
Unaudited Condensed Interim Financial Statements

For the six months ended 30 June 2021

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

Contents

	Page
A. Condensed interim consolidated statement of profit or loss and other comprehensive income	2
B. Condensed interim statements of financial position	3
C. Condensed interim statements of changes in equity	4
D. Condensed interim consolidated statement of cash flows	6
E. Notes to the condensed interim consolidated financial statements	8
F. Other information required by Appendix 7C of the Catalist Rules	16

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

The Group

	NOTE	Six Months Period Ended		Increase/ (Decrease) %
		30-Jun-21	30-Jun-20	
		(Unaudited) S\$ '000	(Unaudited) S\$ '000	
Revenue	4	13,536	5,205	160.1
Cost of sales		(10,113)	(3,342)	202.6
Gross profit		3,423	1,863	83.7
Other income		735	947	(22.4)
Selling and distribution expenses		(21)	(29)	(27.6)
Administrative expenses		(3,786)	(2,836)	33.5
Other operating expenses		(103)	(34)	202.9
Finance Expenses		(20)	(2)	900.0
Profit/(Loss) before income tax	6	228	(91)	(350.5)
Income tax expense	7	(16)	-	n.m.
Net profit/(loss)		212	(91)	(333.0)
Other comprehensive income:				
Items that will not be reclassified to profit or loss:				
Net fair value gains / (losses) on equity instruments at fair value through other comprehensive income		4	(4)	(200.0)
Other comprehensive income/(loss), net of tax		4	(4)	(200.0)
Total comprehensive income/(loss)		216	(95)	(327.4)
Profit/(Loss) attributable to :				
Equity holders of the Company		212	(91)	(333.0)
Total comprehensive income / (loss) attributable to:				
Equity holders of the Company		216	(95)	(327.4)
Earnings per share (Singapore cents)				
Basic		0.11	(0.05)	
Diluted		0.11	(0.05)	
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 2021 and 30 June 2020.

(B) Condensed interim statements of financial position

	Note	<u>Group</u>		<u>Company</u>	
		30-Jun-21 (Unaudited) S\$ '000	31-Dec-20 (Audited) S\$ '000	30-Jun-21 (Unaudited) S\$ '000	31-Dec-20 (Audited) S\$ '000
<u>ASSETS</u>					
<u>Non-current Assets</u>					
Property, plant and equipment	11	3,779	3,940	122	162
Investments in subsidiaries		-	-	28,450	28,450
Investment securities - OCI	10	22	18	-	-
Investment securities at fair value through profit or loss	14	387	-	387	-
		<u>4,188</u>	<u>3,958</u>	<u>28,959</u>	<u>28,612</u>
<u>Current Assets</u>					
Inventories		19	-	-	-
Trade and other receivables		5,639	4,805	29	72
Contract assets		1,263	1,911	-	-
Cash and bank balances		17,315	17,763	995	1,486
		<u>24,236</u>	<u>24,479</u>	<u>1,024</u>	<u>1,558</u>
Total Assets		<u>28,424</u>	<u>28,437</u>	<u>29,983</u>	<u>30,170</u>
<u>LIABILITIES</u>					
<u>Non-current Liabilities</u>					
Lease liabilities	12	513	535	-	-
<u>Current Liabilities</u>					
Trade and other payables		6,263	5,858	985	1,102
Contract liabilities		1,245	1,702	-	-
Lease liabilities	12	228	277	-	22
Current income tax liabilities		59	70	-	-
		<u>7,795</u>	<u>7,907</u>	<u>985</u>	<u>1,124</u>
Total Liabilities		<u>8,308</u>	<u>8,442</u>	<u>985</u>	<u>1,124</u>
Net Assets		<u>20,116</u>	<u>19,995</u>	<u>28,998</u>	<u>29,046</u>
<u>EQUITY</u>					
Share capital	13	4,477	4,477	40,072	40,072
Treasury shares		(630)	(630)	(630)	(630)
Other reserves		(261)	(265)	-	-
Retained profits / (accumulated losses)		16,530	16,413	(10,444)	(10,396)
Total Equity		<u>20,116</u>	<u>19,995</u>	<u>28,998</u>	<u>29,046</u>

(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	
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
2020						
At 1 January 2020		4,477	(630)	(261)	16,182	19,768
Loss for the period		-	-	-	(91)	(91)
<u>Other comprehensive income</u>						
Net fair value losses on equity securities at fair value through OCI		-	-	(4)	-	(4)
Total comprehensive loss for the period		-	-	(4)	(91)	(95)
<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 2020		4,477	(630)	(265)	16,091	19,673

(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
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		<u>40,072</u>	<u>(630)</u>	<u>-</u>	<u>(10,444)</u>	<u>28,998</u>
2020						
At 1 January 2020		40,072	(630)	-	(10,348)	29,094
Total comprehensive loss for the period		-	-	-	(529)	(529)
Dividends	8	-	-	-	-	-
At 30 June 2020		<u>40,072</u>	<u>(630)</u>	<u>-</u>	<u>(10,877)</u>	<u>28,565</u>

(D) Condensed interim consolidated statement of cash flows

<u>The Group</u>	Note	Six Months Period Ended	
		30-Jun-21 (Unaudited) S\$'000	30-Jun-20 (Unaudited) S\$'000
Cash flows from operating activities			
Net profit / (loss)		212	(91)
Adjustments for:			
Income tax expense		16	-
Depreciation of property, plant and equipment		502	186
Interest expenses		20	2
Interest income	6	(31)	(128)
Net foreign exchange gain		(3)	-
Operating profit / (loss) before working capital changes		716	(31)
Change in working capital:			
Inventories		(19)	6
Trade and other receivables, contract assets		(174)	(746)
Trade and other payables, contract liabilities		(52)	(2,316)
Cash generated from / (used in) operations		471	(3,087)
Income tax paid		(27)	(33)
Net cash generated from / (used in) operating activities		444	(3,120)
Cash flows from investing activities			
Additions to property, plant & equipment		(341)	(72)
Investment securities measured at fair value through profit or loss		(384)	-
Interest received		19	123
Net cash (used in) / generated from investing activities		(706)	51
Cash flows from financing activities			
Proceeds from lease		100	-
Repayment of lease liabilities		(171)	(90)
Interest paid		(20)	(2)
Dividends paid to equity holders of the Company	8	(95)	-
Net cash (used in) financing activities		(186)	(92)
Net Decrease in cash and cash equivalents		(448)	(3,161)
Cash and cash equivalents at beginning of the period		16,643	22,390
Cash and cash equivalents at end of the period		16,195	19,229

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

Non-cash transaction:

During the six months ended 30 June 2021 ("HY2021"), the Group acquired property, plant and equipment with an aggregate cost of S\$341,000 (30 June 2020: S\$72,000), of which S\$100,000 (30 June 2020: Nil) was acquired under leases and the remaining S\$241,000 (30 June 2020: S\$72,000) via cash payment.

Reconciliation of liabilities arising from financing activities

	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

	1-Jan-20	Principal & Interest	Acquisition	Interest Expense	30-Jun-20
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Lease liabilities	209	(92)	0	2	119

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-21	30-Jun-20
	(Unaudited)	(Unaudited)
	S\$'000	S\$'000
Short-term bank deposits	6,261	10,635
Cash and bank balances	11,054	9,709
	<u>17,315</u>	<u>20,344</u>
Less: Fixed deposits pledged to banks	<u>(1,120)</u>	<u>(1,115)</u>
	<u>16,195</u>	<u>19,229</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 2021 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; and
- (g) Interior design services and renovation work.

2. Basis of preparation

The unaudited condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The 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 2020.

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

The 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

The following standards and interpretations are effective for the annual period beginning on or after 1 January 2021:

- *SFRS(I) 1-34 Preparation of Interim Financial Statements*

The Group's adoption of the new standard listed above did not have any impact on the amounts recognised in prior financial periods and are not expected to significantly affect the current or future financial periods.

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 2020.

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.

Management is of the opinion that there are no critical judgements made in applying the Group's accounting policies that have the most significant effect on the amounts recognized in the financial statements and no assumptions and estimation of uncertainties that have a significant risk of resulting in a material adjustment within the next financial year.

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
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
	Mechanical Engineering S\$'000	Electrical Engineering S\$'000	Facilities Management S\$'000	Investment Holding S\$'000	Total S\$'000
HY2020					
Revenue from external parties	875	363	3,967	-	5,205
Gross profit	553	82	1,228	-	1,863
Segment assets	134	111	2,536	-	2,781
Segment liabilities	2,932	127	1,719	-	4,778

4.2 Disaggregation of revenue

	Group	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
Construction contracts		
Mechanical (Singapore)		
- At a point in time	-	-
- Over time	6,021	875
Electrical (Singapore)		
- At a point in time	-	-
- Over time	4,099	363
	10,120	1,238
Facilities management (Singapore)		
- At a point in time	-	-
- Over time	3,412	3,967
Investment holding	4	-
	13,536	5,205

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-21</u> <u>(Unaudited)</u>	<u>31-Dec-20</u> <u>(Audited)</u>	<u>30-Jun-21</u> <u>(Unaudited)</u>	<u>31-Dec-20</u> <u>(Audited)</u>
	S\$ '000	S\$ '000	S\$ '000	S\$ '000
Financial Assets				
Financial assets at amortised cost	22,671	23,151	1,403	1,554
Financial Liabilities				
Financial liabilities at amortised cost	6,851	6,195	989	1,124

6. Profit before taxation

6.1. Significant items

The Group	<u>Six Months Period Ended</u>	
	<u>30-Jun-21</u> <u>(Unaudited)</u> <u>S\$ '000</u>	<u>30-Jun-20</u> <u>(Unaudited)</u> <u>S\$ '000</u>
Interest income	(31)	(128)
Net foreign exchange gain	(3)	-
Depreciation of property, plant and equipment ("PPE")	384	63
Depreciation of right-of-use assets	118	123

6.2. Related party transactions

Save as disclosed below, no related party transactions took place between the Group and related parties during HY2021.

- (a) Outstanding balances as at 30 June 2021, arising from sales/purchases of goods and services, are unsecured and receivables/payable within 12 months (30 June 2020: 12 months) from the end of reporting period are disclosed as follows:

	Group		Company	
	30-Jun-21 (Unaudited) S\$ '000	30-Jun-20 (Unaudited) S\$ '000	30-Jun-21 (Unaudited) S\$ '000	30-Jun-20 (Unaudited) S\$ '000
Trade receivables				
- Subsidiary	-	-	21	23
Other payables				
- Subsidiary	-	-	(880)	(1,180)

- (b) Key management remuneration

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

	Group	
	30 Jun 21 (Unaudited) S\$'000	30 Jun 20 (Unaudited) S\$'000
Directors' fees	60	60
Salaries and short-term employee benefits	1,524	1,489
Employer's contribution to Central Provident Fund	108	129
	1,692	1,678

The above includes total remuneration to directors of the Company and its subsidiaries amounting to \$839,000(30 June 2020: \$710,000).

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 Period Ended	
	30-Jun-21 (Unaudited) S\$ '000	30-Jun-20 (Unaudited) S\$ '000
Current income tax expense	<u>16</u>	<u>-</u>

8. Dividends

	Group	
	30-Jun-21 (Unaudited) S\$'000	30-Jun-20 (Unaudited) S\$'000
Ordinary dividends paid:		
FY2020 Final dividend of 0.05 cents per share	<u>95</u>	<u>-</u>
Dividend per share (net of tax) (Singapore cents)	<u>0.05</u>	<u>-</u>

9. Net asset value

	The Group		The Company	
	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Net asset value per ordinary share (Singapore cents/share)	10.60	10.53	15.28	15.30
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)

	Six Months Period Ended	
	30-Jun-21	31-Dec-20
	(Unaudited)	(Audited)
	S\$ '000	S\$ '000
Investment securities - OCI	<u>22</u>	<u>18</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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can assess at the measurement date (Level 1);
- 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
- 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 2021	<u>22</u>
<u>Fair value through OCI</u> 31 December 2020	<u>18</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 2021, the Group acquired assets amounting to \$341,000 (30 June 2020: \$72,000) and there was no disposal of assets (30 June 2020: nil).

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

12. Lease liabilities

	<u>30-Jun-21 (Unaudited)</u>		<u>31-Dec-20 (Audited)</u>	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Amount repayable in one year or less				
Lease liabilities	32	196	22	255
Amount repayable after one year				
Lease liabilities	54	459	-	535
	86	655	22	790

Details of collateral:

The Group's secured borrowings relates to lease, secured against the respective motor vehicles with carrying amount of approximately S\$307,000 (31 Dec 2020: S\$162,000).

13. Share Capital

	<u>30-Jun-21 (Unaudited)</u>		<u>31-Dec-20 (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 2021 and 31 December 2020.

There were no subsidiary holdings as at 30 June 2021 and 31 December 2020.

14. Financial assets at fair value through profit or loss

	<u>Group and Company</u>	
	<u>Six Months Period Ended</u>	
	<u>30-Jun-21</u> <u>(Unaudited)</u> <u>S\$ '000</u>	<u>31-Dec-20</u> <u>(Audited)</u> <u>S\$ '000</u>
Investment securities – quoted (Level 1)	387	-

The investment securities represent the fair value as at 30 June 2021.

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 2021 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 2021 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					
	2021		2020		Increase/(decrease)	
S\$'000	%	S\$'000	%	S\$'000	%	
Mechanical Engineering	6,021	44.5	875	16.8	5,146	588.1
Electrical Engineering	4,099	30.3	363	7.0	3,736	1,029.2
Facilities Management	3,412	25.2	3,967	76.2	(555)	(14.0)
Investment Holding	4	0.0	-	-	4	n.m.
Total	13,536	100.0	5,205	100.0	8,331	160.1

ii) Gross Profit

	GROUP					
	Six Months Ended 30 June					
	2021		2020		Increase/(decrease)	
S\$'000	%	S\$'000	%	S\$'000	%	
Mechanical Engineering	2,339	68.4	553	29.7	1,786	323.0
Electrical Engineering	117	3.4	82	4.4	35	42.7
Facilities Management	963	28.1	1,228	65.9	(265)	(21.6)
Investment Holding	4	0.1	-	-	4	n.m.
Total	3,423	100.0	1,863	100.0	1,560	83.7

iii) Gross Profit Margin

	30 June		(Decrease)
	2021	2020	
	%	%	%
Mechanical Engineering	38.8	63.2	(24.4)
Electrical Engineering	2.9	22.6	(19.7)
Facilities Management	28.2	31.0	(2.8)
Investment Holding	n.m.	n.m.	n.m.
Total	25.3	35.8	(10.5)

n.m.: not meaningful

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

The increase in total revenue in HY2021 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 revenue generated from one of the Group's ongoing projects and another project which is at the design and planning phase. Revenue from the electrical engineering segment increased mainly due to revenue generated from three projects that were secured in March 2020.

Revenue contribution from the facilities management segment decreased as a result of less variation works requested by customers to be carried out as a result of Covid-19 pandemic.

Gross profit increased mainly due to an increase in gross profit from the mechanical engineering and electrical engineering segments.

Gross profit margin decreased from 35.8% in HY2020 to 25.3% in HY2021 mainly due to lower gross profit margins derived from the mechanical and electrical engineering segments. The overall decrease in gross profit margin 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 decrease in gross profit margin for electrical engineering segment is also attributable to the secured projects generating low gross profit margins.

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, offset by an increase in rental income from the temporary sub-letting of the property at 4 Kwong Min Road.

v) Selling and distribution expenses

Selling and distribution expenses decreased mainly due to the decreased in travelling expenses and there being less license fees that needed to be paid in HY2021.

vi) Administrative Expenses

Administrative expenses increased mainly due to the following:

- (i) an increase in depreciation expenses of property, plant and equipment; and
- (ii) an increase in staff cost, pertaining to overtime costs and an increased hiring of personnel for a project that commenced in the second half of 2020.

3. Review of condensed interim statements of financial position

Total assets as at 30 June 2021 have decreased as compared to 31 December 2020, and are mainly attributable to the following :-

- a. **Property, plant and equipment (“PPE”)** decreased by 4.1%, mainly due to an increase in depreciation expenses on PPE and offset by a purchase of a new vehicle to replace an existing vehicle with an expired Certificate of Entitlement.
- b. **Trade and other receivables** increased mainly due to receipt of certification of 2 months of work done in June 2021, of which payment was subsequently received in July 2021. The trade receivables turnover days improved slightly from 65 days to 46 days as at end of HY2021.
- c. **Contract assets** decreased by 33.9% mainly due to the reclassification of amounts previously recognised as contract assets to trade receivables at the point at which its right to consideration became unconditional.
- d. **Cash and bank balances** decreased due to reasons as described in the cash flows analysis below.

Total liabilities as at 30 June 2021 have decreased as compared to 31 December 2020, and are mainly attributable to the following :-

- a) **Trade and other payables** increased due to accrual of purchases and subcontractors’ cost not yet billed, which is in line with the Group’s increased cost of sales.
- b) **Contract liabilities** decreased due to the reclassification of contract liabilities to revenue at the point at which the said contract liabilities were certified for the value of work done.
- c) **Lease liabilities (for current and non-current)** decreased due to the repayment of leases.

4. Review of condensed interim consolidated statement of cash flows

The Group had a positive operating cash flow before changes in working capital of S\$0.7 million. The increase in trade and other receivables and contract assets of S\$0.2 million, as well as a decrease in trade and other payables and contract liabilities of S\$54,000, resulted in net cash generated from operating activities of S\$0.4 million.

The net cash used in investing activities amounting to S\$0.7 million was mainly due to investment in securities and additions of property, plant and equipment.

The net cash used in financing activities amounting to S\$0.2 million was mainly due to the repayment of lease liabilities and payment of the FY2020 final dividend to shareholders.

As at 30 June 2021, the Group had cash and cash equivalents of S\$16.2 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 2020 to 30 June 2021.

	<u>Number of shares</u>	<u>Share capital</u>
Ordinary shares (excluding treasury shares) as at 31 December 2020 and 30 June 2021	189,823,497	S\$ 39,442,252

Outstanding Convertibles

There were no outstanding convertibles as at 30 June 2021 and 30 June 2020.

Treasury Shares

The Company has 6,300,000 treasury shares as at 30 June 2021 and 30 June 2020, which represented 3.3% of the Company's ordinary shares (excluding treasury shares) of 189,823,497 as at 30 June 2021 and 30 June 2020 respectively.

Subsidiary Holdings

There were no subsidiary holdings as at 30 June 2021 and 31 December 2020.

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 2021</u>	<u>31 Dec 2020</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 2021 and 31 December 2020.

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\$121 million worth of contracts on hand, with completion dates ranging from financial years 2021 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 Covid-19 global pandemic resulted in restrictions measures across the world. The Group has experienced a shortage of manpower supply in the construction sector due to travel restrictions imposed on workers returning to Singapore. However, the Group does not anticipate this manpower shortage to materially impact its 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 HY2021. 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 HY2021.

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 2021 to be false or misleading in any material aspect.

On behalf of the Board

Foo Suay Wei
Executive Director

Wong Loke Tan
Chairman

BY ORDER OF THE BOARD

10 August 2021

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. ("Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited ("Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

The contact person for the Sponsor is Ms. Lim Hui Ling, 16 Collyer Quay, #10-00 Income at Raffles, Singapore 049318, sponsorship@ppcf.com.sg