

Company Registration No. 200101065H

Santak Holdings Limited and its Subsidiaries

Financial Results
For the Half Year ended 31 December 2021

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Santak Holdings Limited and its Subsidiaries

Condensed Interim Consolidated Income Statement

For the Half Year ended 31 December 2021

	Note	Group		Change %
		6 Months ended 31 Dec 2021	6 Months ended 31 Dec 2020	
		S\$'000	S\$'000	
Revenue	4.2	5,972	6,666	(10.4)
Cost of sales		(5,138)	(5,467)	(6.0)
Gross profit		834	1,199	(30.4)
Other operating income		29	171	(83.0)
Distribution and selling expenses		(608)	(682)	(10.9)
Administrative expenses		(721)	(866)	(16.7)
Other operating expenses		(1)	(366)	(99.7)
Finance costs		(12)	(24)	(50.0)
Finance income		11	*	n.m
Loss before tax	5	(468)	(568)	(17.6)
Taxation	6	(19)	(63)	(69.8)
Loss, net of taxation		(487)	(631)	(22.8)
Loss attributable to:				
Owners of the Company				
Loss, net of taxation		(487)	(631)	(22.8)
Loss for the year attributable to owners of the Company		(487)	(631)	(22.8)
Loss per share attributable to owners of the Company (cents per share)				
Basic		(0.45)	(0.59)	
Diluted		(0.45)	(0.59)	
Loss per share (cents per share)				
Basic		(0.45)	(0.59)	
Diluted		(0.45)	(0.59)	

* Denotes less than S\$1,000

Santak Holdings Limited and its Subsidiaries

Condensed Interim Consolidated Statement of Comprehensive Income

For the Half Year ended 31 December 2021

	Group		Change
	6 Months ended 31 Dec 2021	6 Months ended 31 Dec 2020	
	S\$'000	S\$'000	
Loss for the year	(487)	(631)	(22.8)
Other comprehensive income:			
<u>Items that may be reclassified</u>			
<u>subsequently to profit or loss:</u>			
Foreign currency translation	1	(10)	n.m
Total other comprehensive income for the period, net of taxation	1	(10)	n.m
Total comprehensive income for the period	(486)	(641)	(24.2)
Total comprehensive income attributable to:			
Owners of the Company	(486)	(641)	(24.2)
Attributable to:			
Owners of the Company			
Total comprehensive income, net of taxation	(486)	(641)	(24.2)
Total comprehensive income for the period attributable to equity owners of the Company	(486)	(641)	(24.2)

Santak Holdings Limited and its Subsidiaries

Condensed Interim Consolidated Statement of Financial Position

	Note	Group		Company	
		31 Dec 2021 S\$'000	30 Jun 2021 S\$'000	31 Dec 2021 S\$'000	30 Jun 2021 S\$'000
Non-current assets					
Property, plant and equipment	7	4,183	4,195	80	84
Right-of-use assets		475	556	–	–
Investments in subsidiary companies		–	–	8,356	8,356
Intangible assets		30	41	1	2
Deferred tax assets		11	10	11	10
		4,699	4,802	8,448	8,452
Current assets					
Inventories	8	1,009	1,262	–	–
Prepayments		33	55	3	11
Trade receivables	9	3,001	2,125	–	–
Other receivables		197	161	–	–
Loan to a subsidiary company		–	–	4,030	4,030
Due from subsidiary companies (non-trade)		–	–	1,885	1,822
Fixed deposits	10	5,011	5,000	–	–
Short term investment	14(b)	1,301	1,300	–	–
Cash and cash equivalents		2,634	3,376	56	117
		13,186	13,279	5,974	5,980
Current liabilities					
Trade payables		1,371	951	–	–
Other payables		974	1,037	279	366
Lease liabilities	11	156	165	–	–
Provision for taxation		40	25	12	7
		2,541	2,178	291	373
Net current assets		10,645	11,101	5,683	5,607
Non-current liabilities					
Lease liabilities	11	292	365	–	–
Provisions		35	35	–	–
		327	400	–	–
Net assets		15,017	15,503	14,131	14,059
Equity attributable to owners of the Company					
Share capital	12	12,852	12,852	12,852	12,852
Translation reserve		(164)	(165)	–	–
Retained earnings		2,329	2,816	1,279	1,207
Total Equity		15,017	15,503	14,131	14,059

Santak Holdings Limited and its Subsidiaries

**Condensed Interim Statements of Changes in Equity
For the 6 months ended 31 December 2021**

Group	Attributable to owners of the Company			
	Share capital (Note 12)	Retained earnings	Translation Reserve	Total Equity
	S\$'000	S\$'000	S\$'000	S\$'000
At 1 July 2021	12,852	2,816	(165)	15,503
Loss for the period	–	(487)	–	(487)
<u>Other comprehensive income</u>				
Foreign currency translation	–	–	1	1
Other comprehensive income for the period, net of taxation	–	–	1	1
Total comprehensive income for the period	–	(487)	1	(486)
At 31 December 2021	12,852	2,329	(164)	15,017

Santak Holdings Limited and its Subsidiaries

**Condensed Interim Statements of Changes in Equity
For the 6 months ended 31 December 2021**

Group	Attributable to owners of the Company				Total equity S\$'000
	Share capital (Note 12) S\$'000	(Accumulated losses)/ Retained earnings S\$'000	Revaluation reserve S\$'000	Translation reserve S\$'000	
At 1 July 2020	12,852	(3,057)	9,521	(147)	19,169
Loss for the period	–	(631)	–	–	(631)
<u>Other comprehensive income</u>					
Foreign currency translation	–	–	–	(10)	(10)
Other comprehensive income for the period, net of taxation	–	–	–	(10)	(10)
Total comprehensive income for the period	–	(631)	–	(10)	(641)
Transfer from revaluation reserves to (accumulated losses)/retained earnings	–	9,521	(9,521)	–	–
At 31 December 2020	12,852	5,833	–	(157)	18,528

Santak Holdings Limited and its Subsidiaries**Condensed Interim Statements of Changes in Equity
For the 6 months ended 31 December 2021**

Company	Attributable to owners of the Company		
	Share capital (Note 12) S\$'000	Retained earnings S\$'000	Total equity S\$'000
At 1 July 2021	12,852	1,207	14,059
Profit for the period, representing total comprehensive income for the period	–	72	72
At 31 December 2021	12,852	1,279	14,131
At 1 July 2020	12,852	1,038	13,890
Profit for the period, representing total comprehensive income for the period	–	2,032	2,032
At 31 December 2020	12,852	3,070	15,922

Santak Holdings Limited and its Subsidiaries

**Condensed Interim Consolidated Statement of Cash Flow
For the 6 months ended 31 December 2021**

	The Group	
	6 months ended 31 Dec 2021 S\$'000	6 months ended 31 Dec 2020 S\$'000
Cash flows from operating activities		
Loss before tax	(468)	(568)
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	80	71
Depreciation of right-of-use assets	81	95
Amortization of intangible assets	10	11
Gain on disposal of assets of a subsidiary classified as held for sale	–	(1)
Loss/(gain) on disposal of property, plant and equipment	1	(2)
Gain on short term investment	(1)	–
Write-off of property, plant and equipment	–	30
Impairment of right-of-use assets	–	64
Interest expense – lease liabilities	12	24
Interest income	(11)	*
Unrealised exchange gain	(21)	(80)
	<hr/>	<hr/>
Operating cash flows before changes in working capital	(317)	(356)
	<hr/>	<hr/>
<u>Changes in working capital</u>		
Decrease/(increase) in:		
Inventories	253	104
Trade receivables	(876)	(351)
Other receivables and prepayments	(9)	225
Increase/(decrease) in:		
Trade payables	420	70
Other payables	(63)	(72)
	<hr/>	<hr/>
Total changes in working capital	(275)	(24)
	<hr/>	<hr/>
Cash flows from operations	(592)	(380)
Interest received	6	*
Income taxes paid, net	(4)	(5)
	<hr/>	<hr/>
Net cash flows used in operating activities	(590)	(385)
	<hr/>	<hr/>
Cash flows from investing activities		
Purchase of property, plant and equipment	(73)	(70)
Proceeds from disposal of property, plant and equipment	2	2
Proceeds from disposal of assets of a subsidiary classified as held for sale	–	10,656
Placement of fixed deposits	(11)	–
	<hr/>	<hr/>
Net cash flows (used in)/generated from investing activities	(82)	10,588
	<hr/>	<hr/>

Santak Holdings Limited and its Subsidiaries

**Condensed Interim Consolidated Statement of Cash Flow
For the 6 months ended 31 December 2021**

	The Group	
	6 months ended 31 Dec 2021	6 months ended 31 Dec 2020
	\$'000	\$'000
Cash flows from financing activities		
Interest paid	(12)	(24)
Payment of principal portion of lease liabilities	(82)	(160)
	<hr/>	
Net cash flows used in financing activities	(94)	(184)
	<hr/>	
Net (decrease)/increase in cash and cash equivalents	(766)	10,019
Effect of exchange rate changes on cash and cash equivalents	24	14
Cash and cash equivalents at beginning of period	3,376	3,186
	<hr/>	
Cash and cash equivalents at end of period	2,634	13,219
	<hr/>	

* Denotes less than S\$1,000

Santak Holdings Limited and its Subsidiaries

Notes to the Condensed Interim Consolidated Financial Statements For the 6 months ended 31 December 2021

1. Corporate information

Santak Holdings Limited is a limited liability company, incorporated and domiciled in Singapore and is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited. These condensed Interim consolidated financial statements comprise the Company and its subsidiaries (collectively, "the Group").

The registered office and principal place of business of the Company is located at 4 Clementi Loop #01-01, Singapore 129810.

The principal activities of the Company are those of investment holding and providing managerial, administrative, supervisory and consultancy services to any company in which the Company has an interest. The principal activities of the Group are:

- a) Manufacture of precision machined components and
- b) Trading and distribution of electronic, electrical and mechanical components/ products.

2. Summary of significant accounting policies

2.1 Basis of preparation

The Interim consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The condensed interim financial statements for the six months ended 31 December 2021 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 interim financial statements for the period ended 30 June 2021.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollars ("SGD" or "S\$"), except where otherwise indicated.

2. Summary of significant accounting policies

2.2 *Adoption of new and amended standards and interpretations*

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 effective as of 1 July 2021. The Group has adopted all the new standards and amendments which are relevant to the Group and are effective for the financial periods beginning on or after 1 July 2021, but the adoption of these new standards and amendments do not result in material changes to the Group's accounting policies and do not have any material impact on the interim condensed financial statements of the Group for the six months ended 31 December 2021.

2.3 *Significant accounting judgement and estimates*

The preparation of the Group's condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

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 30 June 2021.

3. Seasonal operations

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

Santak Holdings Limited and its Subsidiaries

**Notes to the Condensed Interim Consolidated Financial Statements
For the 6 months ended 31 December 2021**

4. Segment information

For management purposes, the Group is organized into three main operating divisions, namely Precision engineering, Trading and distribution and Investment and management services:

Precision engineering:	Manufacture of precision machined components.
Trading and distribution:	Trading and distribution of electronic, electrical and mechanical components/products.
Investment and management services:	Investments holding, provision of management, administrative, supervisory and consultancy services to Group entities.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment.

4.1 Reportable Segments

1 July 2021 to 31 December 2021	Precision engineering S\$'000	Trading and distribution S\$'000	Investment and management services S\$'000	Adjustments and eliminations S\$'000	Total S\$'000
Revenue					
Sales to external customers	3,347	2,625	–	–	5,972
Inter-segment sales	–	–	584	(584)	–
Total revenue	3,347	2,625	584	(584)	5,972
Results					
Interest income	11	–	–	–	11
Interest expense - lease liabilities	(12)	–	–	–	(12)
Depreciation of property, plant and equipment	(74)	(1)	(5)	–	(80)
Depreciation of right-of-use assets	(81)	–	–	–	(81)
Amortisation of intangible assets	(10)	–	*	–	(10)
Other non-cash expenses	(13)	–	–	–	(13)
Taxation	–	(10)	(9)	–	(19)
Segment (loss)/profit	(651)	93	72	(1)	(487)
Group Assets					
Additions to non-current assets	71	–	2	–	73
Segment assets	15,866	2,128	14,423	(14,532)	17,885
Liabilities					
Segment liabilities	7,171	1,581	292	(6,176)	2,868

* Denotes less than S\$1,000

Santak Holdings Limited and its Subsidiaries

**Notes to the Condensed Interim Consolidated Financial Statements
For the 6 months ended 31 December 2021**

4. Segment information (Cont'd)

4.1 Reportable Segments (cont'd)

1 July 2020 to 31 December 2020	Precision engineering S\$'000	Trading and distribution S\$'000	Investment and management services S\$'000	Adjustments and eliminations S\$'000	Total S\$'000
Revenue					
Sales to external customers	4,772	1,894	–	–	6,666
Inter-segment sales	–	–	2,584	(2,584)	–
Total revenue	4,772	1,894	2,584	(2,584)	6,666
Results					
Interest income	*	*	–	–	*
Interest expense - lease liabilities	(23)	–	(1)	–	(24)
Depreciation of property, plant and equipment	(70)	*	(1)	–	(71)
Depreciation of right-of-use assets	(81)	–	(14)	–	(95)
Amortisation of intangible assets	(10)	–	(1)	–	(11)
Other non-cash expenses	(161)	–	–	–	(161)
Taxation	(64)	3	(2)	–	(63)
Segment (loss)/profit	(663)	(2)	2,033	(1,999)	(631)
Group Assets					
Additions to non-current assets	62	4	4	–	70
Segment assets	21,133	1,436	16,221	(16,394)	22,396
Liabilities					
Segment liabilities	10,798	1,053	299	(8,282)	3,868

* Denotes less than S\$1,000

Santak Holdings Limited and its Subsidiaries

**Notes to the Condensed Interim Consolidated Financial Statements
For the 6 months ended 31 December 2021**

4. Segment information (Cont'd)

4.2 Disaggregation of revenue

	The Group 6 months ended 31 December					
	Precision engineering		Trading and distribution		Total revenue	
	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Types of goods or services:						
Sales of goods	3,347	4,772	2,625	1,894	5,972	6,666
Primary geographical markets						
Singapore	73	51	–	–	73	51
Asean (excluding Singapore)	2,718	4,005	22	15	2,740	4,020
America and Europe	539	702	2,566	1,859	3,105	2,561
North Asia	4	3	37	20	41	23
Others	13	11	–	–	13	11
	3,347	4,772	2,625	1,894	5,972	6,666
Timing of transfer of goods or services						
At a point in time	3,347	4,772	2,625	1,894	5,972	6,666

Santak Holdings Limited and its Subsidiaries

**Notes to the Condensed Interim Consolidated Financial Statements
For the 6 months ended 31 December 2021**

5. Loss before tax

5.1 The following significant items were credited/(charged) to arrive at the loss before tax:

	6 months ended 31 Dec 2021 S\$'000	6 months Ended 31 Dec 2020 S\$'000
Income		
Other income	29	171
Interest income	11	*
Gain on short term investment	1	-
Expenses		
Interest expense – lease liabilities	(12)	(24)
Depreciation of property, plant and equipment	(80)	(71)
Depreciation of right-of-use assets	(81)	(95)
Amortisation of intangible assets	(10)	(11)
(Allowance)/write back for stocks obsolescence (net)	(12)	11
(Loss)/gain on disposal of property, plant and equipment	(1)	2
Gain on disposal of assets of a subsidiary classified as held for sale	-	1
Foreign exchange gain/(loss)	4	(190)
Management personnel compensation (including directors)	(656)	(654)

* Denotes less than S\$1,000

5.2 Related party transactions

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

Santak Holdings Limited and its Subsidiaries**Notes to the Condensed Interim Consolidated Financial Statements
For the 6 months ended 31 December 2021****6. Taxation**

	GROUP	
	6 months ended 31 Dec 2021	6 months ended 31 Dec 2020
	S\$'000	S\$'000
Current income tax		
- Current income taxation	16	58
- Under/(Over) provision in respect of previous years	4	(4)
Deferred Tax		
- Origination and reversal of temporary differences	(1)	10
- Over provision in respect of previous years	–	(1)
Income tax expense recognised in profit or loss	19	63

7. Property, plant and equipment

During the six months ended 31 December 2021, the Group acquired assets amounting to S\$73,000 (31 December 2020: S\$102,000) and disposed of assets amounting to S\$3,000 (31 December 2020: S\$49,000).

8. Inventories

	Group	
	31 Dec 2021	30 June 2021
	S\$'000	S\$'000
Balance sheet:		
Raw materials	239	237
Work-in-progress	196	317
Finished goods	574	708
Total inventories at lower of cost and net realisable value	1,009	1,262

The allowance for obsolete inventories as at 31 December 2021 amounted to \$83,000 (30 June 2021: \$71,000).

Santak Holdings Limited and its Subsidiaries**Notes to the Condensed Interim Consolidated Financial Statements
For the 6 months ended 31 December 2021****9. Trade receivables**

	Group	
	31 Dec 2021	30 June 2021
	S\$'000	S\$'000
Trade receivables	3,001	2,125
Less: Allowance for impairment of trade receivables	–	–
Total trade receivables	3,001	2,125

10. Fixed deposits

The fixed deposits were placed with a bank in Singapore for 6 months term and earns interests at the bank's prevailing fixed deposit rates.

11. Borrowings

Aggregate amount of group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

As at 31/12/2021		As at 30/06/2021	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
30,000	126,000	42,000	123,000

Amount repayable after one year

As at 31/12/2021		As at 30/06/2021	
Secured	Unsecured	Secured	Unsecured
S\$	S\$	S\$	S\$
2,000	290,000	11,000	354,000

Details of any collateral

Secured lease liabilities are secured over the motor vehicles as well as corporate guarantees from the Company. The unsecured lease liabilities relate to right-of-use assets of the Group.

Santak Holdings Limited and its Subsidiaries

**Notes to the Condensed Interim Consolidated Financial Statements
For the 6 months ended 31 December 2021**

12. Share capital

	Group and Company			
	31 December 2021		30 June 2021	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued and fully paid ordinary shares				
At beginning and end of period	107,580,980	12,852	107,580,980	12,852

There were no treasury shares as at 31 December 2021.

There were no shares held as treasury shares as at 31 December 2021 (30 June 2021: Nil).

There were no share options and no convertibles as at 31 December 2021 (30 June 2021: Nil).

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

13. Net asset value

	Group		Company	
	31 Dec 2021	30 June 2021	31 Dec 2021	30 June 2021
	\$'000	\$'000	\$'000	\$'000
Net asset value per ordinary share based on issued share capital at the end of the financial period (in cents):	13.96	14.41	13.14	13.07

14. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorizes fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Santak Holdings Limited and its Subsidiaries

**Notes to the Condensed Interim Consolidated Financial Statements
For the 6 months ended 31 December 2021**

14. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Group			
	S\$'000			
	Fair value measurements at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets				
At 31 Dec 2021				
Short term investment #	1,301	-	-	1,301
At 30 June 2021				
Short term investment #	1,300	-	-	1,300

Short term investment relates to SGD Money Market Fund placed with a bank in Singapore and classified as fair value through profit or loss (FVTPL).

15. Subsequent events

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

Santak Holdings Limited and its Subsidiaries

Other information Required by Appendix 7C of the Catalist Rules For the 6 months ended 31 December 2021

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

The figures have not been audited nor reviewed by the auditors.

2. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

3. **Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- (a) **Updates on the efforts taken to resolve each outstanding audit issue.**
(b) **Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

Not applicable.

4. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Review of Income Statement

Revenue decreased by 10.4% from S\$6.67 million in the half year ended 31 December 2020 ("HY2021") to S\$5.97 million in the half year ended 31 December 2021 ("HY2022"). The decrease was mainly due to lower sales derived from the Group's Precision Engineering Division's ("PE") at S\$3.35 million, a decrease of S\$1.43 million or 29.9% compared to HY2021. The decrease in sales in PE compared to prior corresponding period was primarily due to lower sales arising from weaker demand from its data storage and oil & gas sectors which was partially offset by the stronger demand from the sensor equipment sector. On the other hand, the above decrease was partially offset by the Group's Trading & Distribution Division's ("T&D") revenue at S\$2.62 million in HY2022, an increase of S\$0.73 million or 38.6% compared to HY2021. The increase in sales in T&D compared to the prior corresponding period was mainly due to the higher sales arising from stronger demand from its security/access control systems business. Nevertheless, revenue in HY2022 was higher by S\$0.81 million or 15.8% when compared to the immediately preceding half year ended 30 June 2021 ("2HY2021").

The Group's gross profit was lower at approximately S\$0.83 million in HY2022 compared to approximately S\$1.20 million in HY2021 resulting in lower gross profit margin of approximately 14.0% in HY2022 compared to approximately 18.0% in HY2021. This was mainly due to lower economies of scale recorded as a result of the lower turnover registered in HY2022. Nevertheless, the gross profit margin in HY2022 was an improvement over the gross profit margin of 8.3% recorded in the immediately preceding half year 2HY2021. Similar to the immediately preceding 2HY2021, the Group's Johor factory production ramped up in HY2022 was still constrained by manpower shortages mainly due to COVID-19 pandemic restrictions. The decrease in depreciation expense by approximately S\$0.01 million in HY2022 was mainly due to lower depreciation expense of right-of-use assets which was partially offset by increase in depreciation charge mainly on renovation and electrical installation.

Santak Holdings Limited and its Subsidiaries

Other information Required by Appendix 7C of the Catalyst Rules For the 6 months ended 31 December 2021

Other operating income decreased by approximately S\$0.14 million from S\$0.17 million in HY2021 to approximately S\$0.03 million in HY2022 mainly due to the reduction in governments' grants for COVID-19 pandemic supports in both Singapore and Malaysia by approximately S\$0.14 million compared to HY2021.

Other operating expenses decreased by S\$0.37 million or 99.7% from S\$0.37 million in HY2021 to approximately S\$1,000 in HY2022. This was mainly due to the foreign exchange loss of S\$0.19 million in HY2021 compared to an exchange gain of approximately S\$4,000 in HY2022. In addition, the impairment of right-of-use assets of approximately S\$0.06 million, shifting cost incurred for the relocation of machines and raw material of S\$0.08 million as well as fixed assets written off arising from the shift from Singapore factory to the Johor factory of S\$0.03 million in HY2021 were all absent in HY2022.

The decrease in distribution and selling expenses by S\$0.07 million or 10.9% to S\$0.61 million was mainly due to lower sales commission as well as lower payroll expenses in HY2022 compared to HY2021 in line with the lower turnover. The Group's administrative expenses decreased by S\$0.14 million or 16.7% to approximately S\$0.72 million in HY2022 compared to HY2021 was mainly due to decrease in depreciation expense of right-of-use assets by S\$0.7 million, lower payroll and computer system cost in HY2022 as well as shifting cost to the new premises incurred in HY2021 which was absent in HY2022. The decrease in financial costs by approximately S\$12,000 in HY2022 was mainly due to lower interest expense on lease liabilities following the Completion of the Disposal of the Property as announced on 31 December 2020 ("Completion of Disposal"). The increase in finance income by approximately S\$11,000 in HY2022 was the results of interest income from the fixed deposits placed with a bank in Singapore.

Loss before tax of approximately S\$0.47 million was recorded for HY2022 compared to the loss before tax of S\$0.57 million in the prior corresponding period. The higher tax expense of S\$ 0.06 million in HY2021 was mainly due to balancing charge arising from the Completion of the Disposal after offsetting available unutilized tax losses brought forward from prior years.

The loss after tax for HY2022 was approximately S\$0.49 million compared to the loss after tax of S\$0.63 million for HY2021. The Group's basic and diluted loss per share were both 0.45 cents for HY2022 versus the prior corresponding period basic and diluted loss per share of 0.59 cents.

Review of Financial Position

The decrease of the right-of-use assets by approximately S\$0.08 million as at 31 December 2021 was due to depreciation of right-of-use assets during HY2022. The decrease of intangible assets by approximately S\$0.01 million as at 31 December 2021 mainly arose from amortization of intangible assets during HY2022.

The decrease in inventories by S\$0.25 million or 20.0% to S\$1.01 million as at 31 December 2021 compared to S\$1.26 million as at 30 June 2021 as well as the increase in both trade receivables and trade payables by approximately S\$0.88 million and S\$0.42 million as at 31 December 2021 versus 30 June 2021 were mainly in line with the higher sales recorded in the last quarter October-December 2021 in HY2022 versus the last quarter April-June 2021 in 2HY2021 as well as slower settlements in both trade receivables and payables.

Other receivables increased by approximately S\$0.04 million as at 31 December 2021 mainly due to additional deposits of approximately S\$0.04 million banker guarantee issued to Malaysian custom authority. The decrease in prepayment by S\$0.02 million in HY2022 was mainly due to decrease in prepayment to a supplier as at 31 December 2021. The increase in fixed deposits by S\$11,000 was the results of the interest income received. The decrease in cash and cash equivalents by S\$0.75 million from S\$3.38 million to S\$2.63 million is explained in the cash flow explanation in the following section below.

Santak Holdings Limited and its Subsidiaries

Other information Required by Appendix 7C of the Catalist Rules For the 6 months ended 31 December 2021

The decrease in other payables by S\$0.06 million to S\$0.97 million as at 31 December 2021 was mainly due to lower advance deposits from a customer and lower provision for directors' fees as at half year ended 31 December 2021 versus the full year provision as at 30 June 2021. The decrease in lease liabilities by approximately S\$0.08 million to S\$0.45 million as at 31 December 2021 was mainly due to the payment of lease liabilities during HY2022.

The Group's net asset value per share was 13.96 cents as at 31 December 2021 versus 14.41 cents as at 30 June 2021.

Review of Cash Flow

The higher net cash flows used in operating activities of approximately S\$0.59 million by the Group's operations in HY2022 compared to S\$0.39 million in HY2021 was primarily due to higher cash outflow arising from working capital changes (which was mainly due to an increase in trade receivables which was partially offset by a decline in inventories and an increase in trade payables).

Net cash used in investing activities was S\$0.08 million in HY2022 mainly due to the purchase of property, plant and equipment which primarily comprises payment for renovation and air conditioners as well as purchase of equipment and computers. This is compared to net cash generated from investing activities of \$10.59 million in prior corresponding period mainly comprising the proceeds from the disposal of the assets of a subsidiary classified as held for sale following the Completion of the Disposal in HY2021.

Net cash used in financing activities decreased by approximately S\$0.09 million during HY2022 to S\$0.09 million primarily due to the lower payment of lease liabilities and interest following the Completion of the Disposal.

Overall, cash and cash equivalents decreased by approximately S\$0.75 million during HY2022 to S\$2.63 million as at 31 December 2021 compared to the balance of S\$3.38 million as at 30 June 2021.

Santak Holdings Limited and its Subsidiaries

**Other information Required by Appendix 7C of the Catalist Rules
For the 6 months ended 31 December 2021**

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

Not applicable.

- 6. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The market in which the Group operates remains competitive and demanding going forward in the current financial year ending 30 June 2022 ("FY2022"), particularly in the midst of the current uncertain and challenging economic and COVID-19 pandemic environment. In addition, challenges remain in terms of pricing and costs as well as foreign exchange volatility as in prior years.

The Group's Johor factory mass production is currently still constrained by manpower shortages mainly due to COVID-19 pandemic restrictions. Going forward, the Group's precision engineering production facilities in Johor will further scale up its mass production by continuing its recruitment and trainings efforts. The Group will also continue its cost optimization drive and streamlining of the Group's operations.

The Board and the Management will continue to seek opportunities which offer potential growth for the Group and enhancement of value for the Shareholders as and when appropriate.

- 7. Dividend**

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

None.

(b) If Corresponding Period of the Immediately Preceding Year

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

None

(c) Date payable

Not Applicable.

(d) Books closure date

Not Applicable.

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

No dividend had been declared or recommended for the 6 months ended 31 December 2021. This is to conserve cash for working capital and capital expenditure purposes.

Santak Holdings Limited and its Subsidiaries

**Other information Required by Appendix 7C of the Catalist Rules
For the 6 months ended 31 December 2021**

- 9. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Group has not obtained any general mandate for Interested Person Transactions and there were no Interested Person Transactions for half year ended 31 December 2021.

- 10. Confirmation Pursuant to Rule 720(1) of the Catalist Rules**

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

- 11. Negative confirmation by the Board pursuant to Rule 705(5)**

We, Lee Keen Whye and Ng Weng Wei, being two Directors of Santak Holdings Limited (the "Company"), do hereby confirm on behalf of the Directors of the Company that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the half year financial results ended 31 December 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lee Keen Whye
Chairman

Ng Weng Wei
Director

BY ORDER OF THE BOARD

Lai Foon Kuen
Company Secretary
10 February 2022

This announcement has been reviewed by the Company's Sponsor, Asian Corporate Advisors Pte. Ltd. (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.

The contact person for the Sponsor is Ms Foo Quee Yin, at 160 Robinson Road, #21-05 SBF Center, Singapore 068914, Telephone number: 6221 0271