



Company Registration No. 201311482K

KIM HENG LTD.

INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

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

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

	Note	6 Months Ended		+/- %
		1 Jan 2023 To 30 June 2023 S\$'000	1 Jan 2022 To 30 June 2022 S\$'000 (restated)	
Revenue	4	44,298	35,035	26
Cost of sales		(29,685)	(22,550)	32
Gross profit		14,613	12,485	17
Gross profit margin		33%	36%	
Other income		1,028	2,075	(51)
Distribution expenses		(891)	(865)	3
Administrative expenses		(8,970)	(6,554)	37
Other expenses		(2,310)	(1,219)	90
Finance costs		(1,356)	(1,125)	21
Profit before tax	6	2,114	4,797	(56)
Tax expense	7	(184)	(654)	(72)
Profit for the period		1,930	4,143	(53)
Other comprehensive income, net of tax				
Items that may be reclassified subsequently to profit or loss:				
Foreign currency translation differences		138	508	(73)
Items that will not be reclassified subsequently to profit or loss:				
Foreign currency translation differences		(38)	74	N.M.
Total comprehensive income for the period		2,030	4,725	(57)
Net profit/(loss) attributable to:				
Owners of the Company		1,738	5,066	(66)
Non-controlling interests		192	(923)	N.M.
		1,930	4,143	(53)
EBITDA gain		7,736	10,151	(24)
Earnings per share (cents)				
Basic	25	0.2	0.7	
Diluted	25	0.2	0.7	

N.M. – not meaningful

B. Condensed Interim Statement of Financial Position

	Note	Group		Company	
		As at 30 June 2023 S\$'000	As at 31 Dec 2022 S\$'000	As at 30 June 2022 S\$'000	As at 31 Dec 2022 S\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	10	90,874	83,918	–	–
Right-of-use assets	11	16,459	17,077	–	–
Club memberships		63	63	–	–
Investment in subsidiaries		–	–	76,250	76,250
		<u>107,396</u>	<u>101,058</u>	<u>76,250</u>	<u>76,250</u>
Current assets					
Inventories		7,329	2,819	–	–
Trade and other receivables	14	29,367	30,787	142	2,285
Cash and cash equivalents		4,979	13,137	24	50
Assets held-for-sale		–	5,664	–	–
		<u>41,675</u>	<u>52,407</u>	<u>166</u>	<u>2,335</u>
Total assets		<u>149,071</u>	<u>153,465</u>	<u>76,416</u>	<u>78,585</u>
EQUITY					
Share capital	13	74,409	74,409	74,409	74,409
Treasury shares		(323)	(323)	(323)	(323)
Reserves		(33,034)	(33,172)	–	–
Accumulated profits/(loss)		15,665	15,927	282	2,103
Equity attributable to owners of the Company		<u>56,717</u>	<u>56,841</u>	<u>74,368</u>	<u>76,189</u>
Non-controlling interests		6,866	6,712	–	–
Total Equity		<u>63,583</u>	<u>63,553</u>	<u>74,368</u>	<u>76,189</u>
LIABILITIES					
Non-current liabilities					
Loans and borrowings	12	17,340	20,834	784	1,257
Lease liabilities	12	9,059	10,328	–	–
Deferred tax liabilities		3,166	3,240	–	–
		<u>29,565</u>	<u>34,402</u>	<u>784</u>	<u>1,257</u>
Current liabilities					
Bank overdrafts	12	1,402	1,422	–	–
Loans and borrowings	12	20,552	15,039	964	944
Lease liabilities	12	3,013	2,912	–	–
Trade and other payables	15	30,416	34,263	300	195
Current tax payable		540	922	–	–
Liabilities directly associated with assets held-for-sale		–	952	–	–
		<u>55,923</u>	<u>55,510</u>	<u>1,264</u>	<u>1,139</u>
Total liabilities		<u>85,488</u>	<u>89,912</u>	<u>2,048</u>	<u>2,396</u>
Total equity and liabilities		<u>149,071</u>	<u>153,465</u>	<u>76,416</u>	<u>78,585</u>

C. Condensed Interim Consolidated Statement of Cash Flows

	Note	Group	
		6 Months Ended	
		30 June 2023	30 June 2022
		S\$'000	S\$'000
			(restated)
Cash flows from operating activities			
Profit before income tax		2,114	4,797
Adjustments for:			
Depreciation of property, plant and equipment and right-of-use assets	6.1	4,266	4,229
Gain on disposal of property, plant and equipment	6.1	(573)	(1,571)
Impairment loss recognized on trade and other receivables	6.1	172	286
Interest income	6.1	(9)	(1)
Interest expense	6.1	1,356	1,125
		<u>7,326</u>	<u>8,865</u>
Changes in working capital:			
Inventories		1,886	586
Trade and other receivables		1,420	(5,752)
Trade and other payables		(3,847)	(2,627)
Cash generated from operations		<u>6,785</u>	<u>1,072</u>
Income tax paid		(561)	(266)
Net cash generated from operating activities		<u>6,224</u>	<u>806</u>
Cash flows from investing activities			
Deposits for purchase of property, plant and equipment		(3,580)	(270)
Purchase of property, plant and equipment		(6,294)	(2,865)
Proceeds from disposal of property, plant and equipment		5,480	4,822
Interest received		9	1
Net cash (used in)/generated from investing activities		<u>(4,385)</u>	<u>1,688</u>
Cash flows from financing activities			
Interest paid		(1,356)	(1,125)
Dividend paid		(2,000)	-
Repayment of lease liabilities		(1,487)	(1,662)
Repayment of term loans		(5,789)	(4,108)
Proceeds from/(Repayment of) trust receipts, net		587	(349)
Proceeds from term loan drawn down		-	1,080
Purchase of treasury shares	13	-	(99)
Changes in deposits pledged		(12)	(20)
Net cash used in financing activities		<u>(10,057)</u>	<u>(6,283)</u>
Net decrease in cash and cash equivalents		<u>(8,218)</u>	<u>(3,789)</u>
Cash and cash equivalents at beginning of the period		11,094	6,167
Effect of exchange rate fluctuations on cash and cash equivalents		69	147
Cash and cash equivalents at end of the period~		<u>2,945</u>	<u>2,525</u>
Significant non-cash transactions during the period:			
Acquisition of vessels		1,575	-
Acquisition of other plant and equipment		320	2,463
		<u>1,895</u>	<u>2,463</u>

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

	Group	
	6 Months Ended	
	30 June 2023	30 June 2022
Note	S\$'000	S\$'000 (restated)
~Cash and cash equivalents consist of the following:		
Cash at bank and in hand	4,347	3,733
Fixed deposits	632	644
Cash and cash equivalents	4,979	4,377
Deposits pledged	(632)	(644)
Bank overdrafts	(1,402)	(1,208)
Cash and cash equivalents in the statements of cash flows	2,945	2,525

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
2022								
As at 1 Jan 2022	74,409	(183)	(32,763)	(229)	8,562	49,796	5,594	55,390
Total comprehensive income for the financial period								
Profit/(loss) for the financial period	–	–	–	–	5,066	5,066	(923)	4,143
Other comprehensive income								
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
Transactions with owners, recognised directly in equity								
Purchase of treasury shares	–	(99)	–	–	–	(99)	–	(99)
Total transactions with owners	–	(99)	–	–	–	(99)	–	(99)
As at 30 June 2022	74,409	(282)	(32,763)	279	13,628	55,271	4,745	60,016

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
2023								
As at 1 Jan 2023	74,409	(323)	(32,763)	(409)	15,927	56,841	6,712	63,553
Total comprehensive income for the financial period								
Profit for the financial period	–	–	–	–	1,738	1,738	192	1,930
Other comprehensive income								
Translation differences relating to financial statements of foreign operations	–	–	–	138	–	138	(38)	100
Total comprehensive income for the financial period	–	–	–	138	1,738	1,876	154	2,030
Transactions with owners, recognised directly in equity								
Dividends	–	–	–	–	(2,000)	(2,000)	–	(2,000)
Total transactions with owners	–	–	–	–	(2,000)	(2,000)	–	(2,000)
As at 30 June 2023	74,409	(323)	(32,763)	(271)	15,665	56,717	6,866	63,583

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

Company	Share capital S\$'000	Treasury shares S\$'000	Accumulated profits/(loss) S\$'000	Total equity S\$'000
<u>2022</u>				
As at 1 Jan 2022	74,409	(183)	60	74,286
Total comprehensive loss for the financial period	–	–	(282)	(282)
Transactions with owners, recognised directly in equity				
Purchase of treasury shares	–	(99)	–	(99)
As at 30 June 2022	74,409	(282)	(222)	73,905
<u>2023</u>				
As at 1 Jan 2023	74,409	(323)	2,103	76,189
Total comprehensive profit for the financial period	–	–	179	179
Transactions with owners, recognised directly in equity				
Dividends	–	–	(2,000)	(2,000)
As at 30 June 2023	74,409	(323)	282	74,368

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 Board of Singapore Exchange Securities Trading Limited.

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 ended 30 June 2023 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, material sales and trading of vessels.

The Group is in the process of shifting its revenue segments to renewables energy support services, vessel chartering, oilfield services and marine construction.

2. Basis of Preparation

The condensed interim financial statements for the six months ended 30 June 2023 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 annual financial statements for the year ended 31 Dec 2022.

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 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 Dec 2022.

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 30 June 2023 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 current market uncertainties and sentiment as well as the possible rise in interest rate in FY 2023 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. Management has performed an impairment assessment on its property, plant and equipment and right-of-use assets based on the last valuation reports obtained from independent professional valuers as at 31 Dec 2022.

The recoverable amounts could change significantly as a result of changes in market conditions and the assumptions used in determining the market value. A 5% change in the fair value of the non-financial assets will not result in an impairment loss on the Group's non-financial assets.

(b) Provision for expected credit losses on trade receivables

The Group uses a provision matrix to calculate expected credit losses ("ECL") for trade receivables and contract assets. 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 and the uneven economic recovering in the sectors in which the Group operates in, which could lead to a slowdown in payment collections from the customers. Forward looking adjustments, such as economic data, have been incorporated by management. 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. A reasonable change in the estimates will not result in a significant impact to the Group's ECL.

(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 profit before tax of S\$2.1 million (1H2022: S\$4.8 million) and total comprehensive income of S\$2.0 million (1H2022: S\$4.7 million) for the financial period ended 30 June 2023. Excluding deposits received from customers amounting to \$15.3 million for vessels under construction in respect of the sale and delivery of the related vessels under construction in 2H2023 and advance payments made to

2.3 Going concern (Cont'd)

contractors for the construction of the vessels under construction amounting to S\$4.1 million, the Group's current liabilities have exceeded its current assets by S\$3.0 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 5 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;
- Vessels Sales and Newbuild: trading of vessels.

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				Vessel Sales and Newbuild	Adjustments and eliminations	Total
	Marine Offshore Support services income	Chartering and Towage Income	Equipment Rental income	Sales of goods			
6 Months ended 30 June 2023	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Total revenue from external customers	22,649	11,497	2,390	5,543	2,219	-	44,298
Inter-segment revenue	8,221	5,979	857	678	-	(15,735)	-
Total segment revenue	30,870	17,476	3,247	6,221	2,219	(15,735)	44,298
Other income							1,028
Finance costs							(1,356)
Segment results							2,114
Income tax expense							(184)
Profit for the period							1,930
Other Information							
Segment assets							149,071
Segment liabilities							85,488
Capital Expenditure							6,294
Other material non-cash items:							
- Depreciation of property, plant and equipment and right-of-use assets							4,266
- Gain on disposal of property, plant and equipment							(573)
- Impairment recognized on trade and other receivables							172

4. Segment information (Cont'd)

	Offshore Rig Services and Supply Chain Management				Vessel	Adjustments	Total
	Marine Offshore Support services income	Chartering and Towage Income	Equipment Rental income	Sales of goods	Sales and Newbuild	and eliminations	
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
6 Months ended 30 June 2022	(restated)						(restated)
Total revenue from external customers	14,856	11,890	4,064	4,225	-	-	35,035
Inter-segment revenue	1,393	7,036	384	80	-	(8,893)	-
Total segment revenue	16,249	18,926	4,448	4,305	-	(8,893)	35,035
Other income							2,075
Finance costs							(1,125)
Segment results							4,797
Income tax expense							(654)
Profit for the period							4,143
Other Information							
Segment assets							134,518
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							(1,571)
- Impairment recognised on trade and other receivables							286

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 2023	30 June 2022
	S\$'000	S\$'000
		(restated)
Segment Revenue		
Australia	54	2,235
China	20	590
Malaysia	6,569	6,180
Myanmar	-	41
Singapore	10,546	18,947
Taiwan	15,946	3,394
United Arab Emirates	6,625	434
United States of America	982	42
Europe	3,286	1,706
Others	270	1,466
	44,298	35,035

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 June 2023 S\$'000	As at 31 Dec 2022 S\$'000	As at 30 June 2023 S\$'000	As at 31 Dec 2022 S\$'000
Financial assets at amortised cost				
Cash and cash equivalents	4,979	13,137	24	50
Trade and other receivables	28,011	29,419	107	2,268
	<u>32,990</u>	<u>42,556</u>	<u>131</u>	<u>2,318</u>
Financial liabilities at amortised cost				
Bank overdraft	1,402	1,422	-	-
Loan and borrowings	37,892	35,873	1,748	2,201
Lease liabilities	12,072	13,240	-	-
Trade and other payables	29,946	34,244	300	195
	<u>81,312</u>	<u>84,779</u>	<u>2,048</u>	<u>2,396</u>

6. Profit before tax

6.1 Profit before tax is arrived at after charging/ (crediting) the following:

	Group		+/- %
	30 June 2023 S\$'000	30 June 2022 S\$'000 (restated)	
Interest income from bank deposits	(9)	(1)	>100
Miscellaneous income	(446)	(492)	(9)
Gain on disposal of property, plant and equipment and right-of-use assets	(573)	(1,571)*	(64)
Currency translations loss/(gain) - net	287	(11)	N.M.
Interest on loans and borrowings	1,356	1,125	21
Depreciation of property, plant and equipment and right-of-use assets	4,266	4,229	1
Impairment loss recognised on trade and other receivables	172**	286	(40)

* Reclassification of revenue derived from modification and fabrication works related to vessels of S\$4.56 million from other income for 1H2022 to be consistent with the Group reporting segment for FY2023.

** Pertains to a charter job aborted due to subsequent notification of vessel under salvage was under sanction.

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. Tax expense

The major components of tax expense for the period ended 30 June 2023 and 30 June 2022 are:

	Group	
	30 June 2023	30 June 2022
	S\$'000	S\$'000
Current tax expense		
Under provision of current tax in respect to the prior year	184	270
Current tax expense	-	32
	184	302
Deferred tax expense		
Movement in temporary differences	-	352
	184	654

8. 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:

	Group		Company	
	As at 30 June 2023	As at 31 Dec 2022	As at 30 June 2023	As at 31 Dec 2022
Net asset value per ordinary share (cents)	9.0	9.0	10.5	10.8
Number of ordinary shares used in calculating net asset value per ordinary share	705,442,100	705,442,100	705,442,100	705,442,100

9. 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 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.

10. Property, plant and equipment

During 1H2023, the Group acquired property, plant and equipment amounting to S\$6.3 million (1H2022: S\$2.9 million) and disposal of property, plant and equipment amounting to S\$0.01 million. (1H2022: S\$3.3 million).

11. Right-of-use assets

During 1H2023, the Group acquired right-of-use assets amounting to S\$1.9 million (1H2022: S\$2.5 million) and no disposal of right-of-use assets for 1H2023 and 1H2022.

12. Loans and borrowings

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

	As at 30 June 2023	As at 31 Dec 2022
	Secured	Secured
	S\$'000	S\$'000
Bank overdrafts	1,402	1,422
Loans and borrowings consists of:-		
a) Bridging loan for vessels which will be converted to vessel loan	4,669	-
b) Revolving money market line	5,000	5,000
c) Term loans and trust receipts	10,883	10,039
Lease liabilities	3,013	2,912

Amount repayable after one (1) year

	As at 30 June 2023	As at 31 Dec 2022
	Secured	Secured
	S\$'000	S\$'000
Loans and borrowings – term loans	17,340	20,834
Lease liabilities	9,059	10,328

Details of any collateral as at 30 June 2023

The loans and borrowings are secured as follows:

- Property, plant and equipment amounting to S\$61.5 million (FY2022: S\$61.1 million) are pledged as collaterals for secured term loans, trust receipts and bank overdrafts;
- Fixed deposits of approximately S\$0.6 million (FY2022: 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\$38.0 million (FY2022: S\$36.4 million).

For the financial period ended 30 June 2023, the Group's 51% owned subsidiary, Bridgewater Offshore Pte Ltd had breached a loan covenant. On 23 June 2023, 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 2023		31 Dec 2022	
	Number of shares '000	Amount S\$'000	Number of shares '000	Amount S\$'000
Beginning of interim period/year	705,442	74,409	707,142	74,409
Purchase of treasury shares	-	-	(1,700)	-
End of interim period/year	705,442	74,409	705,442	74,409

The Company's subsidiaries do not hold any shares in the Company as at 30 June 2023 and 31 Dec 2022.

14. Trade and other receivables

	Group		Company	
	As at 30 June 2023	As at 31 Dec 2022	As at 30 June 2023	As at 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Trade receivables	11,683	17,531	-	-
Allowance for impairment loss	(813)	(891)	-	-
Net trade receivables	10,870	16,640	-	-
Deposits	574	357	-	-
Deposits for purchase of property, plant & equipment	4,472	5,231	-	-
Amount due from subsidiaries	-	-	107	468
Dividend receivable from a subsidiary	-	-	-	1,800
Other receivables	1,224	2,908	-	-
Advance payments to suppliers	4,090	2,341	-	-
Contract assets	6,781	1,942	-	-
Financial assets at amortised cost	28,011	29,419	107	2,268
GST receivables	225	140	16	2
Withholding tax	364	352	-	-
Prepayment	767	876	19	15
	29,367	30,787	142	2,285

15. Trade and other payables

	Group		Company	
	As at 30 June 2023	As at 31 Dec 2022	As at 30 June 2023	As at 31 Dec 2022
	S\$'000	S\$'000	S\$'000	S\$'000
Trade payables	7,602	8,576	226	107
Accrued expenses	6,791	6,233	74	88
Other payables	164	55	-	-
Amount due to subsidiaries	-	-	-	-
Deposit received	15,389	19,380	-	-
Financial liabilities at amortised cost	29,946	34,244	300	195
Advance billings to customers	470	19	-	-
	30,416	34,263	300	195

16. 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

- 17. 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)
Issued and fully paid ordinary shares		
Balance at 31 Dec 2022	705,442,100	74,409
Purchase of treasury shares	-	-
Balance as at 30 June 2023	705,442,100	74,409

During the half year ended 30 June ("1H") 2023, there was no share buyback by the Company by way of market acquisition and held as treasury shares.

Treasury shares

The number of treasury shares held by the Company as at 30 June 2023 is 4,557,900 representing 0.65% of the total number of issued shares outstanding as at 30 June 2023 (30 June 2022: 4,057,900 representing 0.57% of the total number of issued shares outstanding as at 30 June 2022).

There were no outstanding options or convertibles held by the Company as at 30 June 2023 and 30 June 2022.

- 18. 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 2023	As at 31 Dec 2022
Total issued shares (excluding treasury shares)	705,442,100	705,442,100

- 19. 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 1H2023, there were no sale, cancellation and/or use of treasury shares.

- 20. 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.

21. 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 June 2023 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.

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

Not applicable.

22.1 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 Dec 2022 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.

23. 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 1H2023 as those applied in the preparation of the audited financial statements for the financial year ended 31 Dec 2022.

24. 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.

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

Earnings 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.

25. 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 Ended	
	1 Jan 2023 to 30 June 2023	1 Jan 2022 to 30 June 2022
Net profit attributable to equity holders of the Company (S\$'000)	1,738	5,066
Weighted average number of ordinary shares outstanding	705,442,100	706,513,202
Basic and fully diluted profit(loss) per share (cents per share)	0.2	0.7

The diluted and basic profit/(loss) per share are the same for each of 1H2023 and 1H2022 as the Company has no dilutive equity instruments as at 30 June 2023 and 30 June 2022.

26. 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) 1H2023 vs 1H2022 (restated)

Revenue

Revenue for 1H2023 increased by S\$9.3 million or 26.4%, from S\$35.0 million in 1H2022 to S\$44.3 million in 1H2023 mainly due to following:-

- increase in revenue of S\$7.9 million from marine support services;
- increase in revenue of S\$2.2 million from trading of vessels;
- increase in revenue of S\$1.3 million from material sales; offset by
- decrease in revenue of S\$1.7 million and S\$0.4 million from equipment rental and chartering of vessels respectively.

Cost of sales, gross profit and gross profit margin

Cost of sales increased by S\$7.1 million or 31.6%, from S\$22.6 million in 1H2022 to S\$29.7 million in 1H2023, in line with the increase in revenue.

Gross profit increased by S\$2.1 million or 17.0%, from S\$12.5 million in 1H2022 to S\$14.6 million in 1H2023, in line with the increase in revenue.

Gross profit margin decreased to 33% in 1H2023 as compared to 36% in the last corresponding period mainly due to lower gross profits generated from equipment rental segment.

Other income

Other income decreased by S\$1.1 million or 50.5%, from S\$2.1 million in 1H2022 to S\$1.0 million in 1H2023, mainly due to lower gain on disposal of fixed assets recognized in 1H2023.

GROUP FINANCIAL PERFORMANCE (Cont'd)

Consolidated Statement of Comprehensive Income (Cont'd)

Distribution expenses

Distribution expenses remained constant when comparing 1H2023 vs 1H2022.

Administrative expenses

Administrative expenses increased by S\$2.4 million or 36.9%, from S\$6.6 million in 1H2022 to S\$9.0 million in 1H2023 mainly due to higher staff costs, foreign worker salary and levy incurred as well as increase in professional fees.

Other expenses

Other expenses increased by S\$1.1 million or 89.4%, from S\$1.2 million in 1H2022 to S\$2.3 million in 1H2023 mainly due to the reversal of inventories obsolescence recognised in 1H2022.

Finance costs

Finance costs increased by S\$0.3 million or 20.6% from S\$1.1 million in 1H2022 to S\$1.4 million in 1H2023 mainly due to increase in trust receipt interest and new term loan utilized.

Tax expense

Tax expense decreased by S\$0.5 million or 71.9% from S\$0.7 million in 1H2022 to S\$0.2 million in 1H2023 mainly due to lower provision of current tax in respect to the prior year.

Profit for the period

As a result of the above, the Group achieved a profit of S\$1.9 million in 1H2023 as compared to S\$4.1 million in 1H2022.

EBITDA gain

The group achieved an EBITDA of S\$7.7 million in 1H2023 as compared to S\$10.2 million in 1H2022.

Revenue segment analysis

The Group has diversified from its traditional businesses and expanded its presence in the renewable energy space. Accordingly, the Group's new segment revenue consists of the following:

	6 Months Ended		+/- %
	1 Jan 2023 to 30 June 2023	1 Jan 2022 to 30 June 2022	
	S\$'000	S\$'000 (restated)	
Renewable Energy	7,227	282	>100
Chartering of Vessels	11,497	11,890	(3)
Marine Construction***	13,422	8,763	53
Oilfield Services	12,152	14,100	(14)
	44,298	35,035	

*** consists of equipment rental segment.

GROUP FINANCIAL PERFORMANCE (Cont'd)

Consolidated Statement of Comprehensive Income (Cont'd)

Renewable Energy segment's revenue increased by S\$6.9 million, from S\$0.3 million in 1H2022 to S\$7.2 million in 1H2023 due to new offshore windfarm project commenced in 1H2023.

Chartering of Vessels segment's revenue remained constant when comparing 1H2023 vs 1H2022.

Marine Construction segment's revenue increased by S\$4.6 million or 53.2%, from S\$8.8 million in 1H2022 to S\$13.4 million in 1H2023 mainly due to increase in modification and fabrication works related to vessels.

Oilfield Services segment's revenue decreased by S\$1.9 million or 13.8%, from S\$14.1 million in 1H2022 to S\$12.2 million in 1H2023 mainly due to lesser projects completed in 1H2023.

Consolidated Statement of Financial Position

Non-current assets

Non-current assets increased by S\$6.3 million from S\$101.1 million as at 31 Dec 2022 to S\$107.4 million as at 30 June 2023. The increase was mainly due to purchase of fixed assets in 1H2023; partially offset by depreciation expenses of property, plant and equipment.

Current assets

Current assets decreased by S\$10.7 million from S\$52.4 million as at 31 Dec 2022 to S\$41.7 million as at 30 June 2023. This was mainly due to decrease in cash and cash equivalents, absence of assets-held-for-sale and decrease in trade and other receivables; partially offset by increase in inventory.

Cash and cash equivalents decreased from S\$13.1 million as at 31 Dec 2022 to S\$5.0 million as at 30 June 2023 mainly due to cash used in financing and investing activities.

Trade and other receivables decreased from S\$30.8 million as at 31 Dec 2022 to S\$29.4 million as at 30 June 2023 mainly due to decrease in trade receivables as well as reclassification deposit paid and deferred costs of vessels to inventories as vessels are identified for sales in 2H2023; partially offset by advance payment to suppliers.

Receivable turnover increased from 72 days as at 31 Dec 2022 to 75 days as at 30 June 2023 due to longer credit term granted for certain major customers.

Shareholders' Equity

Shareholders' equity amounted to S\$56.7 million and S\$56.8 million as at 30 June 2023 and 31 Dec 2022 respectively.

Non-controlling interests

Non-controlling interests increased by S\$0.2 million from S\$6.7 million as at 31 Dec 2022 to S\$6.9 million as at 30 June 2023 mainly due to share of profit for 1H2023 attributed to non-controlling interests.

Non-current liabilities

Non-current liabilities decreased by S\$4.8 million, from S\$34.4 million as at 31 Dec 2022 to S\$29.6 million as at 30 June 2023, mainly due to repayment for loan and borrowings as well as lease liabilities; partially offset by additional loans and borrowings obtained for vessel during 1H2023.

Consolidated Statement of Financial Position (Con'd)

Current liabilities

Current liabilities increased by S\$0.4 million, from S\$55.5 million as at 31 Dec 2022 to S\$55.9 million as at 30 June 2023 mainly due to new loans and borrowings obtained, increase in trust receipt and advance billing to customer; partially offset by recognition of deposits received from customer to revenue due to completion of vessels sale.

Payable turnover decreased from 101 days as at 31 Dec 2022 to 90 days as at 30 June 2023 as the Group has been paying off trade suppliers on a timely basis to avoid business disruption.

Consolidated Statement of Cash Flows

In 1H2023, net cash generated from operating activities before changes in working capital amounted to S\$7.3 million due to profit before income tax of S\$2.1 million, and adjustments for depreciation of property, plant and equipment and right-of-use assets of S\$4.3 million, interest expense of S\$1.3 million, gain on disposal of plant and equipment of \$0.6 million and impairment loss on trade receivables of S\$0.2 million. The overall net cash generated from operating activities after changes in working capital and income tax paid amounted to S\$6.2 million.

Net cash used in investing activities of S\$4.4 million in 1H2023 mainly due to purchase of fixed assets and deposits paid pertaining to purchase of vessels; partially offset by proceeds from disposal of plant and equipment.

Net cash used in financing activities of S\$10.1 million in 1H2023 mainly due to repayment of term loans, lease liabilities, dividend payout, interest payments; partially offset by proceeds of trust receipts.

As a result of the above and after adjusting for the effect of exchange rate fluctuations, there was a net decrease of S\$8.2 million in cash and cash equivalents (as adjusted for deposits pledged) in 1H2023.

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

No applicable. No forecast or prospect statement has been made.

28. 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 group remained well positioned to extend our strategic footprint into the renewables offshore market as we continue to explore new markets in Asia in addition to Taiwan. Demand for vessels chartering will remain strong and with our recent acquisition of vessels as announced on 24 February 2023, will enable the group to capitalise revenue growth in chartering segment as well as revenue derived from modification of reactivated vessels for on-selling.

We have embarked on carbon offsets initiative such as solar panels installation, as part of our sustainability efforts. This includes managing and monitoring our Scope 1 and 2 emissions, and through careful selection of suppliers and vendors, Scope 3 emissions as well.

29. 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 1H2023.

(b) Previous corresponding period

No dividend was declared or recommended for 1H2022.

(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.

30. 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 1H2023 as the Group intends to conserve cash for working capital and business expansion purposes.

31. 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.

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

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 1H2023.

During 1H2023,

(i) the Company's wholly-owned subsidiary, Kim Heng Agency Pte Ltd ("**AHGPL**") incorporated the following wholly-owned companies:

Name of company	:	Mazu Offshore Sdn Bhd (" Mazu Offshore ")
Incorporation date	:	22 Mar 2023
Issued and paid-up shares capital	:	MYR100
Percentage of issued and paid-up share capital held by AHGPL	:	100%
Principal activity	:	Crew management and administrative jobs for headquarter businesses.

The incorporation of Mazu Offshore 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 Dec 2023. 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 Mazu Offshore.

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

- (ii) The Company's wholly-owned subsidiary, Kim Heng Marine Construction Pte Ltd ("KHMC") incorporated the following wholly-owned companies:

Name of company	:	Mazu Subsea Pte Ltd ("Mazu Subsea")
Incorporation date	:	26 June 2023
Issued and paid-up shares capital	:	SGD1,000
Percentage of issued and paid-up share capital held by KHMC	:	100%
Principal activity	:	Other surveying services N.E.C. (EG geophysical, geologic, seismic, hydrographic surveying services.

The incorporation of Mazu Subsea 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 Dec 2023. 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 Mazu Subsea.

33. 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 2023 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 Aug 2023