



**APAC Realty Limited
and its Subsidiaries
Company Registration No. 201319080C**

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



APAC REALTY LIMITED
Company Registration Number: 201319080C

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Condensed Interim Consolidated Income Statement
Six months ended 30 June 2022

	Note	Group		Change
		Six months ended 30 June		%
		2022	2021	
		\$'000	\$'000	
Revenue				
Real estate brokerage fees and related services	4.2	340,358	356,474	(4.5)
Other revenue	4.2	2,246	1,957	14.8
Total Revenue		<u>342,604</u>	<u>358,431</u>	(4.4)
Items of expense				
Cost of services		307,262	323,177	(4.9)
Personnel cost		7,714	6,396	20.6
Marketing and promotion expenses		1,392	1,676	(16.9)
Depreciation of plant and equipment		1,139	1,014	12.3
Depreciation of right-of-use assets		861	861	–
Amortisation of intangible assets		467	466	0.2
Allowance for doubtful debt provided (trade)		1,180	1,581	(25.4)
Finance costs		358	402	(10.9)
Other operating expenses		2,296	2,186	5.0
Total operating expenses		<u>15,407</u>	<u>14,582</u>	5.7
Costs and Expenses		<u>322,669</u>	<u>337,759</u>	(4.5)
Operating Profit		19,935	20,672	(3.6)
Share of results in associates		263	(294)	NM
Profit before tax	5	20,198	20,378	(0.9)
Income tax expense	6	(3,651)	(3,355)	8.8
Profit for the period		<u>16,547</u>	<u>17,023</u>	(2.8)
Profit attributable to:				
Owners of the Company		16,690	17,046	(2.1)
Non-controlling interests (“NCI”)		(143)	(23)	NM
		<u>16,547</u>	<u>17,023</u>	(2.8)
Earnings per share attributable to the owners of the Company (cents per share)				
Basic and diluted	13	4.70	4.80	(2.1)

NM - not meaningful

Condensed Interim Consolidated Statement of Comprehensive Income
Six months ended 30 June 2022

	Group		
	Six months ended 30 June		
	2022	2021	Change
	\$'000	\$'000	%
Profit for the period	16,547	17,023	(2.8)
Other comprehensive income			
Items that will not be classified to profit or loss:			
Equity instruments at fair value through other comprehensive income (“FVOCI”) – net change in fair value	(12)	–	NM
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	51	(2)	NM
Other comprehensive income for the period, net of tax	39	(2)	NM
Total comprehensive income for the period	<u>16,586</u>	<u>17,021</u>	(2.6)
Attributable to:			
Owners of the Company	16,720	17,034	(1.8)
Non-controlling interests	(134)	(13)	NM
	<u>16,586</u>	<u>17,021</u>	(2.6)

NM - not meaningful

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	73,817	72,848	–	–
Right-of-use assets		1,127	1,988	–	–
Intangible assets	9	96,423	96,890	1,748	1,866
Investment in subsidiaries		–	–	189,943	189,943
Investment in associates		2,376	2,360	2,693	2,950
Other investments		528	789	–	250
Fixed deposits		400	400	400	400
		174,671	175,275	194,784	195,409
Current assets					
Convertible loan		3,587	3,587	–	–
Trade receivables		130,983	120,792	54	63
Other receivables		12,750	12,852	561	554
Unbilled receivables		11,478	17,993	–	–
Amount due from subsidiaries		–	–	15,249	15,297
Prepaid operating expenses		1,356	1,686	9	14
Cash and bank balances		42,564	53,665	6,308	6,632
		202,718	210,575	22,181	22,560
Total assets		377,389	385,850	216,965	217,969
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals		141,239	147,717	347	456
Other payables		13,012	14,045	–	–
Amount due to subsidiaries		–	–	66,024	52,312
Deferred income		585	1,299	–	–
Lease liabilities		768	1,694	–	–
Loan and borrowing	10	2,900	2,900	–	–
Provision for taxation		7,330	7,481	17	15
		165,834	175,136	66,388	52,783
Net current assets/(liabilities)		36,884	35,439	(44,207)	(30,223)
Non-current liabilities					
Lease liabilities		–	44	–	–
Loan and borrowing	10	44,467	45,917	–	–
Deferred taxation		4,046	4,089	–	–
		48,513	50,050	–	–
Net assets		163,042	160,664	150,577	165,186
Equity attributable to owners of the Company					
Share capital	12	98,946	98,946	98,946	98,946
Fair value reserve		(28)	(16)	–	–
Foreign currency translation reserve		21	(21)	–	–
Accumulated profits		64,487	62,005	51,631	66,240
		163,426	160,914	150,577	165,186
Non-controlling interests (“NCI”)		(384)	(250)	–	–
Total equity		163,042	160,664	150,577	165,186

Condensed Interim Consolidated Statement of Cash Flows
Six months ended 30 June 2022

	Group	
	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	20,198	20,378
<u>Adjustments for:</u>		
Allowance for doubtful debts (trade)	1,180	1,581
Amortisation of intangible assets	467	466
Bad debts recovered	(25)	(45)
Depreciation of property, plant and equipment	1,139	1,014
Depreciation of right-of-use assets	861	861
Loss/(gain) on disposal of plant and equipment	4	(2)
Impairment of goodwill	–	128
Write off of other investments	250	500
Write off of loan to associate	251	–
Interest expense	358	402
Interest income	(280)	(263)
Share of results in associate	(263)	294
Operating cash flows before working capital changes	24,140	25,314
<u>Changes in working capital</u>		
Increase in trade and other receivables	(4,375)	(76,400)
(Decrease)/increase in trade and other payables	(8,229)	71,619
Cash flows from operations	11,536	20,533
Interest income received	280	263
Interest paid	(329)	(334)
Income taxes paid	(3,844)	(2,535)
Net cash generated from operating activities	7,643	17,927
Cash flows from investing activities		
Purchase of plant and equipment	(2,113)	(839)
Proceeds from disposal of plant and equipment	25	3
Acquisition of subsidiary, net of cash acquired	–	(206)
Investment in an associate	–	(32)
Investment in other investment	–	(555)
Loan to an associate	–	(162)
Net cash used in investing activities	(2,088)	(1,791)
Cash flows from financing activities		
Repayment of lease liabilities	(998)	(998)
Repayment of loan and borrowings	(1,450)	(1,450)
Payment of dividends	(14,208)	(6,216)
Net cash used in financing activities	(16,656)	(8,664)
Net (decrease)/increase in cash and cash equivalents	(11,101)	7,472
Cash and cash equivalents at beginning of the period	53,665	35,119
Cash and cash equivalents at end of the period	42,564	42,591

Condensed Interim Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Fair value reserve \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total Equity \$'000
As at 1 January 2022	98,946	(16)	(21)	62,005	160,914	(250)	160,664
Profit/(loss) for the period	–	–	–	16,690	16,690	(143)	16,547
Other comprehensive income							
- Equity instruments at FVOCI – net change in fair value	–	(12)	–	–	(12)	–	(12)
- Foreign currency translation	–	–	42	–	42	9	51
Total comprehensive income	–	(12)	42	16,690	16,720	(134)	16,586
Total contributions by and distributions to owners							
Dividends on ordinary shares	–	–	–	(14,208)	(14,208)	–	(14,208)
As at 30 June 2022	98,946	(28)	21	64,487	163,426	(384)	163,042

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total Equity \$'000
As at 1 January 2021	98,946	(114)	55,920	154,752	(164)	154,588
Profit/(loss) for the period	–	–	17,046	17,046	(23)	17,023
Other comprehensive income						
- Foreign currency translation	–	(12)	–	(12)	10	(2)
Total comprehensive income	–	(12)	17,046	17,034	(13)	17,021
Total contributions by and distributions to owners						
Dividends on ordinary shares	–	–	(6,216)	(6,216)	–	(6,216)
Changes in ownership interests in subsidiaries						
Acquisition of subsidiary with NCI	–	–	–	–	(8)	(8)
As at 30 June 2021	98,946	(126)	66,750	165,570	(185)	165,385

Notes to the Condensed Interim Financial Statements

1 Corporate information

APAC Realty Limited (the “Company”) is a public company limited by shares incorporated and domiciled in Singapore and is listed on the Main Board of the Singapore Exchange Securities Trading Limited. The registered office of the Company and its principal place of business is located at 450 Lorong 6 Toa Payoh, ERA APAC Centre, Singapore 319394. These interim consolidated financial statements as at 30 June 2022 and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are those relating to investment holding, owning and operating the master franchise rights relating to the “ERA Real Estate” brand for sale and licensing to sub-franchisees in the Asia Pacific Region. The principal activities of the Group are:

- a) real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials;
- b) master franchisee of the “ERA Real Estate” franchise for the territory of Singapore to grant membership of the “ERA” franchise to housing agents;
- c) property management, valuation and consultancy services, conducting training courses, and the publication and distribution of real estate periodicals;
- d) rental of investment property; and
- e) advertising activities and those relating to research and experimental development on IT.

2 Basis of Preparation

The condensed 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 annual financial statements for the year ended 31 December 2021.

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

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

2.1 New and amended standards adopted by the Group

The Group adopted various new accounting standards, amendments to and interpretations of standards that are effective for annual periods beginning on or after 1 January 2022. 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 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 31 December 2021 and for the financial 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.

2.2 Use of judgements and estimates (cont'd)

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:

Note 7 – allowance for expected credit losses of trade receivables

Note 9 – impairment of goodwill

3 Seasonal operations

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

4 Segment and revenue information

The Group is organised into the following main business segments:

- I. Real estate brokerage income – relates to commission and fee income from the brokerage of resale and rental of residential, commercial and industrial properties and new residential projects for sale by various developers.
- II. Rental income – relates to rental income generated from properties, workstations, lockers and furniture.
- III. Others – relate to incentives, referral, professional indemnity insurance and administration fees income, business conference income and miscellaneous income.

These operating segments are reported in a manner consistent with internal reporting provided to chief operating decision maker who monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes and finance costs are managed on a group basis and are not allocated to operating segments.

The Group did not disclose operating segment assets and liabilities as such measures are not monitored. The Group operates mainly in Singapore with revenue predominantly generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

4.1 Reportable segments

	Real estate brokerage services \$'000	Rental income \$'000	Others \$'000	Eliminations \$'000	Total \$'000
1 January 2022 to 30 June 2022					
Revenue:					
Real estate brokerage fees and related services	338,283	1,090	2,027	(1,042)	340,358
Other revenue	49	–	2,197	–	2,246
Total revenue	338,332	1,090	4,224	(1,042)	342,604
Segment results	19,811	(18)	220	–	20,013
Share of results in associates					263
Interest income					280
Finance costs					(358)
Profit before tax					20,198
Income tax expense					(3,651)
Profit for the period					16,547
Others:					
Bad debts recovered	25	–	–	–	25
Allowance for doubtful debts provided – trade	(1,178)	19	(21)	–	(1,180)
Depreciation and amortisation	(1,970)	(85)	(412)	–	(2,467)
1 January 2021 to 30 June 2021					
Revenue:					
Real estate brokerage fees and related services	353,781	935	2,437	(679)	356,474
Other revenue	59	–	1,898	–	1,957
Total revenue	353,840	935	4,335	(679)	358,431
Segment results	20,217	203	391	–	20,811
Share of results in associates					(294)
Interest income					263
Finance costs					(402)
Profit before tax					20,378
Income tax expense					(3,355)
Profit for the period					17,023
Others:					
Bad debts recovered	45	–	–	–	45
Allowance for doubtful debts provided – trade	(1,553)	(43)	15	–	(1,581)
Depreciation and amortisation	(1,916)	(10)	(415)	–	(2,341)

4.2 Revenue

Disaggregation of real estate brokerage fees and related services

	Real estate brokerage income		Others		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Major product or service lines						
Brokerage fees from resale, rental and new home transactions	338,283	353,781	–	–	338,283	353,781
Others	–	–	2,075	2,693	2,075	2,693
	<u>338,283</u>	<u>353,781</u>	<u>2,075</u>	<u>2,693</u>	<u>340,358</u>	<u>356,474</u>
Timing of transfer of goods or services						
At a point in time	338,283	353,781	1,435	2,181	339,718	355,962
Over time	–	–	640	512	640	512
	<u>338,283</u>	<u>353,781</u>	<u>2,075</u>	<u>2,693</u>	<u>340,358</u>	<u>356,474</u>

Other revenue

	Group	
	Six months ended 30 June 2022 \$'000	2021 \$'000
Rental of properties, workstations, lockers and furniture	769	518
Professional indemnity insurance fees	98	250
Incentives, referral and administrative fees	419	524
Government grants	89	275
Interest income from cash at bank and fixed deposits	280	263
Bad debts recovered	25	45
Sundry income	566	82
	<u>2,246</u>	<u>1,957</u>

5 Profit before taxation

Significant items

	Group	
	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
<u>Included in finance costs</u>		
Interest on lease liabilities	(28)	(69)
<u>Included in other operating expenses</u>		
Impairment of goodwill	–	(128)
Write off of other investments	(250)	(500)
Write off of loan to associate	(251)	–
Foreign exchange gain, net	308	132
Rental expense	(60)	(46)

Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the financial statements.

6 Taxation

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 income statement are:

	Group	
	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
Tax expense recognised in respect of profit for the period		
Current tax	3,693	3,554
Over provision in respect of previous period	–	(82)
	3,693	3,472
Deferred tax provided		
Origination and reversal of temporary differences	(42)	(117)
Income tax expense	3,651	3,355

7 Financial assets and financial liabilities

	Group		Company	
	30 June 2022 \$'000	31 December 2021 \$'000	30 June 2022 \$'000	31 December 2021 \$'000
Total trade and other receivables	155,211	151,637	15,864	15,914
Less:				
Advances	(11,404)	(10,749)	–	–
Unbilled receivables	(11,478)	(17,993)	–	–
Add:				
Fixed deposits	400	400	400	400
Cash and bank balances	42,564	53,665	6,308	6,632
Total financial assets carried at amortised cost	175,293	176,960	22,572	22,946
Total trade and other payables	154,251	161,762	66,371	52,768
Less: GST payable	(11,296)	(12,228)	–	(7)
Add: Lease liabilities	768	1,738	–	–
Add: Loan and borrowing	47,367	48,817	–	–
Total financial liabilities carried at amortised cost	191,090	200,089	66,371	52,761

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amount of trade and other receivables and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Expected credit losses

There are no significant changes to estimation techniques or assumptions made during the reporting period. The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	30 June 2022 \$'000	31 December 2021 \$'000
At the beginning of period/year	5,439	3,752
Charge for the period/year	1,180	3,873
Written off	–	(2,186)
Others	87	–
At end of period/year	6,706	5,439

8 Property, plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to \$2,113,000 (30 June 2021: \$839,000) and disposed assets amounting to \$29,000 (30 June 2021: \$1,000).

9 Intangible assets

Group	Goodwill \$'000	Franchise rights \$'000	Total \$'000
Cost:			
At 1 January 2021	75,703	29,473	105,176
Additions	231	–	231
At 31 December 2021, 1 January 2022 and 30 June 2022	75,934	29,473	105,407
Accumulated amortisation and impairment:			
At 1 January 2021	582	6,875	7,457
Charge for the year	–	932	932
Impairment loss	128	–	128
At 31 December 2021 and 1 January 2022	710	7,807	8,517
Charge for the period	–	467	467
At 30 June 2022	710	8,274	8,984
Net carrying amount:			
At 31 December 2021	75,224	21,666	96,890
At 30 June 2022	75,224	21,199	96,423
Company			
		Franchise rights \$'000	
Cost:			
At 1 January 2021, 31 December 2021, 1 January 2022 and 30 June 2022		3,816	
Accumulated amortisation:			
At 1 January 2021		1,714	
Charge for the year		236	
At 31 December 2021 and 1 January 2022		1,950	
Charge for the period		118	
At 30 June 2022		2,068	
Net carrying amount:			
At 31 December 2021		1,866	
At 30 June 2022		1,748	

9 Intangible assets (cont'd)

Goodwill

The carrying amount of goodwill allocated to each CGU as follows:

Group	30 June	31
	2022	December
	\$'000	2021
		\$'000
Real estate brokerage income (Singapore)	61,345	61,345
Real estate brokerage income (Thailand)	231	231
Membership fee earned in relation to the master franchisee of ERA Singapore	10,311	10,311
Property management, valuation, consultancy, training and related services	3,337	3,337
Membership fee earned in relation to the "Coldwell Banker" franchise	582	582
Others	128	128
	<hr/>	<hr/>
	75,934	75,934
Less: Impairment loss	(710)	(710)
	<hr/>	<hr/>
	75,224	75,224

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections for the remaining useful life, including financial budgets approved by management covering a one-year period. The value in use was determined similarly to the 31 December 2021 goodwill impairment assessment and was based on key assumptions in relation to pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the one-year period as follows:

	30 June 2022	31 December 2021
Growth rate	1.2% - 1.7%	1.2% - 1.7%
Discount rate	9% - 10%	9% - 10%

Franchise rights

Franchise rights is held for the exclusive right of use of the brand names being "ERA" and "Coldwell Banker".

The Group acquired exclusive ERA Regional Master franchise right for certain countries in the Asia Pacific region for an initial term of 30 years from 19 November 1999, which expires in 2029. The Group has the option to renew the regional master franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 30 June 2022, the carrying amount of the ERA franchise right in Asia Pacific region is \$1,748,000 (31 December 2021: \$1,866,000) and has remaining amortisation period of 7 years (31 December 2021: 8 years).

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expires in 2020. It includes a renewal clause for an additional successive 30 years, which the Group has renewed upon its expiry for additional 30 years with no additional cost in accordance to the franchise agreement. As at 30 June 2022, the carrying amount of the ERA Singapore Subfranchise right is \$19,451,000 (31 December 2021: \$19,799,000) and has remaining amortisation period of 28 years (31 December 2021: 29 years).

In addition, the Group has the Coldwell Banker franchise right for an initial term of 30 years from 16 October 1998, which expires in 2028. The Group has the option to renew the franchise agreement for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 30 June 2022, the carrying amount of the Coldwell Banker Franchise right is \$Nil (31 December 2021: \$1,000).

10 Loan and borrowing

	Group	
	30 June 2022	31 December 2021
	\$'000	\$'000
Current:		
SGD loan at Compounded SORA + 1.15% p.a.	2,900	2,900
Non-current:		
SGD loan at Compounded SORA + 1.15% p.a.	44,467	45,917
Total	47,367	48,817

The loan is secured by way of a first legal mortgage over the Group's property at 450 Lorong 6 Toa Payoh, Singapore 319394 and a corporate guarantee from the Company.

The loan bears interest at the prevailing 3-month Compounded SORA plus 1.15% per annum for the first 3 years effective from 19 October 2020 and 3-month Compounded SORA plus 4.00% per annum thereafter. The loan is repayable over 59 equal monthly instalments of \$241,667 per month with a final bullet principal payment of \$43,741,647 on the final maturity date, 19 October 2023. The first monthly instalment repayment of the loan was on 19 November 2018.

11 Dividends

	Group and Company	
	Six months ended 30 June 2022	2021
	\$'000	\$'000
Declared and paid during the financial period:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2021: 4.0 cents per share (2020: 1.75 cents per share)	14,208	6,216
	14,208	6,216

12 Share capital

	Group and Company			
	30 June 2022		31 December 2021	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At beginning and end of period	355,198	98,946	355,198	98,946

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 June 2022 and 31 December 2021.

13 Earnings per share

	Group	
	Six months ended 30 June	
	2022	2021
	\$'000	\$'000
Profit for the period attributable to owners of the Company	16,690	17,046
	No of shares	No of shares
	'000	'000
Weighted average number of ordinary shares for earnings per share computation	355,198	355,198

14 Net asset value

	Group		Company	
	30 June	31 December	30 June	31 December
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Net asset value per ordinary share	46.0	45.3	42.4	46.5

15 Subsequent events

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

Other Information Required by Listing Rule Appendix 7.2

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

The condensed interim consolidated statements of financial position of APAC Realty Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2022 and the related condensed interim consolidated income statement, statement of comprehensive income, statement of cashflows and statement of changes in equity for the six months ended 30 June 2022, and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

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

Not applicable.

2A 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.

3 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 period reported on.

Income statement

Revenue derived from our real estate brokerage services include brokerage income from the brokerage of (a) resale and rental of residential, commercial and industrial properties and (b) new home sales. Revenue from real estate related services include merchandise sales, training fees from courses conducted, property valuation fees, property management fees, consultancy services fees, franchise fees and rental income from investment property. Other revenue refers to interest income, rental income from office spaces and workstations, business conference income, referral fee income and sundry income.

Six months ended 30 June 2022 (“1H2022”) vs Six months ended 30 June 2021 (“1H2021”)

	1H2022	1H2021	Change
	\$’000	\$’000	(%)
Total revenue	342,604	358,431	(4.4)
Cost of services	307,262	323,177	(4.9)
Gross Profit	35,342	35,254	0.2

Revenue

Revenue from real estate brokerage fees and related services decreased by approximately \$15.8 million or 4.4%, from \$358.4 million in 1H2021 to \$342.6 million in 1H2022 following a decrease in property transactions completed during the period. The decrease in brokerage income is due to the following:

- a) decrease in resale and rental of properties of \$21.1 million or 9.6%, from \$220.1 million in 1H2021 to \$199.0 million in 1H2022; partially offset by
- b) increase in new home sales of \$5.6 million, from \$133.7 million in 1H2021 to \$139.3 million in 1H2022.

Other revenue increased by approximately \$0.2 million or 14.8%, from \$2.0 million in 1H2021 to \$2.2 million in 1H2022 mainly due to higher annual business conference income.

- 3 **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 period reported on (cont'd).**

Income statement (cont'd)

Cost of services

Cost of services decreased by approximately \$15.9 million or 4.9%, from \$323.2 million in 1H2021 to \$307.3 million in 1H2022, in line with the decrease in revenue from real estate brokerage fees and related services.

Gross profit

Gross profit increased by approximately \$0.1 million or 0.2%. This was due to slightly better margins from new home sales.

Operating expenses

Personnel cost increased by approximately \$1.3 million or 20.6%, from \$6.4 million in 1H2021 to \$7.7 million in 1H2022 mainly due to:

- a) an increase in headcount in Singapore (30 June 2022: 157; 30 June 2021: 142) due to expansion and formation of new business unit – Capital Markets & Investment Sales in February 2022; and
- b) general increase in staff salaries.

Marketing and promotion expenses decreased by approximately \$0.3 million or 16.9%, from \$1.7 million in 1H2021 to \$1.4 million in 1H2022 due to lower marketing activities in 1H2022.

Depreciation of plant and equipment increased by \$0.1 million, from \$1.0 million in 1H2021 to \$1.1 million in 1H2022 due to the refurbishment costs incurred for ERA APAC Centre.

Depreciation of right-of-use assets was approximately \$0.9 million for both 1H2022 and 1H2021.

Amortisation of intangible assets was approximately \$0.5 million for both 1H2022 and 1H2021.

Allowance for doubtful debts (trade) decreased by approximately \$0.4 million or 25.4%, from \$1.6 million in 1H2021 to \$1.2 million in 1H2022 mainly due to lower general provision made on expected credit loss as a result of lower trade receivables as at 30 June 2022.

Finance costs of approximately \$0.4 million in 1H2022 and 1H2021 comprised mainly interest expense from bank borrowings.

Other operating expenses increased by approximately \$0.1 million or 5.0%, from \$2.2 million in 1H2021 to \$2.3 million in 1H2022 mainly due to higher legal and professional fees incurred for the period.

Overall, total operating expenses increased by approximately \$0.8 million or 5.7%, from \$14.6 million in 1H2021 to \$15.4 million in 1H2022.

Share of results of associates

The share of profit of associates for the period of \$0.3m was contributed by the Group's associate in Vietnam.

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately \$0.2 million, from \$20.4 million in 1H2021 to \$20.2 million in 1H2022.

Tax expense

Tax expense increased by approximately \$0.3 million, from \$3.4 million in 1H2021 to \$3.7 million in 1H2022. The increase was mainly due to slightly higher provision made in 1H2022.

Profit for the period

As a result of the foregoing, profit for the period decreased by approximately \$0.5 million or 2.8%, from \$17.0 million in 1H2021 to \$16.5 million in 1H2022.

- 3 **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 period reported on (cont'd).**

Statement of Financial Position

30 June 2022 vs 31 December 2021

Non-current assets

The Group's total non-current assets amounted to approximately \$174.7 million and \$175.3 million as at 30 June 2022 and 31 December 2022 respectively. The decrease of approximately \$0.6 million or 0.3% was mainly due to depreciation of plant and equipment, depreciation of right-of-use assets, as well as amortisation of intangible assets for a total of \$2.5 million; partially offset by purchase of plant and equipment which amounted to \$2.1 million.

Current assets

Trade receivables amounted to approximately \$131.0 million and \$120.8 million as at 30 June 2022 and 31 December 2021 respectively. The increase of approximately \$10.2 million or 8.4% was mainly due to increase in billings made towards the end of June 2022.

Other receivables amounted to approximately \$12.8 million and \$12.9 million as at 30 June 2022 and 31 December 2021 respectively.

Unbilled receivables amounted to approximately \$11.5 million and \$18.0 million as at 30 June 2022 and 31 December 2021 respectively. This relates to brokerage fees arising from new home sales where services are deemed rendered but not invoiced yet at the respective dates.

Prepaid operating expenses amounted to approximately \$1.4 million and \$1.7 million as at 30 June 2022 and 31 December 2021 respectively. The decrease of \$0.3 million was mainly due to the recognition of expenses in 1H2022.

Cash and bank balances decreased by approximately \$11.1 million or 20.7%, from \$53.7 million as at 31 December 2021 to \$42.6 million as at 30 June 2022.

As a result of the foregoing, total current assets decreased by approximately \$7.9 million or 3.8%, from \$210.6 million as at 31 December 2021 to \$202.7 million as at 30 June 2022.

Non-current liabilities

The Group's total non-current liabilities decreased from \$50.1 million as at 31 December 2021 to \$48.5 million as at 30 June 2022. The decrease of \$1.6 million or 3.2% was mainly due to the repayment of loan and borrowing of \$1.5 million in 1H2022.

Current liabilities

Trade payables and accruals amounted to approximately \$141.2 million and \$147.7 million as at 30 June 2022 and 31 December 2021 respectively. The decrease of approximately \$6.5 million or 4.4% was mainly due to the higher unpaid commission payable as at 31 December 2021. The Group received commissions from customers and developers in December 2021 but only managed to pay out to the respective salespersons in January 2022.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately \$13.0 million and \$14.0 million as at 30 June 2022 and 31 December 2021 respectively. The decrease of approximately \$1.0 million or 7.1% was mainly due to lower GST payable as a result of the lower brokerage revenue invoiced in 2Q2022 as compared to 4Q2021.

Deferred income amounted to approximately \$0.6 million and \$1.3 million as at 30 June 2022 and 31 December 2021 respectively. The decrease of approximately \$0.7 million or 53.8% was mainly due to the recognition of income for the annual business conference, which was held in April 2022.

Lease liabilities represent the current portion of the lease obligations and has decreased by \$0.9 million due to payments made during the period.

- 3 **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 period reported on (cont'd).**

Statement of Financial Position (cont'd)

Current liabilities (cont'd)

Provision for taxation amounted to approximately \$7.3 million and \$7.5 million as at 30 June 2022 and 31 December 2021 respectively. The decrease of approximately \$0.2 million or 2.7% was mainly due to tax paid during the period.

As a result of the foregoing, total current liabilities decreased by approximately \$9.3 million or 5.3%, from \$175.1 million as at 31 December 2021 to \$165.8 million as at 30 June 2022.

Equity attributable to the owners of the Company

The equity attributable to the owners of the Company increased by approximately \$2.5 million or 1.6%, from \$160.9 million as at 31 December 2021 to \$163.4 million as at 30 June 2022. The increase was mainly attributable to the net profit of \$16.5 million for 1H2022, partially offset by a dividend payment of \$14.2 million in May 2022.

Statement of Cash Flows

1H2022 vs 1H2021

Net cash generated from operating activities was approximately \$7.6 million in 1H2022 as compared to approximately \$17.9 million in 1H2021. The decrease of \$10.3 million was mainly due to the timing difference as mentioned above on the decrease in trade payables from 31 December 2021 to 30 June 2022.

Net cash used in investing activities was approximately \$2.1 million and \$1.8 million in 1H2022 and 1H2021 respectively. The increase of \$0.3 million was mainly due to the increase in purchase of plant and equipment, partially offset by the absence of other investment, acquisition of subsidiary and investment in associates in 1H2022.

Net cash used in financing activities was approximately \$16.7 million and \$8.7 million in 1H2022 and 1H2021 respectively. The increase of \$8.0 million was mainly due to higher dividend payment of \$14.2 million in 1H2022 (1H2021: \$6.2 million).

As a result of the foregoing, there was a net decrease in cash and cash equivalents of approximately \$11.1 million for 1H2022. Cash and cash equivalents stood at \$42.6 million as at 30 June 2022.

4 **Use of Proceeds Raised From IPO**

Purpose	Balance of Net Proceeds as at 1 January 2022 (S\$'000)	Net Proceeds Utilised as at 8 August 2022 (S\$'000)	Balance of Net Proceeds as at 8 August 2022 (S\$'000)
Enhancing technological capabilities	3,982	–	3,982
Refurbishment of ERA APAC Centre	1,250	(1,250)	–
	<u>5,232</u>	<u>(1,250)</u>	<u>3,982</u>

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

The Company did not make any prospect statement previously.

6 A commentary at the date of this 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 first half of 2022 saw a decrease in transactions in the new private residential, private residential resale and HDB resale markets following the cooling measures rolled out by the authorities in December 2021. The recent Urban Redevelopment Authority (URA) data showed that prices of private residential property grew 3.5% in the second quarter of 2022 and data from HDB indicated that overall prices for HDB has increase by 2.8% in the same period as well.

In 1H2022, developers sold 4,546 private residential units (including ECs), a decrease of 40.2% from 7,601 units sold in 1H2021 (6 months ended 30 June 2021). The private residential resale market recorded sales of 7,932 units, a decrease of 21.4% from 10,090 units sold in 1H2021. The HDB resale market reported a decline of 6.1% to 13,753 units in 1H2022 from 14,644 units in 1H2021.

The vacancy rate of completed private residential units has decreased from 6.0% as at 31 December 2021 to 5.4% as at 30 June 2022. Apart from the 17,506 unsold units (including ECs) with planning approval as at 30 June 2022, there is a potential supply of 8,000 units (including ECs) from Government Land Sales sites that have not been granted planning approval yet.

In addition to enhancing its business in Singapore, the Group has continued to focus on its regional presence in ASEAN. The Group continues to monitor the developments of its investments in Indonesia, Thailand, Vietnam and Malaysia.

7 Dividend

(a) Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount	3.5 cents per ordinary share
Tax Rate	Tax Exempt

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

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount	3.5 cents per ordinary share
Tax Rate	Tax Exempt

Name of Dividend	Special
Dividend Type	Cash
Dividend Amount	3.0 cents per ordinary share
Tax Rate	Tax Exempt

(c) Date payable

Payment of interim dividend will be made on 9 September 2022.

7 Dividend (cont'd)

(d) Record date

Notice is hereby given that the Transfer Book and Register of Members of the Company will be closed from 5.00 p.m. (Singapore time) on 31 August 2022 for the preparation of dividend warrants for the interim dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to the close of business at 5.00 p.m. (Singapore time) on 31 August 2022 will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. (Singapore time) on 31 August 2022 will be entitled to the interim dividend.

8 If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

9 If the Group has obtained a general mandate from shareholders for 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.

Not applicable as the Group does not have in place a general mandate for interested person transactions.

10 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX Listing Manual.

11 Confirmation Pursuant to the Rule 705(5) of the Listing Manual

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the six months ended 30 June 2022 unaudited financial results to be false or misleading in any material respect.

12 Additional information required Pursuant to the Rule 706A of the Listing Manual

Disposal of equity interest in SoReal Prop Pte Ltd ("SoReal")

In May 2022, the Company's wholly-owned subsidiary, Electronic Realty Associates Pte Ltd entered into a sale and purchase agreement to dispose its equity interest of 633,842 ordinary shares in SoReal Prop Pte Ltd for consideration of \$0.8 million in cash and ordinary shares worth approximately \$0.3 million in the buyer, Real Estate Analytics Pte Ltd. The sale was completed in July 2022. As the Group has previously fully written off its investment in SoReal, the Group will record a gain on disposal of \$0.6 million (after deducting associated costs) in 3Q2022.

BY ORDER OF THE BOARD

Chua Khee Hak
Executive Chairman
8 August 2022