明 光 集 團
BENG KUANG GROUP

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

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2022

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

	Note	Group 6 months ended 30 June 2022 $'000	6 months ended 30 June 2021 $'000	+/(-) %
Revenue	4	29,045	27,855	4.3%
Cost of sales		(24,750)	(24,929)	(0.7%)
Gross profit		4,295	2,926	46.8%
Other gains – net		3,313	1,371	141.6%
Expenses				
- Selling and distribution		(418)	(256)	63.3%
- Administrative		(5,632)	(5,293)	6.4%
- Finance		(958)	(1,128)	(15.1%)
Profit/(Loss) before income tax	6	600	(2,380)	NM
Income tax expense	7	(490)	(568)	(13.7%)
Net profit/(loss)		110	(2,948)	NM
Other comprehensive profit/(loss), net of				
Items that may be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation – losses		(639)	(220)	190.5%
Items that will not be reclassified subsequently to profit or loss:				
Currency translation differences arising from consolidation – losses		(248)	(73)	239.7%
Other comprehensive loss		(887)	(293)	202.7%
Total comprehensive loss		(777)	(3,241)	(76.0%)
Profit/(Loss) attributable to:				
Equity holders of the Company		(866)	(2,505)	(65.4%)
Non-controlling interests		976	(443)	NM
		110	(2,948)	NM
Total comprehensive loss attributable to:				
Equity holders of the Company		(529)	(3,168)	(83.3%)
Non-controlling interests		(248)	(73)	237.4%
		(777)	(3,241)	(76.0%)
Earnings/(loss) per share attributable to equity holders of the Company (cents per share)				
Basic (loss)/earnings per share		(0.43)	(1.86)	(76.6%)
Diluted (loss)/earnings per share		(0.43)	(1.86)	(76.6%)

NM - Not meaningful

B. Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2022 $'000	31 December 2021 $'000	30 June 2022 $'000	31 December 2021 $'000
ASSETS					
Current assets					
Cash and cash equivalents		6,113	7,044	236	1,970
Trade and other receivables	9	21,497	21,189	67,658	63,578
Contract assets		9,788	6,289	-	-
Inventories		3,689	3,513	-	-
		41,087	38,035	67,894	65,548
Non-current assets					
Investments in subsidiary corporations		-	-	5,108	5,108
Intangible assets		64	64	-	-
Property, plant and equipment	10	39,854	40,378	835	1,175
Deferred income tax assets		956	957	17	17
		40,874	41,399	5,960	6,300
Total assets		81,961	79,434	73,854	71,848
LIABILITIES					
Current liabilities					
Trade and other payables	11	38,017	33,120	31,965	30,463
Contract liabilities		279	462	-	-
Current income tax liabilities		1,092	1,128	56	-
Borrowings	12	18,954	18,625	7,440	8,273
		58,342	53,335	39,461	38,736
Non-current liabilities					
Trade and other payables		-	619	-	-
Borrowings	12	6,566	6,622	4,234	4,298
Deferred income tax liabilities		16	16	-	-
		6,582	7,257	4,234	4,298
Total liabilities		64,924	60,592	43,695	43,034
NET ASSETS		17,037	18,842	30,159	28,814
EQUITY					
Capital and reserves attributable to					
Share capital	13	54,124	54,124	54,124	54,124
Other reserves		(2,677)	(2,038)	-	-
Accumulated losses		(25,096)	(24,230)	(23,965)	(25,310)
		26,351	27,856	30,159	28,814
Non-controlling interests		(9,314)	(9,014)	-	-
Total equity		17,037	18,842	30,159	28,814

C. Condensed interim statements of changes in equity

The Group	← Attributable to equity holders of the Company →					
	Share capital	Accumulated losses	Other reserves	Total	Non-controlling interests	Total
	$'000	$'000	$'000	$'000	$'000	$'000
2022						
Balance at 1 January 2022	54,124	(24,231)	(2,038)	27,856	(9,014)	18,842
(Loss)/profit for the financial period	-	(865)	-	(865)	976	111
Other comprehensive loss for the financial period	-	-	(639)	(639)	(248)	(887)
Dividend paid to non-controlling interests	-	-	-	-	(1,029)	(1,029)
Balance as at 30 June 2022	54,124	(25,096)	(2,677)	26,352	(9,315)	17,037
2021						
Balance at 1 January 2021	49,651	(11,004)	(1,902)	36,745	(4,546)	32,199
Loss for the financial period	-	(2,505)	-	(2,505)	(443)	(2,949)
Other comprehensive loss for the financial period	-	-	(220)	(220)	(73)	(293)
Balance as at 30 June 2021	49,651	(13,509)	(2,122)	34,020	(5,063)	28,957

C. Condensed interim statements of changes in equity

The Company	Share capital	Retained profits	Total Equity
	$'000	$'000	$'000
2022			
Balance at 1 January 2022	54,124	(25,310)	28,814
Profit for the financial period	-	1,345	1,345
Balance as at 30 June 2022	54,124	(23,965)	30,159
2021			
Balance at 1 January 2021	49,651	3,988	53,639
Profit for the financial period	-	139	139
Balance as at 30 June 2021	49,651	4,127	53,778

D. Condensed interim consolidated statements of cash flows

	Note	The Group	
		6 months ended 30 June 2022 $'000	6 months ended 30 June 2021 $'000
Cash flows from operating activities			
Net profit/(loss)		110	(2,948)
Adjustments for:			
Credit loss allowance	6	81	18
Inventories written back		(1)	-
Loss on disposal of property, plant and equipment	6	87	24
Property, plant and equipment written off		-	1
Interest income		(3)	(4)
Interest expense	6	958	1,128
Income tax expense		490	568
Depreciation of property, plant and equipment		3,667	4,071
Unrealised currency translation differences		(1,276)	(645)
		4,113	2,213
Change in working capital			
Inventories		(175)	430
Contract assets		(3,499)	(660)
Trade and other receivables		(389)	(4,116)
Trade and other payables		4,281	4,019
Contract liabilities		(183)	190
Cash generated from operations		4,148	2,076
Interest received		3	4
Interest paid		(585)	(734)
Income tax paid		(526)	(283)
Net cash generated from operating activities		3,040	1,063
Cash flows from investing activities			
Additions to property, plant and equipment		(904)	(1,019)
Proceeds from disposal of property, plant and equipment		235	120
Net cash used in investing activities		(669)	(899)
Cash flows from financing activities			
(Repayment of)/proceed from borrowings, net		(889)	1,850
Principal payment of lease liabilities		(1,140)	(1,196)
Repayment of bills payable		(189)	107
Interest paid		(62)	(105)
Dividend paid to non-controlling interests		(1,029)	-
Net cash (used in)/generated from financing activities		(3,309)	656
Net (decrease)/increase in cash and cash equivalents		(938)	820
Cash and cash equivalents			
Beginning of financial period		4,652	1,524
Effects of currency translation on cash and cash equivalents		48	12
End of financial period		3,762	2,356

E. Selected notes to the condensed interim consolidated financial statements

1 Corporate information

Beng Kuang Marine Limited (the "Company") is a limited liability company, which is incorporated in the Republic of Singapore and listed on the Singapore Stock Exchange. These condensed interim consolidated financial statements as at and for the six months ended 30 June 2022 comprise the Company and its subsidiaries (collectively, the Group).

The principal activities of the Company are provision of corrosion prevention services relating to repairing of ships, tankers and other ocean-going vessels and investment holding. The principal activities of the subsidiaries are provision of infrastructure engineering services, provision of corrosion prevention services, supply and distribution of hardware equipment, tools and other products and provision of freight transport services

2 Basis of preparation

The condensed interim financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim financial statements are presented in Singapore dollar which is the Company's functional currency and all values are rounded to the nearest thousand ($'000) except when otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to Standards have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. Given the Covid-19 pandemic has caused and will likely cause significant disruptions to economic activities, the uncertainties associated with accounting estimates and assumptions may also be increased accordingly.

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

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

E. Selected notes to the condensed interim consolidated financial statements

2.3 Going concern

The Group's current liabilities exceeded its current assets by S$17.26 million as at 30 June 2022. These conditions indicate the existence of events and conditions that may cast significant doubt on the Group's ability to continue as a going concern.

The Management have considered the operations of the Group as a going concern and the financial statements of the Group were prepared on a going concern basis as they believe the Group will be able to meet its obligations as and when they fall due within the next twelve months because of the following:

(i) except for the livestock carrier business which has been adversely affected by unforeseen external events, the IE and CP divisions have generated positive contributions in 1H2022 with stable ongoing orders, of which the majority are recurring in nature. In addition, the Group has received an increased number of enquiries for new projects that can potentially be added to the order book;

(ii) the Group is able to generate positive operating cash flows from its secured orders which includes recurring orders and uncompleted performance obligations amounting to an aggregate of $28.15 million;

(iii) historically, the Group has generated positive cashflow from its operating activities. This is further evidenced by an increase of S$1.98 million on net cash generated from operating activities to S$3.04 million in 1H2022 as compared to S$1.06 million in 1H2021;

(iv) the Group is actively seeking new opportunities to finance and/or monetise its 32.8 hectare unencumbered waterfront yard in Batam, Indonesia. The lease for the Batam yard has been fully paid in advance till 2037;

(v) the Group maintains good banking relationships and has continued to obtain support from the Group's existing bankers in providing banking, working capital lines and other trade finance facilities. During 1H2022, the Group obtained fresh/additional short-term working capital loan from a financial institution to support increased business activities for our IE and CP operations;

(vi) the Group is confident of obtaining continuing support for credit extension terms from long-term relationship business associates; and

(vii) at the end of 1H2022, there was positive outcome on the insurance claim pertaining to accident occurred in October 2020 on "MV. Barkly Pearl" whereby the insurance broker informed that the minimal net reimbursable amount of S$1.23 million was accepted by the underwriters and we are continuing to negotiate for higher final claim amount within FY2022.

Accordingly, the Management is of the view that there is no material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern.

3 Seasonal operations

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

E. Selected notes to the condensed interim consolidated financial statements

4 Segment and revenue information

The Group is organized into the following main business segments:

(a) Infrastructure Engineering

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

(b) Corrosion Prevention

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

(c) Supply and Distribution

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

(d) Shipping

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

(e) Others

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

These operating segments are reported in a manner consistent with internal reporting provided to Executive Committee who are responsible for allocating resources and assessing performance of the operating segments.

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments

	Infrastructure Engineering	Corrosion Prevention	Supply and Distribution	Shipping	Others	Total
	$'000	$'000	$'000	$'000	$'000	$'000
1 January 2022 to 30 June 2022						
Total segment sales	19,722	9,111	3,052	115	-	32,000
Inter-segment sales	(451)	(996)	(1,413)	(95)	-	(2,955)
Sales to external customers	19,271	8,115	1,639	20	-	29,045
Results:						
Segment results	629	1,487	55	795	(15)	2,951
Interest expense	(153)	(88)	(42)	(675)	-	(958)
Interest income	1	3	-	-	-	4
Profit/(loss) from operating segment	477	1,402	13	120	(15)	1,997
Unallocated administrative expenses						(1,397)
Profit before income tax						600
Income tax expense						(490)
Net profit						110
Profit attributable to non-controlling interests						(976)
						(866)
Net profit includes:						
- Depreciation of property, plant and equipme	1,016	1,014	242	1,395	-	3,667
Other information						
Segment assets	40,956	13,346	3,280	24,369	10	81,961
Segment assets include:-						
Additions to: Property, plant and equipment	92	71	156	654	-	972
Segment liabilities	(18,766)	(22,028)	(3,541)	(11,304)	(7)	(55,646)

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

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

E. Selected notes to the condensed interim consolidated financial statements

4.1 Reporting segments (cont'd)

Reconciliations

(i) Segment assets

All assets are allocated to reportable segments

(ii) Segment liabilities

Segment liabilities are reconciled to total liabilities as follows:

	6 months ended 30 June 2022 $'000	6 months ended 30 June 2021 $'000
Segment liabilities for reportable segments	55,638	55,153
Other segment liabilties	7	10
Unallocated:		
Borrowings	9,278	11,251
	64,924	66,415

E. Selected notes to the condensed interim consolidated financial statements

4.2 Disaggregation of Revenue

	At a point in time	Over time	Total
	$'000	$'000	$'000
6 months ended 30 June 2022			
Infrastructure engineering			
- Singapore	6	7,169	7,175
- Indonesia	522	232	754
- Others	883	10,459	11,342
	1,411	17,860	19,271
Corrosion prevention			-
- Singapore	-	5,984	5,984
- Indonesia	-	2,132	2,132
	-	8,116	8,116
Supply and distribution			-
- Singapore	1,628	-	1,628
- Indonesia	10	-	10
	1,638	-	1,638
Shipping			
- Indonesia	-	20	20
- Australia	-	-	-
	-	20	20
Total	3,049	25,996	29,045
6 months ended 30 June 2021			
Infrastructure engineering			
- Singapore	-	7,629	7,629
- Indonesia	96	405	501
- Others	63	5,525	5,588
	159	13,559	13,718
Corrosion prevention			-
- Singapore	-	7,960	7,960
- Indonesia	-	1,996	1,996
	-	9,956	9,956
Supply and distribution			-
- Singapore	1,907	-	1,907
- Indonesia	241	-	241
	2,148	-	2,148
Shipping			
- Indonesia	-	165	165
- Australia	-	1,868	1,868
	-	2,033	2,033
Total	2,307	25,548	27,855

E. Selected notes to the condensed interim consolidated financial statements

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 June 2022 and 31 December 2021:

	The Group		The Company	
	30 June 2022 $'000	31 December 2021 $'000	30 June 2021 $'000	31 December 2021 $'000
Financial assets				
Cash and cash equivalents	6,113	7,044	236	1,970
Trade and other receivables	21,019	20,689	67,656	63,575
Contract assets	9,788	6,289	-	-
	36,920	34,022	67,892	65,545
Financial liabilities				
Borrowings	(25,520)	(25,247)	(11,674)	(12,571)
Trade and other payables	(38,017)	(33,739)	(31,965)	(30,463)
	(63,538)	(58,986)	(43,639)	(43,034)

6. Profit before taxation

6.1. Significant items

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

	The Group	
	6 months ended 30 June 2022 $'000	6 months ended 30 June 2021 $'000
Income		
Government grants	734	763
Currency translation gain, net	1,328	572
Insurance claim	1,225	-
Expense		
Interest expense on borrowings	(958)	(1,128)
Loss on disposal of property, plant and equipment	(87)	(24)
Depreciation of property, plant and equipment	(3,667)	(4,071)
Credit loss allowance	(81)	(18)

E. Selected notes to the condensed interim consolidated financial statements

6.2. Related party transactions

Other than disclosed elsewhere in the financial statements, transactions carried out with related parties in the normal course of business on terms agreed between the parties are as follows:

Sales and purchase of goods and services

	The Group	
	6 months ended 30 June 2022	6 months ended 30 June 2021
	$'000	$'000
Loan from a related party	380	500
Purchase of material and/or services from related parties	12	7

Mr. Yong Jiunn Run ("Mr. Yong"), who is the Company's Chief Executive Officer extended a loan of principal amount S$500,000 to the Company on 3 May 2021, on an interest-free and unsecured basis to be repaid within a year. The purpose of the loan was to finance the repair costs for one of the livestock carrier as well as for the Group's working capital.

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

7. Taxation

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 30 June 2022 $'000	6 months ended 30 June 2021 $'000
Current income tax expense	(490)	(568)

8. Net Asset Value

	Group		Company	
	30 June 2022 $	31 December 2021 $	30 June 2021 $	31 December 2021 $
Net assets value per ordinary share	13.23	13.98	15.14	14.46

E. Selected notes to the condensed interim consolidated financial statements

9. Trade and other receivables

	Group		Company	
	30 June 2022 $'000	31 December 2021 $'000	30 June 2022 $'000	31 December 2021 $'000
Trade receivables				
- Subsidiary corporations	-	-	5,895	5,319
- Related parties	-	-	-	-
- Non-related parties	21,084	20,628	-	-
	21,084	20,628	5,895	5,319
Less: Loss allowance	(4,449)	(4,368)	-	-
Trade receivables - net	16,635	16,260	5,895	5,319
Non-trade receivables				
- Subsidiary corporations	-	-	91,832	88,474
- Non-related parties	2,861	3,399	131	9
	2,861	3,399	91,963	88,483
Less: Loss allowance				
- Subsidiary corporations	-	-	(30,501)	(30,501)
Non-trade receivables - net	2,861	3,399	61,462	57,982
Retentions	609	464	-	-
Deposits	914	566	299	274
Prepayments	478	500	2	3
	21,497	21,189	67,658	63,578

10. Property plant and equipment

During the six months ended 30 June 2022, the Group acquired assets amounting to $0.97 million (30 June 2021: $1.02 million) and disposed of assets amounting to $0.32 million (30 June 2021: $0.14 million).

E. Selected notes to the condensed interim consolidated financial statements

11. Trade and other payables

	Group		Company	
	30 June 2022 $'000	31 December 2021 $'000	30 June 2022 $'000	31 December 2021 $'000
Current				
Trade payables				
- Related parties	8	22	-	16
- Non-related parties	13,107	11,780	137	218
	13,115	11,802	137	234
Non-trade payables				
- Subsidiary corporations	-	-	23,825	23,582
- Related party	380	500	380	500
- Non-related parties	11,590	11,605	4,715	3,330
	11,970	12,105	28,920	27,412
Accruals for operating expenses	7,529	7,728	2,908	2,817
Accruals for project expenses	5,403	1,485	-	-
	12,932	9,213	2,908	2,817
	38,017	33,120	31,965	30,463
Non-current				
Trade payables				
- Non-related parties	-	619	-	-
Total trade and other payables	38,017	33,739	31,965	30,463

12. Borrowings

	Group		Company	
	30 June 2022 $'000	31 December 2021 $'000	30 June 2022 $'000	31 December 2021 $'000
Current				
Bank borrowings	14,993	14,590	5,263	5,577
Bank overdrafts	2,352	2,392	1,999	1,999
Bills payable	549	738	-	-
Lease liabilities	1,060	906	178	697
	18,954	18,626	7,440	8,273
Non-current				
Bank borrowings	1,679	2,628	281	507
Bond	3,612	3,548	3,612	3,548
Lease liabilities	1,275	445	341	243
	6,566	6,621	4,234	4,298
Total borrowings	25,520	25,247	11,674	12,571
Represented by:				
- Secured	5,441	7,207	644	1,032
- Unsecured	20,079	18,040	11,030	11,539
	25,520	25,247	11,674	12,571

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

E. Selected notes to the condensed interim consolidated financial statements

13. Share Capital

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

Ordinary share

	The Group and the Company			
	30 June 2022		31 December 2021	
	Numbers of $'000	Amount $'000	Numbers of $'000	Amount $'000
Beginning of interim period	199,210	54,124	135,010	49,651
Issuance of new oridinary shares	-	-	64,200	4,473
End of interim period	199,210	54,124	199,210	54,124

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

Convertibles

The Company did not hold any outstanding convertibles as at 30 June 2022 and 30 June 2021.

Treasury Shares

The Company did not hold any treasury shares as at 30 June 2022 and 30 June 2021.

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

	The Group and the Company	
	30 June 2022	31 December 2021
Issued and fully paid	199,210,406	199,210,406

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

None.

13.4 A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.

Not Applicable

14. Subsequent Event

Subsequent to 30 June 2022, there have been no events that may have an effect on the consolidated condensed interim financial statements of the Company.

Other Information Required by Listing Rule

Appendix 7.2

OTHER INFORMATION

1. (a) Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.

The condensed consolidated statements of financial position of Beng Kuang Marine Limited and its subsidiary corporations as at 30 June 2022 and the related condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statements of changes in equity and condensed consolidated statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

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

Not applicable.

2. Review of performance of the Group

(a) Revenue and profit

	Six months ended			
Revenue	**FY 2022**	**FY 2021**	**+ / (-)**	**+ / (-)**
	S$'million	S$'million	S$'million	%
Infrastructure & Engineering ("IE")	19.27	13.72	5.55	40.5
Corrosion Prevention ("CP")	8.12	9.96	(1.84)	(18.5)
Supply & Distribution ("SD")	1.64	2.15	(0.51)	(23.7)
Shipping & Others ("SH")	0.02	2.03	(2.01)	(99.0)
	29.05	**27.86**	**1.19**	**4.3**

The Group's revenue increased marginally by 4.3% or S$1.19 million from S$27.86 million in 1H2021 to S$29.05 million in 1H2022, despite sharply reduced contributions from SH Division which is the subject of strategic review.

Revenue from our IE division jumped 40.5% or S$5.55 million from S$13.72 million in 1H2021 to S$19.27 million in 1H2022, due to improving industry outlook and business momentum. Key contributor, Asian Sealand Offshore and Marine Pte Ltd ("ASOM"), which specialise in offshore in-situ repair services for floating assets, and onshore, offshore & marine fabrications, leveraging on Sandwich Plate System ("SPS") Technology, continues to gain traction with revenue surging by S$0.57 million in 1H2022 and order books increasing in 1H2022 and as at 30 June 2022, it stood at S$10.0 million. The engineering, design and build deck equipment unit under IE Division also registered increased orders for pedestal cranes, contributing to an increase in revenue by S$2.38 million in 1H2022 as compared to 1H2021. At the same time, we have been working towards improving the utilisation rate of our waterfront fabrication yard in Batam, Indonesia which received recurring work orders. We have been restructuring our IE division which will be resulting in substantial cost optimisation arising from lease termination at the Singapore yard and nearshore to our Batam yard.

Revenue from our CP division decreased by 18.5% or S$1.84 million from S$9.96 million in 1H2021 to S$8.12 million in 1H2022. This was primarily due to a sizeable CP contract being booked at the beginning of 2021. Notably, a similar CP project valued at $2.0 million from a repeat customer was awarded in April 2022 and will be commencing in 2H2022. Recurring CP activities, mainly as resident contractor to Singapore and Batam shipyards increased, with revenue increasing by S$0.67 million in 1H2022 as compared to 1H2021.

Revenue from our SD division decreased by 23.7% or S$0.51 million from S$2.15 million in 1H2021 to S$1.64 million in 1H2022 as market demand for marine and industrial hardware remained soft. It is to be noted that the SD division primarily undertakes the key role of an internal procurement arm to support the rest of our Group's business units in order to manage the operating costs of consumables.

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

(a) Revenue and profit (cont'd)

Given that both livestock vessels' activities were suspended for the period 1H2022 and placed under strategic review, no revenue was recorded under SH Division. Operational costs relating to both livestock were ceased, except for certain mandatory expenses like insurance, regulatory expenses and depreciation during 1H2022, helped to conserve our cash resources and soften the impact on the positive contribution from other businesses. At the end of 1H2022, there was positive outcome on the insurance claim pertaining to accident occurred in October 2020 on "MV. Barkly Pearl" whereby the insurance broker informed that the minimal net reimbursable amount of S$1.23 million was accepted by the underwriters and we are continuing to negotiate for higher final claim amount within FY2022. The Management is undertaking strategic review of the SH division and is currently proactively seeking fresh funding or monetisation opportunities for the livestock vessels.

The Group's cost of sales remained relatively unchanged at S$24.75 million in 1H2022 as compared to S$24.93 million in 1H2021.

Interest expense on borrowings decreased by 15.1% or S$0.17 million from S$1.13 million in 1H2021 to S$0.96 million in 1H2022 as a result of reduced borrowings. The Group continue to prioritise costs minimisation and deleveraging initiatives.

Other gain of S$3.31 million in 1H2022 was due to the Group receiving S$0.73 million government grants mainly on Foreign Worker Levy rebate; provisional insurance claim of S$1.23 million; foreign exchange gain of S$1.33 million as a result of United States Dollar strengthening against Singapore Dollar.

The Group has a substantial amount of fixed assets in the balance sheet and in 1H2022, depreciation expenses decreased by S$0.40 million to S$3.67 million in 1H2022 from S$4.07 million in 1H2021. It is the Group's strategy to continue to increase the efficiency and/or utilisation rate of our fixed assets to mitigate the impact of the depreciation expenses.

With higher revenue and the cessation of majority operation costs related to the livestock vessels, the Group's gross profit increased by S$1.37 million from S$2.93 million in 1H2021 to S$4.30 million in 1H2022. Similarly, the Group's adjusted EBITDA (as defined below) increased by S$0.46 million from S$1.45 million in 1H2021 to S$1.91 million in 1H2022.

Reconciliation of net profit/(loss) to Adjusted EBITDA

	The Group	
	6 months ended 30 June 2022 $'000	**6 months ended 30 June 2021 $'000**
Net Profit/(Loss)	110	(2,948)
Add: Income tax expense	490	568
Add: Interest exepnse	958	1,128
Add: Depreciation of property, plant and equipment	3,667	4,071
Less: Other gains, net	(3,313)	(1,371)
Adjusted EBITDA	1,912	1,448

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

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

(a) Revenue and profit (cont'd)

The Group returned to the black with net profit of S$110,000 in 1H2022 against the loss of S$2.95 million previously. Simultaneously, net loss attributable to shareholders narrowed to S$0.87 million in 1H2022 as compared to a net loss attributable to shareholders of S$2.51 million in 1H2021.

(b) Cashflow Statement

Net cash inflow generated from operating activities was S$3.04 million in 1H2022. This was primarily generated from positive operating cashflow of S$4.05 million due to adjustments on working capital for non-cash transactions.

Net cash outflow used in investing activities was S$0.67 million in 1H2022 mainly due to drydocking costs of vessels that incurred S$0.65 million; and renovation expenses for relocation of office and SD warehouse.

Net cash used in financing activities was S$3.31 million in 1H2022. This was mainly due to S$0.89 million on repayment of loans; S$1.14 on payment of lease liabilities; and S$1.03 million on profit making subsidiary declaring and issued dividends to non-controlling interests.

As a result of the above, the Group registered a net decrease in cash and cash equivalent of approximately S$0.94 million for 1H2022.

(c) Assets and Liabilities

The Group registered total assets of S$81.96 million as at 30 June 2022.

The Group's current assets increased from S$38.04 million as at 31 December 2021 to S$41.09 million as at 30 June 2022 mainly due to the increase in contract assets by S$3.50 million as a result of the increase volume in Group's business activities for the period 1H2022.

Ageing of net trade receivables as of 30 June 2022 are as follow:-

	30 June 2022	31 December 2021	Increase / (Decrease)
	$'000	$'000	$'000
Current	3,526	2,570	956
less than 90 days	7,898	8,667	(769)
91 to 150 days	1,113	1,110	3
151 to 365 days	737	1,780	(1,043)
More than 365 days	3,362	2,133	1,229
	16,636	16,260	376

The Board notes that the trade receivables (net of provision for doubtful debts) for 151 to 365 days and more than 365 days has increased by S$0.19 million from S$3.91 million as at 31 December 2021 to S$4.10 million as at 30 June 2022 and the Group will continue to closely monitor the collectability of such trade receivables. In addition, the Group carries out credit risk assessment on its trade receivables on a quarterly basis. As and when trade receivables are deemed uncollectable, the Company will provide the necessary credit loss allowance. The Group has credit loss allowances amounting to S$4.45 million as at 30 June 2022. The credit loss allowances were primarily attributable to the deteriorating financial performance of the debtors.

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

(a) Assets and Liabilities (cont'd)

The Group's non-current assets decreased from S$41.40 million as at 31 December 2021 to S$40.87 million as at 30 June 2022. The decrease in non-current assets by S$0.53 million was mainly due to a) S$2.06 million on addition to right-of-use assets with a new landlord on the existing workers' dormitory, as well as new leases on relocation of offices and SD warehouse; b) S$0.65 million on drydocking costs; and c) S$3.67 million on depreciation and amortisation expenses.

Total liabilities for the Group were S$60.59 million at as 31 December 2021 and S$64.92 million as at 30 June 2022. The Group's trade and other payables increased by S$4.90 million was mainly attributable to an increase in operating business activities for the period ended 1H2022.

The Group registered net current liabilities of S$17.26 million as at 30 June 2022 as compared to S$15.30 million as at 31 December 2021. The increase of S$1.96 million was primarily due to the higher volume of operating business activities.

On 3 May 2021, the Group entered into a related party transaction with Mr. Yong Jiunn Run (the Group's CEO) where he has extended an unsecured interest free loan of S$500,000 to the Group, to be repaid within a year for the purpose of facilitating the repair costs for one of the livestock vessel as well as for the Group's working capital. During 1H2022, there was partial principal repayment of S$120,000 and the current loan outstanding is S$380,000 as at 30 June 2022.

The Board is of the opinion that, after taking into consideration the Group's existing cash and cash equivalents, available bank facilities, existing banking relationships and other possible financing options as well as the Group's existing assets, the Group is able to meet its short-term obligations as and when they fall due. (Selective Notes 2.3 Going Concern on page 8).

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

The Company did not make any forecast and prospect statement in respect of its result for 30 June 2022.

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

With resilient energy demand globally, the Group cautiously expects improved operating environment for our CP and IE divisions in the next twelve months. However, this may be tempered by the conflict between Russia and Ukraine.

The Group will continue to focus on monetising fixed assets and high-potential business segments to create new growth catalysts within our business model. In addition, the management is undertaking a strategic review of the livestock vessel business, given the current circumstances.

5. Dividend information

5a. Current Financial Period Reported on

Any dividend recommended for the current financial period reported on?
None.

5b. Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?
None.

6. Interested person transactions

Other than disclosed in notes 6.2 on related party transactions from the selected notes to the condensed interim consolidated financial statements, there are no other interested parties transaction to disclosure.

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

7. Please disclosed the status of the use of proceeds raised from IPO and any offerings pursuant to Chapter 8 and whether the use of the proceeds is in accordance with the stated use in the offer document of the announcement of the issuer.

Placement dated 17 December 2021	
	$'000
Net Proceeds from share placement	3,193
Amount utilised as working capital : -	
a) Suppliers	(913)
b) Service contractors	(1,516)
c) Wages and salaries	(763)
Balance	-

The use of the net proceeds from share placement is in accordance with the intended use as previously disclosed in the Company's announcements.

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

We, Chua Beng Yong and Chua Meng Hua, being Directors of Beng Kuang Marine Limited (the "Company"), do hereby confirm, for and on behalf of the Board of Directors of the Company, that, to the best of our knowledge, nothing has come to the attention of the Board which may render the unaudited interim financial results for the six months ended 30 June 2022 to be false or misleading in any material aspect.

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

BY ORDER OF THE BOARD

Chua Beng Yong
Executive Chairman

Chua Meng Hua
Executive Director

Singapore
12 August 2022