



Condensed interim financial statements
For the six months ended 30 June 2021

BH GLOBAL CORPORATION LIMITED
Condensed Interim Financial Statements
For the Six Months Ended 30 June 2021 (“1H2021”)

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Group		% Change Increase/ (Decrease)
		1 st half ended 30-Jun-21 \$'000	30-Jun-20 \$'000	
Revenue	4	24,650	33,337	(26%)
Cost of sales		(13,775)	(14,941)	(8%)
Gross profit		10,875	18,396	(41%)
Other operating income		857	731	17%
Selling and distribution expenses		(4,746)	(7,557)	(37%)
Administrative expenses		(3,178)	(3,823)	(17%)
Finance costs		(316)	(512)	(38%)
Reversal of impairment on financial assets		512	284	80%
		4,004	7,519	(47%)
Share of results of joint ventures		310	249	24%
Share of results of associated companies		(666)	(392)	(70%)
Profit before tax	6	3,648	7,376	(51%)
Income tax expense	7	(729)	(923)	(21%)
Profit for the period		2,919	6,453	(55%)
Attributable to:				
Equity holders of the Company		2,924	4,935	(41%)
Non-controlling interests		(5)	1,518	N.M.
		2,919	6,453	(55%)
Other comprehensive income:				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(8)	27	N.M.
Share of other comprehensive income of associated companies		95	-	N.M.
Share of other comprehensive income of joint ventures		129	-	N.M.
Other comprehensive income for the period, net of tax		216	27	N.M.
Total comprehensive income for the period		3,135	6,480	52%
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		3,137	4,938	36%
Non-controlling interests		(2)	1,542	N.M.
		3,135	6,480	52%
Earnings per share attributable to equity holders of the Company:				
Basic and diluted (in cents)	9	0.97	1.65	

Certain comparatives for income and expenses have been reclassified to conform with current year's presentation.

N.M. Not meaningful

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		<u>Group</u>		<u>Company</u>	
	Note	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
		\$'000	\$'000	\$'000	\$'000
Non-current assets					
Property, plant and equipment	11	18,783	18,812	-	-
Investment in subsidiaries		-	-	11,664	11,764
Investment in joint ventures		2,261	2,198	949	949
Investment in associated companies		60	630	2,485	2,485
Deferred tax asset		11	11	-	-
Intangible assets	13	2,851	3,234	-	-
Financial assets at fair value through profit or loss	12	6	4	-	-
Loan to an associated company		4,000	4,000	4,000	4,000
Total non-current assets		27,972	28,889	19,098	19,198
Current assets					
Inventories		30,451	33,038	-	-
Contract assets		1,002	1,045	-	-
Trade receivables		11,858	8,204	-	-
Other receivables		4,644	3,346	3,261	3,648
Cash and cash equivalents		8,212	12,070	924	2,448
Total current assets		56,167	57,703	4,185	6,096
Total assets		84,139	86,592	23,283	25,294
Non-current liabilities					
Deferred tax liabilities		242	256	-	-
Borrowings	14	3,147	3,787	1,467	1,867
Lease liabilities		8,286	8,371	-	-
Total non-current liabilities		11,675	12,414	1,467	1,867
Current liabilities					
Contract liabilities		2,894	3,069	-	-
Trade payables		3,587	3,027	-	-
Other payables		4,889	5,495	13,384	13,387
Provisions		226	1,004	-	-
Borrowings	14	6,623	9,443	800	800
Lease liabilities		612	517	-	-
Tax payable		1,613	1,336	-	-
Total current liabilities		20,444	23,891	14,184	14,187
Total liabilities		32,119	36,305	15,651	16,054
Net assets		52,020	50,287	7,632	9,240

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION (CONT’D)

	Note	<u>Group</u>		<u>Company</u>	
		30-Jun-21 \$’000	31-Dec-20 \$’000	30-Jun-21 \$’000	31-Dec-20 \$’000
Equity					
Share capital	15	58,535	58,535	58,535	58,535
Currency translation reserve		(365)	(570)	–	–
Capital reserves		(1,908)	(1,977)	–	–
Accumulated losses		(5,093)	(6,517)	(50,903)	(49,295)
<hr/>					
Equity attributable to equity holders of the Company, total		51,169	49,471	7,632	9,240
Non-controlling interests		851	816	–	–
Total equity		52,020	50,287	7,632	9,240

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C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Attributable to equity holders of the Company							Non-controlling interest	Total equity
	Share capital	Currency translation reserve	Equity component of convertible loan notes	Capital reserves	Accumulated losses	Total			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000		
At 1 January 2021	58,535	(570)	-	(1,977)	(6,517)	49,471	816	50,287	
Profit for the financial period	-	-	-	-	2,924	2,924	(5)	2,919	
<i>Other comprehensive (loss)/income</i>									
Currency translation differences arising on consolidation	-	(11)	-	-	-	(11)	3	(8)	
Share of other comprehensive income of associated companies	-	95	-	-	-	95	-	95	
Share of other comprehensive income of joint ventures	-	129	-	-	-	129	-	129	
Other comprehensive income for the financial period, net of tax	-	213	-	-	-	213	3	216	
Total comprehensive income/(loss) for the period	-	213	-	-	2,924	3,137	(2)	3,135	
Change in ownership interest in subsidiaries that did not result in loss in control	-	-	-	69	-	69	31	100	
Deconsolidation of a deregistered subsidiary	-	(8)	-	-	-	(8)	6	(2)	
Dividend (Note 8)	-	-	-	-	(1,500)	(1,500)	-	(1,500)	
At 30 June 2021	58,535	(365)	-	(1,908)	(5,093)	51,169	851	52,020	
At 1 January 2020	58,535	(465)	36	(2,010)	(9,735)	46,361	(5,372)	40,989	
Profit for the financial period	-	-	-	-	4,935	4,935	1,518	6,453	
<i>Other comprehensive income</i>									
Currency translation differences arising on consolidation, net of tax	-	3	-	-	-	3	24	27	
Total comprehensive income for the period	-	3	-	-	4,935	4,938	1,542	6,480	
Repayment of convertible loan notes	-	-	(36)	36	-	-	-	-	
At 30 June 2020	58,535	(462)	-	(1,974)	(4,800)	51,299	(3,830)	47,469	

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

<u>Company</u>	Share capital \$'000	Accumulated losses \$'000	Total \$'000
At 1 January 2021	58,535	(49,295)	9,240
Loss for the financial period	-	(108)	(108)
Dividend (Note 8)	-	(1,500)	(1,500)
At 30 June 2021	58,535	(50,903)	7,632
At 1 January 2020	58,535	(51,557)	6,978
Loss for the financial period	-	(7)	(7)
At 30 June 2020	58,535	(51,564)	6,971

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Group	
		1 st half ended 30-Jun-21 \$'000	1 st half ended 30-Jun-20 \$'000
Cash flows from operating activities			
Profit before tax		3,648	7,376
Adjustments for:			
Amortisation of intangible assets		52	20
Depreciation of property, plant and equipment		864	591
Exchange difference		(86)	(241)
Gain on deconsolidation of a deregistered subsidiary		(69)	-
Gain on disposal of property, plant and equipment		(34)	-
Fair value (gain)/loss on financial assets at fair value through profit or loss		(2)	3
Impairment loss on intangible assets		-	379
Interest expenses		316	512
Interest income		(89)	(121)
Share of results of associated companies		666	392
Share of results of joint ventures		(310)	(249)
Reversal of provision for liabilities		(514)	-
Write-off of intangible asset		8	-
Operating cash flows before working capital changes		4,450	8,662
Inventories		2,570	(6,010)
Contract assets and contract liabilities		(131)	2,166
Receivables		(4,199)	1,349
Payables		(424)	481
Currency translation adjustments		211	(82)
Cash from operations		2,477	6,566
Income tax paid		(532)	(13)
Net cash from operating activities		1,945	6,553
Cash flows from investing activities			
Dividend received from joint venture		377	404
Interest received		89	121
Net cash outflow on acquisition of a subsidiary		(38)	-
Net cash outflow on deregistration of a subsidiary		(53)	-
Proceeds of disposal of property, plant and equipment		50	-
Purchase of property, plant and equipment		(554)	(150)
Development costs		(189)	(928)
Net cash used in investing activities		(318)	(553)

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)

		Group	
		1 st half ended 30-Jun-21 \$'000	1 st half ended 30-Jun-20 \$'000
	Note		
Cash flows from financing activities			
Net (repayment)/drawdown of short-term borrowings		(3,060)	1,819
Drawdown of borrowings		-	1,421
Dividend paid to shareholders	8	(1,500)	-
Repayment of bank borrowings		(400)	(400)
Repayment of lease liabilities		(326)	(174)
Interest paid		(316)	(512)
Increase in fixed deposits under pledge and restricted cash		(49)	(8)
Repayment of convertible loan notes		-	(727)
Net cash (used in)/from financing activities		(5,651)	1,419
Net (decrease)/increase in cash and cash equivalents			
		(4,024)	7,419
Cash and cash equivalents at beginning of financial period		11,836	5,996
Effects of exchange rate changes on cash and cash equivalents		117	241
Cash and cash equivalents at end of the period		7,929	13,656
Cash and cash equivalents comprise the following:			
Cash and cash equivalents		8,212	13,894
Less Restricted cash		(283)	(238)
Cash and cash equivalents as per statement of cash flows		7,929	13,656

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

BH Global Corporation Limited (the “Company”) is incorporated and domiciled in Singapore and is listed on the Main Board of Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activity of the Company is that of investment holding. The principal activities of the Group are in Electrical and Technical Supply, Infrared Thermal Sensing Technology, Integration Engineering, Cyber Security and Green LED Lighting.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standard (International) (“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 annual 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 SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency and all financial information presented in Singapore dollar are rounded to the nearest thousand (\$’000) except otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 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 audited consolidated financial statements as at and for the financial year ended 31 December 2020.

2.2 Use of judgements and estimates (Cont'd)

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.

3. Seasonal operations

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

4. Segment and revenue information

For management purpose, the Group is organised into business segments, with each segment representing a strategic business segment that offers different products/services. The Group has four main business segments, Electrical and Technical Supply, Green LED Lighting, Security and Integration Engineering Segments.

These operating segments are reported in a manner consistent with internal reporting provided to Chief Operating Decision Maker ("CODM") that are used to make strategic decisions. The CODM comprises the Group's Chief Executive Officer, the Group's Chief Operating Officer and the respective segments' Chief Executive Officer.

4.1 Reportable segments

	Electrical and Technical Supply \$'000	Green LED Lighting \$'000	Security \$'000	Integration Engineering \$'000	Cor- porate \$'000	Elimi- nations \$'000	Total \$'000
1 January 2021 to 30 June 2021							
Segment revenue:							
Sales to external customers	16,659	–	6,744	1,247	–	–	24,650
Intersegment sales	146	–	258	–	–	(404)	–
Total revenue	16,805	–	7,002	1,247	–	(404)	24,650
Segment results	5,242	–	1,473	(987)	(1,724)	–	4,004
Share of profit/(loss) from equity - accounted joint ventures and associates	310	(666)	–	–	–	–	(356)
Profit before tax							3,648
Income tax expense							(729)
Profit after tax							<u>2,919</u>
Depreciation and amortisation	494	–	112	310	–	–	916
Interest income	3	–	–	–	86	–	89
Finance cost	254	–	16	11	35	–	316
Other significant non-cash items	(1,102)	–	–	512	8	–	(582)
Segment assets	52,121	60	14,627	11,219	6,036	–	84,063
Unallocated assets							76
Total assets							<u>84,139</u>
<i>Segment assets includes</i>							
Investment in joint ventures and associates	2,261	60	–	–	–	–	2,321
Additions to non-current assets	360	–	174	660	–	–	1,194
Segment liabilities	20,862	–	6,511	1,248	1,643	–	30,264
Unallocated liabilities							1,855
Total liabilities							<u>32,119</u>

4.1 Reportable segments (Cont'd)

	Electrical and Technical Supply \$'000	Green LED Lighting \$'000	Security \$'000	Integration Engineering \$'000	Cor- porate \$'000	Elimi- nations \$'000	Total \$'000
1 January 2020 to 30 June 2020							
Segment revenue:							
Sales to external customers	15,691	–	15,564	2,082	–	–	33,337
Intersegment sales	58	–	180	–	–	(238)	–
Total revenue	15,749	–	15,744	2,082	–	(238)	33,337
Segment results	2,308	–	6,964	164	(1,917)	–	7,519
Share of profit/(loss) from equity - accounted joint ventures and associates	249	(392)	–	–	–	–	(143)
Profit before tax							7,376
Income tax expense							(923)
Profit after tax							6,453
Depreciation and amortisation	520	–	81	10	–	–	611
Interest income	–	–	1	–	120	–	121
Finance cost	345	–	30	69	68	–	512
Other significant non-cash items	333	–	31	379	–	–	743
Segment assets	58,922	765	16,067	12,664	5,445	–	93,863
Unallocated assets							11
Total assets							93,874
<i>Segment assets includes</i>							
Investment in joint ventures and associates	2,468	765	–	–	–	–	3,233
Additions to non-current assets	71	–	186	821	–	–	1,078
Segment liabilities	28,646	–	6,603	3,624	5,716	–	44,589
Unallocated liabilities							1,816
Total liabilities							46,405

4.2 Disaggregation of Revenue

	Electrical and Technical Supply \$'000	Security \$'000	Integration Engineering \$'000	Total \$'000
6 months ended 30 June 2021				
Timing of revenue recognition				
At a point in time	16,659	6,242	1,037	23,938
Over time	–	502	210	712
Total revenue	16,659	6,744	1,247	24,650
6 months ended 30 June 2020				
Timing of revenue recognition				
At a point in time	15,691	15,202	1,355	32,248
Over time	–	362	727	1,089
Total revenue	15,691	15,564	2,082	33,337

Geographical information

Revenue information based on the billing location of customers as follows:

	1st half ended	
	30.6.2021 \$'000	30.6.2020 \$'000
Singapore	15,148	16,490
Japan	2,812	2,733
Peru	1,468	–
United States of America	691	9,658
China	992	60
United Arab Emirates	304	332
Indonesia	283	705
Malaysia	275	395
Vietnam	163	827
Other countries	2,514	2,137
	24,650	33,337

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and the Company at 30 June 2021 and 31 December 2020:

	Group		Company	
	30 June 21 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Financial assets				
Financial assets at amortised cost	26,572	26,022	8,160	10,076
Financial assets, at fair value through profit or loss	6	4	–	–
Financial liabilities				
At amortised cost	26,839	29,868	15,515	15,877

6. Profit before taxation

6.1 Significant items

	Group 1 st half ended	
	30-Jun-21 \$'000	30-Jun-20 \$'000
Income		
Foreign exchange gain – net	121	12
Gain on disposal of a property, plant and equipment	34	–
Gain on deconsolidation of a deregistered subsidiary*	69	–
Government grant income	424	410
Interest income		
- From associated company	89	120
- Others	–	1
Expenses		
Amortisation of intangible assets	(52)	(20)
Depreciation of property, plant and equipment	(864)	(591)
Fair value gain/(loss) on financial assets at fair value through profit or loss	2	(3)
Impairment loss on intangible assets	–	(379)
Interest expense	(316)	(512)
Reversal of allowance for impairment on trade receivables	512	284
Reversal of provision for liabilities	514	–
Reversal of write down/(write down) of inventories	78	(648)
Write-off of intangible assets	(8)	–

*The gain on deconsolidation relates to BH Global Marine India Private Limited, which was deregistered and struck off from the Register of Companies in India since it was dormant.

6.2 Related party transactions

In addition to the related party information disclosed elsewhere in the condensed interim financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial period:

	Group	
	1st half ended	
	30-Jun-21	30-Jun-20
	\$'000	\$'000
<u>With jointly controlled entities</u>		
Sales of goods	144	163
Purchase of goods	-	219
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<u>With associated companies</u>		
Sales of goods	517	864
Management fee income	14	14
Purchase of goods	1,244	1,601
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7. Income tax expense

The Group calculates the period 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	
	1st half ended	
	30-Jun-21	30-Jun-20
	\$'000	\$'000
Current income tax	768	866
Deferred tax	(14)	(27)
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(Over)/Under provision of income tax in prior years	754	839
	(25)	84
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	729	923
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8. Dividend

On 24 May 2021, the Company paid a final cash dividend of \$0.005 per ordinary share of the Company totalling \$1,500,002 in respect of financial year ended 31 December 2020. No dividend was paid in the corresponding period.

9. Earnings per share (cents)

Basic earnings per share is calculated by dividing the net profit for the financial period attributable to owners of the Company by the weighted average number of ordinary shares in issue during the financial period:

	Group 1 st half ended	
	30-June-21 \$'000	30-June-20 \$'000
Net profit attributable to equity holders of the Company	2,924	4,935
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	300,000	300,000
Basic earnings per share (cents per share)	0.97	1.65
Diluted earnings per share (cents per share)	0.97	1.65

The Group has no dilution in its earnings per share at 30 June 2021 and 30 June 2020.

10. Net asset value per ordinary share

	Group		Company	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
Net asset value per ordinary share based on existing share capital	17.1 cents	16.5 cents	2.5 cents	3.1 cents

Net asset value per ordinary share as at 30 June 2021 and 31 December 2020 are calculated based on the number of ordinary shares in issue of 299,999,987.

11. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$905,000 (30 June 2020 : \$150,000) and disposed assets amounting to \$16,000 (30 June 2020 : Nil).

12. Financial assets at fair value through profit or loss

	Group		Company	
	30-June-21 \$'000	31-Dec-20 \$'000	30-June-21 \$'000	31-Dec-20 \$'000
Quoted equity shares	6	4	–	–

13. Intangible assets

	Goodwill \$'000	Acquired technology \$'000	Main- tenance contracts \$'000	Develop- ment costs \$'000	License fee \$'000	Total \$'000
Group Cost						
At 1 January 2020	4,733	2,920	141	4,370	40	12,204
Additions	–	–	–	1,323	–	1,323
Written off	–	–	–	(264)	–	(264)
At 31 December 2020	4,733	2,920	141	5,429	40	13,263
Additions	100	–	–	189	–	289
Written off	–	–	–	(14)	–	(14)
Reimbursement from third party	–	–	–	(550)	–	(550)
Government grant	–	–	–	(62)	–	(62)
At 30 June 2021	4,833	2,920	141	4,992	40	12,926
Accumulated amortisation						
At 1 January 2020	–	438	117	1,506	–	2,061
Charge for the year	–	–	–	73	–	73
At 31 December 2020	–	438	117	1,579	–	2,134
Charge for the period	–	–	–	52	–	52
At 30 June 2021	–	438	117	1,631	–	2,186
Accumulated impairment						
At 1 January 2020	4,548	2,482	24	801	–	7,855
Impairment charge	–	–	–	–	40	40
At 31 December 2020	4,548	2,482	117	801	40	7,895
Written off	–	–	–	(6)	–	(6)
At 30 June 2021	4,548	2,482	24	795	40	7,889
Net carrying amount						
At 30 June 2021	285	–	–	2,566	–	2,851
At 31 December 2020	185	–	–	3,049	–	3,234

Impairment test for goodwill

Goodwill acquired in a business combination is allocated to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill is allocated as follows:

	Group	
	30-Jun-21 \$'000	31-Dec-2020 \$'000
Security segment:		
Athena Dynamics Pte Ltd (“ADPL”)	185	185
Integration Engineering segment:		
Sea Forrest Engineering Pte Ltd (“SFE”)	100	–
	285	185

13. Intangible assets (cont'd)

Key assumptions used in value-in-use calculation (ADPL)

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the period. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past performances and expected developments in the market.

The Group's value-in-use calculations used cash flow forecasts derived from the most recent financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period were extrapolated using estimated growth rate of 2.5% (31 December 2020: 2.5%). This rate does not exceed the average long-term growth rate for the relevant markets.

The pre-tax rate used to discount the forecasted and projected cash flows for ADPL is 14.5% (31 December 2020: 14.5%).

For goodwill relating to ADPL, Management has considered that a reasonably possible change in two key assumptions, revenue growth rates and discount rate, will not result in any impairment charge to be recorded.

Sea Forrest Engineering Pte Ltd

SFE was acquired during the first half of 2021 and there is currently no indication of impairment of the goodwill. Management will review the assessment during the current financial year end.

14. Borrowings

	Group		Company	
	30-June-2020 \$'000	31-Dec-2020 \$'000	30-June-21 \$'000	31-Dec-2020 \$'000
<u>Amount repayable within one year or on demand</u>				
Secured	6,200	9,200	800	800
Unsecured	423	243	–	–
	6,623	9,443	800	800
<u>Amount repayable after one year</u>				
Secured	1,467	1,867	1,467	1,867
Unsecured	1,680	1,920	–	–
	3,147	3,787	1,467	1,867
Total borrowings	9,770	13,230	2,267	2,667

The Group's banking facilities were secured by the following:

- Legal charge on the Group's leasehold property with net book value of \$9.39 million (31 December 2020: \$9.62 million);
- Corporate guarantee by the Company.

14. Borrowings (cont'd)

Included in the above borrowings is a term loan of \$2.27 million (31 December 2020 : \$2.67 million), which is also covered by corporate guarantee from its associated companies, GL Lighting Holding Pte Ltd and Arco Illumination Pte Ltd, fixed charge over the shares of GL Lighting Holding Pte Ltd and debenture over Arco Illumination Pte Ltd.

15. Share capital

	Group and Company			
	30 June 2021		31 December 2020	
	Number of issued shares '000	Total share capital \$'000	Number of issued shares '000	Total share capital \$'000
<u>Issued and fully paid up</u>				
Balance at 30 June 2021 and 31 December 2020	300,000	58,535	300,000	58,535

The Company did not hold any treasury shares as at 30 June 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

16. Acquisition of subsidiary

On 10 March 2021, the Group announced that its subsidiary, BOS Engineering International Pte Ltd ("BOSI"), entered into a sale and purchase agreement with Lee Sze Min to acquire 100% equity interest in Sea Forrest Engineering Pte Ltd ("SFE"), an exempt private limited company incorporated in Singapore. The consideration for the acquisition is \$669,119. SFE is engaged in the business of fabrication and afloat repairs for the maritime industry.

	\$'000
Purchase consideration:	
Cash paid	359
Deferred amount	310
	<u>669</u>
<u>Assets and liabilities recognised as a result of the acquisition</u>	
	Fair Value \$'000
Cash and cash equivalents	321
Receivables	511
Payables	<u>(263)</u>
Net identifiable assets acquired	569
Add : Goodwill	<u>100</u>
	<u>669</u>

17. Subsequent events

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

BH GLOBAL CORPORATION LIMITED
Condensed Interim Financial Statements
For the Six Months Ended 30 June 2021 (“1H2021”)

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7.2

1. Review

The condensed consolidated statements of financial position of BH Global Corporation Limited and its subsidiaries as at 30 June 2021 and the related condensed consolidated statement of comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of Performance of the Group

(A) Financial Performance of the Group (1H2021 vs 1H2020)

Revenue

	Group		
	1H2021	1H2020	%
	\$'000	\$'000	Change
Electrical and Technical Supply	16,659	15,691	6
Security	6,744	15,564	(57)
Integration Engineering	1,247	2,082	(40)
Total revenue	24,650	33,337	(26)

Electrical and Technical Supply

Revenue from the Electrical and Technical Supply Division increased slightly by 6% (\$1 million) as the industry is slowly recovering in the level of activities, which was previously affected by restricted or temporary cessation of operations by shipyards in Singapore and in the region due to the Covid-19 pandemic.

Security

The Security Division comprises Infrared and Thermal Sensing Technology and Cyber Security businesses. Revenue from this division declined by \$8.8 million mainly due to the drop in demand for its Mass Fever Screening Systems (“MFSS”) from the Infrared and Thermal Sensing Technology business of \$10.9 million, considering the high demand in the previous financial period at the height of the Covid-19 pandemic. On the other hand, the Cyber Security business registered an increase of \$2.1 million in revenue, with improvement in the order in-take from customers.

Integration Engineering

The decline in revenue for the Integration Engineering Division by 40% (\$0.8 million) was mainly because of the reduced level of activities of customers due to the COVID-19 pandemic for its Glass Reinforced Epoxy (“GRE”) pipes. This was partially offset by contribution from the newly acquired afloat repair business during the period.

2. Review of Performance of the Group (Cont'd)

(A) Financial Performance of the Group (Cont'd)

Gross profit

The Group's overall gross profit declined from \$18.4 million in 1H2020 to \$10.9 million in 1H2021 mainly due to the drop in revenue from its Security and Integration Engineering Divisions. The gross margin ratio also declined from 55% in 1H2020 to 44% in 1H2021 mainly due to the lower contribution from the Infrared and Thermal Sensing Technology business.

Other operating income

The improvement in other operating income in 1H2021 was mainly due to foreign exchange gain from the appreciation of US dollar.

Operating expenses

Selling & Distribution expenses decreased by 37% or \$2.8 million, from \$7.5 million in 1H2020 to \$4.7 million in 1H2021, mainly due to :

- decrease in personnel related costs of \$1.1 million
- reversal of write down of inventories of \$78,000 in 1H2021 as compared to a write down of \$0.6 million in the corresponding period
- reversal of provision for liabilities of \$0.5 million made previously, which is no longer required as the liquidation of Gulf Specialty Steel Industries LLC ("GSSI"), a 51% owned joint venture of the Group, has been completed.

Administrative expenses decreased by 17% or \$0.6 million, from \$3.8 million in 1H2020 to \$3.2 million in 1H2021, mainly due to decrease in personnel related costs of \$0.3 million and impairment of intangible assets of \$0.3 million.

Finance costs decreased by \$0.2 million mainly due to lower interest rates on loans and the repayment of bank loans.

Reversals of impairment losses on financial assets

Reversal of impairment losses on financial assets increased by \$0.2 million in 1H2021 due to improvement in collections for doubtful trade receivables.

Share of results of joint ventures

The increase in share of profits of joint ventures was due to higher profits recognized by the Group's joint ventures for 1H2021.

Share of results of associated companies

The increase in share of losses of associated company was due to higher losses recognized by the Group's associated companies for 1H2021.

Net profit for the period

The Group registered a decline in net profit of \$3.5 million mainly due to the lower revenue and gross margin ratio, partially offset by decreases in operating expenses.

2. Review of Performance of the Group (Cont'd)

(B) Financial Position of the Group

Inventories

Inventories decreased by \$2.6 million from \$33.0 million as at 31 December 2020 to \$30.4 million as at 30 June 2021, mainly due to decrease of \$2.9 million for the Electrical and Technical Supply, and \$0.3 million for Integration Engineering Divisions, partially offset by higher inventory for Infrared and Thermal Sensing Technology of \$0.6 million.

Trade receivables

Trade receivables increased by \$3.7million from \$8.2 million as at 31 December 2020 to \$11.9 million as at 30 June 2021, mainly due to higher billings made towards the end of 1H2021.

Cash and cash equivalents

Cash and cash equivalents decreased by \$3.9 million from \$12.1 million as at 31 December 2020 to \$8.2 million as at 30 June 2021 mainly due to repayment of bank borrowings (\$3.5 million) and payment of dividend (\$1.5 million) during the period.

Trade payables

Trade payables increased by \$0.6 million from \$3.0 million as at 31 December 2020 to \$3.6 million as at 30 June 2021 in line with higher purchases made towards the end of 1H2021.

Provisions

Provisions decreased by \$0.8 million from \$1.0 million as at 31 December 2020 to \$0.2 million as at 30 June 2021 mainly due to reversal of provision for liabilities of \$0.5 million no longer required as the liquidation of Gulf Specialty Steel Industries LLC ("GSSI") has been completed.

Borrowings

Borrowings decreased by \$3.4 million from \$13.2 million as at 31 December 2020 to \$9.8 million as at 30 June 2021 due to repayment made during the period.

(c) Cash flow review (1H2021 vs 1H2020)

The net cash flows from operating activities decreased by \$4.6 million from \$6.5 million from 1H2020 to \$1.9 million in 1H2021. This was mainly due to the decrease in profits, increase in receivables and decrease in payables, partially offset by decrease in inventories.

The net cash flows used in investing activities decreased from \$0.5 million for 1H2020 to \$0.3 million in 1H2021. This was mainly due to lower development cost incurred partially offset by higher purchases for property, plant and equipment.

The net cash used in financing activities for 1H2021 of \$5.6 million was mainly for repayment of bank borrowings and payment of dividend. For 1H2020, the net cash inflow of \$1.4 million was mainly due to the drawdown of bank borrowings, partially offset by repayment of convertible loan notes.

3. Variance from prospect statement

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

Not applicable.

4. Outlook

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.

Covid-19 pandemic continues to impact our Group's businesses. With the escalation of the USA-China trade war, the global supply chains have been affected and we are experiencing an increase in material and transportation costs. We foresee our growth and overall business performance in FY2021 will be affected.

With the slowdown in business activities, the Electrical and Technical Supply Division plans to cut down on the inventory level and strengthen our cashflow position.

The Green LED Lighting Division continues to suffer setback due to Covid pandemic and US-China trade war. With its developed proprietary LED lighting control systems, it is now working on opening new markets.

The Integration Engineering Division sees increasing demand in electrification and hybridisation of various type of harbour craft in Singapore and regional waters. Being the first company to deliver a parallel hybrid fast launch, we are well positioned and will continue to build our competencies by continued investment in R&D, and to work with various key partners to seize upcoming opportunities, to support the decarbonization initiatives in the maritime industry.

The demand for our Mass Fever Screening System has dropped with the roll-out of vaccination programs in many countries. However, the Infrared and Thermal Sensing Unit is picking up momentum in the promotion and build-up of its channel sales networks for its complete range of maritime night vision cameras through its marketing office in Fort Lauderdale in Florida, USA. Its night vision cameras have been awarded as standard equipment for installation onboard Japan Coast Guards' vessels.

The Cyber Security Unit received an aggregate value of \$4.2m of orders in the first half of FY2021. The orders will be delivered progressively from 3Q 2021 to 4Q 2022. With its credentials and track record built up over the years, the Business Unit positioned itself uniquely as an advisory consulting house with deep competency in disruptive cyber technologies and solutions to protect clients' Information Technology/Operation Technology networks against advanced threats. It is now working on expansion into regional and global markets.

The Group will continue our transformation roadmap with focus on initiatives related to the themes of Environmental – Electrification – Digitalisation. This represents our commitment in forging ahead towards "Building a Sustainable Future" for both the Group's operations as well as the environment at large.

5. Dividend

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

None.

- (b) (i) Amount per share

Not applicable.

- (b) (ii) Previous corresponding period

None.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate 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 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

- (f) 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 the financial period ended 30 June 2021 in view of the Group's operational and financial cash needs.

6. Interested Person Transactions ("IPTs")

If the Group has obtained a general mandate from shareholders for 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 has not obtained a shareholders' mandate pursuant to Rule 920 of the Listing Manual of the Singapore Exchange Securities Trading Limited.

7. Disclosures on Acquisitions and Realisations of Shares pursuant to Rule 706A occurred during the first half year ended 30 June 2021

(i) Acquisition of shares resulting in a company becoming a subsidiary during the half year ended 30 June 2021

The Group acquired 100% interest in Sea Forrest Engineering Pte Ltd (“SFE”) through its subsidiary, BOS Engineering International Pte Ltd (“BOSI”) from Mr Lee Sze Min (the “Vendor”). Concurrently, as a condition for the sale of the SFE to BOSI, the Vendor acquired 20% interest in BOSI from the Company.

Please refer to the SGX announcement released on 10 March 2021 for full details of the above transactions.

(ii) Deregistration of a dormant subsidiary in India

The Group’s 90%-owned subsidiary, BH Global Marine India Private Limited incorporated in India, was deregistered and struck off from the Register of Companies in India since it was dormant.

The above transaction resulted in a gain on deconsolidation of the deregistered subsidiary amounting to \$69,000 for the six months ended 30 June 2021.

(iii) Completion of liquidation

In 2018, Gulf Specialty Steel Industries LLC (“GSSI”), a 51% owned joint venture company of the Group, commenced liquidation. The liquidation of GSSI has been completed during the financial period. Accordingly, a provision for liabilities of \$0.5 million made previously has now been reversed as it is no longer required.

8. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company hereby confirms that it has procured undertakings from all its directors and executive officers under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Negative confirmation pursuant to Rule 705(5) of the Listing Manual

The Board of Directors confirms that, to the best of its knowledge, nothing has come to its attention which may render the unaudited interim financial results for the financial period ended 30 June 2021 to be false or misleading, in any material respect.

On behalf of the Board of Directors

Vincent Lim Hui Eng
Executive Chairman and
Chief Executive Officer
13 August 2021

Patrick Lim Hui Peng
Chief Operating Officer