidated statements of profit or loss and other comprehensive income

The Group's profit for the period has been arrived at after crediting / (charging) the following:

| | Q2'17 S\$'000 | Q2'16 S\$'000 | Change % | 1H 2017 S\$'000 | 1H 2016 S\$'000 | Change % |
|--|------------------|------------------|-------------|--------------------|--------------------|-------------|
| Loss on revaluation of marketable securities | (21) | (432) | -95.1 | (68) | (435) | -84.4 |
| Interest income | 119 | 230 | -48.3 | 233 | 375 | -37.9 |
| Government subsidies (WCS, SEC, TEC only) ⁽¹⁾ | 906 | 869 | 4.3 | 5,373 | 10,020 | -46.4 |
| Depreciation of plant and equipment | (182) | (197) | -7.6 | (360) | (437) | -17.6 |
| Amortisation of intangible assets | (22) | (22) | - | (43) | (45) | -4.4 |
| (Allowance) Reversal of doubtful debts | (28) | 8 | -450.0 | (46) | (111) | -58.6 |
| Foreign exchange (loss) gain | (90) | (111) | -18.9 | 68 | (191) | -135.6 |
| (Under) Over provision of tax in prior year | (75) | (214) | -65.0 | 177 | (216) | 181.9 |

Note:

⁽¹⁾ WCS refers to Wage Credit Scheme; SEC refers to Special Employment Credit; and TEC refers to Temporary Employment Credit.

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

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.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | Group | | Company | |
|--|------------------|------------------|------------------|------------------|
| | 30-Jun-17 | 31-Dec-16 | 30-Jun-17 | 31-Dec-16 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>ASSETS</u> | | | | |
| Current assets | | | | |
| Cash and cash equivalents | 279,242 | 106,092 | 183,646 | 9,431 |
| Trade receivables | 69,248 | 65,848 | - | - |
| Other receivables and prepayments | 4,191 | 4,185 | 31,227 | 5,572 |
| Marketable securities | 52 | 598 | - | - |
| Total current assets | 352,733 | 176,723 | 214,873 | 15,003 |
| Non-current assets | | | | |
| Investment in subsidiaries | - | - | 48,427 | 33,524 |
| Pledged fixed deposits | 710 | 140 | - | - |
| Plant and equipment | 981 | 725 | - | - |
| Intangible assets | 186 | 230 | - | - |
| Deferred tax asset | 527 | 441 | - | - |
| Total non-current assets | 2,404 | 1,536 | 48,427 | 33,524 |
| Total assets | 355,137 | 178,259 | 263,300 | 48,527 |
| <u>EQUITY AND LIABILITIES</u> | | | | |
| Current liabilities | | | | |
| Trade payables | 6,118 | 5,698 | - | - |
| Other payables & accruals | 44,822 | 63,098 | 5,471 | 5 |
| Income tax payable | 8,200 | 12,249 | - | - |
| Total current liabilities | 59,140 | 81,045 | 5,471 | 5 |
| Non-current liability | | | | |
| Deferred tax liability | 4 | 9 | - | - |
| Capital and reserves | | | | |
| Share capital | 258,808 | 48,524 | 258,808 | 48,524 |
| Equity reserve | (45,746) | (25,476) | 1,361 | - |
| Share-based payment reserve | 89 | - | 89 | - |
| Translation reserve | (2,129) | (2,298) | - | - |
| Retained earnings | 77,478 | 63,151 | (2,429) | (2) |
| Equity attributable to owners of the Company | 288,500 | 83,901 | 257,829 | 48,522 |
| Non-controlling interests | 7,493 | 13,304 | - | - |
| Total equity | 295,993 | 97,205 | 257,829 | 48,522 |
| Total equity and liabilities | 355,137 | 178,259 | 263,300 | 48,527 |

**UNAUDITED RESULTS FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2017**

- 1 (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**

There were no Group's borrowings and/or debt securities as at 30 June 2017 and 31 December 2016.

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

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 STATEMENT OF CASH FLOWS

| | Q2'17 S\$'000 | Q2'16 S\$'000 | 1H 2017 S\$'000 | 1H 2016 S\$'000 |
|---|------------------|------------------|--------------------|--------------------|
| <u>Operating activities</u> | | | | |
| Profit before income tax | 11,274 | 12,028 | 26,912 | 31,314 |
| Adjustments for: | | | | |
| Depreciation and amortisation | 204 | 219 | 403 | 482 |
| Interest income | (119) | (230) | (233) | (375) |
| Dividend income | - | (34) | - | (39) |
| Share-based payment expenses | 89 | - | 89 | - |
| Gain on disposal of marketable securities | - | (17) | (30) | (13) |
| Loss on revaluation of marketable securities | 21 | 432 | 68 | 435 |
| Allowance for (Reversal of) doubtful receivables | 28 | (8) | 46 | 111 |
| Operating cash flows before movements in working capital | 11,497 | 12,390 | 27,255 | 31,915 |
| Trade receivables | (5,495) | (3,651) | (3,446) | (3,334) |
| Other receivables and prepayments | 188 | (213) | (6) | (236) |
| Trade payables | 622 | 392 | 420 | 228 |
| Other payables and accruals | 2,129 | 2,422 | (162) | 2,807 |
| Cash generated from operations | 8,941 | 11,340 | 24,061 | 31,380 |
| Interest received | 119 | 230 | 233 | 375 |
| Income tax paid | (3,994) | (890) | (9,217) | (2,621) |
| Net cash from operating activities | 5,066 | 10,680 | 15,077 | 29,134 |
| <u>Investing activities</u> | | | | |
| Dividend received | - | 34 | - | 39 |
| Purchase of plant and equipment | (350) | (93) | (626) | (339) |
| Purchase of marketable securities | - | - | - | (433) |
| Proceeds from sale of marketable securities | - | 813 | 508 | 895 |
| Net cash from (used in) investing activities | (350) | 754 | (118) | 162 |
| <u>Financing activities</u> | | | | |
| Dividends paid to non-controlling shareholders | (367) | (3,846) | (1,264) | (3,913) |
| Dividends paid | (849) | (23,250) | (15,442) | (23,250) |
| (Placement of) Proceeds from pledged deposits | (156) | 60 | (570) | 63 |
| Acquisition of non-controlling interests in a subsidiary | - | (246) | - | (246) |
| Proceeds from issue of shares | 176,055 | - | 176,055 | - |
| Net cash from (used in) financing activities | 174,683 | (27,282) | 158,779 | (27,346) |
| Net increase (decrease) in cash and cash equivalents | 179,399 | (15,848) | 173,738 | 1,950 |
| Cash and cash equivalents at beginning of the period | 100,222 | 137,827 | 106,092 | 120,803 |
| Effect of foreign exchange rate changes | (379) | (161) | (588) | (935) |
| Cash and cash equivalents at end of the period | 279,242 | 121,818 | 279,242 | 121,818 |

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

- 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.

STATEMENT OF CHANGES IN EQUITY FOR THE GROUP

| | Share Capital | Equity Reserve | Share- based Payment Reserve | Translation Reserve | Retained Earnings | Equity attributable to owners of the company | Non- controlling Interest | Total |
|---|------------------|-------------------|---------------------------------------|------------------------|----------------------|---|---------------------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 January 2017 | 48,524 | (25,476) | - | (2,298) | 63,151 | 83,901 | 13,304 | 97,205 |
| <u>Total comprehensive income for the period</u> | | | | | | | | |
| Profit for the period | - | - | - | - | 11,157 | 11,157 | 1,777 | 12,934 |
| Other comprehensive income for the period | - | - | - | (130) | - | (130) | 11 | (119) |
| <u>Transactions with owners, recognised directly in equity</u> | | | | | | | | |
| Dividends | - | - | - | - | (3,739) | (3,739) | - | (3,739) |
| Dividends to non-controlling interest | - | - | - | - | - | - | (420) | (420) |
| Balance as at 31 March 2017 | 48,524 | (25,476) | - | (2,428) | 70,569 | 91,189 | 14,672 | 105,861 |
| <u>Total comprehensive income for the period</u> | | | | | | | | |
| Profit for the period | - | - | - | - | 7,330 | 7,330 | 1,572 | 8,902 |
| Other comprehensive income for the period | - | - | - | 286 | - | 286 | (58) | 228 |
| <u>Transactions with owners, recognised directly in equity</u> | | | | | | | | |
| Issuance of new shares | 215,742 | - | - | - | - | 215,742 | - | 215,742 |
| IPO expenses taken to equity | (5,458) | - | - | - | - | (5,458) | - | (5,458) |
| Changes in ownership interests in subsidiaries | - | (22,067) | - | 13 | (421) | (22,475) | (9,153) | (31,628) |
| GLOW shares pending issuance | - | 1,797 | - | - | - | 1,797 | - | 1,797 |
| Recognition of share-based payment | - | - | 89 | - | - | 89 | - | 89 |
| Adjustment | - | - | - | - | - | - | 460 | 460 |
| Balance as at 30 June 2017 | 258,808 | (45,746) | 89 | (2,129) | 77,478 | 288,500 | 7,493 | 295,993 |

**UNAUDITED RESULTS FOR THE SECOND QUARTER
AND HALF YEAR ENDED 30 JUNE 2017**

| | Share Capital | Equity Reserve | Translation Reserve | Retained Earnings | Equity attributable to owners of the company | Non- controlling Interest | Total |
|---|------------------|-------------------|------------------------|----------------------|---|---------------------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 January 2016 | 3,550 | (143) | (2,833) | 117,090 | 117,664 | 18,651 | 136,315 |
| <u>Total comprehensive income for the period</u> | | | | | | | |
| Profit for the period | - | - | - | 14,092 | 14,092 | 1,769 | 15,861 |
| Other comprehensive income for the period | - | - | (482) | - | (482) | (180) | (662) |
| Balance as at 31 March 2016 | 3,550 | (143) | (3,315) | 131,182 | 131,274 | 20,240 | 151,514 |
| <u>Total comprehensive income for the period</u> | | | | | | | |
| Profit for the period | - | - | - | 8,169 | 8,169 | 1,444 | 9,613 |
| Other comprehensive income for the period | - | - | (25) | - | (25) | (28) | (53) |
| <u>Transactions with owners, recognised directly in equity</u> | | | | | | | |
| Changes in ownership interests in subsidiaries | - | - | - | (135) | (135) | (112) | (247) |
| Dividends | - | - | - | (23,250) | (23,250) | - | (23,250) |
| Dividends to non- controlling interest | - | - | - | - | - | (7,122) | (7,122) |
| Balance as at 30 June 2016 | 3,550 | (143) | (3,340) | 115,966 | 116,033 | 14,422 | 130,455 |

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

STATEMENT OF CHANGES IN EQUITY FOR THE COMPANY

| | Share Capital | Equity Reserve | Share- based Payment Reserve | Retained Earnings | Total Equity |
|---|------------------|-------------------|---------------------------------------|----------------------|----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Balance as at 1 January 2017 | 48,524 | - | - | (2) | 48,522 |
| <u>Total Comprehensive Income</u> | | | | | |
| Profit for the period | - | - | - | 3,754 | 3,754 |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | |
| Dividends to owners | - | - | - | (3,739) | (3,739) |
| Balance as at 31 March 2017 | 48,524 | - | - | 13 | 48,537 |
| <u>Total Comprehensive Income</u> | | | | | |
| Profit for the period | - | - | - | (2,442) | (2,442) |
| <u>Transactions with owners, recorded directly in equity</u> | | | | | |
| Issuance of new share | 215,742 | - | - | - | 215,742 |
| IPO expenses taken to equity | (5,458) | - | - | - | (5,458) |
| Change in ownership interests in subsidiaries | - | (436) | - | - | (436) |
| GLOW shares pending issuance | - | 1,797 | - | - | 1,797 |
| Recognition of share-based payment | - | - | 89 | - | 89 |
| Balance as at 30 June 2017 | 258,808 | 1,361 | 89 | (2,429) | 257,829 |

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

- 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.**

The changes in the Company's share capital since the date of incorporation on 21 September 2016 up to 30 June 2017 are as follows:

| <u>Issued and Fully paid-up Share Capital</u> | <u>Number of shares</u> | <u>Issued and paid-up share capital (S\$)</u> |
|--|-------------------------|---|
| Incorporation | 3 | 3 |
| Issue of Shares to SIMCO Ltd | 749,999,997 | 33,523,500 |
| Issue of Shares to Vanda 1 | 17,734,671 | 15,000,000 |
| Post-Restructuring as at 31 December 2016 | 767,734,671 | 48,523,503 |
| Cornerstone Shares | 103,922,900 | 93,530,610 |
| Top-up Issuance Shares to Vanda 1 | 1,962,701 | 2 |
| Placement Shares | 85,682,000 | 77,113,800 |
| Public Offer Shares | 3,800,000 | 3,420,000 |
| Post-IPO issued and paid-up share capital | 963,102,272 | 222,587,915 |
| Issuance of GLOW Initial Shares ⁽¹⁾ | 32,620,800 | 29,358,720 |
| Issuance of Opp 1 Investment Shares, Opp 1 Loyalty Shares, Opp 2 Investment Shares and Opp 2 Buy-in Shares | 13,687,400 | 12,318,660 |
| Post-Offering as at 30 June 2017 | 1,009,410,472 | 264,265,295 |

Note:

- ⁽¹⁾ Issuance of the GLOW Initial Shares:
- 32,620,800 on 19 June 2017;
 - 1,285,200 on 3 August 2017; and
 - 711,200 to be issued, subject to the completion of the stamp duty process relating to the relevant share swaps in Malaysia which are expected to be completed by end August 2017.

The Company did not have any outstanding convertibles, treasury shares and subsidiary holdings as at 30 June 2017 and as at 31 December 2016.

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

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

The total number of issued ordinary shares, excluding treasury shares as at 30 June 2017 was 1,009,410,472 and as at 31 December 2016 was 767,734,671.

- 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.**

The Company did not have 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.**

The Company did not have any sales, transfers, cancellation and/or use of 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.**

The figures have not been audited or reviewed by the auditors of the Company.

- 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.**

The financial statements for the half-year period ended 30 June 2017 have been prepared using the same accounting policies and methods of computation as presented in the Group's most recently audited combined financial statements for the financial year ended 31 December 2016.

The combined financial statements incorporating the financial statements of the Company and entities controlled by the Company (its subsidiaries) have been prepared using the principles of merger accounting where the financial statement items of the merged entities for the reporting periods in which the common control combination occurs are included in the combined financial statements of the Group as if the combination had occurred from the date when the merged entities first came under the control of the same shareholder.

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 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.

On 1 January 2017, the Group has adopted all the new and revised Financial Reporting Standards of Singapore ("FRSs") that are effective from that date and are relevant to its operations. The adoption of these new and revised FRSs does not result in changes to the Group's accounting policies and has no material effect on the amounts reported for the current or prior financial 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 | | | |
|--|-----------|-----------|-----------|-----------|
| | Q2'17 | Q2'16 | 1H 2017 | 1H 2016 |
| PATMI (\$'000) | 7,330 | 8,169 | 18,487 | 22,261 |
| Number of shares ⁽¹⁾ ('000) | | | | |
| - Basic | 1,009,410 | 1,009,410 | 1,009,410 | 1,009,410 |
| - Diluted | 1,014,440 | 1,014,440 | 1,014,440 | 1,014,440 |
| Earnings per share (cents) | | | | |
| - Basic | 0.73 | 0.81 | 1.83 | 2.21 |
| - Diluted | 0.72 | 0.81 | 1.82 | 2.19 |

Note:

⁽¹⁾ For comparative purposes, the calculation of basic and diluted EPS are based on the number of ordinary shares of 1,009,410,472 shares and 1,014,439,972 shares respectively.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on; and (b) immediately preceding financial year.

| | Group | | Company | |
|-----------------------------------|-----------|-----------|-----------|-----------|
| | 30-Jun-17 | 31-Dec-16 | 30-Jun-17 | 31-Dec-16 |
| Net asset value (\$'000) | 288,500 | 83,901 | 257,829 | 48,522 |
| Number of ordinary shares ('000) | 1,009,410 | 767,735 | 1,009,410 | 767,735 |
| Net asset value per share (cents) | 28.58 | 10.93 | 25.54 | 6.32 |

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

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'S PERFORMANCE

| | Group | | | | | |
|--|------------------|------------------|-------------|-----------------------|-----------------------|-------------------------------------|
| | Q2'17 S\$'000 | Q2'16 S\$'000 | Change % | 1H 2017 S\$'000 | 1H 2016 S\$'000 | Change % |
| Profit for the period | 8,902 | 9,613 | -7.4 | 21,836 ⁽¹⁾ | 25,474 | -14.3 |
| Government subsidies, net of tax | (752) | (721) | 4.3 | (4,460) | (8,317) | -46.4 |
| IPO expenses | 2,705 | - | n.m. | 3,648 | - | n.m. |
| Adjusted profit for the period ("Adjusted Profit") | 10,855 | 8,892 | 22.1 | 21,024 | 17,157 | 22.5 |
| | | | | | | |
| | | | | 1H 2017 S\$'000 | Adjustment S\$'000 | Pro forma ⁽¹⁾ S\$'000 |
| Profit attributable to: | | | | | | |
| Owners of the Company | | | | 18,487 | 2,128 | 20,615 |
| Non-controlling Interests | | | | 3,349 | (2,128) | 1,221 |
| | | | | 21,836 | - | 21,836 |

Note:

⁽¹⁾ Pro forma effect of GLOW Initial Acquisition if the transactions had been completed since 1 January 2017.

3 months to 30 June 2017

The Group achieved a record quarter in terms of revenue and gross profit. Net profit after tax declined 7.4% (S\$0.7m) mainly due to IPO expenses of S\$2.7m incurred in the three months ended 30 June 2017. Excluding the effect of IPO expenses incurred and government subsidies, net of tax, the Group's net profit after tax grew by 22% (S\$2m), compared to the same quarter in 2016. There were no IPO expenses incurred in the same quarter of 2016.

Revenue increased by 6.4% (S\$5.8m), to S\$97.4m in the three months ended 30 June 2017, compared to the same quarter in 2016. The increase was largely driven by the increase in flexible staffing in Singapore.

Subcontractor expenses increased by 10% (S\$5.8m), to S\$63.5m, compared to the same quarter in 2016. This increase is in line with the increase in flexible staffing revenue in Singapore.

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

Gross profit increased by 0.2% (S\$0.08m), to S\$34.0m, compared to the same quarter in 2016. The Group's increased contribution from flexible staffing substantially offset the reduction in professional recruitment. There was a shift towards higher gross profit contribution from flexible staffing which has a recurring nature.

Other employee benefit expenses reduced by 7.2% (S\$1.3m), compared to the same period in 2016. The Group's continued push for our permanent sales employees ("HC") to cover their fixed salary by three times of gross profits ("PHC") saw the reduction of HC by 29, and correspondingly, the costs.

6 months to 30 June 2017

Adjusted profits, defined as net profit after tax excluding the IPO expenses and the after-tax effect of government subsidies, grew by 22.5% (S\$3.9m) in the six months ended 30 June 2017, compared to the same period in 2016.

In line with our expectations on the announced reduction in co-funding of the Wage Credit Scheme in Singapore, the amount of government subsidies declined by 46.4% (S\$4.6m) to S\$5.4m in the six months ended 30 June 2017, compared to S\$10.0m in the same period in 2016.

Net profit after tax declined 14.3% (S\$3.6m) mainly due to IPO expenses of S\$3.6m incurred in the six months ended 30 June 2017. There were no IPO costs incurred in 2016. Excluding the effect of the IPO expenses and government subsidies, net of tax, the Group's business performance has already covered the effects arising from the expected decline of the Singapore government subsidies.

The Group's revenue increased by 6.5% (S\$11.7m), to S\$192.8m in the six months ended 30 June 2017, compared to the same period in 2016. This growth was driven largely by the strong growth flexible staffing across the cities, especially in Singapore which accounted for S\$10.3m increase for the period.

Subcontractor expenses rose 9.3% (S\$10.8m), to S\$126.1m compared to same period in 2016. This increase is in line with the growth in revenue from flexible staffing.

Gross profit increased by 1.4% (S\$0.9m), to S\$66.7m compared to the same period in 2016. The increase brought about by flexible staffing and professional recruitment across the Group were partially offset by declines in professional recruitment in Hong Kong and Malaysia.

Other employee benefit expense reduced by 5.1% (S\$1.8m) mainly due to the reduction of average HC by 35 arising from the Group's drive towards higher PHC. PHC/HC ratio for 1H 2017 was 65.3%, an increase from that of 62.7% for the whole of 2016.

The Group's staff strength, combining permanent sales employees, support staff, interns and trainees increased by 116 to 1,155 as at 30 June 2017, as compared to 1,039 as at 31 December 2016.

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

REVIEW OF GROUP'S FINANCIAL POSITION

The Group's current assets increased by S\$176.0m from S\$176.7m as at 31 December 2016 to S\$352.7m as at 30 June 2017, mainly due to a net increase in cash and cash equivalents amounting to S\$173.2m. The Group generated net cash from operating activities before changes in working capital of S\$27.3m, used S\$3.2m in the operations, paid income tax of S\$9.2m, dividends of S\$16.7m and received net cash proceeds from IPO of S\$176.1m.

Total current liabilities reduced by S\$21.9m from S\$81.0m as at 31 December 2016 to S\$59.1m as at 30 June 2017. This was mainly due to dividend payouts totalling S\$16.7m offset by declaration of S\$3.7m dividends; payment of income tax totalling S\$9.2m offset by increase of S\$5.1m in tax liability; and utilisation of S\$4.9m loyalty fund credits for 123GROW Plan Opp1.

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.

Based on various economic projections of the Asian economy to improve in 2017, the Group expects the need for recruitment services will continue to increase in the second half of 2017. The Group continues to drive productive headcount and deepening of specialisations through its co-ownership structure that currently has 425 employee co-owners passionately operating the business.

As announced on 31 July 2017, the Company entered into a Capital and Business Alliance Agreement with TechnoPro Holdings, Inc – Japan's largest engineering staffing firm with a market capitalisation of approximately JPY 162b (S\$2b). An alliance committee has been formed to plan for co-investments in other human resource related businesses across Asia, equity restructuring activities and potential joint venture arrangements including any mergers, acquisitions or disposals of corporate entities, as well as the fostering of a closer capital alliance. The formalisation of both parties' working relationship paves way for the Group to achieve synergies while mitigating future M&A risk via potential joint investments.

Whilst the Group currently has a presence in Tokyo through its professional recruitment brands HRnetOne and PeopleSearch, this alliance opens doors for the Group to tap on TechnoPro's established relationships with Japanese corporates and to deepen its commercial engagement with such clients.

Given TechnoPro's plans of hiring additional engineering staff of approximately 2,600 in FY2018, the possibility of the Group providing hiring support to TechnoPro creates an additional revenue opportunity for the Group. Longer term, the alliance could also look at collaborations on the development of the engineering outsourcing and placement business in Asia.

UNAUDITED RESULTS FOR THE SECOND QUARTER AND HALF YEAR ENDED 30 JUNE 2017

The agreement provides for a cross-shareholding structure of up to 3% of the other party to align the interests of both parties. TechnoPro is currently a cornerstone investor owning 3% of the Group. Since IPO, the Group has also acquired shares in TechnoPro as its maiden use of proceeds.

The Group's expansion plan through M&A is gaining good traction through stronger brand visibility since the IPO. The Group has been receiving enquiries and approaches on potential acquisition and collaboration opportunities. The M&A activities are underway and necessary announcements will be made as and when appropriate.

11. Dividend

(a) Any dividend declared for the current financial period reported on?

Nil.

(b) Corresponding period of the immediately preceding financial year?

None that was not previously reported in the Prospectus.

(c) Dividend payable date

Not applicable.

(d) Books closure date

Not applicable.

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

No dividend had been declared or recommended by the directors of the Company.

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 persons transactions.

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

The Board of Directors hereby confirms, 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 financial statements for half year ended 30 June 2017 to be false or misleading in any material aspect.

By order of the Board

Sim Yong Siang
Founding Chairman
14 August 2017

Adeline Sim Wei Ling
Executive Director
14 August 2017