



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

Condensed Interim Financial Statements
For the six months and full year ended 31 December 2022



APAC REALTY LIMITED
Company Registration Number: 201319080C

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Condensed Interim Consolidated Income Statement
Six months and full year ended 31 December 2022

	Note	Six months ended 31		Group		Twelve months ended 31		Change %
		December		Change %	December		Change %	
		2022 \$'000	2021 \$'000		2022 \$'000	2021 \$'000		
Revenue								
Real estate brokerage fees and related services	4.2	360,005	378,895	(5.0)	700,363	735,369	(4.8)	
Other revenue	4.2	2,396	2,424	(1.2)	4,642	4,381	6.0	
Total Revenue		<u>362,401</u>	<u>381,319</u>	(5.0)	<u>705,005</u>	<u>739,750</u>	(4.7)	
Costs and Expenses								
Cost of services		324,363	341,166	(4.9)	631,625	664,343	(4.9)	
Personnel cost		10,316	8,676	18.9	18,030	15,072	19.6	
Marketing and promotion expenses		2,883	2,016	43.0	4,275	3,692	15.8	
Depreciation of property, plant and equipment		1,306	1,051	24.3	2,445	2,065	18.4	
Depreciation of right-of-use assets		675	861	(21.6)	1,536	1,722	(10.8)	
Amortisation of intangible assets		473	466	1.5	940	932	0.9	
Allowance for doubtful debt provided (trade)		1,933	2,292	(15.7)	3,113	3,873	(19.6)	
Fair value loss on convertible loan		3,135	–	NM	3,135	–	NM	
Finance costs		624	372	67.7	982	774	26.9	
Other operating expenses		3,865	2,072	86.5	6,161	4,258	44.7	
Total operating expenses		<u>25,210</u>	<u>17,806</u>	41.6	<u>40,617</u>	<u>32,388</u>	25.4	
Costs and Expenses		<u>349,573</u>	<u>358,972</u>	(2.6)	<u>672,242</u>	<u>696,731</u>	(3.5)	
Operating Profit		12,828	22,347	(42.6)	32,763	43,019	(23.8)	
Share of results in associates		(145)	(106)	36.8	118	(400)	NM	
Profit before tax	5	12,683	22,241	(43.0)	32,881	42,619	(22.8)	
Income tax expense	6	(2,796)	(3,970)	(29.6)	(6,447)	(7,325)	(12.0)	
Profit for the period		<u>9,887</u>	<u>18,271</u>	(45.9)	<u>26,434</u>	<u>35,294</u>	(25.1)	
Profit attributable to:								
Owners of the Company		9,866	18,343	(46.2)	26,556	35,389	(25.0)	
Non-controlling interests ("NCI")		21	(72)	NM	(122)	(95)	28.4	
		<u>9,887</u>	<u>18,271</u>	(45.9)	<u>26,434</u>	<u>35,294</u>	(25.1)	
Earnings per share attributable to the owners of the Company (cents per share)								
Basic and diluted	13	2.78	5.16	(46.2)	7.48	9.96	(24.9)	

NM - not meaningful

Condensed Interim Consolidated Statement of Comprehensive Income
Six months and full year ended 31 December 2022

	Six months ended 31 December		Group		Twelve months ended 31 December		Change %
	2022 \$'000	2021 \$'000	Change %	2022 \$'000	2021 \$'000	Change %	
Profit for the period	9,887	18,271	(45.9)	26,434	35,294	(25.1)	
Other comprehensive income							
Items that will not be classified to profit or loss:							
Equity instruments at fair value through other comprehensive income ("FVOCI") – net change in fair value	12	(16)	NM	–	(16)	NM	
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation	(388)	112	NM	(337)	110	NM	
Other comprehensive income for the period, net of tax	<u>(376)</u>	<u>96</u>	NM	<u>(337)</u>	<u>94</u>	NM	
Total comprehensive income for the period	<u>9,511</u>	<u>18,367</u>	(48.2)	<u>26,097</u>	<u>35,388</u>	(26.3)	
Attributable to:							
Owners of the Company	9,541	18,432	(48.2)	26,261	35,466	(26.0)	
Non controlling interests	<u>(30)</u>	<u>(65)</u>	(53.8)	<u>(164)</u>	<u>(78)</u>	NM	
	<u>9,511</u>	<u>18,367</u>	(48.2)	<u>26,097</u>	<u>35,388</u>	(26.3)	

NM - not meaningful

Condensed Interim Statements of Financial Position

	Note	Group		Company	
		31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
ASSETS					
Non-current assets					
Property, plant and equipment	8	73,858	72,848	–	–
Right-of-use assets		230	1,988	–	–
Intangible assets	9	103,502	96,890	1,629	1,866
Investment in subsidiaries		–	–	189,773	189,943
Investment in associates		2,175	2,360	2,693	2,950
Other investments		–	789	–	250
Deferred tax assets		85	–	–	–
Fixed deposits		400	400	400	400
		180,250	175,275	194,495	195,409
Current assets					
Convertible loan		–	3,587	–	–
Trade receivables		151,008	120,792	51	63
Other receivables		2,366	12,852	430	554
Unbilled receivables		2,093	17,993	–	–
Amount due from subsidiaries		–	–	13,217	15,297
Tax recoverable		34	–	34	–
Prepaid operating expenses		2,869	1,686	13	14
Cash and bank balances		49,274	53,665	3,015	6,632
		207,644	210,575	16,760	22,560
Total assets		387,894	385,850	211,255	217,969
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables and accruals		155,944	147,717	297	456
Other payables		13,170	14,045	–	–
Amount due to subsidiaries		–	–	65,766	52,312
Deferred income		1,423	1,299	–	–
Lease liabilities		118	1,694	–	–
Loan and borrowing	10	45,917	2,900	–	–
Provision for taxation		6,753	7,481	–	15
		223,325	175,136	66,063	52,783
Net current (liabilities)/assets		(15,681)	35,439	(49,303)	(30,223)
Non-current liabilities					
Lease liabilities		19	44	–	–
Loan and borrowing	10	–	45,917	–	–
Employee benefits		343	–	–	–
Deferred taxation		4,012	4,089	–	–
		4,374	50,050	–	–
Net assets		160,195	160,664	145,192	165,186
Equity attributable to owners of the Company					
Share capital	12	98,946	98,946	98,946	98,946
Fair value reserve		–	(16)	–	–
Foreign currency translation reserve		(316)	(21)	–	–
Accumulated profits		61,517	62,005	46,246	66,240
		160,147	160,914	145,192	165,186
Non-controlling interests (“NCI”)		48	(250)	–	–
Total equity		160,195	160,664	145,192	165,186

Condensed Interim Consolidated Statement of Cash Flows
Full year ended 31 December 2022

	Group	
	Twelve months ended 31 December	
	2022	2021
	\$'000	\$'000
Cash flows from operating activities		
Profit before tax	32,881	42,619
<u>Adjustments for:</u>		
Allowance for doubtful debts (trade)	3,113	3,873
Amortisation of intangible assets	940	932
Bad debts recovered	(157)	(161)
Depreciation of property, plant and equipment	2,445	2,065
Depreciation of right-of-use assets	1,536	1,722
Loss on disposal of plant and equipment	9	88
Impairment of goodwill	–	128
Write off of other investments	250	745
Write off of loan to associate	289	–
Gain on disposal of associate	(591)	–
Loss on subsidiaries being struck off	164	–
Fair value loss on convertible loan	3,135	–
Interest expense	982	774
Interest income	(497)	(521)
Share of results in associates	(118)	400
Operating cash flows before working capital changes	44,381	52,664
<u>Changes in working capital</u>		
Increase in trade and other receivables	(7,868)	(53,570)
Increase in trade and other payables	6,760	60,015
Cash flows from operations	43,273	59,109
Interest income received	497	521
Interest paid	(946)	(657)
Income taxes paid	(7,466)	(4,115)
Net cash generated from operating activities	35,358	54,858
Cash flows from investing activities		
Purchase of plant and equipment	(2,302)	(1,081)
Proceeds from disposal of plant and equipment	29	3
Acquisition of subsidiary, net of cash acquired	(6,742)	(206)
Investment in associates	–	(32)
Other investments	–	(539)
Loan to an associate	–	(257)
Proceeds from disposal of an associate	542	–
Net cash used in investing activities	(8,473)	(2,112)
Cash flows from financing activities		
Repayment of lease liabilities	(1,736)	(1,996)
Repayment of loan and borrowing	(2,900)	(2,900)
Payment of dividends	(26,640)	(29,304)
Net cash used in financing activities	(31,276)	(34,200)
Net (decrease)/increase in cash and cash equivalents	(4,391)	18,546
Cash and cash equivalents at beginning of the year	53,665	35,119
Cash and cash equivalents at end of the year	49,274	53,665

Condensed Interim Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Fair value reserve \$'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 2022	98,946	(16)	(21)	62,005	160,914	(250)	160,664
Profit/(loss) for the year	–	–	–	26,556	26,556	(122)	26,434
Other comprehensive income							
- Deemed disposal of equity investments at FVOCI	–	16	–	(16)	–	–	–
- Foreign currency translation	–	–	(295)	–	(295)	(42)	(337)
Total comprehensive income	–	16	(295)	26,540	26,261	(164)	26,097
Total contributions by and distributions to owners							
Dividends on ordinary shares	–	–	–	(26,640)	(26,640)	–	(26,640)
Total changes in ownership interests in subsidiaries							
Acquisition of subsidiary with NCI	–	–	–	–	–	493	493
Acquisition of NCI without change in control	–	–	–	(388)	(388)	(187)	(575)
Strike off of subsidiary with NCI	–	–	–	–	–	156	156
As at 31 December 2022	98,946	–	(316)	61,517	160,147	48	160,195

Condensed Interim Consolidated Statement of Changes in Equity (cont'd)

Group	Share capital \$'000	Fair value reserve \$'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 year	–	–	–	35,389	35,389	(95)	35,294
Other comprehensive income							
- Equity instruments at FVOCI – net change in fair value	–	(16)	–	–	(16)	–	(16)
- Foreign currency translation	–	–	93	–	93	17	110
Total comprehensive income	–	(16)	93	35,389	35,466	(78)	35,388
Total contributions by and distributions to owners							
Dividends on ordinary shares	–	–	–	(29,304)	(29,304)	–	(29,304)
Total changes in ownership interests in subsidiaries							
Acquisition of subsidiary with NCI	–	–	–	–	–	(8)	(8)
Issuance of new shares of subsidiary to NCI	–	–	–	–	–	–*	–*
As at 31 December 2021	98,946	(16)	(21)	62,005	160,914	(250)	160,664

* Less than \$1,000

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, ERA APAC Centre, Singapore 319394. These interim consolidated financial statements as at 31 December 2022 and for the six months ended 31 December 2022 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 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period 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)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 Going concern

As at 31 December 2022, the Group was in a net current liabilities position of \$15.7 million. This was due to the classification of the Group’s bank loan of \$45.9 million as current liabilities as the final maturity date of the bank loan is on 19 October 2023. In December 2022, the Group has refinanced the bank loan by entering into a facility agreement with the same bank and the new bank loan will be a five year loan that will start from 19 October 2023. As such, the condensed interim financial statements have been prepared on a going concern basis. The Board of Directors and management of the Company have assessed that it is appropriate to do so as the Group has secured the refinancing of the bank loan and the appropriate classification of the bank loan will be made once the new bank loan is drawn on 19 October 2023.

2.2 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 2022. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.3 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 2021 and for the financial year ended 31 December 2021.

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.

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 July 2022 to 31 December 2022					
Revenue:					
Real estate brokerage fees and related services	356,941	1,094	3,025	(1,055)	360,005
Other revenue	188	1	2,207	–	2,396
Total revenue	357,129	1,095	5,232	(1,055)	362,401
Segment results	16,760	(117)	(3,408)	–	13,235
Share of results in associates					(145)
Interest income					217
Finance costs					(624)
Profit before tax					12,683
Income tax expense					(2,796)
Profit for the period					9,887
Others:					
Bad debts recovered	132	–	–	–	132
Allowance for doubtful debts provided – trade	(1,959)	–	26	–	(1,933)
Depreciation and amortisation	(1,836)	(156)	(462)	–	(2,454)
1 July 2021 to 31 December 2021					
Revenue:					
Real estate brokerage fees and related services	376,326	937	2,482	(850)	378,895
Other revenue	133	1	2,290	–	2,424
Total revenue	376,459	938	4,772	(850)	381,319
Segment results	21,282	146	1,033	–	22,461
Share of results in associates					(106)
Interest income					258
Finance costs					(372)
Profit before tax					22,241
Income tax expense					(3,970)
Profit for the period					18,271
Others:					
Bad debts recovered	116	–	–	–	116
Allowance for doubtful debts provided - trade	(2,343)	74	(23)	–	(2,292)
Depreciation and amortisation	(1,942)	(15)	(421)	–	(2,378)

4.1 Reportable segments (cont'd)

	Real estate brokerage services \$'000	Rental income \$'000	Others \$'000	Eliminations \$'000	Total \$'000
1 January 2022 to 31 December 2022					
Revenue:					
Real estate brokerage fees and related services	695,224	2,184	5,052	(2,097)	700,363
Other revenue	237	1	4,404	–	4,642
Total revenue	695,461	2,185	9,456	(2,097)	705,005
Segment results	36,571	(135)	(3,188)	–	33,248
Share of results in associates					118
Interest income					497
Finance costs					(982)
Profit before tax					32,881
Income tax expense					(6,447)
Profit for the year					26,434
Others:					
Bad debts recovered	157	–	–	–	157
Allowance for doubtful debts provided – trade	(3,137)	19	5	–	(3,113)
Depreciation and amortisation	(3,806)	(241)	(874)	–	(4,921)
1 January 2021 to 31 December 2021					
Revenue:					
Real estate brokerage fees and related services	730,107	1,872	4,919	(1,529)	735,369
Other revenue	192	1	4,188	–	4,381
Total revenue	730,299	1,873	9,107	(1,529)	739,750
Segment results	41,499	349	1,424	–	43,272
Share of results in associates					(400)
Interest income					521
Finance costs					(774)
Profit before tax					42,619
Income tax expense					(7,325)
Profit for the year					35,294
Others:					
Bad debts recovered	161	–	–	–	161
Allowance for doubtful debts provided – trade	(3,896)	31	(8)	–	(3,873)
Depreciation and amortisation	(3,858)	(25)	(836)	–	(4,719)

4.2 Revenue

Disaggregation of real estate brokerage fees and related services

	Real estate brokerage income		Others		Total	
	Six months ended		Six months ended		Six months ended	
	31 December		31 December		31 December	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Major product or service lines						
Brokerage fees from resale, rental and new home transactions	356,941	376,327	–	–	356,941	376,327
Others	–	–	3,064	2,568	3,064	2,568
	356,941	376,327	3,064	2,568	360,005	378,895
Timing of transfer of goods or services						
At a point in time	356,941	376,327	2,526	1,837	359,467	378,164
Over time	–	–	538	731	538	731
	356,941	376,327	3,064	2,568	360,005	378,895
Real estate brokerage income						
Twelve months ended		Others		Total		
Twelve months ended		Twelve months ended		Twelve months ended		
31 December		31 December		31 December		
2022	2021	2022	2021	2022	2021	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Major product or service lines						
Brokerage fees from resale, rental and new home transactions	695,224	730,108	–	–	695,224	730,108
Others	–	–	5,139	5,261	5,139	5,261
	695,224	730,108	5,139	5,261	700,363	735,369
Timing of transfer of goods or services						
At a point in time	695,224	730,108	3,961	4,018	699,185	734,126
Over time	–	–	1,178	1,243	1,178	1,243
	695,224	730,108	5,139	5,261	700,363	735,369

4.2 Revenue (cont'd)

Disaggregation of real estate brokerage fees and related services (cont'd)

Other revenue

	Group		Group	
	Six months ended		Twelve months ended	
	31 December		31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Rental of properties, workstations, lockers and furniture	627	721	1,396	1,239
Professional indemnity insurance fees	286	698	384	948
Incentives, referral and administrative fees	318	530	737	1,054
Government grants	80	–	169	275
Gain on disposal of associate	591	–	591	–
Interest income from cash at bank and fixed deposits	217	258	497	521
Bad debts recovered	132	116	157	161
Sundry income	145	101	711	183
	2,396	2,424	4,642	4,381

Breakdown of sales

	2022	2021	Change
	\$'000	\$'000	%
Revenue reported for the first half year	342,604	358,431	(4.4)
Operating profit after tax reported for first half year	16,547	17,023	(2.8)
Revenue reported for the second half year	362,401	381,319	(5.0)
Operating profit after tax reported for second half year	9,887	18,271	(45.9)

5 Profit before tax

Significant items

	Group		Group	
	Six months ended		Twelve months ended	
	31 December		31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
<u>Included in finance costs</u>				
Interest on lease liabilities	(9)	(48)	(37)	(117)
<u>Included in other operating expenses</u>				
Impairment of goodwill	–	(128)	–	(128)
Loss on disposal of plant and equipment	(5)	(90)	(9)	(88)
Write off of other investments	–	(245)	(250)	(745)
Write off of loan to associate	(38)	–	(289)	–
Loss on subsidiaries being struck off	(164)	–	(164)	–
Foreign exchange (loss)/gain, net	(569)	60	(261)	192
Rental expense	(79)	(45)	(139)	(91)

5 Profit before tax (cont'd)

Related party transactions

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

6 Income tax expense

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 31 December		Group Twelve months ended 31 December	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Tax expense recognised in respect of profit for the period				
Current tax	2,976	3,978	6,669	7,532
Under/(Over) provision in respect of previous period	69	(14)	69	(96)
	<hr/>	<hr/>	<hr/>	<hr/>
	3,045	3,964	6,738	7,436
Deferred tax provided				
Origination and reversal of temporary differences	(249)	6	(291)	(111)
	<hr/>	<hr/>	<hr/>	<hr/>
Income tax expense	2,796	3,970	6,447	7,325

7 Financial assets and financial liabilities

	Group		Company	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Total trade and other receivables	155,467	151,637	13,698	15,914
Less:				
Advances	(1,260)	(10,749)	–	–
Unbilled receivables	(2,093)	(17,993)	–	–
Add:				
Fixed deposits	400	400	400	400
Cash and bank balances	49,274	53,665	3,015	6,632
	<hr/>	<hr/>	<hr/>	<hr/>
Total financial assets carried at amortised cost	201,788	176,960	17,113	22,946

7 Financial assets and financial liabilities (cont'd)

	Group		Company	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Total trade and other payables	169,114	161,762	66,063	52,768
Less: GST payable	(11,775)	(12,228)	–	(7)
Add: Lease liabilities	137	1,738	–	–
Add: Loan and borrowing	45,917	48,817	–	–
Total financial liabilities carried at amortised cost	203,393	200,089	66,063	52,761

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	
	31 December 2022 \$'000	31 December 2021 \$'000
At the beginning of year	5,439	3,752
Charge for the year	3,113	3,873
Written off	(2,980)	(2,186)
At end of year	5,572	5,439

8 Property, plant and equipment

During the six months ended 31 December 2022, the Group acquired assets amounting to \$268,000 (31 December 2021: \$251,000) and disposed assets amounting to \$8,000 (31 December 2021: \$90,000).

9 Intangible assets

Group	Goodwill \$'000	Franchise rights \$'000	Total \$'000
Cost:			
At 1 January 2021	75,703	29,473	105,176
Additions	231	–	231
At 31 December 2021 and 1 January 2022	75,934	29,473	105,407
Additions	7,158	394	7,552
Written off	(710)	–	(710)
At 31 December 2022	82,382	29,867	112,249
Accumulated amortisation and impairment:			
At 1 January 2021	582	6,875	7,457
Charge for the year	–	932	932
Impairment loss	128	–	128
At 31 December 2021 and 1 January 2022	710	7,807	8,517
Charge for the year	–	940	940
Written off	(710)	–	(710)
At 31 December 2022	–	8,747	8,747
Net carrying amount:			
At 31 December 2021	75,224	21,666	96,890
At 31 December 2022	82,382	21,120	103,502
Company			
			Franchise rights \$'000
Cost:			
At 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022			3,816
Accumulated amortisation:			
At 1 January 2021			1,714
Charge for the year			236
At 31 December 2021 and 1 January 2022			1,950
Charge for the year			237
At 31 December 2022			2,187
Net carrying amount:			
At 31 December 2021			1,866
At 31 December 2022			1,629

9 Intangible assets (cont'd)

Goodwill

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

Group	31 December 2022 \$'000	31 December 2021 \$'000
Real estate brokerage income (Singapore)	61,345	61,345
Real estate brokerage income (Thailand)	231	231
Real estate brokerage income and master franchisee of ERA Indonesia	7,158	–
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
Others	–	128
	<hr/>	<hr/>
	82,382	75,934
Less: Impairment loss	–	(710)
	<hr/>	<hr/>
	82,382	75,224

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 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 are as follows:

	31 December 2022	31 December 2021
Growth rate	1.2% - 1.7%	1.2% - 1.7%
Discount rate	10.9% - 14.4%	9% - 10%

Impairment

During the full year ended 31 December 2022, the Group has fully written off goodwill relating to “Membership fee earned in relation to the “Coldwell Banker” franchise” and “Others” CGU, which amounted to \$582,000 and \$128,000 respectively.

During the full year ended 31 December 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.

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 31 December 2022, the carrying amount of the ERA franchise right in Asia Pacific region is \$1,630,000 (31 December 2021: \$1,866,000) and has remaining amortisation period of 7 years (31 December 2021: 8 years).

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expired 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 31 December 2022, the carrying amount of the ERA Singapore Subfranchise right is \$19,104,000 (31 December 2021: \$19,799,000) and has remaining amortisation period of 28 years (31 December 2021: 29 years).

The Group also holds ERA Subfranchise right in Indonesia for an initial term of 25 years from 8 February 2019. It includes a renewal clause for an additional successive 30 years. As at 31 December 2022, the carrying amount of the ERA Indonesia Subfranchise right is \$386,000 and has remaining amortisation period of 22 years.

9 Intangible assets (cont'd)

Franchise right (cont'd)

In December 2022, the Group has terminated the Coldwell Banker franchise right and the carrying amount of the Coldwell Banker franchise right is Nil as at 31 December 2022 (31 December 2021: \$1,000).

10 Loan and borrowing

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Current:		
SGD loan at Compounded SORA + 1.15% p.a.	45,917	2,900
Non-current:		
SGD loan at Compounded SORA + 1.15% p.a.	–	45,917
Total	<u>45,917</u>	<u>48,817</u>

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. The loan was classified accordingly as current as at 31 December 2022 due to the final maturity date.

In December 2022, the Group has refinanced the bank loan by entering into a facility agreement with the same bank and the following are the main terms:

- interest rate of 3-month Compounded SORA plus 0.80% per annum for the first two years and 3-month Compounded SORA plus 3.00% per annum thereafter;
- 59 equal monthly instalments of \$257,778 per month with a final bullet principal payment of all outstanding amounts; and
- the loan will start in October 2023.

11 Dividends

	Group	
	Twelve months ended 31 December	
	2022	2021
	\$'000	\$'000
Declared and paid during the financial period:		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2021: 4.0 cents per share (2020: 1.75 cents)	14,208	6,216
- Interim exempt (one-tier) dividend for 2022: 3.5 cents per share (2021: 3.5 cents)	12,432	12,432
- Special exempt (one-tier) dividend for 2021: 3.0 cents per share	–	10,656
	<u>26,640</u>	<u>29,304</u>

11 Dividends (cont'd)

	Group	
	Twelve months ended	
	31 December	
	2022	2021
	\$'000	\$'000
Proposed but not recognised as a liability as at 31 December:		
<i>Dividends on ordinary shares, subject to shareholders' approval at the Annual General Meeting:</i>		
- Final exempt (one-tier) dividend for 2022: 2.75 cents per share (2021: 4.0 cents)	9,768	14,208
	9,768	14,208
	9,768	14,208

12 Share capital

	Group and Company			
	31 December 2022		31 December 2021	
	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
	355,198	98,946	355,198	98,946
	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 31 December 2022 and 31 December 2021.

13 Earnings per share

	Group		Group	
	Six months ended		Twelve months ended	
	31 December		31 December	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Profit for the period attributable to owners of the Company	9,866	18,343	26,556	35,389
	9,866	18,343	26,556	35,389
	9,866	18,343	26,556	35,389
	No of shares '000	No of shares '000	No of shares '000	No of shares '000
Weighted average number of ordinary shares for earnings per share computation	355,198	355,198	355,198	355,198
	355,198	355,198	355,198	355,198
	355,198	355,198	355,198	355,198

14 Net asset value

	Group		Company	
	31 December	31 December	31 December	31 December
	2022	2021	2022	2021
Net asset value per ordinary share (cents)	45.1	45.3	40.9	46.5

15 Financial assets at fair value

	Group	
	31 December 2022	31 December 2021
	\$'000	\$'000
Other investments		
Investments at fair value through profit or loss:		
Unquoted equity shares	–	250
Investments at FVOCI		
Quoted equity shares	–	539
Total	–	789

Investments at FVOCI represented the Group's investment in PT ERA Graharealty Tbk ("PT ERA") whose shares are listed on the Indonesian Stock Exchange. The investment was irrevocably designated at fair value through other comprehensive income as the Group considers the investment to be strategic in nature. In August 2022, the Group has acquired control of PT ERA and PT ERA became a subsidiary of the Group.

Fair value measurement

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are 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.

The following table presented the assets measured at fair value:

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
31 December 2021				
Financial assets				
Investments at fair value through profit or loss	–	–	250	250
Investments at FVOCI	539	–	–	539
	539	–	250	789

16 Acquisition of subsidiary

In August 2022, the Group acquired 79.74% of the issued share capital of PT ERA. In addition, in December 2022, the Group acquired 99.77% of PT Realty Jaya Abadi (“PT RJA”) by converting its convertible loan with PT RJA. The fair value of the identifiable assets and liabilities of PT ERA and PT RJA as of the date of acquisition were:

	Fair value recognised on acquisition \$'000
Assets	
Plant and equipment	1,161
Intangible assets	394
Deferred tax assets	76
Trade and other receivables	39
Cash and cash equivalents	2,618
Total assets	<u>4,288</u>
Liabilities	
Deferred tax liabilities	(210)
Trade and other payables	(718)
Total liabilities	<u>(928)</u>
Total identifiable net assets at fair value	<u>3,360</u>
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(493)
Settlement of pre-existing balances	(968)
Investments previously held at FVOCI	(539)
Goodwill on acquisition	7,158
Purchase consideration transferred, settled in cash	<u>8,518</u>

17 Subsequent events

In January 2023, the Group has acquired additional 22% interest in ERA Vietnam Real Estate Joint Stock Company (“ERA VN”) and Eurocapital Joint Stock Company (“Eurocapital”) for a purchase consideration of \$4.9 million and additional earn-out payments that are subject to certain earn-out conditions. Following the acquisition, the Group has 60% equity interest in both ERA VN and Eurocapital and will consolidate both companies in its financial statements. Refer to the SGX announcement dated 9 January 2023.

There are no other 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 31 December 2022 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 31 December 2022, 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 31 December 2022 (“2H2022”) vs Six months ended 31 December 2021 (“2H2021”)

	2H2022	2H2021	Change
	\$’000	\$’000	(%)
Total revenue	362,401	381,319	(5.0)
Cost of services	324,363	341,166	(4.9)
Gross Profit	38,038	40,153	(5.3)

Revenue

Revenue from real estate brokerage fees and related services decreased by approximately \$18.9 million or 5.0%, from \$378.9 million in 2H2021 to \$360.0 million in 2H2022 following a decrease in property transactions completed during the period. The decrease in brokerage income is due to the following:

- a) decrease in resale and rental of properties of \$11.0 million or 4.8%, from \$229.0 million in 2H2021 to \$218.0 million in 2H2022; and
- b) decrease in new home sales of \$8.3 million or 5.6%, from \$147.3 million in 2H2021 to \$139.0 million in 2H2022.

Other revenue was \$2.4 million for both 2H2022 and 2H2021.

- 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 decreased by approximately \$16.8 million or 4.9%, from \$341.2 million in 2H2021 to \$324.4 million in 2H2022, in line with the decrease in revenue from real estate brokerage fees and related services.

Gross profit

Gross profit decreased by approximately \$2.2 million or 5.3%, from \$40.2 million in 2H2021 to \$38.0 million in 2H2022 following the decrease in revenue during the period.

Operating expenses

Personnel cost increased by approximately \$1.6 million or 18.9%, from \$8.7 million in 2H2021 to \$10.3 million in 2H2022 mainly due to higher staff headcount (31 December 2022: 172; 31 December 2021: 151) and general increase in staff salaries. The increase in staff headcount is attributed to the Group's new Capital Markets & Investment Sales team, and the expansion of the Group's corporate marketing and IT departments.

Marketing and promotion expenses increased by approximately \$0.9 million or 43.0%, from \$2.0 million in 2H2021 to \$2.9 million in 2H2022 due to increase in marketing activities carried out in 2H2022.

Depreciation of property, plant and equipment increased by \$0.2 million, from \$1.1 million in 2H2021 to \$1.3 million in 2H2022 due to increase in plant and equipment purchased during the year.

Depreciation of right-of-use assets has decreased by \$0.2 million, from \$0.9 million in 2H2021 to \$0.7 million in 2H2022 due to the early return of some office area at Mountbatten Square to the landlord.

Amortisation of intangible assets was approximately \$0.5 million for both 2H2022 and 2H2021.

Allowance for doubtful debts (trade) decreased by approximately \$0.4 million or 15.7%, from \$2.3 million in 2H2021 to \$1.9 million in 2H2022 mainly due to lower general provision made on expected credit loss as a result of lower revenue generated for the period.

Fair value loss on convertible loan of \$3.1 million was recognised following the conversion of the convertible loan to equity in PT RJA.

Finance costs has increased by \$0.2 million in 2H2022 as interest rates were higher during this period.

Other operating expenses increased by approximately \$1.8 million or 86.5%, from \$2.1 million in 2H2021 to \$3.9 million in 2H2022 mainly due to:

- increase in legal and professional fees incurred during the period;
- increase in physical events held by the Group as activities resumed post-covid; and
- inclusion of expenses from the consolidation of PT ERA, the Group's subsidiary in Indonesia.

Overall, total operating expenses increased by approximately \$7.4 million or 41.6%, from \$17.8 million in 2H2021 to \$25.2 million in 2H2022.

Share of results of associates

The share of loss of associates was mainly due to the loss generated by the Group's associate in Vietnam during 2H2022.

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately \$9.5 million, from \$22.2 million in 2H2021 to \$12.7 million in 2H2022.

- 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)

Tax expense

Tax expense decreased by approximately \$1.2 million, from \$4.0 million in 2H2021 to \$2.8 million in 2H2022. The decrease was mainly due to the lower taxable income in 2H2022.

Profit for the period

As a result of the foregoing, profit for the period decreased by approximately \$8.4 million, from \$18.3 million in 2H2021 to \$9.9 million in 2H2022.

Twelve months ended 31 December 2022 (“FY2022”) vs Twelve months ended 31 December 2021 (“FY2021”)

	FY2022	FY2021	Change
	\$’000	\$’000	(%)
Total revenue	705,005	739,750	(4.7)
Cost of services	631,625	664,343	(4.9)
Gross Profit	73,380	75,407	(2.7)

Revenue

Revenue from real estate brokerage fees and related services decreased by approximately \$35.0 million or 4.8%, from \$735.4 million in FY2021 to \$700.4 million in FY2022 following a decrease in property transactions completed during the year. The decrease in brokerage income is due to the following:

- c) decrease in resale and rental of properties of \$32.1 million or 7.1%, from \$449.1 million in FY2021 to \$417.0 million in FY2022; and
- d) decrease in new home sales of \$2.7 million or 1.0%, from \$281.0 million in FY2021 to \$278.3 million in FY2022.

Other revenue increased by approximately \$0.2 million or 6.0%, from \$4.4 million in FY2021 to \$4.6 million in FY2022 mainly due to the gain on disposal of associate during the year.

Cost of services

Cost of services decreased by approximately \$32.7 million or 4.9%, from \$664.3 million in FY2021 to \$631.6 million in FY2022, in line with the decrease in revenue from real estate brokerage fees and related services.

Gross profit

Gross profit decreased by approximately \$2.0 million or 2.7%, from \$75.4 million in FY2021 to \$73.4 million in FY2022 following the decrease in revenue during the year.

Operating expenses

Personnel cost increased by approximately \$2.9 million or 19.6%, from \$15.1 million in FY2021 to \$18.0 million in FY2022 mainly due an increase in staff headcount in Singapore and general increase in staff salaries.

Marketing and promotion expenses increased by approximately \$0.6 million or 15.8%, from \$3.7 million in FY2021 to \$4.3 million in FY2022 due to increase in marketing activities carried out in FY2022 as activities resumed post-covid.

Depreciation of property, plant and equipment increased by \$0.3 million, from \$2.1 million in FY2021 to \$2.4 million in FY2022 due to the refurbishment costs incurred for ERA APAC Centre.

Depreciation of right-of-use assets decreased by \$0.2 million in FY2022 due to the early return of some office area at Mountbatten Square to the landlord.

Amortisation of intangible assets was approximately \$0.9 million for both FY2022 and FY2021.

- 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)

Operating expenses (cont’d)

Allowance for doubtful debts (trade) decreased by approximately \$0.8 million or 19.6%, from \$3.9 million in FY2021 to \$3.1 million in FY2022 mainly due to lower general provision made on expected credit loss as a result of lower revenue for the year.

Fair value loss on convertible loan of \$3.1 million was recognised following the conversion of the convertible loan to equity in PT RJA.

Finance costs of approximately \$1.0 million in FY2022 (FY2021: \$0.8 million) comprised mainly interest expense from bank borrowings. The increase is due to higher bank interest rates during the year, ranging from 1.28% to 3.44% p.a. in FY2022 (FY2021: 1.26% to 1.33% pa).

Other operating expenses increased by approximately \$1.9 million or 44.7%, from \$4.3 million in FY2021 to \$6.2 million in FY2022 mainly due to:

- increase in legal and professional fees incurred during the year;
- increase in physical events held by the Group as activities resumed post-covid; and
- inclusion of expenses from the consolidation of PT ERA, the Group’s subsidiary in Indonesia.

Overall, total operating expenses increased by approximately \$8.2 million or 25.4%, from \$32.4 million in FY2021 to \$40.6 million in FY2022.

Share of results of associates

The share of profit of associates was contributed by the Group’s associate in Vietnam.

Profit before tax

As a result of the foregoing, profit before tax decreased by approximately \$9.7 million, from \$42.6 million in FY2021 to \$32.9 million in FY2022.

Tax expense

Tax expense decreased by approximately \$0.9 million, from \$7.3 million in FY2021 to \$6.4 million in FY2022. The decrease was mainly due to the lower taxable income in FY2022.

Profit for the year

As a result of the foregoing, profit for the year decreased by approximately \$8.9 million or 25.1%, from \$35.3 million in FY2021 to \$26.4 million in FY2022.

Statement of Financial Position

31 December 2022 vs 31 December 2021

Non-current assets

The Group’s total non-current assets amounted to approximately \$180.3 million and \$175.3 million as at 31 December 2022 and 31 December 2021 respectively. The increase of approximately \$5.0 million or 2.9% was mainly due to purchase of plant and equipment which amounted to \$2.4 million, increase in intangible assets arising from the acquisition of subsidiaries in Indonesia which amounted to \$7.6 million, partially offset by depreciation of property, plant and equipment, depreciation of right-of-use assets, as well as amortisation of intangible assets for a total of \$4.9 million.

Current assets

Trade receivables amounted to approximately \$151.0 million and \$120.8 million as at 31 December 2022 and 31 December 2021 respectively. The increase of approximately \$30.2 million or 25.0% was mainly due to slower collections in the fourth quarter of 2022 (“4Q2022”). Notwithstanding the higher trade receivables, the Group has made adequate provision for expected credit losses as at 31 December 2022.

- 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 assets (cont'd)

Other receivables amounted to approximately \$2.4 million and \$12.9 million as at 31 December 2022 and 31 December 2021 respectively. The decrease was mainly due to receipt of advances that was utilised for the acquisition of PT ERA. In addition, the convertible loan was converted into investment in PT RJA.

Unbilled receivables amounted to approximately \$2.1 million and \$18.0 million as at 31 December 2022 and 31 December 2021 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 \$2.9 million and \$1.7 million as at 31 December 2022 and 31 December 2021 respectively. The increase of \$1.2 million was mainly due to higher CEA (Council for Estate Agencies) registration fees for 2022 which was prepaid in 4Q2022.

Cash and bank balances decreased by approximately \$4.4 million or 8.2%, from \$53.7 million as at 31 December 2021 to \$49.3 million as at 31 December 2022.

As a result of the foregoing, total current assets decreased by approximately \$3.0 million or 1.4%, from \$210.6 million as at 31 December 2021 to \$207.6 million as at 31 December 2022.

Non-current liabilities

The Group's total non-current liabilities decreased from \$50.1 million as at 31 December 2021 to \$4.4 million as at 31 December 2022. The decrease of \$45.7 million was mainly due to classification of the total bank loan as current as the loan's maturity date falls within 12 months from 31 December 2022. In December 2022, the Group has refinanced the bank loan by entering into a facility agreement with the same bank as mentioned in Note 10 of the Group's condensed interim financial statements for the six months and full year ended 31 December 2022.

Current liabilities

Trade payables and accruals amounted to approximately \$155.9 million and \$147.7 million as at 31 December 2022 and 31 December 2021 respectively. The increase of approximately \$8.2 million or 5.6% 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 \$13.2 million and \$14.0 million as at 31 December 2022 and 31 December 2021 respectively. The decrease of approximately \$0.8 million or 5.7% was mainly due to lower GST payable as a result of the lower brokerage revenue invoiced in 4Q2022 as compared to 4Q2021.

Deferred income amounted to approximately \$1.4 million and \$1.3 million as at 31 December 2022 and 31 December 2021 respectively. The increase of approximately \$0.1 million or 7.7% was mainly due to higher collections for the annual business conference to be held in March 2023.

Lease liabilities represent the current portion of the lease obligations and was approximately \$0.1 million and \$1.7 million as at 31 December 2022 and 31 December 2021 respectively. The decrease was mainly due to the expiring lease of the Mountbatten Square office in February 2023.

Provision for taxation amounted to approximately \$6.8 million and \$7.5 million as at 31 December 2022 and 31 December 2021 respectively. The decrease of approximately \$0.7 million or 9.3% was mainly due to lower income tax provided for FY2022 as a result of lower taxable income.

Loan and borrowing decreased by \$45.9 million due to classification of the total loan as current liabilities as the loan's maturity date falls within 12 months from 31 December 2022, as discussed above.

As a result of the foregoing, total current liabilities increased by approximately \$48.2 million or 27.5%, from \$175.1 million as at 31 December 2021 to \$223.3 million as at 31 December 2022.

- 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)

Equity attributable to the owners of the Company

The equity attributable to the owners of the Company decreased by approximately \$0.8 million or 0.5%, from \$160.9 million as at 31 December 2021 to \$160.1 million as at 31 December 2022. The decrease was mainly due to \$0.3 million of foreign currency translation difference and dividend payments of \$26.6 million during the year, offset by net profit of \$26.4 million for FY2022.

Statement of Cash Flows

FY2022 vs FY2021

Net cash generated from operating activities was approximately \$35.4 million in FY2022 as compared to approximately \$54.9 million in FY2021. The decrease of \$19.5 million was mainly due to the lower cash flows from operations of \$43.3 million in FY2022 as compared to \$59.1 million in FY2021 and higher income taxes paid in 2022 which arose from FY2021's higher taxable income.

Net cash used in investing activities was approximately \$8.5 million and \$2.1 million in FY2022 and FY2021 respectively. The increase of \$6.4 million was mainly due to the increase in purchase of plant and equipment and acquisition of subsidiary of \$1.2 million and \$6.5 million respectively; partially offset by the absence of other investments in FY2022 and proceeds of \$0.5 million received from the disposal of the Group's investment in SoReal Prop Pte Ltd.

Net cash used in financing activities was approximately \$31.3 million and \$34.2 million in FY2022 and FY2021 respectively. The decrease of \$2.9 million was mainly due to lower dividend payments of \$26.6 million in FY2022 (FY2021: \$29.3 million).

As a result of the foregoing, there was a net decrease in cash and cash equivalents of approximately \$4.4 million for FY2022. Cash and cash equivalents stood at \$49.3 million as at 31 December 2022.

- 4 **Use of Proceeds Raised From IPO**

Purpose	Balance of Net Proceeds as at 8 August 2022 S\$'000	Net Proceeds Utilised as at 23 February 2023 S\$'000	Balance of Net Proceeds as at 23 February 2023 S\$'000
Enhancing technological capabilities	3,982	–	3,982

- 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.

For the year 2022, there was a decrease in the overall transaction volume in the private new and resale residential markets, and HDB resale market following the cooling measures rolled out by the authorities in December 2021. The recent Urban Redevelopment Authority (URA) data showed that prices of private residential property grew 0.4% in the fourth quarter of 2022 and data from HDB indicated that overall prices for HDB has increased by 2.3% in the same period as well.

During 2022, developers sold 8,578 private residential units (including ECs), a decrease of 43.4% from 15,146 units sold in 2021. The private residential resale market recorded sales of 14,791 units, a decrease of 28.0% from 20,530 units sold in 2021. The HDB resale market reported a decline of 10.1% to 27,896 units in 2022 from 31,017 units in 2021.

The vacancy rate of completed private residential units has decreased from 6.0% as at 31 December 2021 to 5.5% as at 31 December 2022. Apart from the 16,961 unsold units (including ECs) with planning approval as at 31 December 2022, there is a potential supply of 9,300 units (including ECs) from Government Land Sales sites that have not been granted planning approval yet.

The Group will continue to focus on its regional presence in ASEAN and has acquired controlling stakes in ERA Indonesia and ERA Vietnam, where the Group expects to be more involved going forward.

7 Dividend

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

Yes.

Name of Dividend	Proposed Final
Dividend Type	Cash
Dividend Amount	2.75 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	Proposed Final
Dividend Type	Cash
Dividend Amount	4.0 cents per ordinary share
Tax Rate	Tax Exempt

(c) Date payable

Payment of proposed final tax-exempt dividend, if approved by the shareholders at the forthcoming Annual General Meeting to be convened, will be made on **9 May 2023**.

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 **28 April 2023** for the preparation of dividend warrants for the proposed final dividend.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd. of 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to the close of business at 5.00 p.m. (Singapore time) on **28 April 2023** will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. (Singapore time) on **28 April 2023** will be entitled to the proposed final 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 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13). If there are no such persons, the issuer must make an appropriate negative statement. Confirmation Pursuant to the Rule 705(5) of the Listing Manual

Pursuant to Rule 704(13) of the Listing Manual of the SGX-ST, the Company confirms that there is no person occupying a managerial position in the Company or any of its principal subsidiaries who is related to the director, chief executive officer or substantial shareholder of the Company

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

Striking off of 51%-owned subsidiary

On 7 November 2022, the Group's 51%-owned subsidiary, Estatify Pte Ltd has been struck off from the Register of Companies pursuant to Section 344A of the Companies Act 1967.

Investment in a subsidiary

On 31 December 2022, the Group acquired 99.77% of PT Realty Jaya Abadi ("PT RJA") by converting its convertible loan with PT RJA.

Striking off of wholly-owned subsidiary

On 6 February 2023, the Group's wholly-owned subsidiary, Fang Pte Ltd has been struck off from the Register of Companies pursuant to Section 344A of the Companies Act 1967.

Refer to the SGX announcement on 23 February 2023 for more details.

BY ORDER OF THE BOARD

Chua Khee Hak
Executive Chairman
23 February 2023