

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021

Table of Contents	Page
Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	2
Condensed Interim Consolidated Statement of Financial Position	3
Condensed Interim Consolidated Statement of Cash Flows	4
Condensed Interim Statement of Changes of Equity	5-7
Notes to Condensed Interim Consolidated Financial Statements	8-13
Other information required by Appendix 7C of the Catalist Rules	14-18

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
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Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group						
	Note	6 months ended 31 Dec 2021 S\$'000	6 months ended 31 Dec 2020 S\$'000	Increase/ (Decrease) %	12 months ended 31 Dec 2021 S\$'000	12 months ended 31 Dec 2020 S\$'000	Increase/ (Decrease) %
Revenue	4	15,087	13,699	10.1	27,774	22,019	26.1
Cost of sales		(10,603)	(9,209)	15.1	(19,101)	(15,557)	22.8
Gross profit		4,484	4,490	(0.1)	8,673	6,462	34.2
Other operating income							
Interest income		7	11	(36.4)	14	42	(66.7)
Other income		184	350	(47.4)	514	1,174	(56.2)
Operating expenses							
Distribution costs		(1,701)	(953)	78.5	(3,054)	(2,810)	8.7
Administrative expenses		(2,703)	(1,403)	92.6	(5,053)	(3,249)	55.5
Other expenses		(75)	(188)	(60.1)	(97)	(283)	(65.7)
Finance costs		(134)	(85)	57.6	(260)	(212)	22.6
Profit before income tax	5	62	2,222	n.m	737	1,124	(34.4)
Income tax expense		(27)	(148)	n.m	(227)	(160)	41.9
Profit for the reporting period		35	2,074	n.m	510	964	(47.1)
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Exchange differences arising from translation of foreign operations		(42)	-	n.m	(42)	(1)	0
Total comprehensive (loss)/ income for the reporting period		(7)	2,074	n.m	468	963	(47.1)
Profit attributable to:							
Equity holders of the Company		35	2,074	n.m	510	965	(47.1)
Non-controlling interests		-	-	n.m	-	(1)	0
Profit for the reporting period		35	2,074	n.m	510	964	(47.1)
Total comprehensive income attributable to:							
Equity holders of the Company		(7)	2,074	n.m	468	964	(55.6)
Non-controlling interests		-	-	n.m	-	(1)	0
Total comprehensive income for the reporting period		(7)	2,074	n.m	468	963	(51.4)
Earnings per share attributable to equity holders of the Company							
- Basic (cents)	6	0.02	1.34	n.m	0.33	0.62	n.m
- Diluted (cents)	6	0.02	1.34	n.m	0.33	0.62	n.m

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Condensed Interim Consolidated Statement of Financial Position

	Note	Group As at		Company As at	
		31/12/2021 S\$'000	31/12/2020 S\$'000	31/12/2021 S\$'000	31/12/2020 S\$'000
NON-CURRENT ASSETS					
Property, plant and equipment		842	1,056	3	6
Intangible assets		25	42	-	-
Investments in subsidiaries		-	-	10	10
Right-of-use assets		905	1,540	-	-
		1,772	2,638	13	16
CURRENT ASSETS					
Inventories		3,357	3,642	-	-
Trade and other receivables		9,996	10,225	2,782	4,024
Prepayments		92	134	1	3
Current income tax recoverable		61	49	-	-
Pledged bank deposits		878	878	-	-
Cash and bank balances		15,558	14,630	1,162	1,103
		29,942	29,558	3,945	5,131
Less:					
CURRENT LIABILITIES					
Contract liabilities		3,271	1,295	-	-
Trade and other payables		4,357	4,922	153	257
Provisions		-	30	-	-
Borrowings	8	2,511	3,237	-	-
Lease liabilities		676	812	-	-
Current income tax payable		352	442	-	-
		11,167	10,738	153	257
NET CURRENT ASSETS		18,775	18,820	3,793	4,874
Less:					
NON-CURRENT LIABILITIES					
Borrowings	8	2,902	3,883	-	-
Lease liabilities		784	1,181	-	-
Deferred tax liabilities		23	23	-	-
		3,709	5,087	-	-
NET TOTAL ASSETS		16,836	16,368	3,806	4,890
CAPITAL AND RESERVES					
Share capital	9	5,125	5,125	5,125	5,125
Other reserves		1,175	1,217	-	-
Retained earnings		10,536	10,026	(1,319)	(235)
TOTAL EQUITY		16,836	16,368	3,806	4,890

SINGAPORE KITCHEN EQUIPMENT LIMITED

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Condensed Interim Consolidated Statement of Cash Flows

		Group	
		12 months ended 31 Dec 2021 Unaudited S\$'000	12 months ended 31 Dec 2020 Audited S\$'000
	Note		
Operating activities			
Profit before income tax	5	737	1,124
Adjustments for:			
Amortisation of intangible assets		23	23
Amortisation of right-of-use assets		1,044	1,220
Depreciation of property, plant and equipment		242	298
Write-down on inventories (reversed)/made		(53)	475
Impairment loss on trade receivables		31	141
Finance costs		260	211
Interest income		(14)	(43)
Modification of lease term		-	(2)
Property, plant and equipment written off		23	1
Operating profit before working capital changes		2,293	3,448
Working capital changes:			
Inventories		333	(541)
Trade and other receivables		192	820
Prepayments		42	(22)
Contract liabilities		1,976	(633)
Trade and other payables		(577)	(493)
Cash generated from operations		4,259	2,579
Income tax paid		(331)	(293)
Net cash from operating activities		3,928	2,287
Investing activities			
Purchases of intangible assets		(7)	-
Purchases of property, plant and equipment		(63)	(233)
Interest received		14	43
Net cash used in investing activities		(56)	(191)
Financing activities			
Decrease in pledged bank deposits		-	478
Proceeds from borrowings		7,252	12,130
Repayment of borrowings		(8,959)	(8,239)
Interest paid on bank borrowings		(161)	(112)
Repayment of obligations under lease		(935)	(1,188)
Interest paid on lease liabilities		(99)	(99)
Net cash (used in)/ from financing activities		(2,902)	2,969
Net increase in cash and cash equivalents		970	5,065
Cash and cash equivalents at beginning of financial year		14,630	9,567
Effect of exchange rate changes on cash and cash equivalents		(42)	(3)
Cash and cash equivalents at end of financial year		15,558	14,630

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

Condensed Interim Statement of Changes of Equity

	Share Capital	Merger Reserve	Foreign Currency Translation Reserve	Retained Earnings	Equity attributable to owners of the Company	Non-controlling Interest	Total Equity
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Balance as at 1 January 2021	5,125	1,311	(94)	10,026	16,368	-	16,368
Profit for the financial year	-	-	-	510	510	-	510
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(42)	-	(42)	-	(42)
Total comprehensive (loss)/income for the financial year	-	-	(42)	510	468	-	468
Balance as at 31 December 2021	5,125	1,311	(136)	10,536	16,836	-	16,836

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

Condensed Interim Consolidated Statement of Changes of Equity (continued)

	Share Capital	Merger Reserve	Foreign Currency Translation Reserve	Retained Earnings	Equity attributable to owners of the Company	Non- controlling Interest	Total Equity
	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)	(S\$'000)
Balance as at 1 January 2020	5,125	1,312	(93)	9,075	15,419	(14)	15,405
Profit for the financial year	-	-	-	965	965	(1)	964
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(1)	-	(1)	-	(1)
Acquisition of subsidiary with non- controlling interest	-	(1)	-	(14)	(15)	15	-
Total comprehensive (loss)/income for the financial year	-	(1)	(1)	951	948	15	963
Balance as at 31 December 2020	5,125	1,311	(94)	10,026	16,368	-	16,368

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

Condensed Interim Statement of Changes of Equity (continued)

	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Total Equity (S\$'000)
Balance as at 1 January 2021	5,125	(236)	4,889
Loss for the financial year	-	(1,083)	(1,083)
Total comprehensive loss for the financial year	-	(1,083)	(1,083)
Issuance of ordinary shares	-	-	-
Transactions with owners of the Company			
Dividends	-	-	-
Total transactions with owners of the Company	-	-	-
Balance as at 31 December 2021	5,125	(1,319)	3,806
	Share Capital (S\$'000)	Retained Earnings (S\$'000)	Total Equity (S\$'000)
Balance as at 1 January 2020	5,125	211	5,336
Loss for the financial year	-	(446)	(446)
Total comprehensive loss for the financial year	-	(446)	(446)
Transactions with owners of the Company			
Dividends	-	-	-
Total transactions with owners of the Company	-	-	-
Balance as at 31 December 2020	5,125	(235)	4,890

There are no outstanding convertibles or shares held as treasury shares as at 31 December 2021 and 31 December 2020.

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

Notes to Condensed Interim Consolidated Financial Statements

1. Corporate information

Singapore Kitchen Equipment Ltd (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”). The primary activities of the Group are:

- (a) manufacturing of table, kitchen and other cutlery equipment;
- (b) repair and maintenance and servicing of commercial kitchen equipment; and
- (c) engineering design and consultancy activities.

2. Basis of Preparation

The condensed interim financial statements for the six months and twelve months ended 31 December 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 interim financial statements for the period ended 30 June 2021.

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 (“S\$”) which is the Company’s functional currency.

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 consolidated 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.

3. Seasonal operations

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

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Incorporated in the Republic of Singapore
(Registration No. 201312671M)

4. Segment & Revenue Information

Business Segments

The Group is primarily engaged in three business segments namely:

- (i) Fabrication and distribution of kitchen equipment;
- (ii) Maintenance and servicing of kitchen equipment; and
- (iii) Rental income business

The Group adopts these three business segments for its primary segment information.

4.1. Reportable Segments

Business Segment (Unaudited)	Fabrication and distribution business S\$'000	Maintenance and servicing business S\$'000	Rental Income S\$'000	Unallocated S\$'000	Total S\$'000
2021					
Revenue					
Recognised at a point in time	20,175	6,699	-	-	26,874
Recognised over time	663	-	236	-	899
	<u>20,838</u>	<u>6,699</u>	<u>236</u>	<u>-</u>	<u>27,773</u>
Results					
Segment results	(237)	1,049	185	-	997
Finance costs	(196)	(62)	(2)	-	(260)
Profit before income tax	<u>(433)</u>	<u>987</u>	<u>183</u>	<u>-</u>	<u>737</u>
Income tax expense					(227)
Profit for the financial year					<u>510</u>
Non-cash items					
Depreciation of property, plant and equipment	(228)	(73)	-	-	(301)
Loss on disposal of plant and equipment	(5)	-	-	-	(5)
Amortisation of intangible asset	(18)	(6)	-	-	(24)
Amortisation of right-of-use assets	(795)	(255)	-	-	(1,050)
Loss allowance on third parties trade receivable	(31)	-	-	-	(31)
Inventory written down	(40)	(13)	-	-	(53)
Fair value gain on derivative	-	-	-	-	-
Capital Expenditure					
Property, plant and equipment	-	-	-	96	96
Intangible asset	-	-	-	7	7
Right-of-use asset	-	-	-	182	182
Assets and Liabilities					
Segment assets	-	-	-	31,716	31,716
	<u>-</u>	<u>-</u>	<u>-</u>	<u>31,716</u>	<u>31,716</u>
Segment liabilities	-	-	-	(14,501)	(14,501)
- Current income tax payable	-	-	-	(352)	(352)
- Deferred tax payable	-	-	-	(23)	(23)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(14,876)</u>	<u>(14,876)</u>

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

Business Segment (Audited) (Reinstated) 2020	Fabrication and distribution business S\$'000	Maintenance and servicing business S\$'000	Rental Income S\$'000	Unallocated S\$'000	Total S\$'000
Revenue					
Recognised at a point in time	15,113	5,969	-	-	21,082
Recognised over time	727	-	210	-	937
	15,840	5,969	210	-	22,019
Results					
Segment results	514	1,096	171	(446)	1,335
Finance costs	(154)	(57)	-	-	(211)
Profit before income tax	360	1,039	171	(446)	1,124
Income tax expense			2,366		(860)
Profit for the financial year					964
Non-cash items					
Depreciation of property, plant and equipment	(177)	(80)	(40)	-	(297)
Depreciation of right-of-use assets	(857)	(361)	-	-	(1,219)
Amortisation of intangible asset	(16)	(6)	-	-	(22)
Inventories written back	-	-	-	-	-
Loss allowance on third parties trade receivables	(102)	(38)	-	-	(140)
Inventory written down	(475)	-	-	-	(475)
Fair value gain on derivative	-	-	-	-	-
Capital Expenditure					
Property, plant and equipment	-	-	-	270	270
Intangible asset	-	-	-	50	50
Right-of-use asset	-	-	-	141	141
Assets and Liabilities					
Segment assets	-	-	-	32,196	32,196
	-	-	-	32,196	32,196
Segment liabilities	-	-	-	(15,360)	(15,360)
- Current income tax payable	-	-	-	(442)	(442)
- Deferred tax payable	-	-	-	(23)	(23)
	-	-	-	(15,825)	(15,825)

4.2. Disaggregation of Revenue

Geographical information

Revenue is based on the country where the customer is located. Non-current assets comprise primarily property, plant and equipment and investment property and are presented based on the geographical area in which the assets are located.

(Unaudited) 2021	Singapore S\$'000	Malaysia S\$'000	Others S\$'000	Total S\$'000
Total revenue from external customers	27,257	500	17	27,774
Non-current assets	1,415	357	-	1,772
(Audited) 2020	Singapore S\$'000	Malaysia S\$'000	Others S\$'000	Total S\$'000
Total revenue from external customers	21,712	282	24	22,019
Non-current assets	2,258	380	-	2,638

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Incorporated in the Republic of Singapore
(Registration No. 201312671M)

A breakdown of sales as follows:-

	FY2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Sales & Net profit/(loss) reported for 1st half, 30 June		
Sales	12,687	8,320
Operating gain/(loss) after tax before deducting non-controlling interests reported for the first half year	475	(1,110)
Operating profit/(loss) margin	3.7%	(13.3%)
Sales & Net profit reported for 2nd half, 31 Dec		
Sales	15,087	13,699
Operating profit after tax before deducting non-controlling interests reported for the second half year	35	2,074
Operating profit margin	0.2%	15.1%

5. Profit Before Taxation

Profit before income tax is arrived at after charging /(crediting) the following:			Increase/ (Decrease) %
	Group		
	FY2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000	
Depreciation of property, plant and equipment	242	297	(18.5)
Write-off of property, plant and equipment	23	1	n.m.
Amortisation of intangible asset	23	23	n.m
Amortisation of right-of-use asset	1,044	1,220	(14.4)
Loss allowance on third parties trade receivables	31	141	(78.0)
Fair value gain on derivative financial instruments	0	(8)	n.m
Interest expense	161	112	43.8
Interest income	(14)	(43)	(67.4)
Finance cost of lease liabilities	99	99	n.m

Note: "n.m." denotes not meaningful

6. Earnings Per Share

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

- (a) Based on the weighted average number of ordinary shares on issue; and
(b) On a fully diluted basis (detailing any adjustments made to the earnings).

Earnings per share ("EPS")⁽¹⁾

	Group FY2021 (Unaudited)	FY2020 (Audited)
Profit attributable to owners of the Company (S\$'000)	509	965
Weighted average number of ordinary shares for calculation of		
(a) Basic earnings per share	155,000,000	155,000,000
(b) Diluted earnings per share ⁽²⁾	155,000,000	155,000,000
Earnings per ordinary share (cents):-		
(a) Based on weighted average number of issued ordinary shares	0.33	0.62
(b) On a fully diluted basis ⁽²⁾	0.33	0.62

Notes:

- The calculation for the basic and diluted EPS for the respective financial periods is based on the weighted average number of ordinary shares in issue in the respective financial years.
- The basic and diluted EPS were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.

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Incorporated in the Republic of Singapore
(Registration No. 201312671M)

7. 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.

Net Asset Value ("NAV")	Group		Company	
	31.12.2021 (Unaudited)	31.12.2020 (Audited)	31.12.2021 (Unaudited)	31.12.2020 (Audited)
NAV attributable to owners of the Company (S\$'000)	16,836	16,368	3,806	4,890
Actual Number of issued Ordinary shares	155,000,000	155,000,000	155,000,000	155,000,000
NAV per ordinary shares (cents)	10.86	10.56	2.45	3.15

8. Borrowings

Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/12/2021 (Unaudited) (S\$'000)		As at 31/12/2020 (Audited) (S\$'000)	
Secured	Unsecured	Secured	Unsecured
2,511	-	3,237	-

Amount repayable after one year

As at 31/12/2021 (Unaudited) (S\$'000)		As at 31/12/2020 (Audited) (S\$'000)	
Secured	Unsecured	Secured	Unsecured
2,902	-	3,883	-

Details of any collateral secured borrowings:-

Borrowings of the Group comprise bank borrowings and finance lease liabilities supported by corporate guarantee from the Company.

- (a) Trust receipts have maturities of 25 to 150 (31 December 2020: 25 to 150) days. As at 31 December 2021, trust receipts are secured by the title to the Group's inventories with a carrying amount of S\$3,357,522 (31 December 2020: S\$2,953,006).
- (b) The Group's obligations under finance leases are secured by the leased assets, which will be returned to the lessors in the event of default by the Group. The carrying amount of assets acquired under finance leases is approximately S\$676,990 (31 December 2020: S\$821,375) at the end of the current financial year.

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Incorporated in the Republic of Singapore
(Registration No. 201312671M)

9. Share Capital

Details of Changes in the Company's Issued Share Capital	FY2021 (Unaudited)		FY2020 (Audited)	
	Number of ordinary shares	Issued and Paid Up S\$	Number of ordinary shares	Issued and Paid Up S\$
Share capital	155,000,000	5,124,790	155,000,000	5,124,790

There are no outstanding convertibles or shares held as treasury shares as at 31 December 2021 and 31 December 2020

There were no subsidiary holdings during the current financial period reported in.

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Incorporated in the Republic of Singapore
(Registration No. 201312671M)

Other information required by Appendix 7C of the Catalist Rules

1. Review

The condensed consolidated statement of financial position of Singapore Kitchen Equipment Ltd and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement 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.

A disclaimer opinion audit report was issued in relation to the audited consolidated financial statements of the Group and the Company for the financial year ended 31 December 2020. The Audit Committee ("AC") is of the view that the Group's systems of internal controls may not be adequate to address financial, operational, compliance and information technology controls and risk management systems for the period under review.

The Company has since appointed Baker Tilly Consultancy (Singapore) Pte Ltd, as the Company's internal auditor to review and enhance the Company's operating procedures and internal controls.

The internal auditor will carry out an audit of the internal controls system and processes and will report the findings to the Audit Committee ("AC") in due course. The AC will review the internal auditor's findings and will ensure that the implementation of the recommended remedies and controls so as to address any internal control gaps which are identified by the internal audit.

2. Review of performance of the Group

Consolidated Statement of Comprehensive Income

Revenue

For the financial year ended 31 December 2021 ("FY2021"), the Group recorded revenue amounting to S\$27.7 million compared to S\$22 million in the previous corresponding year ("FY2020"). The increase in Group's revenue was primarily due to higher sales generated from fabrication and distribution of kitchen equipment and servicing and maintenance of kitchen equipment, as the food and beverage ("F&B") industry gradually recovers from the business disruptions caused COVID-19 pandemic.

Cost of sales and gross profit

The Group's cost of sales increased by approximately S\$3.54 million from S\$15.6 million in FY2020 to S\$19.1 million in FY2021 and such increase is mainly due to an increase in cost of goods sold of approximately S\$2.5 million and an increase in direct labour costs of approximately S\$0.9 million.

The Group's gross profit for FY2021 is approximately S\$8.6 million which is higher when compared to the gross profit of S\$6.4 million achieved in FY2020.

Other items of income

Other income decreased by approximately S\$0.7 million from S\$1.2 million in FY2020 to S\$0.5 million in FY2021 mainly due to the phasing out of Jobs Support Scheme support received by the Group for the COVID-19 pandemic.

Distribution costs

Distribution expense increased by approximately S\$0.2 million from S\$2.8 million in FY2020 to S\$3.0 million in FY2021. This was mainly due to the increase in labour costs of approximately S\$0.2 million which is required to achieve the higher revenue.

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Incorporated in the Republic of Singapore
(Registration No. 201312671M)

Review of performance of the Group (continued)

Administrative expenses

Administrative expenses increased by approximately S\$1.8 million from S\$3.2 million in FY2020 to S\$5.0 million in FY 2021 and the increase was mainly due to the increase in legal, consultancy, special audit fees of approximately S\$0.7 million which were incurred for the investigation into the 8 transactions made by Q'son Kitchen Equipment Holdings Pte Ltd on behalf of Q'son Kitchen Equipment Pte Ltd in FY2018 and FY2019.

Other expenses

Other expenses decreased by approximately S\$0.2 million from S\$0.3 million in FY2020 to S\$0.1 million in FY2021. This is mainly due to the decrease in allowance for doubtful debts and bad debts written off as a result of the improving business climate.

Finance costs

Finance costs increased by approximately S\$0.05 million from S\$0.2 million in FY2020 to S\$0.25 million in FY2021. The increase is mainly due to interest expense on the property loan for new freehold property at 207 Henderson Road.

Profit for the financial year

The Group reported a net profit after tax ("**NPAT**") of approximately S\$0.5 million in FY2021 which is slightly lower when compared to the NPAT of approximately S\$1 million in FY2020.

Statement of Financial Position

Non- current assets

The Group's non-current assets decreased by S\$0.9 million to S\$1.7 million as at 31 December 2021 (31 December 2020: S\$2.6 million) mainly due to i) the reclassification of approximately S\$0.7 million non-current right-of-use ("**ROU**") assets to current and S\$0.2 million of depreciation for property, plant and equipment

Current assets

The Group's current assets amounted to approximately S\$29.9 million as at 31 December 2021 (31 December 2020: S\$29.5 million).

The Group's inventories decreased by S\$0.2 million from S\$3.6 million as at 31 December 2020 to S\$3.4 million as at 31 December 2021 mainly due to the decrease in spare parts.

The decrease in trade receivables by approximately S\$0.2 million from S\$10.2 million as at 31 December 2020 to S\$10.0 million as at 31 December 2021 is mainly attributed to the proactive collection strategy adopted by the Group during the year.

The increase in cash and cash equivalents is mainly due to higher net cash generated from operations which was in turn due to faster collection of trade receivables.

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

Review of performance of the Group (continued)

Statement of Financial Position (continued)

Current liabilities

The Group's current liabilities position increased by S\$0.4 million from S\$10.7 million as at 31 December 2020 to S\$11.1 million as at 31 December 2021.

The increase in contract liabilities by approximately S\$1.9 million from S\$1.2 million as at 31 December 2020 to S\$3.1 million as at 31 December 2021 is mainly due to increase in advance payments by customers

The decrease in trade payables by approximately S\$0.6 million from S\$4.9 million as at 31 December 2020 to S\$4.3 million as at 31 December 2021 is mainly attributed to faster payments to our suppliers, which is required to support the increase in demand from the Group's customers.

The decrease in the current portion of lease liabilities of approximately of S\$0.1 million was mainly due to the expiry of leases and the repayment of lease liabilities in FY2021.

Non-current liabilities

The Group's non-current liabilities decrease of S\$1.3 million is mainly due to repayment of enterprise loan from bank, expiry of rental leases and reduction of motor vehicle lease liabilities

Shareholders' equity

As at 31 December 2021, the Group's shareholders' equity amounted to S\$16.8 million which is higher than the shareholders' equity of S\$16.3 million as at 31 December 2020, as a result of the increase in retained earnings of approximately S\$0.5 million.

Consolidated Statement of Cash Flows

Cash and cash equivalents, excluding pledged fixed deposits, amounted to approximately S\$15.6 million as at 31 December 2021, representing an increase of approximately S\$1.2 million from the cash and cash equivalents balance of S\$14.6 million as at 31 December 2020.

Net cash from operating activities

The Group's net cash inflows from the operating activities was approximately S\$3.9 million. This was mainly due to increase of S\$1.9 million in advance payments by customer and net cash generated by the operations of the Group.

Net cash flows used in investing activities

Net cash outflows used in investing activities during FY2021 amounted to approximately S\$0.02 million only, as a result of purchase of property, plant and equipment .

Net cash flows from financing activities

Net cash outflows from financing activities during FY2021 was approximately S\$2.9 million due mainly to proceeds from new borrowings being less than repayments of borrowings

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

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

Not applicable.

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

In view of the return to normalcy from COVID-19 restrictions, the Group is expecting business to bounce back with increase in demand for services in the maintenance and servicing sector and also more new projects. The Group is also actively reducing costs, increasing productivity and maximising use of its labour force in the tight labour market.

4. ***If a decision regarding dividend has been made:-***

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

Yes. The Board recommends declaration of 0.5cent final dividend for the financial year ended 31 December 2021

(b) Corresponding Period of the Immediately preceding financial year: any final dividend recommended for the corresponding period of the immediately preceding financial year?

The Company did not declare any dividend in the financial year 2020.

(c) Date payable

To be advised

(d) Record date

To be advised

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

Not Applicable

6. ***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 general mandate from shareholders for Interested Person Transactions. There was no Interested Persons Transactions exceeding S\$100,000 conducted by the Group during the current financial year reported on.

7. ***Update on use of proceeds***

(a) Initial Public Offer ("IPO")

As at 31 Dec 2021, the utilisation of the IPO proceeds is as follows:

Intended usage in accordance with the Offer Document	<i>Allocation</i>	<i>Amount utilised</i>	<i>Amount un-utilised</i>
	S\$'000	S\$'000	S\$'000
(a) Acquisition of additional fabrication equipment and machinery	700	319	381

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

(b) Funding our expansion, including by way of acquisitions, joint ventures and/or strategic alliances	1,600	-	1,600
(c) For general working purposes of our Group	975	975	-
(d) IPO expenses	1,325	1,325	-
Total	4,600	2,619	1,981

The above utilisation of the proceeds from IPO is consistent with the intended uses as disclosed in the Offer Document. The Group has un-utilised proceeds from IPO of approximately S\$1.98 million as at 31 December 2021, of which S\$381,000 could be used to fund the acquisition of additional plant equipment and machinery and the remaining S\$1.6 million is allocated for business expansion, including by way of acquisitions, joint ventures and /or strategic alliances activities. The Company will make periodic announcements on the use of proceeds as and when the funds are materially disbursed. The funds are currently placed in deposits with banks and financial institutions while waiting for right investment decision and business opportunities. The Company will continue to make periodic announcements on the use of proceeds via SGXNET as and when the remaining proceeds are materially disbursed. Please refer to the announcement dated 21 Jan 2022 and 31 Jan 2022 for the use of proceeds after 31 Dec 2021.

(b) Placement

The Company has raised net proceeds from the Placement of approximately S\$1.0 million, which will be utilized as follows:

- 60% of the Net Proceeds will be used for new business expansion or investments; and
- 40% of the Net Proceeds will be used for general working capital purposes.

As at 31st Dec 2021, the proceeds have not yet been utilized. The Company will continue to make periodic announcements on the use of proceeds via SGXNET as and when the remaining proceeds are materially disbursed. Please refer to the announcement dated 21 Jan 2022 and 31 Jan 2022 for the use of proceeds after 31 Dec 2021.

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

Pursuant to Rule 704(10) of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a Director, Chief Executive Officer or substantial shareholder of the Company.

9. *Confirmation that the issue has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Listing Manual*

The Board of Directors of Singapore Kitchen Equipment Limited hereby confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all the directors and executive officers as required in the format set out in Appendix 7H.

BY ORDER OF THE BOARD

Sally Chua Chwee Choo
Executive Director and Chief Executive Officer
Jun 01 2022

SINGAPORE KITCHEN EQUIPMENT LIMITED

Incorporated in the Republic of Singapore
(Registration No. 201312671M)

This announcement has been reviewed by the Company's sponsor, RHT 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 Catalyst. 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 details of the contact person for the Sponsor are as follows:

Name: Ms Bao Qing (Registered Professional, RHT Capital Pte Ltd).

Address: 6 Raffles Place, #24-02, Singapore 048580

Email: sponsor@rhtgoc.com