

CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2021 (“FY2021”)
A. Condensed interim consolidated statement of comprehensive income

		GROUP			GROUP		
		6 months ended			12 months ended		
	Note	31.12.2021	31.12.2020	Increase / (Decrease)	31.12.2021	31.12.2020	Increase / (Decrease)
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4	22,709	22,293	1.9	41,729	59,137	(29.4)
Cost of sales		(16,237)	(19,173)	(15.3)	(30,810)	(47,258)	(34.8)
Gross profit		6,472	3,120	107.4	10,919	11,879	(8.1)
Other operating income		466	1,480	(68.5)	917	2,652	(65.4)
Distribution and marketing costs		(2,333)	(1,914)	21.9	(4,461)	(5,413)	(17.6)
Administrative expenses		(2,731)	(5,555)	(50.8)	(5,660)	(11,031)	(48.7)
Other operating expenses		(1,460)	(1,362)	7.2	(1,890)	(1,760)	7.4
Other gains and losses		(2,115)	1,059	N.M	(1,834)	7,376	N.M
Finance cost		(178)	(164)	8.5	(321)	(318)	0.9
Share of results of an associate and a joint venture		(107)	(59)	81.4	(121)	(76)	59.2
(Loss) Profit before income tax	6	(1,986)	(3,395)	(41.5)	(2,451)	3,309	N.M
Income tax credit (expense)	7	231	(250)	N.M	116	(245)	N.M
(Loss) Profit for the period/year		(1,755)	(3,645)	(51.9)	(2,335)	3,064	N.M
Other comprehensive income							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Exchange differences on translation of foreign operations representing total other comprehensive income for the period/year, net of tax		240	447	(46.3)	288	527	(45.4)
Realisation of foreign currency translation differences on disposal of a subsidiary		-	(44)	(100.0)	-	(44)	(100.0)
Total comprehensive income for the period/year		(1,515)	(3,242)	(53.3)	(2,047)	3,547	N.M
(Loss) profit attributable to:							
Owners of the Company		(1,757)	(3,784)	(53.6)	(2,339)	2,801	N.M
Non-controlling interests		2	139	(98.6)	4	263	(98.5)
		(1,755)	(3,645)	(51.9)	(2,335)	3,064	N.M
Total comprehensive income attributable to:							
Owners of the Company		(1,515)	(3,387)	(55.3)	(2,045)	3,308	N.M
Non-controlling interests		-	145	(100.0)	(2)	239	N.M
		(1,515)	(3,242)	(53.3)	(2,047)	3,547	N.M

B. Condensed interim statements of financial position

	Note	GROUP		COMPANY	
		31.12.2021 S\$'000	31.12.2020 S\$'000	31.12.2021 S\$'000	31.12.2020 S\$'000
ASSETS					
Current assets					
Cash and bank balances		19,245	31,548	1,941	2,859
Trade receivables		9,036	12,495	-	-
Other receivables and prepayments		2,850	2,404	5,259	9,293
Contract assets	10	6,130	3,686	525	466
Inventories		10,782	6,799	-	-
Assets classified as held for sale	11	4,470	-	-	-
Total current assets		52,513	56,932	7,725	12,618
Non-current assets					
Property, plant and equipment	12	18,149	14,259	487	237
Right-of-use assets		3,001	3,786	-	-
Goodwill		-	176	-	-
Investments in subsidiaries		-	-	37,391	37,750
Investment in an associate		3,787	3,932	3,787	4,000
Investment in a joint venture		426	-	510	-
Deferred tax assets		609	353	-	-
Total non-current assets		25,972	22,506	42,175	41,987
Total assets		78,485	79,438	49,900	54,605
LIABILITIES AND EQUITY					
Current liabilities					
Bank borrowings	13	2,151	1,486	625	156
Trade and other payables		8,765	12,446	11,736	15,734
Contract liabilities	10	12,227	7,836	-	-
Lease liabilities		51	173	-	-
Provision for warranty		20	146	-	-
Income tax payable		232	480	-	4
Liabilities directly associated with assets classified as held for sale	11	2,463	-	-	-
Total current liabilities		25,909	22,567	12,361	15,894
Non-current liabilities					
Bank borrowings	13	6,116	8,301	1,719	2,344
Lease liabilities		2,467	2,520	-	-
Deferred tax liabilities		5	10	-	-
Total non-current liabilities		8,588	10,831	1,719	2,344
Capital and reserves and non-controlling interests					
Share capital	14	47,433	47,433	47,433	47,433
Treasury shares	15	(1,837)	(1,837)	(1,837)	(1,837)
Foreign currency translation reserve		631	337	-	-
General reserve		1,617	1,561	-	-
Accumulated losses		(3,936)	(1,539)	(9,776)	(9,229)
Equity attributable to owners of the Company		43,908	45,955	35,820	36,367
Non-controlling interests		80	85	-	-
Total equity		43,988	46,040	35,820	36,367
Total liabilities and equity		78,485	79,438	49,900	54,605

C. Condensed interim statements of changes in equity

Group

	Attributable to owners of the Company					Attributable to equity holders of the Company	Non-controlling interests	Total equity
	Share capital	Treasury shares	Foreign currency translation reserve	General reserve	Accumulated losses			
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	
Balance as at 1 January 2021	47,433	(1,837)	337	1,561	(1,539)	45,955	85	46,040
<u>Total comprehensive income for the year</u>								
(Loss) Profit for the year	-	-	-	-	(2,339)	(2,339)	4	(2,335)
Other comprehensive income for the year	-	-	294	-	-	294	(6)	288
Total	47,433	(1,837)	631	1,561	(3,878)	43,910	83	43,993
<u>Others</u>								
Appropriation to general reserve	-	-	-	56	(56)	-	-	-
Acquisition of non-controlling interest	-	-	-	-	(2)	(2)	(3)	(5)
Balance as at 31 December 2021	47,433	(1,837)	631	1,617	(3,936)	43,908	80	43,988
Balance as at 1 January 2020	47,433	(1,837)	(170)	1,561	(4,340)	42,647	(919)	41,728
<u>Total comprehensive income for the year</u>								
Profit for the year	-	-	-	-	2,801	2,801	263	3,064
Other comprehensive income for the year	-	-	507	-	-	507	(24)	483
Total	47,433	(1,837)	337	1,561	(1,539)	45,955	(680)	45,275
<u>Others</u>								
Disposal of a subsidiary	-	-	-	-	-	-	765	765
Balance as at 31 December 2020	47,433	(1,837)	337	1,561	(1,539)	45,955	85	46,040

Company

	Share capital	Treasury shares	Accumulated losses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2021	47,433	(1,837)	(9,229)	36,367
Loss for the year, representing total comprehensive income for the year	-	-	(547)	(547)
Balance as at 31 December 2021	47,433	(1,837)	(9,776)	35,820
Balance as at 1 January 2020	47,433	(1,837)	(16,214)	29,382
Profit for the year, representing total comprehensive income for the year	-	-	6,985	6,985
Balance as at 31 December 2020	47,433	(1,837)	(9,229)	36,367

D. Condensed interim consolidated statement of cash flows

	GROUP		GROUP	
	6 months ended		12 months ended	
	31.12.2021 S\$'000	31.12.2020 S\$'000	31.12.2021 S\$'000	31.12.2020 S\$'000
Operating activities				
(Loss) Profit before income tax	(1,986)	(3,395)	(2,451)	3,309
Adjustments for:				
Depreciation of property, plant and equipment	342	1,750	704	3,665
Depreciation of right-of-use assets	271	180	437	431
Allowance for inventories obsolescence	121	96	94	96
Inventories written off	2	-	2	-
Amortisation of intangible assets	-	-	-	26
Allowance (write-back of allowance) for expected credit loss on trade receivables and contract assets	107	(100)	159	(100)
(Gain) Loss on modification of lease	(1)	119	(1)	119
Loss on disposal of property, plant and equipment	19	(5)	20	14
Write down on remeasurement of disposal group classified as held for sale (Note 1)	534	-	534	-
Impairment loss on goodwill	176	-	176	-
Impairment loss on right-of-use assets	639	-	639	-
Impairment loss on property, plant and equipment	66	-	66	-
Gain on disposal of an associate	-	-	-	(49)
Impairment loss (write-back of impairment) on investment in an associate	108	(105)	108	(105)
Share of result of an associate and a joint venture	107	59	121	76
Gain on disposal of a subsidiary	-	(998)	-	(6,456)
(Write-back of) provision for warranty	(61)	(8)	(61)	6
Interest expense on bank borrowings	114	118	215	211
Interest on lease liabilities	64	46	106	107
Interest income	(44)	(22)	(75)	(54)
Unrealised exchange (gain) loss	(15)	139	(52)	(144)
Operating cash flows before movements in working capital	563	(2,126)	741	1,152
<u>(Increase) Decrease:</u>				
Inventories	(4,080)	(619)	(5,927)	698
Contract assets	(1,982)	4,067	(2,520)	5,874
Trade receivables	(1,613)	4,479	2,291	(1,140)
Other receivables and prepayments	(328)	12,246	(544)	1,499
<u>Increase (Decrease):</u>				
Contract liabilities	1,118	(878)	3,892	571
Trade and other payables	1,430	(1,084)	2,508	4,295
Utilisation of provision of warranty	(12)	8	(16)	(9)
Cash (used in) from operations	(4,904)	16,093	425	12,940
Income tax paid	(13)	(32)	(365)	(156)
Interest paid	(163)	(151)	(300)	(300)
Interest received	44	22	75	54
Net cash (used in) from operating activities	(5,036)	15,932	(165)	12,538
Investing activities				
Additions to intangible assets	-	(4)	-	(4)
Proceeds from disposal of property, plant and equipment	178	11	204	43
Deferred consideration received from disposal of assets and liabilities of a subsidiary	-	-	-	9
Net cash arising on disposal of subsidiary	-	-	-	797
Proceeds from disposal of an associate	-	-	-	405
Purchase of property, plant and equipment	(4,388)	(258)	(4,898)	(334)
Investment in a joint venture	(510)	-	(510)	-
Deferred payment for an investment in an associate	-	(4,000)	(5,000)	(4,000)
Net cash used in investing activities	(4,720)	(4,251)	(10,204)	(3,084)
Financing activities				
Proceeds from bank borrowings	-	2,001	-	5,073
Repayment of bank borrowings	(922)	(491)	(1,439)	(872)
Repayment of principal portion of lease liabilities	(253)	(244)	(394)	(540)
Acquisition of non-controlling interest of a subsidiary (Note 1)	(5)	-	(5)	-
Decrease in pledged cash and bank balances and fixed deposits	(111)	(301)	(24)	146
Net cash (used in) from financing activities	(1,291)	965	(1,862)	3,807
Net (decrease) increase in cash and cash equivalents	(11,047)	12,646	(12,231)	13,261
Cash and cash equivalents at beginning of the period/year	30,496	18,270	31,065	17,497
Effects of exchange rate changes on the balance of cash held in foreign currencies	104	149	719	307
Cash and cash equivalents at end of the period/year	19,553	31,065	19,553	31,065
Cash and cash equivalents for statement of cash flows comprise:				
Cash and bank balances	19,553	31,065	19,553	31,065
Fixed deposits	515	483	515	483
Cash and cash equivalents	20,068	31,548	20,068	31,548
Less: Pledged fixed deposits	(515)	(483)	(515)	(483)
	19,553	31,065	19,553	31,065

D (i). Note to Consolidated statement of cash flows

Note 1: Acquisition of non-controlling interest

In 4Q2021, the Group acquired remaining 0.13% equity interest in its subsidiary, Guided Wave Incorporated ("GWI") and subsequently to this acquisition, GWI became wholly-owned subsidiary of the Group. Cash outflow as a result of acquisition of equity interest in GWI is set out below:

	2021 S\$'000
Non-current assets	1
Inventories	2
Trade and other receivables	1
Other current assets	2
Trade and other payables	(2)
Non-current liabilities	(1)
Net identifiable assets	<u>3</u>
Premium paid to acquire equity interest from non-controlling interest	<u>2</u>
Net cash outflow on acquisition of non-controlling interest	<u><u>5</u></u>

Note 2: Cash and cash equivalents reconciliation

	2021 S\$'000
Balance at the end of the financial year as per consolidated statement of cash flows	20,068
Cash and cash equivalents classified as held of sale	<u>(823)</u>
Balance at the end of the financial year as per statements of financial position	<u><u>19,245</u></u>

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Advanced Holdings Ltd. (the "Company") is a limited liability company incorporated in Singapore with its principal place of business and registered office at 30 Woodlands Loop, Singapore 738319. The Company is listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST"). These condensed interim consolidated financial statements as at and for the full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the Group).

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

The principal activities of the subsidiaries and associate are disclosed in FY2020 Annual Report, Notes 14 and 15 respectively. There have been no significant changes in the nature of these activities during the financial year.

The principal activities of the joint venture is that of corn cultivation, corn accumulation and trading, and corn processing in Indonesia.

2. Basis of Preparation

The condensed interim financial statements for the full year ended 31 December 2021 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 condensed consolidated financial statements for the six-months ended 30 June 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 "\$") and all values in the tables are rounded to the nearest thousand (\$'000), except when otherwise indicated.

2.1. New and amended standards adopted by the Group

A number of amendments to standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2. Use of judgements and estimates

The preparation of the Group's condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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 2020.

The key assumptions concerning the future, and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period, are discussed below.

(a) Provision for expected credit losses (ECLs) of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, historical default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

As at 31 December 2021, the Group assessed that an additional ECLs of \$159,000 is required.

2.2. Use of judgements and estimates (cont'd)

(b) Impairment assessment of long-lived assets

The Group assesses whether there are any indicators of impairment for long-lived assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. The Group also assesses whether there is an indication that previously recognised impairment losses no longer exist or have decreased.

An impairment exists when the carrying value of long-lived assets exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Impairment testing on goodwill, property, plant and equipment and right-of-use assets

As of 31 December 2021, the Group carried out a review of the recoverable amount of its goodwill, property, plant and equipment and right-of-use assets attributable to Advanced CAE Pte Ltd ("CAE") cash-generating unit ("CGU") due to uncertain global economic conditions and the existing challenging conditions surrounding the oil and gas industry. CAE CGU also incurred operating losses for the year ended 31 December 2021.

The recoverable amount of the goodwill, property, plant and equipment and right-of-use assets allocated to CAE CGU was determined based on a value-in-use calculation of the CGU using cash flow projections based on financial budgets approved by directors covering 5 years' periods.

The post-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the 5 years' periods are as follows:

	2021
Growth rate	1.6%
Post-tax discount rates	10.25%

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

Budgeted revenue and gross margins - The budgeted revenue and gross margins are within the range of actual revenue and gross margin achieved from 2017 to 2021.

If the budgeted revenue for 2022 decreased to the actual revenue for 2021 and all other key assumptions remain unchanged, would result in additional impairment in CAE CGU.

If the gross profit margin for 2022 decreased to 9.5%, with annual increase of 1% from 2023 to 2026 and all other key assumptions remain unchanged, would result in additional impairment in CAE CGU.

Long-term growth rate - Rate used to extrapolate cashflows is based on the sustainable growth of the Singapore economy in the future.

Discount rate - The discount rate used represent the current market assessment of the risk specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its Weighted Average Cost of Capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Based on the assessment, the recoverable amounts of goodwill, property, plant and equipment and right-of-use assets allocated to this CGU was computed to be lower than carrying amounts. As such, impairment losses on goodwill, property, plant and equipment and right-of-use assets of \$176,000, \$66,000 and \$639,000 respectively were recognised in the statement of comprehensive income.

2.2. Use of judgements and estimates (cont'd)

(b) Impairment assessment of long-lived assets (cont'd)

Impairment testing on investment in an associate

Management carried out a review of the recoverable amount of the investment in Agricore Global Pte Ltd ("Agricore") in consideration of Agricore's financial performance during the year and net liabilities position as at the statement financial position date. There was no material change in Agricore's operations during the year.

The recoverable amount of the investment in Agricore CGU was determined based on its fair value less cost of disposal. The fair value less costs of disposal was based on market value of the land permits held by Agricore and adjustments made for the effects of liabilities, cash and non-operating assets. The Group engaged Muttaqin Bambang Purwanto Rozak Uswatun & Partners, an independent Indonesian professional valuer to determine the fair value of the land permits.

The valuation techniques and key assumptions were summarised below:

Description	Fair value hierarchy	Valuation technique	Key assumptions
Land permits	Level 3	Market data comparison approach	Include consideration of: <ul style="list-style-type: none">• Actual transaction prices of similar assets• Price and discount offer• Ownership rights• Specifications and physical condition of the objects being valued

Based on the assessment of the recoverable amount for the investment in Agricore CGU, impairment loss of \$108,000 was recognised in the statement of comprehensive income.

3. Seasonal operations

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

4. Segment and revenue information

Management has determined segment based on how information is reported to the Group's chief operating decision maker for the purposes of resource allocation and operating performance review.

The Group's reportable segments under SFRS(I) 8 consist of engineering service and manufacturing for customers operating mainly in the Petrochemicals & Chemicals and Oil & Gas industries. This segment includes contract income from system integration solutions for process analyser and specialty valves, sale of analyser technologies products, maintenance and repair of analysers, specialty valves and systems, and commission income from agency agreements.

The Group's activities are primarily based in the PRC, Singapore, Middle East, Europe and USA.

4. Segment and revenue information (Cont'd)

4.1. Reportable segment

(a) Analysis by Business Segment

	Engineering Service & Manufacturing	
	2021	2020
	S\$'000	S\$'000
Revenue	41,729	59,137
 <u>Segment results</u>		
Segment results	(2,479)	(911)
Share of results of an associate and a joint venture	(121)	(76)
Interest income	75	54
Interest expense	(321)	(318)
Unallocated income	395	4,560
(Loss) Profit before income tax	(2,451)	3,309
Income tax credit (expense)	116	(245)
(Loss) Profit for the year	<u>(2,335)</u>	<u>3,064</u>
 <u>Assets</u>		
Segment Assets	65,177	58,340
Investment in an associate	3,787	3,932
Investment in a joint venture	426	-
Deferred tax assets	609	353
Unallocated assets	8,486	16,813
	<u>78,485</u>	<u>79,438</u>
 <u>Liabilities</u>		
Segment liabilities	20,179	14,673
Current and deferred tax liabilities	237	490
Unallocated liabilities	14,081	18,235
	<u>34,497</u>	<u>33,398</u>
 <u>Other information</u>		
Capital additions:		
- Property, plant and equipment	4,410	332
- Unallocated property, plant and equipment	488	2
	<u>4,898</u>	<u>334</u>
Impairment loss (write-back of impairment loss) on investment in an associate	108	(105)
Impairment loss on goodwill	176	-
Impairment loss on right-of-use assets	639	-
Impairment loss on property, plant and equipment	66	-
Inventories written off	2	-
Allowance for inventories obsolescence	94	96
Allowance (write-back of allowance) for expected credit loss on trade receivables and contract assets	159	(100)

4. Segment and revenue information (Cont'd)

4.1. Reportable segment (Cont'd)

(b) Analysis by Geographical Segments

Segment revenue is analysed based on the geographical presence of the end-users and non-current assets are analysed based on the geographical location of those assets.

	Revenue	
	31.12.2021	31.12.2020
	S\$'000	S\$'000
China	22,449	25,306
Singapore	5,303	6,685
USA	3,657	5,897
Middle East	2,893	3,030
India	1,889	341
Other European Countries	1,391	3,742
South Korea	1,183	6,432
Indonesia	1,117	345
Other Asian Countries	761	136
Thailand	356	2,219
Others	288	723
Malaysia	213	210
Kazakhstan	189	2,816
Vietnam	21	923
Netherlands	19	332
Total	41,729	59,137

	Non-current assets	
	31.12.2021	31.12.2020
	S\$'000	S\$'000
China	6,720	2,114
Singapore	19,175	20,122
Europe and USA	-	204
Others	66	66
	25,961	22,506

4. Segment and revenue information (Cont'd)

4.2. Disaggregation of revenue

	Group		Group	
	6 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Type of goods or service				
Sales of goods	18,081	22,547	32,146	43,589
Contract income	3,176	(953)	7,314	13,902
Service income	1,372	699	2,160	1,296
Commission income	80	-	109	350
	<u>22,709</u>	<u>22,293</u>	<u>41,729</u>	<u>59,137</u>
Timing of revenue recognition				
At a point in time:				
Sales of goods	18,081	22,547	32,146	43,589
Commission income	80	-	109	350
	<u>18,161</u>	<u>22,547</u>	<u>32,255</u>	<u>43,939</u>
Over time:				
Contract income	3,176	(953)	7,314	13,902
Service income	1,372	699	2,160	1,296
	<u>4,548</u>	<u>(254)</u>	<u>9,474</u>	<u>15,198</u>
	<u>22,709</u>	<u>22,293</u>	<u>41,729</u>	<u>59,137</u>

5. Financial assets and liabilities

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Financial assets				
Financial assets at amortised costs:				
- Cash and bank balances and fixed deposits	19,245	31,548	1,941	2,859
- Trade receivables	9,036	12,495	-	-
- Other receivables	387	585	5,222	9,275
	<u>28,668</u>	<u>44,628</u>	<u>7,163</u>	<u>12,134</u>
Financial liabilities				
Financial liabilities at amortised cost:				
- Trade and other payables	8,765	12,446	11,736	15,734
- Bank borrowings	8,267	9,787	2,344	2,500
- Lease liabilities	2,518	2,693	-	-
	<u>19,550</u>	<u>24,926</u>	<u>14,080</u>	<u>18,234</u>

6. (Loss) Profit before taxation

6.1. Significant items

	Group 6 months ended		Group 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Depreciation of property, plant and equipment	342	1,750	704	3,665
Depreciation of right-of-use assets	271	180	437	431
Amortisation of intangible assets	-	-	-	26
(Write-back of) provision for warranty	(61)	(8)	(61)	6
Interest expenses on bank borrowings	114	118	215	211
Interest on lease liabilities	64	46	106	107
Interest income	(44)	(22)	(75)	(54)
Allowance for inventories obsolescence	121	96	94	96
Allowance (write-back of allowance) for expected credit loss on trade receivables and contract assets	107	(100)	159	(100)
Impairment loss on goodwill	176	-	176	-
Impairment loss on right-of-use assets	639	-	639	-
Impairment loss on property, plant and equipment	66	-	66	-
Impairment loss (write-back of impairment) on investment in an associate	108	(105)	108	(105)
Write down on remeasurement of disposal group classified as held for sale	534	-	534	-
Loss (gain) on disposal of property, plant and equipment	19	(5)	20	14
(Gain) Loss on modification of lease	(1)	119	(1)	119
Gain on disposal of an associate	-	-	-	(49)
Gain on disposal of a subsidiary	-	(998)	-	(6,456)
Foreign exchange loss (gain), net	344	(66)	37	(895)

6.2. Related party transactions

Some of the Company's transactions and arrangements are between members of the Group and the effects of these on the basis determined between the parties are reflected in these Condensed interim financial statements. The intercompany balances are unsecured, interest-free and repayable upon demand unless otherwise stated.

Significant intercompany transactions:

Transactions with related companies

	Company 6 months ended		Company 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Management fee income received/receivable from subsidiaries	1,098	1,050	2,391	2,305

7. Income tax (credit) expense

	Group 6 months ended		Group 12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Income tax (credit) / expense				
- Current year	(2)	298	111	292
- Under (over) provision in prior years	-	(2)	2	(2)
	(2)	296	113	290
Deferred tax	(233)	(46)	(233)	(46)
Withholding tax	4	-	4	1
	(231)	250	(116)	245

8. Earnings per share

	GROUP		GROUP	
	6 months ended		12 months ended	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
(Losses) Earnings per share for period based on net (loss) profit attributable to owners of the Company:				
(Cents)	(Cents)	(Cents)	(Cents)	
(i) Based on weighted average number of ordinary shares in issue	(1.73)	(3.74)	(2.31)	2.77
(ii) On a fully diluted basis	(1.73)	(3.74)	(2.31)	2.77

The calculation of basic (losses) earnings per share is based on (loss) profit attributable to owners of the Company in the respective periods divided by the weighted average number of ordinary shares of 101,268,367 (31 December 2020: 101,268,367). The calculation of diluted (losses) earnings per shares is the same as the basic (losses) earnings per shares as the Company did not have potentially dilutive ordinary shares as at 31 December 2020 and 31 December 2021.

9. Net asset value

	GROUP		COMPANY	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	(Cents)	(Cents)	(Cents)	(Cents)
Net asset value per ordinary share based on issued share capital (excluding treasury shares) at end of the period	43.36	45.38	35.37	35.91

Net asset value per ordinary share is calculated based on the issued share capital (excluding treasury shares) of 101,268,367 ordinary shares as at 31 December 2021 (31 December 2020: 101,268,367).

10. Contract assets and contract liabilities

Contract assets

	Group		Company	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020
	\$'000	\$'000	\$'000	\$'000
Accrued revenue	79	136	525	466
Amounts related to construction contracts	6,065	3,571	-	-
Less: Allowance for expected credit loss	(14)	(21)	-	-
	<u>6,130</u>	<u>3,686</u>	<u>525</u>	<u>466</u>

Contract liabilities

	Group	
	31.12.2021	31.12.2020
	\$'000	\$'000
Advanced receipts from customers	10,150	6,241
Amounts related to construction contracts	<u>2,077</u>	<u>1,595</u>
	<u>12,227</u>	<u>7,836</u>

11. Assets classified as held for sale

The Group entered into a share purchase and transfer agreement ("agreement A") with a third party buyer to dispose its entire shareholding in its 100% owned subsidiary, Guided Wave Incorporated ("GWI"), for a total consideration of approximately \$3,380,000. Subsequent to year-end, the agreement A was signed on 6 January 2022.

The Group has also entered into a share purchase and transfer agreement ("agreement B") with a third party buyer to dispose its entire shareholding in its 100% owned subsidiary, Analytical Technology and Control Ltd ("ATAC"), for a total consideration of \$2. Subsequent to year-end, the agreement B was signed on 10 February 2022. A write down of \$534,000 on remeasurement of ATAC assets were recorded in other gains and losses in FY2021.

The assets and liabilities of GWI and ATAC have been classified as disposal groups held for sale and presented separately in the statement of financial position as at 31 December 2021. However, the results of GWI and ATAC have not been classified as discontinued operations as the business operation of GWI and ATAC are part of the existing engineering service and manufacturing segments and not a separate major line of business or geographical area of operations.

The major classes of assets and liabilities comprising the disposal group classified as held for sale as at 31 December 2021 are as follow:

	GWI	ATAC	TOTAL
	2021		
	S\$'000	S\$'000	S\$'000
Current assets			
Cash and cash equivalents	678	145	823
Trade receivables	878	60	938
Other receivables and prepayments	127	122	249
Inventories	1,351	54	1,405
Total current assets	3,034	381	3,415
Non-current assets			
Property, plant and equipment	17	-	17
Right-of-use assets	1,038	-	1,038
Total non-current assets	1,055	-	1,055
Assets classified as held for sale	4,089	381	4,470
Current liabilities			
Bank borrowings	-	18	18
Trade and other payables	957	297	1,254
Provision for warranty	48	1	49
Lease liabilities	204	-	204
Total current liabilities	1,209	316	1,525
Non-current liabilities			
Bank borrowings	-	65	65
Lease liabilities	852	-	852
Deferred tax liabilities	21	-	21
Total non-current liabilities	873	65	938
Liabilities directly associated with assets classified as held for sale	2,082	381	2,463
Net assets of disposal group	2,007	-	2,007

12. Property, plant and equipment

For year ended 31 December 2021, the Group acquired assets amounting to \$4,898,000 (31 December 2020: \$334,000) and disposed assets amounting to \$224,000 (31 December 2020: \$532,000).

13. Borrowings

Amount repayable in one year or less, or on demand

As at 31.12.2021		As at 31.12.2020	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
2,151	18*	1,486	-

Amount repayable after one year

As at 31.12.2021		As at 31.12.2020	
S\$'000	S\$'000	S\$'000	S\$'000
Secured	Unsecured	Secured	Unsecured
6,116	65*	8,211	90

* Included in liabilities directly associated with assets classified as held for sale

Details of any collaterals

Bank borrowings as at 31 December 2021 comprised the following:

1. a long-term loan secured by the leasehold property at 30 Woodlands Loop, Singapore 738319 and is covered by a corporate guarantee from the Company;
2. a long-term loan secured by a corporate guarantee issued by the Company; and
3. a long-term loan secured by a corporate guarantee issued by a subsidiary.

14. Share Capital

	No. of Shares	
	As at 31.12.2021	As at 31.12.2020
Issued Ordinary Shares		
Total number of issued shares	103,521,700	103,521,700
Total number of treasury shares	2,253,333	2,253,333
Total number of issued shares excluding treasury shares	101,268,367	101,268,367

Fully paid ordinary shares (excluding treasury shares), which have no par value, carry one vote per share and carry a right to dividends as and when declared by the Company.

There were no changes in the Company's share capital during the current financial year reported on.

The Company held no outstanding convertible shares as at 31 December 2021 and 31 December 2020.

There were no subsidiary holdings held as at 31 December 2021 and 31 December 2020.

15. Treasury shares

	Group and Company			
	31.12.2021		31.12.2020	
	No. of shares	\$'000	No. of shares	\$'000
Issued and paid up:				
Balance as at 31 December 2020 and 2021	2,253,333	1,837	2,253,333	1,837
As percentage of total issued shares (excluding treasury shares)	<u>2.2%</u>		<u>2.2%</u>	

There were no sales, transfers, disposal, cancellation, and/or use of treasury shares for the current financial year reported on.

1. Review

The condensed consolidated statement of financial position of Advanced Holdings Ltd. and its subsidiaries as at 31 December 2021 and the related condensed statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

2. 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. Review of performance of the Group

Income statement

Second Half Year 2021 ("2H2021")

Gross profit for 2H2021 improved from S\$3.1 million in 2H2020 to S\$6.5 million in 2H2021. The lower performance in 2H2020 was mainly due to the effect of the Coronavirus pandemic at its peak and the uncertainty surrounding the recovery of the global economy.

Other operating income decreased by 68.5% from S\$1.5 million in 2H2020 to S\$0.5 million in 2H2021. This was mainly due to lower government subsidies for job support scheme and job retention scheme in Singapore and United Kingdom respectively.

Distribution and marketing costs increased from S\$1.9 million in 2H2020 to S\$2.3 million in 2H2021 mainly due to increase in staff cost.

The decrease of administrative expenses from S\$5.6 million in 2H2020 to S\$2.7 million in 2H2021 was mainly due to an accelerated depreciation of a leasehold building in China of S\$1.4 million recorded in 2H2020 and lower staff cost.

Full Year 2021 ("FY2021")

Group revenue recorded for FY2021 was S\$41.7 million as compared to S\$59.1 million in FY2020, and represented a decrease of 29.4% over the two periods in comparison. The decrease is mainly due to the disposal of a subsidiary, ZMK Technologies GmbH ("ZMK") in 1H2020. The decrease in cost of sales was aligned with the drop in revenue with a decrease of 34.8% from S\$47.3 million in FY2020 to S\$30.8 million in FY2021. The gross profit margin improved to 26.2% as compared to 20.1% in the same period a year ago. As a result, the gross profit has decreased from S\$11.9 million in FY2020 to S\$10.9 million in FY2021.

The decrease in other operating income by 65.4% from S\$2.7 million in FY2020 to S\$0.9 million in FY2021, was due to the same abovementioned reason as 2H2021, that is, lower government subsidies received.

The decrease in distribution and marketing costs was mainly due to disposal of ZMK in 1H2020.

The decrease in administrative expenses was mainly due to accelerated depreciation of a leasehold building in China of approximately S\$2.7 million in FY2020, disposal of ZMK in 1H2020 and reduced salary cost.

The Group did an impairment assessment of its long-lived assets in FY2021 and recorded impairment losses on investment in an associate of S\$108,000 in other gains and losses. As of 31 December 2021, the Group carried out an impairment assessment of its goodwill, property, plant and equipment and right-of-use assets attributable to CAE CGU due to uncertain global economic conditions and the existing challenging conditions surrounding the oil and gas industry. CAE CGU also incurred operating losses for the year ended 31 December 2021. Based on the assessment, the recoverable amounts of goodwill, property, plant and equipment and right-of-use assets allocated to CAE CGU was computed to be lower than carrying amounts. Impairment losses on goodwill, property, plant and equipment and right-of-use assets of \$176,000, \$66,000 and \$639,000 respectively were recorded in other gains and losses (refer to Note 2.2 (b)).

A write down of \$534,000 was also recorded in other gains and losses in FY2021 on the remeasurement of the assets of the subsidiary, ATAC, which was disposed on 10 February 2022 (refer to Note 11).

The increase in share of results of associate and joint venture were mainly due to the share of losses in the Group's new joint venture in Advanced Agri Pte Ltd which was incorporated on 31 March 2021.

FY2021 ended with a total comprehensive loss attributable to owners of the company of S\$2.0 million as compared to an income of S\$3.3 million in FY2020. The FY2020 income included a S\$6.5 million gain on disposal of ZMK in FY2020.

Revenue – Industry

	2021 S\$'000	2020 S\$'000
Petrochemicals and Chemicals	36,376	49,225
Oil & Gas	3,413	4,896
Iron and Steel	118	196
Others	1,822	4,820
Total	41,729	59,137

The Group experienced lower activities across all industry segments in FY2021 as compared to same period last year.

Geographically (refer to Notes 4.1(b) to the condensed interim consolidated financial statements), India and Indonesia have better sales in FY2021 as compared to the same period last year. Execution of various construction projects in these regions and sale of goods to these regions have contributed to the increase in revenue in these locations.

Statement of Financial Position and Cash Flows

The Group's financial position as at 31 December 2021 remained healthy and the current ratio was at 2.0 as at 31 December 2021.

The decrease in trade receivables was the result of collection and lower revenue generated by the Group in FY2021.

The cash outflow of S\$4.9 million in property, plant and equipment under investing activities in the Statement of Cash flows for the year ended 31 December 2021, was mainly due to the major revamp for a leasehold building in China.

The decrease in trade and other payables was mainly due to the payment of the remaining S\$5.0 million purchase consideration for the acquisition of 12.25% share in Agricores Global Pte Ltd ("Agricores") in 1H2021. The Group has fully paid the S\$15.0 million purchase consideration for the acquisition of 12.25% share in Agricores.

Assets classified as held for sale and liabilities directly associated with assets classified as held for sale pertains to the Group's proposed disposal of its entire equity interests in its 100% owned subsidiaries, GWI and ATAC (refer to Note 11 of the condensed interim consolidated financial statements).

For the year ended 31 December 2021, the Group's overall net cash used was S\$12.2 million.

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

The results reported herein are in line with the announcement made previously.

5. 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 operating period and the next 12 months

The recovery of the global economy is hampered by the new Omicron COVID-19 variant. Global growth is expected to moderate from 5.9 in 2021 to 4.4 percent in 2022. The new COVID-19 variant causes lockdowns again in multiple countries and resulted in disruptions to the supply chains, leading to increase in inflation as a result of supply-demand imbalances. The Group will continue to be vigilant, tighten cost control and maintain a cautious outlook for projects in the next 12 months.

Organization of the Petroleum Exporting Countries (OPEC) forecasts oil demand for the World would rise by 4.15 million barrels per day (bpd) in 2022 on strong pandemic recover. In February 2022, oil price hit USD 94 a barrel, its highest level since October 2014. Hopefully this may translate to incremental real recovery in the industry.

As at 31 December 2021, the outstanding order book of the Group was approximately S\$53.1 million. The Group's order book may not be indicative of its revenue for any successive periods.

<https://www.imf.org/en/Publications/WEO/Issues/2022/01/25/world-economic-outlook-update-january-2022>

<https://www.reuters.com/business/energy/opee-sees-upside-2022-oil-demand-forecast-strong-pandemic-recovery-2022-02-10/#:~:text=The%20growth%20forecast%20for%20overall,allowing%20further%20increases%20in%20output.>

6. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on? No

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend 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. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) Date payable

Not applicable.

(e) Record date

Not applicable.

If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the half year ended 31 December 2021 as the board deems it appropriate to retain the cash for the Group's future growth.

7. If the group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 902(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

The Group did not obtain a general mandate from shareholders for IPTs.

There was no discloseable interested person transaction for FY2021.

8. Confirmation that the issuer had procured undertakings from all its directors and executives' officers.

The Company confirms that it had procured undertakings from all its directors and executive officers under Rule 720(1).

9. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

Not applicable. No dividends have been declared or recommended for the financial years ended 31 Decemembr 2021 and 31 December 2020.

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13).

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ms Wong Swee Yoke	61	Sister to Dr Wong Kar King, Managing Director and Substantial Shareholder of the Company	Appointed as Director of Advanced Controls (M) Sdn Bhd on 11 August 1997. Appointed as General Manager for Advanced Controls (M) Sdn Bhd on 1 May 2006.	Nil

11. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

The Group operates under one core segment, Engineering Service & Manufacturing, with focus on the Petrochemicals & Chemicals and Oil & Gas industries. Revenue contribution from Petrochemicals & Chemicals industry and Oil & Gas industry amounted to 87.2% and 8.2% of FY2021 revenue respectively as compared to 83.2% and 8.3% in FY2020.

China, Singapore and USA continued to be the top three revenue contributing geographical locations for the Group. China's revenue contribution in FY2021 amounted to S\$22.4 million, an 11.3% decrease from the S\$25.3 million reported the previous financial year. Singapore contributed S\$5.3 million in FY2021, 20.7% less than the S\$6.7 million earned in FY2020. Revenue from the USA amounted to S\$3.7 million in FY2021, 38.0% less than the S\$5.9 million announced for FY2020

(Please refer to Note 4 of the condensed interim consolidated financial statements for details on revenue contribution by industry and geography)

12. A breakdown of sales

	FY2021 S\$'000	FY2020 S\$'000	Increase / (Decrease) %
Sales reported for first half year	19,020	36,844	(48)
Operating (loss) profit after tax before deducting non-controlling interests reported for first half year	(580)	6,709	N.M
Sales reported for second half year	22,709	22,293	2
Operating loss after tax before deducting non-controlling interests reported for second half year	(1,755)	(3,645)	(52)

On behalf of the Board of Directors

Dr Wong Kar King
Managing Director

Mr Lim Boon Cheng
Independent Director

BY ORDER OF THE BOARD

Dr Wong Kar King
Managing Director
24 February 2022

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, UOB Kay Hian Private Limited (the "Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST") Listing Manual Section B: Rules of Catalyst.

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

The contact person for the Sponsor is Mr Lance Tan, Senior Vice President, at 8 Anthony Road, #01-01, Singapore 229957, telephone (65) 6590 6881