



PSC Corporation Ltd.

Company registration No: 197400888M

Condensed interim financial statements For the six months ended 30 June 2022

Table of Contents

	Page
A. Condensed interim consolidated statement of profit or loss and other comprehensive income	3
B. Condensed interim statements of financial position	4
C. Condensed interim statements of changes in equity	5
D. Condensed interim consolidated statement of cash flows	7
E. Notes to the condensed interim consolidated financial statements	8
F. Other information required by Listing Rule Appendix 7.2	17

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

	Note	THE GROUP		%
		6 months ended		
		30-Jun-22	30-Jun-21	
		S\$'000	S\$'000	
Revenue	4	281,424	257,844	9.1%
Cost of sales		(221,913)	(200,351)	10.8%
Gross profit		59,511	57,493	3.5%
Other income		4,718	1,287	266.6%
Other expense		(173)	(499)	-65.3%
Distribution expenses		(24,694)	(22,861)	8.0%
Administrative expenses		(18,824)	(16,947)	11.1%
Impairment losses of trade and other receivables (net)		(436)	(405)	7.7%
Net finance (expense)/income		(335)	66	n.m.
Profit before taxation	6	19,767	18,134	9.0%
Tax expense	7	(2,625)	(4,218)	-37.8%
Profit for the financial period, net of tax		17,142	13,916	23.2%
Other comprehensive income				
<u>Items that may be reclassified to profit or loss in subsequent periods (net of tax)</u>				
Currency translation differences on consolidation of foreign entities (net)		(3,901)	3,316	n.m.
Currency translation differences reclassified to profit or loss on de-consolidation of foreign operations		(3,059)	-	n.m.
Effective portion of changes in fair value of cash flow hedges		-	2	n.m.
<u>Items that will not be reclassified to profit or loss in subsequent periods (net of tax)</u>				
Net change in fair value of FVOCI financial assets		-	12	n.m.
Total other comprehensive income/(loss) for the period		(6,960)	3,330	n.m.
Total comprehensive income/(loss) for the period		10,182	17,246	-41.0%
Profit attributable to:				
- Owners of the Company		12,667	8,929	41.9%
- Non-controlling interests		4,475	4,987	-10.3%
		<u>17,142</u>	<u>13,916</u>	
Total comprehensive income attributable to:				
- Owners of the Company		7,356	10,850	-32.2%
- Non-controlling interests		2,826	6,396	-55.8%
		<u>10,182</u>	<u>17,246</u>	
Earnings per share for profit for the period attributable to the owners of the Company during the year:				
Basic and diluted (SGD in cent)		<u>2.29</u>	<u>1.61</u>	

n.m. - not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		30 Jun 2022 \$'000	31 Dec 2021 \$'000	30 Jun 2022 \$'000	31 Dec 2021 \$'000
ASSETS					
Current assets					
Other financial assets	10	443	560	443	560
Current tax asset		369	387	-	-
Inventories		61,101	63,809	-	-
Trade and other receivables		149,169	145,952	25,647	20,435
Cash and cash equivalents		172,493	203,230	94,136	97,977
Total current assets		383,575	413,938	120,226	118,972
Non-current assets					
Property, plant and equipment	11	171,500	159,095	46,539	47,208
Intangible assets		3,892	1,157	-	-
Investment properties	12	652	678	-	-
Subsidiaries		-	-	43,301	40,001
Other financial assets	10	68	68	68	68
Deferred tax assets		3,660	3,669	-	-
Trade and other receivables		23	37	-	-
Total non-current assets		179,795	164,704	89,908	87,277
Total assets		563,370	578,642	210,134	206,249
LIABILITIES					
Current liabilities					
Borrowings	13	59,510	80,204	-	-
Lease liabilities		1,465	1,771	330	323
Trade and other payables		71,067	72,894	14,211	13,151
Deferred income		378	384	56	56
Current tax payable		3,958	3,386	-	-
Total current liabilities		136,378	158,639	14,597	13,530
Non-current liabilities					
Borrowings	13	-	3,815	-	-
Lease liabilities		21,005	15,487	13,252	13,419
Deferred income		2,009	2,235	234	262
Deferred tax liabilities		4,442	5,063	-	-
Total non-current liabilities		27,456	26,600	13,486	13,681
Total liabilities		163,834	185,239	28,083	27,211
NET ASSETS		399,536	393,403	182,051	179,038
EQUITY					
Equity attributable to equity holders of the Company					
Share capital	14	180,100	180,100	180,100	180,100
Retained profits/(Accumulated losses)		123,394	113,711	1,904	(1,109)
Other reserves		9,657	14,969	47	47
		313,151	308,780	182,051	179,038
Non-controlling interests		86,385	84,623	-	-
Total equity		399,536	393,403	182,051	179,038

C. Condensed interim statements of changes in equity

The Group		Issued Capital	Treasury Shares	Share Capital	Other Reserves	Fair Value Reserve	Hedging Reserve	Foreign exchange translation reserve	Retained Profits	Total	Non- Controlling Interests	Total Equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022												
Balance at 1 January 2022		184,327	(4,227)	180,100	12,904	47	-	2,017	113,712	308,780	84,623	393,403
Total comprehensive income for the period												
Profit for the period		-	-	-	-	-	-	-	12,667	12,667	4,475	17,142
Other comprehensive income												
Foreign currency translation differences of foreign operations		-	-	-	-	-	-	(2,252)	-	(2,252)	(1,649)	(3,901)
Currency translation differences reclassified to profit or loss on de-consolidation of foreign operations		-	-	-	-	-	-	(3,059)	-	(3,059)	-	(3,059)
Total other comprehensive income		-	-	-	-	-	-	(5,311)	-	(5,311)	(1,649)	(6,960)
Total comprehensive income for the period		-	-	-	-	-	-	(5,311)	12,667	7,356	2,826	10,182
Transactions with owners, recognised directly in equity												
Dividend paid	8	-	-	-	-	-	-	-	(2,767)	(2,767)	(1,417)	(4,184)
Acquisition of subsidiaries with non-controlling interests		-	-	-	-	-	-	-	-	-	135	135
Acquisition of non-controlling interest without a change in control		-	-	-	-	-	-	-	(218)	(218)	218	-
Balance at 30 June 2022		184,327	(4,227)	180,100	12,904	47	-	(3,294)	123,394	313,151	86,385	399,536
2021												
Balance at 1 January 2021		184,327	(4,227)	180,100	12,534	39	(1)	(1,555)	98,666	289,783	74,302	364,085
Total comprehensive income for the period												
Profit for the period		-	-	-	-	-	-	-	8,929	8,929	4,987	13,916
Other comprehensive income												
Foreign currency translation differences of foreign operations		-	-	-	-	-	-	1,907	-	1,907	1,409	3,316
Net change in fair value - equity investments at FVOCI		-	-	-	-	12	-	-	-	12	-	12
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	-	2	-	-	2	-	2
Total other comprehensive income		-	-	-	-	12	2	1,907	-	1,921	1,409	3,330
Total comprehensive income for the period		-	-	-	-	12	2	1,907	8,929	10,850	6,396	17,246
Transactions with owners, recognised directly in equity												
Dividend paid	8	-	-	-	-	-	-	-	(2,767)	(2,767)	(1,134)	(3,901)
Balance at 30 June 2021		184,327	(4,227)	180,100	12,534	51	1	352	104,828	297,866	79,564	377,430

C. Condensed interim statements of changes in equity

The Company		Issued Capital	Treasury Shares	Share Capital	Other Reserves	Fair Value Reserve	Retained Profits/ (Accumulated Losses)	Total Equity
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022								
Balance at 1 January 2022		184,327	(4,227)	180,100	-	47	(1,109)	179,038
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	5,780	5,780
Other comprehensive income								
Net change in fair value - equity investments at FVOCI		-	-	-	-	-	-	-
Total comprehensive income for the period		-	-	-	-	-	5,780	5,780
Transactions with owners, recognised directly in equity								
Dividend paid	8	-	-	-	-	-	(2,767)	(2,767)
Balance at 30 June 2022		184,327	(4,227)	180,100	-	47	1,904	182,051
2021								
Balance at 1 January 2021		184,327	(4,227)	180,100	-	39	(2,095)	178,044
Total comprehensive income for the period								
Profit for the period		-	-	-	-	-	1,536	1,536
Other comprehensive income								
Net change in fair value - equity investments at FVOCI		-	-	-	-	12	-	12
Total comprehensive income for the period		-	-	-	-	12	1,536	1,548
Transactions with owners, recognised directly in equity								
Dividend paid	8	-	-	-	-	-	(2,767)	(2,767)
Balance at 30 June 2021		184,327	(4,227)	180,100	-	51	(3,326)	176,825

D. Condensed interim consolidated statement of cash flows

	Note	The Group	
		6 months ended	
		30 Jun 2022	30 Jun 2021
		\$'000	\$'000
Cash flows from operating activities			
Profit before tax		19,767	18,134
Adjustments for:			
Dividend income	6	(2)	(1)
Interest income	6	(960)	(649)
Gain on de-consolidation of subsidiaries	6	(3,497)	-
Amortisation of deferred income	6	(236)	(610)
Bad debt recovered		-	-
Depreciation of investment properties		10	25
Depreciation of property, plant and equipment	6	8,007	7,923
(Gain)/Loss on disposal of property plant and equipment	6	115	46
Finance expense	6	1,062	968
Net decrease/(increase) in fair value of financial assets designated at fair value through profit or loss		117	(384)
Allowance and write off of inventories	6	313	103
Property, plant and equipment written off	6	55	4
Unrealised exchange gain		(57)	(135)
		24,694	25,424
- Decrease/(increase) in inventories		1,527	(6,892)
- Increase in trade and other receivables		(4,277)	(5,649)
- Decrease in trade and other payables		(4,628)	(4,500)
Cash generated from operations		17,316	8,383
Tax paid		(2,476)	(3,353)
Net cash from operating activities		14,840	5,030
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired ⁽¹⁾		929	-
Interest income received		595	309
Proceeds from disposal of property, plant and equipment		325	1,197
Purchase of property, plant and equipment		(15,263)	(2,662)
Net cash used in investing activities		(13,414)	(1,156)
Cash flows from financing activities			
Decrease/(Increase) in pledged deposits		7,729	(3,725)
Interest paid		(941)	(1,034)
Payment of lease liabilities		(719)	(1,332)
Payment of dividends	8	(4,184)	(3,901)
Proceeds from borrowings		81,442	61,880
Repayment of borrowings		(106,481)	(53,822)
Net cash used in financing activities		(23,154)	(1,934)
Net (decrease)/increase in cash and cash equivalents		(21,728)	1,940
Cash and cash equivalents at beginning of the period		187,372	152,321
Effect of exchange rate fluctuations on cash held		(1,044)	872
Cash and cash equivalents at end of the period		164,600	155,133
Comprising:			
Cash at bank and in hand		115,532	88,166
Fixed deposits with banks		56,961	82,488
		172,493	170,654
Cash and cash equivalents classified as asset held for sales		-	203
Deposits pledged		(7,893)	(15,724)
		164,600	155,133

Note (1): - Cash flows relating to the acquisition of CKH Food Trading Pte Ltd and 123 Mart Pte Ltd

	S\$'000
Total consideration	3,300
Less: Consideration paid in prior year	(1,650)
Less: Consideration not yet paid	(825)
Less: Cash acquired	(1,754)
Net cash inflow	(929)

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

PSC Corporation Ltd. is incorporated and domiciled in Singapore and whose shares are publicly traded on the Mainboard of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group). The primary activities of the Company are supply of provisions and household consumer products. The company also provided management services to its subsidiaries.

The principal activities of the Group are:

- (a) supply of provisions and household consumer products
- (b) manufacture and trading of food products
- (c) manufacture and sales of corrugated cartons and other packaging products

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim 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 Standards 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 those standards.

2.2. Use of judgements and estimates

In preparing the condensed interim 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 December 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.

There is no information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Management is of the opinion that there is no instance of application of judgment which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for half year period ended 30 June 2022 except for the following.

- Note 11 – impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts
- Note 12 – determination of fair value of investment property using significant unobservable inputs

3. Seasonal operations

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

E. Notes to the condensed interim consolidated financial statements

4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Consumer Essentials Consumer Business;
- Segment 2: Strategic Investments Packaging; and
- Segment 3: Others

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

4.1. Reportable segments

	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 January 2022 to 30 June 2022				
Total segment revenue	106,017	175,438	-	281,455
Inter-segment revenue	-	(31)	-	(31)
Revenue from external parties	106,017	175,407	-	281,424
Total other income	476	745	3,497	4,718
Total revenue and other income	106,493	176,151	3,497	286,142
Depreciation	(2,420)	(5,595)	(10)	(8,025)
Dividend income	2	-	-	2
The Group's net profit after tax for was :	236	389	335	960
Finance expense	(327)	(853)	-	(1,180)
Net decrease in fair value of financial assets designated at fair value through profit or loss	(117)	-	-	(117)
Net Finance (expense)/income	(206)	(464)	335	(335)
Segment profit	5,438	12,431	3,783	21,652
Unallocated expenses				(1,885)
Profit before taxation				19,767
Taxation				(2,625)
Earnings for the interim period				17,142
Other segment information				
Segment assets	239,558	319,378	774	559,710
Deferred income tax assets	24	3,636	-	3,660
Total assets per statement of financial position				563,370
Expenditures for segment non-current assets				
- Additions to PPE	935	21,638	-	22,573
	935	21,638	-	22,573
Segment liabilities	38,549	116,833	51	155,433
Current income tax liabilities				3,958
Deferred income tax liabilities				4,442
Total liabilities per statement of financial position				163,834

E. Notes to the condensed interim consolidated financial statements

4.1. Reportable segments (cont'd)

	Segment 1	Segment 2	Segment 3	Consolidated
	\$'000	\$'000	\$'000	\$'000
1 January 2021 to 30 June 2021				
Total segment revenue	81,723	176,018	132	257,873
Inter-segment revenue	-	(29)	-	(29)
Revenue from external parties	81,723	175,989	132	257,844
Total other income	537	742	8	1,287
Total revenue and other income	82,260	176,731	140	259,131
Depreciation	(2,249)	(5,674)	(25)	(7,948)
Dividend income	1	-	-	1
Interest income	80	239	330	649
Finance expense	(324)	(644)	-	(968)
Net increase in fair value of financial assets designated at fair value through profit or loss	384	-	-	384
Net Finance (expense)/income	141	(405)	330	66
Segment profit	4,391	15,190	(795)	18,786
Unallocated expenses				(652)
Profit before taxation				18,134
Taxation				(4,218)
Earnings for the interim period				13,916
Other segment information				
Segment assets	215,782	315,885	11,278	542,945
Deferred income tax assets	-	3,426	-	3,426
Total assets per statement of financial position				546,371
Expenditures for segment non-current assets				
- Additions to PPE	440	1,961	-	2,401
	440	1,961	-	2,401
Segment liabilities	31,378	129,437	321	161,136
Current income tax liabilities				3,072
Deferred income tax liabilities				4,733
Total liabilities per statement of financial position				168,941

E. Notes to the condensed interim consolidated financial statements

4.2. Disaggregation of Revenue

	The Group			
	6 months ended 30 June 2022			
	Segment 1	Segment 2	Segment 3	Total
	\$'000	\$'000	\$'000	\$'000
Types of good or service:				
Sales of goods	106,017	175,407	-	281,424
Total revenue	106,017	175,407	-	281,424
Timing of revenue recognition:				
At a point in time	106,017	175,407	-	281,424
Over time	-	-	-	-
Total revenue	106,017	175,407	-	281,424
Geographical information:				
Singapore	65,415	27,930	-	93,345
Malaysia	40,602	-	-	40,602
China	-	147,477	-	147,477
Total revenue	106,017	175,407	-	281,424

	The Group			
	6 months ended 30 June 2021			
	Segment 1	Segment 2	Segment 3	Total
	\$'000	\$'000	\$'000	\$'000
Types of good or service:				
Sales of goods	81,723	175,989	-	257,712
Rental income	-	-	132	132
Total revenue	81,723	175,989	132	257,844
Timing of revenue recognition:				
At a point in time	81,723	175,989	-	257,712
Over time	-	-	132	132
Total revenue	81,723	175,989	132	257,844
Geographical information:				
Singapore	50,693	25,372	-	76,065
Malaysia	31,030	-	-	31,030
China	-	150,617	-	150,617
Japan	-	-	132	132
Total revenue	81,723	175,989	132	257,844

E. Notes to the condensed interim consolidated financial statements

5. Financial assets and financial liabilities

	Note	The Group		The Company	
		30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
		\$'000	\$'000	\$'000	\$'000
Financial Assets					
Financial assets at fair value through other comprehensive income (FVOCI)	10	68	68	68	68
Financial assets at fair value through other Profit & Loss (FVTPL)	10	443	560	443	560
Cash and bank balances and trade and other receivables (Amortised cost)*		314,140	342,904	120,192	116,477
		<u>314,651</u>	<u>343,532</u>	<u>120,703</u>	<u>117,105</u>
Financial Liabilities					
Trade and other payables and borrowings (Amortised cost)^		93,054	142,705	23,633	12,240

* excludes, prepayment, advance to suppliers and GST/VAT receivables

^ excludes financial derivative liability, accrued staff remuneration, GST/VAT payables

6. Profit before taxation

6.1. Significant items

	The Group	
	6 months ended	
	30-Jun-22	30-Jun-21
	\$'000	\$'000
Income		
Dividend income	2	1
Interest income	960	649
Gain on de-consolidation of subsidiaries	3,497	-
Expenses		
Amortisation of deferred income	(236)	(610)
Interest on borrowings	1,062	968
Depreciation of property, plant and equipment and investment property	8,017	7,948
Inventories written down	-	58
Allowance for impairment loss for inventories	193	45
(Gain)/loss on disposal and write off of property, plant and equipment	170	50
Net decrease/(increase) in fair value of financial assets designated at fair value through profit or loss	117	(384)
Foreign exchange loss/(gain), net	639	395

6.2. Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statement

E. Notes to 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:

	6 months ended	
	30-Jun-22	30-Jun-21
	\$'000	\$'000
Current income tax expense	3,307	4,168
Under provision of tax in respect of prior years	(72)	27
Deferred income tax expense relating to origination and reversal of temporary differences	(615)	236
Under/(over) provision of deferred tax in respect of prior years	5	(213)
	<u>2,625</u>	<u>4,218</u>

8. Dividends

	The Group	
	6 months ended	
	30-Jun-22	30-Jun-21
	\$'000	\$'000
Paid by the Company to owners of the Company		
Ordinary dividends paid:		
Final tax exempt dividend paid of 0.50 cents per share (2021: Final tax exempt dividend of 0.50 cents per share)	2,767	2,767
Paid by subsidiaries to non- controlling interest		
Special exempt (one-tier) dividend at \$Nil (2021: 1.00 cents) per ordinary share in respect of the previous financial year	-	567
Final exempt (one-tier) dividend at 2.50 cents (2021: 1.00 cents) per ordinary share in respect of the previous financial year	1,417	567
	<u>4,184</u>	<u>3,901</u>

9. Net Asset Value

	Group		Company	
	30-Jun-22	31-Dec-21	30-Jun-22	31-Dec-21
	cents	cents	cents	cents
Net asset value per ordinary share	<u>56.62</u>	<u>55.80</u>	<u>32.90</u>	<u>32.35</u>

10. Financial assets

Financial assets at fair value through other comprehensive income comprise the following:

	The Group	
	30-Jun-22	31-Dec-21
	\$'000	\$'000
Singapore listed equity securities	<u>68</u>	<u>68</u>

Financial assets at fair value through profit and loss comprise the following:

	The Group	
	30-Jun-22	31-Dec-21
	\$'000	\$'000
Hong Kong listed equity securities	<u>443</u>	<u>560</u>

E. Notes to the condensed interim consolidated financial statements

10. Financial assets (cont'd)

10.1. Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- a) Quoted prices (unadjusted) in active markets for identical assets or liabilities **(Level 1)**;
- b) Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) **(Level 2)**; and
- c) Inputs for the assets or liability which are not based on observable market data (unobservable inputs) **(Level 3)**

The following table presented the assets measured at fair value:

	Level 1	Level 2	Level 3	Total
	(\$'000)	(\$'000)	(\$'000)	(\$'000)
Group - 30 June 2022				
Financial assets				
FVOCI investments (Quoted investments)	68	-	-	68
FVTPL investments (Quoted investments)	443	-	-	443
Group - 31 December 2021				
Financial assets				
FVOCI investments (Quoted investments)	68	-	-	68
FVTPL investments (Quoted investments)	560	-	-	560

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$22,572,713 (30 June 2021: \$2,401,066) and disposed of assets with net book value amounting to \$440,514 (30 June 2021: \$1,245,016)

E. Notes to the condensed interim consolidated financial statements

12. Investment properties

The Group's investment properties consist of a number of resort apartments in Malaysia.

	The Group	
	30-Jun-22	31-Dec-21
	\$'000	\$'000
<i>Cost</i>		
Beginning of financial year	966	11,896
Addition	-	-
Disposal	-	(10,416)
Currency translation differences	(24)	(514)
End of interim period	942	966
Accumulated depreciation and impairment losses		
Beginning of financial year	288	372
Depreciation charge for the interim period	10	35
Disposal	-	(110)
Currency translation differences	(8)	(9)
End of interim period	290	288
Net book value		
As at 30 June/ 31 December	652	678
At valuation		
Freehold properties	853	874

12.1. Valuation

The Group engages external, independent and qualified valuers to determine the fair value of the Group's properties at the end of every half-year based on the property's highest and best use.

The fair value of the Group's investment properties is determined based on significant unobservable inputs and is categorised under Level 3 of the fair value measurement hierarchy. Level 3 fair value has been derived using Comparison Method of Valuation, where the unobservable input is price per square foot. A significant increase in price per square foot would result in a significantly higher fair value measurement.

E. Notes to the condensed interim consolidated financial statements

13. Borrowings

	The Group and the Company	
	30-Jun-22	31-Dec-21
	\$'000	\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	37,381	55,138
Unsecured	22,129	25,066
<u>Amount repayable after one year</u>		
Secured	-	3,815
Unsecured	-	-

Loans and borrowings of S\$36.89 million are secured by certain property, plant and equipment held by the Packaging Business with net book value of approximately of S\$31.80 million (31/12/2021: S\$33.70 million) and cash and cash equivalents amounting to S\$7.9 million (31/12/2021: S\$15.86 million).

Loans and borrowings of S\$0.49 million are secured by a joint and several guarantee from a shareholder and his spouse of a subsidiary. The shareholder is also a director of the subsidiary.

14. Share capital

	The Group and the Company			
	30 June 2022		31 December 2021	
	Number of shares	Amount	Number of shares	Amount
	\$'000	\$'000	\$'000	\$'000
Beginning and end of interim period	553,416	180,100	553,416	180,100

Since the end of 31 December 2021, there has been no change in the Company's share capital arising from rights issue, bonus issue, subdivision, consolidation, shares buy-back, 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.

There were also no outstanding convertibles for which shares may be issued. Neither was there any treasury shares being transferred, transacted, cancelled or held by the Company during or as at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial year.

The Company held 17,581,000 treasury shares as at 30 June 2022.

There were no sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

15. Subsequent events

There are no known subsequent events which have led to the adjustments to this set of condensed interim financial statements.

Other Information Required by Listing Rule Appendix 7.2

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of PSC Corporation Ltd. and its subsidiaries as at 30 June 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

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

The Group recorded revenue of S\$281.42 million in 1H2022. This was S\$23.58 million (9.15%) higher than the revenue of S\$257.84 million accounted in 1H2021. The increase was mainly attributed to higher revenue from the Consumer Business as a result of increase in sales volume and selling prices for both Singapore and Malaysia region. This is partially offset by lower revenue from the Packaging Business (Tat Seng Group), mainly due to reduction of total sales volume (sqm) of China's operations resulted from the tightened COVID-19 curbs in China region.

Gross profit for 1H 2022 was S\$59.51 million, which is higher than 1H 2021 by S\$2.02 million. The gross profit margins for 1H 2022 has decreased by 1.15% from 22.30% to 21.15%. The higher gross profit is attributed to higher revenue achieved by Consumer Business, while partially offset by higher cost of sales due to increase in raw material price. Gross profit margin decreased due to higher cost in raw materials and higher prices from suppliers in consumer products.

Other income of S\$4.72 million in 1H 2022 was higher than S\$1.29 million in 1H 2021. This is mainly due to a gain on de-consolidation of subsidiaries amounting to S\$3.50 million, partially offset by a reduction of amortisation of deferred income in 1H 2022 as compared to 1H 2021.

Distribution expenses increased by S\$1.83 million (8.02%) in 1H 2022 as compared to 1H 2021. The increase is mainly due to higher revenue achieved by the Group in 1H2022 as compared to 1H2021. It is also partially attributable to higher transportation costs and advertising incurred by the Consumer Business. The increase is partially offset by lower distribution expense for Packaging Business.

Administrative expenses increased by S\$1.87 million (11.03%) in 1H 2022 mainly due to higher staff salaries and provision of staff bonus, partially offset by lower administrative expenses from the Packaging Business.

Impairment on trade and other receivables increased by S\$0.03 million (7.65%) at S\$0.44 million in 1H 2022 as compared to S\$0.41 million in 1H 2021.

Other expenses decreased by S\$0.33 million in 1H 2022 as compared to 1H 2021. This is mainly due to decreased in exchange loss in 1H 2022 as compared to 1H 2021. This is partially offset by lower loss on disposal of property, plant and equipment in 1H 2022 as compared to 1H 2021.

1H 2022 reported a net finance expenses of S\$0.34 million as compared to a net finance income of S\$0.07 million in 1H 2021. This is mainly due to decrease in fair value of financial assets designated at fair value through profit or loss in 1H 2022 as compared to 1H 2021.

The Group achieved a higher profit before tax of S\$19.77 million in 1H 2022. Excluding the gain of S\$3.50 million arising from de-consolidation of subsidiaries, the profit before tax for 1H2022 would be S\$16.27 million and S\$1.86 million lower when compared to profit before tax of \$18.13 million for 1H2021.

The Group's net profit after tax was S\$17.14 million and net profit attributable to shareholders was S\$12.67 million for 1H2022. Similarly, excluding the gain on de-consolidation of subsidiaries, 1H2022 net profit after tax and net profit attributable to shareholders would be S\$13.65 million and S\$9.17 million respectively. Compared to 1H2021, net profit after tax decreased by \$0.27 million while net profit attributable to shareholders increased by \$0.24 million.

OTHER INFORMATION

2. Review of performance of the Group

Condensed interim statements of financial position

Property, plant and equipment increased by S\$12.41 million for the group in 2022 mainly from Packaging Business acquisition of property located at 28 Senoko Drive.

Other financial assets decreased by S\$0.12 million for both the Group and the Company mainly due to decreased in fair value of the financial assets designated at fair value through profit or loss.

At the Group level, inventories decreased by S\$2.71 million, mainly due to better management control on inventory level coupled with anticipation of economic slowdown in China at the Packaging Business., partially offset by increase in material price and higher stock holdings for Consumer Business as a result of higher demand as compared to December 2021 which usually has a higher stock holdings in preparation of festive period.

Trade and other receivables increased by S\$3.22 million, mainly from the Consumer Business which is in line with the higher revenue achieved by the Consumer Business, partially offset by lower trade and other receivables from the Packaging Business mainly due to the weakening of RMB against SGD and reduction of term bills receivables (with 6 months' maturity date) that received from customers as compared to December 2021.

Total loans and borrowings decreased by S\$24.51 million due to repayment of loans and borrowings from Packaging Business during the period.

Lease liabilities increased by S\$5.21 million mainly due to recognition of lease liabilities arised from Packaging Business's land lease of 28 Senoko Drive.

The decrease of S\$1.39 million in trade and other payables mainly due to the payment of staff incentives of prior year in 1H2022 for Packaging Business.

Condensed interim consolidated statement of cash flows

Cash and cash equivalents decreased by S\$21.73 million. This was primarily due to net cash used in investing activities amounting to S\$13.41 million, which mainly attributable to capital expenditure and net cash used in financing activities amounting to S\$23.15 million, which mainly due to repayment of borrowing and lease as well as dividend paid. This is partially offset by cash generated from operating activities amounting to S\$14.84 million that arose mainly from improved operating results.

OTHER INFORMATION

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

Not applicable

4. 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 operating period and the next 12 months

With the opening of borders with Malaysia, lifting of Covid-19 measures, and addition of CKH Food Trading to the Group, the Consumer Business recorded an increase in revenue of 29% for both Singapore and Malaysia region. However, the disruptions to the supply chain and the new wave of infections in China has continued to weigh on the country that Packaging Business operates in which resulted in a slight decline in its revenue.

The second half of 2022 remains challenging as the on-going Russia-Ukraine conflict, China's zero-covid policy and the continued disruptions in the supply chain will drive inflationary pressure in all segments. This will continue to have an impact on prices of raw materials and consumer products, labour cost and distribution expenses. As a result, the Group's margin might also be affected.

To minimize supply chain disruptions, the Group will continue to work closely with suppliers, explore new sourcing alternatives, and remain prudent in cost management and improve operational efficiency.

The Group is on robust footing with a positive net cash position and strong balance sheet. We will continue to leverage on our strengths to grow own business and exercise caution when exploring business opportunities for sustainable growth.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on? Yes

tax for was S\$17.14 million	Interim Ordinary
Dividend type	Cash; Tax exempt (1-tier) dividend
Dividend per share	S\$ 0.0025 per ordinary share
Tax rate	Exempt (1-tier)

5b. Corresponding Period of the Immediate Preceding Financial Year

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

Name of Dividend	Interim Ordinary
Dividend type	Cash; Tax exempt (1-tier) dividend
Dividend per share	S\$ 0.0025 per ordinary share
Tax rate	Exempt (1-tier)
Date paid	27 September 2021

OTHER INFORMATION

5. Dividend information (cont'd)

5c. Date Payable

31 August 2022

5d. Books Closure Date

19 August 2022

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

Not applicable

7. Interested person transactions

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Disclosure pursuant to Rule 706A of the Listing Manual

On 1 January 2022, the Group acquired 80% of the issued shares in C.K.H. Food Trading Pte. Ltd. ("CKH") and 123 Mart Pte. Ltd. ("123 Mart") for total cash consideration of S\$3,300,000. Both entities are principally engaged in food distribution and online retail in Singapore.

Confirmation by the Board

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 financial statements for the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Goi Seng Hui
Director

John Chen Seow Phun
Director

Singapore
Date: 10 August 2022