SANLI ENVIRONMENTAL LIMITED
(Incorporated in the Republic of Singapore)
(Company Registration Number: 201705316M)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH ENDED 30 SEPTEMBER 2021

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This announcement has been prepared by Sanli Environmental Limited (the "Company") and its contents have been reviewed by the Company's Sponsor, SAC Capital Private Limited (the "Sponsor").

This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "SGX-ST") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made, or reports contained in this announcement.

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Sanli Environmental Limited
Condensed Interim Financial Statements
For the Six-Months Ended 30 September 2021 ("1H2022")

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		Group 6 Months		
		1 Apr 2021 to 30 Sep 2021	1 Apr 2020 to 30 Sep 2020	+/(-)
	Note	**S$'000**	**S$'000**	**%**
Revenue	4	27,963	25,821	8.3
Cost of contract works		(24,178)	(23,828)	1.5
Gross profit		3,785	1,993	89.9
Other income		1,198	1,771	(32.4)
Administrative expenses		(2,900)	(2,825)	2.7
Other operating expenses		(968)	(600)	61.3
Finance costs		(38)	(51)	(25.5)
Profit before tax	6	1,077	288	>100.0
Income tax	7	(210)	(122)	72.1
Profit for the period		867	166	>100.0
Other comprehensive (loss) income, net of tax:				
Exchange differences on translation of foreign operations		(155)	8	N.M
Total comprehensive income for the period		712	174	>100.0
Profit for the period attributable to:				
Owners of the Company		928	139	>100.0
Non-controlling interests		(61)	27	N.M
		867	166	>100.0
Total comprehensive income for the period attributable to:				
Owners of the Company		835	144	>100.0
Non-controlling interests		(123)	30	N.M
		712	174	>100.0

N.M.: Not Meaningful

B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

		Group		Company	
		As at 30 Sep 2021	As at 31 Mar 2021	As at 30 Sep 2021	As at 31 Mar 2021
	Note	S$'000	S$'000	S$'000	S$'000
ASSETS					
Current assets					
Cash and cash equivalents		12,325	19,070	31	34
Trade and other receivables		4,878	9,382	411	508
Contract assets		15,420	12,515	-	-
Total current assets		32,623	40,967	442	542
Non-current assets					
Property, plant and equipment	11	8,596	8,903	-	-
Right-of-use assets		1,357	1,580	-	-
Investment in subsidiaries	12	-	-	21,755	21,755
Deferred tax assets		27	27	-	-
Total non-current assets		9,980	10,510	21,755	21,755
Total assets		42,603	51,477	22,197	22,297
LIABILITIES AND EQUITY					
Current liabilities					
Borrowings	13	228	228	-	-
Trade and other payables		9,280	15,357	281	206
Contract liabilities		2,606	5,793	-	-
Lease liabilities	13	296	393	-	-
Income tax payable		364	209	-	-
Total current liabilities		12,774	21,980	281	206
Non-current liabilities					
Borrowings	13	1,425	1,539	-	-
Lease liabilities	13	1,071	1,172	-	-
Deferred tax liabilities		3	3	-	-
Total non-current liabilities		2,499	2,714	-	-
Capital, reserves and non-controlling interests					
Share capital	14	21,297	21,297	21,297	21,297
Translation reserves		(143)	(50)	-	-
Merger reserves		(6,755)	(6,755)	-	-
Capital reserves		521	521	-	-
Treasury shares	14	(165)	-	(165)	-
Retained earnings		12,403	11,475	784	794
Equity attributable to owners of the Company		27,158	26,488	21,916	22,091
Non-controlling interests		172	295	-	-
Total equity		27,330	26,783	21,916	22,091
Total liabilities and equity		42,603	51,477	22,197	22,297

Sanli Environmental Limited
Condensed Interim Financial Statements
For the Six-Months Ended 30 September 2021 ("1H2022")

C. CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY

Group	Share capital	Merger reserves	Capital reserves	Treasury shares	Translation reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000	S$'000
Balance as at 1 April 2020	**21,297**	**(6,755)**	**521**	**-**	**(16)**	**11,305**	**26,352**	**117**	**26,469**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	139	139	27	166
Other comprehensive income for the period	-	-	-	-	5	-	5	3	8
Total	-	-	-	-	5	139	144	30	174
Balance as at 30 September 2020	**21,297**	**(6,755)**	**521**	**-**	**(11)**	**11,444**	**26,496**	**147**	**26,643**
Balance as at 1 April 2021	**21,297**	**(6,755)**	**521**	**-**	**(50)**	**11,475**	**26,488**	**295**	**26,783**
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	928	928	(61)	867
Other comprehensive loss for the period	-	-	-	-	(93)	-	(93)	(62)	(155)
Total	-	-	-	-	(93)	928	835	(123)	712
Transaction with owners, recognised directly in equity:									
Repurchase of shares	-	-	-	(165)	-	-	(165)	-	(165)
Balance as at 30 September 2021	**21,297**	**(6,755)**	**521**	**(165)**	**(143)**	**12,403**	**27,158**	**172**	**27,330**

Company	Share capital	Treasury shares	Retained earnings	Total
	S$'000	S$'000	S$'000	S$'000
Balance as at 1 April 2020	**21,297**	**-**	**957**	**22,254**
Total comprehensive income for the period:				
Profit for the period	-	-	16	16
Balance as at 30 September 2020	**21,297**	**-**	**973**	**22,270**
Balance as at 1 April 2021	**21,297**	**-**	**794**	**22,091**
Total comprehensive loss for the period:				
Loss for the period	-	-	(10)	(10)
Transaction with owners, recognised directly in equity:				
Repurchase of shares	-	(165)	-	(165)
Balance as at 30 September 2021	**21,297**	**(165)**	**784**	**21,916**

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	Group	
	Six-months period ended 30 Sep 2021	**Six-months period ended 30 Sep 2020**
	S$'000	**S$'000**
Cash flows from operating activities		
Profit before tax	1,077	288
Adjustments for:		
Depreciation of property, plant and equipment	556	472
Depreciation of right-of-use assets	212	108
Gain on disposal of property, plant and equipment	(3)	(4)
Finance costs	38	51
Interest income	(29)	(25)
Exchange differences	(174)	9
Operating cash flows before movements in working capital	**1,677**	**899**
Trade and other receivables	4,504	5,821
Trade and other payables	(6,077)	(7,867)
Contract assets	(2,905)	(3,337)
Contract liabilities	(3,187)	(682)
Cash used in operations	**(5,988)**	**(5,166)**
Income tax paid	(55)	(7)
Net cash used in operating activities	**(6,043)**	**(5,173)**
Cash flows from investing activities		
Purchases of property, plant and equipment	(273)	(203)
Proceeds from disposal of property, plant and equipment	52	12
Interest received	29	25
Net cash used in investing activities	**(192)**	**(166)**
Cash flows from financing activities		
Repayment of borrowings	(114)	(136)
Repayment of lease liabilities	(193)	(87)
Payment for the share buyback	(165)	-
Interest paid	(38)	(51)
Net cash used in financing activities	**(510)**	**(274)**
Net decrease in cash and cash equivalents	(6,745)	(5,613)
Cash and cash equivalents at beginning of the financial period	19,070	18,172
Cash and cash equivalents at end of the financial period	**12,325**	**12,559**

E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Sanli Environmental Limited (the "Company") is incorporated in Singapore (Registration No. 201705316M) with its principal place of business and registered office at 28 Kian Teck Drive, Singapore 628845. The Company was listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST") on June 8, 2017.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 12 to the condensed interim consolidated financial statements.

2. Basis of preparation

The condensed interim financial statements have been prepared in accordance with Singapore Financial Reporting Standard (International) ("SFRS(I)") 1-34 *Interim Financial Reporting*.

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 financial position and financial performance of the Group since the last financial statements for the financial year ended 31 March 2021.

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

The condensed interim financial statements are presented in Singapore dollar which is the functional currency of the Company and all financial information presented in Singapore dollar are rounded to the nearest thousand ($'000) except otherwise indicated.

2.1 New and amended standards adopted by the Group

The Group and the Company adopted all the new and revised SFRS(I) pronouncements that are relevant to its operations. The adoption of these new and revised SFR(I) pronouncements does not result in changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current or prior periods.

The following SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) that are relevant to the Group and the Company were issued but not effective.

- Annual improvements to SFRS(I)s 2018-2020 [1]; and
- Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current* [2].

[1] Effective for annual periods beginning on or after January 1, 2022.
[2] Effective for annual periods beginning on or after January 1, 2023.

Management anticipates that the adoption of the above SFRS(I)s, SFRS(I) INTs and amendments to SFRS(I) in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption.

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, 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 audited financial statements as at and for the financial year ended 31 March 2021.

3. Seasonal operations

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

4. Segment and revenue information

For purposes of resource allocation and assessment of segment performance, the Group's Chief Operating Decision Makers ("CODM") have focused on the business operating units which in turn are segregated based on the type of services supplied. This forms the basis of identifying the segments of the Group under SFRS(I) 8 *Operating Segments*. The CODM comprises the Group's Chief Executive Officer and the Executive Directors.

Operating segments are aggregated into a single reportable operating segment if they have similar economic characteristics, such as long-term average gross margins, and are similar in respect of nature of services and process, type of customers, and if applicable, the nature of the regulatory environment.

For management purposes, the Group is currently organised into two operating segments:

- Engineering, Procurement and Construction ("EPC") - provision of engineering, procurement and construction services relating to water and waste management.

- Operations and Maintenance ("O&M") - provision of operations and maintenance services relating to water and waste management.

4.1. Reportable segments

Segment revenue and results

	Group	
	Six-months period ended 30 Sep 2021	Six-months period ended 30 Sep 2020
	$'000	$'000
Revenue - EPC	19,736	19,456
Revenue - O&M	8,227	6,365
Total revenue	27,963	25,821
Gross profit - EPC	1,920	1,928
Gross profit - O&M	1,865	65
Total gross profit	3,785	1,993
Unallocated corporate expenses	(1,931)	(1,099)
Depreciation	(768)	(580)
Interest income	29	25
Finance costs	(38)	(51)
Profit before tax	1,077	288
Income tax	(210)	(122)
Profit for the period	867	166

Geographical segments

The Group's information about the segment revenue by geographical location is detailed below:

	Group	
	Revenue	
	Six-months period ended 30 Sep 2021	Six-months period ended 30 Sep 2020
	$'000	$'000
Singapore	27,095	21,741
Myanmar	868	4,065
Malaysia	-	15
Total revenue	27,963	25,821

The Group's information about the segment non-current assets by geographical location is detailed below:

	Group	
	Non-current assets	
	As at 30 Sep 2021	As at 31 Mar 2021
	$'000	$'000
Singapore	9,861	10,363
Myanmar	87	135
Malaysia	32	12
Total non-current assets	9,980	10,510

4.2. Disaggregation of revenue

	Group	
	Six-months period ended 30 Sep 2021	Six-months period ended 30 Sep 2020
	$'000	$'000
Over time:		
EPC	19,736	19,456
O&M	8,245	6,365
Total revenue	27,981	25,821

5. Financial instruments

The following table sets out the financial assets and liabilities as at the end of the reporting period:

	Group		Company	
	As at 30 Sep 2021	As at 31 Mar 2021	As at 30 Sep 2021	As at 31 Mar 2021
	$'000	$'000	$'000	$'000
Financial assets				
- amortised cost	16,532	27,682	414	520
Financial liabilities				
- amortised cost	10,933	17,124	281	206
- lease liabilities	1,367	1,565	-	-

5.1. Fair value of financial assets and liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. Management is of the view that the carrying amounts of borrowings and leases liabilities approximate their respective fair values as the interest rates approximate the prevailing market rates.

The Group and the Company has no financial assets and financial liabilities that are measured at fair value on a recurring basis.

6. Profit before taxation

6.1 Significant items

	Group		
	Six-months period ended 30 Sep 2021	Six-months period ended 30 Sep 2020	+/(-)
	S$'000	S$'000	%
Income			
Government grant income	1,140	1,706	(33.2)
Gain on disposal of property, plant and equipment	3	4	(25.0)
Interest income	29	25	16.0
Expenses			
Depreciation of property, plant and equipment	(556)	(472)	17.8
Depreciation of right-of-use assets	(212)	(108)	96.3
Net loss on foreign exchange	(200)	(20)	>100
Interest expense	(38)	(51)	(25.5)

6.2. Related party transactions

There were no material related party transactions during 1H2022 and 1H2021.

7. Income tax expenses

The Group calculates income tax expense for the financial period using the tax rates prevailing in the relevant jurisdiction. The major components of income tax expense in the condensed interim consolidated statement of comprehensive income are:

	Group	
	Six-months period ended 30 Sep 2021	Six-months period ended 30 Sep 2020
	$'000	$'000
Current tax expense	210	127
Over provision of current tax in prior years	-	(5)
Income tax expense for the period	210	122

8. Dividend

No dividend was paid during 1H2022 and 1H2021.

9. Net asset value

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

	Group		Company	
	As at 30 Sep 2021	As at 31 Mar 2021	As at 30 Sep 2021	As at 31 Mar 2021
Net asset value per share (cents)	10.19	9.86	8.23	8.22
Net asset value (S$'000)	27,158	26,488	21,916	22,091
Number of ordinary shares used	266,432,113	268,657,813	266,432,113	268,657,813

10. Earnings per share

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

	Group	
	Six-months period ended 30 Sep 2021	Six-months period ended 30 Sep 2020
Profit attributable to owners of the Company (S$'000)	928	139
Weighted average number of ordinary shares	267,708,144	268,657,813
Earnings per share (basic and diluted) (cents)	0.35	0.05

The basic and diluted loss per share and earnings per share are the same as there were no potentially dilutive ordinary shares in issue as at 30 September 2021 and 30 September 2020.

11. Property, plant and equipment

During the six-months period ended 30 September 2021, the Group acquired assets amounting to S$273,000 (30 September 2020: S$203,000) and disposed assets with net book value amounting to S$49,000 (30 September 2020: S$8,000).

12. Investment in subsidiaries

	Company	
	As at 30 Sep 2021	As at 31 Mar 2021
	$'000	$'000
Unquoted equity shares, at cost	21,755	21,755

Details of the Group's subsidiaries are as follows:

Name of subsidiary	Principal activities	Country of incorporation and operation	Effective equity interest of the Group	
			As at 30 Sep 2021	As at 31 Mar 2021
			%	%
Sanli M&E Engineering Pte. Ltd.	Engineering, procurement and construction solutions and services in the field of water and waste management.	Singapore	100	100
Sanli M&E Engineering Sdn. Bhd.	Project management, contracting and M&E engineering services in the water treatment industry.	Malaysia	100	100
Sanli E&C Pte. Ltd.	Engineering, procurement and construction solutions and services in the field of water and waste management.	Singapore	100	100
Sanli Environmental (Myanmar) Co. Ltd.	Engineering, procurement and construction solutions and services in the field of water and waste management.	Myanmar	60	60
Link Control Co. Ltd.	Business support and administrative activities.	Myanmar	21	21

13. Borrowings

	Group			
	As at 30 Sep 2021		As at 31 Mar 2021	
	Secured	Unsecured	Secured	Unsecured
	S$'000	S$'000	S$'000	S$'000
Amount repayable in one year or less, or on demand				
Borrowings	228	-	228	-
Lease liabilities	11	285	11	382
Amount repayable after one year				
Borrowings	1,425	-	1,539	-
Lease liabilities	1	1,070	6	1,166
Total	1,665	1,355	1,784	1,548

Details of collateral:

i. Bank borrowings of S$1,653,000 (31 March 2021: S$1,767,000) are secured by a first legal charge over certain right-of-use assets and property, plant and equipment of the Group and corporate guarantee from the Company.

ii. Lease liabilities of S$12,000 (31 March 2021: S$17,000) are secured by charges over the leased motor vehicles.

14. Share capital

14.1 Details of any changes in the Company's issued share capital

	Group and Company			
	As at 30 Sep 2021	As at 31 Mar 2021	As at 30 Sep 2021	As at 31 Mar 2021
	Number of ordinary shares ('000)		$'000	$'000
Issued and paid up:				
At beginning and end of financial period	268,658	268,658	21,297	21,297

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 31 March 2021.

14.2 Details of any changes in the Company's treasury shares

	Group and Company			
	As at 30 Sep 2021	As at 31 Mar 2021	As at 30 Sep 2021	As at 31 Mar 2021
	Number of ordinary shares ('000)		$'000	$'000
At beginning of financial period	-	-	-	-
Repurchased during financial period	2,226	-	165	-
At end of financial period	2,226	-	165	-

15. Updates on use of IPO proceeds

Group	Amount allocated	Amount utilised	Balance of net proceeds as at the date of this announcement
	S$ million	S$ million	S$ million
Working capital to expand business operations through securing more projects and projects of larger scale	5.74	2.10[(1)]	3.64
Expansion of business premises	2.92	2.92	-
Expansion of business development department	1.06	1.06	-
Total	**9.72**	**6.08**	**3.64**

Note

(1) Amount used for the purchase of equipment as part of the cost of contract works for the secured projects.

16. Subsequent events

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

OTHER INFORMATION PURSUANT TO APPENDIX 7C OF THE CATALIST RULES

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

The condensed interim consolidated statement of financial position of the Group and the condensed interim statement of financial position of the Company as at 30 September 2021, and the condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity and condensed interim consolidated statement of cash flows of the Group and the condensed interim statement of changes in equity of the Company for the six-months period ended 30 September 2021, and certain explanatory notes have not been audited or reviewed by the Company's auditors.

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

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

The Group's latest audited financial statements for the financial year ended 31 March 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion issued by the Company's auditors.

3. Review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:-

(a) any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

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

3.1 Review of the Group's financial performance

Revenue

Revenue increased by S$2.2 million or 8.3% from S$25.8 million in 1H2021 to S$28.0 million in 1H2022.

The increase was attributed to higher contribution from both Engineering, Procurement and Construction ("EPC") segment and Operations and Maintenance ("O&M") segment:

1. The revenue of O&M increased by S$1.8 million or 29.3% from S$6.4 million in 1H2021 to S$8.2 million in 1H2022 as the Group secured and completed certain higher value O&M contracts during the period.

2. The revenue of EPC marginally increased by S$0.2 million or 1.4% from S$19.5 million in 1H2021 to S$19.7 million in FY2022.

Cost of contract works, gross profit and gross profit margin

Cost of contract works increased by S$0.4 million or 1.5% from S$23.8 million in 1H2021 to S$24.2 million in 1H2022, mainly due to the increase in cost of contract works from EPC segment in line with the increase in revenue. The cost of contract works from O&M segment remain stable.

Gross profit increased by S$1.8 million or 89.9% from S$2.0 million in 1H2021 to S$3.8 million in 1H2022, attributed mainly to the higher revenue and higher gross profit margin from O&M segment.

Gross profit margin increased from 7.7% in 1H2021 to 13.5% in 1H2022, mainly due to the increase in contribution from O&M segment as the Group managed to secure and completed certain high value and high margin O&M contracts during the period.

Other income

Other income decreased by S$0.6 million from S$1.8 million in 1H2021 to S$1.2 million in 1H2022 mainly due to lower government grants and incentives received under Jobs Support Scheme during the period.

Administration expenses

Administrative expenses for 1H2022 were comparable to those of the 1H2021.

Other operating expenses

Other operating expenses increased by S$0.4 million or 61.3% from S$0.6 million in 1H2021 to S$1.0 million in 1H2022 mainly due to the increase in depreciation and foreign exchange loss.

Finance costs

Finance costs decreased by 25.5% from S$51,000 in 1H2021 to S$38,000 in 1H2022 mainly due to the lower bank borrowings as the Group had disposed the leasehold property at 50 Tuas Avenue 11, #02-15 Singapore 639107 as announced on 10 September 2020.

Profit for the period

As a result of the above, the Group's profit for 1H2022 was S$0.9 million, increased by S$0.7 million as compared to 1H2021.

3.2. Review of the Group's financial position

Current assets

Current assets decreased from S$41.0 million as at 31 March 2021 to S$32.6 million as at 30 September 2021, mainly due to the decrease in cash and cash equivalents of S$6.7 million and trade and other receivables of S$4.5 million, partially offset by the increase in contract assets of S$2.9 million.

Cash and cash equivalents decreased from S$19.1 million as at 31 March 2021 to S$12.3 million as at 30 September 2021, please refer to Section 3.3 of this announcement title "Review of the Group's cash flows" on the reasons of the decrease.

Decrease in trade and other receivables from S$9.4 million as at 31 March 2021 to S$4.9 million as at 30 September 2021 was mainly due to the prompt collection from customers.

Contract assets increased from S$12.5 million as at 31 March 2021 to S$15.4 million as at 30 September 2021 mainly due to significant works performed towards the end of 1H2022 and the billings in the following financial periods based on the completion milestones of the ongoing projects.

Non-current assets

Non-current assets decreased from S$10.5 million as at 31 March 2021 to S$10.0 million as at 30 September 2021, mainly due to the depreciation charges incurred on property, plant and equipment and rights of use assets of S$0.8 million, partially offset by additions of property, plant and equipment amounting to S$0.3 million during 1HFY2022.

Current liabilities

Current liabilities decreased from S$22.0 million as at 31 March 2021 to S$12.8 million as at 30 September 2021, mainly due to the decrease in trade and other payables of S$6.1 million and contract liabilities of S$3.2 million.

Trade and other payables decreased from S$15.4 million as at 31 March 2021 to S$9.3 million as at 30 September 2021 due to the prompt payments to the suppliers according to the credit terms extended to the Group to avoid disruption of supplies.

Contract liabilities decreased from S$5.8 million as at 31 March 2021 to S$2.6 million as at 30 September 2021 due to the decrease of advance billings.

Non-current liabilities

Non-current liabilities decreased from S$2.7 million as at 31 March 2021 to S$2.5 million as at 30 September 2021, mainly due to the decrease in bank borrowings.

3.3. Review of the Group's cash flows

Net cash used in operating activities amounted to S$6.0 million due to operating cash flows before movements in working capital of S$1.7 million, adjusted for net cash outflow from working capital changes of S$7.7 million.

Net cash outflow from working capital of S$7.7 million was due to:

a) the decrease in trade and other payables of S$6.1 million as the prompt payments to the suppliers according to the credit terms extended to the Group to avoid disruption of supplies;
b) the increase in contract assets of S$2.9 million due to significant works performed towards the end of 1H2022 and billings in the following financial periods based on the completion milestones of the ongoing projects;
c) the decrease in contract liabilities of S$3.2 million due to the decrease of advance billings; offset by
d) the decrease in trade and other receivables of S$4.5 million due to prompt collections.

Net cash used in investing activities of S$0.2 million mainly due to the purchases of property, plant and equipment in order to enhance the capabilities and efficiencies.

Net cash used in financing activities of S$0.5 million was mainly due to the repayment of bank borrowings and lease liabilities of S$0.3 million and share buyback of S$0.2 million.

As a result of the above, there was a net decrease of S$6.7 million in cash and cash equivalents in 1H2022.

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

No forecast or prospect statement was previously made to shareholders.

5. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.

For the six months ended 30 September 2021, the Group's revenue has increased from S$25.8 million from the previous corresponding period to S$28.0 million, whereas its profit for the period has increased five-fold from S$166,000 to S$867,000. As the Group progressively executes projects in its orderbook, its continued efforts to improve its project management and cost controls have led to the improvement in profit margins.

The Group's current orderbook stands at S$336 million and is expected to be completed by early 2026. The Group still faces challenges brought on by the ongoing COVID-19 pandemic. Even with the restarting of previously delayed projects, the Group's operations continued to be affected by slight delays in project execution and supply chain issues such as rising commodity and equipment prices. Manpower disruptions due to the pandemic have also affected the Group and with a stabilisation of foreign labour supply to Singapore, the Group will be able to reduce its reliance on contract workers which has increased manpower costs. The Group will closely monitor the COVID-19 situation and mitigate any related issues as and when they arise.

Nevertheless, the Group will continue to tender for projects that can leverage its engineering expertise and track record. At the same time, the Group is also recruiting talent to enhance its operations to better position itself for upcoming tenders for water and waste-water related infrastructure projects in Singapore. In terms of business expansion, the Group has identified certain opportunities in green technologies that can utilise its existing knowledge and expertise, and will make the necessary announcements as and when there is a material development.

Update on Sanli Myanmar (defined herein)

Sanli Environmental (Myanmar) Company Limited ("Sanli Myanmar") is a 60%-owned subsidiary of the Group which provides engineering, construction and related services in Myanmar. Projects in Myanmar have gradually resumed with the decline in the number of COVID-19 cases in the country and a lower level of protests against military rule. Some of the projects are expected to be delayed but Sanli Myanmar managed to negotiate and extended the completion date of the projects without penalty. Sanli Myanmar staff have all returned to the office with close monitoring of their health and the adoption of hygiene and safety procedures and practices. The staff are of the Group's primary concern, with Group management having frequent communications with the management of Sanli Myanmar for on-the-ground updates. Sanli Myanmar contributed approximately 3.1% of the Group's revenue for 1H2022.

The Group continues to be hopeful that the COVID-19 situation will improve together with the eventual normalisation of the overall global economy and industries. As a result of the above, the Group remains cautiously optimistic for the financial year ending 31 March 2022.

6. Dividend information

6a. Current financial period reported on

Any interim dividend recommended for the current financial period reported on?

No interim dividend has been declared or recommended for the current financial period under review.

6b. Corresponding period of the immediate preceding financial year

Any interim dividend declared for the corresponding period of the immediately preceding financial year?

No.

6c. Date payable

Not applicable.

6d. Date on which registrable transfers received by the Company will be registered before entitlements to the dividend are determined

Not applicable.

7. If no dividend has been declared/recommended, a statement to that effect.

No dividend has been declared or recommended for the financial period ended 30 September 2021 in view of the Group's operational and financial cash needs.

8. Interested person transactions

The Group does not have a general mandate from shareholders for interested person transactions. There were no interested person transactions of S$100,000 or more for the current financial period under review.

9. Disclosure of acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules

The Group does not have any acquisitions (including incorporations) and realisations of shares since the end of the previous reporting period.

10. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

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

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

The Board of Directors of the Company confirms that, to the best of its knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim consolidated financial statements for the six-months period ended 30 June 2021 (unaudited) to be false or misleading in any material aspect.

On behalf of the Board of Directors

Kew Boon Kee
Chief Executive Officer
5 November 2021