

ANNICA HOLDINGS LIMITED

Condensed Interim Consolidated Financial Statements For The First Quarter Financial Period Ended 31 March 2023

This announcement has been reviewed by the Company's sponsor, Stamford Corporate Services Pte. Ltd. (the "Sponsor"). It has not been examined or approved by the Singapore Exchange Securities Trading Limited (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 Mr. Bernard Lui:
Telephone number: (65) 6389 3000
Email address: bernard.lui@morganlewis.com

For the purposes of this announcement, "1Q2023" refers to the three-month financial period ended 31 March 2023, whereas "1Q2022" refers to the corresponding three-month financial period ended 31 March 2022. "FY2022" refers to the full financial year ended 31 December 2022.

The quarterly reporting of financial statements is mandatory for Annica Holdings Limited (the "Company") pursuant to Rule 705(2) of the SGX-ST Listing Manual Section B: Rules of Catalyst (the "Catalist Rules"). The foregoing statement is made pursuant to Rule 705(2C) of the Catalyst Rules.

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2023

		Group (Restated)^		
	Note	1Q2023 S\$'000	1Q2022 S\$'000	Increase/ (Decrease) %
Revenue	4	5,137	1,003	NM
Cost of sales		(4,511)	(623)	NM
Gross profit		626	380	65
Other income		81	173	(53)
Interest income		50	52	(4)
Selling and distribution expenses		(44)	(77)	(43)
Administrative and general expenses		(1,151)	(1,017)^	13
Other expenses		(1)	(1)	NM
Impairment losses on trade and other receivables		-	-	NM
Finance costs		(20)	(67)	(70)
Loss before tax from continuing operations	6	(459)	(557)^	(18)
Tax expense	7	(49)	(18)	NM
Loss from continuing operations		(508)	(575)^	(12)
Profit/(Loss) from discontinued operation		1	(1)	NM
Loss for the financial period		(507)	(576)	(12)
Other comprehensive loss				
<i>Items that are or may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising on consolidation		(16)	(19)	(16)
Other comprehensive loss for the financial period		(16)	(19)	(16)
Total comprehensive loss for the financial period		(523)	(595)	(12)

NM: Not Meaningful

Restated: Certain comparative figures (marked with "^") were restated due to the disposal of a majority shareholding interest in a former subsidiary, Cahya Suria Services Sdn. Bhd. in 1Q2023. Please refer to page 22 of this announcement for further details on the said disposal.

1(a)(i) An income statement and statement of comprehensive income, or a statement of comprehensive income, for the group, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

CONDENSED INTERIM CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FIRST QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2023 (cont'd)

Note	Group (Restated)^		Increase/ (Decrease) %
	1Q2023 S\$'000	1Q2022 S\$'000	
Loss attributable to:			
- Equity holders of the Company	(468)	(542)	(14)
- Non-controlling interests	(39)	(34)	15
Loss for the financial period	(507)	(576)	(12)
(Loss)/Profit attributable to:			
<u>Equity holders of the Company</u>			
- Loss from continuing operations	(469)	(541)^	(13)
- Profit/(Loss) from discontinued operations	1	(1)^	NM
	(468)	(542)	(14)
<u>Non-controlling interest</u>			
- Loss from continuing operations	(39)	(34)	15
- Loss from discontinued operations	-	-	NM
	(39)	(34)	15
Total comprehensive loss attributable to:			
- Equity holders of the Company	(484)	(561)	(14)
- Non-controlling interests	(39)	(34)	15
Total comprehensive loss for the financial period	(523)	(595)	(12)
Total comprehensive (loss)/income attributable to:			
<u>Equity holders of the Company</u>			
- Loss from continuing operations	(485)	(560)^	(13)
- Profit/(Loss) from discontinued operation	1	(1)^	NM
	(484)	(561)	(14)
<u>Non-controlling interest</u>			
- Loss from continuing operations	(39)	(34)	15
- Loss from discontinued operation	-	-	NM
	(39)	(34)	15
Loss per share for loss attributable to the equity holders of the Company (cents per share)			
Basic and diluted			
From continuing and discontinued operations	(0.0028)	(0.0033)	(13)
From continuing operations	(0.0028)	(0.0032)^	(13)
From discontinued operation	-*	-*^	NM

NM: Not Meaningful

*Amount less than S\$0.0001

Restated: Certain comparative figures (marked with "^") were restated due to the disposal of a majority shareholding interest in a former subsidiary, Cahya Suria Services Sdn. Bhd. in 1Q2023. Please refer to page 22 of this announcement for further details on the said disposal.

(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

**CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2023**

	Note	Group		Company	
		As at 1Q2023 S\$'000	As at FY2022 S\$'000	As at 1Q2023 S\$'000	As at FY2022 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment ("PPE")	12	292	317	19	33
Right-of-use ("ROU") assets		269	321	26	48
Intangible assets	11	36	36	-	-
Investments in subsidiaries		-	-	1,892	1,892
Other investment		-	-	-	-
		597	674	1,937	1,973
Current assets					
Cash and cash equivalents		1,285	1,430	410	46
Fixed deposits		447	473	-	-
Trade and other receivables	13	6,297	11,947	4,105	3,910
Inventories		1,813	301	-	-
Financial assets at fair value through profit or loss	10	-*	-*	-*	-*
		9,842	14,151	4,515	3,956
Total assets		10,439	14,825	6,452	5,929
LIABILITIES					
Non-current liabilities					
Borrowings	14	530	618	6	6
Provision for employee benefits		73	71	-	-
Deferred tax liabilities		17	16	-	-
		620	705	6	6
Current liabilities					
Trade and other payables		6,403	5,936	6,306	5,859
Contract liabilities		2,449	6,755	-	-
Borrowings	14	905	847	556	105
Tax payable		-	-	-	-
		9,757	13,538	6,862	5,964
Total liabilities		10,377	14,243	6,868	5,970
Net assets/(liabilities)		62	582	(416)	(41)
EQUITY					
Share capital	15	68,101	68,101	68,101	68,101
Accumulated losses		(65,893)	(65,425)	(68,606)	(68,231)
Other reserves		(2,054)	(2,041)	89	89
Equity/(Net capital deficiency) attributable to equity holders of the Company		154	635	(416)	(41)
Non-controlling interests		(92)	(53)	-	-
Total equity/(capital deficiency)		62	582	(416)	(41)

*Amount less than S\$1,000

(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
THE FIRST QUARTER FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Note	Group (Restated)^	
		1Q2023 S\$'000	1Q2022 S\$'000
Cash flows from operating activities			
Loss before tax from continuing operations		(459)	(557)^
Loss before tax from discontinued operations		1	(1)^
		<u>(458)</u>	<u>(558)</u>
Adjustments for:			
Depreciation of PPE	6	48	54
Depreciation of ROU assets	6	54	59
Interest expense	6	20	67
Interest income	6	(50)	(52)
Bad debt written off	6	1	-
Bad debt recovered	6	(11)	-
		<u>(396)</u>	<u>(430)</u>
Operating cash flows before working capital changes			
Changes in working capital:			
Inventories		(1,512)	(73)
Payables and contract liabilities		(3,821)	366
Receivables		5,689	11
Currency translation difference		(24)	(28)
		<u>(64)</u>	<u>(154)</u>
Cash used in operations			
Income tax paid		(29)	(35)
		<u>(93)</u>	<u>(189)</u>
Net cash used in operating activities			
Cash flows from investing activities			
Interest received		2	1
Purchase of PPE		(20)	(10)
		<u>(18)</u>	<u>(9)</u>
Net cash used in investing activities			
Cash flows from financing activities			
Interest paid for bank loans		(6)	(8)
Interest paid for lease liabilities		(1)	(2)
Interest paid for third party		(194)	-
Placement of fixed deposit pledged		(71)	-
Withdrawal of fixed deposit pledged		92	162
Proceeds of borrowings		500	168
Repayment of principal portion of borrowings		(299)	(230)
Repayment of principal portion of lease liabilities		(56)	(53)
		<u>(35)</u>	<u>37</u>
Net cash (used in)/generated from financing activities			
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the financial period		1,430	731
Effects of foreign currency translation on cash and cash equivalents		1	(5)
		<u>1,285</u>	<u>565</u>
Cash and cash equivalents at end of the financial period			

Restated: Certain comparative figures (marked with “^”) were restated due to the disposal of a majority shareholding interest in a former subsidiary, Cahya Suria Services Sdn. Bhd. in 1Q2023. Please refer to page 22 of this announcement for further details on the said disposal.

(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
THE FINANCIAL PERIOD ENDED 31 MARCH 2023**

	Note	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Equity attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
Group							
Balance as at 1 January 2023		68,101	(65,425)	(2,041)	635	(53)	582
Transfer to capital reserve		-	-	3	3	-	3
Loss for the financial period		-	(468)	-	(468)	(39)	(507)
Other comprehensive loss:							
Currency translation differences arising from consolidation		-	-	(16)	(16)	-	(16)
Total comprehensive loss for the financial period		-	(468)	(16)	(484)	(39)	(523)
Balance as at 31 March 2023		68,101	(65,893)	(2,054)	154	(92)	62
Balance as at 1 January 2022		67,801	(63,929)	(1,823)	2,049	(35)	2,014
Loss for the financial period		-	(542)	-	(542)	(34)	(576)
Other comprehensive loss:							
Currency translation differences arising from consolidation		-	-	(19)	(19)	-	(19)
Total comprehensive loss for the financial period		-	(542)	(19)	(561)	(34)	(595)
Balance as at 31 March 2022		67,801	(64,471)	(1,842)	1,488	(69)	1,419

(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year. (cont'd)

**CONDENSED INTERIM STATEMENTS OF CHANGES IN EQUITY
THE FINANCIAL PERIOD ENDED 31 MARCH 2023 (cont'd)**

	Note	Share capital S\$'000	Accumulated losses S\$'000	Other reserves S\$'000	Total equity S\$'000
Company					
Balance as at 1 January 2023		68,101	(68,231)	89	(41)
Loss and total comprehensive loss for the financial period		-	(375)	-	(375)
Balance as at 31 March 2023		68,101	(68,606)	89	(416)
Balance as at 1 January 2022		67,801	(66,722)	89	1,168
Loss and total comprehensive loss for the financial period		-	(309)	-	(309)
Balance as at 31 March 2022		67,801	(67,031)	89	859

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Annica Holdings Limited (the “**Company**”) is incorporated and domiciled in Singapore and its shares are publicly traded on the Catalyst board of the SGX-ST. These condensed interim consolidated financial statements as at 31 March 2023 comprise the Company and its subsidiaries (collectively, the “**Group**”). The primary activity of the Company is that of investment holdings.

The principal activities of the Group are:

- (a) trading in oilfield equipment and related products;
- (b) designing of industrial plant engineering services systems and general wholesaler and trader;
- (c) designing, engineering, procurement, construction and commissioning of solar photovoltaic system and related products;
- (d) operation of generation facilities that produce electric energy, manufacturing of any fabricated metal products and construction of utility projects; and
- (e) investment holding.

2. Basis of preparation

The condensed interim consolidated financial statements for 1Q2023 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore. The condensed interim consolidated 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 since the last audited consolidated financial statements for FY2022.

The accounting policies adopted for the condensed interim consolidated financial statements for 1Q2023 are consistent with those of the previous financial year, FY2022, which were prepared in accordance with SFRS(I)s.

The condensed consolidated interim financial statements are presented in Singapore dollar which is the Company’s functional currency.

2.1 New and amended standards adopted by the Group

On 1 January 2023, the Group adopted new and amended SFRS(I) and interpretations to SFRS(I) (“**INT SFRS(I)**”) that are mandatory for application for the financial period. The adoption of these new and amended SFRS(I) and INT SFRS(I) did not have a material effect on the financial statements.

2.2 Use of judgements and estimates

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

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 of the Group for FY2022.

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 critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following note:

- Note 10.1 – Fair value measurement

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 within the next interim period are included in the following notes:

- Note 11 – Intangible assets
- Note 13 – Trade and other receivables

3. Seasonal operations

The Group’s businesses were not affected significantly by seasonal or cyclical factors during 1Q2023.

4. Segment and revenue information

The Group is organised into the following main business segments:

- Oil and Gas Equipment;
- Engineering Services; and
- Investments and Others

These operating segments are reported in a manner consistent with internal reporting provided to the Company’s Executive Director and Chief Executive Officer, Sandra Liz Hon Ai Ling and the Board of Directors who are responsible for allocating resources and assessing the performance of the operating segments.

4.1 Reportable segments

	Engineering services S\$'000	Oil and gas equipment S\$'000	Investments and others S\$'000	Elimination S\$'000	Continuing operations S\$'000	Discontinued operations S\$'000	Total S\$'000
1Q2023							
Revenue							
External sales	14	5,123	-	-	5,137	-	5,137
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	14	5,123	-	-	5,137	-	5,137
Interest income	-	2	48	-	50	-	50
Other income	14	74	39	(46)	81	-	81
Total other income	14	76	87	(46)	131	-	131
Total revenue and other income	28	5,199	87	(46)	5,268	-	5,268
Depreciation of PPE	-	(35)	(13)	-	(48)	-	(48)
Depreciation of ROU assets	-	(29)	(25)	-	(54)	-	(54)
Interest expense	(1)	(11)	(8)	-	(20)	-	(20)
Segment profit	27	5,124	41	(46)	5,146	-	5,146
Unallocated expenses	(99)	(5,089)	(449)	32	(5,605)	1	(5,604)
Profit/(Loss) before tax	(72)	34	(408)	(14)	(459)	1	(458)
Tax expense	-	(49)	-	-	(49)	-	(49)
Profit/(Loss) for the financial period	(72)	(14)	(408)	(14)	(508)	1	(507)
1Q2023							
Assets							
Non-current assets	-	516	81	-	597	-	597
Other segment assets	327	8,592	6,740	(5,817)	9,842	-	9,842
Consolidated total assets	327	9,108	6,821	(5,817)	10,439	-	10,439
Expenditures for segment non-current assets							
Additions to PPE	-	20	-	-	20	-	20
Additions to ROU assets	-	-	3	-	3	-	3
	-	20	3	-	23	-	23
Liabilities							
Segment liabilities	657	5,302	6,887	(3,921)	8,925	-	8,925
Borrowings	197	711	562	(35)	1,435	-	1,435
Deferred tax liabilities	-	17	-	-	17	-	17
Tax payable	-	-	-	-	-	-	-
Consolidated total liabilities	854	6,030	7,449	(3,956)	10,377	-	10,377

4.1 Reportable segments (cont'd)

	Engineering services S\$'000	Oil and gas equipment S\$'000	Investments and others S\$'000	Elimination S\$'000	Continuing operation S\$'000	Discontinued operation S\$'000	Total S\$'000
1Q2022 (Restated[^])							
Revenue							
External sales	213	790	-	-	1,003	-	1,003
Inter-segment sales	-	-	-	-	-	-	-
Total revenue	213	790	-	-	1,003	-	1,003
Interest income	-	1	52	(1)	52	-	52
Other income	2	161	42	(32)	173	-	173
Total other income	2	162	94	(33)	225	-	225
Total revenue and other income	215	952	94	(33)	1,228	-	1,228
Depreciation of PPE	(3)	(37)	(14)	-	(54)	-	(54)
Depreciation of ROU assets	(7)	(29)	(23)	-	(59)	-	(59)
Interest expense	(2)	(65)	(1)	1	(67)	-	(67)
Segment profit	203	821	56	(32)	1,048	-	1,048
Unallocated expenses	(246)	(1,002)	(389) [^]	32	(1,605) [^]	(1) [^]	(1,606)
Loss before tax	(43)	(181)	(333) [^]	-	(557) [^]	(1) [^]	(558)
Tax expense	(1)	(17)	-	-	(18)	-	(18)
Loss for the financial period	(44)	(198)	(333) [^]	-	(575) [^]	(1) [^]	(576)
<u>FY2022</u>							
<u>Assets</u>							
Non-current assets	-	557	117	-	674	-	674
Other segment assets	444	13,001	6,179 [^]	(5,485)	14,139 [^]	12 [^]	14,151
Consolidated total assets	444	13,558	6,296 [^]	(5,485)	14,813 [^]	12 [^]	14,825
Expenditures for segment non-current assets							
Additions to PPE	-	111	1	-	112	-	112
Additions to ROU assets	-	58	29	-	87	-	87
	-	169	30	-	199	-	199
<u>Liabilities</u>							
Segment liabilities	677	9,240	6,408 [^]	(3,577)	12,748 [^]	14 [^]	12,762
Borrowings	222	1,193	111	(61)	1,465	-	1,465
Deferred tax liabilities	-	16	-	-	16	-	16
Tax payable	-	-	-	-	-	-	-
Consolidated total liabilities	899	10,449	6,519 [^]	(3,638)	14,229 [^]	14 [^]	14,243

Restated: Certain comparative figures (marked with "[^]") were restated due to the disposal of a majority shareholding interest in a former subsidiary, Cahya Suria Services Sdn. Bhd. in 1Q2023. Please refer to page 22 of this announcement for further details on the said disposal.

4.2 Disaggregation of Revenue

	Group 1Q2023			Total S\$'000
	Engineering services S\$'000	Oil and gas equipment S\$'000	Investments and others S\$'000	
Types of goods or services:				
Sale of goods	14	5,123	-	5,137
Services rendered	-	-	-	-
	<u>14</u>	<u>5,123</u>	<u>-</u>	<u>5,137</u>
Timing of revenue recognition:				
At a point in time	14	5,123	-	5,137
Over time	-	-	-	-
	<u>14</u>	<u>5,123</u>	<u>-</u>	<u>5,137</u>
Geographical information:				
Singapore	-	174	-	174
Malaysia	14	4,460	-	4,474
Indonesia	-	114	-	114
Thailand	-	82	-	82
Vietnam	-	-	-	-
China	-	-	-	-
Brunei & Myanmar	-	289	-	289
Others	-	4	-	4
	<u>14</u>	<u>5,123</u>	<u>-</u>	<u>5,137</u>

	1Q2022			Total S\$'000
	Engineering services S\$'000	Oil and gas equipment S\$'000	Investments and others S\$'000	
Types of goods or services:				
Sale of goods	2	769	-	771
Services rendered	211	21	-	232
	<u>213</u>	<u>790</u>	<u>-</u>	<u>1,003</u>
Timing of revenue recognition:				
At a point in time	213	790	-	1,003
Over time	-	-	-	-
	<u>213</u>	<u>790</u>	<u>-</u>	<u>1,003</u>
Geographical information:				
Singapore	211	93	-	304
Malaysia	2	378	-	380
Indonesia	-	45	-	45
Thailand	-	90	-	90
Vietnam	-	-	-	-
China	-	1	-	1
Brunei & Myanmar	-	183	-	183
Others	-	-	-	-
	<u>213</u>	<u>790</u>	<u>-</u>	<u>1,003</u>

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 31 March 2023 and 31 December 2022:

	Note	Group		Company	
		1Q2023 S\$'000	FY2022 S\$'000	1Q2023 S\$'000	FY2022 S\$'000
Financial Assets					
Financial assets at fair value through profit or loss	10	-*	-*	-*	-*
Cash and bank balances and trade and other receivables (Amortised cost)		7,501	8,585	4,399	3,948
		<u>7,501</u>	<u>8,585</u>	<u>4,399</u>	<u>3,948</u>
Financial Liabilities					
Trade and other payables and borrowings (Amortised cost)		7,324	8,273	6,706	5,807

*Amount less than S\$1,000

6. Loss before taxation

6.1 Significant items

	Group	
	1Q2023 S\$'000	1Q2022 S\$'000
Income		
Interest income from bank and deposits	2	1
Interest income from a third party	48	51
Miscellaneous income	3	16
Government grant received	-	1
Extension fees on amount due from Ms Chong Shin Mun	15	15
Exhibition income	-	81
Bad debt recovered	11	-
Foreign currency exchange gain, net	48	59
Expenses		
Interest expenses on borrowings	19	65
Interest expenses on lease liabilities	1	2
Bad debt written off	1	-
Depreciation of property, plant and equipment	48	54
Depreciation of right of use assets	54	59

6.2 Related party transactions

There were no material related party transactions during 1Q2023.

7. Taxation

	Group	
	1Q2023 S\$'000	1Q2022 S\$'000
Current income tax expense	49	18
Deferred income tax expense	-	-
	<u>49</u>	<u>18</u>

8. Dividends

No dividend has been declared during 1Q2022 and 1Q2023.

9. Net Asset Value

	Group		Company	
	1Q2023	FY2022	1Q2023	FY2022
Net asset value / (net capital deficiency) per ordinary share of the Company ("Share") based on the issued Shares at the end of the financial period reported on (in cents)	0.0009	0.0037	(0.0025)	(0.0002)

Net asset value per ordinary share of the Group as at 1Q2023 was calculated by dividing the Group's net asset value attributable to equity holders as at 1Q2023 of S\$154,000 (FY2022: S\$635,000) by the number of issued ordinary shares of the Company as at 1Q2023 of 16,974,767,048 (FY2022: 16,974,767,048).

Net capital deficiency per ordinary share of the Company as at 1Q2023 was calculated by dividing the Company's net capital deficiency attributable to equity holders as at 1Q2023 of S\$416,000 (FY2022: S\$41,000) by the number of issued ordinary shares of the Company as at 1Q2023 of 16,974,767,048 (FY2022: 16,974,767,048).

10. Financial assets at fair value through profit and loss

Financial assets at fair value through profit and loss comprise the following:

	Group	
	1Q2023 S\$'000	FY2022 S\$'000
Unquoted equity investments on the SGX-ST	-*	-*

10.1 Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- Inputs other than quoted prices included within Level 1 which are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- Inputs for the asset or liability which are not based on observable market data (unobservable inputs) (Level 3).

The following table presents the assets measured at fair value:

	Level 1 S\$'000	Level 2 S\$'000	Level 3 S\$'000	Total S\$'000
Group – 31 March 2023				
Financial assets				
FVTPL investments (unquoted investments)	-*	-	-	-*
Group – 31 December 2022				
Financial assets				
FVTPL investments (unquoted investments)	-*	-	-	-*

*Amount less than S\$1,000

11. Intangible assets

	Group S\$'000
Goodwill arising on consolidation	
At 31 December 2022 and 31 March 2023	36

12. Property, plant and equipment

During 1Q2023, the Group acquired plant and equipment amounting to S\$20,000 (FY2022: S\$112,000). The Group did not dispose of any property, plant or equipment during 1Q2023 and FY2022.

13. Trade and other receivables

Trade and other receivables comprise the following:

	1Q2023 S\$'000	FY2022 S\$'000
Trade and other receivables		
Trade receivables	1,541	3,170
Other receivables:		
Loan to a former subsidiary (GPE Power Systems (M) Sdn. Bhd. ("GPE"))	2,946	2,910
Other receivables from GPE	300	300
Consideration due from disposal of GPE from Ms Chong Shin Mun	252	225
Advance billings from suppliers	896	5,155
Others	362	187
	<u>4,756</u>	<u>8,777</u>
	<u>6,297</u>	<u>11,947</u>

13.1 Ageing profile of trade and other receivables

	1Q2023				
	Total Due S\$'000	0-30 days S\$'000	30-60 days S\$'000	60-90 days S\$'000	90+ days S\$'000
Segments					
Trade receivables					
Engineering services	138	-	-	-	138
Oil and gas equipment	1,403	179	481	360	383
Investments and others	-	-	-	-	-
	<u>1,541</u>	<u>179</u>	<u>481</u>	<u>360</u>	<u>521</u>
Other receivables					
Engineering services	33	33	-	-	-
Oil and gas equipment	940	919	-	-	21
Investments and others	3,783	174	22	23	3,564
	<u>4,756</u>	<u>1,126</u>	<u>22</u>	<u>23</u>	<u>3,585</u>
	<u>6,297</u>	<u>1,305</u>	<u>503</u>	<u>383</u>	<u>4,106</u>

	FY2022				
	Total Due S\$'000	0-30 days S\$'000	30-60 days S\$'000	60-90 days S\$'000	90+ days S\$'000
Segments					
Trade receivables					
Engineering services	230	90	70	70	-
Oil and gas equipment	2,940	1,163	1,648	-	129
Investments and others	-	-	-	-	-
	<u>3,170</u>	<u>1,253</u>	<u>1,718</u>	<u>70</u>	<u>129</u>
Other receivables					
Engineering services	11	11	-	-	-
Oil and gas equipment	5,164	5,153	-	-	11
Investments and others	3,602	189	21	22	3,370
	<u>8,777</u>	<u>5,353</u>	<u>21</u>	<u>22</u>	<u>3,381</u>
	<u>11,947</u>	<u>6,606</u>	<u>1,739</u>	<u>92</u>	<u>3,510</u>

14. Borrowings

	1Q2023			FY2022		
	Secured Borrowings	Unsecured Borrowings	Lease Liabilities	Secured Borrowings	Unsecured Borrowings	Lease Liabilities
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Amount repayable in one year or less, or on demand	336	500	69	331	395	121
Amount repayable after one year	520	-	10	607	-	11

During 1Q2023 and FY2022, the secured bank borrowings and credit facilities of the Group are secured over the Group's leasehold properties, fixed deposits, corporate guarantee by the Company and personal guarantees by the directors of the Company's subsidiaries.

15. Share Capital

	The Group and the Company			
	1Q2023		FY2022	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
Beginning of interim period	16,974,767	68,101	16,674,767	67,801
Issuance of new ordinary shares	-	-	300,000	300
End of interim period	<u>16,974,767</u>	<u>68,101</u>	<u>16,974,767</u>	<u>68,101</u>

During FY2022, the Company granted share awards comprising 300,000,000 new ordinary shares in the share capital of the Company to selected participants pursuant to the Annica Performance Share Plan.

16. Disposal of Subsidiary

As previously disclosed in the Company's announcement dated 1 February 2023, the Company has decreased its effective shareholding interest in its former indirect wholly owned subsidiary, Cahya Suria Services Sdn. Bhd. ("CSS") from 100% to 10% following a disposal by Cahya Suria Energy Sdn. Bhd. ("CSE") of 9,000 ordinary shares representing 90% of the shareholdings of CSS to a third-party purchaser for a consideration of RM5,000.

An analysis of the results of discontinued operations is as follows:

	1Q2023 S\$'000
Revenue	-
Cost of sales	-
	<hr/>
	-
Income	1
Expenses	-*
	<hr/>
	1
Less: tax expense	-
Profit after tax from discontinued operation	1
Profit on disposal of the discontinued operation	-*
	<hr/>
Profit from discontinued operation	1
	<hr/> <hr/>

*Amount is less than S\$1,000

17. Subsequent events

There are no known subsequent events (after 31 March 2023) which have led to adjustments to this set of interim financial statements.

OTHER INFORMATION REQUIRED BY APPENDIX 7C OF THE CATALIST RULES

1. (d)(ii) 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.

There were no changes in the Company's share capital for 1Q2023 since the end of FY2022.

There are no shares of the Company that may be issued on conversion of any outstanding convertibles as at the end of the current financial period except as follows:

- Grant of Options pursuant to the Annica Employee Share Option Scheme:

Pursuant to the Annica Employee Share Option Scheme ("ESOS"), the Company had on 27 December 2018 granted employee share options ("ESOS Options") consisting of 42,500,000 Shares, the details of which are as follows:

(a) Date of grant of ESOS Options	27 December 2018
(b) Exercise Price of ESOS Options granted	S\$0.001 per Share
(c) Number of Shares comprised in the ESOS Options granted	42,500,000
(d) Number of Shares comprised in the ESOS Options which have lapsed and are null and void	12,500,000
(e) Remaining number of Shares comprised in the ESOS Options	30,000,000
(f) Number of Shares comprised in the ESOS Options granted to each Director and controlling shareholders (and each of their associates)	None
(g) Market Price of the Shares on the Date of Grant	S\$0.001
(h) Validity period of the ESOS Options	28 December 2019 – 27 December 2028 (both dates inclusive) ESOS Options shall only be exercisable after the 1 st anniversary from the Date of Grant and shall be exercised before the 10 th anniversary of the Date of Grant.

As at the date of this announcement, no ESOS Options have been exercised by the respective ESOS Option holders.

As at 31 March 2023, the number of shares that may be issued on conversion of all the outstanding convertible securities was 30,000,000 (31 December 2022: 30,000,000) which represented approximately 0.18% (31 December 2022: 0.18%) of the total issued shares of the Company (excluding treasury shares and subsidiary holdings).

There were no treasury shares or subsidiary holdings as at 31 March 2023 and 31 December 2022.

(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

	As at 31 March 2023	As at 31 December 2022
Total number of issued shares excluding treasury shares ('000)	16,974,767	16,974,767

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

Not applicable. The Company did not hold any treasury shares as at 31 March 2023 and 31 December 2022.

(d)(v) 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. The Company's subsidiaries did not hold any shares in the Company as at 31 March 2023 and 31 December 2022.

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

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

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

Not applicable.

3A. 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.

As disclosed in the Company's annual report for the financial year ended 31 December 2022, the Company's auditors were unable to obtain sufficient appropriate audit evidence to satisfy themselves that (i) no further allowance for impairment loss is required with respect to the remaining consideration receivable of S\$225,000 due from the disposal of a former subsidiary, GPE Power Systems (M) Sdn Bhd ("**GPE**") and (ii) no allowance for impairment loss is required with respect to receivables due from GPE, which amounted to S\$3,210,000. The Company's auditors were also unable to obtain sufficient appropriate audit evidence with respect to the cash flows that can be received by the Group and the Company in settlement of the said receivables mentioned in sub-point (ii) above.

For the purposes of this section, unless otherwise defined, all capitalised terms used herein shall bear the same meaning ascribed to them in the Company's announcements on 1 March 2021, 9 March 2021, 14 April 2021, 20 April 2021, 20 October 2021, 25 February 2022, 13 May 2022, 24 June 2022, and 21 April 2023.

In respect of audit issue (i) above, as disclosed in the Company's announcements on 19 October 2020 and 9 March 2021, the Company initially contemplated the appointment of a law firm to commence legal action against Ms. Chong Shin Mun (the "**Purchaser**") and the Guarantor for the purposes of recovering the outstanding Fourth Tranche Consideration as the amounts demanded under the Letters of Demand which had been served on the Purchaser and the Guarantor on 25 September 2020 (the "**Demanded Amounts**"), further details of which are provided in the Company's announcements dated 25 September 2020 and 19 October 2020, had not been received by the Company.

As subsequently disclosed in the Company's announcements dated 1 March 2021, 9 March 2021, 14 April 2021 and 20 April 2021, on the advice of the Company's legal advisors, prior to the commencement of legal action, the Company had sought a written consent from the Purchaser to waive her jurisdictional rights in Singapore in favour of Malaysia, due to cost considerations. The waiver was received by the Company from the Purchaser on 14 December 2020.

Following receipt of the waiver, the Purchaser informed the Company of a new offer for the proposed sale of her assets and requested for additional time to complete the sale, which proceeds have been assigned to the Company to satisfy the Demanded Amounts. As a result of this new development, the Board had deliberated at length during its meeting in December 2020 and decided to stay its earlier decision to commence legal action and grant the Purchaser reasonable time to settle the Demanded Amounts through the sale of her assets. In arriving at their decision, the Board had considered that:

- (a) the Purchaser had, in addition to the existing security, committed to assigning the proceeds of the sale of the Purchaser's assets to the Company; and
- (b) the Purchaser had provided the Company with a total of 810,000,000 shares amounting to S\$810,000. Save for the 140,000,000 shares with a value amounting to S\$140,000 which had yet to be monetized as at the time of the board meeting, 670,000,000 shares amounting to S\$670,000 given to the Company as partial payment towards the Purchase Price had been monetized successfully without commencing legal action.

Furthermore, the Board also weighed the legal costs, time and potential recoverability of the Demanded Amounts against any potential detriment to the Company for staying the legal action and took the view that there would not be significant detriment to the Company in staying the legal action for a reasonable period, and any legal action may actually adversely impact any potential sale of the Purchaser's assets and the Purchaser's ability to satisfy the Demanded Amounts. For the reasons disclosed in the Company's announcement dated 20 April 2021, the Audit Committee of the Company ("**AC**") maintains the view that the ongoing engagement with the Purchaser is in the best interests of the Company and its shareholders and should be continued at this juncture, while the AC continues to monitor and review the situation for any changes to the detriment of the Company.

As of 24 June 2022, the Purchaser has since completed the transfer of, and successfully monetized, all the Controlled Shares under the 27 June 2019 Share Charge and all the Further Controlled Shares under the 12 December 2019 Share Charge and the 9 March 2020 Share Charge. The proceeds from such transfers, amounting to an aggregate of S\$810,000, have been applied towards part payment of the outstanding Fourth Tranche Consideration owed by the Purchaser. As at the date of this announcement, the total amount outstanding from the Purchaser is S\$1,195,808 (of which S\$933,000 has been impaired as disclosed in the audited consolidated financial statements in the Company's annual reports for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022).

The Company will work closely with the Purchaser to ensure the recovery of the Demanded Amounts upon the sale of the Purchaser's assets. Meanwhile, the Board will continually assess and review this matter periodically until resolution.

In respect of audit issue (ii) above, the outstanding payments due from GPE amount to S\$3,262,244. On 26 July 2022, the Company received a payment of S\$90,000 from GPE. The Purchaser, in her capacity as the majority shareholder and director of GPE, is negotiating the sale of certain of her assets in order to settle such outstanding payments together with the remaining outstanding Fourth Tranche Consideration. The proposed sale of these assets involves several other stakeholders and the alignment of these transacting parties' interests requires time to resolve.

Despite the understanding that the parties are working towards an expeditious completion of the proposed sale, the Company is in active discussions with the Purchaser on other alternative means of monetising these assets in the event the proposed sale transaction fails to materialise. The Company will provide an update to shareholders as and when there are material developments in this regard and seek necessary shareholders' approval if required.

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

The Board confirms that the impact of all outstanding audit issues on the financial statements have been adequately disclosed to date.

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

Except as disclosed in paragraph 5 below, the Group adopted the same accounting policies and methods of computation in the financial statements for the current reporting period as compared to the most recently audited consolidated financial statements for the financial year ended 31 December 2022.

5. 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 has adopted all the applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") and Interpretations of SFRS(I) ("INT SFRS(I)") that are relevant to its operations and effective for annual periods beginning on 1 January 2023. The adoption of these new and revised SFRS(I) and INT SFRS(I) did not result in any substantial change to the Group's accounting policies and has no material impact on the financial statements for the current financial reporting period.

6. 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:-

- (a) Based on the weighted average number of ordinary shares on issue; and
 (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	Group (Restated)^	
	1Q2023	1Q2022
Earnings/(Loss) per share based on the weighted average number of shares in issue (in cents):		
Basic and diluted earnings/(loss) per share		
From continuing and discontinued operations	(0.0029)	(0.0033)
From continuing operations (Note (a))	(0.0029)	(0.0032)^
From discontinued operations (Note (b))	-*	-*^

*Amount is less than S\$0.0001

Restated: Certain comparative figures (marked with "^") were restated due to the disposal of a majority shareholding interest in a former subsidiary, Cahya Suria Services Sdn. Bhd. in 1Q2023. Please refer to page 22 of this announcement for further details on the said disposal.

(a) Basic and diluted loss per share from continuing operations for 1Q2023 were calculated by dividing the loss attributable to equity holders of the Company of S\$469,000 (1Q2022: S\$541,000) by the weighted average number of shares for 1Q2023 of 16,974,767,048 (1Q2022: 16,674,767,048).

(b) Basic and diluted earnings per share from discontinued operations for 1Q2023 were calculated by dividing the profit attributable to equity holders of the Company of S\$1,000 (1Q2022: loss attributable to equity holders of the Company of S\$1,000) by the weighted average number of shares for 1Q2023 of 16,974,767,048 (1Q2022: 16,674,767,048).

7. 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.

Please refer to Note 9 as disclosed in the Condensed Interim Consolidated Financial Statements for 1Q2023 for further information.

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

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

Please refer to Appendix A for the review of the performance of the Group during 1Q2023.

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

No forecast or prospect statement was previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months.

The Group operates in Southeast Asia, a region that is heavily reliant on the major global powers and is highly susceptible to external economic shocks such as the persistent elevated levels of inflation that currently afflicts global economies. The outlook for global inflation in 2023 is uncertain and remains tilted to the upside. Other factors which may impact the Group include higher global commodity prices due to worsening of geopolitical conflict, extreme weather conditions, stronger-than-expected demand from China, and higher input costs due to volatile foreign currency exchange rates. The uncertain global economic situation, along with geopolitical tensions, may have an adverse impact on the Group's operations and performance. Inflation may drive up financing costs generally. In particular, the Group's oil and gas equipment segment is highly susceptible to geopolitical risks and has been adversely affected by the price increases from our principals with short quotation validity. Meanwhile, Malaysia, a key market for the Group, recently underwent a change in its government in November 2022 following the Malaysian general election. While the Group is actively communicating and engaging with relevant stakeholders, it is possible that the Group may encounter delays in the negotiations for and progress of certain renewable energy projects in Malaysia arising from the change in government personnel.

In light of these challenges, the Directors are taking a cautious approach, closely monitoring developments and implementing measures to mitigate potential negative impacts. The Board believes that the Group's diversification into the renewable energy sector since 2016 is strategic, especially in green and emerging hydrogen technology which have the potential for high growth and mass adoption in off-grid electrification applications as well as the potential to be a replacement for traditional fossil fuels. Hydrogen is an important component of global renewable energy initiatives to combat climate change, and the Group is exploring opportunities to support hydrogen generation projects as potential feedstocks for power plants and green fuel. The Group is also resetting its engineering services and oil and gas equipment segments to better serve other markets along the value chain and increase their contributions to the Group. These would include building the long-term capabilities, processes and plans to deliver products more cost-effectively and identifying ways to scale efficiently. The Board is actively evaluating various strategies, including fundraising, acquisitions of suitable businesses, and restructuring of existing businesses and assets, while also focusing on realistic approaches to cashflows and expense management.

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

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

No dividend has been declared.

(b)(i) Amount per share

Not applicable.

(b)(ii) Previous corresponding period

Not applicable. No dividend was declared for 1Q2022.

(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. (If the dividend is not taxable in the hands of shareholders, this must be stated).

Not applicable.

(d) The date the dividend is 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.

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

No dividend has been recommended or declared for the financial period under review as the Group is currently not profit-making.

13. 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 of the Company for interested person transactions pursuant to Rule 920 of the Catalist Rules.

There was no interested person transaction, as defined in Chapter 9 of the Catalist Rules, entered into by the Company or any of its subsidiaries during 1Q2023.

14. Please disclose the use of the IPO proceeds and any proceeds arising from any offerings pursuant to Chapter 8 as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in the offer document or the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of proceeds, the issuer must also announce the reasons for such deviation.

There were no outstanding IPO proceeds or other proceeds arising from any offerings pursuant to Chapter 8 during 1Q2023.

15. 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).

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

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the condensed interim consolidated financial statements for the financial period ended 31 March 2023 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Sandra Liz Hon Ai Ling
Executive Director and Chief Executive Officer

Tan Sri Dato Seri Zulkefli Bin Ahmad Makinudin
Independent and Non-Executive Chairman

Singapore
11 May 2023

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

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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

The Group posted a revenue of S\$5,137,000 in 1Q2023, which was an increase of S\$4,134,000 from S\$1,003,000 in 1Q2022. The Group reported higher revenue in 1Q2023 as compared to 1Q2022 mainly due to higher revenue generated from its oil and gas equipment segment in 1Q2023.

Cost of sales

The Group posted a cost of sales of S\$4,511,000 in 1Q2023, which was an increase of S\$3,888,000 from S\$623,000 in 1Q2022. The Group reported higher cost of sales in 1Q2023 as compared to 1Q2022 mainly due to higher cost of sales incurred in its oil and gas equipment segment in 1Q2023.

Gross Profit

The Group reported a gross profit of S\$626,000 in 1Q2023, which was a 65% increase of S\$246,000 from S\$380,000 in 1Q2022. The gross profit margin reported was 12% in 1Q2023, which was a decrease of 26% from 38% in 1Q2022. This was mainly due to a one-off project which had a low gross profit margin in the oil and gas equipment segment in 1Q2023.

Other income

The Group received other income of S\$81,000 in 1Q2023, which was a 53% decrease of S\$92,000 from S\$173,000 in 1Q2022. The other income received in 1Q2023 was mainly from an increase in foreign exchange gain and a bad debt recovered. The bad debt recovered concerned Industrial Engineering Systems Pte Ltd, a subsidiary of the Company, which had recovered a bad debt of S\$11,000 from its receivable which had been previously written off during FY2022. By comparison, in 1Q2022, other income mainly comprised foreign exchange gain and exhibition income.

Interest income

The Group received interest income of S\$50,000 in 1Q2023, which was a 4% decrease of S\$2,000 from S\$52,000 in 1Q2022 which represents a marginal variance.

Selling and distribution expenses

The Group incurred selling and distribution expenses of S\$44,000 in 1Q2023, which was a 43% decrease of S\$33,000 from S\$77,000 in 1Q2022. This was mainly due to exhibition cost incurred during 1Q2022 which was not incurred in 1Q2023.

Administrative and general expenses

The Group incurred administrative and general expenses of S\$1,151,000 in 1Q2023, which was a 13% increase of S\$134,000 from S\$1,017,000 in 1Q2022. This was mainly due to higher professional fees, employment expenses and office expenses incurred during 1Q2023. The depreciation charged on PPE and ROU assets had reduced during 1Q2023 as compared to 1Q2022.

Other expenses

The Group incurred other expenses of S\$1,000 in both 1Q2023 and 1Q2022.

Impairment losses on trade and other receivables

The Group did not incur any impairment losses on trade and other receivables in both 1Q2023 and 1Q2022.

Finance costs

The Group incurred finance costs of S\$20,000 in 1Q2023, which was a 70% decrease of S\$47,000 from S\$67,000 in 1Q2022. The decrease in the Group's finance costs incurred in 1Q2023 arose mainly due to full repayment of borrowings from third parties in FY2022.

Tax expense

The Group incurred income tax expense of S\$49,000 in 1Q2023, which was an increase of S\$31,000 from S\$18,000 in 1Q2022. The tax expense arose mainly from the estimated profit generated by the oil and gas equipment segment during 1Q2023.

Profit from discontinued operations

The Group's discontinued operations pertained to the investments and others segment, accrued by CSS, of which 90% of the issued and paid-up share capital of CSS was disposed to a third party during 1Q2023. As at the date of disposal on 1 February 2023, the profit after tax attributable from discontinued operations was S\$1,000.

Loss for the financial period

The Group reported a loss for the financial period of S\$507,000 in 1Q2023, which was a 12% decrease of S\$69,000 from loss for the financial period of S\$576,000 in 1Q2022. The losses incurred by the Group in 1Q2023 were mainly due to lower other income, higher administrative and general expenses and higher tax expense as explained above.

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:-

- (b) 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
- (c) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on. (cont'd)

STATEMENTS OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets decreased by S\$77,000 from S\$674,000 as at FY2022 to S\$597,000 as at 1Q2023. The decrease is mainly due to the depreciation charged on PPE and ROU assets.

Current assets

Current assets of the Group amounted to S\$9,842,000 as at 1Q2023, a decrease of S\$4,309,000 from S\$14,151,000 as at FY2022. The decrease is primarily due to a decrease in cash and cash equivalents, fixed deposits and trade and other receivables offset against the increase in inventories.

Non-current liabilities

There was a decrease in the Group's non-current liabilities of S\$85,000 from S\$705,000 as at FY2022 to S\$620,000 as at 1Q2023. The decrease is mainly due to the reclassification of long-term borrowings to short-term borrowings.

Current liabilities

The Group reported current liabilities of S\$9,757,000 as at 1Q2023, which is a decrease of S\$3,781,000 from S\$13,538,000 as at FY2022. This decrease is mainly due to decrease in contract liabilities offset against increase in trade and other payables and borrowings arising from the reclassification of long-term borrowings to short-term borrowings.

Shareholders' equity

The Group's capital and reserves attributable to equity holders of the Company was S\$154,000 as at 1Q2023. This represents a decrease of S\$481,000 from S\$635,000 as at FY2022. This decrease is mainly attributable to losses incurred during 1Q2023.

STATEMENT OF CASH FLOWS

1Q2023

The Group recorded a net cash used in operating activities of S\$93,000 in 1Q2023 (1Q2022: S\$189,000). This decrease in cash used in operating activities is mainly due to better cash flow management in 1Q2023 as compared to 1Q2022.

The Group recorded a net cash used in investing activities of S\$18,000 in 1Q2023 (1Q2022: S\$9,000). The cash used in investing activities was mainly due to purchase of plant and equipment during 1Q2023 and 1Q2022.

The Group posted a net cash used in financing activities of S\$35,000 in 1Q2023 (1Q2022: net cash generated from financing activities of S\$37,000). The cash used in financing activities in 1Q2023 mainly comprise interest paid on borrowings of S\$201,000, withdrawal of fixed deposit pledged of S\$21,000, proceed of borrowings of S\$500,000 and repayment of borrowings and lease liabilities of S\$355,000.

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

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

MATTERS ARISING DURING 2023

Recovery of Consideration Payable to the Company pursuant to the Disposal of GPE

Reference is made to the Company's announcements on 26 July 2018, 29 October 2018, 15 January 2019, 15 February 2019, 2 May 2019, 20 May 2019, 31 May 2019, 9 June 2019, 27 June 2019, 19 July 2019, 13 August 2019, 27 August 2019, 3 October 2019, 5 November 2019, 11 November 2019, 12 November 2019, 26 November 2019, 9 December 2019, 15 December 2019, 4 February 2020, 2 March 2020, 9 March 2020, 1 May 2020, 14 May 2020, 22 May 2020, 23 June 2020, 21 August 2020, 28 August 2020, 25 September 2020, 19 October 2020, 1 March 2021, 9 March 2021, 14 April 2021, 20 April 2021, 20 October 2021, 25 February 2022, 13 May 2022, 24 June 2022 and 21 April 2023 (collectively, the "**Earlier Announcements**") in relation to, *inter alia*:

- (a) the Sale and Purchase Agreement entered into between the Company and Chong Shin Mun (the "**Purchaser**") on the disposal by the Company of its entire shareholding interest in GPE;
- (b) the Share Charge and Control Deed dated 27 June 2019 over 697,330,000 Controlled Shares ("**27 June 2019 Share Charge**"), the Share Charge and Control Deed dated 12 December 2019 over 50,000,000 Further Controlled Shares ("**12 December 2019 Share Charge**"), and the Share Charge and Control Deed dated 9 March 2020 over an additional 62,670,000 Further Controlled Shares ("**9 March 2020 Share Charge**") entered into between the Company and the Purchaser;
- (c) the Power of Attorney dated 27 June 2019 over 697,330,000 Controlled Shares, the Power of Attorney dated 12 December 2019 over 50,000,000 Further Controlled Shares, and the Power of Attorney dated 9 March 2020 over an additional 62,670,000 Further Controlled Shares granted by the Purchaser to the Company; and
- (d) the service of the Letters of Demand on the Purchaser and Tan Yock Chew (the "**Guarantor**").

Unless otherwise defined, all capitalised terms used herein shall bear the same meanings ascribed to them in the Earlier Announcements.

As of 24 June 2022, the Purchaser has since completed the transfer of, and successfully monetized, all the Controlled Shares under the 27 June 2019 Share Charge and all the Further Controlled Shares under the 12 December 2019 Share Charge and the 9 March 2020 Share Charge. The proceeds from such transfers, amounting to an aggregate of S\$810,000, have been applied towards part payment of the outstanding Fourth Tranche Consideration owed by the Purchaser. As at the date of this announcement, the total amount outstanding from the Purchaser is S\$1,195,808 (of which S\$933,000 has been impaired as disclosed in the audited consolidated financial statements in the Company's annual reports for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022).

As mentioned in section 3A(a) on page 16 of this announcement, the proposed sale of the Purchaser's assets (with a view to facilitating the repayment of the outstanding amounts due from the Purchaser and GPE) involves several other stakeholders and the alignment of these transacting parties' interests requires time to resolve. Despite the understanding that the parties are working towards an expeditious completion of the proposed sale, the Company is in active discussions with Ms. Chong Shin Mun on other alternative means of monetising these assets in the event the proposed sale transaction fails to materialise. The Company will provide an update to shareholders as and when there are material developments in this regard and seek necessary shareholders' approval if required.

Disposal of 90% Shareholding Interest in a Wholly Owned Subsidiary

On 1 February 2023, the Company has decreased its effective shareholding interest in its former indirect wholly owned subsidiary, CSS from 100% to 10% following a disposal by CSE of 9,000 ordinary shares representing 90% of the shareholdings of CSS to a third-party purchaser (the "**Disposal**") for a cash consideration of RM5,000 (the "**Consideration**"). The Consideration was arrived at on a willing buyer willing seller basis and pursuant to negotiations on an arm's length basis, taking into account the net liability value of CSS of RM12,001 (equivalent to S\$3,708, based on the prevailing exchange rate of RM1.00 : S\$0.3090 as at 30 September 2022 as published by the Monetary Authority of Singapore) for the nine-month financial period ended 30 September 2022. No valuation was conducted in connection with the Disposal.

As disclosed in the Company's announcement dated 1 February 2023, the Board is of the opinion that the Disposal is in line with the Group's efforts to streamline the renewable energy segment into two main business verticals consisting of (i) hydrogen-based renewable energy solutions; and (ii) cross-border and renewable energy development. The Disposal and continued streamlining efforts will continue to strengthen the renewable energy segment and present a clearer strategy for growth going forward.

Meanwhile, the Company shall continue to (i) hold a strategic stake of 10% in CSS so as to retain a connection to the Cahya Suria brand and (ii) be able to influence and monitor how the brand is being developed by the Purchaser in the region until such time that the brand is no longer in use or of commercial significance. The Group will also be entitled to a share of the potential profits generated by CSS in accordance with its minority stake.

Please refer to the Company's announcement on 1 February 2023 for further information on the Disposal.