



**APAC Realty Limited
and its Subsidiaries
Company Registration No. 201319080C**

Condensed Interim Financial Statements
For the six months ended 30 June 2021



APAC REALTY LIMITED
Company Registration Number: 201319080C

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Condensed Interim Consolidated Income Statement
Six months ended 30 June 2021

	Note	Group		Change
		Six months ended 30 June		%
		2021	2020	
		\$'000	\$'000	
Revenue				
Real estate brokerage fees and related services	4.2	356,474	169,883	109.8
Other revenue	4.2	1,957	2,940	(33.4)
Total Revenue		<u>358,431</u>	<u>172,823</u>	107.4
Items of expense				
Cost of services		323,177	151,152	113.8
Personnel cost		6,396	6,164	3.8
Marketing and promotion expenses		1,676	1,482	13.1
Depreciation of plant and equipment		1,014	273	271.4
Depreciation of right-of-use assets		861	861	–
Amortisation of intangible assets		466	466	–
Allowance for doubtful debt provided (trade)		1,581	898	76.1
Finance costs		402	670	(40.0)
Other operating expenses		2,186	1,789	22.2
Total operating expenses		<u>14,582</u>	<u>12,603</u>	15.7
Costs and Expenses		<u>337,759</u>	<u>163,755</u>	106.3
Operating Profit		20,672	9,068	128.0
Share of results in associates		(294)	–	NM
Profit before tax	5	20,378	9,068	124.7
Income tax expense	6	(3,355)	(1,367)	145.4
Profit for the period		<u>17,023</u>	<u>7,701</u>	121.0
Profit attributable to:				
Owners of the Company		17,046	7,757	119.7
Non-controlling interests (“NCI”)		(23)	(56)	(58.9)
		<u>17,023</u>	<u>7,701</u>	121.0
Earnings per share attributable to the owners of the Company (cents per share)				
Basic and diluted	13	4.80	2.18	120.2

NM - not meaningful

Condensed Interim Consolidated Statement of Comprehensive Income
Six months ended 30 June 2021

	Group		
	Six months ended 30 June		
	2021	2020	Change
	\$'000	\$'000	%
Profit for the period	17,023	7,701	121.0
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	(2)	(32)	(93.8)
Other comprehensive income for the period, net of tax	(2)	(32)	(93.8)
Total comprehensive income for the period	<u>17,021</u>	<u>7,669</u>	121.9
Attributable to:			
Owners of the Company	17,034	7,725	120.5
Non controlling interests	(13)	(56)	(76.8)
	<u>17,021</u>	<u>7,669</u>	121.9

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	73,746	73,918	–	–
Right-of-use assets		2,849	3,710	–	–
Intangible assets	9	97,356	97,719	1,984	2,102
Investment in subsidiaries		–	–	189,957	190,236
Investment in associates		2,281	2,427	2,855	2,661
Other investment		1,055	1,000	500	1,000
Fixed deposits		400	400	400	400
		177,687	179,174	195,696	196,399
Current assets					
Convertible loan		3,587	3,587	–	–
Trade receivables		148,452	79,568	60	75
Other receivables		11,877	11,370	563	534
Unbilled receivables		16,602	10,002	–	–
Amount due from subsidiaries		–	–	16,774	14,142
Tax recoverable		–	–	31	24
Prepaid operating expenses		1,386	2,464	4	22
Cash and bank balances		42,591	35,119	2,718	4,058
		224,495	142,110	20,150	18,855
Total assets		402,182	321,284	215,846	215,254
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals		157,164	90,887	253	408
Other payables		16,081	10,902	–	19
Amount due to subsidiaries		–	–	57,754	55,131
Deferred income		1,417	1,214	–	2
Lease liabilities		1,854	1,879	–	–
Loan and borrowing	10	2,900	2,900	–	–
Provision for taxation		5,097	4,159	–	–
		184,513	111,941	58,007	55,560
Net current assets/(liabilities)		39,982	30,169	(37,857)	(36,705)
Non-current liabilities					
Lease liabilities		833	1,738	–	–
Loan and borrowing	10	47,367	48,817	–	–
Deferred taxation		4,084	4,200	2	–
		52,284	54,755	2	–
Net assets		165,385	154,588	157,837	159,694
Equity attributable to owners of the Company					
Share capital	12	98,946	98,946	98,946	98,946
Foreign currency translation reserve		(126)	(114)	–	–
Accumulated profits		66,750	55,920	58,891	60,748
		165,570	154,752	157,837	159,694
Non-controlling interests		(185)	(164)	–	–
Total equity		165,385	154,588	157,837	159,694

Condensed Interim Consolidated Statement of Cash Flows
Six months ended 30 June 2021

	Group	
	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	20,378	9,068
<u>Adjustments for:</u>		
Allowance for doubtful debts (trade)	1,581	898
Amortisation of intangible assets	466	466
Bad debts recovered	(45)	(30)
Depreciation of property, plant and equipment	1,014	273
Depreciation of right-of-use assets	861	861
Gain on disposal of plant and equipment	(2)	–
Impairment of goodwill	128	–
Write off of other investments	500	–
Write off of investment in associate	–	251
Interest expense	402	670
Interest income	(263)	(268)
Share of results in associate	294	–
Operating cash flows before working capital changes	25,314	12,189
<u>Changes in working capital</u>		
Increase in trade and other receivables	(76,400)	(2,209)
Increase/(Decrease) in trade and other payables	71,619	(3,201)
Cash flows from operations	20,533	6,779
Interest income received	263	268
Interest paid	(334)	(562)
Income taxes paid	(2,535)	(24)
Net cash generated from operating activities	17,927	6,461
Cash flows from investing activities		
Purchase of plant and equipment	(839)	(31)
Proceeds from disposal of plant and equipment	3	–
Acquisition of subsidiary, net of cash acquired	(206)	–
Investment in an associate	(32)	(1,500)
Investment in other investment	(555)	(500)
Loan to an associate	(162)	(129)
Net cash used in investing activities	(1,791)	(2,160)
Cash flows from financing activities		
Repayment of lease liabilities	(998)	(619)
Repayment of loan and borrowings	(1,450)	(1,450)
Payment of dividends	(6,216)	–
Net cash used in financing activities	(8,664)	(2,069)
Net increase in cash and cash equivalents	7,472	2,232
Cash and cash equivalents at beginning of the period	35,119	32,024
Cash and cash equivalents at end of the period	42,591	34,256

Condensed Interim Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total Equity \$'000
As at 1 January 2021	98,946	(114)	55,920	154,752	(164)	154,588
Profit/(loss) for the period	–	–	17,046	17,046	(23)	17,023
Other comprehensive income - Foreign currency translation	–	(12)	–	(12)	10	(2)
Total comprehensive income	–	(12)	17,046	17,034	(13)	17,021
Total contributions by and distributions to owners						
Dividends on ordinary shares	–	–	(6,216)	(6,216)	–	(6,216)
Changes in ownership interests in subsidiaries						
Acquisition of subsidiary with NCI	–	–	–	–	(8)	(8)
As at 30 June 2021	98,946	(126)	66,750	165,570	(185)	165,385
Group	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total Equity \$'000
As at 1 January 2020	98,946	(2)	46,586	145,530	(70)	145,460
Profit/(loss) for the period	–	–	7,757	7,757	(56)	7,701
Other comprehensive income - Foreign currency translation	–	(32)	–	(32)	–	(32)
Total comprehensive income	–	(32)	7,757	7,725	(56)	7,669
As at 30 June 2020	98,946	(34)	54,343	153,255	(126)	153,129

Notes to the Condensed Interim Financial Statements

1 Corporate information

APAC Realty Limited (the “Company”) is a public company limited by shares incorporated and domiciled in Singapore and is listed on the Main Board of the Singapore Exchange Securities Trading Limited. The registered office of the Company and its principal place of business is located at 450 Lorong 6 Toa Payoh, #03-01 ERA APAC Centre, Singapore 319394. These interim consolidated financial statements as at 30 June 2021 and for the six months ended 30 June 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are those relating to investment holding, owning and operating the master franchise rights relating to the “ERA Real Estate” brand for sale and licensing to sub-franchisees in the Asia Pacific Region. The principal activities of the Group are:

- a) real estate brokerage & consultancy services, real estate training to real estate agents and sale of marketing materials;
- b) master franchisee of the “ERA Real Estate” franchise for the territory of Singapore to grant membership of the “ERA” franchise to housing agents;
- c) property management, valuation and consultancy services, conducting training courses, and the publication and distribution of real estate periodicals;
- d) rental of investment property; and
- e) advertising activities and those relating to research and experimental development on IT.

2 Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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

The condensed interim financial statements are presented in Singapore Dollars (SGD or \$), which is the Company’s functional currency, and all values are rounded to the nearest thousand (“\$’000”), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group adopted various new accounting standards, amendments to and interpretations of standards that are effective for annual periods beginning on or after 1 January 2021. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at 31 December 2020 and for the financial year ended 31 December 2020.

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.

2.2 Use of judgements and estimates (cont'd)

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

Note 7 – allowance for expected credit losses of trade receivables

Note 9 – impairment of goodwill

3 Seasonal operations

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

4 Segment and revenue information

The Group is organised into the following main business segments:

- I. Real estate brokerage income – relates to commission and fee income from the brokerage of resale and rental of residential, commercial and industrial properties and new residential projects for sale by various developers.
- II. Rental income – relates to rental income generated from properties, workstations, lockers and furniture.
- III. Others – relate to incentives, referral, professional indemnity insurance and administration fees income, business conference income and miscellaneous income.

These operating segments are reported in a manner consistent with internal reporting provided to chief operating decision maker who monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group income taxes and finance costs are managed on a group basis and are not allocated to operating segments.

The Group did not disclose operating segment assets and liabilities as such measures are not monitored. The Group operates mainly in Singapore with revenue predominantly generated in Singapore. Accordingly, analysis of revenue and assets of the Group by geographical distribution has not been presented.

4.1 Reportable segments

	Real estate brokerage services \$'000	Rental income \$'000	Others \$'000	Eliminations \$'000	Total \$'000
1 January 2021 to 30 June 2021					
Revenue:					
Real estate brokerage fees and related services	353,781	935	2,437	(679)	356,474
Other revenue	59	–	1,898	–	1,957
Total revenue	353,840	935	4,335	(679)	358,431
Segment results	20,217	203	391	–	20,811
Share of results in associates					(294)
Interest income					263
Finance costs					(402)
Profit before tax					20,378
Income tax expense					(3,355)
Profit for the period					17,023
Others:					
Bad debts recovered	45	–	–	–	45
Allowance for doubtful debts provided – trade	(1,553)	(43)	15	–	(1,581)
Depreciation and amortisation	(1,916)	(10)	(415)	–	(2,341)
1 January 2020 to 30 June 2020					
Revenue:					
Real estate brokerage fees and related services	167,216	1,868	1,954	(1,155)	169,883
Other revenue	42	–	2,898	–	2,940
Total revenue	167,258	1,868	4,852	(1,155)	172,823
Segment results	8,380	703	387	–	9,470
Share of results in associates					–
Interest income					268
Finance costs					(670)
Profit before tax					9,068
Income tax expense					(1,367)
Profit for the period					7,701
Others:					
Bad debts recovered	30	–	–	–	30
Allowance for doubtful debts provided - trade	(898)	–	–	–	(898)
Depreciation and amortisation	(1,094)	(10)	(496)	–	(1,600)

4.2 Revenue

Disaggregation of real estate brokerage fees and related services

Major product or service lines	Real estate brokerage income		Others		Total	
	Six months ended 30 June		Six months ended 30 June		Six months ended 30 June	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
Brokerage fees from resale, rental and new home transactions	353,781	167,216	–	–	353,781	167,216
Others	–	–	2,693	2,667	2,693	2,667
	353,781	167,216	2,693	2,667	356,474	169,883
Timing of transfer of goods or services						
At a point in time	353,781	167,216	2,181	1,678	355,962	168,894
Over time	–	–	512	989	512	989
	353,781	167,216	2,693	2,667	356,474	169,883

Other revenue

	Group	
	Six months ended 30 June 2021 \$'000	2020 \$'000
Rental of properties, workstations, lockers and furniture	518	665
Professional indemnity insurance fees	250	200
Incentives, referral and administrative fees	524	267
Government grants	275	900
Interest income from cash at bank and fixed deposits	263	268
Bad debts recovered	45	30
Sundry income	82	610
	1,957	2,940

5 Profit before taxation

Significant items

	Group	
	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
<u>Included in finance costs</u>		
Interest on lease liabilities	(69)	(107)
<u>Included in other operating expenses</u>		
Impairment of goodwill	(128)	–
Write off of investment in associates	–	(251)
Write off of other investments	(500)	–
Foreign exchange gain, net	132	460
Rental expense	(46)	(46)

Related party transactions

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

6 Taxation

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

	Group	
	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
Tax expense recognised in respect of profit for the period		
Current tax	3,554	1,409
Over provision in respect of previous period	(82)	(2)
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	3,472	1,407
Deferred tax provided		
Origination and reversal of temporary differences	(117)	(40)
	<hr/>	<hr/>
Income tax expense	3,355	1,367

7 Financial assets and financial liabilities

	Group		Company	
	30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
Total trade and other receivables	176,931	100,940	17,397	14,751
Less:				
Advances	(10,451)	(10,088)	–	–
Unbilled receivables	(16,602)	(10,002)	–	–
Add:				
Fixed deposits	400	400	400	400
Cash and bank balances	42,591	35,119	2,718	4,058
Total financial assets carried at amortised cost	192,869	116,369	20,515	19,209
Total trade and other payables	173,245	101,789	58,007	55,558
Less: GST payable	(13,280)	(8,680)	(8)	(5)
Add: Lease liabilities	2,687	3,617	–	–
Add: Loan and borrowing	50,267	51,717	–	–
Total financial liabilities carried at amortised cost	212,919	148,443	57,999	55,553

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The carrying amount of trade and other receivables and cash and bank balances represent the Group's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments, within 90 days when they fall due, which are derived based on the Group's historical information.

The Group categorises a loan or receivable for potential write-off when a debtor fails to make contractual payments more than 90 days past due. Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Expected credit losses

There are no significant changes to estimation techniques or assumptions made during the reporting period. The movement in allowance for expected credit losses of trade receivables computed based on lifetime ECL are as follows:

	Group	
	30 June 2021 \$'000	31 December 2020 \$'000
At the beginning of period/year	3,752	3,295
Charge for the period/year	1,581	2,384
Written off	–	(1,927)
Others	91	–
At end of period/year	5,424	3,752

8 Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to \$839,000 (30 June 2020: \$31,000) and disposed assets amounting to \$1,000 (30 June 2020: Nil).

9 Intangible assets

Group	Goodwill \$'000	Franchise rights \$'000	Total \$'000
Cost:			
At 1 January 2020	75,575	29,473	105,048
Additions	128	–	128
At 31 December 2020 and 1 January 2021	75,703	29,473	105,176
Additions	231	–	231
At 30 June 2021	75,934	29,473	105,407
Accumulated amortisation and impairment:			
At 1 January 2020	582	5,943	6,525
Charge for the year	–	932	932
At 31 December 2020 and 1 January 2021	582	6,875	7,457
Charge for the period	–	466	466
Impairment loss	128	–	128
At 30 June 2021	710	7,341	8,051
Net carrying amount:			
At 31 December 2020	75,121	22,598	97,719
At 30 June 2021	75,224	22,132	97,356

Company

	Franchise rights \$'000
Cost:	
At 1 January 2020, 31 December 2020, 1 January 2021 and 30 June 2021	3,816
Accumulated amortisation:	
At 1 January 2020	1,478
Charge for the year	236
At 31 December 2020 and 1 January 2021	1,714
Charge for the period	118
At 30 June 2021	1,832
Net carrying amount:	
At 31 December 2020	2,102
At 30 June 2021	1,984

9 Intangible assets (cont'd)

Goodwill

The carrying amount of goodwill allocated to each CGU as follows:

Group	30 June 2021 \$'000	31 December 2020 \$'000
	Real estate brokerage income	61,345
Membership fee earned in relation to the master franchisee of ERA Singapore	10,311	10,311
Property management, valuation, consultancy, training and related services	3,337	3,337
Membership fee earned in relation to the "Coldwell Banker" franchise	582	582
Others	359	128
	<hr/>	<hr/>
	75,934	75,703
Less: Impairment loss	(710)	(582)
	<hr/>	<hr/>
	75,224	75,121

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections for the remaining useful life, including financial budgets approved by management covering a one-year period. The value in use was determined similarly to the 31 December 2020 goodwill impairment and was based on key assumptions in relation to pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the one-year period as follows:

	30 June 2021	31 December 2020
Growth rate	1.2% - 1.7%	1.2% - 1.7%
Discount rate	9% - 10%	9% - 10%

Impairment

During the six months ended 30 June 2021, the Group has assessed that the recoverable amount of goodwill relating to the "Others" CGU was lower than its carrying amount and has recognised impairment loss of \$128,000. The carrying amount of this CGU is fully impaired and any adverse change in a key assumption will not result in further impairment. The remaining "Others" CGU with carrying amount of \$231,000 relates to the goodwill allocated to the new subsidiary acquired by the Group during the period (Note 15).

Franchise rights

Franchise rights is held for the exclusive right of use of the brand names being "ERA" and "Coldwell Banker".

The Group acquired exclusive ERA Regional Master franchise right for certain countries in the Asia Pacific region for an initial term of 30 years from 19 November 1999, which expires in 2029. The Group has the option to renew the regional master franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 30 June 2021, the carrying amount of the ERA franchise right in Asia Pacific region is \$1,984,000 (31 December 2020: \$2,102,000) and has remaining amortisation period of 8 years (31 December 2020: 9 years).

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expires in 2020. It includes a renewal clause for an additional successive 30 years, which the Group has renewed upon its expiry for additional 30 years with no additional cost in accordance to the franchise agreement. As at 30 June 2021, the carrying amount of the ERA Singapore Subfranchise right is \$20,148,000 (31 December 2020: \$20,494,000) and has remaining amortisation period of 29 years (31 December 2020: 30 years).

In addition, the Group has the Coldwell Banker franchise right for an initial term of 30 years from 16 October 1998, which expires in 2028. The Group has the option to renew the franchise agreement for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 30 June 2021, the carrying amount of the Coldwell Banker Franchise right is \$1,000 (31 December 2020: \$1,000) and has remaining amortisation period of 7 years (31 December 2020: 8 years).

10 Loan and borrowing

	Group	
	30 June 2021	31 December 2020
	\$'000	\$'000
Current:		
SGD loan at Compounded SORA + 1.15% p.a.	2,900	2,900
Non-current:		
SGD loan at Compounded SORA + 1.15% p.a.	47,367	48,817
Total	50,267	51,717

The loan is secured by way of a first legal mortgage over the Group's property at 450 Lorong 6 Toa Payoh, Singapore 319394 and a corporate guarantee from the Company.

The loan bears interest at the prevailing 3-month Compounded SORA plus 1.15% per annum for the first 3 years effective from 19 October 2020 and 3-month Compounded SORA plus 4.00% per annum thereafter. The loan is repayable over 59 equal monthly instalments of \$241,667 per month with a final bullet principal payment of \$43,741,647 on the final maturity date, 19 October 2023. The first monthly instalment repayment of the loan was on 19 November 2018.

11 Dividends

	Group and Company	
	Six months ended 30 June 2021	2020
	\$'000	\$'000
Declared and paid during the financial period:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2020: 1.75 cents per share	6,216	-
	6,216	-
Proposed but not recognised as a liability as at 30 June:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:</i>		
- Final exempt (one-tier) dividend for 2019: 1.25 cents per share	-	4,440
	-	4,440

12 Share capital

	Group and Company			
	30 June 2021		31 December 2020	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At beginning and end of period	355,198	98,946	355,198	98,946

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 June 2021 and 31 December 2020.

13 Earnings per share

	Group	
	Six months ended 30 June	
	2021	2020
	\$'000	\$'000
Profit for the period attributable to owners of the Company	17,046	7,757
	No of shares	No of shares
	'000	'000
Weighted average number of ordinary shares for earnings per share computation	355,198	355,198

14 Net asset value

	Group		Company	
	30 June	31 December	30 June	31 December
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Net asset value per ordinary share	46.6	43.6	44.4	45.0

15 Acquisition of subsidiary

On 1 June 2021, the Group has acquired 99.99% of the issued share capital of ERA Property Network Co., Ltd, a company incorporated in Thailand. The fair value of the identifiable assets and liabilities of ERA Property Network Co., Ltd as of the date of acquisition were:

	Fair value recognised on acquisition \$'000
Assets	
Plant and equipment	5
Other receivables	4
Cash and cash equivalents	5
Total assets	<u>14</u>
Liabilities	
Other payables	<u>(42)</u>
Total liabilities	<u>(42)</u>
Total identifiable net liabilities at fair value	<u>(28)</u>
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	8
Goodwill on acquisition	<u>231</u>
Purchase consideration transferred, settled in cash	<u>211</u>

16 Subsequent events

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

Other Information Required by Listing Rule Appendix 7.2

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

The condensed interim consolidated statements of financial position of APAC Realty Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2021 and the related condensed interim consolidated income statement, statement of comprehensive income, statement of cashflows and statement of changes in equity for the six months ended 30 June 2021, and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

2. Where the figures have been audited or reviewed, the auditors’ report (including any qualifications or emphasis of matter).

Not applicable.

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

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

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

Not applicable.

3 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 period reported on.

Income statement

Revenue derived from our real estate brokerage services include brokerage income from the brokerage of (a) resale and rental of residential, commercial and industrial properties and (b) new home sales. Revenue from real estate related services include merchandise sales, training fees from courses conducted, property valuation fees, property management fees, consultancy services fees, franchise fees and rental income from investment property. Other revenue refers to interest income, rental income from office spaces and workstations, business conference income, referral fee income and sundry income.

Six months ended 30 June 2021 (“1H2021”) vs Six months ended 30 June 2020 (“1H2020”)

	1H2021	1H2020	Change
	\$’000	\$’000	(%)
Total revenue	358,431	172,823	107.4
Cost of services	323,177	151,152	113.8
Gross Profit	35,254	21,671	62.7

Revenue

Revenue from real estate brokerage fees and related services increased by approximately \$186.6 million or 109.8%, from \$169.9 million in 1H2020 to \$356.5 million in 1H2021 following an increase in property transactions completed during the period. The increase in brokerage income is contributed by the following:

- a) resale and rental of properties of \$107.2 million or 95.0%, from \$112.9 million in 1H2020 to \$220.1 million in 1H2021; and
- b) new home sales of \$79.4 million, from \$54.3 million in 1H2020 to \$133.7 million in 1H2021.

Other revenue decreased by approximately \$0.9 million or 31.0%, from \$2.9 million in 1H2020 to \$2.0 million in 1H2021 mainly due to the decrease in government grant income under Jobs Support Scheme of \$0.6 million and decrease in rental income of \$0.2 million.

- 3 **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 period reported on (cont'd).**

Income statement (cont'd)

Cost of services

Cost of services increased by approximately \$172.0 million or 113.8%, from \$151.2 million in 1H2020 to \$323.2 million in 1H2021, in line with the increase in revenue from real estate brokerage fees and related services.

Gross profit

Gross profit increased by approximately \$13.6 million or 62.7%, from \$21.7 million in 1H2020 to \$35.3 million in 1H2021. This was largely attributed to the increase in contribution from both the resale and rental of properties, and new home sales.

Operating expenses

Personnel cost increased by approximately \$0.2 million or 3.8%, from \$6.2 million in 1H2020 to \$6.4 million in 1H2021 mainly due to higher provision for staff bonus because of the better results in 1H2021.

Marketing and promotion expenses increased by approximately \$0.2 million or 13.1%, from \$1.5 million in 1H2020 to \$1.7 million in 1H2021 due to increase in marketing activities carried out in 1H2021.

Depreciation of plant and equipment increased by \$0.7 million, from \$0.3 million in 1H2020 to \$1.0 million in 1H2021 due to the depreciation of ERA APAC Centre. The building was reclassified from investment property to property, plant and equipment in the fourth quarter of 2020 ("4Q2020").

Depreciation of right-of-use assets was approximately \$0.9 million for both 1H2021 and 1H2020.

Amortisation of intangible assets was approximately \$0.5 million for both 1H2021 and 1H2020.

Allowance for doubtful debts (trade) increased by approximately \$0.7 million or 77.8%, from \$0.9 million in 1H2020 to \$1.6 million in 1H2021 mainly due to higher general provision made on expected credit loss as a result of higher trade receivables as at 30 June 2021.

Finance costs of approximately \$0.4 million in 1H2021 (1H2020: \$0.7 million) comprised mainly interest expense from bank borrowings. The decrease is in line with the lower bank borrowings in 1H2021 due to loan repayments over time and lower bank interest rates ranging from 1.26% to 1.33% p.a. in 1H2021 (1H2020: 1.27% to 2.65% pa).

Other operating expenses increased by approximately \$0.4 million or 22.2%, from \$1.8 million in 1H2020 to \$2.2 million in 1H2021 mainly due to lower unrealised exchange gain of \$0.3 million.

Overall, total operating expenses increased by approximately \$2.0 million or 15.7%, from \$12.6 million in 1H2020 to \$14.6 million in 1H2021.

Profit before tax

As a result of the foregoing, profit before tax increased by approximately \$11.3 million, from \$9.1 million in 1H2020 to \$20.4 million in 1H2021.

Tax expense

Tax expense increased by approximately \$2.0 million, from \$1.4 million in 1H2020 to \$3.4 million in 1H2021. The increase was mainly due to the higher taxable income in 1H2021.

Profit for the period

As a result of the foregoing, profit for the period increased by approximately \$9.3 million or 121.0%, from \$7.7 million in 1H2020 to \$17.0 million in 1H2021.

- 3 **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 period reported on (cont'd).**

Statement of Financial Position

30 June 2021 vs 31 December 2020

Non-current assets

The Group's total non-current assets amounted to approximately \$177.7 million and \$179.2 million as at 30 June 2021 and 31 December 2020 respectively. The decrease of approximately \$1.5 million or 0.8% was mainly due to depreciation of plant and equipment, depreciation of right-of-use assets, as well as amortisation of intangible assets for a total of \$2.3 million, partially offset by purchase of plant and equipment which amounted to \$0.8 million in 1H2021.

Current assets

Trade receivables amounted to approximately \$148.5 million and \$79.6 million as at 30 June 2021 and 31 December 2020 respectively. The increase of approximately \$68.9 million or 86.6% was mainly due to the higher brokerage revenue invoiced in second quarter of 2021 ("2Q2021") of \$203.1 million as compared to 4Q2020 of \$134.5 million.

Other receivables amounted to approximately \$11.9 million and \$11.4 million as at 30 June 2021 and 31 December 2020 respectively. The increase of approximately \$0.5 million or 4.4% was mainly due to the interest receivable and unrealised exchange gain on the grant of loans to PT Realti Jaya Abadi in 2019.

Unbilled receivables amounted to approximately \$16.6 million and \$10.0 million as at 30 June 2021 and 31 December 2020 respectively. This relates to brokerage fees arising from new home sales where services are deemed rendered but not invoiced yet at the respective dates.

Prepaid operating expenses amounted to approximately \$1.4 million and \$2.5 million as at 30 June 2021 and 31 December 2020 respectively. The decrease of \$1.1 million was mainly due to the recognition of expenses in 1H2021.

Cash and bank balances increased by approximately \$7.5 million or 21.4%, from \$35.1 million as at 31 December 2020 to \$42.6 million as at 30 June 2021.

As a result of the foregoing, total current assets increased by approximately \$82.4 million or 58.0%, from \$142.1 million as at 31 December 2020 to \$224.5 million as at 30 June 2021.

Non-current liabilities

The Group's total non-current liabilities decreased from \$54.8 million as at 31 December 2020 to \$52.3 million as at 30 June 2021. The decrease of \$2.5 million or 4.6% was mainly due to the repayment of loan and borrowing of \$1.5 million and lease liabilities of \$1.0 million in 1H2021.

Current liabilities

Trade payables and accruals amounted to approximately \$157.2 million and \$90.9 million as at 30 June 2021 and 31 December 2020 respectively. The increase of approximately \$66.3 million or 72.9% was due to an increase in commission payables which corresponds with the higher trade receivables.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately \$16.1 million and \$10.9 million as at 30 June 2021 and 31 December 2020 respectively. The increase of approximately \$5.2 million or 47.7% was mainly due to higher GST payable as a result of the higher brokerage revenue invoiced in 2Q2021 as compared to 4Q2020.

Deferred income amounted to approximately \$1.4 million and \$1.2 million as at 30 June 2021 and 31 December 2020 respectively. The increase of approximately \$0.2 million or 16.7% was mainly due to the collections for the annual business conference scheduled to be held in 2021 but has since been deferred indefinitely.

Lease liabilities represent the current portion of the lease obligations and remained stable at \$1.9 million as at 30 June 2021 and 31 December 2020.

- 3 **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 period reported on (cont'd).**

Statement of Financial Position (cont'd)

Current liabilities (cont'd)

Provision for taxation amounted to approximately \$5.1 million and \$4.2 million as at 30 June 2021 and 31 December 2020 respectively. The increase of approximately \$0.9 million or 21.4% was mainly due to higher income tax provided for 1H2021 as a result of higher taxable income.

As a result of the foregoing, total current liabilities increased by approximately \$72.6 million or 64.9%, from \$111.9 million as at 31 December 2020 to \$184.5 million as at 30 June 2021.

Equity attributable to the owners of the Company

The equity attributable to the owners of the Company increased by approximately \$10.8 million or 7.0%, from \$154.8 million as at 31 December 2020 to \$165.6 million as at 30 June 2021. The increase was mainly attributable to the net profit of \$17.0 million for 1H2021, partially offset by a dividend payment of \$6.2 million in May 2021.

Statement of Cash Flows

1H2021 vs 1H2020

Net cash generated from operating activities was approximately \$17.9 million in 1H2021 as compared to approximately \$6.5 million in 1H2020. The increase of \$11.4 million was mainly due to the higher operating profit of \$20.7 million in 1H2021 as compared to \$9.1 million in 1H2020.

Net cash used in investing activities was approximately \$1.8 million and \$2.2 million in 1H2021 and 1H2020 respectively. The decrease of \$0.4 million was mainly due to the lower investment in associates, partially offset by the higher purchase of plant and equipment in 1H2021 as compared to 1H2020.

Net cash used in financing activities was approximately \$8.7 million and \$2.1 million in 1H2021 and 1H2020 respectively. The increase of \$6.6 million was mainly due to a dividend payment of \$6.2 million in 1H2021 (1H2020: Nil).

As a result of the foregoing, there was a net increase in cash and cash equivalents of approximately \$7.5 million for 1H2021, higher than the increase of approximately \$2.2 million in 1H2020. Cash and cash equivalents stood at \$42.6 million as at 30 June 2021.

4 **Use of Proceeds Raised From IPO**

Purpose	Balance of Net Proceeds (as announced on 13 January 2021) (S\$'000)	Net Proceeds Utilised as at 12 August 2021 (S\$'000)	Balance of Net Proceeds as at 12 August 2021 (S\$'000)
Enhancing technological capabilities	3,982	–	3,982
Refurbishment of ERA APAC Centre	1,250	–	1,250
	<u>5,232</u>	<u>–</u>	<u>5,232</u>

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

The Company did not make any prospect statement previously.

6 A commentary at the date of this 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.

Despite the on-going Covid-19 pandemic and the restrictions on real estate business during the Phase 2 and 3 Heightened Alert periods in 1H2021, the Group has performed better for 1H2021 as compared to 1H2020 as there was a Circuit Breaker period of 2 months last year.

The Singapore residential property market continues to be very active in 1H2021, as developers sold 7,601 private residential units (including ECs), an increase of 18.5% from 6,417 units sold in 2H2020 (6 months ended 31 December 2020). The private residential resale market recorded sales of 10,090 units, an increase of 28.4% from 7,856 units sold in 2H2020. However, the HDB resale market reported a slight decline of 5.1% to 14,644 units in 1H2021 from 15,429 units in 2H2020.

The vacancy rate of completed private residential units has decreased from 7.0% as at 31 December 2020 to 6.3% as at 30 June 2021. Apart from the 21,055 unsold units (including ECs) with planning approval as at 30 June 2021, there is a potential supply of 6,700 units (including ECs) from Government Land Sales sites that have not been granted planning approval yet.

In addition to enhancing its business in Singapore, the Group has continued to focus on its regional presence in ASEAN. The Group continues to monitor the developments of its investments in Indonesia, Thailand, Vietnam and Malaysia given the prevailing Covid-19 pandemic and is cautiously optimistic on the recovery of their respective economies as each country's vaccination programmes are being carried out in the second half of 2021.

7 Dividend

(a) Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount	3.5 cents per ordinary share
Tax Rate	Tax Exempt

Name of Dividend	Special
Dividend Type	Cash
Dividend Amount	3.0 cents per ordinary share
Tax Rate	Tax Exempt

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

Yes.

Name of Dividend	Interim
Dividend Type	Cash
Dividend Amount	0.75 cents per ordinary share
Tax Rate	Tax Exempt

(c) Date payable

Payment of interim and special dividend will be made on 9 September 2021.

7 Dividend (cont'd)

(d) Record date

Notice is hereby given that the Transfer Book and Register of Members of the Company will be closed from 5.00 p.m. (Singapore time) on 31 August 2021 for the preparation of dividend warrants for the interim and special dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623, up to the close of business at 5.00 p.m. (Singapore time) on 31 August 2021 will be registered to determine shareholders' entitlements to the interim and special dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. (Singapore time) on 31 August 2021 will be entitled to the interim and special dividend.

8 If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

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

Not applicable as the Group does not have in place a general mandate for interested person transactions.

10 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the Listing Manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 under Rule 720(1) of the SGX Listing Manual.

11 Confirmation Pursuant to the Rule 705(5) of the Listing Manual

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the six months ended 30 June 2021 unaudited financial results to be false or misleading in any material respect.

12 Additional information required Pursuant to the Rule 706A of the Listing Manual

Acquisition of equity interest in PT ERA Graharealty Tbk ("ERA Indonesia")

The Company, through its subsidiary, APAC Investment 2 Pte Ltd, has on 23 June 2021, subscribed for 49,773,900 new ordinary shares in ERA Indonesia during its initial public offering for S\$0.56 million, which represents 5.24% of the enlarged share capital of ERA Indonesia. For more information, please refer to the announcement dated 11 August 2021.

Acquisition of equity interest in ERA Property Network Co., Ltd ("EPN")

The Company, through its Thailand subsidiary, ERA Holding (Thailand) Co., Ltd, has on 10 May 2021, entered into a Sale & Purchase of Shares Agreement with the existing shareholders of EPN, a company incorporated in Thailand, to acquire 49,998 ordinary shares (which represents 99.99% of the share capital of ERA PN) for S\$0.2 million. For more information, please refer to the announcement dated 11 August 2021.

BY ORDER OF THE BOARD

Chua Khee Hak
Executive Chairman
12 August 2021