HOE LEONG CORPORATION LTD.
和隆集团有限公司
Company Registration No.: 199408433W

Condensed Interim Financial Statements

for the six months ended 30 June 2026

Table of Contents

		Page
A.	Condensed interim consolidated statement of profit of loss and other comprehensive income	3
B.	Condensed interim statements of financial position	4
C.	Condensed interim statements of changes in equity	5
D.	Condensed interim consolidated statement of cash flows	6
E.	Notes to the condensed interim consolidated financial statements	7 – 17
F.	Other Information required by Listing Rule Appendix 7.2	18

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

Group	Note	1H 2026 $'000	1H 2025 $'000 (Restated#)	Increase/ (Decrease) %
Revenue	3	18,439	20,933	(11.9)
Cost of sales		(13,649)	(15,281)	(10.7)
Gross profit		4,790	5,652	(15.3)
Other income		517	115	350.0
Distribution expenses		(1,482)	(1,557)	(4.8)
Administrative expenses		(2,214)	(2,172)	1.9
Other expenses		(725)	(1,523)	(52.4)
Net allowance for impairment losses and write-offs		(26)	(61)	(57.4)
Results from operating activities		860	454	89.4
Finance costs	5	(224)	(289)	(22.5)
Profit before income tax		636	165	285.5
Income tax credit/(expense)	6	72	(142)	N.M.
Profit for the period attributable to owners of the Company		708	23	2,978.3
Items that are or may be reclassified subsequently to profit or loss:				
Foreign currency translation differences arising from foreign operations		(96)	(28)	242.9
Other comprehensive loss, net of income tax		(96)	(28)	242.9
Total comprehensive income/(loss) for the period attributable to owners of the Company		612	(5)	N.M.

1H 2026 – 1st half year ended 30 June 2026
1H 2025 – 1st half year ended 30 June 2025
See Note 20
N.M. – Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2026 $'000	**31 December 2025 $'000 (Restated#)**	**30 June 2026 $'000**	**31 December 2025 $'000 (Restated#)**
Assets					
Property, plant and equipment	9	7,588	7,876	2,381	2,337
Investments in subsidiaries	10	-	-	19,838	14,298
Net defined benefit asset	11	38	104	-	-
Deferred tax assets		559	374	-	-
Non-current assets		8,185	8,354	22,219	16,635
Inventories	12	19,532	19,234	-	-
Trade and other receivables	13	14,616	10,548	3,440	6,695
Cash and bank balances	14	1,137	3,355	124	181
Current assets		35,285	33,137	3,564	6,876
Total assets		43,470	41,491	25,783	23,511
Equity					
Share capital	15	128,972	128,908	128,972	128,908
Treasury shares		(55)	(55)	(55)	(55)
Currency translation reserve		(3,243)	(3,147)	-	-
Other reserves		42	106	42	106
Accumulated losses		(99,281)	(99,989)	(106,748)	(106,561)
Total equity		26,435	25,823	22,211	22,398
Liabilities					
Loans and borrowings	16	4,987	2,799	3,030	-
Non-current liabilities		4,987	2,799	3,030	-
Trade and other payables	17	5,117	4,921	244	260
Loans and borrowings	16	6,619	7,465	85	370
Other provisions	18	213	483	213	483
Income tax payable		99	-*	-	-*
Current liabilities		12,048	12,869	542	1,113
Total liabilities		17,035	15,668	3,572	1,113
Total equity and liabilities		43,470	41,491	25,783	23,511

* Denotes amount less than $1,000
# See Note 20

C. Condensed interim statements of changes in equity

GROUP	Share capital $'000	Treasury shares $'000	Currency translation reserve $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2026	128,908	(55)	(3,147)	106	(99,989)	25,823
Vesting of performance shares	64	-	-	(64)	-	-
Total comprehensive (loss)/income for the period						
Profit for the period	-	-	-	-	708	708
Other comprehensive (loss)/income						
Foreign currency translation differences arising from foreign operations	-	-	(96)	-	-	(96)
Total comprehensive (loss)/ income for the period	-	-	(96)	-	708	612
At 30 June 2026	128,972	(55)	(3,243)	42	(99,281)	26,435

GROUP	Share capital $'000	Treasury shares $'000	Currency translation reserve $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2025	128,810	(55)	(3,031)	166	(100,462)	25,428
Vesting of performance shares	81	-	-	(81)	-	-
Equity-settled share-based expenses	-	-	-	(1)	-	(1)
Total comprehensive (loss)/income for the period						
Profit for the period	-	-	-	-	23	23
Other comprehensive (loss)/income						
Foreign currency translation differences arising from foreign operations	-	-	(28)	-	-	(28)
Total comprehensive (loss)/ income for the period	-	-	(28)	-	23	(5)
At 30 June 2025	128,891	(55)	(3,059)	84	(100,439)	25,422

Company	Share capital $'000	Treasury shares $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2026	128,908	(55)	106	(106,561)	22,398
Vesting of performance shares	64	-	(64)	-	-
Loss for the period, representing total comprehensive loss	-	-	-	(187)	(187)
At 30 June 2026	128,972	(55)	42	(106,748)	22,211

Company	Share capital $'000	Treasury shares $'000	Other reserves $'000	Accumulated losses $'000	Total equity $'000
At 1 January 2025	128,810	(55)	166	(107,483)	21,438
Vesting of performance shares	81	-	(81)	-	-
Equity-settled share-based expenses	-	-	(1)	-	(1)
Loss for the period, representing total comprehensive loss	-	-	-	(360)	(360)
At 30 June 2025	128,891	(55)	84	(107,843)	21,077

D. Condensed interim consolidated statement of cash flows

	Group	
	1H 2026 $'000	**1H 2025 $'000 (Restated#)**
Cash flows from operating activities		
Profit before income tax	636	165
Adjustments for:		
Depreciation of property, plant and equipment	435	576
Interest expense on loans and borrowings	205	276
Interest expense on financial liabilities measured at amortised cost	19	13
Loss/(Gain) on disposal of property, plant and equipment	1	(17)
Inventories written off	28	13
Bad debts written off - Trade receivables	-	2
(Reversal of)/Allowance for impairment of trade receivables	(2)	17
Equity-settled share-based	-	(1)
Provision for warranty costs	10	43
Property, plant and equipment written off	-*	29
Operating cash flows before working capital changes	1,332	1,116
Changes in working capital:		
Inventories	(326)	(786)
Trade and other receivables	(4,064)	1,809
Trade and other payables	(438)	(603)
Contribution for retirement benefits	60	26
Cash (used in)/generated from operations	(3,436)	1,562
Income taxes paid	(16)	(21)
Net cash (used in)/generated from operating activities	(3,452)	1,541
Cash flows from investing activities		
Purchase of property, plant and equipment	(38)	(231)
Proceeds from disposal of property, plant and equipment	1	64
Net cash used in investing activities	(37)	(167)
Cash flows from financing activities		
Interest paid	(197)	(289)
Proceeds from bills payable and trust receipts	912	1,196
Repayment of bills payable and trust receipts	(1,275)	(3,483)
Payment of lease liabilities	(202)	(316)
Proceeds from loans and borrowings	3,000	2,875
Repayment of loans and borrowings	(816)	(2,547)
Net cash generated from/(used in) financing activities	1,422	(2,564)
Net decrease in cash and cash equivalents	(2,067)	(1,190)
Cash and cash equivalents, beginning balance	3,338	2,500
Effect of exchange rates fluctuations	(152)	36
Cash and cash equivalents, ending balance (Note 14)	1,119	1,346

See Note 20

* Denotes amount less than $1,000

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Hoe Leong Corporation Ltd. (the "**Company**") is incorporated in the Republic of Singapore. The Company's registered office is at 100G Pasir Panjang Road, #08-16 Interlocal Centre, Singapore 118523.

The principal activities of the Group are those relating to designing, manufacturing and distribution of heavy equipment parts. The Company is an investment holding company.

These condensed interim consolidated financial statements as at and for the six months ended 30 June 2026 comprise the Company and its subsidiaries (collectively, the "**Group**").

2. Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**") 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim 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 financial statements for the year ended 31 December 2025.

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 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

A number of new standards and/ or amendments to standards are effective for the Company on or after 1 January 2026, the beginning of the current financial year.

Standard	Title	Annual periods beginning on or after
SFRS(I) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Various	Annual Improvements to SFRS(I)s—Volume 11	1 January 2026
SFRS(I) 9, SFRS(I) 7	Amendments to SFRS(I) 9 and SFRS(I) 7: Contracts Referencing Nature-dependent Electricity	1 January 2026
SFRS(I) 10, SFRS(I) 1-28	Amendments to SFRS(I) 10 and SFRS(I) 1-28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The adoption of the above amendments is not expected to have a significant impact on the Group's financial statements.

2.2 Use of judgements and estimates

In preparing the condensed interim consolidated 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 December 2025.

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. Segment and revenue information

The Group is organised into the following main business segments:

a) Design and manufacture

Design, manufacture and sale of equipment parts for both heavy equipment and industrial machinery under in-house brands, "KBJ", "ROSSI" and "MIZU".

b) Trading and distribution

Trading and distribution of an extensive range of equipment parts for both heavy equipment and industrial machinery sourced from third parties.

c) Investment holding

The investment holding relates to the holding of long-term investments.

These operating segments are reported in a manner consistent with internal reporting provided to the executive director of the Company who is responsible for allocating resources and assessing performance of the operating segments.

3.1 Reportable segments

GROUP	Design and manufacture		Trading and distribution		Investment holding company		Total	
	1H 2026 $'000	1H 2025 S$'000	1H 2026 $'000	1H 2025 S$'000	1H 2026 $'000	1H 2025 S$'000	1H 2026 $'000	1H 2025 S$'000
External revenue	12,887	12,480	5,552	8,453	-	-	18,439	20,933
Finance costs	(156)	(215)	(38)	(73)	(30)	(1)	(224)	(289)
Depreciation #	(308)	(325)	(103)	(104)	(24)	(147)	(435)	(576)
Reportable segment profit/(loss) before income tax	(868)	502	2,254	600	(750)	(937)	636	165
Other material non-cash items:								
Bad debts written off - Trade receivables	-	(1)	-	(1)	-	-	-	(2)
Reversal of/(Allowance for) impairment of trade receivables	1	(4)	1	(13)	-	-	2	(17)
Capital expenditure:								
Purchase of property, plant and equipment	(26)	(117)	(12)	(114)	-	-	(38)	(231)
Additions to right-of-use assets	(59)	(369)	(191)	-	-	-	(250)	(369)

GROUP	Design and manufacture		Trading and distribution		Investment holding		Total	
	30 June 2026 $'000	31 December 2025 $'000	30 June 2026 $'000	31 December 2025 $'000	30 June 2026 $'000	31 December 2025 $'000	30 June 2026 $'000	31 December 2025 $'000
Reportable segment assets	27,516	24,130	10,355	14,811	5,599	2,550	43,470	41,491
Reportable segment liabilities	11,311	10,123	2,147	4,427	3,577	1,118	17,035	15,668

Depreciation consists of amount classified in both “cost of sales” and “other expenses”.

3.2 Geographical segments

Revenue contribution from a country or region is disclosed separately when it exceeds 5% of the Group’s revenue respectively.

GROUP	Revenue	
	1H 2026 $'000	1H 2025 $'000
Australia	6,934	8,315
Europe	1,304	1,619
North America	5,423	4,633
Asia	2,625	4,492
Middle East	962	1,171
Rest of World	1,191	703
Total	18,439	20,933

3.2 Geographical segments (Continued)

The non-current assets are analysed by the geographical area in which the assets are located. The non-current assets exclude any financial instruments, deferred tax assets and net defined benefit asset.

GROUP	Non-currrent assets (excluding deferred tax assets and net defined benefit asset)	
	30 June 2026 $'000	31 December 2025 $'000
Australia	2,997	3,277
Asia	4,591	4,599
Total	7,588	7,876

4. Financial assets and financial liabilities

Overview of the financial assets and financial liabilities is as follows:

	GROUP		COMPANY	
	30 June 2026 $'000	31 December 2025 $'000 (Restated#)	30 June 2026 $'000	31 December 2025 $'000 (Restated#)
Financial assets at amortised cost				
Trade and other receivables	14,010	10,066	3,420	6,691
Cash and bank balances	1,137	3,355	124	181
Total	15,147	13,421	3,544	6,872
Financial liabilities at amortised cost				
Loans and borrowings	11,606	10,264	3,114	370
Trade and other payables	4,653	4,570	238	250
Total	16,259	14,834	3,352	620

See Note 20

The carrying amount of financial assets and financial liabilities is a reasonable approximation of fair value.

5 Profit or loss before income tax

5.1 Significant items

GROUP	1H 2026 $'000	1H 2025 $'000
Finance costs:		
Interest expense on loans and borrowings	205	276
Interest expense on financial liabilities measured at amortised cost	19	13
	224	289
Included in 'Cost of sales':		
Depreciation of property, plant and equipment	201	245
Included in 'Other income' and 'Other expenses':		
Depreciation of property, plant and equipment	234	331
Loss/(Gain) on disposal of property, plant and equipment	1	(17)
Foreign currency exchange (gain)/loss, net	(400)	745
Rental of premises	139	134
Included in "Net impairment losses and write-offs":		
Inventories written off	28	13
Bad debts written back - Trade receivables	-	2
(Reversal of)/Allowance for impairment of trade receivables	(2)	17
Property, plant and equipment written off	-*	29

* Denotes amount less than $1,000

5.2 Related party transactions

Other than those disclosed elsewhere in the financial statements, transactions with related parties are as follows:

COMPANY	1H 2026 $'000	1H 2025 $'000
Rental income from subsidiaries	80	193
Management fee income from subsidiaries	476	370
Interest expense paid to a director	3	-
Interest expense paid to controlling shareholder	27	-

6 Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

GROUP	1H 2026 $'000	1H 2025 $'000
Current tax expense	(99)	(8)
Deferred tax credit/(expense)	171	(134)
Total income credit/(tax expense)	72	(142)

7 Earnings Per Ordinary Share ("EPS")

GROUP	1H 2026	1H 2025
Profit attributable to owners of the Company ($'000)	708	23
Weighted average number of ordinary shares ('000):		
- Basic	15,178,145	15,138,519
	15,178,145	15,138,519
EPS (Basic) (cents)	(-)*	(-)*
EPS (Diluted) (cents)	(-)*	(-)*

* Less than 0.01 cent

Basic EPS ratio is calculated by dividing profit or loss, net of tax attributable to owners of the Company by the weighted average number of ordinary shares outstanding during each financial period.

Diluted EPS is calculated by dividing profit or loss, net of tax attributable to owners of the Company (after giving effect to the elimination of interest expense, net of tax benefit) by the weighted average number of ordinary shares outstanding and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares. For 1H 2025 and 1H 2026, there is no dilutive effect on EPS.

8 Net asset value

	GROUP		COMPANY	
	30 June 2026 $'000	31 December 2025 $'000 (Restated#)	30 June 2026 $'000	31 December 2025 $'000 (Restated#)
NAV attributable to owners of the Company (S$'000)	26,435	25,823	22,211	22,398
Total number of issued shares excluding treasury shares ('000)	15,178,852	15,146,852	15,178,852	15,146,852
NAV per ordinary share (cents)	0.17	0.17	0.15	0.15

9 Property, plant and equipment

During the financial period ended 30 June 2026, the Group acquired assets amounting to $38,000 (1H 2025: $231,000) and disposed of assets with net book value amounting to $2,000 (1H 2025: $47,000).

10 Subsidiaries

COMPANY	30 June 2026 $'000	31 December 2025 $'000
Investments in subsidiaries		
Unquoted equity shares, at cost	25,481	21,481
Additions	5,540	4,000
Accumulated impairment losses	(11,183)	(11,183)
Carrying amount	19,838	14,298

During 1H 2026, the Company subscribed for 5,539,819 new ordinary shares at $1 per share in the capital of an wholly-owned subsidiary, credited as issued and paid up for a total consideration of $5,539,819 which was satisfied by way of capitalisation of an amount of $5,539,819 owing from the wholly-owned subsidiary.

During the last financial year, the Company subscribed for 4,000,000 new ordinary shares at $1 per share in the capital of an indirect wholly-owned subsidiary, credited as issued and paid up for a total consideration of $4,000,000 which was satisfied by way of capitalisation of an amount of $4,000,000 owing from the indirect wholly-owned subsidiary.

11 Net defined benefit asset

The Group contributes to the post-employment defined benefit plan in Korea. The assets of the plan are held separately from those of the Group and are fully funded by a Group's subsidiary. The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market risk. The defined benefit obligations are presented net of the carrying amount of the plan assets, as net defined benefit asset or liability, as the case may be.

12 Inventories

Group	30 June 2026 $'000	31 December 2025 $'000
Raw materials	1,133	917
Work-in-progress	4,456	4,657
Finished goods, at net realisable value	15,783	15,699
Goods-in-transit	347	103
Less: allowance for inventories obsolescence	(2,187)	(2,142)
Total	19,532	19,234

During 1H 2026, an allowance for slow-moving inventories of $9,000 (1H 2025: $3,639,000) was reversed.

13 Trade and other receivables

	Group		Company	
	30 June 2026 $'000	31 December 2025 $'000	30 June 2026 $'000	31 December 2025 $'000
Trade receivables due from:				
- third parties	11,389	10,503	-	-
- subsidiaries	-	-	613	4,773
Less: allowance for impairment losses				
- third parties	(628)	(627)	-	-
- subsidiaries	-	-	(245)	(2,538)
Net trade receivables	10,761	9,876	368	2,235
Other receivables due from subsidiaries	-	-	-	4,454
Advances to suppliers	63	42	-	-
Deposits	3,152	92	3,033	2
Tax recoverable	38	35	-	-
Sundry receivables	475	407	19	-
Prepayments	127	96	20	4
Total other receivables	3,855	672	3,072	4,460
Total trade and other receivables	14,616	10,548	3,440	6,695

Non-trade receivables due from subsidiaries are unsecured, interest-free and repayable on demand.

The Group does not require collateral in respect of trade receivables.

Ageing of the Group's trade receivables:

GROUP	30 June 2026 $'000	31 December 2025 $'000
Not past due	7,149	5,870
Past due 0 – 30 days	701	1,072
Past due 31 – 60 days	429	310
Past due 61 – 90 days	477	730
Past due 91 – 150 days	157	537
Past due more than 150 days	2,476	1,984
Total trade and other receivables	11,389	10,503

Management estimated the impairment loss allowance on credit-impaired receivables based on the age of the trade receivables, their future collectability, credit-worthiness of customers, the historical default rate, and various other factors.

Credit term of up to 150 days is granted to customers. Included in the total allowance for impairment of trade receivables amounting to $628,000 (31 December 2025: $627,000) is a specific allowance for impairment of $439,000 (31 December 2025: $438,000) relating to credit-impaired receivables.

The Group's top 5 customers accounted for about 26% (31 December 2025: 27%) of total Group's revenue. No additional allowance for impairment was made in 1H 2026, considering the payment track record of the customers and the Group's ongoing trading relationship with them.

14 Cash and cash equivalents

	Group		Company	
	30 June 2026 $'000	31 December 2025 $'000	30 June 2026 $'000	31 December 2025 $'000
Cash and bank balances	1,137	3,355	124	181
Pledged fixed deposit placed with a bank	(18)	(17)	-	-
Cash and cash equivalents	1,119	3,338	124	181

For the purpose of presenting the statement of cash flows, cash and cash equivalents comprise the following at the end of the financial period:

	Group	
	30 June 2026 $'000	30 June 2025 $'000
Cash and bank balances	1,137	1,363
Pledged fixed deposit placed with a bank	(18)	(17)
Cash and cash equivalents	1,119	1,346

15 Share capital

GROUP AND COMPANY	Number of ordinary shares	Share capital $'000
As at 1 January 2025	15,098,185,326	128,810
Issue of ordinary shares arising from:		
- Vesting of performance shares	48,666,666	98
As at 31 December 2025	15,146,851,992	128,908
- Vesting of performance shares	32,000,000	64
As at 30 June 2026	15,178,851,992	128,972

On 6 January 2025 and 1 September 2025, the Company issued and allotted 40,333,333 and 8,333,333 ordinary shares at $0.002 per share pursuant to the vesting of awards granted under the Hoe Leong Corporation Performance Share Plan respectively.

On 5 January 2026, the Company issued and allotted 32,000,000 ordinary shares at $0.002 per share pursuant to the vesting of awards granted under the Hoe Leong Corporation Performance Share Plan.

470,000 treasury shares were held as at 30 June 2026 and 31 December 2025. There is no sale, transfer, cancellation and or use of treasury shares during 1H 2026 and FY2025.

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2026 and 31 December 2025 and there is no sale, transfer, cancellation and/ or use of subsidiary holdings during 1H 2026 and FY2025.

16 Loans and borrowings

	GROUP		COMPANY	
	30 June 2026 $'000	31 December 2025 $'000 (Restated#)	30 June 2026 $'000	31 December 2025 $'000 (Restated#)
Non-current liabilities				
Secured bank borrowings	778	1,072	-	-
Unsecured bank borrowings	756	1,218	-	-
Loan from controlling shareholder	3,000	-	3,000	-
Lease liabilities	453	509	30	-
Sub-total	4,987	2,799	3,030	-
Current liabilities				
Secured bank borrowings	1,211	1,439	-	-
Unsecured bank borrowings	4,896	5,323	-	-
Lease liabilities	463	333	35	-
Loan from a director	50	370	50	370
Sub-total	6,619	7,465	85	370
Total	11,606	10,264	3,114	370

See Note 20

a) Bank borrowings are secured by legal mortgages over freehold land and buildings and certain plant and equipment of the Group.

b) Corporate guarantees are provided by the Company for certain secured and unsecured loans and borrowings.

c) In March 2026, the Company took out an interest-bearing loan of $3 million from a related party (who is also the controlling shareholder of the Company) for additional working capital purposes. The loan is repayable in 36 monthly instalments, commencing 24 months after drawdown.

17 Trade and other payables

	Group		Company	
	30 June 2026 $'000	31 December 2025 $'000 (Restated#)	30 June 2026 $'000	31 December 2025 $'000 (Restated#)
Trade payables	2,922	2,829	6	-
Accrued expenses	1,837	1,751	238	260
Provision for warranty costs	358	341	-	-
Total	5,117	4,921	244	260

See Note 20

Accrued expenses comprised mainly of professional fees and other operating expenses.

18 Other provisions

	Group and Company	
	30 June 2026 $'000	**31 December 2025 $'000**
At beginning of the financial period	483	542
Reversal during the financial period	(270)	(59)
At end of the financial period	213	483

Other provisions cover estimated legal liabilities and costs arising from material ongoing litigation and appeal (Note 19).

19 Material litigation

Kuala Lumpur High Court - Auspicious Journey Sdn Bhd vs Ebony Ritz Sdn Bhd ("AJ") and 5 others

For details of this case, please refer to the last audited financial statements for the financial year ended 31 December 2025 (see Note 24A thereof).

The Company wishes to further update that, at the hearing on 11 March 2026 regarding its application for a further stay of execution of the judgement sum, the Court of Appeal upheld the High Court's conditional stay order, and granted costs of RM10,000 to AJ.

The Company will provide a further update once the appeal against the High Court's decision dated 11 December 2025 has been heard in the fourth quarter of 2026.

20 Reclassification and comparative figures

Certain comparative figures have been reclassified to the prior year's financial statements to enhance comparability with the current year's financial statements.

1H 2025	**As previously reported $'000**	**Reclassification $'000**	**As reclassified $'000**
Statements of financial position			
Group			
Current liabilities			
Trade and other payables	5,291	(370)	4,921
Loans and borrowings	7,095	370	7,465
Company			
Current liabilities			
Trade and other payables	630	(370)	260
Loans and borrowings	-	370	370
Consolidated statement of profit of loss and other comprehensive income			
Cost of sales	(18,920)	3,639	(15,281)
Net reversal of/(allowance for) impairment losses	3,578	(3,639)	(61)
Consolidated statement of cash flows			
Operating activities			
Reversal of other provisions	(15)	15	-
Reversal of allowance for inventory obsolescence (net)	(3,639)	3,639	-
Operating cash flows before working capital changes	(2,538)	3,654	1,116
Changes in working capital:			
Inventories	2,853	(3,639)	(786)
Trade and other payables	(588)	(15)	(603)

F. the information required by Listing Rule Appendix 7.2

1 Review

The condensed interim consolidated statement of financial position of the Company and its subsidiaries as at 30 June 2026 and the condensed interim consolidated statement of profit or loss and comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended, and certain explanatory notes and other information have not been audited or reviewed by the Company's auditors.

2 Review of performance of the Group

Revenue

Revenue decreased by $2.5 million or 11.9% to $18.4 million during 1H 2026 from $20.9 million during 1H 2025.

The decline was mainly attributable to lower sales in the Group's Asian markets, following the loss of orders from several major customers amid heightened market uncertainty during the period. The Group has stepped up efforts to explore new markets, and while new customers have been secured, their contribution to revenue is expected to scale up gradually over the coming year.

Cost of sales

Cost of sales decreased by $1.7 million or 10.7% to $13.6 million during 1H 2026 from $15.3 million during 1H 2025, broadly in line with decline in revenue. Gross profit ("GP") was $4.8 million (GP margin: 26.0%) in 1H 2026 and $5.7 million (GP margin: 27.0%) in 1H 2025.

The 15.3% decline in gross profit during 1H 2026 was broadly in line with the 11.9% decline in revenue and 10.7% increase in cost of sales.

Other income

Other income increased by $402,000 to $517,000 during 1H 2026 as compared to 1H 2025 and this was mainly due to net foreign currency exchange gain, sale of scrap metal and government subsidies, compared to a net foreign currency exchange loss recorded in 1H 2025 (see "Other expenses" below).

Distribution expenses

Distribution expenses decreased by $0.08 million or 4.8% from $1.56 million during 1H 2025 to $1.48 million during 1H 2026.

The decrease was mainly due to lower sales commission paid in 1H 2026 in line with lower revenue generated during the financial period and reduced warehouse staff's salaries following the closure of Singapore warehouse in the second quarter of 2025.

Administrative expenses

Administrative expenses increased marginally by $42,000, or 1.9%, in 1H2026, mainly due to higher legal and professional fees relative to the corresponding period. The 1H2025 figures reflected credit notes issued for outstanding legal fees from earlier years, which lowered that period’s recorded expenses.

Other expenses

Other expenses decreased by $0.80 million from $1.53 million in 1H2025 to $0.73 million in 1H2026. This was mainly due to lower depreciation expense following the expiry of the Singapore warehouse lease in FY2025, and the absence of the net foreign exchange loss recorded in 1H2025 (see "Other income" above).

Net allowance for impairment losses and write-offs

The decrease was mainly due to the write-off of property, plant and equipment as a result of the expired lease of Singapore warehouse as well as an allowance for impairment of trade receivables in 1H 2025, with no equivalent provision required in 1H 2026.

Finance cost

Finance costs decreased by $65,000 or 22.5% from $289,000 during 1H 2025 to $224,000 during 1H 2026 was mainly due to the paydown of loans and borrowings.

Profit or loss before income tax

As result of the above, profit before income tax for 1H 2026 was $636,000 and $165,000 for 1H 2025.

<u>Financial Position Review</u>

Non-current assets

Non-current assets decreased by $0.2 million from $8.4 million as at 31 December 2025 to $8.2 million as at 30 June 2026. The decrease was mainly attributable to depreciation expenses and a reduction in net defined benefit asset but partially offset by an increase in deferred tax assets.

Current assets

Current assets increased by $2.2 million from $33.1 million as at 31 December 2025 to $35.3 million as at 30 June 2026. The increase was mainly due to increase in trade and other receivables by $4.1 million and a slight increase in inventories by $0.3 million. Such increase was partially offset by a decrease in cash and cash equivalents by $2.2 million.

The increase in trade and other receivables was mainly due to the deposit paid into our solicitors' interest-bearing client account in relation to the material litigation disclosed in Note 19.

The increase in inventories was mainly due to more raw materials purchased during 1H 2026.

Non-current liabilities

Non-current liabilities increased by $2.2 million from $2.8 million as at 31 December 2025 to $5.0 million as at 30 June 2026. During 1H 2026, the increase was due to a loan of $3 million from the controlling shareholder and such increase was partially offset by the repayment of loans and borrowings (which include bills payable and trust receipts).

Current liabilities

Current liabilities decreased by $0.9 million from $12.9 million as at 31 December 2025 to $12.0 million as at 30 June 2026. The decrease was mainly due to proceeds of $0.9 million from loans and borrowings (which include bills payable and trust receipts), partially offset by repayment of loans and borrowings (which include bills payable and trust receipts) during the financial period.

Cash Flow Review

Net cash used in operating activities was $3.5 million during 1H 2026. This was mainly due to a deposit of $3 million, being an amount equivalent to half of the general damages awarded, into solicitors' interest-bearing client account in relation to the material litigation disclosed in Note 19.

Net cash used in investing activities amounting to $37,000 was mainly due to the purchase of property, plant and equipment.

Net cash generated from financing activities amounting to $1.4 million was mainly due to a loan of $3 million from the controlling shareholder and proceeds of $0.9 million from bills payable and trust receipts. These inflows were partially offset by repayment of loans and borrowings of $0.8 million, repayment of bills payable and trust receipts of $1.3 million, interest payment of $0.2 million and payment of lease liabilities of $0.2 million.

As a result of the above, there was a net decrease of $2.1 million in cash and cash equivalents during 1H 2026. Cash and cash equivalents was $1.1 million as at 30 June 2026.

3 Variance from forecast or prospect statement

Not applicable. No forecast or prospect statement had been previously disclosed to shareholders.

4 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 operating environment remains challenging amid ongoing geopolitical uncertainties, including the conflict in the Middle East, which has contributed to volatility in energy prices and freight costs. While the Group's operations have not been materially disrupted, market conditions remain competitive, with softer demand observed in certain markets.

Looking ahead, continued geopolitical and economic uncertainties may weigh on demand in the Middle East and certain Asian markets, and orders from these markets may remain subdued in 2H FY2026. The Group also remains mindful that elevated energy, logistics and raw material costs may continue to exert pressure on operating margins.

Barring any unforeseen circumstances, the Group remains cautiously optimistic about its prospects for the next reporting period. The Group will continue to exercise prudent procurement and cost management, review pricing strategies where appropriate, and diversify its customer base and market presence. These measures are aimed at strengthening the Group's resilience and positioning it to capture opportunities as market conditions improve.

5 Dividend

(a) Dividend declared for the current financial period

No dividend has been declared or recommended for 1H 2026 as the Group would like to conserve cash for its working capital requirements.

(b) Dividend declared for the previous corresponding period of the immediately preceding financial year

No dividend was declared for 1H 2025.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

(e) Record date - Date on which registrable transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

6 Interested Person Transactions ("IPTs")

During 1H 2026, there are no IPTs amounting to $100,000 and above.

The Company does not have a general mandate from shareholders for IPTs.

7 Confirmation that the issuer has procured the undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual

The Company has received undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

8 Negative confirmation pursuant to Rule 705(5) of the Listing Manual

The Board confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the interim financial statements for 1H 2026 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Yeo Puay Hin
Executive Director and Chief Executive Officer

14 August 2026