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**BENG KUANG GROUP**

**BENG KUANG MARINE LIMITED  
AND ITS SUBSIDIARY CORPORATIONS**  
(Company Registration No: 199400196M)

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2022**

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Beng Kuang Marine Limited and its Subsidiary Corporations

**A. Condensed interim consolidated statement of profit or loss and other comprehensive income**

	Note to FS	The Group			The Group		
		6 months	6 months	+ / (-)	12 months	12 months	+ / (-)
		ended 31 December 2022 \$'000	ended 31 December 2021 \$'000 Restated	%	ended 31 December 2022 \$'000	ended 31 December 2021 \$'000 Restated	%
<b>Continuing Operations</b>							
Revenue	4	30,089	25,327	18.8%	59,134	51,313	15.2%
Cost of sales		(23,748)	(19,218)	23.6%	(46,610)	(39,409)	18.3%
Gross profit		6,341	6,109	3.8%	12,524	11,904	5.2%
Other (losses)/gains – net		(3,122)	297	NM	(2,084)	1,191	NM
Expenses							
- Selling and distribution		(462)	(170)	171.8%	(880)	(426)	106.6%
- Administrative		(6,913)	(6,839)	1.1%	(13,405)	(12,113)	10.7%
- Finance		(903)	(909)	(0.7%)	(1,702)	(1,785)	(4.6%)
Loss before income tax from Continuing Operations	6	(5,059)	(1,512)	234.6%	(5,547)	(1,229)	351.3%
Income tax expense	7	(989)	(365)	171.0%	(1,479)	(933)	58.5%
<b>Net loss from Continuing Operations</b>		<b>(6,048)</b>	<b>(1,877)</b>	<b>222.2%</b>	<b>(7,026)</b>	<b>(2,162)</b>	<b>225.0%</b>
<b>Discontinued Operations</b>							
Net loss for the period from Discontinued Operation	8	(17,730)	(11,978)	48.0%	(16,642)	(14,641)	13.7%
<b>Net loss</b>		<b>(23,778)</b>	<b>(13,855)</b>	<b>71.6%</b>	<b>(23,668)</b>	<b>(16,803)</b>	<b>40.9%</b>
<b>Other comprehensive loss, net of tax:</b>							
<u>Items that may be reclassified subsequently to profit or loss:</u>							
Currency translation differences arising from consolidation – (losses)/income		1,030	61	NM	525	(159)	(430.2%)
Currency translation differences arising from deconsolidation of subsidiaries reclassified to profit and loss		(408)	-	NM	(408)	-	NM
<u>Items that will not be reclassified subsequently to profit or loss:</u>							
Currency translation differences arising from consolidation – (losses)/income		30	(16)	NM	14	(89)	NM
Other comprehensive (losses)/income		652	45	NM	131	(248)	(152.8%)
<b>Total comprehensive loss</b>		<b>(23,126)</b>	<b>(13,810)</b>	<b>67.5%</b>	<b>(23,537)</b>	<b>(17,051)</b>	<b>38.0%</b>
<b>Loss attributable to:</b>							
Equity holders of the Company		(20,963)	(10,722)	95.5%	(21,829)	(13,227)	65.0%
Non-controlling interests		(2,815)	(3,133)	(10.2%)	(1,839)	(3,576)	(48.6%)
		<b>(23,778)</b>	<b>(13,855)</b>	<b>71.6%</b>	<b>(23,668)</b>	<b>(16,803)</b>	<b>40.9%</b>
<b>Loss attributable to equity holders of the Company relates to:</b>							
Continuing Operations		(3,233)	1,256	NM	(5,187)	1,414	NM
Discontinued Operations		(17,730)	(11,978)	48.0%	(16,642)	(14,641)	13.7%
		<b>(20,963)</b>	<b>(10,722)</b>	<b>95.5%</b>	<b>(21,829)</b>	<b>(13,227)</b>	<b>65.0%</b>
<b>Total comprehensive loss attributable to:</b>							
Equity holders of the Company		(20,573)	(10,662)	93.0%	(21,712)	(13,386)	62.2%
Non-controlling interests		(2,553)	(3,148)	(18.9%)	(1,825)	(3,665)	(50.2%)
		<b>(23,126)</b>	<b>(13,810)</b>	<b>67.5%</b>	<b>(23,537)</b>	<b>(17,051)</b>	<b>38.0%</b>
<b>Earnings/(loss) per share from continuing and discontinued operations attributable to equity holders of the Company (cents per share)</b>							
<b>Basic loss per share</b>							
Continuing Operations		(1.62)	0.83	(295.9%)	(2.60)	0.93	(379.6%)
Discontinued Operations		(8.90)	(7.90)	12.7%	(8.35)	(9.66)	(13.5%)
<b>Diluted loss per share</b>							
Continuing Operations		(1.62)	0.83	(295.9%)	(2.60)	0.93	(379.6%)
Discontinued Operations		(8.90)	(7.90)	12.7%	(8.35)	(9.66)	(13.5%)

Beng Kuang Marine Limited and its Subsidiary Corporations

**B. Condensed interim statements of financial position**

	Note	The Group		The Company	
		31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	10	6,712	7,044	210	1,970
Trade and other receivables	11	17,597	21,189	42,881	63,578
Contract assets		7,305	6,289	-	-
Inventories		3,428	3,513	-	-
		<u>35,042</u>	<u>38,035</u>	<u>43,091</u>	<u>65,548</u>
<b>Non-current assets</b>					
Investments in subsidiary corporations		-	-	4,708	5,108
Intangible assets		-	64	-	-
Property, plant and equipment	12	21,666	40,378	839	1,175
Deferred income tax assets		679	957	-	17
		<u>22,345</u>	<u>41,399</u>	<u>5,547</u>	<u>6,300</u>
<b>Total assets</b>		<u>57,387</u>	<u>79,434</u>	<u>48,638</u>	<u>71,848</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables	13	28,721	33,120	32,850	30,463
Contract liabilities		17	462	-	-
Current income tax liabilities		1,472	1,128	-	-
Borrowings	14	17,204	18,625	8,924	8,273
		<u>47,414</u>	<u>53,335</u>	<u>41,774</u>	<u>38,736</u>
<b>Non-current liabilities</b>					
Trade and other payables		-	619	-	-
Borrowings	14	4,987	6,622	3,953	4,298
Deferred income tax liabilities		10	16	-	-
		<u>4,997</u>	<u>7,257</u>	<u>3,953</u>	<u>4,298</u>
<b>Total liabilities</b>		<u>52,411</u>	<u>60,592</u>	<u>45,727</u>	<u>43,034</u>
<b>NET ASSETS</b>		<u>4,976</u>	<u>18,842</u>	<u>2,911</u>	<u>28,814</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	15	54,124	54,124	54,124	54,124
Other reserves		(1,920)	(2,037)	-	-
Accumulated losses		(46,060)	(24,231)	(51,213)	(25,310)
		6,144	27,856	2,911	28,814
<b>Non-controlling interests</b>		<u>(1,168)</u>	<u>(9,014)</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>4,976</u>	<u>18,842</u>	<u>2,911</u>	<u>28,814</u>

Beng Kuang Marine Limited and its Subsidiary Corporations

C. Condensed interim statements of changes in equity

The Group	← Attributable to equity holders of the Company →			Total \$'000	Non- controlling interests \$'000	Total \$'000
	Share capital \$'000	Accumulated losses \$'000	Other reserves \$'000			
<b>2022</b>						
<b>Balance at 1 January 2022</b>	54,124	(24,231)	(2,037)	27,856	(9,014)	18,842
Loss for the financial year	-	(21,829)	-	(21,829)	(1,839)	(23,668)
Other comprehensive income/(loss) for the financial year	-	-	117	117	14	131
Total comprehensive loss for the financial year	-	(21,829)	117	(21,712)	(1,825)	(23,537)
Dividend paid to non-controlling interests	-	-	-	-	(1,566)	(1,566)
Deconsolidation of subsidiary	-	-	-	-	11,237	11,237
<b>Balance at 31 December 2022</b>	54,124	(46,060)	(1,920)	6,144	(1,168)	4,976
<b>2021</b>						
<b>Balance at 1 January 2021</b>	49,651	(11,004)	(1,902)	36,745	(4,546)	32,199
Loss for the financial year	-	(13,227)	-	(13,227)	(3,576)	(16,803)
Other comprehensive loss for the financial year	-	-	(159)	(159)	(89)	(248)
Total comprehensive loss for the financial year	-	(13,227)	(159)	(13,386)	(3,665)	(17,051)
Acquisition of additional equity interest in subsidiaries	-	-	24	24	(24)	-
Dividend paid to non-controlling interests	-	-	-	-	(784)	(784)
Issuance of ordinary shares	4,473	-	-	4,473	-	4,473
Capital contribution from non-controlling interest	-	-	-	-	5	5
<b>Balance at 31 December 2021</b>	54,124	(24,231)	(2,037)	27,856	(9,014)	18,842

**Beng Kuang Marine Limited and its Subsidiary Corporations**

**C. Condensed interim statements of changes in equity**

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<b>The Company</b>	<b>Share capital \$'000</b>	<b>Retained loss \$'000</b>	<b>Total Equity \$'000</b>
<b>2022</b>			
<b>Balance at 1 January 2022</b>	54,124	(25,310)	28,814
Loss for the financial year	-	(25,903)	(25,903)
<b>Balance at 31 December 2022</b>	<u>54,124</u>	<u>(51,213)</u>	<u>2,911</u>
<b>2021</b>			
<b>Balance at 1 January 2021</b>	49,651	3,988	53,639
Loss for the financial year	-	(29,298)	(29,298)
Issuance of ordinary shares	4,473	-	4,473
<b>Balance at 31 December 2021</b>	<u>54,124</u>	<u>(25,310)</u>	<u>28,814</u>

## Beng Kuang Marine Limited and its Subsidiary Corporations

### D. Condensed interim consolidated statements of cash flows

	Note	The Group	
		12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
<b>Cash flows from operating activities</b>			
Net loss		(23,668)	(16,803)
<i>Adjustments for:</i>			
Credit loss allowance - trade receivable, net	6	435	2,952
Credit loss allowance - non-trade receivable	6	1,017	-
Inventories written down/(written back)		26	(46)
Loss on disposal of property, plant and equipment	6	81	47
Property, plant and equipment written off	6	45	1
Impairment loss on property, plant and equipment	6	6,279	7,543
Impairment loss on goodwill	6	64	-
Loss from deconsolidation of subsidiary	6,8	10,127	-
Provision for financial guarantee	6	2,025	-
Interest income		(5)	(6)
Interest expense	6	1,997	2,343
Income tax expense		1,479	933
Depreciation of property, plant and equipment		6,645	8,299
Unrealised currency translation differences		(219)	(722)
		<u>6,328</u>	<u>4,541</u>
<i>Change in working capital</i>			
Inventories		54	594
Contract assets		(1,016)	718
Trade and other receivables		2,979	(2,481)
Trade and other payables		1,795	3,232
Contract liabilities		(445)	(24)
<b>Cash generated from operations</b>		<u>9,695</u>	<u>6,580</u>
Interest received		5	6
Interest paid		(1,445)	(2,359)
Income tax paid		(863)	(334)
<b>Net cash generated from operating activities</b>		<u>7,392</u>	<u>3,893</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(478)	(1,328)
Proceeds from disposal of property, plant and equipment		318	230
Cash outflow arising from deconsolidation of subsidiary	8	(18)	-
Acquisition of non-controlling interests		-	- *
<b>Net cash used in investing activities</b>		<u>(178)</u>	<u>(1,098)</u>
<b>Cash flows from financing activities</b>			
Proceed from borrowings		16,389	16,168
Proceeds from share placement		-	4,473
Repayment of borrowings		(20,427)	(15,921)
Repayment of bonds, net		-	(500)
Principal payment of lease liabilities		(1,698)	(2,469)
Repayment of bills payable		22	(488)
Interest paid		(120)	(181)
Dividend paid to non-controlling interests		(1,566)	(784)
Proceeds from subscription of ordinary shares by non-controlling interests		-	5
<b>Net cash (used in)/generated from financing activities</b>		<u>(7,400)</u>	<u>303</u>
Net (decrease)/increase in cash and cash equivalents		(186)	3,098
<b>Cash and cash equivalents</b>			
Beginning of financial year		4,652	1,524
Effects of currency translation on cash and cash equivalents		(105)	30
<b>End of financial year</b>		<u>4,361</u>	<u>4,652</u>

\* less than \$1,000

**E. Selected notes to the condensed interim consolidated financial statements**

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**1 Corporate information**

Beng Kuang Marine Limited (the “Company”) is a limited liability company, which is incorporated in the Republic of Singapore and listed on the Singapore Stock Exchange. These condensed interim consolidated financial statements as at and for the twelve months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are provision of corrosion prevention services relating to repairing of ships, tankers and other ocean-going vessels and investment holding. The principal activities of the subsidiaries are provision of infrastructure engineering services, provision of corrosion prevention services, supply and distribution of hardware equipment, tools and other products and provision of freight transport services.

**2 Basis of preparation**

The condensed interim financial statements for the twelve months ended 31 December 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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

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

**2.1 New and amended standards adopted by the Group**

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

**2.2 Use of judgements and estimates**

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Given the Covid-19 pandemic has caused and will likely cause significant disruptions to economic activities, the uncertainties associated with accounting estimates and assumptions may also be increased accordingly.

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 and for the year ended 31 December 2021.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

**E. Selected notes to the condensed interim consolidated financial statements**

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**2.3 Going concern**

The Group's current liabilities exceeded its current assets by S\$12.37 million as at 31 December 2022 (FY2021: S\$15.30 million). These conditions indicate the existence of events and conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The Management have considered the operations of the Group as a going concern and the financial statements of the Group were prepared on a going concern basis as they believe the Group will be able to meet its obligations as and when they fall due within the next twelve months because of the following:

- (i) The Group's IE and CP divisions continued to generate positive operating cash inflow for FY2022. Historically, the Group generate positive cashflow from its core operating activities of S\$7.39 million in FY2022 (FY2021: S\$3.89 million). This is further evidenced by an increase of S\$3.50 million on net cash generated from operating activities to S\$7.39 million in FY2022 as compared to S\$3.89 million in FY2021.

The Group should continue achieving positive operating cash inflows from its secured orders which includes recurring orders and uncompleted performance obligations amounting to approximately S\$8.0 million. In addition, the Group received more project enquires and is actively participating in the submission of project tenders to keep up and increase our order book.

With further cost rationalisation and discontinuation of Cattle Line business, the Group will be strengthening its cashflow generation and net cash position including, deleveraging to incur interest savings;

- (ii) the Group has secured fresh tenancy to partially lease out 7 hectare of its 32.8 hectare unencumbered waterfront yard in Batam, Indonesia for \$1.0 million for a year during January 2023. The Group is also actively seeking new opportunities to partially lease and sell its waterfront yard which has a market value of approximately S\$35.3 million. The lease for the Batam yard has been fully paid in advance till 2037 with options for further lease extension of 20 years and final term of 30 years;
- (iii) the Group will continue to deleverage and strengthen cashflow from its plan to sell off the remaining two tugboats.
- (iv) The Group maintains good banking relationships and continue to obtain support from the Group's existing bankers and financial institutions in providing banking, working capital lines, while the Group's continues to concentrate on improving its debt gearing, pay down term loans that are mostly secured by assets;
- (v) the Group remains confident of obtaining continuing support for credit extension terms from long-term relationship business associates.

Accordingly, the Management is of the view that there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.



**E. Selected notes to the condensed interim consolidated financial statements**

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**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:

(a) Infrastructure Engineering

This relates to the turnkey engineering services from planning, project management to implementation involving fabrication, corrosion prevention services for steel work structure, piping modules of oil rigs and jack-up rigs and construction of new vessels.

(b) Corrosion Prevention

This relates to the provision of corrosion prevention services, mainly blasting and painting services as part of the shipbuilding, ship conversion and ship repair activities in the marine, oil and gas and other industries.

(c) Supply and Distribution

This relates to the supply and distribution of hardware equipment, tools and other consumables used in the marine, oil and gas, and construction industries.

(d) Shipping

This relates to the provision of freight transport services, mainly chartering of livestock carriers, and tugs and barges; and ship management services.

(e) Others

This relates to the provision of effective and efficient technological solution for water and waste water treatment; solid waste management; and other areas on recovery of natural resources.

These operating segments are reported in a manner consistent with internal reporting provided to Executive Committee who are responsible for allocating resources and assessing performance of the operating segments.

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments

	← Continuing Operations →					Discontinued Operation	
	Infrastructure Engineering	Corrosion Prevention	Supply and Distribution	Shipping	Others		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b><u>1 July 2022 to 31 December 2022</u></b>							
Total segment sales	24,025	9,294	2,061	93	-	35,473	-
Inter-segment sales	(4,499)	(509)	(341)	(35)	-	(5,384)	-
Sales to external customers	<u>19,526</u>	<u>8,785</u>	<u>1,720</u>	<u>58</u>	<u>-</u>	<u>30,089</u>	<u>-</u>
<b>Results:</b>							
Segment results	3,770	1,908	(389)	(5,093)	(15)	181	(17,594)
Interest expense	(137)	(570)	(39)	(157)	-	(903)	(136)
Interest income	-	1	-	-	-	1	-
Profit/(loss) from operating segment	<u>3,633</u>	<u>1,339</u>	<u>(428)</u>	<u>(5,250)</u>	<u>(15)</u>	<u>(721)</u>	<u>(17,730)</u>
Unallocated administrative expenses						(4,338)	-
Loss before income tax						<u>(5,059)</u>	<u>(17,730)</u>
Income tax expense						(989)	-
Net loss						<u>(6,048)</u>	<u>(17,730)</u>
Loss attributable to non-controlling interests						(785)	3,600
						<u>(6,833)</u>	<u>(14,130)</u>
Net profit/(loss) includes:							
- Depreciation of property, plant and equipment	2,108	1,748	889	2,480	-	7,225	1,074
- Impairment of property, plant and equipment	-	-	-	448	-	448	5,830
<b>Other information</b>							
<b>Segment assets</b>	<u>37,375</u>	<u>13,584</u>	<u>3,805</u>	<u>24,659</u>	<u>10</u>	<u>79,434</u>	
Segment assets include:-							
Additions to: Property, plant and equipment	28	204	0	30	-	263	
<b>Segment liabilities</b>	<u>(15,408)</u>	<u>(19,399)</u>	<u>(3,824)</u>	<u>(12,182)</u>	<u>(8)</u>	<u>(50,820)</u>	

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

	← Continuing Operations →						Discontinued Operation
	Infrastructure Engineering \$'000	Corrosion Prevention \$'000	Supply and Distribution \$'000	Shipping \$'000	Others \$'000	Total \$'000	Shipping \$'000
<b>1 July 2021 to 31 December 2021</b>							
Total segment sales	16,602	7,749	2,691	400	-	27,442	(151)
Inter-segment sales	(598)	(576)	(831)	(110)	-	(2,115)	-
Sales to external customers	<u>16,004</u>	<u>7,173</u>	<u>1,860</u>	<u>290</u>	<u>-</u>	<u>25,327</u>	<u>(151)</u>
<b>Results:</b>							
Segment results	367	1,375	(260)	(486)	(12)	984	(11,672)
Interest expense	(104)	(241)	(81)	(483)	-	(909)	(306)
Interest income	-	3	-	-	-	3	-
Profit/(loss) from operating segment	<u>263</u>	<u>1,137</u>	<u>(341)</u>	<u>(969)</u>	<u>(12)</u>	<u>78</u>	<u>(11,978)</u>
Unallocated administrative expenses						<u>(1,590)</u>	<u>-</u>
Loss before income tax						<u>(1,512)</u>	<u>(11,978)</u>
Income tax expense						<u>(365)</u>	<u>-</u>
Net loss						<u>(1,877)</u>	<u>(11,978)</u>
(Loss)/Profit attributable to non-controlling interests						<u>(616)</u>	<u>3,749</u>
						<u>(2,493)</u>	<u>(8,229)</u>
Net profit/(loss) includes:							
- Depreciation of property, plant and equipment	1,052	874	444	236	-	2,606	1,622
- Impairment of property, plant and equipment	-	-	-	350	-	350	7,193
<b>Other information</b>							
<b>Segment assets</b>	<u>37,376</u>	<u>13,583</u>	<u>3,805</u>	<u>24,659</u>	<u>10</u>	<u>79,434</u>	
Segment assets include:-							
Additions to: Property, plant and equipment	92	174	42	76	-	384	
<b>Segment liabilities</b>	<u>(15,408)</u>	<u>(19,399)</u>	<u>(3,824)</u>	<u>(12,182)</u>	<u>(8)</u>	<u>(50,820)</u>	

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

	← Continuing Operations →					Discontinued Operation	
	Infrastructure Engineering \$'000	Corrosion Prevention \$'000	Supply and Distribution \$'000	Shipping \$'000	Others \$'000		Total \$'000
<b>1 January 2022 to 31 December 2022</b>							
Total segment sales	43,747	18,405	5,113	208	-	67,473	-
Inter-segment sales	(4,950)	(1,505)	(1,754)	(130)	-	(8,339)	-
Sales to external customers	<u>38,797</u>	<u>16,900</u>	<u>3,359</u>	<u>78</u>	<u>-</u>	<u>59,134</u>	<u>-</u>
<b>Results:</b>							
Segment results	4,399	3,395	(334)	(5,545)	(30)	1,885	(16,347)
Interest expense	(290)	(658)	(81)	(673)	-	(1,702)	(295)
Interest income	1	4	-	-	-	5	-
Profit/(loss) from operating segment	<u>4,110</u>	<u>2,741</u>	<u>(415)</u>	<u>(6,218)</u>	<u>(30)</u>	<u>188</u>	<u>(16,642)</u>
Unallocated administrative expenses						<u>(5,735)</u>	<u>-</u>
Loss before income tax						<u>(5,547)</u>	<u>(16,642)</u>
Income tax expense						<u>(1,479)</u>	<u>-</u>
Net loss						<u>(7,026)</u>	<u>(16,642)</u>
(Loss) / Profit attributable to non-controlling interests						<u>(1,600)</u>	<u>3,439</u>
						<u>(8,626)</u>	<u>(13,203)</u>
Net profit/(loss) includes:							
- Depreciation of property, plant and equipment	2,014	1,566	404	436	-	4,420	2,225
- Impairment of property, plant and equipment	-	-	-	448	-	448	5,830
<b>Other information</b>							
<b>Segment assets</b>	<u>39,868</u>	<u>11,038</u>	<u>2,747</u>	<u>3,734</u>	<u>-</u>	<u>57,387</u>	
Segment assets include:-							
Additions to: Property, plant and equipment	120	275	156	30	-	581	
<b>Segment liabilities</b>	<u>(16,542)</u>	<u>(21,592)</u>	<u>(3,485)</u>	<u>(191)</u>	<u>(7)</u>	<u>(41,817)</u>	

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

	← Continuing Operations →					Discontinued Operation	
	Infrastructure Engineering \$'000	Corrosion Prevention \$'000	Supply and Distribution \$'000	Shipping \$'000	Others \$'000		Total \$'000
<b>1 January 2021 to 31 December 2021</b>							
Total segment sales	30,817	18,192	5,830	584	-	55,423	1,718
Inter-segment sales	(1,095)	(1,063)	(1,822)	(130)	-	(4,110)	-
Sales to external customers	<u>29,722</u>	<u>17,129</u>	<u>4,008</u>	<u>454</u>	<u>-</u>	<u>51,313</u>	<u>1,718</u>
<b>Results:</b>							
Segment results	641	3,851	25	(781)	(23)	3,713	(14,083)
Interest expense	(205)	(467)	(168)	(945)	-	(1,785)	(558)
Interest income	1	5	-	-	-	6	-
Profit/(loss) from operating segment	<u>437</u>	<u>3,389</u>	<u>(143)</u>	<u>(1,726)</u>	<u>(23)</u>	<u>1,934</u>	<u>(14,641)</u>
Unallocated administrative expenses						<u>(3,163)</u>	<u>-</u>
Loss before income tax						<u>(1,229)</u>	<u>(14,641)</u>
Income tax expense						<u>(933)</u>	<u>-</u>
Net loss						<u>(2,162)</u>	<u>(14,641)</u>
(Loss) / Profit attributable to non-controlling interests						<u>(1,122)</u>	<u>4,698</u>
						<u>(3,284)</u>	<u>(9,943)</u>
Net profit/(loss) includes:							
- Depreciation of property, plant and equipment	2,108	1,748	889	482	-	5,227	3,072
- Impairment of property, plant and equipment	-	-	-	350	-	350	7,193
<b>Other information</b>							
<b>Segment assets</b>	<u>37,375</u>	<u>13,584</u>	<u>3,805</u>	<u>24,659</u>	<u>10</u>	<u>79,433</u>	
Segment assets include:-							
Additions to: Property, plant and equipment	223	260	42	878	-	1,403	
<b>Segment liabilities</b>	<u>(15,408)</u>	<u>(19,399)</u>	<u>(3,824)</u>	<u>(12,182)</u>	<u>(8)</u>	<u>(50,821)</u>	

E. Selected notes to the condensed interim consolidated financial statements

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4.1 Reporting segments (cont'd)

**Reconciliations**

(i) Segment assets

All assets are allocated to reportable segments

(ii) Segment liabilities

Segment liabilities are reconciled to total liabilities as follows:

	<b>12 months ended 31 December 2022 \$'000</b>	<b>12 months ended 31 December 2021 \$'000</b>
Segment liabilities for reportable segments	41,787	50,813
Other segment liabilities	30	8
Unallocated:		
Borrowings	10,594	9,771
	<u>52,411</u>	<u>60,592</u>

## E. Selected notes to the condensed interim consolidated financial statements

## 4.2 Disaggregation of Revenue

	At a point in time \$'000	Over time \$'000	Total \$'000
<b><u>6 months ended 31 December 2022</u></b>			
Infrastructure engineering			
- Singapore	32	6,662	6,694
- Indonesia	(522)	1,874	1,352
- Europe	1,998	6,949	8,947
- Others	(2)	2,535	2,533
	<u>1,506</u>	<u>18,020</u>	<u>19,526</u>
Corrosion prevention			-
- Singapore	-	6,714	6,714
- Indonesia	-	2,071	2,071
	<u>-</u>	<u>8,785</u>	<u>8,785</u>
Supply and distribution			-
- Singapore	1,460	-	1,460
- Indonesia	260	-	260
	<u>1,720</u>	<u>-</u>	<u>1,720</u>
Shipping			
- Indonesia	-	58	58
	<u>-</u>	<u>58</u>	<u>58</u>
Total	<u>3,226</u>	<u>26,863</u>	<u>30,089</u>
<b><u>6 months ended 31 December 2021</u></b>			
Infrastructure engineering			
- Singapore	-	6,178	6,178
- Indonesia	(96)	656	560
- Europe	326	4,927	5,253
- Others	295	3,718	4,012
	<u>525</u>	<u>15,479</u>	<u>16,004</u>
Corrosion prevention			
- Singapore	-	5,659	5,659
- Indonesia	-	1,514	1,514
	<u>-</u>	<u>7,173</u>	<u>7,173</u>
Supply and distribution			
- Singapore	1,691	-	1,691
- Indonesia	169	-	169
	<u>1,860</u>	<u>-</u>	<u>1,860</u>
Shipping			
- Indonesia	-	290	290
	<u>-</u>	<u>290</u>	<u>290</u>
Total	<u>2,385</u>	<u>22,942</u>	<u>25,327</u>

**E. Selected notes to the condensed interim consolidated financial statements**

**4.2 Disaggregation of Revenue (cont'd)**

	At a point in time \$'000	Over time \$'000	Total \$'000
<b><u>12 months ended 31 December 2022</u></b>			
Infrastructure engineering			
- Singapore	38	13,831	13,869
- Indonesia	-	2,106	2,106
- Europe	2,637	11,233	13,870
- Others	242	8,710	8,952
	<u>2,917</u>	<u>35,880</u>	<u>38,797</u>
Corrosion prevention			-
- Singapore	-	12,697	12,697
- Indonesia	-	4,203	4,203
	<u>-</u>	<u>16,900</u>	<u>16,900</u>
Supply and distribution			-
- Singapore	3,089	-	3,089
- Indonesia	270	-	270
	<u>3,359</u>	<u>-</u>	<u>3,359</u>
Shipping			
- Indonesia	-	78	78
	<u>-</u>	<u>78</u>	<u>78</u>
<b>Total</b>	<b><u>6,276</u></b>	<b><u>52,858</u></b>	<b><u>59,134</u></b>
<b><u>12 months ended 31 December 2021</u></b>			
Infrastructure engineering			
- Singapore	-	13,807	13,807
- Indonesia	-	1,061	1,061
- Europe	332	9,622	9,954
- Others	352	4,548	4,900
	<u>684</u>	<u>29,038</u>	<u>29,722</u>
Corrosion prevention			
- Singapore	-	13,619	13,619
- Indonesia	-	3,510	3,510
	<u>-</u>	<u>17,129</u>	<u>17,129</u>
Supply and distribution			
- Singapore	3,598	-	3,598
- Indonesia	410	-	410
	<u>4,008</u>	<u>-</u>	<u>4,008</u>
Shipping			
- Indonesia	-	454	454
	<u>-</u>	<u>454</u>	<u>454</u>
<b>Total</b>	<b><u>4,692</u></b>	<b><u>46,621</u></b>	<b><u>51,313</u></b>



## E. Selected notes to the condensed interim consolidated financial statements

## 4.2 Disaggregation of Revenue (cont'd)

## A breakdown of Sales:

	GROUP			
	<u>Financial</u>	<u>Financial</u>	<u>Increase /</u>	<u>Increase /</u>
	<u>year</u>	<u>year</u>	<u>(Decrease</u>	<u>(Decrease</u>
	<u>ended 31</u>	<u>ended 31</u>	<u>)</u>	<u>)</u>
	<u>December</u>	<u>December</u>		
	<u>2022</u>	<u>2021</u>		
	S\$'000	S\$'000	S\$'000	%
<b><u>Continuing Operations</u></b>				
<b><u>First Half</u></b>				
Revenue	29,045	25,986	3,059	11.8%
Operating loss after tax before deducting non-controlling interests	(978)	(285)	(693)	243.2%
<b><u>Second Half</u></b>				
Revenue	30,089	25,327	4,762	18.8%
Operating loss after tax before deducting non-controlling interests	(6,048)	(1,877)	(4,171)	222.2%
<b><u>Discontinued Operations</u></b>				
<b><u>First Half</u></b>				
Revenue	-	1,868	(1,868)	(100.0%)
Operating loss after tax before deducting non-controlling interests	1,088	(2,663)	3,751	(140.9%)
<b><u>Second Half</u></b>				
Revenue	-	(151)	151	(100.0%)
Operating loss after tax before deducting non-controlling interests	(17,730)	(11,978)	(5,752)	48.0%

## 5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 December 2022 and 31 December 2021:

	The Group		The Company	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
<b>Financial assets</b>				
Cash and cash equivalents	6,712	7,044	210	1,970
Trade and other receivables	17,198	20,689	42,877	63,575
Contract assets	7,305	6,289	-	-
	<u>31,215</u>	<u>34,022</u>	<u>43,087</u>	<u>65,545</u>
<b>Financial liabilities</b>				
Borrowings	(22,191)	(25,247)	(12,877)	(12,571)
Trade and other payables	(28,721)	(33,739)	(32,850)	(30,463)
	<u>(50,912)</u>	<u>(58,986)</u>	<u>(45,727)</u>	<u>(43,034)</u>

E. Selected notes to the condensed interim consolidated financial statements

6. Profit before taxation

6.2 Significant items

Profit before tax is after (debiting)/crediting the following:-

	The Group			
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
<b><u>Continuing Operations</u></b>				
<b>Income</b>				
Government grants	207	723	941	1,486
Currency translation gain, net	132	(115)	409	(20)
<b>Expense</b>				
Interest expense on borrowings	(903)	(909)	(1,702)	(1,785)
Gain/(loss) on disposal of property, plant and equipment	6	(23)	(81)	(47)
Property, plant and equipment written off	(45)	-	(45)	(1)
Depreciation of property, plant and equipment	(1,904)	(2,606)	(4,420)	(5,227)
Impairment loss on property, plant and equipment	(449)	(350)	(449)	(350)
Impairment loss on goodwill	(64)	-	(64)	-
Provision for financial guarantee Credit loss allowance -	(2,025)	-	(2,025)	-
trade receivable, net	(354)	(636)	(435)	(654)
Credit loss allowance - non-trade receivable	(1,017)	-	(1,017)	-
<b><u>Discontinued Operations</u></b>				
<b>Income</b>				
Currency translation gain, net	(1,279)	335	(229)	812
Insurance claim	-	-	2,371	-
<b>Expense</b>				
Interest expense on borrowings	(136)	(306)	(295)	(558)
Depreciation of property, plant and equipment	(1,074)	(1,622)	(2,225)	(3,072)
Impairment loss on property, plant and equipment	(5,830)	(7,193)	(5,830)	(7,193)
Loss from deconsolidation of subsidiary	(10,127)	-	(10,127)	-
Credit loss allowance, net	-	(2,298)	-	(2,298)

**E. Selected notes to the condensed interim consolidated financial statements**

**6.2. Related party transactions**

Other than disclosed elsewhere in the financial statements, transactions carried out with related parties in the normal course of business on terms agreed between the parties are as follows:

Sales and purchase of goods and services

	<b>The Group</b>	
	<b>12 months ended 31 December 2022</b>	<b>12 months ended 31 December 2021</b>
	<b>\$'000</b>	<b>\$'000</b>
Loan from a related party	280	500
Purchase of material and/or services from related parties	20	10

Mr. Yong Jiunn Run (“Mr. Yong”), who is the Company’s Chief Executive Officer extended a loan of principal amount S\$500,000 to the Company on 3 May 2021, on an interest-free and unsecured basis to be repaid within a year. The purpose of the loan was to finance the repair costs for one of the livestock vessels as well as for the Group’s working capital.

Mr. Yong is an “interested person”, and the loan is an “interested person transaction” for the purposes of Chapter 9 of Mainboard Rules of the Singapore Exchange Securities Trading Limited. As the Loan is interest-free, there is no “value at risk” to the Group. This is not a commercial loan and does not adversely affect the interest of minority shareholders.

**7. 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 statement of profit or loss are:

	<b>The Group</b>			
	<b>6 months ended 31 December 2022 \$'000</b>	<b>6 months ended 31 December 2021 \$'000</b>	<b>12 months ended 31 December 2022 \$'000</b>	<b>12 months ended 31 December 2021 \$'000</b>
Current income tax expense	717	451	1,207	1,019
Deferred income tax credit relating to origination and reversal of temporary differences	272	(86)	272	(86)
	<u>989</u>	<u>365</u>	<u>1,479</u>	<u>933</u>

**E. Selected notes to the condensed interim consolidated financial statements**

**8. Discontinued operations**

On 5 October 2022, the Group announced that it is in the best interests of the Company and the Group to discontinue the operation of two livestock vessels. The two livestock vessels are owned by Cattle Line Two Pte Ltd ("CL2") and its subsidiary. Following the announcement, the Group has commenced the preparation works for disposal of the two livestock vessels, including arrange site visit for the potential buyers.

On 2 November 2022, the Group received winding up application from the high court of Singapore served by a CL2's trade creditor. Consequently, on 1 November 2022, the winding-up process has commenced and Pursuant to the Section 130 of Insolvency, Restructuring, Dissolution Act 2018, any disposition of property or transfer of shares are void unless Court consent. As such, the Group put the disposal process on hold and stopped marketing for buyers.

Based on the control assessment in accordance with SFRS(I) 10, the Group has no control over CL2 in the disposal process of the two livestock vessels (regarded as relevant activity) following the commencement of the winding-up process.

Accordingly, the entire assets and liabilities related to the Cattle Line business are deconsolidated and the results for the current financial period reported on and the corresponding period of the immediately preceding financial year are presented separately in the statement of comprehensive income as "Discontinued operations". The change in classification and presentation has no effect to the profit or loss after tax and net asset value of the Group.

(a) The results of the discontinued operations and the re-measurement of the disposal group are as follows:

	<b>6 months ended 31 December 2022 \$'000</b>	<b>6 months ended 31 December 2021 \$'000</b>	<b>12 months ended 31 December 2022 \$'000</b>	<b>12 months ended 31 December 2021 \$'000</b>
Revenue	-	(151)	-	1,718
Cost of sales	(1,286)	(2,470)	(2,154)	(7,208)
Gross profit	<u>(1,286)</u>	<u>(2,621)</u>	<u>(2,154)</u>	<u>(5,490)</u>
Other losses – net	(5,958)	(6,623)	(3,682)	(6,146)
Expenses				
- Administrative	(223)	(2,428)	(384)	(2,447)
- Finance	(136)	(306)	(295)	(558)
Loss before and after income tax	(7,603)	(11,978)	(6,515)	(14,641)
Loss on deconsolidation	(10,127)	-	(10,127)	-
Loss for the year	<u>(17,730)</u>	<u>(11,978)</u>	<u>(16,642)</u>	<u>(14,641)</u>
Non-controlling interest	(3,600)	(3,749)	(3,439)	(4,698)
	<u>(14,130)</u>	<u>(8,229)</u>	<u>(13,202)</u>	<u>(9,943)</u>

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	<b>12 months ended 31 December 2022 \$'000</b>	<b>12 months ended 31 December 2021 \$'000</b>
Operating cash inflows	1,378	672
Investing cash outflows	(21)	(878)
Financing cash outflows	(1,345)	-
<b>Total cash inflow/(outflows)</b>	<u>12</u>	<u>(206)</u>

**E. Selected notes to the condensed interim consolidated financial statements**

**8. Discontinued operations (cont'd)**

(c) Carrying amounts of net assets/(liabilities) over which control was lost

	<b>31 December 2022 \$'000</b>
<u>Current assets</u>	
Cash and bank balances	18
Trade and other receivables	2,288
Inventories	5
Property, plant and equipment	8,098
Total assets	<u>10,409</u>
<u>Current liabilities</u>	
Trade and other payables	(45,842)
Borrowings	(2,025)
Total liabilities	<u>(47,867)</u>
Net liabilities derecognised	<u>(37,458)</u>
<b>Loss on deconsolidation</b>	
Net liabilities derecognised	37,458
Non-controlling interest deregconised	(11,237)
Reclassification from currency translation reserve.	(408)
Impairment of receivables from CL2 and its subsidiary	(35,940)
Loss on deconsolidation	<u>(10,127)</u>

The loss on disposal of the subsidiaries is recorded as part of the loss for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

**9. Net Asset Value**

	<b>The Group</b>		<b>The Company</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>	<b>31 December 2022</b>	<b>31 December 2021</b>
Net assets value per ordinary share (cents)	3.08	13.98	1.46	14.46
No of shares	199,210,406	199,210,406	199,210,406	199,210,406

**E. Selected notes to the condensed interim consolidated financial statements**

**10. Cash and cash equivalents**

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000
Cash and bank balances	6,712	7,044
Less: Bank overdrafts (Note 14)	<u>(2,351)</u>	<u>(2,392)</u>
Cash and cash equivalents per consolidated statement of cashflows	<u>4,361</u>	<u>4,652</u>

**11. Trade and other receivables**

	The Group		The Company	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
Trade receivables				
- Subsidiary corporations	-	-	4,457	5,319
- Non-related parties	17,777	20,628	-	-
	<u>17,777</u>	<u>20,628</u>	<u>4,457</u>	<u>5,319</u>
Less: Loss allowance	<u>(2,479)</u>	<u>(4,368)</u>	<u>(464)</u>	-
Trade receivables - net	<u>15,298</u>	<u>16,260</u>	<u>3,993</u>	<u>5,319</u>
Non-trade receivables				
- Subsidiary corporations	-	-	59,889	88,474
- Non-related parties	280	3,399	9	9
	<u>280</u>	<u>3,399</u>	<u>59,898</u>	<u>88,483</u>
Less: Loss allowance				
- Subsidiary corporations	-	-	(21,166)	(30,501)
Non-trade receivables - net	<u>280</u>	<u>3,399</u>	<u>38,732</u>	<u>57,982</u>
Retentions	660	464	-	-
Deposits	959	566	152	274
Prepayments	400	500	4	3
	<u>17,597</u>	<u>21,189</u>	<u>42,881</u>	<u>63,578</u>

Ageing of net trade receivables as of 31 December 2022 are as follow:-

	31 December 2022 \$'000	31 December 2021 \$'000	Increase / (Decrease) \$'000
Current	4,723	2,570	2,153
less than 90 days	6,970	8,667	(1,697)
91 to 150 days	1,700	1,110	590
151 to 365 days	1,345	1,780	(435)
More than 365 days	560	2,133	(1,573)
	<u>15,298</u>	<u>16,260</u>	<u>(962)</u>

E. Selected notes to the condensed interim consolidated financial statements

12. Property plant and equipment

During the year ended 31 December 2022, the Group acquired assets amounting to S\$0.58 million (31 December 2021: S\$0.38 million) and disposed of assets amounting to S\$0.44 million (31 December 2021: S\$0.14 million).

13. Trade and other payables

	The Group		The Company	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
<i>Current</i>				
Trade payables				
- Related parties	9	22	-	16
- Non-related parties	9,333	11,780	113	218
	<u>9,342</u>	<u>11,802</u>	<u>113</u>	<u>234</u>
Non-trade payables				
- Subsidiary corporations	-	-	25,082	23,582
- Related party	280	500	280	500
- Non-related parties	7,641	11,605	4,052	3,330
	<u>7,921</u>	<u>12,105</u>	<u>29,414</u>	<u>27,412</u>
Accruals for operating expenses	7,176	7,728	3,323	2,817
Accruals for project expenses	4,282	1,485	-	-
	<u>11,458</u>	<u>9,213</u>	<u>3,323</u>	<u>2,817</u>
	<u>28,721</u>	<u>33,120</u>	<u>32,850</u>	<u>30,463</u>
<i>Non-current</i>				
Trade payables				
- Non-related parties	-	619	-	-
Total trade and other payables	<u>28,721</u>	<u>33,739</u>	<u>32,850</u>	<u>30,463</u>

## E. Selected notes to the condensed interim consolidated financial statements

## 14. Borrowings

	The Group		The Company	
	31 December 2022 \$'000	31 December 2021 \$'000	31 December 2022 \$'000	31 December 2021 \$'000
<i>Current</i>				
Bank borrowings	12,956	14,590	6,781	5,577
Bank overdrafts	2,351	2,392	1,959	1,999
Bills payable	761	738	-	-
Lease liabilities	1,136	906	184	697
	<u>17,204</u>	<u>18,626</u>	<u>8,924</u>	<u>8,273</u>
<i>Non-current</i>				
Bank borrowings	508	2,628	-	507
Bond	3,679	3,548	3,679	3,548
Lease liabilities	800	445	274	243
	<u>4,987</u>	<u>6,621</u>	<u>3,953</u>	<u>4,298</u>
Total borrowings	<u>22,191</u>	<u>25,247</u>	<u>12,877</u>	<u>12,571</u>
Represented by:				
- Secured	4,030	7,207	2,300	1,032
- Unsecured	18,161	18,040	10,577	11,539
	<u>22,191</u>	<u>25,247</u>	<u>12,877</u>	<u>12,571</u>

The bank borrowings and credit facilities of the Group are secured over certain leasehold building, yard development and vessels.

Arising from the liquidation of Cattle Line business, on 20 January 2023, the Group received a Notice of Default from a bank pursuant to the terms of the Facility Agreement relating to the Cattle Line business which was deconsolidated as explained in item 8.

The Management has assessed that the Company was exposed to credit risk relating to the bank be able to enforce their rights to exercise financial guarantee over the outstanding loan by Cattle Line business. The estimated lifetime expected credit loss of \$2.03 million was recognised, included in the bank borrowings. The bank however holds the first mortgage over the two livestock vessels and accordingly, have priority on the disposal proceeds.

## 15. Share Capital

**15.1 Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**



**E. Selected notes to the condensed interim consolidated financial statements**

**15. Share Capital (cont'd)**

**Ordinary share**

	<b>The Group and the Company</b>			
	<b>31 December 2022</b>		<b>31 December 2021</b>	
	<b>Numbers of shares</b>	<b>Amount \$'000</b>	<b>Numbers of shares</b>	<b>Amount \$'000</b>
Beginning of interim period	199,210	54,124	135,010	49,651
Issuance of new ordinary shares	-	-	64,200	4,473
End of interim period	<u>199,210</u>	<u>54,124</u>	<u>199,210</u>	<u>54,124</u>

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2022 and 31 December 2021.

**Convertibles**

The Company did not hold any outstanding convertibles as at 31 December 2022 and 31 December 2021.

**Treasury Shares**

The Company did not hold any treasury shares as at 31 December 2022 and 31 December 2021.

**15.2 To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediate preceding year.**

	<b>The Group and the Company</b>	
	<b>31 December 2022</b>	<b>31 December 2021</b>
Issued and fully paid	<u>199,210,406</u>	<u>199,210,406</u>

**15.3 A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the current financial period reported on.**

None.

**15.4 A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not Applicable

**16. Subsequent Event**

Subsequent to 31 December 2022, there have been no events that may have an effect on the consolidated condensed interim financial statements of the Company.

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## **F. Other Information Required by Listing Rule**

### **Appendix 7.2**

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## OTHER INFORMATION

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

The condensed consolidated statements of financial position of Beng Kuang Marine Limited and its subsidiary corporations as at 31 December 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

2. **Review of performance of the Group**

**Condensed interim consolidated statement of profit or loss and other comprehensive income**

	The Group			The Group		
	6 months ended 31 December 2022 \$'000	6 months ended 31 December 2021 \$'000	+ / (-) %	12 months ended 31 December 2022 \$'000	12 months ended 31 December 2021 \$'000	+ / (-) %
<b>Revenue</b>						
Infrastructure & Engineering ("IE")	19.53	16.00	22.0%	38.80	29.72	30.5%
Corrosion Prevention ("CP")	8.79	7.17	22.5%	16.90	17.13	(1.3%)
Supply & Distribution ("SD")	1.72	1.86	(7.5%)	3.36	4.01	(16.2%)
Shipping & Others ("SH")	0.06	0.30	(80.6%)	0.07	0.45	(85.0%)
	<u>30.08</u>	<u>25.33</u>	18.8%	<u>59.13</u>	<u>51.31</u>	15.2%

**(a) Revenue**

- (i) The Group's revenue increased by 15.2% or S\$7.82 million from S\$51.31 million in FY2021 to S\$59.13 million in FY2022 despite the discontinuation of cattle line business.
- (ii) Revenue from our IE division grew by 30.5% or S\$9.08 million from S\$29.72 million in FY2021 to S\$38.80 million in FY2022 due to the active industry outlook and business momentum. The main contributor was Asian Sealand Offshore And Marine Pte Ltd ("ASOM") registered a 25.22% or S\$5.44 million increased revenue in FY2022. The engineering, design and building of deck equipment unit under IE Division also registered an increase of order books for supply of pedestal cranes, contributing to an increase in revenue by S\$2.86 million in FY2022. The deck equipment unit has been actively developing new markets to include India and Middle Eastern countries. The Group owns a 32.8 hectare waterfront yard in Batam, Indonesia is constantly focusing on nearshoring its IE's operations to the yard.
- (iii) Revenue from our CP division remain buoyant, down slightly from S\$16.90 million in FY2022 as compared to S\$17.13 million in FY2021 as the demand for CP services for Singapore and Batam yards continued to regain momentum.

## 2. Review of performance of the Group (cont'd)

### Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

#### (b) Cost of sales

- (i) The Group's cost of sales for Continuing Operations increased by 18.3% or S\$7.20 million at S\$46.61 million in FY2022, due to the following: -
- in tandem with the higher revenue.
  - higher material costs, labour costs and wages driven by market forces and inflationary pressure.
  - one-time indirect overhead costs incurred due to temporary downtime from relocating from Singapore IE operation to our Batam yard.
- (ii) The Group's depreciation expenses for Continuing Operations decreased by S\$0.82 million to S\$4.42 million in FY2022 from S\$5.24 million in FY2021. It is the Group's strategy to continue to increase the efficiency and/or utilisation rate of our fixed assets and running down the capital expenditure towards asset light operating model.

#### (c) Other (losses)/gains

Other (losses)/gain comprise of the following: -

	The Group			
	6 months ended 31	6 months ended 31	12 months ended 31	12 months ended 31
	December	December	December	December
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Interest income from bank deposits	2	3	5	6
Gain/(loss) on disposal of property, plant and equipment	6	(23)	(81)	(47)
Property, plant and equipment written off	(45)	-	(45)	(1)
Currency translation gains/(losses), net	132	(115)	409	(20)
Credit loss allowance - non-trade receivable	(1,017)	-	(1,017)	-
Impairment loss on property, plant and equipment	(449)	(350)	(449)	(350)
Impairment loss on goodwill	(64)	-	(64)	-
Provision for financial guarantee	(2,025)	-	(2,025)	-
Government grants	207	723	941	1,486
Others	130	61	242	117
	<u>(3,122)</u>	<u>297</u>	<u>(2,084)</u>	<u>1,191</u>

The Group incurred other losses of S\$2.08 million in FY2022 due to the following: -

- (i) one-off provision for financial guarantee of S\$2.03 million arising from corporate guarantee extended to the outstanding bank loans under Cattle Line business as explained in note 8.
- (ii) one-off credit loss allowances on non-trade receivables of \$1.02 million arising from financial performance guarantee extended by joint venture partners.
- (iii) Impairment loss on two tug boats and one crane barge amounting to S\$0.45 million.

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## 2. Review of performance of the Group (cont'd)

### **Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)**

#### **(d) Administrative expenses**

Major movements comprises of the following: -

- (i) administrative salary and other personnel related expenses increased by S\$0.97 million in FY2022.
- (ii) non-recurring consultancy and professional fee.

#### **(e) Finance cost**

Interest expense on borrowings decreased slightly by 4.5% or S\$0.08 million from S\$1.78 million in FY2021 to S\$1.70 million in FY2022, which is in line with reduced borrowings. The savings on reduction of principal bank borrowings during the year was negated by the industry increase in interest rates. The Group will be looking to reduce its bank borrowings and strengthen its liquidity position from the discontinuation of the Cattle Line business.

#### **(f) Loss attributable to Owners of the Company**

The Group registered a net loss attributable to shareholders of S\$21.83 million in FY2022 as compared to a net loss attributable to shareholders of S\$13.23 million in FY2021 was largely due to the following: -

- (i) substantially due to discontinued operation of Cattle Line business of \$16.64 million of which S\$10.13 million was due to loss on deconsolidation and S\$5.83 million from impairment of the two Cattle Line vessels.
- (ii) the relating one-off provision of S\$2.03 million on financial guarantee extended to Cattle Line's loan.
- (iii) provision for a non-recurring non-trade credit loss allowances of its receivables of S\$1.02 million.
- (iv) non-recurring impairment charge of S\$0.45 million from the write down of the carrying amount of two tugboats and one crane barge based on their fair market value.

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## 2. Review of performance of the Group (cont'd)

### Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

#### (g) Adjusted EBITDA

	The Group	
	12 months ended 31 December 2022	12 months ended 31 December 2021
	\$'000	\$'000
Net Loss	(23,668)	(16,803)
Add: Income tax expense	1,479	933
Add: Interest expense	1,997	2,343
Add: Depreciation of property, plant and equipment	6,645	8,299
Less: Other loss, net	15,898	4,955
Adjusted EBITDA	<u>2,351</u>	<u>(273)</u>

"Adjusted EBITDA" is not determined in accordance with SFRS(I) as SFRS(I) does not prescribe the computation methodology of Adjusted EBITDA. Adjusted EBITDA of Beng Kuang Group is defined as profit before tax, finance expense, depreciation and amortisation of property, plant and equipment and intangible assets, and excluding other gains. Adjusted EBITDA of the Beng Kuang Group may not be comparable to that of other companies that may determine Adjusted EBITDA differently. Adjusted EBITDA is presented as an additional measure because management believes that some investors find it to be a useful tool for measuring the Beng Kuang Group's ability to fund capital expenditures or to service debt obligations. It should not be considered in isolation or as an alternative to net profit as an indicator of operating performance or as an alternative to cash flows as a measure of liquidity.

Adjusted EBITDA improved from loss of S\$0.27 million to profit of S\$2.80 million as our losses were mostly one-off charges and non-cash in nature.

### Condensed interim consolidated cashflow statement

Net cash inflow generated from operating activities was S\$7.39 million in FY2022. This was primarily generated from positive operating cashflow of S\$6.33 million as well as positive cash flow of S\$3.37 million on changes in working capital.

Net cash outflow used in investing activities was S\$0.18 million in FY2022 mainly due to renovation expenses for relocation of office and SD warehouse.

Net cash used in financing activities was S\$7.40 million in FY2022. This was mainly due to S\$4.04 million net on repayment of loans; S\$1.70 million on payment of lease liabilities; and S\$1.57 million on profit making subsidiary declaring and issued dividends to non-controlling interests.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of approximately S\$0.19 million for FY2022.

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## 2. Review of performance of the Group (cont'd)

### Condensed interim statements of financial position

#### Group

##### Non-current assets

The Group's non-current assets decreased by S\$19.05 to S\$22.35 million as at 31 December 2022 was mainly due to: -

- (i) impairment loss on the Cattle Line's vessel assets by S\$5.83 million.
- (ii) deconsolidation of the Cattle Line business from the Group by S\$8.10 million.
- (iii) depreciation expenses of S\$6.65 million.
- (iv) addition to right-of-use assets with a new landlord on the existing workers' dormitory by S\$2.18 million as well as new leases on relocation of offices and SD warehouse.

##### Current assets

The Group's current assets decreased by S\$3.00 million to S\$35.04 million as at 31 December 2022 mainly due to reduce in trade and other receivables by S\$3.59 million.

The Board notes that the trade receivables (net of provision for doubtful debts) for 151 to 365 days and more than 365 days has decreased by S\$2.00 million from S\$3.91 million as at 31 December 2021 to S\$1.91 million as at 31 December 2022 and the Group will continue to closely monitor the collectability of such trade receivables. In addition, the Group carries out credit risk assessment on its trade receivables on a quarterly basis. As and when trade receivables are deemed uncollectable, the Company will provide the necessary credit loss allowance. The Group has credit loss allowances amounting to S\$2.48 million as at 31 December 2022. The credit loss allowances were primarily attributable to the deteriorating financial performance of the debtors.

##### Current liabilities

The Group's current liabilities decreased by S\$5.92 million to S\$47.41 million as at 31 December 2022 was mainly due to reduce in trade and other payables by S\$4.40 million.

##### Net current liabilities

The Group's net current liabilities improved by S\$2.93 million to S\$12.37 million as at 31 December 2022 primarily due to the disposal of Cattle Line business as a result of deconsolidation from the Group.

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, available bank facilities, existing banking relationships and other possible financing options as well as the Group's existing assets, the Group is able to meet its short-term obligations as and when they fall due. (Selective Notes 2.3 Going Concern on page 8).

##### Non-current liabilities

The Group's non-current liabilities decreased by S\$2.26 million to S\$5.00 million as at 31 December 2022 was mainly due to:-

- (i) repayment of borrowings by S\$1.64 million
- (ii) repayment of trade and other payables by S\$0.62 million

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## 2. Review of performance of the Group (cont'd)

### **Condensed interim statements of financial position (cont'd)**

#### **Company (cont'd)**

##### Non-current assets

The Company's non-current assets decreased by S\$0.75 to S\$5.55 million as at 31 December 2022 was mainly due to: -

- (i) depreciation expenses of S\$0.34 million.
- (ii) impairment loss on its investment in a subsidiary by S\$0.40 million.

##### Current assets

The Company's current assets decreased by S\$22.46 to S\$43.09 million as at 31 December 2022 was mainly due to: -

- (i) cash and cash equivalents reduced by S\$1.76 million for working capital and loan to subsidiary corporations.
- (ii) Credit loss allowance on subsidiary corporations by S\$21.17 million.

##### Current liabilities

The Company's current liabilities increased by S\$3.04 to S\$41.77 million as at 31 December 2022 was mainly due to

- (i) non-trade payables to subsidiary corporations by S\$1.50 million.
- (ii) non-trade payables to non-related parties by S\$0.72 million.
- (iii) accruals for operating expenses S\$0.50 million.

##### Non-current liabilities

The Company's non-current liabilities decreased by S\$0.35 million to S\$3.95 million as at 31 December 2022 due to decrease in borrowings.

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

On 5 October 2022, the Company made profit guidance announcement arising from the discontinued operations of the Cattle Line Business.

## 4. **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**

With sustained energy demand globally, the Group cautiously expects improved operating environment for our CP and IE divisions in the next twelve months. However, this may be tempered by geopolitical risks.

The Group will continue to focus on monetising fixed assets and high-potential business segments to create new growth catalysts within our business model.



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**5. Dividend information**

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?  
None.

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?  
None.

**6. If no dividend has been declared/recommended, a statement to that effect and the reason(s) for the decision.**

After considering the financial impact from the discontinuation on the Cattle Line business and rationalisation of the existing businesses, no dividend is declared or recommended for the period under review.

**7. Interested person transactions**

Other than disclosed in notes 5.2 on related party transactions from the selected notes to the condensed interim consolidated financial statements, there are no other interested parties transaction to disclosure.

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

**8. Please disclosed the status of the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of the proceeds is in accordance with the stated use in the offer document of the announcement of the issuer.**

Placement dated 17 December 2021

	\$'000
Net Proceeds from share placement	3,193
Amount utilised as working capital : -	
a) Suppliers	(913)
b) Service contractors	(1,516)
c) Wages and salaries	(763)
Balance	<u>-</u>

The use of the net proceeds from share placement is in accordance with the intended use as previously disclosed in the Company's announcements.

**9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)**

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

10. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below.

Name	Age	Family Relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Chua Beng Hock	61	Brother of Chua Beng Yong (Executive Chairman) and Chua Meng Hua (Executive Director)	<p>Current Position: Group Chief Operating Officer &amp; Chief Executive Officer, Corrosion Prevention Division</p> <p>Duties: Assisting Group Chief Executive Officer to formulate the group's strategic initiatives and enhance operational efficiency within its business units, thereby creating more growth momentum, overseeing the group's business divisions particularly in the Corrosion Prevention Division, including developing and steering plans, directions in the marketing, business development and operations aspects.</p> <p>Position first held in: 2022</p> <p>Year of employment: Since 1990.</p>	<p>Changes in duties: Yes as described under column; Current position and duties, and the year the position was held</p> <p>Changes in position: Yes promoted from Deputy Chief Operating Officer to Group Chief Operating Officer &amp; Chief Executive Officer, Corrosion Prevention Division</p>
Chua Min Kong	63	Brother of Chua Beng Yong (Executive Chairman) and Chua Meng Hua (Executive Director)	<p>Current Position: Manager</p> <p>Duties: Responsible for overseeing the process plant operations in Batam yard.</p> <p>Position first held in: 2011</p> <p>Year of employment: Since 1998.</p>	<p>Changes in duties: No change.</p> <p>Changes in position: No change.</p>

**BY ORDER OF THE BOARD**

Chua Beng Yong  
Executive Chairman

Chua Meng Hua  
Executive Director

Singapore  
28 February 2023