



OILTEK

OILTEK INTERNATIONAL LIMITED

(Company Registration Number: 202109778W)

(Incorporated in the Republic of Singapore)

Condensed Interim Financial Statements

For the Six Months Ended 30 June 2024

*This announcement has been reviewed by the Company's sponsor, SAC Capital Private Limited (the "**Sponsor**"). This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 30 June 2024

	Note	Six months ended 30 June		
		2024 RM'000	2023 RM'000	Change %
Revenue	4(a)	100,454	76,727	30.9
Cost of sales		(80,941)	(63,075)	28.3
Gross profit		19,513	13,652	42.9
Other income	5	1,752	419	318.1
Other gains – net	5	1,654	3,247	(49.1)
Expenses				
- Reversal of/(allowance for) impairment of trade receivables	6	192	(15)	N.M.
- Administrative and others	6	(9,036)	(7,830)	15.4
Profit before income tax		14,075	9,473	48.6
Income tax expense	7	(3,797)	(2,623)	44.8
Profit after income tax		10,278	6,850	50.0
Profit attributable to:				
Equity holders of the Company		10,278	6,850	50.0
Earnings per share for profit attributable to equity holders of the Company:				
- Basic and diluted earnings per share (in sen)	13	7.19	4.79	50.1
Profit after income tax		10,278	6,850	50.0
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Currency translation differences arising from consolidation		207	863	(76.0)
Other comprehensive income, net of tax		207	863	(76.0)
Total comprehensive income		10,485	7,713	35.9
Total comprehensive income attributable to:				
Equity holders of the Company		10,485	7,713	35.9

N.M. – Not Meaningful

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

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

B. CONDENSED INTERIM BALANCE SHEETS

As at 30 June 2024

	Note	Group		Company	
		30 June	31 December	30 June	31 December
		2024	2023	2024	2023
		RM'000	RM'000	RM'000	RM'000
ASSETS					
Current assets					
Cash and bank balances		103,962	132,460	13,171	12,401
Trade and other receivables		21,492	26,862	6,157	9,802
Contract assets		32,704	21,434	-	-
Inventories		977	573	-	-
Income tax receivables		47	127	-	-
		159,182	181,456	19,328	22,203
Non-current assets					
Investments in subsidiaries		-	-	97,277	97,495
Property, plant and equipment	10	3,777	3,293	-	-
Deferred tax assets		-	484	-	-
		3,777	3,777	97,277	97,495
Total assets		162,959	185,233	116,605	119,698
LIABILITIES					
Current liabilities					
Trade and other payables		36,801	38,395	364	329
Contract liabilities		53,817	77,368	-	-
Current income tax liabilities		1,920	1,726	16	35
		92,538	117,489	380	364
Non-current liability					
Deferred tax liabilities		160	-	-	-
		160	-	-	-
Total liabilities		92,698	117,489	380	364
NET ASSETS		70,261	67,744	116,225	119,334
EQUITY					
Capital and reserves attributable to equity holders of the Company					
Share capital	12	98,566	98,566	98,566	98,566
Merger reserve		(81,436)	(81,436)	-	-
Currency translation reserve		1,935	1,728	12,873	13,168
Retained profits		51,196	48,886	4,786	7,600
Total equity		70,261	67,744	116,225	119,334

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

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

C. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 30 June 2024

Group	Attributable to equity holders of the Company				
	Share capital RM'000	Merger reserve RM'000	Currency translation reserve RM'000	Retained profits RM'000	Total RM'000
Balance at 1 January 2024	98,566	(81,436)	1,728	48,886	67,744
Profit for the period	-	-	-	10,278	10,278
Other comprehensive income for the period	-	-	207	-	207
Total comprehensive income for the period	-	-	207	10,278	10,485
Transactions with owners, recognised directly in equity – dividend	-	-	-	(7,968)	(7,968)
Balance at 30 June 2024	98,566	(81,436)	1,935	51,196	70,261
Balance at 1 January 2023	98,566	(81,436)	731	35,618	53,479
Profit for the period	-	-	-	6,850	6,850
Other comprehensive income for the period	-	-	863	-	863
Total comprehensive income for the period	-	-	863	6,850	7,713
Transactions with owners, recognised directly in equity – dividend	-	-	-	(5,852)	(5,852)
Balance at 30 June 2023	98,566	(81,436)	1,594	36,616	55,340

Company	Attributable to equity holders of the Company			
	Share capital RM'000	Currency translation reserve RM'000	Retained profits/ (accumulated loss) RM'000	Total RM'000
Balance at 1 January 2024	98,566	13,168	7,600	119,334
Profit for the period	-	-	5,154	5,154
Other comprehensive loss for the period	-	(295)	-	(295)
Total comprehensive income for the period	-	(295)	5,154	4,859
Transactions with owners, recognised directly in equity – dividend	-	-	(7,968)	(7,968)
Balance at 30 June 2024	98,566	12,873	4,786	116,225
Balance at 1 January 2023	98,566	6,439	3,408	108,413
Profit for the period	-	-	191	191
Other comprehensive income for the period	-	5,544	-	5,544
Total comprehensive income for the period	-	5,544	191	5,735
Transactions with owners, recognised directly in equity - dividend	-	-	(5,852)	(5,852)
Balance at 30 June 2023	98,566	11,983	(2,253)	108,296

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

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the Six Months Ended 30 June 2024

Group	Six months ended 30 June	
	2024 RM'000	2023 RM'000
Cash flows from operating activities		
Profit after income tax	10,278	6,850
Adjustments for:		
- Income tax expense	3,797	2,623
- Depreciation of property, plant and equipment	171	78
- Property, plant and equipment written off	1	1
- Interest income	(1,649)	(398)
- Gain on disposal of property, plant and equipment	(102)	-
- Unrealised translation (gain)/loss	(1,365)	541
	11,131	9,695
Changes in working capital:		
- Trade and other receivables	5,288	(35,737)
- Inventories	(404)	(95)
- Contract assets and liabilities	(34,821)	69,538
- Trade and other payables	(1,594)	(16,599)
Cash (used in)/generated from operations	(20,400)	26,802
Interest received	1,731	411
Income tax paid	(2,879)	(2,039)
Net cash (used in)/provided by operating activities	(21,548)	25,174
Cash flows from investing activities		
Purchase of property, plant and equipment	(656)	(77)
Proceed from disposal of property, plant and equipment	102	-
Net cash used in investing activities	(554)	(77)
Cash flows from financing activity		
Dividends paid	(7,968)	(5,852)
Net cash used in financing activity	(7,968)	(5,852)
Net change in cash and bank balances	(30,070)	19,245
Beginning of financial period	132,460	67,360
Effects of currency translation on cash and bank balances	1,572	322
End of financial period	103,962	86,927

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

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

1. Corporate information

Oiltek International Limited (the “**Company**”) is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”) on 3 March 2022 and incorporated and domiciled in Singapore. These condensed interim financial statements as at and for the six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the “**Group**”).

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

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2024 have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and the Group’s performance since the last audited annual financial statements for the year ended 31 December 2023.

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

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

2.1 New and amended Standards adopted by the Group

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

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

2.2 Use of judgements and estimates

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

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

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

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

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

3. Seasonal operations

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

4. Revenue and segment information

(a) Disaggregation of revenue

Group	Six months ended 30 June	
	2024 RM'000	2023 RM'000
Contract revenue – over time	90,437	67,544
Sales of goods – at a point in time	10,017	9,183
Total revenue	<u>100,454</u>	<u>76,727</u>

(b) Segment information

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

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

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

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

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

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

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

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

Group (RM'000)	Edible & Non-Edible Oil Refinery	Renewable Energy	Product Sales and Trading	Others	Total
Six months ended 30 June 2024					
Revenue					
- External	87,679	2,758	10,017	-	<u>100,454</u>
Results					
Segment results	9,214	283	1,343	-	10,840
Other income					1,752
Other gains – net					1,654
Depreciation of property, plant and equipment					<u>(171)</u>
Profit before income tax					14,075
Income tax expense					<u>(3,797)</u>
Profit after income tax					<u>10,278</u>
As at 30 June 2024					
Assets					
Segment assets	37,975	12,453	4,697	48	55,173
<u>Unallocated assets:</u>					
Cash and bank balances					103,962
Income tax receivables					47
Property, plant and equipment					<u>3,777</u>
Total assets					<u>162,959</u>
Liabilities					
Segment liabilities	68,632	16,655	2,648	2,683	90,618
<u>Unallocated liabilities:</u>					
Current income tax liabilities					1,920
Deferred tax liabilities					<u>160</u>
Total liabilities					<u>92,698</u>

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

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

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

(c) Geographical information

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

The following table presents sales information for the main geographical areas for the six months ended 30 June 2024 and 2023.

Group	Six months ended 30 June	
	2024 RM'000	2023 RM'000
Asia:		
- Malaysia	23,679	11,771
- Indonesia	61,184	55,779
- Pakistan	522	3,626
- Philippines	236	1,420
- South Korea	84	271
- Thailand	148	969
- Others	-	38
	85,853	73,874
Africa:		
- Benin	5,354	104
- Kenya	478	609
- Nigeria	19	1,208
- Republic of the Congo	3,906	601
- South Africa	-	163
- Others	18	4
	9,775	2,689
America	4,826	164
	100,454	76,727

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

5. Other income and other gains – net

Group	Six months ended 30 June	
	2024 RM'000	2023 RM'000
<u>Other income</u>		
Interest income	1,649	398
Gain on disposal of property, plant and equipment	102	-
Others	1	21
	1,752	419
<u>Other gains - net</u>		
Net foreign exchange gain	1,654	3,247

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

6. Expenses by nature

Group	Six months ended 30 June	
	2024 RM'000	2023 RM'000
(Reversal of)/allowance for impairment of trade receivables	(192)	15
Depreciation of property, plant and equipment	171	78
	<u>171</u>	<u>78</u>

7. Income tax expense

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

Group	Six months ended 30 June	
	2024 RM'000	2023 RM'000
Tax expense attributable to profit is made up of:		
- Current income tax	3,153	2,381
- Deferred income tax	644	229
	<u>3,797</u>	<u>2,610</u>
Under provision in prior financial year		
- Current income tax	-	13
	<u>3,797</u>	<u>2,623</u>

8. Related party transactions

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

Group	Six months ended 30 June	
	2024 RM'000	2023 RM'000
<u>Purchases of services</u>		
Rental of premise from a related corporation	6	6
	<u>6</u>	<u>6</u>

9. Financial assets and financial liabilities

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

	Group		Company	
	30 June 2024 RM'000	31 December 2023 RM'000	30 June 2024 RM'000	31 December 2023 RM'000
Financial assets at amortised cost	124,987	157,841	19,328	22,203
Financial liabilities at amortised cost	36,013	36,807	364	329
	<u>124,987</u>	<u>157,841</u>	<u>19,328</u>	<u>22,203</u>
	<u>36,013</u>	<u>36,807</u>	<u>364</u>	<u>329</u>

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

10. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired assets amounting to RM656,000 (30 June 2023: RM77,000).

11. Dividends

Group	Six months ended 30 June	
	2024 RM'000	2023 RM'000
Ordinary dividends paid: Final dividend of SGD0.016 [equivalent to RM0.056] per share in respect of the financial year ended 31 December 2023 (2023: Final dividend of SGD0.012 [equivalent to RM0.041] per share in respect of the financial year ended 31 December 2022)	7,968	5,852

12. Share capital

Group and Company	No. of ordinary shares		Amount	
	2024	2023	2024 RM'000	2023 RM'000
Balance at 1 January and 30 June	143,000,000	143,000,000	98,566	98,566

All issued ordinary shares are fully paid. There is no par value for these ordinary shares. Fully paid ordinary shares carry one vote per share and carry a right to dividends as and when declared by the Company. The Company did not hold any treasury shares as at 30 June 2024, 31 December 2023 and 30 June 2023. The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024, 31 December 2023 and 30 June 2023. There are no outstanding convertibles as at 30 June 2024 and 30 June 2023.

13. Earnings per share

The earnings per share is calculated by dividing the net profit attributable to equity holders of the Company by the weighted average number of ordinary shares outstanding during the six months ended 30 June 2024 and 2023.

Group	Six months ended 30 June	
	2024	2023
Net profit attributable to equity holders of the Company (RM'000)	10,278	6,850
Weighted average number of ordinary shares outstanding ('000)	143,000	143,000
Basic/diluted earnings per share (in sen)	7.19	4.79

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

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

For the Six Months Ended 30 June 2024

14. Net asset value per share

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

	Group		Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Net asset value attributable to equity holders of the Company (RM'000)	70,261	67,744	116,225	119,334
Number of ordinary shares in issue (excluding treasury shares) ('000)	143,000	143,000	143,000	143,000
Net asset value per share (in sen)	49.13	47.37	81.28	83.45

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

For the Six Months Ended 30 June 2024

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

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

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

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

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

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

Not applicable as the Company received an unqualified opinion for its latest audited consolidated financial statements for the financial year ended 31 December 2023.

4. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flows, working capital, assets or liabilities of the Group during the current financial period reported on.**

(a) Review of Group Performance

Revenue

The Group's revenue increased by approximately RM23.73 million or 30.9% from approximately RM76.73 million for the six months ended 30 June 2023 ("1H2023") to approximately RM100.45 million for the six months ended 30 June 2024 ("1H2024") due to an increase in the Edible & Non-Edible Oil Refinery segment and the Product Sales and Trading segment revenues. This was partially offset by a decrease in the Renewable Energy segment revenue.

Revenue from the Edible & Non-Edible Oil Refinery segment increased by approximately RM30.77 million or 54.1% from approximately RM56.91 million in 1H2023 to approximately RM87.68 million in 1H2024. This was mainly due to an increase in revenue contribution from projects secured in the prior year from Malaysia, Indonesia, Africa and America.

Revenue from the Product Sales and Trading segment increased by approximately RM1.06 million or 11.8% from approximately RM8.96 million in 1H2023 to approximately RM10.02 million in 1H2024 mainly due to an increase in demand for the supply of parts and engineering components from customers in Malaysia.

Revenue from the Renewable Energy segment decreased by approximately RM8.10 million or 74.6% from approximately RM10.86 million in 1H2023 to approximately RM2.76 million in 1H2024 mainly due to a decrease in revenue contribution from a project in Indonesia that was substantially performed in 1H2023.

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

OILTEK INTERNATIONAL LIMITED AND ITS SUBSIDIARIES

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

For the Six Months Ended 30 June 2024

Cost of sales and gross profit

The Group's cost of sales increased by approximately RM17.86 million or 28.3% from approximately RM63.08 million in 1H2023 to approximately RM80.94 million in 1H2024. The increase was largely in line with the increase in revenue.

The Group's gross profit increased by approximately RM5.86 million or 42.9% from approximately RM13.65 million in 1H2023 to RM19.51 million in 1H2024. Gross profit margin increased by 1.6 percentage points from 17.8% in 1H2023 to 19.4% in 1H2024.

Other income

Other income increased by approximately RM1.33 million or 318.1% from approximately RM0.42 million in 1H2023 to approximately RM1.75 million in 1H2024 mainly due to an increase in interest income from fixed deposits and gain on disposal of property, plant and equipment during the period.

Other gains – net

Other gains decreased by approximately RM1.59 million or 49.1% from approximately RM3.25 million in 1H2023 to approximately RM1.66 million in 1H2024 mainly due to a decrease in unrealised foreign exchange gain from the Group's net asset exposure to United States dollars.

Expenses

Our Group recorded a reversal of impairment of trade receivables of approximately RM0.19 million in 1H2024 mainly due to the collection of certain long outstanding trade receivables that had previously been provided for.

Administrative and others increased by approximately RM1.21 million or 15.4% from approximately RM7.83 million in 1H2023 to approximately RM9.04 million in 1H2024. The increase was mainly due to an increase in employee compensation, selling and distribution related expenses and depreciation of property, plant and equipment.

Income tax expense

Income tax expense increased by approximately RM1.18 million or 44.8% from approximately RM2.62 million in 1H2023 to approximately RM3.80 million in 1H2024. Effective income tax rate decreased by 0.7 percentage points from 27.7% in 1H2023 to 27.0% in 1H2024.

Profit after income tax

Overall, the Group's profit after income tax increased by approximately RM3.43 million or 50.0% from approximately RM6.85 million in 1H2023 to approximately RM10.28 million in 1H2024.

F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

For the Six Months Ended 30 June 2024

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

The Group's financial position as at 30 June 2024 remains strong and resilient, with a net asset position of approximately RM70.26 million and healthy cash and bank balances of approximately RM103.96 million.

Current assets

The Group's current assets decreased by approximately RM22.28 million or 12.3% from approximately RM181.46 million as at 31 December 2023 to approximately RM159.18 million as at 30 June 2024 mainly due to (i) a decrease in cash and bank balances; (ii) a decrease in trade and other receivables; and partially offset by an increase in contract assets and inventories.

Trade and other receivables decreased by approximately RM5.37 million or 20.0% from approximately RM26.86 million as at 31 December 2023 to approximately RM21.49 million as at 30 June 2024 due to the prompt payments from customers during the period.

Contract assets increased by approximately RM11.27 million or 52.6% from approximately RM21.43 million as at 31 December 2023 to approximately RM32.70 million as at 30 June 2024 mainly due to the timing differences between recognition of revenue upon satisfaction of performance obligations for engineering contracts and the timing of billing to customers during the period.

Inventories increased by approximately RM0.41 million or 70.5% from approximately RM0.57 million as at 31 December 2023 to approximately RM0.98 million as at 30 June 2024 mainly due to an increase in certain engineering components held as inventories.

Non-current assets

As at 30 June 2024, the Group's non-current assets amounted to approximately RM3.78 million which solely comprised property, plant and equipment. The property, plant and equipment increased by approximately RM0.49 million or 14.7% from approximately RM3.29 million as at 31 December 2023 to approximately RM3.78 million as at 30 June 2024 mainly due to additions of property, plant and equipment during the period and partially offset by depreciation charged on property, plant and equipment during the period.

Current liabilities

The Group's current liabilities decreased by approximately RM24.95 million or 21.2% from approximately RM117.49 million as at 31 December 2023 to approximately RM92.54 million as at 30 June 2024 mainly due to (i) a decrease in contract liabilities; (ii) a decrease in trade and other payables; and partially offset by an increase in current income tax liabilities.

Contract liabilities decreased by approximately RM23.55 million or 30.4% from approximately RM77.37 million as at 31 December 2023 to approximately RM53.82 million as at 30 June 2024 mainly due to satisfaction of performance obligations for engineering contracts that were secured in the prior year.

Trade and other payables decreased by approximately RM1.59 million or 4.2% from approximately RM38.39 million as at 31 December 2023 to approximately RM36.80 million as at 30 June 2024 mainly due to a decrease in advance payment from customers for sales of goods and other payables to non-related parties.

Current income tax liabilities increased by approximately RM0.19 million or 11.2% from approximately RM1.73 million as at 31 December 2023 to approximately RM1.92 million as at 30 June 2024 mainly due to an increase in provision for taxation for the higher chargeable profit recorded in 1H2024.

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For the Six Months Ended 30 June 2024

(c) Review of change in cash flows

In 1H2024, net cash used in operating activities amounted to RM21.55 million. This was due to operating cash inflow before working capital changes of approximately RM11.13 million, adjusted for (a) net working capital outflow of approximately RM31.53 million; (b) interest received of approximately RM1.73 million, and (c) tax paid of approximately RM2.88 million. The net working capital outflow was due to (i) a decrease in net contract liabilities of approximately RM34.82 million; (ii) a decrease in trade and other payables of approximately RM1.59 million; (iii) an increase in inventories of approximately RM0.41 million; which was partially offset by a decrease in trade and other receivables of approximately RM5.29 million.

Net cash used in investing activities amounted to approximately RM0.55 million due to purchase of property, plant and equipment of approximately RM0.65 million and partially offset by proceeds from disposal of property, plant and equipment of approximately RM0.10 million.

Net cash used in financing activities amounted to approximately RM7.97 million due to dividends paid during the period.

As a result of the above, there was a net decrease of approximately RM30.07 million in cash and bank balances. As at 30 June 2024, the Group's cash and bank balances amounted to approximately RM103.96 million.

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

Not applicable. No forecast or prospect statement has been previously disclosed to shareholders.

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

In 1H2024, the Group's order book increased by 9.9% compared to 1H2023, revenue increased by 30.9% compared to 1H2023 and its profit after tax showed an increase of 50.0%, amounting to approximately RM10.28 million, compared to 1H2023. The Group's profit after tax translates into an earnings per share of approximately 7.19 sen. The Group's ability to sustain its robust growth trajectory in terms of its order book, revenue and profitability, is testament to the market's recognition of the Group's reliable, innovative, diversified and comprehensive range of process and engineering solutions and its resilient business model.

The Group remains confident about the long-term outlook of the Edible & Non-Edible Oil Refinery segment with the global consumption of oils and fats growing in tandem with population growth. This trend has benefitted the food and beverage, renewable energy and biodiesel sectors. The global fats and oils market size was valued at USD256.99 billion in 2023 and it is projected to surpass around USD402.94 billion by 2033, recording a compounded annual growth rate of 4.6% from 2024 to 2033¹.

With the growing demand for food, there is a corresponding demand for edible and non-edible oils and fats, specifically, vegetable oils. This trend potentially benefits the Group as it provides solutions that cater to all types of vegetable oils, including palm oil, soybean oil and rapeseed oil, which are some of the major agricultural commodities in the world. The Group will continue to leverage its capabilities, integrated technology know-how, and proven track record to secure more projects and projects of a larger scale in existing and new markets, and to expand geographically to other markets with emerging prospects.

The acceleration of global environmental sustainability also continues to benefit the Group's Renewable Energy segment. The world's biggest palm oil producing country, Indonesia, has raised

¹ <https://www.precedenceresearch.com/fats-and-oils-market>

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its mandatory blending of biodiesel from 30% to 35% (B30 to B35) in the country. The Indonesian government allocated 11.8 million metric tons (“**MMt**”) of biodiesel for 2024 as it rolls out B35, and the Indonesia Palm Oil Association (“**GAPKI**”) previously estimated that Indonesia's palm oil output in 2024 would grow 4.9% annually to 55.8 MMt with domestic consumption of palm oil to rise by 9% to 25.4 MMt including 11.6 MMt for biodiesel feedstock. Indonesia's biodiesel production rose to 11.6 MMt in 2023 from 10.3 MMt in the previous year, according to data from the Indonesia Biofuel Producer Association (“**APROBI**”)². Indonesia's Ministry of Energy and Mineral Resources (“**MEMR**”) has also recently stated that they are targeting to implement the mandatory blending of biodiesel to 40% (**B40**) in 2025³, which is expected to further elevate the demand of biodiesel required for the new mandate which might create the need of additional production capacity from the market.

Malaysia, as the world's second largest palm oil producing country, is also similarly committed to the phased implementation of its biodiesel programme, which currently has a 20% blending ratio for the transportation sector (**B20**). Malaysia's biodiesel production could rise to 1.8 MMt in 2024 if the government expands B20 programme to more areas in the country, according to the Malaysian Biodiesel Association (“**MBA**”)⁴.

With the aviation industry's decarbonisation commitment to achieve net zero emissions by 2050, the market is moving towards sustainable aviation fuel (“**SAF**”). It is projected that the global aviation sector's combined planned use of SAF will increase to over 700 thousand barrels per day by 2035, which is 8% of the total jet fuel pool by then. By 2050, world SAF use will reach nearly 2 million barrels per day, accounting for 19% of the global jet fuel pool⁵. The Group is well positioned for this trend as it has processes capable of treating and cleansing palm oil mill effluent (“**POME**”), as well as any other vegetable oil-based raw materials in compliance with the International Sustainability & Carbon Certification (“**ISCC**”) for use as feedstock in the production and manufacture of hydrogenated vegetable oil (“**HVO**”).

With the backdrop of global climate change as a result of global warming, and the growing emphasis on environmental, social and governance (“**ESG**”) considerations, the Group remains optimistic of continued growth prospects in the renewable energy sector. As it increases its focus on this sector, the Group will continue to develop new and innovative processes to provide more support and solutions to the sustainability efforts of its existing customers and markets.

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

As at the date of this announcement, the Group's current order book based on unfulfilled orders from signed contracts, confirmed variation orders and letters of awards obtained continues to remain high at approximately RM405.1 million, with new orders secured to date of approximately RM132.8 million in the current year. The present order book is expected to be fulfilled over the next 18 to 24 months, barring any unforeseen circumstances.

² <https://www.hydrocarbonprocessing.com/news/2024/02/indonesia-sees-2024-biodiesel-consumption-rising-to-11-mmt/>

³ <https://gapki.id/en/news/2024/06/27/memr-b40-ready-for-implementation-next-year/>

⁴ <https://www.reuters.com/business/energy/malaysian-2024-biofuel-output-seen-rising-if-b20-biodiesel-usage-expanded-2024-03-05/>

⁵ <https://www.fgenergy.com/energy-transition/the-outlook-for-sustainable-aviation-fuel-saf/>

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F. OTHER INFORMATION REQUIRED BY CATALIST RULE APPENDIX 7C

For the Six Months Ended 30 June 2024

7. Dividend

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

Yes.

Name of dividend	Interim
Dividend type	Cash
Dividend amount per share	0.90 Singapore cents
Tax rate	Tax-exempt (one-tier)

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

No.

(c) Whether the dividend is before tax, net of tax or tax exempt. If before tax or net of tax, state the tax rate and the country where the dividend is derived.

Tax exempt (one-tier).

(d) Date payable

The date payable for the interim cash dividend will be announced at a later date.

(e) Record date

The record date will be announced at a later date.

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

Not applicable.

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

There are no interested person transactions of S\$100,000 and above entered into in 1H2024.

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

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

Not applicable. There were no acquisition or realisation of shares in any of the Group's subsidiaries nor incorporation of any new subsidiary or associated company by the Company or any of the Group's entities during 1H2024.

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

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

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12. Use of IPO Proceeds

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

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

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

The Board of Directors confirms that, to the best of their knowledge, nothing has come to their attention, which may render the condensed interim financial statements for the six months ended 30 June 2024 to be false or misleading in any material aspects.

BY ORDER OF THE BOARD

Mr. Yong Khai Weng
Executive Director and Chief Executive Officer

6 August 2024