明 光 集 團
BENG KUANG GROUP

BENG KUANG MARINE LIMITED
AND ITS SUBSIDIARY CORPORATIONS
(Company Registration No: 199400196M)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED 31 DECEMBER 2023

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A. Condensed interim consolidated statement of profit or loss and other comprehensive income

	Note	The Group 6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	+/(-) %	The Group 12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000	+/(-) %
Continuing Operations							
Revenue	4	47,305	30,089	57.2%	79,162	59,134	33.9%
Cost of sales		(30,783)	(22,731)	35.4%	(54,252)	(46,613)	16.4%
Gross profit		16,522	7,358	124.6%	24,910	12,521	98.9%
Other gains/(losses) – net		4,207	(3,121)	(234.8%)	4,374	(2,083)	NM
Expenses							
- Selling and distribution		(129)	(462)	(72.1%)	(613)	(880)	(30.3%)
- Administrative		(10,111)	(7,931)	27.5%	(16,049)	(13,404)	19.7%
- Finance		(856)	(903)	(5.2%)	(1,804)	(1,702)	6.0%
Profit/(loss) before income tax from Continuing Operations	6	9,633	(5,059)	NM	10,818	(5,548)	NM
Income tax expense	7	(2,225)	(989)	125.0%	(2,901)	(1,479)	96.1%
Net profit/(loss) from Continuing Operations		7,408	(6,048)	NM	7,917	(7,027)	NM
Discontinued Operations							
Net loss for the period from Discontinued Operation	8	-	(17,730)	NM	-	(16,642)	NM
Net profit/(loss)		7,408	(23,779)	NM	7,917	(23,669)	NM
Other comprehensive income/(loss), net of tax:							
Items that may be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation – gains/(losses)		(305)	757	NM	(34)	118	NM
Items that will not be reclassified subsequently to profit or loss:							
Currency translation differences arising from consolidation – gains/(losses)		(60)	262	NM	(2)	14	NM
Other comprehensive income/(loss)		(365)	1,019	NM	(36)	132	NM
Total comprehensive income/(loss)		7,043	(22,760)	NM	7,881	(23,537)	NM
Profit/(loss) attributable to:							
Equity holders of the Company		4,278	(20,964)	NM	3,424	(21,830)	NM
Non-controlling interests		3,130	(2,815)	NM	4,493	(1,839)	NM
		7,408	(23,779)	NM	7,917	(23,669)	NM
Profit/(loss) attributable to equity holders of the Company relates to:							
Continuing Operations		4,278	(6,833)	NM	3,424	(8,627)	NM
Discontinued Operations		-	(14,131)	NM	-	(13,203)	NM
		4,278	(20,964)	NM	3,424	(21,830)	NM
Total comprehensive income/(loss) attributable to:							
Equity holders of the Company		3,973	(20,207)	NM	3,390	(21,712)	NM
Non-controlling interests		3,070	(2,553)	NM	4,491	(1,825)	NM
		7,043	(22,760)	NM	7,881	(23,537)	NM
Profit/(loss) per share from continuing and discontinued operations attributable to equity holders of the Company							
Basic profit/(loss) per share							
Continuing Operations		2.15	(3.43)	NM	1.72	(4.33)	NM
Discontinued Operations		-	(7.09)	NM	-	(6.63)	NM
Diluted profit/(loss) per share							
Continuing Operations		2.15	(3.43)	NM	1.72	(4.33)	NM
Discontinued Operations		-	(7.09)	NM	-	(6.63)	NM

NM - Not meaningful

B. Condensed interim statements of financial position

	Note	The Group		The Company	
		31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
ASSETS					
Current assets					
Cash and cash equivalents	10	12,186	6,712	4,577	211
Trade and other receivables	11	21,834	17,597	26,233	42,881
Contract assets		10,070	7,305	-	-
Inventories		1,987	3,428	-	-
		46,077	35,042	30,810	43,092
Non-current asset classified as held-for-sale	12	2,742	-	-	-
		48,819	35,042	30,810	43,092
Non-current assets					
Investments in subsidiary corporations		-	-	4,190	4,708
Property, plant and equipment	13	13,841	21,666	780	839
Deferred income tax assets		341	679	-	-
		14,182	22,345	4,970	5,547
Total assets		63,001	57,387	35,780	48,639
LIABILITIES					
Current liabilities					
Trade and other payables	14	32,539	28,721	24,704	32,850
Contract liabilities		-	17	-	-
Deferred income	15	46	-	-	-
Current income tax liabilities		2,300	1,472	-	-
Borrowings	16	12,603	17,204	8,376	8,924
		47,488	47,414	33,080	41,774
Non-current liabilities					
Trade and other payables	14	2,116	-	-	-
Borrowings	16	1,538	4,987	258	3,954
Deferred income tax liabilities		8	10	-	-
		3,662	4,997	258	3,954
Total liabilities		51,150	52,411	33,338	45,728
NET ASSETS		11,851	4,976	2,442	2,911
EQUITY					
Capital and reserves attributable to					
Share capital	17	54,124	54,124	54,124	54,124
Other reserves		(1,952)	(1,920)	-	-
Accumulated losses		(42,636)	(46,060)	(51,682)	(51,213)
		9,536	6,144	2,442	2,911
Non-controlling interests		2,315	(1,168)	-	-
Total equity		11,851	4,976	2,442	2,911

C. Condensed interim statements of changes in equity

The Group	← Attributable to equity holders of the Company →					
	Share capital	Accumulated losses	Other reserves	Total	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2023						
Balance at 1 January 2023	54,124	(46,060)	(1,920)	6,144	(1,168)	4,976
Profit for the financial period	-	3,424	-	3,424	4,493	7,917
Other comprehensive loss for the financial period	-	-	(34)	(34)	(2)	(36)
Acquisition of non-controlling interests	-	-	3	3	(9)	(6)
Dividend paid to non-controlling interests	-	-	-	-	(1,000)	(1,000)
Balance as at 31 December 2023	54,124	(42,636)	(1,951)	9,537	2,314	11,851
2022						
Balance at 1 January 2022	54,124	(24,230)	(2,038)	27,856	(9,014)	18,842
Loss for the financial period	-	(21,830)	-	(21,830)	(1,839)	(23,669)
Other comprehensive profit for the financial period	-	-	118	118	14	132
Dividend paid to non-controlling interests	-	-	-	-	(1,566)	(1,566)
Deconsolidation of subsidiary corporation	-	-	-	-	11,237	11,237
Balance as at 31 December 2022	54,124	(46,060)	(1,920)	6,144	(1,168)	4,976

C. Condensed interim statements of changes in equity

The Company	Share capital	Accumulated losses	Total Equity
	$'000	$'000	$'000
2023			
Balance at 1 January 2023	54,124	(51,213)	2,911
Loss for the financial period	-	(469)	(469)
Balance as at 31 December 2023	54,124	(51,682)	2,442
2022			
Balance at 1 January 2022	54,124	(25,310)	28,814
Loss for the financial period	-	(25,903)	(25,903)
Balance as at 31 December 2022	54,124	(51,213)	2,911

D. Condensed interim consolidated statements of cash flows

	Note	The Group	
		12 months ended 31 December 2023	12 months ended 31 December 2022
		$'000	$'000
Cash flows from operating activities			
Net profit/(loss)		7,917	(23,669)
Adjustments for:			
Credit loss allowance - trade receivable, net	6	826	435
Credit loss allowance - non trade receivable	6	147	1,017
Credit loss allowance - contract assets	6	1,240	-
Inventories written down		857	26
Inventories written off		29	-
(Gain)/loss on disposal of property, plant and equipment	6	(377)	81
Property, plant and equipment written off	6	16	45
Impairment loss on property, plant and equipment		-	6,279
Impairment loss on goodwill	6	-	64
Gain on disposal of assets held for sale		(6,257)	-
Gain on disposal of subsidiary		- *	-
Interest income		(8)	(5)
Interest expense		1,804	1,997
Income tax expense	7	2,901	1,479
Depreciation of property, plant and equipment		3,045	6,645
Loss from deconsolidation of subsidiary corporations	8	-	10,127
Provision for financial guarantee	6	-	2,025
Unrealised currency translation differences		(26)	(219)
		12,114	6,327
Change in working capital			
Inventories		506	54
Contract assets		(4,004)	(1,016)
Trade and other receivables		(5,410)	2,979
Trade and other payables		6,256	1,796
Contract liabilities		(17)	(445)
Deferred income		46	-
Cash generated from operations		9,491	9,695
Interest received		8	5
Interest paid		(1,816)	(1,445)
Income tax paid		(1,738)	(863)
Net cash generated from operating activities		5,945	7,392
Cash flows from investing activities			
Additions to property, plant and equipment		(924)	(478)
Proceeds from disposal of property, plant and equipment		1,703	318
Cash outflow from disposal of subsidiary, net of cash disposal of		(58)	-
Acquisition of non-controlling interests		(6)	-
Net cash inflow on asset-held-for-sale		9,614	-
Cash outflow arising from deconsolidation of subsidiary corporation		-	(18)
Net cash generated from/(used in) investing activities		10,329	(178)
Cash flows from financing activities			
Repayment of borrowings, net		(7,345)	(4,038)
Principal payment of lease liabilities		(1,230)	(1,698)
Repayment of bills payable		(760)	22
Interest paid		(86)	(120)
Dividend paid to non-controlling interests		(1,000)	(1,566)
Net cash used in financing activities		(10,421)	(7,400)
Net increase/(decrease) in cash and cash equivalents		5,853	(186)
Cash and cash equivalents			
Beginning of financial period		4,361	4,652
Effects of currency translation on cash and cash equivalents		(25)	(105)
End of financial period		10,189	4,361

* Less than $1,000

E. Selected notes to the condensed interim consolidated financial statements

1 Corporate information

Beng Kuang Marine Limited (the "Company") is a limited liability company, which is incorporated in the Republic of Singapore and listed on the Singapore Stock Exchange. These condensed interim consolidated financial statements as at and for the twelve months ended 31 December 2023 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are provision of corrosion prevention services relating to repairing of ships, tankers and other ocean-going vessels and investment holding. The principal activities of the subsidiaries are provision of infrastructure engineering services and corrosion prevention services for the marine and offshore energy sector.

2 Basis of preparation

The condensed interim financial statements for the twelve months ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Committee. 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 performance of the Group since the last annual financial statements for the year ended 31 December 2022.

The accounting policies adopted 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 as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. 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 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 expense. Actual results may differ from these estimates. Given the Covid-19 pandemic has caused and will likely cause significant disruptions to economic activities, the uncertainties associated with accounting estimates and assumptions may also be increased accordingly.

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 consolidated financial statements as at and for the year ended 31 December 2022.

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

E. Selected notes to the condensed interim consolidated financial statements

3 Seasonal operations

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

4 Segment and revenue information

The Group is organized into the following main business segments:

(a) Infrastructure Engineering

This relates to provision of a wide range of engineering services including repairs and maintenance of floating production platforms, onshore and offshore marine fabrications; and the production and supply of customised pedestal cranes and deck equipment.

(b) Corrosion Prevention

This relates to the provision of comprehensive corrosion protection services such as surface preparation and application of protective coatings as part of the marine and offshore energy sectors.

(c) Corporate Services

This relates to corporate administration and treasury related functions at Group level.

(d) Others

This relates to other non-core activities comprising vessel owning and freighting services.

These operating segments are reported in a manner consistent with internal reporting provided to Executive Committee who are responsible for allocating resources and assessing performance of the operating segments.

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments

	← Continuing Operations →					
	Infrastructure Engineering $'000	**Corrosion Prevention $'000**	**Corporate Services $'000**	**Others $'000**	**Total for Continuing Operations $'000**	**Total for Discontinued Operations $'000**
1 July 2023 to 31 December 2023						
Total segment sales	36,721	12,288	-	1	49,010	-
Inter-segment sales	(421)	(1,284)	-	-	(1,705)	-
Sales to external customers	36,300	11,004	-	1	47,305	-
Results:						
Segment results	13,125	921	(2,978)	(584)	10,484	-
Interest expense	(164)	(180)	(512)	-	(856)	-
Interest income	2	3	-	-	5	-
Profit/(loss) from operating segment	12,963	744	(3,490)	(584)	9,633	-
Income tax expense					(2,225)	-
Net profit					7,408	-
Profit attributable to non-controlling interests					3,130	-
					4,278	-
Net profit includes:						
- Depreciation of property, plant and equipment	639	495	167	54	1,355	-
- Credit loss allowance for non-trade receivables	100	-	47	-	147	-
- Credit loss allowance for contract assets	882	-	-	358	1,240	-

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

	← Continuing Operations →					
	Infrastructure Engineering $'000	**Corrosion Prevention $'000**	**Corporate Services $'000**	**Others $'000**	**Total for Continuing Operations $'000**	**Total for Discontinued Operations $'000**
1 July 2022 to 31 December 2022 (restated)						
Total segment sales	24,025	11,355	-	93	35,473	-
Inter-segment sales	(4,499)	(850)	-	(35)	(5,384)	-
Sales to external customers	19,526	10,505	-	58	30,089	-
Results:						
Segment results	3,770	1,723	(3,870)	(5,780)	(4,157)	(17,594)
Interest expense	(137)	(297)	(468)	(1)	(903)	(136)
Interest income	-	1	-	-	1	-
Profit/(loss) from operating segment	3,633	1,427	(4,338)	(5,781)	(5,059)	(17,730)
Income tax expense					(989)	-
Net loss					(6,048)	(17,730)
Profit/(loss) attributable to non-controlling interests					785	(3,600)
					(6,833)	(14,130)
Net loss includes:						
- Depreciation of property, plant and equipment	998	575	139	192	1,904	1,074
- Impairment of property, plant and equipment	-	-	-	449	449	5,830
- Credit loss allowance for non-trade receivables	1,017	-	-	-	1,017	-

Note:
The Group underwent corporate restructuring, exiting the Shipping segment following the discontinuation of the Cattle Line Business, and incorporating the Selling and Distribution business into the CP segment (Refer to Page 29 under point 2 (iv)). The Group also exited the business of supplying tin dredging equipment. IE and CP are now recognized as the Group's core business segments. Unallocated costs related to corporate administration and treasury functions have been reclassified to corporate services for improved clarity. As a result, the amount relating to the above changes was restated accordingly.

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

	← Continuing Operations →					
	Infrastructure Engineering $'000	**Corrosion Prevention $'000**	**Corporate Services $'000**	**Others $'000**	**Total for Continuing Operations $'000**	**Total for Discontinued Operations $'000**
1 January 2023 to 31 December 2023						
Total segment sales	57,436	24,177	-	83	81,696	-
Inter-segment sales	(410)	(2,091)	-	(33)	(2,534)	-
Sales to external customers	57,026	22,086	-	50	79,162	-
Results:						
Segment results	15,766	2,081	(4,317)	(916)	12,614	-
Interest expense	(309)	(480)	(1,015)	-	(1,804)	-
Interest income	2	6	-	-	8	-
Profit/(loss) from operating segment	15,459	1,607	(5,332)	(916)	10,818	-
Income tax expense					(2,901)	-
Net profit					7,917	-
Profit attributable to non-controlling interests					4,493	-
					3,424	-
Net profit includes:						
- Depreciation of property, plant and equipment	1,468	1,052	308	217	3,045	-
- Credit loss allowance for non-trade receivables	100	-	47	-	147	-
- Credit loss allowance for contract assets	882	-	-	358	1,240	-

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

	← Continuing Operations →					
	Infrastructure Engineering $'000	**Corrosion Prevention $'000**	**Corporate Services $'000**	**Others $'000**	**Total for Continuing Operations $'000**	**Total for Discontinued Operations $'000**
1 January 2022 to 31 December 2022 (Restated)						
Total segment sales	43,747	23,518	-	208	67,473	-
Inter-segment sales	(4,950)	(3,259)	-	(130)	(8,339)	-
Sales to external customers	38,797	20,259	-	78	59,134	-
Results:						
Segment results	4,398	2,908	(4,909)	(6,248)	(3,851)	(16,347)
Interest expense	(290)	(585)	(827)	-	(1,702)	(295)
Interest income	1	3	1	-	5	-
Profit/(loss) from operating segment	4,109	2,326	(5,735)	(6,248)	(5,548)	(16,642)
Income tax expense					(1,479)	-
Net loss					(7,027)	(16,642)
Profit/(loss) attributable to non-controlling interests					1,600	(3,439)
					(8,627)	(13,203)
Net loss includes:						
- Depreciation of property, plant and equipment	2,014	1,190	780	436	4,420	2,225
- Impairment of property, plant and equipment	-	-	-	449	449	5,830
- Credit loss allowance for non-trade receivables	1,017	-	-	-	1,017	-

Note:
The Group underwent corporate restructuring, exiting the Shipping segment following the discontinuation of the Cattle Line Business, and incorporating the Selling and Distribution business into the CP segment (Refer to Page 29 under point 2 (iv)).The Group also exited the business of supplying tin dredging equipment. IE and CP are now recognized as the Group's core business segments. Unallocated costs related to corporate administration and treasury functions have been reclassified to corporate services for improved clarity. As a result, the amount relating to the above changes was restated accordingly.

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

	Infrastructure Engineering $'000	Corrosion Prevention $'000	Corporate Services $'000	Others $'000	Total $'000
December 2023					
Other information					
Segment assets	41,584	13,430	5,714	2,273	63,001
Segment assets include:-					
Additions to: Property, plant and equipment	321	1,714	316	350	2,701
Segment liabilities	(15,373)	(18,112)	(16,867)	(798)	(51,150)

	Infrastructure Engineering $'000	Corrosion Prevention $'000	Corporate Services $'000	Others $'000	Total $'000
December 2022					
Other information					
Segment assets	39,868	12,570	1,215	3,734	57,387
Segment assets include:-					
Additions to: Property, plant and equipment	385	1,845	501	30	2,761
Segment liabilities	(16,542)	(15,025)	(20,646)	(198)	(52,411)

E. Selected notes to the condensed interim consolidated financial statements

4.2 Disaggregation of Revenue

	At a point in time $'000	Over time $'000	Total $'000
6 months ended 31 December 2023			
Infrastructure engineering			
- Singapore	-	9,790	9,790
- Asia	-	2,397	2,397
- Europe	2,919	20,781	23,700
- Middle East	-	413	413
	2,919	33,381	36,300
Corrosion prevention			
- Singapore	586	5,706	6,292
- Asia	165	4,547	4,712
	751	10,253	11,004
Others			
- Asia	-	1	1
Total	3,670	43,635	47,305

	At a point in time $'000	Over time $'000	Total $'000
6 months ended 31 December 2022			
Infrastructure engineering			
- Singapore	32	6,662	6,694
- Asia	-	1,387	1,387
- Europe	2,240	9,212	11,452
- Middle East	-	(114)	(114)
- Others	-	107	107
	2,272	17,254	19,526
Corrosion prevention			
- Singapore	1,460	6,713	8,173
- Asia	260	2,072	2,332
	1,720	8,785	10,505
Others			
- Asia	-	58	58
Total	3,992	26,097	30,089

E. Selected notes to the condensed interim consolidated financial statements

4.2 Disaggregation of Revenue (cont'd)

	At a point in time $'000	Over time $'000	Total $'000
12 months ended 31 December 2023			
Infrastructure engineering			
- Singapore	125	16,734	16,859
- Asia	722	4,255	4,977
- Europe	4,189	29,539	33,728
- Middle East	-	1,292	1,292
- Others	170	-	170
	5,206	51,820	57,026
Corrosion prevention			
- Singapore	2,249	12,696	14,945
- Asia	422	6,719	7,141
	2,671	19,415	22,086
Others			
- Asia	-	50	50
Total	7,877	71,285	79,162

	At a point in time $'000	Over time $'000	Total $'000
12 months ended 31 December 2022			
Infrastructure engineering			
- Singapore	38	13,830	13,868
- Asia	-	2,491	2,491
- Europe	2,879	17,927	20,806
- Middle East	-	1,508	1,508
- Others	-	124	124
	2,917	35,880	38,797
Corrosion prevention			
- Singapore	3,089	12,696	15,785
- Asia	270	4,204	4,474
	3,359	16,900	20,259
Others			
- Asia	-	78	78
Total	6,276	52,858	59,134

E. Selected notes to the condensed interim consolidated financial statements

4.2 Disaggregation of Revenue (cont'd)

A breakdown of Sales:

	Financial year ended 31 December 2023	Financial year ended 31 December 2022	Increase / (Decrease)	Increase / (Decrease)
	S$'000	S$'000	S$'000	%
Continuing Operations				
First Half				
Revenue	31,857	29,045	2,812	9.7%
Operating profit/(loss) after tax before deducting non-controlling interests	509	(979)	1,488	NM
Second Half				
Revenue	47,305	30,089	17,216	57.2%
Operating profit/(loss) after tax before deducting non-controlling interests	7,408	(6,048)	13,456	NM
Discontinued Operations				
First Half				
Operating profit after tax before deducting non-controlling interests	-	1,089	(1,089)	NM
Second Half				
Operating loss after tax before deducting non-controlling interests	-	(17,730)	17,730	NM

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 December 2023 and 31 December 2022:

	The Group		The Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Financial assets				
Cash and cash equivalents	12,186	6,712	4,577	211
Trade and other receivables	21,547	17,198	26,216	42,877
	33,733	23,910	30,793	43,088
Financial liabilities				
Borrowings	(14,141)	(22,191)	(8,634)	(12,878)
Trade and other payables	(34,655)	(28,721)	(24,704)	(32,850)
	(48,796)	(50,912)	(33,338)	(45,728)

E. Selected notes to the condensed interim consolidated financial statements

6. Profit/(loss) before income tax

6.1. Significant items

Profit/(loss) before income tax is derived after (debiting)/crediting the following: -

	The Group			
	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Income				
Government grants	61	207	371	941
Currency translation gain/(loss), net	(347)	131	(589)	409
Expense				
Credit loss allowance - trade receivable, net	(811)	(422)	(826)	(435)
Credit loss allowance - non-trade receivables	(147)	(1,017)	(147)	(1,017)
Credit loss allowance - contract assets	(1,240)	-	(1,240)	-
Gain/(loss) on disposal of property, plant and equipment	295	6	377	(81)
Property, plant and equipment written off	(5)	(45)	(16)	(45)
Gain on disposal of assets held for sale	6,257	-	6,257	-
Impairment loss on property, plant and equipment	-	(449)	-	(449)
Impairment loss on goodwill	-	(64)	-	(64)
Interest expense on borrowings	(856)	(903)	(1,804)	(1,702)
Depreciation of property, plant and equipment	(1,355)	(1,904)	(3,045)	(4,420)
Provision for financial guarantee	-	(2,025)	-	(2,025)
Provision for stock obsolescence	(857)	-	(857)	-
Inventories written off	(29)	-	(29)	-

6.2. Related party transactions

Other than disclosed elsewhere in the financial statements, transactions carried out with related parties in the normal course of business on terms agreed between the parties are as follows:

	The Group	
	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Loan from a related party	300	250
Repayment of loan to a related party	245	470
Purchase of material and/or services from related parties	5	20

During September 2023, Mr. Yong Jiunn Run ("Mr. Yong"), who is the Company's Chief Executive Officer extended two fresh loans amounting to S$100,000 and S$200,000 to the Company. The temporary bridging loan of S$100,000 was repaid on 15 September 2023; the S$200,000 is to be repaid over a 2-year period. Both loans are interest-free and unsecured. The purpose of the loan was to finance the Group's working capital requirements.

6.2. Related party transactions (cont'd)

During FY2023, total repayment of the loans from Mr. Yong was S$245,000 (FY2022: S$470,000).

The loans from Mr. Yong amounted to S$335,100 as at 31 December 2023 (31 December 2022: S$280,000) and was S$220,000 as at 30 June 2023 (30 June 2022: S$380,000).

Mr. Yong is an "interested person", and the loans are "interested person transactions" for the purposes of Chapter 9 of Mainboard Rules of the Singapore Exchange Securities Trading Limited. As all the loans that were extended are interest-free, there is no "value at risk" to the Group. These are not commercial loans and do not adversely affect the interest of minority shareholders.

7. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	The Group			
	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Current income tax expense	1,890	717	2,566	1,207
Deferred income tax expense relating to origination and reversal of temporary differences	335	272	335	272
	2,225	989	2,901	1,479

8. Discontinued operations

On 5 October 2022, the Group announced the discontinuation of its two livestock vessels. Subsequently, in November 2022, the Cattle Line Two Pte. Ltd. and its subsidiary (collectively known as the "CLT Group") received a winding-up application from the high Court of Singapore. Upon commencement of the winding-up process, the Group assessed that it no longer had control over the CLT Group.

Accordingly, the entire assets and liabilities related to the CLT Group were deconsolidated and the results for the current financial period was presented separately on the consolidated statement of comprehensive income as "Discontinued operations" during the year ended 31 December 2022. There was no financial impact for the year ended 31 December 2023 relating to CLT Group as per disclosures hereunder.

During January 2023, United Overseas Bank served a Notice of Event of Default pursuant to the Facility Agreements extended to CLT Group. As part of the measure to overcome the Event of Default in respect of the CLT Loan, the Company provided financial guarantee to the Bank for CLT Group.

During 2Q2023, the financial guarantee provided by the Company was paid and redeemed from the sale of the CLT vessels.

In the latest update received in January 2024 from the liquidator via email, it was communicated that they are finalising the winding-up process and will be sending updates to CLT's creditors in the coming months.

E. Selected notes to the condensed interim consolidated financial statements

8. Discontinued operations (cont'd)

(a) The results of the discontinued operations are as follows:

	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Revenue	-	-	-	-
Expenses	-	(1,647)	-	(2,833)
Impairment loss	-	(5,830)	-	(5,830)
Other gains, net	-	(127)	-	2,148
Loss before and after tax	-	(7,604)	-	(6,515)
Loss on deconsolidation	-	(10,127)	-	(10,127)
Loss from discontinued operations	-	(17,731)	-	(16,642)
Loss attributable to non-controlling interests	-	(3,600)	-	(3,439)
Loss attributable to equity holders of the Company	-	(14,131)	-	(13,203)

(b) The impact of the discontinued operations on the cash flows of the Group was as follows:

	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Operating cash inflows	-	1,378
Investing cash outflows	-	(21)
Financing cash outflows	-	(1,345)
Total cash inflows	-	12

(c) The effects of the loss from discontinued operations were as follows:

	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Depreciation	-	(1,074)	-	(2,225)
Interest expenses	-	(136)	-	(295)
Impairment loss on property, plant and equipment		(5,830)		(5,830)
Credit allowance – trade receivables	-	(84)	-	(84)
Recovery from insurance claims	-	1,152	-	2,377

E. Selected notes to the condensed interim consolidated financial statements

8. Discontinued operations (cont'd)

(d) Carrying amounts of net liabilities over which control was lost.

	31 December 2023 $'000	31 December 2022 $'000
Assets		
Cash and bank balances	-	18
Trade and other receivables	-	2,288
Inventories	-	5
Property, plant and equipment	-	8,098
Total assets	-	10,409
Liabilties		
Trade and other payables	-	(45,842)
Borrowings	-	(2,025)
Total liabilities	-	(47,867)
Net liabilities derecognised	-	(37,458)
Loss on deconsolidation		
Net liabilities derecognised (as above)	-	37,458
Non-controlling interest deregconised	-	(11,237)
Reclassification from currency translation reserve.		(408)
Impairment of receivables due from CLT Group	-	(35,940)
Loss on deconsolidation	-	(10,127)

The loss on disposal of the subsidiaries is recorded as part of the loss for the year from discontinued operations in the statement of profit or loss and other comprehensive income.

9. Net Asset Value

	The Group		The Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
Net assets value per ordinary share (cents)	4.79	3.08	1.23	1.46
No of shares	199,210,406	199,210,406	199,210,406	199,210,406

E. Selected notes to the condensed interim consolidated financial statements

10. Cash and cash equivalents

For the purpose of presenting the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	The Group	
	31 December 2023 $'000	31 December 2022 $'000
Cash and bank balances	12,186	6,712
Less: Bank overdrafts (Note 16)	(1,997)	(2,352)
Cash and cash equivalents per consolidated statement of cashflows	10,189	4,360

11. Trade and other receivables

	The Group		The Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Trade receivables				
- Subsidiary corporations	-	-	1,645	4,457
- Non-related parties	20,136	17,777	-	-
	20,136	17,777	1,645	4,457
Less: Loss allowance	(629)	(2,479)	(716)	(464)
Trade receivables - net	19,507	15,298	929	3,993
Non-trade receivables				
- Subsidiary corporations	-	-	50,320	59,889
- Non-related parties	554	280	211	9
	554	280	50,531	59,898
Less: Loss allowance				
- Subsidiary corporations	-	-	(25,373)	(21,166)
- Non-related parties	(47)	-	(47)	-
Non-trade receivables - net	507	280	25,111	38,732
Retentions	741	660	-	-
Deposits	792	960	176	152
Prepayments	287	399	17	4
	21,834	17,597	26,233	42,881

E. Selected notes to the condensed interim consolidated financial statements

11. Trade and other receivables (cont'd)

Ageing of net trade receivables as of 31 December 2023 and 31 December 2022 are as follow:

	The Group		
	31 December 2023 $'000	31 December 2022 $'000	Increase / (Decrease) $'000
Current	8,177	4,723	3,454
Less than 90 days	7,842	6,970	872
91 to 150 days	2,145	1,700	445
151 to 365 days	772	1,345	(573)
More than 365 days	571	560	11
	19,507	15,298	4,209

12. Assets held-for-sale

	The Group		The Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Beginning of financial year	-	-	-	-
Reclassified from property, plant and equipment (Note 13)	6,100	-	-	-
Disposal	(3,358)	-	-	-
End of financial year	2,742	-	-	-

(a) On 12 April 2023, the Group's wholly-owned subsidiary PT Nexus Engineering Indonesia entered into a Conditional Land Sale & Purchase Agreement with Oil States Industries (Asia) Pte. Ltd. for the sale of 90,000 square metres of land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia for a consideration of S$8.64 million.

(b) On 21 June 2023, the Group's wholly-owned subsidiary PT Nexus Engineering Indonesia entered into a term sheet with PT. Bukit Batu Mulia for the sale of a further 100,970 square metres of land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia for a consideration of S$9.97 million.

The sale was completed on 20 December 2023.

(c) On 26 June 2023, the Group's wholly-owned subsidiary PT Marina Shipping entered into a sale and purchase agreement with PT Pelayaran Sinar Varuna Sentosa for a second 1,700HP tugboat for a consideration of S$0.97 million.

As the proposed disposal of the above assets were expected to be completed within the next twelve months from the consolidated statement of financial position date, these assets were classified as "Assets held-for-sale".

The sale of the assets as set out in items (a) and (c) were completed in January 2024. Further details can be found in paragraph 18 relating to subsequent events.

E. Selected notes to the condensed interim consolidated financial statements

13. Property plant and equipment

	The Group		The Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Cost				
Beginning of financial year	67,882	126,820	1,843	5,561
Additions	2,701	2,761	316	501
Disposals	(3,907)	(1,108)	(90)	(159)
Written-off	(1,309)	(11,924)	(671)	(4,060)
Disposal of subsidiary	(194)	-	-	-
Reclassified to Assets held-for-sale (Note 12)	(13,114)	-	-	-
Transfer from a subsidiary corporation	-	-	2	-
Deconsolidation of subsidiary corporations	-	(47,966)	-	-
Currency translation differences	(22)	(701)	-	-
End of financial year	52,037	67,882	1,400	1,843
Accumulated depreciation				
Beginning of financial year	46,216	86,441	1,003	4,386
Depreciation charge	3,045	6,645	308	780
Impairment loss	-	6,279	-	-
Disposals	(2,581)	(709)	(20)	(102)
Written-off	(1,293)	(11,879)	(671)	(4,060)
Disposal of subsidiary	(154)	-	-	-
Reclassified to Assets held-for-sale (Note 12)	(7,014)	-	-	-
Deconsolidation of subsidiary corporations	-	(39,868)	-	-
Currency translation differences	(23)	(693)	-	-
End of financial year	38,196	46,216	620	1,004
Net carrying value				
End of financial year	13,841	21,666	780	839

E. Selected notes to the condensed interim consolidated financial statements

14. Trade and other payables

	The Group		The Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Current				
Trade payables				
- Related parties	-	9	-	-
- Non-related parties	7,087	9,334	141	113
	7,087	9,343	141	113
Non-trade payables				
- Subsidiary corporations	-	-	16,470	25,081
- Related party	335	280	335	280
- Non-related parties	10,369	7,641	3,545	4,052
	10,704	7,921	20,350	29,413
Accruals for operating expenses	9,308	7,176	4,213	3,324
Accruals for project expenses	5,440	4,281	-	-
	14,748	11,457	4,213	3,324
	32,539	28,721	24,704	32,850
Non-current				
Trade payables				
- Non-related parties	2,094	-	-	-
Non-trade payables				
- Non-related parties	22	-	-	-
	2,116	-	-	-
Total trade and other payables	34,655	28,721	24,704	32,850

15. Deferred income

	The Group		The Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Beginning of financial year	-	-	-	-
Rental	46	-	-	-
End of financial year	46	-	-	-

Rental represents cash received in advance for rental of workers' dormitory and is non-refundable.

E. Selected notes to the condensed interim consolidated financial statements

16. Borrowings

	The Group		The Company	
	31 December 2023 $'000	31 December 2022 $'000	31 December 2023 $'000	31 December 2022 $'000
Current				
Bank borrowings	5,587	10,931	2,362	4,756
Financial guarantee	-	2,025	-	2,025
Bank overdrafts	1,997	2,352	1,997	1,959
Bills payable	-	760	-	-
Bond	3,809	-	3,809	-
Lease liabilities	1,211	1,136	208	184
	12,604	17,204	8,376	8,924
Non-current				
Bank borrowings	305	508	-	-
Bond	-	3,679	-	3,679
Lease liabilities	1,232	800	258	275
	1,537	4,987	258	3,954
Total borrowings	14,141	22,191	8,634	12,878
Represented by:				
- Secured	803	2,005	292	275
- Unsecured	13,338	20,186	8,342	12,603
	14,141	22,191	8,634	12,878

Certain bank borrowings and credit facilities of the Group are secured over a leasehold land and building; and vessels.

The financial guarantee relates to the corporate guarantee provided by the Company to UOB under Cattle Line Two Pte Ltd. This guarantee was paid and redeemed from the sale of the CLT vessels during the financial year ended 31 December 2023.

The Bond bears a fixed interest rate of 9% per annum and the maturity date is 5 November 2024. Interest is payable semi-annually in arrears.

E. Selected notes to the condensed interim consolidated financial statements

17. Share Capital

17.1 Details of any changes in the company's share capital arising from rights issue, bonus issue, 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.

Ordinary share

	The Group and the Company			
	31 December 2023		31 December 2022	
	Numbers of shares	Amount	Numbers of shares	Amount
	$'000	$'000	$'000	$'000
Beginning of interim period	199,210	54,124	199,210	54,124
End of interim period	199,210	54,124	199,210	54,124

The Company's subsidiaries do not hold any shares in the Company as at 31 December 2023 and 31 December 2022.

Convertibles

The Company did not hold any outstanding convertibles as at 31 December 2023 and 31 December 2022.

Treasury Shares

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

17.2 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 immediate preceding year.

	The Group and the Company	
	31 December 2023	31 December 2022
Issued and fully paid	199,210,406	199,210,406

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

None.

E. Selected notes to the condensed interim consolidated financial statements

17. Share Capital (cont'd)

17.4 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

18. Subsequent Events

On 19 January 2024, the Group's wholly-owned subsidiary PT Marina Shipping has completed its sale of the second 1,700HP tugboat.

On 24 January 2024, the Group's wholly-owned subsidiary PT Nexus Engineering Indonesia has completed its sale of 90,000 square metres of land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia.

Other Information Required by Listing Rule

Appendix 7.2

OTHER INFORMATION

1. (a) Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed consolidated statements of financial position of Beng Kuang Marine Limited and its subsidiary corporations as at 31 December 2023 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the twelve-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

2. Review of performance of the Group

Condensed interim consolidated statement of profit or loss and other comprehensive income

(a) Revenue

	The Group					
	6 months ended 31 December 2023 S$'million	6 months ended 31 December 2022 S$'million	+/(-) %	12 months ended 31 December 2023 S$'million	12 months ended 31 December 2022 S$'million	+/(-) %
Revenue						
Infrastructure & Engineering ("IE")	36.31	19.53	85.9	57.02	38.80	47.0
Corrosion Prevention ("CP")	11.00	10.51	4.7	22.09	20.26	9.0
Others	-	0.05	NM	0.05	0.07	NM
	47.31	**30.09**	**57.2**	**79.16**	**59.13**	**33.9**

6 months ended 31 December 2023 or 2H2023

(i) On a half yearly basis, the Group's revenue increased by 57.2% or S$17.22 million from S$30.09 million in 2H2022 to S$47.31 million in 2H2023 mainly due to higher contribution from IE and CP segment.

(ii) The revenue contribution from the IE division experienced substantial 85.9% increase, amounting to S$16.78 million. This surge took the revenue from S$19.53 million in the 2H2022 to S$36.31 million in the 2H2023. The significant growth is primarily attributed to business expansion within the oil and gas sector, particularly in repairs and maintenance services for Floating Production Storage and Offloading (FPSO) and Floating Storage and Offloading (FSO) contracting. Additionally, the division saw increased project management services for both existing and new builds.

(iii) Revenue from the CP division, primarily recurring, grew by 4.7%, totaling S$0.49 million. The revenue increased from S$10.51 million in the 2H2022 to S$11.00 million in the 2H2023. Despite a decrease of S$1.01 million in demand for CP services in Singapore, this was compensated by a notable increase of S$2.47 million from Batam operations.

(iv) During 2H2023, the Group divested its wholly owned subsidiary, Picco Enterprise Pte. Ltd., which was operating under the Supply and Distribution (SD) division. Simultaneously, the Group restructured the supply of industrial hardware and personal protective equipment by integrating it as an internal procurement unit under the CP division. As a result of these strategic moves, the SD division is no longer considered a core business segment for the Group.

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2. Review of performance of the Group (cont'd)

Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

(a) Revenue (cont'd)

Full year ended 31 December 2023 or FY2023

(i) For the year-to-date performance ending 31 December 2023, the Group's revenue increased by 33.9% or S$20.03 million from S$59.13 million in FY2022 to S$79.16 million in FY2023, mainly driven by the strengthened performance of the core operating segments of IE and CP.

(ii) In fiscal year 2023, the Group's IE division experienced a significant revenue increase of 47.0%, amounting to S$18.22 million from S$38.80 million in FY2022 to S$57.02 million in FY2023. The key driver behind the growth was the successful expansion and penetration into the onshore and offshore energy value chain, particularly in oil and gas activities. The buoyant demand for Floating Production Storage and Offloading (FPSO) and Floating Storage and Offloading (FSO) services, including new building, contracting, and maintenance, contributed significantly to the division's increased revenue.

This transformation in the IE division played a crucial role in offsetting a decline in revenue of S$5.22 million associated with the strategic decision to cease steel fabrication activities in Singapore. Overall, the successful penetration allows the Group to focus on the energy value chain and exit non-performing operations.

(iii) Revenue from our CP division increased by 9.0% or S$1.83 million from S$20.26 million in FY2022 to S$22.09 million in FY2023 as the Group expanded its scope of services for Singapore and Batam to include rental of equipment and corrosion prevention of offshore wind farm projects.

(iv) The Group has subsumed the selling and distribution (SD) hardware business under CP segment and exited the shipping (SH) business. Both SD and SH will no longer be presented as core business segments and the comparative prior year figures were restated accordingly.

(b) Cost of sales/Gross Profit Margin

6 months ended 31 December 2023 & 2H2023

(i) The Group's cost of sales from Continuing Operations increased by 35.4% or S$8.05 million at S$30.78 million in 2H2023, which grew at a slower rate than the increase in revenue. Hence, gross profit increased by S$9.16 million to S$16.52 million for 2H2023 as compared to S$7.36 million for 2H2022 due to the following: -

- improved cost management and productivity through strategic initiatives, including a reduction in capital expenditure a transition towards an asset-light business model, and efficient resource allocation; and

- positive outcomes through the cessation of operations at the waterfront fabrication yard in Singapore, coupled with strategic exits or disposals of loss-making business operations. This eliminated underperforming segments and optimise the overall business portfolio, improving the Group's financial health and operational efficiency.

(ii) Reduction in depreciation expenses from continuing operations by S$0.54 million to S$1.36 million in 2H2023 from S$1.90 million in 2H2022, which is in tandem with the Group's strategy to continue to increase the operating efficiency and/or utilisation rate of our fixed assets.

2. Review of performance of the Group (cont'd)

Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

(b) Cost of sales/Gross Profit Margin (cont'd)

Full year ended 31 December 2023 or FY2023

In the financial year ending on 31 December 2023, the Group experienced a 16.4% increase in the cost of sales from Continuing Operations, reaching S$54.25 million. Despite this, the Gross Profit exhibited a substantial increase of S$12.39 million, totalling S$24.91 million for the same period in FY2023 due to stronger business momentum from IE in 2H2023.

Additionally, there was a notable reduction in depreciation expenses, decreasing by S$1.37 million to S$3.05 million in FY2023 compared to S$4.42 million in FY2022 due to transition to asset-light model. Overall, these financial indicators reflect effective cost management and improved profitability for the Group during the year.

(c) Other gains/(losses)

Other gains/(losses) comprise of the following: -

	The Group			
	6 months ended 31 December 2023 $'000	6 months ended 31 December 2022 $'000	12 months ended 31 December 2023 $'000	12 months ended 31 December 2022 $'000
Interest income from bank deposits	5	2	8	5
Government grants	61	207	371	941
Currency translation gain/(loss), net	(347)	131	(589)	409
Credit loss allowances - non-trade receivables	(147)	(1,017)	(147)	(1,017)
Credit loss allowances - contract assets	(1,240)	-	(1,240)	-
Gain/(loss) on disposal of property, plant and equiptment	295	6	377	(81)
Property, plant and equipment written off	(5)	(45)	(16)	(45)
Gain on disposal of assets held for sale	6,257	-	6,257	-
Impairment loss on property, plant and equipment	-	(449)	-	(449)
Impairment loss on goodwill	-	(64)	-	(64)
Provision for financial guarantee	-	(2,025)	-	(2,025)
Provision for stock obsolescence	(857)	-	(857)	-
Others	185	133	210	243
	4,207	(3,121)	4,374	(2,083)

2H2023 & FY2023

The Group reported Other Gains amounting to S$4.21 million in 2H2023, a reversal from the Other Losses of S$3.12 million in 2H2022. This positive shift was primarily driven by a one-off gain of S$6.26 million resulting from the disposal of assets held-for-sale during the 2H2023. Simultaneously, the Group recognized S$0.86 million on provision for stock obsolescence which was associated to the transition of supply and distribution of industrial hardware and equipment to non-core activities and an internal procurement arm. Additionally, there was a write-off of S$1.24 million on credit loss for contract assets related to discontinuation of berthing and repair services operated out of the Batam yard.

During FY2022, the Company incurred a financial guarantee expense of S$2.00 million relating to the corporate guarantee provided to UOB under the discontinued Cattle Line Two Pte Ltd. This was paid and redeemed from the sale of the CLT vessels by the Company in FY 2023.

2. Review of performance of the Group (cont'd)

Condensed interim consolidated statement of profit or loss and other comprehensive income (cont'd)

(d) Administrative expenses

2H2023 & FY2023

The increase in the Group's administrative expenses for 2H2023 and FY2023 was attributable to higher salaries, bonuses and other personnel related expenses in tandem with the improved performance and business expansion.

(e) Finance cost

2H2023 & FY2023

Despite reduction in bank borrowings through deleveraging initiatives, the interest expense on borrowings from Continuing Operations increased by 6.0%, equivalent to S$102,000. The interest expense increased from S$1.70 million in FY2022 to S$1.80 million in FY2023, primarily attributed to a higher interest rate environment.

(f) Profit / (Loss) attributable to Owners of the Company

2H2023 & FY2023

The Group registered a stronger operating performance in 2H2023 coupled with Other Gains resulting in turnaround to net profit attributable to shareholders of S$4.28 million in 2H2023 and S$3.42 million in FY2023, as compared to a net loss on Continuing Operations attributable to shareholders of S$6.83 million in 2H2022 and S$8.63 million in FY2022 respectively. The improved performance for 2H2023 was mainly due to: -

(i) improved and positive contributions from IE and CP activities.

(ii) Other Gains from the disposal of asset held-for-sale of S$6.26 million upon completion of sale of 100,970 square metres land forming part of the Group's 328,956 square metre waterfront fabrication yard in Batam, Indonesia on 20 December 2023.

(iii) Strategic initiatives undertaken to exit and dispose loss-making business operations. This eliminated underperforming segments and optimise the overall business portfolio, improving the Group's financial health and operational efficiency.

(g) EBITDA

	The Group	
	12 months ended 31 December 2023 $'000	**12 months ended 31 December 2022 $'000**
Net profit	7,917	(23,669)
Add: Income tax expense	2,901	1,479
Add: Interest expense	1,804	1,997
Add: Depreciation of property, plant and equipment	3,045	6,645
EBITDA	15,667	(13,548)

The Group generated positive EBITDA of S$15.67 million for FY2023, primarily due to turnaround of business operations from net loss to net profit.

2. Review of performance of the Group (cont'd)

Condensed interim consolidated cashflow statement

There was a net cash inflow generated from operating activities of S$5.95 million in FY2023.

Net cash inflow generated from investing activities was S$10.33 million in FY2023 mainly due to the proceeds on completion of sale of 100,970 square metres land; and proceeds from disposal for one 1,700hp tugboat.

Net cash used in financing activities was S$10.42 million in FY2023. This was mainly due to S$7.35 million net repayment of bank loans; S$1.23 million on payment of lease liabilities; and S$0.76 million on bills payable; and S$1.0 million on profit making subsidiary declaring and issued dividends to non-controlling interests.

As a result of the above, the Group registered a net increase in cash and cash equivalent of approximately S$5.85 million for FY2023.

Condensed interim statements of financial position

Group

Non-current assets

The Group's non-current assets decreased by S$8.16 million to S$14.18 million as at 31 December 2023 due mainly to the following: -

(i) Reclassification of Assets held-for-sale of S$6.10 million from the partial disposal of 90,000 square metres and 100,970 square metres waterfront land in Batam, Indonesia; and the second tugboat.

(ii) disposal of S$0.96 million on a tugboat; and

(iii) depreciation expenses of S$3.05 million.

(iv) additional capital expenditure for S$2.70 million on tools & equipment; computers; motor vehicles and right-of-use assets acquired under leasing arrangement.

Current assets

The Group's current assets increased by S$13.78 million to S$48.82 million as at 31 December 2023, which was mainly due the following:-

(i) reclassification of non-current assets classified as held-for-sale on the proposed partial disposal of 90,000 square metres land of the waterfront yard in Batam and a tugboat amounting to of $2.74 million;

(ii) sale proceeds of S$9.61 million from disposal of 100,970 square metres waterfront yard in Batam, Indonesia;

(iii) inventories decreased by S$1.44 million due to provision for stock obsolescence S$0.86 million; and

(iv) trade receivables and contract assets increased by S$4.24 million and S$2.77 million respectively in tandem with the increase in business activities for the year ended 31 December 2023.

2. Review of performance of the Group (cont'd)

Condensed interim statements of financial position (cont'd)

Group (cont'd)

Current assets (cont'd)

The trade receivables (net of credit loss allowances) for 151 to 365 days and more than 365 days has decreased by S$0.56 million from S$1.91 million as at 31 Dec 2022 to S$1.34 million as at 31 December 2023 and the Group will continue to closely monitor the collectability of such trade receivables. Notably, trade receivables below 90 days constituted to 82.1% of total trade debts as at 31 December 2023 (31 December 2022: 76.4%).

In addition, the Group carries out credit risk assessment on its trade receivables on a quarterly basis. As and when trade receivables are deemed uncollectable, the Company will provide the necessary credit loss allowance. The Group has credit loss allowances amounting to S$0.63 million as of 31 December 2023 (31 December 2022: S$2.48 million). The credit loss allowances were primarily attributable to the deteriorating financial performance of our trade debtors.

Current liabilities

The Group's current liabilities marginally changed at S$47.49 million as at 31 December 2023, as compared to S$47.41 as at 31 December 2022. This was due to reduction in borrowings by S$4.60 million, which stood at S$12.60 million as at 31 December 2023 (S$17.20 million as at 31 December 2022). Conversely, trade and other payables increased by S$3.82 million due to increased business activities for the FY2023.

Net current assets/liabilities

As of 31 December 2023, the Group reported net current assets of S$1.33 million, a significant reversal from net current liabilities of S$12.37 million recorded on 31 December 2022. This turnaround was attributed to the monetisation of non-current assets and enhanced business performance during the financial year 2023.

Non-current liabilities

The Group's non-current liabilities decreased from S$5.00 million as at 31 December 2022 to S$3.66 million as at 31 December 2023 was primarily due to:-

(i) Bond which will be maturing on 5 November 2024, being reclassified to current liabilities; and

(ii) Offset by extension of repayment terms to more than one year in relation to liabilities owed to certain non-related creditors.

Company

Non-current assets

The Company's non-current assets decreased by S$0.58 million to S$4.97 million as at 31 December 2023. The decrease was due to S$0.52 million impairment charge on the investments of two dormant subsidiaries where the recoverable amount of the subsidiaries were lower than the cost of investment.

Current assets

The Company's current assets decreased by S$12.28 million to S$30.81 million as at 31 December 2023, which was mainly due to the reduction of S$16.65 million in trade and other receivables from subsidiary corporations.

2. Review of performance of the Group (cont'd)

Condensed interim statements of financial position (cont'd)

Company (cont'd)

Current liabilities

The Company's current liabilities decreased by S$8.70 million to S$33.08 million as at 31 December 2023 was mainly due to: -

(i) Trade and other payables to subsidiary corporations decreased by S$8.15 million.

(ii) borrowings decreased by S$0.55 million

Non-current liabilities

The Company's non-current liabilities decreased by S$3.70 million to S$0.26 million as at 31 December 2023 due to Bond which will be maturing on 5 November 2024, being reclassified to current liabilities.

3. 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 has been previously disclosed to shareholders.

4. 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 expects to sustain its business momentum under the restructured IE division, focusing on oil and gas sector as well as geographical diversification. However, this may be tempered by geopolitical risks and uncertainties in the global economic conditions. Despite these challenges, the Group remains agile and proactive, aiming to navigate uncertainties while leveraging its strengths to capitalise on growth opportunities within the revamped IE division. This approach reflects a balanced and strategic outlook as the Group aims for sustainable and resilient business operations.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?
None.

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None.

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

No dividend is declared or recommended for the period under review as the Company continues to deleverage and require funds for general working capital for increase in business activities.

7. Interested person transactions

Other than disclosed in notes 6.2 on related party transactions from the selected notes to the condensed interim consolidated financial statements, there are no other interested parties transaction to disclose.

The Group has not obtained a general mandate from shareholders of the Company for Interested Person Transactions.

8. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

9. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below.

Name	Age	Family Relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Chua Beng Hock	60	Brother of Chua Beng Yong (Executive Chairman) and Chua Meng Hua (Executive Director)	Current Position: Group Chief Operating Officer & Chief Executive Officer, Corrosion Prevention Division Duties: Assisting Group Chief Executive Officer to formulate the group's strategic initiatives and enhance operational efficiency within its business units, thereby creating more growth momentum, overseeing the group's business divisions particularly in the Corrosion Prevention Division, including developing and steering plans, directions in the marketing, business development and operations aspects. Position first held in: 2022 Year of employment: Since 1990.	Changes in duties: Yes as described under column; Current position and duties, and the year the position was held Changes in position: Yes promoted from Deputy Chief Operating Officer to Group Chief Operating Officer & Chief Executive Officer, Corrosion Prevention Division

BY ORDER OF THE BOARD

Chua Beng Yong
Executive Chairman

Chua Meng Hua
Executive Director

Singapore
27 February 2024