

ACROMECH LIMITED

(Company registration number: 201544003M)



CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 30 SEPTEMBER 2021

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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.

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ACROMECH**A. Condensed Interim Consolidated Statement of Comprehensive Income for the six months and full year ended 30 September 2021**

	Note	Group					
		6 months ended 30 Sep			12 months ended 30 Sep		
		2021	2020	Inc/ (Dec)	2021	2020	Inc/ (Dec)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	5	16,789	11,202	50	29,103	23,101	26
Cost of sales		(14,431)	(10,199)	41	(24,431)	(19,936)	23
Gross profit		2,358	1,003	135	4,672	3,165	48
Other operating income		214	317	(32)	530	473	12
Administrative expenses		(2,493)	(1,694)	47	(4,568)	(3,880)	18
Other operating expenses		(463)	(579)	(20)	(862)	(1,063)	(19)
Finance costs		(156)	(139)	12	(283)	(236)	20
Share of profit of associate		5	-	100	5	-	100
Loss before income tax	6	(535)	(1,092)	(51)	(506)	(1,541)	(67)
Income tax		(4)	20	N.M	(4)	24	N.M
Loss for the financial period		(539)	(1,072)	(50)	(510)	(1,517)	(66)
Other comprehensive income/(loss):							
Item that may be reclassified subsequently to profit or loss:							
Exchange differences on translation of foreign operations		46	16	>100	24	(1)	N.M
Total comprehensive income/(loss)		(493)	(1,056)	(53)	(486)	(1,518)	(68)
Profit/(Loss) attributable to:							
- Owners of the Company		11	(1,027)	N.M	88	(1,514)	N.M
- Non-controlling interests		(550)	(45)	>100	(598)	(3)	>100
Total comprehensive income/(loss) attributable to:							
- Owners of the Company		50	(1,011)	N.M	105	(1,515)	N.M
- Non-controlling interests		(543)	(45)	>100	(591)	(3)	>100
Earnings/(Loss) per share ("EPS"):							
- Basic and diluted (cents)	7	0.01	(0.74)		0.06	(1.09)	

N.M : Not meaningful

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ACROMECH**B. Condensed Interim Statements of Financial Position as at 30 September 2021**

		Group		Company	
	Note	30 Sep 2021 S\$'000	30 Sep 2020 S\$'000	30 Sep 2021 S\$'000	30 Sep 2020 S\$'000
ASSETS					
Non-current assets					
Investment in subsidiaries		-	-	14,831	15,034
Investment in associate		20	-	-	-
Goodwill		183	183	-	-
Investment property	10	1,600	1,637	-	-
Property, plant and equipment	9	12,003	5,806	-	-
Right-of-use assets		2,401	1,334	-	-
Total non-current assets		16,207	8,960	14,831	15,034
Current assets					
Trade receivables		5,681	4,752	-	-
Other receivables, deposits and prepayments		1,341	747	97	34
Inventories		884	-	-	-
Contract assets		4,438	4,057	-	-
Loan to a subsidiary		-	-	115	415
Cash and bank balances ⁽¹⁾		6,006	7,324	64	42
Total current assets		18,350	16,880	276	491
Total assets		34,557	25,840	15,107	15,525
LIABILITIES AND EQUITY					
Current liabilities					
Trade and other payables		15,011	9,320	377	369
Bill payables	11	985	300	-	-
Contract liabilities		290	1,890	-	-
Lease liabilities	11	599	226	-	-
Bank loans	11	1,922	2,915	-	-
Loan from non-controlling interest	11	552	-	-	-
Tax payable		44	55	-	30
Total current liabilities		19,403	14,706	377	399
Non-current liabilities					
Lease liabilities	11	806	171	-	-
Bank loans	11	5,727	4,948	-	-
Loan from non-controlling interest	11	1,655	-	-	-
Deferred tax liabilities		22	22	-	-
Total non-current liabilities		8,210	5,141	-	-
Net assets		6,944	5,993	14,730	15,126

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	Note	Group		Company	
		30 Sep 2021 S\$'000	30 Sep 2020 S\$'000	30 Sep 2021 S\$'000	30 Sep 2020 S\$'000
Equity attributable to the owners of the Company					
Share capital	12	16,225	16,225	16,225	16,225
Merger reserve		(4,718)	(4,718)	-	-
Capital reserve	13	421	196	-	-
Foreign translation reserves		15	(2)	-	-
Accumulated losses		(5,626)	(5,714)	(1,495)	(1,099)
Shareholders' equity		<u>6,317</u>	<u>5,987</u>	<u>14,730</u>	<u>15,126</u>
Non-controlling interests		<u>627</u>	<u>6</u>	<u>-</u>	<u>-</u>
Total equity		<u>6,944</u>	<u>5,993</u>	<u>14,730</u>	<u>15,126</u>
Total liabilities and equity		<u>34,557</u>	<u>25,840</u>	<u>15,107</u>	<u>15,525</u>

Note:

(1) The amount stated includes fixed deposits pledged as collaterals for banking facilities. 30 September 2021: S\$1,985,000 (30 September 2020: S\$3,256,000).

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C. Condensed Interim Statements of Changes in Equity
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		
	Note	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/(Loss) for the financial year		-	-	88	-	-	88	(598)	(510)
Other comprehensive profit		-	-	-	-	17	17	7	24
Effects of disposing part of interest in subsidiary to non-controlling interest	13	-	-	-	(63)	-	(63)	200	137
Effects of shares issuance of a subsidiary to non-controlling interest	13	-	-	-	288	-	288	1,012	1,300
Balance as at 30 September 2021		16,225	(4,718)	(5,626)	421	15	6,317	627	6,944
Balance as at 1 October 2019		16,225	(4,718)	(4,200)	-	(1)	7,306	755	8,061
Loss for the financial year		-	-	(1,514)	-	-	(1,514)	(3)	(1,517)
Other comprehensive loss		-	-	-	-	(1)	(1)	-	(1)
Effects of acquiring non-controlling interest in a subsidiary		-	-	-	196	-	196	(746)	(550)
Balance as at 30 September 2020		16,225	(4,718)	(5,714)	196	(2)	5,987	6	5,993

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**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 year	-	(396)	(396)
Balance as at 30 September 2021	16,225	(1,495)	14,730
Balance as at 1 October 2019	16,225	(811)	15,414
Total comprehensive loss for the year	-	(288)	(288)
Balance as at 30 September 2020	16,225	(1,099)	15,126

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ACROMECH**D. Condensed Interim Consolidated Statement of Cash Flows**

	Note	Group	
		Financial Year ended 30 Sep	
		2021 S\$'000	2020 S\$'000
Operating activities			
Loss before income tax		(506)	(1,541)
Adjustments for:			
Depreciation and amortisation	6	793	807
Impairment on goodwill		-	94
Interest income		(17)	(43)
Interest expense		283	236
(Gain)/Loss on disposal of property, plant and equipment	6	(108)	11
Share of profit of associate		(5)	-
Operating cash flows before movements in working capital		440	(436)
Trade receivables		(929)	2,851
Other receivables, deposits and prepayments		(606)	(508)
Inventories		(884)	-
Contract assets/liabilities		(1,980)	(1,096)
Trade and other payables		5,693	700
Bill payables		684	(3,115)
Cash from/(used in) operations		2,418	(1,604)
Income taxes paid		(14)	(7)
Interest received		28	43
Net cash from/(used in) operating activities		2,432	(1,568)
Investing activities			
Purchase of property, plant and equipment	9	(6,443)	(4,728)
Proceeds from disposal of property, plant and equipment	9	119	-
Proceeds from disposal of part of interest in subsidiary to non-controlling interest	13	137	-
Acquisition of non-controlling interest in a subsidiary		-	(550)
Acquisition of an associate	13	(15)	-
Net cash used in investing activities		(6,202)	(5,278)
Financing activities			
Increase in fixed deposits pledged		1,271	(7)
Proceeds from drawdown of bank loans	11	300	6,300
Proceeds from shareholder loan	11	2,207	-
Proceeds from shares issuance of a subsidiary to non-controlling interest	13	1,300	-
Repayment of lease liabilities		(581)	(394)
Repayment of bank loans		(515)	(379)
Interest paid		(283)	(236)
Net cash from financing activities		3,699	5,284
Net decrease in cash and cash equivalents		(71)	(1,562)
Cash and cash equivalents at beginning of financial year		4,068	5,630
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies		24	-
Cash and cash equivalents at end of financial year ⁽¹⁾		4,021	4,068

Note:

(1) The amount stated excludes fixed deposits pledged as collaterals for banking facilities. 30 September 2021: S\$1,985,000 (30 September 2020: S\$3,256,000)

E. Notes to the Condensed Interim Consolidated Financial Statements for the six months and full year ended 30 September 2021**1. Corporate information**

Acromech Limited (the “Company”) (Registration No. 201544003M) is incorporated in the Republic of Singapore with its registered office and principal place of business at 4 Kaki Bukit Avenue 1, #04-04 Kaki Bukit Industrial Estate, Singapore 417939. The Company was listed on the Catalist of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on April 18, 2016. The financial statements are expressed in Singapore dollars.

The principal activities of the Company is that of investment holding, engineering design and consultancy activities.

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.

2. Basis of preparation**a) Basis of accounting**

These consolidated financial statements are unaudited and prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. They do not include all of the information required for full annual financial statements and should be read in conjunction with the last audited annual financial statements for the year ended 30 September 2020 (2020 Audited Financial Statements).

The 2020 Audited Financial Statements were prepared under Singapore Financial Reporting Standards (International) (SFRS(I)).

b) Significant accounting policies

The accounting policies and presentation adopted for this consolidated interim financial report are consistent with those adopted for the 2020 Audited Financial Statements.

c) New and amended standards adopted by the Group

The Group has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) (SFRS(I)) and Interpretations of SFRS(I) (INT SFRS(I)) that are mandatory for the accounting periods beginning on or after 1 October 2020. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's and the Company's accounting policies and has no significant impact on the financial statements for the current financial reporting period.

3. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported

amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 September 2020.

4. Seasonal operations

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

5. Segment and revenue information

5.1 Reportable segments

For management purposes, the Group is organised into three operating segments:

- (i) Engineering, Procurement and Construction ("EPC") segment;
- (ii) Maintenance segment; and
- (iii) 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 Renewable Energy business segment includes the building, owning and operating of power plants involving the generation of electricity using sustainable sources.

Business segment

Group	Segment Information - S\$'000						
	FY2021				FY2020		
	EPC	Maintenance	Renewable Energy	Consolidated Total	EPC	Maintenance	Consolidated Total
Revenue from external customers	22,478	5,982	643	29,103	18,185	4,916	23,101
Cost of sales	(18,500)	(4,076)	(1,855)	(24,431)	(16,608)	(3,328)	(19,936)
Gross profit	3,978	1,906	(1,212)	4,672	1,577	1,588	3,165
Segment result	1,377	367	(1,196)	548	(426)	(115)	(541)
Depreciation expense				(793)			(807)
Interest income				17			43
Finance costs				(283)			(236)
Share of profit of associate				5			-
Loss before tax				(506)			(1,541)
Income tax				(4)			24
Loss for the financial year				(510)			(1,517)

Geographical segment

The Group's activities are mainly located in Singapore. The geographical locations of the Group's customers and assets are mainly in Singapore. Accordingly, there are no geographical segments presented.

5.2 Breakdown of revenue

During the financial year, the Group derives revenue from the transfer of goods and services at a point in time and over time in the following categories:

	Group			
	6 months ended 30 Sep		12 months ended 30 Sep	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Over time				
Revenue from projects	13,242	9,011	22,478	18,185
Revenue from maintenance services rendered	2,904	2,191	5,982	4,916
Revenue from renewable energy	643	-	643	-
Total revenue	16,789	11,202	29,103	23,101
At a point in time	-	-	-	-

5.3 Breakdown of the Group's net sales & operating profit/loss after tax

(All figures in S\$'000)

		Group		
		FY2021	FY2020	Change
(a)	Sales reported for first half year	12,314	11,899	3.5%
(b)	Operating profit/(loss) after tax before deducting non-controlling interests for first half year	34	(445)	N.M
(c)	Sales reported for second half year	16,789	11,202	50%
(d)	Operating loss after tax before deducting non-controlling interests for second half year	(544)	(1,072)	49%

N.M : not meaningful

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ACROMECH**6. Loss before tax****6.1 Significant items**

	Group			
	6 months ended 30 Sep		12 months ended 30 Sep	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Income				
Gain/(Loss) on disposal of property, plant and equipment	108	(11)	108	(11)
Expenses				
Depreciation of property, plant and equipment and investment property	159	109	270	390
Depreciation of right-of-use assets	348	269	523	417

6.2 Related party transactions

During the year, the Group entered into the following material transactions with related parties:

	Group	
	30-Sep-21 S\$'000	30-Sep-20 S\$'000
Purchase of property, plant and equipment from a related party	1,360	-
Provision of maintenance services to a related party	115	-

7. Earnings per share

	Group			
	6 months ended 30 Sep		12 months ended 30 Sep	
	2021	2020	2021	2020
Profit/(Loss) attributable to owners of the Company (S\$'000)	11	(1,027)	88	(1,514)
Weighted average number of ordinary shares	138,563,978	138,563,978	138,563,978	138,563,978
Earnings/(Loss) per share (basic and diluted) (cents)	0.01	(0.74)	0.06	(1.09)

The basic and diluted earnings/(loss) per share is the same as there were no potentially dilutive ordinary shares in issue, for the financial year ended 30 September 2021 and 30 September 2020.

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ACROMECH**8. Net asset value**

	Group		Company	
	30-Sep-2021	30-Sep-2020	30-Sep-2021	30-Sep-2020
Net Asset Value per share (cents)	4.56	4.32	10.63	10.92
Net Asset Value (S\$'000)	6,317	5,987	14,730	15,126
Number of ordinary shares used	138,563,978	138,563,978	138,563,978	138,563,978

9. Property, plant and equipment

During the financial year ended 30 September 2021, the Group acquired assets amounting to S\$6,443,000 (30 September 2020: S\$4,728,000) and disposed of assets amounting to S\$119,000 (30 September 2020: nil).

10. Investment property

	Group S\$'000
<u>At cost:</u>	
At October 1, 2019, September 30, 2020 and 2021	1,750
<u>Accumulated depreciation:</u>	
At October 1, 2019	77
Depreciation for the year	36
At September 30, 2020	113
Depreciation for the year	37
At September 30, 2021	150
<u>Carrying amount:</u>	
September 30, 2021	1,600
September 30, 2020	1,637

11. Borrowings

Group	30 Sep 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	1,562	2,008	508	2,813
Amount repayable after one year	1,753	5,772	1,885	3,187
Total borrowings	3,315	7,780	2,393	6,000

Details of collaterals

- i. Bill payables of S\$985,000 (30 September 2020: S\$300,000) was secured by fixed deposits pledged with banks.
- ii. Bank loans of S\$1,776,000 (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\$5,573,000 (30 September 2020: S\$6,000,000) is unsecured.
- iii. Lease liabilities of S\$254,000 (30 September 2020: S\$230,000) is secured on the Group's motor vehicles.
- iv. Loan from non-controlling interests of S\$2,207,000 (30 September 2020: Nil) is unsecured.

12. Share capital

	Group and Company	
	Number of ordinary shares	Issued and paid-up share capital
Issued and paid-up share capital as at 30 September 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 30 September 2021 and 30 September 2020.

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

13. Acquisition and disposal of subsidiaries/associates

- a) On 12 October 2020, the Company disposed 10% of its interest of Golden Harvest Engineering Pte Ltd ("Golden Harvest") to a strategic third party for a consideration of S\$137,500. The consideration was based on arm's length negotiations between the Company and the third party, after taking into consideration the net tangible assets of Golden Harvest as at 31 July 2020 and its current year's earnings.

The effect of changes in the Group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent, are as follows:

	S\$'000
Proceeds from changes in ownership interest in subsidiary	137
Non-controlling interest acquired	(200)
Difference recognised in capital reserves	(63)

- b) On 26 November 2020, the Company has announced that it has completed its joint venture agreement with Nutara Investment Pte Ltd ("Nutara"). Accordingly, the Company's 80% owned subsidiary, Acropower, has disposed 30% interest in its 100% owned subsidiary, NTP, to Nutara, making the Group's effective interest in NTP to 56%. Please refer to the Company's announcements dated 10 September 2020 and 26 November 2020 for more details.

The effect of changes in the Group's ownership interest in a subsidiary that did not result in change of control, on the equity attributable to owners of the parent, are as follows:

	S\$'000
Proceeds from changes in ownership interest in subsidiary	1,300
Non-controlling interest acquired	(1,012)
Difference recognised in capital reserves	<u>288</u>

- c) On 13 August 2021, the Company has announced that its wholly-owned subsidiary has entered into a joint venture agreement with Tako Ventures LLP, which seeks to formalise a collaboration for co-working laboratories. Accordingly, its wholly-owned subsidiary has acquired 30% shareholdings in Life Science Incubator Pte Ltd at cash consideration of S\$15,000. The principal activities of its associate, Life Science Incubator Pte Ltd, shall involve the building and developing of "co-working laboratories" for various external parties including companies and researchers to take up such laboratory space on demand and for limited periods of time depending on their project needs. Please refer to the Company's announcements dated 14 July 2021 and 13 August 2021 for more details.

14. Subsequent events

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

On 12 November 2021, the Company has announced that, on 11 November 2021, various conditional transactional documents have been executed for the purpose of implementing an internal reorganisation within the Group, by way of a share swap, whereby Nutara would exchange its 30% direct shareholdings in NTP for 30% direct shareholdings in Acropower. The share swap was implemented to facilitate further joint developments of biomass-to-value projects between the Company and Nutara through its subsidiary. The effective interest of the Company remained unchanged after the share swap. There is no consideration payable or received by the Group given that the share swap is an internal reorganisation involving the relevant parties. Please refer to the Company's announcement dated 12 November 2021 for more details.

The financial effects of the above transaction have not been included in this interim financial statements for the financial year ended 30 September 2021. The operating results and assets and liabilities of the Company will be reflected in the first half of the 2022 financial statements.

F. ADDITIONAL INFORMATION REQUIRED BY CATALIST RULES FOR SIX MONTHS AND YEAR ENDED 30 SEPTEMBER 2021

- 1. 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 six months ("2H21") and full year ended 30 September 2021 ("FY21") improved by 50% and 26% respectively when compared to their corresponding periods as business activities improved on the back of a stronger order book from new contract wins.

Cost of sales for 2H21 and FY21 increased by 41% and 23% respectively, largely in line with increase in revenue. The Group registered gross profit margin for 2H21 and FY21 of 14.0% and 16.1% respectively. This is an improvement compared to last year's respective corresponding periods of 9% and 13.7%. The Group will continue to exercise close cost monitoring and control over its projects.

The dip in other operating income for 2H21 is mainly due to lower government grants received. Other operating income for FY21 increased slightly due to profit on sale of motor vehicles.

Administrative expenses for 2H21 and FY21 increased by 47% and 18% respectively mainly due to higher staff salary and related expenses due to lower subsidy from Job Support Scheme and more training undertaken during the pandemic for skills upgrading. The increase is also due to higher legal and professional fees incurred in support of the various corporate exercises undertaken by the Group.

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.

On the back of improved business activities, the Group reported net profit attributable to owners of the Company of approximately S\$88,000 for the year, as compared to net loss of S\$1,514,000 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\$5.47 million for the Group's renewable energy business segment.

Contract asset and trade receivables increased and cash and bank balances decreased mainly due to slower billings and collection cycle. Other receivables, deposits and prepayments increased due mainly to prepayment for project materials.

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 increased 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.

As at 30 September 2021, the Group was at a net current liabilities position of S\$1.05 million. The net current liabilities were mainly due to payables to vendors arising from the construction of the waste-to-energy plant from the renewable energy business segment, which the Group continues to receive support from its joint venture partner, Nutara. Notwithstanding, after taking into consideration of the continued positive cashflow generated of the Group's main EPC business, the reasonableness of management's cashflow forecast for the next twelve months, and continued support from the Group's lenders and vendors, the Board is of the opinion that the Group is able to meet its short-term obligations as and when they fall due.

REVIEW OF GROUP'S CASH FLOWS

Overall, the Group's cash and cash equivalents remained stable in FY21. Net cash generated from operations of approximately S\$2.43 million was mainly due to working capital changes. Increase in net cash from financing activities of S\$3.70 million was mainly due to loan from non-controlling interest and proceeds from issuance of shares by NTP due to divestment of 30% of interest in NTP by Acropower of S\$1.30 million. This is offset by net cash used in investing activities of S\$6.20 million mainly due to costs incurred in the construction of its waste-to-energy plant amounting to S\$5.47 million.

2. 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.

3. 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 pandemic has resulted in an uncertain and challenging business climate. The construction industry has been adversely affected. Manpower resource challenges brought about by border restrictions and closures were experienced during the period reported on. These restrictions are now gradually being relaxed as the world shifts its COVID-19 handling policies

towards an endemic mindset. The Group hopes to see these positive signs translate into smoother execution of its projects, although costs may continue to remain high due to the institution of a regular testing regime and the occasional disruptions in supply chain and logistics.

Tender and business development activities are healthy and the Group is encouraged by its strong order book which will carry into the coming financial year. It continues to actively develop its business through direct negotiations and bidding for projects, underpinned by its established track record. The Group expects continued pressures on its margins as competition remains keen. The Group continues to manage its costs amid a tight foreign labour market.

The Group's maintenance business contribution is expected to continue its growth momentum. 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, NTP, has entered into an agreement with Chew's to build, own and operate a waste-to-energy plant at Chew's farm situated at Neo Tiew Road. The plant progress has faced delays due to the COVID-19 pandemic. Despite these challenges, efforts have been made to operate the plant in phases during the year. The plant which is in its final stages of commissioning is expected to commence operations soon, barring unforeseen circumstances.

4. 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.

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

Not applicable.

6. 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.

7. 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 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.

8. 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.

9. 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.

10. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

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

11. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the operating segments

The Group's revenue for FY2021 and FY2020 was mainly contributed by its EPC business segment. Revenue contribution from the EPC business segment remained stable at about 77% in FY2021 compared to 79% in FY2020.

Revenue contribution from Maintenance business segment remained stable at 21%. The Group continues its focus to grow the Maintenance business as it provides the Group with recurring revenue and income streams, thereby adding stability to the Group's revenue which are largely project-based.

Revenue contribution in FY21 by the new Renewable Energy business segment stems from the activities relating to the contract with Chew's to build, own and operate a waste-to-energy plant at Neo Tiew Road.

Material earnings changes from the EPC business segment has been explained in Note F.1. of this announcement. There is no material change in Maintenance business segment earnings. The loss contribution by Renewable Energy business segment is due to the problems faced during the initial phase of partial operation of its chicken manure drying activities of its waste-to-energy plant. The issue has since been resolved. The plant is in the midst of final stages of commissioning for full operations.

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

There was no dividend declared or paid in FY2021 and FY2020.

13. 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.

We confirm that none of the persons occupying managerial positions in the Group is a relative of a director or chief executive officer or substantial shareholder of the Company.

14. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A.

The Company has acquired/disposed the following subsidiaries and associates during FY21. Please refer to Note E13 and the relevant announcements for more information.

Name of Entity	Nature of transaction	Date of Relevant Announcement
Golden Harvest Engineering Pte Ltd	Disposal of 10% of the shares of Golden Harvest Engineering Pte Ltd	12 October 2020
Neo Tiew Power Pte Ltd	Disposal of 30% of the shares of Neo Tiew Power Pte Ltd	10 September and 26 November 2020
Life Science Incubator Pte Ltd	Acquisition of 30% of the shares of Life Science Incubator Pte Ltd	14 July 2021 and 13 August 2021

On behalf of the Board of Directors

Lim Say Chin
Executive Chairman and Managing Director
26 November 2021

Chew Chee Keong
Executive Director