



**MEMIONTEC HOLDINGS LTD.
AND ITS SUBSIDIARIES
(Registration No. 201305845W)**

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022
(UNAUDITED)**

MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES

**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)**

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MEMIONTEC HOLDINGS LTD. AND ITS SUBSIDIARIES
FOR THE SIX-MONTH PERIOD ENDED 30 JUNE 2022 (UNAUDITED)

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Group		
		1H2022	1H2021	Increase/ (Decrease)
		S\$'000 (Unaudited)	S\$'000 (Unaudited)	%
Revenue	2	16,192	26,912	(39.8)
Cost of sales		(12,571)	(24,213)	(48.1)
Gross profit		3,621	2,699	34.2
Gross profit margin		22.4%	10.0%	12.4
Other income		162	331	(51.1)
General and administrative expenses		(2,462)	(2,353)	4.6
Operating profit		1,321	677	95.1
Finance costs		(62)	(72)	(13.9)
Share of profit of a joint venture		96	42	>100.0
Profit before income tax		1,355	647	>100.0
Income tax expense	4	(281)	(166)	69.3
Net profit for the period	3	1,074	481	>100.0
Other comprehensive income (loss)				
<i>Item that may be reclassified subsequently to profit or loss:</i>				
Exchange gains (losses) on translation of foreign operations		19	(163)	N.M
Other comprehensive income (loss) for the period, net of tax		19	(163)	N.M
Total comprehensive income for the period		1,093	318	>100.0
Net profit for the period attributable to:				
- Owners of the Company		1,064	480	>100.0
- Non-controlling interests		10	1	>100.0
		1,074	481	>100.0
Total comprehensive income for the period attributable to:				
- Owners of the Company		1,083	318	>100.0
- Non-controlling interests		10	-	N.M
		1,093	318	>100.0
Earnings per share (Singapore cents per share)				
- Basic	(A1)	0.16	0.07	>100.0
- Diluted	(A1)	0.16	0.07	>100.0

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A1. EARNINGS PER SHARE (“EPS”)

(a) Basic EPS

Basic EPS is calculated by dividing the net profit attributable to owners of the Company for the respective periods by the weighted average number of ordinary shares outstanding during the respective periods.

	Group	
	1H2022	1H2021
	(Unaudited)	(Restated)
Net profit for the period attributable to owners of the Company (S\$'000)	1,064	480
Weighted average number of ordinary shares for basic EPS	660,771,000	660,771,000*
Basic EPS (Singapore cents per share)	0.16	0.07

(b) Diluted EPS

	Group	
	1H2022	1H2021
	(Unaudited)	(Restated)
Net profit for the period attributable to owners of the Company (S\$'000)	1,064	480
Weighted average number of ordinary shares for basic EPS	660,771,000	660,771,000*
Adjustment for:		
- Share awards under Memiontec Performance Share Plan	3,000,000	-
Weighted average number of ordinary shares for diluted EPS	663,771,000	660,771,000
Diluted EPS (Singapore cents per share)	0.16	0.07

- * The Company's weighted average number of ordinary shares in issue for 1H2021 was 220,257,000. As a result of the completion of the share split of every one (1) existing ordinary share into three (3) ordinary shares (the “**Share Split**”) on 24 May 2022, the Company's number of ordinary shares in issue increased from 220,257,000 to 660,771,000. Accordingly, the weighted average number of ordinary shares for 1H2021 has been retrospectively adjusted to enable a better comparison of the EPS.

N.M denotes Not Meaningful.

1H2022 denotes six-month financial period from 1 January 2022 to 30 June 2022.

1H2021 denotes six-month financial period from 1 January 2021 to 30 June 2021.

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
As at 30 June 2022

	Note	Group		Company	
		30 June	31 December	30 June	31 December
		2022	2021	2022	2021
		S\$'000	S\$'000	S\$'000	S\$'000
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
<u>ASSETS</u>					
Current assets					
Cash and bank balances		13,010	15,451	864	299
Trade and other receivables		8,391	8,495	6,857	8,428
Contract assets		7,412	6,009	-	-
Inventories		55	146	-	-
Total current assets		28,868	30,101	7,721	8,727
Non-current assets					
Property, plant and equipment	5	1,513	1,527	2	2
Right-of-use assets	5	342	443	-	-
Investment in subsidiaries		-	-	5,906	5,906
Investment in a joint venture		2,704	2,608	-	-
Other investment	8	736	736	-	-
Deferred tax assets		61	61	-	-
Total non-current assets		5,356	5,375	5,908	5,908
Total assets		34,224	35,476	13,629	14,635
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Trade and other payables		8,942	10,312	1,440	2,435
Contract liabilities		1,399	1,274	-	-
Lease liabilities	6	198	198	-	-
Borrowings	6	1,167	1,155	-	-
Income tax payable		50	109	4	21
Total current liabilities		11,756	13,048	1,444	2,456
Non-current liabilities					
Lease liabilities	6	246	307	-	-
Borrowings	6	2,980	3,566	-	-
Retirement benefit obligations		331	331	-	-
Total non-current liabilities		3,557	4,204	-	-

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT'D)
As at 30 June 2022

	Note	Group		Company	
		30 June 2022	31 December 2021	30 June 2022	31 December 2021
		S\$'000 (Unaudited)	S\$'000 (Audited)	S\$'000 (Unaudited)	S\$'000 (Audited)
Capital, reserves and non-controlling interests					
Share capital	7	12,092	12,092	12,092	12,092
Translation reserves		(444)	(463)	-	-
Other reserves		(860)	(914)	-	-
Retained earnings		8,063	7,459	93	87
Equity attributable to owners of the Company		18,851	18,174	12,185	12,179
Non-controlling interests		60	50	-	-
Total equity		18,911	18,224	12,185	12,179
Total liabilities and equity		34,224	35,476	13,629	14,635
Net asset value per share	B1	2.85	2.75	1.84	1.84

B1. NET ASSET VALUE PER SHARE

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	(Unaudited)	(Restated)	(Unaudited)	(Restated)
Equity attributable to owners of the Company (S\$'000)	18,851	18,174	12,185	12,179
Number of ordinary shares in issue	660,771,000	660,771,000*	660,771,000	660,771,000*
Net asset value per ordinary share (Singapore cents per share)	2.85	2.75	1.84	1.84

* As at 31 December 2021, there were 220,257,000 ordinary shares in issue. As a result of the completion of the Share Split on 24 May 2022, the number of ordinary shares as at 31 December 2021 has been retrospectively adjusted to enable a better comparison of the net assets value per share.

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Translation reserve	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
	(Note 7)						
Balance at 1 January 2022 (Audited)	12,092	(463)	(914)	7,459	18,174	50	18,224
<i>Total comprehensive income for the period:</i>							
Net profit for the period	-	-	-	1,064	1,064	10	1,074
Other comprehensive income for the period	-	19	-	-	19	-	19
Total	-	19	-	1,064	1,083	10	1,093
<i>Transactions with owners, recognised directly in equity:</i>							
- Dividends (Note 14(f))	-	-	-	(460)	(460)	-	(460)
- Employee share-based payments under Memiontec Performance Share Plan	-	-	54	-	54	-	54
	-	-	54	(460)	(406)	-	(406)
Balance at 30 June 2022 (Unaudited)	12,092	(444)	(860)	8,063	18,851	60	18,911
Balance at 1 January 2021 (Audited)	12,092	(454)	(914)	6,355	17,079	43	17,122
<i>Total comprehensive income for the period:</i>							
Net profit for the period	-	-	-	480	480	1	481
Other comprehensive loss for the period	-	(162)	-	-	(162)	(1)	(163)
Total	-	(162)	-	480	318	-	318
<i>Transactions with owners, recognised directly in equity:</i>							
- Dividends (Note 14(f))	-	-	-	(407)	(407)	-	(407)
	-	-	-	(407)	(407)	-	(407)
Balance at 30 June 2021 (Unaudited)	12,092	(616)	(914)	6,428	16,990	43	17,033

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONT'D)

<u>Company</u>	Share capital	Retained earnings	Total
	S\$'000	S\$'000	S\$'000
	(Note 7)		
Balance at 1 January 2022 (Audited)	12,092	87	12,179
Net profit for the period, representing total comprehensive income for the period	-	466	466
<i>Transactions with owners, recognised directly in equity:</i>			
- Dividends (Note 14(f))	-	(460)	(460)
Balance at 30 June 2022 (Unaudited)	<u>12,092</u>	<u>93</u>	<u>12,185</u>
Balance at 1 January 2021 (Audited)	12,092	13	12,105
Net profit for the period, representing total comprehensive income for the period	-	530	530
<i>Transactions with owners, recognised directly in equity:</i>			
- Dividends (Note 14(f))	-	(407)	(407)
Balance at 30 June 2021 (Unaudited)	<u>12,092</u>	<u>136</u>	<u>12,228</u>

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Operating activities		
Profit before income tax	1,355	647
Adjustments for:		
Depreciation of property, plant and equipment	88	74
Depreciation of right-of-use assets	101	66
Share of profit of a joint venture	(96)	(42)
Employee share-based payments	54	-
Interest expense	62	72
Interest income	(72)	(53)
Net foreign exchange gain (loss) (unrealised)	45	(34)
Operating cash flows before movements in working capital	1,537	730
Trade and other receivables	104	(2,867)
Contract assets	(1,403)	1,140
Inventories	91	249
Trade and other payables	(1,375)	332
Contract liabilities	125	2,606
Cash (used in) generated from operations	(921)	2,190
Income tax paid	(310)	(209)
Interest received	72	53
Net cash (used in) generated from operating activities	(1,159)	2,034
Investing activities		
Purchase of plant and equipment	(81)	(121)
Net cash used in investing activities	(81)	(121)
Financing activities		
Interest paid	(56)	(61)
Dividends paid	(460)	(407)
Repayments of borrowings	(575)	(676)
Repayments of lease liabilities	(61)	(38)
Placement of fixed deposits pledged	(39)	-
Net cash used in financing activities	(1,191)	(1,182)
Net (decrease) increase in cash and cash equivalents	(2,431)	731
Cash and cash equivalents at beginning of the period	14,055	13,961
Effect of exchange rate changes on the balance of cash held in foreign currencies	(49)	(48)
Cash and cash equivalents at end of the period (Note A)	11,575	14,644
Note A – Cash and cash equivalents		
Cash and bank balances	13,010	15,200
Less: Time deposits pledged for banking facilities purpose	(1,435)	(556)
Cash and cash equivalents per consolidated statement of cash flows	11,575	14,644

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AND OTHER INFORMATION

1. BASIS OF PREPARATION

The condensed interim consolidated statement of financial position of Memiontec Holdings Ltd. (the “**Company**”) and its subsidiaries (the “**Group**”) as at 30 June 2022 and the related condensed interim consolidated profit or loss and other comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period ended 30 June 2022 and certain explanatory notes have been prepared in accordance with *SFRS(I) 1-34 Interim Financial Reporting* issued by the Accounting Standards Council Singapore.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the Group’s performance since the last audited consolidated financial statements for the financial year ended 31 December 2021.

The accounting policies and methods of computation adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for the financial year ended 31 December 2021, which were prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) and Interpretations of SFRS(I) (“**SFRS(I) INT**”), except for the adoption of new and revised SFRS(I)s and SFRS(I) INTs which are relevant to the Group’s operations and become effective for annual periods beginning on or after 1 January 2022. The adoption of these new and revised standards and interpretations does not result in changes to the accounting policies of the Group and the Company and has no material effect on the amounts reported for the current or prior period.

The condensed interim consolidated financial statements are presented in Singapore Dollar (“**S\$**”) which is the Company’s functional currency. All financial information presented in S\$ have been rounded to the nearest thousand, unless otherwise stated.

The condensed interim consolidated financial statements for the six-month period ended 30 June 2022 have been prepared on a going concern basis, since management has verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the reporting period.

1.1 WHETHER THE FIGURES HAVE BEEN AUDITED OR REVIEWED AND IN ACCORDANCE WITH WHICH AUDITING STANDARD

The condensed interim consolidated financial statements for the six-month period ended 30 June 2022 have not been audited or reviewed by the Company’s auditors.

1.2 AUDIT OPINION ON LATEST FINANCIAL STATEMENTS

The Group’s latest audited consolidated financial statements for the financial year ended 31 December 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company’s auditors on 31 March 2022.

1.3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the condensed interim consolidated financial statements, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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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 most recently audited consolidated financial statements as at and for the financial year ended 31 December 2021.

The estimates and underlying assumptions are reviewed on an ongoing basis based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances, are as follows:

- Revenue recognition of *Total Solutions with Engineering, Procurement and Construction (TSEPC)* contracts;
- Estimated impairment of trade receivables, other receivables and contract assets; and
- Impairment of investments in subsidiaries and joint venture.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

1.4 SUBSEQUENT EVENTS

Subsequent to 30 June 2022, there are no known subsequent events that may have a material effect on the condensed interim consolidated financial statements of the Group.

2. REVENUE

2.1 DISAGGREGATION OF REVENUE

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Timing of revenue recognition		
Over time:		
Revenue from TSEPC projects	13,883	24,614
Revenue from OMS services	1,710	2,017
At a point in time:		
Revenue from SDS	475	173
Revenue from SOW	124	108
Total	16,192	26,912

Explanatory notes:

- *TSEPC denotes Total Solutions with Engineering, Procurement and Construction.*
- *OMS denotes Operations, Maintenance and Services of waste and wastewater treatment plants.*
- *SDS denotes Sales and distribution of water treatment systems and trading.*
- *SOW denotes Sales of water.*

2.2 Seasonality of operations

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

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3. NET PROFIT FOR THE PERIOD

3.1. SIGNIFICANT ITEMS

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Income:		
Grant income	69	264
Interest income	72	53
Expense:		
Depreciation of property, plant and equipment	(88)	(74)
Depreciation of right-of-use assets	(101)	(66)
Directors' fees	(75)	(75)
Foreign exchange loss, net	(4)	(64)

4. INCOME TAX EXPENSE

The Group calculates the periodic income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Current income tax:		
- Current period	(280)	(160)
- Under provision in prior periods	-	(4)
	(280)	(164)
Withholding tax expense on foreign-sourced interest income	(1)	(2)
Income tax expense for the period	(281)	(166)

5. PROPERTY, PLANT AND EQUIPMENT AND RIGHT-OF-USE ASSETS

	Group	
	Property, plant and equipment	Right-of-use assets
	S\$'000	S\$'000
Movements		
Net book value as at 1 January 2022 (Audited)	1,527	443
Additions ⁽¹⁾		
- Cash	81	-
Depreciation	(88)	(101)
Disposals ⁽²⁾	-	-
Exchange differences	(8)	-
Net book value as at 30 June 2022 (Unaudited)	1,512	342

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Movements	Group	
	Property, plant and equipment	Right-of-use assets
	S\$'000	S\$'000
Net book value as at 1 January 2021 (Audited)	1,330	266
Additions ⁽¹⁾		
- Cash	365	-
- Non-cash (lease arrangement)	-	327
Depreciation	(169)	(149)
Disposals ⁽²⁾	-	(1)
Exchange differences	1	-
Net book value as at 31 December 2021 (Audited)	1,527	443

(1) During the six-month period ended 30 June 2022, the Group acquired assets amounting to S\$81,000 (1H2021: S\$121,000). There were no additions to the Group's right-of-use assets during the six-month period ended 30 June 2022 and 30 June 2021.

(2) There was no disposal of assets during the six-month period ended 30 June 2022 and 30 June 2021.

6. BORROWINGS AND LEASE LIABILITIES

	Group	
	30 June 2022	31 December 2021
	S\$'000 (Unaudited)	S\$'000 (Audited)
Lease liabilities		
<u>Amount repayable within one year or on demand</u>		
Secured	45	47
Unsecured	153	151
	198	198
<u>Amount repayable after one year</u>		
Secured	149	173
Unsecured	97	134
	246	307
Lease liabilities	444	505
Terms loans - banks		
<u>Amount repayable within one year or on demand</u>		
Secured	-	-
Unsecured	1,167	1,155
	1,167	1,155
<u>Amount repayable after one year</u>		
Secured	-	-
Unsecured	2,980	3,566
	2,980	3,566
Term loans - banks	4,147	4,721

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Details of any collaterals

Lease liabilities of S\$195,000 as at 30 June 2022 (31 December 2021: S\$219,000) are secured by charges over leased motor vehicles included as part of "Right-of-use assets" and personal guarantees from a director of the Company.

Collaterals	Group	
	30 June 2022	31 December 2021
	S\$'000	S\$'000
Charges over leased motor vehicles only	139	153
Charges over leased motor vehicles and personal guarantees from a director of the Company	56	66
Total	195	219

7. SHARE CAPITAL

7.1 Movements in Share Capital

	Group and Company			
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	Number of ordinary shares		S\$'000	S\$'000
<i>Issued and paid up:</i>				
At beginning of financial period/year	220,257,000	220,257,000	12,092	12,092
Issuance of new shares pursuant to Share Split	440,514,000	-	-	-
At end of financial period/year	660,771,000	220,257,000	12,092	12,092

The Company has one class of ordinary share which has no par value, carries one vote per share and a right to dividend income when declared by the Company.

On 24 May 2022, the Company completed its Share Split of every one (1) existing ordinary share into three (3) ordinary shares. The completion of the Share Split resulted in an additional 440,514,000 new shares being allotted and issued.

On 6 May 2022, the Company granted awards of 1,000,000 ordinary shares in the capital of the Company (the "**PSP Shares**") under the Memiontec Performance Share Plan (the "**Awards**") to selected Directors, as well as executive officers and other employees of the Group. On 24 May 2022, pursuant to the rules of the Memiontec Performance Share Plan, following the completion of the Share Split, the number of PSP Shares which were the subject of the outstanding Awards was adjusted from 1,000,000 to 3,000,000. As at 30 June 2022, none of the outstanding 3,000,000 Awards has been vested (1H2021: Nil). The outstanding 3,000,000 PSP Shares as at 30 June 2022 represent approximately 0.45% of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) as at 30 June 2022.

Other than the PSP Shares, the Company does not have any other convertibles as at 30 June 2022, 31 December 2021 and 30 June 2021.

7.2 Treasury shares

The Company does not have any treasury shares as at 30 June 2022, 31 December 2021 and 30 June 2021.

7.3 Subsidiary holdings

None of the Group's subsidiaries holds any shares in the Company as at 30 June 2022, 31 December 2021 and 30 June 2021.

8. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The following paragraph presents the assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- (i) Quoted price (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date (Level 1);
- (ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (is as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (iii) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The following table presented the assets measured at fair value:

	Level 3	Total
	S\$'000	S\$'000
Group		
30 June 2022 (Unaudited)		
Other investment ⁽¹⁾ , held at fair value through other comprehensive income ("FVOCI")	736	736
31 December 2021 (Audited)		
Other investment ⁽¹⁾ , held at FVOCI	736	736

⁽¹⁾ Other investment pertains to the Group's investment of 15% stake in PT Tirta Madani ("PPTM"), joint venture company incorporated to carry out Build-Operate-Own-Transfer ("BOOT") project of a water supply system in Pekan Baru, Indonesia.

9. RELATED AND INTERESTED PARTY TRANSACTIONS

9.1 RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and these transactions are carried out on arm's length basis.

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
<u>A Director</u>		
Interest expense on advances from a director	(12)	(10)
<u>A Director-controlled company</u>		
Lease payments of warehouse and office	(29)	(28)

9.2 INTERESTED PARTY TRANSACTIONS

The Group does not have a general mandate from shareholders for interested person transactions. There were no interested person transactions for S\$100,000 or more entered into by the Group for the six-month period ended 30 June 2022.

10. REPORTABLE SEGMENTS

The Group's reportable segments are as follows:

- Total Solutions with Engineering, Procurement and Constructions ("**TSEPC**") - provision of total solutions with engineering, procurement and construction services relating to water and wastewater management.
- Operations, Maintenance and Services of waste and wastewater treatment plants ("**OMS**") - provision of operations, preventative and corrective maintenance services relating to water and wastewater management.
- Sale and distribution of water treatment systems and trading ("**SDS**") - Sale and distribution of water treatment systems and trading.
- Sale of water ("**SOW**") - Sale of water and other related recurring revenues under long term service concessionary arrangements.

Segment revenue represents revenue generated from external customers. Segment results represent the profit earned from each segment after allocating costs directly attributable to a segment and other common costs that can be allocated on a reasonable basis. This is the measure reported to the chief executive officer for the purpose of resource allocation and assessment of segment performance.

Assets and liabilities are not allocated by segment as they are not considered critical by the chief executive officer in resource allocation and assessment of segment performance.

(a) Segment revenue and results

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
	(Unaudited)	(Unaudited)
Segment revenue		
Revenue - TSEPC	13,883	24,614
Revenue - OMS	1,710	2,017
Revenue - SDS	475	173
Revenue - SOW	124	108
Total	16,192	26,912
Segment results		
Profit from operations:		
- TSEPC	1,742	931
- OMS	350	211
- SDS	183	67
- SOW	58	58
Total	2,333	1,267
Unallocated corporate income and costs:		
Other income	162	331
General and administrative expenses	(1,174)	(921)
Share of profit of a joint venture	96	42
Finance costs	(62)	(72)
Profit before income tax	1,355	647
Income tax expense	(281)	(166)
Profit for the period	1,074	481

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(b) Geographical segments

The Group's information about the segment revenue by geographical location is detailed below:

	Revenue	
	1H2022	1H2021
	S\$'000 (Unaudited)	S\$'000 (Unaudited)
Singapore	6,922	21,601
Indonesia	9,255	5,272
China	15	39
Total	16,192	26,912

The Group's information about the segment assets by geographical location is detailed below:

	Non-current assets	
	30 June	31 December
	2022 S\$'000 (Unaudited)	2021 S\$'000 (Audited)
Singapore	659	763
Indonesia	4,565	4,470
China	70	81
Total	5,294	5,314

11. Financial Performance Analysis

11.1 Review of the Group's Financial Performance

1H2022 vs 1H2021

11.1.1 Revenue and gross profit

	Group		
	1H2022	1H2021	Increase/ (Decrease)
	S\$'000	S\$'000	%
	(Unaudited)	(Unaudited)	
Revenue from:			
- TSEPC	13,883	24,614	(43.6)
- OMS	1,710	2,017	(15.2)
- SDS	475	173	>100.0
- SOW	124	108	14.8
Total	16,192	26,912	(39.8)
Cost of sales	(12,571)	(24,213)	(48.1)
Gross Profit	3,621	2,699	34.2
Gross Profit Margin	22.4%	10.0%	12.4

Revenue

Revenue for 1H2022 was lower than 1H2021 mainly due to lower contribution from the TSEPC segment in the period under review.

(a) TSEPC Business Segment

	Group				
	1H2022	%	1H2021	%	Increase/ (Decrease)
	S\$'000		S\$'000		%
	(Unaudited)		(Unaudited)		
Revenue from:					
- Singapore	5,535	40	19,762	80	(72.0)
- Indonesia	8,348	60	4,852	20	72.1
	13,883	100	24,614	100	(43.6)

Revenue for TSPEC business segment for 1H2022 was lower than 1H2021 due to the lower revenue contribution from Singapore's TSEPC operations.

In Singapore, TSEPC revenue for 1H2022 was S\$5.5 million (1H2021: S\$19.8 million) as there was a lower volume of scheduled work to be carried out under the on-going contracts. Whereas in 1H2021, the Group completed a significant part of the project for the design, engineering, procurement, construction and plant proofing works for the replacement of a membrane filtration system at Tuas South Desalination Plant, the largest desalination plant in Singapore and South East Asia. This project was awarded to the Group by Public Utilities Board of Singapore ("PUB") in September 2019 and was issued the Certificate of Substantial Completion in September 2021.

The Group was awarded a S\$56.6 million contract (the “**C22C Contract**”) by PUB in March 2022. The C22C Contract involves the installation of membrane bioreactor equipment, which has a treatment capacity of 22 million gallons per day for the Changi Water Reclamation Plant Phase 2. The work under the C22C Contract commenced in May 2022 and the contract duration is estimated to be about 23 months.

The Group’s revenue from Indonesia increased significantly to S\$9.3 million, accounting for 57.2% of the Group’s total revenue in 1H2022 (1H2021: S\$5.3 million). The revenue contribution in Indonesia grew with the resumption of work following improvements in the COVID-19 pandemic situation in 1H2022.

(b) OMS Business Segment

Revenue from the OMS business segment decreased to S\$1.7 million in 1H2022 as compared to S\$2.0 million in 1H2021, mainly due to the completion of certain higher value OMS contracts in the financial year ended 31 December 2021 (“**FY2021**”), partially offset by new contracts secured and commenced in 1H2022. The Group continues to proactively participate in the tendering of new OMS projects in both Singapore and Indonesia.

(c) SDS Business Segment

SDS revenue for 1H2022 increased due to higher sales volume during the period.

(d) SOW Business Segment

The Group’s jointly operated water treatment plant in Indonesia was able to sell a higher volume of treated water in 1H2022, resulting in the 14.8% increase in revenue for sale of water segment as compared to the corresponding period.

Gross Profit and Gross Profit Margin (“GPM”)

The Group reported an increase in gross profit for 1H2022, mainly due to the more significant contribution from the Group’s operations in Indonesia which commanded higher margins.

Correspondingly, the Group’s GPM improved by 12.4 percentage points to 22.4% in 1H2022 period-over-period.

11.1.2 Other income

	Group		
	1H2022	1H2021	Increase/ (Decrease)
	S\$'000	S\$'000	%
	(Unaudited)	(Unaudited)	
Government grant income	69	264	(73.9)
Interest income	72	53	35.8
Others	21	14	50.0
Total	162	331	(51.1)

In 1H2022, the Group received lower amounts of government grants in relation to COVID-19 relief, as compared to 1H2021. Government grant income was provided by the Singapore government to businesses to tide through the COVID-19 pandemic. These government grants were progressively reduced from the fourth quarter of 2020 and mostly ended in early 2021.

11.1.3 General and administrative expenses

	Group		
	1H2022	1H2021	Increase/ (Decrease)
	S\$'000	S\$'000	%
	(Unaudited)	(Unaudited)	
Payroll costs	(842)	(810)	4.0
Directors' remuneration	(382)	(414)	(7.7)
Directors' fees	(75)	(75)	0.0
Consultancy and professional fees	(383)	(135)	>100.0
Depreciation expense	(189)	(134)	41.0
Others	(591)	(785)	(24.7)
Total	(2,462)	(2,353)	4.6

Higher consultancy and professional fees were incurred by the Group in 1H2022. These mainly relate to public relations' and investor relations' efforts to improve and enhance engagement with the Group's various stakeholders.

Depreciation expense increased in 1H2022 due to depreciation charges incurred for newly acquired assets and right-of-use assets in 1H2021.

Other than the above, there were no significant changes in general and administrative expenses incurred in 1H2022, as compared to 1H2021.

11.1.4 Finance costs

Finance costs remained relatively stable in 1H2022 and 1H2021.

11.1.5 Share of profit of a joint venture

Share of profit of a joint venture relates to the Group's 40% interest in its joint venture company, PT Jakpro Memiontec Air.

The joint venture has a BOOT water treatment plant at Hutan Kota. The Hutan Kota BOOT project has commenced the production and sale of treated water since December 2019. The higher share of profit in 1H2022 was due to higher revenue generated by increased volume of sale of treated water. The Hutan Kota BOOT project entered into Phase 2 production in the fourth quarter of FY2021, and has since been producing and selling water at 100% of its design capacity of 450 litres per second.

11.1.6 Income tax expense

The effective income tax rate for 1H2022 was 21%, as compared to the effective income tax rate of 26% for 1H2021. The decrease was mainly due to the decrease in corporate tax rate in Indonesia from 22% to 20% in 2022.

11.1.7 Net profit for the period

As a result of the above, net profit for 1H2022 were S\$1.1 million (1H2021: S\$0.5 million).

11.2. Review of the Group's financial position

30 June 2022 vs 31 December 2021

11.2.1 Current assets

	Group			
	30 June 2022	31 December 2021	Increase/ (Decrease)	Note
	S\$'000	S\$'000	S\$'000	
	(Unaudited)	(Audited)		
Cash and bank balances	13,010	15,451	(2,441)	(a)
Trade and other receivables	8,391	8,495	(104)	
Contract assets	7,412	6,009	1,403	(b)
Inventories	55	146	(91)	
Total current assets	28,868	30,101	(1,233)	

- (a) The decrease in cash and bank balances as at 30 June 2022 was mainly due to timing differences between the collections of receivables and payments of payables due to the Group's TSEPC projects. As at 30 June 2022, the Group had made payments to suppliers for materials required for its projects. All the materials and related work performed have been submitted to the customers as a progress claim and are pending certification and collection. As such, contract assets had recorded an increase while trade and other payables had recorded a decline as at 30 June 2022.
- (b) As disclosed above, contract assets relate to the Group's right to consideration for work completed and not billed. The increase was due to completed works for TSEPC projects which are currently under progress claims pending certification, invoicing and payment.

11.2.2 Non-current assets

Non-current assets remained relatively stable as at 30 June 2022 and 31 December 2021.

11.2.3 Current liabilities

	Group			
	30 June 2022	31 December 2021	Increase/ (Decrease)	Note
	S\$'000	S\$'000	S\$'000	
	(Unaudited)	(Audited)		
Trade and other payables	8,942	10,312	(1,370)	(a)
Contract liabilities	1,399	1,274	125	
Others	1,415	1,462	(47)	
Total current liabilities	11,756	13,048	(1,292)	

- (a) The decrease was due to payments made to suppliers during 1H2022. Please refer to Section 11.2.1(a) of this announcement for more details.

11.2.4 Non-current liabilities

The decrease was mainly due to net loan repayments made during 1H2022.

Debt to Equity (D/E) ratio as at 30 June 2022 was 0.24 (31 December 2021: 0.29).

11.3. Review of the Group's cash flows

11.3.1 Operating activities

Net cash used in operating activities amounted to S\$1.2 million in 1H2022 (1H2021: net cash generated of S\$2.0 million). The negative operating cash flows in 1H2022 was mainly due to the lag between payments to suppliers and collections from customers. Please refer to Section 11.2.1(a) of this announcement for more details.

11.3.2 Investing activities

Net cash used in investing activities amounted to S\$0.1 million in 1H2022 (1H2021: S\$0.1 million), due to capital expenditure in the ordinary course of business.

11.3.3 Financing activities

Net cash used in financing activities amounted to S\$1.2 million in 1H2022 (1H2021: S\$1.2 million).

The Group repaid debts amounting to S\$0.6 million (1H2021: S\$0.7 million) during the period.

Dividends amounting to S\$0.5 million (1H2021: S\$0.4 million) were paid during the period.

12. 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 for the period under review was previously made to shareholders.

13. 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 operating period and the next 12 months

Over the next 12 months in Singapore, there are prospects from larger scale public tenders relating to membrane processes and Mechanical, Electrical, Instrument, Control and Automation works for the Tuas Water Reclamation Plant and other water works which are expected to be awarded by the PUB in various contract packages.

In Indonesia, the need for clean water and wastewater treatment continues to be a priority. The National Medium Term Development Plan 2020-24 in Indonesia targets to achieve 100% access to safe water supply and 90% access to sanitation for Indonesian households by 2024. It is an ambitious plan based on fostering collaboration with international institutions and boosting public-private initiatives⁽¹⁾. This means additional opportunities in TSEPC contracts and BOOT projects for the Group.

As disclosed in the Company's annual report for FY2021, the Group has identified Vietnam as a potential new market for expansion in South East Asia. The Group sees strong demand for water and wastewater treatment projects in Vietnam as Vietnam has an ambitious plan to upgrade its wastewater treatment capacity⁽²⁾.

With the positive momentum for water treatment demand in the region, the Group will continue to participate in public and private tenders so as to increase its revenue and earnings in the TSEPC and OMS business segments, as well as broaden its participation in BOOT projects.

The Group will operate with care and caution due to the uncertain macroeconomic factors, such as rising interest rates, inflation, COVID-19 pandemic and other geopolitical tensions, which may impact its operations.

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As at 30 June 2022, the Group has an order book of approximately S\$121 million (30 June 2021: S\$81.6 million), with majority of these projects expected to be substantially completed within the next two years.

- (1) https://www.wearewater.org/en/water-and-sanitation-a-challenge-for-public-private-partnership_351921
(2) <https://www.export.gov/apex/article2?id=Vietnam-Environmental-and-Pollution-Control-Equipment-and-Services>

14. Dividend information

(a) Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No interim dividend has been declared or recommended for the current financial period under review.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date Payable

Not applicable.

(d) Date on which Registrable Transfers received by the company will be registered before entitlements to the dividend are determined

Not applicable.

(e) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision

No interim dividend has been declared or recommended for the current financial period under review as the Board of Directors of the Company deems it appropriate to conserve cash for the Group's business activities and growth. It is the Group's practice to recommend dividend payment (if any) annually together with its unaudited full-year results.

(f) Dividends

	Group	
	1H2022	1H2021
	S\$'000	S\$'000
<i>Ordinary dividends paid:</i>		
2021 tax exempt (one-tier) final dividend of 0.209 Singapore cents per share*		
(1H2021: 2020 tax exempt (one-tier) final dividend of 0.185 Singapore cents per share*)	460	407

* Computed based on 220,257,000 number of ordinary shares in issue as of respective dividend record dates.

15. Disclosure of acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules

The Group does not have any acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period.

16. Confirmation that the issuer has procured undertaking 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 all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

17. Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the Group's condensed interim consolidated financial statements for the six-month period ended 30 June 2022 (unaudited) to be false or misleading in any material aspect.

On behalf of the Board of Directors

Tay Kiat Seng
Executive Director and Chief Executive Officer

Soelistyo Dewi Soegiharto
Executive Director and Managing Director

8 August 2022

This announcement has been prepared by Memiontec Holdings Ltd. (the "Company") and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (the "Sponsor"), in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalist.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Ms. Karen Soh, Director, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone (65) 6636 4201.
