

LEY CHOON GROUP HOLDINGS LTD
(Company Registration No. 198700318G)

ANNOUNCEMENT OF CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE FIRST HALF YEAR ENDED 30 SEPTEMBER 2021

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. ("Sponsor"), for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

The Group				
6 Months ended				
		30 Sep 2021	30 Sep 2020	Change
	Note	S\$'000	S\$'000	%
Revenue	4	46,992	27,058	73.7%
Cost of sales		(40,303)	(29,851)	35.0%
Gross profit/(loss)		6,689	(2,793)	n/m
Other income		2,674	4,743	-43.6%
Selling and distribution expenses		(35)	(32)	9.4%
Administrative expenses		(4,506)	(4,670)	-3.5%
Other operating expenses		(25)	(98)	-74.5%
Finance costs		(1,247)	(1,406)	-11.3%
Share of results of associate, net of tax		(96)	-	n/m
Profit/(loss) from continuing operations before taxation	6	3,454	(4,256)	n/m
Taxation	7	-	-	n/m
Profit/(loss) from continuing operations after taxation		3,454	(4,256)	n/m
Loss from discontinued operation, net of tax (Note 1)		-	(87)	n/m
Profit/(loss) for the period		3,454	(4,343)	n/m
Other comprehensive profit/(loss) after tax:				
Items that may be reclassified subsequently to profit or loss				
Currency translation differences		(9)	19	n/m
Other comprehensive loss for the period, net of tax of nil		(9)	19	n/m
Total comprehensive profit/(loss) for the period		3,445	(4,324)	n/m
Profit/(loss) attributable to:				
Owners of the Company				
- Profit/(loss) from continuing operations, net of tax		3,454	(4,256)	n/m
- Loss from discontinued operations, net of tax		-	(87)	n/m
Profit/(loss) for the period		3,454	(4,343)	n/m
Total comprehensive profit/(loss) attributable to:				
Owners of the Company				
- Profit/(loss) from continuing operations, net of tax		3,445	(4,237)	n/m
- Loss from discontinued operations, net of tax		-	(87)	n/m
Total comprehensive profit/(loss) for the period		3,445	(4,324)	n/m

Note 1: Discontinued operation relates to results of Ley Choon (Yantai) Eco-Green Construction Material Ltd ("LCYT") which was proposed for disposal on 31 March 2020 (proposed disposal of 60% equity interest in LCYT was completed on 21 May 2021).

A. Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

	The Group	
	6 Months ended	
	30 Sep	30 Sep
Earnings/(loss) per share attributed to owners of the Company (cents)	2021	2020
From continuing and discontinued operations		
- basic and diluted	0.29	(0.36)
From continuing operations		
- basic and diluted	0.29	(0.34)
From discontinued operation		
- basic and diluted	-	(0.02)

B. Condensed interim statements of financial position

	Not e	Group		Company	
		As at	As at	As at	As at
		30 Sep 2021	31 Mar 2021	30 Sep 2021	31 Mar 2021
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-Current Assets					
Property, plant and equipment	9	23,245	26,072	-	-
Right-of-use assets		9,878	8,304	-	-
Subsidiaries		-	-	42,042	42,043
Associate		-	3,281	-	3,281
Club membership		229	229	-	-
		<u>33,352</u>	<u>37,886</u>	<u>42,042</u>	<u>45,324</u>
Current Assets					
Inventories		8,698	7,502	-	-
Contract assets		29,807	32,738	-	-
Trade and other receivables		15,738	16,095	1,027	368
Prepayments		3,181	3,191	20	25
Other investments		49	50	-	-
Cash and bank balances		5,096	7,009	3	2,874
Fixed deposits		669	162	-	-
		<u>63,238</u>	<u>66,747</u>	<u>1,050</u>	<u>3,267</u>
Assets of disposal group classified as held-for-sale		<u>3,185</u>	<u>-</u>	<u>3,281</u>	<u>-</u>
		<u>66,423</u>	<u>66,747</u>	<u>4,331</u>	<u>3,267</u>
Total assets		<u>99,775</u>	<u>104,633</u>	<u>46,373</u>	<u>48,591</u>
EQUITY AND LIABILITIES					
Capital and Reserves					
Share capital	11	79,807	79,807	146,026	146,026
Accumulated losses		(57,627)	(61,081)	(147,160)	(146,173)
Other reserves		929	938	29,017	29,017
Total equity		<u>23,109</u>	<u>19,664</u>	<u>27,883</u>	<u>28,870</u>
Non-Current Liabilities					
Borrowings		25,601	-	-	-
Lease liabilities		3,224	2,813	-	-
Deferred tax liabilities		31	34	-	-
		<u>28,856</u>	<u>2,847</u>	<u>-</u>	<u>-</u>
Current Liabilities					
Borrowings	10	20,775	54,266	15,975	15,975
Lease liabilities		2,721	1,745	-	-
Trade and other payables		24,257	24,258	2,515	3,746
Current tax payable		57	54	-	-
Provisions (Note 2)		-	1,799	-	-
		<u>47,810</u>	<u>82,122</u>	<u>18,490</u>	<u>19,721</u>
Total liabilities		<u>76,666</u>	<u>84,969</u>	<u>18,490</u>	<u>19,721</u>
Total equity and liabilities		<u>99,775</u>	<u>104,633</u>	<u>46,373</u>	<u>48,591</u>

Note 2: Provision for liquidated damages related to a completed project off-set against the final settlement claim.

C. Condensed interim statements of changes in equity

<u>Group</u>	Share capital	Accumulated losses	Foreign currency translation reserve	Other reserve	Equity component of convertible bonds	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2020	79,807	(61,954)	399	(43)	243	18,452
Loss for the period	-	(4,343)	-	-	-	(4,343)
Other comprehensive loss for the period						
- Currency translation differences	-	-	(19)	-	-	(19)
Total comprehensive loss for the period	-	(4,343)	(19)	-	-	(4,324)
Balance as at 30 September 2020	79,807	(65,789)	194	(43)	243	14,412
Balance as at 1 April 2021	79,807	(61,081)	747	(52)	243	19,664
Profit for the period	-	3,454	-	-	-	3,454
- Currency translation differences	-	-	(9)	-	-	(9)
Total comprehensive income for the period	-	3,454	(9)	-	-	3,445
Balance as at 30 September 2021	79,807	(57,627)	738	(52)	243	23,109

C. Condensed interim statements of changes in equity (cont'd)

<u>Company</u>	Share capital	Capital reserve	Accumulated losses	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 April 2020	146,026	29,017	(146,451)	28,592
Loss for the period, representing total comprehensive loss for the period	-	-	(922)	(922)
Balance as at 30 September 2020	146,026	29,017	(147,373)	27,670
Balance as at 1 April 2021	146,026	29,017	(146,173)	28,870
Loss for the period, representing total comprehensive loss for the period	-	-	(987)	(987)
Balance as at 30 September 2021	146,026	29,017	(147,160)	27,883

D. Condensed interim consolidated statement of cash flows

	The Group	
	6 Months Period ended	
	30 Sep 2021	30 Sep 2020
	S\$'000	S\$'000
Cash Flows from Operating Activities:		
Profit/(loss) before taxation		
- Continuing operations	3,454	(4,256)
- Discontinued operation	-	(87)
Profit/(loss) before taxation	3,454	(4,343)
Adjustments for:		
Depreciation of property, plant and equipment	2,948	3,435
Depreciation of right-of-use assets	1,237	1,051
Share of results of associate, net of tax	96	-
Impairment losses on trade receivables reversed, net		
- Discontinued operation	-	(177)
(Gain)/Loss on disposal of property, plant and equipment	(208)	64
Fair value gain on other investments	1	(8)
Dividend income from other investments	-	(1)
Income income	(6)	(8)
Interest expense	1,247	1,424
Operating cash flows before working capital changes	8,769	1,437
Changes in inventories	(1,195)	(1,181)
Changes in contract assets	2,943	6,025
Changes in trade and other receivables	435	6,659
Changes in prepayments	11	(568)
Changes in provision	(1,799)	-
Changes in trade and other payables	(160)	(8,287)
Cash generated from operations	9,004	4,085
Income taxes (refunded)/paid	-	-
Net cash generated from operating activities	9,004	4,085
Cash Flows from Investing Activities:		
Interest received	6	8
Purchase of property, plant and equipment	(171)	(887)
Dividend received from other investments	-	1
Proceeds from disposal of property, plant and equipment	216	92
Net cash generated from/((used in) investing activities	51	(786)

D. Condensed interim consolidated statement of cash flows (cont'd)

	The Group	
	6 Months Period ended	
	30 Sep 2021	30 Sep 2020
	S\$'000	S\$'000
Cash Flows from Financing Activities:		
Interest paid	(1,463)	(1,321)
Repayment of loans from financial institutions	(7,571)	-
Repayment of lease liabilities	(1,427)	(1,080)
Fixed deposits pledged with banks	(507)	(18)
Net cash used in financing activities	<u>(10,968)</u>	<u>(2,419)</u>
Net (decrease)/increase in cash and cash equivalents	(1,913)	880
Cash and cash equivalents at beginning of period	7,009	3,470
Exchange differences on translation of cash and cash equivalents	-	(1)
Cash and cash equivalents at end of period (Note 3)	<u>5,096</u>	<u>4,349</u>

Note 3: The cash and cash equivalents include assets of disposal group classified as held-for sale which relates to the proposed disposal of Ley Choon (Yantai) Eco-Green Construction Material Ltd.

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Ley Choon Group Holdings Ltd (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist board of the Singapore Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as below:

- Underground utilities infrastructure construction and maintenance services, which include water pipes, NEWater pipes, high-pressure gas pipes, high-voltage power cables, fibre optic cables and sewer pipeline rehabilitation;
- Road and airfield pavement construction and maintenance services, which include the supplying and laying of graded stones, cement treated base and milling and laying of asphalt premix; and
- Construction materials supply services, which include production of asphalt premix and recycled aggregates from construction and demolition waste and production of ready mix concrete and cement bricks.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 September 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.

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 dollar which is the Company’s functional currency.

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

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 March 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.

Information about estimates, assumptions and judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is as follows:

- Note 9 - Depreciation of property, plant and equipment and right-of-use assets

There were no significant changes in critical judgements, estimates and assumptions as compared to the consolidated financial statements as at and for the year ended 31 March 2021.

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:

Segment 1: Pipes & roads;

Segment 2: Construction materials; and Others

These operating segments are reported in a manner consistent with internal reporting provided to the Chief Executive Officer who is responsible for allocating resources and assessing performance of the operating segments.

4.1. Reportable segments

	Continuing operations						Discontinued operation				Total	
	Pipes and roads		Construction materials		Others		Construction materials		Others		30 Sep 21	30 Sep 20
	30 Sep 21	30 Sep 20	30 Sep 21	30 Sep 20	30 Sep 21	30 Sep 20	30 Sep 21	30 Sep 20	30 Sep 21	30 Sep 20		
The Group	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
External revenue	44,320	26,494	2,672	564	-	-	-	-	-	-	46,992	27,058
Inter-segment revenue	12,675	12,614	3,048	2,076	-	-	-	-	-	-	15,723	14,690
Total revenue	56,995	39,108	5,720	2,640	-	-	-	-	-	-	62,715	41,748
Interest income	-	-	-	-	6	8	-	-	-	-	6	8
Interest expense	(143)	(136)	-	-	(1,104)	(1,270)	-	(18)	-	-	(1,247)	(1,424)
Depreciation of property, plant and equipment	(1,686)	(1,861)	(159)	(169)	(1,103)	(1,103)	-	(302)	-	-	(2,948)	(3,435)
Depreciation of right-of-use assets	(925)	(737)	(168)	(151)	(144)	(130)	-	(33)	-	-	(1,237)	(1,051)
Impairment losses on property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-	-
Impairment losses on right-of-use assets	-	-	-	-	-	-	-	-	-	-	-	-
Reportable segment profit/(loss) before tax	5,788	(3,041)	601	41	(2,935)	(1,256)	-	(87)	-	-	3,454	(4,343)
Reportable segment assets	64,630	61,586	9,369	4,529	25,776	22,955	-	9,965	-	-	99,775	99,036
Capital expenditure	107	406	-	-	19	107	-	62	-	-	126	575
Reportable segment liabilities	19,981	18,580	2,040	1,067	54,645	61,482	-	3,779	-	-	76,666	84,908

4.2. Disaggregation of Revenue

6 Months Period ended 30 September 2021			
	Pipes and Roads	Construction materials	TOTAL
The Group	S\$'000	S\$'000	S\$'000
Revenue from contracts with customers			
- Rendering of services	44,121	-	44,121
- Sale of construction materials	-	2,672	2,672
	44,121	2,672	46,793
Rental of motor vehicles and machinery	199	-	199
	44,320	2,672	46,992
Timing of transfer of goods and services			
- Over time	10,359	-	10,359
- At a point in time	33,961	2,672	36,633
	44,320	2,672	46,992
Geographical information			
Singapore	43,910	2,672	46,582
Sri Lanka	410	-	410
	44,320	2,672	46,992

6 Months Period ended 30 September 2020			
	Pipes and Roads	Construction materials	TOTAL
The Group	S\$'000	S\$'000	S\$'000
Revenue from contracts with customers			
- Rendering of services	26,472	-	26,472
- Sale of construction materials	-	564	564
	26,472	564	27,036
Rental of motor vehicles and machinery	22	-	22
	26,494	564	27,058
Timing of transfer of goods and services			
- Over time	11,705	-	11,705
- At a point in time	14,789	564	15,353
	26,494	564	27,058
Geographical information			
Singapore	25,621	564	26,185
Sri Lanka	873	-	873
	26,494	564	27,058

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 31 March 2021:

	The Group		The Company	
	30 Sep 2021	31 Mar 2021	30 Sep 2021	31 Mar 2021
	\$'000	\$'000	\$'000	\$'000
<u>Financial assets</u>				
Financial assets at fair value through profit or loss (FVTPL)	49	50	-	-
Cash and cash equivalents and trade and other receivables (Amortised cost)	21,503	23,047	1,030	3,242
	<u>21,552</u>	<u>23,097</u>	<u>1,030</u>	<u>3,242</u>
<u>Financial liabilities</u>				
Trade and other payables, borrowings and lease liabilities (Amortised cost)	76,578	83,082	18,490	19,721
	<u>76,578</u>	<u>83,082</u>	<u>18,490</u>	<u>19,721</u>

5.1 Fair value measurement

The carrying amount of financial assets and liabilities with a maturity of less than one year is assumed to approximate their fair values.

However, the Group and the Company do not anticipate that the carrying amounts recorded at the end of the reporting period would be significantly different from the values that would eventually be received or settled.

The face value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year, comprising trade and other receivables, cash and bank balances and fixed deposits, borrowings (which are short-term or repayable on demand), and trade and other payables, are assumed to approximate their fair values. The fair value of financial liabilities is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group and the Company for similar financial instruments.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as is prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the assets or liability that are not based on observable market data (unobservable inputs).

6. Profit before taxation

6.1. Significant items

	6 months ended	
	30 Sep 2021	30 Sep 2020
	S\$'000	S\$'000
The Group		
Impairment losses on trade receivables reversed	-	(177)
Depreciation of property, plant and equipment	2,948	3,435
Depreciation and amortisation of right-of-use assets	1,237	1,051
Foreign exchange gain	(189)	(139)
Change in fair value of financial assets at fair value through profit or loss	1	(8)
Dividend income from other investments	-	(1)
(Gain)/Loss on disposal of property, plant and equipment	(208)	64
Finance costs	1,247	1,424
Operating lease expenses	311	325

6.2. Related party transactions

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

7. 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 statement of profit or loss are:

	6 Months ended	
	30 Sep 2021	30 Sep 2020
	S\$'000	S\$'000
Current income tax expense	-	-
Deferred income tax expense relating to origination and reversal of temporary differences	-	-
	<hr/>	<hr/>
	-	-
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8. Net Asset Value

	Group		Company	
	As at 30 Sep 2021	As at 31 Mar 2021	As at 30 Sep 2021	As at 31 Mar 2021
Net asset value (NAV in cents)				
NAV per ordinary share	1.95	1.66	2.35	2.44
Number of shares	1,184,813,992	1,184,813,992	1,184,813,992	1,184,813,992

9. Property, plant and equipment

During the six months ended 30 September 2021, the Group acquired assets amounting to S\$126,000 (30 September 2020: S\$575,000) and disposed of assets amounting to S\$8,000 (30 September 2020: S\$156,000).

10. Borrowings

	The Group and the Company	
	30 Sep 2021 S\$'000	31 Mar 2021 S\$'000
Amount repayable within one year or on demand		
Secured	20,775	54,266
Unsecured	-	-
	<u>20,775</u>	<u>54,266</u>
Amount repayable after one year		
Secured	25,601	-
Unsecured	-	-
	<u>25,601</u>	<u>-</u>

The bank borrowings and credit facilities of the Group are secured by the following:

- (i) legal mortgage over the Group's leasehold properties;
- (ii) charge over certain of the Group's plant and equipment;
- (iii) charge over shares in the Company's subsidiaries;
- (iv) charge over certain of the Group's bank accounts;
- (v) fixed deposits of the Group;
- (vi) floating charge over all other assets; and
- (vii) corporate guarantees by the Company.

11. Share capital

	The Group and the Company			
	As at 30 September 2021		As at 31 March 2021	
	No. of Shares	Amount	No. of Shares	Amount
		\$'000		\$'000
Beginning and end of interim period	1,184,813,992	79,807	1,184,813,992	79,807

The Company did not hold any treasury shares as at 30 September 2021.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 31 March 2021.

12. Subsequent events

Subsequent to the period ended 30 June 2021, the Company announced on 7 October 2021 that SGX-ST has no objections to the Company's cessation of quarterly reporting of its financial statements and it shall be ceased with immediate effect.

Other Information Required by Appendix 7C of the Catalist Rules

OTHER INFORMATION

1. Review

The condensed consolidated statement of financial position of Ley Choon Group Holdings Limited and its subsidiaries as at 30 September 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months period 30 September 2021 and certain explanatory notes have not been audited or reviewed.

1A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

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

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

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

2. Review of performance of the Group

The financial statements referred above were not reviewed or audited.

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

No forecast or prospect statement has been previously disclosed.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

The Building and Construction Authority ("BCA"), in their announcement dated 18 January 2021, projected that the total construction demand in 2021 (i.e. the value of construction contracts to be awarded) would range between S\$23 billion and S\$28 billion. The public sector is expected to drive the construction demand in 2021, with between S\$15 billion and S\$18 billion worth of public housing and infrastructure projects scheduled for award this year which include various contracts under the Jurong Region MRT Line, the Cross Island MRT Line Phase 1, the Deep Tunnel Sewerage System Phase-2 and underground utilities infrastructure projects such as water, gas and power transmission and distribution lines. BCA expects a steady improvement in construction demand over the medium term. It is projected to reach between S\$25 billion and S\$32 billion per year from 2022 to 2025. The public sector is expected to lead the demand and contribute S\$14 billion to S\$18 billion per year from 2022 to 2025.

Despite the headwinds caused by the COVID-19 Delta variant, the overall external economic environment has been improving. However, Singapore's construction sector still remains as one of the worst affected sectors largely because of the labour crunch as a result of border restrictions and global supply chain disruptions as well. The Group has been closely monitoring in terms of the project cost and timelines.

The Group has been actively implementing and monitoring the required measures to strictly comply with the COVID-19 advisories by the Government. The Group witnessed a sudden surge in antigen test positive cases in its workforce recently, but as of now the total number of positive cases substantially declined to less than five as result of swift counter measures. Given the uncertainties over the prolongation and severity of this pandemic, the Group has been trying to embrace new sustainable ways of working, accelerating digital transformation and recalibrating of project management strategy.

In view of the difficult operating environment and rising costs, the Group will continue to tender prudently and strive to secure more contracts to maintain a sustainable order book. To-date, the Group's unfulfilled order book stands at a healthy level of some S\$164 million.

5. Dividend Information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?

No.

5b. Corresponding Period of the Immediate Preceding Financial Year

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

No.

5c. Date Payable

Not Applicable.

5d. Books Closure Date

Not Applicable.

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

No dividend has been declared by the Group due to the terms in the Debt Restructuring Agreement signed with all the lenders (vide our announcements dated 26 September 2016 and 18 August 2021).

7. Interested person transactions

The Group has not obtained a general mandate from shareholders for interested party transactions. The Group had no interested party transactions during the period.

8. Review of performance of the Group

Comprehensive income statement for the six months period ended 30 September 2021

Revenue

Revenue increased by approximately S\$19.9 million or 73.7% to S\$47.0 million for the six months ended 30 September 2021 ("**6MFY22**") compared to the corresponding period ended 30

September 2020 ("6MFY21") of S\$27.1 million. The increase in revenue is attributable mainly to higher construction activities in small diameter pipe maintenance/replacement projects, cable laying projects and sale of construction materials. The lower construction activities in 6MFY21 was mainly due to halting of construction activities during the Circuit Breaker period and slow resumption of activities during Phase-1 reopening period.

Gross profit/(loss)

Gross profit was S\$6.7 million with a gross profit margin of 14.2% for 6MFY22 compared to gross loss of S\$2.8 million with a gross loss margin of 10.3% for 6MFY21. The gross profit and margin were attributable to the significant increase in revenue and margin from the projects referred above.

Other income

Other income for 6MFY22 decreased by approximately S\$2.0 million or 43.6% to S\$2.7 million compared to 6MFY21 due mainly to lower grants and disbursements package received from the Singapore Government to support the business affected by COVID-19.

Selling and distribution expenses

Selling and distribution expenses for 6MFY22 increased by 9.4% to S\$0.04 million compared to 6MFY21 due mainly to the higher insurance expenses which was partially off-set by lower travelling expenses.

Administrative expenses

Administrative expenses for 6MFY22 decreased marginally by approximately S\$0.2 million or 3.5% to S\$4.5 million compared to 6MFY21 due mainly to decrease in administrative staff expenses and professional fees during the period.

Other operating expenses

Other operating expenses for 6MFY22 decreased by approximately S\$0.07 million or 74.5% to S\$0.03 million compared to 6MFY21 due mainly to absence of loss on disposal of property, plant and equipment in 6MFY22.

Finance cost

Finance costs for 6MFY22 decreased by approximately S\$0.2 million or 11.3% to S\$1.2 million compared to 6MFY21 due mainly to the decrease in borrowings as well as interest rates during the period.

Net profit/(loss)

The Group reported a net profit after tax of S\$3.5 million for 6MFY22 due to the various reasons as explained above.

Consolidated statements of financial position

Non-current assets

The Group's non-current assets decreased by S\$4.5 million from S\$37.9 million as at 31 March 2021 to S\$33.4 million as at 30 September 2021, attributable mainly to:

- (a) decrease in property, plant and equipment by S\$2.9 million to S\$23.2 million as at 30 September 2021 compared to S\$26.1 million as at 31 March 2021, as a result of depreciation

of S\$2.9 million, disposal of property, plant and equipment amounting to S\$0.01 million; partially offset by additions of plant and machinery amounting to S\$0.01 million; and

- (b) increase in right-of-use assets by S\$1.6 million to S\$9.9 million as at 30 September 2021 compared to S\$8.3 million as at 31 March 2021, as a result of additions of right-of-use assets amounting to S\$2.8 million which partially offset by amortization of S\$1.2 million.
- (c) decrease in associate due to reclassification of assets disposal group classified as held-for-sale.

Current assets

The Group's current assets decreased by S\$0.3 million from S\$66.7 million as at 31 March 2021 to S\$66.4 million as at 30 September 2021, attributable mainly to:

- (a) decrease in contract assets by S\$2.9 million to S\$29.8 million as at 30 September 2021 compared to S\$32.7 million as at 31 March 2021 due mainly to the increase in billing during the period;
- (b) decrease in cash and bank balances by S\$1.9 million to S\$5.1 million as at 30 September 2021 compared to S\$7.0 million as at 31 March 2021 due mainly to the payment of trade and other payables and repayment of borrowings;
- (c) decrease in trade and other receivables by S\$0.4 million to S\$15.7 million as at 30 September 2021 compared to S\$16.1 million as at 31 March 2021 due mainly to the increase in collections from customers;
- (d) increase in inventories by S\$1.2 million to S\$8.7 million as at 30 September 2021 compared to S\$7.5 million as at 31 March 2021 due mainly to purchase of materials for projects; and
- (e) increase in assets of group classified as held-for-sale by S\$3.2 million as at 30 September 2021 due mainly to reclassification of associate from non-current assets.

Current liabilities

The Group's current liabilities decreased by S\$34.3 million from S\$82.1 million as at 31 March 2021 to S\$47.8 million as at 30 September 2021 due mainly to:

- (a) decrease in borrowings by S\$33.5 million as a result of repayment of borrowings S\$7.6 million and reclassification of S\$25.6 million to non-current liabilities; and
- (b) decrease in provision by S\$1.8 million (provided in the prior years for liquidated damages related to a completed project) due to the off-set against final settlement of claims which includes prolongation cost claims; and
- (c) increase in lease liabilities by S\$1.0 million due mainly to additional lease.

Non-current liabilities

The Group's non-current liabilities increased by S\$26.1 million due mainly to reclassification of borrowings from current liabilities and additional lease liabilities.

Consolidated statement of cash flow

The Group's cash and cash equivalents stood at S\$5.1 million as at 30 September 2021, as compared to S\$7.0 million as at 31 March 2021.

Net cash generated from operating activities

Net cash generated from operating activities was S\$9.0 million, comprising operating cash flows before working capital changes of S\$8.8 million and net working capital inflow of S\$0.2 million. The net working capital outflow of S\$0.2 million was due mainly to the following:

- (a) decrease in contract assets of approximately S\$2.9 million due to more billing during the period;
- (b) decrease in provision of approximately S\$1.8 million due to the payment for liquidated damages as explained above;
- (c) increase in inventories of approximately S\$1.2 million due to purchase of materials for the projects;
- (d) decrease in trade and other receivables of approximately S\$0.4 million due to the increase in collection from customers; and
- (e) decrease in trade and other payables of approximately S\$0.2 million due to the increase in payments to creditors;

Net cash generated from investing activities

Net cash generated from investing activities of approximately S\$0.05 million was due mainly to proceed from disposal of property, plant and equipment which was partially offset by purchase of property, plant and equipment and right-of-use assets.

Net cash used in financing activities

Net cash used in financing activities of approximately S\$11 million was due mainly to repayment of borrowings, lease liabilities and interest payments.

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

10. Confirmation by the Board

Having considered, including but not limited to, the following:

- Whether the financial statements provide a balanced and fair view of any material factors that have affected the Company's business conditions and financial position; and
- All material information has been assessed to ensure reliability of the financial statements.

The Board of Directors of the Company confirms, to the best of their knowledge, nothing has come to their attention which may render the first half yearly financial results for the period ended 30 September 2021 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Toh Choo Huat
Executive Chairman and Chief Executive Officer

Ling Chung Yee
Lead Independent Director

12 November 2021