



Company Registration No. 201311482K

## **KIM HENG LTD.**

### **INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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

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

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## A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	6 Months Ended		+/- %
		1 Jan 2024 To 30 June 2024 S\$'000	1 Jan 2023 To 30 June 2023 S\$'000	
Revenue	4	55,502	44,298	25
Cost of sales		(40,130)	(29,685)	35
<b>Gross profit</b>		15,372	14,613	5
<b>Gross profit margin</b>		28%	33%	
Other income		539	1,028	(48)
Distribution expenses		(1,091)	(891)	22
Administrative expenses		(10,587)	(8,970)	18
Other expenses		(1,893)	(2,310)	(18)
Finance costs		(1,896)	(1,356)	40
Profit before tax	6	444	2,114	(79)
Tax expense	7	(16)	(184)	(91)
<b>Profit for the period</b>		428	1,930	(78)
<b>Other comprehensive income, net of tax</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences		350	138	>100
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences		167	(38)	N.M.
<b>Total comprehensive income for the period</b>		945	2,030	(53)
<b>Net profit/(loss) attributable to:</b>				
Owners of the Company		(1,042)	1,738	N.M.
Non-controlling interests		1,470	192	>100
		428	1,930	(78)
<b>EBITDA</b>		6,702	7,736	(13)
<b>(Loss)/Earnings per share (cents)</b>				
Basic	25	(0.1)	0.2	
Diluted	25	(0.1)	0.2	

N.M. – not meaningful

## B. Condensed Interim Statement of Financial Position

	Note	Group		Company	
		As at 30 June 2024 S\$'000	As at 31 Dec 2023 S\$'000	As at 30 June 2024 S\$'000	As at 31 Dec 2023 S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	9	81,365	75,294	–	–
Right-of-use assets	10	20,832	21,893	–	–
Club memberships		63	63	–	–
Investment in subsidiaries		–	–	76,250	76,250
		<u>102,260</u>	<u>97,250</u>	<u>76,250</u>	<u>76,250</u>
<b>Current assets</b>					
Inventories	13	35,160	28,740	–	–
Trade and other receivables	14	26,519	20,146	20,391	7,265
Contract assets		5,881	9,722	–	–
Cash and cash equivalents		5,571	10,974	28	29
Assets held-for-sale		–	394	–	–
		<u>73,131</u>	<u>69,976</u>	<u>20,419</u>	<u>7,294</u>
<b>Total assets</b>		<u>175,391</u>	<u>167,226</u>	<u>96,669</u>	<u>83,544</u>
<b>EQUITY</b>					
Share capital	12	74,409	74,409	74,409	74,409
Treasury shares		(363)	(323)	(363)	(323)
Reserves		(33,250)	(33,600)	–	–
Accumulated profits		14,450	15,492	818	1,795
<b>Equity attributable to owners of the Company</b>		<u>55,246</u>	<u>55,978</u>	<u>74,864</u>	<u>75,881</u>
Non-controlling interests		8,937	7,285	–	–
<b>Total Equity</b>		<u>64,183</u>	<u>63,263</u>	<u>74,864</u>	<u>75,881</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	11	11,707	20,909	934	3,055
Lease liabilities	11	10,881	12,045	–	–
Deferred tax liabilities		5,598	5,584	–	–
		<u>28,186</u>	<u>38,538</u>	<u>934</u>	<u>3,055</u>
<b>Current liabilities</b>					
Bank overdrafts	11	1,999	1,054	–	–
Contract liabilities		2,549	1,668	–	–
Loans and borrowings	11	36,125	23,534	20,580	4,412
Lease liabilities	11	3,015	3,763	–	–
Trade and other payables	15	38,636	33,987	291	196
Current tax payable		698	1,419	–	–
		<u>83,022</u>	<u>65,425</u>	<u>20,871</u>	<u>4,608</u>
<b>Total liabilities</b>		<u>111,208</u>	<u>103,963</u>	<u>21,805</u>	<u>7,663</u>
<b>Total equity and liabilities</b>		<u>175,391</u>	<u>167,226</u>	<u>96,669</u>	<u>83,544</u>

## C. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		6 Months Ended	
		30 June 2024	30 June 2023
		S\$'000	S\$'000
<b>Cash flows from operating activities</b>			
Profit before income tax		444	2,114
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	6.1	4,362	4,266
Loss/(Gain) on disposal of property, plant and equipment	6.1	44	(573)
Impairment loss (reversed)/recognized on trade and other receivables	6.1	(5)	172
Interest income	6.1	(58)	(9)
Interest expense	6.1	1,896	1,356
		<u>6,683</u>	<u>7,326</u>
<b>Changes in working capital:</b>			
Inventories		(3,062)	1,886
Trade and other receivables		(1,408)	1,420
Trade and other payables		5,429	(3,847)
Cash generated from operations		<u>7,642</u>	<u>6,785</u>
Income tax paid		(670)	(561)
<b>Net cash generated from operating activities</b>		<u>6,972</u>	<u>6,224</u>
<b>Cash flows from investing activities</b>			
Deposits for purchase of property, plant and equipment		-	(3,580)
Purchase of property, plant and equipment		(6,187)	(6,294)
Proceeds from disposal of property, plant and equipment		350	5,480
Interest received		58	9
<b>Net cash used in investing activities</b>		<u>(5,779)</u>	<u>(4,385)</u>
<b>Cash flows from financing activities</b>			
Interest paid		(1,896)	(1,356)
Dividend paid		-	(2,000)
Repayment of lease liabilities		(2,075)	(1,487)
Repayment of term loans		(14,195)	(5,789)
Proceeds from trust receipts, net		2,351	587
Proceeds from term loan drawn down		8,086	-
Proceeds from issuance of shares to non-controlling interests		15	-
Purchase of treasury shares	12	(40)	-
Changes in deposits pledged		297	(12)
<b>Net cash used in financing activities</b>		<u>(7,457)</u>	<u>(10,057)</u>
<b>Net decrease in cash and cash equivalents</b>		<u>(6,264)</u>	<u>(8,218)</u>
Cash and cash equivalents at beginning of the period		9,307	11,094
Effect of exchange rate fluctuations on cash and cash equivalents		213	69
<b>Cash and cash equivalents at end of the period~</b>		<u>3,256</u>	<u>2,945</u>
<b>Significant non-cash transactions during the period:</b>			
Acquisition of vessels		3,746	1,575
Acquisition of other plant and equipment		3,319	320
		<u>7,065</u>	<u>1,895</u>

**C. Condensed Interim Consolidated Statement of Cash Flows (Cont'd)**

	Group	
	6 Months Ended	
	30 June 2024	30 June 2023
Note	S\$'000	S\$'000
<b>~Cash and cash equivalents consist of the following:</b>		
Cash at bank and in hand	3,905	4,347
Fixed deposits	1,666	632
Cash and cash equivalents	5,571	4,979
Deposits pledged	(316)	(632)
Bank overdrafts	(1,999)	(1,402)
Cash and cash equivalents in the statements of cash flows	3,256	2,945

#### D. Condensed Interim Statements of Changes in Equity

Group	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Currency translation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>2023</b>								
<b>As at 1 Jan 2023</b>	74,409	(323)	(32,763)	(409)	15,927	56,841	6,712	63,553
<b>Total comprehensive income for the financial period</b>								
Profit for the financial period	–	–	–	–	1,738	1,738	192	1,930
<b>Other comprehensive income</b>								
Translation differences relating to financial statements of foreign operations	–	–	–	138	–	138	(38)	100
Total comprehensive income for the financial period	–	–	–	138	1,738	1,876	154	2,030
<b>Transactions with owners, recognised directly in equity</b>								
Dividends	–	–	–	–	(2,000)	(2,000)	–	(2,000)
<b>Total transactions with owners</b>	–	–	–	–	(2,000)	(2,000)	–	(2,000)
<b>As at 30 June 2023</b>	74,409	(323)	(32,763)	(271)	15,665	56,717	6,866	63,583

#### D. Condensed Interim Statements of Changes in Equity (Cont'd)

Group	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Currency translation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>2024</b>								
<b>As at 1 Jan 2024</b>	74,409	(323)	(32,763)	(837)	15,492	55,978	7,285	63,263
<b>Total comprehensive income for the financial period</b>								
(Loss)/Profit for the financial period	–	–	–	–	(1,042)	(1,042)	1,470	428
<b>Other comprehensive income</b>								
Translation differences relating to financial statements of foreign operations	–	–	–	350	–	350	167	517
Total comprehensive income/(loss) for the financial period	–	–	–	350	(1,042)	(692)	1,637	945
<b>Transactions with owners, recognised directly in equity</b>								
Purchase of treasury shares	–	(40)	–	–	–	(40)	–	(40)
Non-controlling interests arising from increase in paid-up share capital of subsidiaries	–	–	–	–	–	–	15	15
<b>Total transactions with owners</b>	–	(40)	–	–	–	(40)	15	(25)
<b>As at 30 June 2024</b>	74,409	(363)	(32,763)	(487)	14,450	55,246	8,937	64,183



#### D. Condensed Interim Statements of Changes in Equity (Cont'd)

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits S\$'000	Total equity S\$'000
<b>2023</b>				
As at 1 Jan 2023	74,409	(323)	2,103	76,189
Total comprehensive profit for the financial period	–	–	179	179
<b>Transactions with owners, recognised directly in equity</b>				
Dividends	–	–	(2,000)	(2,000)
<b>As at 30 June 2023</b>	74,409	(323)	282	74,368
<b>2024</b>				
As at 1 Jan 2024	74,409	(323)	1,795	75,881
Total comprehensive loss for the financial period	–	–	(977)	(977)
<b>Transactions with owners, recognised directly in equity</b>				
Purchase of treasury shares	–	(40)	–	(40)
<b>As at 30 June 2024</b>	74,409	(363)	818	74,864

## **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 Board of Singapore Exchange Securities Trading Limited.

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 ended 30 June 2024 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 ended 30 June 2024 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 annual financial statements for the year ended 31 Dec 2023.

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 except that in the current financial period and year, the Group has adopted all the amendments to SFRS(I)s that are effective for annual financial periods beginning on or after 1 January 2024. The adoption of these amendments did not have any material effect on the financial performance or position of the Group and the Company.

#### **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 results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the financial year ended 31 Dec 2023.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities as at 30 June 2024 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 Use of judgements and estimates (Cont'd)

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

The current market uncertainties and sentiment have led to heightened uncertainty in estimating the recoverable amounts of the non-financial assets. Management has performed an impairment assessment on its property, plant and equipment and right-of-use assets based on the last valuation reports obtained from independent professional valuers as at 31 Dec 2023. There have been no adverse developments in the HY2024 to indicate the assets may be impaired.

The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the market value. A 5% change in the fair value of the non-financial assets will not result in an impairment loss on the Group's non-financial assets.

### (b) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECL") for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is based on the Group's historical observed default rates, adjusted for forecast economic conditions with forward-looking information. This assessment involves significant estimate. Additionally, 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. A reasonable change in the estimates will not result in a significant impact to the Group's ECL.

## 2.3 Going concern

The Group reported net profit before tax of S\$0.45 million (1H2023: S\$2.1million) and total comprehensive income of S\$0.95 million (1H2023: S\$2 million) for the financial period ended 30 June 2024. Excluding deposits received from customers amounting to S\$15.7 million mainly for vessels under construction in respect of the sale and delivery of the related vessels in 2H2024 and advance payments made to contractors and suppliers for the construction of vessels under construction amounted to S\$7.3 million, the Group's current liabilities have exceeded its current assets by S\$1.5 million.

In assessing the appropriateness of the use of going concern basis of accounting in the preparation of the financial statements, management has considered various sources of liquidity and funding available to the Group for the next twelve months. The condensed interim financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and the satisfaction of liabilities in the normal course of business. 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: vessels repair, offshore rig & supply base services and crew management;
- Chartering and Towage: chartering of ships, barges and boats with crew;
- Equipment Rental: 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.

#### 4. Segment information (Cont'd)

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	Chartering and Towage	Equipment Rental	Sales of Goods			
6 Months ended 30 June 2024	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	14,609	17,566	1,273	1,343	20,711	-	55,502
Inter-segment revenue	5,023	7,621	1,296	12	7,473	(21,425)	-
Total segment revenue	19,632	25,187	2,569	1,355	28,184	(21,425)	55,502
Other income							539
Finance costs							(1,896)
Segment results							444
Income tax expense							(16)
Profit for the period							428

#### Other Information

Segment assets	175,391
Segment liabilities	111,208
Capital Expenditure	8,166

#### Other material non-cash items:

- Depreciation of property, plant and equipment and right-of-use assets	4,362
- Loss on disposal of property, plant and equipment	44
- Impairment loss reversed on trade and other receivables	(5)

	Offshore Rig Services and Supply Chain Management				Vessel Sales and Newbuild	Adjustments and Eliminations	Total
	Marine Offshore Support Services	Chartering and Towage	Equipment Rental	Sales of Goods			
6 Months ended 30 June 2023	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	22,649	11,497	2,390	5,543	2,219	-	44,298
Inter-segment revenue	8,221	5,979	857	678	-	(15,735)	-
Total segment revenue	30,870	17,476	3,247	6,221	2,219	(15,735)	44,298
Other income							1,028
Finance costs							(1,356)
Segment results							2,114
Income tax expense							(184)
Profit for the period							1,930

#### Other Information

Segment assets	149,071
Segment liabilities	85,488
Capital Expenditure	6,294

#### Other material non-cash items:

- Depreciation of property, plant and equipment and right-of-use assets	4,266
- Gain on disposal of property, plant and equipment	(573)
- Impairment loss recognised on trade and other receivables	172

#### 4. Segment information (Cont'd)

In presenting information on geographical segments, segment revenue is 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	
	30 June 2024	30 June 2023
	S\$'000	S\$'000
<b>Segment Revenue</b>		
Australia	489	54
China	51	20
Hong Kong	298	29
Indonesia	143	-
Korea	438	-
Malaysia	9,591	6,569
Singapore	5,970	10,546
Taiwan	11,295	15,946
Thailand	3,532	95
United Arab Emirates	11,923	6,625
United States of America	2,073	982
Europe	8,872	3,286
Vietnam	759	29
Others	68	117
	55,502	44,298

#### 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 30 June 2024 S\$'000	As at 31 Dec 2023 S\$'000	As at 30 June 2024 S\$'000	As at 31 Dec 2023 S\$'000
<b>Financial assets at amortised cost</b>				
Cash and cash equivalents	5,571	10,974	28	29
Trade and other receivables	25,062	18,087	20,338	7,245
	30,633	29,061	20,366	7,274
<b>Financial liabilities at amortised cost</b>				
Bank overdraft	1,999	1,054	-	-
Loan and borrowings	47,832	44,443	21,514	7,467
Lease liabilities	13,896	15,808	-	-
Trade and other payables	38,636	33,987	291	196
	102,363	95,292	21,805	7,663

## 6. Profit before tax

6.1 Profit before tax is arrived at after charging/ (crediting) the following:

	Group		+/- %
	30 June 2024	30 June 2023	
	S\$'000	S\$'000	
Interest income from bank deposits	(58)	(9)	>100
Miscellaneous income	(187)	(446)	(58)
Loss/(Gain) on disposal of property, plant and equipment and right-of-use assets	44	(573)	N.M.
Currency translations (gain)/loss - net	(294)	287	N.M.
Interest on loans and borrowings	1,896	1,356	40
Depreciation of property, plant and equipment and right-of-use assets	4,362	4,266	2
Impairment loss (reversed)/recognised on trade and other receivables	(5)	172*	N.M.

\* Pertains to a charter job aborted due to subsequent notification of vessel under salvage was under sanction.  
N.M. – not meaningful

## 6.2 Related party transactions

Please refer to paragraph 31 in this result announcement.

## 7. Tax expense

The major components of tax expense for the period ended 30 June 2024 and 30 June 2023 are:

	Group	
	30 June 2024	30 June 2023
	S\$'000	S\$'000
<b>Current tax expense</b>		
Under provision of current tax in respect to the prior year	16	184
Current tax expense	-	-
	16	184
<b>Deferred tax expense</b>		
Movement in temporary differences	-	-
	16	184

## 8. 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 period reported on; and (b) immediately preceding financial year:

	Group		Company	
	As at 30 June 2024	As at 31 Dec 2023	As at 30 June 2024	As at 31 Dec 2023
Net asset value per ordinary share (cents)	7.8	7.9	10.6	10.8
Number of ordinary shares used in calculating net asset value per ordinary share	704,932,400	705,442,100	704,932,400	705,442,100

## 9. Property, plant and equipment

During 1H2024, the Group acquired property, plant and equipment amounting to S\$12.1 million (1H2023: S\$6.3 million) and there was a reclassification of a vessel to inventory due to change of use amounting to S\$3.4million and there is no disposal of property, plant and equipment for 1H2024 (1H2023: S\$0.01 million).

## 10. Right-of-use assets

During 1H2024, the Group acquired right-of-use assets amounting to S\$0.2 million (1H2023: S\$1.9 million) and there is no disposal of right-of-use assets for 1H2024 and 1H2023.

## 11. Loans and borrowings

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

	As at 30 June 2024 Secured S\$'000	As at 31 Dec 2023 Secured S\$'000
Bank overdrafts	1,999	1,054
Loans and borrowings	36,125*	23,534
Lease liabilities	3,015	3,763

Amount repayable after one (1) year

	As at 30 June 2024 Secured S\$'000	As at 31 Dec 2023 Secured S\$'000
Loans and borrowings	11,707	20,909
Lease liabilities	10,881	12,045

\* includes renewable revolving money market line of S\$5.0 million, S\$7.5 million trust receipts utilised to be converted into term loan in 2H2024 for vessel and equipment.

## 11. Loans and borrowings (Cont'd)

### Details of any collateral as at 30 June 2024

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$61.4 million (FY2023: S\$63.7 million) are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- Fixed deposits of approximately S\$0.3 million (FY2023: 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\$40.6 million (FY2023: S\$45.0 million).

For the financial period ended 30 June 2024, the Group had breached a loan covenant. On 27 June 2024, the Group had obtained an indulgence letter from the financial institution for the covenant breach.

## 12. Share capital

	The Group and the Company			
	30 June 2024		31 Dec 2023	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
Beginning of interim period/year	705,442	74,409	705,442	74,409
Purchase of treasury shares	(510)	-	-	-
End of interim period/year	704,932	74,409	705,442	74,409

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 31 Dec 2023.

## 13. Inventories

	Group		Company	
	As at 30 June 2024 \$'000	As at 31 Dec 2023 \$'000	As at 30 June 2024 \$'000	As at 31 Dec 2023 \$'000
	Finished goods (bunkers and materials), at cost	1,734	1,560	-
Vessel held for trading	8,538	4,700	-	-
Vessels under construction	21,642	19,224	-	-
Construction work-in-progress	3,719	3,717	-	-
Allowance for inventory obsolescence:				
Opening balance	(461)	(469)	-	-
Allowance utilised	-	-	-	-
Exchange difference on translation	(12)	8	-	-
	(473)	(461)	-	-
	35,160	28,740	-	-



#### 14. Trade and other receivables

	Group		Company	
	As at 30 June 2024 S\$'000	As at 31 Dec 2023 S\$'000	As at 30 June 2024 S\$'000	As at 31 Dec 2023 S\$'000
Trade receivables	15,659	13,359	-	-
Allowance for impairment loss	(748)	(746)	-	-
Net trade receivables	14,911	12,613	-	-
Deposits	1,195	1,269	-	-
Deposits for purchase of property, plant & equipment	237	237	-	-
Amount due from subsidiaries (trade)	-	-	1,731	3,039
Amount due from subsidiaries (non- trade)	-	-	18,607	2,706
Dividend receivable from a subsidiary	-	-	-	1,500
Other receivables	1,409	1,249	-	-
Advance payments to suppliers	7,310	2,719	-	-
Financial assets at amortised cost	25,062	18,087	20,338	7,245
GST receivables	325	254	6	5
Withholding tax	375	394	-	-
Prepayment	757	1,411	47	15
	<u>26,519</u>	<u>20,146</u>	<u>20,391</u>	<u>7,265</u>

#### 15. Trade and other payables

	Group		Company	
	As at 30 June 2024 S\$'000	As at 31 Dec 2023 S\$'000	As at 30 June 2024 S\$'000	As at 31 Dec 2023 S\$'000
Trade payables	13,912	13,650	215	98
Accrued expenses	8,408	5,713	76	98
Accrued capital expenditure	241	1,169	-	-
Other payables	336	272	-	-
Deposit received	15,739	13,183	-	-
	<u>38,636</u>	<u>33,987</u>	<u>291</u>	<u>196</u>

#### 16. 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 CATALIST RULE APPENDIX 7C**

- 17. 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\$'000)
<b>Issued and fully paid ordinary shares</b>		
Balance at 31 Dec 2023	705,442,100	74,409
Purchase of treasury shares	(509,700)	-
Balance as at 30 June 2024	704,932,400	74,409

During the half year ended 30 June 2024 ("1H"), Company bought back 509,700 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 30 June 2024 is 5,067,600 representing 0.72% of the total number of issued shares outstanding as at 30 June 2024 (30 June 2023: 4,557,900 representing 0.65% of the total number of issued shares outstanding as at 30 June 2023).

There were no outstanding options or convertibles held by the Company as at 30 June 2024 and 30 June 2023.

- 18. 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 30 June 2024	As at 31 Dec 2023
<b>Total issued shares (excluding treasury shares)</b>	704,932,400	705,442,100

- 19. 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 1H2024, there were no sale, cancellation and/or use of treasury shares.

- 20. 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.

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

The condensed consolidated statement of financial position of Kim Heng Ltd. and its subsidiaries as at 30 June 2024 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

**22.1 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 2023 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.

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

The financial information has been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)") including SFRS(I) 1-34 Interim Financial Reporting, and the same accounting policies and methods of computation adopted in the audited financial statements of the last financial year, except for those disclosed under paragraph 24 below.

**24. 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.**

The Group and the Company have adopted the new and revised SFRS(I)s, and Interpretations of SFRS(I) ("SFRS(I) INTs") that are effective for the period beginning on 1 January 2024. The adoption of these SFRS(I)s and SFRS(I) INTs did not have any significant effect on the financial statements of the Group and the Company.

25. (Loss)/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 Ended	
	30 June 2024	30 June 2023
Net (loss)/profit attributable to equity holders of the Company (S\$'000)	(1,042)	1,738
Weighted average number of ordinary shares outstanding	704,981,852	705,442,100
Basic and fully diluted profit(loss) per share (cents)	(0.1)	0.2

The diluted and basic (loss)/profit per share are the same for each of 1H2024 and 1H2023 as the Company has no dilutive equity instruments as at 30 June 2024 and 30 June 2023.

26. 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:
- 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
  - 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) 1H2024 vs 1H2023

##### Revenue

Revenue for 1H2023 increased by S\$11.2 million or 25%, from S\$44.3 million in 1H2023 to S\$55.5 million in 1H2024 mainly due to following: -

- increase in revenue of S\$18.5 million from vessel sales and newbuild mainly due to delivery of vessels completed in 1H2024;
- increase in revenue of S\$6.0 million from chartering and towage of vessels mainly due to higher market demand for vessel chartering; offset by
- decrease in revenue of S\$8.0 million, S\$4.2million and S\$1.1million respectively from marine offshore support services, sales of goods and equipment rental mainly due to lesser demand.

Revenue derived from Renewables Energy segment (for information only)

	6 Months Ended	
	1 Jan 2024 to 30 June 2024	1 Jan 2023 to 30 June 2023
	S\$'000	S\$'000
Renewable Energy	4,542	7,227

### **Cost of sales, gross profit and gross profit margin**

Cost of sales increased by S\$10.4 million or 35%, from S\$29.7 million in 1H2023 to S\$40.1 million in 1H2024, in line with the increase in revenue.

Gross profit increased by S\$0.8million or 5%, from S\$14.6 million in 1H2023 to S\$15.4 million in 1H2024, in line with the increase in revenue.

Gross profit margin decreased to 28% in 1H2024 as compared to 33% in the last corresponding period mainly due to lower gross profits generated from equipment rental segment.

### **Other income**

Other income decreased by S\$0.5 million or 48%, from S\$1.0 million in 1H2023 to S\$0.5 million in 1H2024, mainly due to lower insurance compensation in 1H2024; partially offset by forex translation gain.

### **Distribution expenses**

Distribution expenses increased by S\$0.2 million or 22% from S\$0.9 million in 1H2023 to S\$1.1 million in 1H2024 mainly due to higher vessel brokerage fee incurred offset by lower entertainment expenses.

### **Administrative expenses**

Administrative expenses increased by S\$1.6 million or 18%, from S\$9.0 million in 1H2023 to S\$10.6 million in 1H2024 mainly due to higher staff costs, foreign worker salary, and levy incurred as well as the increase in bank facility fees.

### **Other expenses**

Other expenses decreased by S\$0.4 million or 18%, from S\$2.3 million in 1H2023 to S\$1.9 million in 1H2024 mainly due to decrease in medical fees and provision for doubtful debts.

### **Finance costs**

Finance costs increased by S\$0.5 million or 40% from S\$1.4 million in 1H2023 to S\$1.9 million in 1H2024 mainly due to new term loan drawn down and increase in trust receipt interest.

### **Tax expense**

Tax expense decreased by S\$0.2 million or 91% mainly due to lower underprovision of prior year tax for 1H2024.

### **Profit for the period**

As a result of the above, the Group achieved a profit of S\$0.4 million in 1H2024 as compared to S\$1.9 million in 1H2023.

### **EBITDA**

The group achieved an EBITDA of S\$6.7 million in 1H2024 as compared to S\$7.7 million in 1H2023.

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

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

Non-current assets increased by S\$5.0 million from S\$97.3 million as at 31 Dec 2023 to S\$102.3 million as at 30 June 2024. The increase was mainly due to increase in property, plant and equipment in 1H2024; partially offset by depreciation expenses of property, plant and equipment.

### **Current assets**

Current assets increased by S\$3.1 million from S\$70.0 million as at 31 Dec 2023 to S\$73.1 million as at 30 June 2024. This increase was mainly due to increase in trade and other receivables and inventories; partially offset by decrease in cash and cash equivalents and contract assets.

Trade and other receivables increased by S\$6.3 million from S\$20.2 million as at 31 Dec 2023 to S\$26.5 million as at 30 June 2024 mainly due to increase in advance payment to suppliers and trade receivables.

Receivable turnover decreased from 73 days as at 31 Dec 2023 to 71 days as at 30 June 2024 due to ongoing collection efforts.

Inventories increased by S\$6.4 million from S\$28.8 million as at 31 Dec 2023 to S\$35.2 million as at 30 June 2024 mainly due to purchase of vessels and increase in modification costs of vessels; offset by vessel sales upon completion and delivery to customers.

Cash and cash equivalents decreased by S\$5.4 million from S\$11.0 million as at 31 Dec 2023 to S\$5.6 million as at 30 June 2024 mainly due to cash used in financing and investing activities.

Contract asset decreased by S\$3.8 million from S\$9.7 million as at Dec 2023 to S\$5.9 million as at 30 June 2024 mainly due to billing to customers during 1H2024.

### **Shareholders' Equity**

Shareholders' equity amounted to S\$55.3 million and S\$56.0 million as at 30 June 2024 and 31 Dec 2023 respectively.

### **Non-controlling interests**

Non-controlling interests increased by S\$1.6 million from S\$7.3 million as at 31 Dec 2023 to S\$8.9 million as at 30 June 2024 mainly due to share of profit for 1H2024 attributed to non-controlling interests.

### **Non-current liabilities**

Non-current liabilities decreased by S\$10.3 million, from S\$38.5 million as at 31 Dec 2023 to S\$28.2 million as at 30 June 2024, mainly due to repayment for loan and borrowings and lease liabilities; partially offset by additional loans draw down during 1H2024.

### **Current liabilities**

Current liabilities increased by S\$17.6 million, from S\$65.4 million as at 31 Dec 2023 to S\$83.0 million as at 30 June 2024 mainly due to trust receipt utilized for vessel and equipment which will be converted into term loan in 2H2024 and new loans. In addition, there are deposits received of vessels sale from customers and accrued costs for projects during 1H2024.

Payable turnover increased from 93 days as at 31 Dec 2023 to 98 days as at 30 June 2024 as the Group managed to negotiate better credit terms with suppliers.

## **Consolidated Statement of Cash Flows**

In 1H2024, net cash generated from operating activities before changes in working capital amounted to S\$6.7 million due to profit before income tax of S\$0.4 million, and adjustments for depreciation of property, plant and equipment and right-of-use assets of S\$4.4 million, interest expense of S\$1.9 million. The overall net cash generated from operating activities after changes in working capital and income tax paid amounted to S\$7.0 million.

Net cash used in investing activities of S\$5.8 million in 1H2024 mainly due 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\$7.5 million in 1H2024 mainly due to repayment of term loans, lease liabilities and interest payments; partially offset by proceeds of term loans and trust receipts.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$6.3 million in cash and cash equivalents (as adjusted for deposits pledged) in 1H2024.

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

No applicable. No forecast or prospect statement has been made.

**28. 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.**

The group continues its journey towards renewable energy by extending its footprint in Korea as announced on 6 Feb 2024 to capture new growth markets. While demand for offshore and marine vessels has improved in 1H2024, we will be mindful of any unexpected shifts in the general macro environment.

**29. If a decision regarding dividend has been made:-**

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

No dividend has been declared or recommended for 1H2024.

**(b) Previous corresponding period**

No dividend was declared or recommended for 1H2023.

**(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.

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

No dividend was declared or recommended for 1H2024 as the Group intends to conserve cash for working capital and business expansion purposes.

**31. 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.

The aggregate value of the interested person transaction during the 1H2024 was as follows:-

Name of Interested Person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	Total value of the transaction \$'000	Total value of the transaction \$'000
Interest expense to Mr Thomas Tan Keng Siong, who is the Executive Chairman, Chief Executive Officer and Controlling Shareholder of the Group*	234	-

\*Please refer to the announcement dated 18 September 2023 for more details.

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

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 1H2024.

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

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.

**Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the six-month period ended 30 June 2024 to be false or misleading in any material aspect.

**On Behalf of the Board of Directors**

Thomas Tan Keng Siong  
Executive Chairman and CEO  
12 Aug 2024