



Company Registration No. 201311482K

KIM HENG LTD.

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2022

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited ("**Sponsor**").*

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months and full year ended 31 December 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 Months			12 Months		
		1 Jul 2022 to	1 Jul 2021 to	+ / (-)	1 Jan 2022 to	1 Jan 2021 to	+ / (-)
		31 Dec 2022 (Unaudited) ("2H 2022")	31 Dec 2021 (Unaudited) ("2H 2021")		31 Dec 2022 (Unaudited) ("FY 2022")	31 Dec 2021 (Audited) ("FY 2021")	
		S\$'000	S\$'000	%	S\$'000	S\$'000	%
Revenue	4	49,366	34,286	44	79,841	63,222	26
Cost of sales		(29,565)	(25,059)	18	(52,115)	(47,173)	10
Gross profit		19,801	9,227	>100	27,726	16,049	73
Gross profit margin		40%	27%		35%	25%	
Other income		1,741	473	>100	8,376	1,104	>100
Distribution expenses		(1,212)	(362)	>100	(2,077)	(780)	>100
Administrative expenses		(8,862)	(6,542)	35	(15,416)	(13,043)	18
Other operating expenses		(4,067)	(2,704)	50	(5,286)	(5,134)	3
Finance costs		(1,251)	(961)	30	(2,376)	(1,836)	29
Profit/(Loss) before tax	6	6,150	(869)	N.M.	10,947	(3,640)	N.M.
Tax expense	7	(1,644)	(980)	68	(2,298)	(1,462)	57
Profit/(Loss) for the period/year		4,506	(1,849)	N.M.	8,649	(5,102)	N.M.
Other comprehensive (loss)/income, net of tax							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation differences		(688)	136	N.M.	(180)	332	N.M.
Items that will not be reclassified subsequently to profit or loss:							
Foreign currency translation differences		(240)	24	N.M.	(166)	85	N.M.
Total comprehensive profit/(loss) for the period/year		3,578	(1,689)	N.M.	8,303	(4,685)	N.M.
Net profit/(loss) attributable to:							
Owners of the Company		2,299	(2,246)	N.M.	7,365	(5,892)	N.M.
Non-Controlling Interests		2,207	397	>100	1,284	790	63
		4,506	(1,849)		8,649	(5,102)	
EBITDA		11,590	3,627	>100	21,741	5,431	>100
Earnings/(Loss) per Share (cents)							
Basic	24	0.3	(0.3)		1.0	(0.8)	
Diluted	24	0.3	(0.3)		1.0	(0.8)	

N.M. – not meaningful

B. Condensed Interim Statement of Financial Position as at 31 December 2022

STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		As at 31 Dec 2022 (Unaudited) S\$'000	As at 31 Dec 2021 (Audited) S\$'000	As at 31 Dec 2022 (Unaudited) S\$'000	As at 31 Dec 2021 (Audited) S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	83,918	92,103	-	-
Right-of-use assets	12	17,077	13,411	-	-
Club memberships		63	63	-	-
Investment in subsidiaries		-	-	76,250	76,250
		<u>101,058</u>	<u>105,577</u>	<u>76,250</u>	<u>76,250</u>
Current assets					
Inventories		1,138	2,077	-	-
Trade and other receivables		32,468	14,703	2,285	1,392
Cash and cash equivalents		13,137	8,253	50	70
Assets held-for-sale		5,664	951	-	-
		<u>52,407</u>	<u>25,984</u>	<u>2,335</u>	<u>1,462</u>
Total assets		<u>153,465</u>	<u>131,561</u>	<u>78,585</u>	<u>77,712</u>
EQUITY					
Share capital	14	74,409	74,409	74,409	74,409
Treasury shares		(323)	(183)	(323)	(183)
Reserves		(33,172)	(32,992)	-	-
Accumulated profits		15,927	8,562	2,103	60
Equity attributable to owners of the Company		<u>56,841</u>	<u>49,796</u>	<u>76,189</u>	<u>74,286</u>
Non-controlling interests		6,712	5,594	-	-
Total Equity		<u>63,553</u>	<u>55,390</u>	<u>76,189</u>	<u>74,286</u>
LIABILITIES					
Non-current liabilities					
Loans and borrowings	13	20,834	29,829	1,257	2,178
Lease liabilities	13	10,328	10,027	-	-
Deferred tax liabilities		3,240	1,862	-	-
		<u>34,402</u>	<u>41,718</u>	<u>1,257</u>	<u>2,178</u>
Current liabilities					
Bank overdraft	13	1,422	1,462	-	-
Loans and borrowings	13	15,991	15,524	944	888
Lease liabilities	13	2,912	2,396	-	-
Trade and other payables		34,263	14,579	195	360
Current tax payable		922	492	-	-
		<u>55,510</u>	<u>34,453</u>	<u>1,139</u>	<u>1,248</u>
Total liabilities		<u>89,912</u>	<u>76,171</u>	<u>2,396</u>	<u>3,426</u>
Total equity and liabilities		<u>153,465</u>	<u>131,561</u>	<u>78,585</u>	<u>77,712</u>

C. Condensed Interim Consolidated Statement of Cash Flows for the full year ended 31 December 2022

	Note	Group	
		12 Months Ended 31 Dec 2022 (Unaudited) S\$'000	12 Months Ended 31 Dec 2021 (Audited) S\$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		10,947	(3,640)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	6	8,418	7,235
Gain on disposal of property, plant and equipment and right-of-use assets	6	(7,580)	(111)
Impairment loss on property, plant and equipment	6	-	44
Impairment loss/(Reversal of impairment) on trade and other receivables	6	29	(26)
Interest income	6	(3)	(1)
Interest expense	6	2,376	1,836
		<u>14,187</u>	<u>5,337</u>
Changes in working capital:			
Inventories		939	(1,612)
Trade and other receivables		(11,027)	30
Trade and other payables		<u>15,091</u>	<u>617</u>
Cash generated from operations		<u>19,190</u>	<u>4,372</u>
Income tax paid		<u>(335)</u>	<u>(684)</u>
Net cash generated from operating activities		<u>18,855</u>	<u>3,688</u>
Cash flows from investing activities			
Deposits for purchase of property, plant and equipment/ right-of-use assets		(5,231)	(113)
Acquisition of property, plant and equipment and right-of-use assets		(6,863)	(8,705)
Proceeds from disposal of property, plant and equipment and assets held-for-sale		12,050	12,157
Interest received		3	1
Net cash (used in)/generated from investing activities		<u>(41)</u>	<u>3,340</u>
Cash flows from financing activities			
Interest paid		(2,376)	(1,788)
Purchase of treasury shares		(139)	(43)
Repayment of lease liabilities		(3,100)	(1,693)
Repayment of term loans		(9,299)	(8,515)
(Repayment of)/ Proceeds from trust receipts		(302)	270
Proceeds from term loans		1,080	5,420
Non-controlling interests arising from increase in paid-up share capital of subsidiaries		-	720
Changes in deposits pledged		3	(29)
Net cash used in financing activities		<u>(14,133)</u>	<u>(5,658)</u>
Net increase in cash and cash equivalents		<u>4,681</u>	<u>1,370</u>
Cash and cash equivalents at beginning of the year		6,167	4,455
Effect of exchange rate fluctuations on cash and cash equivalents		245	342
Cash and cash equivalents at end of the year		<u>11,093</u>	<u>6,167</u>

C. Condensed Interim Consolidated Statement of Cash Flows for the full year ended 31 December 2022 (Cont'd)

	Note	Group	
		12 Months Ended 31 Dec 2022 (Unaudited) S\$'000	12 Months Ended 31 Dec 2021 (Audited) S\$'000
Significant non-cash transactions during the period/year:			
Acquisition of other plant and equipment		3,916	10,071
 ~Cash and cash equivalents consist of the following:			
Cash at bank and in hand		12,515	7,629
Fixed deposits		622	624
Cash and cash equivalents		13,137	8,253
Bank overdraft	13	(1,422)	(1,462)
Deposits pledged		(622)	(624)
Cash and cash equivalents in the statements of cash flows		11,093	6,167

D. Condensed Interim Statements of Changes in Equity for the Financial Year ended 31 December 2022

Group	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to equity holders of the company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
2021 (Audited)								
As at 1 January 2021	74,409	(140)	(32,763)	(561)	14,454	55,399	3,999	59,398
Total comprehensive loss for the year								
Loss for the year	-	-	-	-	(5,892)	(5,892)	790	(5,102)
Other comprehensive loss								
Translation differences relating to financial statements of foreign operations	-	-	-	332	-	332	85	417
Total comprehensive loss for the year	-	-	-	332	(5,892)	(5,560)	875	(4,685)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	-	(43)	-	-	-	(43)	-	(43)
Non-controlling interests arising from increase in paid-up share capital of subsidiaries	-	-	-	-	-	-	720	720
Total transactions with owners	-	(43)	-	-	-	(43)	720	677
As at 31 December 2021	74,409	(183)	(32,763)	(229)	8,562	49,796	5,594	55,390

D. Condensed Interim Statements of Changes in Equity for the Financial Year ended 31 December 2022 (Cont'd)

Group	Share capital	Treasury shares	Merger deficit	Currency translation reserve	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2022 (Unaudited)								
As at 1 January 2022	74,409	(183)	(32,763)	(229)	8,562	49,796	5,594	55,390
Total comprehensive income for the year								
Profit for the year	-	-	-	-	7,365	7,365	1,284	8,649
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	-	-	-	(180)	-	(180)	(166)	(346)
Total comprehensive income for the year	-	-	-	(180)	7,365	7,185	1,118	8,303
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	-	(140)	-	-	-	(140)	-	(140)
Non-controlling interests arising from increase in paid-up share capital of a subsidiary	-	-	-	-	-	-	-	-
Total transactions with owners	-	(140)	-	-	-	(140)	-	(140)
As at 31 December 2022	74,409	(323)	(32,763)	(409)	15,927	56,841	6,712	63,553

D. Condensed Interim Statements of Changes in Equity for the Financial Year ended 31 December 2022 (Cont'd)

Company	Share capital	Treasury shares	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>2021 (Audited)</u>				
As at 1 January 2021	74,409	(140)	1,125	75,394
Total comprehensive loss for the year	-	-	(1,065)	(1,065)
Transactions with owners, recognised directly in equity				
Purchase of treasury shares	-	(43)	-	(43)
As at 31 December 2021	74,409	(183)	60	74,286
 <u>2022 (Unaudited)</u>				
As at 1 January 2022	74,409	(183)	60	74,286
Total comprehensive income for the year	-	-	2,043	2,043
Transactions with owners, recognised directly in equity				
Purchase of treasury shares	-	(140)	-	(140)
As at 31 December 2022	74,409	(323)	2,103	76,189

E. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Kim Heng Ltd. (the “Company”) is incorporated as a limited liability company domiciled in Singapore and listed on the Catalist Exchange of Singapore.

The registered office of the Company is located at 9 Pandan Crescent, Singapore 128465.

These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company are that of an investment holding company. The principal activities of the subsidiaries include chartering of vessels, marine support services, equipment rental, material sales and trading of vessels.

2. Basis of Preparation

The condensed interim financial statements for the six months and full year ended 31 December 2022 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“SFRS(I)”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the period ended 30 June 2022.

The condensed interim financial statements have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The condensed interim financial statements are presented in Singapore Dollar which is the Company’s functional currency. All financial information is presented in Singapore Dollar have been rounded to the nearest thousand, unless otherwise stated.

2.1 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year, which are prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards. 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 interim condensed financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual result may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the financial year ended 31 December 2021.

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

2.2 Use of judgements and estimates (Cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities as at 31 December 2022 are included in the following notes:

- 2.2(a) - Impairment of Group's non-financial assets
- 2.2(b) - Provision for expected credit losses on trade receivables
- 2.2(c) - Income tax

(a) Impairment of Group's non-financial assets

The Coronavirus Disease 2019 ("COVID-19") pandemic has led to heightened uncertainty inherent in estimating the recoverable amounts of the non-financial assets based on fair value less costs to sell due to increased volatility in their selling prices because there is still significant uncertainty in the recovery trajectory of the economy in the near future. In FY 2022, certain entities or cash generating unit ("CGU") within the Group or the Group's entities have reported losses before tax, which is an indicator of impairment. Management performed an impairment assessment of its property, plant and equipment and right-of-use assets. The estimated recoverable amounts are based on valuation reports obtained from independent professional valuers, having appropriate recognised professional qualifications and experience in the assets being valued. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the market value.

(b) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECL") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At the end of each reporting period, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The ECL assessment involves estimation uncertainty heightened by the global economic slowdown ensuing the COVID-19 pandemic, such as a low down in payment collections from the customers. Significant management judgement is required to assess recoverability of debts from known customers who are potentially more negatively impacted by COVID-19. Forward looking adjustments, such as economic data, by management have incorporated potential impact of the COVID-19 pandemic. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(c) Income tax

The Group has exposures to income taxes in jurisdictions that it operates in. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.3 Going concern

The Group reported net profit before tax of S\$10.9 million (FY2021: net loss of S\$3.6 million) and total comprehensive income of S\$8.3 million (FY2021: comprehensive loss of S\$4.7 million) for the financial year ended 31 December 2022. Excluding contract liabilities of S\$19.3 million which relate to progress billings billed and received from the customers for the sale and delivery of the Group's vessels in FY 2023 and related contract assets of S\$5.0 million, the Group's current assets, including assets held-for-sale, have exceeded

2.3 Going concern (Cont'd)

its current liabilities by S\$11.2 million (2021: Deficiency in net current assets of S\$8.9 million). The Group's cash and cash equivalents have increased to S\$11.7 million as at 31 December 2022 from S\$6.8 million as at 31 December 2021.

Based on the factors set out above, management is of the view that there are reasonable expectations that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and particularly within the twelve months from the end of the current reporting period.

3. Seasonal operations

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

4. Segment information

The Group has 5 reportable segments as described below:

- Marine Offshore Support Services income: vessels repair, offshore rig & supply base services and crew management;
- Chartering and Towage income: chartering of ships, barges and boats with crew;
- Equipment Rental income: sale, rent and lease of industrial machinery & equipment and spare parts;
- Sale of Goods: value added logistic providers and supply chain.
- Vessels Sales and Newbuild: trading of vessels.

These operating segments are reported in a manner consistent with internal reporting provided to the management committee whose members are responsible for allocating resources and assessing performance of the operating segments.

	Offshore Rig Services and Supply Chain Management				Vessel Sales and Newbuild	Adjustments and eliminations	Total
	Marine Offshore Support services income	Chartering and Towage Income	Equipment Rental income	Sales of goods			
6 Months ended 31 December 2022	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	20,747	16,663	3,568	6,888	1,500	-	49,366
Inter-segment revenue	1,576	6,899	790	133	-	(9,398)	-
Total segment revenue	22,323	23,562	4,358	7,021	1,500	(9,398)	49,366
Other income							1,741
Finance costs							(1,251)
Segment results							6,150
Income tax expense							(1,644)
Profit for the period							4,506
Other Information							
Segment assets							153,465
Segment liabilities							89,912
Capital Expenditure							3,998
Other material non-cash items:							
- Depreciation of property, plant and equipment and right-of-use assets							4,189
- Gain on disposal of property, plant and equipment							(1,449)
- Reversal of impairment loss on trade and other receivables							(257)

4. Segment information (Cont'd)

	Offshore Rig Services and Supply Chain Management				Vessel Sales and Newbuild	Adjustments and eliminations	Total
	Marine Offshore Support services income	Chartering and Towage Income	Equipment Rental income	Sales of goods			
6 Months ended 31 December 2021	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	14,675	14,930	1,711	2,970	-	-	34,286
Inter-segment revenue	2,719	5,227	347	92	-	(8,385)	-
Total segment revenue	17,394	20,157	2,058	3,062	-	(8,385)	34,286
Other income							473
Finance costs							(961)
Segment results							(869)
Income tax expense							(980)
Loss for the period							(1,849)

Other Information

Segment assets	131,561
Segment liabilities	76,171
Capital Expenditure	5,701

Other material non-cash items:

- Depreciation on property, plant and equipment and right-of-use assets	3,535
- Gain on disposal of property, plant and equipment	(310)
- Reversal of impairment loss on trade and other receivables	(10)
- Reversal of impairment loss on plant and equipment	(388)

	Offshore Rig Services and Supply Chain Management				Vessel Sales and Newbuild	Adjustments and eliminations	Total
	Marine Offshore Support services income	Chartering and Towage Income	Equipment Rental income	Sales of goods			
12 Months ended 31 December 2022	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	31,043	28,553	7,632	11,113	1,500	-	79,841
Inter-segment revenue	2,969	13,935	1,174	213	-	(18,291)	-
Total segment revenue	34,012	42,488	8,806	11,326	1,500	(18,291)	79,841
Other income							8,376
Finance costs							(2,376)
Segment results							10,947
Income tax expense							(2,298)
Profit for the year							8,649

Other Information

Segment assets	153,465
Segment liabilities	89,912
Capital Expenditure	6,863

Other material non-cash items:

- Depreciation of property, plant and equipment and right-of-use assets	8,418
- Gain on disposal of property, plant and equipment	(7,580)
- Impairment loss on trade and other receivables	29

4. Segment information (Cont'd)

	Offshore Rig Services and Supply Chain Management				Vessel	Adjustments	Total
	Marine Support services income	Offshore Chartering and Towage Income	Equipment Rental income	Sales of goods	Sales and Newbuild	and eliminations	
12 Months ended 31 December 2021	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	28,565	27,356	3,411	3,890	-	-	63,222
Inter-segment revenue	3,615	8,402	640	145	-	(12,802)	-
Total segment revenue	32,180	35,758	4,051	4,035	-	(12,802)	63,222
Other income							1,104
Finance costs							(1,836)
Segment results							(3,640)
Income tax expense							(1,462)
Loss for the year							(5,102)

Other Information

Segment assets	131,561
Segment liabilities	76,171
Capital Expenditure	8,706

Other material non-cash items:

- Depreciation on property, plant and equipment and right-of-use assets	7,235
- Gain on disposal of property, plant and equipment	(111)
- Reversal of impairment loss on trade and other receivables	(26)
- Impairment loss on plant and equipment	44

The Group's operations are mainly in the region of Taiwan, Southeast Asia, Australasia (comprising mainly Australia, Marshall Islands and Papua New Guinea), Middle East, Europe and North America. In presenting information on geographical segments, segment revenue are based on the delivery order address of customers. Segment assets, based on the geographical location of the assets, are all in Singapore.

	Group			
	6 Months ended		12 Months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Revenue				
Australia	1,163	2,147	3,398	2,736
China	24	1,517	614	2,813
India	-	-	-	44
Indonesia	-	43	-	55
Japan	794	-	1,202	-
Korea	-	75	-	4,141
Malaysia	10,716	3,998	16,896	5,640
Myanmar	87	-	128	1,146
Singapore	9,063	9,384	25,290	17,345
Taiwan	12,771	9,708	14,325	19,714
United Arab Emirates	4,301	33	4,735	374
United States of America	250	78	292	144
Europe	7,516	181	9,222	903
Russia	-	2,815	-	3,223
Vietnam	2,383	2,487	2,383	2,989
Others	298	1,820	1,356	1,955
	49,366	34,286	79,841	63,222

5. Financial assets and financial liabilities

The carrying amounts of financial assets and financial liabilities in each category are as follows:

	Group		Company	
	As at 31 Dec 2022	As at 31 Dec 2021	As at 31 Dec 2022	As at 31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Financial assets at amortised cost				
Cash and cash equivalents	13,137	8,253	50	70
Contract assets	4,948	392	-	-
Trade and other receivables	20,302	13,299	2,271	1,370
	<u>38,387</u>	<u>21,944</u>	<u>2,321</u>	<u>1,440</u>
Financial liabilities at amortised cost				
Bank overdraft	1,422	1,462	-	-
Contract liabilities	19,302	-	-	-
Loan and borrowings	36,825	45,353	2,201	3,066
Lease liabilities	13,240	12,423	-	-
Trade and other payables	14,943	14,522	195	360
	<u>85,732</u>	<u>73,760</u>	<u>2,396</u>	<u>3,426</u>

6. Profit/(Loss) before taxation

6.1 Profit/(Loss) for the period is arrived at after charging/ (crediting) the following:

	Group					
	6 Months			12 Months		
	1 Jul 2022 to 31 Dec 2022	1 Jul 2021 to 31 Dec 2021	+ / (-)	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021	+ / (-)
	S\$'000	S\$'000	%	S\$'000	S\$'000	%
Interest income from bank deposits	(2)	-	N.M.	(3)	(1)	>100
Miscellaneous income	(300)	(336)	(11)	(793)	(966)	(18)
Gain on disposal of property, plant and equipment	(1,449)	(310)	>100	(7,580)	(111)	>100
(Reversal of)/Impairment loss on property, plant and equipment	-	(388)	N.M.	-	44	N.M.
Currency translation losses - net	639	140	>100	628	277	>100
Interest on loans & borrowings	1,251	961	30	2,376	1,836	29
Depreciation of property, plant and equipment & right-of-use assets	4,189	3,535	19	8,418	7,235	16
(Reversal of)/Impairment loss on trade and other receivables	(257)	(10)	>100	29	(26)	N.M.
Reclassification/(Reversal) of allowance for stock obsolescence	851	(1)	N.M.	-	(2)	N.M.

N.M. – not meaningful

6.2 Related party transactions

There are no material related party transactions apart from those disclosed elsewhere in the result announcement.

7. Taxation

The major components of income tax expenses for the period/year ended 31 December 2022 and 31 December 2021 are:

	Group			
	6 Months ended		12 Months ended	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	S\$'000	S\$'000	S\$'000	S\$'000
Current tax expense				
Under provision of current tax in respect of prior year	45	188	315	685
Current tax expense	543	453	575	438
Deferred tax expenses				
Movement in temporary differences	1,056	339	1,408	339
	<u>1,644</u>	<u>980</u>	<u>2,298</u>	<u>1,462</u>

8. Dividends

Group	2022 S\$'000	2021 S\$'000
Ordinary Dividend – Final*	2,000	-

*The final dividend is recommended for shareholders' approval at the 2023 annual general meeting of the Company ("2023 AGM") to be convened. No dividends have been declared or paid by the Group in respect of the financial year ended 31 December 2021.

9. Net asset value

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

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Net asset value per ordinary share (cents)	9.0	7.8	10.8	10.5
Number of ordinary shares used in calculating net asset value per ordinary share	705,442,100	707,142,100	705,442,100	707,142,100

10. Fair value measurement

Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair value measurement of financial instruments

The carrying values of variable rate bank loans approximate their fair values as disclosed in Note 13 to the condensed interim financial statements. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, balances with related parties, cash and cash equivalents, trade and other payables, and borrowings) approximate their fair values because of the short period to maturity.

The table below presents assets and liabilities recognised and measured at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 : unobservable inputs for the asset or liability.

11. Property, plant and equipment

During the financial year ended 31 December 2022, the Group acquired property, plant and equipment amounting to S\$7.7 million (FY2021: S\$15.72 million) and disposed of property, plant and equipment amounting to S\$3.7 million (FY2021: S\$7.97 million).

12. Right-of-use assets

During the financial year ended 31 December 2022, the Group acquired right-of-use assets amounting to S\$5.77 million (FY2021: S\$6.2 million) and disposed of property, plant and equipment amounting to S\$0.2 million (FY2021: Nil).

13. Borrowings

Amount repayable in one (1) year or less, or on demand

	<u>As at 31 December 2022</u>	<u>As at 31 December 2021</u>
	Secured S\$'000	Secured S\$'000
Bank overdraft	1,422	1,462
Loans and borrowings	15,991	15,524
Lease liabilities	2,912	2,396

Amount repayable after one (1) year

	<u>As at 31 December 2022</u>	<u>As at 31 December 2021</u>
	Secured S\$'000	Secured S\$'000
Loans and borrowings	20,834	29,829
Lease liabilities	10,328	10,027

13. Borrowings (Cont'd)

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$62.5 million (FY2021: S\$58.9 million) are pledged as collaterals for secured term loans, trust receipts and bank overdraft;
- Fixed deposits of approximately S\$0.6 million (FY2021: S\$0.6 million) are pledged as security deposits for the operating lease of office premises and warehouse as well as to secure term loans and finance lease liabilities; and
- Corporate guarantees by the Company amounting to S\$36.4 million (FY2021: S\$44.8 million).

For the finance period ended 31 December 2022, the Group's 51% owned subsidiary, Bridgewater Offshore Pte Ltd had breached a loan covenant. On 27 December 2022, the Group had obtained an indulgence letter from the financial institution for the covenant breach.

14. Share capital

	The Group and the Company			
	2022		2021	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
1 January	707,142	74,409	707,907	74,409
Purchase of treasury shares	(1,700)	-	(765)	-
31 December	<u>705,442</u>	<u>74,409</u>	<u>707,142</u>	<u>74,409</u>

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

15. Subsequent events

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

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

16. Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, 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.

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and fully paid ordinary shares		
Balance as at 31 December 2021	710,000,000	76,133,121
Balance as at 31 December 2022	710,000,000	76,133,121

During the six months ended 31 December 2022, there was share buyback by the Company of 500,000 shares by way of market acquisition and are held as treasury shares.

Treasury shares

The number of treasury shares held by the Company as at 31 December 2022 is 4,557,900 representing 0.64% of the total number of issued shares outstanding as at 31 December 2022 (FY2021: 2,857,900 representing 0.40% of the total number of issued shares outstanding as at 31 December 2021).

There were no outstanding options, convertibles held by the Company as at 31 December 2022 and 31 December 2021.

17. 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 immediately preceding year.

	As at 31 December 2022	As at 31 December 2021
Total issued shares (excluding treasury shares)	705,442,100	707,142,100

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

During the financial year ended 31 December 2022, there were no sale, cancellation and/or use of treasury shares.

19. 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.

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

The condensed statement of financial position of Kim Heng Ltd and its subsidiaries as at 31 December 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of change in equity and condensed consolidation of cash flows for the six months and 12 months then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

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

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

Not applicable. The Company's latest audited financial statements for financial year ended 31 December 2021 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

Not applicable.

22. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the condensed interim financial statements as those applied in the preparation of the audited financial statements for FY 2021.

23. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Refer to paragraph 22 above.

24. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

Earnings per share based on the weighted average number of ordinary shares on issue:

Earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the financial period/year.

24. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (Cont'd)

	6 Months		12 Months	
	1 Jul 2022 to 31 Dec 2022	1 Jul 2021 to 31 Dec 2021	1 Jan 2022 to 31 Dec 2022	1 Jan 2021 to 31 Dec 2021
Net profit/(loss) attributable to equity holders of the Company (S\$'000)	2,299	(2,246)	7,365	(5,892)
Weighted average number of ordinary shares outstanding	705,733,948	707,218,730	706,120,372	707,486,716
Basic and fully diluted profit/(loss) per share (cents per share)	0.3	(0.3)	1.0	(0.8)

The diluted and basic profit/(loss) per share are the same for each of 2H 2022, 2H 2021, FY 2022 and FY 2021 as the Company has no dilutive equity instruments as at 31 December 2022 and 31 December 2021.

25. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:

- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

a) 2H 2022 vs 2H 2021 & FY 2022 vs FY 2021

Revenue

2H 2022 vs 2H 2021

Revenue for 2H 2022 increased by S\$15.1 million or 44.0%, from S\$34.3 million in 2H 2021 to S\$49.4 million in 2H 2022 mainly due to following:

- a) increase in revenue of S\$6.1 million from marine offshore support services;
- b) increase in revenue of S\$3.9 million from material sales;
- c) increase in revenue of S\$1.9 million from equipment rental;
- d) increase in revenue of S\$1.7 million from chartering of vessels;
- e) increase in revenue of S\$1.5 million from trading of vessels.

FY 2022 vs FY 2021

Revenue increased by S\$16.6 million or 26.3%, from S\$63.2 million in FY 2021 to S\$79.8 million in FY 2022. The increase is attributed to:

- a) increase in revenue of S\$7.2 million from material sales; mainly due to purchase and sale of bunkers;
- b) increase in revenue of S\$4.2 million from equipment rental; mainly due to increase in various rigs equipment rental;
- c) increase in revenue of S\$2.5 million from marine offshore support services; mainly due to secure several projects;
- d) increase in revenue of S\$1.5 million from trading of vessels;
- e) increase in revenue of S\$1.2 million from chartering of vessels.

Consolidated Statement of Comprehensive Income (Cont'd)

a) 2H 2022 vs 2H 2021 & FY 2022 vs FY 2021 (Cont'd)

Cost of sales, gross profit and gross profit margin

2H 2022 vs 2H 2021

Cost of sales for 2H 2022 increased by S\$4.5 million or 18.0%, from S\$25.1 million in 2H 2021 to S\$29.6 million in 2H 2022 mainly due to the following:

- a) increase in cost of sales of S\$2.4 million from material sales;
- b) increase in cost of sales of S\$1.1 million from trading of vessels;
- c) increase in cost of sales of S\$0.6 million from equipment rental;
- d) increase in the cost of S\$0.7 million from marine offshore support services; offset by
- e) decrease in cost of sales of S\$0.3 million from chartering of vessels.

Gross profit increase by S\$10.6 million, from S\$9.2 million in 2H 2021 to S\$19.8 million in 2H 2022, in line with the increase in revenue.

Gross profit margin increased from 26.9% in 2H 2021 to 40.1% in 2H 2022 mainly due to higher gross profits generated from equipment rental and marine offshore support services segments.

FY 2022 vs FY 2021

In line with the increase in revenue, cost of sales for FY 2022 increased by S\$4.9 million or 10.5%, from S\$47.2 million in FY 2021 to S\$52.1 million in FY 2022.

Gross profit increased by S\$11.7 million or 72.8%, from S\$16.0 million in FY 2021 to S\$27.7 million in FY 2022.

Gross profit margin increased from 25.4% in FY 2021 to 34.7% in FY 2022. The increase was mainly due to the same reason as stated above.

Other income

2H 2022 vs 2H 2021

Other income increased by S\$1.27 million, from S\$0.47 million in 2H 2021 to S\$1.74 million in 2H 2022, mainly due to higher gain on disposal of fixed assets of S\$1.34 million recognized offset by lower payout of government grants.

FY 2022 vs FY 2021

Other income increased by S\$7.3 million, from S\$1.1 million in FY 2021 to S\$8.4 million in FY 2022, mainly due to following:

- a) higher gain on disposal of fixed assets of S\$7.5 million; offset by
- b) lower payout of government grants of S\$0.2 million.

Consolidated Statement of Comprehensive Income (Cont'd)

a) 2H 2022 vs 2H 2021 & FY 2022 vs FY 2021 (Cont'd)

Distribution expenses

2H 2022 vs 2H 2021

Distribution expenses increased by S\$0.85 million, from S\$0.36 million in 2H 2021 to S\$1.21 million in 2H 2022 mainly due to higher advertisement & promotion expenses and travelling & accommodation expenses in 2H 2022.

FY 2022 vs FY 2021

Distribution expenses increased by S\$1.30 million, from S\$0.78 million in FY 2021 to S\$2.08 million in FY 2022 mainly due to same reason as stated above.

Administrative expenses

2H 2022 vs 2H 2021

Administrative expenses increased by S\$2.32 million or 35.5%, from S\$6.54 million in 2H 2021 to S\$8.86 million in 2H 2022 mainly due to higher staff costs and foreign worker salary & levy incurred.

FY 2022 vs FY 2021

Administrative expenses increased by S\$2.4 million or 18.2%, from S\$13.0 million in FY 2021 to S\$15.4 million in FY 2022 with the same reason as stated above.

Other operating expenses

2H 2022 vs 2H 2021

Other operating expenses increased by S\$1.4 million or 50.3% from S\$2.7 million in FY 2021 to S\$4.1 million in FY 2022 mainly due to reclassification reversal of inventories obsolescence of S\$0.9 million to cost of sales and forex translation loss.

FY 2022 vs FY 2021

Other operating expenses increased by S\$0.2 million or 2.9%, from S\$5.1 million in FY 2021 to S\$5.3 million in FY 2022 mainly due to higher upkeep of motor vehicles and forex translation loss.

Finance costs

2H 2022 vs 2H 2021

Finance costs increased by S\$0.29 million or 30.2%, from S\$0.96 million in 2H 2021 to S\$1.25 million in 2H 2022, mainly due to increase in interest rates and new loans.

FY 2022 vs FY 2021

Finance costs increased by S\$0.54 million or 29.4%, from S\$1.84 million in FY 2021 to S\$2.38 million in FY 2022 with the same reason as stated above.

Consolidated Statement of Comprehensive Income (Cont'd)

a) 2H 2022 vs 2H 2021 & FY 2022 vs FY 2021 (Cont'd)

Income tax expense

2H 2022 vs 2H 2021

Income tax expenses increased S\$0.66 million or 67.8%, from S\$0.98 million in 2H 2021 to S\$1.64 million in 2H 2022 mainly due to higher provision of deferred tax liabilities offset by lower provision of current tax in respect in prior year.

FY 2022 vs FY 2021

Income tax expense increased by S\$0.84 million or 57.1%, from S\$1.46 million in FY 2021 to S\$2.30 million in FY 2022 mainly due to the same reason as stated above.

Net profit after tax

2H 2022 vs 2H 2021

As a result of the above, the Group recorded a profit of S\$4.5 million in 2H 2022 as compared to a loss of S\$1.8 million in 1H 2021.

FY 2022 vs FY 2021

As a result of the above, the Group recorded a profit of S\$8.6 million in FY 2022 as compared to a loss of S\$5.1 million in FY 2021.

EBITDA

The Group achieved EBITDA of S\$21.7 million in FY 2022 as compared to S\$5.4 million in FY 2021.

Revenue Segment Analysis

The Group has shifted away from its legacy businesses and expanded its presence in the renewable energy space. Accordingly, the Group's new segment revenue consists of the following:

	6 Months		Group			
	1 Jul 2022 to 31 Dec 2022 S\$'000	1 Jul 2021 to 31 Dec 2021 S\$'000	+ / (-) %	1 Jan 2022 to 31 Dec 2022 S\$'000	1 Jan 2021 to 31 Dec 2021 S\$'000	+ / (-) %
Renewable Energy	9,481	9,853	(4)	9,763	17,908	(45)
Chartering of Vessels	16,663	14,930	12	28,553	27,356	4
Marine Construction	10,824	1,711	>100	15,027	3,411	>100
Oilfield Services	12,398	7,792	59	26,498	14,547	82
	<u>49,366</u>	<u>34,286</u>		<u>79,841</u>	<u>63,222</u>	

Consolidated Statement of Comprehensive Income (Cont'd)

a) 2H 2022 vs 2H 2021 & FY 2022 vs FY 2021 (Cont'd)

Revenue Segment Analysis (Cont'd)

2H 2022 vs 2H 2021

Revenue generated from Renewable Energy segment decreased marginally by S\$0.4 million or 4%, from S\$9.9 million in 2H 2021 to S\$9.5 million in 2H 2022.

Revenue generated from Chartering of Vessels segment increased by S\$1.7 million or 12%, from S\$14.9 million in 2H 2021 to S\$16.6 million in 2H 2022 due to improvement in the utilization and daily charter rates for the AHTS (Anchor Handling Tug Supply) and AHT (Anchor Handling Tug) vessels.

Marine Construction segment's revenue increased by S\$9.1 million, from S\$1.7 million in 2H 2021 to S\$10.8 million in 2H 2022 mainly due to increase in modification and fabrication works related to vessels.

Oilfield Services segment's revenue increased by S\$4.6 million or 59%, from S\$7.8 million in 2H 2021 to S\$12.4 million in 2H 2022 mainly due to higher material sales and securing & completion of several projects following the easing of COVID-19 safe management measures.

FY 2022 vs FY 2021

Revenue generated from Renewable Energy segment decreased by S\$8.1 million or 45%, from S\$17.9 million in FY 2021 to S\$9.8 million in FY 2022 mainly due to lesser contracts secured in the offshore windfarm projects in Taiwan.

Revenue generated from Chartering of Vessels segment increased by S\$1.2 million or 4%, from S\$27.3 million in FY 2021 to S\$28.5 million in FY 2022 with the same reason as stated above.

Marine Construction segment's revenue increased by S\$11.6 million, from S\$3.4 million in FY 2021 to S\$15.0 million in FY 2022 with the same reason as stated above.

Oilfield Services segment's revenue increased by S\$12.0 million or 82%, from S\$14.5 million in FY 2021 to S\$26.5 million in FY 2022 with the same reason as stated above.

Consolidated Statement of Comprehensive Income (Cont'd)

b) 4Q 2022 vs 3Q 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 months		+/- %
	1 Oct 2022 31 Dec 2022	1 Jul 2022 to 30 Sep 2022	
	S\$'000	S\$'000	
Revenue	22,174	27,192	(18)
Cost of sales	(11,768)	(17,797)	(34)
Gross profit	10,406	9,395	(11)
Gross profit margin	47%	35%	
Other income	1,053	688	53
Distribution expenses	(599)	(613)	(2)
Administrative expenses	(4,679)	(4,183)	12
Other operating expenses	(3,196)	(871)	>100
Finance costs	(641)	(610)	5
Profit before tax	2,344	3,806	(38)
Tax expenses	(1,622)	(22)	>100
Profit for the period	722	3,784	(81)
EBITDA	5,070	6,520	(22)

Revenue

Revenue for the three-month ended 31 December ("4Q") 2022 decreased by S\$5.0 million or 18%, from S\$27.2 million in the three-month ended 30 September ("3Q") 2022 to S\$22.2 million in 4Q 2022 mainly due to decrease in revenue of S\$1.9 million, S\$1.7 million, S\$1.5 million and S\$0.2 million for sales of materials, chartering of vessels, trading of vessels and marine offshore support services respectively; offset by increase of S\$0.3 million for equipment rental income.

Cost of sales, gross profit and gross profit margin

Cost of sales decreased by S\$6.0 million or 34%, from S\$17.8 million in 3Q 2022 to S\$11.8 million in 4Q 2022 mainly due to decrease in cost of sales of S\$2.3 million, S\$1.7 million, S\$1.1 million and S\$1.0 million for sales of materials, marine offshore support services, chartering of vessels and trading of vessels respectively; offset by increase of S\$0.1 million for equipment rental cost.

As a result of the above, gross profit increased by S\$1.0 million or 11%, from S\$9.4 million in 3Q 2022 to S\$10.4 million in 4Q 2022.

Gross profit margin increased to 47% in 4Q 2022 as compared to 35% in 3Q 2022 mainly due to increase in gross profit margin for marine offshore support services and sales of materials.

Other income

Other income increased by S\$0.4 million or 53%, from S\$0.7 million in 3Q 2022 to S\$1.1 million in 4Q 2022 mainly due to gain on disposal of fixed assets recognized in 4Q 2022.

Consolidated Statement of Comprehensive Income (Cont'd)

b) 4Q 2022 vs 3Q 2022 (Cont'd)

Distribution expenses

Distribution expenses remained constant when comparing 4Q 2022 vs 3Q 2022.

Administrative expenses

Administrative expenses increased by S\$0.5 million or 12%, from S\$4.2 million in 3Q 2022 to S\$4.7 million in 4Q 2022 mainly due to higher staff costs incurred.

Other operating expenses

Other operating expenses increased by S\$2.3 million, from S\$0.9 million in 3Q 2022 to S\$3.2 million in 4Q 2022 mainly due to reclassification of other operating expenses from cost of sales and higher forex translation loss recognized.

Finance costs

Finance costs increased by S\$31,000 or 5%, from S\$610,000 in 3Q 2022 to S\$641,000 in 4Q 2022 mainly due to increase in interest rates and new loans.

Income tax expense

Income tax expense increased by S\$1.6 million from S\$22,000 million in 3Q 2022 to S\$1.62 million in 4Q 2022 mainly due to provision of deferred tax liabilities and current tax in 4Q 2022.

Net profit after tax

As a result of the above, the Group recorded net profit of S\$0.7 million in 4Q 2022 as compared to net profit of S\$3.8 million in 3Q 2022.

EBITDA

The group achieved EBITDA gain of S\$5.1 million in 4Q 2022 as compared to S\$6.5 million 3Q 2022.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets decreased by S\$4.5 million from S\$105.6 million as at 31 December 2021 to S\$101.1 million as at 31 December 2022. The decrease was mainly due to depreciation expenses of property, plant and equipment, reclassification of assets to assets held-for sales and sales of vessels; partially offset by purchase of cranes during the year.

Current assets

Current assets increased by S\$26.4 million from S\$26.0 million as at 31 December 2021 to S\$52.4 million as at 31 December 2022. This was mainly due to increase in trade and other receivables, cash and cash equivalents and assets held-for-sales; partially offset by decrease in inventories.

Cash and cash equivalents increased from S\$8.2 million as at 31 December 2021 to S\$13.1 million as at 31 December 2022 mainly due to cash generated from operating activities, offset by cash used in investing and financing activities.

Consolidated Statement of Financial Position (Cont'd)

Current assets (Cont'd)

Trade and other receivables increased from S\$14.7 million as at 31 December 2021 to S\$32.5 million as at 31 December 2022 which is line with higher group revenue for FY 2022. In addition, there is deposit paid for property, plant and equipment during the year.

Receivable turnover increased from 68 days as at 31 December 2021 to 72 days as at 31 December 2022 due to longer credited terms granted for certain major customers.

Shareholders' Equity

Shareholders' equity amounted to S\$56.8 million and S\$49.8 million as at 31 December 2022 and 31 December 2021 respectively. The increase was mainly due to net profit achieved in FY 2022.

Non-Controlling interests

Non-controlling interests increased by S\$1.1 million from S\$5.6 million as at 31 December 2021 to S\$6.7 million as at 31 December 2022 mainly due to share of profit for FY 2022 attributed to non-controlling interests.

Non-current liabilities

Non-current liabilities decreased by S\$7.3 million, from S\$41.7 million as at 31 December 2021 to S\$34.4 million as at 31 December 2022, mainly due to repayment for loan and borrowings and partially offset by increase in deferred tax liabilities.

Current liabilities

Current liabilities increased by S\$21.0 million, from S\$34.5 million as at 31 December 2021 to S\$55.5 million as at 31 December 2022 mainly due to increase in trade & other payables which is in line with the increase in business activities.

Payable turnover day increased from 95 days as at 31 December 2021 to 101 days as at 31 December 2022 as the Group had managed to negotiate better credit terms with suppliers.

Working Capital

Net current liabilities of the Group decreased by S\$5.4 million, from S\$8.5 million as at 31 December 2021 to S\$3.1 million, mainly due to the following:

- a) increase in cash and cash equivalent of S\$4.9 million;
- b) increase in assets held-for sale of S\$4.7 million; offset by
- c) decrease in working capital (inventories, trade and other receivables & trade and other payables) of S\$2.8 million;
- d) increase in current loans and borrowings, bank overdraft and lease liabilities of S\$1.0 million;
- e) increase in current tax payable of S\$0.4 million.

The Board and management are of the view that there are reasonable expectations that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and particularly within the twelve months from the end of the reporting period in consideration of the following sources of liquidity and funding available to the Group:

- future cash inflows from the Group's operating activities for the financial year ending 31 December 2023 ("FY 2023");
- Proceeds from sale of vessels in FY 2023.

Consolidated Statement of Cash flows

FY 2022 vs FY 2021

In FY 2022, net cash generated from operating activities before changes in working capital amounted to S\$14.2 million due to profit before income tax of S\$11.0 million, and adjustments mainly for gain on disposal of property, plant and equipment of S\$7.6 million, depreciation of property, plant and equipment and right-of-use assets of S\$8.4 million and interest expense of S\$2.4 million. The overall net cash generated from operating activities after changes in working capital and income tax paid amounted to S\$18.9 million.

Net cash used in investing activities of S\$0.04 million in FY 2022 mainly due to purchase of new fixed assets and deposits pertaining to purchase of property, plant and equipment, partially offset by proceeds from disposal of property, plant and equipment.

Net cash used in financing activities of S\$14.1 million in FY 2022 mainly due to repayment of term loans, lease liabilities, interest payment and trust receipts; partially offset by proceeds from term loans.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net increase of S\$4.7 million in cash and cash equivalents (as adjusted for deposits pledged) in FY 2022.

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

Not applicable. No forecast or prospect statement has been made.

27. 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 reporting period and the next 12 months.

We are optimistic with the offshore segment of our business due to various factors. The current situation of limited supply of available vessels and rigs, coupled with significantly improved demand for such vessels which is expected to be robust due to a lack of investment in the past several years, translates into greater demand for our services and offshore assets.

Simultaneously, with high oil prices and tight global supply, the move towards renewables continue unabated. We are therefore also optimistic with this sector of our business.

28. If a decision regarding dividend has been made:-

(a) Whether an interim (final) ordinary dividend has been declared (recommended)

The following final dividend is recommended for shareholders' approval at the 2023 annual general meeting of the Company ("2023 AGM") to be convened.

Name of dividend	Recommended final dividend for FY2022
Dividend type	Ordinary
Dividend rate	S\$0.2835 Singapore cents per ordinary share
Tax rate	Tax exempt (one-tier)

(b) Previous corresponding period

No dividend was declared or recommended for FY 2021.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country whether the dividend is derived. (If the dividend is not taxable in the hands of shareholders, this must be stated)

Not applicable.

(d) Date Payable

Not applicable.

(e) The date on which Registrable Transfers received by the company (up to 5.00 pm) will be registered before entitlements to the dividend are determined

Not applicable.

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

Not applicable.

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

The Group has not obtained a general mandate from shareholders for interested person transactions.

31. Disclosure on Acquisition and Realisation of Share pursuant to Rule 706(A) of the Catalyst Rules

Save as disclosed below, there were no acquisition or realization of shares thereby resulting (i) in a change in the shareholding percentage in any of the subsidiary or associated company of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary or associated company of the Group during FY 2022. Neither was there any incorporation of new subsidiary or associated company by the Group during FY 2022.

31. Disclosure on Acquisition and Realisation of Share pursuant to Rule 706(A) of the Catalyst Rules (Cont'd)

During 2H 2022,

- (i) the Company's wholly-owned subsidiary, KH Mazu Offshore & Marine Sdn Bhd ("**KH MAZU**") incorporated the following wholly-owned company:

Name of company	:	Bridgewater Engineering Sdn. Bhd.
Incorporation date	:	20 September 2022
Issued and paid-up shares capital	:	MYR1
Percentage of issued and paid-up share capital held by KH MAZU	:	100%
Principal activity	:	Engineering work and design, supply of manpower

The incorporation of Bridgewater Engineering Sdn Bhd ("**BESB**") was funded through internal resources and is not expected to have any material impact on the earnings per share or net tangible assets of the Company for the financial year ending 31 December 2023. Mr Tan Keng Siong, Thomas ("**Mr Thomas Tan**"), the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, Mr Tan Keng Hoe Melvin, who is the brother of Mr Thomas Tan, Mr Tan Wen Hao, Justin Anderson, who is the son of Mr Thomas Tan and Mathiew Christophe Rajoo were appointed as directors of BESB.

- (ii) the Company's wholly-owned subsidiary, Adira Renewables Pte Ltd ("**Adira Renewables**") incorporated the following wholly-owned companies:

Name of company	:	Adira Solar Pte. Ltd. (" ASPL ")
Incorporation date	:	22 December 2022
Issued and paid-up shares capital	:	SGD100
Percentage of issued and paid-up share capital held by Adira Renewables	:	100%
Principal activity	:	Engineering design and consultancy services in energy management and clean energy systems

Name of company	:	Adira Solar Construction Pte. Ltd. (" ASCPL ")
Incorporation date	:	22 December 2022
Issued and paid-up shares capital	:	SGD25,000
Percentage of issued and paid-up share capital held by Adira Renewables	:	100%
Principal activity	:	General contractors (building construction including major upgrading works)

The incorporation of ASPL and ASCPL were funded through internal resources and is not expected to have any material impact on the earnings per share or net tangible assets of the Company for the financial year ending 31 December 2023. Mr Thomas Tan, the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, and Mr Tan Wen Hao, Justin Anderson, who is the son of Mr Thomas Tan, were appointed as directors of ASPL and ASCPL.

31. Disclosure on Acquisition and Realisation of Share pursuant to Rule 706(A) of the Catalist Rules (Cont'd)

- (iii) the Company's wholly-owned subsidiary, Adira Solar Pte. Ltd. ("ASPL") incorporated the following wholly-owned company:

Name of company	:	Adira Solar Sdn Bhd ("ASSB")
Incorporation date	:	14 February 2023
Issued and paid-up shares capital	:	MYR100
Percentage of issued and paid-up share capital held by ASPL	:	100%
Principal activity	:	Solar energy system developer, owner and operator

The incorporation of ASSB was funded through internal resources and is not expected to have any material impact on the earnings per share or net tangible assets of the Company for the financial year ending 31 December 2023. Mr Thomas Tan, the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, and Mr Tan Wen Hao, Justin Anderson, who is the son of Mr Thomas Tan, and Mathiew Christophe Rajoo were appointed as directors of ASSB.

32. Confirmation that the Issuer to has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Board of Directors confirms that they have procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Listing Manual of the SGX-ST.

33. 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(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was first held	Details of changes in duties and position held, if any, during the year
Tan Keng Hoe Melvin	60	Brother of Mr. Thomas Tan, CEO & Chairman	Chief Technical Officer To oversee the engineering division of the Group.	N.A.
Tan Peck Ling Jocelyn	40	Daughter of Mr. Thomas Tan, CEO & Chairman	Head of Corporate Services Responsible for corporate services and strategic planning for the Group and overseeing the coordination and allocation of Group resources for the achievement of the Group's strategic objectives since September 2014.	N.A.
Tan Peck Ching Jeliane	38	Daughter of Mr. Thomas Tan, CEO & Chairman	Head of Supply Chain Responsible for identifying and screening procurement suppliers, negotiating terms and conditions, standardizing business and procurement best practice processes since April 2006.	N.A.
Tan Wen Hao Justin Anderson	32	Son of Mr. Thomas Tan, CEO & Chairman	Chief Operating Officer – Offshore & Marine Oversee the Group's shipyard operations, heavy equipment business, the marine & offshore vessel charter & operations and the Group's business in the offshore windfarm sector and horizontal directional drilling.	N.A.

On Behalf of the Board of Directors

Thomas Tan Keng Siong
Executive Chairman and CEO
24 February 2023