



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

Condensed Interim Financial Statements  
For the six months ended 30 June 2023



**APAC REALTY LIMITED**  
**Company Registration Number: 201319080C**

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**Condensed Interim Consolidated Income Statement**  
**Six months ended 30 June 2023**

	Note	Group Six months ended 30 June		Change
		2023 \$'000	2022 \$'000	%
<b>Revenue</b>				
Real estate brokerage fees and related services	4.2	258,646	340,358	(24.0)
Other revenue	4.2	992	2,246	(55.8)
<b>Total Revenue</b>		<u>259,638</u>	<u>342,604</u>	(24.2)
<b>Items of expense</b>				
Cost of services		233,030	307,262	(24.2)
Personnel cost		9,498	7,714	23.1
Marketing and promotion expenses		2,644	1,392	89.9
Depreciation of plant and equipment		1,340	1,139	17.6
Depreciation of right-of-use assets		486	861	(43.6)
Amortisation of intangible assets		534	467	14.3
Allowance for doubtful debt provided (trade)		1,905	1,180	61.4
Finance costs		1,032	358	188.3
Other operating expenses		3,313	2,296	44.3
Total operating expenses		<u>20,752</u>	<u>15,407</u>	34.7
<b>Costs and Expenses</b>		<u>253,782</u>	<u>322,669</u>	(21.3)
<b>Operating Profit</b>		5,856	19,935	(70.6)
Share of results in associates		–	263	NM
Profit before tax	5	5,856	20,198	(71.0)
Income tax expense	6	(1,514)	(3,651)	(58.5)
<b>Profit for the period</b>		<u>4,342</u>	<u>16,547</u>	(73.8)
<b>Profit attributable to:</b>				
Owners of the Company		5,005	16,690	(70.0)
Non-controlling interests (“NCI”)		(663)	(143)	363.6
		<u>4,342</u>	<u>16,547</u>	(73.8)
<b>Earnings per share attributable to the owners of the Company (cents per share)</b>				
Basic and diluted	13	1.41	4.70	(70.0)

NM - not meaningful

**Condensed Interim Consolidated Statement of Comprehensive Income**  
**Six months ended 30 June 2023**

	<b>Group</b>		
	<b>Six months ended 30 June</b>		
	<b>2023</b>	<b>2022</b>	<b>Change</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>%</b>
<b>Profit for the period</b>	4,342	16,547	(73.8)
<b>Other comprehensive income</b>			
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)	NM
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation	220	51	331.4
Other comprehensive income for the period, net of tax	220	39	464.1
<b>Total comprehensive income for the period</b>	<u>4,562</u>	<u>16,586</u>	(72.5)
<b>Attributable to:</b>			
Owners of the Company	5,204	16,720	(68.9)
Non-controlling interests	(642)	(134)	379.1
	<u>4,562</u>	<u>16,586</u>	(72.5)

NM - not meaningful

## Condensed Interim Statements of Financial Position

	Note	Group		Company	
		30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	8	73,311	73,858	–	–
Right-of-use assets		1,523	230	–	–
Intangible assets	9	109,717	104,008	1,511	1,629
Investment in subsidiaries		–	–	196,331	189,773
Investment in associates		–	2,175	2,693	2,693
Deferred tax assets		110	85	–	–
Fixed deposits		400	400	400	400
		<u>185,061</u>	<u>180,756</u>	<u>200,935</u>	<u>194,495</u>
<b>Current assets</b>					
Trade receivables		109,226	151,008	51	51
Other receivables		3,558	2,366	70	430
Unbilled receivables		16,695	2,093	–	–
Amount due from subsidiaries		–	–	13,975	13,217
Tax recoverable		40	34	40	34
Prepaid operating expenses		2,441	2,869	4	13
Cash and bank balances		32,135	49,274	634	3,015
		<u>164,095</u>	<u>207,644</u>	<u>14,774</u>	<u>16,760</u>
<b>Total assets</b>		<u>349,156</u>	<u>388,400</u>	<u>215,709</u>	<u>211,255</u>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables and accruals		124,076	155,944	305	297
Other payables		12,531	13,170	–	–
Amount due to subsidiaries		–	–	77,476	65,766
Deferred income		1,347	1,423	7	–
Lease liabilities		600	118	–	–
Loan and borrowing	10	44,467	45,917	–	–
Provision for taxation		4,899	6,753	–	–
		<u>187,920</u>	<u>223,325</u>	<u>77,788</u>	<u>66,063</u>
<b>Net current liabilities</b>		<u>(23,825)</u>	<u>(15,681)</u>	<u>(63,014)</u>	<u>(49,303)</u>
<b>Non-current liabilities</b>					
Lease liabilities		818	19	–	–
Employee benefits		432	343	–	–
Deferred taxation		4,267	4,343	3	–
		<u>5,517</u>	<u>4,705</u>	<u>3</u>	<u>–</u>
<b>Net assets</b>		<u>155,719</u>	<u>160,370</u>	<u>137,918</u>	<u>145,192</u>
<b>Equity attributable to owners of the Company</b>					
Share capital	12	98,946	98,946	98,946	98,946
Foreign currency translation reserve		(117)	(316)	–	–
Accumulated profits		56,819	61,582	38,972	46,246
		<u>155,648</u>	<u>160,212</u>	<u>137,918</u>	<u>145,192</u>
Non-controlling interests (“NCF”)		71	158	–	–
<b>Total equity</b>		<u>155,719</u>	<u>160,370</u>	<u>137,918</u>	<u>145,192</u>

**Condensed Interim Consolidated Statement of Cash Flows**  
**Six months ended 30 June 2023**

	<b>Group</b>	
	<b>Six months ended 30 June</b>	
	<b>2023</b>	<b>2022</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	5,856	20,198
<u>Adjustments for:</u>		
Allowance for doubtful debts (trade)	1,905	1,180
Amortisation of intangible assets	534	467
Bad debts recovered	–	(25)
Depreciation of property, plant and equipment	1,340	1,139
Depreciation of right-of-use assets	486	861
Loss/(gain) on disposal of plant and equipment	–	4
Write off of other investments	–	250
Write off of loan to associate	37	251
Interest expense	1,032	358
Interest income	(128)	(280)
Share of results in associate	–	(263)
<b>Operating cash flows before working capital changes</b>	11,062	24,140
<u>Changes in working capital</u>		
Decrease/(Increase) in trade and other receivables	27,478	(4,375)
Decrease in trade and other payables	(34,791)	(8,229)
<b>Cash flows from operations</b>	3,749	11,536
Interest income received	128	280
Interest paid	(972)	(329)
Income taxes paid	(3,450)	(3,844)
<b>Net cash (used in)/ generated from operating activities</b>	(545)	7,643
<b>Cash flows from investing activities</b>		
Purchase of plant and equipment	(778)	(2,113)
Proceeds from disposal of plant and equipment	–	25
Acquisition of subsidiary, net of cash acquired	(4,261)	–
<b>Net cash used in investing activities</b>	(5,039)	(2,088)
<b>Cash flows from financing activities</b>		
Repayment of lease liabilities	(337)	(998)
Repayment of loan and borrowings	(1,450)	(1,450)
Payment of dividends	(9,768)	(14,208)
<b>Net cash used in financing activities</b>	(11,555)	(16,656)
<b>Net decrease in cash and cash equivalents</b>	(17,139)	(11,101)
<b>Cash and cash equivalents at beginning of the period</b>	49,274	53,665
<b>Cash and cash equivalents at end of the period</b>	32,135	42,564

## Condensed Interim Consolidated Statement of Changes in Equity

Group	Share capital \$'000	Foreign currency translation reserve \$'000	Accumulated profits \$'000	Attributable to owners of the Company \$'000	Non- controlling interests \$'000	Total Equity \$'000
<b>As at 1 January 2023</b>	98,946	(316)	61,582	160,212	158	160,370
Profit/(loss) for the period	–	–	5,005	5,005	(663)	4,342
Other comprehensive income						
- Foreign currency translation	–	199	–	199	21	220
<b>Total comprehensive income</b>	–	199	5,005	5,204	(642)	4,562
<b>Total contributions by and distributions to owners</b>						
Dividends on ordinary shares	–	–	(9,768)	(9,768)	–	(9,768)
<b>Total changes in ownership interests in subsidiaries</b>						
Acquisition of subsidiary with NCI	–	–	–	–	555	555
<b>As at 30 June 2023</b>	<b>98,946</b>	<b>(117)</b>	<b>56,819</b>	<b>155,648</b>	<b>71</b>	<b>155,719</b>

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
<b>As at 1 January 2022</b>	98,946	(16)	(21)	62,005	160,914	(250)	160,664
Profit/(loss) for the period	–	–	–	16,690	16,690	(143)	16,547
Other comprehensive income							
- Equity instruments at FVOCI – net change in fair value	–	(12)	–	–	(12)	–	(12)
- Foreign currency translation	–	–	42	–	42	9	51
<b>Total comprehensive income</b>	–	(12)	42	16,690	16,720	(134)	16,586
<b>Total contributions by and distributions to owners</b>							
Dividends on ordinary shares	–	–	–	(14,208)	(14,208)	–	(14,208)
<b>As at 30 June 2022</b>	<b>98,946</b>	<b>(28)</b>	<b>21</b>	<b>64,487</b>	<b>163,426</b>	<b>(384)</b>	<b>163,042</b>

## 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 30 June 2023 and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “Group”).

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

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

### 2 Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 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 2.2.

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 30 June 2023, the Group was in a net current liabilities position of \$23.8 million. This was due to the classification of the Group’s bank loan of \$44.5 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 2023. 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 2022 and for the financial year ended 31 December 2022.

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
<b>1 January 2023 to 30 June 2023</b>					
<b>Revenue:</b>					
Real estate brokerage fees and related services	255,974	1,079	2,648	(1,055)	258,646
Other revenue	46	–	946	–	992
<b>Total revenue</b>	<b>256,020</b>	<b>1,079</b>	<b>3,594</b>	<b>(1,055)</b>	<b>259,638</b>
Segment results	7,853	(133)	(960)	–	6,760
Interest income					128
Finance costs					(1,032)
<b>Profit before tax</b>					<b>5,856</b>
Income tax expense					(1,514)
<b>Profit for the period</b>					<b>4,342</b>
<b>Others:</b>					
Allowance for doubtful debts provided – trade	(1,670)	–	(235)	–	(1,905)
Depreciation and amortisation	(1,781)	(157)	(422)	–	(2,360)
<b>1 January 2022 to 30 June 2022</b>					
<b>Revenue:</b>					
Real estate brokerage fees and related services	338,283	1,090	2,027	(1,042)	340,358
Other revenue	49	–	2,197	–	2,246
<b>Total revenue</b>	<b>338,332</b>	<b>1,090</b>	<b>4,224</b>	<b>(1,042)</b>	<b>342,604</b>
Segment results	19,811	(18)	220	–	20,013
Share of results in associates					263
Interest income					280
Finance costs					(358)
<b>Profit before tax</b>					<b>20,198</b>
Income tax expense					(3,651)
<b>Profit for the period</b>					<b>16,547</b>
<b>Others:</b>					
Bad debts recovered	25	–	–	–	25
Allowance for doubtful debts provided – trade	(1,178)	19	(21)	–	(1,180)
Depreciation and amortisation	(1,970)	(85)	(412)	–	(2,467)

## 4.2 Revenue

### Geographical segments

	Revenue		Non-current assets*	
	Six months ended		30 June	31 December
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Singapore	257,295	342,410	168,276	169,102
Indonesia	1,110	–	9,015	9,113
Vietnam	925	–	7,396	2,175
Others	308	194	264	281
	259,638	342,604	184,951	180,671

\* Comprising property, plant and equipment, right-of-use assets, intangible assets and fixed deposits

### Disaggregation of real estate brokerage fees and related services

	Real estate brokerage income		Others		Total	
	Six months ended		Six months ended		Six months ended	
	2023	2022	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Major product or service lines</b>						
Brokerage fees from resale, rental and new home transactions	255,974	338,283	–	–	255,974	338,283
Others	–	–	2,672	2,075	2,672	2,075
	255,974	338,283	2,672	2,075	258,646	340,358
<b>Timing of transfer of goods or services</b>						
At a point in time	255,974	338,283	2,033	1,435	258,007	339,718
Over time	–	–	639	640	639	640
	255,974	338,283	2,672	2,075	258,646	340,358

### Other revenue

	Group	
	2023	2022
	\$'000	\$'000
Rental of properties, workstations, lockers and furniture	438	769
Professional indemnity insurance fees	–	98
Incentives, referral and administrative fees	279	419
Government grants	106	89
Interest income from cash at bank and fixed deposits	128	280
Bad debts recovered	–	25
Sundry income	41	566
	992	2,246

## 5 Profit before taxation

### Significant items

	Group	
	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
<u>Included in finance costs</u>		
Interest on lease liabilities	(61)	(28)
<u>Included in other operating expenses</u>		
Write off of other investments	–	(250)
Write off of loan to associate	(37)	(251)
Foreign exchange (loss)/gain, net	(73)	308
Rental expense	(140)	(60)

### Related party transactions

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

## 6 Taxation

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

	Group	
	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Tax expense recognised in respect of profit for the period		
Current tax	1,596	3,693
	<hr/>	<hr/>
	1,596	3,693
Deferred tax provided		
Origination and reversal of temporary differences	(82)	(42)
	<hr/>	<hr/>
Income tax expense	1,514	3,651

## 7 Financial assets and financial liabilities

	Group		Company	
	30 June 2023 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Total trade and other receivables	129,479	155,467	14,096	13,698
Less:				
Advances	(1,474)	(1,260)	–	–
Unbilled receivables	(16,695)	(2,093)	–	–
Add:				
Fixed deposits	400	400	400	400
Cash and bank balances	32,135	49,274	634	3,015
Total financial assets carried at amortised cost	143,845	201,788	15,130	17,113
Total trade and other payables	136,607	169,114	77,781	66,063
Less: GST payable	(9,812)	(11,775)	(3)	–
Add: Lease liabilities	1,418	137	–	–
Add: Loan and borrowing	44,467	45,917	–	–
Total financial liabilities carried at amortised cost	172,680	203,393	77,778	66,063

### Credit risk

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

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

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

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

### Expected credit losses

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

	Group	
	30 June 2023 \$'000	31 December 2022 \$'000
At the beginning of period/year	5,572	5,439
Charge for the period/year	1,905	3,113
Written off	(46)	(2,980)
Others	113	–
At end of period/year	7,544	5,572

## 8 Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to \$755,000 (30 June 2022: \$2,113,000) and did not dispose assets during the period. (30 June 2022: disposed assets amounting to \$29,000).

## 9 Intangible assets

Group	Goodwill \$'000	Franchise rights \$'000	Total \$'000
<b>Cost:</b>			
At 1 January 2022	75,934	29,473	105,407
Additions	6,162	1,896	8,058
Written off	(710)	–	(710)
At 31 December 2022 and 1 January 2023	81,386	31,369	112,755
Additions	6,243	–	6,243
At 30 June 2023	87,629	31,369	118,998
<b>Accumulated amortisation and impairment:</b>			
At 1 January 2022	710	7,807	8,517
Charge for the year	–	940	940
Written off	(710)	–	(710)
At 31 December 2022 and 1 January 2023	–	8,747	8,747
Charge for the period	–	534	534
At 30 June 2023	–	9,281	9,281
<b>Net carrying amount:</b>			
At 31 December 2022	81,386	22,622	104,008
At 30 June 2023	87,629	22,088	109,717

## Company

	Franchise rights \$'000
<b>Cost:</b>	
At 1 January 2022, 31 December 2022, 1 January 2023 and 30 June 2023	3,816
<b>Accumulated amortisation:</b>	
At 1 January 2022	1,950
Charge for the year	237
At 31 December 2021 and 1 January 2023	2,187
Charge for the period	118
At 30 June 2023	2,305
<b>Net carrying amount:</b>	
At 31 December 2022	1,629
At 30 June 2023	1,511

## 9 Intangible assets (cont'd)

### Goodwill

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

<b>Group</b>	<b>30 June 2023 \$'000</b>	<b>31 December 2022 \$'000</b>
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	6,162	6,162
Real estate brokerage income (Vietnam) - Provisional	6,243	–
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
	87,629	81,386

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections for the remaining useful life, including financial budgets approved by management covering a one-year period. The value in use was determined similarly to the 31 December 2022 goodwill impairment assessment and was based on key assumptions in relation to pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the one-year period as follows:

	<b>30 June 2023</b>	<b>31 December 2022</b>
Growth rate	1.2% - 1.7%	1.2% - 1.7%
Discount rate	10.9% - 14.4%	10.9% - 14.4%

### Franchise rights

Franchise rights is held for the exclusive right of use of the brand name “ERA”.

The Group acquired exclusive ERA Regional Master franchise right for certain countries in the Asia Pacific region for an initial term of 30 years from 19 November 1999, which expires in 2029. The Group has the option to renew the regional master franchise agreements for an additional 30-year term upon expiry of the initial term subject to certain conditions. As at 30 June 2023, the carrying amount of the ERA franchise right in Asia Pacific region is \$1,511,000 (31 December 2022: \$1,629,000) and has remaining amortisation period of 6 years (31 December 2022: 7 years).

The Group also holds ERA Subfranchise right in Singapore for an initial term of 30 years from 28 June 1990, which expired in 2021. It includes a renewal clause for an additional successive 30 years, which the Group has renewed upon its expiry for additional 30 years with no additional cost in accordance to the franchise agreement. As at 30 June 2023, the carrying amount of the ERA Singapore Subfranchise right is \$18,756,000 (31 December 2022: \$19,104,000) and has remaining amortisation period of 27 years (31 December 2022: 28 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 30 June 2023, the carrying amount of the ERA Indonesia Subfranchise right is \$1,821,000 (31 December 2022: \$1,889,000) and has remaining amortisation period of 21 years (31 December 2022: 22 years).

## 10 Loan and borrowing

	Group	
	30 June 2023	31 December 2022
	\$'000	\$'000
<b>Current:</b>		
SGD loan at Compounded SORA + 1.15% p.a.	44,467	45,917

The loan is secured by way of a first legal mortgage over the Group's leasehold 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 and Company	
	Six months ended 30 June 2023	2022
	\$'000	\$'000
<b>Declared and paid during the financial period:</b>		
<i>Dividends on ordinary shares:</i>		
- Final exempt (one-tier) dividend for 2022: 2.75 cents per share (2021: 4.0 cents per share)	9,768	14,208
	9,768	14,208

## 12 Share capital

	Group and Company			
	30 June 2023		31 December 2022	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At beginning and end of period	355,198	98,946	355,198	98,946

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

There were no outstanding convertibles, shares held as treasury shares, or subsidiary holdings as at 30 June 2023 and 31 December 2022.

### 13 Earnings per share

	Group	
	Six months ended 30 June	
	2023	2022
	\$'000	\$'000
Profit for the period attributable to owners of the Company	5,005	16,690
	No of shares	No of shares
	'000	'000
Weighted average number of ordinary shares for earnings per share computation	355,198	355,198

### 14 Net asset value

	Group		Company	
	30 June	31 December	30 June	31 December
	2023	2022	2023	2022
	\$'000	\$'000	\$'000	\$'000
Net asset value per ordinary share	43.8	45.1	38.8	40.9

### 15 Acquisition of subsidiary

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. The estimated fair value of the identifiable assets and liabilities of ERA VN and Eurocapital as of the date of acquisition were:

	Fair value recognised on acquisition \$'000
<b>Assets</b>	
Plant and equipment	15
Right-of-use assets	1,286
Trade and other receivables	2,803
Cash and cash equivalents	639
Total assets	4,743
<b>Liabilities</b>	
Lease liabilities	(1,147)
Trade and other payables	(2,209)
Total liabilities	(3,356)
<b>Total identifiable net assets at fair value</b>	<b>1,387</b>
NCI, based on their proportionate interest in the recognised amounts of the assets and liabilities of the acquiree	(555)
Settlement of pre-existing balances	(1,000)
Investments previously held as associate	(1,175)
Goodwill on acquisition (provisional)	6,243
<b>Purchase consideration transferred, settled in cash</b>	<b>4,900</b>

The Group is performing a purchase price allocation exercise to finalise the fair value of the identifiable assets and liabilities of ERA VN and Eurocapital; and to fair value the total consideration for the acquisition. The Group expects the exercise to be completed before 31 December 2023.

## 16 Subsequent events

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

### Other Information Required by Listing Rule Appendix 7.2

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

The condensed interim consolidated statements of financial position of APAC Realty Limited (the “Company”) and its subsidiaries (collectively, the “Group”) as at 30 June 2023 and the related condensed interim consolidated income statement, statement of comprehensive income, statement of cashflows and statement of changes in equity for the six months ended 30 June 2023, and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

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

Not applicable.

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

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

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

Not applicable.

#### 3 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group’s business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

##### Income statement

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

##### Six months ended 30 June 2023 (“1H2023”) vs Six months ended 30 June 2022 (“1H2022”)

	1H2023	1H2022	Change
	\$’000	\$’000	(%)
Real estate brokerage fees and related services	258,646	340,358	(24.0)
Other revenue	992	2,246	(55.8)
Total revenue	259,638	342,604	(24.2)
Cost of services	(233,030)	(307,262)	(24.2)
Gross Profit	26,608	35,342	(24.7)

##### **Revenue**

Revenue from real estate brokerage fees and related services decreased by approximately \$81.8 million or 24.0%, from \$340.4 million in 1H2022 to \$258.6 million in 1H2023 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 \$16.3 million or 8.2%, from \$199.0 million in 1H2022 to \$182.7 million in 1H2023; and

- 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)**

##### **Revenue (cont'd)**

- b) decrease in new home sales of \$66.0 million or 47.4%, from \$139.3 million in 1H2022 to \$73.3 million in 1H2023.

Other revenue decreased by \$1.2 million or 55.8%, from \$2.2 million in 1H2022 to \$1.0 million in 1H2023 mainly due to lower annual business conference income, lower room rental income from Mountbatten Square office as the lease has ended in February 2023 and lower referral fees generated for the period.

##### **Cost of services**

Cost of services decreased by approximately \$74.3 million or 24.2%, from \$307.3 million in 1H2022 to \$233.0 million in 1H2023, in line with the decrease in revenue from real estate brokerage fees and related services.

##### **Gross profit**

Gross profit decreased by approximately \$8.7 million or 24.7%, in line with the decrease in revenue from real estate brokerage fees and related services.

##### **Operating expenses**

Personnel cost increased by approximately \$1.8 million or 23.1%, from \$7.7 million in 1H2022 to \$9.5 million in 1H2023 mainly due to an increase in headcount in Singapore (30 June 2023: 180; 30 June 2022: 157) due to expansion of the Group's marketing and IT department.

Marketing and promotion expenses increased by approximately \$1.2 million or 89.9%, from \$1.4 million in 1H2022 to \$2.6 million in 1H2023 mainly due to:

- increase in recruitment costs for new agents by \$0.3 million;
- increase in advertising and brand promotion costs by \$0.2 million;
- increase in agent retention costs by \$0.3 million; and
- inclusion of marketing costs of the Group's newly acquired subsidiaries of \$0.2 million.

Depreciation of plant and equipment increased by \$0.2 million, from \$1.1 million in 1H2022 to \$1.3 million in 1H2023 due to the refurbishment costs incurred for ERA APAC Centre and inclusion of depreciation of the Group's Indonesia subsidiary, PT ERA.

Depreciation of right-of-use assets has decreased by \$0.4 million, from \$0.9 million in 1H2022 to \$0.5 million in 1H2023 due to expiry of the lease of Mountbatten Square office in February 2023.

Amortisation of intangible assets was approximately \$0.5 million for both 1H2023 and 1H2022.

Allowance for doubtful debts (trade) increased by approximately \$0.7 million or 61.4%, from \$1.2 million in 1H2022 to \$1.9 million in 1H2023 mainly due to inclusion of doubtful debts recognised by the Group's subsidiary in Vietnam, ERA VN of \$0.2 million and higher expected credit loss on revenue that was recognised in the second half of 2022.

Finance costs comprised mainly interest expense from bank borrowings and has increased by approximately \$0.6 million from \$0.4 million in 1H2022 to \$1.0 million in 1H2023. The increase is due to higher bank interest rates during the period, ranging from 3.44% to 4.74% p.a. in 1H2023 (1H2022: 1.28% to 1.45%).

Other operating expenses increased by approximately \$1.0 million or 44.3%, from \$2.3 million in 1H2022 to \$3.3 million in 1H2023 mainly due to:

- increase in IT support costs by \$0.3 million; and
- inclusion of other operating expense of the Group's new subsidiaries, PT ERA and ERA VN of \$0.3 million and \$0.4 million respectively.

- 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)**

Overall, total operating expenses increased by approximately \$5.4 million or 34.7%, from \$15.4 million in 1H2022 to \$20.8 million in 1H2023.

##### **Share of results of associates**

In 1H2022, the share of profit of associates for the period of \$0.3 million was contributed by the Group's associate in Vietnam which subsequently became the Group's subsidiary in January 2023.

##### **Profit before tax**

As a result of the foregoing, profit before tax decreased by approximately \$14.3 million or 71.0%, from \$20.2 million in 1H2022 to \$5.9 million in 1H2023.

##### **Tax expense**

Tax expense decreased by approximately \$2.2 million, from \$3.7 million in 1H2022 to \$1.5 million in 1H2023 due to lower taxable income generated during the period. The higher effective tax rate of 26% for 1H2023 as compared to 18% in 1H2022 was mainly due to losses incurred by the Group's foreign subsidiaries and deferred tax assets were not recognised on these losses.

##### **Profit for the period**

As a result of the foregoing, profit for the period decreased by approximately \$12.2 million or 73.8%, from \$16.5 million in 1H2022 to \$4.3 million in 1H2023.

#### **Statement of Financial Position**

##### **30 June 2023 vs 31 December 2022**

##### **Non-current assets**

The Group's total non-current assets amounted to approximately \$185.1 million and \$180.8 million as at 30 June 2023 and 31 December 2022 respectively. The increase of approximately \$4.3 million or 2.4% was mainly due to provisional goodwill arising from the Group's acquisition of ERA VN of \$6.2 million and purchase of plant and equipment of \$0.8 million during the period; offset by depreciation of plant and equipment, depreciation of right-of-use assets, as well as amortisation of intangible assets for a total of \$2.4 million.

##### **Current assets**

Trade receivables amounted to approximately \$109.2 million and \$151.0 million as at 30 June 2023 and 31 December 2022 respectively. The decrease of approximately \$41.8 million or 27.7% was mainly due to decrease in billings made in 1H2023.

Other receivables amounted to approximately \$3.6 million and \$2.4 million as at 30 June 2023 and 31 December 2022 respectively. The increase was due to the inclusion of ERA VN's other receivables of \$1.1 million and these are mainly placement of deposits to developers to secure marketing rights for new home projects.

Unbilled receivables amounted to approximately \$16.7 million and \$2.1 million as at 30 June 2023 and 31 December 2022 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 \$2.4 million and \$2.9 million as at 30 June 2023 and 31 December 2022 respectively. The decrease of \$0.5 million was mainly due to the recognition of expenses in 1H2023.

Cash and bank balances decreased by approximately \$17.2 million or 34.9%, from \$49.3 million as at 31 December 2022 to \$32.1 million as at 30 June 2023.

As a result of the foregoing, total current assets decreased by approximately \$43.5 million or 21.0%, from \$207.6 million as at 31 December 2022 to \$164.1 million as at 30 June 2023.

- 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)**

##### **Non-current liabilities**

The Group's total non-current liabilities increased from \$4.7 million as at 31 December 2022 to \$5.5 million as at 30 June 2023. The increase of \$0.8 million or 17.0% was mainly due to leases arising from the acquisition of ERA VN during the period.

##### **Current liabilities**

Trade payables and accruals amounted to approximately \$124.1 million and \$155.9 million as at 30 June 2023 and 31 December 2022 respectively. The decrease of approximately \$31.8 million or 20.4% was mainly due to the repayment of commission payable during the period and is in line with the decrease in trade receivables.

Other payables comprised mainly goods and services tax (GST) payable, deposits and sundry payables which amounted to approximately \$12.5 million and \$13.2 million as at 30 June 2023 and 31 December 2022 respectively. The decrease of approximately \$0.7 million or 5.3% was mainly due to lower GST payables arising from lower billings during the period; partially offset by the inclusion of other payables arising from the acquisition of ERA VN.

Deferred income amounted to approximately \$1.3 million and \$1.4 million as at 30 June 2023 and 31 December 2022 respectively.

Lease liabilities represent the current portion of the lease obligations and has increased by \$0.5 million due to new leases entered into during the period.

Provision for taxation amounted to approximately \$4.9 million and \$6.8 million as at 30 June 2023 and 31 December 2022 respectively. The decrease of approximately \$1.9 million or 27.9% was mainly due to tax paid and lower estimated income tax during the period.

As a result of the foregoing, total current liabilities decreased by approximately \$35.4 million or 15.9%, from \$223.3 million as at 31 December 2022 to \$187.9 million as at 30 June 2023.

##### **Equity attributable to the owners of the Company**

The equity attributable to the owners of the Company decreased by approximately \$4.6 million or 2.9%, from \$160.2 million as at 31 December 2022 to \$155.6 million as at 30 June 2023. The decrease was mainly due to dividend payment of \$9.8 million in May 2023, partially offset by the net profit attributable to owners of the Company of \$5.0 million for 1H2023.

#### **Statement of Cash Flows**

##### **1H2023 vs 1H2022**

Net cash used in operating activities was approximately \$0.5 million in 1H2023 as compared to net cash generated from operating activities of approximately \$7.6 million in 1H2022. The difference of \$8.1 million was mainly due to lower operating profit generated during the period.

Net cash used in investing activities was approximately \$5.0 million and \$2.1 million in 1H2023 and 1H2022 respectively. The increase of \$2.9 million was mainly due to the acquisition of ERA VN of \$4.3 million during the period, partially offset by the decrease in purchase of plant and equipment by \$1.3 million.

- 3 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following: (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on (cont'd).**

**Statement of Cash Flows (cont'd)**

**1H2023 vs 1H2022 (cont')**

Net cash used in financing activities was approximately \$11.6 million and \$16.7 million in 1H2023 and 1H2022 respectively. The decrease of \$5.1 million was mainly due to lower dividend payment of \$9.8 million in 1H2023 (1H2022: \$14.2 million).

As a result of the foregoing, there was a net decrease in cash and cash equivalents of approximately \$17.1 million for 1H2023. Cash and cash equivalents stood at \$32.1 million as at 30 June 2023.

- 4 Use of Proceeds Raised From IPO**

<b>Purpose</b>	<b>Balance of Net Proceeds as at 1 January 2023 S\$'000</b>	<b>Net Proceeds Utilised as at 14 August 2023 S\$'000</b>	<b>Balance of Net Proceeds as at 14 August 2023 S\$'000</b>
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.**

The first half of 2023 saw a decrease in transactions in the new private residential, private residential resale and HDB resale markets following the cooling measures rolled out by the authorities in April 2023. The recent Urban Redevelopment Authority (URA) data showed that prices of private residential property decreased by 0.2% in the second quarter of 2023 after increasing 3.3% in the first quarter. Data from HDB indicated that overall prices for HDB has increased by 2.5% in the first half of 2023, lower than the 4.9% increase for second half of 2022.

In 1H2023, developers sold 3,646 private residential units (including ECs), a decrease of 19.8% from 4,546 units sold in 1H2022 (6 months ended 30 June 2022). The private residential resale market recorded sales of 6,126 units, a decrease of 22.8% from 7,932 units sold in 1H2022. The HDB resale market also reported a decline of 1.9% to 13,493 units in 1H2023 from 13,753 units in 1H2022.

The vacancy rate of completed private residential units has increased from 5.5% as at 31 December 2022 to 6.3% as at 30 June 2023. Apart from the 18,726 unsold units (including ECs) with planning approval as at 30 June 2023, there is a potential supply of 11,930 units (including ECs) from Government Land Sales sites that have not been granted planning approval yet.

In addition to enhancing its business in Singapore, the Group has continued to focus on its regional presence in ASEAN. The Group continues to monitor the developments of its subsidiaries in Indonesia and Vietnam.

**7 Dividend**

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

Yes.

<b>Name of Dividend</b>	Interim
<b>Dividend Type</b>	Cash
<b>Dividend Amount</b>	1.1 cent per ordinary share
<b>Tax Rate</b>	Tax Exempt

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

Yes.

<b>Name of Dividend</b>	Interim
<b>Dividend Type</b>	Cash
<b>Dividend Amount</b>	3.5 cents per ordinary share
<b>Tax Rate</b>	Tax Exempt

**(c) Date payable**

Payment of interim dividend will be made on 8 September 2023.

**(d) Record date**

Notice is hereby given that the Transfer Book and Register of Members of the Company will be closed from 5.00 p.m. (Singapore time) on 31 August 2023 for the preparation of dividend warrants for the interim 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 31 August 2023 will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with Shares at 5.00 p.m. (Singapore time) on 31 August 2023 will be entitled to the interim dividend.

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

Not applicable.

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

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

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

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

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

The Board of Directors hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the six months ended 30 June 2023 unaudited financial results to be false or misleading in any material respect.

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

Not applicable.

**BY ORDER OF THE BOARD**

Chua Khee Hak  
Executive Chairman  
14 August 2023