AEDGE GROUP LIMITED
Registration No: 201933214E
Incorporated in the Republic of Singapore

Unaudited Financial Statements Announcement
For the Six Months ended 31 December 2022

This announcement has been prepared by Aedge Group Limited (the "**Company**") and its contents have been reviewed by UOB Kay Hian Private Limited (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.

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A – CONDENSED INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Condensed Interim Consolidated Statement of Comprehensive Income for the six months ended 31 December 2022 ("1H FY2023") and six months ended 31 December 2021 ("1H FY2022"):

	Note	1H FY2023 S$'000 Unaudited	1H FY2022 S$'000 Unaudited	Change FY2023/ FY2022 %
Revenue	12	12,779	9,570	33.5
Cost of sales		(11,991)	(8,304)	44.4
Gross profit		788	1,266	(37.8)
Other income		273	932	(70.7)
Administrative expenses		(2,114)	(2,233)	(5.3)
Other expenses		(643)	(269)	139.0
Results from operating activities		(1,696)	(304)	457.9
Finance income		2	8	(75.0)
Finance costs		(80)	(75)	6.7
Net finance costs		(78)	(67)	16.4
Loss before tax	13	(1,774)	(371)	378.2
Tax expense	14	-	(2)	nm
Loss and total comprehensive loss for the period		(1,774)	(373)	375.6
Basic and diluted loss per share (cents)	15	(1.67)	(0.35)	

nm=not meaningful

B. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	Group		Company	
		31 December 2022 $'000 Unaudited	30 June 2022 $'000 Audited	31 December 2022 $'000 Unaudited	30 June 2022 $'000 Audited
Assets					
Property, plant & equipment	5	7,424	9,402	-	-
Intangible asset		9	11	-	-
Investment in subsidiaries		-	-	10,680	10,680
Non current assets		**7,433**	**9,413**	**10,680**	**10,680**
Inventories		543	472	-	-
Trade and other receivables	7	6,712	4,593	2,254	2,297
Contract assets		1,425	2,217	-	-
Cash and cash equivalent	6	4,363	5,580	333	513
Current assets		**13,043**	**12,862**	**2,587**	**2,810**
Total assets		**20,476**	**22,275**	**13,267**	**13,490**
Equity					
Share capital	8	14,590	14,590	14,590	14,590
Reserves	9	(2,219)	(445)	(1,402)	(1,233)
Total equity		**12,371**	**14,145**	**13,188**	**13,357**
Liabilities					
Loans and borrowings	10	1,044	862	-	-
Lease liabilities		69	62	-	-
Deferred tax liabilities		504	504	-	-
Non current liabilities		**1,617**	**1,428**	**-**	**-**
Loans and borrowings	10	3,295	3,654	-	-
Lease liabilities		149	500	-	-
Trade and other payables	11	3,044	2,548	79	133
Current liabilities		**6,488**	**6,702**	**79**	**133**
Total liabilities		**8,105**	**8,130**	**79**	**133**
Total equity & liabilities		**20,476**	**22,275**	**13,267**	**13,490**

C. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

Group	Share capital $'000	Capital reserve $'000	Merger reserve $'000	Retained earnings $'000	Total equity $'000
As at 1 July 2021	14,590	200	(8,701)	10,555	16,644
Dividends declared	-	-	-	(1,060)	(1,060)
Total comprehensive loss for the period	-	-	-	(373)	(373)
As at 31 December 2021	**14,590**	**200**	**(8,701)**	**9,122**	**15,211**
As at 1 July 2022	14,590	200	(8,701)	8,056	14,145
Total comprehensive loss for the period	-	-	-	(1,774)	(1,774)
As at 31 December 2022	**14,590**	**200**	**(8,701)**	**6,282**	**12,371**

Company	Share capital $'000	Retained earnings $'000	Total equity $'000
As at 1 July 2021	14,590	1,098	15,688
Dividend declared		(1,060)	(1,060)
Total comprehensive loss for the period	-	(147)	(147)
As at 31 December 2021	**14,590**	**(109)**	**14,481**
As at 1 July 2022	14,590	(1,233)	13,357
Total comprehensive loss for the period	-	(169)	(169)
As at 31 December 2022	**14,590**	**(1,402)**	**13,188**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	1H FY2023 Unaudited $'000	1H FY2022 Unaudited $'000
Cash flows from operating activities		
Loss before tax	**(1,774)**	**(371)**
Adjustments for:		
Depreciation of plant and equipment	1,081	1,178
Amortisation of intangible assets	2	2
Writeback on impairment losses on trade and other receivables	(7)	(5)
Finance income	(2)	(8)
Finance cost	80	75
Loss/(profit) on disposal of plant and equipment	445	82
	(175)	953
Changes in:		
Inventories	(71)	(88)
Contract assets	792	(269)
Trade and other receivables	(2,112)	1,202
Trade and other payables	496	(832)
Cash generated from operations	(1,070)	966
Net tax (paid)/refund	-	(63)
Net cash (used in)/generated from operating activities	**(1,070)**	**903**
Cash flows from investing activities		
Acquisition of plant and equipment	(151)	(458)
Interest received	2	8
Proceeds from disposal of plant and equipment	553	66
Net cash generated from/(used in) investing activities	**404**	**(384)**
Cash flows from financing activities		
(Increase)/decrease in deposits pledged to financial institution	-	(4)
Payment of lease liabilities	(294)	(543)
Dividends paid	-	(1,060)
Proceeds from loans and borrowings	500	-
Repayment of loans and borrowings	(677)	(470)
Interest paid	(80)	(54)
Net cash used in financing activities	**(551)**	**(2,131)**
Net decrease in cash and cash equivalents	(1,217)	(1,612)
Cash and cash equivalents at beginning of the period	5,580	9,162
Cash and cash equivalents at end of the period	**4,363**	**7,550**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

These notes form an integral part of the condensed interim consolidated financial statements.

1. Domicile and activities

Aedge Group Limited (the "Company") is a company 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 address of the Company's registered office is Block 4009 Ang Mo Kio Avenue 10, Tech Place I #04-33, Singapore 569738.

The financial statements of the Group as at and for the six months ended 31 December 2022 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities").

The immediate and ultimate holding company is PTCC Holdings Pte. Ltd., a company incorporated in the Republic of Singapore.

The principal activities of the Company are those of investment holding. The principal activities of the Group consist of provision of engineering services, transportation services, cleaning services, security and manpower services.

2. Basis of preparation

2.1 Statement of compliance

The condensed interim consolidated financial statements as at and for the six months 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 consolidated 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 consolidated financial statements for the year ended 30 June 2022.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I), except for the adoption of new and amended standards as set out in Note 4.

These condensed interim consolidated financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

These condensed interim consolidated financial statements are presented in Singapore dollars, which is the Company's functional currency. The financial information has been rounded to the nearest thousand, unless otherwise stated.

2.2 Use of estimates and judgements

The preparation of the condensed interim consolidated financial statements in conformity with SFRS(I)s requires management to make 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 applied to the consolidated financial statements as at and for the year ended 30 June 2022.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Executive Officer.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

If the inputs used to measure the fair value of an asset or a liability are categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

3. Seasonal operations

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

4. New and amended standards adopted by the Group

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

5. Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to approximately $151,000 (31 December 2021: $458,000) and disposed of assets with a net book value amounting to approximately $998,000 (31 December 2021: $148,000).

6. Fixed deposits and cash and cash equivalents

	Group		Company	
	31 December 2022 $'000	30 June 2022 $'000	31 December 2022 $'000	30 June 2022 $'000
Cash on hand	33	35	*	*
Cash at bank	4,330	5,545	333	513
Cash and cash equivalents	4,363	5,580	333	513
Presented on the statements of financial position as:				
Cash and cash equivalents (current)	4,363	5,580	333	513
	4,363	5,580	333	513
Cash and cash equivalents in the statement of cash flows	4,363	5,580	333	513

*Less than S$1,000

7. Trade and other receivables

	Group		Company	
	31 December 2022 $'000	30 June 2022 $'000	31 December 2022 $'000	30 June 2022 $'000
Trade receivables:				
- third parties	5,864	3,696	–	–
Impairment losses	(2)	(14)	–	–
	5,862	3,682	–	–
Other receivables (non-trade):				
- dividend receivables from subsidiaries	–	–	2,250	2,250
- grant receivables	343	364	–	–
Deposits	302	207	–	–
	6,507	4,253	2,250	2,250
Prepayments	205	340	4	47
	6,712	4,593	2,254	2,297

8. Share capital

	Group and Company No. of shares
Issued and fully-paid ordinary shares with no par value:	
As at 30 June 2022	106,000,000
As at 31 December 2022	106,000,000

There was no change in the Company's share capital since 30 June 2022.

The Company did not have any convertible securities, treasury shares and subsidiary holdings as at 31 December 2022, 30 June 2022 and 31 December 2021.

9. Reserves

The reserves of the Group comprise the following balances

	Group		Company	
	31 December 2022 $'000	30 June 2022 $'000	31 December 2022 $'000	30 June 2022 $'000
Capital reserve	200	200	–	–
Merger reserve	(8,701)	(8,701)	–	–
Retained earnings	6,282	8,056	(1,402)	(1,233)
Totals	(2,219)	(445)	(1,402)	(1,233)

Capital reserve

The capital reserve relates to deemed contribution from the Company's shareholders for the acquisition of the subsidiary, Aedge Global Resources Pte Ltd.

Merger reserve

The merger reserve relates to the difference between the consideration paid and the paid-in capital of entities under common control which were acquired by the Group.

Dividends

The Company did not declare dividends during the period from 1 July 2022 to 31 December 2022.

10. Loans and borrowings

	Group	
	31 December 2022 $'000	30 June 2022 $'000
Non-current		
Term loan (secured)	1,044	862
Current		
Term loan (secured)	3,295	3,654
	4,339	4,516

The Group's term loans are secured by corporate guarantees by the Company.

One of the Group's term loans is repayable in monthly instalments between 1 July 2021 to 30 June 2025. Nonetheless, the loan contains a callable clause stating that the bank may at their absolute discretion cancel or withdraw the term loan facility. Accordingly, the term loan with a carrying amount of $1,914,000 (2022: $2,283,000) has been classified as current liabilities.

As at 31 December 2022, an outstanding loan amount of S$723,000 of one of the Group's subsidiaries has been classified as current liabilities, as one of the continuing loan conditions has not been met.

11. Trade and other payables

	Group		Company	
	31 December 2022 $'000	30 June 2022 $'000	31 December 2022 $'000	30 June 2022 $'000
Trade payables:				
- third parties	591	521	–	–
- GST payable	389	223	–	–
Other payables (non-trade):				
- others	29	61	1	1
Customer deposits	434	82	–	–
Deferred income	–	17	–	–
Accrued operating expenses	450	469	78	132
Accrued salaries and wages	1,151	1,175	–	–
	3,044	2,548	79	133

12 Revenue

	For the six months ended December	
	2022	**2021**
	$'000	**$'000**
Revenue from contracts with customers:		
- Engineering services	4,087	3,491
- Transportation services	1,863	2,439
- Security and manpower services	6,829	3,640
	12,779	9,570

13. Loss before tax

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

	For the six months ended 31 December	
	2022	**2021**
	$'000	**$'000**
Other income		
Government grants	271	923
Sundry income	2	9
	273	932
Finance income		
Interest income from:		
- fixed deposit	2	8
Finance expense		
Interest expense on:		
Lease liabilities	(7)	(21)
Loans and borrowings	(73)	(54)
	(80)	(75)
Other significant items:		
Depreciation of property, plant and equipment	(1,081)	(1,178)
(Loss)/gain on disposal of property, plant and equipment	(445)	(82)
Amortisation of intangible assets	(2)	(2)
Writeback on impairment of losses on trade and other receivables	7	5

14. Tax expense

	For the six months ended 31 December	
	2022 $'000	2021 $'000
Current tax expense		
Current period	–	–
Over provision in respect of prior years	–	(2)
Total tax expense	–	(2)

15. Loss per share

	For the six months ended 31 December	
	2022	2021
Basic and diluted loss per share (cents)	(1.67)	(0.35)

The calculation of basic loss per share has been based on the loss attributable to ordinary shareholders and the following weighted-average number of ordinary shares outstanding.

	31 December 2022 No. of shares '000	31 December 2021 No. of shares '000
Weighted-average number of ordinary shares	106,000	106,000

Diluted earnings per share

As at 31 December 2022 and 31 December 2021, there were no outstanding dilutive potential ordinary shares.

16. Operating segments

The Group has the following three strategic divisions, which are its reportable segments. These divisions offer different services, and are managed separately. The Group's Chief Executive Officer (the chief operating decision maker) reviews internal management reports of each division at least quarterly. The following summary describes the operations in each of the Group's reportable segments:

- Engineering services

  Sales and installation of scaffolding equipment, insulation and passive fire protection systems. Provision of workers on contract or ad-hoc basis for engineering services.

- Transportation services

  Provision of bus services for public premium service routes, schools, corporates and ad hoc charters.

- Security and manpower services

  Provision of security services, cleaning services, manpower staffing for aviation technicians.

- Others

  Others relate to unallocated amounts that includes provision of management, treasury and administrative services.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit (loss) before tax, as included in the internal management reports that are reviewed by the Group's CEO. Segment profit (loss) is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Engineering services $'000	Transportation services $'000	Security and manpower services $'000	Total for reportable segments $'000	Others $'000	Inter-segment eliminations $'000	Total $'000
For the six months ended 31 December 2022							
External revenues	4,087	1,863	6,829	12,779	–	–	12,779
Inter-segment revenue	125	2	–	127	–	(127)	–
External cost of sales	(3,334)	(2,532)	(6,125)	(11,991)	–	–	(11,991)
Inter-segment cost of sales	(177)	–	–	(177)	–	177	–
Finance income	–	–	2	2	–	–	2
Finance costs	(37)	(17)	(26)	(80)	–	–	(80)
Depreciation of property, plant and equipment and amortization of intangible assets	(395)	(666)	(20)	(1,081)	(2)	–	(1,083)
Reportable segment profit/(loss) before tax	(99)	(1,419)	582	(936)	(828)	(10)	(1,774)
Other material non-cash items:							
- Gain/(Loss) on disposal of property, plant and equipment	86	(508)	(9)	(431)	–	(14)	(445)
- Writeback on impairment losses on trade and other receivables	7	–	–	7	–	–	7
Capital expenditure	(151)	–	–	(151)	–	–	(151)
As at 31 December 2022							
Reportable segment assets	9,101	8,071	6,493	23,665	13,436	(16,625)	20,476
Reportable segment liabilities	(6,235)	(2,154)	(5,305)	(13,694)	(195)	5,784	(8,105)

	Engineering services $'000	Transportation services $'000	Security and manpower services $'000	Total for reportable segments $'000	Others $'000	Inter-segment eliminations $'000	Total $'000
For the six months ended 31 December 2021							
External revenues	3,491	2,439	3,640	9,570	–	–	9,570
Inter-segment revenue	100	17	–	117	–	(117)	–
External cost of sales	(2,410)	(2,523)	(3,371)	(8,304)	–	–	(8,304)
Inter-segment cost of sales	(93)	–	(3)	(96)	–	96	–
Finance income	–	4	4	8	–	–	8
Finance costs	(11)	(29)	(35)	(75)	–	–	(75)
Depreciation of property, plant and equipment and amortization of intangible assets	(365)	(795)	(18)	(1,178)	(2)	–	(1,180)
Reportable segment profit/(loss) before tax	350	(11)	113	452	(790)	(33)	(371)
Other material non-cash items:							
- Loss on disposal of property, plant and equipment	(70)	–	(12)	(82)	–	–	(82)
- Writeback on impairment losses on trade and other receivables	5	–	–	5	–	–	5
Capital expenditure	(433)	(22)	(3)	(458)	–	–	(458)
As at 31 December 2021							
Reportable segment assets	7,232	11,757	6,155	25,144	14,736	(17,194)	22,686
Reportable segment liabilities	(5,363)	(2,708)	(4,546)	(12,617)	(233)	5,375	(7,475)

Reconciliations of reportable segment revenues, profit or loss, assets and liabilities and other material items to SFRS(I) measures

	For the six months ended 31 December	
	2022	2021
Revenues	**$'000**	**$'000**
Total revenue for reportable segments	12,906	9,687
Elimination of inter-segment revenue	(127)	(117)
Consolidated revenue	12,779	9,570
Cost of sales		
Total cost of sales for reportable segments	(12,168)	(8,400)
Elimination of inter-segment cost of sales	177	96
Consolidated cost of sales	(11,991)	(8,304)
Profit or loss before tax		
Total profit or loss before tax for reportable segments	(936)	452
Elimination of inter-segment profits	(10)	(33)
Unallocated amounts	(828)	(790)
Consolidated profit/(loss) before tax from continuing operations	(1,774)	(371)

	As at 31 December	
	2022	2021
Assets	**$'000**	**$'000**
Total assets for reportable segments	23,665	25,144
Elimination of inter-segment assets	(16,625)	(17,194)
Other unallocated amounts	13,436	14,736
Consolidated total assets	20,476	22,686
Liabilities		
Total liabilities for reportable segments	(13,694)	(12,617)
Elimination of inter-segment liabilities	5,784	5,375
Other unallocated amounts	(195)	(233)
Consolidated total liabilities	(8,105)	(7,475)

Geographical information

The engineering services, transportation services, and security and manpower services are managed in Singapore.

17. Related parties

There were no significant transactions carried out by the Group with its related parties.

18. Subsequent events

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

F. OTHER INFORMATION REQUIRED BY CATALIST LISTING RULE APPENDIX 7C

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

The condensed consolidated statement of financial position of Aedge Group Limited and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 31 December 2022 and certain explanatory notes have not been audited nor reviewed.

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

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

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.

3. 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 December 2022	**30 June 2022**	**31 December 2022**	**30 June 2022**
Net asset value ($'000)	12,371	14,145	13,188	13,357
Number of ordinary shares in issue('000)	106,000	106,000	106,000	106,000
Net asset value per ordinary share (cents)	11.7	13.3	12.4	12.6

4. 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 on 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.

A. Consolidated Statement of Comprehensive Income (1H FY2023 vs 1H FY2022)

Revenue:
Total revenue increased by $3.21 million or 33.5% from $9.57 million in 1H FY2022 to $12.78 million in 1H FY2023. The increase was mainly due to higher revenue from engineering services, and security and manpower services. This was partially offset by a decrease in revenue from transportation services.

Increase in engineering services revenue was due to more contracts being completed in 1H FY2023. Increase in security and manpower services revenue was due mainly to increase in revenue from manpower outsourcing. Transportation services continued to be affected by the issue of shortage in manpower coupled with more contracts having expired in 1HFY2023.

Cost of Sales:
Cost of sales increased by $3.69 million or 44.4% from $8.30 million in 1H FY2022 to $11.99 million in 1H FY2023. The increase was due to an increase in revenue from engineering services as well as security and manpower services that seen a larger increase in manpower cost as compared to before.

Gross Profit:
Due to the under-utilization of bus fleet as well as higher depreciation cost, this has led to the gross profit decreasing by $0.48 million or 37.8% from $1.27 million in 1H FY2022. Consequently, gross profit margins decreased from 13.2% in 1HFY2022 to 6.2% in 1HFY2023.

Other Income:
Other Income decreased from $0.93 million in 1H FY2022 to $0.27 million in 1H FY2023. This was largely attributable to the reduction in government grants as covid restrictions were lifted.

Administrative Expenses:
Administrative expenses decreased slightly from $2.23 million in 1H FY2022 to $2.11 million in 1H FY2023. This was largely attributable to the decrease in management remuneration.

Other Expenses:
Other expenses increased from $0.27 million in 1H FY2022 to $0.64 million in 1H FY2023. This was largely attributable to the losses on disposal of transportation assets.

Finance Costs:
Finance costs increased slightly from $75,000 in 1H FY2022 to $80,000 in 1H FY2023. This was due to the increase in loan borrowings.

B. Consolidated Statement of Financial Position as at 31 December 2022

(1) Non-Current Assets:
Non-current assets decreased to $7.43 million as at 31 December 2022 from $9.41 million as at 30 June 2022, mainly due to depreciation as well as disposal of property, plant and equipment.

(2) Current Assets:
Current assets increased to $13.04 million as at 31 December 2022 from $12.86 million as at 30 June 2022. This was mainly due to increase in trade receivables and inventories, partly offset by the decrease in contract assets and cash and cash equivalents.

(3) Non-Current Liabilities:
Non-current liabilities increased to $1.62 million as at 31 December 2022 from $1.43 million as at 30 June 2022. This was mainly due to increase in non-current loans and borrowings.

(4) Current Liabilities:
Current liabilities decreased to $6.48 million at 31 December 2022 from $6.70 million as at 30 June 2022, mainly due to decrease in loans and borrowings, lease liabilities, partly offset by the increase in trade and other payables.

Decreases in loans and borrowings, and lease liabilities were due to instalment repayments.

C. Consolidated Statement of Cash Flows (1H FY2023)

(1) Net cash used in operating activities in 1H FY2023 amounted to $1.07 million. This was due to a negative operating cash flow before working capital changes of $0.17 million. Net working capital changes amounted to approximately $895,000 mainly due to increases in trade receivables and offset by decrease of contract assets.

(2) Net cash generated from investing activities in 1H FY2023 amounted to $0.40 million. This was mainly due to proceeds from disposal of property, plant and equipment.

(3) Net cash used in financing activities in 1H FY2023 amounted to $0.55 million. This was mainly due to payment of lease liabilities as well as repayment of loans and borrowings.

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

In the full year FY2022 results announced on 26 August 2022, it was stated that "the Group overall results will be affected by the increase in manpower and operating costs, manpower shortages, and any disruptions in supply chain."

The results for the six months ended 31 December 2022 are generally in line with the above statements.

6. 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.

For our Engineering business, Building and Construction Authority ("BCA") anticipates demand for construction across Singapore for 2023 to be stable, driven by the public sector projects such as water treatment plants.[1] Given that our Engineering already has existing track record in this space, we will strive to capture infrastructure projects with good margins.

For our transportation business, the Group expects demand for its transport services to improve, but continued to be challenged with manpower shortages as well as high fuel costs. The Group will look to rationalize the resources in our transportation business, including the right-sizing of our bus fleet when appropriate.

For our security and manpower business, the Group foresees increase cost attributable to the progressive wage model implemented by Ministry by Manpower effective from 1 September 2022. Going forward, the Group will be strategic in the securing of new projects to ensure that the margins are improved.

Operating within this current challenging and uncertain environment, the Group remains focused on its efforts to ride on any improvements in the economic situation, and to improve on its results.

7. Dividend Information

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

No dividend has been recommended.

(b) (i) Amount per share: Not applicable
(ii) Previous corresponding period: not applicable, no dividend was declared in 1H FY2022

(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:

[1] BCA, Construction Demand for 2023 set to be stable, 13 January 2023.

Not applicable.

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

No dividend was declared or recommended for the current reporting period as the Group intends to preserve its cash.

9. 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 disclosable mandate from shareholders for IPTs pursuant to Rule 920(1)(a)(ii) of the Catalist Rules. There were no disclosable interested person transactions for the current financial period under review.

10. 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.

11. Negative confirmation pursuant to Rule 705(5) on Half Year Financial Results

Mr Poh Soon Keng and Mr Hoon Tai Meng, being two directors of the Company, do hereby confirm on behalf of the Board of Directors that, to the best of their knowledge, nothing has come to their attention which may render the half year financial statements ended 31 December 2022 to be false or misleading in any material aspect.

12. Disclosure on acquisition (including incorporations) and realization pursuant to Rule 706A

The Company did not acquire or dispose shares in any companies during the reporting period.

BY ORDER OF THE BOARD

Poh Soon Keng
Executive Chairman and Chief Executive Officer
9 February 2023