



UNAUDITED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 MARCH 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance 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 document, including the correctness of any of the statements or opinions made or reports contained in this document.

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Background

ACROMECH Limited (together with its subsidiaries, the "Group") was listed on Catalist of the SGX-ST on 18 April 2016, pursuant to an initial public offering (the "IPO") exercise. The Group is primarily a Singapore-based specialist engineering services provider in the field of controlled environments. It currently serves mainly the healthcare, pharmaceutical, biomedical science, research and academia, and electronics sectors.

The Group's business is divided into three main business segments:

- (1) Engineering, Procurement and Construction ("EPC") segment;
- (2) Maintenance segment; and
- (3) Renewable Energy segment

The EPC segment provides engineering, procurement and construction services, specialising in architectural, mechanical, electrical and process works within controlled environment. The Maintenance segment provides maintenance and repair services for facilities and equipment of controlled environments and their supporting infrastructure.

The Group has expanded and diversified its core business to include the renewable energy business in July 2019. The renewable energy business segment includes but not limited to the building, owning and operating of power plants involving the generation of electricity using sustainable sources.

PART I: INFORMATION REQUIRED FOR HALF-YEAR ANNOUNCEMENT**1(a)(i) A statement of comprehensive income (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.**

	Group		
	Half-year ended 31 Mar		Increase/ (Decrease)
	2021 S\$'000	2020 S\$'000	%
Revenue	12,314	11,899	4
Cost of sales	(10,000)	(9,737)	3
Gross profit	2,314	2,162	7
Other operating income	316	156	>100
	2,630	2,318	13
Administrative expenses	(2,075)	(2,186)	(5)
Other operating expenses	(399)	(484)	(18)
Finance costs	(127)	(97)	31
Profit/(Loss) before income tax	29	(449)	N.M
Income tax credit	-	4	N.M
Profit/(Loss) for the period, representing total comprehensive income for the period	29	(445)	N.M
Profit/(Loss) attributable to:			
Owners of the Company	77	(487)	N.M
Non-controlling interests	(48)	42	N.M
Total comprehensive income/(loss) attributable to:			
Owners of the Company	55	(504)	N.M
Non-controlling interests	(48)	42	N.M

N.M : Not meaningful

ACROMEC LIMITED

(Company registration number: 201544003M)

**1(a)(ii) Notes to the statement of comprehensive income**

	Group		
	Half-year ended 31 Mar		Increase/ (Decrease)
	2021	2020	%
	S\$'000	S\$'000	
Profit/(Loss) for the financial period is arrived at after (charging)/crediting the following:			
Depreciation of property plant and equipment	(111)	(281)	(61)
Amortisation of right-of-use asset	(175)	(148)	18
Interest income	14	23	(39)
Foreign exchange (loss)/gain (Net)	(16)	22	N.M

ACROMEK LIMITED

(Company registration number: 201544003M)

**1(b)(i) A statement of financial position (for the issuer and the group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	31 Mar 2021 S\$'000	30 Sep 2020 S\$'000	31 Mar 2021 S\$'000	30 Sep 2020 S\$'000
ASSETS				
Non-current assets				
Investment in subsidiaries	-	-	14,831	15,034
Goodwill	183	183	-	-
Investment property	1,616	1,637	-	-
Property, plant and equipment	9,190	5,806	-	-
Right-of-use assets	1,731	1,334	-	-
Total non-current assets	12,720	8,960	14,831	15,034
Current assets				
Trade receivables	4,516	4,752	-	-
Other receivables, deposits and prepayments	780	747	83	20
Contract assets	3,003	4,057	-	-
Amount due from subsidiary	-	-	19	14
Loan to subsidiary	-	-	215	415
Cash and bank balances ⁽¹⁾	8,150	7,324	182	42
Total current assets	16,449	16,880	499	491
Total assets	29,169	25,840	15,330	15,525
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	10,351	9,320	427	369
Bill payables	784	300	-	-
Contract liabilities	563	1,890	-	-
Lease liabilities	371	226	-	-
Income tax payable	41	55	30	30
Bank loans	3,363	2,915	-	-
Total current liabilities	15,473	14,706	457	399
Net current assets	976	2,174	42	92
Non-current liabilities				
Bank loans	4,771	4,948	-	-
Loan from non-controlling interest	968	-	-	-
Lease liabilities	512	171	-	-
Deferred tax liabilities	22	22	-	-
Total non-current liabilities	6,273	5,141	-	-
Net assets	7,423	5,993	14,873	15,126

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	Group		Company	
	31 Mar 2021 S\$'000	30 Sep 2020 S\$'000	31 Mar 2021 S\$'000	30 Sep 2020 S\$'000
Equity attributable to the owners of the Company				
Share capital	16,225	16,225	16,225	16,225
Merger reserve	(4,718)	(4,718)	-	-
Capital reserve	421	196	-	-
Foreign translation reserves	(24)	(2)	-	-
Accumulated losses	(5,637)	(5,714)	(1,352)	(1,099)
Shareholders' equity	6,267	5,987	14,873	15,126
Non-controlling interests	1,156	6	-	-
Total equity	7,423	5,993	14,873	15,126
Total liabilities and equity	29,169	25,840	15,330	15,525

Note:

- (1) The amount stated includes fixed deposits pledged as collaterals for banking facilities. 31 March 2021: S\$3,271,000
(30 September 2020: S\$3,256,000)

1(b)(ii) In relation to the aggregate amount of the group's borrowings and debt securities, specify the following at the end of the current financial period reported on with comparative figures as at the end of the immediately preceding financial year

	31 Mar 2021		30 Sep 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less, or on demand	1,254	2,950	508	2,813
Amount repayable after one year	2,803	3,050	1,885	3,187
Total borrowings	<u>4,057</u>	<u>6,000</u>	<u>2,393</u>	<u>6,000</u>

Details of collaterals

- i. Bill payables of S\$784,000 (30 September 2020: S\$300,000) was secured by fixed deposits pledged with banks.
- ii. Bank loans of S\$1,834,000 (30 September 2020: S\$1,863,000) is secured on the Group's properties and S\$300,000 (30 September 2020: Nil) is secured on fixed deposits. Bank loans of S\$6,000,000 is unsecured.
- iii. Lease liabilities of S\$171,000 (30 September 2020: S\$230,000) is secured on the Group's motor vehicles.
- iv. Loan from non-controlling interests of S\$968,000 (30 September 2020: Nil) is secured by corporate guarantee of the Company.

1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group	
	Half-year ended 31 Mar	
	2021	2020
	S\$'000	S\$'000
Operating activities		
Profit/(Loss) before income tax	29	(449)
Adjustments for:		
Depreciation and amortisation	291	429
Interest income	(14)	(23)
Interest expense	127	97
Gain on disposal of property, plant and equipment	99	-
Operating cash flows before movements in working capital	532	54
Trade receivables	236	1,542
Other receivables, deposits and prepayments	(33)	(637)
Amounts due from contract customers – net	(273)	1,358
Trade and other payables	1,031	(951)
Bill payables	484	(1,948)
Cash from/(used in) operations	1,977	(582)
Interest received	14	23
Income taxes paid	(13)	(7)
Net cash from/(used in) operating activities	1,978	(566)
Investing activities		
Purchase of property, plant and equipment	(3,727)	(2,049)
Proceeds from sale of property, plant and equipment	137	-
Proceeds from issuance of shares by a subsidiary to non-controlling interest	1,300	-
Proceeds from disposal of subsidiary to non-controlling interest	137	-
Net cash used in investing activities	(2,153)	(2,049)
Financing activities		
Increase in pledged deposits	(15)	(6)
Proceeds from borrowings	1,229	243
Repayment of lease liabilities	(78)	(191)
Interest paid	(127)	(97)
Net cash from/(used in) financing activities	1,009	(51)
Net increase/(decrease) in cash and cash equivalents	834	(2,666)
Cash and cash equivalents at beginning of financial period	4,067	5,630
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	(22)	(22)
Cash and cash equivalents at end of financial period ⁽¹⁾	4,879	2,942

Note:

- ⁽¹⁾ The amount stated excludes fixed deposits pledged as collaterals for banking facilities. 31 March 2021: S\$3,271,000 (31 March 2020: S\$3,255,000)

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(Company registration number: 201544003M)



1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group

	Attributable to Owners of the Company						Non-controlling interests	Total Equity
	Share capital	Merger reserve	(Accumulated losses)/ Retained earnings	Capital reserves	Translation reserves	Total		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2020	16,225	(4,718)	(5,714)	196	(2)	5,987	6	5,993
Profit for the financial period, representing total comprehensive income	-	-	77	-	-	77	(48)	29
Other comprehensive loss	-	-	-	-	(22)	(22)	-	(22)
Disposal of shares of a subsidiary	-	-	-	(63)	-	(63)	186	123
Issuance of shares of a subsidiary	-	-	-	288	-	288	1,012	1,300
Balance as at 31 March 2021	16,225	(4,718)	(5,637)	421	(24)	6,267	1,156	7,423
Balance as at 1 October 2019	16,225	(4,718)	(4,200)	-	(1)	7,306	755	8,061
Profit for the financial period	-	-	(487)	-	-	(487)	38	(449)
Other comprehensive loss	-	-	-	-	(17)	(17)	-	(17)
Balance as at 31 March 2020	16,225	(4,718)	(4,687)	-	(18)	6,802	793	7,595

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (continued)

Company	Share capital	Accumulated Losses	Total
	S\$'000	S\$'000	S\$'000
Balance as at 1 October 2020	16,225	(1,099)	15,126
Total comprehensive loss for the period	-	(253)	(253)
Balance as at 31 March 2021	16,225	(1,352)	14,873
Balance as at 1 October 2019	16,225	(811)	15,414
Total comprehensive loss for the period	-	(66)	(66)
Balance as at 31 March 2020	16,225	(877)	15,348

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Company	
	Number of ordinary shares	Issued and paid-up share capital
Issued and paid-up share capital as at 31 March 2021 and 30 September 2020	138,563,978	S\$16,225,000

There are no changes in the Company's share capital since the end of the previous period reported on. There were no outstanding convertibles, treasury shares and subsidiary holdings as at 31 March 2021 and 31 March 2020.

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

The total number of issued ordinary shares, excluding treasury shares, as at 31 March 2021 was 138,563,978 (30 September 2020: 138,563,978). There were no treasury shares held by the Company as at 31 March 2021 and 30 September 2020.

1(d)(iv) A statement showing all sales, transfers, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

Not applicable. The Company did not have any treasury shares during and as at the end of the current financial period ended 31 March 2021.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable. The Company does not have subsidiary holdings.

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

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

3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of matter).

Not applicable.

3A. 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. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the Issuer's most recently audited annual financial statements have been applied.

The Group has consistently applied the same accounting policies and methods of computation for the current financial period compared to the most recently audited annual financial statements.

5. If there are any changes in the accounting policies and methods of computation including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

	Group	
	Half-year ended 31 Mar	
	2021	2020
Profit/(Loss) attributable to owners of the Company (S\$'000)	<u>77</u>	<u>(487)</u>
Weighted average number of ordinary shares	<u>138,563,978</u>	<u>138,563,978</u>
Earnings/(Loss) per share (basic and diluted) (cents)	<u>0.06</u>	<u>(0.35)</u>

The basic and diluted earnings/(loss) per share is the same as there were no potentially dilutive ordinary shares in issue, for the half year ended 31 March 2021 and 31 March 2020.

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

	Group		Company	
	31-Mar-2021	30-Sep-2020	31-Mar-2021	30-Sep-2020
Net Asset Value per share (cents)	4.52	4.32	10.73	10.92
Net Asset Value (S\$'000)	6,267	5,987	14,873	15,126
Number of ordinary shares used	<u>138,563,978</u>	<u>138,563,978</u>	<u>138,563,978</u>	<u>138,563,978</u>

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
- (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

REVIEW OF GROUP RESULTS

Revenue for the half-year ended 31 March 2021 ("HY2021") improved by 4% as business activities starts to pick up momentum on the back of a stronger order book from new contract wins.

Cost of sales increased by 3% accordingly in line with revenue. Gross profit margin also improved slightly at 19% for HY2021, compared to 18% in same period last year. The Group will continue to exercise cost monitoring and control over its projects.

Other operating income increased mainly due to profit on sale of motor vehicles and government grants received.

Administrative expenses dipped slightly by 5% as the Group keeps a lid on its costs amid the COVID-19 pandemic. Other operating expenses dipped mainly due to lower depreciation expenses. Finance costs increased on the back of higher borrowings.

Non-controlling interests mainly relate to the share of results from the Group's subsidiaries, Neo Tiew Power Pte Ltd and Golden Harvest Engineering Pte Ltd.

On the back of improved business activities, the Group reported net profit attributable to owners of the Company of approximately S\$77,000 for HY2021, as compared to net loss of S\$487,000 in the same period last year.

REVIEW OF GROUP'S FINANCIAL POSITION

Non-current assets increased mainly due to the capitalisation of costs under property, plant and equipment arising from the construction of the waste-to-energy plant of approximately S\$3.38 million for the Group's renewable energy business segment.

Contract asset and trade receivables decreased and cash and bank balances increased mainly due to better billings and collection cycle.

Bill payables and bank loans increased due to short term increase in trade financing and bank loan undertaken respectively to support working capital liquidity during the period. Contract liabilities and trade and other payables remained relatively stable in line with business activities.

Non-current liabilities mainly increased due to loan from non-controlling interest to finance the construction of the waste-to-energy plant for the renewable energy business.

REVIEW OF GROUP'S CASH FLOWS

Overall, the Group's cash and cash equivalents increased S\$0.83 million in HY2021. The increase was mainly due to net cash generated from operations of approximately S\$1.98 million mainly due to better billings and collections cycle. Cash and cash equivalents also increased due to increase in cash from financing activities of S\$1.01 million mainly due to loan from non-controlling interest and short term bank loans undertaken. This is offset by cash used in investing activities of S\$2.15 million. Cash used in investing activities, which was mainly due to costs incurred in the construction of its waste-to-energy plant, amounted to S\$3.73 million, offset by proceeds from sale of property plant and equipment and partial disposal of subsidiaries of \$1.57 million.

9. 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 was previously made to shareholders.

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

The COVID-19 situation remains uncertain, though major economies have started rolling out vaccination programmes. Singapore continues to feel the effects due to its open economy. The construction industry has been adversely affected. Specifically, the industry is faced with manpower resource challenges brought about by border restrictions and closures due to the pandemic. Stoppages or delays in manpower resources deployment from foreign countries, which the industry is heavily reliant on, were experienced. Accordingly, the Group foresees

continued disruptions in its project execution as a result of lack of manpower resources and occasional supply chain disruptions. This may inevitably lead to higher costs.

Tender and business development activities are gradually recovering and the Group is encouraged by its recent contract wins. It will continue to actively develop its business through direct negotiations and bidding for projects, underpinned by its established track record. However, the Group expects continued pressures on its margins as competition remains keen. The Group is continually taking steps to streamline its processes and manage its costs amid a tight foreign labour market.

The Group's maintenance business contribution is expected to grow, following the increase of its effective stake in Golden Harvest Engineering Pte Ltd to 90% from 60% in the previous financial year. The maintenance business provides the Group with recurring revenue and income streams which augments well and adds stability to the Group's existing revenue which are largely project-based business.

The Group, through its subsidiary, Neo Tiew Power Pte Ltd, is constructing its inaugural waste-to-energy plant at Chew's Agriculture Pte Ltd's ("Chew's") farm at Neo Tiew Road, where it has entered into an agreement with Chew's Agriculture Pte Ltd to build, own and operate a waste-to-energy plant at their premise. The plant is currently undergoing testing and commissioning and COVID-19 has resulted in delay in its progress. There were issues faced in foreign manpower deployment by its overseas suppliers to Singapore who were scheduled to perform testing and commissioning. Despite these challenges, efforts have been made to operate the plant in phases. The plant which was expected to commence operations in the first half of the financial year ending 30 September 2021 will be delayed till the second half of the financial year ending 30 September 2021, barring unforeseen circumstances.

11. Dividend:

If a decision regarding dividend has been made:

(a) Whether an interim (final) dividend has been declared (recommended); and
Nil.

(b)(i) Amount per share:
Nil.

(b)(ii) Previous corresponding period:
Nil.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax and the country where the dividend is derived.(If the dividend is not taxable in the hands of the shareholders, this must be stated)
Not applicable.

(d) The date the dividend is payable

Not applicable.

(e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.

Not applicable.

12. 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 in view of the developments in the Group's expansion in the renewable energy sector.

13. If the Group has obtained a general mandate from shareholders for interested person transactions ("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 does not have a shareholders' mandate for interested person transactions.

14. 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)

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

15. Additional disclosures required pursuant to Rule 706A

Not applicable.

16. Confirmation by the Board pursuant to Rule 705(5)

The Board of Directors confirms, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements for half year ended 31 March 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Say Chin
Executive Chairman and Managing Director
12 May 2021

Chew Chee Keong
Executive Director