



Company Registration No. 201311482K

## KIM HENG LIMITED

### INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

*This announcement has not been examined or approved by the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the SGX-ST assumes no responsibility for the contents of this announcement, including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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## A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	6 Months		+/-
		1 Jan 2022 To 30 Jun 2022	1 Jan 2021 To 30 Jun 2021	
		S\$'000	S\$'000	%
Revenue	4	30,475	28,936	5
Cost of sales		(22,550)	(22,114)	2
<b>Gross profit</b>		7,925	6,822	16
<b>Gross profit margin</b>		26%	24%	
Other income		6,635	631	>100
Distribution expenses		(865)	(418)	>100
Administrative expenses		(6,554)	(6,501)	1
Other expenses		(1,219)	(2,430)	(50)
Finance costs		(1,125)	(875)	29
Profit/(loss) before tax	6	4,797	(2,771)	N.M.
Tax expenses	7	(654)	(482)	36
<b>Profit/(loss) for the period</b>		4,143	(3,253)	N.M.
<b>Other comprehensive income, net of tax</b>				
<b>Items that may be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences		508	196	>100
<b>Items that will not be reclassified subsequently to profit or loss:</b>				
Foreign currency translation differences		74	61	21
<b>Total comprehensive income/(loss) for the period</b>		4,725	(2,996)	N.M.
<b>Net (loss)/profit attributable to:</b>				
Owners of the Company		5,066	(3,646)	N.M.
Non-controlling interests		(923)	393	N.M.
		4,143	(3,253)	N.M.
<b>EBITDA</b>		10,151	1,804	>100
<b>Earnings per share (cents)</b>				
Basic	23	0.7	(0.5)	
Diluted	23	0.7	(0.5)	

N.M. – not meaningful

## B. Condensed Interim Statement of Financial Position

	Note	Group		Company	
		As at 30 Jun 2022	As at 31 Dec 2021	As at 30 Jun 2022	As at 31 Dec 2021
		S\$'000	S\$'000	S\$'000	S\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	11	91,051	92,103	–	–
Right-of-use assets		16,125	13,411	–	–
Club memberships		63	63	–	–
Investment in subsidiaries		–	–	76,250	76,250
		<u>107,239</u>	<u>105,577</u>	<u>76,250</u>	<u>76,250</u>
<b>Current assets</b>					
Inventories		1,491	2,077	–	–
Trade and other receivables		21,411	14,703	467	1,392
Cash and cash equivalents		4,377	8,253	63	70
Assets held-for-sale		–	951	–	–
		<u>27,279</u>	<u>25,984</u>	<u>530</u>	<u>1,462</u>
<b>Total assets</b>		<u>134,518</u>	<u>131,561</u>	<u>76,780</u>	<u>77,712</u>
<b>EQUITY</b>					
Share capital	13	74,409	74,409	74,409	74,409
Treasury shares		(282)	(183)	(282)	(183)
Reserves		(32,484)	(32,992)	–	–
Accumulated profits/(loss)		13,628	8,562	(222)	60
<b>Equity attributable to owners of the Company</b>		<u>55,271</u>	<u>49,796</u>	<u>73,905</u>	<u>74,286</u>
Non-controlling interests		4,745	5,594	–	–
<b>Total Equity</b>		<u>60,016</u>	<u>55,390</u>	<u>73,905</u>	<u>74,286</u>
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Loans and borrowings	12	26,000	29,829	1,725	2,178
Lease liabilities	12	10,601	10,027	–	–
Deferred tax liabilities		2,209	1,862	–	–
		<u>38,810</u>	<u>41,718</u>	<u>1,725</u>	<u>2,178</u>
<b>Current liabilities</b>					
Bank overdrafts	12	1,208	1,462	–	–
Loans and borrowings	12	16,112	15,524	915	888
Lease liabilities	12	2,623	2,396	–	–
Trade and other payables		15,231	14,579	235	360
Current tax payable		518	492	–	–
		<u>35,692</u>	<u>34,453</u>	<u>1,150</u>	<u>1,248</u>
<b>Total liabilities</b>		<u>74,502</u>	<u>76,171</u>	<u>2,875</u>	<u>3,426</u>
<b>Total equity and liabilities</b>		<u>134,518</u>	<u>131,561</u>	<u>76,780</u>	<u>77,712</u>

### C. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		6 months ended	
		30 June 2022	30 June 2021
		S\$'000	S\$'000
<b>Cash flows from operating activities</b>			
Profit/(loss) before income tax		4,797	(2,771)
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	6.1	4,229	3,700
(Gain)/Loss on disposal of property, plant and equipment	6.1	(6,131)	199
Impairment loss on property, plant and equipment	6.1	-	432
Impairment loss recognised/(Reversal of impairment) on trade and other receivables	6.1	286	(16)
Interest income	6.1	(1)	(1)
Interest expense	6.1	1,125	875
		4,305	2,418
<b>Changes in working capital:</b>			
Inventories		586	253
Trade and other receivables		(5,825)	(9,576)
Trade and other payables		(2,627)	3,698
Cash used in operations		(3,561)	(3,207)
Income tax paid		(266)	(408)
<b>Net cash used in operating activities</b>		(3,827)	(3,615)
<b>Cash flows from investing activities</b>			
Deposits for purchase of property, plant and equipment		(270)	(363)
Purchase of property, plant and equipment		(2,865)	(3,005)
Proceeds from disposal of property, plant and equipment		9,455	7,992
Interest received		1	1
<b>Net cash generated from investing activities</b>		6,321	4,625
<b>Cash flows from financing activities</b>			
Interest paid		(1,125)	(875)
Repayment of lease liabilities		(1,662)	(575)
Repayment of term loans		(4,108)	(3,086)
(Repayment of)/Proceeds from trust receipts, net		(349)	282
Proceeds from term loan drawn down		1,080	-
Purchase of treasury shares	13	(99)	(17)
Non-controlling interests arising from increase in paid-up share capital of subsidiaries		-	720
Changes in deposits pledged		(20)	(26)
<b>Net cash used in financing activities</b>		(6,283)	(3,577)
<b>Net decrease in cash and cash equivalents</b>		(3,789)	(2,567)
Cash and cash equivalents at beginning of the period		6,167	4,455
Effect of exchange rate fluctuations on cash and cash equivalents		147	41
<b>Cash and cash equivalents at end of the period~</b>		2,525	1,929
<b>Significant non-cash transactions during the period:</b>			
Acquisition of other plant and equipment		2,463	2,516
		2,463	2,516

### C. Condensed Interim Consolidated Statement of Cash Flows (Cont'd)

	6 months ended 30 Jun 2022	6 months ended 30 Jun 2021
	S\$'000	S\$'000
~Cash and cash equivalents consist of the following:		
Cash at bank and in hand	3,733	3,391
Fixed deposits	644	621
Cash and cash equivalents	4,377	4,012
Deposits pledged	(644)	(621)
Bank overdrafts	(1,208)	(1,462)
Cash and cash equivalents in the statements of cash flows	2,525	1,929

#### D. Condensed Interim Statements of Changes in Equity

Group	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Currency translation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>2021</b>								
<b>As at 1 January 2021</b>	74,409	(140)	(32,763)	(561)	14,454	55,399	3,999	59,398
<b>Total comprehensive income for the financial period</b>								
Loss for the financial period	–	–	–	–	(3,646)	(3,646)	393	(3,253)
<b>Other comprehensive income</b>								
Translation differences relating to financial statements of foreign operations	–	–	–	196	–	196	61	257
Total comprehensive income/ (loss) for the financial period	–	–	–	196	(3,646)	(3,450)	454	(2,996)
<b>Transactions with owners, recognised directly in equity</b>								
Purchase of treasury shares	–	(17)	–	–	–	(17)	–	(17)
Non-controlling interests arising from increase in paid-up share capital of subsidiaries	–	–	–	–	–	–	720	720
<b>Total transactions with owners</b>	–	(17)	–	–	–	(17)	720	703
<b>As at 30 June 2021</b>	74,409	(157)	(32,763)	(365)	10,808	51,932	5,173	57,105

#### D. Condensed Interim Statements of Changes in Equity (Cont'd)

Group	Share capital S\$'000	Treasury shares S\$'000	Merger deficit S\$'000	Currency translation reserve S\$'000	Accumulated profits S\$'000	Total equity attributable to owners of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
<b>2022</b>								
As at 1 January 2022	74,409	(183)	(32,763)	(229)	8,562	49,796	5,594	55,390
<b>Total comprehensive income for the financial period</b>								
Profit for the financial period	–	–	–	–	5,066	5,066	(923)	4,143
<b>Other comprehensive income</b>								
Translation differences relating to financial statements of foreign operations	–	–	–	508	–	508	74	582
Total comprehensive income/ (loss) for the financial period	–	–	–	508	5,066	5,574	(849)	4,725
<b>Transactions with owners, recognised directly in equity</b>								
Purchase of treasury shares	–	(99)	–	–	–	(99)	–	(99)
<b>Total transactions with owners</b>	–	(99)	–	–	–	(99)	–	(99)
<b>As at 30 June 2022</b>	<b>74,409</b>	<b>(282)</b>	<b>(32,763)</b>	<b>279</b>	<b>13,628</b>	<b>55,271</b>	<b>4,745</b>	<b>60,016</b>



#### D. Condensed Interim Statements of Changes in Equity (Cont'd)

Company	Share capital	Treasury shares	Accumulated profits/(loss)	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
<b><u>2021</u></b>				
<b>As at 1 January 2021</b>	74,409	(140)	1,125	75,394
Total comprehensive loss for the financial period	–	–	(364)	(364)
<b>Transactions with owners, recognised directly in equity</b>				
Purchase of treasury shares	–	(17)	–	(17)
<b>As at 30 June 2021</b>	74,409	(157)	761	75,013
 <b><u>2022</u></b>				
<b>As at 1 January 2022</b>	74,409	(183)	60	74,286
Total comprehensive loss for the financial period	–	–	(282)	(282)
<b>Transactions with owners, recognised directly in equity</b>				
Purchase of treasury shares	–	(99)	–	(99)
<b>As at 30 June 2022</b>	74,409	(282)	(222)	73,905

## **E. NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

### **1. Corporate information**

The Company is incorporated as a limited liability company domiciled in Singapore and listed on the Catalist Board of Singapore Exchange Securities Trading Limited.

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

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 is planning to shift its revenue segments to renewables energy support services, vessel chartering, oilfield services and marine construction in the financial year ending 31 December 2022.

### **2. Basis of Preparation**

The financial statements have been prepared in accordance with Singapore Financial Reporting Standards (International) (“**SFRS(I)**”) including related Interpretations promulgated by the Accounting Standards Council (“**ASC**”). The 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 2021.

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

The financial statements are presented in Singapore Dollar which is the Company’s functional currency. All financial information 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), 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 results may differ from these estimates.

The significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements as at and for the financial year ended 31 December 2021.

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. There were no significant judgements made in applying accounting policies that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period.

## 2.3 Going concern

The Group reported net profit before tax of S\$4.8 million and total comprehensive income of S\$4.7 million in 1H2022. Current liabilities of the Group exceeded the current assets by S\$8.4 million (31 December 2021: S\$8.5 million).

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 for 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 current 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 30 June 2022	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	10,296	11,890	4,064	4,225	–	30,475
Inter-segment revenue	1,393	7,036	384	80	(8,893)	–
Total segment revenue	11,689	18,926	4,448	4,305	(8,893)	30,475
Other income						6,635
Finance costs						(1,125)
Segment results						4,797
Income tax expense						(654)
Profit for the period						4,143
<b>Other Information</b>						
Segment assets						134,517
Segment liabilities						74,502
Capital expenditure						2,865
Other material non-cash items:						
- Depreciation of property, plant and equipment and right-of-use assets						4,229
- Gain on disposal of property, plant and equipment						(6,131)
- Impairment recognised on trade and other receivables						286

#### 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		
6 months ended 30 June 2021	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	12,993	13,323	1,700	920	–	28,936
Inter-segment revenue	896	3,175	293	53	(4,417)	–
Total segment revenue	13,889	16,498	1,993	973	(4,417)	28,936
Other income						631
Finance costs						(875)
Segment results						(2,771)
Income tax expense						(482)
Loss for the period						(3,253)
<b>Other Information</b>						
Segment assets						123,545
Segment liabilities						66,440
Capital expenditure						3,005
Other material non-cash items:						
- Depreciation on property, plant and equipment						3,700
- Loss on disposal of property, plant and equipment						199
- Impairment reversed on trade and other receivables						(16)
- Impairment loss on property, plant and equipment						432

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 is based on the delivery order address of customers. Segment assets, based on the geographical location of the assets, are all in Singapore.

	Group	
	30 June 2022	30 June 2021
	S\$'000	S\$'000
<b>Segment Revenue</b>		
Australia	2,235	589
China	590	1,296
India	-	68
Korea	-	4,066
Malaysia	6,180	1,642
Myanmar	41	1,146
Singapore	16,227	7,961
Taiwan	1,554	10,006
United Arab Emirates	434	341
United States of America	42	66
Europe	1,706	722
Others	1,466	1,033
	30,475	28,936

## 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 30 Jun 2022 S\$'000	As at 31 Dec 2021 S\$'000	As at 30 Jun 2022 S\$'000	As at 31 Dec 2021 S\$'000
<b>Financial assets at amortised cost</b>				
Trade and other receivables	20,087	13,691	431	1,370
Cash and cash equivalents	4,377	8,253	63	70
	<u>24,464</u>	<u>21,944</u>	<u>494</u>	<u>1,440</u>
<b>Financial liabilities at amortised cost</b>				
Bank overdraft	1,208	1,462	-	-
Loan and borrowings	42,112	45,353	2,640	3,066
Lease liabilities	13,244	12,423	-	-
Trade and other payables	13,454	14,522	235	360
	<u>70,018</u>	<u>73,760</u>	<u>2,875</u>	<u>3,426</u>

## 6. Profit/(loss) before taxation

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

	6 Months		+/-
	1 Jan 2022 to 30 Jun 2022 S\$'000	1 Jan 2021 to 30 Jun 2021 S\$'000	
Interest income from bank deposits	(1)	(1)	N.M.
Miscellaneous income	(492)	(630)	(22)
(Gain)/loss on disposal of property, plant and equipment and right-of-use assets	(6,131)	199	N.M.
Currency translations (gain)/loss - net	(11)	137	N.M.
Interest on loans and borrowings	1,125	875	29
Depreciation of property, plant and equipment & right-of-use assets	4,229	3,700	14
Impairment loss on property, plant and equipment	-	432	N.M.
Impairment loss recognised/(reversed) on trade and other receivables	286	(16)	N.M.
Reversal of inventories obsolescence	(851)	(1)	>100

*N.M. – not meaningful*

## 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 ended 30 June 2022 and 30 June 2021 are:

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
<b>Current tax expense</b>		
Under provision of current tax in respect of prior year	270	497
Current tax expense/(credit)	32	(15)
	302	482
<b>Deferred tax expenses</b>		
Movement in temporary differences	352	-
	654	482

## 8. Dividends

A breakdown of the total interim dividend (in dollar value) paid for the issuer's latest interim financial statements and its previous financial statements.

	<b>Group</b>	
	<b>6 months ended</b>	
	<b>30 June 2022</b>	<b>30 June 2021</b>
	<b>S\$'000</b>	<b>S\$'000</b>
Ordinary	-	-
	-	-

## 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 period reported on; and (b) immediately preceding financial year:

	<b>Group</b>		<b>Company</b>	
	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>	<b>As at 30 June 2022</b>	<b>As at 31 December 2021</b>
Net asset value per ordinary share (cents)	8.5	7.8	10.5	10.5
Number of ordinary shares used in calculating net asset value per ordinary share	705,942,100	707,142,100	705,942,100	707,142,100

## 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 12 to the 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:

- 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 six months ended 30 June 2022, the Group acquired assets amounting to S\$2.87 million (30 June 2021: S\$3.0 million) and disposed of assets amounting to S\$3.32 million (30 June 2021: S\$2.88 million).

## 12. Borrowings

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

	<u>As at 30 June 2022</u>	<u>As at 31 December 2021</u>
	Secured	Secured
	S\$'000	S\$'000
Bank overdrafts	1,208	1,462
Loans and borrowings	16,112	15,524
Lease liabilities	2,623	2,396

Amount repayable after one (1) year

	<u>As at 30 June 2022</u>	<u>As at 31 December 2021</u>
	Secured	Secured
	S\$'000	S\$'000
Loans and borrowings	26,000	29,829
Lease liabilities	10,601	10,027

## 12. Borrowings (Cont'd)

### Details of any collateral as at 30 June 2022

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$64.1 million are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- Fixed deposits of approximately 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\$40.1 million to secure outstanding term loans and finance lease liabilities of S\$51.2 million.

For the financial period ended 30 June 2022, the Group's 51% owned subsidiary, Bridgewater Offshore Pte Ltd had breached a loan covenant. On 24 June 2022, the Group had obtained an indulgence letter from the financial institution for the covenant breach.

## 13. Share capital

	The Group and the Company			
	30 June 2022		31 December 2021	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
Beginning of interim period/year	707,142	74,409	707,907	74,409
Purchase of treasury shares	(1,200)	-	(765)	-
End of interim period/year	705,942	74,409	707,142	74,409

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2022 and 31 December 2021.

## 14. 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 CATALIST RULE APPENDIX 7C**

15. 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\$'000)
<b>Issued and fully paid ordinary shares</b>		
Balance at 31 December 2021	707,142,100	74,409
Purchase of treasury shares	(1,200,000)	-
Balance as at 30 June 2022	705,942,100	74,409

During the half year ended 30 June ("1H") 2022, there was a share buyback by the Company of 1,200,000 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 30 June 2022 is 4,057,900 representing 0.57% of the total number of issued shares outstanding as at 30 June 2022 (30 June 2021: 2,557,900 representing 0.36% of the total number of issued shares outstanding as at 30 June 2021).

There were no outstanding options or convertibles held by the Company as at 30 June 2022 and 30 June 2021.

16. 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 30 June 2022	As at 31 December 2021
<b>Total issued shares (excluding treasury shares)</b>	705,942,100	707,142,100

17. 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 1H2022, there were no sale, cancellation and/or use of treasury shares.

18. 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.

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

The condensed consolidated statement of financial position of Kim Heng Ltd and its subsidiaries as at 30 Jun 2022 and the related condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement 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.

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

Not applicable.

**20.1 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 2021 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.

**21. 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 financial statements for 1H2022 as those applied in the preparation of the audited financial statements for the financial year ended 31 December 2021.

**22. 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 21 above.

**23. 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:**

**Earnings/(loss) per share based on the weighted average number of ordinary shares on issue:**

Earnings/(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.

	<b>1H - 6 Months</b>	
	<b>1 Jan 2022 to 30 June 2022</b>	<b>1 Jan 2021 to 30 June 2021</b>
Net profit/(loss) attributable to equity holders of the Company (S\$'000)	5,066	(3,646)
Weighted average number of ordinary shares outstanding	706,513,202	707,759,143
Basic and fully diluted profit/(loss) per share (cents per share)	0.7	(0.5)

The diluted and basic profit/(loss) per share are the same for each of 1H2022 and 1H2021 as the Company has no dilutive equity instruments as at 30 June 2022 and 30 June 2021.

24. 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:

- (a) 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
- (b) 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) 1H2022 vs 1H2021**

##### **Revenue**

Revenue for 1H2022 increased by S\$1.5 million or 5%, from S\$28.9 million in 1H2021 to S\$30.4 million in 1H2022 mainly due to following:-

- a) increase in revenue of S\$3.3 million from materials sales;
- b) increase in revenue of S\$2.4 million from equipment rental, offset by
- c) decrease in revenue of S\$2.7 million and S\$1.4 million from marine support services and chartering of vessels respectively.

##### **Cost of sales, gross profit and gross profit margin**

Cost of sales increased by S\$0.5 million or 2%, from S\$22.1 million in 1H2021 to S\$22.6 million in 1H2022, in line with the increase in revenue.

Gross profit increased by S\$1.1 million or 16%, from S\$6.8 million in 1H2021 to S\$7.9 million in 1H2022, in line with the increase in revenue.

Gross profit margin increased to 26% in 1H2022 as compared to 24% in the last corresponding period mainly derived from equipment rental segment arising from increased equipment utilisation rates.

##### **Other income**

Other income increased by S\$6.0 million, from S\$0.63 million in 1H2021 to S\$6.63 million in 1H2022, mainly due to recognition of gain on disposal of property, plant and equipment of S\$6.1 million, partially offset by lower payout of government grants and incentives of S\$0.1 million.

##### **Distribution expenses**

Distribution expenses increased by S\$0.45 million or 107%, from S\$0.42 million in 1H2021 to S\$0.87 million in 1H2022 mainly due to higher marketing and travelling expenses.

##### **Administrative expenses**

Administrative expenses remained constant when comparing 1H2022 vs 1H2021.

##### **Other expenses**

Other expenses decreased by S\$1.2 million or 50%, from S\$2.4 million in 1H2021 to S\$1.2 million in 1H2022 mainly due to reversal of inventories obsolescence of S\$0.9 million and absence of impairment loss for property, plant and equipment of S\$0.4 million; partially offset by impairment loss recognised in relation to trade receivables of S\$0.3 million in 1H2022.

## GROUP FINANCIAL PERFORMANCE (Cont'd)

### Consolidated Statement of Comprehensive Income (Cont'd)

#### Finance costs

Finance costs increased by S\$0.25 million or 29% from S\$0.88 million in 1H2021 to S\$1.13 million in 1H2022 mainly due to increase in term loans and finance lease liabilities drawn utilised.

#### Income tax expense

Income tax expense increased by S\$0.17 million or 36% from S\$0.48 million in 1H2021 to S\$0.65 million in 1H2022 mainly due to increase in deferred tax expenses.

#### Net profit after tax

As a result of the above, the Group incurred a profit of S\$4.1 million in 1H2022 as compared to a loss of S\$3.2 million in 1H2021.

#### EBITDA

The group achieved an EBITDA of S\$10.2 million in 1H2022 as compared to S\$1.8 million in 1H2021.

#### Revenue Segment Analysis

As mentioned in the Company's annual reports since financial year ended 31 December 2020, the Group has expanded its presence in the renewable energy space and re-segmented its business. Accordingly, the Group's new segment revenue consists of the following:

	6 Months		+/- %
	1 Jan 2022 to 30 Jun 2022	1 Jan 2021 to 30 Jun 2021	
	S\$'000	S\$'000	
Renewable Energy	282	8,055	(97)
Chartering of Vessels	11,890	12,426	(4)
Marine Construction	4,203	1,700	>100
Oilfield Services	14,100	6,755	>100
	<u>30,475</u>	<u>28,936</u>	5

Renewable Energy segment revenue decreased by S\$7.8 million or 97%, from S\$8.1 million in 1H2021 to S\$0.3 million in 1H2022 because the new offshore windfarm projects secured in Taiwan will only commence in 2H2022.

Chartering of Vessels segment's revenue remained constant when comparing 1H2022 vs 1H2021.

Marine Construction segment's revenue increased by S\$2.5 million or 147%, from S\$1.7 million in 1H2021 to S\$4.2 million mainly due to higher crane & equipment utilisation rates in 1H2022.

Oilfield Services segment's revenue increased by S\$7.3 million or 109%, from S\$6.8 million in 1H2021 to S\$14.1 million in 1H2022 mainly due to higher material sales and more projects completed with following the easing of COVID-19 safe management measures.

## GROUP FINANCIAL PERFORMANCE (Cont'd)

### Consolidated Statement of Comprehensive Income (Cont'd)

#### b) 2Q2022 vs 1Q2022

#### CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	3 Months		+/-
	1 Apr 2022 to 30 Jun 2022	1 Jan 2022 to 31 Mar 2022	
	S\$'000	S\$'000	%
Revenue	14,406	16,069	(10)
Cost of sales	(11,206)	(11,344)	(1)
<b>Gross profit</b>	<b>3,200</b>	<b>4,725</b>	<b>(32)</b>
<b>Gross profit margin</b>	<b>22%</b>	<b>29%</b>	
Other income	4,878	1,757	>100
Distribution expenses	(478)	(387)	24
Administrative expenses	(3,355)	(3,199)	5
Other expenses	(85)	(1,134)	(93)
Finance costs	(565)	(560)	1
Profit before tax	3,595	1,202	>100
Tax expenses	(622)	(32)	>100
<b>Profit for the period</b>	<b>2,973</b>	<b>1,170</b>	<b>&gt;100</b>
<b>EBITDA gain</b>	<b>6,284</b>	<b>3,867</b>	<b>62</b>

#### Revenue

Revenue for the three-month ended 30 June ("2Q") 2022 decreased by S\$1.7 million or 10%, from S\$16.1 million in the three-month ended 31 March ("1Q") 2022 to S\$14.4 million in 2Q2022 mainly due to following:-

- decrease in revenue of S\$1.6 million from marine support services;
- decrease in revenue of S\$0.7 million and S\$0.2 million from materials sales and equipment rental respectively; offset by
- increase in revenue of S\$0.8 million from chartering of vessels.

#### Cost of sales, gross profit and gross profit margin

Cost of sales decreased by S\$0.1 million or 1%, from S\$11.3 million in 1Q2021 to S\$11.2 million in 2Q2022, in line with the decrease in revenue.

Gross profit decreased by S\$1.5 million or 32%, from S\$4.7 million in 1Q2021 to S\$3.2 million in 2Q2022, in line with the decrease in revenue.

Gross profit margin decreased to 22% in 2Q2022 as compared to 29% in 1Q2022, mainly due to lower profit margin projects in marine support services segment.

## **GROUP FINANCIAL PERFORMANCE (Cont'd)**

### **Consolidated Statement of Comprehensive Income (Cont'd)**

#### **Other income**

Other income increased by S\$3.1 million or 178%, from S\$1.8 million in 1Q2022 to S\$4.9 million in 2Q2022 mainly due to higher recognised gain on disposal of property, plant and equipment and increased government grants in 2Q2022 compared to 1Q2022.

#### **Distribution expenses**

Distribution expenses increased by S\$0.09 million or 24%, from S\$0.39 million in 1Q2022 to S\$0.48 million in 2Q2022 mainly due to higher brokerage fees from the sale of vessels.

#### **Administrative expenses**

Administrative expenses increased by S\$0.2 million or 5%, from S\$3.2 million in 1Q2022 to S\$3.4 million in 2Q2022 mainly due to higher staff costs, partially offset by lower professional fees.

#### **Other expenses**

Other expenses decreased by S\$1.0 million or 93%, from S\$1.1 million in 1Q2022 to S\$0.1 million in 2Q2022 mainly due to reversal of inventories obsolescence and absence of foreign exchange loss, partially offset by impairment loss recognised in relation to trade receivables.

#### **Finance costs**

Finance costs remained constant when comparing 2Q2022 vs 1Q2022.

#### **Income tax expense**

Income tax expense increased by S\$0.59 million from S\$0.03 million in 1Q2022 to S\$0.62 million in 2Q2022 mainly due to deferred tax expenses.

#### **Net profit after tax**

As a result of the above, the Group incurred a profit of S\$3.0 million in 2Q2022 as compared to S\$1.2 million in 1Q2022.

#### **EBITDA**

The group achieved an EBITDA gain of S\$6.3 million in 2Q2022 as compared to S\$3.9 million in 1Q2022.

### **Consolidated Statement of Financial Position**

#### **Non-current assets**

Non-current assets increased by S\$1.6 million from S\$105.6 million as at 31 December 2021 to S\$107.2 million as at 30 June 2022. The increase was mainly due to purchases of fixed assets in 1H2022, partially offset by sales of vessels and depreciation expenses.

#### **Current assets**

Current assets increased by S\$1.3 million from S\$26.0 million as at 31 December 2021 to S\$27.3 million as at 30 June 2022. This was mainly due to an increase in trade and other receivables, partially offset by decrease in cash and cash equivalents and absence of assets held-for sale.

## **GROUP FINANCIAL PERFORMANCE (Cont'd)**

### **Consolidated Statement of Financial Position (Cont'd)**

Cash and cash equivalents decreased from S\$8.3 million as at 31 December 2021 to S\$4.4 million as at 30 June 2022 mainly due to cash used in financing and operating activities.

Trade and other receivables increased from S\$14.7 million as at 31 December 2021 to S\$21.4 million as at 30 June 2022 which is line with increased Group revenue for 1H2022.

Receivable turnover increased from 68 days as at 31 December 2021 to 94 days as at 30 June 2022 due to longer credit terms granted for certain major customers.

### **Shareholders' Equity**

Shareholders' equity amounted to S\$55.3 million and S\$49.8 million as at 30 Jun 2022 and 31 December 2021 respectively. The increase was mainly due to net profit generated in 1H2022.

### **Non-controlling interests**

Non-controlling interests decreased by S\$0.9 million from S\$5.6 million to S\$4.7 million mainly due to share of loss for 1H2022 attributed to non-controlling interests.

### **Non-current liabilities**

Non-current liabilities decreased by S\$2.9 million, from S\$41.7 million as at 31 December 2021 to S\$38.8 million as at 30 June 2022, mainly due to repayment for loan and borrowings, partially offset by additional lease liabilities due to purchase of new fixed asset during 1H2022.

### **Current liabilities**

Current liabilities increased by S\$1.2 million, from S\$34.5 million as at 31 December 2021 to S\$35.7 million as at 30 June 2022 mainly due to new loans and borrowings obtained and increase in trade & other payables which is in line with the increase in business activities.

Payable turnover increased from 95 days as at 31 December 2021 to 109 days as at 30 June 2022 as the Group had managed to negotiate better credit terms with the suppliers.

### **Consolidated Statement of Cash Flows**

In 1H2022, net cash generated from operating activities before changes in working capital amounted to S\$4.3 million due to profit before income tax of S\$4.8 million, and adjustments for gain on disposal of plant and equipment of \$6.1 million, depreciation of property, plant and equipment and right-of-use assets of S\$4.2 million, interest expense of S\$1.2 million and impairment loss on trade receivables of S\$0.2 million. The overall net cash used in operating activities amounting to S\$3.8 million was due to net working capital outflows of S\$7.8 million and income tax paid of S\$266,000.

Net cash generated from investing activities of S\$6.3 million in 1H2022 was mainly due to proceeds from disposal of plant and equipment and interest received, partially offset by the purchase of fixed assets and deposits pertaining to purchase of property, plant and equipment.

Net cash used in financing activities of S\$6.3 million in 1H2022 were mainly due to repayment of term loans, lease liabilities, interest payments and repayment of trust receipts, partially offset proceeds from term loans.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$3.8 million in cash and cash equivalents (as adjusted for deposits pledged) in 1H2022.

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

The Company has made a profit guidance announcement on 1 August 2022.

- 26. 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.**

We expect the various segments in our Group to be able to perform positively due to the gradual reopening of border worldwide, the tight supply situation of oil and gas and the corresponding higher oil prices, improving outlook for our industries, increasing focus on renewable energy in the region in the foreseeable next 12 months.

- 27. 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 1H2022.

**(b) Previous corresponding period**

No dividend was declared or recommended for 1H2021.

**(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.

- 28. 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 1H2022 as the Group intends to conserve cash for working capital and business expansion purposes.

- 29. 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.



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

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 1H2022.

During 1H2022,

- (i) the Company's wholly-owned subsidiary, Adira Renewables Pte Ltd ("**Adira Renewables**") incorporated the following wholly-owned companies:

Name of company	:	Adira Cables Pte Ltd (" <b>Adira Cables</b> ")
Incorporation date	:	31 May 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)

Name of company	:	Adira Cables SPV Pte Ltd (" <b>Adira Cables SPV</b> ")
Incorporation date	:	31 May 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)

The incorporation of Adira Cables and Adira Cables SPV 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 Cables and Adira Cables SPV.

### 31. 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.

**Confirmation by the Board**

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements of the six-month period ended 30 June 2022 to be false or misleading in any material aspect.

**On Behalf of the Board of Directors**

Thomas Tan Keng Siong  
Executive Chairman and CEO  
8 August 2022