

KORI Holdings Limited and its Subsidiaries
Registration Number: 201212407R

Condensed Interim Financial Statements
For the six months ended 30 June 2022

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income Period ended 30 June 2022

	Note	Group		Increase / (Decrease) %
		HY2022 (Unaudited) S\$'000	HY2021 (Unaudited) S\$'000	
Revenue	E4	9,467	7,337	29
Cost of works		(7,372)	(5,453)	35
Gross profit		2,095	1,884	11
Other income	E5	547	423	29
Expenses:				
Administrative expenses		(1,218)	(1,212)	1
Other expenses		-	(89)	(100)
Loss allowance on contract assets		(5)	-	N.M.
Loss allowance on trade and retention receivables		(92)	-	N.M.
Finance expenses		(146)	(72)	103
Profit before taxation	E5	1,181	934	26
Income tax expense	E6	(280)	(39)	618
Profit for the financial period, net of tax		901	895	1
Other comprehensive income:				
Items that may be reclassified to profit or loss subsequently				
Currency translation differences on consolidation of foreign entity (net)		(31)	(26)	19
Total comprehensive income for the period		870	869	0
Earnings per share				
Basic & Diluted (Cents)	E14	0.91	0.90	1

N.M. - Not meaningful

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B. Condensed Interim Statements of Financial Position

	Note	Group	
		30 Jun 2022 (Unaudited) S\$'000	31 Dec 2021 (Audited) S\$'000
ASSETS			
Current assets			
Cash and bank balances		72	756
Fixed deposits pledged		2,066	2,066
Trade and other receivables	E7	28,686	25,986
Contract assets	E8	7,941	7,024
Capitalised contract costs	E8	346	461
Prepayments		134	270
Income tax recoverable		643	643
		39,888	37,206
Non-current asset held for sale		1,799	-
Total current assets		41,687	37,206
Non-current assets			
Property, plant and equipment	E9	32,474	35,445
Total non-current assets		32,474	35,445
Total assets		74,161	72,651
LIABILITIES			
Current liabilities			
Trade and other payables	E10	10,469	7,864
Contract liabilities	E8	4,587	3,786
Lease liabilities	E11	379	208
Bank borrowings	E11	2,448	5,224
Current income tax payable		1	2
Total current liabilities		17,884	17,084
Non-current liabilities			
Lease liabilities	E11	41	104
Bank borrowings	E11	1,530	1,903
Deferred tax liabilities		1,052	776
Total non-current liabilities		2,623	2,783
Total liabilities		20,507	19,867
NET ASSETS		53,654	52,784
EQUITY			
Share capital	E12	32,291	32,291
Retained earnings		47,041	46,140
Merger reserve		(25,628)	(25,628)
Foreign currency translation reserve		(50)	(19)
Total equity		53,654	52,784

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B. Condensed Interim Statements of Financial Position (continued)

	Company	
	30 Jun 2022 (Unaudited) S\$'000	31 Dec 2021 (Audited) S\$'000
ASSETS		
Current assets		
Cash and bank balances	-*	9
Trade and other receivables	1,288	1,144
Total current assets	1,288	1,153
Non-current assets		
Investment in subsidiaries	27,070	27,070
Total non-current assets	27,070	27,070
Total assets	28,358	28,223
LIABILITIES		
Current liabilities		
Trade and other payables	264	146
Income tax payable	1	2
Total liabilities	265	148
NET ASSETS	28,093	28,075
EQUITY		
Share capital	32,291	32,291
Accumulated losses	(4,198)	(4,216)
Total equity	28,093	28,075

*Amount less than S\$1,000

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C. Condensed Interim Consolidated Statement of Cash Flows

	HY2022 (Unaudited) S\$'000	HY2021 (Unaudited) S\$'000
Cash flows from operating activities		
Profit before income tax	1,181	934
Adjustments for:		
Gain on disposal property, plant and equipment	(7)	-*
Depreciation of property, plant and equipment	1,459	836
Amortisation of right of use assets	131	163
Amortisation of capitalised contract costs	115	108
Interest income from bank deposits	-*	(1)
Interest expense	146	72
Loss allowance on contract assets	5	
Loss allowance on trade and retention receivables	92	-
Reversal of unutilised annual leave	91	(48)
Unrealised exchange difference	11	2
Operating cash flows before changes in working capital	3,224	2,066
Changes in working capital		
Trade and other receivables	(2,792)	(6,344)
Contract assets	(922)	3,942
Capitalised contract costs	-	(421)
Trade and other payables	1,588	(151)
Contract liabilities	801	660
Prepayments	136	66
Cash used in operations	2,035	(182)
Income tax paid	(2)	(9)
Net cash from/(used in) operating activities	2,033	(191)
Cash flows from investing activities		
Interest income	-*	1
Purchases of property, plant and equipment	(25)	(1,110)
Proceeds from disposals of property, plant and equipment	242	7
Net cash from/(used in) investing activities	217	(1,102)
Cash flows from financing activities		
Change in fixed deposits pledged with banks	-	(1)
Repayment of lease liabilities	(135)	(119)
Proceeds from bank borrowings	248	2,198
Repayment of bank borrowings	(3,396)	(1,200)
Loans from director	484	-
Interest paid	(134)	(72)
Net cash (used in)/from financing activities	(2,933)	806
Net decrease in cash and cash equivalents	(683)	(487)
Cash and cash equivalents at the beginning of the financial year	756	830
Effects of exchange rate changes on cash and cash equivalents	(1)	1
Cash and cash equivalents at end of the financial period	72	344

* Amount less than S\$1,000

Note:

Cash and cash equivalents at the end of the respective financial years comprise cash and bank balances.

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D. Condensed Interim Statement of Changes in Equity

Group	Share capital S\$'000	Retained earnings S\$'000	Currency translation reserve S\$'000	Merger reserve S\$'000	Total S\$'000
(Unaudited)					
Balance as at 1 January 2022	32,291	46,140	(19)	(25,628)	52,784
Total comprehensive income for the financial period	-	901	(31)	-	870
Balance as at 30 June 2022	32,291	47,041	(50)	(25,628)	53,654
(Audited)					
Balance as at 1 January 2021	32,291	44,964	7	(25,628)	51,634
Total comprehensive income for the financial period	-	1,176	(26)	-	1,150
Balance as at 31 December 2021	32,291	46,140	(19)	(25,628)	52,784

Company	Share capital S\$'000	Accumulated losses S\$'000	Total S\$'000
(Unaudited)			
Balance as at 1 January 2022	32,291	(4,247)	28,044
Total comprehensive income for the financial period	-	18	18
Balance as at 30 June 2022	32,291	(4,229)	28,062
(Unaudited)			
Balance as at 1 January 2021	32,291	(4,212)	28,079
Total comprehensive income for the financial period	-	(35)	(35)
Balance as at 31 December 2021	32,291	(4,247)	28,044

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

The Company (Registration Number: 201212407R) is incorporated in Singapore with its principal place of business and registered office at 11 Sims Drive #06-01 SCN Centre Singapore 387385. The Company is listed on Catalist of the Singapore Exchange Securities Trading Limited. The condensed interim consolidated financial statements comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are those of investment holding and the provision of management and administrative support to its subsidiaries.

The principal activities of the subsidiaries are building construction, civil engineering work and contractors for construction works for all kind.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2022 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 audited financial statements for the financial year ended 31 December 2021.

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

The financial statements are presented in Singapore Dollars and all values are rounded to the nearest thousand (S\$'000) except when otherwise indicated.

2.1 New and Amended Standards adopted by the Group

There are no new or amended Standards (effective from annual period beginning on or after 1 January 2022) which will result in any significant impact on the condensed interim financial statements.

2.2 Uses of judgement 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 applied to the last audited financial statements as at and for the year ended 31 December 2021.

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.

Management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for the six months ended 30 June 2022.

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

2.2 Uses of judgement and estimates (continued)

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 are as follows:

- Loss allowance and impairment for trade receivables, unbilled receivables and contract assets due from third parties – Estimation of expected credit risk
- Amounts due from subsidiaries – Estimations of any significant increase in credit risk
- Revenue from contracts with customers – Estimation of total contract costs
- Depreciation of steel beams – Estimation of useful lives and residual value of steel beams
- Measurement of lease liabilities– Estimation of incremental borrowing rate applied

There were no significant changes to the major assumptions used in assessing the accounting estimates above and the carrying amounts of the relevant assets and liabilities. Details of such assumptions and estimations are disclosed in the last audited financial statements for the financial year ended 31 December 2021.

3. Seasonal operations

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

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Structural steel works; and
- Segment 2: Tunnelling works

These operating segments are reported in a manner consistent with internal reporting provided to Mr. Hooi Yu Koh who are responsible for allocating resources and assessing performance of the operating segments.

1 January 2022 to 30 June 2022	Structural steel works	Tunnelling works	Unallocated expenses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	7,252	2,215	-	9,467
Inter segment revenue	-	-	-	-
Revenue from external parties	7,252	2,215	-	9,467
Project costs	(4,670)	(1,373)	-	(6,043)
Depreciation	(1,329)	-	-	(1,329)
Total cost of works	(5,999)	(1,373)	-	(7,372)
Segment profit	1,253	842	-	2,095
Other income	-	-	540	540
Administrative expenses	-	-	(1,088)	(1,088)
Depreciation	-	-	(130)	(130)
Loss allowance on trade and other receivables and contract assets	(84)	(13)	-	(97)
Gain on disposal of property, plant and equipment	-	-	7	7
Finance expense	-	-	(146)	(146)
Profit before taxation	1,169	829	(817)	1,181
Taxation	-	-	(280)	(280)
Profit for the financial year	1,169	829	(1,097)	901
Segment assets	66,621	2,124	-	68,745
Other assets	-	-	5,416	5,416
Total assets per statement of financial position	66,621	2,124	5,416	74,161
Expenditure for segment non-current assets	456	-	-	456
Segment liabilities	10,199	-	-	10,199
Current tax payable	-	-	1	1
Deferred tax liabilities	-	-	1,052	1,052
Other liabilities	-	-	9,255	9,255
Total liabilities per statement of financial position	10,199	-	10,308	20,507

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4. Segment and revenue information (continued)

1 January 2021 to 30 June 2021	Structural steel works	Tunnelling works	Unallocated expenses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	5,089	2,248	-	7,337
Inter segment revenue	-	-	-	-
Revenue from external parties	5,089	2,248	-	7,337
Project costs	(3,322)	(1,386)	-	(4,708)
Depreciation	(736)	(7)	-	(743)
Finance expense	(1)	(1)	-	(2)
Total cost of works	(4,059)	(1,394)	-	(5,453)
Segment profit	1,030	854	-	1,884
Other income	-	-	423	423
Administrative expenses	-	-	(985)	(958)
Depreciation	-	-	(256)	(256)
Other expense	-	-	(89)	(89)
Finance expense	-	-	(70)	(70)
Profit before taxation	1,030	854	(950)	934
Taxation	-	-	(39)	(39)
Profit for the financial year	1,030	854	(989)	895
Segment assets	63,045	2,829	-	65,874
Other assets	-	-	5,559	5,559
Total assets per statement of financial position	63,045	2,829	5,559	71,443
Expenditure for segment non-current assets	4,554	-	-	4,554
Segment liabilities	5,856	26	-	5,882
Current tax payable	-	-	4	4
Deferred tax liabilities	-	-	717	717
Other liabilities	-	-	12,327	12,327
Total liabilities per statement of financial position	5,856	26	13,048	18,930

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

5. Profit Before Taxation

The following items have been included in arriving at profit before tax:

	Group	
	HY2022 (Unaudited) S\$'000	HY2021 (Unaudited) S\$'000
Income		
Government grants	253	396
Miscellaneous income	287	26
Gain on disposal and write-off of property, plant and equipment	7	-*
Interest income from bank deposits	-*	1
	547	423
Expense		
Loss on foreign exchange	(36)	(2)
Loss allowance on trade and retention receivables	(92)	-
Loss allowance on contract assets	(5)	-
Interest expense	(146)	(72)
Amortisation of capitalised contract costs	(115)	(108)
Depreciation of property, plant and equipment	(1,459)	(836)
Amortisation of right-of-use assets	(131)	(163)
Professional fees	(165)	(126)
Key management personnel compensation	(395)	(396)

*Amount less than S\$1,000

Other than the key management personnel compensation as disclosed above, the Group had no other significant related party transactions during the reporting period.

6. Taxation

	Group		Increase / (Decrease) %
	HY2022 (Unaudited) S\$'000	HY2021 (Unaudited) S\$'000	
Income Tax Expense			
Tax expense attributable to profit is made up of			
- Current income tax	(1)	(1)	-
- Deferred income tax	(279)	(36)	675
	(280)	(37)	657
Under provision in prior financial years	-	-	
- Current income tax	-	(2)	(100)
	(280)	(39)	618

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

7. Trade and Other Receivables

	30 Jun 2022 (Unaudited) S\$'000	31 Dec 2021 (Audited) S\$'000
Trade receivables – third parties	1,678	888
Less: Allowance for impairment of trade receivables	(44)	-*
	<u>1,634</u>	<u>888</u>
Unbilled receivables – third parties	24,838	23,616
Less: Allowance for impairment of unbilled receivables	(123)	(101)
	<u>24,715</u>	<u>23,515</u>
Retention receivables	2,293	1,525
Less: Allowance for impairment of retention receivables	(176)	(150)
	<u>2,117</u>	<u>1,375</u>
Other receivables	13	21
Less: Allowance for impairment of other receivables	-	-
	<u>13</u>	<u>21</u>
Deposits	207	187
Total trade and other receivables	<u>28,686</u>	<u>25,986</u>

Trade receivables are unsecured, non-interest bearing and generally on 30 to 60 days credit terms.

Unbilled receivables relate to income recognised for the rental of steel beams to customers that have yet to be billed as at the end of the reporting period.

Retention receivables are due for settlement beyond 12 months from the end of the reporting period. Nevertheless, they have been classified as current assets because they are expected to be realised in the normal operating cycle of the Group.

Other receivables are unsecured and non-interest bearing and repayable on demand.

Movements in loss allowances on trade receivables, unbilled receivables and retention receivables were as follows

	30 Jun 2022 S\$'000	31 Dec 2021 S\$'000
Balance at beginning of financial year	251	1,602
Reversal of loss allowance	-	(57)
Additional loss allowance made during the financial year	92	196
Write-off of loss allowance	-	(1,490)
Balance at end of financial year	<u>343</u>	<u>251</u>

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

8. Contract Assets, Capitalised Contract Costs and Contract Liabilities

	30 Jun 2022 (Unaudited) S\$'000	31 Dec 2021 (Audited) S\$'000
<u>Contract assets</u>		
Structural steel works	5,708	5,349
Tunnelling works	3,690	3,127
	<u>9,398</u>	<u>8,476</u>
Less: Allowance for contract assets	(1,457)	(1,452)
Carrying amount	<u>7,941</u>	<u>7,024</u>
<u>Capitalised contract costs</u>		
Balance brought forward	461	483
Additions	-	138
Amortised during the financial year	(115)	(160)
Balance carried forward	<u>346</u>	<u>461</u>
<u>Contract liabilities</u>		
Structural steel works	4,587	3,786
	<u>4,587</u>	<u>3,786</u>

Contract assets arise from structural steel works and tunnelling works mainly due to the Group's rights to consideration for work completed and transferred to customers are conditioned upon future performance. These contract assets arise as the customer is invoiced based on payment certification. Contract assets are transferred to receivables when the rights become unconditional.

Movements in loss allowances on contract assets were as follows

	30 Jun 2022 S\$'000	31 Dec 2021 S\$'000
Balance at beginning of financial year	1,452	-
Additional loss allowance made during the financial year	5	1,452
Balance at end of financial year	<u>1,457</u>	<u>1,452</u>

9. Property, Plant and Equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to S\$0.5 million (30 June 2021: S\$4.6 million) and disposal of assets amounting to S\$0.2 million (30 June 2021: S\$0.3million).

10. Trade and Other Payables

	30 Jun 2022 (Unaudited) S\$'000	31 Dec 2021 (Audited) S\$'000
Trade payables	5,985	5,349
Other payables	730	573
Amount due to director	625	130
Goods & service tax payable, net	280	55
Advance billings to customers	1,986	854
Accrued operating expenses	863	903
	<u>10,469</u>	<u>7,864</u>

Trade payables are unsecured, non-interest bearing and are generally on 30 to 90 days credit terms.

Advance billings to customers relate to billings for rental of steel beams to customers in respect of financial periods beyond the end of the reporting period.

Amount due to director relate to loans extended by an executive director of the Company which bears interest at 5% per annum and is repayable on demand.

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

11. Borrowings and Lease Liabilities

- (i) Amount repayable < 1 year

	As at 30 Jun 2022 (Unaudited)		As at 31 Dec 2021 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	379	-	208
Bank borrowings	1,648	800	4,488	735

- (ii) Amount repayable > 1 year

	As at 30 Jun 2022 (Unaudited)		As at 31 Dec 2021 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	41	-	104
Bank borrowings	-	1,530	-	1,903

Details of any collateral:

Trade facilities

As at 30 June 2022, the outstanding balance stood at \$1.6 million (2021: \$4.5 million). The trade facilities are secured by a corporate guarantee from the Company and fixed deposit pledged with financial institution.

Bridging loan

As at 30 June 2022, the outstanding balance stood at \$2.3 million (2021: \$2.6 million). The loan is supported by a corporate guarantee issued by the Company.

12. Share Capital

- (i) **Details of any changes in the company's share capital arising from right 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.**

	Number of Shares	Share capital (S\$)
As at 30 June 2022 and 31 December 2021	<u>99,200,000</u>	<u>32,290,650</u>

The Company did not have any outstanding convertibles, subsidiary holdings or treasury shares as at 30 June 2022 and 30 June 2021.

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

12. Share Capital (continued)

- (ii) To show the 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.

	Company As at 30 June 2022	Company As at 30 June 2021
Total number of issued shares excluding treasury shares	99,200,000	99,200,000

The Company did not have any treasury shares as at 30 June 2022 and 30 June 2021.

- (iii) 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.

- (iv) 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. The Company did not have any subsidiary holdings during, and at the end of the current financial period reported on.

13. Net Asset Value

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	30 Jun 2022 (Unaudited)	31 Dec 2021 (Audited)	30 Jun 2022 (Unaudited)	31 Dec 2021 (Audited)
Net asset value (S\$'000)	53,653	52,784	28,093	28,075
Number of issued shares ('000)	99,200	99,200	99,200	99,200
Net asset value per ordinary share based on issued share capital (S\$)	0.54	0.53	0.28	0.28

14. Earnings per ordinary share

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

	Group	
	HY2022 (Unaudited)	HY2021 (Unaudited)
Net profit attributable to equity holders of the Company (S\$'000)	901	895
Basic & diluted earnings per share (EPS) in Singapore cents	0.91	0.90

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

14. Earnings per ordinary share(continued)

The basic and diluted EPS were the same for HY2022 and HY2021 as there were no potentially dilutive ordinary securities existing during the respective financial periods.

15. Subsequent Events

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

F. Other Information required under Appendix 7C of Catalyst Rules

1. Review

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

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

Review of the Income Statement of the Group

Description	Structural Steel Works S\$'000		Tunneling Works S\$'000	
	HY2022	HY2021	HY2022	HY2021
Revenue	7,252	5,089	2,215	2,248
Cost of sales	(5,999)	(4,059)	(1,373)	(1,394)
Gross Profit	1,253	1,030	842	854

Revenue

Structural Steel Works

Revenue from this segment comprises income from the provision of structural steel construction services ("Structural Steel Works Income") and income from leasing of steel beams ("Lease Income"). Structural Steel works income is recognised over the period of the contracts by reference to the stage (or percentage) of completion as estimated by applying the "input method". Lease Income is recognised on a time-proportion basis. (See summary of accounting policies as set out in the latest audited financial statements for the financial year ended 31 December 2021 for more details.)

Revenue for HY2022 amounting to S\$7.2 million (HY2021: S\$5.1 million) comprises: (i) Lease Income of S\$4.0 million; and (ii) Structural Steel Works Income of S\$3.2 million.

The increase of S\$ 2.1 million in revenue from this business segment was mainly attributable to new projects being procured and commenced during the second half of 2021 and the first half of 2022 as well as the positive progress of the other ongoing projects.

Tunneling Works

Revenue from this segment pertains to income from the provision of tunneling services ("Tunneling Income") which is also recognised over the period of the contracts by reference to the stage (or percentage) of completion as estimated by applying the "input method" (as detailed in the summary of accounting policies set out in the last audited financial statements for the financial year ended 31 December 2021). The revenue from tunneling works is relatively comparable to that of HY2021.

F. Other Information Required Under Appendix 7C of Catalist Rules (continued)

Review of the Income Statement of the Group (continued)

Cost of sales

Cost of sales for Structural Steel Works increased 48% compared with HY2021, in line with the increase in its revenue. Cost of sales for Tunneling works decreased slightly in tandem with the Tunnelling revenue.

Gross profit margin

As a result of the above, the overall gross profit margin for HY2022 was 22%.

Other income

The increase in other income by 29% compared with HY2021 was due to the additional income received from a main contractor in light of the difficulties encountered during the pandemic amounting to S\$ 237,000 which was partially offset by lower income from government grants in HY2022.

Loss allowances on trade and retention receivables and contract assets

A loss allowance of S\$ 97,000 was recognised in HY2022, which comprises an S\$94,000 general allowance made against the trade receivables and contract assets arising from an ongoing project for HY2022, as well as a \$3,000 specific allowance in relation to another project.

Income tax expense

Income tax expense amounting to S\$279,000 relates mainly to the estimated deferred tax arising mainly from the temporary differences between the tax bases and the carrying amounts of the relevant assets and liabilities of the Group.

Review of the Financial Position of the Group

Assets

Trade and other receivables increased by S\$2.7 million principally due to an increase in unbilled receivables of S\$1.2 million. The increase in unbilled receivables arose from a couple of ongoing projects as well as new projects that commenced in the second half of 2021 and HY2022. See section E7 for more information.

Contract assets increased by S\$916,000 because of more work done for ongoing projects as well as new projects compared with HY2021.

The decrease of S\$ 1.2 million in property, plant and equipment was mainly due to the depreciation of S1.4 million and disposal of S\$ 0.25 million of steel beams in HY2022. This is offset by additional purchases of steel beams of S\$ 0.45 million in contemplation of the requirement of some new projects for HY2022.

As announced on 25 May 2022, the Group is in the midst of selling a piece of leasehold land with office located in Johor, Malaysia. The selling price is approximately S\$ 1.83 million and the sale is expected to be completed in the second half of FY2022. Accordingly, the property has been re-classified as a current asset (labelled as "Non-current asset held for sale") as at 30 June 2022.

F. Other Information Required Under Appendix 7C of Catalist Rules (continued)

Review of the Income Statement of the Group (continued)

Liabilities

Trade and other payables increased by 33% mainly due to increases in the amount owing to director, GST payable, and advance billings made to customers due to the excess of progress billings rendered over the revenue recognised in respect of Lease Income during HY2022.

Contract liabilities increased by S\$801,000 due to the excess of progress billings rendered over the revenue in respect of Structural Steel Works Income during HY2022.

Bank borrowings decreased by S\$3.1 million as at 30 June 2022 compared with 31 December 2021. It was mainly due to the repayment of borrowings of S\$3.3 million, which was slightly offset by bills receivable purchase (BRP) facilities of S\$0.2 million being utilized in FY2022 to principally finance the purchase of steel beams and other materials for projects secured.

Review of the Cash Flow Statement of the Group

The operating cash flow before changes in working capital is S\$3.2 million largely due to depreciation of property and right of use assets of S\$1.6 million recognized in HY2022. The change in working capital recorded a decrease of S\$2.8 million in trade and other receivables as well as an increase of S\$1.6 million in trade and other payables resulted in the net cash generated from operating activities amounting to S\$2 million.

Net cash generated in investing activities amounting to S\$0.2 million was largely due to proceeds from disposal of steel beams S\$0.2 million in HY2022.

Net cash used in financing activities amounting to S\$2.9 million was largely due to repayment of bank borrowings of S\$ 3.3 million which was slightly offset by proceeds from additional borrowings of S\$0.2 million as well as the loans from directors amounting to S\$ 0.5 million in HY2022.

In view of the foregoing, the net cash outflows for HY2022 was S\$0.7 million.

3. 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 has been previously issued to the shareholders for the current financial period reported on.

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 outlook for the Singapore construction industry for the next 12 months is expected to progressively recover in 2022 and further improve in 2023. In this regard, the Building and Construction Authority ("BCA") projected to reach S\$25 billion of construction demand in 2023 in which public sector projects are once again expected to contribute significantly with the demand between S\$14 billion and S\$18 billion among which are infrastructure works such as Cross Island MRT Line (Phase 2 and Punggol Extension)⁽¹⁾. The Group continue to be cautiously optimistic that its established track record and strong technical expertise in past similar infrastructure works will put it in a favourable position to benefit from such developments.

The global outbreak of the novel coronavirus pandemic ("COVID-19") since early February 2020 has continued unabated into 2022, especially with the highly transmissible Omicron variant. However, the established control measures coupled with high vaccination rates as well as the modified health protocols have allowed for a gradual return to normalcy in Singapore in general and the construction industry in particular.

As the labour shortage brought about by the pandemic further eases, the Group is expected to maintain full on-site activities with adequate pandemic control measures referencing to the latest health protocols. The pandemic had also caused disruption leading to shortage of construction supplies (and hence a price surge thereof), in particular, steel material.

F. Other Information Required Under Appendix 7C of Catalyst Rules (continued)

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 (continued)

As the global shortage in the supply of steel materials has recently improved, the price of steel materials has also declined. As a result, the completion dates of certain steelworks segment projects which have already been delayed by the pandemic may not be further delayed in the same extent as it was in 2020 or 2021. However, as delay still persists, there is still impact on the timing of recognition of revenue (and hence profit) as well as collections from our customers.

It is to be noted that the COVID-19 (Temporary Measures) Act 2020 had provided certain reliefs for contracts affected by previous construction delays. Therefore, the Group believes that the risk and cost associated with the extension of the initially agreed completion dates of projects would be manageable.

Nevertheless, the Group will continuously monitor its operational constraints and implement the necessary measures to minimise the impact of such constraints. In addition, the Group will continue to work closely with its customers, suppliers, financiers and other stakeholders, and manage its operational costs so as to generate sufficient cash flows to preserve and sustain its operation as a going concern while continuously effecting its Business Continuity Plan and safe management measures to counter the impact of COVID-19.

Currently, the Group is considering fund raising to improve its cash flows. The Company would make the necessary announcements as and when required.

The continued successful implementation of our precast road decking panels to replace steel decking panels to increase productivity and reduce cost is paying off to alleviate not only the shortage of labour but also the fluctuations in steel price. With the contracts secured in hand and barring any unforeseen circumstances, the Group is reasonably well positioned to gradually come out from the pandemic stronger.

Source:

- (1) Building and Construction Authority (26 January 2022)
<https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2022/01/26/sustained-construction-demand-in-2022-supported-by-public-sector-projects>

5. Dividend

Decision regarding dividend has been made, the required information has been disclosed.

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

No, there is no any dividend recommended or declared for the current financial period reported on.

(b)(i) Amount per share:

Not applicable.

(b)(ii) Previous corresponding period

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 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) 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.

F. Other Information Required Under Appendix 7C of Catalist Rules (continued)

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 HY2022 after taking into consideration of the Group's cash flow requirements in the foreseeable future.

7. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate for IPTs and there were no IPTs exceeding S\$100,000 and above entered into during the financial period reported on.

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) of the Catalist Rules

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

9. Disclosures on Acquisition and Realisation of Shares pursuant to Catalist Rule 706A

Not applicable. There was no incorporation of new entities, acquisition, and realization of shares in HY2022.

10. Confirmation by The Board Pursuant To Rule 705(5)

The Board of Directors (the "**Board**") confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited HY2022 financial results for the Company and the Group set out above to be false or misleading in any material aspect.

By Order of the Board

HOOI YU KOH
Executive Chairman and CEO

NG WAI KIT
Director

Singapore
13 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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