

**QUALIFIED OPINION AND MATERIAL UNDERTAINTY RELATED TO GOING CONCERN BY THE
INDEPENDENT AUDITOR ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR
ENDED 31 DECEMBER 2024**

1. INTRODUCTION

- 1.1 The Board of Directors (the “**Board**”) of Annica Holdings Limited (the “**Company**” and together with its subsidiaries, the “**Group**”) wishes to announce that, pursuant to Rule 704(4) of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) Listing Manual Section B: Rules of Catalist (the “**Catalist Rules**”), the Company’s independent auditor, PKF-CAP LLP (the “**Independent Auditor**”), has in its Independent Auditor’s Report dated 11 April 2025 (the “**FY2024 Independent Auditor’s Report**”), included (i) a qualified opinion (“**Qualified Opinion**”), and (ii) a material uncertainty related to going concern, in the Group’s audited consolidated financial statements for the financial year ended 31 December 2024 (“**FY2024**”) (“**Audited Financial Statements**”).
- 1.2 The FY2024 Independent Auditor’s Report, together with the Audited Financial Statements, form part of the Company’s annual report for FY2024 (“**2024 Annual Report**”) which will be released on the SGXNet and the Company’s corporate website. Shareholders of the Company (“**Shareholders**”) are advised to read this announcement in conjunction with the 2024 Annual Report.
- 1.3 The Board is of the view that sufficient information has been disclosed for trading of the Company’s securities to continue in an orderly manner and confirmed that all material disclosures have been provided for trading of the Company’s shares to continue.
- 1.4 A copy of the FY2024 Independent Auditor’s Report and an extract of the relevant notes to the Audited Financial Statements are attached to this announcement for information.

2. THE FY2024 INDEPENDENT AUDITOR’S REPORT

2.1 Qualified Opinion

The extracts of the Qualified Opinion included in the FY2024 Independent Auditor’s Report are set out below:

“Qualified Opinion

*We have audited the accompanying financial statements of Annica Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information.*

*In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “**Act**”) and the Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024, and of the consolidated financial performance, consolidated changes*

in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Qualified Opinion

Impairment Assessment of Consideration Due from Ms Chong Shin Mun, Loan to Former Subsidiary, and Amount Due from Former Subsidiary

As at 31 December 2023, the Group's receivables included the following:

- Consideration due from Ms Chong Shin Mun for the disposal of GPE Power Systems (M) Sdn. Bhd. ("**GPE**") amounted to \$Nil (2022: \$225,000) after deducting allowance for expected credit loss ("**ECL**") of \$1,267,000 (2022: \$933,000);
- A loan to a former subsidiary GPE with a carrying amount amounted to \$2,285,000 (2022: \$2,910,000), after deducting allowance for ECL of \$773,000 (2022: \$Nil); and
- An amount due from a former subsidiary GPE amounted to \$300,000 (2022: \$300,000).

For the financial year ended 31 December 2023, based on management's impairment assessment, the Group recognised additional ECL allowances of \$334,000 on the consideration due from Ms Chong Shin Mun and \$773,000 on the loan to a former subsidiary GPE.

We issued qualified opinions on the Group's consolidated financial statements for the financial years ended 31 December 2022 and 31 December 2023 due to our inability to obtain sufficient appropriate audit evidence regarding the appropriateness of the carrying amounts and recoverable amounts of the above receivables and their related ECL allowances. Accordingly, we were unable to determine whether any adjustments were necessary in respect of these balances and the related disclosures in the financial statements for both years.

As the opening ECL allowances impact the current year's financial performance and cash flows, we were also unable to determine whether any adjustments were necessary to the profit or loss reported in the consolidated statement of profit or loss and other comprehensive income, and to the net cash flows from operating activities reported in the consolidated statement of cash flows for the financial year ended 31 December 2024.

We conducted our audit in accordance with the Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion."

2.2 Material Uncertainty Related to Going Concern

The extracts of the material uncertainty related to going concern included in the FY2024 Independent Auditor's Report are set out below:

"Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 in the financial statements with respect to the Group's and the Company's ability to continue as going concerns. During the financial year ended 31 December 2024, the Group reported a net profit of \$74,000 (2023: net loss of \$928,000) and incurred net operating cash outflows of \$310,000 (2023: net operating cash inflows of \$1,409,000). As at 31 December 2024, the Group's and the Company's current liabilities exceeded their current assets by \$2,212,000 (31 December 2023: net current liabilities \$828,000) and \$6,266,000 (31 December 2023: net current liabilities of \$4,652,000), respectively. As at 31 December 2024, the Company have a net capital deficiency of \$508,000 (31 December 2023: net capital deficiency of \$2,642,000).

As stated in Note 3.1, these events or conditions, along with other matters as set forth in Note 3.1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, for the reasons disclosed in Note 3.1, the directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis. Our opinion is not modified in respect of this matter."

3. BOARD'S OPINION

- 3.1 Notwithstanding the Qualified Opinion and the material uncertainty related to going concern, the Audited Financial Statements have been prepared on a going concern basis. The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed to date.
- 3.2 The Board is of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis, for the following reasons:
- (a) The Group has prepared a consolidated cash flow forecast of the Group covering the 16-month period from 1 January 2025 to 30 April 2026. The cash flow forecast indicates that both the Group and the Company are expected to generate sufficient cash flows over the 16 months following 31 December 2024 to meet their financial obligations as they become due, taking into consideration the following:
 - (i) the Group activities is expected to generate positive cash flows for the Group and the Company over the 16 months following 31 December 2024;
 - (ii) revenue contributions from the renewable segment is expected to contribute positively to the Group's cash flows, driven by anticipated growth in this segment over the next 16 months; and
 - (iii) the integration of P.J. Services Pte Ltd and Industrial Engineering Systems Pte Ltd operations in FY2024 have streamlined the Group's oil and gas equipment and engineering services segments, enabling a sharper focus on serving broader markets across the value chain, while improving cost-efficiency and enhancing brand visibility.
 - (b) During FY2024, the Group secured a loan facility of S\$2,000,000 to support its working capital requirements. As at 31 December 2024, S\$500,000 had been drawn, with the remaining S\$1,500,000 still available for future use.
 - (c) The Directors are actively evaluating a range of corporate strategies, including fundraising for renewable segment, pursuing strategic acquisitions, and restructuring the Group's existing businesses or assets to enhance the Group's earnings base.
 - (d) Subsequent to 31 December 2024, the Company received comfort letters from potential investors expressing their commitment to a capital injection of approximately S\$2,000,000, through the issuance of new ordinary shares of the Company.

4. CAUTION IN TRADING

Shareholders and potential investors of the Company are advised to exercise caution in trading the shares of the Company. Shareholders and potential investors of the Company are advised to read this announcement and any further announcements by the Company carefully. Shareholders and potential investors of the Company should consult their stockbrokers, bank managers, solicitors or other professional advisors if they have any doubt about the actions they should take.

By Order of the Board
ANNICA HOLDINGS LIMITED

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

11 April 2025

*This announcement has been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. (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.

The contact person for the Sponsor is Ms Goh Mei Xian, ZICO Capital Pte. Ltd. at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896, telephone: (65) 6636 4201.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNICA HOLDINGS LIMITED

For the financial year ended 31 December 2024

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the accompanying financial statements of Annica Holdings Limited (the “**Company**”) and its subsidiaries (the “**Group**”), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of changes in equity of the Company for the financial year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, except for the effect of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group, the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the “**Act**”) and the Singapore Financial Reporting Standards (International) (“**SFRS(I)s**”) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

Basis for Qualified Opinion

Impairment Assessment of Consideration Due from Ms Chong Shin Mun, Loan to Former Subsidiary, and Amount Due from Former Subsidiary

As at 31 December 2023, the Group's receivables included the following:

- Consideration due from Ms Chong Shin Mun for the disposal of GPE Power Systems (M) Sdn. Bhd. (“**GPE**”) amounted to \$Nil (2022: \$225,000) after deducting allowance for expected credit loss (“**ECL**”) of \$1,267,000 (2022: \$933,000);
- A loan to a former subsidiary GPE with a carrying amount amounted to \$2,285,000 (2022: \$2,910,000), after deducting allowance for ECL of \$773,000 (2022: \$Nil); and
- An amount due from a former subsidiary GPE amounted to \$300,000 (2022: \$300,000).

For the financial year ended 31 December 2023, based on management's impairment assessment, the Group recognised additional ECL allowances of \$334,000 on the consideration due from Ms Chong Shin Mun and \$773,000 on the loan to a former subsidiary GPE.

We issued qualified opinions on the Group's consolidated financial statements for the financial years ended 31 December 2022 and 31 December 2023 due to our inability to obtain sufficient appropriate audit evidence regarding the appropriateness of the carrying amounts and recoverable amounts of the above receivables and their related ECL allowances. Accordingly, we were unable to determine whether any adjustments were necessary in respect of these balances and the related disclosures in the financial statements for both years.

As the opening ECL allowances impact the current year's financial performance and cash flows, we were also unable to determine whether any adjustments were necessary to the profit or loss reported in the consolidated statement of profit or loss and other comprehensive income, and to the net cash flows from operating activities reported in the consolidated statement of cash flows for the financial year ended 31 December 2024.

We conducted our audit in accordance with the Singapore Standards on Auditing (“**SSAs**”). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority (“**ACRA**”) *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* (“**ACRA Code**”) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNICA HOLDINGS LIMITED

For the financial year ended 31 December 2024

Report on the Audit of the Financial Statements (cont'd)

Material Uncertainty Related to Going Concern

We draw attention to Note 3.1 in the financial statements with respect to the Group's and the Company's ability to continue as going concerns. During the financial year ended 31 December 2024, the Group reported a net loss of \$74,000 (2023: \$928,000) and incurred net operating cash outflows of \$310,000 (2023: net operating cash inflows of \$1,409,000). As at 31 December 2024, the Group's and the Company's current liabilities exceeded their current assets by \$2,212,000 (31 December 2023: net current liabilities \$828,000) and \$6,266,000 (31 December 2023: net current liabilities of \$4,652,000), respectively. As at 31 December 2024, the Company have a net capital deficiency of \$508,000 (31 December 2023: net capital deficiency of \$2,642,000).

As stated in Note 3.1, these events or conditions, along with other matters as set forth in Note 3.1, indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as going concerns. Nevertheless, for the reasons disclosed in Note 3.1, the directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matters described in the *Basis for Qualified Opinion* and *Material Uncertainty Related to Going Concern* sections, we have determined that the matters described below to be the key audit matters to be communicated in our report.

Impairment assessment of property, plant and equipment (Refer to Notes 2.12, 3.2, and 11 to the financial statements)

As at 31 December 2024, the carrying amounts of the Group's and the Company's property, plant and equipment net of accumulated depreciation and impairment losses, amounted to \$3,977,000 (2023: \$226,000) and \$3,745,000 (2023: \$1,000) respectively, representing 38.20% and 45.25% of their respective total assets.

In accordance with SFRS(I) 1-36 Impairment of Assets, management is required to assess whether there are indicators of impairment and, if so, estimate the recoverable amount of the asset. The Group identified impairment indicators related to its vertical automatic waste tyre pyrolysis equipment, including changes in market environment, physical condition of the equipment, production yields, and the outlook for its output.

Management determined the recoverable amount of the equipment using the fair value less costs of disposal (FVLCD), applying the depreciated replacement cost method.

Based on this assessment, an impairment loss of \$1,040,000 was recognised during the year, reducing the equipment's carrying amount to \$3,741,000.

We considered this a key audit matter due to the materiality of the impairment loss and the significant judgement involved in estimating the recoverable amount. The valuation required key assumptions regarding the equipment's physical condition, age, and adjustments for economic and functional obsolescence, which were determined by management's valuation expert.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNICA HOLDINGS LIMITED

For the financial year ended 31 December 2024

Report on the Audit of the Financial Statements (cont'd)

Key Audit Matters (cont'd)

Our audit procedures included, among others:

- Obtained an understanding of management's impairment assessment process.
- Reviewed the valuation report prepared by management's expert, including the methodology applied and the reasonableness of key assumptions.
- Tested the mathematical accuracy of the depreciated replacement cost model.
- Involving internal valuation specialists to evaluate the appropriateness of the valuation approach and assumptions used.
- Performing sensitivity analysis on key assumptions impacting the valuation outcome.
- Assessing the adequacy of related disclosures in the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Group's 2024 Annual Report, but does not include the financial statements and our auditor's report thereon. We have obtained all the other information prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section of our report, we are unable to obtain sufficient appropriate audit evidence with respect to the opening balances of the allowance for expected credit losses and its effect on the current financial year's consolidated statement of profit or loss and other comprehensive income and consolidated statement of cash flows. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I)s, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNICA HOLDINGS LIMITED

For the financial year ended 31 December 2024

Report on the Audit of the Financial Statements (cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANNICA HOLDINGS LIMITED

For the financial year ended 31 December 2024

Report on other Legal and Regulatory Requirements

In our opinion, except for the possible effect of the matter described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Jonathan Lim Ryh Jye.

PKF-CAP LLP

Public Accountants and
Chartered Accountants

Singapore
11 April 2025

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

2. Material accounting policy information (cont'd)

2.26 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as assets held-for-sale if their carrying amount is recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of carrying amount and fair value less costs to sell except for assets such as deferred tax assets, financial assets and investment property that are carried at fair value. The assets are not depreciated or amortised while they are classified as held-for-sale. Any impairment loss on initial classification and subsequent measurement is recognised as an expense. Any subsequent increase in fair value less costs to sell (not exceeding the accumulated impairment loss previously recognised) is recognised in profit or loss.

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held-for-sale and:

- (a) represents a separate major line of business or geographical area of operations; or
- (b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- (c) is a subsidiary acquired exclusively with a view to resale.

3. Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of the financial year. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Critical judgements made in applying accounting policies

In the process of applying the Group's material accounting policies which are described in Note 2, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements.

Going concern

During the financial year ended 31 December 2024, the Group reported a net profit of \$74,000 (2023: net loss of \$928,000) and incurred net operating cash outflows of \$310,000 (2023: net operating cash inflows of \$1,409,000). As at 31 December 2024, the Group's and the Company's current liabilities exceeded their current assets by \$2,212,000 (31 December 2023: net current liabilities \$828,000) and \$6,266,000 (31 December 2023: net current liabilities of \$4,652,000), respectively. As at 31 December 2024, the Company has a net capital deficiency of \$508,000 (31 December 2023: net capital deficiency of \$2,642,000). These factors indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as going concerns.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

3. Critical accounting judgements and key sources of estimation uncertainty (cont'd)

3.1 Critical judgements made in applying accounting policies (cont'd)

Going concern (cont'd)

Nevertheless, the Board of Directors are of the view that it is appropriate for the financial statements of the Group and of the Company to be prepared on a going concern basis as:

- (1) The Group has prepared a 16-month consolidated cash flow forecast of the Group for the period from 1 January 2025 to 30 April 2026 and it showed that the Group and the Company will be able to generate sufficient cash flows in the next 16 months subsequent to 31 December 2024 to meet their financial obligations as and when they fall due, by taking into consideration the following:
 - (a) The Group activities is expected to generate positive cash flows for the Group and the Company over the next 16 months subsequent to 31 December 2024;
 - (b) Revenue contributions from the Renewable Segment is expected to positively contribute to the Group's cash flows from the expected growth in this segment over the next 16 months; and
 - (c) The integration of P.J. Services Pte. Ltd. ("PJS") and Industrial Engineering Systems Pte. Ltd. ("IES") operations in FY2024, which has streamlined our oil and gas equipment and engineering services segments, redirecting their focus to serve broader markets along the value chain while enhancing cost-efficiency and brand visibility.
- (2) During the current financial year, the Group has secured an additional loan facility of \$2,000,000 to support its working capital requirements. As of 31 December 2024, \$500,000 has been drawn down, with remaining \$1,500,000 undrawn amount available for future drawdowns.
- (3) The Directors are actively exploring various corporate strategies, including fund raising for Renewable Segment, strategic acquisitions and restructuring the Group's existing businesses or assets to strengthen the Group's earnings base.
- (4) Subsequent to 31 December 2024, the Company has received comfort letters from potential investors on their commitment in capital injection of approximately \$2 million via issuance of new ordinary shares of the Company.

Management continues to have a reasonable expectation that the Group has adequate resources to continue in operation for at least the next 12 months from the financial year ended 31 December 2024 and that the going concern basis of preparation of these financial statements remains appropriate.

The financial statements did not include any adjustments that may result in the event that the Group and the Company are unable to continue as going concerns. In the event that the Group and the Company are unable to continue as going concerns, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the amounts at which they are currently recorded in the statements of financial position. In addition, the Group and the Company may have to provide for further liabilities that might arise and to reclassify non-current assets and liabilities as current assets and current liabilities.

Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices of their goods and services.