



Company Registration No. 201311482K

KIM HENG LTD.

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021

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

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The contact person for the Sponsor is Ms. Tay Sim Yee at 1 Robinson Road #21-00 AIA Tower Singapore 048542, telephone (65) 62323210.

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the six months and full year ended 31 December 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | Note | 6 Months | | | 12 Months | | |
|--|------|---|---|---------|---|---|---------|
| | | 1 Jul 2021 to | 1 Jul 2020 to | + / (-) | 1 Jan 2021 to | 1 Jan 2020 to | + / (-) |
| | | 31 Dec 2021 (Unaudited) ("2H 2021") | 31 Dec 2020 (Unaudited) ("2H 2020") | | 31 Dec 2021 (Unaudited) ("FY 2021") | 31 Dec 2020 (Audited) ("FY 2020") | |
| | | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Revenue | 4 | 34,286 | 19,959 | 72 | 63,222 | 37,643 | 68 |
| Cost of sales | | (25,059) | (17,206) | 46 | (47,173) | (30,217) | 56 |
| Gross profit | | 9,227 | 2,753 | >100 | 16,049 | 7,426 | >100 |
| Gross profit margin | | 27% | 14% | | 25% | 20% | |
| Other income | | 878 | 1,432 | (39) | 1,509 | 3,108 | (51) |
| Distribution expenses | | (362) | (620) | (42) | (780) | (978) | (20) |
| Administrative expenses | | (6,542) | (6,047) | 8 | (13,043) | (11,448) | 14 |
| Other operating expenses | | (3,109) | (3,661) | (15) | (5,539) | (5,032) | 10 |
| Finance costs | | (961) | (911) | 5 | (1,836) | (1,784) | 3 |
| Loss before tax | 6 | (869) | (7,054) | (88) | (3,640) | (8,708) | (58) |
| Tax (expense)/credit | 7 | (980) | 1,566 | N.M. | (1,462) | 1,535 | N.M. |
| Loss for the period/year | | (1,849) | (5,488) | (66) | (5,102) | (7,173) | (29) |
| Other comprehensive loss, net of tax | | | | | | | |
| Items that may be reclassified subsequently to profit or loss: | | | | | | | |
| Foreign currency translation differences | | 136 | (637) | N.M. | 332 | (367) | N.M. |
| Items that will not be reclassified subsequently to profit or loss: | | | | | | | |
| Foreign currency translation differences | | 24 | (192) | N.M. | 85 | (252) | N.M. |
| Total comprehensive loss for the period/year | | (1,689) | (6,317) | (73) | (4,685) | (7,792) | (40) |
| Net loss attributable to: | | | | | | | |
| Owners of the Company | | (2,246) | (4,059) | (45) | (5,892) | (5,264) | 12 |
| Non-Controlling Interests | | 397 | (1,429) | N.M. | 790 | (1,909) | N.M. |
| | | (1,849) | (5,488) | | (5,102) | (7,173) | |
| EBITDA | | 3,627 | (2,310) | N.M. | 5,431 | 627 | >100 |
| EBITDA[^] | | 3,671 [^] | (410)* | N.M. | 5,907 [^] | 2,527* | >100 |
| Earnings per Share (cents) | | | | | | | |
| Basic | 24 | (0.3) | (0.6) | | (0.8) | (0.7) | |
| Diluted | 24 | (0.3) | (0.6) | | (0.8) | (0.7) | |

N.M. – not meaningful

[^] excluding one-off non-cash impairment of S\$0.48 million recognised on other equipment for FY2021.

* excluding one-off non-cash impairment of S\$1.9 million for the reclassification of property at 48 Penjuru Road for FY2020.

B. Condensed Interim Statement of Financial Position as at 31 December 2021

STATEMENT OF FINANCIAL POSITION

| | Note | Group | | Company | |
|---|------|--|--|--|--|
| | | As at 31 Dec 2021 (Unaudited) S\$'000 | As at 31 Dec 2020 (Audited) S\$'000 | As at 31 Dec 2021 (Unaudited) S\$'000 | As at 31 Dec 2020 (Audited) S\$'000 |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 11 | 92,103 | 88,650 | - | - |
| Right-of-use assets | 12 | 13,411 | 8,974 | - | - |
| Club memberships | | 63 | 63 | - | - |
| Investment in subsidiaries | | - | - | 76,250 | 77,453 |
| | | <u>105,577</u> | <u>97,687</u> | <u>76,250</u> | <u>77,453</u> |
| Current assets | | | | | |
| Inventories | | 210 | 465 | - | - |
| Trade and other receivables | | 17,438 | 12,340 | 1,392 | 1,681 |
| Cash and cash equivalents | | 8,253 | 6,226 | 70 | 31 |
| Assets held-for-sale | | 951 | 5,702 | - | - |
| | | <u>26,852</u> | <u>24,733</u> | <u>1,462</u> | <u>1,712</u> |
| Total assets | | <u>132,429</u> | <u>122,420</u> | <u>77,712</u> | <u>79,165</u> |
| EQUITY | | | | | |
| Share capital | 14 | 74,409 | 74,409 | 74,409 | 74,409 |
| Treasury shares | | (183) | (140) | (183) | (140) |
| Reserves | | (32,992) | (33,324) | - | - |
| Accumulated profits | | 8,562 | 14,454 | 60 | 1,125 |
| Equity attributable to owners of the Company | | <u>49,796</u> | <u>55,399</u> | <u>74,286</u> | <u>75,394</u> |
| Non-controlling interests | | 5,594 | 3,999 | - | - |
| Total Equity | | <u>55,390</u> | <u>59,398</u> | <u>74,286</u> | <u>75,394</u> |
| LIABILITIES | | | | | |
| Non-current liabilities | | | | | |
| Loans and borrowings | 13 | 29,829 | 27,642 | 2,178 | 2,732 |
| Lease liabilities | 13 | 10,027 | 6,506 | - | - |
| Deferred tax liabilities | | 1,862 | 1,523 | - | - |
| | | <u>41,718</u> | <u>35,671</u> | <u>2,178</u> | <u>2,732</u> |
| Current liabilities | | | | | |
| Bank overdrafts | 13 | 1,462 | 1,176 | - | - |
| Loans and borrowings | 13 | 15,524 | 12,915 | 888 | 835 |
| Lease liabilities | 13 | 2,396 | 1,816 | - | - |
| Trade and other payables | | 15,447 | 11,387 | 360 | 204 |
| Current tax payable | | 492 | 57 | - | - |
| | | <u>35,321</u> | <u>27,351</u> | <u>1,248</u> | <u>1,039</u> |
| Total liabilities | | <u>77,039</u> | <u>63,022</u> | <u>3,426</u> | <u>3,771</u> |
| Total equity and liabilities | | <u>132,429</u> | <u>122,420</u> | <u>77,712</u> | <u>79,165</u> |

C. Condensed Interim Consolidated Statement of Cash Flows for the full year ended 31 December 2021

| | Note | Group | |
|--|------|---|---|
| | | 12 Months Ended 31 Dec 2021 (Unaudited) S\$'000 | 12 Months Ended 31 Dec 2020 (Audited) S\$'000 |
| Cash flows from operating activities | | | |
| Loss before income tax | | (3,640) | (8,708) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment and right-of-use assets | 6 | 7,235 | 7,551 |
| (Gain)/Loss on disposal of property, plant and equipment and right-of-use assets | 6 | (542) | 50 |
| Impairment loss on property, plant and equipment | 6 | 476 | 2,130 |
| (Reversal of impairment)/Impairment loss on trade and other receivables | 6 | (26) | 274 |
| Interest income | 6 | (1) | (7) |
| Interest expense | 6 | 1,836 | 1,784 |
| | | 5,338 | 3,074 |
| Changes in working capital: | | | |
| Inventories | | 255 | (223) |
| Trade and other receivables | | (2,705) | 179 |
| Trade and other payables | | 1,485 | 608 |
| Cash generated from operations | | 4,373 | 3,638 |
| Income tax paid | | (684) | (33) |
| Net cash generated from operating activities | | 3,689 | 3,605 |
| Cash flows from investing activities | | | |
| Deposits for purchase of property, plant and equipment/ right-of-use assets | | (113) | (319) |
| Acquisition of property, plant and equipment and right-of-use assets | | (8,706) | (10,704) |
| Proceeds from disposal of property, plant and equipment and assets held-for-sale | | 12,157 | 5,880 |
| Acquisition of club memberships | | - | (6) |
| Interest received | | 1 | 7 |
| Net cash generated from/(used in) investing activities | | 3,339 | (5,142) |
| Cash flows from financing activities | | | |
| Interest paid | | (1,788) | (1,784) |
| Purchase of treasury shares | | (43) | (20) |
| Repayment of lease liabilities | | (1,693) | (2,537) |
| Repayment of term loans | | (8,515) | (2,439) |
| (Repayment of)/ Proceeds from trust receipts | | 270 | (529) |
| Proceeds from term loans | | 5,420 | 5,600 |
| Non-controlling interests arising from increase in paid-up share capital of subsidiaries | | 720 | 5,330 |
| Changes in deposits pledged | | (29) | (303) |
| Net cash (used in)/generated from financing activities | | (5,658) | 3,318 |
| Net increase in cash and cash equivalents | | | |
| Cash and cash equivalents at beginning of the year | | 1,370 | 1,781 |
| Effect of exchange rate fluctuations on cash and cash equivalents | | 4,455 | 2,771 |
| | | 342 | (97) |
| Cash and cash equivalents at end of the year | | 6,167 | 4,455 |

C. Condensed Interim Consolidated Statement of Cash Flows for the full year ended 31 December 2021 (Cont'd)

| | Note | Group | |
|--|------|---|---|
| | | 12 Months Ended 31 Dec 2021 (Unaudited) S\$'000 | 12 Months Ended 31 Dec 2020 (Audited) S\$'000 |
| Significant non-cash transactions during the period/year: | | | |
| Acquisition of vessels | | - | 9,235 |
| Acquisition of other plant and equipment | | 10,071 | 1,120 |
| | | | |
| ~Cash and cash equivalents consist of the following: | | | |
| Cash at bank and in hand | | 7,629 | 5,631 |
| Fixed deposits | | 624 | 595 |
| Cash and cash equivalents | | 8,253 | 6,226 |
| Bank overdraft | 13 | (1,462) | (1,176) |
| Deposits pledged | | (624) | (595) |
| Cash and cash equivalents in the statements of cash flows | | 6,167 | 4,455 |

D. Condensed Interim Statements of Changes in Equity for the Financial Year ended 31 December 2021

| Group | Share capital S\$'000 | Treasury shares S\$'000 | Merger deficit S\$'000 | Translation reserve S\$'000 | Accumulated profits S\$'000 | Total equity attributable to equity holders of the company S\$'000 | Non-controlling interests S\$'000 | Total equity S\$'000 |
|--|----------------------------------|------------------------------------|-----------------------------------|--|--|---|--|---------------------------------|
| 2020 (Audited) | | | | | | | | |
| As at 1 January 2020 | 74,409 | (120) | (32,763) | (194) | 19,718 | 61,050 | 830 | 61,880 |
| Total comprehensive loss for the year | | | | | | | | |
| Loss for the year | - | - | - | - | (5,264) | (5,264) | (1,909) | (7,173) |
| Other comprehensive loss | | | | | | | | |
| Translation differences relating to financial statements of foreign operations | - | - | - | (367) | - | (367) | (252) | (619) |
| Total comprehensive loss for the year | - | - | - | (367) | (5,264) | (5,631) | (2,161) | (7,792) |
| Transactions with owners, recognised directly in equity | | | | | | | | |
| Purchase of treasury shares | - | (20) | - | - | - | (20) | - | (20) |
| Non-controlling interests arising from increase in paid-up share capital of subsidiaries | - | - | - | - | - | - | 5,330 | 5,330 |
| Total transactions with owners | - | (20) | - | - | - | (20) | 5,330 | 5,310 |
| As at 31 December 2020 | 74,409 | (140) | (32,763) | (561) | 14,454 | 55,399 | 3,999 | 59,398 |

D. Condensed Interim Statements of Changes in Equity for the Financial Year ended 31 December 2021 (Cont'd)

| Group | Share capital | Treasury shares | Merger deficit | Currency translation reserve | Accumulated profits | Total equity attributable to equity holders of the Company | Non-controlling interests | Total equity |
|--|----------------------|------------------------|-----------------------|-------------------------------------|----------------------------|---|----------------------------------|---------------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 2021 (Unaudited) | | | | | | | | |
| As at 1 January 2021 | 74,409 | (140) | (32,763) | (561) | 14,454 | 55,399 | 3,999 | 59,398 |
| Total comprehensive loss for the year | | | | | | | | |
| Loss/ (Profit) for the year | - | - | - | - | (5,892) | (5,892) | 790 | (5,102) |
| Other comprehensive income | | | | | | | | |
| Translation differences relating to financial statements of foreign operations | - | - | - | 332 | - | 332 | 85 | 417 |
| Total comprehensive income/ (loss) for the year | - | - | - | 332 | (5,892) | (5,560) | 875 | (4,685) |
| Transactions with owners, recognised directly in equity | | | | | | | | |
| Purchase of treasury shares | - | (43) | - | - | - | (43) | - | (43) |
| Non-controlling interests arising from increase in paid-up share capital of a subsidiary | - | - | - | - | - | - | 720 | 720 |
| Total transactions with owners | - | (43) | - | - | - | (43) | 720 | 677 |
| As at 31 December 2021 | 74,409 | (183) | (32,763) | (229) | 8,562 | 49,796 | 5,594 | 55,390 |

D. Condensed Interim Statements of Changes in Equity for the Financial Year ended 31 December 2021 (Cont'd)

| Company | Share capital | Treasury shares | Accumulated profits | Total equity |
|--|------------------|--------------------|------------------------|-----------------|
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| <u>2020 (Audited)</u> | | | | |
| As at 1 January 2020 | 74,409 | (120) | 3,657 | 77,946 |
| Total comprehensive loss for the year | - | - | (2,532) | (2,532) |
| Transactions with owners, recognised directly in equity | | | | |
| Purchase of treasury shares | - | (20) | - | (20) |
| As at 31 December 2020 | 74,409 | (140) | 1,125 | 75,394 |
| <u>2021 (Unaudited)</u> | | | | |
| As at 1 January 2021 | 74,409 | (140) | 1,125 | 75,394 |
| Total comprehensive loss for the year | - | - | (1,065) | (1,065) |
| Transactions with owners, recognised directly in equity | | | | |
| Purchase of treasury shares | - | (43) | - | (43) |
| As at 31 December 2021 | 74,409 | (183) | 60 | 74,286 |

E. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate information

Kim Heng Ltd. (the “Company”) is incorporated as a limited liability company domiciled in Singapore and listed on the Catalist Exchange of Singapore.

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

These condensed interim consolidated financial statements as at and for the six months and full year ended 31 December 2021 comprise the Company and its subsidiaries (collectively, the “Group”).

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

The Group will shift its revenue segments to renewables energy support services, vessel chartering, marine construction and marine offshore support services in the financial year ending 31 December 2022.

2. Basis of Preparation

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

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

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

2.1 New and amended standards adopted by the Group

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

2.2 Use of judgements and estimates

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

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

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

2.2 Use of judgements and estimates (Cont'd)

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities as at 31 December 2021 are included in the following notes:

- 2.2(a) - Impairment of Group's non-financial assets
- 2.2(b) - Provision for expected credit losses on trade receivables
- 2.2(c) - Income tax

(a) Impairment of Group's non-financial assets

The Coronavirus Disease 2019 ("COVID-19") pandemic has led to heightened uncertainty inherent in estimating the recoverable amounts of the non-financial assets based on fair value less costs to sell due to increased volatility in their selling prices because there is still significant uncertainty in the recovery trajectory of the economy in the near future. In view of the recurring losses in difficult industry conditions and the negative impact arising from COVID-19 on the Group's operations, management performed an impairment assessment of its property, plant and equipment and right-of-use assets. The estimated recoverable amounts are based on valuation reports obtained from independent professional valuers, having appropriate recognised professional qualifications and experience in the assets being valued. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the market value.

(b) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECL") for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns. The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust historical credit loss experience with forward-looking information. At the end of each reporting period, historical default rates are updated and changes in the forward-looking estimates are analysed. The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate.

The ECL assessment involves estimation uncertainty heightened by the global economic slowdown ensuing the COVID-19 pandemic, such as a low down in payment collections from the customers. Significant management judgement is required to assess recoverability of debts from known customers who are potentially more negatively impacted by COVID-19. Forward looking adjustments, such as economic data, by management have incorporated potential impact of the COVID-19 pandemic. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

(c) Income tax

The Group has exposures to income taxes in jurisdictions that it operates in. Significant judgment is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.3 Going concern

The Group reported net loss before tax of S\$3.6 million (FY2020: S\$8.7 million) and total comprehensive loss of S\$4.7 million (FY2020: S\$7.8 million) for the financial year ended 31 December 2021 and the Group's current liabilities have exceeded its current assets and held-for-sale assets by approximately S\$8.5 million (FY2020: S\$2.6 million) as at 31 December 2021.

2.3 Going concern (Cont'd)

In assessing the appropriateness of the use of going concern basis of accounting in the preparation of the financial statements, management has considered various sources of liquidity and funding available to the Group in the next twelve months. The condensed interim financial statements have been prepared on a going concern basis, which contemplate the realisation of assets and the satisfaction of liabilities in the normal course of business. Management is of the view that there are reasonable expectations that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and particularly within the twelve months from the end of the reporting period.

3. Seasonal operations

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

4. Segment information

The Group has 4 reportable segments as described below:

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

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

| | Offshore Rig Services and Supply Chain Management | | | | Adjustments and eliminations | Total |
|---|---|------------------------------|-------------------------|----------------|------------------------------|---------|
| | Marine Offshore Support services income | Chartering and Towage Income | Equipment Rental income | Sales of goods | | |
| 6 months ended 31 December 2021 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Total revenue from external customers | 13,481 | 16,125 | 1,710 | 2,970 | - | 34,286 |
| Inter-segment revenue | 2,719 | 5,227 | 347 | 92 | (8,385) | - |
| Total segment revenue | 16,200 | 21,352 | 2,057 | 3,062 | (8,385) | 34,286 |
| Other income | | | | | | 878 |
| Finance costs | | | | | | (961) |
| Segment results | | | | | | (869) |
| Income tax expense | | | | | | (980) |
| Loss for the year | | | | | | (1,849) |
| Other Information | | | | | | |
| Segment assets | | | | | | 132,429 |
| Segment liabilities | | | | | | 77,039 |
| Capital Expenditure | | | | | | 5,701 |
| Other material non-cash items: | | | | | | |
| - Depreciation of property, plant and equipment and right-of-use assets | | | | | | 3,535 |
| - Gain on disposal of property, plant and equipment | | | | | | (741) |
| - Impairment reversed on trade and other receivables | | | | | | (10) |
| - Impairment loss on plant and equipment | | | | | | 44 |

4. Segment information (Cont'd)

| | Offshore Rig Services and Supply Chain Management | | | | Adjustments and eliminations | Total |
|---|---|------------------------------|-------------------------|----------------|------------------------------|---------|
| | Marine Offshore Support services income | Chartering and Towage Income | Equipment Rental income | Sales of goods | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 6 months ended 31 December 2020 | | | | | | |
| Total revenue from external customers | 13,015 | 4,456 | 2,017 | 471 | - | 19,959 |
| Inter-segment revenue | 2,806 | 2,850 | 331 | 21 | (6,008) | - |
| Total segment revenue | 15,821 | 7,306 | 2,348 | 492 | (6,008) | 19,959 |
| Other income | | | | | | 1,432 |
| Finance costs | | | | | | (911) |
| Segment results | | | | | | (7,054) |
| Income tax credit | | | | | | 1,566 |
| Loss for the year | | | | | | (5,488) |
| Other Information | | | | | | |
| Segment assets | | | | | | 122,420 |
| Segment liabilities | | | | | | 63,022 |
| Capital Expenditure | | | | | | 6,053 |
| Other material non-cash items: | | | | | | |
| - Depreciation on property, plant and equipment | | | | | | 3,833 |
| - Impairment loss on trade and other receivables | | | | | | 274 |
| - Impairment loss on plant and equipment | | | | | | 2,130 |
| | | | | | | |
| | Offshore Rig Services and Supply Chain Management | | | | Adjustments and eliminations | Total |
| | Marine Offshore Support services income | Chartering and Towage Income | Equipment Rental income | Sales of goods | | |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| 12 months ended 31 December 2021 | | | | | | |
| Total revenue from external customers | 26,474 | 29,448 | 3,410 | 3,890 | - | 63,222 |
| Inter-segment revenue | 3,615 | 8,402 | 640 | 145 | (12,802) | - |
| Total segment revenue | 30,089 | 37,850 | 4,050 | 4,035 | (12,802) | 63,222 |
| Other income | | | | | | 1,509 |
| Finance costs | | | | | | (1,836) |
| Segment results | | | | | | (3,640) |
| Income tax expense | | | | | | (1,462) |
| Loss for the year | | | | | | (5,102) |
| Other Information | | | | | | |
| Segment assets | | | | | | 132,429 |
| Segment liabilities | | | | | | 77,039 |
| Capital Expenditure | | | | | | 8,706 |
| Other material non-cash items: | | | | | | |
| - Depreciation of property, plant and equipment and right-of-use assets | | | | | | 7,235 |
| - Gain on disposal of property, plant and equipment | | | | | | (542) |
| - Impairment reversed on trade and other receivables | | | | | | (26) |
| - Impairment loss on plant and equipment | | | | | | 476 |

4. Segment information (Cont'd)

| | Offshore Rig Services and Supply Chain Management | | | | Adjustments and eliminations | Total |
|--|---|------------------------------------|-------------------------------|-------------------|------------------------------------|---------|
| | Marine Offshore Support services income | Chartering and Towing Income | Equipment Rental income | Sales of goods | | |
| 12 months ended 31 December 2020 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Total revenue from external customers | 21,539 | 10,811 | 3,802 | 1,491 | - | 37,643 |
| Inter-segment revenue | 3,350 | 3,835 | 348 | 25 | (7,558) | - |
| Total segment revenue | 24,889 | 14,646 | 4,150 | 1,516 | (7,558) | 37,643 |
| Other income | | | | | | 3,108 |
| Finance costs | | | | | | (1,784) |
| Segment results | | | | | | (8,708) |
| Income tax credit | | | | | | 1,535 |
| Loss for the year | | | | | | (7,173) |
| Other Information | | | | | | |
| Segment assets | | | | | | 122,420 |
| Segment liabilities | | | | | | 63,022 |
| Capital Expenditure | | | | | | 10,704 |
| Other material non-cash items: | | | | | | |
| - Depreciation on property, plant and equipment | | | | | | 7,551 |
| - Impairment loss on trade and other receivables | | | | | | 274 |
| - Impairment loss on plant and equipment | | | | | | 2,130 |

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

| | Group | | | |
|--------------------------|----------------|-------------|-----------------|-------------|
| | 6 months ended | | 12 months ended | |
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Revenue | | | | |
| Australia | 2,147 | 24 | 2,736 | 644 |
| China | 1,517 | - | 2,813 | - |
| India | - | 19 | 44 | 1,213 |
| Korea | 75 | - | 4,141 | - |
| Malaysia | 3,998 | 1,918 | 5,640 | 6,431 |
| Myanmar | - | - | 1,146 | - |
| Singapore | 9,384 | 5,131 | 17,345 | 10,403 |
| Taiwan | 9,708 | 10,095 | 19,714 | 11,925 |
| United Arab Emirates | 33 | 1,086 | 374 | 1,168 |
| United States of America | 78 | 74 | 144 | 339 |
| Europe | 181 | 764 | 903 | 3,709 |
| Russia | 2,815 | - | 3,223 | - |
| Vietnam | 2,487 | - | 2,989 | - |
| Others | 1,863 | 848 | 2,010 | 1,811 |
| | 34,286 | 19,959 | 63,222 | 37,643 |

5. Financial assets and financial liabilities

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

| | Group | | Company | |
|--|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | As at 31 Dec 2021 S\$'000 | As at 31 Dec 2020 S\$'000 | As at 31 Dec 2021 S\$'000 | As at 31 Dec 2020 S\$'000 |
| Financial assets at amortised cost | | | | |
| Trade and other receivables | 14,558 | 11,301 | 1,370 | 1,656 |
| Cash and cash equivalents | 8,253 | 6,226 | 70 | 31 |
| | <u>22,811</u> | <u>17,527</u> | <u>1,440</u> | <u>1,687</u> |
| Financial liabilities at amortised cost | | | | |
| Bank overdraft | 1,462 | 1,176 | - | - |
| Loan and borrowings | 45,353 | 40,557 | 3,066 | 3,567 |
| Lease liabilities | 12,423 | 8,322 | - | - |
| Trade and other payables | 14,522 | 11,112 | 360 | 204 |
| | <u>73,760</u> | <u>61,167</u> | <u>3,426</u> | <u>3,771</u> |

6. Loss before taxation

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

| | Group | | | | | |
|--|------------------------------|------------------------------|---------|------------------------------|------------------------------|---------|
| | 6 Months | | | 12 Months | | |
| | 1 Jul 2021 to 31 Dec 2021 | 1 Jul 2020 to 31 Dec 2020 | + / (-) | 1 Jan 2021 to 31 Dec 2021 | 1 Jan 2020 to 31 Dec 2020 | + / (-) |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Interest income from bank deposits | - | - | N.M. | (1) | (7) | (86) |
| Miscellaneous income | (336) | (1,630) | (80) | (966) | (3,101) | (69) |
| (Gain)/Loss on disposal of property, plant and equipment | (741) | 248 | N.M. | (542) | 50 | N.M. |
| Impairment loss on property, plant and equipment | 44 | 2,130* | (98) | 476 | 2,130* | (78) |
| Currency translations losses / (gains) - net | 140 | (146) | N.M. | 277 | 201 | 38 |
| Interest on loans & borrowings | 961 | 911 | 6 | 1,836 | 1,784 | 3 |
| Depreciation of property, plant and equipment & right-of-use assets | 3,535 | 3,833 | (8) | 7,235 | 7,551 | (4) |
| (Reversal of impairment)/ Impairment loss on trade and other receivables | (10) | 274 | N.M. | (26) | 274 | N.M. |
| Reversal of allowance for stock obsolesces | (1) | - | N.M. | (2) | - | N.M. |

N.M. – not meaningful

* Including impairment loss of S\$1.9 million for the reclassification of the property at 48 Penjuru Road

6.2 Related party transactions

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

7. Taxation

The major components of income tax expenses for the period/year ended 31 December 2021 and 31 December 2020 are:

| | Group | | | |
|---|----------------|-------------|-----------------|-------------|
| | 6 months ended | | 12 months ended | |
| | 31 Dec 2021 | 31 Dec 2020 | 31 Dec 2021 | 31 Dec 2020 |
| | S\$'000 | S\$'000 | S\$'000 | S\$'000 |
| Current tax expense | | | | |
| Under provision of current tax in respect of prior year | 188 | 339 | 685 | 339 |
| Current tax expense/(credit) | 453 | (31) | 438 | - |
| Deferred tax expenses | | | | |
| Movement in temporary differences | 339 | (1,874) | 339 | (1,874) |
| | 980 | (1,566) | 1,462 | (1,535) |

8. Dividends

No dividends have been declared or paid by the Group in respect of the financial year ended 31 December 2021 and 31 December 2020.

9. Net asset value

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

| | Group | | Company | |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| | As at 31 December 2021 | As at 31 December 2020 | As at 31 December 2021 | As at 31 December 2020 |
| Net asset value per ordinary share (cents) | 7.8 | 8.4 | 10.5 | 10.7 |
| Number of ordinary shares used in calculating net asset value per ordinary share | 707,142,100 | 707,907,300 | 707,142,100 | 707,907,300 |

10. Fair value measurement

Definition of fair value

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

Fair value measurement of financial instruments

The carrying values of variable rate bank loans approximate their fair values as disclosed in Note 13 to the condensed interim financial statements. The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, balances with related parties, cash and cash equivalents, trade and other payables, and borrowings) approximate their fair values because of the short period to maturity.

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

10. Fair value measurement (Cont'd)

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

11. Property, plant and equipment

During the financial year ended 31 December 2021, the Group acquired property, plant and equipment amounting to S\$15.72 million (FY2020: S\$19.66 million) and disposed of property, plant and equipment amounting to S\$8.48 million (FY2020: S\$10.44 million).

12. Right-of-use assets

During the financial year ended 31 December 2021, the Group acquired right-of-use assets amounting to S\$3.05 million (FY2020: S\$4.68 million). Right-of-use assets arising from extension of lease term for the leasehold land at No. 9 Pandan Crescent Singapore 128465 amounted to S\$3.16 million.

13. Borrowings

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

| | <u>As at 31 December 2021</u> | <u>As at 31 December 2020</u> |
|----------------------|-------------------------------|-------------------------------|
| | Secured S\$'000 | Secured S\$'000 |
| Bank overdrafts | 1,462 | 1,176 |
| Loans and borrowings | 15,524 | 12,915 |
| Lease liabilities | 2,396 | 1,816 |

Amount repayable after one (1) year

| | <u>As at 31 December 2021</u> | <u>As at 31 December 2020</u> |
|----------------------|-------------------------------|-------------------------------|
| | Secured S\$'000 | Secured S\$'000 |
| Loans and borrowings | 29,829 | 27,642 |
| Lease liabilities | 10,027 | 6,506 |

Details of any collateral

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$58.9 million (FY2020: S\$33.8 million) are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- Fixed deposits of approximately S\$0.6 million (FY2020: S\$0.6 million) are pledged as security deposits for the operating lease of office premises and warehouse as well as to secure term loans and finance lease liabilities; and
- Corporate guarantees by the Company amounting to S\$44.8 million (FY2020: S\$38.2 million).

14. Share capital

| | The Group and the Company | | | |
|-----------------------------|-----------------------------|-------------------|-----------------------------|-------------------|
| | 2021 | | 2020 | |
| | Number of shares '000 | Amount S\$'000 | Number of shares '000 | Amount S\$'000 |
| 1 January | 707,907 | 74,409 | 708,682 | 74,409 |
| Purchase of treasury shares | (765) | - | (775) | - |
| 31 December | <u>707,142</u> | <u>74,409</u> | <u>707,907</u> | <u>74,409</u> |

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

15. Subsequent events

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

F. OTHER INFORMATION REQUIRED BY LISTING RULE APPENDIX 7C

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

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

During the six months ended 31 December 2021, there was share buyback by the Company of 300,000 shares by way of market acquisition and are held as treasury shares.

Treasury shares

The number of treasury shares held by the Company as at 31 December 2021 is 2,857,900 representing 0.40% of the total number of issued shares outstanding as at 31 December 2021 (FY2020: 2,092,700 representing 0.29% of the total number of issued shares outstanding as at 31 December 2020).

There were no outstanding options, convertibles held by the Company as at 31 December 2021 and 31 December 2020.

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

| | As at 31 December 2021 | As at 31 December 2020 |
|--|---------------------------|---------------------------|
| Total issued shares (excluding treasury shares) | 707,142,100 | 707,907,300 |

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

During the financial year ended 31 December 2021, there were no sale, cancellation and/or use of treasury shares.

19. 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.

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

The condensed statement of financial position of Kim Heng Ltd and its subsidiaries as at 31 December 2021 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of change in equity and condensed consolidation of cash flows for the six months and 12 months then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

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

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the condensed interim financial statements as those applied in the preparation of the audited financial statements for FY 2020.

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

Refer to paragraph 22 above.

24. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends:

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

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

24. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends: (Cont'd)

| | 6 Months | | 12 Months | |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| | 1 Jul 2021 to 31 Dec 2021 | 1 Jul 2020 to 31 Dec 2020 | 1 Jan 2021 to 31 Dec 2021 | 1 Jan 2020 to 31 Dec 2020 |
| Net loss attributable to equity holders of the Company (\$'000) | (2,246) | (4,059) | (5,892) | (5,264) |
| Weighted average number of ordinary shares outstanding for loss per share | 707,218,730 | 708,023,693 | 707,486,716 | 708,216,300 |
| Basic and fully diluted loss per share (cents per share) | (0.3) | (0.6) | (0.8) | (0.7) |

The diluted and basic loss per share are the same for each of 2H 2021, 2H 2020, FY 2021 and FY 2020 as the Company has no dilutive equity instruments as at 31 December 2021 and 31 December 2020.

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

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

GROUP FINANCIAL PERFORMANCE

Consolidated Statement of Comprehensive Income

a) 2H 2021 vs 2H 2020 & FY 2021 vs FY 2020

Revenue

2H 2021 vs 2H 2020

Revenue for 2H 2021 increased by S\$14.3 million or 71.8%, from S\$20.0 million in 2H 2020 to S\$34.3 million in 2H 2021 mainly due to following:

- increase in revenue of S\$11.7 million from chartering of vessels;
- increase in revenue of S\$2.5 million from material sales;
- increase in revenue of S\$0.4 million from marine offshore support services, offset by
- decrease in revenue of S\$0.3 million from equipment rental.

FY 2021 vs FY 2020

Revenue increased by S\$25.6 million or 68%, from S\$37.6 million in FY 2020 to S\$63.2 million in FY 2021. The increase is attributed to:

- increase in revenue of S\$18.6 million from chartering of vessels mainly due to the overall increase in demand for chartering services;
- increase in revenue of S\$5.0 million from marine offshore support services mainly due to higher revenue generated from the Horizontal Directional Drilling ("HDD") projects in Taiwan;
- increase in revenue of S\$2.4 million from material sales, offset by
- decrease in revenue of S\$0.4 million from equipment rental.

Consolidated Statement of Comprehensive Income (Cont'd)

a) 2H 2021 vs 2H 2020 & FY 2021 vs FY 2020 (Cont'd)

Cost of sales, gross profit and gross profit margin

2H 2021 vs 2H 2020

Cost of sales for 2H 2021 increased by S\$7.9 million or 45.6%, from S\$17.2 million in 2H 2020 to S\$25.1 million in 2H 2021 mainly due to the following:

- a) increase in cost of sales of S\$2.9 million from chartering of vessels;
- b) increase in cost of sales of S\$3.3 million from marine offshore supports services;
- c) increase in cost of sales of S\$2.1 million from material sales, offset by
- d) decrease in cost of sales of S\$0.4 million from equipment rental.

Gross profit increase by S\$6.4 million or 235%, from S\$2.8 million in 2H 2020 to S\$9.2 million in 2H 2021, in line with the increase in revenue.

Gross profit margin increased from 14% in 2H 2020 to 27% in 2H 2021 mainly due to increase in gross profits generated from chartering of vessels as compared to gross loss incurred in the same business segment in 2H 2020.

FY 2021 vs FY 2020

In line with the increase in revenue, cost of sales for FY 2021 increased by S\$17.0 million or 56.1%, from S\$30.2 million in FY 2020 to S\$47.2 million in FY 2021.

Gross profit increased by S\$8.6 million or 116%, from S\$7.4 million in FY 2020 to S\$16.0 million in FY 2021.

Gross profit margin increased from 20% in FY 2020 to 25% in FY 2021. The increase was mainly due to:

- a) gross profits generated from chartering of vessels as compared to gross loss incurred for FY 2020, offset by
- b) decrease in gross profit margin for marine offshore support services.

Other income

2H 2021 vs 2H 2020

Other income decreased by S\$0.55 million, from S\$1.43 million in 2H 2020 to S\$0.88 million in 2H 2021, mainly due to following:

- a) lower payout of government grants and incentives under the Jobs Support Scheme and foreign worker levy rebates of S\$1.4 million, offset by
- b) higher gain on disposal of fixed assets of S\$0.74 million recognized.

FY 2021 vs FY 2020

Other income decreased by S\$1.6 million, from S\$3.1 million in FY 2020 to S\$1.5 million in FY 2021, mainly due to following:

- a) lower payout of government grants and incentives under the Jobs Support Scheme and foreign worker levy rebates of S\$1.9 million;
- b) cessation of office rental income of S\$0.2 million from 2H 2020 onwards;
- c) lower insurance compensation of S\$0.05 million;
- d) lower miscellaneous income of S\$0.05 million, and offset by
- e) gain on disposal of fixed assets of S\$0.5 million for FY 2021.

Consolidated Statement of Comprehensive Income (Cont'd)

a) 2H 2021 vs 2H 2020 & FY 2021 vs FY 2020 (Cont'd)

Distribution expenses

2H 2021 vs 2H 2020

Distribution expenses decreased by S\$0.26 million or 41.6%, from S\$0.62 million in 2H 2020 to S\$0.36 million in 2H 2021 mainly due to lower brokerage fees and travelling & accommodation expenses in 2H 2021.

FY 2021 vs FY 2020

Distribution expenses decreased by S\$0.20 million or 20.2%, from S\$0.98 million in FY 2020 to S\$0.78 million in FY 2021 mainly due to lower advertisement & promotion expenses and travelling & accommodation expenses in 2H 2021.

Administrative expenses

2H 2021 vs 2H 2020

Administrative expenses increased by S\$0.50 million or 8.2%, from S\$6.0 million in 2H 2020 to S\$6.5 million in 2H 2021 mainly due to higher staff costs and foreign worker salary & levy incurred resulting from increase in headcount in FY 2021.

FY 2021 vs FY 2020

Administrative expenses increased by S\$1.60 million or 13.9%, from S\$11.4 million in FY 2020 to S\$13.0 million in FY 2021 with the same reason as stated above.

Other operating expenses

2H 2021 vs 2H 2020

Other operating expenses decreased by S\$0.55 million or 15.1%, from S\$3.66 million in 2H 2020 to S\$3.11 million in 2H 2021 mainly due to lower impairment loss recognised on trade and other receivables in 2H 2021, the absence of impairment loss recognised in relation to the reclassification of the property at 48 Penjuru Road from assets held-for-sale to property, plant and equipment in 2H 2020 and partially offset by higher depreciation, staff training & welfare and sundry expenses in 2H 2021.

FY 2021 vs FY 2020

Other operating expenses increased by S\$0.51 million or 10.1%, from S\$5.03 million in FY 2020 to S\$5.54 million in FY 2021 mainly due to reclassification of expenses from cost of sales to other operating expenses.

Finance costs

2H 2021 vs 2H 2020

Finance costs increased by S\$0.05 million or 5.5%, from S\$0.91 million in 2H 2020 to S\$0.96 million in 2H 2021, mainly due to increase in term loans taken in 2H 2021 for working capital requirements.

FY 2021 vs FY 2020

Finance costs increased by S\$0.05 million or 2.9%, from S\$1.78 million in FY 2020 to S\$1.83 million in FY 2021 with the same reason as stated above.

Consolidated Statement of Comprehensive Income (Cont'd)

a) 2H 2021 vs 2H 2020 & FY 2021 vs FY 2020 (Cont'd)

Income tax expense

2H 2021 vs 2H 2020

Income tax expense increased by S\$2.55 million from S\$1.57 million income tax credit in 2H 2020 to S\$0.98 million income tax expense in 2H 2021. The increase was mainly due to under provision of current tax in respect of prior year, higher provision made for current year income tax expense and the absence of reversal of deferred tax liabilities as compared to 2H 2020.

FY 2021 vs FY 2020

Income tax expense increased by S\$3.0 million from S\$1.54 million income tax credit in FY 2020 to S\$1.46 million income tax expense in FY 2021 with the same reason as stated above.

Net loss after tax

2H 2021 vs 2H 2020

As a result of the above, the Group incurred net loss of S\$1.8 million in 2H 2021, which was 66% decrease as compared to net loss of S\$5.5 million in 2H 2020.

FY 2021 vs FY 2020

As a result of the above, the Group incurred net loss of S\$5.1 million in FY 2021, which was 29% decrease as compared to net loss of S\$7.2 million in FY 2020.

EBITDA

The Group achieved EBITDA of S\$5.4 million in FY 2021 as compared to S\$0.6 million in FY 2020.

Revenue Segment Analysis

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

| | 6 months | | Group | | | |
|--------------------------------------|---------------|---------------|---------|---------------|---------------|---------|
| | 1 Jul 2021 to | 1 Jul 2020 to | + / (-) | 12 months | | + / (-) |
| | 31 Dec 2021 | 31 Dec 2020 | | 31 Dec 2021 | 31 Dec 2020 | |
| | S\$'000 | S\$'000 | % | S\$'000 | S\$'000 | % |
| Renewable Energy | 9,853 | 10,057 | (2) | 17,908 | 11,787 | 52 |
| Chartering of vessels | 14,930 | 4,456 | 235 | 27,356 | 10,811 | 153 |
| Heavy Lift cranes & equipment rental | 1,711 | 2,017 | (15) | 3,411 | 3,802 | (10) |
| Marine & Offshore related services | 7,792 | 3,429 | 127 | 14,547 | 11,243 | 29 |
| | <u>34,286</u> | <u>19,959</u> | | <u>63,222</u> | <u>37,643</u> | |

Consolidated Statement of Comprehensive Income (Cont'd)

a) 2H 2021 vs 2H 2020 & FY 2021 vs FY 2020 (Cont'd)

Revenue Segment Analysis (Cont'd)

2H 2021 vs 2H 2020

Revenue generated from Renewable Energy segment decreased marginally by S\$0.2 million or 2%, from S\$10.1 million in 2H 2020 to S\$9.9 million in 2H 2021.

Revenue generated from Chartering of vessels segment increased by S\$10.5 million or 235%, from S\$4.4 million in 2H 2020 to S\$14.9 million in 2H 2021 due to improved utilization rate for the AHTS (Anchor Handling Tug Supply) and AHT (Anchor Handling Tug) vessels and their daily charter rates.

Heavy Lift cranes & equipment rental segment's revenue decreased by S\$0.3 million or 15%, from S\$2.0 million in 2H 2020 to S\$1.7 million in 2H 2021 mainly due to lower crane & equipment utilization rate in 2H 2021.

Marine & Offshore related services segment's revenue increased by S\$4.4 million or 127%, from S\$3.4 million in 2H 2020 to S\$7.8 million in 2H 2021 mainly due to higher sales of marine & offshore materials and more projects completed in 2H 2021 with the recovery of marine & offshore industry from the COVID-19 pandemic.

FY 2021 vs FY 2020

Revenue generated from Renewable Energy segment increased by S\$6.1 million or 52%, from S\$11.8 million in FY 2020 to S\$17.9 million in FY 2021 due to more contracts secured in the offshore windfarm projects in Taiwan.

Revenue generated from Chartering of vessels segment increased by S\$16.5 million or 153%, from S\$10.8 million in FY 2020 to S\$27.3 million in FY 2021 with the same reason as stated above.

Heavy Lift cranes & equipment rental segment's revenue decreased by S\$0.4 million or 10%, from S\$3.8 million in FY 2020 to S\$3.4 million in FY 2021 with the same reason as stated above.

Marine & Offshore related services segment's revenue increased by S\$3.3 million or 29%, from S\$11.2 million in FY 2020 to S\$14.5 million in FY 2021 with the same reason as stated above.

Consolidated Statement of Comprehensive Income (Cont'd)

b) 4Q 2021 vs 3Q 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | 3 months | | +/- % |
|----------------------------|---------------------------|------------------------------|----------|
| | 1 Oct 2021 31 Dec 2021 | 1 Jul 2021 to 30 Sep 2021 | |
| | S\$'000 | S\$'000 | |
| Revenue | 15,397 | 18,889 | (18) |
| Cost of sales | (9,670) | (15,389) | (37) |
| Gross profit | <u>5,727</u> | <u>3,500</u> | 64 |
| Gross profit margin | 37% | 19% | |
| Other income | 713 | 165 | >100 |
| Distribution expenses | (210) | (152) | 38 |
| Administrative expenses | (3,417) | (3,125) | 9 |
| Other operating expenses | (2,500) | (609) | >100 |
| Finance costs | (514) | (447) | 15 |
| Loss before tax | <u>(201)</u> | <u>(668)</u> | (70) |
| Tax expenses | (869) | (111) | >100 |
| Loss for the period | <u>(1,070)</u> | <u>(779)</u> | 38 |
| | | | |
| EBITDA | 1,821 | 1,806 | |

Revenue

Revenue for the three-month ended 31 December ("4Q") 2021 decreased by S\$3.5 million or 18%, from S\$18.9 million in the three-month ended 30 September ("3Q") 2021 to S\$15.4 million in 4Q 2021 mainly due to decrease in revenue of S\$0.6 million, S\$2.2 million and S\$1.0 million for sales of materials, marine offshore support services and chartering of vessels respectively, offset by increase of S\$0.3 million for equipment rental income.

Cost of sales, gross profit and gross profit margin

Cost of sales decreased by S\$5.7 million or 37%, from S\$15.4 million in 3Q 2021 to S\$9.7 million in 4Q 2021 mainly due to decrease in cost of sales of S\$0.8 million, S\$3.9 million and S\$1.0 million for sales of materials, marine offshore support services and chartering of vessels respectively.

As a result of the above, gross profit increase by S\$2.2 million or 64%, from S\$3.5 million in 3Q 2021 to S\$5.7 million in 4Q 2021.

Gross profit margin increased to 37% in 4Q 2021 as compared to 19% in 3Q 2021 mainly due to increase in gross profit margin for marine offshore support services and chartering of vessels.

Other income

Other income increased by S\$0.55 million or 332%, from S\$0.17 million in 3Q 2021 to S\$0.71 million in 4Q 2021 mainly due to gain on disposal of fixed assets recognized in 4Q 2021.

Consolidated Statement of Comprehensive Income (Cont'd)

b) 4Q 2021 vs 3Q 2021 (Cont'd)

Distribution expenses

Distribution expenses increased by S\$58,000 or 38%, from S\$152,000 in 3Q 2021 to S\$210,000 in 4Q 2021 mainly due to higher advertisement and promotion expenses.

Administrative expenses

Administrative expenses increased by S\$0.3 million or 9%, from S\$3.1 million in 3Q 2021 to S\$3.4 million in 4Q 2021 mainly due to higher staff costs and professional fees incurred.

Other operating expenses

Other operating expenses increased by S\$1.9 million or 311%, from S\$0.6 million in 3Q 2021 to S\$2.5 million in 4Q 2021 mainly due to higher exchange loss and sundry expenses recognized and reclassification of expenses from cost of sales.

Finance costs

Finance costs increase by S\$67,000 or 15%, from S\$447,000 in 3Q 2021 to S\$514,000 in 4Q 2021 mainly due to higher interest expenses incurred for terms loans, partially offset by lower interest expenses for trust receipts.

Net loss after tax

As a result of the above, the Group incurred net loss of S\$1.1 million in 4Q 2021 as compared to net loss of S\$0.8 million in 3Q 2021.

EBITDA

The group achieved EBITDA gain of S\$1.8 million in both 4Q 2021 and 3Q 2021.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets increased by S\$7.9 million from S\$97.7 million as at 31 December 2020 to S\$105.6 million as at 31 December 2021. The increase was mainly attributed to acquisition of fixed assets of S\$18.8 million in FY 2021, including the 1250 tonnes crawler crane as per our announcement dated 15 October 2021, addition of right-of-use assets arising from extension of lease term for the leasehold land at No. 9 Pandan Crescent amounting to S\$3.2 million, offset by depreciation for FY 2021 of S\$7.2 million, reclassification to assets held-for-sale of S\$1.0 million and disposal of fixed assets in FY 2021.

Current assets

Current assets increased by S\$2.1 million from S\$24.7 million as at 31 December 2020 to S\$26.8 million as at 31 December 2021. This was mainly due to increase in trade and other receivables and cash and cash equivalents, partially offset by decrease in assets held-for sale.

Cash and cash equivalents increased from S\$6.2 million as at 31 December 2020 to S\$8.2 million as at 31 December 2021 mainly due to cash generated from operating and investing activities, offset by cash used in financing activities.

Consolidated Statement of Financial Position (Cont'd)

Current assets (Cont'd)

Trade and other receivables increased from S\$12.3 million as at 31 December 2020 to S\$17.4 million as at 31 December 2021 which is line with higher group revenue for FY 2021.

Receivable turnover decreased from 112 days as at 31 December 2020 to 68 days as at 31 December 2021 due to better credit control.

Shareholders' Equity

Shareholders' equity amounted to S\$49.8 million and S\$55.4 million as at 31 December 2021 and 31 December 2020 respectively. The decrease was mainly due to net loss incurred in FY 2021.

Non-Controlling interests

Non-controlling interests increased by S\$1.6 million from S\$4.0 million as at 31 December 2020 to S\$5.6 million as at 31 December 2021 mainly due to issuance of subsidiary's shares to the non-controlling interests in Bridgewater Offshore Pte. Ltd. and share of profit for FY 2021 attributed to non-controlling interests.

Non-current liabilities

Non-current liabilities increased by S\$6.0 million, from S\$35.7 million as at 31 December 2020 to S\$41.7 million as at 31 December 2021, mainly due to increase in loans and borrowings and additional lease liabilities for lease of land at No. 9 Pandan Crescent and increase in deferred tax liabilities.

Current liabilities

Current liabilities increased by S\$8.0 million, from S\$27.4 million as at 31 December 2020 to S\$35.4 million as at 31 December 2021 mainly due to increase in loans and borrowings and increase in trade & other payables which is in line with the increase in business activities.

Payable turnover day decreased from 126 days as at 31 December 2020 to 95 days as at 31 December 2021 as the Group has been paying off trade suppliers on a timely basis to avoid business disruption.

Working Capital

Net current liabilities of the Group increased by S\$5.85 million, from S\$2.62 million as at 31 December 2020 to S\$8.47 million, mainly due to the following:

- a) increase in loans and borrowings, bank overdraft and lease liabilities of S\$3.48 million;
- b) increase in current tax payable of \$0.44 million;
- c) decrease in assets held-for sale of S\$4.75 million; offset by
- d) increase in working capital (inventories, trade and other receivables & trade and other payables) of S\$0.79 million; and
- e) increase in cash and cash equivalent of S\$2.03 million.

The Board and management are of the view that there are reasonable expectations that the Group and the Company have adequate resources to continue in operational existence for the foreseeable future and particularly within the twelve months from the end of the reporting period in consideration of the following sources of liquidity and funding available to the Group:

- future cash inflows from the Group's operating activities for the financial year ending 31 December 2022 ("FY 2022");
- Proceeds from sale of vessels and a crane in FY 2022.

Consolidated Statement of Cash flows

FY 2021 vs FY 2020

In FY 2021, net cash generated from operating activities before changes in working capital amounted to S\$5.3 million due to loss before income tax of S\$3.6 million, and adjustments mainly for depreciation of property, plant and equipment and right-of-use assets of S\$7.2 million, interest expense of S\$1.8 million and gain on disposal and impairment loss for plant and equipment of S\$0.5 million each. The overall net cash generated from operating activities after changes in working capital and income tax paid amounted to S\$3.7 million.

Net cash generated from investing activities of S\$3.3 million in FY 2021 was mainly due to proceeds from disposal of plant and equipment, partially offset by the purchase of new fixed assets and deposits pertaining to purchase of property, plant and equipment.

Net cash used in financing activities of S\$5.7 million in FY 2021 were mainly due to repayment of term loans, lease liabilities and interest payments, partially offset by issuance of shares to non-controlling interest of subsidiary and proceeds from term loans and trust receipts.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net increase of S\$1.4 million in cash and cash equivalents (as adjusted for deposits pledged) in FY 2021.

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

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

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

The broader market in the offshore and shipping industries will continue to face uncertainties caused by the emergence of COVID-19 variants such as Omicron.

Amid the volatile COVID-19 situation, the Group will continue to leverage on the skill sets, marine assets and capabilities that we have, and expand our footprint in offshore windfarm renewables energy sector. We believe that there will be growth and development in the renewable energy space.

Charter rates and utilization have improved significantly in FY2021 as well, we expect this robust level of charter income to continue moving forward in FY2022. Oil prices has steadily increased with geopolitical tensions and we do expect charter income to increase due to higher day rates.

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

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

No dividend has been declared or recommended for FY 2021.

(b) Previous corresponding period

No dividend was declared or recommended for FY 2020.

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

Not applicable.

(d) Date Payable

Not applicable.

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

Not applicable.

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

No dividend was declared or recommended for FY 2021 as the Group has been incurring losses for FY 2021. It is the Group's intention to conserve cash for working capital and business expansion purposes

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

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

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

Save as disclosed below, there were no acquisition or realization of shares thereby resulting (i) in a change in the shareholding percentage in any of the subsidiary or associated company of the Group or (ii) an entity becoming or ceasing to be (as the case may be) a subsidiary or associated company of the Group during FY 2021. Neither was there any incorporation of new subsidiary or associated company by the Group during FY 2021.

During 2H 2021,

- (i) the Company's wholly-owned subsidiary, Kim Heng Offshore & Marine Pte Ltd ("KHOMPL") incorporated the following wholly-owned companies:

| | | |
|---|---|--------------------------|
| Name of company | : | Adira Renewables Pte Ltd |
| Incorporation date | : | 6 October 2021 |
| Issued and paid-up shares capital | : | S\$100 |
| Percentage of issued and paid-up share capital held by KHOMPL | : | 100% |
| Principal activity | : | Other holding companies |

For more details, please refer to the announcement dated 9 November 2021.

31. Disclosure on Acquisition and Realisation of Share pursuant to Rule 706(A) of the Catalist Rules (Cont'd)

| | | |
|---|---|--------------------------------------|
| Name of company | : | Kim Heng Marine Construction Pte Ltd |
| Incorporation date | : | 19 November 2021 |
| Issued and paid-up shares capital | : | S\$100 |
| Percentage of issued and paid-up share capital held by KHOMPL | : | 100% |
| Principal activity | : | Other holding companies |

The incorporation of Kim Heng Marine Construction Pte Ltd (“KHMC”) was funded through internal resources and is not expected to have any material impact on the earnings per share or net tangible assets of the Company for the financial year ending 31 December 2022. Mr Tan Keng Siong, Thomas (“Mr Thomas Tan”), the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, and Mr Tan Keng Hoe Melvin, who is the brother of Mr Thomas Tan, were appointed as directors of KHMC.

- (ii) the Company’s wholly-owned subsidiary, Adira Renewables Pte Ltd (“**Adira Renewables**”) incorporated the following wholly-owned companies:

| | | |
|---|---|--|
| Name of company | : | Adira 300 Pte Ltd (“Adira 300”) |
| Incorporation date | : | 15 February 2022 |
| Issued and paid-up shares capital | : | USD 100 |
| Percentage of issued and paid-up share capital held by Adira Renewables | : | 100% |
| Principal activity | : | Shipping companies, including chartering of ships and boats with crew (freight) and ship management services |

| | | |
|---|---|---|
| Name of company | : | Adira Heavy Lift Pte Ltd (“Adira HL”) |
| Incorporation date | : | 15 February 2022 |
| Issued and paid-up shares capital | : | USD 100 |
| Percentage of issued and paid-up share capital held by Adira Renewables | : | 100% |
| Principal activity | : | Renting of industrial machinery and equipment |

| | | |
|---|---|--|
| Name of company | : | Adira 330 Pte Ltd (“Adira 330”) |
| Incorporation date | : | 15 February 2022 |
| Issued and paid-up shares capital | : | USD 100 |
| Percentage of issued and paid-up share capital held by Adira Renewables | : | 100% |
| Principal activity | : | Shipping companies, including chartering of ships and boats with crew (freight) and ship management services |

The incorporation of Adira 300, Adira HL and Adira 330 were funded through internal resources and is not expected to have any material impact on the earnings per share or net tangible assets of the Company for the financial year ending 31 December 2022. Mr Thomas Tan, the Executive Chairman, Chief Executive Officer and controlling shareholder of the Company, and Mr Tan Wen Hao, Justin Anderson, who is the son of Mr Thomas Tan, were appointed as directors of Adira 300, Adira HL and Adira 330.

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

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

33. 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(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

| Name | Age | Family relationship with any director and/or substantial shareholder | Current position and duties, and the year the position was first held | Details of changes in duties and position held, if any, during the year |
|-----------------------------|-----|--|---|---|
| Tan Keng Hoe Melvin | 59 | Brother of Mr. Thomas Tan, CEO & Chairman | Chief Technical Officer To oversee the engineering division of the Group. | N.A. |
| Tan Peck Ling Jocelyn | 39 | Daughter of Mr. Thomas Tan, CEO & Chairman | Head of Corporate Services Responsible for corporate services and strategic planning for the Group and overseeing the coordination and allocation of Group resources for the achievement of the Group's strategic objectives since September 2014. | N.A. |
| Tan Peck Ching Jeliane | 37 | Daughter of Mr. Thomas Tan, CEO & Chairman | Head of Supply Chain Responsible for identifying and screening procurement suppliers, negotiating terms and conditions, standardizing business and procurement best practice processes since April 2006. | N.A. |
| Tan Wen Hao Justin Anderson | 31 | Son of Mr. Thomas Tan, CEO & Chairman | Chief Operating Officer – Offshore & Marine Oversee the Group's shipyard operations, heavy equipment business, the marine & offshore vessel charter & operations and the Group's business in the offshore windfarm sector and horizontal directional drilling. | N.A. |

On Behalf of the Board of Directors

Thomas Tan Keng Siong
Executive Chairman and CEO
22 February 2022