



ZICOM GROUP LIMITED

Appendix 4E

ASX Preliminary Final Report

30 June 2024

Name of entity: **ZICOM GROUP LIMITED**

ABN: **62 009 816 871**

FOR THE YEAR ENDED 30 JUNE 2024

1. Financial reporting period

The reporting period is the full year ended 30 June 2024.

The previous corresponding period is the full year ended 30 June 2023.

2. Results for announcement to the market

Full year ended	2024 S\$'000	2023 S\$'000	% Change
Revenue from ordinary activities	131,564	95,227	38.16%
Net profit/(loss) from ordinary activities after tax attributable to members	6,618	(8,540)	177.49%
Net profit/(loss) for the year attributable to members	6,618	(8,540)	177.49%

3. Dividends

	2024	2023	% Change
Interim dividend (unfranked) per security	—	—	—
Final dividend (unfranked) per security	—	—	—

4. Net tangible assets per security

	2024	2023	% Change
Net tangible assets per security (Singapore cents)	20.88	16.02	30.34%

The calculation of net tangible assets per security includes contract assets and lease liabilities but excludes right-of-use intangible assets.

5. Entities over which control has been gained/lost

The Group disposed its entire equity interest held in Orion Systems Integration Pte. Ltd. Please refer to Note 16.

6. Dividend reinvestment plan

Not applicable.

7. Details of associates or joint ventures

Please refer to Note 11.

Review of Operations

Results

The Group's consolidated revenue for the full year was S\$131.56m as compared with S\$95.23m in the previous year, an increase of 38.16%. The Group's full year net consolidated income after tax attributable to members to 30 June 2024 is S\$6.62m as compared with net consolidated loss of S\$8.54m in the previous year, an improvement of 177.49%. The divestment of Orion Systems Integration Pte Ltd enabled the Group to recoup S\$8.28m of past years' impairment losses on the investment and this is shown as a gain on disposal.

Earnings per share for the year was Singapore 3.08 cents as compared to loss per share of Singapore 3.98 cents in the previous year, an increase of Singapore 7.06 cents per share. Net tangible assets per share increased from Singapore 16.02 cents to Singapore 20.88 cents.

Last year, your Board reported that the company's worst years were over. This year's results reflect the situation. We are hopeful that it is sustainable.

During the year, the Group's orders in gas processing projects commenced execution. This was after some delays impacted by the reduced availability of foreign exchange by the customers, which has since been resolved. Revenue has been recognised during the year for these projects which are mainly from Bangladesh. On 5 August 2024, the Bangladesh government suddenly resigned, forced upon by students' riots and has been replaced by a caretaker government. The Board is pleased to confirm that the country's situation has stabilised and after 3 weeks of disruption, our projects have continued. Banking remittances have returned to normal. Confidence is strengthening. The country's return to normalcy will enable the caretaker government to reorganise the country for a new general election.

The recovery in the marine offshore sector is one of cautious pace. The current trend projects more certainty. Demand will accelerate with availability in financing. As the industry is climbing out from almost 8 years of slump, financing availability is slow in matching. As recovery gains traction and accelerates, financing availability is expected to gain momentum.

The construction industry faced tough challenges generally. During the year, high interest rates, cost escalation and labour shortages compounded by a new war in Gaza vis-à-vis acceleration in construction projects post Covid pandemic inflicted the industry. Over-gear developers faced financial distress. Equipment manufacturers faced cost increases, spikes in freight rates and delays in delivery resulting in an erosion of profits. The Group's supply chain has been mainly built among its companies in China, Thailand and Australia, leveraging on the best competitive edge each offers. Underscored by a strong established customer base, the Group has been able to alleviate the impact of these challenges and continue to manage this segment profitably.

The recovery of the Group's precision engineering sector is gaining traction. We have refocused and divested areas lacking growth potential. Stronger emphasis on risk evaluation in priority to scale is placed on automation projects offered. This direction places more focus on profit generating areas and inculcates a stronger culture of risk management at all levels.

The Group expects its businesses to continue being confronted with severe challenges going forward. Worsening global geopolitical tensions are becoming conflicts. The wars in Ukraine and the Gaza resulting in the Red Sea shipping disruptions is expected to deteriorate. Divergence caused by geopolitical conflicts is causing strains in established international trading order and currency reserves, giving rise to increasing volatility in the world's reserve currencies and exchange rates.

Gearing Ratio

The Group's cash and bank balances as at 30 June 2024 remained healthy at S\$19.36m (30 June 2023: S\$12.67m). The Group's gearing ratio which has been arrived at by dividing interest-bearing liabilities less cash and cash balances over capital has decreased from 50.41% as at 30 June 2023 to 37.75% as at 30 June 2024. Both gearing ratio and cash and bank balances are non-IFRS measures.

Prospects

Confirmed orders in hand as at 30 June 2024 amounted to S\$127.25m. Notwithstanding the prevailing global challenges, the Group is confident that its growth remains sustainable.

A comparison of the results of the current year with the previous year are as follows: -

Key Financials	Change (%)	Year ended 30 June 24 (\$ million)	Year ended 30 June 23 (\$ million)
Total consolidated revenue	+ 38.16	131.56	95.23
Net profit/(loss) after tax attributable to equity holders of the Parent	+177.49	6.62	(8.54)

Segmental Revenue

The following is an analysis of the segmental revenue: -

Revenue by Business Segments	Change (%)	Year ended 30 June 24 (S\$ million)	Year ended 30 June 23 (S\$ million)
Green Energy, Gas & Marine Equipment	+ 97.88	63.32	32.00
Construction Equipment	+ 10.90	39.77	35.86
Precision Engineering & Technologies	+ 4.59	28.25	27.01

Green Energy, Gas & Marine Equipment

The green energy, gas and marine equipment increased in revenue during the year as we recognised revenue on gas processing projects under execution. As deck machinery demand is slowly resurging, we are confident that this will strengthen this sector together with the green energy business and gas processing engineering in the years to come.

Construction Equipment

The Group's internal supply chain has fully recovered and strengthened. During the year, the construction industry appears to have slowed due to the impact of the high interest rates affecting sales of properties and equipment purchases by customers. The industry has yet to catch up with the shortages in infrastructure and housing developments caused by the 3 years' Covid pandemic compounded by normal recurrent demand. It is generally expected that as interest rates are expected to go down, demand in the construction industry is expected to accelerate, barring no other unforeseen circumstances.

Precision Engineering & Technologies

Orders for precision engineering and automation are expected to grow. Automation is expected to increase to address changes in human resource management and work processes, increased mechanisation and digital processes, internet of things and artificial intelligence applications that have transformed businesses globally. The Group continues to focus in strengthening its talent pool and manpower to enable it to scale these value chains.

Financial Position

The Group's financial position remains satisfactory: -

Classification	Increase S\$ million	As at 30 June 24 S\$ million	As at 30 June 23 S\$ million
Net Assets	8.46	56.17	47.71
Net Working Capital	7.24	17.82	10.58
Cash in Hand and at Bank	6.69	19.36	12.67

Return per Share

The Group's earnings and net tangible assets per share are as follows: -

Classification	Increase Singapore Cents	Year ended 30 June 24 Singapore Cents	Year ended 30 June 23 Singapore Cents
Earnings/(loss) per share	7.06	3.08	(3.98)

The weighted average shares used to compute basic earnings per share are 214,560,008 for this year and the previous year.

Classification	Increase Singapore Cents	As at 30 June 24 Singapore Cents	As at 30 June 23 Singapore Cents
Net tangible assets per share	4.86	20.88	16.02

The calculation of net tangible assets per share includes contract assets and lease liabilities but excludes right-of-use intangible assets.

Capital Expenditure

For the year ending 30 June 2025, the Group does not plan to incur any major capital expenditure.

Confirmed Orders

We have a total of S\$127.25m (30 June 2023: S\$175.44m) outstanding confirmed orders in hand as at 30 June 2024. A breakdown of these outstanding confirmed orders are as follows: -

	S\$m
Green Energy, Gas & Marine Equipment	86.62
Construction Equipment	8.38
Precision Engineering & Technologies	32.25
Total	<u>127.25</u>

Of the above, S\$101.53m are scheduled for delivery in the financial year 2025 and S\$25.72m are scheduled to be delivered in the financial years after 2025.

Dividends & Share Buy-Back

Your Board is preparing the Group to pay a dividend but would decide on this in the first quarter of calendar year 2025.

The Group's orders in hand are mainly projects. These require upfront cash outlay to achieve performance milestones before we are paid. Our projects in hand have been delayed close to 12 months, although without penalties on our part. Further delay causes cost escalation in labour, overheads and materials and exposure to currency exchange differences that would impact profits. As such, the Board decides on cash preservation to accelerate these projects to earlier completion. The decision is in the best interest of shareholders.

The Board does not intend to exercise any share buy-back in this coming year and may consider resuming the share buy-back exercise in the future, as it deems appropriate.

Signed in accordance with a resolution of the Board of Directors.



GL Sim
Chairman

Preliminary Consolidated Statement of Comprehensive Income

for the year ended 30 June 2024

	Note	2024 S\$'000	2023 S\$'000
Revenue from contracts with customers	3	119,640	92,402
Rental income		2,801	1,696
Revenue		122,441	94,098
Other revenue	4	9,123	1,129
Total consolidated revenue		131,564	95,227
Cost of materials		(71,085)	(56,054)
Employee, contract labour and related costs		(29,330)	(29,672)
Depreciation and amortisation		(5,431)	(5,330)
Property related expenses		(254)	(250)
Other operating expenses	5	(15,531)	(10,723)
Finance costs		(2,202)	(1,676)
Share of results of associate	11	(385)	(393)
Profit/(loss) before taxation		7,346	(8,871)
Tax (expense)/benefit	6	(831)	136
Profit/(loss) for the year		6,515	(8,735)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss (net of tax):			
Revaluation of land and buildings		2,064	—
Items that may be reclassified subsequently to profit or loss (net of tax):			
Foreign currency translation on consolidation		(104)	(1,315)
Other comprehensive income/(loss) for the year, net of tax		1,960	(1,315)
Total comprehensive income/(loss) for the year		8,475	(10,050)
Profit/(loss) attributable to:			
Equity holders of the Parent		6,618	(8,540)
Non-controlling interests		(103)	(195)
Profit/(loss) for the year		6,515	(8,735)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Parent		8,578	(9,855)
Non-controlling interest		(103)	(195)
Total comprehensive income/(loss) for the year		8,475	(10,050)
Earnings per share (cents)			
Basic earnings/(loss) per share	7	3.08	(3.98)
Diluted earnings/(loss) per share	7	3.08	(3.98)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Preliminary Consolidated Balance Sheet

as at 30 June 2024

	Note	2024 S\$'000	2023 S\$'000
Non-current assets			
Property, plant and equipment		33,036	32,376
Right-of-use assets		7,624	8,293
Intangible assets		4,914	5,454
Deferred tax assets		2,054	2,327
Investment in associate	11	1,933	2,318
		49,561	50,768
Current assets			
Cash and cash equivalents	9	12,044	6,211
Fixed deposits	10	7,319	6,455
Inventories		25,774	26,654
Trade and other receivables	16	27,337	21,406
Contract assets	12	15,061	4,843
Contract costs		910	3,105
Prepayments		547	491
Tax recoverable		356	174
		89,348	69,339
TOTAL ASSETS		138,909	120,107
Current liabilities			
Trade and other payables	13	29,847	23,568
Contract liabilities		5,402	7,275
Lease liabilities		1,735	1,395
Other interest-bearing liabilities	14	31,674	25,257
Provisions		2,386	1,098
Income tax payable		482	169
		71,526	58,762
NET CURRENT ASSETS		17,822	10,577
Non-current liabilities			
Lease liabilities		6,139	6,980
Other interest-bearing liabilities	14	1,090	3,135
Deferred tax liabilities		3,648	3,223
Provisions		334	299
		11,211	13,637
TOTAL LIABILITIES		82,737	72,399
NET ASSETS		56,172	47,708
Equity attributable to equity holders of the Parent			
Share capital	15	20,836	20,836
Reserves		11,538	10,355
Retained earnings		23,984	16,621
		56,358	47,812
Non-controlling interests		(186)	(104)
TOTAL EQUITY		56,172	47,708
TOTAL LIABILITIES AND EQUITY		138,909	120,107

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Preliminary Consolidated Statement of Changes in Equity

for the year ended 30 June 2024

	Attributable to equity holders of the Parent						Non-controlling interests	Total equity
	Share capital	Share capital – exercise of share options	Asset revaluation surplus	Foreign currency translation reserve	Share-based payments reserve	Retained earnings		
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1.7.2022	20,364	472	14,551	(2,194)	86	24,379	91	57,749
Loss for the year	–	–	–	–	–	(8,540)	(195)	(8,735)
Other comprehensive income								
Foreign currency translation	–	–	–	(1,315)	–	–	–	(1,315)
Total comprehensive loss for the year	–	–	–	(1,315)	–	(8,540)	(195)	(10,050)
Share-based payments	–	–	–	–	9	–	–	9
Forfeited employee share options	–	–	–	–	(4)	4	–	–
Transfer of depreciation for buildings	–	–	(778)	–	–	778	–	–
Balance at 30.06.2023	20,364	472	13,773	(3,509)	91	16,621	(104)	47,708
Profit for the year	–	–	–	–	–	6,618	(103)	6,515
Other comprehensive income								
Revaluation of land and building	–	–	2,064	–	–	–	–	2,064
Foreign currency translation	–	–	–	(104)	–	–	–	(104)
Total comprehensive income/(loss) for the year	–	–	2,064	(104)	–	6,618	(103)	8,475
Acquisition of non-controlling interest	–	–	–	–	–	(32)	32	–
Disposal of non-controlling interest	–	–	–	–	–	–	(11)	(11)
Share-based payments	–	–	–	–	–	–	–	–
Forfeited employee share options	–	–	–	–	(2)	2	–	–
Transfer of depreciation for buildings	–	–	(775)	–	–	775	–	–
Balance at 30.06.2024	20,364	472	15,062	(3,613)	89	23,984	(186)	56,172

Preliminary Consolidated Statement of Cash Flows

for the year ended 30 June 2024

(In Singapore dollars)

	Note	2024 S\$'000	2023 S\$'000
Cash flows from operating activities:			
Operating profit/(loss) before taxation		7,346	(8,871)
Adjustments for:			
Depreciation of property, plant and equipment		3,173	3,117
Depreciation of right-of-use assets		1,925	1,876
Amortisation of intangible assets		333	337
Bad debts written off	5	534	12
Contract assets written off	5	437	122
Allowance for impairment and expected credit losses, net of reversal	5	90	112
(Write back of)/allowance for inventory obsolescence, net of reversal	5	(505)	262
Inventories written off	5	6	8
Intangible asset written off	5	32	–
Finance costs		2,202	1,676
Interest income	4	(201)	(142)
Property, plant and equipment written off	5	–	3
Gain on disposal of property, plant and equipment	4	(152)	(4)
Trade and other payables written back	4	(47)	(26)
Provisions made, net of write-back		1,418	564
Share-based payments		–	9
Share of results of associate	11	385	393
Gain on disposal of subsidiary	4	(8,275)	–
Unrealised exchange differences		62	(970)
Operating profit/(loss) before reinvestment in working capital		8,763	(1,522)
Decrease in stocks and work-in-progress		1,380	1,495
Increase in trade receivables, contract assets and prepayments		(7,079)	(465)
Increase/(decrease) in trade and other payables, contract liabilities		4,867	(1,930)
Cash generated from/(used in) operations		7,931	(2,422)
Interest received		148	115
Interest paid		(1,536)	(1,519)
Income taxes paid		(655)	(249)
Net cash generated from/(used in) operating activities		5,888	(4,075)

Preliminary Consolidated Statement of Cash Flows (Cont'd)

for the year ended 30 June 2024

	Note	2024 S\$'000	2023 S\$'000
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,828)	(976)
Proceeds from disposal of property, plant and equipment		77	4
Purchase of computer software		(12)	(28)
Net cash used in investing activities		(1,763)	(1,000)
Cash flows from financing activities:			
Increase/(decrease) in bills payable		141	(2,328)
Repayments of bank borrowings		(2,591)	(2,772)
Proceeds from loans from a related party		7,978	4,500
Repayment of loans to a related party		(1,222)	(20)
Repayment of principal portion of lease liabilities		(1,788)	(1,922)
Increase in fixed deposits pledged		(864)	(164)
Net cash generated from/(used in) financing activities		1,654	(2,706)
Net increase/(decrease) in cash and cash equivalents		5,779	(7,781)
Net foreign exchange differences		(12)	22
Cash and cash equivalents at beginning of year		5,703	13,462
Cash and cash equivalents at end of year	9	11,470	5,703

Note 1 Summary of material accounting policies

This preliminary final report has been prepared in order to comply with ASX *listing rules*.

This report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that this report be read in conjunction with the annual report for the year ended 30 June 2023, the interim financial report for the half year ended 31 December 2023 and considered together with any public announcements made by Zicom Group Limited during the year ended 30 June 2024 in accordance with the continuous disclosure obligations of the ASX *listing rules*.

The accounting policies applied by the consolidated entity are consistent with those applied by the consolidated entity in the annual financial report for the year ended 30 June 2023.

Note 2 Segment information

Identification of reportable segments

The Group has identified its operating segments based on internal reports that are reviewed and used by the chief operating decision maker and the executive management team in assessing performance and in determining the allocation of resources. The operating segments are identified based on products and services as follows:

- Green Energy, Gas & Marine Equipment – Design and supply of LNG propulsion systems, deck machinery, gas metering stations, compressor stations, gas processing plants and related equipment, parts and services.
- Construction Equipment – manufacture and supply of concrete mixers, foundation equipment, hydraulic drive systems, including foundation equipment rental, parts and related services.
- Precision Engineering & Technologies – manufacture and supply of precision and automation equipment including flip chip bonders, supply of medtech equipment, medical consumables and engineering services.

Intersegment sales

Intersegment sales are recognised based on internally set transfer prices at arm's length basis.

Unallocated revenue and expenses

Unallocated revenue comprise mainly non-segmental revenue. Unallocated expenses comprise mainly non-segmental expenses such as head office expenses.

Note 2 Segment information (cont'd)

	Green Energy, Gas & Marine Equipment S\$'000	Construction Equipment S\$'000	Precision Engineering & Technologies S\$'000	Consolidated S\$'000
For year ended 30 June 2024				
Revenue				
Revenue from contracts with customers	63,241	36,538	19,861	119,640
Rental income	—	2,801	—	2,801
Other revenue	77	435	8,388	8,900
Intersegment sales	—	—	1	1
Total segment revenue	63,318	39,774	28,250	131,342
Intersegment elimination				(1)
Unallocated revenue				22
Interest income				201
Total consolidated revenue				<u>131,564</u>
Results				
Segment results	4,263	2,164	5,312	11,739
Unallocated revenue				22
Unallocated expenses				(2,029)
Share of results of associate			(385)	(385)
Profit before tax and finance costs				9,347
Finance costs				(2,202)
Interest income				201
Profit before taxation				7,346
Tax expense				(831)
Profit after taxation				<u>6,515</u>
For year ended 30 June 2023				
Revenue				
Revenue from contracts with customers	31,826	33,705	26,871	92,402
Rental income	—	1,696	—	1,696
Other revenue	171	408	145	724
Intersegment sales	—	52	—	52
Total segment revenue	31,997	35,861	27,016	94,874
Intersegment elimination				(52)
Unallocated revenue				263
Interest income				142
Total consolidated revenue				<u>95,227</u>
Results				
Segment results	(6,698)	1,508	(361)	(5,551)
Unallocated revenue				263
Unallocated expenses				(1,656)
Share of results of associate			(393)	(393)
Loss before tax and finance costs				(7,337)
Finance costs				(1,676)
Interest income				142
Loss before taxation				(8,871)
Tax benefit				136
Loss after taxation				<u>(8,735)</u>

Note 3 Revenue from contracts with customers

	Consolidated	
	2024	2023
	S\$'000	S\$'000
<i>Transferred at a point in time</i>		
Sale of goods	52,038	55,505
Revenue recognised on projects	670	2,695
<i>Transferred over time</i>		
Rendering of services	3,081	3,489
Revenue recognised on projects	63,851	30,713
	<hr/>	<hr/>
	119,640	92,402
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Note 4 Other revenue

	Consolidated	
	2024	2023
	S\$'000	S\$'000
Interest income	201	142
Gain on disposal of property, plant and equipment	152	4
Trade and other payables written back	47	26
Recovery of monies misappropriated	–	443
Services rendered	66	25
Sales of scrap	80	114
Government grants	79	358
Gain on disposal of subsidiary (note 16)	8,275	–
Other revenue	223	17
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	9,123	1,129
	<hr/>	<hr/>

Note 5 Other operating expenses included the following:

	Consolidated	
	2024	2023
	\$'000	\$'000
Allowance for/(write-back of) inventory obsolescence, net of reversal	(505)	262
Allowance for impairment and expected credit losses, net of reversal	90	112
Bank charges	1,103	551
Bad debts written off	534	12
Contract assets written off	437	122
Foreign exchange loss	30	636
Intangible assets written off	32	–
Inventories written off	6	8
Provision for product warranties made, net of reversal	1,320	534
Property, plant and equipment written off	–	3
Sales commission	3,664	789
Sea freight	1,984	1,512
Warranty expense charged directly to profit or loss	5	9

Note 6 Taxation

The major components of income tax expense for the years ended 30 June are:

	Consolidated	
	2024	2023
	S\$'000	S\$'000
<i>Current income tax</i>		
Current income tax charge	(1,725)	(177)
Loss transferred under Group Relief Scheme	1,024	–
Adjustments in respect of previous years	(84)	(94)
<i>Deferred income tax</i>		
Relating to the origination and reversal of temporary differences	9	660
Adjustments in respect of previous years	(55)	(253)
Income tax (expense)/benefit	(831)	136
Net surplus on revaluation of buildings	(462)	–
Deferred tax recognised in other comprehensive income	(462)	–

Note 7 Earnings per share

Basic earnings per share is calculated by dividing the Group's profit or loss attributable to equity holders of the Parent by the weighted average number of ordinary shares outstanding during the year.

For the purpose of calculating diluted earnings per share, profit or loss attributable to equity holders of the Parent and the weighted average number of ordinary shares outstanding are adjusted for effects of all dilutive potential shares.

	Consolidated	
	2024 S\$'000	2023 S\$'000
Net profit/(loss) attributable to equity holders of the Parent	6,618	(8,540)
	Parent Entity	
Weighted average number of ordinary shares outstanding for basic and diluted earnings per share ('000)	214,560	214,560
	Singapore cents	
Basic and diluted earnings/(loss) per share	3.08	(3.98)

There were nil (2023: Nil) share options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future.

Note 8 Net tangible assets per security

	2024	2023
Net tangible assets per ordinary share (Singapore cents)	20.88	16.02

Note 9 Cash and cash equivalents

	2024 S\$'000	2023 S\$'000
Cash at bank and in hand	12,030	6,197
Demand deposits	14	14
Cash and bank balances	12,044	6,211
For the purpose of the cash flow statement, cash and cash equivalents comprised the following:		
Cash and demand deposits	12,044	6,211
Bank overdrafts	(574)	(508)
Cash and cash equivalents	11,470	5,703

Note 10 Fixed Deposits

These are fixed deposits placed with the bank as part of banking facilities requirements. Fixed deposits amounting to S\$7,291,000 (2023: S\$6,427,000) were placed for a tenure of 1-12 months (2023: 1 to 6 months) during which interest is earned at 1.00% to 4.94% (2023: 1.00% to 4.74%) per annum until expiry, at which point interest rate resets. The remaining fixed deposits do not earn interest.

Note 11 Investment in associate

Movement in the carrying amount of the Group's investment in associate:

	Consolidated	
Emage Vision Pte. Ltd. ("EV")	2024	2023
Shareholdings held: 16.29% (30 June 23: 16.29%)	S\$'000	S\$'000
Principal place of business: Singapore		
At beginning of year	2,318	2,711
Share of results after income tax	(385)	(393)
At end of year	<u>1,933</u>	<u>2,318</u>

Although the Group holds less than 20% of equity interest in EV, the Group has the ability to exercise significant influence through its shareholdings and participation on EV Board of Directors.

Note 12 Contract assets

Contract assets mainly relate to the Group's right to consideration for work completed on specialised assets built for customers but not billed as at 30 June 2024. Contract assets will be transferred to trade receivables when billing is raised. The significant increase in contract assets is in line with the accounting for progress in the execution of the multiple gas processing projects during the year.

Note 13 Trade and other payables

Trade and other payables have increased at the reporting date in line with the execution of multiple gas processing projects. Included herein are accrued costs of sales amounting to S\$8.77m relating to specialised materials fabricated for these projects but not invoiced by suppliers.

Note 14 Other interest-bearing liabilities

	Consolidated	
	2024	2023
	S\$'000	S\$'000
<i>Current</i>		
Bank overdrafts (note 9)	574	508
Bills payable	7,389	7,248
Revolving term loans	8,600	9,200
Term loans	2,047	1,993
Loans from a related party	13,064	6,308
	<u>31,674</u>	<u>25,257</u>
<i>Non-Current</i>		
Term loans	<u>1,090</u>	<u>3,135</u>

Note 15 Share capital

	Parent Entity		Consolidated	
	2024	2023	2024	2023
	No. of shares (Thousands)		S\$'000	S\$'000
Ordinary fully paid shares	<u>214,560</u>	<u>214,560</u>	<u>20,836</u>	<u>20,836</u>

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restriction.

There have been no movements in ordinary share capital during the current financial year.

Note 16 Disposal of Equity Interest in a Subsidiary

On 4 June 2024, the Group executed various agreements to sell its entire equity interest in a subsidiary, Orion Systems Integration Pte. Ltd. ("Orion") for a consideration of S\$9.08m, satisfied in cash amounting to S\$2.72m and the issue and allotment of 1,412,975 fully paid ordinary shares in Zhejiang Darcet Technology Co., Ltd. ("Darcet"). From that date, the Group considered that control in Orion has been transferred to Darcet.

As at year-end, proceeds from this divestment amounting to S\$9.08m are recorded and included in trade and other receivables pending the completion of some administrative procedures. The transaction has received official approval from the authorities pending foreign exchange approval to satisfy the cash portion of the consideration. This explains the increase in trade and other receivables as at year-end.

Orion's revenue for the financial period up to the date of disposal was S\$2.30m (2023: S\$1.12m) and incurred losses amounting to S\$0.31m (2023: S\$0.55m) for the same period. Accordingly, it does not constitute a major line of business or geographical area of the Group.

This Report is based on accounts to which one of the following applies.

- | | |
|--|--|
| <input type="checkbox"/> The accounts have been audited | <input type="checkbox"/> The accounts have been subject to review |
| <input checked="" type="checkbox"/> The accounts are in the process of being audited or subject to review. | <input type="checkbox"/> The accounts have not yet been audited or reviewed. |



Signed
(Director/ Company Secretary)

Date: 30 August 2024