



TRICKLESTAR LIMITED

(Incorporated in the Republic of Singapore on 31 October 2018)
(Company Registration Number: 201837106C)

**INTERIM FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 30 JUNE 2021**

TrickleStar Limited (the “Company”) was incorporated in Singapore on 31 October 2018 under the Singapore Companies Act (Chapter 50) as a private limited company. The Company and its subsidiaries (the “Group”) was formed through a restructuring exercise (the “Restructuring Exercise”) which involved a series of rationalisation of the corporate and shareholding structure as well as business and operations of our Group prior to the Company’s listing on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) (“Catalist”). Please refer to the Company’s offer document dated 3 June 2019 (the “Offer Document”) for further details on the Restructuring Exercise. The Company was admitted to Catalist on 18 June 2019.

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TRICKLESTAR LIMITED
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A. Statements of Financial Position

	Note	Group		Company	
		As at 30-Jun-2021 US\$	As at 31-Dec-2020 US\$	As at 30-Jun-2021 US\$	As at 31-Dec-2020 US\$
Assets					
Non-current assets					
Plant and equipment	3	80,084	63,303	-	-
Right-of-use assets	4	70,195	85,646	-	-
Intangible assets	5	1,334,907	938,550	-	-
Investment in subsidiaries	6	-	-	6,408,378	6,286,017
		<u>1,485,186</u>	<u>1,087,499</u>	<u>6,408,378</u>	<u>6,286,017</u>
Current assets					
Inventories	7	3,449,995	4,474,005	-	-
Trade and other receivables	8	2,122,015	2,215,083	100,519	148,437
Cash and bank balances	9	2,915,034	3,671,880	2,043,912	1,684,087
		<u>8,487,044</u>	<u>10,360,968</u>	<u>2,144,431</u>	<u>1,832,524</u>
Total assets		<u>9,972,230</u>	<u>11,448,467</u>	<u>8,552,809</u>	<u>8,118,541</u>
Equity and liabilities					
Capital and reserves					
Share capital	10	7,427,199	7,304,838	7,427,199	7,304,838
Merger reserve		(111,376)	(111,376)	-	-
Share grant reserve		21,003	21,003	21,003	21,003
Foreign currency translation reserve		19,585	26,946	-	-
Retained earnings		553,226	648,073	453,666	484,082
		<u>7,909,637</u>	<u>7,889,484</u>	<u>7,901,868</u>	<u>7,809,923</u>
Non-current liabilities					
Deferred tax liabilities		57,620	57,620	-	-
Lease liabilities	11	35,707	52,585	-	-
		<u>93,327</u>	<u>110,205</u>	<u>-</u>	<u>-</u>
Current liabilities					
Trade and other payables	12	1,399,018	3,375,017	633,359	287,099
Lease liabilities	11	39,618	38,489	-	-
Provision		13,014	13,014	-	-
Borrowings	13	500,000	-	-	-
Income tax liabilities		17,616	22,258	17,582	21,519
		<u>1,969,266</u>	<u>3,448,778</u>	<u>650,941</u>	<u>308,618</u>
Total liabilities		<u>2,062,593</u>	<u>3,558,983</u>	<u>650,941</u>	<u>308,618</u>
Total equity and liabilities		<u>9,972,230</u>	<u>11,448,467</u>	<u>8,552,809</u>	<u>8,118,541</u>

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B. Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group 6 months ended	
		30-Jun-2021 US\$	30-Jun-2020 US\$
Revenue	14	5,663,851	6,504,114
Cost of sales		(4,219,663)	(4,737,364)
Gross profit		<u>1,444,188</u>	<u>1,766,750</u>
Other income	15	68,705	9,098
Selling and distribution expenses		(485,125)	(454,363)
Administrative expenses		(750,920)	(749,550)
Finance costs	16	(2,810)	(2,540)
Profit before tax	17	<u>274,038</u>	<u>569,395</u>
Income tax credit/(expense)	18	1,232	(62,684)
Profit for the period		<u><u>275,270</u></u>	<u><u>506,711</u></u>
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		(7,361)	(9,239)
Other comprehensive income for the financial period, net of tax		<u>(7,316)</u>	<u>(9,239)</u>
Total comprehensive income for the financial period		<u><u>267,909</u></u>	<u><u>497,472</u></u>
Earnings per share attributable to owners of the Company (cents)			
Basic and diluted (cents)		<u><u>0.33</u></u>	<u><u>0.62</u></u>

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C. Consolidated Statements of Changes in Equity

Group	Share capital US\$	Merger reserve US\$	Share grant reserve US\$	Foreign currency translation reserve US\$	Retained earnings/ (Accumulate d losses) US\$	Total equity US\$
Balance as at 1 January 2021	7,304,838	(111,376)	21,003	26,946	648,073	7,889,484
Profit for the period	-	-	-	-	275,270	275,270
<i>Other comprehensive income for the financial period</i>						
Exchange differences on translating foreign operations	-	-	-	(7,361)	-	(7,361)
Total comprehensive income for the financial period	-	-	-	(7,361)	275,270	267,909
Performance share plan expenses	-	-	122,361	-	-	122,361
Performance shares issued	122,361	-	(122,361)	-	-	-
Dividends	-	-	-	-	(370,117)	(370,117)
Total transactions with owners, recognised directly in equity	122,361	-	-	-	(370,117)	(247,756)
Balance as at 30 June 2021	7,427,199	(111,376)	21,003	19,585	553,226	7,909,637

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C. Consolidated Statements of Changes in Equity (cont'd)

Group	Share capital US\$	Merger reserve US\$	Share grant reserve US\$	Foreign currency translation reserve US\$	Retained earnings/ (Accumulated losses) US\$	Total equity US\$
Balance as at 1 January 2020	7,191,788	(111,376)	7,685	18,251	(64,608)	7,041,740
Profit for the period	-	-	-	-	506,711	506,711
<i>Other comprehensive income for the financial year</i>						
Exchange differences on translating foreign operations	-	-	-	(9,239)	-	(9,239)
Total comprehensive income for the financial period	-	-	-	(9,239)	506,711	497,472
Performance share plan expenses	-	-	116,458	-	-	116,458
Performance shares issued	113,050	-	(113,050)	-	-	-
Total transactions with owners, recognised directly in equity	113,050	-	3,408	-	-	116,458
Balance as at 30 June 2020	<u>7,304,838</u>	<u>(111,376)</u>	<u>11,093</u>	<u>9,012</u>	<u>442,103</u>	<u>7,655,670</u>

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C. Consolidated Statements of Changes in Equity (cont'd)

Company	Share capital US\$	Share grant reserve US\$	Retained earnings/ (Accumulated losses) US\$	Total equity US\$
Balance at 1 January 2021	7,304,838	21,003	484,082	7,809,923
Profit for the year, representing total comprehensive income for the financial period	-	-	339,701	339,701
Performance share plan expenses	-	122,361	-	122,361
Performance shares issued	122,361	(122,361)	-	-
Dividends	-	-	(370,117)	(370,117)
Total transactions with owners, recognised directly in equity	122,361	-	(370,117)	(247,756)
Balance as at 30 June 2021	7,427,199	21,003	453,666	7,901,868
Balance at 1 January 2020	7,191,788	7,685	(839,499)	6,359,974
Profit for the period, representing total comprehensive income for the financial period	-	-	(139,263)	(139,263)
Performance share plan expenses	-	116,458	-	116,458
Performance shares issued	113,050	(113,050)	-	-
Total transactions with owners, recognised directly in equity	113,050	3,408	-	116,458
Balance as at 30 June 2020	7,304,838	11,093	(978,762)	6,337,169

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D. Consolidated Statement of Cash Flows

	Group	
	6 months ended	
	30-Jun-2021	30-Jun-2020
	US\$	US\$
Cash flows from operating activities	274,038	569,395
Profit before tax		
Adjustments for:		
Depreciation of plant and equipment	14,474	17,826
Depreciation of right-of-use assets	27,826	22,876
Amortisation of intangible assets	-	12,142
Interest income	(99)	(639)
Performance share plan expenses	122,361	116,458
Interest expense	2,139	2,540
Operating cash flows before working capital changes	440,739	740,598
Inventories	1,024,010	(54,059)
Trade and other receivables	93,068	1,182,605
Trade and other payables	(1,975,999)	(88,505)
Cash (used in)/generated from operations	(418,182)	1,780,639
Income tax (paid)/refunded	(3,410)	117,036
Net cash (used in)/generated from operating activities	(421,592)	1,897,675
Cash flows from investing activities		
Purchase of intangible assets	(396,357)	(229,246)
Purchase of plant and equipment	(31,514)	(25,888)
Interest received	99	639
Net cash used in investing activities	(427,772)	(254,495)
Cash flows from financing activities		
Dividend paid	(370,117)	-
Fixed deposit pledged	(1,500,000)	-
Interest paid	(2,139)	(2,540)
Proceeds from Paycheck Protection Program (PPP)	-	62,800
Proceeds from borrowings	500,000	
Repayment of obligations under leases	(28,124)	(26,067)
Net cash (used in)/generated from financing activities	(1,400,380)	34,193
Net change in cash and cash equivalents	(2,249,744)	1,677,373
Cash and cash equivalents at beginning of financial year	3,663,941	2,592,688
Exchange difference on cash and cash equivalents	(6,844)	(7,895)
Cash and cash equivalents at the end of financial period	1,407,353	4,262,166

TRICKLESTAR LIMITED
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E. Notes to the Financial Statements

1. Corporate information

TrickleStar Limited (the “Company”) (Registration number 201837106C) is a public limited company incorporated and domiciled in Singapore with its registered office and principal place of business at 80 Robinson Road #02-00 Singapore 068898 and C3-U6-15 Solaris Dutamas, Jalan Dutamas 1, 50480 Kuala Lumpur, Wilayah Persekutuan Malaysia respectively. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”) on 18 June 2019.

The principal activities of the Company are investment holding and provision of management services.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with Singapore Financial Reporting Standards (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 the performance of the Group since the last annual financial statements for the year ended 31 December 2020.

Other than the adoption of the amended standards as set out in Note 2.5, there were no changes in accounting policies and methods of computation adopted in the financial statements for the current reporting period as compared to the most recent audited annual financial statements as at 31 December 2020, which were in accordance with SFRS(I).

2.2 Basis of measurement

The condensed interim financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

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

2.3 Functional and presentation currency

The condensed interim financial statements are presented in United States dollars, which is the Company’s functional currency.

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E. Notes to the Financial Statements

2.4 Use of estimates and judgements

The preparation of the condensed interim financial statements in conformity with SFRS(I) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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.

Loss allowance for trade receivables

Management establishes the loss allowance for trade receivables based on expected credit loss model. In determining the expected credit losses for trade receivables, management categorised trade receivables based on their historical loss patterns, historical payment profiles and adjusted for the forward-looking information such as industry performance. For non-trade receivables, management considers the performance, financial capability as well as payment profile of these non-trade receivables in order to determine the appropriate stage of expected credit loss for these receivables. Probability or risk of default is then being estimated by considering the future conditions. Additionally, management also evaluates expected credit loss for customers in financial difficulties separately.

The carrying amount of the Group's and the Company's trade and other receivables as at 30 June 2021 were US\$2,122,015 (31 December 2020: US\$2,215,083) and US\$100,519 (31 December 2020: US\$148,437) respectively.

Inventory obsolescence

Management estimates the net realisable value of inventories based on assessment of receipt or committed sales prices and provides for excess and obsolete inventories based on historical usage, estimated future demand and related pricing. In determining excess quantities, management considers recent sales activities, related margin and market positioning of the products. However, factors beyond its control, such as demand levels, technological advances and pricing competition, could change from period to period. Such factors may require the Group to reduce the value of its inventories.

The carrying amount of the Group's inventories as at 30 June 2021 was US\$3,449,995 (31 December 2020: US\$4,474,005).

2.5 Changes in accounting policies

New standards and amendments 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.

2.5. Measurement of fair values

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability

The carrying amount of current financial assets and financial liabilities recorded at amortised cost in the financial statements approximate their respective fair value as at reporting date due to the short term maturity of these balances.

The fair value of non-current financial liabilities that is not carried at fair value in relation to lease liabilities approximate its fair value as the liabilities is subject to interest rates close to market rate of interest for similar arrangements with financial institutions.

2.6. Seasonal Operations

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

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E. Notes to the Financial Statements (cont'd)

3. Plant and equipment

<u>Group</u>	<u>Computer</u> US\$	<u>Tools and</u> <u>equipment</u> US\$	<u>Furniture and</u> <u>fixtures</u> US\$	<u>Office</u> <u>equipment</u> US\$	<u>Renovation</u> US\$	<u>Machinery</u> US\$	<u>Total</u> US\$
Cost							
At 1 January 2020	66,111	297,086	53,568	6,204	44,363	12,361	479,693
Additions	28,180	-	-	-	-	-	28,180
Written off	(1,453)	-	-	-	-	-	(1,453)
Currency re-alignment	297	-	62	-	66	-	425
At 31 December 2020	93,135	297,086	53,630	6,204	44,429	12,361	506,845
Additions	11,977	144	3,690	5,589	10,114	-	31,514
Currency re-alignment	(115)	-	(38)	(31)	(76)	-	(260)
At 30 June 2021	104,997	297,230	57,282	11,762	54,467	12,361	538,099
At 1 January 2020	50,206	293,677	30,652	3,011	30,078	4,833	412,457
Depreciation	10,849	3,346	8,231	1,240	6,321	2,472	33,459
Written off	(1,452)	-	-	-	-	-	(1,452)
Currency re-alignment	47	-	15	-	16	-	78
At 31 December 2020	59,650	297,023	38,898	4,251	36,415	7,305	443,542
Depreciation	4,806	13	4,162	807	3,449	1,236	14,473
At 30 June 2021	64,456	297,036	43,060	5,058	39,864	8,541	458,015
Net carrying amount							
At 30 June 2021	40,541	194	14,222	6,704	14,603	3,820	80,084
At 31 December 2020	33,485	63	14,732	1,953	8,014	5,056	63,303

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E. Notes to the Financial Statements (cont'd)

4. Right-of-use assets

	Buildings
	US\$
Group	
Cost	
At 1 January 2020	114,550
Additions	66,044
Exchange difference	(2,851)
At 31 December 2020	<u>177,743</u>
Additions	12,375
At 30 June 2021	<u>190,118</u>
Accumulated depreciation	
At 1 January 2020	(45,954)
Amortisation	(47,573)
Exchange difference	1,430
At 31 December 2020	<u>(92,097)</u>
Amortisation	(27,826)
At 30 June 2021	<u>(119,923)</u>
Net carrying amount	
At 30 June 2021	<u>70,195</u>
At 31 December 2020	<u>85,646</u>

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E. Notes to the Financial Statements (cont'd)

5. Intangible assets

	Technical know-how US\$	Group Development cost US\$	Total US\$
Cost			
At 1 January 2021	242,871	1,058,048	1,300,919
Additions	-	396,357	396,357
At 30 June 2021	<u>242,871</u>	<u>1,454,405</u>	<u>1,697,276</u>
Accumulated amortisation			
At 1 January 2021	242,869	-	242,869
Amortisation	-	-	-
At 30 June 2021	<u>242,869</u>	<u>-</u>	<u>242,869</u>
Impairment loss			
At 1 January 2021 and 30 June 2021	-	119,500	119,500
Net carrying amount			
At 30 June 2021	<u>2</u>	<u>1,334,905</u>	<u>1,334,907</u>
Cost			
At 1 January 2020	242,871	499,941	742,812
Additions	-	558,107	558,107
At 31 December 2020	<u>242,871</u>	<u>1,058,048</u>	<u>1,300,919</u>
Accumulated amortisation			
At 1 January 2020	230,727	-	230,727
Amortisation	12,142	-	12,142
At 31 December 2020	<u>242,869</u>	<u>-</u>	<u>242,869</u>
Impairment loss			
At 1 January 2020 and 31 December 2020	-	119,500	119,500
Net carrying amount			
At 31 December 2020	<u>2</u>	<u>938,548</u>	<u>938,550</u>

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E. Notes to the Financial Statements (cont'd)

6. Investment in subsidiaries

	Company	
	30-Jun-2021	31-Dec-2020
	US\$	US\$
Unquoted equity shares, at cost		
At beginning of financial year/period	6,286,017	6,151,964
Performance share plan	122,361	134,053
At end of financial year/period	<u>6,408,378</u>	<u>6,286,017</u>

7. Inventories

	Group	
	30-Jun-2021	31-Dec-2020
	US\$	US\$
Trading goods	3,449,995	4,340,457
Goods-in-transit	-	133,548
	<u>3,449,995</u>	<u>4,474,005</u>

8. Trade and other receivables

	Group		Company	
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
	US\$	US\$	US\$	US\$
Trade receivables				
– third parties	1,227,356	1,830,999	-	-
Less: Loss allowance	(17,826)	(17,826)	-	-
	<u>1,209,530</u>	<u>1,813,173</u>		
Other receivables				
– third parties	157,695	123,632	-	2,425
– subsidiaries		-	100,519	146,012
Prepayments	229,255	30,374	-	-
Income tax recoverables	3,123	60,551	-	-
Legal fees recoverables	350,000	-	-	-
Deposits	172,412	187,352	-	-
	<u>2,122,015</u>	<u>2,215,083</u>	<u>100,519</u>	<u>148,437</u>

Movements in the loss allowance for trade receivables are as follows:

	Group	
	30-Jun-2021	31-Dec-2020
	US\$	US\$
At beginning of financial year/period	17,826	3,204
Loss allowance made/(Reversal of loss allowance)	-	14,622
At end of financial year/period	<u>17,826</u>	<u>17,826</u>

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E. Notes to the Financial Statements (cont'd)

9. Cash and bank balances

	Group		Company	
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
	US\$	US\$	US\$	US\$
Cash at banks	1,407,353	3,013,941	543,912	1,034,087
Fixed deposits	1,507,681	657,939	1,500,000	650,000
Cash and cash equivalents per statements of financial position	2,915,034	3,671,880	2,043,912	1,684,087
Fixed deposit pledged	(1,507,681)	(7,939)		
Cash and cash equivalents per consolidated statement of cash flows	1,407,353	3,663,941		

10. Share capital

	Group and Company			
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
	Number of ordinary shares	Number of ordinary shares	US\$	US\$
Issued and paid-up capital				
Balance at beginning of financial year	82,248,254	81,791,925	7,304,838	7,191,788
Issuance of shares pursuant to the awards vested under the performance share plan	426,661	456,329	122,361	113,050
Balance at end of financial year	82,674,915	82,248,254	7,427,199	7,304,838

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

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E. Notes to the Financial Statements (cont'd)

11. Lease liabilities

Group as a lessee

The Group has lease contracts for office premise and warehouses (“Buildings”) in United States of America and Malaysia. The Group is restricted from assigning and subleasing the leased assets.

Lease liabilities

	Group	
	30-Jun-2021	31-Dec-2020
	US\$	US\$
Lease liabilities	75,325	91,074

Presented in consolidated statement of financial position:

Non-current	35,707	52,585
Current	39,618	38,489
	75,325	91,074

The movement of the Group’s lease liabilities is disclosed as below:

	1 January 2021 US\$	Principal payments US\$	Addition US\$	Interest expense US\$	30 June 2021 US\$
Lease liabilities Borrowings	91,074	(30,263)	12,375	2,139	75,325

	1 January 2020 US\$	Principal payments US\$	Adoption of FRS 116 US\$	Interest expense US\$	31 Dec 2020 US\$
Lease liabilities	76,168	(55,957)	66,044	4,819	91,074

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E. Notes to the Financial Statements (cont'd)

12. Trade and other payables

	Group		Company	
	30-Jun-2021	31-Dec-2020	30-Jun-2021	31-Dec-2020
	US\$	US\$	US\$	US\$
Trade payables				
– third parties	1,126,859	2,886,081	-	-
– Goods received not invoice	123	123	-	-
	<u>1,126,982</u>	<u>2,886,204</u>		
Other payables				
– third parties	71,662	96,291	3,260	75
– subsidiary	-	-	612,469	262,470
Accrued operating expenses	173,736	342,171	17,630	24,554
Advances from customers	25,795	49,283	-	-
Sales tax payables	843	1,068	-	-
	<u>1,399,018</u>	<u>3,375,017</u>	<u>633,359</u>	<u>287,099</u>

13. Borrowings

	Group	
	30-Jun-2021	31-Dec-2020
	US\$	US\$
Short-term loan (secured)	<u>500,000</u>	-

The secured short-term loan bears interest at 3.5% per annum and repayable on 9 June 2022

14. Revenue

	Group	
	6 months ended	
	30-Jun-2021	30-Jun-2020
	US\$	US\$
Timing of revenue recognition: Point in time		
Sale of goods	<u>5,663,851</u>	<u>6,504,114</u>

The Group has disaggregated revenue based on the location of customers from which revenue was generated.

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E. Notes to the Financial Statements (cont'd)

15. Other income

	Group	
	6 months ended	
	30-Jun-2021	30-Jun-2020
	US\$	US\$
Government grant	62,800	-
Foreign exchange gain, net	5,638	8,004
Interest income	99	639
Fixed deposit interest	168	455
	<u>68,705</u>	<u>9,098</u>

16. Finance costs

	Group	
	6 months ended	
	30-Jun-2021	30-Jun-2020
	US\$	US\$
Interest expenses		
- lease liabilities	2,139	2,540
- borrowings	671	-
	<u>2,810</u>	<u>2,540</u>

E. Notes to the Financial Statements (cont'd)

17. Profit before tax

In addition to the charges and credits disclosed elsewhere in the notes to the financial statements, the above includes the following:

	Group	
	6 months ended	
	30-Jun-2021	30-Jun-2020
	US\$	US\$
Cost of sales		
Cost of inventories	4,207,074	4,719,201
Selling and distribution expenses		
Employee benefits expense		
– Salaries, bonuses and other staff benefits	233,138	178,128
– Contributions to defined contribution plan	17,182	1,208
Freight outwards	69,801	112,104
Inventories processing fees	44,675	44,355
Sales commission	80,788	63,430
Storage fees	18,210	15,776
Administrative expenses		
Amortisation of intangible assets	-	12,142
Depreciation of right-of-use assets	27,826	22,876
Audit fees		
– Auditor of the Company	38,006	-
Depreciation of plant and equipment	14,731	17,826
Employee benefits expense		
– Directors' fees	64,811	42,953
– Salaries, bonuses and other staff benefits	240,721	208,453
– Contributions to defined contribution plan	17,843	15,170
Engineering fees	-	3,100
Performance share plan expenses	122,362	116,458
Professional fees ⁽¹⁾	(44,482)	85,412
Research and testing	906	283

Note:

⁽¹⁾ US\$350,000 agreed by customer, reimbursed against legal fees. The amount has been paid in July 2021.

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E. Notes to the Financial Statements (cont'd)

18. Income tax expense

	Group	
	6 months ended	
	30-Jun-2021	30-Jun-2020
	US\$	US\$
Current income tax		
- current financial year	456	61,033
- overprovision in respect of prior years	(1,688)	-
	<u>(1,232)</u>	<u>61,033</u>
Deferred tax		
- current financial year	-	1,651
- (over)/underprovision in respect of prior years	-	-
	<u>-</u>	<u>1,651</u>
Total income tax (credit)/expense	<u>(1,232)</u>	<u>62,684</u>

19. Earnings per share

The calculation of earnings per share ("EPS") is based on:

	Group	
	6 months ended	
	30-Jun-2021	30-Jun-2020
Earnings for the purpose of basic and diluted EPS (profit attributable to the owners of the Company) (US\$)	275,270	506,711
Weighted number of ordinary shares in issue during the financial period (number of shares)	82,295,926	81,845,163
EPS (Basic and diluted) (In US\$ cents) *	<u>0.33</u>	<u>0.62</u>

* The diluted potential ordinary shares which comprise share awards granted by the Company do not have a material impact on the diluted EPS and therefore the diluted EPS would be equivalent to the basic EPS.

20. Dividends

The Directors have declared an interim tax exempt (one tier) dividend of 0.2 SGD cents (SGD 0.002) per ordinary share, amounting to SGD 165,349.83 to be paid to the shareholders on the 26 August 2021. The dividend record date is 13 August 2021 at 5pm. This interim dividend has not been included as a liability in these financial statements for the financial period ended 30 June 2021.

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E. Notes to the Financial Statements (cont'd)

21. Segment information

Management monitors the operating results of the segment separately for the purposes of making decisions about resources to be allocated and of assessing performance. Segment performance is evaluated based on operating profit or loss which is similar to the accounting profit or loss.

The Group has only one primary business segment, which is that of developing and selling energy optimizing products.

Geographical information

The following table presents the Group's revenue and non-current assets information for the financial periods ended 30 June 2021 and 30 June 2020:

	Group	
	6 months ended	
	30-Jun-2021	30-Jun-2020
	US\$	US\$
Total revenue		
United States of America	5,503,084	6,079,168
Canada	160,607	423,821
Others	160	1,125
	<u>5,663,851</u>	<u>6,504,114</u>

	Group	
	30-Jun-2021	31-Dec-2020
	US\$	US\$
Total non-current assets		
United States of America	1,443,147	1,061,572
Hong Kong	4,264	8,501
Malaysia	37,775	17,426
	<u>1,485,186</u>	<u>1,087,499</u>

Major customers

Revenue of approximately 84% (2020: 81%) are derived from 5 (2020: 5) major customers.

22. Net asset value

	Group		Company	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
Net Asset Value per share (US cents)	9.42	9.59	9.41	9.50
Net Asset Value (US\$)	7,787,101	7,889,484	7,779,332	7,809,923
Number of ordinary shares used	82,674,915	82,248,254	82,674,915	82,248,254

23. Events after reporting period

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

F. Other Information required under Listing Manual

1(d)(ii) Details of any changes in the company’s share capital arising from rights 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.

Changes in share capital

	Number of shares			
	As at 30 June 2021		As at 30 June 2020	
	Number of shares	US\$	Number of shares	US\$
Balance at the beginning of the financial period	82,248,254	7,304,838	81,791,925	7,191,788
Issue of shares pursuant to the Awards vested under the TrickleStar Performance Share Plan ⁽¹⁾	426,661	122,361	456,329	113,050
Balance at the end of the financial period	82,674,915	7,427,199	82,248,254	7,304,838

Notes:

⁽¹⁾ The Company had, on 10 June 2021 allotted and issued 426,661 new ordinary shares in the capital of the Company pursuant to the Awards vested under the TrickleStar Performance Share Plan.

The Award shares rank pari passu in all respects with the existing shares of the Company. The Award shares have been listed and quoted on the Catalist Board of the Singapore Exchange Securities Trading Limited on or before 14 June 2021.

The Company did not have any treasury shares, subsidiary holdings or convertible instruments at the end of the current financial period and as at the end of the corresponding period of the immediately preceding financial period.

1(d)(iii) To show the total 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.

The total number of issued ordinary shares, excluding treasury shares, as at 30 June 2021 was 82,674,915 (31 December 2020: 82,248,254). There were no treasury shares held by the Company as at 30 June 2021 and 31 December 2020.

F. Other Information required under Listing Manual (cont'd)

1(d)(iv) 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 ended 30 June 2021.

1(d)(v) 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 subsidiary holdings as at 30 June 2021.

2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

These figures have not been audited or reviewed by the Company's auditors.

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

Not applicable

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer or opinion: -

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all the outstanding audit issue on the financial statements have been adequately disclosed.

Not applicable. The Group's latest financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has consistently applied the same accounting policies and methods of computation for the current financial period compared to the most recently audited annual financial statements.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

F. Other Information required under Listing Manual (cont'd)

6. 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.

	Group	
	Half-year ended 30 June	
	2021	2020
Profit attributable to owners of the Company (US\$)	275,270	506,711
Weighted average number of shares	82,295,926 ⁽¹⁾	81,845,163
Earnings per share - basic and diluted (US cents)	0.33	0.62

The basic and diluted EPS for the respective financial periods are computed based on the profit attributable to the owners of the Company and the weighted average of the Company's ordinary shares in issue during the respective financial periods.

Notes:

⁽¹⁾ The weighted average number of shares in issue for the six months ended 30 June 2021 was computed based on 82,248,254 ordinary shares adjusted for issuance of 426,661 shares pursuant to the exercise of Performance Share Plan on 10 June 2021.

7. 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-21	31-Dec-20	30-Jun-21	31-Dec-20
Net Asset Value per share (US cents)	9.42	9.59	9.41	9.50
Net Asset Value (US\$)	7,787,101	7,889,484	7,779,332	7,809,923
Number of ordinary shares issued	82,674,915	82,248,254	82,674,915	82,248,254

8. 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 Group's statement of comprehensive income:

Revenue decreased by 12.9% or US\$0.84 million to US\$5.66 million in HY2021, mainly due to supply chain disruptions arising from the resurgence of the Delta variant in various countries around the world which affected the timely delivery of goods to our customers.

Cost of sales decreased by 11.0% or US\$0.52 million due to decreased revenue. Gross profit margin was 25.5% for HY2021, decreased when compared to 27.2% in the same period last year, mainly due to increase in input component costs due to shortages of electronic components and semi-conductors due to lack of availability of shipping containers and cargo ships.

Other income increased by US\$0.06 million in HY2021, due to the forgiveness of US\$0.06 million US government grant, Paycheck Protection Program ("PPP") in HY 2021.

F. Other Information required under Listing Manual (cont'd)

Selling and distribution expenses increased by 6.7% or US\$0.03 million, from US\$0.45 million in HY2021 to US\$0.48 million in HY2021, due mainly to the following:

- (i) an increase of US\$0.07 million in salaries and other staff benefits from increased USA sales staff headcount;
- (ii) an increase of US\$0.02 million in sales commission,

which were partially offset by the following decreases in expenses:

- a) a decrease of US\$0.04 million in freight outwards expense; and
- b) decrease of US\$0.01 million in advertising
- c) decrease of US\$0.01 million in entertainment.

Administrative expenses were maintained US\$0.75 million for both HY2021 and HY2020, mainly due to the following:

- (i) an increase in IT expenses of US\$0.05 million;
- (ii) an increase in administrative employees' salaries and other staff benefits expense of US\$0.03 million from increased administrative staff headcount;
- (iii) an increase in bank charges of US\$0.03 million;
- (iv) an increase in directors' fees of US\$0.02 million;
- (v) an increase in performance share plan expenses of US\$0.01 million;
- (vi) an increase in printing and stationeries of US\$0.01 million,

which were offset by the following decreases in expenses:

- a) a decrease in professional fees of US\$0.11 million;
- b) a decrease in foreign exchange loss of US\$0.03 million and
- c) a decrease of US\$0.01 million in amortisation of intangible assets.

Finance costs consist of interest on lease liabilities of US\$2,139 due to the adoption of SFRS(I) 16 and interest payable on borrowings of US\$671 for the financial period.

The Group recorded income tax credit of US\$1,232 for HY2021, which was mainly due to the reversal of net excess of estimated income tax in the Malaysia subsidiary for FY2020.

The Group reported a net profit attributable to owners of the Company of US\$0.28 million for HY2021, as compared to a net profit of US\$0.51 million in the same period last year.

Review of the Group's statement of financial position:

Plant and equipment as at 30 June 2021 increased by US\$0.02 million due to additional purchases of US\$0.03 million and partially offset by depreciation charge of US\$0.01 million.

Right-of-use assets as at 30 June 2021 decreased by US\$0.02 million due to amortisation charges of US\$0.03 million and partially offset by the addition of US\$0.01 million.

Intangible assets as at 30 June 2021 increased by US\$0.39 million due to additions of product development costs during the financial period.

F. Other Information required under Listing Manual (cont'd)

Current assets as at 30 June 2021 decreased by US\$1.86 million mainly due to the following:

- (i) a decrease in cash and bank balances of US\$2.25 million as explained below in the review of the Group's statement of cash flows;
- (ii) a decrease in inventories of US\$1.02 million;
- (iii) a decrease in trade and other receivables of US\$0.24 million due to lower sales;
- (iv) a decrease in income tax recoverable due to tax refund of US\$0.05 million,

which were partially offset by a fixed deposit pledged of US\$1.50 million and an increase in prepayments of US\$0.20 million.

Non-current liabilities as at 30 June 2021 decreased by US\$0.02 million due to higher amount of repayment on lease liabilities compared to the recognition of additional right-of-use (ROU) lease liabilities.

Current liabilities as at 30 June 2021 decreased by 39.4% or US\$1.36 million mainly due to the following:

- (i) a decrease in trade and other payables of US\$1.86 million which was due to the following:
 - (a) a decrease of trade payables of US\$1.77 million due to decreased inventory purchases and increased trade settlements
 - (b) a decrease of other payables of US\$0.02 million
 - (c) a decrease in accrued expenses US\$0.17 million
 - (d) a decrease in advance from customer of US\$0.02 million

which were partially set off by:

- (ii) (a) a new bank borrowing of US\$0.50 million
- (b) a dividend payable of US\$0.12 million.

Review of the Group's statement of cash flows

(i) Net cash used in operating activities in HY2021 was (US\$0.42 million), which comprised operating cash flows before working capital changes of US\$0.44 million and working capital outflow of (US\$0.86) million.. Working capital outflow was due to a decrease in trade and other payables of (US\$1.98 million), offset by a decrease in inventories of US\$1.02 million and a decrease in trade and other receivables of US\$0.09 million.

(ii) Cash flow used in investing activities amounted to (US\$0.43 million) which was due to additions of product development costs of US\$0.40 million and purchases of equipment of US\$0.03 million.

(iii) The total cash flow used in financing activities of approximately (US\$1.89 million) was due to fixed deposit pledged to bank of (US\$1.50 million) and dividends paid of (US\$0.37 million) as well as repayment of obligations under leases of (US\$0.03 million).

This resulted in a net decrease in cash and cash equivalent amounting to (US\$2.25 million) resulting in a cash and cash equivalent of US\$1.41 million as at 30 June 2021.

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following:

	Group	
	Half-year ended 30 June	
	2021	2020
Fixed deposit	1,507,681	7,446
Cash and cash equivalents	<u>1,407,353</u>	<u>4,262,166</u>
Cash and cash equivalents at end of financial period	2,915,034	4,269,612
Fixed deposit pledged	<u>(1,507,681)</u>	<u>(7,446)</u>
Cash and cash equivalents on consolidated statement of cash flows	<u>1,407,353</u>	<u>4,262,166</u>

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

No forecast or prospect statement was previously given to shareholders.

10. 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 Group expects its Advanced Power Strips (“APS”) business to enjoy continued levels of demand, taking into consideration the USA’s latest energy and climate change stance, the PlugLoad brand and the goodwill generated with major customers by an ability to maintain prices to support their end customers.

Now that some manufacturing of its APS has been successfully transferred away from China, TrickleStar has more than one contract manufacturer for the product and the USA tariff threat on that product has largely been removed. Moving ahead, TrickleStar has commenced implementing manufacture of many of its new products in Malaysia.

While TrickleStar intends to follow its growth path, it is aware of risks, the most significant at present being from supply chain disruptions and how quickly countries are able to control Delta variant infections of Covid-19 to allow normal business and social interaction to resume.

Worldwide, supply chains continue to be disrupted by shortages of electronic components and semi-conductors, availability of shipping containers and cargo ships, and labour availability. These risks are evident in TrickleStar’s day-to-day operations, particularly in the planning of component purchases, manufacturing and shipments to the USA to meet customer demand.

Costs are also increasing, most noticeably shipping costs, which have increased nearly five-fold in the last twelve months and component costs. These increases are impacting margins and TrickleStar expects inflationary pressures and natural market influences to maintain pressure on its margins. At this time, customers continue to resist any price increases.

On the positive side, the Group has good levels of inventories in the USA and most significantly, has started mass production and field trials of the TrickleStar DryerSaver and other new products in H2 2021. These products have higher margins and are expected to contribute positively to growth.

With the roll out of a number of new products in H2, 2021 the Group anticipates its reliance on Advanced Power Strips as the main source of revenue will begin to shift through to the end of 2022. Having spent approximately US\$0.4 million on product development in 2021, TrickleStar has multiple new products in various stages of development and will continue to make strides to bring the products to market, backed by its strong balance sheet.

11. If a decision regarding dividend has been made: -

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

An interim dividend of 0.2 SGD cents (SGD0.002) per ordinary share for HY2021 has been declared by the Directors.

(b) (i) Amount per share (cents)

0.2 SGD cents (SGD0.002) per ordinary share for HY2021

(b) (ii) Previous corresponding period (cents)

Nil.

(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).

Tax exempt (one-tier).

(d) The date the dividend is payable.

The payment date is 26 August 2021.

(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.

The Share Transfer Books and Register of Members of the Company will be closed at 5 p.m. on 13 August 2021 for the purpose of determining shareholders' entitlements to the proposed final tax exempt (one-tier dividend in respect of the half year results ended 30 June 2021 ("Proposed Dividend").

Duly completed registrable transfers received by the Company's Share Registrar, Tricor Barbinder Share Registration Services, at 80 Robinson Road #02-00, Singapore 068898 up to 5 p.m. on 13 August 2021 will be registered to determine shareholders' entitlements to the Proposed Dividend. Shareholders whose securities accounts with The Central Depository (Pte) Limited are credited with the Company's shares at 5pm on 13 August 2021 will be entitled to the Proposed Dividend.

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

Not applicable

13. 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 general mandate from shareholders for interested person transactions. There were no interested person transactions of S\$100,000 and above entered into in HY2021.

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

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

15. Additional disclosures required pursuant to Rule 706A

Not applicable.

16. Confirmations by the Board pursuant to Rule 705(5).

The Board of Directors of TrickleStar Limited hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the unaudited financial statements of the Group and the Company for the half year ended 30 June 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Bernard Christopher Emby
Executive Chairman and Chief Executive Officer

4 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.

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