



Reclaims Global Limited

绿达环球有限公司

Company Registration No. 201834755M

Registered Address: 10 Tuas South Street 7 Singapore 637114

Condensed Interim Financial Statements for the Six Months and Full Year Ended 31 January 2022 (“FY2022”)

This announcement has been reviewed by the Company’s sponsor, SAC Capital Private Limited (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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Reclaims Global Limited (the “**Company**”) and together with its subsidiaries, the “**Group**”) was listed on the Catalist of the SGX-ST on 11 March 2019, pursuant to an initial public offering (the “**IPO**”) exercise. The Group is an eco-friendly integrated service provider in the construction industry, specialising in the recycling of construction and demolition waste, customisation of excavation solutions and operating fleet management. The Group’s business is organised into three main business segments as follows: (1) recycling; (2) excavation services; and (3) logistics and leasing. Since 2009, the Group has built an established reputation and a proven track record for effective execution and timely delivery of services of different nature and scales.

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A) Condensed interim consolidated statement of profit or loss and other comprehensive income

	Notes	Group					
		6 months ended 31 January 2022 S\$'000	6 months ended 31 January 2021 S\$'000	Increase/ (Decrease) %	12 months ended 31 January 2022 S\$'000	12 months ended 31 January 2021 S\$'000	Increase/ (Decrease) %
Revenue	4	17,725	16,483	7.5	36,484	24,722	47.6
Interest income		-	1	N.M.	1	5	(80.0)
Other gains		272	356	(23.6)	832	1,027	(19.0)
Cost of materials, services and consumables		(8,638)	(7,847)	10.1	(17,760)	(11,360)	56.3
Other losses		-	(387)	N.M.	-	(520)	N.M.
Finance costs		(37)	(57)	(35.1)	(92)	(112)	(17.9)
Depreciation expense		(857)	(1,043)	(17.8)	(1,782)	(2,108)	(15.5)
Depreciation of right-of-use-asset		(127)	(126)	0.8	(253)	(253)	-
Employee benefits expense		(3,998)	(3,008)	32.9	(7,229)	(5,449)	32.7
Other expenses		(2,084)	(1,807)	15.3	(3,935)	(3,251)	21.0
Profit before tax from continuing operations	6	2,256	2,565	(12.0)	6,266	2,701	132.0
Income tax expense		(813)	(454)	79.1	(1,408)	(531)	165.2
Profit from continuing operations, net of tax and total comprehensive income		1,443	2,111	(31.6)	4,858	2,170	123.9
Other comprehensive income:							
Foreign currency translation		(2)	-	N.M.	3	-	N.M.
Profit, net of tax and total comprehensive income attributable to owners of the Company		1,441	2,111	(31.7)	4,861	2,170	124.0
Earnings per share ("EPS") for profit of the period attributable to the owners of the Company:							
Basic and diluted* (SGD in cent)		1.10	1.61		3.71	1.66	

* Diluted EPS is the same as basic EPS as no potential dilutive ordinary shares exist during the respective financial periods.

N.M. – Not meaningful.

B) Condensed interim statements of financial position

	Note	Group		Company	
		As at 31 January 2022 S\$'000	As at 31 January 2021 S\$'000	As at 31 January 2022 S\$'000	As at 31 January 2021 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	9,499	10,374	-	-
Right-of-use assets		3,484	3,736	-	-
Investments in subsidiaries		-	-	15,327	15,327
Total non-current assets		12,983	14,110	15,327	15,327
Current assets					
Inventories		58	30	-	-
Trade and other receivables		7,462	8,619	4,899	5,726
Other assets, current		2,812	3,298	13	8
Cash and cash equivalents		11,064	7,975	101	166
Total current assets		21,396	19,922	5,013	5,900
Total assets		34,379	34,032	20,340	21,227
EQUITY AND LIABILITIES					
Equity					
Share capital	12	19,388	19,388	19,388	19,388
Retained earnings		8,173	4,625	107	1,654
Other reserve		2	(1)	-	-
Total equity		27,563	24,012	19,495	21,042
Non-current liabilities					
Deferred tax liabilities		874	635	-	-
Loans and borrowings	11	-	2,253	-	-
Lease liabilities, non-current		264	258	-	-
Total non-current liabilities		1,138	3,146	-	-
Current liabilities					
Income tax payable		1,170	868	9	-
Loans and borrowings	11	-	1,127	-	-
Lease liabilities, current		398	599	-	-
Trade and other payables		4,110	4,280	836	185
Total current liabilities		5,678	6,874	845	185
Total liabilities		6,816	10,020	845	185
Total equity and liabilities		34,379	34,032	20,340	21,227

C) Condensed interim consolidated statement of cash flows

	Group	
	12 months ended 31 January 2022 S\$'000	12 months ended 31 January 2021 S\$'000
Cash flows from operating activities		
Profit before tax	6,266	2,701
Adjustments for:		
Interest income	(1)	(5)
Interest expense	92	112
Impairment loss on property, plant and equipment	141	-
(Reversal)/allowance for trade receivables, net	(45)	473
Depreciation of property, plant and equipment	1,782	2,108
Depreciation of right-of-use-assets	253	253
Gain on disposal of property, plant and equipment	(229)	(85)
Net effect of exchange rate changes in consolidating subsidiary	3	(1)
Operating cash flows before changes in working capital	8,262	5,556
Inventories	(28)	(13)
Trade and other receivables	1,202	(2,208)
Other assets, current	486	2,097
Trade and other payables	(15)	(312)
Net cash flows from operations	9,907	5,120
Income taxes paid	(867)	(352)
Net cash flows from operating activities	9,040	4,768
Cash flows from investing activities		
Purchase of plant and equipment	(972)	(594)
Proceeds from disposal of plant and equipment	544	477
Interest received	1	5
Net cash flows used in investing activities	(427)	(112)
Cash flows from financing activities		
Cash restricted in use	-	325
Dividends paid	(1,310)	(498)
Interest paid	(92)	(112)
Proceeds from borrowings	-	1,000
Repayment of borrowings	(3,379)	(886)
Lease liabilities – principal portion paid	(743)	(518)
Net cash flows used in financing activities	(5,524)	(689)
Net increase in cash and cash equivalents	3,089	3,967
Cash and cash equivalents, beginning balance	7,975	4,008
Cash and cash equivalents, ending balance	11,064	7,975

D) Condensed interim statements of changes in equity

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GROUP	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000	Other reserve S\$'000
FY2022				
Balance at 1 February 2021	24,012	19,388	4,625	(1)
Total comprehensive income for the period	4,861	-	4,858	3
Dividends paid on ordinary shares	(1,310)	-	(1,310)	-
Balance at 31 January 2022	27,563	19,388	8,173	2
FY2021				
Balance at 1 February 2020	22,341	19,388	2,953	-
Total comprehensive income for the period	2,170	-	2,170	-
Dividends paid on ordinary shares	(498)	-	(498)	-
Foreign currency translation reserve	(1)	-	-	(1)
Balance at 31 January 2021	24,012	19,388	4,625	(1)

COMPANY	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000
FY2022			
Balance at 1 February 2021	21,042	19,388	1,654
Total comprehensive income for the period	(237)	-	(237)
Dividends paid on ordinary shares	(1,310)	-	(1,310)
Balance at 31 January 2022	19,495	19,388	107
FY2021			
Balance at 1 February 2020	20,172	19,388	784
Total comprehensive income for the period	1,368	-	1,368
Dividends paid on ordinary shares	(498)	-	(498)
Balance at 31 January 2021	21,042	19,388	1,654

E) Notes to the condensed interim consolidated financial statements

1. Corporate Information

Reclaims Global Limited (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are traded on the Catalist Board of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months ended 31 January 2022 comprise the Company and its subsidiaries (collectively, the “**Group**”). The primary activity of the Company is investment holding.

The principal activities of the Group are:

- (a) Recycling of non-metal waste and refuse disposal including demolition and transportation services; and
- (b) Green technology activities, specifically converting organic waste into economic resources and economic materials/products.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 31 January 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”), except for the adoption of new and amended standards as set out in Note 2.1. The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I) have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 January 2021. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

3. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period.

4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Recycling – focuses on the reclaiming of natural and urban construction and demolition waste. The recycled waste is for sale as building materials to customers.
- Segment 2: Excavation services – performs land clearing, excavation and removal of construction and demolition waste. Excavation services consists of demolition works, site clearance, reshaping, backfilling, and compacting and turfing.
- Segment 3: Logistics and leasing – provides transportation services and leasing of machinery and equipment.

These operating segments are reported in a manner consistent with internal reporting provided to the directors of the Group who are responsible for allocating resources and assessing performance of the operating segments.

4.1 Reportable segments

Profit or loss from operations

	<u>Recycling</u> S\$'000	<u>Excavation</u> <u>services</u> S\$'000	<u>Logistics</u> <u>and</u> <u>leasing</u> S\$'000	<u>Unallocated</u> S\$'000	<u>Group</u> S\$'000
<u>6 months ended 31 January 2022</u>					
Revenue by segment					
Total revenue	3,397	6,618	7,640	70	17,725
Recurring EBITDA*	1,016	192	2,521	(452)	3,277
Depreciation expense	(209)	(406)	(122)	(120)	(857)
Depreciation of right-of-use-asset	(57)	–	–	(70)	(127)
ORBIT**	750	(214)	2,399	(642)	2,293
Interest income					–
Finance costs					(37)
Income tax expense					(813)
Profit from continuing operations					<u>1,443</u>
<u>6 months ended 31 January 2021</u>					
Revenue by segment					
Total revenue	3,369	7,222	5,820	72	16,483
Recurring EBITDA*	1,113	153	2,672	(148)	3,790
Depreciation expense	(261)	(621)	(33)	(128)	(1,043)
Depreciation of right-of-use-asset	(56)	–	–	(70)	(126)
ORBIT**	796	(468)	2,639	(346)	2,621
Interest income					1
Finance costs					(57)
Income tax expense					(454)
Profit from continuing operations					<u>2,111</u>

* Recurring EBITDA refers to earnings from operations before depreciation and amortisation, interests and income taxes.

** ORBIT refers to operating result before interests and income taxes and other unallocated items.

4.1 Reportable segments (cont'd)

	Recycling S\$'000	Excavation services S\$'000	Logistics and leasing S\$'000	Unallocated S\$'000	Group S\$'000
<u>Full year ended 31 January 2022</u>					
Revenue by segment					
Total revenue	8,032	13,277	15,048	127	36,484
Recurring EBITDA*	2,760	764	5,325	(457)	8,392
Depreciation expense	(388)	(868)	(280)	(246)	(1,782)
Depreciation of right-of-use-asset	(114)	–	–	(139)	(253)
ORBIT**	2,258	(104)	5,045	(842)	6,357
Interest income					1
Finance costs					(92)
Income tax expense					(1,408)
Profit from continuing operations					4,858
<u>Full year ended 31 January 2021</u>					
Revenue by segment					
Total revenue	4,440	11,176	8,970	136	24,722
Recurring EBITDA*	1,192	349	3,896	(268)	5,169
Depreciation expense	(456)	(1,139)	(258)	(255)	(2,108)
Depreciation of right-of-use-asset	(114)	–	–	(139)	(253)
ORBIT**	622	(790)	3,638	(662)	2,808
Interest income					5
Finance costs					(112)
Income tax expense					(531)
Profit from continuing operations					2,170

* Recurring EBITDA refers to earnings from operations before depreciation and amortisation, interests and income taxes.

** ORBIT refers to operating result before interests and income taxes and other unallocated items.

4.1 Reportable segments (cont'd)

Assets

	<u>Recycling</u> S\$'000	<u>Excavation</u> <u>services</u> S\$'000	<u>Logistics</u> <u>and</u> <u>leasing</u> S\$'000	<u>Unallocated</u> S\$'000	<u>Group</u> S\$'000
<u>31 January 2022</u>					
Total assets for reportable segments	5,796	10,920	2,113	4,486	23,315
Cash and cash equivalents					11,064
Total group assets					<u>34,379</u>
<u>31 January 2021</u>					
Total assets for reportable segments	6,139	11,977	3,046	4,895	26,057
Cash and cash equivalents					7,975
Total group assets					<u>34,032</u>

Liabilities

	<u>Recycling</u> S\$'000	<u>Excavation</u> <u>services</u> S\$'000	<u>Logistics</u> <u>and</u> <u>leasing</u> S\$'000	<u>Unallocated</u> S\$'000	<u>Group</u> S\$'000
<u>31 January 2022</u>					
Total liabilities for reportable segments	872	1,907	1,668	325	4,772
Deferred tax liabilities					874
Income tax payable					1,170
Total group liabilities					<u>6,816</u>
<u>31 January 2021</u>					
Total liabilities for reportable segments	2,025	2,591	1,052	2,849	8,517
Deferred tax liabilities					635
Income tax payable					868
Total group liabilities					<u>10,020</u>

Other material items

	<u>Recycling</u> S\$'000	<u>Excavation</u> <u>services</u> S\$'000	<u>Logistics</u> <u>and</u> <u>leasing</u> S\$'000	<u>Unallocated</u> S\$'000	<u>Group</u> S\$'000
Impairment of assets during:					
6 months ended 31 January 2022	141	–	–	–	141
6 months ended 31 January 2021	–	250	43	–	293
Full year ended 31 January 2022	141	–	–	–	141
Full year ended 31 January 2021	–	430	43	–	473
Expenditure for non-current assets as at:					
31 January 2022	–	1,011	245	106	1,362
31 January 2021	458	361	135	304	1,258

4.2 Disaggregation of revenue

	<u>Group</u>			
	<u>6 months</u>	<u>6 months</u>	<u>Full year</u>	<u>Full year</u>
	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>
	<u>31 January</u>	<u>31 January</u>	<u>31 January</u>	<u>31 January</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Type of goods and services</u>				
Sales of goods	3,397	3,369	8,032	4,440
Excavation services	6,618	7,222	13,277	11,176
Logistics and leasing services	7,640	5,820	15,048	8,970
Others	70	72	127	136
Total revenue	<u>17,725</u>	<u>16,483</u>	<u>36,484</u>	<u>24,722</u>
<u>Timing of revenue recognition</u>				
Point in time	11,107	9,261	23,207	13,546
Over time	6,618	7,222	13,277	11,176
Total revenue	<u>17,725</u>	<u>16,483</u>	<u>36,484</u>	<u>24,722</u>
<u>Duration</u>				
Short-term contracts	11,107	9,261	23,207	13,546
Long-term contracts	6,618	7,222	13,277	11,176
Total revenue	<u>17,725</u>	<u>16,483</u>	<u>36,484</u>	<u>24,722</u>

The Group's results are solely generated in Singapore.

5. Financial assets and financial liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at:

	<u>Group</u>		<u>Company</u>	
	<u>31 January</u>	<u>31 January</u>	<u>31 January</u>	<u>31 January</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	<u>18,526</u>	<u>16,594</u>	<u>5,000</u>	<u>5,892</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>4,772</u>	<u>8,517</u>	<u>836</u>	<u>185</u>

6. Profit before taxation from continuing operations

6.1 Significant items

	<u>Group</u>			
	<u>6 months</u>	<u>6 months</u>	<u>Full year</u>	<u>Full year</u>
	<u>ended 31</u>	<u>ended 31</u>	<u>ended 31</u>	<u>ended 31</u>
	<u>January</u>	<u>January</u>	<u>January</u>	<u>January</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Gains on disposal of plant and equipment	13	62	229	85
Government grants	141	175	236	566
Government grant from Job Support Scheme	91	67	304	319
Allowance for impairment on trade receivables	–	(340)	–	(520)
Reversal of impairment allowance on trade receivables	–	–	45	47
Cost of materials and disposal	(6,174)	(4,599)	(11,386)	(6,709)
Cost of transportation services	(782)	(2,049)	(3,169)	(2,895)
Cost of diesel	(1,668)	(1,185)	(3,185)	(1,729)
Impairment of plant and equipment	(141)	–	(141)	–
Interest expense – lease liabilities	(14)	(16)	(30)	(31)
Interest expense – bank loans	(23)	(41)	(62)	(81)
Rental expenses	(58)	(56)	(105)	(112)
Repair and maintenance expense	(512)	(518)	(1,103)	(843)
Upkeep of motor vehicles	(490)	(407)	(948)	(739)
Short term rental of equipment and machineries	(233)	(242)	(431)	(336)

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the condensed interim consolidated financial statements.

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	<u>Group</u>			
	<u>6 months</u>	<u>6 months</u>	<u>Full year</u>	<u>Full year</u>
	<u>ended</u>	<u>ended</u>	<u>ended</u>	<u>ended</u>
	<u>31 January</u>	<u>31 January</u>	<u>31 January</u>	<u>31 January</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expense	367	512	1,169	611
Deferred tax expense relating to origination and reversal of temporary differences	446	(58)	239	(80)
	<u>813</u>	<u>454</u>	<u>1,408</u>	<u>531</u>

8. Dividend

Dividend per share		Group and Company	
<u>31 January</u> <u>2022</u>	<u>31 January</u> <u>2021</u>	<u>31 January</u> <u>2022</u>	<u>31 January</u> <u>2021</u>
Singapore cent	Singapore cent	S\$'000	S\$'000

Ordinary dividends paid:
Dividend in respect of the previous
financial year, approved and paid during
the year

1.00	0.38	1,310	498
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9. Net asset value

	Group		Company	
	<u>31 January</u> <u>2022</u>	<u>31 January</u> <u>2021</u>	<u>31 January</u> <u>2022</u>	<u>31 January</u> <u>2021</u>
NAV attributable to owners of the Company (S\$'000)	27,563	24,012	19,495	21,042
Total number of issued shares excluding treasury shares ('000)	131,000	131,000	131,000	131,000
NAV per ordinary share (cents)	21.0	18.3	14.9	16.1

10. Property, plant and equipment

During the 6 months ended 31 January 2022, the Group acquired assets amounting to S\$722,000 (31 January 2021: S\$1,051,000) and disposed of assets amounting to S\$23,000 (31 January 2021: S\$392,000).

11. Borrowings

Amount repayable in one year or less:

	Group			
	31 January 2022		31 January 2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	-	-	1,127	-

Amount repayable after one year:

	Group			
	31 January 2022		31 January 2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	-	-	2,253	-

Bank loans

The bank loan refers to bank borrowings drawn down to finance the land acquisition and construction of the Group's corporate headquarters at 10 Tuas South Street 7 Singapore 637114 ("**Tuas Property**") and have been fully repaid during the year.

11. Borrowings (cont'd)

The above bank loan is secured by:

- a) Corporate guarantee from the Company;
- b) First legal mortgage over the leasehold Tuas Property; and
- c) Assignment of all rights, title and benefits under existing and future tenancy agreements and rental income in respect of the leasehold Tuas Property.

12. Share Capital

	31 January 2022		31 January 2021	
	<u>No. of shares</u>	<u>S\$</u>	<u>No. of shares</u>	<u>S\$</u>
	'000	'000	'000	'000
Fully paid ordinary shares, with no par value	<u>131,000</u>	<u>19,388</u>	<u>131,000</u>	<u>19,388</u>

The Company did not hold any convertibles and treasury shares as at 31 January 2022 and 31 January 2021. The Company's subsidiaries did not hold any shares in the Company as at 31 January 2022 and 31 January 2021.

13. Events subsequent to period end

Subsequent to period end, the Group ended the collaboration with Malaysian Palm Oil Board (refer to the Company's announcement dated 10 March 2022). No material financial impact for the year ended 31 January 2022 and no material financial impact expected for the year ending 31 January 2023.

Except for the above, no new information or event, up till the date of this report, has come to the attention of the management that requires disclosures or adjustments to this set of condensed interim financial statements.

F) Other information required by Catalyst Rule Appendix 7C

1 Review

The condensed consolidated statement of financial position of Reclaims Global Limited and its subsidiaries as at 31 January 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the 6 months period and full financial year then ended and certain explanatory notes have not been audited or reviewed by the auditors. The latest audited annual financial statements were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

2 Performance of the Group

Financial Performance Review

Revenue

	FY2022 S\$'000	FY2021 S\$'000	Increase/ (Decrease) \$	Increase/ (Decrease) %
Recycling	8,032	4,440	3,592	80.9
Excavation services	13,277	11,176	2,101	18.8
Logistics and leasing	15,048	8,970	6,078	67.8
Others	127	136	(9)	(6.6)
Total	36,484	24,722	11,762	47.6

Revenue increased by 47.6% to S\$36.5 million in FY2022 as compared to S\$24.7 million in FY2021. The increase can be partly attributed to the low base in FY2021 as a result of the Circuit Breaker measures in April 2020, and partly attributed to the resumption of construction activities with the easing of restrictions in relation to COVID-19 in FY2022.

Other gains

Other gains of S\$0.8 million in FY2022 decreased slightly from S\$1.0 million in FY2021. The decrease was mainly due to the decrease of S\$0.2 million in grants received from the Singapore Government's Jobs Support Scheme and foreign worker levy rebates which provided wage support to employers during the pandemic.

Cost of materials, services and consumables

Cost of materials, services and consumables increased by S\$6.4 million or 56.3% from S\$11.4 million in FY2021 to S\$17.8 million in FY2022 which is in tandem with the increase in revenue. The cost of materials, services and consumables was 48.7% of revenue in FY2022 which was slightly higher compared to the 46.0% in FY2021. This can be attributed to the increase in diesel cost, and also the increased level of activities.

Other losses

Other losses of S\$0.5 million recorded in FY2021 pertains to allowances made for impairment on trade receivables in view of the economic slowdown then. Having assessed the collectability of the trade receivables from the significant customers, management assessed that no need additional allowances was needed in FY2022. The management will continue to monitor the collectability of trade receivables closely.

2 Performance of the Group (cont'd)

Financial Performance Review (cont'd)

Finance costs

Finance costs remain stable at approximately S\$0.1 million for FY2022 and FY2021. The Group maintained its net cash position and the management will continue to exercise prudence in its capital management.

Depreciation expenses

Depreciation expenses for FY2022 and FY2021 amounted to S\$1.8 million and S\$2.1 million respectively. The decrease in depreciation expenses was due to some plant and equipment being fully depreciated during the period.

Employee benefits expense

Employee benefits expense increased by 32.7% from S\$5.4 million in FY2021 to S\$7.2 million in FY2022. Employee benefits expense consists mainly of staff salaries, accrued bonuses, and statutory contributions. The increase is in line with the higher level of business activities.

Other expenses

Other expenses increased by 21.0% to S\$3.9 million in FY2022 from S\$3.3 million in FY2021. The increase was mainly due to higher expenses incurred including rental of equipment and machineries, repair and maintenance and upkeep of motor vehicles as business activities recovers. There was also a S\$0.1 million of impairment of PPE in our Malaysian subsidiary.

Profit before tax

As a result of the above, profit before tax for FY2022 amounted to S\$6.3 million compared to profit before tax for FY2021 of S\$2.7 million.

Income tax expense

Effective tax rates for FY2022 and FY2021 were 22.5% and 19.7% respectively. The effective tax rate was higher in FY2022 mainly due to origination of temporary differences in deferred tax.

Financial Position Review

Non-current assets

Non-current assets decreased by S\$1.1 million to S\$13.0 million as at 31 January 2022 from S\$14.1 million as at 31 January 2021. The decrease is mainly attributed to depreciation of property, plant and equipment and right-of-use asset amounting to S\$2.0 million, partially offset by net additions to property, plant and equipment of S\$1.0 million.

Current assets

Current assets increased by S\$1.5 million to S\$21.4 million as at 31 January 2021 from S\$19.9 million as at 31 January 2021. The increase was mainly due to the increase in cash and cash equivalents of S\$3.1 million, partially offset by the decrease in trade and other receivables of S\$1.2 million and other assets of S\$0.5 million.

2 Performance of the Group (cont'd)

Financial Position Review (cont'd)

Current assets (cont'd)

Other assets as at 31 January 2022 amounted to S\$2.8 million (31 January 2021: S\$3.3 million). Other assets mainly comprised contract assets pertaining to work performed but not billed. The decrease can be attributed to amount certified by main contractors for the work done, which will then be transferred to trade receivables.

The trade receivables turnover as at 31 January 2022 was 74 days as compared to 127 days as at 31 January 2021.

Non-current liabilities

Non-current liabilities decreased by S\$2.0 million to S\$1.1 million as at 31 January 2022 from S\$3.1 million as at 31 January 2021. The decrease was mainly due to repayment of bank loans amounting to S\$2.3 million during the year.

Current liabilities

Current liabilities decreased by S\$1.2 million to S\$5.7 million as at 31 January 2022 from S\$6.9 million as at 31 January 2021. The decrease was mainly due to repayment of bank loans amounting to S\$1.1 million.

The trade payables turnover as at 31 January 2022 was 57 days as compared to 91 days as at 31 January 2021.

Cash Flow Review

During FY2022, the Group generated net cash flows from operating activities of S\$9.0 million demonstrating the underlying strength of the core business.

Net cash flows used in investing activities was S\$0.4 million in FY2022, largely attributed to purchase of plant and equipment, partially offset by proceeds from disposal of plant and equipment.

In FY2022, the Group repaid S\$4.1 million of borrowings and lease liabilities. During the period, the Group also paid out S\$1.3 million in dividends, approved in the Company's last Annual General Meeting for financial year ended 31 January 2021. As a result, the net cash used in financing activities in FY2022 was S\$5.5 million.

Overall, the Group generated a net increase of S\$3.1 million in FY2022, ending the financial year with a cash and cash equivalents balance of S\$11.1 million.

3 **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.

4 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

As the world enters into the third year of the pandemic, the Singapore economy has proven to be relatively resilient, rebounding from a 5.4% contraction in 2020 to a full year 7.2% growth in GDP in 2021.⁽¹⁾

The construction sector is expected to continue its recovery with the pace of recovery constrained by operating challenges such as manpower shortages and rising energy prices.

As costs are expected to rise causing a potential squeeze to profitability, the Group is focused on its operations in Singapore and closely monitoring the execution and profit margins of our projects in order to continue creating value for the shareholders.

Barring any unforeseen circumstances such as emergence of a more deadly variant of the COVID-19 virus or a complete shutdown of the borders, the Group remains cautiously optimistic on the outlook for the business in the next 12 months.

Note:

(1) *Extracted from Ministry of Trade and Industry Press Release on 3 Jan 2022.*
<https://www.mti.gov.sg/Newsroom/Press-Releases/2022/01/Singapore-GDP-Grew-by-5.9-Per-Cent-in-the-Fourth-Quarter-of-2021-and-by-7.2-Per-Cent-in-2021>

5 Dividend information

5.1 Current financial period reported on

Any dividend recommended for the current financial period reported on?

No.

5.2 Corresponding period of the immediate preceding financial year reported on

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

Name	Final Dividend
Dividend Type	Cash
Tax rate	Tax exempt
Dividend per ordinary share	S\$0.01
Total Dividend	S\$1,310,000

5.3 Date payable

Not applicable.

5.4 Book closure date

Not applicable.

6 If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for FY2022. Given the ongoing uncertainties in the economy, the Board of Directors deems it appropriate to conserve resources for the Group's business activities and any potential business opportunities that might come along.

7 Breakdown of the total annual dividend

	<u>Group and Company</u>	
	<u>31 January</u> <u>2022</u> S\$'000	<u>31 January</u> <u>2021</u> S\$'000
Ordinary	-	1,310
Preference	-	-

8 Breakdown of sales and operating profits

	Group		
	Full year ended 31 January 2022	Full year ended 31 January 2021	Increase/ (Decrease)
	S\$'000	S\$'000	%
Sales reported for:			
- First half of the year	18,759	8,239	127.7
- Second half of the year	17,725	16,483	7.5
Operating profits after tax:			
- First half of the year	3,415	59	N.M.
- Second half of the year	1,443	2,111	(31.6)

N.M. – not meaningful

9 Interested person transactions

Renewal of the general mandate for IPTs was obtained at the Annual General Meeting held on 28 May 2021.

During FY2022, the Group entered into the following IPTs:

Name of Interested Persons and nature of transactions	Aggregate value of all IPTs during FY2022 (excluding transactions less than S\$100,000)	
	Not conducted under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules S\$'000	Conducted under shareholders' mandate pursuant to Rule 920 of the Catalyst Rules S\$'000
New Development Construction ("NDC")⁽¹⁾:		
Rendering of logistics services to NDC	-	493
Leasing of excavators from NDC	-	139

Note 1:

NDC is owned by New Development Contractors Pte. Ltd., which in turn is solely owned by Tan Lay Khim, who is the wife of the Executive Chairman of the Company, Chan Chew Leh. As such, NDC is an associate of Chan Chew Leh and is considered an interested person.

10 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) of the Catalist Rules.

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

11 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments.

Please refer to paragraph 2 of this section for the detailed review of the performance of the Group.

12 Disclosure of persons occupying managerial positions in the issuer or any of its principal subsidiaries who are related to a director, CEO or substantial shareholder

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Chan Bih Tzy	35	Niece of Executive Chairman, Chan Chew Leh and spouse of Executive Director & CEO, Tan Kok Huat	<p>Current Position: Executive Director and Chief Operating Officer.</p> <p>Appointment Date: 23 April 2021</p> <p>Duties: Design, implement, and enhance business strategies, plans and procedures across all business units.</p>	<p>Before the appointment as Executive Director and Chief Operating Officer, the position held was General Manager of the Group since February 2018.</p> <p>The duties as General Manager involved oversees the planning and coordination of the operations, administration and human resource departments.</p>

BY ORDER OF THE BOARD

Tan Kok Huat
Executive Director and CEO
28 March 2022