



**JEP HOLDINGS LIMITED**  
**(Registration. No. 199401749E)**  
**(Incorporated in Singapore)**

**UNAUDITED CONDENSED INTERIM**  
**FINANCIAL STATEMENTS**

**For the six months and full year ended 31 December 2021**

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") Listing Manual Section B: Rules of Catalist. The Sponsor has not independently verified the contents of this announcement.

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 details of the contact person for the Sponsor is:

Name : Ms. Bao Qing (Registered Professional, RHT Capital Pte. Ltd.)  
Address : 6 Raffles Quay #24-02, Singapore 048580  
Email : sponsor@rhtgoc.com

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

		<b>Group</b>					
Note	6 months ended		Increase/ (Decrease)	12 months ended		Increase/ (Decrease)	
	31-Dec-21	31-Dec-20	%	31-Dec-21	31-Dec-20	%	
		S\$'000	S\$'000		S\$'000	S\$'000	%
	E4	46,419	30,908	50.2	75,899	73,284	3.6
		(35,249)	(27,946)	26.1	(60,741)	(62,392)	(2.6)
		<b>11,170</b>	<b>2,962</b>	<b>277.1</b>	<b>15,158</b>	<b>10,892</b>	<b>39.2</b>
		594	2,603	(77.2)	2,166	5,221	(58.5)
		(1,031)	(901)	14.4	(1,866)	(1,950)	(4.3)
		(2,908)	(2,159)	34.7	(5,100)	(5,381)	(5.2)
		-	(6,618)	N.M	-	(6,618)	N.M
		(409)	(469)	(12.8)	(834)	(1,134)	(26.5)
	E6	<b>7,416</b>	<b>(4,582)</b>	<b>N.M</b>	<b>9,524</b>	<b>1,030</b>	<b>824.7</b>
	E7	(1,396)	189	N.M	(1,670)	(812)	105.7
		<b>6,020</b>	<b>(4,393)</b>	<b>N.M</b>	<b>7,854</b>	<b>218</b>	<b>N.M</b>
<b>Other comprehensive (loss)/ Income</b>							
<i>Items that may be reclassified subsequently to profit or loss</i>							
		(8)	11	N.M	(56)	11	N.M
		<b>6,012</b>	<b>(4,382)</b>	<b>N.M</b>	<b>7,798</b>	<b>229</b>	<b>N.M</b>
<b>Earnings per share attributable to owners of the Company</b>							
		1.455	(1.061)	N.M	1.899	0.053	N.M

*N.M denotes not meaningful*

## B. Condensed interim statements of financial position

Note	Group		Company	
	As at		As at	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>				
<b>Current assets</b>				
	19,618	15,950	359	465
	22,219	15,498	19	30
E11	18,799	13,293	-	-
	<b>60,636</b>	<b>44,741</b>	<b>378</b>	<b>495</b>
<b>Non-current assets</b>				
	48,472	50,836	14	21
E10	11,292	11,292	-	-
	-	-	68,648	67,320
	6	2	6	2
	<b>59,770</b>	<b>62,130</b>	<b>68,668</b>	<b>67,343</b>
	<b>120,406</b>	<b>106,871</b>	<b>69,046</b>	<b>67,838</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Current liabilities</b>				
E12	3,101	2,373	-	-
	15,572	7,610	1,320	595
	307	1	87	-
	-	-	-	1,864
E12	961	1,245	-	-
	<b>19,941</b>	<b>11,229</b>	<b>1,407</b>	<b>2,459</b>
<b>Non-current liabilities</b>				
E12	22,685	25,786	-	-
E12	6,111	7,148	-	-
	3,785	2,419	-	-
	<b>32,581</b>	<b>35,353</b>	<b>-</b>	<b>-</b>
<b>Capital and reserves</b>				
E13	49,226	49,226	49,226	49,226
E13	(203)	-	(203)	-
	772	772	870	870
	(45)	11	-	-
	18,134	10,280	17,746	15,283
	<b>67,884</b>	<b>60,289</b>	<b>67,639</b>	<b>65,379</b>
	<b>120,406</b>	<b>106,871</b>	<b>69,046</b>	<b>67,838</b>

**C. Condensed interim statements of changes of equity**

<u>Group</u>	Share capital	Treasury shares	Capital reserve	Translation reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>2021</u></b>						
<b>Balance as at 1 January 2021</b>	49,226	-	772	11	10,280	60,289
Profit for the year	-	-	-	-	7,854	7,854
<i>Other comprehensive loss</i>						
Foreign Currency Translation	-	-	-	(56)	-	(56)
Total comprehensive income for the year	-	-	-	(56)	7,854	7,798
Transactions with owners, recognised directly in equity						
Share buy back exercise	-	(203)	-	-	-	(203)
<b>Balance as at 31 December 2021</b>	<b>49,226</b>	<b>(203)</b>	<b>772</b>	<b>(45)</b>	<b>18,134</b>	<b>67,884</b>
<b><u>2020</u></b>						
<b>Balance as at 1 January 2020</b>	49,226	-	772	-	10,062	60,060
Profit for the year	-	-	-	-	218	218
<i>Other comprehensive Income</i>						
Foreign Currency Translation	-	-	-	11	-	11
Total comprehensive income for the year	-	-	-	11	218	229
<b>Balance as at 31 December 2020</b>	<b>49,226</b>	<b>-</b>	<b>772</b>	<b>11</b>	<b>10,280</b>	<b>60,289</b>

**C. Condensed interim statements of changes of equity (Cont'd)**

<u>Company</u>	Share capital	Treasury shares	Capital reserve	Retained earnings	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>2021</u></b>					
<b>Balance as at 1 January 2021</b>	49,226	-	870	15,283	65,379
Profit for the year	-	-	-	2,463	2,463
Total comprehensive income for the year	-	-	-	2,463	2,463
Transactions with owners, recognised directly in equity					
Share buy back exercise	-	(203)	-	-	(203)
<b>Balance as at 31 December 2021</b>	<b>49,226</b>	<b>(203)</b>	<b>870</b>	<b>17,746</b>	<b>67,639</b>
<b><u>2020</u></b>					
<b>Balance as at 1 January 2020</b>	49,226	-	870	13,531	63,627
Profit for the year	-	-	-	1,752	1,752
Total comprehensive income for the year	-	-	-	1,752	1,752
<b>Balance as at 31 December 2021</b>	<b>49,226</b>	<b>-</b>	<b>870</b>	<b>15,283</b>	<b>65,379</b>

#### D. Condensed interim consolidated statement of cash flows

	Group			
	6 months ended		12 months ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Operating activities</b>				
Profit/ (loss) before income tax	7,416	(4,582)	9,524	1,030
Adjustment for:				
Depreciation of property, plant and equipment	3,053	2,938	5,954	6,063
(Reversal of)/ provision for impairment loss recognised on trade receivables	(15)	119	(17)	119
Amortization of intangible assets	-	142	-	204
Gain on disposal of property, plant and equipment	(66)	(454)	(69)	(528)
Impairment loss on goodwill	-	6,250	-	6,250
Property, plant and equipment written off	7	248	19	251
Provision for inventory obsolescence	26	446	404	627
Unrealized foreign exchange loss/ (gain)	172	119	(253)	175
Gain on re-measurement of lease liabilities	-	(15)	-	(15)
Interest income	(20)	(7)	(47)	(22)
Interest expense	409	469	834	1,134
Operating cash flow before movements in working capital	10,982	5,673	16,349	15,288
Inventories	(2,213)	1,733	(5,910)	1,085
Trade and other receivables	(3,783)	2,400	(5,395)	5,314
Trade and other payables	7,330	(419)	8,103	(9,700)
Cash generated from operations	12,316	9,387	13,147	11,987
Interest paid	(409)	(469)	(834)	(1,134)
Interest received	20	7	47	22
Income tax paid	-	*	(2)	*
<b>Net cash generated from operating activities</b>	<b>11,927</b>	<b>8,925</b>	<b>12,358</b>	<b>10,875</b>
<b>Investing activities</b>				
Purchase of property, plant and equipment (Note A)	(3,446)	(1,294)	(5,035)	(2,151)
Proceeds from disposal of property, plant and equipment (Note B)	31	493	198	663
<b>Net cash used in investing activities</b>	<b>(3,415)</b>	<b>(801)</b>	<b>(4,837)</b>	<b>(1,488)</b>
<b>Financing activities</b>				
Acquisition of treasury shares	(94)	-	(203)	-
Repayments of lease liabilities	(564)	(1,654)	(1,240)	(2,451)
Proceeds from term loans	-	3,194	-	5,000
Repayments of term loans	(1,439)	(1,011)	(2,373)	(4,784)
Proceeds from trade financing loans	-	1,806	-	1,806
Repayments of trade financing loans	-	(4,253)	-	(4,253)
Net repayments of factoring loans	-	-	-	(709)
<b>Net cash used in financing activities</b>	<b>(2,097)</b>	<b>(1,918)</b>	<b>(3,816)</b>	<b>(5,391)</b>
Net increase in cash and bank balances	6,415	6,206	3,705	3,996
Effect of exchange rate changes	(5)	11	(37)	11
Cash and bank balances at beginning of year	13,208	9,733	15,950	11,943
<b>Cash and bank balances at end of year</b>	<b>19,618</b>	<b>15,950</b>	<b>19,618</b>	<b>15,950</b>

\* Denotes less than S\$1,000

#### D. Condensed interim consolidated statement of cash flows (Cont'd)

The reconciliation of purchase of property, plant and equipment ("PPE") and proceeds from disposal of PPE are presented below:

	6 months ended		12 months ended	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
	S\$'000	S\$'000	S\$'000	S\$'000
<b>Note A</b>				
<b><u>Purchase of property, plant and equipment</u></b>				
Total additions	2,845	2,761	3,799	3,276
Less: Acquired under lease liabilities	-	(1,253)	-	(1,253)
Less: Movement in liability owing to supplier of PPE	-	(7)	107	71
Less: Movement in downpayment to supplier of PPE	601	(207)	1,129	57
<b>Net cash outflow</b>	<b>3,446</b>	<b>1,294</b>	<b>5,035</b>	<b>2,151</b>
<b>Note B</b>				
<b><u>Proceed from disposal of property, plant and equipment</u></b>				
Total net book value of disposal	8	39	172	67
Add: Gain on disposal of PPE	66	454	69	528
Total sales proceeds	74	493	241	595
Add: Movement in receivables arising from disposal of PPE	(43)	-	(43)	-
Add: Carrying value of assets held for sales	-	-	-	68
<b>Net cash inflow</b>	<b>31</b>	<b>493</b>	<b>198</b>	<b>663</b>

## **E. Notes to the condensed interim consolidated financial statements**

### **1. Corporate Information**

The Company (Registration No. 199401749E) was incorporated in Singapore with its principal place of business and registered office at 16 Seletar Aerospace Crescent Singapore 797567. The Company is listed on the Catalist board of Singapore Exchange Securities Trading Limited. These condensed interim consolidated financial statements as at 31 December 2021 and for the six months and twelve months ended 31 December 2021 comprised the Company and its subsidiaries (collectively, Group).

The principal activities of the Company are that of investment holding and the provision of management services to its subsidiaries. The principal activities of the subsidiaries are disclosed in Note E4 to the interim consolidated financial statements.

### **2. Basis of Preparation**

The condensed interim financial statements for the six months (second half ended 31 December 2021 or 2H2021) and twelve months ended 31 December 2021 (full year ended 31 December 2021 or FY2021) have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual 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 SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore Dollars (SGD or S\$), which is the Company's functional currency, and all values in the tables are rounded to the nearest thousand (S\$'000), except when otherwise indicated.

#### **2.1 New and amended standards adopted by the Group**

The Group has adopted the revised SFRS(I) 16 Leases – COVID-19 Related Rent Concessions that amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting this standard.

#### **2.2 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. 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 2020.

Estimates and underlying assumptions were 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.

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the condensed interim financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:



## **E. Notes to the condensed interim consolidated financial statements (Cont'd)**

### **2.2 Use of judgements and estimates (Cont'd)**

- Impairment review of goodwill  
*Goodwill arises from the Group's acquisition of Dolphin Engineering Pte Ltd ("DEPL"), JEP Precision Engineering Pte Ltd ("JEPS") and JEP Industrades Pte Ltd ("JEPI"). The Group tests goodwill annually for impairment or more frequently if there are indications that goodwill might be impaired.*
- Impairment review of property, plant and equipment  
*Where there are indications of impairment of its assets, the management estimates the recoverable amounts of these assets to determine the extent of the impairment loss, if any. The recoverable amounts of these assets are determined based on the higher of fair value less cost to sell and value-in-use.*
- Useful lives of property, plant and equipment  
*Management exercises their judgement in estimating the useful lives of the depreciable assets which takes into consideration the physical conditions of the assets and their useful lives. Depreciation is provided to write off the cost of property, plant and equipment over their estimated useful lives, using the straight-line method.*
- Allowance for inventories  
*Management reviews the aging analysis of inventories at the end of each reporting period, and makes allowance for inventory items that are identified as obsolete and slow-moving, which have a market price that is lower than its carrying amount. Management estimates the net realisable value for finished goods based primarily on the latest selling prices and current market conditions.*

### **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**

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable operating segments under SFRS(I) 8 are as follows:

1. The precision machining segment is a provider of precision machining services for aerospace, oil and gas, electronics and automotive industry.
2. The trading and other segment is a provider of machine sales and customised cutting tools for our customers.
3. The equipment manufacturing segment is a provider of large format precision engineering and equipment fabrication service.

Except as indicated above, no operating segments have been aggregated to form the above operating segment.

Management monitors the operating results of its reporting segments for the purpose of making decisions in order to assess the respective reporting segments' performances. This is evaluated based on operating profit or loss which in certain respects, as explained in the table below and is measured differently from operating profit or loss in the interim consolidated statement of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reporting units.

## E. Notes to the condensed interim consolidated financial statements (Cont'd)

### 4.1. Reportable segments

The following table present revenue and profit information for the Group's business segments for the six months ended 31 December of 2021 and 2020, respectively

6 months ended 31 December	Precision machining		Trading and others		Equipment manufacturing		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Revenue:</u>								
Total revenue	23,741	14,818	5,642	5,418	18,460	10,914	47,843	31,150
Inter-reporting unit sales	(580)	(103)	(843)	(139)	(1)	-	(1,424)	(242)
External customers	23,161	14,715	4,799	5,279	18,459	10,914	46,419	30,908
<b>Segment results</b>	<b>4,097</b>	<b>(5,911)</b>	<b>646</b>	<b>112</b>	<b>3,704</b>	<b>1,577</b>	<b>8,447</b>	<b>(4,222)</b>
<u>Unallocated expenses:</u>								
Unallocated corporate expenses							(622)	109
Finance costs							7,825	(4,113)
Profit before tax							(409)	(469)
Income tax expense							7,416	(4,582)
<b>Net profit for the period after tax</b>							<b>(1,396)</b>	<b>189</b>
							<b>6,020</b>	<b>(4,393)</b>

6 months ended 31 December	Precision machining		Trading and others		Equipment manufacturing		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Other Segment Information</u>								
Capital expenditure	782	1,672	37	-	2,026	1,089	2,845	2,761
Depreciation of property, plant and equipment	2,229	2,304	33	53	791	581	3,053	2,938
Amortisation of intangible assets	-	-	-	142	-	-	-	142
Impairment loss on goodwill	-	6,250	-	-	-	-	-	6,250

## E. Notes to the condensed interim consolidated financial statements (Cont'd)

### 4.1. Reportable segments (Cont'd)

The following table present revenue and profit information for the Group's business segments for the twelve months ended 31 December of 2021 and 2020, respectively

12 months ended 31 December	Precision machining		Trading and others		Equipment manufacturing		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Revenue:</u>								
Total revenue	38,956	43,207	11,020	8,848	27,708	21,934	77,684	73,989
Inter-reporting unit sales	(721)	(128)	(1,063)	(577)	(1)	-	(1,785)	(705)
External customers	38,235	43,079	9,957	8,271	27,707	21,934	75,899	73,284
<b>Segment results</b>	<b>4,940</b>	<b>(2,043)</b>	<b>1,446</b>	<b>507</b>	<b>4,752</b>	<b>4,194</b>	<b>11,138</b>	<b>2,658</b>
<u>Unallocated expenses:</u>								
Unallocated corporate expenses							(780)	(494)
Finance costs							10,358	2,164
Profit before tax							(834)	(1,134)
Income tax expense							9,524	1,030
<b>Net profit for the year after tax</b>							<b>(1,670)</b>	<b>(812)</b>
							<b>7,854</b>	<b>218</b>

12 months ended 31 December	Precision machining		Trading and others		Equipment manufacturing		Group	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Other Segment Information</u>								
Capital expenditure	1,578	1,916	50	-	2,171	1,360	3,799	3,276
Depreciation of property, plant and equipment	4,465	4,780	70	100	1,419	1,183	5,954	6,063
Amortisation of intangible assets	-	-	-	204	-	-	-	204
Impairment loss on goodwill	-	6,250	-	-	-	-	-	6,250

## E. Notes to the condensed interim consolidated financial statements (Cont'd)

### 4.1. Reportable segments (Cont'd)

Revenue is based on the location of customers regardless of where the goods are produced. Non-current assets (exclude deferred tax assets) are based on the location of those assets.

6 months ended 31 December	Group							
	Precision machining		Trading and others		Equipment manufacturing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:								
Singapore	16,284	4,247	1,232	1,064	15,110	9,494	32,626	14,805
People's Republic of China	1,522	4,018	2,401	2,809	-	-	3,923	6,827
Malaysia	1,179	623	443	805	1,987	587	3,609	2,015
USA	2,995	2,488	114	80	1,352	759	4,461	3,327
Canada	738	3,096	-	-	-	-	738	3,096
Others	443	243	609	521	10	74	1,062	838
	<b>23,161</b>	<b>14,715</b>	<b>4,799</b>	<b>5,279</b>	<b>18,459</b>	<b>10,914</b>	<b>46,419</b>	<b>30,908</b>

12 months ended 31 December	Group							
	Precision machining		Trading and others		Equipment manufacturing		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Revenue:								
Singapore	23,642	10,449	2,741	2,210	22,843	19,890	49,226	32,549
People's Republic of China	2,841	9,318	4,676	3,750	-	-	7,517	13,068
Malaysia	2,440	2,124	1,132	1,148	2,394	1,189	5,966	4,461
USA	6,957	11,747	187	193	2,347	759	9,491	12,699
Canada	1,385	8,077	-	-	-	-	1,385	8,077
Others	970	1,364	1,221	970	123	96	2,314	2,430
	<b>38,235</b>	<b>43,079</b>	<b>9,957</b>	<b>8,271</b>	<b>27,707</b>	<b>21,934</b>	<b>75,899</b>	<b>73,284</b>

## E. Notes to the condensed interim consolidated financial statements (Cont'd)

### 4.1. Reportable segments (Cont'd)

The following table shows the carrying amount of the segment assets and segment liabilities by geographical areas in which the assets and liabilities are located:

	Segment assets		Segment liabilities	
	as at 31 December		as at 31 December	
	2021	2020	2021	2020
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>Other Segment Information</u></b>				
Singapore	115,713	103,946	48,280	44,032
Malaysia	4,609	2,746	12	2
	<b>120,322</b>	<b>106,692</b>	<b>48,292</b>	<b>44,034</b>

	Group	
	as at 31 December	
	2021	2020
	S\$'000	S\$'000
Reportable segments' assets are reconciled to total assets as follows:		
Segment assets	120,322	106,692
GST input tax	78	177
Deferred tax assets	6	2
<b>Total assets</b>	<b>120,406</b>	<b>106,871</b>

Reportable segments' liabilities are reconciled to total liabilities as follows:		
Segment liabilities	48,292	44,034
GST output tax	445	129
Deferred tax liabilities	3,785	2,419
<b>Total liabilities</b>	<b>52,522</b>	<b>46,582</b>

## E. Notes to the condensed interim consolidated financial statements (Cont'd)

### 4.2 A breakdown of sales

	<b>Group</b>		
	<b>FY2021 S\$'000</b>	<b>FY2020 S\$'000</b>	<b>% increase/ (decrease)</b>
a) Sales reported for first half year	29,480	42,376	(30.4)
b) Operating profit after tax before deducting non-controlling interests reported for first half year	1,834	4,611	(60.2)
c) Sales reported for the second half year	46,419	30,908	50.2
d) Operating profit/ (loss) after tax before deducting non-controlling interests reported for second half year	6,020	(4,393)	N.M

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2021 and 31 December 2020:

	<b>Group</b>		<b>Company</b>	
	<b>31-Dec-21 S\$'000</b>	<b>31-Dec-20 S\$'000</b>	<b>31-Dec-21 S\$'000</b>	<b>31-Dec-20 S\$'000</b>
<b><u>Financial assets</u></b>				
At amortised cost:				
- Cash and bank balances	19,618	15,950	359	465
- Trade receivables	20,094	13,827	-	-
- Other receivables	253	729	-	8
<b>Total</b>	<b>39,965</b>	<b>30,506</b>	<b>359</b>	<b>473</b>
<b><u>Financial liabilities</u></b>				
At amortised cost:				
- Bank loans	25,786	28,159	-	-
- Trade and other payables	15,127	7,481	1301	577
- Amount due to subsidiaries	-	-	-	1,864
- Lease liabilities	7,072	8,393	-	-
<b>Total</b>	<b>47,985</b>	<b>44,033</b>	<b>1,301</b>	<b>2,441</b>

## E. Notes to the condensed interim consolidated financial statements (Cont'd)

### 6. Profit before taxation

#### 6.1 Significant items

	<b>Group</b>			
	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
<b><u>Other Operating Income</u></b>				
Government grant	194	2,329	890	3,996
Foreign exchange gain	(21)	(532)	471	-
Gain on disposal of property, plant and equipment	66	454	69	528
Interest income	20	7	47	22
<b><u>Expenses*</u></b>				
Interest expenses	(409)	(469)	(834)	(1,134)
Reversal of / (provision for) impairment loss recognised on trade receivables	15	(119)	17	(119)
Amortisation of intangible assets	-	(142)	-	(204)
Depreciation of property, plant and equipment	(3,053)	(2,938)	(5,954)	(6,063)
Property, plant and equipment written off	(7)	(248)	(19)	(251)
Provision for inventory obsolescence	(26)	(446)	(404)	(627)
<b><u>Other operating expenses</u></b>				
Impairment loss on goodwill	-	(6,250)	-	(6,250)
Foreign exchange loss	-	(368)	-	(368)

\* Includes Selling and distribution expenses, Administrative expenses and Finance expenses

#### 6.2 Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties are reflected in these financial statements. The balances are unsecured, interest-free and repayable on demand unless otherwise stated.

Significant related party transactions as follows:

	<b>The Group</b>			
	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Sale of goods	1,931	891	2,684	1,282
Purchase of goods	1,631	976	2,762	3,362
Purchase of machinery	1,338	-	1,338	170
Sale of machinery	74	-	74	-

## E. Notes to the condensed interim consolidated financial statements (Cont'd)

### 7. Taxation

	<b>Group</b>			
	<b>6 months ended</b>		<b>12 months ended</b>	
	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Current tax expense	(510)	418	(850)	(1)
Over/ (Under) provision for deferred tax in prior years	308	(1)	314	(179)
Deferred income tax expense relating to origination and reversal of temporary differences	(1,194)	(228)	(1,134)	(632)
Deferred tax charged to profit or loss	(886)	(229)	(820)	(811)
<b>Income tax expense for the year</b>	<b>(1,396)</b>	<b>189</b>	<b>(1,670)</b>	<b>(812)</b>

### 8. Dividend

No dividend has been declared or recommended for the financial year ended 31 December 2021 (31 December 2020: Nil). The available fund will be retained for working capital use.

### 9. Net Asset Value

	<b>Group</b>		<b>Company</b>	
	<b>31-Dec-21</b>	<b>31-Dec-20</b>	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Net assets per ordinary share	16.4 cents	14.6 cents	16.4 cents	15.8 cents

Note:

Net assets per ordinary share based on number of issued 413,024,021 ordinary shares (excluding treasury shares) as at 31 December 2021 (31 December 2020: 413,944,721 ordinary shares (excluding treasury shares)).

### 10. Intangible assets

<b>Group</b>	<b>Goodwill on consolidation</b>
	<b>S\$'000</b>
<b>Balance as at 31 December 2020</b>	
Cost	18,812
Accumulated amortization and impairment	7,520
<b>Net book value</b>	<b>11,292</b>
<b>12 months ended 31 December 2021</b>	
Opening net book amount	11,292
Additions	-
Amortization and Impairment charges	-
<b>Closing net book amount</b>	<b>11,292</b>
<b>Balance as at 31 December 2021</b>	
Cost	18,812
Accumulated amortization and impairment	7,520
<b>Net book value</b>	<b>11,292</b>



## E. Notes to the condensed interim consolidated financial statements (Cont'd)

### 10. Intangible assets (Cont'd)

No impairment indicators were identified as at 31 December 2021 based on the cash-generating units ("CGU") business performance. The Group performed its annual impairment test in December 2021.

(a) Goodwill on consolidation

#### Impairment tests for goodwill

The aggregate carrying amount of goodwill is allocated to the Group's CGU identified as follows:

	Group	
	31-Dec-21	31-Dec-20
	S\$'000	S\$'000
Precision machining - JEPS	5,200	5,200
Trading and others - JEPI	814	814
Equipment manufacturing - DEPL	5,278	5,278
	<b>11,292</b>	<b>11,292</b>

The recoverable amount of the CGU was based on its value in use.

Value in use was determined by discounting the future cash flows to be generated from the continuing use of the CGU. Value in use as at 31 December 2021 was determined based on the following key assumptions:

	Gross margin		Discount rate	
	2021	2020	2021	2020
<b>Group</b>				
Precision machining - JEPS	15%	8%	12.51%	11.58%
Trading and others - JEPI	23%	20%	15.93%	10.57%
Equipment manufacturing - DEPL	23%	25%	12.06%	10.52%

As at 31 December 2021, any reasonably possible change to the key assumptions applied is not likely to cause the recoverable amounts to be below the carrying amounts of the CGUs.

### 11. Inventories

As at 31 December 2021, the carrying amount of the Group's inventories, net of allowance for obsolescence of S\$3,110,000 (31 December 2020: S\$2,706,000) amounted to S\$18,799,000 (31 December 2020: S\$13,293,000), which represented 31% (31 December 2020: 30%) of its current assets.

## E. Notes to the condensed interim consolidated financial statements (Cont'd)

### 12. Loans and borrowings consist of bank loans and lease liabilities

	<b>Group</b>	
	<b>31-Dec-21</b>	<b>31-Dec-20</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Secured borrowing</b>		
Amount repayable in one year or less, or on demand	3,705	3,292
Amount repayable after one year	23,128	26,910
	<b>26,833</b>	<b>30,202</b>
<b>Unsecured borrowing</b>		
Amount repayable in one year or less, or on demand	357	326
Amount repayable after one year	5,668	6,024
	<b>6,025</b>	<b>6,350</b>

#### Details of any collaterals

As at 31 December 2021 the Group's secured lease liabilities and bank term loans are secured as follows:

- a) Secured lease liabilities amounting to S\$1.0 million (31 December 2020: S\$2.0 million) are secured by the production equipment and motor vehicles of subsidiaries; and
- b) Bank term loan amounting to S\$25.8 million (31 December 2020: S\$28.2 million) are secured by the property, plant and equipment of subsidiaries.

### 13. Share Capital

	<b>Group and Company</b>			
	<b>31-Dec-21</b>		<b>31-Dec-20</b>	
	<b>No. of shares</b>	<b>S\$'000</b>	<b>No. of shares</b>	<b>S\$'000</b>
<b>Issued and fully paid</b>				
At 31 December 2021 and 31 December 2020	413,944,721	49,226	413,944,721	49,226

The total number of issued shares excluding treasury shares as at 31 December 2021 was 413,024,021 shares (31 December 2020: 413,944,721 shares).

#### (i) Treasury Shares

The total of number of treasury shares as at 31 December 2021 was 920,700 (31 December 2020: Nil).

The treasury shares held by the Company as at 31 December 2021 represent 0.222% (31 December 2020: Nil) of the total number of issued shares (excluding treasury shares).

	<b>Number of treasury shares</b>
Balance as at 1 January 2021	-
No. of treasury shares held	920,700
<b>Balance as at 31 December 2021</b>	<b>920,700</b>

There were no sales, transfers, cancellation and/or use of treasury shares as at 31 December 2021 (31 December 2020: Nil).

**E. Notes to the condensed interim consolidated financial statements (Cont'd)**

**13. Share Capital (Cont'd)**

**(ii) Subsidiary holdings**

There is no subsidiary holdings as at 31 December 2021 (31 December 2020: Nil).

There were no sales, transfers, cancellation and/or use of subsidiary holdings as at 31 December 2021 (31 December 2020: Nil).

**14. Subsequent events**

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

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

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

The condensed interim statements of financial position of JEP Holdings Limited and its subsidiaries as at 31 December 2021 and the related condensed interim consolidated statement of profit or loss and other comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the twelve months period then ended and certain explanatory notes have not been audited or reviewed.

**1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

- a) Updates on the efforts taken to resolve each outstanding audit issue.**
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

**This is not required for any audit issue that is a material uncertainty relating to going concern.**

Not applicable

**2. 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**

**Revenue and cost of sales**

For FY2021, the Group revenue edged up 3.6% to S\$75.9 million buoyed by a stronger performance in the second half of the year. Compared to FY2020, Equipment Manufacturing segment and Trading and Others sales climbed 26.3% and 20.4% respectively, while Precision Machining Sales fell 11.2% from S\$43.1 million in FY2020 to S\$38.2 million in FY2021 due to the continued impact of the COVID-19 pandemic in the aviation industry sector.

The Group delivered an improved 2H2021 performance with overall revenue rising 50.2% to S\$46.4 million from S\$30.9 million in the corresponding second half last year ("2H2020"). Precision Machining and Equipment Manufacturing segment surged 57.4% and 69.1% as compared to 2H2020 and Trading and Others, which declined 9%.

Cost of sales for FY2021 decreased by 2.6% from S\$62.4 million in FY2020 to S\$60.7 million. The gross margin edged up to 20.0% compared to 14.9% in FY2020. The increase was due to the Group's product mix, with more higher-margin component sales.

**Other operating income**

In FY2021, other operating income decreased to S\$2.2 million from S\$5.2 million in FY2020 mainly attributed to lesser grant amount received in relation to the COVID-19 support funds from government agencies.

**Selling and distribution expenses**

Selling expenses mainly comprise staff costs of the Group's sales and marketing staff, outward freight, travelling and marketing expenses, and other related expenses. The expenses in FY2021 remained relatively constant as compared to FY2020. In 2H2021, the increase of 14.4% was mainly due to higher production volume during the period.

**Administrative expenses**

Administrative expenses mainly comprise of staff costs, Directors' fee and compensation, depreciation charge in relation to non-production assets, amortisation of intangible assets, professional fees, foreign exchange and other office expenses. In FY2021, the administrative expenses remained relatively constant as compared to FY2020. In 2H2021, the increase of 34.7% was mainly due to higher production volume during the period.

**F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)**

**2. 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:- (Cont'd)**

- 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 (Cont'd)**

**Other operating expenses**

Other operating expenses mainly consist of attributed to a goodwill impairment of S\$6.25 million and exchanges loss incurred in FY2020.

**Finance expenses**

Finance costs decreased by S\$0.3 million from S\$1.1 million in FY2020 to S\$0.8 million in FY2021, mainly due to lesser borrowings made and lower interest rates charged during the year.

**Income tax expenses**

The Group recorded a total income tax expense of S\$1.7 million in FY2021 compared to S\$0.8 million in FY2020, the increase in the income tax expenses was due to higher profits made during the year.

- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.**

**Non-current assets**

Total non-current assets decreased by S\$2.3 million attributed to an amortization of right-of-use assets of S\$0.4 million and net movement of S\$1.9 million in relation to property plant and equipment.

**Trade and other receivables**

Trade and other receivables increased by S\$6.7 million from S\$15.5 million as at 31 December 2020 to S\$22.2 million as at 31 December 2021. The increase was mainly due to fluctuations arising from business volume made by customers.

**Inventories**

Inventories increased by S\$5.5 million from S\$13.3 million as at 31 December 2020 to S\$18.8 million as at 31 December 2021. The increase was mainly due to higher purchases was made during the year.

**Trade and other payables**

Trade and other payables increased by S\$8.0 million from S\$7.6 million as at 31 December 2020 to S\$15.6 million as at 31 December 2021. The increase was mainly due to fluctuation arising from business volume made to creditors.

**Lease liabilities**

The Group total lease liabilities decreased by S\$1.3 million from S\$8.4 million as at 31 December 2020 to S\$7.1 million as at 31 December 2021. The reduction was due to a repayment in relation of leased property, plant and equipment.

**Bank Loans**

The Group total loans and borrowings decreased by S\$2.4 million from S\$28.2 million as at 31 December 2020 to S\$25.8 million as at 31 December 2021. This decrease was due to term loans repayment of S\$2.4 million.

**Deferred tax liabilities**

Deferred tax liabilities increased by S\$1.4 million to S\$3.8 million in FY2021 from S\$2.4 million in FY2020 primarily due to deferred tax expenses arising from the origination and reversal of temporary differences.

**F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)**

- 2. 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:- (Cont'd)**

**b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (Cont'd)**

**Statement of cash flows of the Group**

Net cash generated from operating activities increased S\$1.5 million from S\$10.9 million in FY2020 to S\$12.4 million in FY2021 mainly due to higher income generated from operating activities.

Net cash used in investing activities was mainly related to capital expenditure incurred for the purchase of equipment and new factory progressive construction cost in Penang, Malaysia.

Net cash used in financing activities was for the repayment of term loans, lease liabilities and acquisition of treasury shares.

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

Not applicable

- 4. 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 achieved record revenue and profit in 2H2021.

The Group's current focus pivots towards the semiconductor equipment segment, whilst awaiting the recovery of its core aerospace component manufacturing business in year 2023.

The Group expects more noticeable recovery of the aerospace business in the second half of the year 2023, supported by volume production of new complex and high value added parts from our strategic customers.

The strong momentum for the equipment manufacturing segment is expected to continue into 2022.

Moving forward, the Group will continue to seek more new businesses and maximize operational synergies with UMS to improve overall performance.

**5. Dividend**

- a) Current Financial Period Reported on  
Whether an interim (final) ordinary dividend has been declared (recommended):**

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**

Not applicable

**F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)**

**5. Dividend (Cont'd)**

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

Not applicable

- e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable

**6. 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 for the financial year ended 31 December 2021. The available fund will be retained for working capital use.

**7. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (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.**

The Group has obtained a general mandate from its shareholders for IPTs at e-AGM held on 22 April 2021.

As shown in the table below, the aggregate value of all interested person transactions during the period was approximately 14.0% of the group's latest audited net tangible assets as at 31 December 2020.

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to <a href="#">Rule 920</a> )	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	<b>31 December 21</b>	<b>31 December 21</b>
UMS Holdings Limited & its subsidiaries	S\$1,456,440	S\$5,401,579

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

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

**9. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.**

For detailed review of performance, please refer to item 2 in Section F above.

**F. Other Information Required by Appendix 7C of the Catalist Rules (Cont'd)**

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there is no such persons, the issuer must make an appropriate negative statement.

<b>Name</b>	<b>Age</b>	<b>Family relationship with any director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Darren Zee Yu Liang	34	The eldest son of Mr. Zee Hoong Huay, the Executive Director of the Company	Managing Director of Dolphin Engineering Pte Ltd ("DEPL") Responsible for overseeing the operations and developing new businesses for DEPL.	N.A.

On behalf of the Board of Directors

Andy Luong  
Executive Chairman

Zee Hoong Huay  
Executive Director

**BY ORDER OF THE BOARD  
ANDY LUONG  
EXECUTIVE CHAIRMAN  
28 FEBRUARY 2022**