



Company Registration No. 201311482K

KIM HENG LTD.

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

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

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Period ended 30 June 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	6 Months		+/-
		1 Jan 2021 to 30 Jun 2021	1 Jan 2020 to 30 Jun 2020	
		S\$'000	S\$'000	%
Revenue	4	28,936	17,684	64
Cost of sales		(22,114)	(13,011)	70
Gross profit		6,822	4,673	46
Gross profit margin		24%	26%	
Other income		631	1,676	(62)
Distribution expenses		(418)	(358)	17
Administrative expenses		(6,501)	(5,401)	20
Other operating expenses		(2,430)	(1,371)	77
Finance costs		(875)	(873)	0
Loss before tax	6	(2,771)	(1,654)	68
Tax expenses	7	(482)	(31)	>100
Loss for the period		(3,253)	(1,685)	93
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		196	270	(27)
Items that will not be reclassified subsequently to profit or loss:				
Foreign currency translation differences		61	(60)	N.M.
Total comprehensive loss for the period		(2,996)	(1,475)	>100
Net (loss)/profit attributable to:				
Owners of the Company		(3,646)	(1,205)	>100
Non-Controlling Interests		393	(480)	N.M.
		(3,253)	(1,685)	
EBITDA		1,804	2,937	(39)
EBITDA[^]		2,236	2,937	(24)
Earnings per Share (cents)				
Basic	23	(0.5)	(0.2)	
Diluted	23	(0.5)	(0.2)	

N.M. – not meaningful

[^] excluding one-off non-cash impairment of S\$0.43 million recognised on other equipment.

B. Condensed Interim Statement of Financial Position as at 30 June 2021

STATEMENT OF FINANCIAL POSITION

	Note	Group		Company	
		As at 30 Jun 2021	As at 31 Dec 2020	As at 30 Jun 2021	As at 31 Dec 2020
		S\$'000	S\$'000	S\$'000	S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	86,014	88,650	–	–
Right-of-use assets		10,942	8,974	–	–
Club memberships		63	63	–	–
Investment in subsidiaries		–	–	77,453	77,453
		<u>97,019</u>	<u>97,687</u>	<u>77,453</u>	<u>77,453</u>
Current assets					
Inventories		212	465	–	–
Trade and other receivables		22,723	12,340	1,359	1,681
Cash and cash equivalents		3,591	6,226	26	31
Assets held-for-sale		–	5,702	–	–
		<u>26,526</u>	<u>24,733</u>	<u>1,385</u>	<u>1,712</u>
Total assets		<u>123,545</u>	<u>122,420</u>	<u>78,838</u>	<u>79,165</u>
EQUITY					
Share capital	13	74,409	74,409	74,409	74,409
Treasury shares		(157)	(140)	(157)	(140)
Reserves		(33,128)	(33,324)	–	–
Accumulated profits		10,808	14,454	761	1,125
Equity attributable to owners of the Company		<u>51,932</u>	<u>55,399</u>	<u>75,013</u>	<u>75,394</u>
Non-controlling interests		5,173	3,999	–	–
Total Equity		<u>57,105</u>	<u>59,398</u>	<u>75,013</u>	<u>75,394</u>
LIABILITIES					
Non-current liabilities					
Loans and borrowings	12	17,939	27,642	2,617	2,732
Lease liabilities	12	8,323	6,506	–	–
Deferred tax liabilities		1,517	1,523	–	–
		<u>27,779</u>	<u>35,671</u>	<u>2,617</u>	<u>2,732</u>
Current liabilities					
Bank overdrafts	12	1,041	1,176	–	–
Loans and borrowings	12	19,957	12,915	861	835
Lease liabilities	12	1,940	1,816	–	–
Trade and other payables		15,593	11,387	347	204
Current tax payable		130	57	–	–
		<u>38,661</u>	<u>27,351</u>	<u>1,208</u>	<u>1,039</u>
Total liabilities		<u>66,440</u>	<u>63,022</u>	<u>3,825</u>	<u>3,771</u>
Total equity and liabilities		<u>123,545</u>	<u>122,420</u>	<u>78,838</u>	<u>79,165</u>

C. Condensed Interim Consolidated Statement of Cash Flows for the Period ended 30 June 2021

	Note	Group	
		6 months ended	
		30 June 2021	30 June 2020
		S\$'000	S\$'000
Cash flows from operating activities			
Loss before income tax		(2,771)	(1,654)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	6.1	3,700	3,718
Loss/(Gain) on disposal of property, plant and equipment	6.1	199	(198)
Impairment loss on property, plant and equipment	6.1	432	-
Reversal of impairment loss on trade and other receivables	6.1	(16)	-
Interest income	6.1	(1)	(7)
Interest expense	6.1	875	873
		<u>2,418</u>	<u>2,732</u>
Changes in working capital:			
Inventories		253	(145)
Trade and other receivables		(9,576)	5,015
Trade and other payables		3,698	(5,246)
Cash (used in)/generated from operations		<u>(3,207)</u>	<u>2,356</u>
Income tax paid		(408)	(23)
Net cash (used in)/generated from operating activities		<u>(3,615)</u>	<u>2,333</u>
Cash flows from investing activities			
Deposits pertaining to purchase of property, plant and equipment		(363)	(530)
Purchase of property, plant and equipment		(3,005)	(4,651)
Proceeds from disposal of property, plant and equipment		7,992	2,211
Interest received		1	7
Net cash generated from/(used in) investing activities		<u>4,625</u>	<u>(2,963)</u>
Cash flows from financing activities			
Interest paid		(875)	(873)
Repayment of finance lease liabilities		(575)	(1,183)
Repayment of term loans		(3,086)	(1,851)
Proceeds from trust receipts, net		282	(764)
Proceeds from term loan drawn down		-	2,600
Payment of treasury shares	13	(17)	(10)
Proceeds from issuance of shares to non-controlling interests		720	2,555
Deposits pledged		(26)	(65)
Net cash (used in)/generated from financing activities		<u>(3,577)</u>	<u>409</u>
Net decrease in cash and cash equivalents		<u>(2,567)</u>	<u>(221)</u>
Cash and cash equivalents at beginning of the period		4,455	2,771
Effect of exchange rate fluctuations on cash and cash equivalents		41	57
Cash and cash equivalents at end of the period~		<u>1,929</u>	<u>2,607</u>
Significant non-cash transactions during the period:			
Acquisition of vessels		-	5,071
Acquisition of other plant and equipment		2,516	1,279
		<u>2,516</u>	<u>6,350</u>
~Cash and cash equivalents consist of the following:			
		6 months ended	6 months ended
		30 Jun 2021	30 Jun 2020
		S\$'000	S\$'000
Cash at bank and in hand		1,929	2,607
Fixed deposits		621	357
Cash and cash equivalents		<u>2,550</u>	<u>2,964</u>
Deposits pledged		(621)	(357)
Cash and cash equivalents in the statements of cash flows		<u>1,929</u>	<u>2,607</u>

D. Condensed Interim Statements of Changes in Equity for the Period ended 30 June 2021

Group 2020	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Translation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to equity holders of the company S\$'000	Non- controlling interests S\$'000	Total equity S\$'000
As at 1 January 2020	74,409	(120)	(32,763)	(194)	19,718	61,050	830	61,880
Total comprehensive income for the financial period								
Loss for the financial period	–	–	–	–	(1,205)	(1,205)	(480)	(1,685)
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	–	–	270	–	270	(60)	210
Total comprehensive loss for the financial period	–	–	–	270	(1,205)	(935)	(540)	(1,475)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	(10)	–	–	–	(10)	–	(10)
Issuance of shares	–	–	–	–	–	–	2,555	2,555
Total transactions with owners	–	(10)	–	–	–	(10)	2,555	2,545
As at 30 June 2020	74,409	(130)	(32,763)	76	18,513	60,105	2,845	62,950

D. Condensed Interim Statements of Changes in Equity for the Period ended 30 June 2021 (Cont'd)

Group	Share capital	Treasury shares	Merger deficit	Currency translation reserve	Accumulated profits	Total equity attributable to equity holders of the Company	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
2021								
As at 1 January 2021	74,409	(140)	(32,763)	(561)	14,454	55,399	3,999	59,398
Total comprehensive income for the financial period								
Loss for the financial period	–	–	–	–	(3,646)	(3,646)	393	(3,253)
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	–	–	196	–	196	61	257
Total comprehensive loss for the period	–	–	–	196	(3,646)	(3,450)	454	(2,996)
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	(17)	–	–	–	(17)	–	(17)
Issuance of shares	–	–	–	–	–	–	720	720
Total transactions with owners	–	(17)	–	–	–	(17)	720	703
As at 30 June 2021	74,409	(157)	(32,763)	(365)	10,808	51,932	5,173	57,105

D. Condensed Interim Statements of Changes in Equity for the Period ended 30 June 2021 (Cont'd)

Company	Share capital	Treasury shares	Accumulated profits	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<u>2020</u>				
As at 1 January 2020	74,409	(120)	3,657	77,946
Total comprehensive loss for the financial period	–	–	(316)	(316)
Transactions with owners, recognised directly in equity				
Purchase of treasury shares	–	(10)	–	(10)
As at 30 June 2020	74,409	(130)	3,341	77,620
 <u>2021</u>				
As at 1 January 2021	74,409	(140)	1,125	75,394
Total comprehensive loss for the financial period	–	–	(364)	(364)
Transactions with owners, recognised directly in equity				
Purchase of treasury shares	–	(17)	–	(17)
As at 30 June 2021	74,409	(157)	761	75,013

E. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

The Company is incorporated as a limited liability company domiciled in Singapore and listed on the Catalist Exchange of Singapore.

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

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

Kim Heng will shift its revenue segment to renewables energy support services, vessel chartering, heavy equipment sales & rental and marine offshore support services by the end of FY2021.

2. Basis of Preparation

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)") including related Interpretations promulgated by the Accounting Standards Council ("ASC").

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

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

2.1 New and amended standards adopted by the Group

The accounting policies adopted are consistent with those of the previous financial year, which are prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the financial year ended 31 December 2020.

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. There were no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period.

2.3 Going concern

As of 30 June 2021, the current liabilities of the Group exceeded the current assets by S\$12.1 million* (31 December 2020: S\$2.6 million). As at 30 June 2021, the Group obtained a new banking facility of S\$5 million from a financial institution for working capital purposes. Further, Management believes that the Group will be able to meet its funding requirements in the next twelve months by liquidating certain vessels which are not optimum for our future plans. These will enhance the Group's liquidity position.

**included the temporary reclassification of loan from non-current liabilities to current liabilities amounting to S\$6.2 million as disclosed in paragraph 12. At the date of this report, this was subsequently remedied with the indulgence waiver letter obtained from the financial institution.*

3. Seasonal operations

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

4. Segment information

The Group has 4 reportable segments as described below:

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

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

	Offshore Rig Services and Supply Chain Management				Adjustments and eliminations	Total
	Marine Offshore Support services income	Chartering and Towage Income	Equipment Rental income	Sales of goods		
FY2021	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	12,993	13,323	1,700	920	–	28,936
Inter-segment revenue	896	3,175	293	53	(4,417)	–
Total segment revenue	13,889	16,498	1,993	973	(4,417)	28,936
Other income						631
Finance costs						(875)
Segment results						(2,771)
Income tax expense						(482)
Loss for the year						(3,253)
Other Information						
Segment assets						123,545
Segment liabilities						66,440
Capital Expenditure						3,005
Other material non-cash items:						
- Depreciation of property, plant and equipment and right-of-use assets						3,700
- Loss on disposal of property, plant and equipment						199
- Impairment reversed on trade and other receivables						(16)
Impairment loss on plant and equipment						432

4. Segment information (Cont'd)

	Offshore Rig Services and Supply Chain Management				Adjustments and eliminations	Total
	Marine Offshore Support services income	Chartering and Towage Income	Equipment Rental income	Sales of goods		
FY2020	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	8,524	6,355	1,785	1,020	–	17,684
Inter-segment revenue	544	985	17	4	(1,550)	–
Total segment revenue	9,068	7,340	1,802	1,024	(1,550)	17,684
Other income						1,676
Finance costs						(873)
Segment results						(1,654)
Income tax expense						(31)
Loss for the year						(1,685)
Other Information						
Segment assets						122,420
Segment liabilities						63,022
Capital Expenditure						4,651
Other material non-cash items:						
- Depreciation on property, plant and equipment						3,718
- (Gain) on disposal of property, plant and equipment						(198)

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

	Group	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
Revenue		
Australia	589	620
China	1,296	-
India	68	1,194
Korea	4,066	-
Malaysia	1,642	4,513
Myanmar	1,146	-
Singapore	7,961	5,272
Taiwan	10,006	1,830
United Arab Emirates	341	82
United States of America	66	265
Europe	722	2,945
Others	1,033	963
	28,936	17,684

5. Financial assets and financial liabilities

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

	Group		Company	
	As at 30 Jun 2021 S\$'000	As at 31 Dec 2020 S\$'000	As at 30 Jun 2021 S\$'000	As at 31 Dec 2020 S\$'000
Financial assets at amortised cost				
Trade and other receivables	21,072	11,301	1,318	1,656
Cash and cash equivalents	3,591	6,226	26	31
	<u>24,663</u>	<u>17,527</u>	<u>1,344</u>	<u>1,687</u>
Financial liabilities at amortised cost				
Bank overdraft	1,041	1,176	-	-
Loan and borrowings	37,896	40,557	3,478	3,567
Lease liabilities	10,263	8,322	-	-
Trade and other payables	13,885	11,112	347	204
	<u>63,085</u>	<u>61,167</u>	<u>3,825</u>	<u>3,771</u>

6. Loss before taxation

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

	6 Months		+/-
	1 Jan 2021 to 30 Jun 2021 S\$'000	1 Jan 2020 to 30 Jun 2020 S\$'000	
Interest income from bank deposits	(1)	(7)	(86)
Miscellaneous income	(630)	(1,471)	(57)
Loss/(Gain) on disposal of property, plant and equipment	199	(198)	N.M
Currency translations losses - net	137	347	(61)
Interest on loans and borrowings	875	873	0
Depreciation of property, plant and equipment & right-of-use assets	3,700	3,718	0
Impairment loss on property, plant and equipment	432	-	N.M
Reversal of impairment loss on trade and other receivables	(16)	-	N.M
Reversal of inventories obsolescence	(1)	-	N.M

N.M. – not meaningful

6.2 Related party transactions

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

7. Taxation

The major components of income tax expenses for the period ended 30 June 2021 and 30 June 2020 are:

	Group	
	6 months ended	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
Current tax expense		
Under provision of current tax in respect of prior year	497	-
Current tax (credit)/expense	(15)	31
Deferred tax expenses		
Movement in temporary differences	-	-
	<u>482</u>	<u>31</u>

8. Dividends

A breakdown of the total interim dividend (in dollar value) paid for the issuer's latest interim financial statements and its previous financial statements.

	Group	
	6 months ended	
	30 June 2021	30 June 2020
	S\$'000	S\$'000
Ordinary	-	-
Preference	-	-
	<u>-</u>	<u>-</u>

9. Net asset value

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

	Group		Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
Net asset value per ordinary share (cents)	8.07	8.4	10.6	10.7
Number of ordinary shares used in calculating net asset value per ordinary share	707,442,100	707,907,300	707,442,100	707,907,300

10. Fair value measurement

Definition of fair value

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

Fair value measurement of financial instruments

The carrying values of variable rate bank loans approximate their fair values as disclosed in Note 12 to the financial statements. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, balances with related parties, cash and cash equivalents, trade and other payables, and borrowings) approximate their fair values because of the short period to maturity.

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

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

11. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$3.0 million (30 June 2020: S\$4.68 million) and disposed of assets amounting to S\$2.88 million (30 June 2020: S\$1.17 million).

12. Borrowings

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

	<u>As at 30 June 2021</u>	<u>As at 31 December 2020</u>
	Secured S\$'000	Secured S\$'000
Bank overdrafts	1,041	1,176
Loans and borrowings	19,957	12,915
Lease liabilities	1,940	1,816

Amount repayable after one (1) year

	<u>As at 30 June 2021</u>	<u>As at 31 December 2020</u>
	Secured S\$'000	Secured S\$'000
Loans and borrowings	17,939	27,642
Lease liabilities	8,323	6,506

As at 30 June 2021, the Group's 51% owned subsidiary, Bridgewater Offshore Pte Ltd, did not meet one of its loan covenants. As a result, non-current liabilities amounting to S\$6.2 million was reclassified to current liabilities. This was remedied by an indulgence waiver obtained from the financial institution subsequent to 30 June 2021.

12. Borrowings (Cont'd)

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$30.5 million are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- Fixed deposits of approximately S\$0.6 million are pledged as security deposits for the operating lease of office premises and warehouse as well as to secure term loans and finance lease liabilities; and
- Corporate guarantees by the Company amounting to S\$76.6 million to secure outstanding term loans and finance lease liabilities of S\$44.1 million.

13. Share capital

	The Group and the Company			
	30 June 2021		31 December 2020	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
Beginning of interim period	707,907	74,409	708,682	74,409
Purchase of treasury shares	(465)	-	(775)	-
End of interim period	707,442	74,409	707,907	74,409

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2021 and 31 December 2020.

14. Subsequent events

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

OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

15. Details of any changes in the company's share capital arising from rights issue, bonus issue, , subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

	Number of Shares	Issued and paid-up share capital (S\$)
Issued and fully paid ordinary shares		
Balance at 31 December 2020	710,000,000	76,133,121
Balance as at 30 June 2021	710,000,000	76,133,121

During the half year ended 30 June 2021 ("1H")2021, there was a share buyback by the Company of 465,200 shares by way of market acquisition and are held as treasury shares.

Treasury shares

The number of treasury shares held by the Company as at 30 June 2021 is 2,557,900 representing 0.36% of the total number of issued shares outstanding as at 30 June 2021 (30 June 2020: 1,792,700 representing 0.25% of the total number of issued shares outstanding as at 30 June 2020).

There were no outstanding options, convertibles held by the Company as at 30 June 2021 and 30 June 2020.

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

	As at 30 June 2020	As at 31 December 2020
Total issued shares (excluding treasury shares)	707,442,100	707,907,300

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

During 1H2021, there were no sale, cancellation and/or use of treasury shares.

18. 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.

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

The condensed consolidated statement of financial position of Kim Heng Ltd and its subsidiaries as at 30 Jun 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of change in equity and condensed consolidation of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

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

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

Not applicable. The Company's latest audited financial statements for financial year ended 31 December 2020 were not subject to an adverse opinion, qualified opinion or disclaimer of opinion.

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for 1H2021 as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2020.

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

Refer to paragraph 21 above.

23. 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:

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

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

	1H - 6 Months	
	1 Jan 2021 to 30 June 2021	1 Jan 2021 to 30 June 2021
Net loss attributable to equity holders of the Company (\$\$'000)	(3,646)	(1,205)
Weighted average number of ordinary shares outstanding	707,759,143	708,408,976
Basic and fully diluted loss per share (cents per share)	(0.5)	(0.2)

The diluted and basic loss per share are the same for each of 1H2021 and 1H2020 as the Company has no dilutive equity instruments as at 30 June 2021 and 30 June 2020.

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

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

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

a) 1H2021 vs 1H2020

Revenue

Revenue for 1H2021 increased by S\$11.2million or 63.6%, from S\$17.7 million in 1H2020 to S\$28.9 million in 1H2021 mainly due to following:-

- a) increase in revenue of S\$6.9 million from chartering of vessels;
- b) increase in revenue of S\$4.5 million from marine offshore support services, offset by
- c) decrease in revenue of S\$0.1 million each from material sales and equipment rental.

Cost of sales, gross profit and gross profit margin

Cost of sales increase by S\$9.1 million or 70.0%, from S\$13.0 million in 1H2020 to S\$22.1 million in 1H2021, in line with the increase in revenue.

Gross profit increase by S\$2.1 million or 46.0%, from S\$4.7 million in 1H2020 to S\$6.8 million in 1H2021, in line with the increase in revenue.

Gross profit margin decreased to 24% in 1H2021 as compared to 26% in the last corresponding period mainly due to increase in cost of sales which mainly resulted from the increase in bunker price for chartering.

Other income

Other income decreased by S\$1.05 million, from S\$1.68 million in 1H2020 to S\$0.63 million in 1H2021, mainly due to following:

- a) lower payout of government grants and incentives under the Jobs Support Scheme and foreign worker levy rebates of S\$0.5 million;
- b) cessation of office rental income of S\$0.2 million from 2H2020 onwards ;
- c) gain on disposal of fixed assets of S\$0.2 million was recognized in 1H2020; and
- d) lower insurance compensation of S\$0.15 million.

Distribution expenses

Distribution expenses increased by S\$0.06 million or 16.8%, from S\$0.36 million in 1H2020 to S\$0.42 million in 1H2021 mainly due to higher brokerage fees resulting from more contracts entered into.

Administrative expenses

Administrative expenses increased by S\$1.1 million or 20.4%, from S\$5.4 million in 1H2020 to S\$6.5 million in 1H2021 mainly due to higher staff costs and professional fees incurred.

GROUP FINANCIAL PERFORMANCE (Cont'd)

Consolidated Statement of Comprehensive Income (Cont'd)

Other operating expenses

Other operating expenses increased by S\$1.06 million or 77.2%, from S\$1.37 million in 1H2020 to S\$2.43 million in 1H2021 mainly due to depreciation expenses recognized on 48 Penjuru Road property following the reclassification of the property from asset held-for sale to property, plant and equipment of S\$0.5 million which has been reclassified back to property, plant and equipment and impairment loss of cranes and vessels of S\$0.6 million; partially offset by lower insurance of S\$0.04 million.

Finance costs

Finance costs remained constant when comparing 1H2021 vs 1H2020.

Net loss after tax

As a result of the above, the Group incurred a loss of S\$2.8 million in 1H2021 as compared to a loss of S\$1.7 million in 1H2020.

EBITDA

The group achieved an EBITDA of S\$1.8 million in 1H2021 as compared to S\$2.9 million in 1H2020.

Revenue Segment Analysis

As mentioned in the Company's annual report for the financial year ended 31 December 2020, the Group has shifted away from its legacy businesses and expanded its presence in the renewable energy space. Accordingly, the Group's new segment revenue consists of the following:

	6 Months		+/-
	1 Jan 2021 to 30 Jun 2021	1 Jan 2020 to 30 Jun 2020	
	S\$'000	S\$'000	
Renewable Energy	8,055	1,730	366
Chartering of vessels	12,426	6,355	96
Heavy Lift cranes & equipment rental	1,700	1,785	(5)
Marine & Offshore related services	6,755	7,814	(14)
	<u>28,936</u>	<u>17,684</u>	64

Renewable Energy segment's revenue increased by S\$6.3 million or 366%, from S\$1.7 million in 1H2020 to S\$8.0 million in 1H2021 due to more contracts secured in the offshore windfarm projects in Taiwan.

Chartering of vessels segment's revenue increased by S\$6.1 million or 96%, from S\$6.3 million in 1H2020 to S\$12.4 million in 1H2021 due to an improved utilization rate for the AHTS (Anchor Handling Tug Supply) and its daily charter rates.

Heavy Lift cranes & equipment rental and Marine & Offshore related services segments' revenue decreased by S\$0.1 million or 5%, from S\$1.8 million in 1H2020 to S\$1.7 million in 1H2021 and S\$1.1 million or 14%, from S\$7.8 million in 1H2020 to S\$6.7 million in 1H2021 respectively due to project delays amid the COVID-19 pandemic.

GROUP FINANCIAL PERFORMANCE (Cont'd)

Consolidated Statement of Comprehensive Income (Cont'd)

b) 2Q2021 vs 1Q2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 Months		+/-
	1 Apr 2021 to 30 Jun 2021	1 Jan 2021 to 31 Mar 2021	
	S\$'000	S\$'000	%
Revenue	17,504	11,432	53
Cost of sales	(12,190)	(9,924)	23
Gross profit	5,314	1,508	>100
Gross profit margin	30%	13%	
Other income	398	233	71
Distribution expenses	(272)	(146)	86
Administrative expenses	(2,963)	(3,538)	(16)
Other operating expenses	(917)	(1,513)	(39)
Finance costs	(449)	(426)	5
Profit/(Loss) before tax	1,111	(3,882)	N.M.
Tax expenses	(425)	(57)	>100
Profit/(Loss) for the period	686	(3,939)	N.M.
EBITDA gain/(loss)	3,243	(1,439)	N.M.

N.M. – not meaningful

Revenue

Revenue for the three-month ended 30 June (“2Q”) 2021 increased by S\$6.1million or 53%, from S\$11.4 million in the three-month ended 31 March (“1Q”) 2021 to S\$17.5 million in 2Q2021 mainly due to increase in revenue of S\$5.1 million from marine offshore support services and S\$0.5 million each for chartering of vessels and material sales respectively.

Cost of sales, gross profit and gross profit margin

Cost of sales increase by S\$2.3 million or 23%, from S\$9.9 million in 1Q2021 to S\$12.2 million in 2Q2021, in line with the increase in revenue.

Gross profit increase by S\$3.8 million or 252%, from S\$1.5 million in 1Q2021 to S\$5.3 million in 2Q2021, in line with the increase in revenue.

Gross profit margin increased to 30% in 2Q2021 as compared to 13% 1Q2021 as 1Q2021 gross profit margin was lower than usual due to the sudden increase in bunker prices.

Other income

Other income increase by S\$0.17 million or 71%, from S\$0.23 million in 1Q2021 to S\$0.40 million in 2Q2021 mainly due to higher government grants and insurance compensation received in 2Q2021 as compared to 1Q2021.

GROUP FINANCIAL PERFORMANCE (Cont'd)

Consolidated Statement of Comprehensive Income (Cont'd)

Distribution expenses

Distribution expenses increased by S\$0.12 million or 86%, from S\$0.15 million in 1Q2021 to S\$0.27 million in 2Q2021 mainly due to higher brokerage fees resulting from more contracts entered into.

Administrative expenses

Administrative expenses decreased by S\$0.5 million or 16%, from S\$3.5 million in 1Q2021 to S\$3.0 million in 2Q2021 mainly due to lower staff costs and professional fees incurred.

Other operating expenses

Other operating expenses decreased by S\$0.6 million or 39%, from S\$1.5 million in 1Q2021 to S\$0.9 million in 2Q2021 mainly due to the absence of impairment loss of cranes and vessels recognized in 1Q2021.

Finance costs

Finance costs increase by S\$23,000 or 5%, from S\$426,000 in 1Q2021 to S\$449,000 in 1Q2021 mainly due to higher interest expenses incurred for finance leases and trust receipts.

Net loss after tax

As a result of the above, the Group achieved net profit after tax of S\$0.7 million in 2Q2021 as compared to a loss after tax of S\$3.9 million in 1Q2021.

EBITDA

The group achieved an EBITDA gain of S\$3.2 million in 2Q2021 as compared to an EBITDA loss of S\$1.4 million in 1Q2021.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets decreased by S\$0.7 million from S\$97.7 million as at 31 December 2020 to S\$97.0 million as at 30 June 2021. The decrease was mainly due to sales of vessels and depreciation expenses, partially offset by the purchase of new fixed assets in 1H2021.

Current assets

Current assets increased by S\$1.8 million from S\$24.7 million as at 31 December 2020 to S\$26.5 million as at 30 June 2021. This was mainly due to increase in trade and other receivables partially offset by decrease in assets held-for sale and cash and cash equivalents.

Cash and cash equivalents decreased from S\$6.2 million as at 31 December 2020 to S\$3.6 million as at 30 June 2021 mainly due to cash used in operating and financing activities.

Trade and other receivables increased from S\$12.3 million as at 31 December 2020 to S\$22.7 million as at 30 June 2021 which is line with higher group revenue for 1H2021 and pursuant to the certificate of work performed for marine offshore support services in the month of June 2021.

Receivable turnover decreased from 112 days as at 31 December 2020 to 88 days as at 30 June 2021 due to better credit control.

GROUP FINANCIAL PERFORMANCE (Cont'd)

Consolidated Statement of Financial Position (Cont'd)

Non-Controlling interests

Non-controlling interests increased by S\$1.2 million from S\$4.0 million to S\$5.2 million mainly due to issuance of subsidiary company shares to the non-controlling interests in Bridgewater Offshore Pte. Ltd. and share of profit for 1H2021 attributed to non-controlling interests.

Non-current liabilities

Non-current liabilities decreased by S\$7.9 million, from S\$35.7 million as at 31 December 2020 to S\$27.8 million as at 30 June 2021, mainly due to reclassification of loan from non-current liabilities to current liabilities as a result of not meeting the loan covenant and repayment for loan and borrowings partially offset by additional lease liabilities for the purchase of new fixed assets.

Current liabilities

Current liabilities increased by S\$11.3 million, from S\$27.4 million as at 31 December 2020 to S\$38.7 million as at 30 June 2021 mainly due to reclassification of loan from non-current liabilities to current liabilities as a result of not meeting the loan covenant and increase in trade & other payables which is in line with the increase in business activities.

Payable turnover day decreased from 126 days as at 31 December 2020 to 96 days as at 30 June 2021 as the Group has been paying off trade suppliers on a timely basis to avoid business disruption.

Consolidated Statement of Cash flows

In 1H2021, net cash used in operating activities before changes in working capital amounted to S\$2.4 million due to a loss before income tax of S\$2.8 million, and adjustments for mainly depreciation of property, plant and equipment and right-of-use assets of S\$3.7 million, interest expense of S\$0.9 million and loss on disposal of plant and equipment of S\$0.2 million. The overall net cash used in operating activities amounted to S\$3.6 million was due to net working capital outflows of S\$5.6 million and income tax paid of S\$408,000.

Net cash generated from investing activities of S\$4.6 million in 1H2021 was mainly due to proceeds from disposal of plant and equipment and interest received partially offset by the purchase of new fixed assets and deposits pertaining to purchase of property, plant and equipment.

Net cash used in financing activities of S\$3.6 million in 1H2021 were mainly due to repayment of term loans, lease liabilities and interest payment partially offset by issuance of shares to non-controlling interest of subsidiary and proceeds from trust receipts.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$2.6 million in cash and cash equivalents (as adjusted for deposits pledged) in 1H2021.

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

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

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

The broader market in the offshore and shipping industries has recently seen some improvement. We leveraged the same skill sets, marine assets and capabilities as we continue to explore and maintain our competitive advantage in certain segments such as offshore windfarm renewable energy in the regions that

we operate in. Apart from our home market in Singapore, we will also continue with our overseas efforts to explore new related markets segments within the offshore windfarm and renewables sector.

We have responded and implemented business continuity plans to minimize disruptions for our ongoing projects due to travel restrictions and lockdowns as we maintain vigilance to minimize unexpected or additional business costs and disruptions caused by Covid19 restrictions.

As charter rates and utilization have improved significantly in 1H2021 compared to the whole of FY2020, we expect this robust level of charter income to continue moving forward.

Revenue from renewable energy projects will continue to contribute significantly to the Group's overall performance as we believe there is potential growth and development over the next decade.

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

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

No dividend has been declared or recommended for 1H2021.

(b) Previous corresponding period

No dividend was declared or recommended for 1H2020.

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

Not applicable.

(d) Date Payable

Not applicable.

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

Not applicable.

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

No dividend was declared or recommended for 1H2021 as the Group has been incurring losses for 1H2021. It is the Group's intention to conserve cash for working capital and business expansion purposes

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

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

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

There were no acquisition or realization of shares thereby resulting (i) in a change in the shareholding percentage in any of the subsidiary or associated company of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary or associated company of the Group during 1H2021. Neither was there any incorporation of new subsidiary or associated company by the Group during 1H2021.

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

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

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the six-month period ended 30 June 2021 to be false or misleading in any material aspect.

On Behalf of the Board of Directors

Thomas Tan Keng Siong
Executive Chairman and CEO
13 Aug 2021