



SEVENS ATELIER LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration No. 197902790N)

**CONDENSED INTERIM FINANCIAL STATEMENTS
FOR SIX MONTHS PERIOD ENDED 30 JUNE 2023**

CONDENSED INTERIM FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2023

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	Group		
		30 Jun 2023 (Unaudited) S\$'000	30 Jun 2022 (Unaudited) S\$'000	Increase (Decrease) %
*Continuing operations				
Revenue	5	6,524	218	NM
Cost of sales		(5,279)	(209)	NM
Gross profit		1,245	9	NM
Other income and gains		63	54	17
Marketing and distribution costs		(98)	(20)	NM
Administrative expenses		(2,193)	(343)	NM
Finance costs		(20)	(1)	NM
Other losses		(33)	(277)	(88)
Loss before tax from continuing operations	6	(1,036)	(578)	79
Income tax income		101	-	
Loss from continuing operations for the period		(935)	(578)	62
** Loss from discontinued operations, net of tax	4B	-	(2,464)	(100)
Loss for the period		(935)	(3,042)	(69)
<u>Other comprehensive income</u>				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation				
- Gain		-	61	(100)
Other comprehensive income for the period, net of tax		-	61	(100)
Total comprehensive loss		(935)	(2,981)	(69)
Loss attributable to owners of the parent, net of tax		(935)	(3,042)	
Total comprehensive loss attributable to owners of the parent		(935)	(2,981)	(69)
Loss per share				
Basic and diluted	14A	Cents (0.44)	Cents (1.42)	

Note : NM - not meaningful

* Continuing operations above do not include the Disposal Assets.

** On 14 June 2022, the Group completed the disposal of all of the Company's existing businesses of general trading and supply of piping systems and related accessories; valves manufacturing, sales and distribution; engineering solutions for use in water and wastewater infrastructure development and food and beverage (the "Disposal Assets") as disclosed in Note 4B, for a consideration of S\$12 million. Accordingly, the "discontinued operations" accounting principle has been applied as at 15 June 2022, where Disposal Assets' loss after tax for the financial period 1H2022 was recorded as a separate line item "loss after tax from discontinued operations", which is included in the Group's LAT for 1H2022 (January to June 2022).

B. Condensed Interim Statements of Financial Position

	Note	Group		Company	
		As At 30 Jun 2023 S\$'000	As At 31 Dec 2022 S\$'000	As At 30 Jun 2023 S\$'000	As At 31 Dec 2022 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	715	791	2	-
Right-of-use assets		704	882	-	-
Provisional goodwill		10,983	10,983	-	-
Intangible assets		455	910	-	-
Investments in subsidiaries		-	-	12,000	12,000
Total non-current assets		12,857	13,566	12,002	12,000
Current assets					
Other assets		479	153	-	3
Contract assets		250	240	-	-
Inventories		10	10	-	-
Trade and other receivables	9	1,540	1,755	-	123
Cash and cash equivalents		2,466	2,402	36	122
Total current assets		4,745	4,560	36	248
Total assets		17,602	18,126	12,038	12,248
EQUITY AND LIABILITIES					
Equity attributable to owners of the parent					
Share capital	13	15,300	15,300	15,300	15,300
Accumulated losses		(5,410)	(4,475)	(4,173)	(3,727)
Equity, attributable to owners of the parent		9,890	10,825	11,127	11,573
Non-current liabilities					
Deferred tax liabilities		101	202	-	-
Other financial liabilities		87	117	-	-
Lease liabilities		380	447	-	-
Total non-current liabilities		568	766	-	-
Current liabilities					
Provisions		98	97	-	-
Other financial liabilities		50	50	-	-
Contract liabilities		4,352	3,416	-	-
Lease liabilities		166	189	-	-
Trade and other payables	10	2,478	2,783	911	675
Total current liabilities		7,144	6,535	911	675
Total liabilities		7,712	7,301	911	675
Total equity and liabilities		17,602	18,126	12,038	12,248

C. Condensed Interim Statements of Changes in Equity

Group

Balance at 1 January 2023
Movements in equity:
Total comprehensive loss for the period
Balance at 30 June 2023

Balance at 1 January 2022
Movements in equity:
Total comprehensive loss for the period
Balance at 30 June 2022

Company

Balance at 1 January 2023
Movements in equity:
Total comprehensive loss for the period
Balance at 30 June 2023

Balance at 1 January 2022
Movements in equity:
Total comprehensive income for the period
Balance at 30 June 2022

Total equity S\$'000	Share capital S\$'000	Other reserves S\$'000	(Accumulated losses)/ retained earnings S\$'000
10,825	15,300		(4,475)
(935)	-		(935)
9,890	15,300		(5,410)
14,954	15,300	(61)	(346)
(3,042)	-	61	(3,042)
11,912	15,300		(3,388)
11,573	15,300		(3,727)
(446)	-		(446)
11,127	15,300		(4,173)
11,680	15,300		(3,620)
286	-		286
11,966	15,300		(3,334)

D. Condensed Interim Consolidated Statement of Cash Flows

		Six months ended	
		30 Jun 2023	30 Jun 2022
		(Unaudited)	(Unaudited)
		S\$'000	S\$'000
	Note		
Cash flows from operating activities			
Loss before tax from continuing operations		(1,036)	(578)
Loss before tax from discontinued operations		-	(2,464)
Adjustments for :			
Amortisation of intangible assets		455	-
Depreciation of property, plant and equipment	6	78	290
Depreciation of right-of-use assets	6	178	157
Interest income		-	(11)
Interest expense		19	70
Loss on disposal of discontinued operations	4B	-	2,841
Bad debts written off		33	-
Operating cash flow before changes in working capital		(273)	305
Trade and other receivables		182	(3,646)
Contract assets		(10)	390
Contract liabilities		936	(275)
Other assets		(326)	-
Inventories		-	(363)
Trade and other payables		(497)	5,740
Other Liabilities		194	
Net cash flows from operations		206	2,151
Income taxes paid		-	(119)
Net cash flows from operating activities		206	2,032
Cash flows from investing activities			
Disposal of subsidiaries (net of cash disposed)	4B	-	3,874
Acquisition of subsidiaries	4B	-	(6,173)
Interest received		-	11
Purchase of property, plant and equipment		(3)	(34)
Net cash used in investing activities		(3)	(2,322)
Cash flows from financing activities			
Interest paid		(18)	(70)
Lease liability – principal and interest portion paid		(91)	(172)
Loans and borrowings paid		(30)	(1,075)
Net cash used in financing activities		(139)	(1,317)
Net decrease in cash and cash equivalents		64	(1,607)
Effects of exchange rate changes on cash and cash equivalents		-	63
Cash and cash equivalents, statement of cash flows, beginning balance		2,402	3,669
Cash at end of the financial period		2,466	2,125

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

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

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 preparation

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 performancesince the Group’s last annual report for the financial year ended 31 December 2022. They are also in compliance with the International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board (“**IASB**”) and the requirements 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 2022 except for the adoption of new and amended standards as mentioned 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

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 2022.

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 applicable future period.

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

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 in relation to 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 completed the disposal of all of its business and subsidiaries dealing in the following types of products and services (the "Disposal Assets"), for a consideration of S\$12 million:

- (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
- (3) Others – Supply of parts and accessories in Oil & Gas industry and other non-water related products.

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 the previous financial period.

Effect of disposal on the financial position of the Group:

	Group Six months ended 30-Jun-22 S\$'000
Property, plant and equipment	9,767
Right-of-use assets	389
Investments in associates	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
	<u>29,938</u>

E. Notes to the Condensed Interim Consolidated 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.

Effect of acquisition on the financial position of the Group (cont'd):

	Group Six months ended 30-Jun-22 S\$'000
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 disposed	863
Total consideration	<u>(12,000)</u>
Provisional goodwill	<u>(11,137)</u>
<u>Net cash outflow</u>	
Total consideration	12,000
Less: Cash and cash equivalents acquired	(2,115)
Less: Amount due to vendor	<u>(3,712)</u>
Net cash outflow	<u>6,173</u>

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

4D. Profit or loss from continuing operations and reconciliations

	<u>Building construction & design</u>		<u>Renovation and interior design</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Continuing Operations										
6 months from 1 January to 30 June										
Revenue by segment										
External sales	5,394	212	1,130	6	-	-	-	-	6,524	218
Segment results:-										
Gross profit	927	8	318	(4)	-	5	-	-	1,245	9
Finance costs	(16)	-	(2)	-	(2)	-	-	(1)	(20)	(1)
Amortisation of intangible assets	(455)	-	-	-	-	-	-	-	(455)	-
Depreciation of property, plant and equipment	(78)	-	-	-	-	-	-	(6)	(78)	(6)
Depreciation of right-of-use assets	(52)	-	-	-	(126)	-	-	(9)	(178)	(9)
Employee benefits expenses	(434)	-	(254)	-	(752)	-	-	(303)	(1,440)	(303)
Other losses	-	-	-	-	(33)	-	-	(277)	(33)	(277)
Unallocated expenses	-	-	-	-	-	-	(140)	(45)	(140)	(45)
Other income and gains	-	-	-	-	-	-	63	54	63	54
Loss before income tax from continuing operations	(108)	8	62	(4)	(913)	5	(77)	(587)	(1,036)	(578)
Income tax expenses	-	-	-	-	-	-	101	-	101	-
Loss for the year from continuing operations, net of tax	(108)	8	62	(4)	(913)	5	24	(587)	(935)	(578)
Discontinued operations										
Loss after tax from discontinued operations									-	(2,464)
Loss for the year, net of tax									(935)	(3,042)

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

4E. Assets, liabilities and reconciliations

	<u>Building construction & design</u>		<u>Renovation and interior design</u>		<u>Others</u>		<u>Unallocated</u>		<u>Consolidated</u>	
	30/6/2023 S\$'000	30/6/2022 S\$'000	30/6/2023 S\$'000	30/6/2022 S\$'000	30/6/2023 S\$'000	30/6/2022 S\$'000	30/6/2023 S\$'000	30/6/2022 S\$'000	30/6/2023 S\$'000	30/6/2022 S\$'000
Continuing Operations										
Business Segments										
<u>Segment assets</u>										
Property, plant and equipment	713	856	-	-	2	-	-	-	715	856
Right-of-use assets	659	261	-	-	45	112	-	-	704	373
Intangible assets	455	-	-	-	-	-	-	-	455	-
Provisional goodwill	-	-	-	-	-	-	10,983	11,137	10,983	11,137
Inventories	10	-	-	-	-	-	-	-	10	-
Trade and other receivables	1,267	18	273	77	-	3,712	-	-	1,540	3,807
Contract assets	250	1,747	-	45	-	-	-	-	250	1,792
Other assets	67	471	5	21	407	107	-	-	479	599
Cash and cash equivalents	2,102	1,668	292	304	72	153	-	-	2,466	2,125
Total assets									<u>17,602</u>	<u>20,689</u>
<u>Segment liabilities</u>										
Deferred tax liabilities	101	-	-	-	-	-	-	-	101	-
Other financial liabilities	-	-	137	186	-	-	-	-	137	186
Lease liabilities	500	268	-	-	45	113	-	-	545	381
Provisions	99	-	-	-	-	-	-	-	99	-
Contract liabilities	4,243	1,638	108	44	-	-	-	-	4,351	1,682
Trade and other payables	1,691	1,508	286	53	501	4,857	-	-	2,478	6,418
Income tax payable	-	110	-	-	-	-	-	-	-	110
Total liabilities									<u>7,711</u>	<u>8,777</u>

E. Notes to the Condensed Interim Consolidated 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 exits 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	
	Six months ended	
	30 Jun 2023	30 Jun 2022
	S\$'000	S\$'000
Timing of transfer of goods		
- Over time	6,524	218
Type of goods and services		
- Building construction & design	5,394	212
- Renovation and interior design	1,130	6
	6,524	218

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

6. Loss before tax

6.1 Significant items

	Group	
	Six months ended	
	30 Jun 2023	30 Jun 2022
	S\$'000	S\$'000
<u>Amortisation of intangible assets</u>		
Continuing operations	455	-
Discontinued operations	-	-
<u>Depreciation – Property, Plant and Equipment</u>		
Continuing operations	78	6
Discontinued operations	-	284
<u>Depreciation – Right-of-Use Asset</u>		
Continuing operations	178	9
Discontinued operations	-	148
<u>Employees Benefits Expense</u>		
Continuing operations	1,440	303
Discontinued operations	-	1,110
<u>Interest Expenses</u>		
Continuing operations	20	1
Discontinued operations	-	69
<u>Interest Income</u>		
Continuing operations	-	-
Discontinued operations	-	11

7. Income tax expense

	Group	
	Six months ended	
	30 Jun 2023	30 Jun 2022
	S\$'000	S\$'000
Current tax expenses	-	-
Deferred tax income	101	-
	<u>101</u>	<u>-</u>
Income tax Income	<u>101</u>	<u>-</u>

Deferred tax income recognised in profit or loss relates to Amortisation of intangible assets – order backlog and fair value adjustment arising from acquisition of subsidiaries.

8. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to \$3,000 (30 June 2022: \$856,000) and disposed of assets amounting to \$1,000 (30 June 2022: \$9,767,000).

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

9. Right-of-use assets

	Factory and warehouse space	Office space	Office equipment	Motor vehicle	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Group					
<i>Cost:</i>					
At 1 January 2022	982	221	-	48	1,251
Disposal - discontinued operations	(982)	(221)	-	(48)	(1,251)
Arising from acquisition of subsidiaries	-	1,245	11	-	1,256
At 31 December 2022	-	1,245	11	-	1,256
Write-off	-	(37)	-	-	(37)
At 30 June 2023	-	1,208	11	-	1,219
<i>Accumulated depreciation:</i>					
At 1 January 2022	507	159	-	46	712
Depreciation for the year	129	208	2	2	341
Disposal - discontinued operations	(636)	(179)	-	(48)	(863)
Arising from acquisition of subsidiaries	-	181	3	-	184
At 31 December 2022	-	369	5	-	374
Depreciation for the period	-	176	2	-	178
Write-off	-	(37)	-	-	(37)
At 30 June 2023	-	508	7	-	515
<i>Carrying value:</i>					
At 31 December 2022	-	876	6	-	882
At 30 June 2023	-	700	4	-	704

10. Intangible assets

Group

Order backlog

S\$'000

Cost:

At 1 January 2022	-
Arising from acquisition of subsidiaries	1,365
At 31 December 2022 and 30 June 2023	1,365

Accumulated amortisation:

At 1 January 2022	-
Amortisation for the year	455
At 31 December 2022	455
Amortisation for the period	455
At 30 June 2023	910

Carrying value:

At 31 December 2022	910
At 30 June 2023	455

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

11. Contract assets and contract liabilities

	<u>Group</u>	
	30 Jun 2023 2022 S\$'000	31 Dec S\$'000
Contract assets	250	240
Contract liabilities	<u>(4,352)</u>	<u>(3,416)</u>
At end of the year	<u><u>(4,102)</u></u>	<u><u>(3,176)</u></u>

The contract assets are for: entity's rights to consideration for work completed but not billed at the reporting date on the contracts; costs incurred to obtain or fulfil a contract with a customer; costs to obtain contracts with customers; pre-contract costs and setup costs; and the amount of amortisation and any impairment losses recognised in the reporting year. The contract assets are transferred to the receivables when the rights become unconditional.

The contract liabilities primarily relate to the advance consideration received from customers. The entity recognises revenue for each respective performance obligation when control of the product or service transfers to the customer.

12. Trade and other receivables

	<u>Group</u>		<u>Company</u>	
	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
<u>Trade receivables:</u>				
Outside parties	1,519	1,342	-	-
Shareholders	-	268	-	-
Trade receivables – subtotal	<u>1,519</u>	<u>1,610</u>	<u>-</u>	<u>-</u>
<u>Other receivables:</u> Outside				
parties	321	475	-	153
Less allowance for impairment	(300)	(330)	-	(30)
Other receivables – subtotal	<u>21</u>	<u>145</u>	<u>-</u>	<u>123</u>
Total trade and other receivables	<u><u>1,540</u></u>	<u><u>1,755</u></u>	<u><u>-</u></u>	<u><u>123</u></u>

13. Cash and cash equivalents

	<u>Group</u>		<u>Company</u>	
	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
Not restricted in use	<u>2,466</u>	<u>2,402</u>	<u>36</u>	<u>122</u>

The interest earning balances are not significant.

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

14. Share capital

	<u>Group and Company</u>	
	Number of shares issued '000	Share capital S\$'000
<u>Ordinary shares of no par value:</u>		
Balance at 31 December 2022 and 30 June 2023	214,202	15,300

15. Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

	<u>Group</u>		<u>Company</u>	
	30 Jun 2023 2022 S\$'000	31 Dec 2022 S\$'000	30 Jun 2023 S\$'000	31 Dec S\$'000
Lease liabilities, current	166	189	-	-
Lease liabilities, non-current	380	447	-	-
	<u>546</u>	<u>636</u>	<u>-</u>	<u>-</u>

16. Trade and other payables

	<u>Group</u>		<u>Company</u>	
	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
<u>Trade payables:</u>				
Outside parties and accrued liabilities	2,284	2,783	382	422
Subsidiaries	-	-	80	16
Trade payables – subtotal	<u>2,284</u>	<u>2,783</u>	<u>462</u>	<u>438</u>
<u>Other payables:</u>				
Subsidiaries	-	-	449	237
Other payables – subtotal	<u>-</u>	<u>-</u>	<u>449</u>	<u>237</u>
Total trade and other payables	<u>2,284</u>	<u>2,783</u>	<u>911</u>	<u>675</u>

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

	As at 30 June 2023		As at 30 June 2022	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
(a) Amount repayable within one year				
Other financial liabilities - Bank loans	-	53	-	49
Lease liabilities	-	189	-	-
	<u>-</u>	<u>242</u>	<u>-</u>	<u>49</u>
(b) Amount repayable after one year				
Other financial liabilities - Bank loans	-	89	-	137
Lease liabilities	-	410	-	-
	<u>-</u>	<u>499</u>	<u>-</u>	<u>137</u>

The bank loan is covered by personal guarantee (unlimited) by an ex-shareholder of the subsidiary who is currently an employee of the subsidiary.

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

18. Financial instruments: information on financial risks

18A. Financial assets and financial liabilities at amortised cost

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

	<u>Group</u>		<u>Company</u>	
	30 June 2022	31 Dec 2022	30 June 2022	31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
<u>Financial assets:</u>				
Financial assets at amortised cost	4,006	4,157	36	245
<u>Financial liabilities:</u>				
Financial liabilities at amortised cost	2,967	3,586	911	675

18B. 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.

19. Loss per share and net asset value per share

19A. Loss per share

The following table illustrates the numerators and denominators used to calculate basic and diluted losses per share of no par value:

	<u>Group</u>	
	6 months ended	
	30 June 2023	30 June 2022
	S\$'000	S\$'000
A. Numerator:		
Loss attributable to equity:		
Continuing operations	(935)	(578)
Discontinued operations	-	(2,464)
Losses attributable to equity holders for basic losses	(935)	(3,042)
B. Denominator: weighted average number of equity shares		
	Number of shares	
	S\$'000	S\$'000
Weighted average number of equity shares	214,202	214,202
Continuing operations	(0.44)	(0.27)
Discontinued operations	-	(1.15)
Basic and diluted losses per share (in cents)	(0.44)	(1.42)

19B. Net asset value per share

Net asset value per ordinary share as at 30 June 2023 and 31 December 2022 are calculated based on the number of ordinary shares in issue:

	<u>Group</u>		<u>Company</u>	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Net asset value attributable to equity holders of the Company	9,890	10,825	11,127	11,573
Net asset value per share (in cents)	4.62	5.05	5.19	5.40

E. Notes to the Condensed Interim Consolidated Financial Statements (cont'd)

20. Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	<u>Group</u>		<u>Company</u>	
	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>	<u>30 Jun 2023</u>	<u>31 Dec 2022</u>
	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>	<u>S\$'000</u>
Property, plant and equipment	4,150	-	-	-

21. Subsequent events

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

F. Other Information Required by Catalist Rule Appendix 7C

1. Review

2. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter)

Not applicable as the figures have not been audited or reviewed.

3. Where the figures are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

(a) Updates on the efforts taken to resolve each outstanding audit issue; and

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

The Company received a qualified opinion for its latest audited consolidated financial statements for the financial year ended 31 December 2022 in relation to the discontinued operations for the period from 1 January 2022 to 14 June 2022 as they have not been provided access to the related accounting records and documents. Furthermore, the Independent Auditor has included a "material uncertainty relating to going concern".

The qualified opinion was related to the discontinued operations in the 1H2022. The Board is of the opinion that Company's auditors will be provided with unrestricted access to all its accounting records and documents in the future.

The negative working capital position of the Group has widened from S\$1.98 million as at 31 Dec 2022 to S\$2.4 million as at 30 June 2023. Nevertheless, the Board of Directors is of the opinion that the use of going concern basis in the preparation of these financial statements appropriate as the Group has cash and cash equivalents amounting to \$2.47 million as at 30 June 2023 and the Group's secured order book as at 30 June 2023 amounted S\$11.1 million with higher profit margin as compared to those as at 30 June 2022. These secured contracts will generate sufficient cash flows to support its operating activities.

4. Whether the same accounting policies and methods of computation as in the issuer's most recent 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 2022.

5. If there are 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 2023.

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

F. Other Information Required by Catalyst Rule Appendix 7C (cont'd)

- 6. A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flows, 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 namely Sevens Build Pte Ltd and Sevens Design Pte. Ltd., thereby diversified into construction, renovation and design businesses (the "New Business"). The revenue and expenses recognised in the income statement for the period ended 30 June 2022 was for the period from 15 June 2022 to 30 June 2022.

6. (a) Review of Group PerformanceRevenue

Revenue for 1H2022 related to New Business for the period from 15 June 2022 to 30 June 2022. Revenue from the New Business increased to approximately S\$6.31 million for the six months ended 30 June 2023 ("1H2023"), mainly due to longer period covered as well as increase in revenue contribution from projects in building construction and design for which the performance obligation had been substantially satisfied in 1H2023.

Cost of sales

Cost of sales for 1H2022 related to New Business for the period from 15 June 2022 to 30 June 2022 was S\$0.21 million. Cost of sales for 1H2023 amounted S\$5.28 million. The increased was in line with the increased in revenue.

Gross profit

Gross profit of S\$0.01 million was related to the New Business for the period from 15 June 2022 to 30 June 2022. The Group recorded a gross profit of S\$1.25 million in 1H2023. The increased in gross profit was mainly due to increase in profit margin, as the Group managed to secure projects with higher margin in FY 2022 and delivered the construction projects in 1H2023 and the longer period covered in 1H2023.

Other income and other gains

Other income of S\$0.05 million in 1H2022 mainly contributed from government grant and other revenue from Dinner & Dance sponsorship from suppliers and business associates, while other income of S\$0.06 million in 1H2023 mainly contributed from rental income received from a third party during the period.

Other losses

Other losses of S\$0.28 million for 1H2022 related to disposal of discontinued operations. While other losses of S\$0.03 million for 1H2023 related to bad debts written-off for trade receivable.

Finance costs

The finance costs for 1H2022 related to New Business for the period from 15 June 2022 to 30 June 2022. The finance costs for 1H2023 was mainly contributed from interest expenses on lease liabilities.

Expenses

Marketing expenses increased from S\$20,000 in 1H2022 to S\$98,000 in 1H2023 mainly due to longer period covered and the fact that the Group expanded its reach through digital marketing.

Administrative and others increased to approximately S\$2.19 million in 1H2023. The increase was mainly due to an increase in employee compensation for 1H2023 due to increased bonus payout, director fees and a longer period covered in 1H2023 as compared to 1H2022, the latter covering from 15 June 2022 to 30 June 2022. Depreciation expenses relating to office equipment, increased to S\$0.25 million in 1H2023 mainly due to recognition of amortisation of Order backlog of S\$0.09 million which was offset by the decrease in depreciable assets.

F. Other Information Required by Catalyst Rule Appendix 7C (cont'd)**(b) Financial Position and Working Capital of the Group (cont'd)**

The Group's current assets increased by S\$0.19 million mainly due to increase in other assets of S\$0.33 million due to the deposit paid for the option to purchase property in 60 Bendemeer road, increase in cash and cash equivalents of S\$0.06 million due to positive cashflow due to progress billing, and partially offset by the decrease in trade and other receivables of S\$0.22 million.

The Group's non-current assets decreased by S\$0.71 million mainly due to decrease in intangible assets by S\$0.46 million and right-of-use assets by S\$0.18 million. The reduction in intangible assets and right-of-use assets are due to amortisation and depreciation respectively.

The Group's current liabilities increased by S\$0.81 million mainly due to increase in contract liabilities of S\$1.02 million, and partially offset by the decrease in trade and other payables of S\$0.31 million.

The increase in contract liabilities was mainly due to advances received from customers.

The Group's non-current liabilities decreased by S\$0.20 million mainly due to reduction in lease liabilities and unwinding of deferred tax liabilities, which is no longer required.

(c) Review of change in cash flow

The Group reported a net increase in cash and bank balances mainly due to net cash generated from operating activities and partially offset by net cash used in investing activities and financing activities.

The net cash provided by operating activities was primarily due to proceeds received from progressive billing to customers from building construction and design.

The net cash used in investing activities was primarily due to acquisition of property, plant and equipment.

The net cash used in financing activities was primarily due to repayment of bank borrowings and lease liabilities.

6. 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 disclosed to shareholders.

7. 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 operating environment for 1H 2023 has become increasingly challenging amidst softening demand due to the slowdown in the macroeconomic environment, elevated interest rates and growing inflationary cost pressures. Such challenges have weakened consumer spending in the Design & Build industry.

Homeowners are now taking a longer time in making their decision on the reconstruction of their existing homes; new purchasers are now shifting their reconstruction idea to an Addition & Alteration (A&A) instead. That said, our Interior Design ("ID") have received encouraging enquiries and signed contracts

While contracts over at the reconstruction division might take a longer time to materialise, while we might face with delayed decisions from our customers, we continue to focus on delivering and giving high quality advice, service and support, and we believe are well-received by our customers.

We continue to maintain good partnership with our suppliers/vendors and customers. We will continue to focus on delivering timely quality projects, forging strong relationship with our customers.

We remain committed to delivering great omnichannel customer experiences, driving focus and sustainable growth, and improving operational and capital efficiency. the future.

As at 30th June 2023, we have an order book of \$11.1 million.

F. Other Information Required by Catalyst Rule Appendix 7C (cont'd)

8. (i) **Details of any changes in the Company's share capital and arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other shares 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 also the number of shares that may be issued on conversion of all the outstanding convertibles as at the end of the current financial period reported on and as at the end of corresponding period of the immediately preceding financial year.**

There is no change in the Company's share capital from 31 December 2022 up to 30 June 2023. The Company's share capital as at 31 December 2022 and 30 June 2023 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 2023 and 30 June 2022.

- (ii) **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.**

	No. of shares	
	As at 30 June 2023	As at 31 December 2022
Total number of issued shares excluding treasury shares	<u>214,202,036</u>	<u>214,202,036</u>

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

- (iii) **A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at 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, transfer, cancellation and/or use of subsidiaries holdings as at the end of the current financial period reported on.**

Not applicable.

9. Dividend

- (a) **Any dividend recommended/declared for the current financial period reported on?**

No dividend was recommended/declared for the six months ended 30 June 2023.

- (b) **Any dividend recommended/declared for the corresponding period of the immediately preceding financial year?**

No.

- (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.**

Not applicable.

- (d) **Date payable**

Not applicable.

- (e) **Record date**

Not applicable.

F. Other Information Required by Catalyst Rule Appendix 7C (cont'd)**10. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

No interim dividend was declared/recommended for the period ended 30 June 2023 in view of the current uncertainty in the business environment, and to preserve the Group's cash for business operations.

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

There are no interested person transactions of S\$100,000 and above entered into in 1H2023.

The Group has not obtained a general mandate from shareholders for interested person transactions.

12. Disclosure on acquisition and realisation of shares pursuant to Rule 706A of the Catalyst Rules.

Not applicable.

13. 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 Catalyst Rules

The Company confirms that all the required undertakings under Rule 720(1) of the Catalyst Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalyst Rules.

BY ORDER OF THE BOARD

Jeffrey Hong Eng Leong
Executive Director and Chief Executive Officer
Date 14 August 2023

6. Confirmation pursuant to Rule 705(5) of the Catalist Rules

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention, which may render the condensed interim financial statements for the six months ended 30 June 2023 to be false or misleading in any material aspects.

On behalf of the Board of Directors

Jeffrey Hong Eng Leong
Executive Director and Chief Executive Officer

Lim Xiu Fang, Vanessa
Executive Director

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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