



PACIFIC RADIANCE LTD
Company Registration No. 200609894C

Unaudited First Quarter ("1Q 2021") Financial Statement and Dividend Announcement
For the Three Months Ended 31 March 2021 ("3M 2021")

This announcement is pursuant to Rule 705(2) of the SGX Listing Manual.

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) An income statement and statement of comprehensive income or a statement of comprehensive income (for the Group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group		
	1Q 2021	1Q 2020	+ / (-)
	US\$'000	US\$'000	%
Revenue	13,606	17,016	(20)
Cost of sales	(14,915)	(13,992)	7
Gross profit	(1,309)	3,024	NM
Other operating income	11,436	16,534	(31)
General and administrative expenses	(3,528)	(4,054)	(13)
Other operating expenses	(1,582)	(6,441)	(75)
Finance costs	(4,161)	(6,298)	(34)
Share of results of joint ventures	–	341	(100)
Share of results of associates	2,397	–	NM
Profit before taxation	3,253	3,106	5
Taxation	(410)	(400)	3
Profit for the period	2,843	2,706	5
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	926	2,666	(65)
Reclassification to profit or loss upon disposal of subsidiary	–	(75)	NM
Other comprehensive income for the period, net of tax	926	2,591	(64)
Total comprehensive income for the period	3,769	5,297	(29)
Profit for the period attributable to:			
Equity holders of the Company	2,938	2,737	7
Non-controlling interests	(95)	(31)	NM
	2,843	2,706	5
Total comprehensive income for the period attributable to:			
Equity holders of the Company	3,864	5,325	(27)
Non-controlling interests	(95)	(28)	NM
	3,769	5,297	(29)

NM: Not Meaningful

1(a)(ii) Items, if significant must be included in the income statement

Profit for the period was stated after charging/(crediting) the following:

	Group	
	1Q 2021	1Q 2020
	US\$'000	US\$'000
Depreciation of property, plant and equipment (included in cost of sales)	3,438	3,713
Depreciation of property, plant and equipment (included in general and administrative expenses)	208	198
Impairment of doubtful receivables, net	97	375
Impairment of amounts due from related companies	1,155	4,940
Impairment of investment in joint venture	–	964
Loss on disposal of property, plant and equipment	329	137
Gain on debt forgiveness of bank loans	(9,265)	(11,877)
Reclassification of foreign currency translation reserve to profit or loss on disposal of a subsidiary	–	(75)
Exchange gain	(1,695)	(4,242)
Interest income	(124)	(176)
Net fair value loss on held for trading investment securities	–	25
Realisation of deferred gain on sale of vessels to associates (included in share of results of associates)	(2,397)	–

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year.

	Group		Company	
	As at 31 Mar 2021	As at 31 Dec 2020	As at 31 Mar 2021	As at 31 Dec 2020
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Property, plant and equipment	206,549	209,299	–	–
Investment in subsidiaries	–	–	–	–
Investment in associates	–	–	–	–
Investment in joint ventures	–	–	–	–
Club memberships	140	140	–	–
Amounts due from related companies	54,542	55,405	–	–
	261,231	264,844	–	–
Current assets				
Inventories	393	738	–	–
Trade receivables	18,555	18,747	–	–
Other receivables	4,549	6,245	1,430	2,755
Amounts due from related companies	20,872	18,405	1,045	149,323
Investment securities	9	8	–	–
Assets held for sale	294	1,225	–	–
Cash and bank balances	18,069	19,076	279	138
	62,741	64,444	2,754	152,216
Total assets	323,972	329,288	2,754	152,216
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	12,220	12,642	–	–
Other liabilities	117,809	113,157	13,088	13,041
Amounts due to related companies	8,864	7,679	168,570	236,818
Bank loans	386,645	397,094	–	–
Notes payable	74,200	75,660	74,200	75,660
Provision for taxation	1,236	1,222	–	–
Lease liabilities	1,128	1,231	–	–
	602,102	608,685	255,858	325,519
Non-current liabilities				
Other liabilities	9,458	11,717	–	–
Provisions	246	251	–	–
Deferred tax liabilities	2,713	2,713	–	–
Lease liabilities	7,605	7,843	–	–
	20,022	22,524	–	–
Total liabilities	622,124	631,209	255,858	325,519
Net liabilities	(298,152)	(301,921)	(253,104)	(173,303)

1(b)(i) A statement of financial position (for the issuer and Group), together with a comparative statement as at the end of the immediately preceding financial year (cont'd).

	Group		Company	
	As at 31 Mar 2021 US\$'000	As at 31 Dec 2020 US\$'000	As at 31 Mar 2021 US\$'000	As at 31 Dec 2020 US\$'000
Equity attributable to equity holders of the Company				
Share capital	162,854	162,854	162,854	162,854
Treasury shares	(2,135)	(2,135)	(2,135)	(2,135)
Accumulated losses	(438,806)	(441,744)	(413,760)	(333,959)
Other reserves	(8,226)	(9,152)	(63)	(63)
	(286,313)	(290,177)	(253,104)	(173,303)
Non-controlling interests	(11,839)	(11,744)	–	–
Total equity	(298,152)	(301,921)	(253,104)	(173,303)

1(b)(ii) Aggregate amount of Group's borrowings and debt securities.

Amount repayable in one year or less, or on demand

Group As at 31 Mar 2021		Group As at 31 Dec 2020	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
387,278	74,200	397,740	75,660

Amount repayable after one year

Group As at 31 Mar 2021		Group As at 31 Dec 2020	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
–	–	–	–

Details of any collateral:

The Group's secured portion of bank loans is secured by:

- first legal mortgages over the vessels of the Group, with net book value of US\$149.0 million and US\$149.6 million as at 31 March 2021 and 31 December 2020 respectively;
- first legal mortgages over assets held for sale of the Group, with net book value of US\$1.2 million as at 31 December 2020;
- escrow mortgages over the buildings, ship-repair yard and plant and equipment of the Group, with net book value of US\$36.9 million and US\$38.2 million as at 31 March 2021 and 31 December 2020 respectively;
- a right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged ship-repair yard; and
- cash pledged of US\$2,000 and US\$1.4 million as at 31 March 2021 and 31 December 2020 respectively.

Secured borrowings include lease liabilities financed by bank lenders of US\$634,000 and US\$646,000 as at 31 March 2021 and 31 December 2020 respectively.

In addition, certain of the Group's bank loans are secured by corporate guarantees from the Company and its subsidiaries.

The banks are entitled to enforce their rights against the mortgaged assets as the terms of the bank loans have been breached.

The Group is in the process of restructuring its debt obligations. Please refer to Note 10 for more information.

1(c) A statement of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1Q 2021	1Q 2020
	US\$'000	US\$'000
Cash flows from operating activities:		
Profit before taxation	3,253	3,106
Adjustments for:		
Depreciation of property, plant and equipment	3,646	3,911
Finance costs	4,161	6,298
Interest income	(124)	(176)
Share of results of joint ventures	–	(341)
Share of results of associates	(2,397)	–
Loss on disposal of property, plant and equipment	329	137
Impairment of doubtful receivables, net	97	375
Impairment of amounts due from related companies, net	1,155	4,940
Impairment of investment in joint venture	–	964
Net gain on debt forgiveness of bank loan	(9,265)	(11,877)
Net fair value loss on held for trading investment securities	–	25
Reclassification of foreign currency translation reserve to profit or loss on disposal of a subsidiary	–	(75)
Recognition of share-based payment expense	–	7
Exchange difference	(1,562)	(3,804)
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Operating cash flows before changes in working capital	(707)	3,490
Decrease in trade and other receivables	223	552
Decrease/(increase) in amounts due from/to related companies, net	1,803	(3,350)
Decrease in inventories	344	472
Increase in trade payables and other liabilities	2,202	694
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Cash generated from operations	3,865	1,858
Taxes paid	(117)	(177)
Interest paid	(242)	(78)
Interest received	–	22
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Net cash flows generated from operating activities	3,506	1,625
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1(c) A statement (of cash flows (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Group	
	1Q 2021 US\$'000	1Q 2020 US\$'000
Cash flows from investing activities:		
Purchase of property, plant and equipment	(2,121)	(1,374)
Proceeds from sale of property, plant and equipment	–	23
Proceeds from sale of assets held for sale	950	–
Proceeds from sale of club membership	–	6
Loans to related companies, net	(3,000)	(2,075)
Dividend income from a joint venture	–	460
Deposit refunded for proposed acquisition of a company	1,350	–
Net cash flows used in investing activities	(2,821)	(2,960)
Cash flows from financing activities:		
Repayment of principal portion of lease liabilities	(204)	(76)
Repayment of bank loans	(1,489)	(3,128)
Cash and bank balances released as securities	1,433	2,910
Net cash flows used in financing activities	(260)	(294)
Net increase/(decrease) in cash and bank balances	425	(1,629)
Effect of exchange rate changes on cash and bank balances	1	(131)
Cash and bank balances at beginning of the period	17,641	15,096
Cash and bank balances at end of the period	18,067	13,336
Breakdown of cash and bank balances at end of the period:		
Cash and bank balances as per balance sheet	18,069	13,343
Cash pledged	(2)	(7)
	18,067	13,336

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Treasury Shares	Accumulated losses	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Hedging reserve	Defined benefit plan	Capital reserve	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group												
Balance at 1 January 2021	162,854	(2,135)	(441,744)	(9,152)	(2,748)	170	114	126	(6,814)	(290,177)	(11,744)	(301,921)
Profit for the period	-	-	2,938	-	-	-	-	-	-	2,938	(95)	2,843
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	926	926	-	-	-	-	926	-	926
Total comprehensive income for the period	-	-	2,938	926	926	-	-	-	-	3,864	(95)	3,769
Balance at 31 March 2021	162,854	(2,135)	(438,806)	(8,226)	(1,822)	170	114	126	(6,814)	(286,313)	(11,839)	(298,152)

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital	Treasury Shares	Accumulated losses	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Hedging reserve	Defined benefit plan	Capital reserve	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group												
Balance at 1 January 2020	162,854	(2,290)	(383,099)	(7,968)	(1,712)	228	114	126	(6,724)	(230,503)	(11,947)	(242,450)
Profit for the period	-	-	2,737	-	-	-	-	-	-	2,737	(31)	2,706
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	2,663	2,663	-	-	-	-	2,663	3	2,666
- Foreign currency translation, reclassified to profit or loss	-	-	-	(75)	(75)	-	-	-	-	(75)	-	(75)
Total comprehensive income for the period	-	-	2,737	2,588	2,588	-	-	-	-	5,325	(28)	5,297
<u>Contributions by and distributions to equity holders</u>												
- Grant of equity-settled share performance awards to employees	-	-	-	7	-	7	-	-	-	7	-	7
Total contributions by and distributions to equity holders	-	-	-	7	-	7	-	-	-	7	-	7
Balance at 31 March 2020	162,854	(2,290)	(380,362)	(5,373)	876	235	114	126	(6,724)	(225,171)	(11,975)	(237,146)

1(d)(i) A statement (for the issuer and Group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year (cont'd).

	Share capital	Treasury Shares	Accumulated losses	Total other reserves	Employee share-based payments reserve	Capital reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<u>The Company</u>							
Balance at 1 January 2021	162,854	(2,135)	(333,959)	(63)	170	(233)	(173,303)
Loss for the period	-	-	(79,801)	-	-	-	(79,801)
Total comprehensive income for the period	-	-	(79,801)	-	-	-	(79,801)
Balance at 31 March 2021	162,854	(2,135)	(413,760)	(63)	170	(233)	(253,104)
Balance at 1 January 2020	162,854	(2,290)	(323,766)	85	228	(143)	(163,117)
Profit for the period	-	-	5,307	-	-	-	5,307
Total comprehensive income for the period	-	-	5,307	-	-	-	5,307
<u>Contributions by and distributions to equity holders:</u>							
- Grant of equity-settled performance share awards to employees	-	-	-	7	7	-	7
Total contributions by and distributions to equity holders	-	-	-	7	7	-	7
Balance at 31 March 2020	162,854	(2,290)	(318,459)	92	235	(143)	(157,803)

- 1(d)(ii) 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.**

In view of the debt restructuring, the Company did not renew the Share Buy Back Mandate (first approved by the Shareholders on 30 April 2014 and last renewed at the Annual General Meeting on 28 April 2017) at the last Annual General Meeting on 29 April 2021. The Company has not bought back any ordinary shares during the first quarter of 2021.

As at 31 March 2021, the Company's total issued shares is 725,755,013 ordinary shares (31 December 2020: 725,755,013) with 10,327,000 (31 December 2020: 10,327,000) ordinary shares being held as treasury shares.

The Company has no subsidiary holdings as at 31 March 2021 and 31 December 2020.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The Company's total issued shares excluding treasury shares is 715,428,013 as at 31 March 2021 (31 December 2020: 715,428,013).

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The movement of treasury shares are as follows:

As at 1 January 2021	: 10,327,000 shares
Purchase of treasury shares during the year	: Nil
As at 31 March 2021	: 10,327,000 shares

- 1(d)(v) A statement showing all sales, transfers, disposal, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

The Company has no subsidiary holdings as at 31 March 2021 and 31 December 2020. There was no sales, transfers, cancellation and/or use of subsidiary holdings for the period January to March 2021.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statements for the periods under review have not been audited or reviewed by the Company's auditors.

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

Not applicable.

3A. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

The auditor of the Group had issued a disclaimer of opinion for the FY2020 financial statements due to (i) use of the going concern assumption and (ii) unable to obtain sufficient appropriate audit evidence for the carrying amount of bank loan liabilities and finance costs. Details on the basis for disclaimer of opinion are stated in the independent auditor's report of the FY2020 annual report.

On item (ii):

(a) The Group did not receive continuing updates from bank lenders on the computation of interest expenses post suspension of certain debt obligations and has to make various assumptions in determining the finance costs. It has relied on published market data for LIBOR as a proxy to determine the applicable interest rates for the outstanding bank loans. Interest expenses, including default interest and late payment charges for the outstanding bank loans was computed based on the terms set out in the loan facility agreements. The Group has concluded that the carrying amount of the bank loan liabilities remain reasonable and appropriate based on the contractual terms of the loan facilities.

(b) The Board confirms that the impact of the mentioned issue has been adequately disclosed in the FY2020 financial statements (refer to Note 3 of the FY2020 Group financial statements).

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial reporting period as those applied in the audited financial statements for the year ended 31 December 2020, except as disclosed in Note 5 below.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of the change.

On 1 January 2021, the Group and the Company adopted all new and revised SFRS(I)s and INT SFRS(I)s that are relevant to its operations and are effective for annual periods beginning on or after 1 January 2021.

The adoption of new/revised SFRS(I)s and INT SFRS(I)s did not have any significant impact on the financial statements of the Group.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.

	Group	
	1Q 2021	1Q 2020
Profit attributable to equity holders of the Company (US\$'000)	<u>2,938</u>	<u>2,737</u>
Weighted average ordinary shares for calculation ('000):		
- applicable to basic earnings per share	715,428	714,657
- based on a fully diluted basis	<u>715,428</u>	<u>715,438</u>
Profit per ordinary share ("EPS") (US cents)		
(a) Based on weighted average number of ordinary shares on issue	0.4	0.4
(b) On a fully diluted basis	<u>0.4</u>	<u>0.4</u>

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:**

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year.**

	Group		Company	
	As at 31 Mar 21	As at 31 Dec 20	As at 31 Mar 21	As at 31 Dec 20
Net liability value (US\$'000)	(286,313)	(290,177)	(253,104)	(173,303)
Total number of ordinary shares issued ('000)	715,428	715,428	715,428	715,428
Net liability value per ordinary share (US cents)	(40.0)	(40.6)	(35.4)	(24.2)

8. **A review of the performance of the Group, to the extent necessary for a reasonable understanding of the Group's business. It must include a discussion of the following:**

- (a) **any significant factors that affected the turnover, costs, and earnings of the Group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
(b) **any material factors that affected the cash flow, working capital, assets or liabilities of the Group during the current financial period reported on.**

REVIEW OF GROUP PERFORMANCE

3 months ended 31 March 2021 ("1Q 2021") vs 3 months ended 31 March 2020 ("1Q 2020")

Revenue

Revenue decreased by approximately US\$3.4 million or 20% from US\$17.0 million in 1Q 2020 to US\$13.6 million in 1Q 2021.

The decrease was attributed mainly to the decrease in revenue from the Offshore Support Services Business of US\$1.9 million or 15% from US\$12.8 million in 1Q 2020 to US\$10.9 million in 1Q 2021. Revenue from the Subsea Business also decreased by US\$1.1 million or 43% from US\$2.6 million in 1Q 2020 to US\$1.5 million in 1Q 2021. The decrease in revenue from the Offshore Support Services and Subsea Businesses was due to lower utilisation of vessels.

Revenue from the Shipyard Business decreased by US\$0.3 million or 23% from US\$1.5 million in 1Q 2020 to US\$1.2 million in 1Q 2021 due to lower completion of ship repair works.

Gross profit

Gross loss of US\$1.3 million was recorded for 1Q 2021 compared to gross profit of US\$3.0 million in 1Q 2020.

The decrease in gross profit was mainly attributable to weaker performances from all three businesses.

Other operating income

Other operating income decreased by approximately US\$5.1 million or 31% from US\$16.5 million in 1Q 2020 to US\$11.4 million in 1Q 2021.

The increase was mainly attributable to a decrease in foreign exchange gain of US\$2.5 million and lower gain on debt forgiveness of bank loans from US\$11.9 million in 1Q 2020 to US\$9.3 million in 1Q 2021.

REVIEW OF GROUP PERFORMANCE (CONT'D)

3 months ended 31 March 2021 ("1Q 2021") vs 3 months ended 31 March 2020 ("1Q 2020") (Cont'd)

General and administrative expenses

General and administrative expenses decreased by approximately US\$0.6 million or 13% from US\$4.1 million in 1Q 2020 to US\$3.5 million in 1Q 2021

The decrease was mainly attributable to the Group's continuing cost rationalisation and lower restructuring expenses recorded in 1Q 2021.

Other operating expenses

Other operating expenses decreased by approximately US\$4.8 million or 75% from US\$6.4 million in 1Q 2020 to US\$1.6 million in 1Q 2021. The decrease was mainly attributable to a decrease in doubtful debt expense by US\$4.1 million and impairment in investment in a joint venture of US\$1.0 million recorded in 1Q 2020.

Finance costs

Finance costs decreased by approximately US\$2.1 million or 34% from US\$6.3 million in 1Q 2020 to US\$4.2 million in 1Q 2021.

The decrease in finance costs was mainly attributable to a decrease in bank loans outstanding from US\$393.0 million as at 31 March 2020 to US\$386.6 million as at 31 March 2021.

Share of results of joint ventures

Share of results of joint ventures was nil for 1Q 2021, compared to US\$0.3 million for 1Q 2020.

This was mainly attributable to the disposal of a joint venture in 3Q 2020 and the Group capped its share of losses of the other joint ventures up to its interest in these joint ventures.

Share of results of associates

Share of results of associates was US\$2.4 million for 1Q 2021, compared to nil for 1Q 2020.

This was mainly attributable to the realisation of deferred gain on sale of vessels to an associate in 1Q 2021.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$261.2 million as at 31 March 2021. The decrease in non-current assets from US\$264.8 million as at 31 December 2020 was mainly due to:

- (i) the decrease in property, plant and equipment by US\$2.8 million mainly due to depreciation; and
- (ii) the decrease in amounts due from related companies by US\$0.9 million.

REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)

Current assets

The Group's current assets amounted to US\$62.7 million as at 31 March 2021. The decrease in current assets from US\$64.4 million as at 31 December 2020 was mainly due to:

- (i) the decrease in other receivables by US\$1.7 million;
- (ii) the decrease in cash and bank balances by US\$1.0 million;
- (iii) the decrease in assets held for sale by US\$0.9 million due to sale of assets in 1Q 2021;
- (iv) the decrease in inventories by US\$0.3 million; and
- (v) the decrease in trade receivables by US\$0.2 million.

This was partially offset by the increase in amounts due from related companies by US\$2.5 million.

Current liabilities

The Group's current liabilities amounted to US\$602.1 million as at 31 March 2021. The decrease in current liabilities from US\$608.7 million as at 31 December 2020 was attributed mainly to:

- (i) the decrease in current bank loans by US\$10.4 million;
- (ii) the decrease in notes payable by US\$1.5 million due to foreign exchange movement; and
- (iii) the decrease in trade payables by US\$0.4 million.

This was partially offset by:

- (iv) the increase in other liabilities by US\$4.7 million; and
- (v) the increase in amounts due to related companies by US\$1.2 million.

The Group is in negative working capital position of US\$539.4 million as at 31 March 2021. The Group is in the process of restructuring its debt obligations, please refer to Note 10 for more information.

Non-current liabilities

The Group's non-current liabilities amounted to US\$20.0 million as at 31 March 2021. Non-current liabilities decreased from US\$22.5 million as at 31 December 2020 primarily due to the realisation of deferred gain on sale of vessels to an associate of US\$2.3 million and a decrease in lease liabilities of US\$0.2 million.

REVIEW OF CASH FLOWS

In 1Q 2021, the Group generated net cash inflow of US\$0.4 million.

Net cash inflow from operating activities was US\$3.5 million. This was mainly due to net working capital inflow of US\$4.6 million, partially offset by cash outflow from operating activities before working capital changes of US\$0.7 million and net interest and taxes paid of US\$0.4 million.

Net cash outflow from investing activities was US\$2.8 million. This was mainly due to the increase in net loans to related companies of US\$3.0 million and property, plant and equipment of US\$2.1 million, partially offset by the refund of deposit for proposed acquisition of a company of US\$1.4 million and proceeds from sale of assets held for sale of US\$1.0 million.

Net cash outflow from financing activities was US\$0.3 million. This was mainly due to the repayment of bank loans of US\$1.5million, partially offset by the release of US\$1.4 million pledged cash to repay the bank loans.

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

Not applicable.

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

The financial performance of the Group for 1Q 2021 was weaker than the comparative period as the impact of the COVID-19 pandemic continued to weigh down on revenue and increase operating costs. At the operating level, the Group turned in a gross loss for 1Q 2021 mainly due to higher vessel repair and maintenance expenses. Whilst the global economic recovery is expected to pick up pace in 2021, the retightening of COVID-19 measures in several economies due to the emergence of COVID-19 variants could impede the recovery process. Amidst this uncertainty, the Group will continue to stay vigilant in managing costs and liquidity to sustain its operations and focus on progressing with its Debt Restructuring.

In respect of the ongoing Debt Restructuring, the Company has announced that noteholders' approval has been obtained in the meeting held on 21 April 2021 for the proposed restructuring of the notes payable. The Group will continue to focus its efforts on finalising the agreements with the secured creditors and the Third Financier. In parallel, the Group is also in the process of restructuring its remaining liabilities through bi-lateral agreements and scheme of arrangements. The Group is working closely with all stakeholders to ensure that the Debt Restructuring can be completed in an expedient manner. Any further material developments in relation to the Debt Restructuring will be disseminated at the appropriate juncture.

11. Dividend

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, a statement to that effect.

No dividend was recommended as the Group is in a net loss position and in the midst of a restructuring exercise.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Not applicable as the Group has not obtained a general mandate from shareholders for Interested Party Transactions ("IPTs").

14. Confirmation of Directors and Executive Officers' undertakings pursuant to Listing Rule 720(1)

The Company confirms that it has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX Listing Manual.

15. Confirmation by the Board pursuant to SGX Listing Rule 705(5)

The Board hereby confirms to the best of its knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the three months ended 31 March 2021 to be false or misleading in any material respect.

On behalf of the Board of Directors

Pang Yoke Min
Executive Chairman

Pang Wei Meng
Executive Director

12 May 2021