

KORI Holdings Limited and its Subsidiaries
Registration Number: 201212407R

Unaudited Condensed Interim Consolidated Financial Statements for
the six months and full year ended 31 December 2021

KORI HOLDINGS LIMITED

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

Group	Note	2H2021 S\$'000	2H2020 S\$'000	Change %	FY2021 S\$'000	FY2020 S\$'000	Change %
Revenue	E4	10,963	8,657	27	18,300	14,739	24
Cost of sales		(6,289)	(3,803)	65	(11,742)	(8,690)	35
Gross profit		4,674	4,854	(4)	6,558	6,049	8
Other income	E5	402	964	(58)	823	1,763	(53)
Interest Income		-*	7	(100)	2	18	(89)
Expenses:							
Administrative expenses		(1,518)	(1,378)	10	(2,731)	(2,744)	(1)
Contract assets written off (Loss allowance)/ Reversal of allowance on trade and other receivables and contract assets		-	(3,110)	(100)	-	(3,110)	(100)
		(1,590)	249	(739)	(1,590)	(132)	1105
Other expenses		(1,521)	(896)	70	(1,609)	(982)	64
Finance costs		(106)	(70)	51	(178)	(129)	38
Profit before taxation	E5	341	620	(45)	1,275	733	74
Income tax expense	E6	(356)	(263)	35	(395)	(293)	(35)
(Loss)/ Profit for the financial period/ year		(15)	357	(104)	880	440	100
Other comprehensive income: <i>Items that may be reclassified to profit or loss subsequently</i>							
Foreign currency differences on translation of foreign operations (net)		-*	19	(100)	(26)	1	(2700)
Total comprehensive income for the financial period/ year		(15)	376	(104)	854	441	94
Earnings per share							
Basic & Diluted (Cents)	E14	(0.02)	0.36	(106)	0.89	0.44	102

*Amount less than S\$1,000

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B. Condensed Statements of Financial Position

	Note	Group		Company	
		31 Dec 2021 S\$'000	31 Dec 2020 S\$'000	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
ASSETS					
Current assets					
Cash and bank balances		756	830	9	9
Fixed deposits pledged		2,066	2,064	-	-
Trade and other receivables	E7	25,986	19,115	1,143	1,139
Contract assets	E8	7,024	11,746	-	-
Capitalised contract costs	E8	461	483	-	-
Prepayments		270	87	1	-
Current income tax recoverable		643	643	-	-
Total current assets		37,206	34,968	1,153	1,148
Non-current assets					
Property, plant and equipment	E9	35,445	30,731	-	-
Investments in subsidiaries		-	-	27,070	27,070
Total non-current assets		35,445	30,731	27,070	27,070
Total assets		72,651	65,699	28,223	28,218
LIABILITIES					
Current liabilities					
Trade and other payables	E10	7,864	4,205	146	172
Contract liabilities	E8	3,786	4,036	-	-
Lease liabilities	E11	208	224	-	-
Bank borrowings	E11	5,224	2,293	-	-
Current income tax payable		2	7	2	2
Total current liabilities		17,084	10,765	148	174
Non-current liabilities					
Lease liabilities	E11	104	54	-	-
Bank borrowings	E11	1,903	2,562	-	-
Deferred tax liabilities		1,072	684	-	-
Total non-current liabilities		3,079	3,300	-	-
Total liabilities		20,163	14,065	-	-
Net Assets		52,488	51,634	28,075	28,044
EQUITY					
Share capital	E12	32,291	32,291	32,291	32,291
Retained earnings/ (Accumulated losses)		45,844	44,964	(4,216)	(4,247)
Merger reserve		(25,628)	(25,628)	-	-
Foreign currency translation reserve		(19)	7	-	-
Total equity		52,488	51,634	28,075	28,044

*Amount less than S\$1,000

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C. Condensed Consolidated Statement of Cash Flows

	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Cash flows from operating activities		
Profit before income tax	1,275	733
Adjustments for:		
Amortisation of capitalised contract costs	160	295
Contract assets written off	-	3,110
Depreciation of property, plant, equipment	2,124	1,909
(Gain)/ Loss on disposal property, plant and equipment	(1)	8
Loss allowance/ (Reversal of allowance) on trade and other receivables and contract assets	1,590	(60)
Interest income	(2)	(18)
Interest expense	178	132
Property, plant and equipment written off	1,610	974
Rent concession granted	-	(16)
Unrealised exchange difference	6	(1)
Operating cash flows before changes in working capital	6,940	7,066
Changes in working capital		
Trade and other receivables	(7,010)	(10,062)
Contract assets	3,271	1,620
Capitalised contract costs	(138)	(59)
Trade and other payables	224	214
Contract liabilities	(250)	797
Prepayments	(183)	(53)
Cash generated from/ (used in) operations	2,854	(477)
Income tax paid	(9)	(2)
Net cash from/ (used in) operating activities	2,845	(479)
Cash flows from investing activities		
Interest received	2	18
Purchase of property, plant and equipment	(340)	(448)
Proceeds from disposal of property, plant and equipment	7	57
Net cash used in investing activities	(331)	(373)
Cash flows from financing activities		
Fixed deposits pledged with a financial institution	(2)	(18)
Repayment of lease liabilities	(305)	(414)
Proceeds from bank borrowings	2,112	4,333
Repayment of bank borrowings	(4,216)	(3,298)
Dividends paid to shareholders of the Company	-	(50)
Interest paid	(178)	(120)
Net cash (used in)/ generated from financing activities	(2,589)	433
Net change in cash and cash equivalents	(75)	(419)
Cash and cash equivalents at the beginning of the year	830	1,249
Effects of exchange rate changes on cash and cash equivalents	1	-*
Cash and cash equivalents at end of the year	756	830

* Amount less than S\$1,000

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D. Condensed Statements of Changes in Equity

Group	Share capital S\$'000	Retained earnings S\$'000	Currency translation reserve S\$'000	Merger reserve S\$'000	Total S\$'000
Balance as at 1 January 2021	32,291	44,964	7	(25,628)	51,634
Total comprehensive income for the financial year	-	880	(26)	-	854
Balance as at 31 December 2021	32,291	45,844	(19)	(25,628)	52,488
Balance as at 1 January 2020	32,291	44,573	6	(25,628)	51,243
Total comprehensive income for the financial year	-	390	1	-	391
Balance as at 31 December 2020	32,291	44,964	7	(25,628)	51,634

Company	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000
Balance as at 1 January 2021	32,291	(4,247)	28,044
Total comprehensive income for the financial year	-	31	31
Balance as at 31 December 2021	32,291	(4,216)	28,075
Balance as at 1 January 2020	32,291	(4,212)	28,079
Total comprehensive income for the financial year	-	(35)	(35)
Balance as at 31 December 2020	32,291	(4,247)	28,044

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

The Company (Registration Number: 201212407R) is incorporated in Singapore with its principal place of business and registered office at 11 Sims Drive #06-01 SCN Centre Singapore 387385. The Company is listed on Catalist of the Singapore Exchange Securities Trading Limited. The condensed interim consolidated financial statements comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are those of investment holding and the provision of management and administrative support to its subsidiaries.

The principal activities of the subsidiaries are building construction, civil engineering work and contractors for construction works for all kind.

2. Basis of preparation

The condensed interim financial statements for the six-month financial period ended 31 December 2021 have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The interim condensed 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 condensed financial statements for the financial period ended 30 June 2021.

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)"), except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollars ("S\$") which is the functional currency of the Company and the presentation currency for the condensed interim consolidated financial statements and all values presented are rounded to the nearest thousand ("S\$'000") as indicated.

2.1 New and Amended Standards adopted by the Group

On 1 January 2021, the Group adopted new and amended SFRS(I) and interpretations to SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial period. The adoption of these new or amended SFRS(I) and INT SFRS(I) did not have a material effect on the financial statements. The Group also did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

New and Revised Standards Issued but Not Yet Effective

There are a number of standards, amendments to standards, and interpretations, which have been issued by the Accounting Standards Council that are effective in future accounting periods and the Group has not decided to early adopt. The Group does not expect any of these standards upon adoption to have a material impact to the Group.

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

2. Basis of preparation (continued)

2.2 Uses of judgement and estimates (continued)

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the last audited financial statements as at and for the year ended 31 December 2020.

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.

Management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognized in the Group's financial statements for the year ended 31 December 2021.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are as follows:

- Loss allowance and impairment for trade receivables, unbilled receivables, retention receivables and contract assets due from third parties - Estimation of expected credit risk
- Revenue from contracts with customers - Estimation of total contract costs
- Depreciation of steel beams - Estimation of useful life of steel beams
- Loans due from subsidiaries - Estimation of any significant increase in credit risk
- Impairment of investments in subsidiaries - Estimation of investment impaired
- Measurement of lease liabilities- Estimation of incremental borrowing rate applied

There were no significant changes to the major assumptions used in assessing the accounting estimates above and the carrying amounts of the relevant assets and liabilities. Details of such assumptions and estimations are disclosed in the last audited financial statements for the financial year ended 31 December 2020.

3. Seasonal operations

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

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Structural steel works; and
- Segment 2: Tunnelling works

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

31 December 2021	Structural steel works	Tunnelling works	Unallocated items	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	13,771	4,529	-	18,300
Inter segment revenue	-	-	-	-
Revenue from external parties	13,771	4,529	-	18,300
Project costs	(7,469)	(2,808)	-	(10,277)
Depreciation	(1,465)	-	-	(1,465)
Total cost of sales	(8,934)	(2,808)	-	(11,742)
Segment profit	4,837	1,721	-	6,558
Other income	-	-	825	825
Administrative expenses	-	-	(2,368)	(2,368)
Depreciation	-	-	(363)	(363)
Loss allowance on trade and other receivables and contract assets	(1,588)	(2)	-	(1,590)
Gain on disposal of property, plant and equipment	-	-	1	1
Property, plant and equipment written off	(1,610)	-	-	(1,610)
Finance costs	-	-	(178)	(178)
Profit/ (Loss) before taxation	1,639	1,719	(2,083)	1,275
Taxation	-	-	(395)	(395)
Profit/ (Loss) for the financial year	1,639	1,719	(2,478)	880
Segment assets	62,739	3,743	-	66,482
Other assets	-	-	6,169	6,169
Total assets per consolidated statement of financial position	62,739	3,743	6,169	72,651
Expenditure for segment non-current assets	8,139	-	-	8,139
Segment liabilities	8,155	-	-	8,155
Current tax expense	-	-	2	2
Deferred tax liabilities	-	-	1,072	1,072
Other liabilities	-	-	10,934	10,934
Total liabilities per consolidated statement of financial position	8,155	-	12,008	20,163

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4. Segment and revenue information (continued)

1 July 2021 to 31 December 2021	Structural steel works	Tunnelling works	Unallocated items	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	8,682	2,281	-	10,963
Inter segment revenue	-	-	-	-
Revenue from external parties	8,682	2,281	-	10,963
Project costs	(4,147)	(1,422)	-	(5,569)
Depreciation	(729)	7	-	(722)
Finance costs	1	1	-	2
Total cost of sales	(4,875)	(1,414)	-	(6,289)
Segment profit	3,807	867	-	4,674
Other income	-	-	402	402
Administrative expenses	-	-	(1,320)	(1,320)
Depreciation	-	-	(107)	(107)
Loss allowance on trade and other receivables and contract assets	(1,588)	(2)	-	(1,590)
Property, plant and equipment written off	(1,610)	-	-	(1,610)
Finance costs	-	-	(108)	(108)
Profit/ (Loss) before taxation	609	865	(1,133)	341
Taxation	-	-	(356)	(356)
Profit/ (Loss) for the financial period	609	865	(1,489)	(15)
Segment assets	62,739	3,743	-	66,482
Other assets	-	-	6,169	6,169
Total assets per consolidated statement of financial position	62,739	3,743	6,169	72,651
Expenditure for segment non-current assets	8,139	-	-	8,139
Segment liabilities	8,155	-	-	8,155
Current tax expense	-	-	2	2
Deferred tax liabilities	-	-	1,072	1,072
Other liabilities	-	-	10,934	10,934
Total liabilities per consolidated statement of financial position	8,155	-	12,008	20,163

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4. Segment and revenue information (continued)

31 December 2020	Structural steel works	Tunnelling works	Unallocated items	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	12,414	2,326	-	14,740
Inter segment revenue	-	-	-	-
Revenue from external parties	12,414	2,326	-	14,740
Project cost	(7,020)	(1,812)	-	(8,832)
Depreciation	(1,349)	-	-	(1,349)
Elimination and adjustment	-	-	1,491	1,491
Total cost of sales	(8,369)	(1,812)	1,491	(8,690)
Segment profit	4,045	514	1,491	6,050
Other income	-	-	1,781	1,781
Administrative expenses	-	-	(2,185)	(2,185)
Contract asset written off	(3,110)	-	-	(3,110)
Depreciation	-	-	(560)	(560)
Loss allowance on trade and other receivables	-	-	(132)	(132)
Loss on disposal of property, plant and equipment	(8)	-	-	(8)
Property, plant and equipment written off	(974)	-	-	(974)
Finance costs	-	-	(129)	(129)
(Loss)/ Profit before taxation	(47)	514	266	733
Taxation	(213)	(80)	-	(293)
(Loss)/ Profit for the financial year	(260)	434	266	440
Segment assets	46,071	1,789	-	47,860
Other assets	-	-	17,839	17,839
Total assets per consolidated statement of financial position	46,071	1,789	17,839	65,699
Expenditure for segment non-current assets	452	-	-	452
Segment liabilities	5,152	-	-	5,152
Current tax expense	-	-	7	7
Deferred tax liabilities	-	-	684	684
Other liabilities	-	-	8,222	8,222
Total liabilities per consolidated statement of financial position	5,152	-	8,913	14,065

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4. Segment and revenue information (continued)

1 July 2020 to 31 December 2020	Structural steel works	Tunnelling works	Unallocated items	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	7,773	884	-	8,657
Inter segment revenue	-	-	-	-
Revenue from external parties	7,773	884	-	8,657
Project costs	(3,652)	(920)	-	(4,572)
Depreciation	(725)	2	-	(723)
Finance Costs	1	-	-	1
Elimination and adjustment	-	-	1,491	1,491
Total cost of sales	(4,376)	(918)	1,491	(3,803)
Segment profit	3,397	(34)	1,491	4,854
Other income	-	-	970	970
Administrative expenses	-	-	(1,189)	(1,189)
Contract assets written off	(3,110)	-	-	(3,110)
Depreciation	-	-	(234)	(234)
Reversal of allowance on trade and other receivables and contract assets	-	-	381	381
Loss on disposal of property, plant and equipment	(8)	-	-	(8)
Property, plant and equipment written off	(974)	-	-	(974)
Finance costs	-	-	(70)	(70)
Profit before taxation	(695)	(34)	1,349	620
Taxation	-	-	(263)	(263)
(Loss)/ Profit for the financial period	(695)	(34)	1,086	357
Segment assets	46,071	1,789	-	47,860
Other assets	-	-	17,839	17,839
Total assets per consolidated statement of financial position	46,071	1,789	17,839	65,699
Expenditure for segment non-current assets	452	-	-	452
Segment liabilities	5,152	-	-	5,152
Current tax expense	-	-	7	7
Deferred tax liabilities	-	-	684	684
Other liabilities	-	-	8,222	8,222
Total liabilities per consolidated statement of financial position	5,152	-	8,913	14,065

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

5. Profit Before Taxation

The following items have been included in arriving at profit before tax:

	Group	
	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Income		
Government grants	724	1,496
Miscellaneous income	99	267
Interest income from bank deposits	2	18
	825	1,781
Expenses		
Gain/(Loss) on disposal property, plant and equipment	1	(8)
Property, plant and equipment written off	(1,610)	(974)
Loss on foreign exchange	(30)	(32)
Contract assets written off	-	(3,110)
Loss allowance on trade and other receivables and contract assets	(1,590)	(132)
Interest expense	(178)	(132)
Amortisation of capitalised contract costs	(160)	(295)
Depreciation of property, plant and equipment	(2,124)	(1,909)
Professional fees	(243)	(292)
Key management personnel compensation	(745)	(717)

Other than the key management personnel compensation as disclosed above, the Group had no other significant related party transactions during the reporting period.

6. Income tax expense

	Group		Changes %
	FY2021 S\$'000	FY2020 S\$'000	
Current income tax			
- current financial year	2	7	(71)
- Under provision in prior years	2	-*	N.M
	4	7	(43)
Deferred tax			
- current financial year	424	40	960
- over provision in prior years	(33)	246	N.M
	391	286	37
	395	293	35

N.M. - Not meaningful

*Amount less than S\$1,000

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

7. Trade and Other Receivables

	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Trade receivables - third parties	888	1,549
Less: Loss allowance	-*	(747)
	<u>888</u>	<u>802</u>
Unbilled receivables - third parties	23,616	16,279
Less: Loss allowance	(101)	-
	<u>23,515</u>	<u>16,279</u>
Retention receivables	1,525	2,280
Less: Loss allowance	(150)	(685)
	<u>1,375</u>	<u>1,595</u>
Other receivables	21	397
Less: Loss allowance	-	(170)
	<u>21</u>	<u>227</u>
Deposits	187	212
Total trade and other receivables	<u>25,986</u>	<u>19,115</u>

*Amount less than S\$1,000

Trade receivables are unsecured, non-interest bearing and generally on 30 to 60 days credit terms.

Unbilled receivables relate to income recognised for the rental of steel beams to customers that have yet to be billed as at the end of the reporting period.

Retention receivables are due for settlement beyond 12 months from the end of the reporting period. Nevertheless, they have been classified as current assets because they are expected to be realised in the normal operating cycle of the Group.

Other receivables are unsecured and non-interest bearing and repayable on demand.

Movements in loss allowances on trade receivables, unbilled receivables and retention receivables were as follows

	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Balance at beginning of financial year	1,602	1,662
Reversal of loss allowance	(57)	(192)
Additional loss allowance made during the financial year	196	132
Write-off of loss allowance	(1,490)	-
Balance at end of financial year	<u>251</u>	<u>1,602</u>

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

8. Contract Assets, Capitalised Contract Costs and Contract Liabilities

	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
<u>Contract assets</u>		
Gross amount	8,476	11,746
Less: Loss allowance	(1,452)	-
Carrying amount of contract assets	<u>7,024</u>	<u>11,746</u>
<u>Capitalised contract costs</u>		
Balance at beginning of financial year	483	719
Additions during the financial year	138	59
Amortised during the financial year	(160)	(295)
Balance at end of financial year	<u>461</u>	<u>483</u>
<u>Contract liabilities</u>		
Structural steel works	<u>3,786</u>	<u>4,036</u>

Contract assets arise from structural steel works and tunnelling works mainly due to the Group's rights to consideration for work completed and transferred to customers are conditioned upon future performance. These contract assets arise as the customer is invoiced based on payment certification. Contract assets are transferred to receivables when the rights become unconditional.

Movements in loss allowances on contract assets were as follows

	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Balance at beginning of financial year	-	-
Additional loss allowance made during the financial year	1,452	-
Balance at end of financial year	<u>1,452</u>	<u>-</u>

9. Property, Plant and Equipment

During 2021, the Group acquired assets amounting to S\$8.2 million (31 Dec 2020: S\$0.4 million) and wrote off assets amounting to S\$2.6 million (31 Dec 2020: S\$1.3 million).

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

10. Trade and Other Payables

	31 Dec 2021 S\$'000	31 Dec 2020 S\$'000
Trade payables	5,349	1,374
Other payables	703	671
Goods & service tax payable, net	55	77
Advance billings to customers	854	1,002
Accrued operating expenses	903	827
Deferred government grant income	-	254
Trade and Other Payables	<u>7,864</u>	<u>4,205</u>

Trade payables are unsecured, non-interest bearing and are generally on 30 to 90 days credit terms.

Advance billings to customers relate to billings for rental of steel beams to customers in respect of financial periods beyond the end of the reporting period.

11. Borrowings and Lease Liabilities

(i) Amount repayable < 1 year

	31 Dec 2021		31 Dec 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	208	-	224
Bank borrowings	1,000	4,223	1,000	1,293

(ii) Amount repayable > 1 year

	31 Dec 2021		31 Dec 2020	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	104	-	54
Bank borrowings	-	1,903	-	2,562

Details of any collateral:

Bank loans of S\$1 million as at 31 Dec 2021 and 31 December 2020 respectively were secured by fixed deposits of S\$1 million pledged with the lending bank.

In FY2020, the Group (via one of its subsidiaries) obtained a temporary bridging loan of S\$3 million under the Enterprise Financing Scheme. The loan is repayable over 5 years and is secured by a corporate guarantee provided and executed by the Company. The repayment of the loan principal commenced in July 2021.

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

12. Share Capital

- (i) Details of any changes in the company's share capital arising from right 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 Shares	Share capital (S\$)
As at 31 December 2021 and 31 December 2020	<u>99,200,000</u>	<u>32,290,650</u>

The Company did not have any outstanding convertibles, subsidiary holdings or treasury shares as at 31 December 2021 and 31 December 2020.

- (ii) To show the 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.

Company	As at 31 December 2021	As at 31 December 2020
Total number of issued shares excluding treasury shares	<u>99,200,000</u>	<u>99,200,000</u>

The Company did not have any treasury shares as at 31 December 2021 and 31 December 2020.

- (iii) 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 reported on.

- (iv) 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 did not have any subsidiary holdings during, and at the end of the current financial period reported on.

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

13. Net Asset Value

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 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Net asset value (S\$'000)	52,488	51,634	28,075	28,044
Number of issued shares ('000)	99,200	99,200	99,200	99,200
Net asset value per ordinary share based on issued share capital (S\$)	0.53	0.52	0.28	0.28

14. Earnings per ordinary share

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

	Group	
	FY2021	FY2020
Net profit attributable to equity holders of the Company (S\$'000)	880	440
Basic and diluted earnings per share (EPS) in Singapore cents	0.89	0.44

15. Subsequent Events

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

F. Other Information Required Under Appendix 7C of Catalyst Rules

1. Review

The condensed consolidated statement of financial position of Kori Holdings Limited and its subsidiaries as 31 December 2021 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed statements of changes in equity and condensed consolidated statement of cash flows for the year ended and certain explanatory notes have not been audited and reviewed by the Company's auditors.

2. 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 the Income Statement of the Group

Description	Structural Steel Works S\$'000		Tunneling Works S\$'000	
	FY2021	FY2020	FY2021	FY2020
Revenue	13,771	12,414	4,529	2,326
Cost of sales	(8,934)	(7,248)	(2,808)	(1,442)
Gross profit	4,837	5,166	1,721	884

Revenue

Structural Steel Works

Revenue from this segment comprises income from the provision of structural steel construction services ("Structural Steel Works Income") and income from leasing of steel beams ("Lease Income"). Structural Steel works income is recognised over the period of the contracts by reference to the stage (or percentage) of completion as estimated by applying the "input method". Lease Income is recognised on a time-proportion basis. (See summary of accounting policies as set out in the latest audited financial statements for the financial year ended 31 December 2020 for more details.)

Revenue for FY2021 comprises (i) Lease Income of S\$12.5 million which is relatively consistent with FY2020; and (ii) Structural Steel works Income of S\$1.3 million (FY2020 S\$ 0.5 million). The increase in Structural Steel Works Income is mainly attributable to some new projects procured and commenced during the financial year in addition to the positive progress of the ongoing projects.

Tunneling Works

Revenue from this segment pertains to income from the provision of tunneling services ("Tunneling Works Income") which is also recognised over the period of the contracts by reference to the stage (or percentage) of completion as estimated by applying the "input method" (see summary of accounting policies as set out in the latest audited financial statements for the financial year ended 31 December 2020 for more details). The increase in Tunneling Income is attributable to the increase in percentage of completion of an ongoing tunneling project in FY2021.

F. Other Information Required Under Appendix 7C of Catalist Rules (continued)

Review of the Income Statement of the Group (continued)

Cost of sales

Cost of sales for both Structural Steel Works and Tunneling Works increased compared with that of FY2020, in line with the increase in its revenue. Additionally, the higher increase in cost of sales for Structural Steel Works vis-à-vis its revenue was due to an increase in steel price during FY2021, in particular during the 2H 2021 period.

Gross profit margin

As a result of the above, although the overall gross profit increased marginally by about 8%, overall gross profit margin decreased from 41% in FY2020 to 36% in FY2021.

Other income

Decrease in other income due mainly to lower income from government grants for FY2021 as compared to FY2020.

Loss allowance on trade and retention receivables, unbilled receivables and contract assets

The loss allowance of S\$1.6 million was principally attributable to a specific allowance made against the receivable and contract asset arising from an ongoing project for FY2021.

Other Expenses

The increase in other expenses was mainly attributable to an increase in steel beams being written off during FY2021.

Finance expense

There is an increase in finance cost in FY2021 due largely to an increase in BRP loan facility being used in FY2021.

Income tax expense

Please refer to Section E6 for detail.

Review of the Financial Position of the Group

Assets

Trade and other receivables increased by S\$6.9 million due principally to an increase in unbilled receivables. The increase in unbilled receivables arose from a couple of ongoing projects as well as new projects that commenced in FY2021. See section E7 for more information.

Contract assets decreased by S\$4.7 million as a result of the following factors: (i) downward reassessment and calibration of contract sum for ongoing projects; (ii) transfer of contract assets to trade receivables account in the light of progress billings raised for work certified during FY2021; and (iii) a loss allowance provided against contract assets in respect of an ongoing project. The decreasing effect of these factors was alleviated by the recognition of additional contract assets (and revenue) in respect of additional work done for ongoing and new projects during FY2021.

F. Other Information Required Under Appendix 7C of Catalyst Rules (continued)

Review of the Income Statement of the Group (continued)

Property, plant and equipment

The increase of S\$ 4.7 million in property, plant and equipment was mainly due to additional purchases of steel beams of S\$ 8.1 million in contemplation of the requirement of some new projects for FY2021, offset largely by the write-off of S\$ 1.6 million as well as depreciation of S\$ 1.7 million of steel beams.

Liabilities

Trade and other payables increased by 87% due mainly to more purchases of steel beams for new projects in FY2021.

Bank borrowings increased by S\$2.3 million as at 31 December 2021 compared with 31 December 2020. It was mainly due to more bills receivable purchase (BRP) facilities of S\$6.5 million being utilized in FY2021 to principally finance the purchase of steel beams and other materials for projects secured offset with partial repayment of borrowings of S\$4.2 million during FY2021.

Review of the Cash Flow Statement of the Group

Net cash generated from operating activities amounting to S\$2.8 million includes operating cash flows before working capital changes of S\$6.9 million which was, among others, augmented by the changes in contract assets but reduced by the changes in trade and other receivables.

Net cash used in investing activities amounted to S\$0.3 million largely due to acquisition of steel beams in FY2021.

Net cash used in financing activities amounted to S\$2.6 million largely due to S\$ 6.5 million BRP facilities was used with partially repayment of S\$ 4.2 million in FY2021.

In view of the foregoing, the net cash outflow for FY2021 was S\$0.1 million.

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

Not applicable. No forecast or prospect statement has been previously issued to the shareholders for the current financial period reported on.

F. Other Information Required Under Appendix 7C of Catalyst Rules (continued)

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

The outlook for the Singapore construction industry for the next 12 months is expected to recover progressively. In this regard, the Building and Construction Authority (“BCA”) projected between S\$27 billion and S\$32 billion of construction demand in 2022. Public sector projects are once again expected to contribute significantly with the demand between S\$16 billion and S\$19 billion among which are infrastructure works such as Cross Island MRT Line (Phase 1)⁽¹⁾. Therefore, the Group is cautiously optimistic that its established track record and strong technical expertise in past similar infrastructure works will put it in a favourable position to benefit from such developments.

The global outbreak of the novel coronavirus pandemic (“COVID-19”) since early February 2020 has continued unabated into 2022, especially with the highly transmissible Omicron variant. However, the established control measures coupled with high vaccination rates as well as the modified health protocols have allowed for a gradual return to normalcy in Singapore in general and the construction industry in particular.

As the labour shortage brought about by the pandemic gradually eases, the Group is expected to continue with full on-site activities while maintaining pandemic control measures having reference to the latest health protocols. However, the pandemic has also caused disruption leading to shortage of construction supplies (and hence a price surge thereof), in particular, steel materials. As a result, the completion dates of certain steelworks segment projects are expected to be further extended. This might in turn affect the timing of recognition of revenue (and hence profit) as well as collections from our customers.

It is to be noted that the COVID-19 (Temporary Measures) Act 2020 has provided certain reliefs for contracts affected by construction delays. Therefore, the Group believes that the risk and cost associated with the extension of the initially agreed completion dates of projects would be manageable.

Nevertheless, the Group will continuously monitor its operational constraints and implement the necessary measures to minimise the impact of such constraints. In addition, the Group will continue to work closely with its customers, suppliers, financiers and other stakeholders, and manage its operational costs so as to generate sufficient cash flows to preserve and sustain its operation as a going concern while continuously effecting its Business Continuity Plan and safe management measures to counter the impact of COVID-19.

With the successful implementation of our precast road decking panels to replace steel decking panels, our emphasis on research and development efforts to increase productivity and reduce cost is paying off to alleviate not only the shortage of labour but also the increase of steel price. With the new contracts secured in 2021 and barring any unforeseen circumstances, the Group is reasonably well positioned to gradually come out from the pandemic much stronger.

Source:

⁽¹⁾ *Building and Construction Authority (26 January 2022)*
<https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects>

F. Other Information Required Under Appendix 7C of Catalist Rules (continued)

5. Dividend

Decision regarding dividend has been made, the required information has been disclosed.

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

There is no any dividend recommended or declared for the current financial period reported on.

(b)(i) Amount per share:

Not applicable.

(b)(ii) Previous corresponding period

Not applicable.

(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.

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 FY2021 after taking into consideration of the Group's cash flow requirements in the foreseeable future.

7. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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 general mandate for IPTs and there were no IPTs exceeding S\$100,000 and above entered into during the financial period reported on.

8. 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 confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

F. Other Information Required Under Appendix 7C of Catalyst Rules (continued)

9. Disclosures on Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A

Not applicable. There was no incorporation of new entities, acquisition, and realization of shares in FY2021.

G. Additional Information Required for Full Year Announcement

1. Segmented revenue and results for operating segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

Please refer to sections E4 and F2 above.

2. 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 F2 above.

3. A breakdown of sales as follows:

	Group		
	FY2021 S\$'000	FY2020 S\$'000	Change %
(a) Sales reported for first half year	7,337	6,082	21
(b) Operating profit after tax before deducting minority interests reported for first half year	895	83	975
(c) Sales reported for second half year	10,963	8,657	27
(d) Operating (loss)/ profit after tax before deducting minority interests reported for second half year	(15)	357	(104)

4. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:

There were no dividends were recommended or declared in FY2020 and FY2021.

G. Additional Information Required for Full Year Announcement (continued)

5. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Not applicable. There are no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

By Order of the Board

HOOI YU KOH
Executive Chairman and CEO

NG WAI KIT
Director

Singapore
1 March 2022

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.

The contact person for the Sponsor is Ms Ng Shi Qing, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg.
