

Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2022

**Koyo International Limited
and its Subsidiaries**
(Incorporated in Singapore)
(Company Registration No: 200100075E)

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

The Group	NOTE	Six Months Ended		Increase/ (Decrease) %
		30-Jun-22	30-Jun-21	
		(Unaudited) S\$ '000	(Unaudited) S\$ '000	
Revenue	4	17,998	13,536	33.0
Cost of construction		(15,083)	(10,113)	49.1
Gross profit		2,915	3,423	(14.8)
Other income		617	735	(16.1)
Selling and distribution expenses		(38)	(21)	81.0
Administrative expenses		(4,353)	(3,786)	15.0
Other operating expenses		(189)	(103)	83.5
Finance Expenses		(17)	(20)	(15.0)
Profit/(Loss) before income tax	6	(1,065)	228	(567.1)
Income tax expense	7	-	(16)	n.m.
Net profit/(loss)		(1,065)	212	(602.4)
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Net fair value gains on equity instruments at fair value through other comprehensive income		1	4	(75.0)
Other comprehensive income, net of tax		1	4	(75.0)
Total comprehensive income/(loss)		(1,064)	216	(592.6)
Profit/(Loss) attributable to :				
Equity holders of the Company		(1,065)	212	(602.4)
Total comprehensive income/ (loss) attributable to:				
Equity holders of the Company		(1,064)	216	(592.6)
Earnings/(Losses) per share (Singapore cents)				
Basic		(0.56)	0.11	
Diluted		(0.56)	0.11	
Earnings per share was calculated based on weighted average number of ordinary shares in issue ('000):				
(a) Basic		189,824	189,824	
(b) Diluted		189,824	189,824	

Basic and diluted earnings per share of the Group were the same as there were no potential dilutive securities in issue as at 30 June 2022 and 30 June 2021.

n.m.: not meaningful

(B) Condensed interim statements of financial position

	Note	<u>Group</u>		<u>Company</u>	
		30-Jun-22 (Unaudited) S\$ '000	31-Dec-21 (Audited) S\$ '000	30-Jun-22 (Unaudited) S\$ '000	31-Dec-21 (Audited) S\$ '000
<u>ASSETS</u>					
<u>Non-current Assets</u>					
Property, plant and equipment	11	6,658	7,034	41	81
Investments in subsidiaries		-	-	28,450	28,450
Investment securities, at FVOCI	10	21	20	-	-
Investment securities, at FVPL	14	590	658	590	658
		<u>7,269</u>	<u>7,712</u>	<u>29,081</u>	<u>29,189</u>
<u>Current Assets</u>					
Inventories		56	36	-	-
Deferred income tax asset		140	140	-	-
Trade and other receivables		4,156	6,087	10	7
Contract assets		8,971	4,524	-	-
Cash and bank balances		10,439	13,323	311	425
		<u>23,762</u>	<u>24,110</u>	<u>321</u>	<u>432</u>
Total Assets		<u>31,031</u>	31,822	<u>29,402</u>	29,621
<u>LIABILITIES</u>					
<u>Non-current Liabilities</u>					
Lease liabilities	12	1,678	1,815	-	-
<u>Current Liabilities</u>					
Trade and other payables		8,008	7,047	1,009	935
Provision for onerous contract		271	828	-	-
Lease liabilities	12	272	266	-	-
Current income tax liabilities		110	110	-	-
		<u>8,661</u>	<u>8,251</u>	<u>1,009</u>	<u>935</u>
Total Liabilities		<u>10,339</u>	10,066	<u>1,009</u>	935
Net Assets		<u>20,692</u>	21,756	<u>28,393</u>	28,686
<u>EQUITY</u>					
Share capital	13	4,477	4,477	40,072	40,072
Treasury shares		(630)	(630)	(630)	(630)
Other reserves		1,647	1,646	-	-
Retained profits / (accumulated losses)		15,198	16,263	(11,049)	(10,756)
Total Equity		<u>20,692</u>	21,756	<u>28,393</u>	28,686

(C) Condensed interim statements of changes in equity

<u>The Group</u> (Unaudited)	Note	Attributable to equity holders of the Company				Total Equity S\$'000
		Share Capital S\$'000	Treasury Shares S\$'000	Other Reserves S\$'000	Retained Profits S\$'000	
2022						
At 1 January 2022		4,477	(630)	1,646	16,263	21,756
Loss for the period		-	-	-	(1,065)	(1,065)
<u>Other comprehensive income</u>						
Net fair value gains on equity securities at fair value through OCI		-	-	1	-	1
Total comprehensive income/ (loss) for the period		-	-	1	(1,065)	(1,064)
<u>Contribution by and distributions to owners</u>						
Dividends	8	-	-	-	-	-
Total contributions by and distributions to owners representing total transactions with owners in their capacity as owners		-	-	-	-	-
At 30 June 2022		4,477	(630)	1,647	15,198	20,692
2021						
At 1 January 2021		4,477	(630)	(265)	16,413	19,995
Profit for the period		-	-	-	212	212
<u>Other comprehensive income</u>						
Net fair value gains on equity securities at fair value through OCI		-	-	4	-	4
Total comprehensive income for the period		-	-	4	212	216
<u>Contribution by and distributions to owners</u>						
Dividends	8	-	-	-	(95)	(95)
Total contributions by and distributions to owners representing total transactions with owners in their capacity as owners		-	-	-	(95)	(95)
At 30 June 2021		4,477	(630)	(261)	16,530	20,116

(C) Condensed interim statements of changes in equity (cont'd)

<u>The Company</u> (Unaudited)	Note	Attributable to equity holders of the Company				
		Share Capital S\$'000	Treasury Shares S\$'000	Other Reserves S\$'000	(Accumulated Losses) S\$'000	Total Equity S\$'000
2022						
At 1 January 2022		40,072	(630)	-	(10,756)	28,686
Total comprehensive loss for the period		-	-	-	(293)	(293)
Dividends	8	-	-	-	-	-
At 30 June 2022		40,072	(630)	-	(11,049)	28,393
2021						
At 1 January 2021		40,072	(630)	-	(10,396)	29,046
Total comprehensive income for the period		-	-	-	47	47
Dividends	8	-	-	-	(95)	(95)
At 30 June 2021		40,072	(630)	-	(10,444)	28,998

(D) Condensed interim consolidated statement of cash flows

<u>The Group</u>	Note	Six Months Ended	
		30-Jun-22 (Unaudited) S\$'000	30-Jun-21 (Unaudited) S\$'000
Cash flows from operating activities			
Net profit / (loss)		(1,065)	212
Adjustments for:			
Income tax expense		-	16
Depreciation of property, plant and equipment		445	502
Interest expenses		17	20
Interest income	6	(18)	(31)
Dividend income		(4)	-
Fair value loss on investment securities		141	-
Exchange gain on investment securities		(19)	(3)
Operating profit / (loss) before working capital changes		(503)	716
Change in working capital:			
Inventories		(20)	(19)
Trade and other receivables, contract assets		(2,512)	(174)
Trade and other payables, provision for onerous contract		404	(52)
Cash generated from / (used in) operations		(2,631)	471
Income tax paid		-	(27)
Net cash generated from / (used in) operating activities		(2,631)	444
Cash flows from investing activities			
Additions to property, plant & equipment		(69)	(341)
Investment securities measured at fair value through profit or loss		(50)	(384)
Interest received		14	19
Net cash used in investing activities		(105)	(706)
Cash flows from financing activities			
Proceeds from finance lease		-	100
Repayment of lease liabilities		(131)	(171)
Interest paid		(17)	(20)
Dividends paid to equity holders of the Company	8	-	(95)
Net cash used in financing activities		(148)	(186)
Net Decrease in cash and cash equivalents		(2,884)	(448)
Cash and cash equivalents at beginning of the period		12,200	16,643
Cash and cash equivalents at end of the period		9,316	16,195

(D) Condensed interim consolidated statement of cash flows (cont'd)

Non-cash transaction:

During the six months ended 30 June 2022 ("HY2022"), the Group acquired property, plant and equipment with an aggregate cost of S\$69,000 (30 June 2021: S\$341,000), of which none (30 June 2021: S\$100,000) was acquired under leases and all of S\$69,000 (30 June 2021: S\$241,000) via cash payment.

Reconciliation of liabilities arising from financing activities

	1-Jan-22	Principal & Interest	Acquisition	Interest Expense	30-Jun-22
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Lease liabilities	2,081	(148)	-	17	1,950

	1-Jan-21	Principal & Interest	Acquisition	Interest Expense	30-Jun-21
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Lease liabilities	812	(191)	100	20	741

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

The Group	Six Months As At	
	30-Jun-22 (Unaudited)	30-Jun-21 (Unaudited)
	S\$'000	S\$'000
Short-term bank deposits	3,293	6,261
Cash and bank balances	7,146	11,054
	<u>10,439</u>	<u>17,315</u>
Less: Fixed deposits pledged to banks	(1,123)	(1,120)
	<u>9,316</u>	<u>16,195</u>

E. Notes to the unaudited condensed interim consolidated financial statements

1. General information

Koyo International Limited ("Company") is listed on the Catalist Board of Singapore Exchange Securities Trading Limited ("SGX-ST") and incorporated and domiciled in Singapore. These unaudited condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the financial statements of the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are those of investment holding and business of providing integrated mechanical and electrical engineering ("M&E") services.

The principal activities of its subsidiaries are:

- (a) Providing integrated mechanical and electrical engineering services and facilities management services;
- (b) Engineering contract works;
- (c) Supply of essential construction materials, including but not limited to reclamation sand, construction sand, armour rock, granite and other aggregates;
- (d) Supply and installation of audio, video and security and communication systems;
- (e) Environmental engineering work;
- (f) General trading of products;
- (g) Building construction, air-conditioner, mechanical ventilation system installation and engineering works; and
- (h) Interior design services and renovation work.

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

2. Basis of preparation

The unaudited condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The unaudited 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 31 December 2021.

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

The unaudited 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

In the current financial year, the Group has adopted all the new and revised SFRS(I) that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised SFRS(I)s did not result in material changes to the Group's accounting policies and has no material effect on the financial results or position of the Group and the Company.

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

2.2 Use of judgements and estimates

In preparing the unaudited 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 were applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the financial period in which the estimates are revised and in any future financial periods affected.

3. Seasonal operations

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

4. Segment and revenue information

The Group is organised into the following main business segments:

- Mechanical Engineering
- Electrical Engineering
- Facilities Management; and
- Investment Holding

These operating segments are reported in a manner consistent with internal reporting provided to the Board of Directors who are responsible for allocating resources and assessing performance of the operating segments. The Group's operations are mainly located in Singapore.

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

4.1 Reportable segments

	Mechanical Engineering S\$'000	Electrical Engineering S\$'000	Facilities Management S\$'000	Investment Holding S\$'000	Total S\$'000
HY2022					
Revenue from external parties	9,950	4,888	3,301	(141)	17,998
Gross profit/(loss)	3,017	(1,844)	1,883	(141)	2,915
Segment assets	6,818	3,472	1,639	590	12,519
Segment liabilities	3,835	2,696	727	-	7,258

	Mechanical Engineering S\$'000	Electrical Engineering S\$'000	Facilities Management S\$'000	Investment Holding S\$'000	Total S\$'000
HY2021					
Revenue from external parties	6,021	4,099	3,412	4	13,536
Gross profit	2,339	117	963	4	3,423
Segment assets	1,222	1,781	1,677	387	5,067
Segment liabilities	3,894	1,923	678	-	6,495

4.2 Disaggregation of revenue

	Group	
	Six Months Ended	
	30 June 2022	30 June 2021
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Construction contracts		
Mechanical (Singapore)		
- At a point in time	-	-
- Over time	9,950	6,021
Electrical (Singapore)		
- At a point in time	-	-
- Over time	4,888	4,099
	14,838	10,120
Facilities management (Singapore)		
- At a point in time	-	-
- Over time	3,301	3,412
Investment holding	(141)	4
	17,998	13,536

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

5. Financial assets and financial liabilities

	<u>Group</u>		<u>Company</u>	
	<u>30-Jun-22</u> <u>(Unaudited)</u>	<u>31-Dec-21</u> <u>(Audited)</u>	<u>30-Jun-22</u> <u>(Unaudited)</u>	<u>31-Dec-21</u> <u>(Audited)</u>
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Financial Assets				
Financial assets at amortised cost	13,492	18,166	902	1,087
Financial Liabilities				
Financial liabilities at amortised cost	9,880	9,120	1,011	935

6. Profit before taxation

6.1. Significant items

The Group

	<u>Six Months Ended</u>	
	<u>30-Jun-22</u> <u>(Unaudited)</u>	<u>30-Jun-21</u> <u>(Unaudited)</u>
	S\$ '000	S\$ '000
Interest income	(18)	(31)
Exchange gain on investment securities	(19)	(3)
Depreciation of property, plant and equipment ("PPE")	445	502

6.2. Related party transactions

Save as disclosed below, no related party transactions took place between the Group and related parties during HY2022.

- (a) Outstanding balances as at 30 June 2022, arising from sales/purchases of goods and services, are unsecured and receivables/payable within 12 months (30 June 2021: 12 months) from the end of reporting period are disclosed as follows:

	Group		Company	
	30-Jun-22 (Unaudited) S\$ '000	30-Jun-21 (Unaudited) S\$ '000	30-Jun-22 (Unaudited) S\$ '000	30-Jun-21 (Unaudited) S\$ '000
Trade receivables				
- Subsidiary	-	-	-	21
Other payables				
- Subsidiary	-	-	(980)	(880)

- (b) Key management remuneration

The key management remuneration representing directors' and other key management personnel's are as follows:

	Group	
	30 Jun 22 (Unaudited) S\$'000	30 Jun 21 (Unaudited) S\$'000
Directors' fees	50	60
Salaries and short-term employee benefits	1,219	1,524
Employer's contribution to Central Provident Fund	66	108
	1,335	1,692

The above includes total remuneration to directors of the Company and its subsidiaries amounting to \$525,000(30 June 2021: \$839,000).

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

7. Taxation

The Group calculates the current financial period's 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:

	Six Months Ended	
	30-Jun-22 (Unaudited) S\$ '000	30-Jun-21 (Unaudited) S\$ '000
	Current income tax expense	-

8. Dividends

	Group	
	30-Jun-22 (Unaudited) S\$'000	30-Jun-21 (Unaudited) S\$'000
	Ordinary dividends paid:	
FY2020 Final dividend of 0.05 cents per share	-	95
Dividend per share (net of tax) (Singapore cents)	-	0.05

9. Net asset value

	The Group		The Company	
	30-Jun-22 (Unaudited)	31-Dec-21 (Audited)	30-Jun-22 (Unaudited)	31-Dec-21 (Audited)
Net asset value per ordinary share (Singapore cents/share)	10.90	11.46	14.96	15.11
Number of Shares (excluding treasury shares) as at end of period/ year ('000)	189,824	189,824	189,824	189,824

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

10. Financial assets at fair value through other comprehensive income (OCI)

	30-Jun-22 (Unaudited) S\$ '000	31-Dec-21 (Audited) S\$ '000
Investment securities - OCI	<u>21</u>	<u>20</u>

10.1. Fair value measurements

The table below presents assets and liabilities measured and carried at fair value and classified by level of the following fair value measure hierarchy:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date (Level 1);
- (b) inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

	Group Level 1 S\$'000
<u>Fair value through OCI</u> 30 June 2022	<u>21</u>
<u>Fair value through OCI</u> 31 December 2021	<u>20</u>

The fair value of investment securities traded in active markets is based on quoted market prices at the end of the reporting period. These instruments are included in Level 1.

The carrying amount less allowance for expected credit losses of trade receivables and payables are assumed to approximate their fair values due to the short-term nature of these balances.

11. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$69,000 (30 June 2021: \$341,000) and there was no disposal of assets (30 June 2021: nil).

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

12. Lease liabilities

	<u>30-Jun-22 (Unaudited)</u>		<u>31-Dec-21 (Audited)</u>	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less				
Lease liabilities	34	238	33	233
Amount repayable after one year				
Lease liabilities	20	1,658	37	1,778
	54	1,896	70	2,011

Details of collateral:

The Group's secured borrowings relates to lease, secured against the respective motor vehicles with carrying amount of approximately S\$239,000 (31 Dec 2021: S\$273,000).

13. Share Capital

	<u>30-Jun-22 (Unaudited)</u>		<u>31-Dec-21 (Audited)</u>	
	No. of shares '000	S\$'000	No. of shares '000	S\$'000
Group				
Issued and fully paid ordinary shares	196,124	4,477	196,124	4,477
Company				
Issued and fully paid ordinary shares	196,124	40,072	196,124	40,072

The Company holds 6,300,000 treasury shares as at 30 June 2022 and 31 December 2021. There were no subsidiary holdings as at 30 June 2022 and 31 December 2021.

14. Financial assets at fair value through profit or loss

	<u>Group and Company</u>	
	<u>30-Jun-22 (Unaudited) S\$ '000</u>	<u>31-Dec-21 (Audited) S\$ '000</u>
Investment securities – quoted (Level 1)	590	658

The investment securities represent the fair value as at 30 June 2022 and 31 December 2021. The company has elected to measure these quoted equity securities at fair values through profit or loss as it is classified under the investment holding business segment.

15. Subsequent events

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

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

1. Review

The unaudited condensed interim consolidated statements of financial position of Koyo International Limited and its subsidiaries as at 30 June 2022 and the related unaudited condensed interim consolidated profit or loss and other comprehensive income, unaudited condensed interim consolidated statements of changes in equity and unaudited condensed interim consolidated statement of cash flows for the six-month period ended 30 June 2022 and certain explanatory notes have not been audited or reviewed by the Company's auditors.

2. Review of the performance of the Group

i) Revenue

	GROUP					
	Six Months Ended 30 June					
	2022		2021		Increase/(decrease)	
	S\$'000	%	S\$'000	%	S\$'000	%
Mechanical Engineering	9,950	55.3	6,021	44.5	3,929	65.3
Electrical Engineering	4,888	27.2	4,099	30.3	789	19.2
Facilities Management	3,301	18.3	3,412	25.2	(111)	(3.3)
Investment Holding	(141)	(0.8)	4	0.0	(145)	n.m.
Total	17,998	100.0	13,536	100.0	4,462	33.0

ii) Gross Profit/(Loss)

	GROUP					
	Six Months Ended 30 June					
	2022		2021		Increase/ (decrease)	
	S\$'000	%	S\$'000	%	S\$'000	%
Mechanical Engineering	3,017	103.5	2,339	68.4	678	29.0
Electrical Engineering	(1,844)	(63.3)	117	3.4	(1,961)	(1,676.1)
Facilities Management	1,883	64.6	963	28.1	920	95.5
Investment Holding	(141)	(4.8)	4	0.1	(145)	n.m.
Total	2,915	100.0	3,423	100.0	(508)	(14.8)

iii) Gross Profit/(Loss) Margin

	30 June 2022	30 June 2021	Increase/ (Decrease)
	%	%	%
Mechanical Engineering	30.3	38.8	(8.5)
Electrical Engineering	(37.7)	2.9	(40.6)
Facilities Management	57.0	28.2	28.8
Investment Holding	n.m.	n.m.	n.m.
Total	16.2	25.3	(9.1)

n.m.: not meaningful

2. Review of the performance of the Group (cont'd)

The increase in total revenue in HY2022 is mainly attributable to the increase in revenue from the mechanical engineering and electrical engineering segments. Revenue from the mechanical engineering segment increased mainly due to most of the projects are at ongoing phases. Revenue from the electrical engineering segment increased slightly as projects are on-going.

Revenue contribution from the facilities management segment decreased as two projects were completed in February/March 2022.

Gross profit decreased mainly attributable to an increase in gross loss from electrical engineering segment and loss on the fair value of investment securities, despite of the gross profit generated from the mechanical engineering and facilities management segments.

Gross profit margin decreased from 25.3% in HY2021 to 16.2% in HY2022 mainly due to lower gross profit margin derived from the mechanical engineering segment and a gross loss margin derived from electrical engineering segment. The gross profit margin for mechanical engineering is lower mainly due to subcontractors' costs transferred from down payment upon their completion of the related works. The gross loss margin from the electrical engineering segment was mainly due to higher cost for subcontractors' services and higher cost of employing foreign workers due to the Covid-19 pandemic where the government has implemented measures to restrict the inflow of foreign workers from overseas. In addition, the implementation of safe management measures on sites also increased the worksite operating costs.

The gross profit margin for facilities management segment improved from 28.2% in HY2021 to 57.0% in HY2022 mainly attributable to variation orders carried out before the contracts ended.

iv) Other Income

Other income decreased mainly due to a decrease in the provision of government support grants such as job support scheme and levy rebates.

v) Selling and distribution expenses

Selling and distribution expenses increased mainly due to the increased in freight and handling charges in HY2022.

vi) Administrative Expenses

Administrative expenses increased mainly due to an increase in staff cost, recruitment costs, rental of workers quarter and an increased hiring of personnel for increased operation of projects.

3. Review of condensed interim statements of financial position

Total assets as at 30 June 2022 have decreased as compared to 31 December 2021, and are mainly attributable to the following :-

- a. **Property, plant and equipment (“PPE”)** decreased by 5.3%, mainly due to depreciation expenses on PPE and offset by a purchase of laptops and software.
- b. **Trade and other receivables** decreased due to improvements in trade receivables turnover days from 46 days to 31 days as at end of HY2022.
- c. **Contract assets** increased due to work completed but not yet billed as at 30 June 2022.
- d. **Cash and bank balances** decreased due to reasons as described in the cash flows analysis below.

Total liabilities as at 30 June 2022 have increased as compared to 31 December 2021, and are mainly attributable to the following :-

- a) **Trade and other payables** increased due to increase in purchases and from subcontractors’, which is in line with the Group’s increased cost of sales.
- b) **Provision for onerous contract** decreased of S\$0.5 million as cost incurred during the period.
- c) **Lease liabilities (for current and non-current)** decreased due to the repayment of leases.

The Group’s total equity stood at S\$20.7 million as at 30 June 2022 as compared to S\$21.7 million as at 31 December 2021.

4. Review of condensed interim consolidated statement of cash flows

The Group had a negative operating cash flow before changes in working capital of S\$0.5 million. The increase in trade and other receivables and contract assets of S\$2.5 million, as well as an increase in trade and other payables of S\$0.4 million, resulted in net cash used in operating activities of S\$2.6 million.

The net cash used in investing activities amounting to S\$105,000 was mainly due to investment in securities and additions of property, plant and equipment.

The net cash used in financing activities amounting to S\$148,000 was mainly due to the repayment of lease liabilities.

As at 30 June 2022, the Group had cash and cash equivalents of S\$9.3 million after excluding fixed deposits of S\$1.1 million pledged to banks for banking facilities.

5(a) 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.

Ordinary Shares

There was no change in the Company's share capital from 31 December 2021 to 30 June 2022.

	<u>Number of shares</u>	<u>Share capital</u>
Ordinary shares (excluding treasury shares) as at 31 December 2021 and 30 June 2022	189,823,497	S\$ 39,442,252

Outstanding Convertibles

There were no outstanding convertibles as at 30 June 2022 and 30 June 2021.

Treasury Shares

The Company has 6,300,000 treasury shares as at 30 June 2022 and 30 June 2021, which represented 3.3% of the Company's ordinary shares (excluding treasury shares) of 189,823,497 as at 30 June 2022 and 30 June 2021 respectively.

Subsidiary Holdings

There were no subsidiary holdings as at 30 June 2022 and 31 December 2021.

5(b). 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 immediately preceding year.

	<u>Company</u>	
	<u>30 Jun 2022</u>	<u>31 Dec 2021</u>
Total number of issued shares (excluding treasury shares)	<u>189,823,497</u>	<u>189,823,497</u>

The Company held 6,300,000 treasury shares as at 30 June 2022 and 31 December 2021.

5(c). 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, cancellations and/or use of treasury shares during and as at the end of the financial period reported on.

5(d). 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. There were no subsidiary holdings during and as the end of the current financial period reported on.

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

The figures have not been audited or reviewed by the auditors.

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

Not applicable.

8. 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.

9. Whether 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 Basis of preparation.

10. 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 Basis of preparation.

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

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders for the current reporting period.

12. 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.

As at the date of this announcement, the Group has approximately S\$288 million worth of contracts on hand, with completion dates ranging from financial years 2022 to 2026. The Group expects the construction industry to remain challenging in the next 12 months. The Group will continue to explore revenue/profit accretive acquisitions as part of its growth strategies.

The Group has experienced a continuation of shortage in manpower supply in the construction sector and increased business costs due to COVID-19 pandemic and economy uncertainty. The Group anticipates this manpower shortage to impact our current operations and will keep an active look out for alternative sources of manpower.

Notwithstanding the above, the Group will continuously monitor and take necessary steps to mitigate the impact of Covid-19 on the Group's operations while complying with all safety measures set by the relevant authorities.

13. If a decision regarding dividend has been made:

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

No dividends have been declared or recommended for the current reporting period.

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

Not applicable.

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

Not applicable.

(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 the shareholders, this must be stated).

Not applicable.

(d) The date the dividend is payable.

Not applicable.

(e) Book closure date

Not applicable.

14. Dividends

No dividend has been declared or recommended for HY2022. It is not the practice of the Company to declare or recommend dividends in the first half of the financial year.

15. 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.

There were no Interested Party Transactions of S\$100,000 and above during the current financial period reported on. The Group does not have a general mandate from shareholders for IPT.

16. Confirmation that the issuer has procured undertaking 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 in the required format.

17. Additional Information required per Catalist Rule 706A

Not applicable. The Company did not acquire and/or dispose shares in any companies during HY2022.

18. Negative Assurance Confirmation On Interim Financial Results Pursuant To Rule 705(5)

On behalf of the Board of the Company, we, the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of the Company which would render the unaudited condensed interim financial results for the six months ended 30 June 2022 to be false or misleading in any material aspect.

On behalf of the Board

Foo Suay Wei
Managing Director and Chief Executive Officer

Wong Loke Tan
Chairman

BY ORDER OF THE BOARD

12 August 2022

This announcement has been reviewed by the Company's sponsor.

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("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 contact person for the Sponsor is Ms Charmian Lim (Tel: (65) 6232 3210), at 1 Robinson Road, #21-00 AIA Tower, Singapore 048542.