

**AEDGE GROUP LIMITED**

Registration No: 201933214E

Incorporated in the Republic of Singapore

**Unaudited Financial Statements and Dividend Announcement
For the Six Months period ended 31 December 2020**

Aedge Group Limited (the “**Company**”) was listed on Catalist of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 14 December 2020. The initial public offering (“**IPO**”) of the Company was sponsored by UOB Kay Hian Private Limited (the “**Sponsor**”)

This announcement has been prepared by the Company and its contents have been reviewed by the Sponsor for compliance with the relevant rules of the SGX-ST Listing Manual Section B: Rules of Catalist.

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 accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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

Background

The Company is incorporated in the Republic of Singapore on 3 October 2019 under the name Aedge Group Pte Ltd. The Company was converted to a public limited company on 24 March 2020 and the name of the Company was changed to Aedge Group Limited in connection therewith.

The Company and its subsidiaries (the “**Group**”) is a Singapore-based multi services provider. The Group provides three principal services, namely engineering services, transport services, and security and manpower services.

On 24 March 2020, the Company entered into a restructuring exercise (the “**Restructuring Exercise**”), where it acquired Aedge Holdings Pte Ltd, Aedge Technologies Pte Ltd and Aedge Services Pte Ltd from the shareholders of Aedge Holdings Pte Ltd. Please refer to Company’s Offer Document dated 3 December 2020 for further details of the Restructuring Exercise. The Restructuring Exercise was considered to be an acquisition of equity interests by entities under common control and therefore the entities acquired by the Group pursuant to the Restructuring Exercise has been accounted for in a manner similar to the pooling-of-interests method. Accordingly, the assets and liabilities of these entities have been included in the financial statements at their historical carrying amounts by applying book value accounting. Although the Restructuring Exercise was entered on 24 March 2020, the financial statements present the financial condition, results of operations and cash flows as if the restructuring had occurred as of the beginning of the earliest period presented.

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF HALF-YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income together with a comparative statement for the corresponding period of the immediately preceding year.

Consolidated Statement of Comprehensive Income for the first six months of the financial year ending 30 June 2021 (1H2021) and first six months of the financial year ending 30 June 2020 (1H2020)

	1H2021 S\$'000 Unaudited	1H2020 S\$'000 Unaudited	Change %
Revenue	8,413	13,743	(38.8)
Cost of sales	(7,314)	(11,854)	(38.3)
Gross profit	1,099	1,889	(41.8)
Other income	1,892	157	1,105.1
Distribution costs	(45)	(55)	(18.2)
Administrative expenses	(2,876)	(1,532)	87.7
Other expenses	(144)	(145)	(0.7)
Results from operating activities	(74)	314	nm
Finance income	8	3	166.7
Finance costs	(97)	(62)	56.5
Net finance costs	(89)	(59)	50.8
Profit before tax	(163)	255	nm
Tax expense	-	(34)	nm
Profit/(loss) and total comprehensive income/(loss) for the period	(163)	221	nm

nm=not meaningful

1(a)(ii) Notes to Consolidated Statement of Comprehensive Income

Profit/(loss) for the financial period is stated after crediting/(charging) the following:

	1H2021 S\$'000 Unaudited	1H2020 S\$'000 Unaudited
Government grants	1,891	129
Depreciation of property, plant and equipment	(1,076)	(983)
Initial public offering (IPO) expenses	(1,220)	-
Gain/(loss) on disposal of property, plant and equipment	10	(33)

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

Statements of Financial Position

S\$'000	Group		Company	
	31 Dec 2020 Unaudited	30 Jun 2020 Audited	31 Dec 2020 Unaudited	30 Jun 2020 Audited
Assets				
Property, plant & equipment	10,579	11,540	-	-
Intangible asset	17	19	-	-
Investment in subsidiaries	-	-	11,661	11,661
Fixed deposit	146	258	-	-
Non current assets	10,742	11,817	11,661	11,661
Inventories	20	234	-	-
Trade and other receivables	5,133	8,298	78	2,200
Contract assets	543	479	-	-
Cash and cash equivalent	9,957	5,516	3,070	10
Current assets	15,653	14,527	3,148	2,210
Total Assets	26,395	26,344	14,809	13,871
Equity				
Share capital	14,590	11,701	14,590	11,701
Reserves	2,882	3,045	(1,138)	93
Total equity	17,472	14,746	13,452	11,794
Liabilities				
Lease liabilities	726	1,183	-	-
Loans and borrowings	1,500	-	-	-
Deferred tax liabilities	734	734	-	-
Provision	29	29	-	-
Non current liabilities	2,989	1,946	-	-
Loans and borrowings	3,218	3,567	-	-
Lease liabilities	1,084	1,421	-	-
Trade and other payables	1,550	4,648	1,357	2,077
Current tax liabilities	82	16	-	-
Current liabilities	5,934	9,652	1,357	2,077
Total liabilities	8,923	11,598	1,357	2,077
Total equity & liabilities	26,395	26,344	14,809	13,871

1(b)(ii) Aggregate amount of Group's borrowings and debt securities

	As at 31 Dec 2020 Unaudited		As at 30 Jun 2020 Audited	
	Secured	Unsecured	Secured	Unsecured
	S\$'000	S\$'000	S\$'000	S\$'000
Amounts repayable in one year or less, or on demand:				
Loans and borrowings	3,218	-	3,567	-
Lease liabilities	1,084	-	1,421	-
Amounts repayable after one year:				
Loans and borrowings	1,500	-	-	-
Lease liabilities	726	-	1,183	-

Details of any collateral

The loans and borrowings, and lease liabilities are secured by joint and several personal guarantees provided by a director of the Company and a director of a subsidiary.

- 1(c) A statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

CASH FLOW

S\$'000	1H FY2021 Unaudited	1H FY 2020 Unaudited
Cash flows from operating activities		
Profit/(loss) before tax	(163)	255
Adjustments for:		
Depreciation of PPE	1,076	983
Amortisation of intangible assets	2	2
Impairment losses on trade and other receivables	-	2
Finance income	(8)	(3)
Finance cost	97	62
Loss/(gain) on disposal of PPE	(10)	33
	994	1,334
Changes in:		
Inventories	214	-
Contract assets	(64)	692
Trade and other receivables	3,165	(1,844)
Trade and other payables	(1,098)	(83)
Cash generated from operations	3,211	99
Net tax refund	67	76
Net cash generated from operating activities	3,278	175
Cash flows from investing activities		
Acquisition of PPE	(168)	(368)
Interest received	8	3
Proceeds from disposal of PPE	64	10
Net cash used in investing activities	(96)	(355)
Cash flows from financing activities		
Increase in deposits pledged to financial institution	112	(3)
Payment of finance lease liabilities	(794)	(1,254)
Payment in amount due to directors	(2)	-
Dividends paid	(2,000)	-
Proceeds from loans and borrowings	1,500	-
Repayment of loans and borrowings	(349)	-
Interest paid	(97)	(62)
Gross proceeds from initial public offering	3,200	-
Share issue expenses	(311)	-
Net cash from/(used in) financing activities	1,259	(1,319)
Net increase/(decrease) in cash and cash equivalents	4,441	(1,499)
Cash and cash equivalents at beginning of the period	5,516	3,719
Cash and cash equivalents at end of the period	9,957	2,220

PPE: property, plant and equipment

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Share capital S\$'000	Capital reserve S\$'000	Merger reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
As at 1 July 2019	11,701	200	(8,701)	13,125	16,325
Total comprehensive income for the period				221	221
As at 31 December 2019	11,701	200	(8,701)	13,346	16,546
As at 1 July 2020	11,701	200	(8,701)	11,546	14,746
Issue of new shares	3,200	-	-	-	3,200
Share issue expenses	(311)	-	-	-	(311)
Total comprehensive loss for the period	-	-	-	(163)	(163)
As at 31 December 2020	14,590	200	(8,701)	11,383	17,472

Company	Share capital	Retained earnings	Total equity
	S\$	S\$	S\$
As at 3 October 2019 (date of incorporation)	1	-	1
As at 31 December 2019	1	-	1
	S\$'000	S\$'000	S\$'000
As at 1 July 2020	11,701	93	11,794
Issuance of share	3,200	-	3,200
Share issue expenses	(311)	-	(311)
Total comprehensive loss for the period		(1,231)	(1,231)
As at 31 December 2020	14,590	(1,138)	13,452

- 1(d)(ii) Details of any changes in the company's share capital arising from rights 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 the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

Share capital	Number of issued shares	Issued and paid-up share capital (S\$)
As at 30 June 2020	90,000,000	11,700,926
Issuance of placement shares from IPO exercise	16,000,000	2,889,164
Balance as at 31 December 2020	106,000,000	14,590,090

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 December 2019 and 31 December 2020.

- 1(d)(iii) To show the total 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.**

	As at 31 Dec 2020	As at 30 Jun 2020
Total issued shares (excluding treasury shares)	106,000,000	90,000,000

- 1(d)(iv) 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 does not have any treasury shares.

- 1(d)(v) 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 does not have any subsidiary holdings.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have not been audited or reviewed by the Company's auditor.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any modifications or emphasis of a matter)**

Not applicable. The figures have not been audited or reviewed by the Company's auditor.

3A. 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.

Not applicable.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited financial statements have been complied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the 6-months financial period ended 31 December 2020 as those applied in the preparation of the audited combined financial statements for the financial year ended 30 June 2020 as set out in the Company's Offer Document dated 3 December 2020.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

The Group adopted a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning on or after 1 July 2020. The adoption of new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

6. 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.

Group	1H2021	1H2020
Profit/ (loss) attributable to owners of the Company (S\$'000)	(163)	221
Weighted average number of ordinary shares in issue ⁽¹⁾ ('000)	106,000	106,000
Basic and diluted earnings/(loss) per share ("EPS") (cents)	(0.15)	0.21

Note:

- 1) For comparative purposes, the EPS for the respective financial periods have been computed based on the share capital of 106,000,000 shares assuming that the Restructuring Exercise and issuance of new shares pursuant to IPO had been completed as at 1 July 2019.

The basic EPS and the diluted EPS are the same as the Company has no potentially dilutive ordinary shares in issue as at the end of the respective financial periods.

7. 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	
	31 Dec 2020	30 Jun 2020	31 Dec 2020	30 Jun 2020
Net asset value (S\$'000)	17,472	14,746	13,452	11,794
Number of ordinary shares in issue ⁽¹⁾ ('000)	106,000	106,000	106,000	106,000
Net asset value per ordinary share (cents)	16.5	13.9	12.7	11.1

Note

(1) For comparison purposes, the calculation for the net asset value per ordinary share for the respective financial periods is based on the post-IPO share capital of 106,000,000 shares in issue.

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss: -

(a) Any significant factors that affected the turnover, costs, and earnings of the group for the 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.

A. Consolidated Statement of Comprehensive Income (1H2021 vs 1H2020)

(1) Revenue decreased by 38.8 % to S\$8.4 million in 1H2021 from S\$13.7 million in 1H2020. The decrease was due to decline in contracts from engineering services, transport services, and security and manpower services. All these 3 business segments were adversely affected by the COVID-19 pandemic, as compared to 1H2020.

Revenue from engineering services was affected by the delay in projects in the petrochemical, marine and offshore industries. Revenue from transport services decreased due to lower utilisation of buses which resulted from less ad-hoc contracts and cancellation of schools CCA activities. Revenue from security and manpower services decreased due to reduction in the number of technicians deployed in the aviation industry.

(2) Cost of sales decreased correspondingly by 38.3% to S\$7.3 million in 1H2021 from S\$11.9 million in 1H2020. This was due to lower salaries and operating costs due to lower revenue.

(3) As a result of the lower revenue, gross profit decreased by 41.8% to S\$1.1 million in 1H2021 from S\$1.9 million in 1H2020.

- (4) Other income increased significantly to S\$1.9 million in 1H2021 from S\$0.2 million in 1H2020. This was due mainly to recognition of the payouts received under the government's Job Support Scheme (JSS) in 1H2021.
- (5) Administrative expenses increased by 87.7 % to S\$2.9 million in 1H2021 from S\$1.5 million in 1H2020. The increase was due mainly to expenses incurred in the IPO exercise amounting to approximately S\$1.2 million.
- (6) Finance cost increased by 56.5% to S\$97,000 in 1H2021 from S\$62,000 in 1H2020, due to increase in bank borrowings.
- (7) As a result of the lower revenue and IPO expenses, partially compensated by the payouts from JSS, the Group suffered a net loss of S\$163,000 in 1H2021, compared to a net profit of S\$221,000 in 1H2020.

B. Consolidated Statement of Financial Position

(1) Non-Current Assets

Non-current assets decreased to S\$10.7 million as at 31 December 2020 from S\$11.8 million as at 30 June 2020, due mainly to depreciation of property, plant and equipment during the six months ended 31 December 2020.

(2) Current Assets

Current assets increased to \$15.7 million as at 31 December 2020 from S\$14.5 million as at 30 June 2020. This was due mainly to increase in cash and cash equivalents, partially offset by decrease in trade and other receivables. Increase in cash and equivalent was due to drawdown of a bank facility, as well as proceeds from the IPO. Trade and other receivables decreased in tandem with decrease in contracts and revenue.

(3) Non-Current Liabilities

Non-current liabilities increased to S\$3.0 million as at 31 December 2020 from S\$1.9 million as at 30 June 2020. This was due mainly to a drawdown of a bank facility, partially offset by decrease in lease liabilities. The decrease in lease liabilities was due to the reclassification of leases which had turned from "non-current" to "current".

(4) Current Liabilities

Current liabilities decreased to S\$5.9 million at 31 December 2020 from S\$9.7 million as at 30 June 2020 due mainly to decrease in lease liabilities and trade and other payables. Decrease in lease liabilities was due to instalment repayments of leases. Decrease in trade and other payables was due to lower purchases, as well as payment of dividends declared in June 2020.

C. Review of Consolidated Statement of Cash Flows (1H2021)

- (1) Net cash from operating activities in 1H2021 amounted to S\$3.3 million. This was due mainly to a positive operating cash flow before working capital changes of S\$1.0 million. Working capital

changes amounted to S\$2.2 million, due mainly to decrease in trade and other receivables, partially offset by a decrease in trade and other payables.

- (2) Net cash used in investing activities in 1H2021 amounted to S\$96,000. This was due mainly to acquisition of property, plant and equipment.
- (3) Net cash from financing activities in 1H2021 amounted to S\$1.3 million. This was due to gross proceeds from the IPO of S\$3.2 million, the drawdown of a bank loan, partially offset by repayments of lease liabilities and loans and borrowings, and payment of dividends.

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

In the Offer Document dated 3 December 2020, page 123, it was stated that “while our Directors do not expect our Group to incur a loss in FY2021, our performance for FY2021 is expected to be adversely affected after taking into account, in particular, the impact of COVID-19 and the one-time listing expenses in connection with the Placement”.

The 1H2021 results are generally in line with the above prospect statement.

10. 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 know factors or events that may affect the group in the next reporting period and the next 12 months.

The Group results will continue to be affected by the impact caused by the COVID-19 situation, which has yet to recover. Our various segments continued to be affected, especially our security and manpower services.

The Group remains focused on its efforts to implement its business strategies in spite of the current challenging environment. Such efforts include strengthening our engineering services to increase sales revenue. We also expect to receive additional government grants in the 2nd half FY2021, which will mitigate our costs.

Barring unforeseen circumstances, the Group does not expect to incur a loss in FY2021.

11. Dividend

(a) Current Financial Period Reported On: Any dividend declared for the current financial period reported on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year. Any dividend declared for the corresponding period of the immediately preceding financial year?

No

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

Not applicable

(d) The date the dividend is payable:

Not applicable

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

Not applicable

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

No interim dividend has been recommended for the current financial period. The Group will review the dividends proposal at financial year end, taking into consideration the Group's performance and financial position.

13. 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) of the Catalist Rules. If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a general mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There were no interested person transactions for S\$100,000 or more for the current financial period under review.

14 Negative Confirmation by the Board pursuant to Rule 705(5) of the Catalist Rules.

We, Poh Soon Keng and Foo Der Rong, being two Directors of the Company, do hereby confirm on behalf of the Board of Directors of the Company that, to the best of our knowledge, nothing has come to our attention which may render the unaudited financial statements for the period ended 31 December 2020 to be false or misleading in any material aspect.

15 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) of the Catalist Rules.

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

16 Use of IPO Proceeds

Pursuant to the Company's IPO, the Company raised net proceeds (after deducting IPO expenses) amounting to approximately S\$1.7 million ("**Net Proceeds**"). As at the date of this announcement, the status on the utilisation of the Net Proceeds is as follows:

Use of proceeds	Amount Allocated (S\$'000)	Amount Utilised (S\$'000)	Balance (S\$'000)
Acquisition of property, plant & equipment	1,319	680	639
General working capital purposes (1)	350	102	248
Total net proceeds	1,669	782	887

Note

(1) Payment of corporate and administrative expenses which includes new staff salaries.

The above utilisation is in accordance with the intended use of proceeds from the IPO as stated in the Offer Document dated 3 December 2020. The Company will make periodic announcements as and when the balance of the Net Proceeds are materially disbursed.

BY ORDER OF THE BOARD

Poh Soon Keng
Executive Chairman and Chief Executive Officer
9 February 2021