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BENG KUANG GROUP

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

**UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2024**

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Beng Kuang Marine Limited and its Subsidiary Corporations

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

	Note	Group		+ / (-) %
		6 months ended 30 June 2024 \$'000	6 months ended 30 June 2023 \$'000	
Revenue	4	59,920	31,857	88.1%
Cost of sales		(38,664)	(23,469)	64.7%
Gross profit		21,256	8,388	153.4%
Other gains – net		7,263	167	NM
Expenses				
- Administrative		(11,025)	(6,422)	71.7%
- Finance		(451)	(948)	(52.4%)
Profit before income tax	6	17,043	1,185	NM
Income tax expense	7	(2,660)	(676)	293.5%
Net profit		14,383	509	NM
Other comprehensive income/(loss), net of tax:				
<u>Items that may be reclassified subsequently to profit or loss:</u>				
Currency translation differences arising from consolidation – income/(losses)		(185)	271	NM
<u>Items that will not be reclassified subsequently to profit or loss:</u>				
Currency translation differences arising from consolidation – income/(losses)		(42)	58	NM
Other comprehensive income/(losses)		(227)	329	NM
Total comprehensive income/(loss)		14,156	838	NM
Profit/(loss) attributable to:				
Equity holders of the Company		8,566	(854)	NM
Non-controlling interests		5,817	1,363	326.8%
		14,383	509	NM
Total comprehensive income/(loss) attributable to:				
Equity holders of the Company		8,381	(583)	NM
Non-controlling interests		5,775	1,421	306.4%
		14,156	838	NM
Earnings/(loss) per share attributable to equity holders of the Company (cents per share)				
Basic earnings/(loss) per share		4.30	(0.43)	NM
Diluted earnings/(loss) per share		4.30	(0.43)	NM

NM - Not meaningful

Beng Kuang Marine Limited and its Subsidiary Corporations

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2024 \$'000	30 December 2023 \$'000	30 June 2024 \$'000	30 December 2023 \$'000
ASSETS					
Current assets					
Cash and cash equivalents	9	19,285	12,186	1,580	4,577
Trade and other receivables	10	23,462	21,834	20,146	26,233
Contract assets		12,749	10,070	-	-
Inventories		1,181	1,987	-	-
		<u>56,677</u>	<u>46,077</u>	<u>21,726</u>	<u>30,810</u>
Assets of disposal group	11	-	2,742	-	-
		<u>56,677</u>	<u>48,819</u>	<u>21,726</u>	<u>30,810</u>
Non-current assets					
Investments in subsidiary		-	-	4,190	4,190
Investment properties	12	1,587	-	-	-
Property, plant and equipment	13	11,171	13,841	851	780
Deferred income tax assets		341	341	-	-
		<u>13,099</u>	<u>14,182</u>	<u>5,041</u>	<u>4,970</u>
Total assets		<u>69,776</u>	<u>63,001</u>	<u>26,767</u>	<u>35,780</u>
LIABILITIES					
Current liabilities					
Trade and other payables	14	32,827	32,540	21,069	24,704
Contract liabilities		56	-	-	-
Deferred income	15	41	46	-	-
Current income tax liabilities		3,768	2,300	-	-
Borrowings	16	7,526	12,603	4,039	8,376
		<u>44,218</u>	<u>47,489</u>	<u>25,108</u>	<u>33,080</u>
Non-current liabilities					
Trade and other payables	14	961	2,116	-	-
Borrowings	16	1,042	1,537	261	258
Deferred income tax liabilities		8	8	-	-
		<u>2,011</u>	<u>3,661</u>	<u>261</u>	<u>258</u>
Total liabilities		<u>46,229</u>	<u>51,150</u>	<u>25,369</u>	<u>33,338</u>
NET ASSETS		<u>23,547</u>	<u>11,851</u>	<u>1,398</u>	<u>2,442</u>
EQUITY					
Capital and reserves attributable					
Share capital	17	54,124	54,124	54,124	54,124
Other reserves		(2,132)	(1,952)	-	-
Accumulated losses		(34,070)	(42,636)	(52,726)	(51,682)
		<u>17,922</u>	<u>9,536</u>	<u>1,398</u>	<u>2,442</u>
Non-controlling interests		5,625	2,315	-	-
Total equity		<u>23,547</u>	<u>11,851</u>	<u>1,398</u>	<u>2,442</u>

Beng Kuang Marine Limited and its Subsidiary Corporations

C. Condensed interim statements of changes in equity

The Group	← Attributable to equity holders of the Company →			Total \$'000	Non- controlling interests \$'000	Total \$'000
	Share capital \$'000	Accumulated losses \$'000	Other reserves \$'000			
	2024					
Balance at 1 January 2024	54,124	(42,636)	(1,952)	9,536	2,315	11,851
Profit for the financial period	-	8,566	-	8,566	5,817	14,383
Other comprehensive loss for the financial period	-	-	(185)	(185)	(42)	(227)
Acquisition of additional equity interest in subsidiary corporation	-	-	5	5	(505)	(500)
Dividend paid to non-controlling interests	-	-	-	-	(1,960)	(1,960)
Balance as at 30 June 2024	54,124	(34,070)	(2,132)	17,922	5,625	23,547
2023						
Balance at 1 January 2023	54,124	(46,060)	(1,920)	6,144	(1,168)	4,976
Profit/(loss) for the financial period	-	(854)	-	(854)	1,363	509
Other comprehensive income for the financial period	-	-	271	271	58	329
Dividend paid to non-controlling interests	-	-	-	-	(1,000)	(1,000)
Balance as at 30 June 2023	54,124	(46,914)	(1,649)	5,561	(747)	4,814

C. Condensed interim statements of changes in equity

The Company	Share capital \$'000	Accumulated losses \$'000	Total Equity \$'000
2024			
Balance at 1 January 2024	54,124	(51,682)	2,442
Loss for the financial period	-	(1,044)	(1,044)
Balance as at 30 June 2024	<u>54,124</u>	<u>(52,726)</u>	<u>1,398</u>
2023			
Balance at 1 January 2023	54,124	(51,213)	2,911
Loss for the financial period	-	(295)	(295)
Balance as at 30 June 2023	<u>54,124</u>	<u>(51,508)</u>	<u>2,616</u>

Beng Kuang Marine Limited and its Subsidiary Corporations

D. Condensed interim consolidated statements of cash flows

	Note	The Group	
		6 months ended 30 June 2024 \$'000	6 months ended 30 June 2023 \$'000
Cash flows from operating activities			
Net profit		14,383	509
<i>Adjustments for:</i>			
Credit loss (write back)/allowance - trade receivable, net	6	(331)	15
Gain on disposal of property, plant and equipment	6	(17)	(82)
Property, plant and equipment written off	6	10	11
Gain on disposal and remeasurement of disposal group, net		(5,511)	-
Interest income		(22)	(3)
Interest expense	6	451	948
Income tax expense		2,660	676
Depreciation of investment properties	6	97	-
Depreciation of property, plant and equipment	6	1,393	1,690
Unrealised currency translation differences		(978)	271
		<u>12,135</u>	<u>4,035</u>
<i>Change in working capital</i>			
Inventories		(24)	315
Contract assets		(2,680)	(648)
Trade and other receivables		(1,339)	(87)
Trade and other payables		(869)	2,085
Contract liabilities		56	123
Deferred incomes		(5)	-
Cash generated from operations		<u>7,274</u>	<u>5,823</u>
Interest received		22	3
Interest paid		(145)	(356)
Income tax paid		(1,192)	(902)
Net cash generated from operating activities		<u>5,959</u>	<u>4,568</u>
Cash flows from investing activities			
Additions to property, plant and equipment		(426)	(535)
Proceeds from disposal of property, plant and equipment		24	1,290
Acquisition of non-controlling interests		(500)	-
Net cash inflow from sale of disposal group		9,334	-
Net cash generated from investing activities		<u>8,432</u>	<u>755</u>
Cash flows from financing activities			
Repayment of borrowings, net		(3,207)	(3,420)
Principal payment of lease liabilities		(684)	(579)
Repayment of bills payable		-	(332)
Interest paid		(306)	(693)
Dividend paid to non-controlling interests		(1,960)	(1,000)
Net cash used in financing activities		<u>(6,157)</u>	<u>(6,024)</u>
Net increase/(decrease) in cash and cash equivalents		8,234	(701)
Cash and cash equivalents			
Beginning of financial period		9,889	4,360
Effects of currency translation on cash and cash equivalents		862	17
End of financial period		<u>18,985</u>	<u>3,676</u>

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 six months ended 30 June 2024 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are investment holding and provision of corporate services. The principal activities of the subsidiaries are provision of infrastructure engineering services and corrosion prevention services for the marine and offshore energy sectors.

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2024 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 2023.

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.

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 2023.

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

	Infrastructure \$'000	Corrosion Prevention \$'000	Corporate Services \$'000	Others \$'000	Total \$'000
<u>1 January 2024 to 30 June 2024</u>					
Total segment sales	50,219	11,090	-	-	61,309
Inter-segment sales	(105)	(1,284)	-	-	(1,389)
Sales to external customers	<u>50,114</u>	<u>9,806</u>	<u>-</u>	<u>-</u>	<u>59,920</u>
Results:					
Segment results	19,964	1,388	(3,785)	(95)	17,472
Interest expense	(130)	(120)	(201)	-	(451)
Interest income	17	5	-	-	22
Profit/(loss) from operating segment	<u>19,851</u>	<u>1,273</u>	<u>(3,986)</u>	<u>(95)</u>	<u>17,043</u>
Income tax expense					<u>(2,660)</u>
Net profit					14,383
Profit attributable to non-controlling interests					<u>5,817</u>
					<u>8,566</u>
Net profit includes:					
- Depreciation of investment properties	97	-	-	-	97
- Depreciation of property, plant and equipment	561	589	179	64	1,393
Other information					
Segment assets	<u>53,474</u>	<u>12,530</u>	<u>2,501</u>	<u>1,271</u>	<u>69,776</u>
Segment assets include:-					
Additions to: Property, plant and equipment	308	155	250	-	713
Segment liabilities	<u>(19,788)</u>	<u>(13,949)</u>	<u>(12,422)</u>	<u>(70)</u>	<u>(46,229)</u>

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
1 January 2023 to 30 June 2023					
Total segment sales	20,715	11,889	-	82	32,686
Inter-segment sales	11	(807)	-	(33)	(829)
Sales to external customers	<u>20,726</u>	<u>11,082</u>	<u>-</u>	<u>49</u>	<u>31,857</u>
Results:					
Segment results	2,641	1,160	(1,339)	(332)	2,130
Interest expense	(145)	(300)	(503)	-	(948)
Interest income	-	3	-	-	3
Profit/(loss) from operating segment	<u>2,496</u>	<u>863</u>	<u>(1,842)</u>	<u>(332)</u>	<u>1,185</u>
Income tax expense					<u>(676)</u>
Net profit					509
Profit attributable to non-controlling interests					<u>(1,363)</u>
					<u>1,872</u>
Net profit includes:					
- Depreciation of property, plant and equipment	829	557	141	#REF!	#REF!
Other information					
Segment assets	<u>37,195</u>	<u>13,806</u>	<u>1,469</u>	<u>2,504</u>	<u>54,974</u>
Segment assets include:-					
Additions to: Property, plant and equipment	91	240	316	-	647
Segment liabilities	<u>(15,034)</u>	<u>(17,643)</u>	<u>(16,795)</u>	<u>(689)</u>	<u>(50,161)</u>

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
<u>6 months ended 30 June 2024</u>			
Infrastructure engineering			
- Singapore	186	12,071	12,257
- Asia	485	1,383	1,868
- Europe	2,124	33,832	35,956
- Middle East	-	24	24
- Others	9	-	9
	2,804	47,310	50,114
Corrosion prevention			
- Singapore	316	5,963	6,279
- Asia	318	3,209	3,527
	634	9,172	9,806
Total	3,438	56,482	59,920

	At a point in time \$'000	Over time \$'000	Total \$'000
<u>6 months ended 30 June 2023</u>			
Infrastructure engineering			
- Singapore	286	6,784	7,070
- Asia	829	1,751	2,580
- Europe	1,270	8,700	9,970
- Middle East	-	879	879
- Others	170	58	228
	2,555	18,172	20,727
Corrosion prevention			
- Singapore	1,663	6,990	8,653
- Asia	257	2,171	2,428
	1,920	9,161	11,081
Others			
- Asia	-	49	49
Total	4,475	27,382	31,857

E. Selected notes to the condensed interim consolidated financial statements

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2024 and 31 December 2023:

	The Group		The Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Financial assets				
Cash and cash equivalents	19,285	12,186	1,580	4,577
Trade and other receivables	22,893	21,547	20,124	26,216
	<u>42,178</u>	<u>33,733</u>	<u>21,704</u>	<u>30,793</u>
Financial liabilities				
Borrowings	(8,568)	(14,140)	(4,300)	(8,634)
Trade and other payables	(33,788)	(32,856)	(21,069)	(24,704)
	<u>(42,357)</u>	<u>(46,996)</u>	<u>(25,369)</u>	<u>(33,338)</u>

6. Profit before income tax

6.1. Significant items

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

	The Group	
	6 months ended 30 June 2024 \$'000	6 months ended 30 June 2023 \$'000
Income		
Government grants	152	310
Currency exchange gains/(losses), net	629	(242)
Rental income from investment properties	822	-
Expense		
Interest expense on borrowings	(451)	(948)
Gain on disposal of property, plant and equipment	17	82
Gain on disposal and remeasurement of disposal group, net	5,511	-
Property, plant and equipment written off	(10)	(11)
Depreciation of investment properties	(97)	-
Depreciation of property, plant and equipment	(1,393)	(1,690)
Credit loss write back/(allowance) - trade receivable, net	331	(15)

E. Selected notes to the condensed interim consolidated financial statements

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	
	6 months ended 30 June 2024 \$'000	6 months ended 30 June 2023 \$'000
Repayment of loan to a related party	210	60
Purchase of material and/or services from related parties	3	2
	<u>213</u>	<u>62</u>

Mr. Yong Jiunn Run (“Mr. Yong”), who is the Company’s Chief Executive Officer extended loans to the Company. The loans are interest-free and unsecured. The purpose of the loan was to finance the Group’s working capital requirements.

During 1H2024, the total repayment of the loans from Mr. Yong was S\$209,800. (1H2023: S\$60,000)

The loans from Mr. Yong amounted to S\$125,300 as at 30 June 2024. (31 December 2023: S\$335,100)

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 30 June 2024 \$'000	6 months ended 30 June 2024 \$'000
Current income tax expense	<u>(2,660)</u>	<u>(676)</u>

E. Selected notes to the condensed interim consolidated financial statements

8. Net Asset Value

	The Group		The Company	
	30 June 2024	31 December 2023	30 June 2024	31 December 2023
Net assets value per ordinary share (cents)	9.00	4.79	0.70	1.23
No of shares	199,210,406	199,210,406	199,210,406	199,210,406

9. Cash and cash equivalents

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

	The Group	
	30 June 2024	31 December 2023
	\$'000	\$'000
Cash and bank balances	18,987	12,186
Short-term bank deposits	298	-
Less: Bank overdrafts (Note 16)	-	(1,997)
Less: Bank deposit restricted for use	(300)	(300)
Cash and cash equivalents per consolidated statement of cashflows	18,985	9,889

E. Selected notes to the condensed interim consolidated financial statements

10. Trade and other receivables

	The Group		The Company	
	30	31	30	31
	June	December	June	December
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Trade receivables				
- Subsidiary corporations	-	-	1,005	1,645
- Non-related parties	22,056	20,136	25	-
	22,056	20,136	1,030	1,645
Less: Loss allowance	(291)	(629)	-	(716)
Trade receivables - net	21,765	19,507	1,030	929
Non-trade receivables				
- Subsidiary corporations	-	-	19,547	50,320
- Non-related parties	111	554	47	210
	111	554	19,594	50,530
Less: Loss allowance				
- Subsidiary corporations	-	-	(500)	(25,373)
- Non-related parties	(47)	(47)	(47)	(47)
Non-trade receivables - net	64	507	19,047	25,110
Retentions	677	740	-	-
Deposits	387	793	47	177
Prepayments	569	287	22	17
	23,462	21,834	20,146	26,233

Ageing of net trade receivables as of 30 June 2024 and 31 December 2023 are as follow: -

	The Group		
	30 June	31	Increase /
	2024	December	
	\$'000	2023	\$'000
Current	11,221	8,177	3,044
Less than 90 days	6,322	7,842	(1,520)
91 to 150 days	2,525	2,145	380
151 to 365 days	1,342	772	570
More than 365 days	355	571	(216)
	21,765	19,507	2,258

E. Selected notes to the condensed interim consolidated financial statements

11. Non-current Assets reclassified as Held-For-Sale

	The Group		The Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
Beginning of financial year	2,742	-	-	-
Reclassified from inventories	830	857	-	-
Reclassified from property, plant and equipment (Note 13)	247	6,100	-	-
Disposal	(2,742)	(3,358)	-	-
Loss on remeasurement to fair value less cost to sell	(1,077)	(857)	-	-
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. The disposal was completed on 24 January 2024, with gain on disposal of S\$5.53 million.
- (b) 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. The disposal was completed at 19 January 2024, with a loss of S\$0.02 million.

E. Selected notes to the condensed interim consolidated financial statements

12. Investment properties

	The Group	
	30	31
	June	December
	2024	2023
	\$'000	\$'000
Cost		
Beginning of financial period	-	-
Transfer from property, plant and equipment (Note 13)	1,683	-
End of financial period	<u>1,683</u>	<u>-</u>
Accumulated depreciation		
Beginning of financial period	-	-
Depreciation charge	97	-
End of financial period	<u>97</u>	<u>-</u>
Net carrying value		
End of financial period	<u>1,587</u>	<u>-</u>

Investment properties include those land parcels of the Batam shipyard that are held for long-term rental incomes and/or for capital appreciation.

13. Property plant and equipment

	The Group		The Company	
	30	31	30	31
	June	December	June	December
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Cost				
Beginning of financial period	52,037	67,882	1,400	1,843
Additions	713	2,701	250	316
Disposals	(1,087)	(3,907)	-	(90)
Written-off	(1,806)	(1,309)	(3)	(671)
Disposal of subsidiary	-	(194)	-	-
Reclassified to Assets held-for-sale (Note 11)	(639)	(13,114)	-	-
Transfer to investment properties (Note 12)	(3,583)	-	-	-
Transfer from a subsidiary corporation	-	-	-	2
Currency translation differences	(167)	(22)	-	-
End of financial period	<u>45,468</u>	<u>52,037</u>	<u>1,647</u>	<u>1,400</u>
Accumulated depreciation				
Beginning of financial period	38,196	46,216	620	1,003
Depreciation charge	1,393	3,045	179	308
Disposals	(1,080)	(2,581)	-	(20)
Written-off	(1,796)	(1,293)	(3)	(671)
Transfer to investment properties (Note 12)	(1,900)	-	-	-
Disposal of subsidiary	-	(154)	-	-
Reclassified to Assets held-for-sale (Note 11)	(392)	(7,014)	-	-
Currency translation differences	(124)	(23)	-	-
End of financial period	<u>34,297</u>	<u>38,196</u>	<u>796</u>	<u>620</u>
Net carrying value				
End of financial period	<u>11,171</u>	<u>13,841</u>	<u>851</u>	<u>780</u>

E. Selected notes to the condensed interim consolidated financial statements

14. Trade and other payables

	The Group		The Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
<i>Current</i>				
Trade payables				
- Non-related parties	7,103	7,087	81	141
	<u>7,103</u>	<u>7,087</u>	<u>81</u>	<u>141</u>
Non-trade payables				
- Subsidiary corporations	-	-	12,923	16,470
- Related party	125	335	125	335
- Non-related parties	5,681	8,569	3,806	3,545
	<u>5,806</u>	<u>8,904</u>	<u>16,854</u>	<u>20,350</u>
Accruals for operating expenses	11,320	9,308	4,134	4,213
Accruals for project expenses	8,598	5,440	-	-
Advances from sale of disposal group	-	1,800	-	-
	<u>19,918</u>	<u>16,548</u>	<u>4,134</u>	<u>4,213</u>
	<u>32,827</u>	<u>32,539</u>	<u>21,069</u>	<u>24,704</u>
<i>Non-current</i>				
Trade payables				
- Non-related parties	961	2,094	-	-
Non-trade payables				
- Non-related parties	-	22	-	-
	<u>961</u>	<u>2,116</u>	<u>-</u>	<u>-</u>
Total trade and other payables	<u>33,788</u>	<u>34,655</u>	<u>21,069</u>	<u>24,704</u>

E. Selected notes to the condensed interim consolidated financial statements

15. Deferred income

	The Group		The Company	
	30 June 2024 \$'000	31 December 2022 \$'000	30 June 2023 \$'000	31 December 2022 \$'000
Beginning of financial year	46	-	-	-
Rental	-	46	-	-
Amortisation	(5)	-	-	-
End of financial period	<u>41</u>	<u>46</u>	<u>-</u>	<u>-</u>

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

16. Borrowings

	The Group		The Company	
	30 June 2024 \$'000	31 December 2023 \$'000	30 June 2024 \$'000	31 December 2023 \$'000
<i>Current</i>				
Bank borrowings	2,480	5,586	-	2,362
Bank overdrafts (Note 9)	-	1,997	-	1,997
Bond	3,856	3,809	3,856	3,809
Lease liabilities	1,190	1,211	183	208
	<u>7,526</u>	<u>12,603</u>	<u>4,039</u>	<u>8,376</u>
<i>Non-current</i>				
Bank borrowings	203	305	-	-
Lease liabilities	839	1,232	261	258
	<u>1,042</u>	<u>1,537</u>	<u>261</u>	<u>258</u>
Total borrowings	<u>8,568</u>	<u>14,140</u>	<u>4,300</u>	<u>8,634</u>
Represented by:				
- Secured	2,890	3,601	350	292
- Unsecured	5,678	10,539	3,950	8,342
	<u>8,568</u>	<u>14,140</u>	<u>4,300</u>	<u>8,634</u>

E. Selected notes to the condensed interim consolidated financial statements

16. Borrowings (cont'd)

Certain bank borrowings and credit facilities of the Group are secured over floating charge over trade receivables and motor vehicles.

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.

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			
	30 June 2024		31 December 2023	
	Numbers of \$'000	Amount \$'000	Numbers of \$'000	Amount \$'000
Beginning of interim period	199,210	54,124	199,210	54,124
End of interim period	<u>199,210</u>	<u>54,124</u>	<u>199,210</u>	<u>54,124</u>

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2024 and 31 December 2023.

Convertibles

The Company did not hold any outstanding convertibles as at 30 June 2024 and 30 June 2023.

Treasury Shares

The Company did not hold any treasury shares as at 30 June 2024 and 30 June 2023.

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	
	30 June 2024	31 December 2023
Issued and fully paid	<u>199,210,406</u>	<u>199,210,406</u>

E. Selected notes to the condensed interim consolidated financial statements

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.

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 Event

Subsequent to 30 June 2024, there have been no events that may have an effect on the consolidated condensed interim financial statements of the Company.

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 30 June 2024 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 six-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 30 June 2024 S\$'million	6 months ended 30 June 2023 S\$'million	
<u>Revenue</u>			
Infrastructure & Engineering ("IE")	50.11	20.73	141.7
Corrosion Prevention ("CP")	9.81	11.08	(11.5)
Others	-	0.05	NM
	<u>59.92</u>	<u>31.86</u>	88.1

- (i) The Group's revenue increased by 88.1% or S\$28.06 million from S\$31.86 million in 1H2023 to S\$59.92 million in 1H2024, mainly driven by higher contributions from the IE division that increased significantly by 141.7% or S\$29.38 million in 1H2024 as compared to 1H2023.

Our asset integrity solutions for operating floating assets such FPSOs and FSOs, among others was the main growth driver. With the increased volume of business activities from the targeted market sectors of the oil & gas industry and geographical expansion, the Group achieved stronger revenue growth of S\$47.16 million in 1H2024, as compared to S\$16.60 million for 1H2023.

The supply deck equipment business segment also posted increased revenue by S\$0.68 million from S\$1.60 million in 1H2023 to S\$2.28 million in 1H2024 and the Group is actively pursuing new project tenders in key marine hubs regionally.

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)

- (ii) Revenue from the CP division decreased by 11.5% or S\$1.27 million from S\$11.08 million in 1H2023 as compared to S\$9.81 million in 1H2024.

In Singapore, contribution from our CP business activities remained relatively stable in 1H2024 from the local major shipyards. However, the decline in CP revenue was largely attributable to the Group's exit of the distribution business under its the subsidiary, Picco Enterprise Pte., Ltd. which contributed S\$1.13 million in 1H2023.

In Batam, Indonesia, revenue from our CP business activities registered an increase of S\$1.04 million in revenue, driven mainly by the increased activities from Chamber Blasting.

(b) Cost of sales/Gross Profit Margin

In tandem with the increase in revenue in 1H2024, the Group's cost of sales increased by S\$15.20 million or 64.7% from S\$23.47 million in 1H2023 to S\$38.66 million in 1H2024. The rate of increase in revenue at 88.1% was faster than the increase in cost at 64.7%, representing further improvement in operating efficiency.

With our focus on operational cost control management and productivity, the Group recorded higher gross profit margin of 35.5% for the period ended 1H2024, as compared to 26.3% in 1H2023.

(c) Other gains

Other gains comprise the following: -

	The Group	
	6 months ended 30 June 2024 \$'000	6 months ended 30 June 2023 \$'000
Interest income from bank deposits	22	3
Government grants	152	310
Currency exchange gains/(losses), net	629	(242)
Gain on disposal of property, plant and equipment	17	82
Property, plant and equipment written off	(10)	(11)
Gain on disposal and remeasurement of disposal group, net	5,511	-
Rental income from investment properties	822	-
Others	120	25
	<u>7,263</u>	<u>167</u>

In 1H2024, the Group recorded Other Gains of S\$7.26 million, which was significantly higher increase than S\$0.17 million reported in 1H2023. This was mainly due to a one-off gain of S\$5.51 million realised from the disposal of assets held-for-sale during 1H2024.

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

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

(d) Other gains (cont'd)

As part of the Group's continuing strategy to improve utilisation of its fixed assets, the Group achieved rental income from investment properties of S\$0.82 million in 1H2024, from the rental of the facilities and property at its Batam yard property.

In addition, the Group recorded a gain from currency exchange of S\$0.63 million in 1H2024, in contrast to a loss of S\$0.24 million in 1H2023, attributable to the strengthening of the US dollar against the SG dollar.

(e) Administrative expenses

The Group's administrative expenses for 1H2024 increased by 71.7% to S\$11.03 million. The increase was largely attributable to higher remuneration and salaries due to increase hiring at our IE business and bonus provisions which were in line with the Group's improved performance.

(f) Finance cost

The Group's interest expense on borrowings decreased by more than half or 52.4%, amounting to S\$0.50 million, from S\$0.95 million in 1H2023 to S\$0.45 million in 1H2024. The decline in interest expense was in line with the reduction in bank borrowings and the Group's continuing strategy to deleverage.

(g) Profit/(loss) attributable to Owners of the Company

Over the last four consecutive quarters, the Group posted improved operating performance, with a turnaround in our financial results since 2Q2023 (excluding the one-time gain on disposal). Specifically, the profit attributable to shareholders amounted to S\$8.57 million during 1H2024, which was a significant improvement compared to the net loss of S\$0.85 million in 1H2023. The strengthened performance for 1H2024 was mainly attributed to the following: -

- stronger contributions from IE and CP divisions;
- other gains from the disposal of asset held-for-sale of S\$5.51 million upon completion of sale in January 2024; and
- strategic initiatives undertaken to exit and dispose of loss-making operations, cost minimisation initiatives and reduction in bank borrowings over the past two years. These initiatives eliminated the Group's underperforming segments and streamlined our business model with two core operating divisions and thereby, improving the Group's operational efficiency and business performance metrics.

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

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

(h) EBITDA

	The Group	
	6 months ended 30 June 2024 \$'000	6 months ended 30 June 2023 \$'000
Net profit	14,383	509
Add: Income tax expense	2,660	676
Add: Interest expense	451	948
Add: Depreciation of investment properties	97	-
Add: Depreciation of property, plant and equipment	1,393	1,690
EBITDA	<u>18,984</u>	<u>3,823</u>

The Group's EBITDA increased by S\$15.16 million from S\$3.82 million in 1H2023 to \$18.98 million in 1H2024, primarily due to the improved business performance as highlighted above.

Condensed interim consolidated cashflow statement

In 1H2024, the Group registered net cash generated from operating activities amounting to S\$5.96 million. This was primarily due to :-

- 1) cash generated from net profit of S\$14.38 million;
- 2) non-cash adjustment (net) of S\$2.25 million; and
- 3) cash used in change in working capital of S\$4.86 million largely due to :-
 - an increase in contract assets of S\$1.84 million;
 - an increase in trade and trade receivables of S\$2.18 million; and
 - a reduction in the trade and other payables of S\$0.87 million.

There was net cash inflow generated from investing activities amounting to S\$8.43 million in 1H2024. This significant inflow was mainly attributed to the proceeds from the completion of assets held-for-sale, amounting to S\$9.33 million, for the second partial land sale of the Group's Batam yard. During 2Q2024, one of the wholly-owned subsidiaries, Beng Kuang Marine (B&Chew) Pte Ltd, under CP division, acquired the remaining 20% stake of Nexus Hydrotech Pte Ltd at S\$0.50 million to become a wholly-owned subsidiary under the Group.

There was a net cash outflow in financing activities of S\$6.16 million in 1H2024. This was primarily due to the net repayment of bank loans amounting to S\$3.21 million; payment of lease liabilities of S\$0.68 million; dividend paid to non-controlling interests of S\$1.96 million.

As a result of the above, the Group registered a net increase in cash and cash equivalent of S\$8.23 million for 1H2024.

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

Condensed interim consolidated statements of financial position

Non-current assets

The Group's non-current assets decreased by S\$1.08 million to S\$13.10 million as at 30 June 2024, mainly due to depreciation expense of S\$1.49 million. Following the completion of the second partial land sale of the Group's Batam yard, the remaining waterfront land and property has been partially leased out and hence, the asset has been transferred to investment properties in 1H2024.

Current assets

The Group's current assets increased by S\$7.86 million to S\$56.68 million as at 30 June 2024. The increase was due to an increase in trade receivables of S\$1.63 million; an increase in contract assets of S\$2.68 million and a higher cash holding of \$19.29 million. Both increases were in line with the increased volume of business activities for the period ended 30 June 2024.

As at 30 June 2024, the Group's trade ageing at below 90 days constituted to 80.6% of total trade receivables (31 December 2023: 82.1%). The Group wrote-back credit losses of S\$0.33 million and thereby reducing the credit loss allowances to S\$0.29 million as of 30 June 2024 (31 December 2023: S\$0.63 million). Please refer to Notes 6.1 and 10 on Page 12 and 15 respectively for more details.

Current liabilities

The Group's current liabilities reduced by S\$3.27 million from S\$47.49 million as at 31 December 2023 to S\$44.22 million as at 30 June 2024. This was mainly attributed to the following:

- decrease in bank borrowings of S\$5.08 million; and
- partially offset by an increase in current income tax liabilities of S\$1.47 million.

Net current assets

As at 30 June 2024, the Group's net current assets stood at S\$12.46 million, an increase from S\$1.33 million as at 31 December 2023 mainly due to the following :-

- positive contribution from core operations of IE and CP; and
- monetisation and unwinding of non-core assets.

Non-current liabilities

The Group's non-current liabilities decreased from S\$3.66 million as at 31 December 2023 to S\$2.01 million as at 30 June 2024 primarily due to repayment of bank borrowings and non-trade payables.

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 maintain its business performance, given the stable industry outlook for oil, gas and marine sector.

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 interim period as the Group continues to deleverage and fund increase in business activities from internally generated funds.

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 disclosure.

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

8. Negative confirmation pursuant to Rule 705(5).

We, Chua Beng Yong and Chua Meng Hua, being Directors of Beng Kuang Marine Limited (the "Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the half year ended 30 June 2024 to be false or misleading in any material aspect.

9. 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.

BY ORDER OF THE BOARD

Chua Beng Yong
Executive Chairman

Chua Meng Hua
Executive Director

Singapore
05 August 2024