

KORI Holdings Limited and its Subsidiaries
Registration Number: 201212407R

Condensed Interim Financial Statements
For the six months ended 30 June 2023

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KORI HOLDINGS LIMITED

A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income Period ended 30 June 2023

	Note	Group		Increase / (Decrease) %
		HY2023 (Unaudited) S\$'000	HY2022 (Unaudited) S\$'000	
Revenue	E4	11,343	9,467	20
Cost of works		(6,820)	(7,372)	(7)
Gross profit		4,523	2,095	116
Other income	E5	101	547	-82
Expenses:				
Administrative expenses		(1,028)	(1,218)	(16)
Other expenses		(7)	-	N.M.
Loss allowance on contract assets		(29)	(5)	480
Loss allowance on trade and retention receivables		(704)	(92)	665
Finance expenses		(143)	(146)	(2)
Profit before taxation	E5	2,713	1,181	130
Income tax expense	E6	(488)	(280)	74
Profit for the financial period, net of tax		2,225	901	147
Other comprehensive income:				
Items that may be reclassified to profit or loss subsequently				
Currency translation differences on consolidation of foreign entity (net)		6	(31)	(119)
Total comprehensive income for the period		2,231	870	156
Earnings per share				
Basic (Cents)	E15	2.24	0.91	146
Diluted (Cents)	E15	1.96	0.91	115

Based on weighted average number of shares
N.M. - Not meaningful

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B. Condensed Interim Statements of Financial Position

	Note	Group	
		30 Jun 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
ASSETS			
Current assets			
Cash and bank balances	E10	591	691
Fixed deposits pledged	E10	2,080	2,572
Trade and other receivables	E7	35,721	33,381
Contract assets	E8	5,056	4,546
Capitalised contract costs	E8	209	266
Prepayments		124	238
Income tax recoverable		643	643
Total current assets		44,424	42,337
Non-current assets			
Property, plant and equipment	E9	32,655	32,705
Total non-current assets		32,655	32,705
Total assets		77,079	75,042
LIABILITIES			
Current liabilities			
Trade and other payables	E11	7,687	8,483
Contract liabilities	E8	5,786	5,242
Lease liabilities	E12	171	203
Bank borrowings	E12	1,757	1,750
Current income tax payable		-	6
Total current liabilities		15,401	15,684
Non-current liabilities			
Lease liabilities	E12	122	158
Bank borrowings	E12	773	1,153
Deferred tax liabilities		1,489	1,001
Provision for reinstatement cost		50	50
Convertible bond	E12	2,829	2,812
Total non-current liabilities		5,263	5,174
Total liabilities		20,664	20,858
NET ASSETS		56,415	54,184
EQUITY			
Share capital	E13	32,291	32,291
Retained earnings		49,720	47,495
Merger reserve		(25,628)	(25,628)
Capital reserve		39	39
Foreign currency translation reserve		(7)	(13)
Total equity		56,415	54,184

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B. Condensed Interim Statements of Financial Position (continued)

	Company	
	30 Jun 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
ASSETS		
Current assets		
Cash and bank balances	19	39
Trade and other receivables	4,263	4,146
Prepayment	-*	1
Total current assets	4,282	4,186
Non-current assets		
Investment in subsidiaries	25,825	25,825
Total non-current assets	25,825	25,825
Total assets	30,107	30,011
LIABILITIES		
Current liabilities		
Trade and other payables	423	266
Income tax payable	-	6
Total liabilities	423	272
Non-Current liabilities		
Deferred tax liabilities	29	31
Convertible bond	2,828	2,812
Total non-current liabilities	2,857	2,843
Total liabilities	3,280	3,115
NET ASSETS	26,827	26,896
EQUITY		
Share capital	32,291	32,291
Accumulated losses	(5,503)	(5,434)
Capital reserve	39	39
Total equity	26,827	26,896

*Amount less than S\$1,000

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C. Condensed Interim Consolidated Statement of Cash Flows

	HY2023 (Unaudited) S\$'000	HY2022 (Unaudited) S\$'000
Cash flows from operating activities		
Profit before income tax	2,713	1,181
Adjustments for:		
Loss/(Gain) on disposal property, plant and equipment	7	(7)
Depreciation of property, plant and equipment	713	1,459
Amortisation of right of use assets	125	131
Amortisation of capitalised contract costs	57	115
Interest income from bank deposits	(9)	-*
Interest expenses	143	146
Loss allowance on contract assets	29	5
Loss allowance on trade and retention receivables	704	92
Reversal of unutilised annual leave	(80)	91
Unrealised exchange difference	8	11
Operating cash flows before changes in working capital	4,410	3,224
Changes in working capital		
Trade and other receivables	(3,044)	(2,792)
Contract assets	(539)	(922)
Trade and other payables	(1,408)	1,588
Contract liabilities	544	801
Prepayments	113	136
Cash used in operations	76	2,035
Income tax paid	(6)	(2)
Net cash from operating activities	70	2,033
Cash flows from investing activities		
Interest income	9	-*
Purchases of property, plant and equipment	(206)	(25)
Proceeds from disposals of property, plant and equipment	69	242
Net cash (used in)/from investing activities	(128)	217
Cash flows from financing activities		
Repayment of principal portion of lease liabilities	(119)	(135)
Repayment of interest portion of lease liabilities	(4)	(2)
Proceeds from bank borrowings	-	248
Repayment of bank borrowings	(373)	(3,396)
Proceeds from loan from director	-	484
Interest paid	(38)	(132)
Net cash used in financing activities	(534)	(2,933)
Net decrease in cash and cash equivalents	(592)	(683)
Cash and cash equivalents at the beginning of the financial year	1,197	756
Effects of exchange rate changes on cash and cash equivalents	-	(1)
Cash and cash equivalents at end of the financial period	605	72

* Amount less than S\$1,000

D. Condensed Interim Statement of Changes in Equity

Group (Unaudited)	Share capital	Retained earnings	Currency translation reserve	Merger reserve	Capital reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2023	32,291	47,495	(13)	(25,628)	39	54,184
Total comprehensive income for the financial period	-	2,225	6	-	-	2,231
Balance as at 30 June 2023	32,291	49,720	(7)	(25,628)	39	56,415
(Audited)						
Balance as at 1 January 2022	32,291	46,140	(19)	(25,628)	-	52,784
Total comprehensive income for the financial period	-	1,355	6	-	39	1,400
Balance as at 31 December 2022	32,291	47,495	(13)	(25,628)	39	54,184

Company (Unaudited)	Share capital	Accumulated losses	Capital reserve	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Balance as at 1 January 2023	32,291	(5,434)	39	26,896
Total comprehensive income for the financial period	-	(69)	-	(69)
Balance as at 30 June 2023	32,291	(5,503)	39	26,827
(Unaudited)				
Balance as at 1 January 2022	32,291	(4,216)	-	28,075
Total comprehensive income for the financial period	-	(1,218)	39	(1,179)
Balance as at 31 December 2022	32,291	(5,434)	39	26,896

E. Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

The Company (Registration Number: 201212407R) is incorporated in Singapore with its principal place of business and registered office at 11 Sims Drive #06-01 SCN Centre Singapore 387385. The Company is listed on Catalist of the Singapore Exchange Securities Trading Limited. The condensed interim consolidated financial statements comprise the Company and its subsidiaries (collectively, the "Group").

The principal activities of the Company are those of investment holding and the provision of management and administrative support to its subsidiaries.

The principal activities of the subsidiaries are building construction, civil engineering work and contractors for construction works for all kind.

2. Basis of preparation

The condensed consolidated interim financial statements for the six months ended 30 June 2023 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 audited financial statements for the financial year ended 31 December 2022.

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

The condensed interim consolidated financial statements of the Group and the statement of financial position of the Company are presented in Singapore Dollars ("S\$") which is the functional currency of the Company and the presentation currency for the condensed interim consolidated financial statements and all values presented are rounded to the nearest thousand ("S\$'000") as indicated.

2.1 New and Amended Standards adopted by the Group

There are no new or amended Standards (effective from annual period beginning on or after 1 January 2023) which will result in any significant impact on the condensed interim financial statements.

2.2 Uses of judgement 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 last audited financial statements as at and for the year ended 31 December 2022.

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

Management is of the opinion that there is no instance of application of judgement which is expected to have a significant impact on the amounts recognised in the Group's condensed interim financial statements for the six months ended 30 June 2023.

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

2.2 Uses of judgement and estimates (continued)

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 are as follows:

- Loss allowance and impairment for trade receivables, unbilled receivables and contract assets due from third parties – Estimation of expected credit risk
- Amounts due from subsidiaries – Estimations of any significant increase in credit risk
- Revenue from contracts with customers – Estimation of total contract costs
- Depreciation of steel beams – Estimation of useful lives and residual value of steel beams

There were no significant changes to the major assumptions used in assessing the accounting estimates above and the carrying amounts of the relevant assets and liabilities. Details of such assumptions and estimations are disclosed in the last audited financial statements for the financial year ended 31 December 2022, except as disclosed below.

During the financial year, the Group received a letter from the tax authority to disregard certain capital allowances. Accordingly, the management had engaged a tax specialist to review the relevant tax computations and raised an objection to the tax authority. Based on the advice of the tax specialist, the management is of the view that the amount of S\$ 643,000 recorded as income tax recoverable as at 30 June 2023 remains appropriate under the relevant income tax rules.

3. Seasonal operations

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

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4. Segment and revenue information

The Group is organised into the following main business segments:

- Segment 1: Structural steel works; and
- Segment 2: Tunnelling works

These operating segments are reported in a manner consistent with internal reporting provided to Mr. Hooi Yu Koh who are responsible for allocating resources and assessing performance of the operating segments.

1 January 2023 to 30 June 2023	Structural steel works	Tunnelling works	Unallocated expenses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	9,992	1,351	-	11,343
Project costs	(5,071)	(1,081)	-	(6,152)
Depreciation	(668)	-	-	(668)
Total cost of works	(5,739)	(1,081)	-	(6,820)
Segment profit	4,253	270	-	4,523
Other income	-	-	101	101
Administrative expenses	-	-	(983)	(983)
Depreciation	-	-	(45)	(45)
Loss allowance on trade and other receivables and contract assets	(731)	(2)	-	(733)
Loss on disposal of property, plant and equipment	-	-	(7)	(7)
Finance expense	-	-	(143)	(143)
Profit before taxation	3,522	268	(1,077)	2,713
Taxation	-	-	(488)	(488)
Profit for the financial year	3,522	268	(1,565)	2,225
Segment assets	70,985	2,090	-	73,075
Other assets	-	-	4,004	4,004
Total assets per statement of financial position	70,985	2,090	4,004	77,079
Expenditure for segment non-current assets	803	-	-	803
Segment liabilities	9,459	-	-	9,459
Deferred tax liabilities	-	-	2,829	2,829
Other liabilities	-	-	8,376	8,376
Total liabilities per statement of financial position	9,459	-	11,205	20,664

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

4. Segment and revenue information (continued)

1 January 2022 to 30 June 2022	Structural steel works	Tunnelling works	Unallocated expenses	Total
	S\$'000	S\$'000	S\$'000	S\$'000
Total segment revenue	7,252	2,215	-	9,467
Project costs	(4,670)	(1,373)	-	(6,043)
Depreciation	(1,329)	-	-	(1,329)
Total cost of works	(5,999)	(1,373)	-	(7,372)
Segment profit	1,253	842	-	2,095
Other income	-	-	540	540
Administrative expenses	-	-	(1,088)	(1,088)
Depreciation	-	-	(130)	(130)
Loss allowance on trade and other receivables and contract assets	(84)	(13)	-	(97)
Gain on disposal of property, plant and equipment	-	-	7	7
Finance expense	-	-	(146)	(146)
Profit before taxation	1,169	829	(817)	1,181
Taxation	-	-	(280)	(280)
Profit for the financial year	1,169	829	(1,097)	901
Segment assets	67,928	2,261	-	70,189
Other assets	-	-	4,853	4,853
Total assets per statement of financial position	67,928	2,261	4,853	75,042
Expenditure for segment non-current assets	1,131	-	-	1,131
Segment liabilities	9,500	-	-	9,500
Current tax payable	-	-	6	6
Deferred tax liabilities	-	-	1,001	1,001
Other liabilities	-	-	10,351	10,351
Total liabilities per statement of financial position	9,500	-	11,358	20,858

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

5. Profit Before Taxation

The following items have been included in arriving at profit before tax:

	Group	
	HY2023 (Unaudited) S\$'000	HY2022 (Unaudited) S\$'000
Other Income		
Government grants	8	253
Miscellaneous income	84	287
Gain on disposal and write-off of property, plant and equipment	-	7
Interest income from bank deposits	9	-*
	101	547
Expense		
Gain/(Loss) on foreign exchange	11	(36)
Loss on disposal of property, plant and equipment	(7)	-
Loss allowance on trade and retention receivables	(704)	(92)
Loss allowance on contract assets	(29)	(5)
Interest expenses	(143)	(146)
Amortisation of capitalised contract costs	(57)	(115)
Depreciation of property, plant and equipment	(713)	(1,459)
Amortisation of right-of-use assets	(125)	(131)
Professional fees	(110)	(165)
Key management personnel compensation	(394)	(395)

*Amount less than S\$1,000

Other than the key management personnel compensation as disclosed above, the Group had no other significant related party transactions during the reporting period.

6. Taxation

	Group		Increase / (Decrease) %
	HY2023 (Unaudited) S\$'000	HY2022 (Unaudited) S\$'000	
Current income tax			
- current financial year	-	(1)	(100)
- under provision in prior years	-	-	N.M.
Deferred tax			
- current financial year	(488)	(279)	75
- over provision in prior years	-	-	N.M.
	(488)	(280)	74

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

7. Trade and Other Receivables

	30 Jun 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
Trade receivables – third parties	1,268	1,806
Less: Allowance for impairment of trade receivables	(72)	(97)
	1,196	1,709
Unbilled receivables – third parties	33,667	30,857
Less: Allowance for impairment of unbilled receivables	(1,801)	(1,651)
	31,866	29,206
Retention receivables	3,553	2,715
Less: Allowance for impairment of retention receivables	(1,085)	(506)
	2,468	2,209
Other receivables	2	55
Less: Allowance for impairment of other receivables	-	-
	2	55
Deposits	189	202
Total trade and other receivables	35,721	33,381

Trade receivables are unsecured, non-interest bearing and generally on 30 to 60 days credit terms.

Unbilled receivables, which comprise 89% of total trade and other receivables, relates to income recognised for the rental of steel beams (“Lease Income”) to customers that have yet to be billed as at the end of the reporting period. The Group has determined that its supply of steel beams embedded in the revenue from contract with customers constitute a leasing arrangement. Therefore, the revenue from leasing of steel beams is recognised on a time-proportion basis (i.e. over the contractual period) which are independent from the recognition of revenue from structural steel works as those revenue are recognised based on the stage (percentage) of completion method (see Section F2 below). The unbilled receivables are expected to be progressively billed to customers alongside with payment certification by customers for the structural steel works carried out.

Retention receivables are due for settlement beyond 12 months from the end of the reporting period. Nevertheless, they have been classified as current assets because they are expected to be realised in the normal operating cycle of the Group.

Other receivables are unsecured and non-interest bearing and repayable on demand.

Movements in loss allowances on trade receivables, unbilled receivables and retention receivables were as follows

	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
Balance at beginning of financial year	2,254	251
Additional loss allowance made during the financial year	704	2,003
Balance at end of financial year	2,958	2,254

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

8. Contract Assets, Capitalised Contract Costs and Contract Liabilities

	30 Jun 2023 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
Contract assets		
Structural steel works	5,425	4,893
Tunnelling works	1,423	1,416
	6,848	6,309
Less: Allowance for contract assets	(1,792)	(1,763)
Carrying amount	5,056	4,546
Capitalised contract costs		
Balance brought forward	266	461
Additions	-	14
Amortised during the financial year	(57)	(209)
Balance carried forward	209	266
Contract liabilities		
Structural steel works	5,786	5,242

Contract assets arise from structural steel works and tunnelling works mainly due to the Group's rights to consideration for work completed and transferred to customers are conditioned upon future performance. These contract assets arise as the customer is invoiced based on payment certification. Contract assets are transferred to receivables when the rights become unconditional.

Movements in loss allowances on contract assets were as follows:

	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
Balance at beginning of financial year	1,763	1,452
Additional loss allowance made during the financial year	29	311
Balance at end of financial year	1,792	1,763

9. Property, Plant and Equipment

During the six months period ended 30 June 2023, the Group acquired assets amounting to S\$0.8 million (31 December 2022: S\$1.1 million) and disposal of assets amounting to S\$0.1 million (31 December 2022: S\$3.1 million).

10. Cash and bank balances and fixed deposits

	30 Jun 2023 S\$'000	31 Dec 2022 S\$'000
Cash and bank balances	591	691
Total fixed deposits	2,080	2,572
Less: Fixed deposits pledged	(2,066)	(2,066)
Cash and cash equivalents per consolidated cash flow statement	605	1,197

As at 30 June 2023, the fixed deposits of the Company amounting to \$2,066,000 (2022: \$2,066,000) were pledged to banks as security for banking facilities, of which S\$1 million is for a term loan, and the remaining S\$1 million is for performance and advance payment bonds.

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

11. Trade and Other Payables

	30 Jun 2022 (Unaudited) S\$'000	31 Dec 2022 (Audited) S\$'000
Trade payables	2,576	4,069
Other payables	766	554
Amount due to director	558	545
Goods & service tax payable, net	154	138
Advance billings to customers	2,909	2,362
Accrued operating expenses	724	815
Trade and other payables	7,687	8,483

Trade payables are unsecured, non-interest bearing and are generally on 30 to 90 days credit terms.

The amount owing to director comprises the outstanding principal amount of an unsecured loan extended by a director of the Company, and the interest accrued on the loan at 5% per annum. The amount is repayable on demand.

Advance billings to customers relate to billings for rental of steel beams to customers in respect of financial periods beyond the end of the reporting period.

12. Borrowings and Lease Liabilities

(i) Amount repayable < 1 year

	As at 30 Jun 2023 (Unaudited)		As at 31 Dec 2022 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	171	-	203
Bank borrowings	1,000	757	1,000	750

(ii) Amount repayable > 1 year

	As at 30 Jun 2023 (Unaudited)		As at 31 Dec 2022 (Audited)	
	Secured S\$'000	Unsecured S\$'000	Secured S\$'000	Unsecured S\$'000
Lease liabilities	-	122	-	158
Bank borrowings	-	773	-	1,153
Convertible Bond	-	2,829	-	2,812

Details of any collateral:

Bank loans of S\$1 million as at 30 June 2023 and 31 December 2022 respectively were secured by fixed deposits of S\$1 million pledged with the lending bank.

In FY2020, the Group (via one of its subsidiaries) obtained a temporary bridging loan of S\$3 million under the Enterprise Financing Scheme. The loan is repayable over 5 years and is secured by a corporate guarantee provided and executed by the Company. The repayment of the loan principal commenced in July 2021.

In September 2022, the Company issued a convertible bond with an aggregate amount of S\$3.0 million with 5% annual interest and a maturity period of 5 years. As the convertible bond is a compound financial instrument, it was bifurcated into a debt (liability) component and an equity component at inception. As at 30 June 2023, the balance of the liability component for the convertible bond is S\$ 2.8 million. The equity component is presented as a capital reserve.

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

13. Share Capital

- (i) **Details of any changes in the company's share capital arising from right issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

	Number of Shares	Share capital (S\$)
As at 30 June 2023 and 31 December 2022	<u>99,200,000</u>	<u>32,290,650</u>

As at 30 June 2023, up to 18,750,000 (31 Dec 2022: 18,750,000) new shares of the Company may be issued upon conversion of the Convertible bonds that were issued by the Company in September 2022.

- (ii) **To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Company As at 30 June 2023	Company As at 31 December 2022
Total number of issued shares excluding treasury shares	<u>99,200,000</u>	<u>99,200,000</u>

The Company did not have any treasury shares as at 30 June 2023 and 31 December 2022.

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

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

- (iv) **A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable. The Company did not have any subsidiary holdings during, and at the end of the current financial period reported on.

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E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

14. Net Asset Value

Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year

	Group		Company	
	30 Jun 2023 (Unaudited)	31 Dec 2022 (Audited)	30 Jun 2023 (Unaudited)	31 Dec 2022 (Audited)
Net asset value (S\$'000)	56,415	54,184	26,827	26,896
Number of issued shares ('000)	99,200	99,200	99,200	99,200
Net asset value per ordinary share based on issued share capital (S\$)	0.57	0.55	0.27	0.27

15. Earnings per ordinary share

Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

(a) Basic earnings per share

	Group	
	HY2023 (Unaudited)	HY2022 (Unaudited)
Net profit attributable to equity holders of the Company (S\$'000)	2,225	901
Weighted average number of ordinary shares ('000)	99,200	99,200
Basic EPS (cents)	2.24	0.91

(b) Diluted earnings per share

To calculate diluted earnings per share, profit attributable to equity holders of the Company and the weighted average number of ordinary shares outstanding are adjusted for the effects of all dilutive potential ordinary shares. The Company's convertible bond is the only potential dilutive ordinary shares issued during the year. Convertible bonds are assumed to have been converted into ordinary shares at issuance and the net profit is adjusted to eliminate the interest expense less the tax effect.

	Group	
	HY2023	HY2022
Net profit attributable to equity holders of the Company (S\$'000)	2,225	901
Interest expense on convertible bonds	89	-
Tax effect relating to interest expense on convertible bond	(3)	-
Net profit used to determine diluted earnings per share	2,311	901
Weighted average number of ordinary shares for basic EPS ('000)	99,200	99,200
Adjustment for convertible bond ('000)	18,750	-
	117,950	99,200
Diluted earnings per share (cents)	1.96	0.91

E. Notes to the Condensed Interim Consolidated Financial Statements (continued)

16. Subsequent Events

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

KORI HOLDINGS LIMITED

F. Other Information required under Appendix 7C of Catalyst Rules

1. Review

The condensed consolidated statement of financial position of Kori Holdings Limited and its subsidiaries as 30 June 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed statements of changes in equity and condensed consolidated statement of cash flows for the six-month period ended and certain explanatory notes have not been audited and reviewed by the Company's auditors.

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

Review of the Income Statement of the Group

All figures in S\$'000	Note	Structural Steel Works		Tunnelling Works		Total	
		HY2023	HY2022	HY2023	HY2022	HY2023	HY2022
Revenue - Lease income	(a)	6,371	4,047	-	-	6,371	4,047
Revenue - Structural steel works	(b)	3,621	3,205	-	-	3,621	3,205
Revenue - Tunnelling works	(b)	-	-	1,351	2,215	1,351	2,215
Total revenue		9,992	7,252	1,351	2,215	11,343	9,467
Cost of works		(5,739)	(5,999)	(1,081)	(1,373)	(6,820)	(7,372)
Gross profit		4,253	1,253	270	842	4,523	2,095

Note:

- (a) Lease Income (from the supply and leasing of steel beams for structural steel work projects) is recognised on a time-proportion basis.
- (b) Structural Steel Works Income and Tunnelling Income are recognised over the period of the contracts by reference to the stage (or percentage) of completion as estimated by the application of the "input method".

For more details, please refer to the summary of accounting policies as set out in the latest audited financial statements for the financial year ended 31 December 2022.

Revenue

Structural Steel Works

Revenue from this segment comprises income from the provision of structural steel construction services ("Structural Steel Works Income") and income from leasing of steel beams ("Lease Income"). (See summary of accounting policies as set out in the latest audited financial statements for the financial year ended 31 December 2022 for more details.)

In view of the basis on which the Lease Income was recognised as described above (i.e., on a time-proportion basis and with no direct correlation to the progress of the structural works performed during the period), there was an increase of about S\$2.3 million from HY2022. Consequently, there was also an increase in unbilled receivables (see Section E7). On the other hand, the revenue for structural steel works had only increased marginally at about S\$0.4 million from HY2022 the such construction work activities did not progress substantially during HY2023 via-a-vis that of HY2022.

Tunneling Works

The decrease in Tunneling Works Income compared with HY2022 was due mainly to the slower progress in HY2023. Also, because of the revised estimation of higher budget costs to complete the projects which stem from significant increases in labour and transportation costs. This has the effect of lowering the percentage of revenue to be recognised for HY2023 pursuant to the "input method". As a result, the cost of sales decreased by 21% whereas the revenue decreased by 39%.

F. Other Information Required Under Appendix 7C of Catalist Rules (continued)

Review of the Income Statement of the Group (continued)

Cost of sales

Cost of sales for Structural Steel Works decreased by 4% compared with HY2022, while the Structural Steel Works revenue increased by 38%, due mainly to the recognition of S\$6.3 million Lease Income on time-proportion basis, but works were not carried out in some projects in HY2023. Cost of sales for Tunneling Works has decreased 21% due mainly to the slower progress compared with HY2022.

Gross profit margin

Overall gross profit and gross profit margin increased significantly from 22% in HY2022 to 40% in HY2023 due mainly to the recognition of Lease Income for HY2023 as which is also the main reason for the increase in net profit for HY2023.

Other income

The decrease in other income by 82% compared with HY2022 was due mainly to lower income from government grants in HY2023 and there was an additional income received from a main contractor in light of the difficulties encountered during the pandemic amounting to S\$ 237,000 in HY2022.

Administrative expenses

Compared with HY2022, the administrative expenses decreased by 16% in HY2023. It was mainly due to the decrease in professional fees and depreciation charges of steel beams. Depreciation of steel beams decreased as a greater extent of which was reclassified to "cost of works" in HY2023 given that most of these steel beams had been allocated to ongoing projects during the period, instead of being fabricated in yards, which was the case for HY2022, whereby such depreciation would be classified as administrative expenses.

Loss allowances on trade and retention receivables and contract assets

A total loss allowance of S\$ 733,000 was recognised in HY2023, which comprises a S\$171,000 general allowance made against the trade receivables and contract assets arising from ongoing projects for HY2023, as well as a specific allowance of \$562,000 in relation to retention sum.

Income tax expense

Income tax expense amounting to S\$488,000 relates to the estimated deferred tax arising from the temporary differences between the tax bases and the carrying amounts of the relevant assets and liabilities of the Group.

Review of the Financial Position of the Group

Assets

Trade and other receivables increased by S\$2.3 million principally due to an increase in retention sum and unbilled receivables. The increase in both items arose from a couple of ongoing projects. See section E7 for more information.

Contract assets increased by S\$510,000 because of more work done for ongoing projects compared with HY2022.

Capitalised contract cost decreased by S\$57,000 due to continuous amortization for ongoing projects.

The decrease of S\$50,000 in property, plant and equipment was mainly due to the decrease of S\$71,000 in right of use assets ("ROU") and offset slightly by increase of S\$ 21,000 in net book value of steel beams and other fixed assets. The changes in ROU including the amortization of S\$125,000 and new ROU of motor vehicle recognised of S\$54,000 in HY2023. The increase in steel beam and other fixed assets due to depreciation of S\$713,000 and disposal of S\$76,000 in HY2023. This is offset by additional purchases of steel beams of S\$812,000 in contemplation of the requirement of on-going projects for HY2023.

F. Other Information Required Under Appendix 7C of Catalist Rules (continued)

Review of the Financial Position of the Group (continued)

Liabilities

Trade and other payables decreased by S\$ 796,000 mainly due to the company repaid the amounts owing to trade suppliers which was slightly offset by increase in advance billings made to customers due to the excess of progress billings rendered over the revenue recognised in respect of Lease Income during HY2023.

Contract liabilities increased by S\$544,000 due to the excess of progress billings rendered over the revenue in respect of Structural Steel Works Income during HY2023.

Bank borrowings and lease liabilities decreased by S\$440,000 as at 30 June 2023 compared with 31 December 2022. It was mainly due to the repayment of the bridging loan and lease liabilities.

In September 2022, the Company issued a convertible bond with 5% annual interest and a maturity period of 5 years. As the convertible bond is a compound financial instrument, it was bifurcated into a debt (liability) component and an equity component at inception. As at 30 June 2023, the balance of the liability component for the convertible bond is S\$ 2.8 million. The equity component is presented as a capital reserve.

Review of the Cash Flow Statement of the Group

The operating cash flow before changes in working capital is S\$4.41 million largely due to depreciation of property and right of use assets of S\$0.84 million and loss allowance for contract assets and accounts receivables of S\$ 0.73 million recognized in HY2023. The changes in working capital recorded a decrease of S\$3.04 million in trade and other receivables as well as a decrease of S\$1.41 million in trade and other payables which was offset slightly by an increase in contract liabilities resulted in the net cash generated from operating activities amounting to S\$0.07 million.

Net cash used in investing activities amounting to S\$0.13 million was largely due to purchase of steel beams S\$0.2 million which was offset by proceeds from disposal of steel beams of S\$0.07 million in HY2023.

Net cash used in financing activities amounting to S\$0.53 million was largely due to repayment of bank borrowings of S\$0.37 million and lease liabilities of S\$0.12 million in HY2023.

In view of the foregoing, the net cash outflows for HY2023 was S\$0.59 million.

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

Not applicable. No forecast or prospect statement has been previously issued to the shareholders for the current financial period reported on.

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 outlook for the Singapore construction industry in the next 12 months continues to remain strong. In this regard, the Building and Construction Authority (“BCA”) projected the total construction demand to reach between S\$25 billion and S\$32 billion in 2024 of which the public sector is expected to contribute S\$14 billion to S\$18 billion among which are major developments such as MRT projects including the Cross Island Line (Phases 2 and 3), Downtown Line Extension to Sungei Kadut and Brickland North South Line station⁽¹⁾. The Group remains cautiously optimistic that its established track record and strong technical expertise in past similar infrastructure works will put it in a favourable position to benefit from such developments.

The global shortage in the supply of steel materials has since abated and the price of steel materials remains stable⁽²⁾. As such, the completion dates of certain steelworks segment projects which have already been delayed by the COVID-19 pandemic is not anticipated to be further delayed.

F. Other Information Required Under Appendix 7C of Catalyst Rules (continued)

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 (continued)

However, as the pandemic-related delays remains, there is still consequential impact on the timing of recognition of revenue (and hence profit) as well as collections from our customers.

It is also to be noted that the increase in labour cost due to the pandemic as well as the rise of related cost such as accommodation still persist.

Nevertheless, the Group will continuously monitor its operational constraints and implement the necessary measures to minimise the impact of such constraints. In addition, the Group will continue to work closely with its customers, suppliers, financiers and other stakeholders, and manage its operational costs so as to generate sufficient cash flows to preserve and sustain its operation as a going concern while continuously effecting its Business Continuity Plan.

The acceptance of our precast road decking panels to replace steel decking panels has now expanded to all of our ongoing projects involving traffic diversion decking. The positive impact on productivity increase coupled with reliability of the precast traffic diversion decking system allows the Group to further promote the adoption to upcoming projects.

Source:

(1) Building and Construction Authority (last accessed 12 January 2023)

<https://www1.bca.gov.sg/about-us/news-and-publications/media-releases/2023/01/12/singapore's-construction-demand-to-remain-strong-in-2023>

(2) Singapore Department of Statistics (last accessed 11 August 2023)

<https://www.singstat.gov.sg/-/media/files/publications/economy/smppijun23.ashx>

5. Dividend

Decision regarding dividend has been made, the required information has been disclosed.

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

No, there is no any dividend recommended or declared for the current financial period reported on.

(b)(i) *Amount per share:*

Not applicable.

(b)(ii) *Previous 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 and the country where the dividend is derived. (If the dividend is not taxable in the hands of the 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.

KORI HOLDINGS LIMITED

F. Other Information Required Under Appendix 7C of Catalyst Rules (continued)

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 HY2023 after taking into consideration of the Group's cash flow requirements in the foreseeable future.

7. If the group has obtained a general mandate from shareholders for Interested Person Transactions ("IPT"), 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 Group does not have a general mandate for IPTs and there were no IPTs exceeding S\$100,000 and above entered into during the financial period reported on.

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) of the Catalyst Rules

The Company confirms that undertakings have been procured from the Board of Directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

9. Disclosures on Acquisition and Realisation of Shares pursuant to Catalyst Rule 706A

Not applicable. There was no incorporation of new entities, acquisition, and realization of shares in HY2023.

10. Confirmation by The Board Pursuant To Rule 705(5)

The Board of Directors (the "Board") confirms that, to the best of their knowledge, nothing has come to the attention of the Board which may render the unaudited HY2023 financial results for the Company and the Group set out above to be false or misleading in any material aspect.

By Order of the Board

HOOI YU KOH
Executive Chairman and CEO

NG WAI KIT
Director

Singapore
14 August 2023

This announcement has been reviewed by the Company's sponsor, PrimePartners Corporate Finance Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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