



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 2023
("FY2023")**

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

	Note	Group					
		6 months ended 31 January 2023 S\$'000	6 months ended 31 January 2022 S\$'000	Increase/ (Decrease) %	12 months ended 31 January 2023 S\$'000	12 months ended 31 January 2022 S\$'000	Increase/ (Decrease) %
Revenue	4	12,900	17,725	(27.2)	26,761	36,484	(26.7)
Interest income		41	-	N.M.	44	1	N.M.
Other gains		55	272	(79.8)	399	832	(52.0)
Cost of materials, services and consumables		(5,774)	(8,638)	(33.2)	(12,874)	(17,760)	(27.5)
Other losses		(320)	-	N.M.	(356)	-	N.M.
Finance costs		(20)	(38)	(45.9)	(36)	(93)	(61.3)
Depreciation expense		(857)	(857)	-	(1,717)	(1,782)	(3.6)
Depreciation of right-of-use-asset		(127)	(127)	-	(253)	(253)	-
Employee benefits expense		(3,145)	(3,998)	(21.3)	(6,264)	(7,229)	(13.3)
Other expenses		(1,476)	(2,083)	(29.1)	(3,279)	(3,934)	(16.6)
Profit before tax from continuing operations	6	1,277	2,256	(43.4)	2,425	6,266	(61.3)
Income tax expense		(194)	(813)	(76.1)	(429)	(1,408)	(69.5)
Profit from continuing operations, net of tax and total comprehensive income		1,083	1,443	(24.9)	1,996	4,858	(58.9)
Other comprehensive income:							
Foreign currency translation		(1)	(2)	(50.0)	1	3	(66.7)
Profit, net of tax and total comprehensive income attributable to owners of the Company		1,082	1,441	(24.9)	1,997	4,861	(58.9)
Earnings per share ("EPS") for profit of the period attributable to the owners of the Company:							
Basic and diluted* (SGD in cent)		0.83	1.10		1.52	3.71	

* 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 2023 S\$'000	As at 31 January 2022 S\$'000	As at 31 January 2023 S\$'000	As at 31 January 2022 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	10,263	9,499	-	-
Investment in financial instrument		940	-	-	-
Right-of-use assets		3,230	3,483	-	-
Investment in subsidiaries		-	-	15,327	15,327
Total non-current assets		14,433	12,982	15,327	15,327
Current assets					
Inventories		20	59	-	-
Trade and other receivables		7,445	7,462	1,894	4,899
Other assets, current		3,948	2,812	-	13
Cash and cash equivalents		9,880	11,064	6,096	101
Total current assets		21,293	21,397	7,990	5,013
Total assets		35,726	34,379	23,317	20,340
EQUITY AND LIABILITIES					
Equity					
Share capital	12	19,388	19,388	19,388	19,388
Retained earnings		10,169	8,173	163	107
Other reserve		3	2	-	-
Total equity		29,560	27,563	19,551	19,495
Non-current liabilities					
Deferred tax liabilities		824	874	-	-
Loans and borrowings	11	285	-	-	-
Lease liabilities, non-current		85	264	-	-
Total non-current liabilities		1,194	1,138	-	-
Current liabilities					
Income tax payable		451	1,170	7	9
Loans and borrowings	11	856	-	-	-
Lease liabilities, current		437	398	-	-
Trade and other payables		3,228	4,110	3,759	836
Total current liabilities		4,972	5,678	3,766	845
Total liabilities		6,166	6,816	3,766	845
Total equity and liabilities		35,726	34,379	23,317	20,340

C) Condensed interim consolidated statement of cash flows

	Group	
	12 months ended 31 January 2023 S\$'000	12 months ended 31 January 2022 S\$'000
Cash flows from operating activities		
Profit before tax	2,425	6,266
Adjustments for:		
Interest income	(44)	(1)
Interest expense	36	93
Impairment loss on property, plant and equipment	-	140
Allowance/(Reversal) for trade receivables, net	296	(45)
Depreciation of property, plant and equipment	1,717	1,782
Depreciation of right-of-use-assets	253	253
Fair value loss of financial instruments	60	-
Gain on disposal of plant and equipment	(150)	(229)
Net effect of exchange rate changes in consolidating subsidiary	1	3
Operating cash flows before changes in working capital	4,594	8,262
Inventories	39	(29)
Trade and other receivables	(1,376)	1,205
Other assets, current	(39)	486
Trade and other payables	(882)	(15)
Net cash flows from operations	2,336	9,909
Income taxes paid	(1,198)	(867)
Net cash flows from operating activities	1,138	9,042
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,236)	(972)
Proceeds from disposal of property, plant and equipment	317	544
Investment in financial instruments	(1,000)	-
Interest received	44	1
Net cash flows used in investing activities	(2,875)	(427)
Cash flows from financing activities		
Dividends paid	-	(1,310)
Interest paid	(36)	(93)
Proceeds from borrowings	1,712	-
Repayment of borrowings	(571)	(3,380)
Lease liabilities – principal portion paid	(552)	(743)
Net cash flows from/(used in) financing activities	553	(5,526)
Net decrease in cash and cash equivalents	(1,184)	3,089
Cash and cash equivalents, beginning balance	11,064	7,975
Cash and cash equivalents, ending balance	9,880	11,064

D) Condensed interim statements of changes in equity

GROUP	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000	Other reserve S\$'000
FY2023				
Balance at 1 February 2022	27,563	19,388	8,173	2
Total comprehensive income for the period	1,997	-	1,996	1
Balance at 31 January 2023	29,560	19,388	10,169	3
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

COMPANY	Total equity S\$'000	Share capital S\$'000	Retained earnings S\$'000
FY2023			
Balance at 1 February 2022	19,495	19,388	107
Total comprehensive income for the period	56	-	56
Balance at 31 January 2023	19,551	19,388	163
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

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 July 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 and full year ended 31 January 2023 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. 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 consolidated financial statements for the year ended 31 January 2022. 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 2022. 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>6 months ended 31 January 2023</u>	<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
Revenue by segment					
Total revenue	4,988	4,172	3,655	85	12,900
Recurring EBITDA*	2,803	(802)	528	(289)	2,240
Depreciation of property, plant and equipment	(445)	(222)	(48)	(142)	(857)
Depreciation of right-of-use-asset ORBIT**	(57)	–	–	(70)	(127)
	2,301	(1,024)	480	(501)	1,256
Interest income					41
Finance costs					(20)
Income tax expense					(194)
Profit from operations					1,083
<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	(451)	3,278
Depreciation of property, plant and equipment	(209)	(406)	(122)	(120)	(857)
Depreciation of right-of-use-asset ORBIT**	(57)	–	–	(70)	(127)
	750	(214)	2,399	(641)	2,294
Interest income					–
Finance costs					(38)
Income tax expense					(813)
Profit from operations					1,443

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 2023</u>					
Revenue by segment					
Total revenue	8,940	10,752	6,917	152	26,761
Recurring EBITDA*	4,248	(228)	840	(473)	4,387
Depreciation expense	(645)	(648)	(142)	(282)	(1,717)
Depreciation of right-of-use-asset	(114)	–	–	(139)	(253)
ORBIT**	3,489	(876)	698	(894)	2,417
Interest income					44
Finance costs					(36)
Income tax expense					(429)
Profit from continuing operations					1,996
<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	(456)	8,393
Depreciation expense	(388)	(868)	(280)	(246)	(1,782)
Depreciation of right-of-use-asset	(114)	–	–	(139)	(253)
ORBIT**	2,258	(104)	5,045	(841)	6,358
Interest income					1
Finance costs					(93)
Income tax expense					(1,408)
Profit from continuing operations					4,858

* 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 2023</u>					
Total assets for reportable segments	7,315	12,097	1,461	4,973	25,846
Cash and cash equivalents					9,880
Total group assets					<u>35,726</u>
<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>

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 2023</u>					
Total liabilities for reportable segments	1,330	1,884	794	883	4,891
Deferred tax liabilities					824
Income tax payable					451
Total group liabilities					<u>6,166</u>
<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>

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 2023	–	–	–	–	–
6 months ended 31 January 2022	140	–	–	–	140
Full year ended 31 January 2023	56	240	–	–	296
Full year ended 31 January 2022	140	–	–	–	140
Expenditure for non-current assets for the year ended:					
31 January 2023	458	1,749	293	149	2,649
31 January 2022	–	1,011	245	106	1,362

4.2 Disaggregation of revenue

	<u>Group</u>			
	<u>6 months ended</u> <u>31 January</u> <u>2023</u> S\$'000	<u>6 months ended</u> <u>31 January</u> <u>2022</u> S\$'000	<u>Full year ended</u> <u>31 January</u> <u>2023</u> S\$'000	<u>Full year ended</u> <u>31 January</u> <u>2022</u> S\$'000
<u>Type of goods and services</u>				
Sales of goods	4,988	3,397	8,940	8,032
Excavation services	4,172	6,618	10,752	13,277
Logistics and leasing services	3,655	7,640	6,917	15,048
Others	85	70	152	127
Total revenue	<u>12,900</u>	<u>17,725</u>	<u>26,761</u>	<u>36,484</u>
<u>Timing of revenue recognition</u>				
Point in time	8,728	11,107	16,009	23,207
Over time	4,172	6,618	10,752	13,277
Total revenue	<u>12,900</u>	<u>17,725</u>	<u>26,761</u>	<u>36,484</u>
<u>Duration</u>				
Short-term contracts	8,728	11,107	16,009	23,207
Long-term contracts	4,172	6,618	10,752	13,277
Total revenue	<u>12,900</u>	<u>17,725</u>	<u>26,761</u>	<u>36,484</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>	
	31 January <u>2023</u> S\$'000	31 January <u>2022</u> S\$'000	31 January <u>2023</u> S\$'000	31 January <u>2022</u> S\$'000
<u>Financial assets:</u>				
Financial assets at fair value through profit and loss	940	–	–	–
Financial assets at amortised cost	<u>17,325</u>	<u>18,526</u>	<u>7,984</u>	<u>5,000</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>4,891</u>	<u>4,772</u>	<u>3,759</u>	<u>836</u>

6. Profit before taxation

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Gains on disposal of plant and equipment	20	13	150	229
Government grants	5	232	182	540
Allowance for impairment on trade receivables	(310)	–	(310)	–
Reversal of impairment allowance on trade receivables	14	–	14	45
Cost of materials and disposal	(3,179)	(6,174)	(7,445)	(11,386)
Cost of transportation services	(705)	(782)	(1,200)	(3,169)
Cost of diesel	(1,710)	(1,668)	(3,989)	(3,185)
Impairment of plant and equipment	–	(140)	–	(140)
Interest expense – lease liabilities	(15)	(14)	(20)	(30)
Interest expense – bank loans	(5)	(24)	(16)	(63)
Rental expenses	(90)	(58)	(179)	(105)
Repair and maintenance expense	(473)	(512)	(1,131)	(1,103)
Upkeep of motor vehicles	(435)	(490)	(899)	(948)
Short term rental of equipment and machineries	(87)	(233)	(234)	(431)

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>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
	S\$'000	S\$'000	S\$'000	S\$'000
Current income tax expense	332	367	479	1,169
Deferred tax (income) expense relating to origination and reversal of temporary differences	(138)	446	(50)	239
	<u>194</u>	<u>813</u>	<u>429</u>	<u>1,408</u>

8. Dividend

	<u>Dividend per share</u>		<u>Group and Company</u>	
	<u>31 January</u> <u>2023</u> Singapore cent	<u>31 January</u> <u>2022</u> Singapore cent	<u>31 January</u> <u>2023</u> S\$'000	<u>31 January</u> <u>2022</u> S\$'000
Ordinary dividends paid: Final dividend in respect of the previous financial year, approved and paid during the year	—	1.00	—	1,310

9. Net asset value (“NAV”)

	Group		Company	
	<u>31 January</u> <u>2023</u>	<u>31 January</u> <u>2022</u>	<u>31 January</u> <u>2023</u>	<u>31 January</u> <u>2022</u>
NAV attributable to owners of the Company (S\$'000)	29,560	27,563	19,551	19,495
Total number of issued shares excluding treasury shares ('000)	131,000	131,000	131,000	131,000
NAV per ordinary share (cents)	22.6	21.0	14.9	14.9

10. Property, plant and equipment

During the six-months period ended 31 January 2023, the Group acquired assets amounting to S\$1,167,000 (31 January 2022: S\$722,000) and disposed of assets amounting to S\$25,000 (31 January 2022: S\$23,000).

11. Borrowings

Amount repayable in one year or less:

	Group			
	31 January 2023		31 January 2022	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	856	-	-	-

Amount repayable after one year:

	Group			
	31 January 2023		31 January 2022	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Bank loans	285	-	-	-

Bank loans

The bank loan refers to bank borrowings drawn down to re-finance the land acquisition and construction of the Group's corporate headquarters at 10 Tuas South Street 7 Singapore 637114 (“**Tuas Property**”) and are repayable by equal monthly instalments until April 2024.

The above bank loan is secured by:

- Corporate guarantee from the Company;
- First legal mortgage over the leasehold Tuas Property; and
- 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

	<u>31 January 2023</u>		<u>31 January 2022</u>	
	<u>No. of shares</u>	<u>S\$</u>	<u>No. of shares</u>	<u>S\$</u>
	<u>'000</u>	<u>'000</u>	<u>'000</u>	<u>'000</u>
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 2023 and 31 January 2022. The Company's subsidiaries did not hold any shares in the Company as at 31 January 2023 and 31 January 2022.

13. Events subsequent to period end

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 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 2023 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 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

	FY2023 S\$'000	FY2022 S\$'000	Increase/ (Decrease) \$	Increase/ (Decrease) %
Recycling	8,940	8,032	908	11.3
Excavation services	10,752	13,277	(2,525)	(19.0)
Logistics and leasing	6,917	15,048	(8,131)	(54.0)
Others	152	127	25	19.7
Total	26,761	36,484	(9,723)	(26.7)

Revenue decreased by S\$9.7 million or 26.7% to S\$26.8 million in FY2023 as compared to S\$36.5 million in FY2022. The decrease is largely driven by a decrease in revenue from logistics and leasing, and excavation services. This was mainly due to the pent-up demand for such services subsequent to the easing of the COVID-19 lockdowns and stoppages in FY2022, which had dampened in FY2023. Nevertheless, the revenue for FY2023 had demonstrated a healthy recovery towards pre-COVID-19 revenue levels.

Other gains

Other gains decreased by S\$0.4 million or 52.0% from S\$0.8 million in FY2022 to S\$0.4 million in FY2023. The decrease was mainly due to the decrease of S\$0.3 million in grants received from the Singapore Government and the decrease of S\$0.1 million in gain on disposal of plant and equipment.

Cost of materials, services and consumables

Cost of materials, services and consumables decreased by S\$4.9 million or 27.5% from S\$17.8 million in FY2022 to S\$12.9 million in FY2023 which is in line with the decrease in revenue. The cost of materials, services and consumables was 48.1% of revenue in FY2023 which was slightly lower than the 48.7% in FY2022. The slight improvement can be attributed to more emphasis being placed on improving the quality of earnings against the backdrop of rising operating costs.

2 Performance of the Group (cont'd)

Financial Performance Review (cont'd)

Other losses

Other losses amounted to S\$0.4 million. Of which, S\$0.3 million relates to provision for doubtful debts made in the second half of FY2023 while the remaining S\$0.1 million relates to fair value loss on financial instrument recognised in FY2023. There were no such expenses in FY2022. The fair value loss on the underlying fund investment can be attributed to exposures from geopolitical tensions, rising interest rates and volatile energy prices.

Finance costs

Finance costs decreased by 61.3% to \$36,000 in FY2023 from \$93,000 in FY2022. This is attributed to the refinancing of the existing property loan at a more favourable rate during FY2023. The Group maintained its net cash position and the management will continue to exercise prudence in its capital management.

Depreciation expenses

Depreciation expenses for property, plant and equipment and right-of-use assets for FY2023 and FY2022 remained stable at S\$2.0 million.

Employee benefits expense

Employee benefits expense decreased by S\$0.9 million or 13.3% from S\$7.2 million in FY2022 to S\$6.3 million in FY2023. Employee benefits expense consists mainly of staff salaries, accrued bonuses, and statutory contributions. The decrease is in line with the lower level of business activities.

Other expenses

Other expenses decreased by S\$0.6 million or 16.7% to S\$3.3 million in FY2023 from S\$3.9 million in FY2022 mainly due to a decrease in rental of equipment and machineries, and upkeep of motor vehicles amounting to S\$0.3 million in FY2023, and the absence of a one-off asset write-off amounting to S\$0.1 million in FY2022.

Profit before tax

As a result of the above, profit before tax for FY2023 amounted to S\$2.4 million compared to profit before tax for FY2022 of S\$6.3 million.

Income tax expense

The Group's effective tax rates for FY2023 and FY2022 were 17.7% and 22.5% respectively. The effective tax rate was lower in FY2023 mainly due to reversal of temporary differences in deferred tax.

2 Performance of the Group (cont'd)

Financial Position Review

Non-current assets

Non-current assets increased by S\$1.5 million or 11.2% to S\$14.4 million as at 31 January 2023 from S\$13.0 million as at 31 January 2022. The increase is mainly attributed to net additions to property, plant and equipment of S\$0.8 million and net investment in financial instruments of S\$0.9 million, partially offset by depreciation of right-of-use assets amounting to S\$0.2 million.

Current assets

Current assets decreased by S\$0.1 million or 0.5% to S\$21.3 million as at 31 January 2023 from S\$21.4 million as at 31 January 2022. The decrease was due mainly to the decrease in cash and cash equivalents by S\$1.2 million, partially offset by increase in trade and other receivables by S\$1.1 million.

Other assets as at 31 January 2023 comprise of mainly contract assets pertaining to work performed but not billed amounting to S\$2.9 million (31 January 2022: S\$2.5 million). The increase is attributed to the slower certification by main contractors for the work done.

The trade receivables turnover as at 31 January 2023 was 101 days as compared to 74 days as at 31 January 2022 due to a general slowdown in repayments by customers.

Non-current liabilities

Non-current liabilities increased by S\$0.1 million or 4.9% to S\$1.2 million as at 31 January 2023 from S\$1.1 million as at 31 January 2022. The increase was mainly due to increase in bank loans amounting to S\$0.3 million from drawdowns of bank loans during the year, partially offset by a decrease in lease liabilities of S\$0.2 million from repayments of lease liabilities during the year.

Current liabilities

Current liabilities decreased by S\$0.7 million or 12.4% to S\$5.0 million as at 31 January 2023 from S\$5.7 million as at 31 January 2022. The decrease was mainly due to decrease in trade and other payables of S\$0.9 million in line with the decrease in cost of materials, and income tax payable of S\$0.7 million, partially offset by the drawdown of bank loans amounting to S\$0.9 million in FY2023.

The trade payables turnover as at 31 January 2023 was 70 days as compared to 57 days as at 31 January 2022.

Cash Flow Review

During FY2023, the Group generated net cash flows from operating activities of S\$1.1 million.

Net cash flows used in investing activities was S\$2.9 million in FY2023, largely attributed to purchase of plant and equipment amounting to S\$2.2 million and purchase of financial instruments amounting to S\$1.0 million, partially offset by proceeds from disposal of plant and equipment amounting to S\$0.3 million.

In FY2023, the Group made a drawdown of S\$1.7 million of borrowings which are offset by repayments of borrowings and lease liabilities amounting to S\$1.1 million. As a result, the net cash from financing activities in FY2023 was S\$0.6 million.

Overall, the Group generated a net decrease of S\$1.2 million in FY2023 and ended the period with cash and cash equivalents of S\$9.9 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

Barring any unforeseen circumstances, the construction industry is expected to experience modest growth in the next 12 months as the market gradually recovers to pre-COVID-19 levels of business activity. According to BCA, the total construction output is projected to increase to between S\$30 billion to S\$33 billion in 2023, from the preliminary estimate of about S\$30.2 billion for 2022¹. Factors such as energy prices softening in recent months and gradual stabilisation of supply chains will help sustain the growth going forward.

However, we are also mindful that the ongoing geopolitical tensions and potential disruptions to supply chains could result in further shortage of labour and elevated costs of operations. These will continue to weigh on the outlook of the industry.

The Group remains focused in its operations in Singapore while cautiously assessing any new or additional investments. The Company will stay vigilant and continue to adjust its business and strategies as the global economic situation evolves.

¹Extracted from <https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore-s-construction-demand-to-remain-strong-in-2023>

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?

No.

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 FY2023. 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>2023</u> S\$'000	<u>31 January</u> <u>2022</u> S\$'000
Ordinary	-	-
Preference	-	-

8 Breakdown of sales and operating profits

	Group		
	Full year ended 31 January 2023	Full year ended 31 January 2022	Increase/ (Decrease)
	S\$'000	S\$'000	%
Sales reported for:			
- First half of the year	13,861	18,759	(26.1)
- Second half of the year	12,900	17,725	(27.2)
Operating profits after tax:			
- First half of the year	912	3,415	(73.3)
- Second half of the year	1,083	1,443	(30.2)

N.M. – not meaningful

9 Interested person transactions

Renewal of the general mandate for IPTs was obtained at the Annual General Meeting held on 27 May 2022.

During FY2023, the Group entered into the following IPTs:

Name of Interested Persons and nature of transactions	Aggregate value of all IPTs during FY2023 (excluding transactions less than S\$100,000)	
	Not conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules S\$'000	Conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules S\$'000
New Development Construction ("NDC")⁽¹⁾:		
Rendering of logistics services to NDC	-	584
Supply of construction materials to NDC	-	118
Leasing of excavators from NDC	-	116

9 Interested person transactions (cont'd)

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	36	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>	No changes during the year.

BY ORDER OF THE BOARD

Tan Kok Huat
Executive Director and CEO
24 March 2023