



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

**UNAUDITED CONDENSED INTERIM  
FINANCIAL STATEMENTS**

**For the six months and full financial year  
ended 31 December 2022**

Table of Contents

A	Condensed interim consolidated statements of comprehensive income...	Page 2
B	Condensed interim statements of financial position.....	Page 3
C	Condensed interim statements of changes of equity.....	Page 4
D	Condensed interim consolidated statement of cash flows.....	Page 5
E	Notes to condensed interim consolidated financial statements.....	Page 7
F	Other information required by Appendix 7C of the Catalist Rules.....	Page 16

## A. Condensed interim consolidated statements of comprehensive income

	Note	The Group			The Group		
		6 months ended		Change %	12 months ended		Change %
		31 Dec 22	31 Dec 21		31 Dec 22	31 Dec 21	
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)		
S\$	S\$		S\$	S\$			
Revenue	E4	30,038,148	28,361,257	5.9	59,905,417	53,829,715	11.3
Other income		247,401	259,522	(4.7)	393,519	586,607	(32.9)
Other loss							
- Loss allowance on other receivables		-	(95,940)	N.M	-	(95,940)	N.M
<b>Expenses:</b>							
- Purchases and related costs		(9,049,624)	(5,689,307)	59.1	(16,896,619)	(10,028,126)	68.5
- Employee benefits		(15,615,565)	(18,927,154)	(17.5)	(33,037,480)	(34,793,431)	(5.0)
Direct operating costs		(24,665,189)	(24,616,461)	0.2	(49,934,099)	(44,821,557)	11.4
- Depreciation of property, plant and equipment		(1,208,682)	(827,713)	46.0	(2,206,628)	(1,557,649)	41.7
- Depreciation of investment properties		-	(13,134)	N.M	-	(32,834)	N.M
- Other expenses		(3,113,129)	(2,665,016)	16.8	(6,926,871)	(5,382,354)	28.7
- Finance costs		(112,097)	(182,328)	(38.5)	(278,125)	(316,042)	(12.0)
Total expenses		(29,099,097)	(28,304,652)	2.8	(59,345,723)	(52,110,436)	13.9
<b>Profit before income tax</b>	E6	1,186,452	220,187	N.M	953,213	2,209,946	(56.9)
Income tax (expense) / credit	E7	(186,340)	37,193	N.M	(317,121)	(73,817)	N.M
<b>Total comprehensive income, representing net profit for the financial period/year</b>		1,000,112	257,380	N.M	636,092	2,136,129	(70.2)
<b>Total comprehensive income, representing adjusted net profit for the financial period/year<sup>*1</sup></b>		1,000,112	257,370	N.M	1,395,962	2,136,129	(34.6)
<b>Total comprehensive income, representing net profit/(loss) attributable to:</b>							
- Equity holders of the Company		1,020,591	257,380	N.M	669,391	2,136,129	(68.7)
- Non-controlling interests		(20,479)	-	N.M	(33,299)	-	N.M
		1,000,112	257,380	N.M	636,092	2,136,129	(70.2)
<b>Earnings per share ("EPS") for net profit attributable to equity holders of the Company:</b>							
Basic and diluted (in cents) <sup>*2</sup>		0.56	0.16	N.M	0.37	1.36	(72.8)

### Notes:

- The adjusted net profit for the financial period represented net profit from operations after deducting one-off IPO expenses (E6) of S\$759,870 which were incurred for the Company's listing on the Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited ("SGX-ST") on 24 February 2022
- The earnings per share have been calculated based on the net profit attributable to equity holders of the Company over post-Placement weighted average share capital of 181,046,575 shares (FY2021: pre-placement share capital of 157,250,000 shares). The fully diluted earnings per share and basic earnings per share are the same because there is no dilutive share.

N.M defines as Not Meaningful

## B. Condensed interim statements of financial position

Note	The Group		The Company		
	As at		As at		
	31 Dec 22 (Unaudited)	31 Dec 21 (Audited)	31 Dec 22 (Unaudited)	31 Dec 21 (Audited)	
	S\$	S\$	S\$	S\$	
<b>ASSETS</b>					
<b>Current assets</b>					
	Cash and bank balances	7,572,892	3,095,315	4,227,445	7,194
	Trade and other receivables	17,936,524	22,241,316	150,315	667,680
		<u>25,509,416</u>	<u>25,336,631</u>	<u>4,377,760</u>	<u>674,874</u>
<b>Non-current assets</b>					
	Investment in subsidiaries	-	-	165,624	104
E9	Property, plant and equipment	6,583,696	5,583,746	5,439	4,429
	Deferred tax assets	54,373	-	36,129	-
		<u>6,638,069</u>	<u>5,583,746</u>	<u>207,192</u>	<u>4,533</u>
	<b>Total Assets</b>	<b><u>32,147,485</u></b>	<b><u>30,920,377</u></b>	<b><u>4,584,952</u></b>	<b><u>679,407</u></b>
<b>EQUITY AND LIABILITIES</b>					
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
	Trade and other payables	9,350,304	8,237,986	260,489	703,059
E10	Borrowings	2,018,056	6,448,850	-	-
	Current income tax liabilities	153,932	162,289	-	-
		<u>11,522,292</u>	<u>14,849,125</u>	<u>260,489</u>	<u>703,059</u>
<b>Non-current liabilities</b>					
E10	Borrowings	3,919,405	5,639,724	-	-
	Deferred tax liabilities	262,178	58,886	-	-
		<u>4,181,583</u>	<u>5,698,610</u>	<u>-</u>	<u>-</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
E11	Share capital	5,363,897	1	5,363,897	1
	Merger reserve	3,000,001	3,000,001	-	-
	Retained profits	8,042,031	7,372,640	(1,039,434)	(23,653)
		<u>16,405,929</u>	<u>10,372,642</u>	<u>4,324,463</u>	<u>(23,652)</u>
	Non-controlling interests	37,681	-	-	-
		<u>16,443,610</u>	<u>10,372,642</u>	<u>4,324,463</u>	<u>(23,652)</u>
	<b>Total liabilities and equity</b>	<b><u>32,147,485</u></b>	<b><u>30,920,377</u></b>	<b><u>4,584,952</u></b>	<b><u>679,407</u></b>

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

	Note	Share Capital	Merger reserve	Retained profits	Total	Non- controlling interests	Total equity
		S\$	S\$	S\$	S\$	S\$	S\$
<b><u>The Group</u></b>							
<b>2022 (Unaudited)</b>							
Beginning of financial year		1	3,000,001	7,372,640	10,372,642	-	10,372,642
Issue new shares	E11	5,550,000	-	-	5,550,000	-	5,550,000
Share issue expenses	E11	(186,104)	-	-	(184,104)	-	(184,104)
Total comprehensive income – Net profit of the financial year		-	-	669,391	669,391	(33,299)	636,092
Incorporation of a subsidiary corporation with non- controlling interests		-	-	-	-	70,980	70,980
<b>End of financial year</b>		<b>5,363,897</b>	<b>3,000,001</b>	<b>8,042,031</b>	<b>16,405,929</b>	<b>37,681</b>	<b>16,443,610</b>

<b>2021 (Audited)</b>							
Beginning of financial year		3,000,002	-	10,736,511	13,736,513	-	13,736,513
Restructuring exercise	E11	(3,000,001)	3,000,001	-	-	-	-
Dividend paid		-	-	(5,500,000)	(5,500,000)	-	(5,500,000)
Total comprehensive income – Net profit of the financial year		-	-	2,136,129	2,136,129	-	2,136,129
<b>End of financial year</b>		<b>1</b>	<b>3,000,001</b>	<b>7,372,640</b>	<b>10,372,642</b>	<b>-</b>	<b>10,372,642</b>

		Share Capital	Accumulated losses	Total equity
		S\$	S\$	S\$
<b><u>The Company</u></b>				
<b>2022 (Unaudited)</b>				
Beginning of financial year		1	(23,653)	(23,652)
Issue of new shares	E11	5,550,000	-	5,550,000
Share issue expenses	E11	(186,104)	-	(186,104)
Total comprehensive loss – Net loss of the financial year		-	(1,015,781)	(1,015,781)
<b>End of financial year</b>		<b>5,363,897</b>	<b>(1,039,434)</b>	<b>4,324,463</b>

<b>2021 (Audited)</b>				
Beginning of financial year		1	(775)	(774)
Total comprehensive loss – Net loss of the financial year		-	(22,878)	(22,878)
<b>End of financial year</b>		<b>1</b>	<b>(23,653)</b>	<b>(23,652)</b>

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

		The Group	
		12 months ended	
Note	31 Dec 22 (Unaudited)	31 Dec 21 (Audited)	
		S\$	S\$
<b>Cash flows from operating activities</b>			
	953,213	2,209,946	
Profit before income tax			
Adjustment for:-			
- Loss allowance on other receivables	-	95,940	
- Depreciation of property, plant and equipment	2,206,628	1,557,649	
- Depreciation of investment properties	-	32,834	
- Property, plant and equipment written-off	E6 3,166	196	
- Gain on disposal of property, plant and equipment	E6 (51,819)	(11,289)	
- Gain on derecognition of leased asset	(383)	-	
- Gain on disposal of investment properties	-	(3,283)	
- Gain on disposal of financial assets, at fair value through profit or loss ("FVPL")	-	(16,032)	
- Interest income	(11,656)	(1,533)	
- Interest expense	E6 278,125	316,042	
	3,377,274	4,180,470	
Change in working capital:			
- Trade and other receivables	4,406,438	(5,253,737)	
- Trade and other payables	1,112,318	417,987	
<b>Cash generated from / (used in) operations</b>	8,896,030	(655,280)	
Income tax paid	(176,558)	(197,417)	
Interest paid	(119)	(507)	
<b>Net cash provided by / (used in) operating activities</b>	8,719,353	(853,204)	
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment	E9 58,828	24,283	
Proceeds from disposal of investment properties	-	916,061	
Proceeds from disposal of financial assets at FVPL	-	783,788	
Additions to property, plant and equipment	E9 (2,162,661)	(910,724)	
<b>Net cash (used in) / provided by investing activities</b>	(2,103,833)	813,408	
<b>Cash flows from financing activities</b>			
Dividend paid	-	(5,500,000)	
Proceeds from issuance of shares	E11 5,550,000	-	
Share issue expenses	E11 (186,104)	-	
Incorporation of subsidiary with a non-controlling interests	70,980	-	
Principal repayment of lease liabilities	(1,479,427)	(994,786)	
Proceeds from borrowings	3,003,174	3,000,000	
Repayment of borrowings	(3,595,917)	(921,864)	
Repayment of trade receivables factoring	(5,234,299)	-	
Proceeds from trade receivables factoring	-	890,968	
Payments to a director	-	(324,902)	
Interest paid	(278,006)	(315,517)	
Interest received	11,656	1,533	
<b>Net cash used in financing activities</b>	(2,137,943)	(4,164,568)	

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

	The Group	
	12 months ended	
	31 Dec 22 (Unaudited)	31 Dec 21 (Audited)
Note	S\$	S\$
<b>Net increase/(decrease) in cash and bank balances</b>	4,477,577	(4,204,364)
<b>Cash and bank balances</b>		
Beginning of the financial year	3,095,315	7,299,679
<b>End of the financial year</b>	<u>7,572,892</u>	<u>3,095,315</u>

**Reconciliation of liabilities arising from financial activities**

	1 January 2022	Proceeds from borrowings	Principal and Interest expenses	Non-cash changes			31 December 2022
				Interest expense	Additions	Effect of lease termination	
Bank borrowings	4,876,398	3,003,174	(3,768,767)	172,850	-	-	4,283,655
Trade receivables factoring	5,234,299	-	(5,278,886)	44,587	-	-	-
Lease liabilities	1,977,877	-	(1,539,997)	60,570	1,181,072	(25,716)	1,653,806

	1 January 2021	Proceeds from borrowings	Principal and Interest expenses	Non-cash changes			31 December 2021
				Interest expense	Additions		
Bank borrowings	2,798,262	3,000,000	(986,828)	64,964	-	-	4,876,398
Trade receivables factoring	4,343,331	890,968	(152,169)	152,169	-	-	5,234,299
Lease liabilities	1,219,715	-	(1,093,188)	98,384	1,752,966	-	1,977,877
Non-trade payable to a director	324,902	-	(324,902)	-	-	-	-

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

### **1. General Information**

#### **1.1 The Company**

The Company was incorporated in Singapore on 18 June 2020 as an exempt private company limited by shares. The address of its registered office is at 1 Bukit Batok Crescent, #04-11 WCEGA Plaza, Singapore 658064.

The Company was successfully listed on Catalist, the sponsor-supervised listing platform of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 24 February 2022.

The principal activity of the Company is an investment holding and provide management services to its subsidiary corporations. The principal activities of the Company’s main subsidiary corporation LS 2 Services Pte Ltd are those of cleaning services, landscape care and maintenance service activity.

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

The condensed interim financial statements for the six months and full financial year ended 31 December 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 financial year ended 31 December 2021.

The accounting policies adopted are consistent with those adopted in the Group’s audited financial statements for the financial year ended 31 December 2021 which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note E2.1.

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

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

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

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

Effective for annual periods beginning on or after 1 January 2022:

Amendments to:

- Property, plant and equipment – Proceeds before Intended Use (Amendments to SFRS(I) 1-16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to SFRS(I) 37)

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

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

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

#### **2.2 Use of judgements and estimates**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

Estimates and underlying assumptions were reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there were no significant judgements made in applying the accounting policies in the condensed interim financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

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

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

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

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

Notwithstanding the above, the Group evaluates the expected credit loss on customers in financial difficulties separately. No loss allowances on trade receivables are recognised by the Group for the six months and full financial year ended 31 December 2022.



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

### **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**

Operating segments are aggregated into a single operating segment if they have similar economic characteristics. The Group's reportable operating segments under SFRS(I) 8 *Operating Segments* are as follows:

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

Except as indicated above, no operating segments have been aggregated to form the above operating segment.

The management monitors the operating results of its reporting segments for the purpose of making decisions in order to assess the respective reporting segments' performances. This is evaluated based on operating profit or loss which in certain respects, as explained in the table below and is measured differently from operating profit or loss in the interim consolidated statement of comprehensive income. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to reporting units.

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

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

**4.1. Reportable segments**

The following table present revenue and profit information for the Group's business segments for the six months ended 31 December 2022 and 2021, respectively:

	<u>1 Jul 22 to 31 Dec 22</u>				<u>1 Jul 21 to 31 Dec 21</u>		
	<u>Cleaning</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>	<u>Cleaning</u>	<u>Others</u>	<u>Total</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
<b>Revenue</b>	<b>29,648,060</b>	<b>-</b>	<b>390,088</b>	<b>30,038,148</b>	<b>28,048,459</b>	<b>312,798</b>	<b>28,361,257</b>
Other income	97,488	-	149,913	247,401	132,769	126,753	259,522
Other loss	-	-	-	-	-	(95,940)	(95,940)
Purchases and related costs	(8,820,160)	-	(229,464)	(9,049,624)	(5,359,456)	(329,851)	(5,689,307)
Employee benefits	(14,693,505)	(34,266)	(887,794)	(15,615,565)	(18,897,553)	(29,601)	(18,927,154)
Depreciation of property, plant and equipment	(1,146,930)	(12,837)	(48,915)	(1,208,682)	(755,481)	(72,232)	(827,713)
Depreciation of investment properties	-	-	-	-	-	(13,134)	(13,134)
Other expenses	(2,663,862)	(10,462)	(438,805)	(3,113,129)	(2,517,932)	(147,084)	(2,665,016)
Finance costs	(6,263)	-	(105,834)	(112,097)	(144,247)	(38,081)	(182,328)
<b>Segment profit/(loss) before income tax</b>	<b>2,414,828</b>	<b>(57,565)</b>	<b>(1,170,811)</b>	<b>1,186,452</b>	<b>506,559</b>	<b>(286,372)</b>	<b>220,187</b>
Income tax (expense) / credit				(186,340)			37,193
<b>Net profit</b>				<b>1,000,112</b>			<b>257,380</b>
<b>Segment assets</b>	<b>23,687,193</b>	<b>161,636</b>	<b>8,298,656</b>	<b>32,147,485</b>	<b>21,494,929</b>	<b>9,425,448</b>	<b>30,920,377</b>
Addition to:							
- Property, plant and equipment	<b>3,097,892</b>	<b>113,521</b>	<b>113,521</b>	<b>3,242,087</b>	<b>1,587,594</b>	<b>603,401</b>	<b>2,190,995</b>
<b>Segment liabilities</b>	<b>10,257,112</b>	<b>16,046</b>	<b>5,430,717</b>	<b>15,703,875</b>	<b>15,145,576</b>	<b>5,402,159</b>	<b>20,547,735</b>

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

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

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

The following table present revenue and profit information for the Group's business segments for the full financial year ended 31 December 2022 and 2021, respectively:

	<u>1 Jan 22 to 31 Dec 22</u>				<u>1 Jan 21 to 31 Dec 21</u>		
	<u>Cleaning</u>	<u>Machinery</u>	<u>Others</u>	<u>Total</u>	<u>Cleaning</u>	<u>Others</u>	<u>Total</u>
	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>	<u>S\$</u>
<b>Revenue</b>	59,180,272	-	725,145	59,905,417	53,184,858	644,857	53,829,715
Other income	242,033	-	151,485	393,519	431,354	155,253	586,607
Other loss	-	-	-	-	-	(95,940)	(95,940)
Purchases and related costs	(16,411,306)	-	(485,313)	(16,896,619)	(9,466,891)	(561,235)	(10,028,126)
Employee benefits	(31,270,006)	(34,266)	(1,733,209)	(33,037,480)	(33,766,094)	(1,027,337)	(34,793,431)
Depreciation of property, plant and equipment	(1,989,817)	(13,037)	(203,774)	(2,206,628)	(1,301,356)	(256,293)	(1,557,649)
Depreciation of investment properties	-	-	-	-	-	(32,834)	(32,834)
Other expenses	(5,257,361)	(52,995)	(1,616,515)	(6,926,870)	(4,906,721)	(475,633)	(5,382,354)
Finance costs	(58,875)	-	(291,250)	(278,125)	(178,152)	(137,890)	(316,042)
<b>Segment profit/(loss) before income tax</b>	<b>4,434,942</b>	<b>(100,298)</b>	<b>(3,381,431)</b>	<b>953,213</b>	<b>3,996,998</b>	<b>(1,787,052)</b>	<b>2,209,946</b>
Income tax expense				(317,121)			(73,817)
<b>Net profit</b>				<b>636,092</b>			<b>2,136,129</b>
<b>Segment assets</b>	<b>23,687,193</b>	<b>161,636</b>	<b>8,298,656</b>	<b>32,147,485</b>	<b>21,494,929</b>	<b>9,425,448</b>	<b>30,920,377</b>
Addition to:							
-Property, plant and equipment	3,097,892	113,521	113,521	3,242,087	1,587,594	603,401	2,190,995
<b>Segment liabilities</b>	<b>10,257,112</b>	<b>16,046</b>	<b>5,430,717</b>	<b>15,703,875</b>	<b>15,145,576</b>	<b>5,402,159</b>	<b>20,547,735</b>

#### 4.2. A Breakdown of sales

	<u>Group</u>		
	<u>FY2022</u>	<u>FY2021</u>	<u>Change</u>
	<u>S\$</u>	<u>S\$</u>	<u>%</u>
Sales reported for first-half year	29,867,269	25,468,458	17.3
Net (loss) / profit attributable to equity holder of the Company after tax expenses for first-half year	(351,200)	1,878,749	N.M
Sales reported for second-half year	30,038,148	28,361,257	5.9
Net profit attributable to equity holder of the Company after tax expenses for second-half year	1,020,591	257,380	N.M

N.M – Not Meaningful

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

### 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities as at 31 December 2022 and 2021 respectively:

	<u>The Group</u>		<u>The Company</u>	
	<u>31 Dec 22</u>	<u>31 Dec 21</u>	<u>31 Dec 22</u>	<u>31 Dec 21</u>
	S\$	S\$	S\$	S\$
<b><u>Financial assets</u></b>				
At amortised cost:				
- Cash and bank balances	7,572,892	3,095,315	4,227,445	7,194
- Trade receivables	16,430,348	19,376,590	-	-
- Other receivables	287,238	1,911,889	128,347	43,680
	<u>24,290,478</u>	<u>24,383,794</u>	<u>4,355,792</u>	<u>50,874</u>
<b><u>Financial liabilities</u></b>				
At amortised cost:				
- Borrowings	5,937,461	12,088,574	-	-
- Trade and other payables	8,624,917	7,204,307	242,208	703,059
	<u>14,562,378</u>	<u>19,292,881</u>	<u>242,208</u>	<u>703,059</u>

### 6. Profit before income tax

#### 6.1 Significant items

	<u>The Group</u>			
	<u>6 months ended</u>		<u>12 months ended</u>	
	<u>31 Dec 22</u>	<u>31 Dec 21</u>	<u>31 Dec 22</u>	<u>31 Dec 21</u>
	S\$	S\$	S\$	S\$
<b><u>Expenses / (Income)</u></b>				
IPO expenses	-	-	759,870	-
Gain on disposal of property, plant and equipment	(54,203)	(9,809)	(51,819)	(11,289)
Gain on disposal of investment properties	-	(3,283)	-	(3,283)
Gain on disposal of financial assets, at FVPL	-	(16,032)	-	(16,032)
Interest expenses	112,097	182,328	278,125	316,042
Property, plant and equipment written off	-	148	3,166	196
Loss allowance on other receivables	-	95,940	-	95,940

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

**6.2 Related party transactions**

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

	<u>The Group</u>			
	6 months ended		12 months ended	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21
	S\$	S\$	S\$	S\$
(a) Purchase of Services				
- Training courses <sup>(1)</sup>	33,002	19,402	90,963	19,402

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

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

	<u>The Group</u>			
	6 months ended		12 months ended	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21
	S\$	S\$	S\$	S\$
Salaries and bonuses	801,900	691,879	1,528,423	834,679
Employer's contribution to Central Provident Fund	60,324	55,221	105,770	64,419
	<u>862,224</u>	<u>747,100</u>	<u>1,634,193</u>	<u>899,098</u>

Comprised of amounts paid to:

- Executive directors	554,388	394,707	1,026,348	546,705
- Other key management personnel	307,836	352,393	607,845	352,393
	<u>862,224</u>	<u>747,100</u>	<u>1,634,193</u>	<u>899,098</u>

**7. Income tax**

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

	<u>The Group</u>			
	6 months ended		12 months ended	
	31 Dec 22	31 Dec 21	31 Dec 22	31 Dec 21
	S\$	S\$	S\$	S\$
Tax expense / (credit) attributable to profit is made up of:				
Current income tax	79,022	11,495	170,242	122,505
Deferred income tax	113,520	(68,440)	153,081	(68,440)
	<u>192,542</u>	<u>(56,945)</u>	<u>323,323</u>	<u>54,065</u>
(Over) / under provision in prior financial years:				
Current income tax	(2,040)	9,971	(2,040)	9,971
Deferred income tax	(4,162)	9,781	(4,162)	9,781
	<u>(6,202)</u>	<u>19,752</u>	<u>(6,202)</u>	<u>19,752</u>
	<u>186,340</u>	<u>(37,193)</u>	<u>317,121</u>	<u>73,817</u>

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

**8. Net asset value**

	<b>The Group</b>		<b>The Company</b>	
	<b>31 Dec 22</b>	<b>31 Dec 21</b>	<b>31 Dec 22</b>	<b>31 Dec 21</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
Net assets /(liabilities) per ordinary share (cents)	8.89	6.60	2.34	(0.02)

Net assets per ordinary share is calculated based on number of issued 185,000,000 ordinary shares (excluding treasury shares) as at 31 December 2022 (31 December 2021: 157,250,000). The Company has no treasury shares as at 31 December 2022 (31 December 2021: Nil).

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

During the reported financial year ended 31 December 2022, the Group acquired PPE amounting to S\$3,242,087 (31 December 2021: S\$2,190,995) and disposed of assets amounting to S\$7,009 (31 December 2021: S\$12,994).

The reconciliation of purchase of PPE and proceeds from disposal of PPE are presented below:

	<b>The Group</b>	
	<b>31 Dec 22</b>	<b>31 Dec 21</b>
	<b>S\$</b>	<b>S\$</b>
<b><u>Purchase of PPE</u></b>		
Total additions in the financial year	3,242,087	2,190,995
Less: Acquired under lease liabilities	(1,181,072)	(1,752,929)
Add: Movement in down-payment to supplier of PPE	163,786	199,071
Add: Movement in receivables grants	(62,140)	273,587
Net cash outflow	<u>2,162,661</u>	<u>910,724</u>
<b><u>Proceed from disposal of PPE</u></b>		
Total net book value of disposal in the financial year	7,009	12,994
Add: Gain on disposal of PPE	51,819	11,298
Net cash inflow	<u>58,828</u>	<u>24,283</u>

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

	<b>The Group</b>	
	<b>31 Dec 22</b>	<b>31 Dec 21</b>
	<b>S\$</b>	<b>S\$</b>
<b><u>Secured borrowing</u></b>		
Amount repayable in one year or less, or on demand	1,015,857	5,606,842
Amount repayable after one year	3,575,124	5,058,322
	<u>4,590,981</u>	<u>10,665,164</u>
<b><u>Unsecured borrowing</u></b>		
Amount repayable in one year or less, or on demand	1,002,199	842,008
Amount repayable after one year	344,281	581,402
	<u>1,346,480</u>	<u>1,423,410</u>
Analyses as:		
Current		
- Bank loans	874,958	5,373,401
- Leases liabilities	1,143,098	1,075,449
	<u>2,018,056</u>	<u>6,448,850</u>
Non-current		
- Bank loans	3,408,698	4,737,296
- Leases liabilities	510,707	902,428
	<u>3,919,405</u>	<u>5,639,724</u>
	<u>5,937,461</u>	<u>12,088,574</u>

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

### 10 Loans and borrowings consist of bank loans and lease liabilities(Cont'd)

#### Details of any collaterals.

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

- a) Secured lease liabilities amounting to S\$307,325 (31 December 2021: S\$554,467) are secured by the production equipment and motor vehicles of subsidiaries; and
- b) Bank term loan amounting to S\$4,283,656 (31 December 2021: S\$10,110,697) are secured by the property, plant and equipment and assigned trade receivables of subsidiaries.

### 11. Share capital

	<u>The Group</u>		<u>The Company</u>	
	31 Dec 2022		31 Dec 2021	
<b>Issued and fully paid</b>	<b>No. of shares</b>	<b>S\$</b>	<b>No. of shares</b>	<b>S\$</b>
Beginning of financial year	157,250,000	1	1	1
<i>Sub-division of shares pursuant to the restructuring exercise (Note 1)</i>	-	-	157,249,999	1
Issuance of new shares (Note 2)	27,750,000	5,550,000	-	-
Share issuance expenses (Note 3)	-	(186,104)	-	-
End of financial year	<u>185,000,000</u>	<u>5,363,897</u>	<u>157,250,000</u>	<u>1</u>

  

	31 Dec 2021		31 Dec 2021	
	<b>No. of shares</b>	<b>S\$</b>	<b>No. of shares</b>	<b>S\$</b>
Beginning of financial year	3,000,002	3,000,002	1	1
<i>Sub-division of shares pursuant to the restructuring exercise (Note 1)</i>	157,249,999	-	157,249,999	-
Restructuring exercise	(3,001,001)	(3,001,001)	-	-
End of financial year	<u>157,250,000</u>	<u>1</u>	<u>157,250,000</u>	<u>1</u>

Note 1. On 10 September 2021, the Share Split was effected and each of the Company's shares were sub-divided into 157,250,000 shares. Pursuant to the Share Split, the issued and paid-up share capital of the Company remained at S\$1, comprising 157,250,000 Shares.

Note 2. On 15 February 2022, the Company distributed the Placement Shares Application Form in respect of 27,750,000 Placement Shares at S\$0.20 for each share by way of placement, payable in full on application and all 27,750,000 Placement Shares have been subscribed on 21 February 2022 and application monies received for these Placement Shares amounted to S\$5,550,000.

Note 3. Pursuant to the IPO on 23 February 2022, IPO expenses after Grant for Equity Market Singapore (GEMS) incurred amounted to S\$945,974 of which S\$186,104 has been capitalised against share capital while the remaining amounts of S\$759,870 has been included in other expenses in the consolidated statement of profit or loss and other comprehensive income.

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

### 12. Subsequent events

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

## **E. Other Information Required by Appendix 7C of the Catalyst Rules**

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

The condensed interim statements of financial position of LS 2 Holdings Limited and its subsidiaries as at 31 December 2022 and the related condensed interim consolidated statement of comprehensive income, condensed interim statements of changes in equity and condensed interim consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

- a) Updates on the efforts taken to resolve each outstanding audit issue.**
- b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.**

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

Not applicable.

### **2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**

#### **Revenue**

The Group's revenue increased by S\$6.1 million or 11.3% from S\$53.8 million in FY2021 to S\$59.9 million in FY2022. The increase was attributable to a higher revenue from private sector; S\$4.2 million from facilities cleaning services rendered to shopping malls, office and industrial buildings, and conservancy services rendered to private education institutions and private accommodation estate amounted to S\$1.3 million and S\$0.6 million respectively.

#### **Other income**

Other income decreased by S\$0.2 million from S\$0.6 million in FY2021 to S\$0.4 million in FY2022. This was mainly due to lesser insurance claims obtained from work injury compensation insurance and lower income recognised from short-term leases of property, plant and equipment.

#### **Direct operating costs**

Direct operating costs increased by S\$5.1 million or 11.4% from S\$44.8 million in FY2021 to S\$49.9 million in FY2022. Direct operating costs comprise of: (i) purchases and related costs which increased by S\$6.9 million from S\$10.0 million in FY2021 to S\$16.9 million; and (ii) employee benefits which decreased by S\$1.8 million from S\$34.8 million in FY2021 to S\$33.0 million in FY2022. The increase in purchases and related costs and the decrease in employee benefits is due to changes in the contract mix of the Group's order book, where a greater proportion of contracts secured are outcome-based contracts, which requires a higher amount of purchases and related costs rather than a higher amount of employees, which resulted in a decrease in the employee benefits incurred through the year.

#### **Depreciation expenses**

Depreciation expenses relating to property, plant and equipment ("**PPE**") increased by S\$0.6 million from S\$1.6 million in FY2021 to S\$2.2 million in FY2022. This increase was mainly due to depreciation of right-of-use assets capitalised in PPE which has increased by S\$0.4 million from S\$0.8 million in FY2021 to S\$1.2 million in FY2022, as more accommodation leases were secured by the Group in FY2022 (refer to Note D).



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

2. ***A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (Cont'd)***
- a) ***any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (Cont'd)***

**Other expenses**

Other expenses increased by S\$1.5 million from S\$5.4 million in FY2021 to S\$6.9 million in FY2022. The increase was mainly due to following: one-time IPO listing expenses of S\$0.8 million, a higher foreign worker levy of S\$0.4 million as more foreign workers were employed and a change of S pass levy from 1 September 2022, an increased in staff insurance cost by S\$0.1 million due to a higher premium rate charged by the insurer and S\$0.2 million of corporate expenses following the listing of the Company in February 2022.

**Finance costs**

Finance costs remained relatively constant in FY2021 and FY2022.

**Income tax expense**

Income tax expense in FY2022 was S\$0.3 million compared to S\$0.1 million in FY2021, mainly due to accelerated tax depreciation arising from the origination and reversal of temporary differences (refer to Note 7).

- b) ***any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.***

**Non-current assets**

Total non-current assets increased by S\$1.0 million from S\$5.6 million as at 31 December 2021 to S\$6.6 million as at 31 December 2022 mainly due to \$2.0 million of additional property plant and equipment acquired and S\$1.2 million capitalisation of right-of-use assets during the financial year before charging out its depreciation with total amount of S\$2.2 million during the financial year.

**Trade and other receivables**

Trade and other receivables decreased by S\$4.3 million from S\$22.2 million as at 31 December 2021 to S\$17.9 million as at 31 December 2022. The decrease was mainly due to payment received from public sector clients for their overdue invoices during the financial year. There were no trade receivables subject to factoring arrangement as at 31 December 2022 compared to S\$9.4 million as at 31 December 2021.

**Trade and other payables**

Trade and other payables increased by S\$1.1 million from S\$8.2 million as at 31 December 2021 to S\$9.3 million as at 31 December 2022. This increase was mainly due to the fluctuation arising from timing of payments made to creditors.

**Borrowing**

The Group's total loans and borrowings decreased by S\$6.2 million from S\$12.1 million as at 31 December 2021 to S\$5.9 million as at 31 December 2022. This decrease was mainly due to a full settlement of factoring loan of S\$5.3 million, repayment on properties term loan of S\$0.6 million and repayment of lease liabilities with total amount of S\$1.5 million before the offset against S\$1.2 million new lease liabilities recognised during the financial year.

**Deferred tax liabilities**

Deferred tax liabilities increased S\$0.2 million from S\$0.1 million in FY2021 to S\$0.3 million in FY2022 mainly due to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

- 2. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:- (Cont'd)**
- b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.(Cont'd)**

**Statement of cash flows of the Group**

The Group recorded S\$9.6 million increase in net cash operating activities in FY 2022 from net cash used in operating activities in FY2021 of S\$0.8 million to net cash provided by operating activities in FY2022 of S\$8.7 million due mainly to (a) S\$9.7 million higher working capital generated from trade and other receivables in FY2022 as the Group received payments from its trade receivables (b) S\$0.7 million higher working capital from trade and other payables in FY2022 before offset against (c) lower adjustment net profit before income tax posted in FY2022 by S\$0.8 million from S\$4.2 million in FY2021 to S\$3.4 million in FY2022. This was due mainly to lesser grants amount recognised by the Group in FY2022 by S\$2.7 million from S\$4.7 million in FY2021 to S\$2.0 million in FY2022.

Net cash used in investing activities was S\$2.1 million in FY2022 mainly due to additions to property, plant and equipment in FY2022.

Net cash used in financing activities was S\$2.1 million in FY2022 comprising of net proceeds of S\$5.4 million raised from issuance of new ordinary shares under placement, before offset against total net repayment of lease liabilities, term loan borrowings and its interest of S\$7.5 million during FY2022.

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

Not applicable.

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

The Environmental Services ("ES") industry provides essential services in keeping Singapore clean and liveable. The industry comprises some 1,700 establishments and has a workforce of over 71,000<sup>1</sup> who are involved in diverse activities from waste collection and treatment, material recovery, to cleaning and disinfection, as well as pest management services.

The Group is confident in the strength of its business model, strong track record and established reputation in the market. The Group will continue to focus its efforts to strengthen company capabilities and to build a professional and multi-skilled workforce to expand the business in various ways, such as strengthening the Group's market position through vertical and/or horizontal integration and investing in equipment and technology.

On digitalisation, the Company is seeking to develop relevant solutions to enable data-driven ES operations and delivery to improve productivity, operational efficiency, as well as alleviate manpower deployment challenges. These efforts will accelerate the company's digital transformation efforts, such as increasing adoption of digital solutions, and identifying and growing digital integration network in relation to ES operation activities.

*Note:*

1. <https://www.nea.gov.sg/media/news/news/index/environmental-services-industry-transformation-map-2025-to-strengthen-innovation-improve-productivity-and-create-quality-jobs>.

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

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

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

None.

**b) (i) Amount per share:** Not applicable.  
**(ii) Previously corresponding period:** Not applicable.

**c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated).**

Not applicable.

**d) The date the dividend is payable**

Not applicable.

**e) The date on which Registrable Transfers received by the Company (up to 5.00pm) will be registered before entitlements to the dividend are determined.**

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 31 December 2022. The available fund will be retained for working capital use.

**7. If the group has obtained a general mandate from shareholders for Interested Parties Transactions (IPTs), the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.**

The Company has not obtained a general mandate from shareholders for Interested Person Transaction ("IPT"). Save from the Restructuring Exercise and IPTs disclosed in the Offer Document of the Company, there is no additional IPTs of S\$100,000 and above during FY2022.

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

The Company confirmed that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

**9. Use of IPO Proceeds**

**As at the date of this announcement, the utilization of net proceeds from the IPO are as follows:**

<b>Use of Proceeds</b>	<b>Net IPO Proceeds (S\$'000)</b>	<b>Utilization (S\$'000)</b>	<b>Balance (S\$'000)</b>
Business expansion (including strengthening our market position in Singapore, expanding the scope of our service offerings, engaging in strategic acquisitions and joint venture partnerships and investing in equipment and technology)	3,000	(1,400)	1,600
Working capital	1,356	-	1,356
<b>Total</b>	<b>4,356</b>	<b>(1,400)</b>	<b>2,956</b>

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

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(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

<b>Name</b>	<b>Age</b>	<b>Family relationship with director and/or substantial shareholder</b>	<b>Current position and duties, and the year the position was first held</b>	<b>Details of changes in duties and position held, if any, during the year</b>
Tan Wei Ying	28	Daughter of our Executive Chairman and Executive Director, Mr Roger Tan	Chief operating officer and is responsible for, among others, implementing customer and business development strategies and managing clients relationship.	Appointed as corporate service director in July 2019 and re-designated as chief operating officer in September 2021.
Tan Wei Li	28	Daughter of our Executive Chairman and Executive Director, Mr Roger Tan	Group finance manager and is responsible for, among others, preparation of management reports and performing analyses of company performance and ensure a compliance with internal controls policies, financial reporting standards and others relevant required compliances, governance and regulations.	Appointed as financial, planning and analysis manager in January 2021 and re-designated as group finance manager in September 2021.

**BY ORDER OF THE BOARD**

On Behalf of LS 2 Holdings Limited

Tan Hoo Kiat  
Executive Chairman and Executive Director  
27 February 2023

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This announcement has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd., ("**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.

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