



SYSMA HOLDINGS LIMITED

Company Registration No: 201207614H
(Incorporated in the Republic of Singapore on 28 March 2012)
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FINANCIAL STATEMENTS ANNOUNCEMENT

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 31 JANUARY 2023

PART I - CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS PERIOD ENDED 31 JANUARY 2023

A Condensed interim consolidated statement of comprehensive income

	Note	Group		
		6 months ended		
		31/01/2023 Unaudited	31/01/2022 Unaudited	Increase/ (Decrease)
		S\$'000	S\$'000	%
Revenue	4	29,606	25,426	16.4
Cost of sales		(26,071)	(21,336)	22.2
Gross profit		3,535	4,090	(13.6)
Other income		1,090	1,846	(41.0)
Gain on disposal of financial asset measured at fair value through profit or loss		-	5,494	n.m.
Fair value loss on financial assets measured at fair value through profit or loss		(520)	(200)	160.0
Other operating expenses		(2,730)	(2,157)	26.6
Administrative expenses		(2,986)	(4,329)	(31.0)
Finance costs		(288)	(229)	25.8
Profit before income tax		(1,899)	4,515	n.m.
Income tax expense	5	(182)	(854)	(78.7)
(Loss)/ profit for the period, representing total comprehensive income for the period		(2,081)	3,661	n.m.
(Loss)/ profit attributable to:				
Owners of the company		(2,708)	3,129	n.m.
Non-controlling interests		627	532	17.86
		(2,081)	3,661	(156.8)
Total comprehensive (loss) income attributable to:				
Owners of the company		(2,708)	3,129	n.m.
Non-controlling interests		627	532	17.86
		(2,081)	3,661	n.m.
Weighted average number of ordinary shares ('000)		252,349	252,349	-
Basic and diluted earnings per share (cent)		(0.82)	1.45	n.m.

n.m.: not meaningful

SYSMA HOLDINGS LIMITED
UNAUDITED RESULTS FOR THE SIX MONTHS PERIOD ENDED 31 JANUARY 2023

	Group		
	Six months ended		
	31/01/2023	31/01/2022	Increase/ (Decrease)
	Unaudited	Unaudited	(Decrease)
	S\$'000	S\$'000	%
After charging:			
Depreciation of property, plant and equipment	4,309	2,279	89.1
Operating lease expenses	544	634	(14.2)
Interest on lease liabilities	96	57	68.4
Interest on bank loans	192	96	100.0
Net foreign exchange losses	1,275	577	121.0
Net loss allowance – trade receivables	-	57	n.m.
and crediting:			
Rental income	33	34	(2.9)
Interest income	272	135	101.5
Write back of provisions	64	-	n.m.
Net write back of loss allowance -trade receivables	503	-	n.m.
Government grants	62	695	(91.1)
Gain on disposal of property, plant and equipment	2	375	(99.5)

n.m.: not meaningful

Related party transactions

There are no material related party transactions during the current reporting period.

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UNAUDITED RESULTS FOR THE SIX MONTHS PERIOD ENDED 31 JANUARY 2023

B Condensed interim statements of financial position

	Note	Group		Company	
		31/01/2023 Unaudited S\$'000	31/07/2022 Audited S\$'000	31/01/2023 Unaudited S\$'000	31/07/2022 Audited S\$'000
Assets					
Current assets					
Cash and cash equivalents		38,486	43,191	18,832	23,440
Pledged bank deposits		1,017	1,016	-	-
Trade and other receivables		8,068	8,364	7,268	4,485
Contract assets		7,433	9,602	-	-
Properties held for sale	6	3,469	3,469	-	-
Total current assets		<u>58,473</u>	<u>65,642</u>	<u>26,100</u>	<u>27,925</u>
Non-current assets					
Property, plant and equipment	7	24,142	24,453	-	-
Goodwill	8	4,908	4,908	-	-
Investment in subsidiaries		-	-	31,234	34,502
Financial asset measured at fair value through profit or loss	9	21,424	20,049	21,424	20,049
Other intangible assets	10	275	366	-	-
Other receivables		-	-	172	681
Contract assets		2,481	1,946	-	-
Total non-current assets		<u>53,230</u>	<u>51,722</u>	<u>52,830</u>	<u>55,232</u>
Total assets		<u>111,703</u>	<u>117,364</u>	<u>78,930</u>	<u>83,157</u>
Liabilities and equity					
Current liabilities					
Trade and other payables		16,651	18,036	17,366	17,670
Contract liabilities		2,904	4,071	-	-
Provisions		5,570	5,634	-	-
Bank loans	11	2,880	2,414	-	-
Lease liabilities		2,156	1,642	-	-
Income tax payable		1,312	1,624	175	69
Total current liabilities		<u>31,473</u>	<u>33,421</u>	<u>17,541</u>	<u>17,739</u>
Non-current liabilities					
Trade and other payables		468	383	-	-
Lease liabilities		2,527	2,528	-	-
Bank loans	11	10,865	12,374	-	-
Deferred tax liabilities		1,604	1,811	-	-
Total non-current liabilities		<u>15,464</u>	<u>17,096</u>	<u>-</u>	<u>-</u>

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UNAUDITED RESULTS FOR THE SIX MONTHS PERIOD ENDED 31 JANUARY 2023

	Note	Group		Company	
		31/01/2023 Unaudited S\$'000	31/07/2022 Audited S\$'000	31/01/2023 Unaudited S\$'000	31/07/2022 Audited S\$'000
Capital and reserves	12				
Share capital		45,538	45,538	45,538	45,538
Treasury shares		(1,120)	(1,120)	(1,120)	(1,120)
Merger reserve		(3,517)	(3,517)	-	-
Equity reserve		(844)	(844)	-	-
Accumulated profits		18,462	21,170	16,971	21,000
Equity attributable to owners of the Company		58,519	61,227	61,389	65,418
Non-controlling interests		6,247	5,620	-	-
Total equity		64,766	66,847	61,389	65,418
Total liabilities and equity		111,703	117,364	78,930	83,157

B2 Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/01/2023 (Unaudited)		As at 31/07/2022 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
5,036	-	4,056	-

Amount repayable after one year

As at 31/01/2023 (Unaudited)		As at 31/07/2022 (Audited)	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
13,392	-	14,902	-

Details of any collateral

Lease liabilities are secured by certain machinery, works vehicles, and office equipment of the Group with carrying amount of S\$3,180,272 as at 31/01/2023 (31/07/2022: S\$4,445,247).

Bank loans are secured by certain properties held for sale, properties, and land of the Group with carrying amount of S\$11,254,068 as at 31/01/2023 (31/07/2022: S\$12,060,775).

C Condensed interim consolidated statement of cash flows

	Note	Group	
		6 months period ended	
		Unaudited 31/01/2023 S\$'000	Unaudited 31/01/2022 S\$'000
Operating activities			
(Loss)/ Profit before tax		(1,899)	4,515
Adjustments for:-			
Depreciation of property, plant and equipment		4,309	2,279
Amortisation of intangibles		91	91
Addition of provisions		(64)	-
Net foreign exchange losses from non-operating cash flows		825	577
Interest income		(272)	(135)
Finance costs		288	229
Write-back of loss allowance		(503)	57
Fair value loss on financial asset measured at fair value through profit and loss		520	200
Government grant income		(62)	(695)
Gain on disposal of financial asset measured at fair value through profit and loss		-	(5,494)
Gain on disposal of property, plant and equipment		(2)	(375)
Operating cash flows before movements in working capital changes		3,231	1,249
Trade and other receivables		872	2,275
Contract assets		1,634	1,410
Trade and other payables		(960)	(1,029)
Contract liabilities		(1,167)	(1,275)
Cash generated from operations		3,610	2,630
Net government grant income received		62	543
Tax paid		(701)	(601)
Net cash generated from operating activities		2,971	2,572
Investing activities			
Interest received		225	26
Purchase of property, plant and equipment		(2,720)	(1,572)
Proceeds from disposal of property, plant, equipment		2	613
Proceeds from financial asset measured at fair value through profit and loss		-	15,004
Investment in financial asset measured at fair value through profit and loss		(2,720)	(5,000)
Net cash (used in)/ from investing activities		(5,213)	9,071
Financing activities			
Repayment of bank borrowings		(1,043)	(754)
Interest paid		(289)	(160)
Repayment of lease liabilities		(1,130)	(884)
Increase in pledged deposits		(1)	(20)
Dividend paid		-	(1,262)
Net cash generated used in financing activities		(2,463)	(3,080)
Net (decrease)/ increase in cash and cash equivalents		(4,705)	8,563
Cash and cash equivalents at beginning of the financial period		43,191	28,898
Cash and cash equivalents at end of the financial period		38,486	37,461

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D Condensed interim statements of changes in equity

	Share Capital	Treasury Shares	Merger Reserve	Equity reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interests	Total Equity
The Group (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 August 2022 (Audited)	45,538	(1,120)	(3,517)	(844)	21,170	61,227	5,620	66,847
(Loss) profit for the period, representing total comprehensive income for the financial period	-	-	-	-	(2,708)	(2,708)	627	(2,081)
Balance at 31 January 2023	45,538	(1,120)	(3,517)	(844)	18,462	58,519	6,247	64,766

	Share Capital	Treasury Shares	Merger Reserve	Equity reserve	Accumulated profits	Equity attributable to owners of the Company	Non-controlling interests	Total Equity
The Group (Audited)	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 August 2021	45,538	(1,120)	(3,517)	(844)	18,371	58,428	806	59,234
Non-controlling interest arising from issuance of subsidiaries shares	-	-	-	-	-	-	4,089	4,089
Profit for the period, representing total comprehensive income for the financial period	-	-	-	-	3,129	3,129	532	3,661
Dividends	-	-	-	-	(1,262)	(1,262)	-	(1,262)
Balance at 31 January 2022	45,538	(1,120)	(3,517)	(844)	20,238	60,295	5,427	65,722
Return of capital to non-controlling interests	-	-	-	-	-	-	(520)	(520)
Profit for the period, representing total comprehensive income for the financial period	-	-	-	-	3,455	3,455	713	4,168
Dividends	-	-	-	-	(2,523)	(2,523)	-	(2,523)
Balance at 31 July 2022	45,538	(1,120)	(3,517)	(844)	21,170	61,227	5,620	66,847

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	Share Capital	Treasury Shares	Accumulated Profits	Total Equity
The Company (Unaudited)	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 August 2022	45,538	(1,120)	21,000	65,418
Loss for the period, representing total comprehensive income for the financial period	-	-	(4,029)	(4,029)
Balance at 31 January 2023	45,538	(1,120)	16,971	61,389

	Share Capital	Treasury Shares	Accumulated Profits	Total Equity
The Company (Audited)	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 August 2021	45,538	(1,120)	18,774	63,192
Profit for the period, representing total comprehensive income for the financial period	-	-	4,904	4,904
Dividend paid	-	-	(1,262)	(1,262)
Balance at 31 January 2022	45,538	(1,120)	22,416	66,834
Profit for the period, representing total comprehensive income for the financial period	-	-	1,107	1,107
Dividend paid	-	-	(2,523)	(2,523)
Balance at 31 July 2022	45,538	(1,120)	21,000	65,418

E Notes to the condensed interim financial statements

1. Corporate information

Sysma Holdings Limited (the “Company”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the six months ended 31 January 2023 comprise the Company and its subsidiaries (collectively “the Group”). The principal activity of the Company is that of investment holding.

The principal activities of the Group are:

- (a) Building and construction services;
- (b) Property development; and
- (c) Investment holding

2. Basis of preparation

The condensed interim financial statements for the six months ended 31 January 2023 have been prepared in accordance with Singapore Financial Reporting Standards International (“SFRS(I)”) 1-34 *Interim Financial Reporting* (the “Standards”) 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 since the last financial statements for the year ended 31 July 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of amendments to the 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 New and revised SFRS(I) Standards in issue but not yet effective

At the date of authorisation of these condensed interim financial statements, the Group has not applied the following new and revised SFRS(I)s that have been issued but are not yet effective:

Amendments to SFRS(I) 1-1	<i>Classification of Liabilities as Current or Non-current</i>
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to SFRS(I) 1-8	<i>Definition of Accounting Estimates</i>
Amendments to SFRS(I) 1-1	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>

Management anticipates that the adoption of the above amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the company in the period of their initial adoption.

2.3 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 July 2022.

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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

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 financial period are included in the below:

- Impairment of goodwill – Key assumptions underlying value in use (refer to Note 8).
- Valuation of financial asset measured at fair value through profit and loss – Key assumptions underlying net asset value (refer to Note 9).
- Provisions – The Group is involved in construction projects and records provisions for projects. Management's estimates are based on terms as set out in the letter of award or contracts or management's experience. Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.
- Calculation of loss allowance – The Group uses reasonable and supportable forward-looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

3. Seasonal operations

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

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4. Revenue and segment information

For the purpose of the resource allocation and assessment of segment performance, the Group's chief operating decision maker has focused on the business operating units which in turn, are segregated based on their services. This forms the basis of identifying the operating segments of the Group.

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group is organized into the following main business segments:

1. Building Construction – General builders and construction contractors and general engineering.
2. Property development – Development of residential and commercial projects.
3. Investment holding – Investment in quoted and unquoted equities.

01 August 2022 to 31 January 2023 (Unaudited)	Building Construction S\$'000	Property Development S\$'000	Investment Holding S\$'000	Eliminations S\$'000	Group S\$'000
Revenue					
External Customers	29,606	-	-	-	29,606
Inter-segment	5,051	-	-	(5,051)	-
Total Revenue	34,657	-	-	(5,051)	29,606
Results					
Profit (loss) before income tax	7	13	(3,963)	2,044	(1,899)
Less: Income tax expense					(182)
Profit for the financial period					(2,081)
Assets and Liabilities					
Segment assets	6,2703	231	48,769		111,703
Segment liabilities	43,603	18	3,316		46,937
Other Information					
Depreciation of property, plant and equipment	(4,309)	-	-		(4,309)
Net provisions	64	-	-		64
Net loss allowance – trade receivables	503	-	-		503
Fair value loss on financial asset measured at fair value through profit or loss	-	-	(520)		(520)
Net foreign exchange losses	(22)	-	(1,253)		(1,275)
Government grant	61	-	1		62
Finance costs	(265)	-	(23)		(288)
Interest income	32	-	240		272
Addition to non-current assets	4,035	-	-		4,035

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UNAUDITED RESULTS FOR THE SIX MONTHS PERIOD ENDED 31 JANUARY 2023

01 August 2021 to 31 January 2022 (Unaudited)	Building Construction S\$'000	Property Development S\$'000	Investment Holding S\$'000	Eliminations S\$'000	Group S\$'000
Revenue					
External Customers	25,426	-	-	-	25,426
Inter-segment	2,220	-	1,600	(3,820)	-
Total Revenue	27,646	-	-	(3,820)	25,426
Results					
Profit before income tax	666	^	3951	(102)	4,515
Less: Income tax expense					(854)
Profit for the financial period					1,661
Assets and Liabilities					
Segment assets	5,435	1,531	51,477		106,443
Segment liabilities	39,989	31	701		40,721
Other Information					
Depreciation of property, plant and equipment	(2,279)	-	-		(2,279)
Net loss allowance – trade receivables	(57)	-	-		(57)
Fair value loss on financial asset measured at fair value through profit or loss	-	-	(200)		(200)
Net foreign exchange losses	^	-	-		(577)
Government grant	691	-	4		695
Finance costs	(152)	-	(76)		(228)
Interest income	20	-	115		135
Addition to non-current assets	3,714	-	-		3,714

^: amount below S\$500

Geographical information – The Group only operates in Singapore.

Timing of revenue recognition – Construction revenue is from construction contracts over time.

5. Income tax expense

	6 months ended 31 January 2023	6 months ended 31 January 2022
	S\$'000	S\$'000
Current:		
Income tax	723	801
Deferred tax	(206)	41
	517	842
(Over) under provision of current tax in prior years	(335)	12
	182	854

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6. Property held for sale

	<u>Properties held for sale</u>
	<u>S\$'000</u>
As at 31 July 2022 and 31 January 2023	3,469

6.1 Valuation

Properties held for sale

The properties held for sale are held at the lower of the cost and net realisable value. The net realisable value is determined based on assessment by an independent professional valuer. The valuation process involves significant judgements to determine the appropriate valuation methodologies and adjustments to comparable property prices when using the direct comparison method. Valuation is carried out at the end of every financial year.

7. Property, plant and equipment

During the six months ended 31 January 2023, the Group acquired assets amounting to S\$3.2 million (31 January 2022: S\$3.5 million) and disposed of assets with no carrying amount (31 January 2022: S\$0.2 million).

8. Goodwill

	<u>Goodwill on Consolidation</u>
	<u>S\$'000</u>
Cost and carrying amount:	
As at 31 July 2022 and 31 January 2023	4,908

The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.

In accordance with the requirements of SFRS(I) 1-36, the value in use calculations applied a discounted cash flow model using management approved cash flow projections.

The key assumptions used in determining the recoverable amount of the cash generating units ("CGUs") are those regarding discount rates, revenue growth rates, profitability margins, capital expenditures, working capital cycles and non-operating cash balances, as at the assessment date. The last assessment was done for the year ended 31 July 2022.

The discount rates applied to the cash flows projections are derived from the weighted average cost of capital plus a reasonable risk premium applicable to the CGUs at the date of assessment of the recoverable amounts. The growth rates used to extrapolate the cash flows of KH Engineering Ltd. ("KHE") and KH Instrumentation Pte. Ltd. ("KHI") are (5.6)% and 2.7% respectively for FY2023 (FY2021: (13.5)% and (24.8)% respectively for FY2022) and, 3% and 5% respectively for subsequent years (FY2021: growth rates used for subsequent years were 5% and 5% respectively). The growth rates used to extrapolate the cash flows of Dae Sung Construction Pte. Ltd. ("DSC") is 0.1% for FY2023 (FY2021: 23.5% for FY2022), 6% for FY2024 and FY2025, and 5% for FY2026 and FY2027 (FY2021: growth rates used for subsequent years was 5%). This does not exceed the long-term growth rate for the relevant markets. The implied pre-tax rates used to discount the cash flow projections of the respective CGUs are as follows:

- (a) The rate used to discount the cash flows from KHE is 8.0% (2021: 8.0%).
- (b) The rate used to discount the cash flows from KHI is 8.0% (2021: 8.0%).
- (c) The rate used to discount the cash flows from DSC is 8.0% (2021: 8.0%).

The values assigned to other key assumptions are based on past performances and expected future market development.

As at the end of the respective reporting periods, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amount of the CGU.

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9. Financial asset measured at fair value through profit and loss

	31 January 2023	31 July 2022
	S\$'000	S\$'000
Investment in unquoted equities (Level 3)		
- Issuer A (USD)	14,363	15,094
- Issuer B (USD)	2,626	-
	<u>16,989</u>	<u>15,094</u>
Investment in quoted equities (Level 1)		
- Issuer C (SGD)	4,435	4,955
	<u>21,424</u>	<u>20,049</u>

The investments in Issuer A, Issuer B, and Issuer C are in an unquoted equity investment, unquoted equity investment and quoted equity investment respectively

The fair value of the investment in Issuer A's unquoted equities has been estimated using valuation that arose from the subsequent round of external financing as a proxy. The last assessment was done for the financial ended 31 July 2022. The fair value assessment will be conducted again at the end of the financial year.

The investment in Issuer B's unquoted equities was completed on 26 January 2023, hence fair value is based on subscription amount. The fair value assessment will be conducted again at the end of the financial year.

The fair value of the investment in Issuer C's quoted equities acquired in 2022 is based on its value as reflected on the Singapore Exchange (SGX) where it is listed. The last assessment was done for the financial year ended 31 July 2021. The fair value assessment will be conducted again at the end of the financial year.

There has been a decrease in the fair value of financial assets at fair value of S\$520,000 in HY2023 (2022: S\$1.3 million)

All other changes in the fair value of these financial assets are due to movements in exchange rates and the acquisition of financial assets.

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10. Other intangible assets

Other intangible assets relate to the customer contracts secured by Dae Sung Construction Pte. Ltd. ("DSC") prior to its acquisition date.

These contracts legally bind DSC to the main contractors, to fulfil the agreed scopes of works and earn the sub-contract sums.

Fair value of the customer contracts was estimated using the multi period excess earnings method ("MEEM"), with the assistance of independent appraisers.

11. Bank loans

No new loans have been drawn down in the financial period ended 31 January 2023.

12. Share capital

	Number of shares	Share Capital (\$)
As at 31 January 2023 and 31 July 2022	252,348,600	44,418,066

There were 8,651,400 treasury shares (representing 3.4% of the Company's 252,348,600 ordinary shares (excluding treasury shares)) as at 31 January 2023 and 31 July 2022.

The Company did not have any outstanding options or convertibles as at 31 January 2023 and 31 July 2022. There were no subsidiary holdings as at 31 January 2023 and 31 July 2022.

13. Dividends

On 14 March 2022, an interim one-tier tax exempt dividend of 1.0 Singapore cent per share amounting to \$2,523,486 in respect of the financial year ended 31 July 2022 was declared. On 31 March 2022, the dividend was paid to shareholders.

No dividend has been declared or recommended for the financial period ended 31 January 2023.

Declaration of dividends, if any, for the financial year will be determined at year end.

14. Subsequent events

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

PART II - OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

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

The condensed consolidated statement of financial position of the Company and its subsidiaries as at 31 January 2023 and the related condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period ended 31 January 2023 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

- 2. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter).**

Not applicable.

- 3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion (this is not required for any audit issue that is a material uncertainty relating to going concern):—**

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

Not applicable.

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

Not applicable.

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

Please refer to Section 2 of Part I.

- 5. If there were 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.**

Please refer to Section 2 of Part I.

- 6. 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 period reported on; and
(b) immediately preceding financial year

	Group		Company	
	31/01/2023	31/07/2022	31/01/2023	31/07/2022
	(Unaudited)	(Audited)	(Unaudited)	(Audited)
	(Singapore cents)	(Singapore cents)	(Singapore cents)	(Singapore cents)
Net asset value per ordinary share attributable to owners of the company	23.19	24.26	24.33	25.92

As at 31 January 2023, the number of ordinary shares issued (excluding treasury shares) is 252,348,600 (31 July 2022: 252,348,600).

7. **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.**

Please refer to Section 12 of Part I.

8. **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.**

Please refer to Section 12 of Part I.

9. **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. There were no sales, transfers, cancellation and/or use of treasury shares during and as at the end of the current financial period reported on.

10. **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during and as at the end of current financial Period reported on.

11. **Review of performance of the Group**

Review of Group Performance for the six months ended 31 January 2023 ("HY2023") vs the six months ended 31 January 2022 ("HY2022")

Revenue increased from S\$25.4 million in HY2022 to S\$29.6 million in HY2023 mainly due to better progress in construction works.

Cost of sales increased from S\$21.3 million in HY2022 to S\$26.1 million in HY2023, in line with corresponding increase in revenue as well as overall increase in cost of construction. As a result, the gross profit margin decreased from 16.1% in HY2022 to 11.9% in HY2023.

Depreciation expense had increased by approximately S\$2.0 million from S\$2.3 million in HY2022 to S\$4.3 million in HY2023 mainly due to purchases of fixed assets in the current financial period in line with the increase in revenue. Amortization expense remained constant at S\$0.1 million.

Other income decreased to S\$1.1 million in HY2023. This was mainly due to the decrease in government grants of S\$0.6 million due to ceasing COVID-19 related support, decrease in gain on disposal of fixed assets of S\$0.4 million, and decrease in miscellaneous income of S\$0.3 million mainly from sale of steel scrap materials. This was partially offset by increase in interest income from fixed deposits of S\$0.3 million due to increased usage of fixed deposits in HY2023, and increase in reversal of bad debt provision due to recovery of previously provided for receivables.

Other operating expenses increased from S\$2.2 million in HY2022 to S\$2.7 million in HY2023. This was mainly due to an increase in loss on foreign exchange of S\$0.7 million due to a weakening of the US dollar against the Singapore dollar, partially offset by a decrease in loss allowance - trade receivables of S\$0.1 million.

The decrease in administrative expenses from S\$4.3 million in HY2022 to S\$3.0 million in HY2023 was mainly due to the decrease in staff salary and related expenses of S\$1.3 million mainly attributable to one-off business generation incentive of S\$1.1 million incurred in HY2022.

The income tax expense saw a decrease of S\$0.7 million. This was mainly due to a decrease in current tax expense of S\$0.1 million (in line with decreased profit), decrease in deferred tax expense of S\$0.2 million, and an increase in overprovision of prior year tax of S\$0.3 million.

As a result of the above, our net profit saw a decrease of S\$5.7 million to a net loss of S\$2.1 million.

Review of Group Financial Position

As at 31 January 2023, current assets amounted to S\$58.5 million or approximately 52.4% of total assets. Current assets decreased by approximately S\$7.2 million mainly due to decrease in cash and cash equivalents of S\$4.7 million, decrease in contract assets of S\$2.2 million, and decrease in trade and other receivables of S\$0.3 million.

Decrease in cash and cash equivalents was mainly due to net cash outflow from investing activities of S\$5.2 million, and net cash outflow from financing activities of S\$2.5 million and partially offset by the net cash inflow from operating activities of S\$3.0 million.

Decrease in trade and other receivables of S\$0.3 million is mainly due to improved collectability from customers.

Current contract assets decreased by S\$2.2 million mainly due to the decrease in unbilled revenue of S\$1.5 million, and decrease in retention receivables of S\$0.7 million.

Non-current assets amounted to S\$53.2 million or approximately 47.6% of total assets. The S\$1.5 million increase in non-current assets was mainly due to the increase in investment in financial assets measured at fair value through profit and loss of S\$1.4 million. This movement was due to a US\$2.0 million (S\$2.7 million) investment in a BVI company focused on a startup in the construction sector in India. The remaining S\$0.7 million offsetting decrease was due to exchange rate movements and fair value changes. Please refer to Section 9 of Part I for additional details.

Current liabilities amounted to S\$31.5 million or approximately 67.1% of our total liabilities. Current liabilities decreased by approximately S\$1.9 million mainly due to the decrease in trade and other payables of S\$1.4 million. This was mainly due to the decrease in accruals of S\$1.3 million. Further, current liabilities decreased due to the decrease in contract liabilities of S\$1.2 million mainly due to reduction in advances received from customers, and income tax payable of S\$0.3 million. This was partially offset by the increase in bank loan of S\$0.5 million due to reclassification from non-current liabilities, and increase in lease liabilities of S\$0.5 million,

Bank loans increased by S\$0.5 million (current) mainly due to reclassification from Bank Loans (non-current) which was in line with the movement in repayment dates and decreased by S\$1.85 million (non-current) mainly due to loan repayments during the period.

Lease liabilities had increased by S\$0.5 million (current, non-current remained fairly constant) due to new leases, as well as extension of existing ones, partially offset by repayments during the period.

Income tax payable decreased by S\$0.3 million, in line with the decrease in current tax expense and repayment of tax during the period.

Non-current liabilities amounted to S\$15.5 million or approximately 32.9% of our total liabilities. The decrease of S\$1.6 million is mainly attributable to decreases in bank loans of S\$1.5 million and the decrease in deferred tax liabilities of S\$0.2 million due to unwinding of Purchase Price Allocation ("PPA") adjustments.

Accumulated profits decreased by S\$2.7 million due to the net loss attributable to owners of the company of S\$2.7 million in HY2023.

Review of Statement of Cash Flows

In HY2023, net cash inflows from operating activities of approximately S\$3.0 million was a result of operating cash inflows before working capital changes of approximately of S\$3.2 million, adjusted for net working capital outflows of approximately S\$0.3 million, and a result of the following material movements in HY2023:

- Depreciation of property plant and equipment had increased by S\$2.1 million as explained in the "Review of Group Performance" above.

The net working capital outflows of approximately S\$0.3 million were mainly due to income tax paid of S\$0.7 million, decreases in trade and other payables of S\$1.0 million, and contract liabilities of S\$1.2 million, partially offset by net grant income received of S\$0.1 million, decreases in trade and other receivables of S\$0.9 million, and contract assets by S\$1.6 million.

Net cash outflow from investing activities amounted to S\$5.2 million and was mainly due to the new investment in financial asset measured at fair value through profit and loss of S\$2.7 million and the purchase of Property, Plant and Equipment ("PPE") of S\$2.7 million, partially offset by interest received of S\$0.2 million.

Net cash outflow from financing activities amounted to approximately S\$2.5 million and was mainly due to repayment of bank borrowings of S\$1.0 million, repayment of lease liabilities of S\$1.1 million, and repayment of interest of S\$0.3 million.

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

Not applicable as no forecast or prospect statement has been previously disclosed to shareholders.

13. 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 the business environment to remain challenging amidst global uncertainties. Continued tightening of monetary policies will dampen opportunities as we see major economies dealing with high inflation. We expect this to negatively impact high indebtedness and as such will be cautious and prudent with cash management and liabilities. The prolonged war in Ukraine and potential geo-political escalation of tensions between major powers continue to cloud our outlook for the world economy.

The Group will continue to keep a lookout for suitable opportunities in relation to all segments to grow its business strategically.

Building Construction Business

The Group's building construction business focused on timely execution and delivery of its order book which amounted to S\$126.7 million as at 31 January 2023, S\$72.5 million of which were secured in HY2023.

Moving forward, the Group will continue to leverage on its strong market reputation as a trusted builder of Good Class Bungalows ("GCBs") and high-end landed properties, and actively bid for new projects.

Property Development Business

The Group continues to be on the lookout for suitable property development opportunities.

Investments

The Group continues to maintain its investment in Blue Planet Environmental Solutions Pte Ltd and Pegasus Asia.

The Group invested US\$2.0 million in Alpha Ray Global Limited, a BVI Investment Holding company focused on a startup in the construction sector in India.

The Group will continue to market the three remaining commercial units in 28 RC Suites (previously classified under Property Development Business Segment).

Please refer to Section 9 of Part I for additional details.

14. Dividend information

(a) Current Financial Period Reported on

No dividend has been declared or recommended.

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

Not applicable.

(b)(ii) Corresponding period of the Immediately Preceding Financial Year

On 14 March 2022, an interim one-tier tax exempt dividend of 1.0 Singapore cent per share amounting to \$2,523,486 in respect of the financial year ended 31 July 2022 was declared. On 31 March 2022, the dividend was paid to shareholders.

- (c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

- (d) Date Payable

Not applicable.

- (e) Books closure date

Not applicable.

15. 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 so as to conserve cash for the challenging environment ahead.

16. If the group has obtained a general mandate from shareholders for Interested Person Transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate for interested person transactions.

There was no interested person transaction of S\$100,000 or more entered into during HY2023.

17. Disclosure of acquisition (including incorporations) and sale of shares under Catalist Rule 706A

Acquisition of shares in Alpha Ray Global Limited (“AG”)

The Company had on 26 January 2023 acquired 50,261 shares representing 19.1% equity in AG for a total consideration of US\$2 million. AG is focused on a startup in the construction sector in India

Save as disclosed above, there were no other incorporations of new entities, acquisitions, and sale of shares during HY2023.

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

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

BY ORDER OF THE BOARD

SIN SOON TENG
EXECUTIVE CHAIRMAN AND GROUP CEO
10 March 2023

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited consolidated financial statements for the six months ended 31 January 2023 to be false or misleading in any material respect.

On behalf of the Board of Directors

SIN SOON TENG
Executive Chairman & Group CEO

TEO BOON TIENG
Independent Non-Executive Director

10 March 2023

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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