



JEP HOLDINGS LIMITED
(Registration. No. 199401749E)
(Incorporated in Singapore)

UNAUDITED CONDENSED INTERIM
FINANCIAL STATEMENTS

For the six months ended 30 June 2021

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

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 is:
Name : Ms. Bao Qing (Registered Professional, RHT Capital Pte. Ltd.)
Address : 6 Raffles Quay #24-02, Singapore 048580
Email : sponsor@rhtgoc.com

A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group		Increase/ (Decrease) %
		6 months ended		
		30 Jun 21	30 Jun 20	
		S\$'000	S\$'000	
Revenue	E4	29,480	42,376	(30.4)
Cost of sales		(25,492)	(34,446)	(26.0)
Gross profit		3,988	7,930	(49.7)
Other operating income		1,572	2,618	(40.0)
Selling and distribution expenses		(835)	(1,049)	(20.4)
Administrative expenses		(2,192)	(3,222)	(32.0)
Finance expenses		(425)	(665)	(36.1)
Profit before tax		2,108	5,612	(62.4)
Income tax expense	E7	(274)	(1,001)	(72.6)
Profit for the period attributable to owners of the Company		1,834	4,611	(60.2)
Other comprehensive loss				
<i>Items that may be reclassified subsequently to profit or loss</i>				
Currency translation differences		(48)	-	N.M
Total comprehensive income for the period attributable to the owners of the Company		1,786	4,611	(61.3)
Earnings per share attributable to owners of the Company				
Basic and diluted (in cents)		0.44	1.11	(60.4)

N.M denotes not meaningful

B. Condensed interim statements of financial position

Note	The Group		The Company	
	As at		As at	
	30 Jun 21	31 Dec 20	30 Jun 21	31 Dec 20
	S\$'000	S\$'000	S\$'000	S\$'000
ASSETS				
Current assets				
	13,208	15,950	648	465
	18,054	15,498	20	30
E12	16,612	13,293	4	-
	47,874	44,741	672	495
Non-current assets				
E11	48,713	50,836	17	21
E10	11,292	11,292	-	-
	-	-	68,648	67,320
	9	2	9	2
	60,014	62,130	68,674	67,343
	107,888	106,871	69,346	67,838
LIABILITIES AND EQUITY				
Current liabilities				
E13	2,376	2,373	-	-
	8,343	7,610	240	595
	344	1	61	-
	-	-	1,420	1,864
E13	1,083	1,245	-	-
	12,146	11,229	1,721	2,459
Non-current liabilities				
E13	24,849	25,786	-	-
E13	6,572	7,148	-	-
	2,355	2,419	-	-
	33,776	35,353	-	-
Capital and reserves				
E14	49,226	49,226	49,226	49,226
E14	(109)	-	(109)	-
	772	772	870	870
	(37)	11	-	-
	12,114	10,280	17,638	15,283
	61,966	60,289	67,625	65,379
	107,888	106,871	69,346	67,838

C. Condensed interim statements of changes of equity

	Share capital	Treasury shares	Capital reserve	Translation reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Group						
Balance as at 1 January 2021	49,226	-	772	11	10,280	60,289
Profit for the period	-	-	-	-	1,834	1,834
<u>Other comprehensive loss</u>						
Foreign Currency Translation	-	-	-	(48)	-	(48)
Total comprehensive income for the period	-	-	-	(48)	1,834	1,786
Transactions with owners, recognised directly in equity						
Share buy back exercise	-	(109)	-	-	-	(109)
Total	-	(109)	-	-	-	(109)
Balance as at 30 June 2021	49,226	(109)	772	(37)	12,114	61,966
Balance as at 1 January 2020	49,226	-	772	-	10,062	60,060
Profit for the period	-	-	-	-	4,611	4,611
Total comprehensive income for the period	-	-	-	-	4,611	4,611
Balance as at 30 June 2020	49,226	-	772	-	14,673	64,671

	Share capital	Treasury shares	Capital reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
The Company					
Balance as at 1 January 2021	49,226	-	870	15,283	65,379
Profit for the period	-	-	-	2,355	2,355
Total comprehensive income for the period	-	-	-	2,355	2,355
Transactions with owners, recognised directly in equity					
Share buy back exercise	-	(109)	-	-	(109)
Total	-	(109)	-	-	(109)
Balance as at 30 June 2021	49,226	(109)	870	17,638	67,625
Balance as at 1 January 2020	49,226	-	870	13,531	63,627
Profit for the period	-	-	-	825	825
Total comprehensive income for the period	-	-	-	825	825
Balance as at 30 June 2020	49,226	-	870	14,356	64,452

D. Condensed interim consolidated statement of cash flows

	The Group	
	6 months ended	
	30 Jun 21	30 Jun 20
	S\$'000	S\$'000
Operating activities		
Profit before income tax	2,108	5,612
Adjustment for:		
Depreciation of property, plant and equipment	2,901	3,125
Reversal of impairment loss recognised on trade receivables	(2)	-
Amortization of intangible assets	-	62
Gain on disposal of property, plant and equipment	(3)	(74)
Property, plant and equipment written off	12	3
Provision for inventory obsolescence	378	181
Unrealized foreign exchange (gain) loss	(425)	56
Interest income	(27)	(15)
Interest expense	425	665
Operating cash flow before movements in working capital	5,367	9,615
Inventories	(3,697)	(648)
Trade and other receivables	(1,612)	2,914
Trade and other payables	773	(9,281)
Cash generated from operations	831	2,600
Interest expense paid	(425)	(665)
Interest income received	27	15
Income tax (paid) refund	(2)	*
Net cash generated from operating activities	431	1,950
Investing activities		
Purchase of property, plant and equipment	(1,589)	(857)
Proceeds from disposal of property, plant and equipment	167	170
Net cash used in investing activities	(1,422)	(687)
Financing activities		
Acquisition of treasury shares	(109)	-
Repayment of lease liabilities	(676)	(797)
Proceeds from term loans	-	1,806
Repayment of term loans	(934)	(3,773)
Net repayment of factoring loans	-	(709)
Net cash used in financing activities	(1,719)	(3,473)
Net decrease in cash and bank balances	(2,710)	(2,210)
Effect of exchange rate changes	(32)	*
Cash and bank balances at beginning of period	15,950	11,943
Cash and bank balances at end of period	13,208	9,733

* Denotes less than S\$1,000

E. Notes to the condensed interim consolidated financial statements

1. Corporate Information

The Company (Registration No. 199401749E) was incorporated in Singapore with its principal place of business and registered office at 16 Seletar Aerospace Crescent Singapore 797567. The Company is listed on the Catalist board of Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2021 comprised the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note E4 to the interim consolidated financial statements.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the 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 Dollars (SGD or S\$), which is the Company's functional currency, and all values in the tables are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group has adopted the revised SFRS(I) 16 Leases – COVID-19 Related Rent Concessions that 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 this standard.

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, liabilities, income and expenses. 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 were reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the condensed interim financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

E. Notes to the condensed interim consolidated financial statements (Cont'd)

2.2 Use of judgements and estimates (Cont'd)

- Note E10 - impairment review of goodwill
Goodwill arises from the Group's acquisition of Dolphin Engineering Pte Ltd ("DEPL"), JEP Precision Engineering Pte Ltd ("JEPS") and JEP Industrades Pte Ltd ("JEPI"). The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.
- Note E11 - impairment review of property, plant and equipment
Where there are indications of impairment of its assets, the management estimates the recoverable amounts of these assets to determine the extent of the impairment loss, if any. The recoverable amounts of these assets are determined based on the higher of fair value less cost to sell and value-in-use.
- Note E11 - useful lives of property, plant and equipment
Management exercises their judgement in estimating the useful lives of the depreciable assets which takes into consideration the physical conditions of the assets and their useful lives. Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method.
- Note E12 - allowance for inventories
Management reviews the aging analysis of inventories at the end of each reporting period, and makes allowance for inventory items that are identified as obsolete and slow-moving, which have a market price that is lower than its carrying amount. Management estimates the net realisable value for finished goods based primarily on the latest selling prices and current market conditions.

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

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable operating segments under SFRS(I) 8 are as follows:

1. The precision machining segment is a provider of precision machining services for aerospace, oil and gas, electronics and automotive industry.
2. The trading and other segment is a provider of machine sales and customised cutting tools for our customers.
3. The equipment manufacturing segment is a provider of large format precision engineering and equipment fabrication service.

Except as indicated above, no operating segments have been aggregated to form the above operating segment.

Management monitors the operating results of its reporting segments for the purpose of making decisions in order to assess the respective reporting segments' performances. This is evaluated based on operating profit or loss which in certain respects, as explained in the table below and is measured differently from operating profit or loss in the interim consolidated statement of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reporting units.

E. Notes to the condensed interim consolidated financial statements (Cont'd)

4.1. Reportable segments

The following table present revenue and profit information for the Group's business segments for the six months ended 30 June of 2021 and 2020, respectively

	Precision machining		Trading and others		Equipment manufacturing		Group	
	6M 2021	6M 2020	6M 2021	6M 2020	6M 2021	6M 2020	6M 2021	6M 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>REVENUE:</u>								
Total revenue	15,214	28,393	5,378	3,426	9,248	11,020	29,840	42,839
Inter-reporting unit sales	(141)	(25)	(219)	(438)	-	-	(360)	(463)
External customers	15,073	28,368	5,159	2,988	9,248	11,020	29,480	42,376
<u>Results</u>								
Segment results	843	3,868	800	395	1,048	2,617	2,691	6,880
<u>Unallocated expenses:</u>								
Unallocated corporate expenses							(158)	(603)
							2,533	6,277
Finance costs							(425)	(665)
Profit before tax							2,108	5,612
Income tax expense							(274)	(1,001)
Net profit for the period after tax							1,834	4,611

E. Notes to the condensed interim consolidated financial statements (Cont'd)

4.1. Reportable segments (Cont'd)

The following table present revenue and profit information for the Group's business segments for the six months ended 30 June of 2021 and 2020, respectively (Cont'd)

	Precision machining		Trading and others		Equipment manufacturing		Group	
	6M 2021	6M 2020	6M 2021	6M 2020	6M 2021	6M 2020	6M 2021	6M 2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000

OTHER INFORMATION:

Capital expenditure	796	244	13	-	145	271	954	515
Depreciation of property, plant and equipment	2,236	2,476	37	47	628	602	2,901	3,125
Amortisation of intangible assets	-	-	-	62	-	-	-	62

E. Notes to the condensed interim consolidated financial statements (Cont'd)

4.1. Reportable segments (Cont'd)

Revenue is based on the location of customers regardless of where the goods are produced. Non-current assets (exclude deferred tax assets) are based on the location of those assets.

	Revenue		Non-current assets	
	6 months period		as at 30 Jun	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	13,746	16,630	57,114	68,539
People's Republic of China	3,594	6,241	-	-
Malaysia	2,326	2,434	2,891	446
USA	5,030	9,372	-	-
Canada	647	4,981	-	-
India	2,899	1,148	-	-
Others	1,238	1,570	-	-
	29,480	42,376	60,005	68,985

The following table shows the carrying amount of the segment assets and segment liabilities by geographical areas in which the assets and liabilities are located:

	Segment assets		Segment liabilities	
	as at 30 Jun		as at 30 Jun	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
Singapore	103,220	111,617	43,489	45,388
Malaysia	4,443	446	11	-
	107,663	112,063	43,500	45,388

The Group	
as at 30 Jun	
2021	2020
S\$'000	S\$'000

Reportable segments' assets are reconciled to total assets as follows:

Segment assets	107,663	112,063
GST input tax	216	433
Deferred tax assets	9	1
Total assets	107,888	112,497

Reportable segments' liabilities are reconciled to total liabilities as follows:

Segment liabilities	43,500	45,388
GST output tax	67	151
Deferred tax liabilities	2,355	2,287
Total liabilities	45,922	47,826

E. Notes to the condensed interim consolidated financial statements (Cont'd)

5. Financial assets and financial liabilities

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

	The Group		The Company	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec 2020
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets				
At amortised cost:				
- Cash and bank balances	13,208	15,950	648	465
- Trade receivables	16,159	13,827	-	-
- Other receivables	458	729	4	8
Total	29,825	30,506	652	473

Financial liabilities

At amortised cost:

- Bank loans	27,225	28,159	-	-
- Trade and other payables	8,277	7,481	231	577
- Amount due to subsidiaries	-	-	1,420	1,864
- Lease liabilities	7,655	8,393	-	-
Total	43,157	44,033	1,651	2,441

6. Profit before taxation

6.1 Significant items

	The Group	
	6 months ended 30 Jun 21	30 Jun 20
	S\$'000	S\$'000
Income		
Government grant	696	1,667
Foreign exchange gain	492	532
Expenses		
Interest expenses	425	665
Depreciation of property, plant and equipment	2,901	3,125
Provision for inventory obsolescence	378	181
Property, plant and equipment written off	12	3

6.2 Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions as follows:

	The Group	
	6 months ended 30 Jun 21	30 Jun 20
	S\$'000	S\$'000
Sale of goods	753	391
Purchase of goods	1,131	2,386
Purchase of machinery	-	170

E. Notes to the condensed interim consolidated financial statements (Cont'd)

7. Taxation

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:

	The Group	
	6 months ended	
	30 Jun 21	30 Jun 20
	S\$'000	S\$'000
Current tax expense	340	419
(Over)/Under provision for deferred tax in prior years	(6)	178
Deferred income tax expense relating to origination and reversal of temporary differences	(60)	404
Deferred tax charged to profit or loss	(66)	582
Income tax expense for the year	274	1,001

8. Dividend

No interim dividend for the half year ended 30 June 2021 (30 June 2020: Nil) is recommended as the Group intends to conserve cash.

9. Net Asset Value

	The Group		The Company	
	30 Jun 21	31 Dec 20	30 Jun 21	31 Dec 20
	S\$	S\$	S\$	S\$
Net assets per ordinary share	15.0 cents	14.6 cents	16.3 cents	15.8 cents

Note

Net assets per ordinary share based on number of issued 413,436,321 ordinary shares (excluding treasury shares) as at 30 June 2021 (31 December 2020: 413,944,721 ordinary shares (excluding treasury shares)).

10. Intangible assets

The Group	Goodwill on consolidation
	S\$'000
Balance as at 31 December 2020	
Cost	18,812
Accumulated amortization and impairment	7,520
Net book value	11,292
6 months ended 30 June 2021	
Opening net book amount	11,292
Additions	-
Amortization and Impairment charges	-
Closing net book amount	11,292
Balance as at 30 June 2021	
Cost	18,812
Accumulated amortization and impairment	7,520
Net book value	11,292

E. Notes to the condensed interim consolidated financial statements (Cont'd)

10. Intangible assets (Cont'd)

No impairment indicators were identified as at 30 June 2021 based on the CGU's business performance. The Group performed its annual impairment test in December 2020. The key assumptions used to determine the recoverable amount for the CGU were disclosed in the annual consolidated financial statements for the year ended 31 December 2020.

11. Property, plant and equipment ("PPE")

During the six months ended 30 June 2021, the Group acquired PPE amounting to S\$954,000 (30 June 2020: S\$515,000) and disposed of assets amounting to S\$164,000 (30 June 2020: S\$28,000).

The reconciliation of purchase of PPE and proceeds from disposal of PPE are presented below:

	The Group	
	30 Jun 21	30 Jun 20
	S\$'000	S\$'000
<u>Purchase of PPE</u>		
Net cash outflow	1,589	857
Less: Movement in liability owing to supplier of PPE	(107)	(78)
Less: Movement in downpayment to supplier of PPE	(512)	(264)
Less: Effect of foreign currency exchange differences	(16)	-
Total additions in the period	954	515
<u>Proceed from disposal of PPE</u>		
Net cash inflow	167	170
Less : Carrying value of assets held for sales	-	(68)
Total sales proceeds	167	102
Less: Gain on disposal of PPE	(3)	(74)
Total net book value of disposal in the period	164	28

12. Inventories

As at 30 June 2021, the carrying amount of the Group's inventories, net of allowance for obsolescence of S\$3,084,000 (31 December 2020: S\$2,706,000) amounted to S\$16,612,000 (31 December 2020: S\$13,293,000), which represented 35% (31 December 2020: 30%) of its current assets.

13. Loans and borrowings consist of bank loans and lease liabilities

	The Group	
	30 Jun 21	31 Dec 20
	S\$'000	S\$'000
<u>Secured borrowing</u>		
Amount repayable in one year or less, or on demand	3,128	3,292
Amount repayable after one year	25,564	26,910
	28,692	30,202
<u>Unsecured borrowing</u>		
Amount repayable in one year or less, or on demand	331	326
Amount repayable after one year	5,857	6,024
	6,188	6,350

E. Notes to the condensed interim consolidated financial statements (Cont'd)

13. Loans and borrowings consist of bank loans and lease liabilities (Cont'd)

Details of any collaterals.

As at 30 June 2021 the Group's secured lease liabilities and bank term loans are secured as follows:

- a) Secured lease liabilities amounting to S\$1.5 million (31 December 2020: S\$2.0 million) are secured by the production equipment and motor vehicles of subsidiaries; and
- b) Bank term loan amounting to S\$27.2 million (31 December 2020: S\$28.2 million) are secured by the property, plant and equipment of subsidiaries.

14. Share Capital

	The Group and The Company			
	30 Jun 2021		31 Dec 2020	
	No. of shares	S\$'000	No. of shares	S\$'000
Issued and fully paid				
At 30 June 2021 and 31 December 2020	413,944,721	49,226	413,944,721	49,226

The total number of issued shares excluding treasury shares as at 30 June 2021 was 413,436,321 shares (31 December 2020: 413,944,721 shares).

i) Treasury Shares

The total of number of treasury shares as at 30 June 2021 was 508,400 (30 June 2020: Nil).

The treasury shares held by the Company as at 30 June 2021 represent 0.123% (30 June 2020: Nil) of the total number of issued shares (excluding treasury shares).

	Number of treasury shares
Balance as at 1 January 2021	-
No. of treasury shares held	508,400
Balance as at 30 June 2021	<u>508,400</u>

There were no sales, transfers, cancellation and/or use of treasury shares as at 30 June 2021 (30 June 2020 : Nil).

ii) Subsidiary holdings

There is no subsidiary holdings as at 30 June 2021 (30 June 2020: Nil).

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 30 June 2021 (30 June 2020: Nil).

15. Subsequent events

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

F. Other Information Required by Appendix 7C of the Catalyst Rules

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

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

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- a) Updates on the efforts taken to resolve each outstanding audit issue.**
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

Revenue and cost of sales

For 1H FY2021, the Group revenue decreased 30.4% to S\$29.5 million compared to 1H FY2020 total revenue of S\$42.4 million. The revenue for the Precision Manufacturing segment derived mainly from the aviation industry posted lower sales of S\$13.3 million was due to the continued impact of Covid-19 pandemic, the Equipment Manufacturing segment posted lower sales of S\$1.8 million while the Trading and Others segment posted higher of S\$2.2 million.

Cost of sales for 1H FY2021 decreased 26.0% from S\$34.4 million in 1H FY2020 to S\$25.5 million which was in tandem with the lower sales posted in 1H FY2021. The gross margin in FY2021 declined by 5.2% to 13.5% in 1H FY2020 from 18.7% due to some manufacturing expenses not affected to the same degree as revenue.

Other operating income

In 1H FY2021, other operating income decreased to S\$1.6 million from S\$2.6 million in 1H FY2020 mainly attributed to lesser grant amount received in relation to the Covid-19 support funds from government agencies.

Selling and distribution expenses

Selling expenses mainly comprise staff costs of the Group's sales and marketing staff, outward freight, travelling and marketing expenses, and other related expenses. Compared to S\$1.0 million in 1H FY2020, expenses for 1H FY2021 decreased 20.4% to S\$0.8 million.

Administrative expenses

Administrative expenses mainly comprise of staff costs, Directors' fee and compensation, depreciation charge in relation to non-production assets, amortisation of intangible assets, professional fees, foreign exchange and other office expenses. Administrative expenses decreased S\$1.0 million from S\$3.2 million in 1H FY2020 to S\$2.2 million in 1H FY2021.

Finance expenses

Finance costs decreased S\$0.3 million from S\$0.7 million in 1H FY2020 to S\$0.4 million in 1H FY2021, mainly due to lesser borrowings made and lower interest rates charged during the period.

F. Other Information Required by Appendix 7C of the Catalyst Rules (Cont'd)

2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (Cont'd)

- 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; (Cont'd)**

Income tax expenses

The Group recorded a total income tax expense of S\$0.3 million in 1H FY2021 compared to S\$1.0 million in 1H FY2020 mainly due to tax expenses arising from the origination and reversal of temporary differences.

- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

Non-current assets

Total non-current assets decreased by S\$2.1 million attributed to an amortization of right-of-use assets of S\$0.2 million and net movement of S\$1.9 million in relation to property plant and equipment.

Trade and other receivables

Trade and other receivables increased by S\$2.6 million from S\$15.5 million as at 31 December 2020 to S\$18.1 million as at 30 June 2021. The increase was mainly due to fluctuations arising from business volume made by customers.

Trade and other payables

Trade and other payables increased by S\$0.7 million from S\$7.6 million as at 31 December 2020 to S\$8.3 million as at 30 June 2021. The increase was mainly due to fluctuation arising from business volume made to creditors.

Lease liabilities

The Group's lease liabilities decreased S\$0.7 million from S\$8.4 million as at 31 December 2020 to S\$7.7 million as at 30 June 2021. The reduction was due to a repayment of S\$0.7 million in relation of leased property, plant and equipment.

Bank Loans

The Group's total loans and borrowings decreased S\$0.93 million from S\$28.16 million as at 31 December 2020 to S\$27.23 million as at 30 June 2021. This decrease was due to term loans repayment of S\$0.93 million.

Deferred tax liabilities

Deferred tax liabilities decreased S\$0.1 million to S\$2.3 million in 1H FY2021 from S\$2.4 million in 1H FY2020 primarily due to deferred tax expenses arising from the origination and reversal of temporary differences.

Statement of cash flows of the Group

Net cash generated from operating activities decreased S\$1.6 million from S\$2.0 million in 1H FY2020 to S\$0.4 million in 1H FY2021 mainly due to lower income generated from operating activities.

Net cash used in investing activities was mainly related to capital expenditure incurred for the purchase of equipment and new factory progressive construction cost in Penang, Malaysia.

Net cash used in financing activities was for the repayment of term loans, lease liabilities and acquisition of treasury shares.

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

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

Not applicable

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

The Group's aerospace component business remained depressed during 1H FY2021. Moving forward, management is optimistic that the aviation sector will improve as travel restrictions between countries gradually relaxes. The Group expects the recovery of this segment to begin next year, supported by volume production of new complex and high value added parts from our strategic customers.

5. Dividend

- a) Current Financial Period Reported on
Whether an interim (final) ordinary dividend has been declared (recommended):**

None

- b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?**

None

- c) Date payable**

Not applicable

- d) 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

- e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable

- 6. If no dividend has been declared/recommendeded, 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. The available fund will be retained for working capital use.

F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)

- 7. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (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 obtained a general mandate from its shareholders for IPTs at e-AGM held on 22 April 2021.

As shown in the table below, the aggregate value of all interested person transaction during the period was approximately 3.8% of the group's latest audited net tangible assets as at 31 December 2020.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	30 June 21	30 June 21
UMS Holdings Limited & its subsidiaries	S\$17,179	S\$1,867,266

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

The Company confirmed that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

- 9. Confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six months period ended 30 June 2021 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Andy Luong
Executive Chairman

Zee Hoong Huay
Executive Director

**BY ORDER OF THE BOARD
ANDY LUONG
EXECUTIVE CHAIRMAN
13 AUGUST 2021**