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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 2021**

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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 2021 \$'000	6 months ended 30 June 2020 \$'000	
Revenue	4	27,855	21,450	30%
Cost of sales		<u>(24,929)</u>	<u>(19,735)</u>	26%
Gross profit		2,926	1,715	71%
Other gains – net		1,371	2,976	(54%)
Expenses				
- Selling and distribution		(256)	(292)	(12%)
- Administrative		(5,293)	(5,013)	6%
- Finance		<u>(1,128)</u>	<u>(1,151)</u>	(2%)
Loss before income tax	6	<u>(2,380)</u>	<u>(1,765)</u>	35%
Income tax (expense)/credit	7	<u>(568)</u>	<u>73</u>	NM
<b>Net loss</b>		<u><u>(2,948)</u></u>	<u><u>(1,692)</u></u>	74%
<b>Other comprehensive (loss)/income, net of</b>				
<b><u>Items that may be reclassified subsequently to profit or loss:</u></b>				
Currency translation differences arising from consolidation – (losses)/gains		(220)	185	NM
<b><u>Items that will not be reclassified subsequently to profit or loss:</u></b>				
Currency translation differences arising from consolidation – (losses)/gains		(73)	70	NM
Other comprehensive (loss)/income		<u>(293)</u>	<u>255</u>	NM
<b>Total comprehensive loss</b>		<u><u>(3,241)</u></u>	<u><u>(1,437)</u></u>	126%
<b>(Loss)/profit attributable to:</b>				
Equity holders of the Company		(2,505)	(2,012)	25%
Non-controlling interests		<u>(443)</u>	<u>320</u>	NM
		<u><u>(2,948)</u></u>	<u><u>(1,692)</u></u>	74%
<b>Total comprehensive (loss)/income</b>				
Equity holders of the Company		(2,724)	(1,827)	49%
Non-controlling interests		<u>(517)</u>	<u>390</u>	NM
		<u><u>(3,241)</u></u>	<u><u>(1,437)</u></u>	126%
<b>Earnings/(loss) per share attributable to equity holders of the Company (cents per share)</b>				
Basic (loss)/earnings per share		<u>(1.86)</u>	<u>(1.49)</u>	
Diluted (loss)/earnings per share		<u><u>(1.86)</u></u>	<u><u>(1.49)</u></u>	

NM - Not meaningful

Beng Kuang Marine Limited and its Subsidiary Corporations

**B. Condensed interim statements of financial position**

	Note	Group		Company	
		30 June 2021 \$'000	31 December 2020 \$'000	30 June 2021 \$'000	31 December 2020 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents		4,809	4,365	27	341
Trade and other receivables		25,758	21,660	94,010	91,579
Contract assets		7,667	7,007	-	-
Inventories		3,649	4,062	-	-
		<u>41,883</u>	<u>37,094</u>	<u>94,037</u>	<u>91,920</u>
<b>Non-current assets</b>					
Trade and other receivables		-	-	5,108	5,108
Intangible assets		64	64	-	-
Property, plant and equipment	9	52,545	55,371	1,746	2,463
Deferred income tax assets		880	880	15	15
		<u>53,489</u>	<u>56,315</u>	<u>6,869</u>	<u>7,586</u>
<b>Total assets</b>		<u>95,372</u>	<u>93,409</u>	<u>100,906</u>	<u>99,506</u>
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Trade and other payables		33,226	29,071	32,497	30,551
Contract liabilities		632	442	29	-
Current income tax liabilities		728	443	-	-
Borrowings	10	26,027	20,698	13,420	9,318
		<u>60,613</u>	<u>50,654</u>	<u>45,946</u>	<u>39,869</u>
<b>Non-current liabilities</b>					
Trade and other payables		1,303	1,439	-	-
Borrowings	10	4,474	9,092	1,182	5,998
Deferred income tax liabilities		25	25	-	-
		<u>5,802</u>	<u>10,556</u>	<u>1,182</u>	<u>5,998</u>
<b>Total liabilities</b>		<u>66,415</u>	<u>61,210</u>	<u>47,128</u>	<u>45,867</u>
<b>NET ASSETS</b>		<u>28,957</u>	<u>32,199</u>	<u>53,778</u>	<u>53,639</u>
<b>EQUITY</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Share capital	11	49,651	49,651	49,651	49,651
Other reserves		(2,122)	(1,902)	-	-
(Accumulated losses)/retained profits		(13,509)	(11,004)	4,127	3,988
		<u>34,020</u>	<u>36,745</u>	<u>53,778</u>	<u>53,639</u>
<b>Non-controlling interests</b>		<u>(5,063)</u>	<u>(4,546)</u>	<u>-</u>	<u>-</u>
<b>Total equity</b>		<u>28,957</u>	<u>32,199</u>	<u>53,778</u>	<u>53,639</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	Non-controlling interests	Total
	Share capital	(Accumulated losses)/ Retained profits	Other reserves			
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2021</b>						
<b>Balance at 1 January 2021</b>	49,651	(11,004)	(1,902)	36,745	(4,546)	32,199
Loss for the financial period	-	(2,505)	-	(2,505)	(443)	(2,949)
Other comprehensive loss for the financial period	-	-	(220)	(220)	(73)	(293)
<b>Balance at 30 June 2021</b>	<b>49,651</b>	<b>(13,509)</b>	<b>(2,122)</b>	<b>34,020</b>	<b>(5,063)</b>	<b>28,957</b>
<b>2020</b>						
<b>Balance at 1 January 2020</b>	49,651	4,392	(1,614)	52,429	280	52,709
(Loss)/profit for the financial period	-	(2,012)	-	(2,012)	320	(1,692)
Other comprehensive income for the financial period	-	-	185	185	70	255
Dividend paid to non-controlling interests	-	-	-	-	(245)	(245)
<b>Balance at 30 June 2020</b>	<b>49,651</b>	<b>2,380</b>	<b>(1,429)</b>	<b>50,602</b>	<b>425</b>	<b>51,027</b>

**C. Condensed interim statements of changes in equity**

The Company	Share capital \$'000	Retained profits \$'000	Total Equity \$'000
<b>2021</b>			
<b>Balance at 1 January 2021</b>	49,651	3,988	53,639
Profit for the financial period	-	139	139
<b>Balance at 30 June 2021</b>	<u>49,651</u>	<u>4,127</u>	<u>53,778</u>
<b>2020</b>			
<b>Balance at 1 January 2020</b>	49,651	3,708	53,359
Profit for the financial period	-	271	271
<b>Balance at 30 June 2020</b>	<u>49,651</u>	<u>3,979</u>	<u>53,630</u>

## D. Condensed interim consolidated statements of cash flows

	Note	The Group	
		6 months ended 30 June 2021 \$'000	6 months ended 30 June 2020 \$'000
<b>Cash flows from operating activities</b>			
Net loss		(2,948)	(1,692)
<i>Adjustments for:</i>			
Credit loss allowance	6	18	670
Loss/(gain) on disposal of property, plant and equipment	6	24	(125)
Property, plant and equipment written off		1	-
Interest income	6	(4)	(5)
Interest expense	6	1,128	1,151
Income tax expense/(credit)		568	(73)
Depreciation of property, plant and equipment		4,071	4,484
Unrealised currency translation differences		(645)	(938)
		<u>2,213</u>	<u>3,472</u>
<i>Change in working capital</i>			
Inventories		430	495
Contract assets		(660)	1,165
Trade and other receivables		(4,116)	1,865
Trade and other payables		4,019	(1,548)
Contract liabilities		190	127
Deferred income		-	(80)
<b>Cash generated from operations</b>		<u>2,076</u>	<u>5,496</u>
Interest received		4	5
Interest paid		(734)	(955)
Income tax paid		(283)	(14)
<b>Net cash generated from operating activities</b>		<u>1,063</u>	<u>4,532</u>
<b>Cash flows from investing activities</b>			
Additions to property, plant and equipment		(1,019)	(991)
Proceeds from disposal of property, plant and equipment		120	140
<b>Net cash used in investing activities</b>		<u>(899)</u>	<u>(851)</u>
<b>Cash flows from financing activities</b>			
Proceed/(repayment) of borrowings, net		1,850	(3,079)
Principal payment of lease liabilities		(1,196)	(1,209)
Proceeds/(repayment) of bills payable		107	(439)
Interest paid		(105)	(161)
Dividend paid to non-controlling interests		-	(245)
<b>Net cash generated from/(used in) financing activities</b>		<u>656</u>	<u>(5,133)</u>
Net increase/(decrease) in cash and cash equivalents		820	(1,452)
<b>Cash and cash equivalents</b>			
Beginning of financial period		1,524	1,948
Effects of currency translation on cash and cash equivalents		12	36
<b>End of financial period</b>		<u>2,356</u>	<u>532</u>

**E. Selected notes to the condensed interim consolidated financial statements**

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**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 2021 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, provision of corrosion prevention services, supply and distribution of hardware equipment, tools and other products and provision of freight transport services

**2 Basis of preparation**

The condensed interim financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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 2020.

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**

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**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 the turnkey engineering services from planning, project management to implementation involving fabrication, corrosion prevention services for steel work structure, piping modules of oil rigs and jack-up rigs and construction of new vessels.

(b) Corrosion Prevention

This relates to the provision of corrosion prevention services, mainly blasting and painting services as part of the shipbuilding, ship conversion and ship repair activities in the marine, oil and gas and other industries.

(c) Supply and Distribution

This relates to the supply and distribution of hardware equipment, tools and other consumables used in the marine, oil and gas, and construction industries.

(d) Shipping

This relates to the provision of freight transport services, mainly chartering of livestock carriers, and tugs and barges; and ship management services.

(e) Others

This relates to the provision of effective and efficient technological solution for water and waste water treatment; solid waste management; and other areas on recovery of natural resources.

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 Engineering \$'000	Corrosion Prevention \$'000	Supply and Distribution \$'000	Shipping \$'000	Others \$'000	Total \$'000
<b>1 January 2021 to 30 June 2021</b>						
Total segment sales	14,215	10,443	3,139	2,053	-	29,850
Inter-segment sales	(497)	(487)	(991)	(20)	-	(1,995)
Sales to external customers	<u>13,718</u>	<u>9,956</u>	<u>2,148</u>	<u>2,033</u>	<u>-</u>	<u>27,855</u>
<b>Results:</b>						
Segment results	274	2,476	285	(2,706)	(11)	318
Interest expense	(101)	(226)	(87)	(714)	-	(1,128)
Interest income	<u>1</u>	<u>2</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3</u>
Profit/(loss) from operating segment	174	2,252	198	(3,420)	(11)	(807)
Unallocated administrative expenses						<u>(1,573)</u>
Loss before income tax						<u>(2,380)</u>
Income tax expense						<u>(568)</u>
Net loss						<u>(2,948)</u>
Profit attributable to non-controlling interests						<u>443</u>
						<u><u>(2,505)</u></u>
Net loss includes:						
- Depreciation of property, plant and equipment	1,056	874	445	1,696	-	4,071
<b>Other information</b>						
<b>Segment assets</b>	<u>38,119</u>	<u>15,135</u>	<u>5,550</u>	<u>36,568</u>	<u>-</u>	<u>95,372</u>
Segment assets include:-						
Additions to: Property, plant and equipment	131	86	-	802	-	1,019
<b>Segment liabilities</b>	<u>(14,530)</u>	<u>(22,878)</u>	<u>(5,738)</u>	<u>(12,007)</u>	<u>(10)</u>	<u>(55,164)</u>

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

	Infrastructure Engineering \$'000	Corrosion Prevention \$'000	Supply and Distribution \$'000	Shipping \$'000	Others \$'000	Total \$'000
<b><u>1 January 2020 to 30 June 2020</u></b>						
Total segment sales	8,204	5,847	2,895	6,619	-	23,565
Inter-segment sales	(706)	(471)	(905)	(33)	-	(2,115)
Sales to external customers	<u>7,498</u>	<u>5,376</u>	<u>1,990</u>	<u>6,586</u>	<u>-</u>	<u>21,450</u>
<b>Results:</b>						
Segment results	(728)	436	567	570	(11)	834
Interest expense	(82)	(439)	(103)	(527)	-	(1,151)
Interest income	4	1	-	-	-	5
(Loss)/profit from operating segment	<u>(806)</u>	<u>(2)</u>	<u>464</u>	<u>43</u>	<u>(11)</u>	<u>(312)</u>
Unallocated administrative expenses						<u>(1,453)</u>
Loss before income tax						(1,765)
Income tax credit						73
Net loss						<u>(1,692)</u>
Loss attributable to non-controlling interests						<u>(320)</u>
						<u><u>(2,012)</u></u>
Net loss includes:						
- Depreciation of property, plant and equipment	1,220	870	443	1,951	-	4,484
<b>Other information</b>						
<b>Segment assets</b>	<u>34,591</u>	<u>12,106</u>	<u>7,642</u>	<u>54,666</u>	<u>-</u>	<u>109,006</u>
Segment assets include: -						
Additions to: Property, plant and equipment	41	214	12	721	-	988
<b>Segment liabilities</b>	<u>(11,016)</u>	<u>(21,152)</u>	<u>(5,888)</u>	<u>(8,875)</u>	<u>(46)</u>	<u>(46,978)</u>

E. Selected notes to the condensed interim consolidated financial statements

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4.1 Reporting segments (cont'd)

**Reconciliations**

(i) Segment assets

All assets are allocated to reportable segments

(ii) Segment liabilities

Segment liabilities are reconciled to total liabilities as follows:

	<b>6 months ended 30 June 2021 \$'000</b>	<b>6 months ended 30 June 2020 \$'000</b>
Segment liabilities for reportable segments	55,153	46,932
Other segment liabilities	10	46
Unallocated:		
Borrowings	11,251	11,002
	<u>66,415</u>	<u>57,980</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
<b><u>6 months ended 30 June 2021</u></b>			
Infrastructure engineering			
- Singapore	-	7,629	7,629
- Indonesia	96	405	501
- Others	63	5,525	5,588
	<u>159</u>	<u>13,559</u>	<u>13,718</u>
Corrosion prevention			-
- Singapore	-	7,960	7,960
- Indonesia	-	1,996	1,996
	<u>-</u>	<u>9,956</u>	<u>9,956</u>
Supply and distribution			-
- Singapore	1,907	-	1,907
- Indonesia	241	-	241
	<u>2,148</u>	<u>-</u>	<u>2,148</u>
Shipping			
- Indonesia	-	165	165
- Australia	-	1,868	1,868
	<u>-</u>	<u>2,033</u>	<u>2,033</u>
Total	<u>2,307</u>	<u>25,548</u>	<u>27,855</u>

	At a point in time \$'000	Over time \$'000	Total \$'000
<b><u>6 months ended 30 June 2020</u></b>			
Infrastructure engineering			
- Singapore	2	3,483	3,485
- Indonesia	91	245	336
- Others	173	3,504	3,677
	<u>266</u>	<u>7,232</u>	<u>7,498</u>
Corrosion prevention			-
- Singapore	-	3,949	3,949
- Indonesia	-	1,427	1,427
	<u>-</u>	<u>5,376</u>	<u>5,376</u>
Supply and distribution			-
- Singapore	1,961	-	1,961
- Indonesia	29	-	29
	<u>1,990</u>	<u>-</u>	<u>1,990</u>
Shipping			
- Indonesia	-	334	334
- Australia	-	6,252	6,252
	<u>-</u>	<u>6,586</u>	<u>6,586</u>
Total	<u>2,256</u>	<u>19,194</u>	<u>21,450</u>

**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 2021 and 31 December 2020:

	The Group		The Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	\$'000	\$'000	\$'000	\$'000
<b>Financial assets</b>				
Cash and cash equivalents	4,809	4,365	27	341
Trade and other receivables	25,271	21,165	94,006	91,574
Contract assets	7,667	7,007	-	-
	37,747	32,537	94,033	91,915
<b>Financial liabilities</b>				
Borrowings	(30,501)	(29,790)	(14,602)	(15,315)
Trade and other payables	(34,529)	(30,509)	(32,498)	(29,786)
	(65,030)	(60,299)	(47,099)	(45,101)

**6. Profit before taxation**

**6.1. Significant items**

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

	The Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
<b>Income</b>		
Government grants	763	1,674
Currency translation gain, net	572	993
<b>Expense</b>		
Interest expense on borrowings	(1,128)	(1,151)
(Loss)/gain on disposal of property, plant and equipment	(24)	125
Property, plant and equipment written off	(1)	-
Depreciation of property, plant and equipment	(4,071)	(4,484)
Credit loss allowance	18	670

**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:

Sales and purchase of goods and services

	<b>The Group</b>	
	<b>6 months ended 30 June 2021</b>	<b>6 months ended 30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
Purchase of material and/or services from related parties	7	7

Mr. Yong Jiunn Run (“Mr. Yong”), who is the Company’s Chief Executive Officer extended a loan of principal amount S\$500,000 to the Company on 3 May 2021, on an interest-free and unsecured basis to be repaid within a year.

Mr. Yong is an “interested person”, and the loan is an “interested person transaction” for the purposes of Chapter 9 of Mainboard Rules of the Singapore Exchange Securities Trading Limited. As the Loan is interest-free, there is no “value at risk” to the Group. This is not a commercial loan and does not adversely affect the interest of minority shareholders.

**7. Taxation**

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:

	<b>6 months ended 30 June 2021</b>	<b>6 months ended 30 June 2020</b>
	<b>\$'000</b>	<b>\$'000</b>
	Current income tax (expense)/credit	(568)

**8. Net Asset Value**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>	<b>30 June 2021</b>	<b>31 December 2020</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Net assets value per ordinary share	25.20	27.22	39.83	39.73

**9. Property plant and equipment**

During the six months ended 30 June 2021, the Group acquired assets amounting to \$1.02 million (30 June 2020: \$0.99 million) and disposed of assets amounting to \$0.14 million (30 June 2020: \$0.01 million)

## E. Selected notes to the condensed interim consolidated financial statements

## 10. Borrowings

	The Group and the Company			
	As at 30 June 21		As at 31 December	
	Secured	Unsecured	Secured	Unsecured
	\$'000		\$'000	
<u>Amount repayable within one year or on demand</u>				
Bank borrowings and overdrafts	-	13,092	200	11,458
Term loans	4,665	1,746	5,107	1,546
Bond	-	4,259	-	-
Lease liabilities	2,265	-	2,387	-
<u>Amount repayable after one year</u>				
Term loans	-	3,363	-	2,711
Bond	-	-	-	4,195
Lease liabilities	1,111	-	2,186	-

The bank borrowings and credit facilities of the Group are secured over certain leasehold building, yard development and vessels.

## 11. Share Capital

- 11.1 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 2021		31 December 2020	
	Numbers of	Amount	Numbers of	Amount
	\$'000	\$'000	\$'000	\$'000
Beginning of interim period	135,010	49,651	135,010	49,651
End of interim period	<u>135,010</u>	<u>49,651</u>	<u>135,010</u>	<u>49,651</u>

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

## Convertibles

The Company did not hold any outstanding convertibles as at 30 June 2021 and 30 June 2020.

## Treasury Shares

The Company did not hold any treasury shares as at 30 June 2021 and 30 June 2020.

**E. Selected notes to the condensed interim consolidated financial statements**

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**11. Share Capital (cont'd)**

**11.2 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.**

	<b>The Group and the Company</b>	
	<b>30 June 2021</b>	<b>31 December 2020</b>
Issued and fully paid	135,010,406	135,010,406

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

None.

**11.4 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

**12. Subsequent Event**

On 21 July 2021, the Company increase 27 million new ordinary shares at \$0.05 per share via Share Placement.

Subsequent to 30 June 2021, there have been no events that may have an effect on the consolidated condensed interim financial statements of the Company other than the above.



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## **Other Information Required by Listing Rule**

### **Appendix 7.2**

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## 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 2021 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

#### (a) Revenue and profit

	6 months ended			
	<u>FY 2021</u>	<u>FY 2020</u>	<u>+ / (-)</u>	<u>+ / (-)</u>
	S\$'million	S\$'million	S\$'million	%
Infrastructure & Engineering ("IE")	13.72	7.50	6.22	82.9
Corrosion Prevention ("CP")	9.96	5.38	4.58	85.1
Supply & Distribution ("SD")	2.15	1.99	0.16	8.0
Shipping & Others ("SH")	2.03	6.58	(4.55)	(69.1)
	<b>27.86</b>	<b>21.45</b>	<b>6.41</b>	<b>29.9</b>

The Group's revenue increased by 29.9% or S\$6.40 million from S\$21.45 million in 1H2020 to S\$27.86 million in 1H2021.

Revenue from our IE division increased by 82.9% or S\$6.22 million from S\$7.50 million in 1H2020 to S\$13.72 million in 1H2021. Notably, Asian Sealand Offshore and Marine Pte Ltd ("ASOM"), a 51%-owned subsidiary of the Group, increased its business volume substantially with the re-opening of global business travel in the fourth quarter of 2020. ASOM provides specialised on-site vessel repair and maintenance solutions for offshore Floating Production Storage and Offloading ("FPSO") vessels and Floating Storage and Offloading ("FSO") vessels. As a result, there was increased revenue contribution from ASOM in 1H2021. As of 30 June 2021, our IE division order book is S\$14.7 million of which S\$6.0 million is attributed to ASOM.

In addition, the IE division has been receiving more fabrication project enquiries due to a recent uptrend in outsourcing manpower-intensive projects by established customers in Singapore to neighboring countries to reduce the dependency on foreign workers. The Group owns and operates a 32 hectares waterfront fabrication yard in Batam, Indonesia.

Revenue from our CP division increased by 85.1% or S\$4.58 million from S\$5.38 million in 1H2020 to S\$9.96 million in 1H2021 as our CP workforce in Singapore, which comprised mainly foreign workers, gradually returned back to operations. Similar to IE division, our CP registered higher business volume in Batam since 1Q2021 with more labour-intensive and larger-sized modular parts being re-channeled from shipyards in Singapore shipyards to shipyards in Batam before returning such parts back to Singapore for final assembly prior to the delivery to our clients.

Revenue from our SD division remained relatively at S\$2.15 million in 1H2021 from S\$1.99 million in 1H2020. The SD division continue to undertake a key role within the Group's business model as our internal procurement arm to support the rest of our business units to manage the operating costs of consumables.

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

### (a) Revenue and profit (cont'd)

Revenue from our SH division declined substantially by S\$4.55 million from S\$6.58 million in 1H2020 to S\$2.03 million in 1H2021. One of the Group's two livestock vessels was taken off charter since October 2020 due to an accident and it is currently docked on our Batam waterfront yard for repairs. Due to COVID-19 travel restrictions and border control measures, there were delays in coordinating onsite insurance and Class inspections. The other active vessel encountered one and half month of downtime between January and February 2021 due to some of the sea crew members being tested positive on COVID-19, hence all the crew members have to undergo quarantine, treatment and marking a full recovery in Australia before continuing the charter voyages.

The management is currently undertaking a strategic review on our business model as a result of the challenges of the marine, offshore oil & gas industry and the unprecedented COVID-19 pandemic that have affected and largely changed the business dynamics in our operating environment.

During 1H2021, the Group's cost of sales increased by approximately 26% in tandem with the increase in the Group's revenue. Of particular note, the SH division continue to incur operating costs during the downtime of the active livestock vessel when our sea crew members sought treatment for COVID-19, served quarantine orders and waited until the next charter voyage was re-scheduled.

Interest expense on borrowings decreased slightly by 2% or S\$23,000 from S\$1.15 million in 1H2020 to S\$1.13 million in 1H2021 as a result of obtaining moratorium on principal term loan repayment from supportive banks.

Other gain of S\$1.37 million in 1H2021 was due to foreign exchange gain of S\$0.57 million for 1H2021 due to stronger US dollar against Singapore dollar for the period ended 30 June 2021 and approximately S\$0.76 million government grants mainly relating to Jobs Support Scheme and Foreign Worker Levy rebate.

Depreciation expenses decreased by S\$0.41 million from S\$4.48 million in 1H2020 to S\$4.07 million in 1H2021.

The Group's gross profit increased by S\$1.21 million from S\$1.72 million in 1H2020 to S\$2.93 million in 1H2021. Similarly, the Group's adjusted EBITDA (as defined below) increased by S\$0.65 million from S\$0.89 million in 1H2020 to S\$1.45 million in 1H2021 largely attributed to ASOM's increased business volume from on-site repair and maintenance services for active offshore FPSO vessels and FSO vessels. Our CP division also regained its business momentum and increased its production output in Batam. However, the CP business in Singapore for 1H2021 remained challenging and additional costs had to be incurred to adhere to safe management measures along with the shortage of manpower.

#### Reconciliation of net profit/(loss) to Adjusted EBITDA

	The Group	
	6 months ended 30 June 2021	6 months ended 30 June 2020
	\$'000	\$'000
Net Loss	(2,948)	(1,692)
Add: Income tax expense/(credit)	568	(73)
Add: Interest exepnse	1,128	1,151
Add: Depreciation of property, plant and equipment	4,071	4,484
Less: Other gains, net	(1,371)	(2,976)
Adjusted EBITDA	<u>1,448</u>	<u>894</u>

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

### (a) Revenue and profit (cont'd)

“Adjusted EBITDA” is not determined in accordance with SFRS(I) as SFRS(I) does not prescribe the computation methodology of Adjusted EBITDA. Adjusted EBITDA of Beng Kuang Group is defined as profit before tax, finance expense, depreciation and amortisation of property, plant and equipment and intangible assets, and excluding other gains. Adjusted EBITDA of the Beng Kuang Group may not be comparable to that of other companies that may determine Adjusted EBITDA differently. Adjusted EBITDA is presented as an additional measure because management believes that some investors find it to be a useful tool for measuring the Beng Kuang Group's ability to fund capital expenditures or to service debt obligations. It should not be considered in isolation or as an alternative to net profit as an indicator of operating performance or as an alternative to cash flows as a measure of liquidity

The Group registered a net loss attributable to shareholders of S\$2.51 million in 1H2021 as compared to a net loss attributable to shareholders of S\$2.01 million in 1H2020 primarily due to SH division incurring losses for 1H2021 as highlighted above for the period ended 1H2021.

### (b) Cashflow Statement

Net cash inflow generated from operating activities was S\$1.06 million in 1H2021. This was primarily generated from positive operating cashflow of S\$2.21 million due to adjustments on working capital for non-cash transactions.

Net cash outflow used in investing activities was S\$0.90 million in 1H2021 mainly due to S\$0.80 million related to docking repairs for one of the livestock carriers - MV Barkly Pearl.

Net cash inflow from financing activities was S\$0.66 million in 1H2021. This was mainly due to the increase in factoring CP and IE trade receivables for the period ended 1H2021.

As a result of the above, the Group registered a net increase in cash and cash equivalent of S\$0.82 million for 1H2021.

### (c) Assets and Liabilities

The Group registered total assets of S\$95.4 million as at 30 June 2021.

The Group's current assets increased from S\$37.09 million as at 31 December 2020 to S\$41.88 million as at 30 June 2021 mainly due to increase in trade and other receivables by S\$4.10 million; contract assets by S\$0.67 million; and decrease in inventories by S\$0.41 million.

Ageing of the trade receivables as of 30 June 2021 and 31 December 2020 are as follow: -

	30 June 2021 \$'000	31 December 2020 \$'000	Increase / (Decrease) \$'000
Current	3,064	2,395	669
less than 90 days	9,114	6,372	2,742
91 to 150 days	2,173	2,275	(102)
151 to 365 days	5,161	2,584	2,577
More than 365 days	1,619	2,207	(588)
	<u>21,131</u>	<u>15,833</u>	5,298

The Group's non-current assets decreased from S\$56.32 million as at 31 December 2020 to S\$53.49 million as at 30 June 2021. Property, plant and equipment reduced by S\$2.83 million mainly due to S\$4.07 million on depreciation expense.

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

### (c) Assets and Liabilities (cont'd)

Total liabilities for the Group were S\$61.21 million as at 31 December 2020 and S\$66.42 million as at 30 June 2021. The Group had increased borrowings of S\$0.71 million and higher trade and other payables of S\$4.02 million due to increase in business activities for the period ended 1H2021 as well as increased on payables to suppliers and service contractors for the vessel docking repairs.

During 1H2021, the Group entered into a related party transaction with the newly appointed CEO where he has extended an unsecured interest free loan of S\$500,000 to the Group, to be repaid within a year for the purpose of facilitating the repair costs for one of the livestock carrying vessel as well as for the Group's working capital.

The Group registered net current liabilities of S\$18.73 million as at 30 June 2021 as compared to S\$13.56 million as at 31 December 2020. The increase was mainly due to \$4 million bond payable within one year and docking repair of a vessel (a non-current asset).

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, available bank facilities, existing banking relationships and other possible financing options as well as the Group's existing assets, the Group is able to meet its short-term obligations as and when they fall due.

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

The Company did not make any forecast and prospect statement in respect of its result for 30 June 2021.

### 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

With the easing of lockdown measures, re-opening of country borders and most importantly the intensification of COVID-19 vaccination program globally, the Group cautiously expects improved operating environment for the next twelve months.

Amid the challenging outlook in the oil & gas industry over the past few years, the Group has been focused on stabilising its business activities and undertaking a strategic review of its business model.

While the outlook for marine, offshore oil and gas sectors remains uncertain and challenging, we are cautiously optimistic of the business performance of our IE and CP divisions in FY2021.

## 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.

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**6. 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.

**7. Negative confirmation pursuant to Rule 705(5).**

We, Chua Meng Hua and Chua Beng Yong, 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 2021 to be false or misleading in any material aspect.

**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.

**BY ORDER OF THE BOARD**

Chua Meng Hua  
Executive Director

Chua Beng Yong  
Executive Director

Singapore  
14 August 2021