



SEVENS ATELIER LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 197902790N)

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR SIX MONTHS PERIOD ENDED 30 JUNE 2022

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022

	Note	GROUP		Incr/ (Decr) %
		Half-year ended 30-Jun-22 S\$'000	Half-year ended 30-Jun-21 (re-presented*) S\$'000	
Revenue	5	218	-	NM
Cost of sales		(209)	-	NM
Gross profit		9	-	NM
Other gains		54	-	NM
Marketing and distribution costs		(20)	-	NM
Administrative expenses		(343)	(350)	(2)
Finance costs		(1)	-	NM
Other losses		(277)	-	NM
Loss before tax from continued operations	6	(578)	(350)	NM
Income tax expenses		-	-	NM
Loss from discontinued operations, net of tax	4B	(2,464)	(1,099)	124
Loss net of tax		(3,042)	(1,449)	NM
<u>Other comprehensive income</u>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Gains		61	75	(19)
Other comprehensive income for the year, net of tax		61	75	NM
Total comprehensive loss		(2,981)	(1,374)	NM
Loss per share				
		Cents	Cents	
Basic and diluted		(1.42)	(0.68)	

NM - Not Meaningful

* Re-presented - Please refer to Note 4B at Selected Notes to the Interim Financial Statements.

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
 AS AT 30 JUNE 2022**

	Note	Group		Company		Group Increase / (Decrease) S\$'000
		30-Jun-22 S\$'000	31-Dec-21 S\$'000	30-Jun-22 S\$'000	31-Dec-21 S\$'000	
ASSETS						
Non-current assets						
Property, plant and equipment	8	856	10,032	-	3,855	(9,176)
Right-of-use assets		373	539	-	-	(166)
Intangible assets		4	-	-	-	4
Goodwill		11,137	-	-	-	11,137
Investments in subsidiaries		-	-	12,000	3,236	-
Investments in associate		-	206	-	-	(206)
Investments in joint ventures		-	62	-	-	(62)
Other assets, non-current		-	342	-	241	(342)
Total non-current assets		12,370	11,181	12,000	7,332	1,189
Current assets						
Asset held for sale		-	30	-	-	(30)
Inventories		10	920	-	-	(910)
Trade and other receivables, current	9	3,807	9,346	3,712	4,692	(5,539)
Contract assets, current		1,792	1,448	-	-	344
Other assets, current		585	2,776	-	42	(2,191)
Cash and cash equivalents		2,125	3,669	10	653	(1,544)
Total current assets		8,319	18,189	3,722	5,387	(9,870)
Total assets		20,689	29,370	15,722	12,719	(8,681)
EQUITY AND LIABILITIES						
Equity attributable to owner of the parent						
Share capital	12	15,300	15,300	15,300	15,300	-
Other reserves		-	(61)	-	-	61
Accumulated losses		(3,388)	(346)	(3,334)	(3,620)	(3,042)
Equity, attributable to owners of the parent		11,912	14,893	11,966	11,680	(2,981)
Non-current liabilities						
Other payables, non-current		465	-	-	-	465
Other financial liabilities, non-current		137	2,912	-	-	(2,775)
Lease liabilities, non-current		184	496	-	74	(312)
Total non-current liabilities		786	3,408	-	74	(2,622)
Current liabilities						
Liabilities associated with asset held for sale		-	18	-	-	(18)
Income tax payable		110	22	-	-	88
Other financial liabilities, current		49	2,446	-	-	(2,397)
Lease liabilities, current		197	243	-	35	(46)
Contract liabilities, current		1,682	275	-	-	1,407
Trade and other payables, current	10	5,953	8,065	3,756	930	(2,112)
Total current liabilities		7,991	11,069	3,756	965	(3,078)
Total liabilities		8,777	14,477	3,756	1,039	(5,700)
Total equity and liabilities		20,689	29,370	15,722	12,719	(8,681)
Net Asset value per ordinary share based on issued share capital		5.56	6.95	5.59	5.45	
		Singapore Cents	Singapore Cents	Singapore Cents	Singapore Cents	

**CONSOLIDATED STATEMENT OF CASH FLOW
 FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	<u>Note</u>	<u>Group</u>	
		<u>30-Jun-22</u>	<u>30-Jun-21</u>
		<u>S\$'000</u>	<u>S\$'000</u>
Cash flows from operating activities			
Loss before tax from continuing operations		(578)	(350)
Loss before tax from discontinued operations		(2,464)	(1,099)
Adjustments for:			
Allowance for impairment on property, plant and equipment		-	63
Depreciation of property, plant and equipment	6	290	347
Depreciation of right-of-use assets	6	157	182
Interest income		(11)	(23)
Interest expense		70	88
Loss on disposal of Disposal Assets	4B	2,841	-
Gain on disposal of plant and equipment		-	(23)
Share of profit from equity-accounted associate		-	3
Share of loss from equity-accounted joint ventures		-	17
Operating cash flow before changes in working capital		305	(795)
Trade and other receivables		(3,646)	2,308
Contract assets		390	(51)
Other assets		-	(871)
Inventories		(363)	233
Trade and other payables		5,740	(973)
Contract liabilities		(275)	(341)
Net cash flows from / (used in) operations		2,151	(490)
Income taxes (paid) / refunded		(119)	55
Net cash flows from / (used in) operating activities		2,032	(435)
Cash flows from investing activities			
Disposal of Disposal Assets (net of cash disposed)	4B	3,874	-
Investment in subsidiaries	4B	(6,173)	-
Interest received		11	23
Proceeds from disposal of plant and equipment		-	72
Purchase of property, plant and equipment		(34)	(112)
Net cash flows used in investing activities		(2,322)	(17)
Cash flows from financing activities			
Finance lease repayment		-	(71)
Decrease in lease liabilities		(172)	-
Interest paid		(70)	(88)
Loans and borrowings paid		(1,075)	(474)
Lease liability - principal & interest portion paid		-	(175)
Net cash flows (used in) / from financing activities		(1,317)	(808)
Net decrease in cash and cash equivalents		(1,607)	(1,260)
Effect of exchange rate changes on cash and cash equivalent		63	61
Cash and cash equivalents, statement of cash flows, beginning balance		3,669	5,225
Cash and cash equivalents, statement of cash flows, ending balance		2,125	4,026

**STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS PERIOD ENDED 30 JUNE 2022**

	Share Capital S\$'000	Other Reserves S\$'000	(Accumulated losses) / Retained Earnings S\$'000	Total Equity S\$'000
GROUP:				
Current Year:				
Balance as at 1 January 2022	15,300	(61)	(346)	14,893
Movements in equity:				
Total comprehensive income / (loss) for the year	-	61	(3,042)	(2,981)
Balance as at 30 June 2022	15,300	-	(3,388)	11,912
Previous year:				
Balance as at 1 January 2021	15,300	(170)	128	15,258
Movements in equity:				
Total comprehensive income / (loss) for the year	-	75	(1,449)	(1,374)
Balance as at 30 June 2021	15,300	(95)	(1,321)	13,884
COMPANY:				
Current Year:				
Balance as at 1 January 2022	15,300	-	(3,620)	11,680
Movements in equity:				
Total comprehensive income for the year	-	-	286	286
Balance as at 30 June 2022	15,300	-	(3,334)	11,966
Previous year:				
Balance as at 1 January 2021	15,300	-	(2,140)	13,160
Movements in equity:				
Total comprehensive loss for the year	-	-	(904)	(904)
Balance as at 30 June 2021	15,300	-	(3,044)	12,256

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. General

Sevens Atelier Limited (the “**Company**”) is incorporated in Singapore with limited liability. The financial statements are presented in Singapore dollars and they cover the Company, which is also the ultimate holding company, and its subsidiaries (the “**Group**”).

All financial information has been rounded to the nearest thousand (S\$’000), except when otherwise indicated.

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

The principal activities of the Group comprise :

- investment holding;
- building construction; and
- renovation and interior design.

The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited.

The registered office is 60 Paya Lebar Road, Paya Lebar Square, #10-14, Singapore 409051. The Company is situated in Singapore.

2. Basis of presentation

These condensed consolidated interim financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) (“**SFRS (I) s**”) 1-34 Interim Financial Reporting (“**Standards**”) 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 Group’s last annual report for the financial year ended 31 December 2021. They are also in compliance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the provisions of the Catalist Rules.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, and methods of computation applied in these condensed consolidated interim financial statements are consistent with those of the latest audited annual financial statements for the financial year ended 31 December 2021 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 dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

A number of 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 those standards.

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 and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the year ended 31 December 2021.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

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. Seasonality of operations

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

4. Financial information by operating segment

4A. Information about reportable segment profit or loss, assets and liabilities

Disclosure of information about operating segments, products and services, the geographical areas, and the major customers are made as required by the financial reporting standard Operating Segments. This disclosure standard has no impact on the reported financial performance or financial position of the reporting entity.

For management purposes, the Group's reporting operating segments are as follows:

- a. Sevens Build – building construction and design
- b. Sevens Design – renovation and interior design

The segments are managed separately as each business requires different strategies. Performance is measured based on segment profit after tax, that are reviewed by the Group's CEO. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The Group operates in Singapore.

4B. Discontinued operations

On 14 June 2022, the Group disposed of all of its business and subsidiaries dealing in the following types of products and services (the "**Disposal Assets**"):

- (1) General trading ("GT") – Trading of water piping materials and related accessories;
- (2) Engineering solutions ("ES") – Provision of specialised products to water infrastructure products;
- (3) Valves ("VA") – Valves for municipal and industrial applications; and
- (4) Others – Supply of parts and accessories in Oil & Gas industry and other non-water related products.

On 14 June 2022, the Group completed the disposal of all of its then existing businesses and subsidiaries for a consideration of S\$12 million. Upon completion of the disposal, the Group no longer operates in all business operations relating to piping, valves and engineering solutions. Accordingly, the disposed group and business operating results have been presented as discontinued operations in current period. The disposed segment was not previously presented as discontinued operations as at 30 June 2021, hence, the comparative statement of profit and loss has been re-presented to show the discontinued operations separately from continuing operations.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

	Group
	Half Year Ended
	30-Jun-22
	(S\$'000)
Effect of disposal of the financial position of the Group:	
Property, plant and equipment	9,767
Right-of-use assets	389
Investments in associate	206
Investments in joint ventures	62
Other assets	241
Asset held for sale	29
Inventories	1,282
Trade and other receivables	12,393
Income tax recoverable	97
Contract assets	1,058
Cash and cash equivalents	4,414
Total Assets	29,938
Liabilities associated with asset held for sale	(17)
Other financial liabilities	(4,283)
Lease liabilities	(566)
Trade and other payables	(10,231)
Total liabilities	(15,097)
Net assets disposed	14,841
Loss on disposal	(2,841)
Sale consideration	12,000
Cash balance from discontinued operations disposed of	(4,414)
Amount due from purchaser	(3,712)
Net cash inflow	3,874

Analysis of the result of discontinued operations and the results recognised on the re-measurement of disposal group is as follows:

	Group	
	1-Jan-2022 to	1-Jan-2021 to
	14-Jun-2022	30-Jun-2021
	(S\$'000)	(S\$'000)
Revenue	5,462	6,358
Cost of sales	(3,503)	(4,557)
Gross profit	1,959	1,801
Interest income	11	23
Other gains	797	358
Marketing and distribution costs	(506)	(872)
Administrative expenses	(1,826)	(2,092)
Finance costs	(58)	(88)
Other losses	-	(166)
Share of loss from equity-accounted associate	-	(3)
Share of loss from equity-accounted joint ventures	-	(17)
Profit / (Loss) before tax	377	(1,056)
Income tax expense	-	(43)
Profit / (loss) before tax before disposal loss for the period	377	(1,099)
Loss on disposal	(2,841)	-
Total loss on discontinued operations	(2,464)	(1,099)

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

4C. Acquisitions

On 14 June 2022, the Group completed the acquisition of 100% equity interest in Sevens Creation Pte Ltd. Upon the acquisition, Sevens Creation Pte Ltd and its wholly-owned subsidiaries (“**Sevens Creation Group**”), namely Sevens Build Pte Ltd and Sevens Design Pte Ltd, became direct or indirect wholly-owned subsidiaries of the Company. The purchase consideration was S\$12 million.

The fair values of identifiable assets acquired and liabilities assumed shown below for Sevens Creation Pte Ltd are provisional as the hindsight period (of not more than twelve months) allowed by the financial reporting standard on business combinations has not yet expired. A detailed report from an independent professional valuer on the fair values is expected to be available before the end of the next reporting year.

	Group Half Year Ended 30-Jun-22 (S\$'000)
Effect of acquisition on financial position of the Group:	
	<u>Provisional fair value</u>
Property, plant and equipment	856
Right-of-use assets	373
Intangible assets	4
Inventories	10
Trade and other receivables	331
Other assets	585
Contract assets	1,792
Cash and cash equivalents	2,115
Total assets	<u>6,066</u>
Other financial liabilities	(186)
Lease liabilities	(381)
Income tax payable	(110)
Contract liabilities	(1,682)
Trade and other payables	(2,844)
Total liabilities	<u>(5,203)</u>
Net assets acquired	863
Total consideration	(12,000)
Provisional goodwill	<u>(11,137)</u>
<u>Net cash outflow</u>	
Total consideration	12,000
Less: Cash and Cash equivalent acquired	(2,115)
Less: Amount due to vendor	(3,712)
Net cash outflow	<u>6,173</u>

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

4. Financial information by operating segment (cont'd)

4D. Profit or loss from continuing operations and reconciliations

<u>Continuing Operations</u> <u>6 months from 1 January to 30 June</u>	<u>Building</u>	<u>Renovation</u>	<u>Others</u>	<u>Unallocated</u>	<u>Consolidated</u>
	<u>construction</u>	<u>and interior</u>			
	<u>& design</u>	<u>design</u>			
	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>	<u>2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
<u>Revenue by segment</u>					
External sales	212	6	-	-	218
Result :-					
Segment result	8	(4)	5	-	9
Finance costs				(1)	(1)
Depreciation of property, plant and equipment				(6)	(6)
Depreciation of right-of-use assets				(9)	(9)
Employee benefits expenses				(303)	(303)
Other losses				(223)	(223)
Other unallocated expenses				(45)	(45)
Loss before income tax from continuing operations					(578)
Income tax expenses					-
Loss from discontinued operations, net of tax					(2,464)
Net loss after tax					(3,042)

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

<u>Discontinued operations</u>	<u>General</u>	<u>Engineering</u>				
<u>6 months from 1 January to 30 June</u>	<u>Trading</u>	<u>Solutions</u>	<u>Valves</u>	<u>Others</u>	<u>Unallocated</u>	<u>Consolidated</u>
	2021	2021	2021	2021	2021	2021
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
<u>Revenue by segment</u>						
External sales	3,318	2,091	909	40	-	6,358
Result :-						
Segment result	1,115	472	189	25	-	1,801
Interest income					23	23
Finance costs					(88)	(88)
Depreciation of property, plant and equipment					(347)	(347)
Depreciation of right-of-use assets					(182)	(182)
Employee benefits expenses					(1,600)	(1,600)
Unallocated corporate expense					(835)	(835)
Other gains					192	192
Share of loss from equity-accounted associate					(3)	(3)
Share of loss from equity-accounted joint ventures					(17)	(17)
Loss before income tax from discontinued operations						(1,056)
Income tax expenses						(43)
Net loss after tax from discontinued operations						(1,099)

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

4. Financial Information by operating segment (cont'd)

4E. Assets, liabilities and reconciliations

<u>Continuing Operations</u> <u>Business Segments</u>	<u>Building</u> <u>construction</u> <u>& design</u> <u>30-Jun-22</u> <u>S\$'000</u>	<u>Renovation</u> <u>and interior</u> <u>design</u> <u>30-Jun-22</u> <u>S\$'000</u>	<u>Others</u> <u>30-Jun-22</u> <u>S\$'000</u>	<u>Consolidated</u> <u>30-Jun-22</u> <u>S\$'000</u>
<u>Segment assets</u>				
Trade and other receivables	18	77	3,712	3,807
Contract assets	1,747	45	-	1,792
Property, plant and equipment	856	-	-	856
Right-of-Use assets	261	-	112	373
Cash and cash equivalents	1,668	304	153	2,125
Other assets	471	21	107	599
Provisional goodwill	-	-	11,137	11,137
Total assets	5,021	447	15,221	20,689
<u>Segment liabilities</u>				
Trade and other payables	1,508	53	4,857	6,418
Other financial liabilities	-	186	-	186
Lease liabilities	268	-	113	381
Income tax payable	110	-	-	110
Contract liabilities	1,638	44	-	1,682
Total liabilities	3,524	283	4,970	8,777

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

<u>Discontinued Operations</u> <u>Business Segments</u>	<u>General</u>	<u>Engineering</u>				
	<u>Trading</u>	<u>Solutions</u>	<u>Valves</u>	<u>Others</u>	<u>Unallocated</u>	<u>Consolidated</u>
	31-Dec-21	31-Dec-21	31-Dec-21	31-Dec-21	31-Dec-21	31-Dec-21
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Other information						
Trade and other receivables	3,592	2,602	810	2,342	-	9,346
Contract Assets	266	1,182	-	-	-	1,448
Property, plant and equipment					10,032	10,032
Right-of-Use Assets					539	539
Cash and cash equivalents					3,669	3,669
Asset held for sale under FRS 105					30	30
Other assets					3,118	3,118
Others					1,188	1,188
Total assets						29,370
Segment liabilities						
Trade and other payables					8,065	8,065
Other financial liabilities					5,358	5,358
Lease liabilities					739	739
Liabilities associated with assets held for sale under SFRS(I) 5					18	18
Others					297	297
Total liabilities						14,477

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

4. Financial information by operating segment (cont'd)

4F. Geographical information

On 14 June 2022, the Group disposed of the Disposal Assets that deal in the following types of products and services:

- (1) General trading (“GT”) – Trading of water piping materials and related accessories;
- (2) Engineering solutions (“ES”) – Provision of specialised products to water infrastructure products;
- (3) Valves (“VA”) – Valves for municipal and industrial applications; and
- (4) Others – Supply of parts and accessories in Oil & Gas industry and other non–water related products.

With the disposal, the Group fully exit the above businesses.

On the same day, the Group acquired Sevens Creation Pte Ltd and its wholly-owned subsidiaries (“**Sevens Creation Group**”), namely Sevens Build Pte Ltd and Sevens Design Pte Ltd, and thereby diversified into construction, renovation and design businesses (the “**New Business**”).

The New Business operates in Singapore and, accordingly, an analysis of non-current assets and revenue of the Group by geographical distribution has not been presented as it is not meaningful.

5. Revenue

The Group has disaggregated revenue in the following table which is intended to enable users to understand the revenue segment information provided to the financial statements:

	Group	
	6 Months Ended 30 June	2021
	2022	(Re-presented)
	<u>S\$'000</u>	<u>S\$'000</u>
Timing of transfer of goods and services		
- Over time	218	-
Type of goods and services		
- Construction, renovation and design	218	-

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

6. Loss before taxation

The following items have been included in arriving at loss before taxation:

	Group	
	6 months ended 30 June	
	2022	2021
	S\$'000	S\$'000
<u>Depreciation – Property, Plant and Equipment</u>		
Continuing operations	6	-
Discontinued operations	284	347
<u>Depreciation – Right-of-Use Asset</u>		
Continuing operations	9	-
Discontinued operations	148	182
<u>Employees Benefits Expense</u>		
Continuing operations	303	350
Discontinued operations	1,110	1,600
<u>Interest Expenses</u>		
Continuing operations	1	-
Discontinued operations	69	165
<u>Interest Income</u>		
Continuing operations	-	-
Discontinued operations	11	50

7. Income tax

No tax expense was recognised in profit or loss (30 June 2021: S\$43,000)

8. Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$856,000 (30 June 2021: \$214,000) and disposed of assets amounting to \$9,767,000 (30 June 2021: \$Nil).

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

9. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade receivables:</u>				
Outside parties	95	7,408	-	4
Less allowance for expected credit losses	-	(797)	-	-
Subsidiaries	-	-	-	762
Less allowance for expected credit losses	-	-	-	(206)
Related parties	-	578	-	120
Trade receivables – subtotal	<u>95</u>	<u>7,189</u>	<u>-</u>	<u>680</u>
<u>Other receivables:</u>				
Related parties	3,712	2,124	3,712	30
Subsidiaries	-	-	-	8,108
Less allowance for expected credit losses	-	-	-	(4,126)
Outside parties	-	38	-	5
Less allowance for expected credit losses	-	(5)	-	(5)
Other receivables – subtotal	<u>3,712</u>	<u>2,157</u>	<u>3,712</u>	<u>4,012</u>
Total trade and other receivables	<u>3,807</u>	<u>9,346</u>	<u>3,712</u>	<u>4,692</u>

The average credit period generally granted to trade receivable customers is about 60 to 90 days (2020: 60 to 90 days), but some customers take a longer period to settle the amounts.

10. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	<u>30 June</u>	<u>31 December</u>	<u>30 June</u>	<u>31 December</u>
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	461	2,754	-	-
Related parties	-	564	-	-
Subsidiaries	-	-	-	25
Trade payables – subtotal	<u>461</u>	<u>3,318</u>	<u>-</u>	<u>25</u>
<u>Other payables:</u>				
Outside parties	5,492	2,016	3,746	257
Ultimate parent company	-	795	-	445
Related parties	-	163	-	-
Subsidiaries	-	-	10	887
Advances received from customers	-	1,773	-	115
Other payables – subtotal	<u>5,492</u>	<u>4,747</u>	<u>3,756</u>	<u>905</u>
Total trade and other payables	<u>5,953</u>	<u>8,065</u>	<u>3,756</u>	<u>930</u>

The average credit period generally granted by trade payables suppliers is about 30 to 90 days (2021: 30 to 90 days).

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

11. Aggregate amount of the group's borrowings and debt securities

	As at 30 June 2022		As at 31 December 2021	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	unsecured S\$'000
Amount repayable within one year	-	49	2,446	-
Amount repayable after one year	-	137	2,912	-

The Group's bank borrowing of S\$186,000 as at 30 June 2022 (31 December 2021: S\$5,358,000) is covered by guarantee by a director of one of the subsidiaries. The Group took over the bank borrowing when it acquired Sevens Creation Group.

12. Share capital

	<u>Group and Company</u>	
	<u>Number of shares issued</u>	<u>Share capital S\$'000</u>
Ordinary shares of no par value:		
Balance at 1 January 2021, 31 December 2021 and 30 June 2022	<u>214,202,036</u>	<u>15,300</u>

The ordinary shares of no par value which are fully paid carry no right to fixed income. The Company is not subject to any externally imposed capital requirements.

13. Financial instruments: information on financial risks

13A. Categories of financial assets and liabilities

The following table categorises the carrying amount of financial assets and liabilities recorded at the end of the reporting period:

	<u>Group</u>		<u>Company</u>	
	<u>30 June 2022</u> S\$'000	<u>31 December 2021</u> S\$'000	<u>30 June 2022</u> S\$'000	<u>31 December 2021</u> S\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	<u>5,932</u>	<u>13,015</u>	<u>3,722</u>	<u>5,345</u>
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	<u>6,985</u>	<u>12,408</u>	<u>3,756</u>	<u>1,039</u>

13B. Fair values of financial instruments

The analyses of financial instruments that are measured subsequent to initial recognition at fair value, are grouped into Levels 1 to 3. These include the significant financial instruments stated at amortised cost and at fair value in the statement of financial position. The carrying values of current financial instruments approximate their fair values due to the short-term maturity of these instruments and the disclosures of fair value are not made when the carrying amount of current financial instruments is a reasonable approximation of the fair value.

SELECTED NOTES TO THE INTERIM FINANCIAL STATEMENTS (cont'd)

14. Events after the end of the reporting period

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

Other information required by Appendix 7C of the Catalyst Rules

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

1. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's Business. It must include a discussion of the following:

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

On 14 June 2022, the Group disposed of all of its business and subsidiaries (the "Disposal Assets") dealing in the following types of products and services:

- (1) General trading ("GT") – Trading of water piping materials and related accessories;
- (2) Engineering solutions ("ES") – Provision of specialised products to water infrastructure products;
- (3) Valves ("VA") – Valves for municipal and industrial applications; and
- (4) Others – Supply of parts and accessories in Oil & Gas industry and other non-water related products.

With the disposal, the Group fully exit the above businesses (the "Discontinued Operations")

On the same day, the Group acquired Sevens Creation Pte Ltd and its wholly-owned subsidiaries ("Sevens Creation Group"), namely Sevens Build Pte Ltd and Sevens Design Pte. Ltd., and thereby diversified into construction, renovation and design businesses (the "New Business"). The revenue and expenses recognised in the income statement was for the period from 15 June 2022 to 30 June 2022.

Revenue

The Group's revenue of S\$218,000 was related to the New Business for the period from 15 June 2022 to 30 June 2022.

Gross Profit

Gross profit of S\$9,000 was related to the New Business for the period from 15 June 2022 to 30 June 2022.

Administrative Expenses

Administrative expenses of S\$178,000 was related to the New Business for the period from 15 June 2022 to 30 June 2022.

Other Losses

Included in other losses was an amount of S\$2,841,000 that was related to one-off loss on disposal of the Discontinued Operations.

Financial Position and Working Capital of the Group

Assets

On 14 June 2022, the Group disposed of the Disposed Assets. The assets shown in the Financial Position represented the assets acquired from Seven Creation Group.

Liabilities

On 14 June 2022, the Group disposed of all the liabilities in connection with the Disposed Assets. The liabilities shown in the Condensed Interim Statements of Financial Position represented the liabilities that the Group took over when it acquired Seven Creation Group.

Statement of Cash Flows

For the six months period ended 30 June 2022 (“1H2022”), the increase in net cash from operating activities amounted to S\$2.0million. These were mainly arising from the non-cash adjustments, increase in payables and contract assets, partially offset by reduction in contract liabilities. The changes in payables, receivables, contract assets and contract liabilities were from the disposal of Disposal Assets and acquisition of New Business.

Net cash from investing activities was due mainly to cash proceeds from disposal of Disposal Assets of S\$7.6 million, offset by investment in subsidiaries of the New Business of S\$9.9 million.

Net cash used in financing activities was due mainly to disposal of loan and lease liabilities related to the Disposal Assets.

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

No forecast, or a prospect statement, has been previously disclosed.

3. 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.

Sevens Atelier Limited (formerly known as Pan Asian Holdings Limited) has recently rebranded ourselves on 14th June 2022 to mark our metamorphosis in embarking onto our next phase of growth.

The Group’s new business in Design & Build has an aggregate order book of \$12.9 million as at 30 June 2022. As an on-going effort, our management continues to scout and negotiate for more contracts, supported by resources, technologies, and a series of customised marketing strategies for different targets.

After more than two years of economic downturn due to COVID-19, the construction industry is finally seeing the light at the end of the tunnel. According to the Building and Construction Authority (“BCA”), the construction demand forecast for 2022 is expected to be of a contract size of \$32 billion, with \$19 billion contributed to the public sector and \$13 billion to the private sector⁽ⁱ⁾.

Note:

- i. The Business Times report on 26 January 2022 on “BCA expects 2022 construction demand between S\$27 billion to S\$32 billion” (<https://www.businesstimes.com.sg/government-economy/bca-expects-2022-construction-demand-between-s27b-and-s32b-supported-by-public>)

We are seeing a strong demand in the Design and Build industry as we see a surge in the demand of landed properties acquisitions in the first half of 2022. There were various contributing factors to the landed properties demand. Such factors are,

i) recent successful land bid of the Government Land Sale (GLS) at Pine Grove and Dunman Road, of S\$671.5 million and S\$1,284 billion respectively⁽ⁱⁱ⁾;

ii) there were many successful enbloc sales, with the most recent being the mega enbloc of Goldenmile Complex and Chuan Park at S\$700 million⁽ⁱⁱⁱ⁾ and S\$890 million respectively^(iv); and

iii) the high price transactions^(v) of the larger resale HDB flat types that were sold above S\$1 million and the city fringe of the HDB BTO that has reached the Minimum Occupancy Period (MOP).

These activities will not only give a boost to the construction industry, but will also create a surge in the demand of the landed properties sector. We are seeing more upgraders buy landed properties^(vi) and we are experiencing more enquires from these homeowners. However, we cannot disregard the challenges that the construction segment is facing now, i.e., supply chain disruption, material cost increment and manpower shortage. Such challenges are likely to cause construction delays, cost overrun and delays in handing over.

To overcome and better position ourselves for these challenges, we have moved towards digital adaptation and transformed ourselves differently to remain in the forefront and be relevant in the industry. Our prop-tech solutions are created in order to be able to bring users from a virtual design state into reality before construction commences. Such virtual design and construction solutions allow the users to visualize the construction of the structure before they are built in the real world. Hence, this reduces human miscommunications and delays.

The Group believes that our track record, technical know-how, methodical construction and a streamlined monitoring system and processes in developing best practices will secure us with the assurance of quality and consistency in ensuring timely handovers of all our projects for our sustainable growth.

The Group has sufficient cash balances to meet its current working capital and day-to-day operation.

Note:

- (ii) URA, Past Sale Site (<https://www.ura.gov.sg/Corporate/Land-Sales/Past-Sale-Sites>)
- (iii) CNA news (<https://www.channelnewsasia.com/business/golden-mile-complex-en-bloc-sold-700-million-2668566>)
- (iv) The Straits Times, 19 July 2022, Chuan Park sold for \$890m in biggest en bloc deal since Tulip Garden (<https://www.straitstimes.com/business/property/chuan-park-sold-to-kingsford-mcc-for-890m-biggest-en-bloc-deal-since-tulip-gardens-9069m-sale>)
- (v) a) Today online, 10 June 2022, 30 HDB flats exchanged hands for more than S\$1 million in May 2022 (<https://www.todayonline.com/singapore/million-dollar-hdb-flats-woodlands-pasir-ris-prices-smaller-flats-unlikely-high-1921451>)
b) Mothership, 9 June 2022, 3 executive HDB resale flats in Woodlands & Pasir Ris sold for over S\$1 million for first time (<https://mothership.sg/2022/06/million-hdb-resale-woodlands-pasir-ris/>)
- (vi) a) The Business Times, 4 May 2022, Singapore landed homes see fastest price appreciation in a decade in 2021 and the growing transaction in prime areas (<https://www.businesstimes.com.sg/real-estate/singapore-landed-homes-see-fastest-price-appreciation-in-a-decade-in-2021-era>)
b) URA, 22 April 2022, Release of 1st quarter 2022 real estate statistics where it mentioned prices of landed properties increased by 4.2% in 1st Quarter 2022, compared with the 3.9% increase in the previous quarter.

4. 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.

There is no change in the Company’s share capital from 31 December 2021 up to 30 June 2022. The Company’s share capital as at 31 December 2021 and 30 June 2022 remained at S\$15,300,000 and comprised 214,202,036 shares.

There were no convertible securities, treasury shares or subsidiary holdings outstanding as at the end of 30 June 2022 and 30 June 2021.

5. To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	Total Number of issued shares (excluding treasury shares)
As at 31 December 2021	214,202,036
As at 30 June 2022	214,202,036

The Company did not have any treasury shares during and as at the end the current financial period reported on.

6. 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. The Company did not have any treasury shares during and as at the end of the current financial period reported on.

7. 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 at the end of the current financial period reported on.

8. 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 Company’s auditors.

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

Not applicable.

10. 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.

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

Not applicable as the Group's latest audited financial statements are not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

The Group has applied the same accounting policies and methods of computation in the Group's financial statements for the current financial period as compared to the audited financial statements for the financial year ended 31 December 2021.

12. 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.

The Group has adopted the new Singapore Financial Reporting Standards (International) ("SFRS(I)") and amendments and interpretations of SFRS(I)s that are relevant to its operations and effective from 1 January 2022.

The adoption of these pronouncements did not have any significant impact on the financial performance or position of the Group.

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

- (a) current period reported on; and**
- (b) immediately preceding financial year**

Please refer to the condensed interim statements of financial position on page 2 of this Condensed Interim Financial Statements.

14. Dividend

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

No dividend has been recommended or declared for 1H 2022.

(b) Interim or Final dividend per share

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 shareholders, this must be stated).

Not applicable.

(d) Date the dividend is payable

Not applicable.

(e) The 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.

15. 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 period and financial year ended 30 June 2022 and 31 December 2021 respectively as the Group deems it appropriate to retain cash for its operations.

16. If the Group has obtained a general mandate from shareholders for interested person transactions (“IPT”), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company does not have an existing interested person transaction general mandate pursuant to Rule 920 of the Catalist Rules.

On 28 April 2022, the Company entered into an agreement with Incarich Pte Ltd (the “**Purchaser**”) to sell all its assets and liabilities to the Purchaser for a consideration of S\$12 million. Mr Richard Koh, the immediate former Executive Chairman & Chief Executive Officer of the Company, is the sole shareholder and sole director of the Purchaser. The transaction was approved by shareholders at an EGM held on 14 June 2022 and completed on the same day.

During the six months period ended 30 June 2022, Duvalco Valves and Fitting Pte Ltd paid S\$137,500 as rental to Xu Jia Zu Holding Pte Ltd (the “**XJZ**”), for renting of a factory in Wuhu, China. Mr Richard Koh is deemed to have an interest in XJZ in view of his more than 20% holdings in the total issued shares of XJZ.

Save as disclosed above, there was no other interested party transaction of S\$100,000 and above entered into during 1H2022.

17. Confirmation of directors and executive officers’ undertakings pursuant to the Rule 720(1) (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 format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

18. Disclosures on Acquisition and Realisation of Shares pursuant to Rule 706A (if any)

The acquisitions and disposal of subsidiaries during 1H2022 is set out in the table below.

S/N	Entity - Disposed of	Country of Incorporation	Effective percentage of equity held by Group interest held	Held by	Paid-up capital	Date of announcement
1	Duvalco Valves & Fitting Pte Ltd	Singapore	100	Seven Atelier Limited	S\$ 3,000,000	14-Jun-22
2	Pan Asian Flow Technology Pte Ltd	Singapore	100	Seven Atelier Limited	S\$ 2,000,000	14-Jun-22
3	Pan Asian Water Solutions (HK) Limited	Hong Kong	100	Seven Atelier Limited	HK\$ 2	14-Jun-22
4	Wuhu Duvalco Valves & Fitting Co Ltd	China	100	Seven Atelier Limited	RMB 3,195,205	14-Jun-22
5	PA Water Solutions (Shanghai) Limited	China	100	Seven Atelier Limited	RMB 1,652,820	14-Jun-22
6	Sacha inchi Pte Ltd	Singapore	100	Seven Atelier Limited	S\$ 1	14-Jun-22
7	PA Flow Technology (HK) Limited	Hong Kong	100	Seven Atelier Limited	HK\$ 1	14-Jun-22
8	PT. Pan Asian Water Solutons	Indonesia	100	Seven Atelier Limited	IDR 914,500,000	14-Jun-22

S/N	Entity - Acquired	Country of Incorporation	Effective percentage of equity held by Group interest held	Held by	Paid-up capital	Date of announcement
1	Sevens Creation Pte Ltd	Singapore	100	Seven Atelier Limited	S\$ 50,000	14-Jun-22

BY ORDER OF THE BOARD

Jeffrey Hong Eng Leong
Executive Director and Chief Executive Officer

12 August 2022

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited condensed interim consolidated financial statements for the six months period ended 30 June 2022 to be false or misleading in any material respect.

On behalf of the Board of Directors

Jeffrey Hong Eng Leong
Executive Director and Chief Executive Officer

Lim Xiu Fang, Vanessa
Executive Director

Singapore, 12 August 2022

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "**Sponsor**"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "**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.

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