

Company Registration No. 201505187R

3DInfra Pte. Ltd. and its subsidiaries

Interim Condensed Consolidated Financial Statements

For the period of 1 January 2020 to 30 June 2020



3DInfra Pte. Ltd. and its subsidiaries

Report on review of interim condensed consolidated financial statements For the financial period from 1 January 2020 to 30 June 2020

Introduction

We have reviewed the accompanying interim condensed financial statements of 3DInfra Pte. Ltd. (the "Company") and its subsidiaries (collectively, the "Group") as at 30 June 2020, which comprise the interim consolidated statements of financial position as at 30 June 2020 and the related interim consolidation statement of comprehensive income, changes in equity and cash flow statement for the six-month period then ended and explanatory notes. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with Singapore Financial Reporting Standard FRS 34 Interim Financial Reporting ("FRS 34"). Our responsibility is to express a conclusion on these interim financial information based on our review.

Scope of Review

We conducted our review in accordance with Singapore Standard on Review Engagements 2410, *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Singapore Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Material Uncertainty Related to Going Concern

The Group incurred a net loss of S\$979,383 during the financial period ended 30 June 2020 and as at that date, the Group's current and total liabilities exceeded its current and total assets by S\$2,318,232 and S\$2,250,571 respectively. In addition, the net cash flows used in operating activities for the financial period ended on 30 June 2020 amounted to \$539,730. These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern.

Notwithstanding the above, the interim condensed consolidated financial statements of the Group are prepared on a going concern basis. As stated in Note 2.2, the ability of the Group to continue as a going concern depends on the successful Initial Public Offering or other fund raising as well as continuing support from certain shareholders who undertake to provide continuing financial support to enable the Group to continue as a going concern and not to recall amounts due to them within the next 12 months from the date of the auditor's report.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify non-current assets and non-current liabilities as current assets and current liabilities. No such adjustments have been made to these financial statements. Our conclusion is not modified in respect of this matter.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with FRS 34.

Other matters

We have not carried out a review in accordance with Singapore Standards on Review Engagements on the interim financial information for the six-month period ended 30 June 2019 included as comparative figures in this interim financial information, as the Group was not required to present reviewed financial information for the period. The interim financial information for the six-month period ended 30 June 2019 is the responsibility of the management and directors.

3DInfra Pte. Ltd. and its subsidiaries

**Report on review of interim condensed consolidated financial statements
For the financial period from 1 January 2020 to 30 June 2020**

Restriction on Distribution and Use

This report is made solely to you as a body and for the proposed offering of the shares of the parent of the Company, 3D Metalforge Limited in connection with its listing on the Australian Stock Exchange.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
1 December 2020

3DInfra Pte. Ltd. and its subsidiaries**Interim condensed consolidated statement of comprehensive income
For the period from 1 January 2020 to 30 June 2020**

		Group	
		Unaudited	Unaudited
		1 January 2020	1 January 2019
		to	to
	Note	30 June 2020	30 June 2019
		S\$	S\$
Items of income			
Revenue	3	536,002	573,715
Other income	4	203,851	102,334
Items of expenses			
Allowance for doubtful trade debts		(48,055)	–
Depreciation and amortisation		(463,016)	(387,170)
Cost of materials		(128,749)	(185,930)
Staff costs	5	(623,021)	(643,438)
Legal and professional fees		(76,309)	(10,298)
Interest expenses		(64,324)	(42,236)
Other operating expenses		(315,762)	(441,010)
Loss before income tax	6	(979,383)	(1,034,033)
Income tax expenses		–	–
Loss for the period		(979,383)	(1,034,033)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		(12,236)	(3,028)
Total comprehensive income for the period, net of tax		(991,619)	(1,037,061)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

3DInfra Pte. Ltd. and its subsidiaries

Interim condensed consolidated statement of financial position
As at 30 June 2020

	Note	Group Unaudited 30 June 2020 S\$	Group Audited 31 December 2019 S\$
Non-current assets			
Plant and equipment	7	1,131,570	1,528,650
Intangible assets	9	655,078	634,680
Other receivables		44,309	33,527
		1,830,957	2,196,857
Current assets			
Inventories	10	113,905	54,313
Trade and other receivables	11	294,277	197,771
Prepayments		74,388	41,966
Cash and cash equivalents	12	288,748	50,904
		771,318	344,954
Total assets		2,602,275	2,541,811
Current liabilities			
Trade and other payables	13	1,547,352	1,215,740
Lease liabilities	14	601,063	615,558
Loans and borrowings	15	941,135	937,398
		3,089,550	2,768,696
Net current liabilities		(2,318,232)	(2,423,742)
Non-current liabilities			
Lease liabilities	14	397,835	687,855
Loans and borrowings	15	1,365,461	1,330,568
		1,763,296	2,018,423
Total liabilities		4,852,846	4,787,119
Net liabilities		(2,250,571)	(2,245,308)
Equity attributable to owners of the Company			
Share capital	16	4,958,417	4,092,380
Accumulated losses		(7,901,995)	(6,922,612)
Share-based payment reserves	17	720,678	600,359
Translation reserves		(27,671)	(15,435)
Total equity		(2,250,571)	(2,245,308)
Total equity and liabilities		2,602,275	2,541,811

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

3DInfra Pte. Ltd. and its subsidiaries

Interim condensed consolidated statement of changes in equity
For the period from 1 January 2020 to 30 June 2020

Group	Share capital (Note 16) S\$	Share-based payment reserves (Note 17) S\$	Accumulated losses S\$	Translation reserves S\$	Total equity S\$
Unaudited 2020					
At 1 January 2020	4,092,380	600,359	(6,922,612)	(15,435)	(2,245,308)
Loss for the period	–	–	(979,383)	–	(979,383)
Issuance of convertible preference shares	866,037	–	–	–	866,037
Share based payment expenses	–	120,319	–	–	120,319
Foreign currency translation	–	–	–	(12,236)	(12,236)
At 30 June 2020 (unaudited)	4,958,417	720,678	(7,901,995)	(27,671)	(2,250,571)
Unaudited 2019					
At 1 January 2019	3,550,000	407,138	(4,885,081)	–	(927,943)
Loss for the year	–	–	(1,034,033)	–	(1,034,033)
Share based payment expenses	–	84,283	–	–	84,283
Foreign currency translation	–	–	–	(3,028)	(3,028)
At 30 June 2019 (unaudited)	3,550,000	491,421	(5,919,114)	(3,028)	(1,880,721)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

3DInfra Pte. Ltd. and its subsidiaries

**Interim condensed consolidated cash flow statement
For the period from 1 January 2020 to 30 June 2020**

	Notes	Unaudited 1 January 2020 to 30 June 2020 S\$	Unaudited 1 January 2019 to 30 June 2019 S\$
Cash flows from operating activities			
Loss before tax		(979,383)	(1,034,033)
Adjustments for:			
Depreciation of plant and equipment		89,675	203,099
Depreciation of right-of-use assets		312,905	152,154
Amortisation of intangible assets		60,436	31,917
Interest expenses		64,324	42,236
Allowance for doubtful trade debts		48,055	–
Share based compensation expenses		120,319	84,283
Exchange differences		(12,236)	(3,028)
Operating cash flows before changes in working capital		(295,905)	(523,372)
Decrease/(increase) in:			
Trade and other receivables		(155,342)	112,384
Prepayments		(32,421)	3,611
Inventories		(59,592)	(58,838)
Increase/(decrease) in:			
Trade and other payables		3,530	234,268
Deferred revenue		–	(20,029)
Net cash flows used in operating activities		(539,730)	(251,976)
Cash flows from investing activities			
Purchase of plant and equipment		(5,500)	(1,237,220)
Additions to intangible assets		(80,834)	(95,823)
Net cash used in investing activities		(86,334)	(1,333,043)
Cash flows from financing activities			
Proceeds from issuance of convertible preference shares		866,037	–
Proceeds from bank loans and external borrowings		74,117	1,663,382
Repayment of bank loans		(35,490)	(10,090)
Payment of lease liabilities		(40,756)	(102,632)
Net cash flows generated from financing activities		863,908	1,550,660
Net increase/(decrease) in cash and cash equivalents		237,844	(34,359)
Cash and cash equivalents at beginning of the financial period		50,904	89,428
Cash and cash equivalents at end of the six-month period	12	288,748	55,069

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

3DInfra Pte. Ltd. and its subsidiaries

Notes to the financial statements For the six-month period ended 30 June 2020

1. Corporate information

The Company is a private limited company incorporated in Singapore. The ultimate holding company is Origo Investment Limited and the immediate holding company is Right Angle Venture Group Pte. Ltd. In addition, the Company also has a number of existing non-controlling shareholders.

The registered office and principal place of business of the Company is located at 10 Science Park Road, #01-06 The Alpha, Singapore 117684.

The principal activity of the Company is that of an investment holding company. The principal activities of its subsidiaries are primarily in industrial design activities, provision of art and graphic design services and 3D metal printing-related services.

2. Summary of significant accounting policies

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six-month ended 30 June 2020 and 30 June 2019 have been prepared in accordance with Singapore Financial Reporting Standards (FRS 34) *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as at 31 December 2019.

The interim financial statements have been prepared on a historical costs basis, except as disclosed in the accounting policies below, and are presented in Singapore Dollars ("SGD" or "S\$").

Going concern assumption

The Group incurred a net loss of S\$979,383 (2019: S\$1,034,033) during the financial period ended 30 June 2020 and as at that date, the Group's current and total liabilities exceeded its current and total assets by S\$2,318,232 and S\$2,250,571 (2019: S\$2,423,742 and S\$2,245,308) respectively. In addition, the net cash flows used in operating activities for the financial period ended on 30 June 2020 amounted to S\$539,730 (S\$251,976). These factors indicate the existence of a material uncertainty which may cast significant doubt on the ability of the Group to continue as a going concern.

Notwithstanding the above, the interim condensed consolidated financial statements of the Group are prepared on a going concern basis. The ability of the Group to continue as a going concern depends on the successful Initial Public Offering or other fund raising as well as continuing support from certain shareholders who undertake to provide continuing financial support to enable the Group to continue as a going concern and not to recall amounts due to them within the next 12 months from the date of the auditor's report.

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group may have to reclassify non-current assets and non-current liabilities as current assets and current liabilities. No such adjustments have been made to these financial statements. Our opinion is not modified in respect of this matter.

3DInfra Pte. Ltd. and its subsidiaries

Notes to the financial statements For the six-month period ended 30 June 2020

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies*

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2019, except for the adoption of the new standards effective as of 1 January 2020. The adoption of these standards did not have any material impact on the interim financial statement of the Group.

3. Revenue

Disaggregation of revenue

	Group Unaudited For the six-month period ended 30 June	
	2020 S\$	2019 S\$
<i>Revenue streams:</i>		
Sale of 3D design	14,123	48,325
Sale of 3D design and printing	521,879	525,390
	<hr/>	<hr/>
	536,002	573,715
	<hr/>	<hr/>
<i>Timing of transfer of goods or services:</i>		
At a point in time	536,002	573,715
	<hr/>	<hr/>
<i>Primary geographical markets:</i>		
Singapore	468,902	512,306
United States	56,919	59,171
Canada	–	2,238
Malaysia	10,181	–
	<hr/>	<hr/>
	536,002	573,715
	<hr/>	<hr/>

4. Other income

	Group Unaudited For the six-month period ended 30 June	
	2020 S\$	2019 S\$
Government grants	203,051	99,948
Delivery fee	800	2,386
	<hr/>	<hr/>
	203,851	102,334
	<hr/>	<hr/>

3DInfra Pte. Ltd. and its subsidiaries

Notes to the financial statements For the six-month period ended 30 June 2020

5. Staff costs

	Group Unaudited For the six-month period ended 30 June	
	2020	2019
	S\$	S\$
Salaries, wages and benefits (including CPF contributions)	502,702	559,155
Share-based compensation expenses	120,319	84,283
	<hr/>	<hr/>
	623,021	643,438

6. Loss before income tax

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

	Group Unaudited For the six-month period ended 30 June Group	
	2020	2019
	S\$	S\$
Depreciation of plant and equipment	89,675	203,099
Depreciation of right-of-use assets	312,905	152,154
Amortisation of intangible assets	60,436	31,917
Allowance for doubtful trade debts	48,055	–
Share-based compensation expenses	120,319	84,283
Interest expenses	64,136	34,996
Legal and professional fees	76,309	10,298
Utility charges	21,383	14,799
Foreign exchange loss, net	25,925	154
Expenses relating to short-term leases	69,396	60,852
Software subscriptions	33,477	26,527
Repair and maintenance costs	13,084	40,376
Research and development costs	291,390	239,060

Included in other operating expenses and staff costs is startup cost of Nil (30 June 2019: S\$294,981). The non-recurring startup cost was incurred in order to set up a subsidiary in the United States.

3DInra Pte. Ltd. and its subsidiaries

Notes to the financial statements
For the six-month period ended 30 June 2020

7. Plant and equipment

Group	Office premises S\$	Computer equipment S\$	Furniture and fittings S\$	Office equipment S\$	Plant and machinery S\$	Renovations S\$	Total S\$
Cost							
At 1 January 2019	–	85,850	83,524	25,604	984,041	104,330	1,283,349
Impact upon adoption of FRS 116 Leases	239,989	–	–	–	–	–	239,989
Additions during the year	–	900	–	–	1,158,730	16,670	1,176,300
At 31 December 2019 and 1 January 2020	239,989	86,750	83,524	25,604	2,142,771	121,000	2,699,638
Additions during the year	–	–	–	–	5,500	–	5,500
At 30 June 2020	239,989	86,750	83,524	25,604	2,148,271	121,000	2,705,138
Accumulated depreciation							
At 1 January 2019	–	(64,303)	(67,684)	(17,558)	(253,545)	(67,707)	(470,797)
Charge for the year	(82,282)	(11,899)	(13,643)	(6,451)	(553,983)	(31,933)	(700,191)
At 31 December 2019 and 1 January 2020	(82,282)	(76,202)	(81,327)	(24,009)	(807,528)	(99,640)	(1,170,988)
Charge for the year	(41,141)	(4,358)	(2,018)	(1,457)	(347,858)	(5,748)	(402,580)
At 30 June 2020	(123,423)	(80,560)	(83,345)	(25,466)	(1,155,386)	(105,388)	(1,573,568)
Net carrying amount							
At 31 December 2019	157,707	10,548	2,197	1,595	1,335,243	21,360	1,528,650
At 30 June 2020	116,566	6,190	179	138	992,885	15,612	1,131,570

3DInfra Pte. Ltd. and its subsidiaries

Notes to the financial statements For the six-month period ended 30 June 2020

8. Right-of-use assets

Right-of-use assets acquired under leasing arrangements are presented together with the owned assets of the same class in property, plant and equipment line item.

The Group has lease contracts for office premises as well as plant and machinery used in its operations. The leases for office premises as well as plant and machinery generally have lease terms of approximately 3 years.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the year:

	Office premises S\$	Plant and machinery S\$	Total S\$
Cost			
At 1 January 2019 (restated)	239,989	397,790	637,779
Additions during the year	–	1,153,238	1,153,238
	<hr/>		
At 31 December 2019, 1 January 2020 and 30 June 2020	239,989	1,551,028	1,791,017
	<hr/>		
Accumulated depreciation			
At 1 January 2019	–	(26,519)	(26,519)
Charge for the year	(82,282)	(383,357)	(465,639)
	<hr/>		
At 31 December 2019 and 1 January 2020	(82,282)	(409,876)	(492,158)
Charge for the year	(41,141)	(271,764)	(312,905)
	<hr/>		
At 30 June 2020	(123,423)	(681,640)	(805,063)
	<hr/>		
Net carrying amount			
At 31 December 2019	157,707	1,141,152	1,298,859
	<hr/>		
At 30 June 2020	116,566	869,388	985,954
	<hr/> <hr/>		

3DInfra Pte. Ltd. and its subsidiaries

Notes to the financial statements For the six-month period ended 30 June 2020

9. Intangible assets

Group	Goodwill S\$	Computer software S\$	Development Cost S\$	Total S\$
Cost				
At 1 January 2019	241,353	91,351	296,727	629,431
Additions during the year	–	3,139	172,408	175,547
At 31 December 2019 and 1 January 2020	241,353	94,490	469,135	804,978
Additions during the year	–	–	80,834	80,834
At 30 June 2020	241,353	94,490	549,969	885,812
Accumulated amortisation				
At 1 January 2019	–	(45,421)	(27,483)	(72,904)
Charge for the year	–	(22,348)	(75,046)	(97,394)
At 31 December 2019 and 1 January 2020	–	(67,769)	(102,529)	(170,298)
Charge for the year	–	(10,545)	(49,891)	(60,436)
At 30 June 2020	–	(78,314)	(152,420)	(230,734)
Net carrying amount				
At 31 December 2019	241,353	26,721	366,606	634,680
At 30 June 2020	241,353	16,176	397,549	655,078

Goodwill relates to the 3D printing business that was acquired through business combination and the useful life is indefinite.

Computer software relates to acquired computer software licenses and the useful life is estimated to be 3 years. Computer software relates to acquired computer software licenses and the useful life is estimated to be 3 years. The remaining amortisation period life is 2 years

Development costs relate to ongoing development projects intended to generate future economic benefits and the useful life is estimated to be 5 years. The remaining amortisation period life is between 2 and 4 years.

10. Inventories

There are no write down of inventory during the six-month period ended 30 June 2020 (the six-month period ended 30 June 2019: Nil).

3DInfra Pte. Ltd. and its subsidiaries**Notes to the financial statements
For the six-month period ended 30 June 2020**

11. Trade and other receivables

	Group	
	Unaudited 30 June 2020 S\$	Audited 31 December 2019 S\$
Trade receivables (current):		
Third parties	237,899	168,250
Less: Allowance for doubtful trade debts	(63,874)	(15,819)
Other receivables (current):		
Third parties	62,288	–
Related parties	2,018	2,018
Sales tax receivables	5,204	6,234
Refundable deposits	50,742	37,088
	<hr/> 294,277	<hr/> 197,771
Other receivables (non-current):		
Refundable deposits	44,309	33,527
	<hr/> 294,277	<hr/> 197,771
Total trade and other receivables	338,586	231,298
Add: Cash and cash equivalents (Note 12)	288,748	50,904
Less: Sales tax receivables	(5,204)	(6,234)
	<hr/> 622,130	<hr/> 275,968
Total financial assets carried at amortised cost	<hr/> <hr/> 622,130	<hr/> <hr/> 275,968

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoiced amounts, which represent their fair values on initial recognition.

12. Cash and cash equivalents

	Group	
	Unaudited 30 June 2020 S\$	Audited 31 December 2019 S\$
Cash on hand	753	500
Cash at bank	287,995	50,404
	<hr/> 288,748	<hr/> 50,904
	<hr/> <hr/> 288,748	<hr/> <hr/> 50,904

3DInfra Pte. Ltd. and its subsidiaries

**Notes to the financial statements
For the six-month period ended 30 June 2020**

13. Trade and other payables

	Group	
	Unaudited 30 June 2020 S\$	Audited 31 December 2019 S\$
Trade payables	340,967	353,192
Non-trade payables	859,407	480,487
Accrued payroll	302,200	274,700
Accrued liabilities	44,778	107,361
	<hr/>	<hr/>
Total trade and other payables	1,547,352	1,215,740
Add: Loans and borrowings (Note 15)	2,306,596	2,267,966
Add: Lease liabilities (Note 14)	998,898	1,303,413
	<hr/>	<hr/>
Total financial liabilities carried at amortised cost	4,852,846	4,787,119
	<hr/>	<hr/>

Trade payables are non-interest bearing and are normally settled on 30 days' terms.

14. Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period.

	Unaudited 30 June 2020 S\$	Audited 31 December 2019 S\$
At 1 January	1,303,413	612,552
Additions during the period/year	–	1,153,238
Accretion of interest	25,012	51,538
Payments	(40,756)	(250,787)
Transfer to other payables	(288,771)	(263,128)
	<hr/>	<hr/>
At 31 December	998,898	1,303,413
	<hr/>	<hr/>

The following is presented in the statements of financial position:

	Unaudited 30 June 2020 S\$	Audited 31 December 2019 S\$
Current	601,063	615,558
Non-current	397,835	687,855
	<hr/>	<hr/>
	998,898	1,303,413
	<hr/>	<hr/>

3DInfra Pte. Ltd. and its subsidiaries

Notes to the financial statements For the six-month period ended 30 June 2020

15. Loans and borrowings

	Group	
	Unaudited 30 June 2020 S\$	Audited 31 December 2019 S\$
Current:		
Loan amounts due to related party ⁽¹⁾	231,966	223,499
Loan amounts due to external parties ⁽³⁾	649,126	655,502
Bank loans ⁽⁴⁾	60,043	58,397
	941,135	937,398
Non-current:		
Loan amounts due to related parties ⁽²⁾	1,231,531	1,167,030
Bank loans ⁽⁴⁾	133,930	163,538
	1,365,461	1,330,568

The loan amounts due to related party ⁽¹⁾ are repayable on demand, unsecured and bears interest at 8.00% per annum. The related party refers to one of the shareholders of the intermediate holding company of the Company.

The loan amounts due to related parties ⁽²⁾ are unsecured, interest-free and is not expected to be repaid within the next 12 months. The related parties refer to one of the directors of the Company, the Chief Executive Officer of the Company, and one of the shareholders of the Company.

The loan amounts due to external parties ⁽³⁾ are repayable on demand, secured by personal guarantees from directors of the Company and bears interest at 8.00% per annum.

The bank loans ⁽⁴⁾ are secured by personal guarantees from directors of the Company and bears interest between 6.75% and 7.00% per annum. The bank loans have a maturity period ranges from 3 to 5 years.

3DInfra Pte. Ltd. and its subsidiaries

Notes to the financial statements For the six-month period ended 30 June 2020

16. Share capital

	Group			
	Unaudited 30 June 2020		Audited 31 December 2019	
	No. of shares	S\$	No. of shares	S\$
<i>Ordinary shares:</i>				
At 1 January and 31 December	592,025	3,550,000	592,025	3,550,000
<i>Convertible preference shares:</i>				
At 1 January	22,222	542,380	–	–
Share issuance during the year	33,556	866,037	22,222	542,380
At 31 December	55,778	1,408,417	22,222	542,380
<i>Total share capital:</i>				
At 31 December	647,803	4,958,417	614,247	4,092,380

Ordinary shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

Convertible preference shares

During the period, the Company has issued 33,556 preference shares at US\$ 18.00 each. The preference shares have been fully paid as at 30 June 2020.

The preference shares rank *pari passu* without any preference or priority among themselves and the ordinary shares in respect of voting rights and the payment of dividends.

In the event of liquidation event, or on return of capital by the Company:

- (i) The holders of the preference shares shall be entitled in priority to holders of ordinary shares, to be paid one-time of the issue price of each preference share plus all accrued but unpaid dividend payable.
- (ii) If there is any balance funds or assets available for distribution into shareholder after payment of the amount stipulated in sub-paragraph (i) above, the preference shareholder shall be entitled to participate in such distribution *pari passu* with other shareholders pro-rate to their shareholdings on an as converted basis.

3DInfra Pte. Ltd. and its subsidiaries

**Notes to the financial statements
For the six-month period ended 30 June 2020**

17. Share-based payment reserves

	Group	
	Unaudited 30 June 2020 S\$	Audited 31 December 2019 S\$
At 1 January	600,359	407,138
Expense recognised in profit of loss – 3DInfra share plan	120,319	193,221
At 31 December	720,678	600,359

3DInfra share plan

In 2016, the Company introduced 3DInfra share plan, which issues shares to eligible employees and directors upon achieving specific performance target and employees satisfying certain performance conditions and remain in the employment at the share issuance date. The fair value of the employee services rendered is determined based on the recent quoted price of the Company's ordinary shares on the date of the grant. If preference shares are issued, Probability Weighted Expected Return Model and Black Scholes model are used to determine the fair value of the share award at grant date. There were no share awards granted for the period ended 30 June 2020.

Under the plan, granting of such awards is subject to sole discretion of a committee (the "Committee") that is duly authorised and appointed by the board of directors. Nevertheless, the aggregate number of shares which may be issued by the Committee on any date, when added to the aggregate number of shares issued or issuable in respect of all awards granted under the 3DInfra Share Plan and all other share-based incentive schemes of the Company, shall not exceed 20% of the total number of issued shares on the day immediately preceding the relevant date of grant.

The table below summarises the number of performance shares that were outstanding, as well as the movement during the reporting year.

	Group			
Grant date	No. of performance shares outstanding as at beginning of the year	No. of performance shares granted during the year	No. of performance shares outstanding as at end of year	Fair value of shares granted during the year S\$
1 January 2016	100,000	–	100,000	5.00
1 December 2016	16,000	–	16,000	12.50
1 March 2018	9,000	–	9,000	15.87
1 September 2019	22,000	–	22,000	16.38
	147,000		147,000	

3DInfra Pte. Ltd. and its subsidiaries

Notes to the financial statements For the six-month period ended 30 June 2020

18. Related party transactions

The following table provides the total amount of transactions that have been entered into with related party during the six-month ended 30 June 2020 and 2019:

	For the six-month ended 30 June	
	2020 S\$	2019 S\$
Loan provided by immediate holding company	101,000	96,000

19. Capital management

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may obtain new borrowings.

The Group monitors the capital on the basis of the debt-to-capital ratio. This ratio is calculated as net debt divided by share capital. Net debt is calculated as total borrowings less cash and cash equivalents.

	Group	
	Unaudited 30 June 2020 S\$	Audited 31 December 2019 S\$
Loans and borrowings (Note 15)	2,306,596	2,267,966
Lease liabilities (Note 14)	998,898	1,303,413
Less: Cash and cash equivalent (Note 12)	(288,748)	(50,904)
Net debts	3,016,746	3,520,475
Share capital	4,958,417	4,902,380
Debt-to-capital ratio	0.61	0.72

20. Financial instruments

Fair values

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation at fair value

Management has determined that the carrying amounts of cash and cash equivalents, current trade and other receivables and current trade and other payables and amounts due from subsidiaries (current), reasonably approximate their fair values because these are mostly short-term in nature.

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation at fair value

There are no financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value.

21. Authorisation of interim condensed financial statements

The interim condensed consolidated financial statements for the six-month period ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 01 December 2020.