

SINGAPORE KITCHEN EQUIPMENT LIMITED

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

*Half Year Financial Statement And Dividend Announcement For The Period Ended 30 June 2021

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a) *An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial period.*

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income	Note	Group		
		1H2021 (Unaudited) S\$'000	1H2020 (Restated) ¹ S\$'000	Increase/ (Decrease) %
Revenue		12,687	8,320	52.49
Cost of sales		(8,498)	(6,348)	33.87
Gross profit		4,189	1,972	112.42
Other items of income				
Interest income		7	31	(77.42)
Other income		330	824	(59.95)
Other items of expense				
Distribution costs		(1,353)	(1,857)	(27.14)
Administrative expenses		(2,350)	(1,846)	27.30
Other expenses		(22)	(95)	(76.84)
Finance costs		(126)	(127)	(0.79)
Profit/(loss) before income tax	6	675	(1,098)	n.m.
Income tax expense	7	(200)	(11)	n.m.
Profit/(loss) for the financial period		475	(1,109)	n.m.
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Exchange loss arising from translation of foreign operations		-	(1)	n.m.
Other comprehensive income/(loss) for the financial period, net of tax		-	(1)	n.m.
Total comprehensive income/(loss) for the financial period		475	(1,110)	n.m.
Profit/(loss) attributable to:				
Owners of the parent		475	(1,107)	n.m.
Non-controlling interest		-	(2)	n.m.
Total comprehensive income/(loss) attributable to:		475	(1,109)	n.m.
Owners of the parent		475	(1,108)	n.m.
Non-controlling interest		-	(2)	n.m.
		475	(1,110)	n.m.

Remarks:

¹: 1H2020 consolidated statement of profit or loss and other comprehensive income has been restated due to prior year adjustments

"1H2021" denotes the half-year financial ended 30 June 2021

"1H2020" denotes the half-year financial ended 30 June 2020

"n.m." denotes not meaningful

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1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of immediately preceding financial year.

Condensed Interim Statement of Financial Position	Note	Group As at		Company As at	
		30/06/2021 (Unaudited) S\$'000	31/12/2020 (Audited) S\$'000	30/06/2021 (Unaudited) S\$'000	31/12/2020 (Audited) S\$'000
NON-CURRENT ASSETS					
Property, plant and equipment	9	965	1,057	5	6
Right-of-use asset	10	1,204	1,539	-	-
Intangible assets	11	34	42	-	-
Investment in subsidiaries		-	-	10	10
		2,203	2,638	15	16
CURRENT ASSETS					
Inventories		3,298	3,642	-	-
Trade and other receivables	12	8,067	10,225	3,789	4,024
Prepayments		81	134	10	3
Income tax recoverable		64	49	-	-
Cash and cash equivalents		17,988	15,508	1,102	1,104
		29,498	29,558	4,901	5,131
Less:					
CURRENT LIABILITIES					
Contract liabilities		1,859	1,295	-	-
Lease liabilities	13	677	812	-	-
Trade and other payables	14	4,048	4,954	501	257
Borrowings	15	3,427	3,237	-	-
Income tax payable		473	442	-	-
		10,484	10,740	501	257
NET CURRENT ASSETS		19,014	18,818	4,400	4,874
Less:					
NON-CURRENT LIABILITIES					
Lease liabilities	13	1,037	1,181	-	-
Borrowings	15	3,313	3,883	-	-
Deferred tax liabilities		23	23	-	-
		4,373	5,087	-	-
NET ASSETS		16,844	16,369	4,415	4,890
CAPITAL AND RESERVES					
Share capital	16	5,125	5,125	5,125	5,125
Other reserves		1,217	1,217	-	-
Retained earnings		10,502	10,027	(710)	(235)
		16,844	16,369	4,415	4,890
Non-controlling interests		-	-	-	-
TOTAL EQUITY		16,844	16,369	4,415	4,890

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1(b)(ii) Aggregate amount of group's borrowings and debt securities

Please refer to Notes 15 of Notes to the Condensed Interim Consolidated Financial Statements

1(c)(i) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of immediately preceding financial year.

Condensed Interim Consolidated Statement of Cash Flows	Group	
	1H2021 (Unaudited) S\$'000	1H2020 (Restated) ¹ S\$'000
Operating activities		
Profit/(loss) before income tax expense	675	(1,098)
Adjustments for:		
Depreciation of property, plant and equipment	126	130
Gain from disposal of property, plant and equipment	-	(1)
Amortisation for intangible assets	13	11
Amortisation of right-of-use assets	557	666
Write back of inventories	(66)	-
Finance cost	126	127
Interest income	(7)	(31)
Operating cash flows before working capital changes	1,424	(196)
Working capital changes:		
Inventories	391	(746)
Trade receivables and other receivables	2,153	3,472
Prepayments	53	10
Contract liabilities	563	350
Trade payables and other payables	(887)	(3,421)
Cash from/(used in) operations	3,697	(531)
Income tax paid	(184)	(30)
Net cash from/(used in) operating activities	3,513	(561)
Investing activities		
Purchase of intangible assets	(5)	-
Purchase of property, plant and equipment and right-of-use assets	(32)	(182)
Interest received	7	31
Net cash used in investing activities	(30)	(151)
Financing activities		
Decrease in pledged bank deposits	-	478
Proceeds from borrowings	4,323	4,058
Repayment of borrowings	(4,704)	(5,188)
Interest paid	(126)	(127)
Repayment of lease liabilities	(494)	(677)
Net cash used in financing activities	(1,001)	(1,456)
Net change in cash and cash equivalents	2,482	(2,168)
Cash and cash equivalents at beginning of financial period	14,630	9,567
Effect of exchange rate changes on cash and cash equivalents	(2)	(5)
Cash and cash equivalents at end of financial period	17,110	7,394

Cash and cash equivalents comprised

Cash on hand and at bank	14,863	5,176
Fixed deposits with banks	3,125	3,096
Cash and cash equivalents as per consolidated statement of financial position	17,988	8,272
Less: fixed deposits pledged	(878)	(878)
Cash and cash equivalents as per consolidated statement of cash flows	17,110	7,394

Remarks:

¹: 1H2020 consolidated statement of cash flows has been restated due to prior year adjustments

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1(d)(i) A statement for (the issuer and the group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of immediately preceding financial year.

Condensed Interim Consolidated Statement of Changes in Equity for the period ended 30 June

	Share Capital (S\$'000)	Merger Reserve (S\$'000)	Foreign Currency Translation Account (S\$'000)	Retained Earnings (S\$'000)	Total (S\$'000)	Non- controlling interest (S\$'000)	Total Equity (S\$'000)
Group (Unaudited)							
Balance as at 01 January 2021	5,125	1,311	(94)	10,027	16,369	-	16,369
Profit for the financial period	-	-	-	475	475	-	475
Other Comprehensive income:							
Exchange differences on translating foreign operations	-	-	-	-	-	-	-
Total comprehensive income for the financial period	-	-	-	475	475	-	475
Balance as at 30 June 2021	5,125	1,311	(94)	10,502	16,844	-	16,844

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	Share Capital (S\$'000)	Merger Reserve (S\$'000)	Foreign Currency Translation Account (S\$'000)	Retained Earnings (S\$'000)	Total (S\$'000)	Non- Controlling interest (S\$'000)	Total Equity (S\$'000)
Group							
(Restated)¹							
Balance as at 01 January 2020	5,125	1,312	(93)	9,075	15,419	(14)	15,405
Loss for the financial period	-	-	-	(1,107)	(1,107)	(2)	(1,109)
Other comprehensive income:							
Exchange differences on translating foreign operations	-	-	(1)	-	(1)	-	(1)
Total comprehensive income for the financial period	-	-	(1)	(1,107)	(1,108)	(2)	(1,110)
Transaction with owners of the Parent							
Acquisition of subsidiary with non- controlling interest	-	(1)	-	(15)	(16)	16	-
Total transaction with owners of the parent	-	(1)	-	(15)	(16)	16	-
Balance as at 30 June 2020	5,125	1,311	(94)	7,953	14,295	-	14,295

Remarks:

¹: 1H2020 consolidated statement of changes in equity has been restated due to prior year adjustments

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Company (Unaudited)	Share Capital	Retained Earnings	Total Equity
	(S\$'000)	(S\$'000)	(S\$'000)
Balance as at 01 January 2021	5,125	(235)	4,890
Loss for the financial period	-	(475)	(475)
Balance as at 30 June 2021	5,125	(710)	4,415
Balance as at 01 January 2020	5,125	211	5,336
Loss for the financial period	-	(172)	(172)
Balance as at 30 June 2020	5,125	39	5,164

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Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Singapore Kitchen Equipment Limited (the “Company”) is a limited liability company, incorporated and domiciled in the Republic of Singapore with its registered office address and principal place of business at Blk 115A Commonwealth Drive, #01-27/28 Tanglin Halt Industrial Estate, Singapore 149596. The Company’s registration number is 201312671M. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The principal activity of the Company is that of investment holding.

The principal activities of the Company’s subsidiaries are in manufacturing, trading, distribution, sales, servicing, repair and maintenance of commercial and residential kitchen equipment and related supplies.

2. Basis of preparation of financial statements

The condensed interim consolidated 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 consolidated 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 consolidated 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 Singapore Financial Reporting Standards (International) (“SFRS(I)s”), except for the adoption of new and amended standards as set out in Note 2.1. The condensed interim consolidated financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

Other than the adoption of the new and amended standards from prior reporting year, there were no changes in accounting policies and methods of computation adopted in the condensed interim consolidated financial statements as compared to the last audited consolidated financial statements for the year ended 31 December 2020, which were in accordance with SFRS(I)s.

2.2 Critical judgements, assumptions and estimation uncertainties

The judgement 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 audited consolidated financial statements as at and for the year ended 31 December 2020.

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

3. Seasonal operations

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

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4. Segment and revenue information**4.1 Reportable segments**

	6 months ended 30 June 2021				
	Fabrication and distribution business S\$'000	Maintenance and servicing business S\$'000	Rental income business S\$'000	Unallocated S\$'000	Total S\$'000
Revenue					
External sales	9,644	2,915	128	-	12,687
Result					
Segment result	713	455	108	(475)	801
Finance cost	(97)	(29)	-	-	(126)
Profit before income tax	616	426	108	(475)	675
Income tax expense	-	-	-	-	(200)
Profit for the reporting period	-	-	-	-	475
Non-cash items					
Depreciation of property, plant and equipment	(76)	(29)	(21)	-	(126)
Amortisation of intangible assets	(10)	(3)	-	-	(13)
Write back of inventories	66	-	-	-	66
Amortisation of right-of-use assets	(412)	(145)	-	-	(557)
Capital expenditure					
Property, plant and equipment	-	-	-	41	41
Intangible assets	-	-	-	5	5
Right-of-use assets	-	-	-	182	182
Assets and liabilities					
Segment assets	-	-	-	31,701	31,701
	-	-	-	31,701	31,701
Segment liabilities	-	-	-	14,361	14,361
- Current income tax payable	-	-	-	473	473
- Deferred tax liabilities	-	-	-	23	23
	-	-	-	14,857	14,857

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	6 months ended 30 June 2020				
	Fabrication and distribution business S\$'000	Maintenance and servicing business S\$'000	Rental income business S\$'000	Unallocated S\$'000	Total S\$'000
Revenue					
External sales	5,692	2,525	103	-	8,320
Result					
Segment result	(532)	(368)	101	(172)	(971)
Finance cost	(88)	(39)	-	-	(127)
Profit before income tax	(620)	(407)	101	(172)	(1,098)
Income tax expense	-	-	-	-	-
Profit for the reporting period	-	-	-	-	(1,098)
Non-cash items					
Depreciation of property, plant and equipment	(79)	(33)	(18)	-	(130)
Amortisation of intangible assets	(8)	(3)	-	-	(11)
Amortisation of right-of-use assets	(452)	(214)	-	-	(666)
Capital expenditure					
Property, plant and equipment	-	-	-	182	182
Intangible assets	-	-	-	51	51
Right-of-use assets	-	-	-	15	15
Assets and liabilities					
Segment assets	-	-	-	23,345	23,345
Segment liabilities	-	-	-	8,011	8,011
- Current income tax payable	-	-	-	515	515
- Deferred tax liabilities	-	-	-	62	62
	-	-	-	8,588	8,588

4.2 Geographical information

	Singapore S\$'000	Malaysia S\$'000	Others S\$'000	Total S\$'000
Group				
30 June 2021				
Total revenue from external customers	12,442	234	11	12,687
Non-current assets	1,844	359	-	2,203
30 June 2020				
Total revenue from external customers	8,027	283	10	8,320
Non-current assets	2,507	386	-	2,893

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5. Financial assets and financial liabilities

	Group S\$'000		Company S\$'000	
	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Financial assets				
Trade and other receivables*	7,287	9,811	3,789	4,024
Cash and bank balances	17,989	15,508	1,102	1,104
Financial liabilities				
Trade and other payables**	3,773	4,679	501	257
Borrowings	6,740	7,120	-	-
Lease liabilities	1,714	1,993	-	-

* Exclusive of advance payment to suppliers

** Exclusive of goods & services tax payable and provision

6. Profit / (loss) before tax

6.1 Significant items

	Group		Increase / (Decrease) %
	1H2021 (Unaudited) S\$'000	1H2020 (Restated) S\$'000	
Depreciation of property, plant and equipment	126	130	(3.08)
Amortisation of intangible assets	13	11	9.09
Amortisation of right-of-use assets	557	666	(16.37)
Write back of inventories	(66)	-	n.m
Interest expenses	126	127	(0.79)
Interest income	(7)	(31)	(77.42)

6.2 Related party transactions

There are transactions and arrangements between the reporting entity and related parties and the effects of these on the basis determined between the parties are reflected in these financial statements. The related party balances are unsecured, without fixed repayment terms and interest or charged unless stated otherwise. The transactions were not significant.

	Group	
	1H2021 (Unaudited) S\$'000	1H2020 (Restated) S\$'000
Directors of the Company		
- short-term employee benefits	342	394
- post-employment benefits	10	19
- directors' fees	63	63
Directors of subsidiaries		
- directors' fees	-	2
Other key management personnel		
- short-term employee benefits	323	343
- post-employment benefits	29	25
	767	846

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	Group	
	1H2021	1H2020
	(Unaudited)	(Restated)
	S\$'000	S\$'000
Immediate and ultimate holding company		
- Dividend paid on behalf by a subsidiary	-	300
- Repayment of dividend paid on behalf by a subsidiary	-	(300)
- Payments received from	(1,209)	-
- Payments on behalf of (the "8 Payment Transactions")	-	1,395
	300	(300)
	(1,209)	-
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9. Property, plant and equipment

	Group	
	1H2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Cost		
Balance as at 1 January	2,845	2,915
Addition	41	271
Written-off/disposal	-	(342)
Translation differences	(16)	1
Balance as at 30 June/31 December	2,870	2,845
Accumulated depreciation		
Balance as at 1 January	1,788	1,831
Depreciation for the period	126	298
Written-off/disposal	-	(341)
Translation differences	(9)	-*
Balance as at 30 June/31 December	1,905	1,788
Carrying amount as at 30 June/31 December	965	1,057

*Denotes less than \$1,000

During the six months ended 30 June 2021, the Group's addition to property, plant and equipment amounts to \$41,000, including capitalization of assets leased out to external customers during the reported period of \$15,000.

10. Right-of-use Asset

	Group	
	1H2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Cost		
Balance as at 1 January	1,539	2,572
Addition	182	141
Amortisation charge	(557)	(1,220)
Modification to lease terms	45	45
Exchange differences	(5)	1
Balance as at 30 June/31 December	1,204	1,539

There was an addition to right-of-use asset of \$182,000 during the reported period.

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11. Intangible Asset

	Group	
	1H2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Cost		
Balance as at 1 January	381	330
Addition	5	51
Balance as at 30 June/31 December	386	381
Accumulated amortisation		
Balance as at 1 January	339	316
Depreciation for the period	13	23
Balance as at 30 June/31 December	352	339
Carrying amount as at 30 June/31 December	34	42

The Group acquired additional intangible assets of \$5,000 during the reported period, pertaining to licence for accounting software.

12. Trade and Other Receivables

	Group	
	1H2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Trade receivables		
- third parties	6,876	8,512
Allowance for impairment loss on third parties	(292)	(334)
Balance as at 30 June/31 December	6,584	8,178
Non-trade receivables		
- third parties	169	168
- ultimate holding company	-	985
Advance payment to suppliers	780	414
Utilities and rental deposits	534	480
Balance as at 30 June/31 December	8,067	10,225

13. Lease liabilities

	Group	
	1H2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Balance as at 1 January	1,993	2,999
Addition	176	141
Lease modifications	45	(13)
Interest expense	43	100
Lease payments		
- Principal portion	(494)	(1,133)
- Interest portion	(43)	(100)
Exchange differences	(6)	(1)
Balance as at 30 June/31 December	1,714	1,993

The Group's lease liabilities of \$1.19 million (FY2020: \$1.25 million) was secured over certain motor vehicles.

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14. Trade and Other Payables

	Group	
	1H2021 (Unaudited) S\$'000	FY2020 (Audited) S\$'000
Trade payables		
- third parties	2,037	3,263
- unbilled payables	160	15
Balance as at 30 June/31 December	2,197	3,278
Non-trade payables		
- third parties	164	142
- grant payable	-	80
- deferred grant income	-	113
- ultimate holding company	228	-
Accrued directors' fees	203	140
Accrued expenses	750	926
Provision for others	231	31
Goods and services tax payable	275	244
Balance as at 30 June/31 December	4,048	4,954

15. Borrowings

Amount repayable in one year or less, or on demand

	As at 30/06/2021 (Unaudited) (S\$'000)		As at 31/12/2020 (Audited) (S\$'000)	
	Secured	Unsecured	Secured	Unsecured
Trust receipts	2,375	-	2,278	-
Term loan	1,052	-	959	-
	3,427	-	3,237	-

Amount repayable after one year

	As at 30/06/2021 (Unaudited) (S\$'000)		As at 31/12/2020 (Audited) (S\$'000)	
	Secured	Unsecured	Secured	Unsecured
Term loan	3,313	-	3,883	-
	3,313	-	3,883	-

Details of any collateral secured borrowings:-

As at 30 June 2021, the Group's borrowings comprising bank borrowings are secured by corporate guarantee issued by the Company.

- Trust receipts have maturities of between 90 and 150 (31 December 2020: 90 and 150) days.
- In year 2020, a term loan of \$5,000,000 was borrowed under Enterprise Financing Scheme, financing at an interest rate of 2.25% per annum on monthly rests basis. The tenure for this loan is 5 years and it is meant for working capital which is used to support the operational needs.

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16. Share capital

	Group and Company	
	Number of ordinary shares	S\$'000
Issued and paid up At 1 January/30 June 2021	155,000,000	5,125

There were no changes in the Company's share capital since the end of the previous period reported on, being 31 December 2020.

There are no outstanding convertibles, shares held as treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

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

17. Events subsequent to period end

No new information or event, up till the date of this report, has come to the attention of the management that requires disclosures or adjustments to this set of interim financial statements.

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1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, 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 the 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.

There were no changes in the Company's share capital since the end of the previous period reported on, being 31 December 2020.

There are no outstanding convertibles, shares held as treasury shares or subsidiary holdings as at 30 June 2021 and 30 June 2020.

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

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 30 June 2021, the issued share capital of the Company comprised 155,000,000 ordinary shares (31 December 2020: 155,000,000 ordinary shares).

There were no treasury shares as at the end of the current financial period and as at the end of the immediately preceding financial year.

1(d)(iv) A statement showing all sales, transfers, cancellation and /or use of treasury shares as at the end of the current financial period reported on.

Not applicable.

1(d)(v) A statement showing all sales, transfers, cancellation and /or use of subsidiary holdings as at the end of the current financial period reported on.

Not applicable.

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

The figures have not been audited nor reviewed by the Company's auditors.

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

Not applicable.

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

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

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

The Company has since appointed Baker Tilly Consultancy (Singapore) Pte Ltd, as the Company's special internal auditor to review and enhance the Company's operating procedures and internal controls. The internal auditor will carry out internal audit on the internal controls system and processes and will report the findings to the Audit Committee ("AC") in due course. The AC will review the internal auditor's findings and will ensure that the Company will follow up and implement the recommended remedies and controls so to address any internal control gaps.

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

Yes

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

As highlighted in point 5 below, the Group and the Company have consistently applied the same accounting policies and methods of computation in the preparation of the financial statements for the current reporting periods as compared to its most recent audited consolidated financial statements for the financial year ended 31 December 2020.

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

There was no change in the accounting policies and methods of computation required for the period.

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

(a) Based on the weighted average number of ordinary shares on issue; and

(b) On a fully diluted basis (detailing any adjustments made to the earnings).

Gain/(Loss) per share

Gain/(Loss) attributable to owners of the Company (S\$'000)

Weighted average number of ordinary shares for calculation of

(a) Basic earnings per share ⁽¹⁾

(b) Diluted earnings per share ⁽²⁾

Earnings/(Loss) per ordinary share (cents):-

(a) Based on weighted average number of issued ordinary shares ⁽¹⁾

(b) On a fully diluted basis ⁽²⁾

	Group	
	1H2021 (Unaudited)	1H2020 (Restated)
Gain/(Loss) attributable to owners of the Company (S\$'000)	475	(1,107)
Weighted average number of ordinary shares for calculation of		
(a) Basic earnings per share ⁽¹⁾	155,000,000	155,000,000
(b) Diluted earnings per share ⁽²⁾	155,000,000	155,000,000
Earnings/(Loss) per ordinary share (cents):-		
(a) Based on weighted average number of issued ordinary shares ⁽¹⁾	0.31	(0.71)
(b) On a fully diluted basis ⁽²⁾	0.31	(0.71)

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Notes:

(1.) *The calculation for the basic and diluted EPS for the respective financial periods are based on the weighted average number of ordinary shares in issue in the respective financial period.*

(2.) *The basic and diluted earnings/(loss) per share were the same as the Group did not have any potentially dilutive instruments for the respective financial periods.*

7. *Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-*

- (a) *Current financial period reported on; and***
(b) *Immediately preceding financial year.*

Please refer to Note 8 of Notes to the Condensed Interim Consolidated Financial Statements.

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

- (a) *Any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and***
- (b) *Any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.***

REVENUE

For the financial period ended 30 June 2021 ("1H2021"), the Group recorded revenue amounting to S\$12.69 million compared to S\$8.32 million in the previous corresponding period ("1H2020"). The revenue has increased approximately by S\$4.37 million or 52.49%. Revenue increased in all the three business segments.

Revenue generated from fabrication and distribution business is the largest contributor to Group's revenue. It increased by S\$3.98 million or 69.94% from S\$5.69 million in 1H2020 to S\$9.67 million in 1HY2021.

Revenue generated from maintenance and servicing business increased by S\$0.39 million or 15.45% from S\$2.54 million in 1H2020 to S\$2.93 million in 1H2021.

Revenue generated from rental income business increased from S\$0.10 million in 1H2020 to S\$0.13 million in 1H2021.

During 1H2020, Singapore was under prolonged lockdown, which had impacted the food and beverage ("**F&B**") industry significantly and thus comparatively for the two corresponding periods, 1HY2021 reported an increase in sales resulting from the low base effect. After opening up, our growth in sales has mirrored the recovery of the industry.

COST OF SALES & GROSS PROFIT

Cost of sales has increased by approximately S\$2.15 million or 33.87% from S\$6.35 million in 1H2020 to S\$8.50 million in 1H2021. The increase in cost of sales is line with the increase in revenue.

Gross profit for 1H2021 is approximately S\$4.19 million as compared to S\$1.97 million in 1H2020. Gross profit margin has increased significantly from 23.68% in 1H2020 to 33.02% in 1H2021, as the industry is gradually recovering to pre-Covid-19 situation.

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OTHER ITEMS OF INCOME

Other income decreased by approximately S\$0.49 million from S\$0.82 million in 1H2020 to S\$0.33 million in 1H2021. The significant decrease is mainly due to the lower amount of Jobs Support Scheme grants received during the period.

OPERATING EXPENSES

Distribution Costs

Distribution expenses decreased by approximately S\$0.51 million or 27.42% from S\$1.86 million in 1H2020 to S\$1.35 million in 1H2021. This is mainly due to (i) decrease in advertising cost of S\$0.38 million (ii) decrease in staff costs of approximately S\$0.08 million which is a result of reduction in staff headcount; and (iii) decrease in carriage outwards expenses of approximately S\$0.09 million as a result of lesser shipment of goods for overseas projects.

Administrative and other expenses

Administrative and other expenses increased by approximately S\$0.43 million or 22.16% from S\$1.94 million in 1H2020 to S\$2.37 million in 1H2021. This is mainly due to increase in the professional fees incurred in relation to the 8 payment transactions. An announcement pertaining to these 8 payment transactions was released on 11 August 2021.

PROFIT FOR THE FINANCIAL YEAR

Overall, the Group reported a net profit attributable to equity holders of approximately S\$0.48 million in 1H2021 compared to net loss of approximately S\$1.11 million in 1H2020, in line with increased sales and gross profit margin.

STATEMENT OF FINANCIAL POSITION

Non-current assets

Non-current assets decreased by S\$0.44 million to S\$2.20 million as at 30 June 2021 (31 December 2020: S\$2.64 million). The decrease is mainly due to depreciation and amortisation of assets for the six months.

Current assets

Current assets amounted to approximately S\$29.50 million as at 30 June 2021 (31 December 2020: S\$25.96 million).

Inventories decreased by S\$0.34 million from S\$3.64 million as at 31 December 2020 to S\$3.30 million as at 30 June 2021, which is mainly attributable to better management of inventories.

Trade and other receivables decreased by S\$2.16 million from S\$10.23 million as at 31 December 2020 to S\$8.07 million as at 30 June 2021. Trade receivables decreased by S\$1.59 million due to an improvement in sales collection from customers.

Income tax recoverable has increased approximately by S\$0.02 million as at 30 June 2021. This is mainly due to excess income tax paid based on estimated chargeable income by the Malaysian entities of the Group, to the Inland Revenue Board of Malaysia. The excess payment will be refunded once tax return is finalised and lodged.

Cash and cash equivalents increased by S\$2.48 million mainly due to increase in sales collection during current period.

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Current liabilities

Current liabilities position decreased by S\$0.46 million from S\$10.74 million as at 31 December 2020 to S\$10.28 million as at 30 June 2021.

Contract liabilities increased by approximately S\$0.56 million from S\$1.30 million as at 31 December 2020 to S\$1.86 million as at 30 June 2021. This is mainly due to increase in advance received from customers as down payment for orders, which is due to increase in sales orders.

Trade and other payables decreased by approximately S\$0.90 million from S\$4.95 million as at 31 December 2020 to S\$4.05 million as at 30 June 2021. This is largely attributable to the decrease of S\$1.00 million in trade payables, which was due to better inventory management for the period under review.

The decrease in the current portion of lease liabilities of approximately of S\$0.14 million is mainly due to the termination of leases and hire purchases.

Income tax payable increased by approximately S\$0.03 million from S\$0.44 million as at 31 December 2020 to S\$0.47 million as at 30 June 2021, mainly due to tax provision for the current period provided by one of Group's profitable subsidiary.

Non-current liabilities

Non-current liabilities decreased by approximately S\$0.72 million from S\$5.09 million as at 31 December 2020 to S\$4.37 million as at 30 June 2021. This is mainly due to repayment of term loan well as the termination of the leases.

Shareholders' equity

As at 30 June 2021, shareholders' equity amounted to S\$16.84 million as compared to S\$16.37 million as at 31 December 2020. This is due to an increase in retained earnings of approximately S\$0.47 million, resulting from the profit generated in 1H2021.

CONSOLIDATED STATEMENT OF CASH FLOWS

Cash and cash equivalents, excluding pledged fixed deposits, amounted to approximately S\$17.11 million as at 30 June 2021.

Net cash from operating activities

Net cash from operating activities was approximately S\$3.51 million. This is mainly due to operating profit before working capital changes of S\$1.42 million, inflow from working capital changes of S\$2.27 million, partially offset by income tax paid of S\$0.18 million.

Net cash used in investing activities

Net cash used in investing activities was approximately S\$30k. S\$37k was used to acquire property, plant equipment and software licences, which was partially offset by interest received of approximately S\$7k.

Net cash used in financing activities

Net cash used in financing activities was approximately S\$1.00 million. Proceeds from borrowings of approximately S\$4.32 million was less than the repayment of borrowings of approximately S\$4.70 million, settlement of lease obligations of approximately S\$0.49 million, and interest expense payment of S\$0.13 million combined.

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

Not applicable.

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

The Group will continue to increase its sales effort, which will be affected by following factors:

- a. Dependence on the F&B and hospitality services industries;
- b. Dependence on our continued ability to secure new projects and the non-cancellation of secured projects;
- c. Increase in competition from new and existing players;
- d. Dependence on key personnel for our continued growth; and
- e. Disruptions in supply chain, critical manpower shortage, weak spending and a sluggish economy due to the prolonged Covid-19 pandemic.

The Group will ride on any recovery in the F&B and hospitality services industries as Singapore transits to the endemic stage of the current Covid-19 pandemic.

11. Dividend

(a) Current Financial Period Reported on - Any dividend declared for the current financial period reported on?

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

N.A.

(d) Books closure date

N.A.

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

No dividend has been declared or recommended by the board of directors ("Board" or "Directors") in respect of 1H2021 as the Group wishes to conserve cash for its operations.

13. 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 has not obtained general mandate from shareholders for IPTs. There was no IPTs exceeding S\$100,000 conducted by the Group during the current financial period reported on.

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14. *Update on use of proceeds*

(a) Initial Public Offering (“IPO”)

As at the date of this announcement, approximately S\$2.6 million has been used for the purposes as stated in the Company’s IPO Prospectus dated 12 July 2013. The details of the deployment are as follows:

Intended usage in accordance with the Offer Document	Intended use of proceeds from IPO	Cumulative amount deployed up to the date of this report	Amount un-utilised
	S\$'000	S\$'000	S\$'000
(a) Acquisition of additional fabrication equipment and machinery	700	319	381
(b) Funding our expansion, including by way of acquisitions, joint ventures and/or strategic alliances	1,600	-	1,600
(c) For general working purposes of our Group	975	975	-
(d) Expenses such as professional fees, under writing and placement commission and brokerage, and miscellaneous fees	1,325	1,335	(10)
Total	4,600	2,629	1,971

The above utilization of the net proceeds is consistent with the intended use of proceeds as disclosed in the Prospectus dated 12 July 2013.

(b) Placement

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

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

As at the date of this announcement, the proceeds have not yet been utilized.

The Company will continue to make periodic announcements on the use of proceeds via SGXNET as and when the remaining proceeds are materially disbursed.

15. *Acquisition or sale of shares in subsidiaries and/or associated companies under Rule 706(A)*

There are no other acquisition and/or sale of shares in any subsidiaries or associated companies of the Group during 1H2021 which is required to be reported under Rule 706(A) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist (“Catalist Rules”).

16. *Negative Confirmation by the Board Pursuant to Rule 705(5)*

To the best of their knowledge, the Board of Directors have confirmed that nothing has come to their attention which may render the unaudited financial results of the Group for 1H2021 presented in this announcement to be false or misleading in any material aspect.

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17. Confirmation pursuant to Rule 720(1) of the Listing Manual

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

BY ORDER OF THE BOARD

Sally Chua Chwee Choo
Executive Director and Chief Executive Officer
24 October 2021

This announcement has been reviewed by the Company's sponsor, CIMB Bank Berhad, Singapore Branch ("Sponsor") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Eric Wong (Director, Investment Banking). The contact particulars are 50 Raffles Place, #09-01 Singapore Land Tower, Singapore 048623, telephone: +65 6337 5115.