

KORI Holdings Limited and its Subsidiaries
Registration Number: 201212407R

Condensed Interim Financial Statements
For the six months ended 30 June 2021

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income Period ended 30 June 2021

	Note	Group		Increase / (Decrease) %
		HY2021 (Unaudited) S\$'000	HY2020 (Unaudited) S\$'000	
Revenue	4	7,337	6,082	21
Cost of works		(5,453)	(4,887)	12
Gross profit		1,884	1,195	58
Other income	5	423	811	(48)
Expenses:				
Administrative expenses		(1,212)	(1,366)	(11)
Other expenses		(89)	(86)	3
Loss allowance on trade and retention receivables		-	(381)	N.M.
Finance expenses		(72)	(60)	20
Profit before taxation	5	934	113	727
Income tax expense	6	(39)	(30)	30
Profit for the financial period, net of tax		895	83	978
Other comprehensive income:				
Items that may be reclassified to profit or loss subsequently				
Currency translation differences on consolidation of foreign entity (net)		(26)	(18)	44
Total comprehensive income for the period		869	65	1,237
Earnings per share for profit for the period attributable to the owners of the Company during the year:				
Basic & Diluted (Cents)	14	0.90	0.08	1,025

N.M. - Not meaningful

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B. Condensed Interim Statements of Financial Position

	Note	Group	
		30 Jun 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000
ASSETS			
Current assets			
Cash and bank balances		344	830
Fixed deposits pledged		2,065	2,064
Trade and other receivables	7	25,459	19,115
Contract assets	8	7,804	11,746
Capitalised contract cost	8	796	483
Prepayments		21	87
Income tax recoverable		643	643
Total current assets		37,132	34,968
Non-current assets			
Property, plant and equipment	9	34,301	30,731
Total non-current assets		34,301	30,731
Total assets		71,433	65,699
LIABILITIES			
Current liabilities			
Trade and other payables	10	7,499	4,205
Contract liabilities	8	4,696	4,036
Lease liabilities	11	134	224
Bank borrowings	11	3,636	2,293
Current income tax payable		4	7
Total current liabilities		15,969	10,765
Non-current liabilities			
Lease liabilities	11	25	54
Bank borrowings	11	2,219	2,562
Deferred tax liabilities		717	684
Total non-current liabilities		2,961	3,300
Total liabilities		18,930	14,065
NET ASSETS		52,503	51,634
EQUITY			
Share capital	12	32,291	32,291
Retained earnings		45,859	44,964
Merger reserve		(25,628)	(25,628)
Currency translation reserve		(19)	7
Total equity		52,503	51,634

*Amount less than S\$1,000

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	Company	
	30 Jun 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000
ASSETS		
Current assets		
Cash and bank balances	20	9
Trade and other receivables	1,116	1,139
Total current assets	1,136	1,148
Non-current assets		
Investment in subsidiaries	27,070	27,070
Total non-current assets	27,070	27,070
Total assets	28,206	28,218
LIABILITIES		
Current liabilities		
Trade and other payables	160	172
Income tax payable	1	2
Total liabilities	161	174
NET ASSETS	28,045	28,044
EQUITY		
Share capital	32,291	32,291
Accumulated losses	(4,246)	(4,247)
Total equity	28,045	28,044

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C. Condensed Interim Consolidated Statement of Cash Flows

	HY2021 (Unaudited) S\$'000	HY2020 (Unaudited) S\$'000
Cash flows from operating activities		
Profit before income tax	934	113
Adjustments for:		
Loss on disposal and write-off of property, plant and equipment	-*	8
Depreciation of property, plant and equipment	999	952
Amortisation of capitalised contract cost	108	189
Interest income from bank deposits	(1)	(12)
Interest expense	72	60
Loss allowance on trade and retention receivables	-	381
Reversal of unutilised annual leave	(48)	(29)
Loss on unrealised currency translation	2	32
Operating cash flows before changes in working capital	2,066	1,694
Changes in working capital		
Trade and other receivables	(6,344)	(3,034)
Contract assets	3,942	1,722
Capitalised contract costs	(421)	(18)
Trade and other payables	(151)	426
Contract liabilities	660	26
Prepayments	66	19
Cash used in operations	(182)	835
Income tax paid	(9)	(2)
Net cash (used in)/from operating activities	(191)	833
Cash flows from investing activities		
Interest income	1	12
Purchases of property, plant and equipment	(1,110)	(979)
Proceeds from disposals of property, plant and equipment	7	48
Net cash used in investing activities	(1,102)	(919)
Cash flows from financing activities		
Change in fixed deposits pledged with banks	(1)	(12)
Repayment of lease liabilities	(119)	(204)
Proceeds from bank borrowings	2,198	2,536
Repayment of bank borrowings	(1,200)	(3,004)
Interest paid	(72)	(60)
Net cash from/(used in) financing activities	806	(744)
Net decrease in cash and cash equivalents	(487)	(830)
Cash and cash equivalents at the beginning of the financial year	830	1,249
Effects of exchange rate changes on cash and cash equivalents	1	-*
Cash and cash equivalents at end of the financial period	344	419

* Amount less than S\$1,000

Note:

Cash and cash equivalents at the end of the respective financial years comprise cash and bank balances.

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D. Condensed Interim Statement 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
(Unaudited)					
Balance as at 1 January 2021	32,291	44,964	7	(25,628)	51,634
Total comprehensive income for the financial period	-	895	(26)	-	869
Balance as at 30 June 2021	32,291	45,859	(19)	(25,628)	52,503
(Unaudited)					
Balance as at 1 January 2020	32,291	44,574	6	(25,628)	51,243
Total comprehensive income for the financial period	-	83	(18)	-	65
Balance as at 30 June 2020	32,291	44,657	(12)	(25,628)	51,308

Company	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000
(Unaudited)			
Balance as at 1 January 2021	32,291	(4,247)	28,044
Total comprehensive income for the financial period	-	1	1
Balance as at 30 June 2021	32,291	(4,246)	28,045
(Unaudited)			
Balance as at 1 January 2020	32,291	(4,212)	28,079
Total comprehensive income for the financial period	-	12	12
Balance as at 30 June 2020	32,291	(4,200)	28,091

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 Group are the provision of building construction and civil engineering work services.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last audited financial statements for the financial year ended 31 December 2020.

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 financial statements are presented in Singapore Dollars and all values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

2.1 New and Amended Standards adopted by the Group

There are no new or amended Standards (effective from annual period beginning on or after 1 January 2021) which will result in any significant impact on the condensed interim financial statements.

2.2 Uses of judgement 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 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 recognised in the Group's condensed interim financial statements for the six months ended 30 June 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 and contract assets due from third parties – Estimation of expected credit risk
- Amounts due from subsidiaries – Estimations of any significant increase in credit risk
- Revenue from contracts with customers – Estimation of total contract costs
- Impairment of investments in subsidiaries – Estimation of investment impaired
- Depreciation of steel beams and oil jacks – Estimation of useful lives of steel beams

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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4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Steelwork segment; and
- Segment 2: Tunnelling segment

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.

1 January 2021 to 30 June 2021	Structural steel	Tunnelling	Unallocated expenses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	5,089	2,248	-	7,337
Inter segment revenue	-	-	-	-
Revenue from external parties	5,089	2,248	-	7,337
Project cost	(3,322)	(1,386)	-	(4,708)
Depreciation	(736)	(7)	-	(743)
Finance expense	(1)	(1)	-	(2)
Total cost of works	(4,059)	(1,394)	-	(5,453)
Segment profit	1,030	854	-	1,884
Other income	-	-	423	423
Administrative expenses	-	-	(958)	(958)
Depreciation	-	-	(256)	(256)
Other expenses	-	-	(89)	(89)
Finance expense	-	-	(70)	(70)
Profit before taxation	1,030	854	(950)	934
Taxation	-	-	(39)	(39)
Earnings for the interim period	1,030	854	(989)	895
Segment assets	63,045	2,829	-	65,874
Other assets	-	-	5,559	5,559
Total assets per statement of financial position	63,045	2,829	5,559	71,433
Expenditure for segment non-current assets	4,554	-	-	4,554
Segment liabilities	5,856	26	-	5,882
Current tax expense	-	-	4	4
Deferred tax liabilities	-	-	717	717
Other liabilities	-	-	12,327	12,327
Total liabilities per statement of financial position	5,856	26	13,048	18,930

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1 January 2020 to 30 June 2020	Structural steel	Tunnelling	Unallocated expenses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	4,641	1,441	-	6,082
Inter segment revenue	-	-	-	-
Revenue from external parties	4,641	1,441	-	6,082
Project cost	(3,323)	(892)	-	(4,215)
Depreciation	(624)	(2)	-	(626)
Finance expense	(1)	-	-	(1)
Total cost of works	(3,948)	(894)	-	(4,842)
Segment profit	693	547	-	1,240
Other income	-	-	811	811
Administrative expenses	-	-	(1,164)	(1,164)
Depreciation	-	-	(326)	(326)
Other expenses	-	-	(8)	(8)
Loss allowance on trade and retention receivables	-	-	(381)	(381)
Finance expense	-	-	(59)	(59)
Profit before taxation	693	547	(1,127)	113
Taxation	-	-	(30)	(30)
Earnings for the interim period	693	547	(1,157)	83
Segment assets	51,793	1,595	-	53,388
Other assets	-	-	5,559	5,559
Total assets per statement of financial position	51,793	1,595	5,559	58,947
Expenditure for segment non-current assets	128	-	-	128
Segment liabilities	4,387	-	-	4,387
Current tax expense	-	-	7	7
Deferred tax liabilities	-	-	684	684
Other liabilities	-	-	8,987	8,987
Total liabilities per statement of financial position	4,387	-	9,678	14,065

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5. Profit Before Taxation

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

	Group	
	HY2021 (Unaudited) S\$'000	HY2020 (Unaudited) S\$'000
Income		
Government grants	396	769
Miscellaneous income	26	30
Interest income from bank deposits	1	12
	423	811
Expenses		
Gain/(Loss) on disposal and write-off of property, plant and equipment	-*	(8)
Loss on foreign exchange	(2)	(32)
Loss allowance on trade and retention receivables	-	(381)
Interest expense	(72)	(60)
Amortisation of capitalised contract costs	(108)	(189)
Depreciation of property, plant and equipment	(836)	(809)
Amortisation of right-of-use assets	(163)	(143)
Professional fees	(126)	(139)
Key management personnel compensation	(396)	(391)

*Amount less than S\$1,000

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

6. Taxation

	Group		Increase / (Decrease) %
	HY2021 (Unaudited) S\$'000	HY2020 (Unaudited) S\$'000	
Income Tax Expense			
Tax expense attributable to profit is made up of			
- Current income tax	(1)	-	N.M.
- Deferred income tax	(36)	(30)	20
	(37)	(30)	23
Under provision in prior financial years			
- Current income tax	(2)	-	N.M.
	(39)	(30)	30

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7. Trade and Other Receivables

	30 Jun 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000
Trade receivables – third parties	2,293	1,549
Less: Allowance for impairment of trade receivables	(747)	(747)
	1,546	802
Unbilled receivables – third parties	22,016	16,279
Retention receivables	2,348	2,280
Less: Allowance for impairment of retention receivables	(685)	(685)
	1,663	1,595
Other receivables	183	397
Less: Allowance for impairment of other receivables	(170)	(170)
	13	227
	221	212
Total trade and other receivables	25,459	19,115

8. Contract Assets, Capitalised Contract Costs and Contract Liabilities

	30 Jun 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000
<u>Contract assets</u>		
Structural steel works	5,468	10,216
Tunnelling works	2,336	1,530
	7,804	11,746
<u>Capitalised contract costs</u>		
Balance brought forward	483	719
Additions	415	59
Amortised during the financial year	(102)	(295)
Balance carried forward	796	483
<u>Contract liabilities</u>		
Structural steel works	4,695	4,036
Tunnelling works	1	-
	4,696	4,036

9. Property, Plant and Equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$4.6 million (30 June 2020: S\$0.1 million) and disposal of assets amounting to S\$0.3 million (30 June 2020: S\$0.07million).

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10. Trade and Other Payables

	30 Jun 2021 (Unaudited) S\$'000	31 Dec 2020 (Audited) S\$'000
Trade payables	5,260	1,374
Other payables	477	671
Goods & service tax (refundable)/ payable, net	(113)	77
Advance billings to customers	1,027	1,002
Accrued operating expenses	758	827
Deferred government grant income	90	254
	7,499	4,205

11. Borrowings and Lease Liabilities

(i) Amount repayable < 1 year

	As at 30 Jun 2021 (Unaudited)		As at 31 Dec 2020 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	134	-	224	-
Bank borrowings	1,000	2,636	1,000	1,293

(ii) Amount repayable > 1 year

	As at 30 Jun 2021 (Unaudited)		As at 31 Dec 2020 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	25	-	54	-
Bank borrowings	-	2,219	-	2,562

Details of any collateral:

Bank loans of S\$1 million as at 30 June 2021 and 31 December 2020 respectively are secured by fixed deposits of S\$1 million pledged with the lending bank.

In June 2020, 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 will commence on July 2021.

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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.**

	Number of Shares	Share capital (S\$)
As at 30 June 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 30 June 2021 and 30 June 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 30 June 2021	Company As at 30 June 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 30 June 2021 and 30 June 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.

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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	
	30 Jun 2021 (Unaudited)	31 Dec 2020 (Audited)	30 Jun 2021 (Unaudited)	31 Dec 2020 (Audited)
Net asset value (S\$'000)	52,503	51,634	28,045	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	
	HY2021 (Unaudited)	HY2020 (Unaudited)
Net profit attributable to equity holders of the Company (S\$'000)	895	83
Basic & diluted earnings per share (EPS) in Singapore cents	0.90	0.08

The basic and diluted EPS were the same for HY2021 and HY2020 as there were no potentially dilutive ordinary securities existing during the respective financial periods.

15. Subsequent Events

There are no known significant subsequent events which have led to adjustments to this set of 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 30 June 2021 and the related condensed consolidated statement of comprehensive income, condensed statements of changes in equity and condensed consolidated statement of cash flows for the six-month period 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	Steelworks Segment S\$'000		Tunneling Segment S\$'000	
	HY2021	HY2020	HY2021	HY2020
Revenue	5,089	4,641	2,248	1,441
Cost of Works	(4,059)	(3,948)	(1,394)	(894)
Gross Profit	1,030	693	854	547

Revenue

Steelworks Segment

Revenue from this segment comprises income from the provision of steelwork construction services ("Steelworks Income") and income from leasing of steel beams ("Lease Income"). Steelworks 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" (as detailed in the summary of accounting policies set out in the last audited financial statements for the financial year ended 31 December 2020). Lease Income is recognised on a time-proportion basis.

Revenue for HY2021 amounting to S\$5.1 million comprises the following:

- Lease Income of S\$5.4 million; and
- Steelworks Income of S\$1.3 million, which was reduced by a cumulative downward adjustment of S\$1.6 million arising from the reassessment and calibration of certain contractual terms with main contractors (including the scope of works and contract sums) for some projects.

Tunneling Segment

Revenue from this segment pertains to income from the provision of tunneling services ("Tunneling 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" (as detailed in the summary of accounting policies set out in the last audited financial statements for the financial year ended 31 December 2020).

The increase in Tunneling Income is attributable to the increase in percentage of completion of the T10 project in HY2021.

Cost of works

Cost of works for both Steelworks Segment and Tunneling Segment increased slightly compared with HY2020, in line with the increase in its revenue.

Gross profit margin

As a result of the above, the gross profit margin for HY2021 was 26%. The gross profit for HY2021 has increased 58% compared with that of HY2020.

Other income

Other income mainly came from government grants, i.e. Jobs Support Scheme payout and foreign worker levy rebates.

Administrative expenses

Compared with HY2020, the administrative expenses decreased by 11% in HY2021. It was mainly due to decrease in foreign worker levy, staff training, professional fees and depreciation of steel beams. Depreciation of steel beams decreased to a greater extent of which was reclassified to "cost of works" in HY2021 given that most of these steel beams had been allocated to ongoing projects during the period, instead of being fabricated in yards, which was the case for HY2020, whereby such depreciation would be classified as administrative expenses.

Loss allowance on trade and retention receivables

There was no provision of loss allowance on trade and retention receivables in HY2021 as compared to HY2020 which provided for impairment of outstanding due from a main contractor under judicial administration and receivables on certain contract assets and unbilled trade receivables, totaling S\$0.38 million.

Income tax expense

S\$36,000 related to the estimated deferred tax arising mainly from the temporary differences between the tax bases and the carrying amounts of the relevant assets and liabilities of the Group. The rest of S\$3,000 was for income tax expenses in terms of current year provision and prior year's under provision.

Taking the above factors into accounts, the Group's net profit after tax was S\$0.9 million in HY2021, compared to S\$83,000 in HY2020.

Review of the Financial Position of the Group

Assets

Trade receivables increased by S\$0.7 million as at end of June 2021 that was mainly due to more progress billings raised for a couple of ongoing projects and new projects commenced in HY2021 compared with HY2020. Unbilled receivables increased by S\$5.7 million at end of June 2021 mainly due to some work done has not been certified and approved by main contractors as at 30 June 2021.

Contract assets decreased by 34% as at end of June 2021 compared with end of June 2020. It was mainly due to decrease in contract sum due to reassessment of those ongoing projects.

Liabilities

Higher trade payables were recorded as at end of June 2021 due to a purchase of steel beams of S\$4.6 million for some of our newly signed contracts that would commence in 2nd half year of 2021.

Bank borrowings increased by 117% as at end of June 2021 compared with end of June 2020. It was mainly due to more bills receivable purchase (BRP) facilities being utilized in HY2021 to principally finance the purchase of steel beams and other materials for projects secured.

Review of the Cash Flow Statement of the Group

Net cash used in operating activities amounted to S\$0.2 million, largely due to increase in trade and other receivables partially offset by decrease in contract assets.

Net cash used in investing activities amounted to S\$1.1 million largely due to acquisition of steel materials in HY2021.

Net cash generated from financing activities amounted to S\$0.8 million in HY2020 largely due to more BRP facilities used in HY2021.

In view of the foregoing, the net cash outflow for HY2021 was S\$0.5 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.

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 envisaged to recover in 2021 and steadily improve in 2022. In this regard, the Building and Construction Authority (“BCA”) projected S\$15 billion to S\$18 billion and S\$14 billion to S\$18 billion worth of public sector construction demand in 2021 and 2022 respectively⁽¹⁾, which includes the Cross Island MRT Line (Phase 2 and 3) and the Downtown Line Extension to Sungei Kadut. As such, the Group was cautiously positive that its established track record and strong technical expertise in past similar infrastructure projects had put it in a favourable position to benefit from such developments.

Nevertheless, the global outbreak of the novel coronavirus pandemic (“COVID-19”) since early February 2020 has unexpectedly brought about unprecedented health, social, economic and financial disruptions to many individuals and entities across virtually all industries around the world, not least the construction industry.

The adverse impact of the pandemic on the construction sector is expected to continue unabated throughout 2021. As a result, the completion dates of certain steelworks segment projects are expected to be 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 provides 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 minimal and manageable.

Although the Group is continuing with full on-site activities even during the current reversion to Phase 2 (Heightened Alert) of the pandemic control measures, we expect that operational productivity will not be able to revert back to pre-pandemic levels as most of the pandemic containment measures are still in place. Some of these measures are expected to further elevate pressure from the already acute constraint of labour supply and increasing manpower costs as well as the increase in steel prices in Singapore.

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 securing of new contracts as announced on 28 June 2021 and the emphasis on research and development efforts to increase productivity notably on the precast road decking panels, and barring any further adverse and unforeseen circumstances, the Group is reasonably well positioned to gradually come out from the pandemic stronger.

Source:

(1) Building and Construction Authority. (18 January 2021).

<http://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2021/01/18/public-sector-construction-demand-to-support-the-sector's-recovery>

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

No, 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 HY2021 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).

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9. Confirmation by The Board Pursuant To Rule 705(5)

The Board of Directors (the “**Board**”) confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited HY2021 financial results for the Company and the Group set out above to be false or misleading in any material aspect.

On Behalf of the Board

HOOI YU KOH
Executive Chairman and CEO

NG WAI KIT
Director

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

Not applicable. There was no incorporation of new entities, acquisition, and realization of shares in HY2021.

By Order of the Board

HOOI YU KOH
Executive Chairman and CEO

Singapore
13 August 2021

*This announcement has been reviewed by the Company’s sponsor, PrimePartners Corporate Finance Pte. Ltd. (the “**Sponsor**”). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the “**Exchange**”) and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.*

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.
