



HIAP SENG ENGINEERING LTD
(JUDICIAL MANAGERS APPOINTED)
(Company Registration No. 197100300Z)

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
30 SEPTEMBER 2023

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A. Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Six Months Ended 30 September 2023

	Note	Group		
		6 months ended 30/9/2023	6 months ended 30/9/2022	Changes
		S\$'000	S\$'000	%
Revenue	5	12,122	9,028	34
Cost of services rendered		(9,068)	(7,630)	(19)
Gross profit		3,054	1,398	N.M
Gross profit margin		25.2%	15.5%	
Other income	7(a)	403	951	(58)
Administrative costs		(2,015)	(2,419)	(17)
Other loss – net	7(b)	(289)	(298)	(3)
Profit / (Loss) from operations		1,153	(368)	N.M
Finance costs	7(d)	(278)	(238)	17
Profit / (Loss) before tax		875	(606)	N.M
Income tax expense	8	-	-	-
Total profit/ (loss) for the year		875	(606)	N.M.
Other comprehensive income				
Items that may be reclassified subsequently to profit or loss:				
– Currency translation differences arising from consolidation		309	359	(14)
Total comprehensive profit / (loss) for the period		1,184	(247)	N.M
Profit / (Loss) attributable to:				
Equity holders of the Company		875	(606)	N.M
Non-controlling interests		-	-	-
		875	(606)	N.M
Total comprehensive profit / (loss) attributable to:				
Equity holders of the Company		1,184	(247)	N.M
Non-controlling interests		-	-	-
		1,184	(247)	N.M
<u>Earnings per share for profit for the period attributable to the owners of the Company during the year:</u>				
Basic (SGD in cent)		0.29	(0.20)	
Diluted (SGD in cent)		0.29	(0.20)	

Notes

N.M. – Not Meaningful

B. Condensed Statement of Financial Position as at 30 September 2023

	<u>Note</u>	<u>Group</u>		<u>Company</u>	
		<u>Unaudited</u>	<u>Audited</u>	<u>Unaudited</u>	<u>Audited</u>
		As at 30/9/2023 S\$'000	As at 31/03/2023 S\$'000	As at 30/09/2023 S\$'000	As at 31/03/2023 S\$'000
ASSETS					
Current assets					
Cash and cash equivalents		14,538	18,744	13,456	17,599
Trade and other receivables		7,606	7,518	8,751	8,647
Contract assets		662	-	662	-
Other current assets		909	746	906	740
		<u>23,715</u>	<u>27,008</u>	<u>23,775</u>	<u>26,986</u>
Non-current assets					
Investment in associated companies		270	270	-	-
Investments in subsidiaries		-	-	615	615
Property, plant and equipment		3,229	3,887	2,949	3,573
Financial assets, at FVOCI	10	907	907	907	907
		<u>4,406</u>	<u>5,064</u>	<u>4,471</u>	<u>5,095</u>
Total assets		<u>28,121</u>	<u>32,072</u>	<u>28,246</u>	<u>32,081</u>
LIABILITIES					
Current liabilities					
Trade and other payables		29,755	33,711	29,945	33,893
Contract liabilities		68	7	63	2
Borrowings	12	13,732	14,696	13,732	14,696
Lease liabilities		734	862	734	862
		<u>44,289</u>	<u>49,276</u>	<u>44,474</u>	<u>49,453</u>
Non-current liabilities					
Lease liabilities		-	148	-	148
		<u>-</u>	<u>148</u>	<u>-</u>	<u>148</u>
Total liabilities		<u>44,289</u>	<u>49,424</u>	<u>44,474</u>	<u>49,601</u>
NET LIABILITIES		<u>(16,168)</u>	<u>(17,352)</u>	<u>(16,228)</u>	<u>(17,520)</u>
EQUITY					
Capital and reserves attributable to the equity holders of the Company					
Share capital	13	36,178	36,178	36,178	36,178
Other reserves		1,874	1,565	(1,575)	(1,575)
Accumulated losses		(54,220)	(55,095)	(50,831)	(52,123)
TOTAL EQUITY		<u>(16,168)</u>	<u>(17,352)</u>	<u>(16,228)</u>	<u>(17,520)</u>

C. Condensed Interim Statements of Changes In Equity as at 30 September 2023

Group	Share capital	Other reserves	Accumulated loss	Total	Non-controlling interests	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 April 2023	36,178	1,565	(55,095)	(17,352)	-	(17,352)
Profit for the period	-	-	875	875	-	875
Other comprehensive income for the period	-	309	-	309	-	309
Total comprehensive income for the period	-	309	875	1,184	-	1,184
As at 30 September 2023	36,178	1,874	(54,220)	(16,168)	-	(16,168)
As at 1 April 2022 (as previously reported)	36,178	806	(51,485)	(14,501)	-	(14,501)
Effects of restatement	-	-	(1,060)	(1,060)	-	(1,060)
As at 1 April 2022 (restated)	36,178	806	(52,545)	(15,561)	-	(15,561)
Loss for the period	-	-	(606)	(606)	-	(606)
Other comprehensive income for the period	-	359	-	359	-	359
Total comprehensive income/(loss) for the period	-	359	(606)	(247)	-	(247)
As at 30 September 2022 (restated)	36,178	1,165	(53,151)	(15,808)	-	(15,808)

Company	Share capital	Other reserves	Accumulated loss	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000
As at 1 April 2023	36,178	(1,575)	(52,123)	(17,520)
Total comprehensive income for the period	-	-	1,292	1,292
As at 30 September 2023	36,178	(1,575)	(50,831)	(16,228)
As at 1 April 2022 (as previously reported)	36,178	(1,669)	(48,636)	(14,127)
Effects of restatement	-	-	(1,060)	(1,060)
As at 1 April 2022 (restated)	36,178	(1,669)	(49,696)	(15,187)
Loss for the period	-	-	(38)	(38)
Total comprehensive loss for the period	-	-	(38)	(38)
As at 30 September 2022 (restated)	36,178	(1,669)	(49,734)	(15,225)

Beginning balance was restated per the audited 31 March 2023 accounts

D. Condensed Interim Consolidated Statement of Cash Flows as at 30 September 2023

	Group	
	Unaudited	
	6 months ended 30/09/2023	6 months ended 30/09/2022
	S\$'000	S\$'000
Cash flows from operating activities:		
Total profit / (loss)	875	(606)
Adjustments for:		
Income tax expense	-	-
Depreciation of property, plant equipment	786	899
Net gain on disposal of property, plant and equipment	(28)	(2)
Fixed assets written off	3	-
Write back of other receivables and trade receivables	(30)	-
Unrealised currency translation losses	382	380
Interest expense	278	238
Interest income	(202)	(1)
	<u>2,064</u>	<u>908</u>
Change in working capital		
Contract assets	(662)	964
Trade and other receivables	(57)	(878)
Other current assets	(163)	36
Contract liabilities	61	(10)
Trade and other payables	(3,955)	(101)
Cash (used in) / provided by operations	<u>(2,712)</u>	<u>919</u>
Net cash (used in) / provided by operating activities	<u>(2,712)</u>	<u>919</u>
Cash flows from investing activities:		
Proceeds from disposal of property, plant and equipment	70	2
Purchases of property, plant and equipment	(42)	(10)
Interest received	202	1
Net cash provided by / (used in) investing activities	<u>230</u>	<u>(7)</u>
Cash flows from financing activities		
Interest paid	(15)	(11)
Repayment of bank borrowings	(1,300)	-
Repayment of lease liabilities	(420)	(415)
Net cash used in by financing activities	<u>(1,735)</u>	<u>(426)</u>
Cash and cash equivalent		
Net (decrease)/ increase in cash and cash equivalents	(4,217)	486
Effect of currency translation on cash and cash equivalents	11	88
Beginning of the financial period	18,744	15,120
End of the financial period	<u>14,538</u>	<u>15,694</u>

E. Notes to the condensed interim consolidated financial statements

1. Corporate information

Hiap Seng Engineering Ltd (the “Company”) is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 28 Tuas Crescent, Singapore 638719.

These condensed interim consolidated financial statements as at and for the six months ended 30 September 2023 comprise the Company and its subsidiaries (collectively, the “Group”).

The principal activities of the Company consist of the provision of building construction, engineering, procurement, construction and plant maintenance services for oil and gas and energy sectors and, provision of process and industrial plant engineering and consultancy services.

On 15 September 2020, the Company was placed under Judicial Management. During this period, all powers conferred and duties imposed on the Directors of the Company by the Insolvency, Restructuring and Dissolution Act 2018 or the Companies Act 1967 or by the constitution of the Company, must be exercised and performed by the Judicial Managers and not by the Directors.

2. Basis of preparation

The condensed interim financial statements for the six months ended 30 September 2023 have been prepared in accordance with Singapore Financial Reporting Standards (International) 34 *Interim Financial Reporting* (SFRS(I) 1-34) 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 announced unaudited financial statements for the period ended 30 September 2023 on the SGX-Net.

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 dollars, which is the Company’s functional currency.

Going concern

The condensed interim financial statements have been prepared on a going concern basis, which assumes that the Group and the Company will be able to meet its obligations as and when they fall due in the next twelve months from the end of the reporting period.

As at 30 September 2023, the Group and the Company reported a net current liabilities position of \$20,574,000 and \$20,699,000 respectively. In addition, the Group and the Company were in net liabilities position of \$16,168,000 and \$16,228,000 respectively.

Judicial Management

On 15 September 2020, the Company was placed under judicial management.

The objectives of the judicial management order are to achieve one or more of the following purposes:

- (a) Survival of the Company, or the whole or part of its undertaking as a going concern;
- (b) The approval under Section 210 of the Companies Act 1967 or Section 71 of the Insolvency, Restructuring and Dissolution Act 2018 of a compromise or arrangement between the Company and any such persons as mentioned in those sections; and/or
- (c) A more advantageous realisation of the Company’s assets than on winding up.

E. Notes to the condensed interim consolidated financial statements

2. Basis of preparation (continued)

During the judicial management period, there was a stay on all suits, proceedings, claims etc. against the Company, except with the consent of the Judicial Managers (“JMs”) or with the leave of the Court. The borrowings owing to the principal lender and unsecured claims from creditors (collectively, the “Creditors”) prior to 15 September 2020 would be addressed/restructured via a Scheme of Arrangement (“Scheme”).

On 7 January 2022, the Company entered into a Conditional Subscription Agreement (“CSA”) with a group of investors, in which the investors will subscribe for S\$8 million ordinary shares (the “Proposed Subscription”) and up to \$8 million in unlisted and freely transferable share options (“Options Shares”) in the Company (collectively, the “Proposed Transaction”). The details of the Proposed Transaction was announced on the same day via SGX-Net.

On 29 August 2022, the High Court of Singapore had granted an order to sanction the Scheme, which was duly approved by the creditors, allowing the Company to restructure the debts and liabilities of the Company owing to the Creditors prior to 15 September 2020. The aforesaid Scheme is one of the conditions precedent referred to in the CSA, and the approval of the Scheme fulfils one of the anticipated steps to complete the restructuring exercise of the Company.

On 6 October 2023, the Company entered into a supplemental agreement to the CSA to extend the longstop date to complete the Proposed Transaction to 2 March 2024. The extension is to allow time for the Company to complete the Proposed Transactions which includes, the Proposed Debt Restructuring, together with the Proposed Transfer Listing. The extension of the longstop date is also in line with the extension of the Judicial Management Order until 2 March 2024, granted by the High Court of Singapore on 4 September 2023.

On 6 November 2023, the Company issued a notice for an extraordinary general meeting and Shareholders Scheme meeting, both scheduled to take place in person on 28 November 2023 to seek shareholders’ approval for the Proposed Transaction and Proposed Transfer Listing.

Borrowings from the Creditors

The Group has secured borrowings of \$13,732,000 as at 30 September 2023. As at the date of this report, the Company also has outstanding amounts due to unsecured creditors prior to 15 September 2020 of approximately \$19,646,000.

On 18 August 2022, the Company entered into a restructuring deed with the principal lender and the Investors (the “Restructuring Deed”). The Restructuring Deed prescribes how the Company’s liabilities due to the principal lender will be discharged or provided for. Upon successful completion of the Proposed Transaction, the Company will utilise the proceeds from the subscription by the Investors for the partial settlement of the principal amounts and interests under the loans owing to the principal lender prior to 15 September 2020.

The remaining secured amounts of the principal lender will be restructured together with the other unsecured creditors who had filed Proofs of Debt (together the “Scheme Debt”) via the Scheme, which was sanctioned by the High Court of Singapore on 29 August 2022.

Under the Scheme, the Scheme Debt will be partially settled by way of a cash distribution and issuance of settlement shares. The remaining Scheme Debt shall be irrevocably and forever released, discharged and extinguished upon the successful completion of the Proposed Transaction.

Cash flows from operating activities

The Management has taken the following steps and measures to sustain and improve the Group’s operational performance and financial position:

- Continue to source for upcoming shutdown and maintenance contracts;
- Implement cost containment measures;
- Renew relationships with past customers and the provision of comprehensive scale of services to clients, including supporting their green initiatives;
- Closed down/divested the Company’s non-core investments to reduce overheads; and
- Explore available options in utilising any part of the premises/assets for value.

E. Notes to the condensed interim consolidated financial statements

2. Basis of preparation (continued)

The Directors/JMs and the management believe that the Group will be able to generate sufficient cash flows from its operating activities to meet its liabilities upon successful completion of the Proposed Transaction and the Scheme, and execution of the Restructuring Deed (collectively, the “Restructuring Exercise”). On this basis, the financial statement for the period ended 30 September 2023 is prepared on a going concern basis. The Group also plans to undertake a rights issue exercise to raise up to S\$3.3 million upon completion of the Proposed Transaction.

Notwithstanding the Directors/JMs and management’s belief that the use of going concern assumption in the preparation of the financial statements is appropriate, there are material uncertainties which may cast significant doubt about the ability of the Group and the Company to continue as going concerns as the completion of the Restructuring Exercise is subject to certain conditions precedent to be fulfilled, including shareholders’ approval.

If for any reason the Group and the Company are unable to continue as a going concern, this could impact the Company’s ability to realise its assets at book values and adjustments may have to be made to provide for any potential/future losses and liabilities which might arise.

2.1 New and amended standards adopted by the Group

There has been no change in the accounting policies and methods of computation adopted by the Group for the current reporting year compared with the audited financial statements for the year ended 31 March 2023, except for the adoption of new or revised SFRS (1) and Interpretation of SFRS(I) (“INT SFRS(I)”) that are mandatory for the financial year beginning on or after 1 April 2023. The adoption of these SFRS(I) and INT SFRS(I) has no significant impact on the Group.

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 the accounting policies and the reported amounts of assets and liabilities, income and expense. 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 applied to the consolidated audited financial statements for the year ended 31 March 2023.

The 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 if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

E. Notes to the condensed interim consolidated financial statements

2.2 Use of judgements and estimates (continued)

The areas involving a higher degree of judgement in applying accounting policies, or areas where assumptions and estimates have a significant risk of resulting in material adjustment within the next financial interim period are disclosed in Note 3.

3. Critical accounting estimates, assumptions and judgements

The key assumptions concerning the future and other critical accounting estimates at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next interim period are discussed below.

Critical judgement over the lease terms

As at 30 September 2023, the Group's lease liabilities, which are measured with reference to estimates of the lease terms, amounted to S\$734,000. Extension options are included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option.

For leases of land with conditional extension of lease terms, the Group considers the likelihood of fulfilling those conditions within the prescribed timeline given its financial position.

4. Seasonal operations

The Group's businesses are not affected significantly by seasonal or cyclical factors during the financial period from 1 April 2023 to 30 September 2023.

5. Segment information

Management together with the JMs have determined the operating segments based on the reports that are used to make strategic decisions.

During the financial year under review, the management reassessed its operating segments and determined Plant construction and maintenance to be the sole operating segment. Other services include investment holding but this is not included within the reportable operating segments as it is not included in the reports provided to the management.

The segment information provided to the management team for the reportable segments for the period ended 30 September 2023 and 30 September 2022 is as follows:

5.1 Reportable segments

	Plant construction and maintenance	Total
	S\$'000	S\$'000
<i>Six months ended 30 September 2023</i>		
Revenue		
Revenue from external parties	12,122	12,122
Adjusted EBITDA	1,737	1,737
Depreciation of property, plant and equipment	(786)	(786)
Segment assets	27,214	27,214
Segment assets include:		
Investment in associated companies	269	269
Additions to:		
Property, plant and equipment	42	42
Segment liabilities	(29,823)	(29,823)

E. Notes to the condensed interim consolidated financial statements

	Plant construction and maintenance	Total
	S\$'000	S\$'000
	(restated)	
<i>Six months ended 30 September 2022</i>		
Revenue		
Revenue from external parties	9,028	9,028
Adjusted EBITDA	530	530
Depreciation of property, plant and equipment	(899)	(899)
Segment assets	32,439	32,439
Segment assets include:		
Investment in associated companies	261	261
Additions to:		
Property, plant and equipment	10	10
Segment liabilities	(33,030)	(33,030)

- a. A reconciliation of adjusted EBITDA to profit before tax is provided as below –

	6 months ended 30/9/2023	6 months ended 30/9/2022
	\$'000	\$'000
EBITDA	1,737	530
Depreciation of property, plant and equipment	(786)	(899)
Finance expense	(278)	(238)
Interest income	202	1
Profit/(loss) before tax	875	(606)

- b. Segments' assets are reconciled to total assets as follows –

	As at 30/9/2023	As at 30/9/2022
	\$'000	\$'000
Segment assets for reportable segments	27,214	32,439
Financial assets, at FVOCI	907	813
Total assets	28,121	33,252

- c. Segments' liabilities are reconciled to total liabilities as follows –

	As at 30/9/2023	As at 30/9/2022
	\$'000	\$'000
Segment liabilities	29,823	33,030
Borrowings	13,732	14,602
Lease liabilities	734	1,430
Total liabilities	44,289	49,062

E. Notes to the condensed interim consolidated financial statements

5. Segment information (continued)

d. Disaggregation of Revenue

The Group derives revenue from the transfer of goods and services over time and at a point in time in the following revenue streams.

	Over time			Total
	At a point in time	Plant construction & maintenance	Compression & process equipment fabrication	
	S\$'000	S\$'000	S\$'000	S\$'000
<i>Six months ended 30 September 2023</i>				
Rendering of maintenance services	-	10,790	-	10,790
Shutdown maintenance	-	1,325	-	1,325
Construction of plant and equipment	-	2	-	2
Others	5	-	-	5
Total	5	12,117	-	12,122

<i>Six months ended 30 September 2022</i>				
Rendering of maintenance services	-	7,908	-	7,908
Shutdown maintenance	-	2	-	2
Construction of plant and equipment	-	1,100	-	1,100
Others	18	-	-	18
Total	18	9,010	-	9,028

Geographical information

	Revenue		Non-current assets	
	As at 30/09/2023 S\$'000	As at 30/09/2022 S\$'000	As at 30/09/2023 S\$'000	As at 30/09/2022 S\$'000
Singapore	12,120	9,021	4,406	6,130
United Arab Emirates	-	-	-	75
Other countries	2	7	-	-
Total	12,122	9,028	4,406	6,205

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2023 and 31 March 2023.

	Group		Company	
	As at 30/09/2023 S\$'000	As at 31/03/2023 S\$'000	As at 30/09/2023 S\$'000	As at 31/03/2023 S\$'000
Financial assets				
Cash and cash equivalents, at amortised cost	14,538	18,744	13,456	17,599
Trade and other receivables, at amortised cost	7,606	7,518	8,751	8,647
Deposits	291	319	288	314
Financial assets, at FVOCI	907	907	907	907
	23,342	27,488	23,402	27,467
Financial liabilities				
Borrowings, at amortised cost	13,732	14,696	13,732	14,696
Trade and other payables, at amortised cost	29,755	33,711	29,945	33,893
Lease liabilities, at amortised cost	734	1,010	734	1,010
	44,221	49,417	44,411	49,599

E. Notes to the condensed interim consolidated financial statements

7. Profit before taxation

	Group	
	6 months ended 30/9/2023 S\$'000	6 months ended 30/9/2022 S\$'000
(a) Other income		
Interest income	202	1
Rental of equipment	152	167
Premise rental income	49	245
Government grant	-	538
	403	951
(b) Other loss-net		
Write back of impairment of financial assets	30	-
Currency exchange loss - net	(373)	(329)
Net gain on disposal of property, plant and equipment	28	2
Property, plant and equipment written off	(3)	-
Sundry gain	29	29
	(289)	(298)
(c) Included in the cost of services rendered and administrative expenses are:		
Foreign workers levy rebate (recorded in cost of services rendered)	-	63
Depreciation of property, plant and equipment	(786)	(899)
(d) Finance costs		
-Interest expenses on bank borrowings	263	227
-Interest expenses on lease liabilities	15	11
	278	238

7. Related party transactions

The following related party transactions took place between the Group and related parties at terms agreed between the parties:

	Group	
	6 months ended 30/9/2023 S\$'000	6 months ended 30/9/2022 S\$'000
Sales and purchase of goods and services		
Computer maintenance fees paid to an associated company	36	21

8. 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:

	Group	
	6 months ended 30/9/2023 S\$'000	6 months ended 30/9/2022 S\$'000
Current income tax expenses	-	-

E. Notes to the condensed interim consolidated financial statements

9. Net asset value

	Group		Company	
	As at 30/09/2023	As at 31/03/2023	As at 30/09/2023	As at 31/03/2023
Net asset value per ordinary share (in cents)	<u>(5.3)</u>	<u>(5.7)</u>	<u>(5.3)</u>	<u>(5.8)</u>

10. Financial assets at fair value through other comprehensive income

	Group	
	As at 30/09/2023	As at 31/3/2023
	S\$'000	S\$'000
Beginning and end of financial period/year	<u>907</u>	<u>907</u>

The financial assets at FVOCI comprised an investment in unlisted equity securities in Vietnam, which is classified as Level 3 of the fair value measurement hierarchy (Note 10.1).

The Group estimates the fair value of financial assets at FVOCI classified as Level 3 by reference to its share in the investee's Net Asset Value ("NAV"), which is a significant unobservable input in the valuation of the financial assets. Adjustments, using appropriate measures to fair value the underlying assets and liabilities, are applied to NAV where applicable. The investee's NAV comprises the sum of the fair value of the cash and other assets less any liabilities.

The Judicial Managers in consultation with the management, review the appropriateness and reliability of the fair value of the financial assets and the Group's share in the investee's NAV, for financial reporting purposes.

An increase/decrease in the NAV of the investee will lead to an increase/decrease in the fair value of financial assets at FVOCI of the Group.

10.1. Fair value measurement

Assets and liabilities recognised and measured at fair value are classified by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

11. Property, plant and equipment

During the six months ended 30 September 2023, the Group acquired assets amounting to S\$42,000 (30 September 2022: S\$10,000) and disposed of assets with carrying amounts of S\$42,000 (30 September 2022: Nil).

E. Notes to the condensed interim consolidated financial statements

12. Borrowings

	<u>Group</u>	
	<u>As at</u>	<u>As at</u>
	<u>30/09/2023</u>	<u>31/03/2023</u>
	S\$'000	S\$'000
<u>Amount repayable in one year or less, or on demand</u>		
Secured	13,732	14,696

The Group's borrowings are secured by a mortgage of certain land and buildings of the Group, corporate guarantee by the Company, legal charge over the Company's bank operating account and all-monies over the accounts receivables' contract and proceeds in respect of the projects financed by the bank.

The Group has classified the outstanding borrowings amounting to \$13,732,000 as at 30 September 2023, as "Current Liabilities" as the Company has breached certain covenant

13. Share capital

	<u>The Group and the Company</u>			
	<u>As at 30/09/2023</u>		<u>As at 31/03/2023</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	'000	S\$'000	'000	S\$'000
<u>Issued and fully paid ordinary shares</u>				
As at beginning and end of the financial period/ year	303,750	36,178	303,750	36,178

The Company did not hold any treasury shares as at 30 September 2023.

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2023 and 31 March 2023.

14. Subsequent events

On 4 September 2023, the High Court of Singapore granted an order to extend the judicial management order of the Company until 2 March 2024.

On 6 October 2023, the Company entered into a supplemental agreement to the CSA to extend the longstop date to complete the Proposed Transaction to 2 March 2024. The extension is to allow time for the Company to complete the Proposed Transactions which includes, the Proposed Debt Restructuring, together with the Proposed Transfer Listing. The extension of the longstop date is also in line with the extension of the Judicial Management Order until 2 March 2024, granted by the High Court of Singapore on 4 September 2023.

On 6 November 2023, the Company issued a notice for an extraordinary general meeting and Shareholders Scheme meeting, both scheduled to take place in person on 28 November 2023 to seek shareholders' approval for the Proposed Transaction and Proposed Transfer Listing

F. Other information required by Listing Rule Appendix 7.2

1. Review

The condensed consolidated statement of financial position of the Group as at 30 September 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.

2. Review of performance of the Group

Half Year (HY2024) Review

There was an increase in revenue for HY2024 by \$3 million from \$9.0 million in HY2023 to \$12.1 million in HY2024. This was mainly due to increased volume of maintenance jobs, a shutdown maintenance project and higher service income in HY2024.

The other income reduced from approximately \$1.0 million to \$0.4 million in HY2024 mainly due to the receipt of a non-recurring government grant in HY2023.

The administrative expenses decreased by \$0.4 million in HY2024 from \$2.4 million in HY2023 mainly due to the lower professional fees of \$0.3 million and other cost cutting measures the Company has under taken.

Finance costs increased slightly in HY2024 due to higher interest rate for the outstanding loan due to the principal banker.

Taking into account the factors disclosed above, the Company recorded a profit of \$0.9 million in HY2024, an increase of \$1.5 million compared to the loss of \$0.6 million incurred during the same period in 2023.

Segment Review

The EBITDA for the plant construction & maintenance segment increased by \$1.2 million to \$1.7 million in HY2024 from \$0.5 million in HY2023 mainly due to the higher service income.

The liabilities for plant construction & maintenance segment decreased by \$3.2 million from \$33.0 million as at 30 September 2022 to \$29.8 million as at 30 September 2023. This was mainly due to payment of the interim fees and expenses in relation to the judicial management, following the Court's approval obtained in HY2024.

Balance Sheet Review

Current assets decreased by approximately S\$3.3 million mainly due to the decrease in cash by \$4.2 million, which was slightly offset with the increase in contract assets balance of \$0.6 million.

Current liabilities decreased by approximately S\$5.0 million mainly due to the payment of the interim fees and expenses in relation to the judicial management and fund used to set off against the loan owing to the bank.

Cash Flow Statement Review

The Group recorded a net decrease in cash of \$4.2 million, mainly due to the payment of the interim fees and expenses in relation to the judicial management and fund used to set off against the loan owing to the bank. This was offset by an increase in the cashflow arising from the operating activities within the period.

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

No forecast or prospect statement was disclosed to shareholders for the financial period ended 30 September 2023.

F. Other information required by Listing Rule Appendix 7.2

4. A commentary at the date of 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.

Firms in the provision of services to the oil, gas and energy sector in Singapore are facing weak demand and high domestic operating costs. Higher interest rates and the current geopolitical tensions worldwide are causing uncertainties globally.

Amidst rising costs and tighter labour conditions that will be implemented in January 2024, the Company will continue to exercise further prudence in managing the operating costs.

On 6 November 2023, the Company issued a notice for an extraordinary general meeting and Shareholders Scheme meeting, both scheduled to take place in person on 28 November 2023 to seek shareholders' approval for the Proposed Transaction and Proposed Transfer Listing.

Upon successful completion of the Proposed Transaction and post restructuring, the Company is confident and strongly believe that the Group is able to generate sufficient cash flows from its operating activities to meet its ongoing liabilities. In this respect, the Group believes that its liabilities and working capital needs can be met as and when they fall due. In addition, the Group also plans to undertake a rights issue exercise to raise up to S\$3.3 million upon completion of the Proposed Transaction of which the proceeds will be used for working capital purposes.

5. Dividend information

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediate Preceding Financial Year

Any dividend declared for the corresponding period of the immediate preceding financial year?

No.

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

(e) If no dividend has been declared/recommendeded, a statement to that effect.

No dividend has been recommended for the period ended 30 September 2023 as the Company has no sufficient retained earnings to declare and issue dividends.

F. Other information required by Listing Rule Appendix 7.2

6. Interested person transactions (“IPT”)

The Group has not obtained a general mandate from shareholders of the Company for IPT.

7. Confirmation that the issuer has procured undertaking from all its directors and executive officers under Rule 720(1)

The Company has received the undertakings 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.

8. Confirmation pursuant to Rule 705(5).

The Board of Directors hereby confirms to the best of knowledge that nothing has come to their attention, which may render the interim financial statement for the six-month period ended 30 September 2023 to be false or misleading in any material aspect.

Onn Su Sun and Lin Yueh Hung
Joint and Several Judicial Managers
14 November 2023

The affairs, business and property of the Company are being managed by the Judicial Managers appointed by the High Court of Singapore. The Judicial Managers contract and only act as agents of the Company and disclaim all personal liability of any nature whatsoever for all matters arising out of, in connection with and in respect of the Judicial Management of the Company herein.