



OILTEK

OILTEK INTERNATIONAL LIMITED

(Company Registration Number: 202109778W)

(Incorporated in the Republic of Singapore)

Condensed Interim Financial Statements

For the Six Months Ended 30 June 2023

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the 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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OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2023

	Note	Six months ended 30 June		Change %
		2023 RM'000	2022 RM'000	
Revenue	4(a)	76,727	81,341	(5.7)
Cost of sales		(63,075)	(66,853)	(5.7)
Gross profit		13,652	14,488	(5.8)
Other income	5	419	36	N.M.
Other gains – net	5	3,247	1,709	90.0
Expenses				
- Allowance for impairment of trade receivables	6	(15)	(143)	(89.5)
- Administrative and others	6	(7,830)	(8,822)	(11.2)
Profit before income tax		9,473	7,268	30.3
Income tax expense	7	(2,623)	(2,528)	3.8
Profit after income tax		6,850	4,740	44.5
Profit attributable to:				
Equity holders of the Company		6,850	4,740	44.5
Earnings per share for profit attributable to equity holders of the Company:				
- Basic and diluted earnings per share (in sen)	13	4.79	3.50	36.9
Profit after income tax		6,850	4,740	44.5
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation		863	223	N.M.
Other comprehensive income, net of tax		863	223	N.M.
Total comprehensive income		7,713	4,963	55.4
Total comprehensive income attributable to:				
Equity holders of the Company		7,713	4,963	55.4

N.M. – Not Meaningful

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

B. CONDENSED INTERIM BALANCE SHEETS

As at 30 June 2023

	Note	Group		Company	
		30 June	31 December	30 June	31 December
		2023	2022	2023	2022
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Current assets					
Cash and bank balances		86,927	67,360	12,847	15,661
Trade and other receivables		47,116	11,392	28	3,146
Contract assets		19,782	39,524	-	-
Inventories		697	602	-	-
Income tax receivables		127	127	-	-
		154,649	119,005	12,875	18,807
Non-current assets					
Investments in subsidiaries		-	-	96,642	91,888
Property, plant and equipment	10	3,155	3,157	-	-
Deferred tax assets		81	310	-	-
		3,236	3,467	96,642	91,888
Total assets		157,885	122,472	109,517	110,695
LIABILITIES					
Current liabilities					
Trade and other payables		27,756	44,355	1,215	2,282
Contract liabilities		72,881	23,085	-	-
Current income tax liabilities		1,908	1,553	6	-
		102,545	68,993	1,221	2,282
Total liabilities		102,545	68,993	1,221	2,282
NET ASSETS		55,340	53,479	108,296	108,413
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	98,566	98,566	98,566	98,566
Merger reserve		(81,436)	(81,436)	-	-
Currency translation reserve		1,594	731	11,983	6,439
Retained profits/(accumulated losses)		36,616	35,618	(2,253)	3,408
Total equity		55,340	53,479	108,296	108,413

The accompanying notes form an integral part of the condensed interim financial statements.

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

C. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2023

Group	Attributable to equity holders of the Company				
	Share capital RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Total RM'000
Balance at 1 January 2023	98,566	(81,436)	731	35,618	53,479
Profit for the period	-	-	-	6,850	6,850
Other comprehensive income for the period	-	-	863	-	863
Total comprehensive income for the period	-	-	863	6,850	7,713
Transactions with owners, recognised directly in equity – dividend	-	-	-	(5,852)	(5,852)
Balance at 30 June 2023	98,566	(81,436)	1,594	36,616	55,340
Balance at 1 January 2022	83,918	(81,436)	-	31,881	34,363
Profit for the period	-	-	-	4,740	4,740
Other comprehensive income for the period	-	-	223	-	223
Total comprehensive income for the period	-	-	223	4,740	4,963
Transactions with owners, recognised directly in equity - dividend	-	-	-	(8,934)	(8,934)
Issuance of shares pursuant to the Listing	15,988	-	-	-	15,988
Capitalisation of listing expenses	(1,340)	-	-	-	(1,340)
Balance at 30 June 2022	98,566	(81,436)	223	27,687	45,040

Company	Attributable to equity holders of the Company			
	Share capital RM'000	Currency translation reserve RM'000	Accumulated loss RM'000	Total RM'000
Balance at 1 January 2023	98,566	6,439	3,408	108,413
Profit for the period	-	-	191	191
Other comprehensive income for the period	-	5,544	-	5,544
Total comprehensive income for the period	-	5,544	191	5,735
Transactions with owners, recognised directly in equity - dividend	-	-	(5,852)	(5,852)
Balance at 30 June 2023	98,566	11,983	(2,253)	108,296
Balance at 1 January 2022	83,918	-	(2,627)	81,291
Profit for the period	-	-	12	12
Other comprehensive income for the period	-	236	-	236
Total comprehensive income for the period	-	236	12	248
Issuance of shares pursuant to the Listing	15,988	-	-	15,988
Capitalisation of listing expenses	(1,340)	-	-	(1,340)
Balance at 30 June 2022	98,566	236	(2,615)	96,187

The accompanying notes form an integral part of the condensed interim financial statements.

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2023

Group	Six months ended 30 June	
	2023 RM'000	2022 RM'000
Cash flows from operating activities		
Profit after income tax	6,850	4,740
Adjustments for:		
- Income tax expense	2,623	2,528
- Depreciation of property, plant and equipment	78	67
- Property, plant and equipment written off	1	3
- Interest income	(398)	(36)
- Unrealised translation loss	541	208
	9,695	7,510
Changes in working capital:		
- Trade and other receivables	(35,737)	(18,733)
- Inventories	(95)	(13)
- Contract assets and liabilities	69,538	(4,519)
- Trade and other payables	(16,599)	4,237
Cash generated from/(used in) operations	26,802	(11,518)
Interest received	411	36
Income tax paid	(2,039)	(1,404)
Net cash provided by/(used in) operating activities	25,174	(12,886)
Cash flows from investing activity		
Purchase of property, plant and equipment	(77)	(34)
Net cash used in investing activity	(77)	(34)
Cash flows from financing activities		
Dividends paid	(5,852)	(8,934)
Listing expenses paid	-	(486)
Proceeds from issuance of new shares pursuant to the Listing	-	15,988
Net cash (used in)/provided by financing activities	(5,852)	6,568
Net change in cash and bank balances	19,245	(6,352)
Beginning of financial period	67,360	42,896
Effects of currency translation on cash and bank balances	322	15
End of financial period	86,927	36,559

The accompanying notes form an integral part of the condensed interim financial statements.

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2023

1. Corporate information

Oiltek International Limited (the “**Company**”) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 3 March 2022 (the “**Listing**” or “**IPO**”) and incorporated and domiciled in Singapore. These condensed interim financial statements as at and for the six months ended 30 June 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”).

The principal activity of the Company is that of an investment holding company. The Group is principally engaged in the supply and provision of engineering design and commissioning of oil extraction equipment and plant.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2023 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 the Group’s performance since the last audited annual financial statements for the year ended 31 December 2022.

The condensed interim financial statements are presented in Malaysian Ringgit, while the functional currency of the Company is Singapore Dollar. As the major subsidiaries of the Group operate in Malaysia, management has assessed that Malaysian Ringgit is a suitable presentation currency. All financial information presented in Malaysian Ringgit have been rounded to the nearest thousand, unless otherwise stated.

The accounting policies and method of computations used in the condensed interim financial statements are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards.

2.1 New and amended Standards adopted by the Group

In the current financial year, the Group has adopted all the new and revised SFRS (I) that are relevant to its operations and effective for the current financial year.

The adoption of these new/revised SFRS(I)s did not result in material changes to the Group’s accounting policies and has no material effect on the financial results or position of the Group and the Company.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited consolidated financial statements as at and for the year ended 31 December 2022 as set out below:

- (a) Estimation of contract costs for engineering contracts
- (b) Measurement of expected credit loss allowances for financial assets
- (c) Critical judgement in determination of functional currencies of Oiltek Sdn. Bhd. and Oiltek Global Energy Sdn. Bhd.

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E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 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.

3. Seasonal operations

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

4. Revenue and segment information

(a) Disaggregation of revenue

Group	Six months ended 30 June	
	2023 RM'000	2022 RM'000
Contract revenue – over time	67,544	73,668
Sales of goods – at a point in time	9,183	7,673
Total revenue	<u>76,727</u>	<u>81,341</u>

(b) Segment information

The Group considers the business from a business segment perspective. Management manages and monitors the business in three main business segments which are “Edible & Non-Edible Oil Refinery”, “Renewable Energy” and “Product Sales and Trading”. The “Others” segment relates to corporate activities which are not allocated to the business segments.

The Edible & Non-Edible Oil Refinery segment provides services for edible and non-edible oil industries including (i) the engineering, procurement, design, construction and commissioning of edible and non-edible oil refining plants, downstream specialty products and processing plants, (ii) upgrading and retrofitting the existing facilities, and (iii) turnkey outside-battery-limits (“OSBL”) infrastructure engineering.

The Renewable Energy segment provides services for renewable energy industries including (i) the engineering, procurement, designing, construction and commissioning of multi feedstock biodiesel, enzymatic biodiesel, winter fuel, and palm oil mill effluent biogas methane recovery plants, (ii) upgrading and retrofitting the existing facilities, and (iii) turnkey OSBL infrastructure engineering which includes the environmental solutions and integration into steam and power generation.

The Product Sales and Trading segment derives revenue from the sale of specialty chemical products and engineering components.

The Chief Executive Officer assesses the performance of these business segments based on segment revenue, segment results, segment assets and segment liabilities.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly other income, other gains - net, depreciation of property, plant and equipment, listing expenses, income tax expense, cash and bank balances, property, plant and equipment, current income tax receivables/liabilities and deferred tax assets/liabilities.

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2023

The segment information and the reconciliations of segment results to profit before tax and segment assets and liabilities to total assets and liabilities are as follows:

Group (RM'000)	Edible & Non-Edible Oil Refinery	Renewable Energy	Product Sales and Trading	Others	Total
Six months ended 30 June 2023					
Revenue					
- External	56,913	10,856	8,958	-	<u>76,727</u>
Results					
Segment results	2,776	1,287	1,822	-	5,885
Other income					419
Other gains – net					3,247
Depreciation of property, plant and equipment					<u>(78)</u>
Profit before income tax					9,473
Income tax expense					<u>(2,623)</u>
Profit after income tax					<u>6,850</u>
As at 30 June 2023					
Assets					
Segment assets	57,536	3,887	6,082	90	67,595
<u>Unallocated assets:</u>					
Cash and bank balances					86,927
Income tax receivables					127
Property, plant and equipment					3,155
Deferred tax assets					81
Total assets					<u>157,885</u>
Liabilities					
Segment liabilities	79,033	17,023	2,637	1,944	100,637
<u>Unallocated liabilities:</u>					
Current income tax liabilities					1,908
Total liabilities					<u>102,545</u>

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2023

Group (RM'000)	Edible & Non-Edible Oil Refinery	Renewable Energy	Product Sales and Trading	Others	Total
Six months ended 30 June 2022					
Revenue					
- External	71,655	2,013	7,673	-	<u>81,341</u>
Results					
Segment results	6,299	(88)	1,410	-	7,621
Other income					36
Other gains – net					1,709
Depreciation of property, plant and equipment					(67)
Listing expenses					<u>(2,031)</u>
Profit before income tax					7,268
Income tax expense					<u>(2,528)</u>
Profit after income tax					<u>4,740</u>
As at 30 June 2022					
Assets					
Segment assets	43,945	4,770	5,882	474	55,071
<u>Unallocated assets:</u>					
Cash and bank balances					36,559
Income tax receivables					119
Property, plant and equipment					<u>2,913</u>
Total assets					<u>94,662</u>
Liabilities					
Segment liabilities	40,820	2,108	3,005	1,912	47,845
<u>Unallocated liabilities:</u>					
Current income tax liabilities					1,765
Deferred tax liabilities					<u>12</u>
Total liabilities					<u>49,622</u>

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2023

(c) Geographical information

The Group operates in several main geographical areas: Asia, Africa and America.

The following table presents sales information for the main geographical areas for the six months ended 30 June 2023 and 2022.

Group	Six months ended 30 June	
	2023 RM'000	2022 RM'000
Asia:		
- Malaysia	11,771	11,819
- Indonesia	55,779	53,483
- Pakistan	3,626	6,921
- Philippines	1,420	3,321
- Thailand	969	667
- Others	309	157
	73,874	76,368
Africa:		
- Benin	104	299
- Kenya	609	567
- Nigeria	1,208	512
- Republic of the Congo	601	-
- South Africa	163	966
- Uganda	-	621
- Others	4	185
	2,689	3,150
America	164	1,823
	76,727	81,341

The Group's non-current assets comprise mainly property, plant and equipment and are located in Malaysia. Accordingly, no geographical analysis for non-current assets is presented.

5. Other income and other gains – net

Group	Six months ended 30 June	
	2023 RM'000	2022 RM'000
<u>Other income</u>		
Interest income	398	36
Others	21	-
	419	36
<u>Other gains - net</u>		
Net foreign exchange gain	3,247	1,709

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2023

6. Expenses by nature

Group	Six months ended 30 June	
	2023 RM'000	2022 RM'000
Allowance for impairment of trade receivables	15	143
Depreciation of property, plant and equipment	78	67
Listing expenses	-	2,031
	193	2,241

7. Income tax expense

The major components of income tax expense in the condensed interim statement of comprehensive income are:

Group	Six months ended 30 June	
	2023 RM'000	2022 RM'000
Tax expense attributable to profit is made up of:		
- Current income tax	2,381	2,337
- Deferred income tax	229	191
	2,610	2,528
Under provision in prior financial year		
- Current income tax	13	-
	2,623	2,528

8. Related party transactions

The Group has transactions with a related party during the financial period:

Group	Six months ended 30 June	
	2023 RM'000	2022 RM'000
<u>Purchases of services</u>		
Rental of premise from a related corporation	6	6

9. Financial assets and financial liabilities

The aggregate carrying amounts of financial assets and liabilities at amortised cost are as follows:

	Group		Company	
	30 June 2023 RM'000	31 December 2022 RM'000	30 June 2023 RM'000	31 December 2022 RM'000
Financial assets at amortised cost	134,043	78,752	12,875	18,807
Financial liabilities at amortised cost	27,756	44,355	1,215	2,282

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2023

10. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired assets amounting to RM77,000 (30 June 2022: RM34,000).

11. Dividends

Group	Six months ended 30 June	
	2023 RM'000	2022 RM'000
Ordinary dividends paid: Final dividend of SGD0.012 [equivalent to RM0.041] per share in respect of the financial year ended 31 December 2022 (2022: Interim dividend of RM3.60 per share in respect of the financial year ended 31 December 2021*)	5,852	8,934*

*Interim dividend in respect of the financial year ended 31 December 2021 (declared on 30 July 2021) paid was conditional upon the Listing of the Company to the existing shareholders. The dividend was declared by a subsidiary to the shareholders.

12. Share capital

Group and Company	No. of ordinary shares		Amount	
	2023	2022	2023 RM'000	2022 RM'000
Balance at 1 January	143,000,000	120,500,000	98,566	83,918
Issuance of shares pursuant to the Listing	-	22,500,000	-	15,988
Capitalisation of listing expenses	-	-	-	(1,340)
Balance at 30 June	143,000,000	143,000,000	98,566	98,566

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. The Company did not hold any treasury shares as at 30 June 2023, 31 December 2022 and 30 June 2022. The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023, 31 December 2022 and 30 June 2022. There are no outstanding convertibles as at 30 June 2023 and 30 June 2022.

13. Earnings per share

The 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 six months ended 30 June 2023 and 2022.

Group	Six months ended 30 June	
	2023	2022
Net profit attributable to equity holders of the Company (RM'000)	6,850	4,740
Weighted average number of ordinary shares outstanding ('000)	143,000	135,417
Basic/diluted earnings per share (in sen)	4.79	3.50

There is no dilution of earnings per share for the respective financial periods as there were no potential dilutive ordinary shares.

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2023

14. Net asset value per share

The net asset value per share is calculated by dividing net asset value attributable to equity holders of the Group/Company by the number of ordinary shares in issue (excluding treasury shares) during the financial period/year.

	Group		Company	
	30 June 2023	31 December 2022	30 June 2023	31 December 2022
Net asset value attributable to equity holders of the Company (RM'000)	55,340	53,479	108,296	108,413
Number of ordinary shares in issue (excluding treasury shares) ('000)	143,000	143,000	143,000	143,000
Net asset value per share (in sen)	38.70	37.40	75.73	75.81

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

For the Six Months Ended 30 June 2023

1. **Whether the figures have been audited, or reviewed and if so which auditing standard or practice has been followed.**

The figures have not been audited or reviewed by the Company's auditors.

2. **Where the figures have been audited or reviewed, the auditor's report (including any modifications or an emphasis of matter.**

Not applicable as the figures have not been audited or reviewed.

3. **Where the figures are subject to an adverse opinion, qualified opinion or disclaimer of opinion:**

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

Not applicable as the Company received an unqualified opinion for its latest audited consolidated financial statements for the financial year ended 31 December 2022.

4. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss 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. It must also discuss any material factors that affected the cash flows, working capital, assets or liabilities of the Group during the current financial period reported on.**

(a) Review of Group Performance

Revenue

The Group's revenue decreased by approximately RM4.61 million or 5.7% from approximately RM81.34 million for the six months ended 30 June 2022 ("1H2022") to approximately RM76.73 million for the six months ended 30 June 2023 ("1H2023") due to a decrease in the Edible & Non-Edible Oil Refinery segment revenue. This was partially offset by an increase in the Renewable Energy segment and the Product Sales and Trading segment revenues.

Revenue from the Edible & Non-Edible Oil Refinery segment decreased by approximately RM14.75 million or 20.6% from approximately RM71.66 million in 1H2022 to approximately RM56.91 million in 1H2023, mainly due to decrease in revenue contribution from certain projects in Indonesia, Pakistan and Philippines for which the performance obligations had been substantially satisfied in 1H2022.

Revenue from the Renewable Energy segment increased by approximately RM8.85 million or 439.3% from approximately RM2.01 million in 1H2022 to approximately RM10.86 million in 1H2023 mainly due to an increase in revenue contribution from an ongoing project in Indonesia which achieved a higher percentage of completion in 1H2023 compared to 1H2022.

Revenue from the Product Sales and Trading segment increased by approximately RM1.29 million or 16.8% from approximately RM7.67 million in 1H2022 to approximately RM8.96 million in 1H2023 mainly due to an increase in demand for the supply of parts and engineering components from customers in Indonesia.

The changes in revenue for the geographical segments are mainly due to the new projects secured and substantial completion of certain projects in the respective geographical areas.

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

For the Six Months Ended 30 June 2023

Cost of sales and gross profit

The Group's cost of sales decreased by approximately RM3.77 million or 5.7% from approximately RM66.85 million in 1H2022 to approximately RM63.08 million in 1H2023. The decrease was largely in line with the decrease in revenue. The cost of sales included the cost related to rectification works in relation to the fire incident during the commission of a customer's refinery plant on 6 January 2023, which have been substantially incurred in 1H2023.

After taking into account the cost related to rectification works, the Group's gross profit decreased by approximately RM0.84 million or 5.8% from approximately RM14.49 million in 1H2022 to RM13.65 million in 1H2023. Gross profit margin remains constant at 17.8% for both 1H2022 and 1H2023.

Other income

Other income increased by approximately RM0.38 million from approximately RM0.04 million in 1H2022 to approximately RM0.42 million in 1H2023 mainly due to an increase in interest income from fixed deposits.

Other gains – net

Other gains increased by approximately RM1.54 million or 90.0% from approximately RM1.71 million in 1H2022 to approximately RM3.25 million in 1H2023 mainly due to an increase in unrealised foreign exchange gain from the Group's net asset exposure to United States dollars.

Expenses

Allowance for impairment of trade receivables decreased by approximately RM0.12 million or 89.5% from approximately RM0.14 million in 1H2022 to approximately RM0.02 million in 1H2023 mainly due to a decrease in long outstanding trade receivables.

Administrative and others decreased by approximately RM0.99 million or 11.2% from approximately RM8.82 million in 1H2022 to approximately RM7.83 million in 1H2023. The decrease was mainly due to the absence of the listing expenses incurred in connection with the Company's listing on the Catalist Board of Singapore Exchange Securities Trading Limited in 1H2022. This was partially offset by an increase in employee compensation.

Income tax expense

Income tax expense increased by approximately RM0.09 million or 3.8% from approximately RM2.53 million in 1H2022 to approximately RM2.62 million in 1H2023. Effective income tax rate decreased by 7.1 percentage points from 34.8% in 1H2022 to 27.7% in 1H2023. This was mainly due to the absence of the listing expenses which have been incurred in 1H2022 and is not deductible for tax purposes.

Profit after income tax

Overall, the Group's profit after income tax increased by approximately RM2.1 million or 44.5% from approximately RM4.74 million in 1H2022 to approximately RM6.85 million in 1H2023.

(b) Review of change in working capital, assets and liabilities

The Group's financial position as at 30 June 2023 remains strong and resilient, with a net asset position of approximately RM55.34 million and cash and bank balances of approximately RM86.93 million.

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

For the Six Months Ended 30 June 2023

Current assets

The Group's current assets increased by approximately RM35.64 million or 30.0% from approximately RM119.01 million as at 31 December 2022 to approximately RM154.65 million as at 30 June 2023 mainly due to (i) an increase in cash and bank balances; (ii) an increase in trade and other receivables; (iii) an increase in inventories; and partially offset by a decrease in contract assets.

Trade and other receivables increased by approximately RM35.73 million or 313.6% from approximately RM11.39 million as at 31 December 2022 to approximately RM47.12 million as at 30 June 2023 due to more milestone billings to customers upon satisfaction of performance obligation for our engineering contracts.

Contract assets decreased by approximately RM19.74 million or 50.0% from approximately RM39.52 million as at 31 December 2022 to approximately RM19.78 million as at 30 June 2023 mainly due to the higher milestone billings to customers upon satisfaction of performance obligation for our engineering contracts in 1H2023.

Non-current assets

The Group's non-current assets decreased by approximately RM0.23 million or 6.7% from approximately RM3.47 million as at 31 December 2022 to approximately RM3.24 million as at 30 June 2023 mainly due to a decrease in deferred tax assets and depreciation charged on property, plant and equipment. This was partially offset by the additions of property, plant and equipment during the period.

Current liabilities

The Group's current liabilities increased by approximately RM33.56 million or 48.6% from approximately RM68.99 million as at 31 December 2022 to approximately RM102.55 million as at 30 June 2023 mainly due to (i) an increase in contract liabilities; (ii) an increase in current income tax liabilities; and partially offset by a decrease in trade and other payables.

Contract liabilities increased by approximately RM49.79 million or 215.7% from approximately RM23.09 million as at 31 December 2022 to approximately RM72.88 million as at 30 June 2023 mainly due to downpayments received from newly secured engineering contracts.

Current income tax liabilities increased by approximately RM0.36 million or 22.9% from approximately RM1.55 million as at 31 December 2022 to approximately RM1.91 million as at 30 June 2023 mainly due to an increase in provision for taxation for the higher chargeable profit recorded in 1H2023 as compared to 1H2022.

Trade and other payables decreased by approximately RM16.60 million or 37.4% from approximately RM44.36 million as at 31 December 2022 to approximately RM27.76 million as at 30 June 2023 mainly due to a decrease in trade payables to non-related parties.

(c) Review of change in cash flows

In 1H2023, net cash provided by operating activities amounted to RM25.17 million. This was due to operating cash inflow before working capital changes of approximately RM9.70 million, adjusted for (a) net working capital inflow of approximately RM17.10 million; (b) interest received of approximately RM0.41 million, and (c) tax paid of approximately RM2.04 million. The net working capital inflow was due to an increase in net contract liabilities of approximately RM69.54 million, which was partially offset by (i) an increase in trade and other receivables of approximately RM35.74 million; (ii) an increase in inventories of approximately RM0.10 million; and (iii) a decrease in trade and other payables of approximately RM16.60 million.

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Net cash used in investing activity amounted to approximately RM0.08 million due to purchase of property, plant and equipment.

Net cash used in financing activities amounted to approximately RM5.85 million was due to dividend paid during the period.

As a result of the above, there was a net increase of approximately RM19.24 million in cash and bank balances. As at 30 June 2023, the Group's cash and bank balances amounted to approximately RM86.93 million.

5. 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 previously disclosed to shareholders.

6. 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.

In 1H2023, the Group's order book increased by 106.8% compared to 1H2022, and its profit after tax of approximately RM6.85 million, increased by 44.5% from 1H2022 respectively. The Group's profit after tax translates into a healthy earnings per share of approximately RM0.0479. The Group's ability to continue to register growth in its order book and profitability amidst the backdrop of an uncertain global economy, is a testament to its resilient and diversified business model with strong fundamentals built up and proven over the years.

The Group remains confident about the long-term outlook of the Edible & Non-Edible Oil Refinery segment as the global consumption of oils and fats grows in tandem with population growth, as seen by the strong growth in the food and beverage, renewable energy and biodiesel sectors.

The growing demand for food creates a corresponding demand for edible and non-edible oils and fats, specifically, vegetable oils. This trend potentially benefits the Group as it provides solutions that cater to all types of vegetable oils, including palm oil, soybean oil and rapeseed oil, which are some of the major agricultural commodities in the world. In addition, palm oil is a globally consumed commodity either in the form of edibles such as cooking oil, confectioneries, margarine, and chocolates or as a raw material for ingredients found in a host of non-edible household and industrial products such as soaps, detergents, cosmetics, and pharmaceuticals. Capitalising on this macro trend, the Group will continue to leverage on its capabilities, integrated technology know-how, and proven track record to secure more projects and projects of a larger scale in existing and new markets, and to expand its geographical reach to other markets with emerging prospects.

The Group sees an acceleration of the global trend towards environmental sustainability benefitting its Renewable Energy segment as Indonesia, the world's biggest palm oil producing country, plans to increase the current mandatory 30% blend of palm-based biodiesel requirement in its petroleum diesel. Whilst laboratory testing for biodiesel containing up to 40% of palm-based biodiesel (B40) has been conducted by the government of Indonesia, it continues to implement the raising of mandatory blending of biodiesel from 30% to 35% in the country and will raise it to 40% in the next few years¹. Malaysia, the world's second largest palm oil producing country, is also similarly committed to the implementation of its biodiesel programme which will progressively increase biodiesel blending ratios from the current 20%. This expansion will be done in phases based on the readiness of biodiesel blending facilities in Malaysia².

With the aviation industry's commitment to decarbonize and achieve net zero emission by 2050, the market is now aligned and moving towards the decarbonization with sustainable aviation fuel. Our

¹ <https://www.reuters.com/business/energy/indonesia-plans-hike-biodiesel-mandate-next-few-years-2023-06-26/>

² <https://www.thesundaily.my/business/malaysia-committed-to-raising-biodiesel-mandate-FA10988915>

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

For the Six Months Ended 30 June 2023

processes are capable of treating and cleansing palm oil mill effluent (“**POME**”), a non-edible type of vegetable oil, as well as any other vegetable oil-based raw materials in compliance with the International Sustainability & Carbon Certification (“**ISCC**”) for use as feedstock in the production and manufacture of hydrogenated vegetable oil (“**HVO**”) or aviation fuels.

Recent severe climate changes and extreme weather conditions have also placed environmental protection as a key agenda for the respective authorities and countries. With increasingly stringent environmental regulations, initiatives and policies in place, and the growing awareness of the importance of environmental, social and governance considerations, the Group remains optimistic of continued growth prospects in the renewable energy sector. The Group will increase its focus on this sector, and will continue to develop new and innovative processes, and provide more support and solutions to the sustainability efforts of its existing customers and markets.

Barring any unforeseen circumstances and notwithstanding the uncertainties and volatility of the global economy affected by current geopolitical tensions, the Group expects its businesses to be driven primarily by the corresponding growth in the industries that it serves, with the overall outlook expected to remain positive.

The Group started the year 2023 strongly, with new contract wins from Indonesia, Malaysia and Africa. As at the date of this announcement, the Group's current order book based on unfulfilled orders from signed contracts, confirmed variation orders and letters of awards obtained continues to remain high at approximately RM368.5 million, with new orders secured of approximately RM219.9 million in the current year. The present order book is expected to be fulfilled over the next 18 to 24 months, barring any unforeseen circumstances.

7. Dividend

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

No dividend was recommended/declared for the six months ended 30 June 2023.

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

No.

(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 where the dividend is derived.

Not applicable.

(d) Date payable

Not applicable.

(e) Record date

Not applicable.

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

No interim dividend declared/recommended for the period ended 30 June 2023 as the Group continues to assess the economic environment and will make a decision during the full financial year results announcement. Notwithstanding, the Company remains committed to distribute not less than 40% of our net profit attributable to owners of our Company for the year ending 31 December 2023 as stated in the Company's Offer Document dated 18 February 2022.

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F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

For the Six Months Ended 30 June 2023

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

There are no interested person transactions of S\$100,000 and above entered into in 1H2023.

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

10. **Disclosure on acquisition and realisation of shares pursuant to Rule 706A of the Catalist Rules**

Not applicable.

11. **Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules**

The Company confirms that all the required undertakings under Rule 720(1) of the Catalist Rules have been obtained from all its directors and executive officers in the format set out in Appendix 7H of the Catalist Rules.

12. **Use of IPO Proceeds**

As at the date of this announcement, the utilisation of net proceeds from the IPO are as follows:

Use of Proceeds	Net IPO Proceeds (S\$'000)	Utilisation (S\$'000)
Working capital to expand our business operations through securing more projects and projects of a larger scale	2,634	-
Expansion of our business through investments, mergers and acquisitions, joint ventures and/or strategic alliances	1,000	-
Total	3,634	-

13. **Confirmation pursuant to Rule 705(5) of the Catalist Rules**

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention, which may render the condensed interim financial statements for the six months ended 30 June 2023 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Mr. Yong Khai Weng
Executive Director and Chief Executive Officer

31 July 2023