



**LS 2 HOLDINGS LIMITED**  
**(Registration. No. 202016972G)**  
**(Incorporated in Singapore)**

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

**For the six months**  
**ended 30 June 2023**

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## A. Condensed interim consolidated statement of comprehensive income

	Note	The Group		
		6 months ended		
		30 Jun 23	30 Jun 22	Change
		(Unaudited)	(Unaudited)	%
		S\$	S\$	
Revenue	E4	29,439,034	29,867,269	(1.4)
Other Income		112,833	146,118	(22.8)
<b>Expenses:</b>				
- Purchases and related costs		(8,285,296)	(7,846,995)	5.6
- Employee benefits		(15,607,412)	(16,614,415)	(6.1)
Direct operating costs		(23,892,708)	(24,461,410)	(2.5)
- Depreciation of property, plant and equipment		(1,259,860)	(997,946)	26.2
- Other expenses		(3,529,998)	(4,621,242)	(23.6)
- Finance expenses		(95,325)	(166,028)	(42.6)
Total expenses		(28,777,891)	(30,246,626)	(4.9)
<b>Profit / (Loss) before income tax</b>	E6	773,976	(233,239)	N.M
Income tax expense	E7	(203,066)	(130,781)	55.3
<b>Total comprehensive income, representing net profit/(loss) for the financial period</b>		570,910	(364,020)	N.M
<b>Total comprehensive income, representing adjusted net profit for the financial period</b>		570,910	395,850 <sup>1</sup>	44.2
<b>Total comprehensive income, representing net profit/(loss) attributable to:</b>				
- Equity holders of the Company		599,575	(351,200)	N.M
- Non-controlling interests		(28,665)	(12,820)	N.M
		570,910	(364,020)	N.M
<b>Earnings per share ("EPS") for net profit/(loss) attributable to equity holders of the Company:</b>				
Basic and diluted (in cents) <sup>2</sup>		0.31	(0.20)	N.M

### Notes:

- The adjusted net profit for the financial period represented net profit from operations after deducting one-off IPO expenses (E6.1) of S\$759,870 which were incurred for the Company's listing on the Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 24 February 2022.
- The earnings per share have been calculated based on the net profit / (loss) attributable to equity holders of the Company over weighted average share capital of 185,000,000 shares (1HY2022 share capital of 177,027,624). The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

N.M denotes not meaningful

## B. Condensed interim statements of financial position

	Note	The Group		The Company	
		As at		As at	
		30 Jun 23 (Unaudited)	31 Dec 22 (Audited)	30 Jun 23 (Unaudited)	31 Dec 22 (Audited)
		S\$	S\$	S\$	S\$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and bank balances		5,321,228	7,572,892	46,993	4,227,445
Trade and other receivables		18,164,158	17,936,524	3,985,227	150,315
Inventory		29,391	-	-	-
		<u>23,514,777</u>	<u>25,509,416</u>	<u>4,032,220</u>	<u>4,377,760</u>
<b>Non-current assets</b>					
Investment in subsidiary corporations		-	-	285,623	165,624
Property, plant and equipment	E9	7,000,169	6,583,696	4,662	5,439
Deferred tax assets		54,373	54,373	36,129	36,129
		<u>7,054,542</u>	<u>6,638,069</u>	<u>326,414</u>	<u>207,192</u>
<b>Total assets</b>		<u>30,569,319</u>	<u>32,147,485</u>	<u>4,358,634</u>	<u>4,584,952</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		8,145,073	9,350,304	268,702	260,489
Borrowings	E10	2,182,139	2,018,056	-	-
Current income tax liabilities		290,325	153,932	-	-
		<u>10,617,537</u>	<u>11,522,292</u>	<u>268,702</u>	<u>260,489</u>
<b>Non-current liabilities</b>					
Borrowings	E10	2,649,837	3,919,405	-	-
Deferred tax liabilities		257,425	262,178	-	-
		<u>2,907,262</u>	<u>4,181,583</u>	<u>-</u>	<u>-</u>
<b>Total liabilities</b>		<u>13,524,799</u>	<u>15,703,875</u>	<u>268,702</u>	<u>260,489</u>
<b>Net assets</b>		<u>17,044,520</u>	<u>16,443,610</u>	<u>4,089,932</u>	<u>4,324,463</u>
<b>EQUITY</b>					
<b>Capital and reserves</b>					
Share capital	E11	5,363,897	5,363,897	5,363,897	5,363,897
Merger reserve		3,000,001	3,000,001	-	-
Retained profits/ (Accumulated losses)		8,641,606	8,042,031	(1,273,965)	(1,039,434)
		<u>17,005,504</u>	<u>16,405,929</u>	<u>4,089,932</u>	<u>4,324,463</u>
Non-controlling interests		39,016	37,681	-	-
<b>Total equity</b>		<u>17,044,520</u>	<u>16,443,610</u>	<u>4,089,932</u>	<u>4,324,463</u>

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

← Attributable to equity holder of the Company →						
Note	Share capital	Merger reserve	Retained profits	Total	Non-controlling interests	Total equity
	S\$	S\$	S\$	S\$	S\$	S\$
<b><u>The Group</u></b>						
<b>2023 (Unaudited)</b>						
Balance as at 1 January 2023	5,363,897	3,000,001	8,042,031	16,405,929	37,681	16,443,610
Total comprehensive income						
- Net profit/(loss) for the financial period	-	-	599,575	599,575	(28,665)	570,910
Capital contribution to subsidiary corporation from non-controlling interests	-	-	-	-	30,000	30,000
<b>Balance as at 30 June 2023</b>	<b>5,363,897</b>	<b>3,000,001</b>	<b>8,641,606</b>	<b>17,005,504</b>	<b>39,016</b>	<b>17,044,520</b>
<b>2022 (Unaudited)</b>						
Balance as at 1 January 2022	1	3,000,001	7,372,640	10,372,642	-	10,372,642
Issue of new shares	E11 5,550,000	-	-	5,550,000	-	5,550,000
Share issue expenses	E11 (186,104)	-	-	(186,104)	-	(186,104)
Total comprehensive income						
- Net loss for the financial period	-	-	(351,200)	(351,200)	(12,820)	(364,020)
Incorporation of a subsidiary corporation with non-controlling interests	-	-	-	-	30	30
<b>Balance as at 30 June 2022</b>	<b>5,363,897</b>	<b>3,000,001</b>	<b>7,021,440</b>	<b>15,385,338</b>	<b>(12,790)</b>	<b>15,372,548</b>
<b><u>The Company</u></b>						
<b>2023 (Unaudited)</b>						
Balance as at 1 January 2023			5,363,897	(1,039,434)		4,324,463
Total comprehensive loss – Net loss of the financial period			-	(234,531)		(234,531)
<b>Balance as at 30 June 2023</b>			<b>5,363,897</b>	<b>(1,273,965)</b>		<b>4,089,932</b>
<b>2022 (Unaudited)</b>						
Balance as at 1 January 2022			1	(23,653)		(23,652)
Issue of new shares		E11	5,550,000	-		5,550,000
Share issue expenses		E11	(186,104)	-		(186,104)
Total comprehensive loss – Net loss of the financial period			-	(910,423)		(910,423)
<b>Balance as at 30 June 2022</b>			<b>5,363,897</b>	<b>(934,076)</b>		<b>4,429,821</b>

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

	Note	The Group	
		6 months ended	
		30 Jun 23 (Unaudited)	30 Jun 22 (Unaudited)
		S\$	S\$
<b>Cash flows from operating activities</b>			
Profit / (Loss) before income tax		773,976	(233,239)
Adjustment for:-			
- Depreciation of property, plant and equipment	E6	1,259,860	997,946
- Property, plant, and equipment written-off	E6	446	3,166
- Loss on disposal of property, plant, and equipment	E6	-	2,384
- Interest expenses	E6	95,325	166,028
- Interest income		(47,543)	(1,572)
		2,082,064	934,713
Change in working capital:			
- Inventory		(29,391)	-
- Trade and other receivables		(159,025)	2,823,051
- Trade and other payables		(1,205,229)	158,583
<b>Cash generated from operations</b>		688,419	3,916,347
Income tax paid		(71,426)	(109,208)
Interest paid		(51)	(70)
<b>Net cash provided by operating activities</b>		616,942	3,807,069
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment	E9	-	3,090
Additions to property, plant and equipment	E9	(599,831)	(737,035)
<b>Net cash used in investing activities</b>		(599,831)	(733,945)
<b>Cash flows from financing activities</b>			
Issuance of new ordinary shares	E11	-	5,550,000
Share issuance expenses (equity portion only)	E11	-	(186,104)
Capital contribution to subsidiary corporation from non-controlling interests		30,000	30
Principal repayment of lease liabilities		(770,385)	(728,880)
Repayment of borrowings		(1,480,659)	(1,431,781)
Proceeds from borrowings		-	1,363,174
Repayment of trade receivables factoring		-	(4,414,298)
Interest income		47,543	1,572
Interest paid		(95,274)	(165,958)
<b>Net cash used in financing activities</b>		(2,268,775)	(12,245)
<b>Net (decrease)/ increase in cash and cash equivalents</b>		(2,251,664)	3,060,879
<b>Cash and cash equivalents</b>			
Beginning of the financial period		7,572,892	3,095,315
<b>End of the financial period</b>		5,321,228	6,156,194

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

### Reconciliation of liabilities arising from financing activities

	<u>Non-cash changes</u>					
	<u>1 Jan 2023</u>	<u>Proceeds from borrowings</u>	<u>Principal and interest payments</u>	<u>Interest expense</u>	<u>Additions</u>	<u>30 Jun 2023</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Bank borrowings	4,283,656	-	(1,544,027)	63,368	-	2,802,997
Lease liabilities	1,653,805	-	(802,291)	31,906	1,145,559	2,028,979

	<u>Non-cash changes</u>					
	<u>1 Jan 2022</u>	<u>Proceeds from borrowings</u>	<u>Principal and interest payments</u>	<u>Interest expense</u>	<u>Additions</u>	<u>30 Jun 2022</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
Bank borrowings	4,876,398	1,363,174	(1,519,223)	87,443	-	4,807,792
Trade receivables factoring	5,234,299	-	(4,459,865)	45,564	-	820,000
Lease liabilities	1,977,877	-	(761,830)	32,950	989,916	2,238,913

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

### **1. General Information**

#### **The Company**

LS 2 Holdings Limited (the “Company”) is listed on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (“SGX-ST”), which is incorporated and domiciled in Singapore. The address of its registered office is at 1 Bukit Batok Crescent, #04–11 WCEGA Plaza, Singapore 658064.

The principal activity of the Company is an investment holding and provide management services to its subsidiary corporations.

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

The condensed interim financial statements for the six months ended 30 June 2023 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 financial year ended 31 December 2022.

The accounting policies adopted are consistent with those adopted in the Group’s audited financial statements for the financial years ended 31 December which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note E2.1.

The condensed interim financial statements are presented in Singapore Dollar (S\$), except when otherwise indicated.

The condensed interim consolidated financial statements have been prepared on a going concern basis, since management has verified that there are no financial, operating or other types of indicators that might cast significant doubt upon the Group’s ability to meet its obligations in the foreseeable future and particularly within the 12 months from the end of the financial period.

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

The following are the other new or amended Standards and Interpretations that should be disclosed in the Basis of preparation note if the change in accounting policy had a material effect on the current or prior periods, or may have a material effect on future periods:

Effective for annual periods beginning on or after 1 January 2023:

Amendments to:

- SFRS(I) 17 Insurance Contracts and amendments to SFRS(I) 17 Insurance Contract
- Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2: Disclosure of Accounting Policies
- Amendments to SFRS(I) 1-8: Definition of Accounting Estimates
- Amendments to SFRS(I) 1-12: Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

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

### **2. Basis of Preparation (Cont'd)**

#### **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 2022.

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:

##### Expected credit losses ("ECL") on trade receivables

ECL are unbiased probability-weighted estimates of credit losses which are determined by evaluating a range of possible outcomes and taking into account past events, current conditions and assessment of future economic conditions.

The Group has used relevant historical information and loss experience to determine the probability of default of the instruments and incorporated forward-looking information, including significant changes in external market indicators which involved significant estimates and judgements.

In determining the ECL, management has taken into account the historical default experience and the financial position of the counterparties, adjusted for factors that are specific to these receivables in estimating the probability of default of each of other receivables.

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. No loss allowances on trade receivables are recognised by the Group for the financial period ended 30 June 2023.

### **3. Seasonal operations**

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



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

### 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 *Operating Segments* are as follows:

- a) The cleaning services include conservancy services, facilities cleaning services, and pandemic disinfection services. This reportable segment has been formed by aggregating various cleaning services which are regarded by management to exhibit similar economic characteristics.
- b) Machinery relates to equipment manufacturing and assemblies.
- c) Others relate to ad-hoc services (such as pest control services), investment activities and provision of treasury and administrative services.

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.

#### 4.1. Reportable segments

The following table present revenue and profit information for the Group's business segments for the six months ended 30 June 2023.

	6 months ended 30 Jun 2023			
	Cleaning S\$	Machinery S\$	Others S\$	Total S\$
<b>Revenue</b>	29,096,369	19,593	323,072	29,439,034
Other Income	99,633	-	13,200	112,833
Purchases and related costs	(8,007,891)	(25,015)	(252,390)	(8,285,296)
Employee benefits	(15,362,274)	-	(245,138)	(15,607,412)
Depreciation of property, plant and equipment	(1,123,017)	(18,540)	(118,303)	(1,259,860)
Other expenses	(2,300,528)	(71,588)	(1,157,882)	(3,529,998)
Finance expenses	(4,889)	-	(90,436)	(95,325)
<b>Segment profit/(loss) before income tax</b>	2,397,403	(95,550)	(1,527,877)	773,976
Income tax expense				(203,066)
<b>Net profit</b>				<b>570,910</b>
<b>Segment assets</b>	<b>20,769,483</b>	<b>176,458</b>	<b>9,623,378</b>	<b>30,569,319</b>
Addition to:				
- Property, plant and equipment	<b>1,428,471</b>	<b>-</b>	<b>248,308</b>	<b>1,676,779</b>
<b>Segment liabilities</b>	<b>7,511,661</b>	<b>9,963</b>	<b>6,003,175</b>	<b>13,524,799</b>

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

### 4. Segment and revenue information (Cont'd)

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

The following table present revenue and profit information for the Group's business segments for the six months ended 30 June 2022.

	6 months ended 30 Jun 2022			
	Cleaning S\$	Machinery S\$	Others S\$	Total S\$
<b>Revenue</b>	29,532,212	-	335,057	29,867,269
Other Income	144,546	-	1,572	146,118
Purchases and related costs	(7,591,146)	-	(255,849)	(7,846,995)
Employee benefits	(16,576,500)	-	(37,915)	(16,614,415)
Depreciation of property, plant and equipment	(842,887)	(200)	(154,859)	(997,946)
Other expenses	(2,593,499)	(42,533)	(1,985,210)	(4,621,242)
Finance expenses	(52,612)	-	(113,416)	(166,028)
<b>Segment profit/(loss) before income tax</b>	2,020,114	(42,733)	(2,210,620)	(233,239)
Income tax expense				(130,781)
<b>Net loss</b>				<b>(364,020)</b>
<b>- Segment assets</b>	<b>21,491,393</b>	<b>29,771</b>	<b>10,357,408</b>	<b>31,878,572</b>
Addition to:				
- Property, plant and equipment	1,439,362	29,941	21,609	1,490,912
<b>- Segment liabilities</b>	<b>10,393,631</b>	<b>5,511</b>	<b>6,106,882</b>	<b>16,506,024</b>

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

**5. Financial assets and financial liabilities**

Set out below is an overview of the financial assets and financial liabilities as at 30 June 2023 and 31 December 2022 respectively:

	The Group		The Company	
	30 Jun 23	31 Dec 22	30 Jun 23	31 Dec 22
	S\$	S\$	S\$	S\$
<b><u>Financial assets</u></b>				
At amortised cost:				
- Cash and bank balances	5,321,228	7,572,892	46,993	4,227,445
- Trade receivables	16,615,453	16,430,348	173,619	-
- Other receivables	1,086,516	287,237	3,786,133	128,347
	<u>23,023,197</u>	<u>24,290,477</u>	<u>4,006,745</u>	<u>4,355,792</u>
<b><u>Financial liabilities</u></b>				
At amortised cost:				
- Borrowings	4,831,976	5,937,461	-	-
- Trade and other payables	7,303,780	8,624,918	212,598	242,207
	<u>12,135,756</u>	<u>14,562,379</u>	<u>212,598</u>	<u>242,207</u>

**6. Profit before income tax**

**6.1 Significant items**

	The Group	
	30 Jun 23	30 Jun 22
	S\$	S\$
<b><u>Expenses / (Income)</u></b>		
IPO expenses (Note E11 <sup>(2)</sup> )	-	759,870
Depreciation of property, plant and equipment	1,259,860	997,946
Loss on disposal of property, plant, and equipment	-	2,384
Interest expenses	95,325	166,028
Property, plant and equipment written off	446	3,166

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

### 6.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>30 Jun 23</b>	<b>30 Jun 22</b>
	<b>S\$</b>	<b>S\$</b>
(a) Purchase of Services		
- Training course	11,063	57,961

The Group's subsidiary corporation, LS 2 Services Pte Ltd engaged Integrated Training Consultants Pte Ltd, an associate company of Mr. Ong Khong Weng, Alvin, to provide training services to the Group.

- (b) The remuneration of the Group's executive directors and other members of key management during the respective financial periods as follows

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>30 Jun 23</b>	<b>30 Jun 22</b>
	<b>S\$</b>	<b>S\$</b>
Salaries and bonuses	783,044	726,523
Employer's contribution to Central Provident Fund	54,330	45,446
	<u>837,374</u>	<u>771,969</u>
Comprised of amounts paid to:		
- Executive directors	588,540	471,960
- Other key management personnel	248,834	300,009
	<u>837,374</u>	<u>771,969</u>

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

**7. Income tax**

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

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>30 Jun 23</b>	<b>30 Jun 22</b>
	<b>S\$</b>	<b>S\$</b>
Tax expense/(credit) attributable to profit is made up of:		
- Current income tax	207,819	91,220
- Deferred income tax	(4,753)	39,561
	203,066	130,781

**8. Net asset value**

	<b>The Group</b>		<b>The Company</b>	
	<b>30 Jun 23</b>	<b>31 Dec 22</b>	<b>30 Jun 23</b>	<b>31 Dec 22</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Net assets per ordinary share (cents)	9.21	8.89	2.21	2.34

Note:

Net assets per ordinary share is calculated based on number of issued 185,000,000 ordinary shares (excluding treasury shares) as at 30 June 2023 (31 December 2022: 185,000,000 (excluding treasury shares)).

**9. Property, plant, and equipment ("PPE")**

	<b>The Group</b>	
	<b>6 months ended</b>	
	<b>30 Jun 23</b>	<b>30 Jun 22</b>
	<b>S\$</b>	<b>S\$</b>
<b><u>Purchase of PPE</u></b>		
Total additions in the financial period	1,676,779	1,490,912
Less: Acquired under lease arrangements	(1,145,559)	(989,916)
Add: Movement in down-payment for PPE	(126,951)	298,179
Add: Movement in receivables grants	195,562	(62,140)
Net cash outflow	599,831	737,035
<b><u>Proceeds from disposal of PPE</u></b>		
Total net book value of disposal in the financial period	-	5,474
Add: Loss on disposal of PPE	-	(2,384)
Net cash inflow	-	3,090

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

**10. Loans and borrowings consist of bank loans and lease liabilities**

	<b>The Group</b>	
	<b>30 Jun 23</b>	<b>31 Dec 22</b>
	<b>S\$</b>	<b>S\$</b>
<b><u>Secured borrowing</u></b>		
Amount repayable in one year or less, or on demand	993,756	1,015,857
Amount repayable after one year	2,044,945	3,575,124
	<u>3,038,701</u>	<u>4,590,981</u>
<b><u>Unsecured borrowing</u></b>		
Amount repayable in one year or less, or on demand	1,188,383	1,002,199
Amount repayable after one year	604,892	344,281
	<u>1,793,275</u>	<u>1,346,480</u>
	<u><u>4,831,976</u></u>	<u><u>5,937,461</u></u>
Analyses as:		
<b><u>Current</u></b>		
Bank loans	865,497	874,958
Leases liabilities	1,316,642	1,143,098
	<u>2,182,139</u>	<u>2,018,056</u>
<b><u>Non-current</u></b>		
Bank loans	1,937,500	3,408,698
Leases liabilities	712,337	510,707
	<u>2,649,837</u>	<u>3,919,405</u>
	<u><u>4,831,976</u></u>	<u><u>5,937,461</u></u>

**Details of any collaterals.**

As at the end of the financial period/year, the Group's secured lease liabilities and bank term loans are secured as follows:

- a Secured lease liabilities amounting to S\$235,704 (31 December 2022: S\$307,326) are secured by motor vehicles of the Group; and
- b Bank term loan amounting to S\$2,802,997 (31 December 2022: S\$4,283,655) are secured by the property, plant and equipment and the pledged trade receivables of the Group.

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

**11. Share Capital**

Issued and fully paid	The Group 30 Jun 2023		The Company 30 Jun 2023	
	No. of shares	S\$	No. of shares	S\$
Beginning and End of financial period	185,000,000	5,363,897	185,000,000	5,363,897

Issued and fully paid	The Group 31 Dec 2022		The Company 31 Dec 2022	
	No. of shares	S\$	No. of shares	S\$
Beginning of financial year	157,250,000	1	157,250,000	1
Issuance of new shares <i>(Note 1)</i>	27,750,000	5,550,000	27,750,000	5,550,000
Share issuance expenses <i>(Note 2)</i>	-	(186,104)	-	(186,104)
End of financial year	185,000,000	5,363,897	185,000,000	5,363,897

Note 1. On 15 February 2022, the Company distributed the Placement Shares Application Form in respect of 27,750,000 Placement Shares at S\$0.20 for each share by way of placement, payable in full on application and all 27,750,000 Placement Shares have been subscribed on 21 February 2022 and application monies received for these Placement Shares amounted to S\$5,550,000.

Note 2. Pursuant to the IPO on 23 February 2022, IPO expenses after Grant for Equity Market Singapore (GEMS) incurred amounted to S\$945,974 of which S\$186,104 has been capitalised against share capital while the remaining amounts of S\$759,870 has been included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the respective companies. All ordinary shares rank equally with regards to the respective companies' residual assets.

**12. Subsequent events**

There are no known subsequent events which have led to adjustments to this set of interim financial statement as of the reported date.

## **F. Other Information Required by Appendix 7C of the Catalyst 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 LS 2 Holdings Limited and its subsidiary corporations as at 30 June 2023 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month 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**

Total revenue marginally decreased by S\$0.5 million or 1.4% from S\$29.9 million in the six months ended 30 Jun 2022 ("1HY2022") to S\$29.4 million in the six months ended 30 Jun 2023 ("1HY2023"). The decrease was attributable to a lower revenue from public sector; S\$1.7 million from estate cleaning services rendered to industrial areas before offset against an increase from private sector; S\$1.2 million from cleaning services rendered to shopping malls, office buildings and private accommodation estate.

#### **Other income**

Other income decreased by S\$0.04 million from S\$0.15 million in 1HY2022 to S\$0.11 million in 1HY2023. This was mainly due to one-time personnel protective supplies subsidy received from client in 1HY2022.

#### **Direct operating costs**

Direct operating costs decreased by S\$0.6 million or 2.5% from S\$24.5 million in 1HY2022 to S\$23.9 million in 1HY2023. Direct operating costs comprise of: (i) purchases and related costs which increased by S\$0.5 million from S\$7.8 million in 1HY2022 to S\$8.3 million in 1HY2023; and (ii) employee benefits which decreased by S\$1.0 million from S\$16.6 million in 1HY2021 to S\$15.6 million in 1HY2023. The increase in purchases and related costs and the decrease in employee benefits is due to changes in the contract mix of the Group's order book, where a greater proportion of contracts secured are outcome-based contracts, which requires a higher number of purchases and related costs rather than a higher amount of employees, which resulted in a decrease in the employee benefits incurred through the financial period.

#### **Depreciation expenses**

Depreciation expenses relating to property, plant and equipment ("PPE") increased by S\$0.3 million from S\$1.0 million in 1HY2022 to S\$1.3 million in 1HY2023, which was mainly due to additions to PPE and more accommodation leases secured by the Group in 1HY2023.



## **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 expenses**

Other expenses decreased by S\$1.1 million from S\$4.6 million in 1HY2022 to S\$3.5 million in 1HY2023. The decrease was mainly due to one-time IPO listing expenses of S\$0.8 million recognised and foreign worker levy decreased by S\$0.3 million as there were lesser workers recruited in 1HY2023.

### **Finance expenses**

Finance expenses decreased by S\$0.1 million from S\$0.2 million in 1HY2022 to S\$0.1 million mainly due to a lower carried amount of term loans principal after a partial prepayment made in 1HY2023.

### **Income tax expense**

Income tax expense in 1HY2023 was S\$0.2 million compared to S\$0.1 million in 1HY2022, mainly due to higher taxable income reported in 1HY2023.

- 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 increased by S\$0.4 million from S\$6.6 million as at 31 December 2022 to S\$7.0 million as at 30 June 2023 mainly due to additions to property, plant and equipment ("PPE") with total amount of S\$1.7 million and depreciation amount of S\$1.3 million charged to profit or loss during 1HY2023. As at 30 June 2023, PPE of the Group with aggregated carrying amount of S\$2,001,656 are pledged as collateral for lease liabilities and term loans compared to S\$2,075,053 as at 31 December 2022.

### **Trade and other receivables**

Trade and other receivables marginally increased by S\$0.2 million from S\$17.9 million as at 31 December 2022 to S\$18.1 million as at 30 Jun 2023. This increase was mainly due to fluctuation arising from timing of payments made by customers.

### **Trade and other payables**

Trade and other payables decreased by S\$1.3 million from S\$9.4 million as at 31 December 2022 to S\$8.1 million as at 30 June 2023. The decrease was mainly due to payment made to creditors for their overdue invoices during the financial period.

### **Borrowing**

The Group's total loans and borrowings decreased by S\$1.1 million from S\$5.9 million as at 31 December 2022 to S\$4.8 million as at 30 June 2023. This decrease was due to partial prepayment and scheduled repayment of S\$1.1 million and S\$0.4 million respectively to term loans, repayment of lease liabilities of S\$0.7 million before offset against a recognition of new lease liabilities with total amount of S\$1.1 million during the financial period.

### **Deferred tax liabilities**

Deferred tax liabilities remained approximately constant at S\$0.3 million as at 30 June 2023 and 31 December 2022.

**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**

The Group recorded a net cash provided by operating activities of S\$0.6 million in 1HY2023; cash flows from operating activities with S\$2.1 million before offset against S\$1.4 million net cash outflow in working capital and S\$0.1 million of tax amount paid.

Net cash used in investing activities was S\$0.6 million in 1HY2023 solely due to additions to property, plant, and equipment.

Net cash used in financing activities was S\$2.3 million in 1HY2023 mainly attributable to prepayment and repayment term loans of S\$1.5 million and repayment of lease liabilities of S\$0.7 million and S\$0.1 million of interest amount paid during 1HY2023.

**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.**

In line with the environmental service industry transformation map, the cleaning industry is gradually moving towards adopting more outcome-based contracts and digitalisation. The Company has carried out an on-going exercise to grow awareness and upskill workers to adopt new technologies such as robotics and automation, Internet of Things ("IoT") and data analytics in cleaning environment services.

The Company is continuously looking forward to acquiring new skills and adopting new enviro tech tools and solutions to tap the vast opportunities in Singapore through a strategic joint-venture and/or partnership. On 7 June 2023, Temasek Polytechnic ("TP"), together with the Environmental Management Association of Singapore ("EMAS"), and industry players LS 2 Holdings Limited ("the Company"), and 5 consortiums partners jointly signed a Memorandum of Understanding at the CESG Catalist 2023 event to jointly launch Singapore's first Enviro Tech Innovation Hub ("ETIH@TP"). This Innovation Hub will serve as a pioneering "Living Laboratory" dedicated to the advancement of sustainable environmental cleaning and integrated facilities management. The first-of-its-kind in Singapore, the hub will serve as a platform for developing capabilities, co-creation, and test-bedding of innovative solutions in the cleaning industry.

*\*According to a report by Allied Market Research, the global cleaning services market is projected to register a CAGR of 6.5% from 2021 to 2030.*

\*Source: <https://www.alliedmarketresearch.com/cleaning-services-market>

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

**5. If a decision regarding dividend has been made:**

- a) Whether an interim (final) ordinary dividend has been declared (recommended): and**

None

- b) (i) Amount per share:** Not applicable  
**(ii) Previously 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 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) 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

**6. If no dividend has been declared(recommended), as statement to that effect and the reason(s) for the decision.**

No dividend has been declared or recommended for the financial period ended 30 June 2023. 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 Company has not obtained a general mandate from shareholders for Interested Person Transaction ("IPT"). The Group's subsidiary corporation, LS 2 Services Pte Ltd engaged Integrated Training Consultants Pte Ltd, an associate company of Mr. Ong Khong Weng, Alvin, to provide training services to the Group and total transaction amount was less than S\$100,000 during the reported financial period.

**8. Negative confirmation pursuant to Rule 705(5).**

On behalf of the Board of Directors of the Company, Mr. Tan Hoo Kiat, Executive Chairman and Executive Director and Mr. Ong Khong Weng Alvin, Chief Executive Officer and Executive Director hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim financial statements for the six months period ended 30 June 2023 to be false or misleading in any material aspect.

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

**9. 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 received 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.

**10. Use of IPO Proceeds**

As at the date of this announcement, the status on the use of Listing net proceeds is as follows:

<b>S/N</b>	<b>Use of Proceeds</b>	<b>Amount allocated S\$'000</b>	<b>Amount utilised S\$'000</b>	<b>Balance S\$'000</b>
1	Business expansion (including strengthening our market position in Singapore, expanding the scope of our service offerings, engaging in strategic acquisitions and joint venture partnerships and investing in equipment and technology)	3,000	2,070	930
2	Working capital	1,356	-	1,356
	<b>Total</b>	<b>4,356</b>	<b>2,070</b>	<b>2,286</b>

**BY ORDER OF THE BOARD**

On Behalf of LS 2 Holdings Limited

Tan Hoo Kiat  
Executive Chairman and Executive Director  
8 August 2023

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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., ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). 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.

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