Company Registration No. 200609894C

Pacific Radiance Ltd. and its Subsidiaries

Condensed interim financial statements

For the nine months ended 30 September 2021 (3Q 2021) (9M 2021)

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

	Note	3Q 2021	3Q 2020	+/(-)	9M 2021	9M 2020	+/(-)
		Group			Group		
		US$'000	US$'000	%	US$'000	US$'000	%
Revenue	5	13,240	17,024	(22)	45,072	49,817	(10)
Cost of sales		(14,325)	(15,729)	(9)	(44,547)	(42,982)	4
Gross profit		(1,085)	1,295	NM	525	6,835	(92)
Other operating income		1,360	872	56	12,707	15,646	(19)
General and administrative expenses		(3,111)	(2,954)	5	(9,748)	(10,566)	(8)
Other operating expenses		(20)	(5,266)	(100)	(3,243)	(12,853)	(75)
Finance costs		(4,566)	(4,650)	(2)	(13,238)	(16,049)	(18)
Share of results of joint ventures		–	–	NM	–	568	(100)
Share of results of associates		–	–	NM	2,397	–	NM
Loss before taxation	6	(7,422)	(10,703)	(31)	(10,600)	(16,419)	(35)
Taxation	7	(367)	(326)	13	(1,407)	(1,062)	32
Loss for the period		(7,789)	(11,029)	(29)	(12,007)	(17,481)	(31)
Other comprehensive income:							
Items that may be reclassified subsequently to profit or loss:							
Foreign currency translation		537	(673)	NM	1,349	895	51
Foreign currency translation, reclassified to profit or loss		–	–	NM	90	(75)	NM
Other comprehensive income for the period, net of tax		537	(673)	NM	1,439	820	75
Total comprehensive income for the period		(7,252)	(11,702)	(38)	(10,568)	(16,661)	(37)
Loss for the period attributable to:							
Equity holders of the Company		(7,752)	(11,060)	(30)	(11,843)	(17,488)	(32)
Non-controlling interests		(37)	31	NM	(164)	7	NM
		(7,789)	(11,029)	(29)	(12,007)	(17,481)	(31)
Total comprehensive income for the period attributable to:							
Equity holders of the Company		(7,215)	(11,733)	(39)	(10,404)	(16,668)	(38)
Non-controlling interests		(37)	31	NM	(164)	7	NM
		(7,252)	(11,702)	(38)	(10,568)	(16,661)	(37)
Loss per share attributable to equity holders of the Company							
Basic (US cents per share)		(1.1)	(1.5)		(1.7)	(2.4)	
Diluted (US cents per share)		(1.1)	(1.5)		(1.7)	(2.4)	

NM: Not Meaningful

Condensed interim statements of financial position

	Note	Group		Company	
		30 September 2021	**31 December 2020**	**30 September 2021**	**31 December 2020**
		US$'000	US$'000	US$'000	US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	198,214	209,299	–	–
Investment in subsidiaries		–	–	–	–
Investment in associates		–	–	–	–
Investment in joint ventures		–	–	–	–
Investment securities		–	–	–	–
Club memberships		140	140	–	–
Amounts due from related companies		56,432	55,405	–	–
		254,786	264,844	–	–
Current assets					
Inventories		233	738	–	–
Trade receivables	9	21,854	18,747	–	–
Other receivables		2,457	6,245	23	2,755
Amounts due from related companies	10	19,057	18,405	8,664	149,323
Investment securities		10	8	–	–
Assets held for sale		–	1,225	–	–
Cash and bank balances		20,455	19,076	659	138
		64,066	64,444	9,346	152,216
Total assets		318,852	329,288	9,346	152,216
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		13,301	12,642	–	–
Other liabilities		126,355	113,157	14,026	13,041
Amounts due to related companies		10,183	7,679	174,923	236,818
Bank loans	13	386,044	397,094	–	–
Notes payable	14	73,580	75,660	73,580	75,660
Provision for taxation		1,191	1,222	–	–
Lease liabilities		973	1,231	–	–
		611,627	608,685	262,529	325,519
Net current liabilities		(547,561)	(544,241)	(253,183)	(173,303)

		Group		Company	
	Note	**30 September 2021** US$'000	**31 December 2020** US$'000	**30 September 2021** US$'000	**31 December 2020** US$'000
Non-current liabilities					
Other liabilities		9,458	11,717	–	–
Provisions		244	251	–	–
Deferred tax liabilities		2,645	2,713	–	–
Lease liabilities		7,367	7,843	–	–
		19,714	22,524	–	–
Total liabilities		631,341	631,209	262,529	325,519
Net liabilities		(312,489)	(301,921)	(253,183)	(173,303)
Equity attributable to equity holders of the Company					
Share capital	15	162,854	162,854	162,854	162,854
Treasury shares	15	(2,135)	(2,135)	(2,135)	(2,135)
Accumulated losses		(453,547)	(441,744)	(413,839)	(333,959)
Other reserves		(7,753)	(9,152)	(63)	(63)
		(300,581)	(290,177)	(253,183)	(173,303)
Non-controlling interests		(11,908)	(11,744)	–	–
Total equity		(312,489)	(301,921)	(253,183)	(173,303)

Condensed interim statements of changes in equity

	Share capital	Treasury Shares	Accumul-ated losses	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Hedging reserve	Defined benefit plans	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)
Loss for the period	–	–	(11,843)	–	–	–	–	–	–	(11,843)	(164)	(12,007)
Other comprehensive income												
- Foreign currency translation	–	–	–	1,349	1,349	–	–	–	–	1,349	–	1,349
- Reclassification to profit or loss upon disposal of subsidiary	–	–	–	90	90	–	–	–	–	90	–	90
Total comprehensive income for the period	–	–	(11,843)	1,439	1,439	–	–	–	–	(10,404)	(164)	(10,568)
Transfers within equity	–	–	40	(40)	–	–	–	(40)	–	–	–	–
Balance at 30 September 2021	162,854	(2,135)	(453,547)	(7,753)	(1,309)	170	114	86	(6,814)	(300,581)	(11,908)	(312,489)
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)
Loss for the period	–	–	(17,488)	–	–	–	–	–	–	(17,488)	7	(17,481)
Other comprehensive income												
- Foreign currency translation	–	–	–	895	895	–	–	–	–	895	–	895
- Reclassification to profit or loss upon disposal of subsidiary	–	–	–	(75)	(75)	–	–	–	–	(75)	–	(75)
Total comprehensive income for the period	–	–	(17,488)	820	820	–	–	–	–	(16,668)	7	(16,661)
Contributions by and distributions to equity holders												
- Treasury shares reissued pursuant to employee share award plan	–	155	–	(155)	–	(65)	–	–	(90)	–	–	–
- Grant of equity-settled performance share awards to employees	–	–	–	7	–	7	–	–	–	7	–	7
Total contributions by and distributions to equity holders	–	155	–	(148)	–	(58)	–	–	(90)	7	–	7
Balance at 30 September 2020	162,854	(2,135)	(400,587)	(7,296)	(892)	170	114	126	(6,814)	(247,164)	(11,940)	(259,104)

Condensed interim statements of changes in equity

	Share capital	Treasury Shares	Accumu-lated 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
The Company							
Balance at 1 January 2021	162,854	(2,135)	(333,959)	(63)	170	(233)	(173,303)
Loss for the period	–	–	(79,880)	–	–	–	(79,880)
Total comprehensive income for the period	–	–	(79,880)	–	–	–	(79,880)
Balance at 30 September 2021	162,854	(2,135)	(413,839)	(63)	170	(233)	(253,183)
Balance at 1 January 2020	162,854	(2,290)	(323,766)	85	228	(143)	(163,117)
Loss for the period	–	–	(5,137)	–	–	–	(5,137)
Total comprehensive income for the period	–	–	(5,137)	–	–	–	(5,137)
Contributions by and distributions to equity holders:							
- Treasury shares reissued pursuant to employee share award plan	–	155	–	(155)	(65)	(90)	–
- Grant of equity-settled performance share awards to employees	–	–	–	7	7	–	7
Total contributions by and distributions to equity holders	–	155	–	(148)	(58)	(90)	7
Balance at 30 September 2020	162,854	(2,135)	(328,903)	(63)	170	(233)	(168,247)

Condensed interim consolidated statement of cash flows

	Note	9M 2021 US$'000	9M 2020 US$'000
Cash flows from operating activities:			
Loss before taxation		(10,600)	(16,419)
Adjustments for:			
Depreciation of property, plant and equipment	6	11,024	11,683
Finance costs		13,238	16,049
Interest income	6	(126)	(476)
Share of results of joint ventures		–	(568)
Share of results of associates		(2,397)	–
Loss on disposal of property, plant and equipment, net	6	329	180
Impairment of doubtful receivables, net	6	242	631
Impairment of amounts due from related companies	6	2,038	7,531
Impairment of property, plant and equipment	6	635	3,480
Impairment of investment in joint ventures	6	–	964
Net fair value (gain)/loss on held for trading investment securities		(2)	28
Net gain on debt forgiveness of bank loan	6	(9,265)	(11,877)
Share-based payment expense		–	7
Exchange differences		(2,043)	(1,527)
Operating cash flows before changes in working capital		3,073	9,686
(Increase)/decrease in trade and other receivables		(2,631)	1,627
Decrease/(increase) in amounts due from/to related companies, net		2,708	(5,806)
Decrease in inventories		504	431
Increase/(decrease) in trade payables and other liabilities		2,696	(2,168)
Cash generated from operations		6,350	3,770
Taxes paid		(1,154)	(636)
Interest paid		(591)	(1,390)
Interest received		2	23
Net cash flows generated from operating activities		4,607	1,767

Condensed interim consolidated statement of cash flows

	Note	9M 2021	9M 2020
		US$'000	US$'000
Cash flows from investing activities:			
Purchase of property, plant and equipment		(2,158)	(3,658)
Proceeds from sale of property, plant and equipment		–	336
Proceeds from sale of assets held for sale		1,250	–
Proceeds from sale of club membership		–	6
Loans to related companies, net		(3,000)	(2,075)
Dividend income from a joint venture		–	460
Proceeds from sale of a joint venture		–	2,135
Deposit refunded for proposed acquisition of a company		2,700	–
Net cash flows used in investing activities		(1,208)	(2,796)
Cash flows from financing activities:			
Payment of principal portion of lease liabilities		(530)	(76)
Repayment of bank loans		(1,489)	(3,128)
Cash and bank balances released as securities		1,433	2,915
Net cash flows used in financing activities		(586)	(289)
Net increase/(decrease) in cash and bank balances		2,813	(1,318)
Effect of exchange rate changes on cash and bank balances		(1)	23
Cash and bank balances at beginning of the period		17,641	15,096
Cash and bank balances at end of the period		20,453	13,801
Breakdown of cash and bank balances at end of the period:			
Cash and bank balances as per balance sheet		20,455	13,803
Cash pledged		(2)	(2)
		20,453	13,801

1. Corporate information

Pacific Radiance Ltd. (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”). These condensed interim consolidated financial statements as at and for the nine months ended 30 September 2021 comprise the Company and its subsidiaries (collectively, the “Group”). The principal activity of the Company is investment holding.

The principal activities of the Group are:
(a) owning, managing, chartering and operating of offshore support vessels and dive support vessels; and
(b) ship repair.

2. Basis of preparation

The condensed interim consolidated financial statements for the nine months ended 30 September 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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 financial statements are presented in United States Dollars (USD or US$) which is the Company’s functional currency and all values in the tables are rounded to the nearest thousand (US$’000), except when otherwise indicated.

As at 30 September 2021, the Company’s current and total liabilities exceeded its current and total assets by US$253,183,000 (31 December 2020: US$173,303,000). For the nine months ended 30 September 2021, the Group incurred a net loss of US$12,007,000 (9M 2020: US$17,481,000). As at 30 September 2021, the Group’s current liabilities exceeded its current assets by US$547,561,000 (31 December 2020: US$544,241,000) and its total liabilities exceeded its total assets by US$312,489,000 (31 December 2020: US$301,921,000).

The Group breached certain terms of the bank loans and commenced discussion with bank lenders and potential investors in relation to the restructuring of the Group’s borrowings and capital structure in 2017. The Group had an informal arrangement with major lenders to temporarily suspend certain debt obligations of the Group.

In 2018, a vendor filed winding up applications with the Court against certain other entities of the Group in relation to statutory demands for payment for services. The Court has granted the Company and certain other entities of the Group moratoria under section 211(B)(1) of the Companies Act. The moratoria have been extended to 31 December 2021 to allow more time to complete the restructuring.

Since 2020, the Group has been in discussion with the major secured creditors of the Group (the “Secured Lenders”) and a financier, ENAV Offshore Mexico S De RL de CV (“ENAV”) on the restructuring of the financial indebtedness of the Group (“Debt Restructuring Plan”).

2. Basis of preparation (cont'd)

The Debt Restructuring Plan includes, amongst other things:

a) the consensual directed transfer of the 33 secured vessels and accompanying income and revenue streams (the "Sale Vessels") to the ENAV Radiance Pte. Ltd. (the "Purchaser"), an affiliate of ENAV, in consideration for the Purchaser procuring the consensual discharge of approximately US$200 million of the secured indebtedness presently owed by the Group to the Secured Lenders (including the release and/or discharge of mortgages, assignments of charter and charter earnings, amongst others) ("Proposed Disposal");

b) the restructuring of the remaining debt obligations (which will then be unsecured) in relation to the Sale Vessels owed to three (3) of the Secured Lenders which would still remain after completion of the Proposed Disposal and other unsecured creditors (including trade creditors), via court-sanctioned schemes of arrangement of the Company's two (2) subsidiaries, Pacific Crest Pte. Ltd. ("PCPL") and CSI Offshore Pte. Ltd. ("CSIO"), which hold the majority of the Sale Vessels ("Proposed Schemes of Arrangement"). In this regard, the three (3) Secured Lenders have undertaken to attend and vote in favour of the Proposed Schemes of Arrangement;

c) in relation to one (1) of the Secured Lenders, the consensual restructuring of the loan associated with the Company's office and shipyard complex;

d) in relation to two (2) of the Secured Lenders, the consensual restructuring of the unsecured debt obligations of the Group (apart from PCPL and CSIO);

e) the consensual restructuring of the S$100,000,000 4.30 Per Cent. Notes Due 2020 comprised in Series 001 (ISIN: SG6SF2000004) issued under the S$1,000,000,000 multicurrency debt issuance programme of the Company ("Notes") pursuant to a consent solicitation exercise ("Consent Solicitation Exercise"). In this regard, the extraordinary resolution pursuant to the Consent Solicitation Exercise was approved by holders of the Notes on 21 April 2021;

f) in relation to three (3) of the Secured Lenders (the "Entitled Lenders"), the consensual restructuring of various cross-currency swap facilities entered into in connection with the Notes;

g) the Company (and/or its relevant affiliates) entering into ship management agreements with the Purchaser (and/or its affiliates) to manage the majority of the Sale Vessels after completion of the Proposed Disposal; and

h) a special purpose vehicle wholly owned by Mr. Pang Wei Meng (executive director of the Company) and Mr. Pang Wei Kuan, James (acting chief executive officer of the Company) ("Pang SPV") and ENAV (or its affiliate) entering into a shareholders' agreement setting out the terms governing their relationship as shareholders in the Purchaser (please refer to paragraph 3.2 below for more information in relation to the Purchaser and the aforementioned shareholders' agreement).

In addition, as part of the Debt Restructuring Plan, the Group propose to issue shares to (i) the noteholders, (ii) the Entitled Lenders, and (iii) Mr. Pang Yoke Min, Mr. Pang Wei Meng, Mr. Pang Wei Kuan, James (collectively, the "PRL Key Management"). Thereafter the existing ordinary shares in the share capital of the Company will be consolidated on the basis of every ten existing shares into one consolidated ordinary share. Upon completion of the share consolidation, the shareholders of the Company (excluding the noteholders and Entitled Lenders) and PRL Key Management will be issued new warrants in the consolidated share capital of the Company.

On 26 October 2021, the Group has entered into a conditional agreement ("Consensual Sale Agreement") with the Secured Lenders and Purchaser to effect the Proposed Disposal.

2. Basis of preparation (cont'd)

Taking into consideration that the Consensual Sale Agreement has been executed, the moratoria extended by the Court and the approval of the restructuring of notes payable by the noteholders, the directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

If the financial statements were presented on a realisation basis, the carrying value of its assets and liabilities may be materially different. If the Group and Company were unable to continue in operational existence for the foreseeable future, the Group and Company may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheet. In addition, the Group and Company may have to reclassify its non-current assets as current assets and non current liabilities as current liabilities. No such adjustments have been made to these financial statements.

2.1 New and amended standards adopted by the Group

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.

2.2 Use of judgements and estimates

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The significant judgements made by management in applying the Groups accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 12 – Impairment of property, plant and equipment;
- Note 9 and Note 10 – Provision for expected credit losses of trade receivables and amounts due from related companies; and
- Note 13 – Estimating the finance costs, carrying amount of bank loans and associated accrued interest payables.

3 Seasonal operations

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

4 Segment Information

For management purposes, the Group is organised into three main operating business divisions based on their services and products:

I. The Offshore Support Services business is engaged in owning, managing, chartering and operating of offshore vessels supporting the offshore oil and gas industry.

II. The Subsea Business is engaged in owning, chartering and operating dive support vessels, and provision of subsea inspection, repair, maintenance and light construction services; and

III. The Shipyard Business is engaged in ship-repair activities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit from operations. Income taxes are managed on a group basis and are not allocated to operating segments.

	Offshore support services business US$'000	**Subsea business** US$'000	**Shipyard business** US$'000	**Per consolidated financial statements** US$'000
3Q 2021				
Revenue:				
Sales	11,222	2,741	1,405	15,368
Inter-segment sales (Note A)	(1,699)	(358)	(71)	(2,128)
Sales to external customers	9,523	2,383	1,334	13,240
Results:				
Interest income	1	–	–	1
Finance costs	(4,068)	(80)	(418)	(4,566)
Depreciation and amortisation	(2,398)	(569)	(725)	(3,692)
Share of results of joint ventures	–	–	–	–
Share of results of associates	–	–	–	–
Impairment of property, plant and equipment	–	–	–	–
Other non-cash expenses (Note B)	(26)	–	6	(20)
Segment (loss)/profit	(6,556)	338	(1,204)	(7,422)

4 Segment Information (cont'd)

	Offshore support services business	Subsea business	Shipyard business	Per consolidated financial statements
3Q 2020				
Revenue:				
Sales	16,280	722	1,324	18,326
Inter-segment sales (Note A)	(1,171)	–	(131)	(1,302)
Sales to external customers	15,109	722	1,193	17,024
Results:				
Interest income	121	18	-	139
Finance costs	(4,287)	(68)	(295)	(4,650)
Depreciation and amortisation	(2,676)	(585)	(710)	(3,972)
Share of results of joint ventures	–	–	–	–
Impairment of property, plant and equipment	(3,480)	–	–	(3,480)
Other non-cash expenses (Note B)	(753)	–	–	(753)
Segment loss	(9,104)	(1,195)	(404)	(10,703)
9M 2021				
Revenue:				
Sales	36,224	11,020	5,075	52,319
Inter-segment sales (Note A)	(4,496)	(1,303)	(1,448)	(7,247)
Sales to external customers	31,728	9,717	3,627	45,072
Results:				
Interest income	126	–	–	126
Finance costs	(11,783)	(232)	(1,223)	(13,238)
Depreciation and amortisation	(7,144)	(1,686)	(2,194)	(11,024)
Share of results of joint ventures	–	–	–	–
Share of results of associates	2,397	–	–	2,397
Impairment of property, plant and equipment	–	–	(635)	(635)
Other non-cash expenses (Note B)	(2,287)	–	8	(2,279)
Segment (loss)/profit	(8,865)	2,855	(4,590)	(10,600)
As at 30 September 2021				
Segment assets:				
Investment in associates	–	–	–	–
Investment in joint ventures	–	–	–	–
Additions to non-current assets (Note C)	1,534	611	13	2,158
Segment assets	204,943	64,742	49,167	318,852
Segment liabilities	551,042	17,385	62,914	631,341

4 Segment Information (cont'd)

	Offshore support services business US$'000	Subsea business US$'000	Shipyard business US$'000	Per consolidated financial statements US$'000
9M 2020				
Revenue:				
Sales	46,284	3,651	4,932	54,867
Inter-segment sales (Note A)	(3,291)	–	(1,759)	(5,050)
Sales to external customers	42,993	3,651	3,173	49,817
Results:				
Interest income	421	55	–	476
Finance costs	(14,218)	(193)	(1,638)	(16,049)
Depreciation and amortisation	(7,801)	(1,753)	(2,129)	(11,683)
Share of results of joint ventures	568	–	–	568
Impairment of property, plant and equipment	(3,480)	–	–	(3,480)
Other non-cash expenses (Note B)	(9,138)	8	4	(9,126)
Segment loss	(12,306)	(469)	(3,644)	(16,419)
As at 31 December 2020				
Segment assets:				
Investment in associates	–	–	–	–
Investment in joint ventures	–	–	–	–
Additions to non-current assets (Note C)	4,700	110	5	4,815
Segment assets	210,885	66,482	51,921	329,288
Segment liabilities	548,969	17,262	64,978	631,209

Note A: Inter-segment sales are eliminated on consolidation.

Note B: Other non-cash expenses consist of impairment of joint ventures and associates, financial assets and club membership as presented in the respective notes to financial statements.

Note C: Additions to non-current assets consist of additions to property, plant and equipment.

5. Disaggregation of revenue

Segments	Offshore support services business	Subsea business	Shipyard business	Total
	US$'000	US$'000	US$'000	US$'000
3Q 2021				
Type of services				
Lease revenue	3,342	760	–	4,102
Other ancillary time charter revenue	6,101	1,623	–	7,724
Ship repair income	–	–	1,330	1,330
Ship management fee income	73	–	–	73
Others	7	–	4	11
	9,523	2,383	1,334	13,240
Timing of transfer of services				
At a point in time	–	–	1,334	1,334
Over time	9,523	2,383	–	11,906
	9,523	2,383	1,334	13,240
3Q 2020				
Type of services				
Lease revenue	4,698	120	–	4,818
Other ancillary time charter revenue	10,319	602	–	10,921
Ship repair income	–	–	1,188	1,188
Ship management fee income	92	–	–	92
Others	–	–	5	5
	15,109	722	1,193	17,024
Timing of transfer of services				
At a point in time	–	–	1,193	1,193
Over time	15,109	722	–	15,831
	15,109	722	1,193	17,024

5. Disaggregation of revenue (cont'd)

Segments	**Offshore support services business**	**Subsea business**	**Shipyard business**	**Total**
	US$'000	US$'000	US$'000	US$'000
9M 2021				
Type of services				
Lease revenue	9,590	3,729	–	13,319
Other ancillary time charter revenue	21,818	5,988	–	27,806
Ship repair income	–	–	3,607	3,607
Ship management fee income	286	–	–	286
Others	34	–	20	54
	31,728	9,717	3,627	45,072
Timing of transfer of services				
At a point in time	–	–	3,627	3,627
Over time	31,728	9,717	–	41,445
	31,728	9,717	3,627	45,072
9M 2020				
Type of services				
Lease revenue	13,320	1,150	–	14,470
Other ancillary time charter revenue	29,427	2,501	–	31,928
Ship repair income	–	–	3,151	3,151
Ship management fee income	246	–	–	246
Others	–	–	22	22
	42,993	3,651	3,173	49,817
Timing of transfer of services				
At a point in time	–	–	3,173	3,173
Over time	42,993	3,651	–	46,644
	42,993	3,651	3,173	49,817

5. Disaggregation of revenue (cont'd)

Geographical information

Revenue is based on the geographical location in which the services are performed.

	Group		Group	
	3Q 2021	**3Q 2020**	**9M 2021**	**9M 2020**
	US$'000	US$'000	US$'000	US$'000
Asia [1]	8,674	11,834	33,497	36,318
Middle East	4,030	4,693	10,377	12,362
Latin America	56	427	137	1,067
Africa	480	70	1,061	70
	13,240	17,024	45,072	49,817

[1] Asia includes Brunei, Malaysia, Myanmar, Singapore, Thailand, Vietnam, India, Indonesia, Bangladesh and Russia.

Included in revenue from Asia is an amount of US$3,805,000 for 9M 2021 (9M 2020: US$4,422,000) and US$1,380,000 for 3Q 2021 (3Q 2020: US$2,028,000) relating to revenue from Singapore.

6. Loss before taxation

6.1. Significant items

	Group		Group	
	3Q 2021	**3Q 2020**	**9M 2021**	**9M 2020**
	US$'000	US$'000	US$'000	US$'000
Income				
Gain on debt forgiveness of bank loan	–	–	9,265	11,877
Foreign exchange gains, net	822	–	2,190	1,433
Interest income	1	139	126	476
Expenses				
Depreciation of property, plant and equipment (included in cost of sales)	3,487	3,772	10,403	11,089
Depreciation of property, plant and equipment (included in general and administrative expenses)	205	200	621	594
Impairment of doubtful receivables, net	117	243	242	631
(Writeback)/impairment of amounts due from related companies, net	(96)	510	2,038	7,531
Loss on disposal of property, plant and equipment, net	–	–	329	180
Impairment of property, plant and equipment	–	3,480	635	3,480
Impairment of investment in joint venture	–	–	–	964
Interest expense on bank loans carried at amortised cost	4,388	4,476	12,700	15,454
Foreign exchange losses, net	–	1,007	–	–

6.2 Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year:

	Group		Group	
	3Q 2021	**3Q 2020**	**9M 2021**	**9M 2020**
	US$'000	US$'000	US$'000	US$'000
Income				
Charter hire income:				
- Associates	132	–	137	–
- Joint ventures	1,064	1,273	2,335	3,229
Ship repair income:				
- Associates	(24)	11	777	357
- Joint ventures	–	–	–	92
Interest income from:				
- Joint ventures	–	125	122	401
Management fee income from:				
- Joint ventures	99	121	297	326
Ship management fee income from:				
- Joint ventures	18	36	102	92
Miscellaneous income from:				
- Joint ventures	47	18	70	195
Expense				
Charter hire expense and other cost of sales to:				
- Associates	–	86	471	177
- Joint ventures	–	–	1,403	37
Interest expense to:				
- A shareholder of a subsidiary	76	–	230	232

7. Taxation

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

	Group		Group	
	3Q 2021	**3Q 2020**	**9M 2021**	**9M 2020**
	US$'000	US$'000	US$'000	US$'000
Current income tax expense	65	–	142	–
Withholding tax expense	369	281	1,332	927
Deferred income tax expense relating to origination and reversal of temporary differences	(67)	45	(67)	135
	367	326	1,407	1,062

8. Net asset value

	Group		Company	
	As at 30 September 2021	As at 31 December 2020	As at 30 September 2021	As at 31 December 2020
Net liability value (US$'000)	(300,581)	(290,177)	(253,183)	(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)	(42.0)	(40.6)	(35.4)	(24.2)

9. Trade receivables

The movement in allowance for expected credit losses of trade receivables computed based on lifetime expected credit losses is as follows:

	Group	
	As at 30 September 2021	As at 31 December 2020
	US$'000	US$'000
Movement in allowance accounts:		
At 1 January	13,917	11,041
Charge for the period/year	268	3,277
Write back of allowance	(26)	(66)
Written off during the period	(226)	(349)
Exchange differences	–	14
At end of financial period/year	13,933	13,917

10. Amounts due from related companies

The Group provides for lifetime expected credit losses for trade amounts due from related companies based on a provision matrix similar to allowance for trade receivables. The Group compute expected credit loss for non-trade amounts and loans due from related companies using the probability of default approach.

The movement in allowance accounts is as follows:

	Group		Company	
	As at 30 September 2021	**As at 31 December 2020**	**As at 30 September 2021**	**As at 31 December 2020**
	US$'000	US$'000	US$'000	US$'000
Movement in allowance accounts:				
At 1 January	101,082	89,660	280,232	276,337
Charge for the period/year	2,038	16,702	83,444	1,521
ECL adjustment to interest income	694	554	–	–
Written off during the period	–	(5,999)	–	–
Exchange differences	(150)	165	(3,515)	2,374
At end of financial period/year	103,664	101,082	360,161	280,232

11. Fair values of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

(i) ***Fair value hierarchy***

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

11. Fair values of financial instruments (cont'd)

(ii) ***Fair value of financial instruments that are carried at fair value***

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	30 September 2021 US$'000 Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	Significant unobservable inputs (Level 3)	Total
Group			
Assets measured at fair value			
Financial assets:			
Equity securities at fair value through profit or loss			
Quoted equity securities	10	–	10
Equity securities at FVOCI			
Unquoted equity securities	–	–	–
Financial assets as at 30 September 2021	10	–	10

	31 December 2020 US$'000 Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	Significant unobservable inputs (Level 3)	Total
Group			
Assets measured at fair value			
Financial assets:			
Equity securities at fair value through profit or loss			
Quoted equity securities	8	–	8
Equity securities at FVOCI			
Unquoted equity securities	–	–	–
Financial assets as at 31 December 2020	8	–	8

11. Fair values of financial instruments (cont'd)

(iii) ***Financial instruments whose carrying amounts are reasonable approximation of fair value***

(a) Trade and other receivables, trade payables and other liabilities, amounts due from/(to) related companies, cash and bank balances and cash pledged.

The carrying amounts of these balances approximate fair values due to their short-term nature.

(b) Bank loans at floating rate, amounts due from related companies, notes payable and lease liabilities.

The carrying value of the bank loans approximate fair value as these balances are of variable interest rate with re-pricing features.

The carrying value of lease liabilities, amounts due from related companies and notes payable approximate fair value as the current lending rates for similar types of lending arrangements are not materially different from the rates obtained by the Group.

Financial instruments by category

Set below is a comparison by category of the carrying amount of all the Group and Company's financial instruments that were carried in the financial statements.

	Financial assets at amortised cost US$'000	**Financial assets at fair value through profit or loss** US$'000	**Financial assets at fair value through OCI** US$'000
Group			
30 September 2021			
Assets			
Trade receivables	21,854	–	–
Other receivables	1,613	–	–
Amounts due from related companies	75,489	–	–
Investment securities	–	10	–
Cash and bank balances	20,455	–	–
	119,411	10	–
31 December 2020			
Assets			
Trade receivables	18,747	–	–
Other receivables	4,942	–	–
Amounts due from related companies	73,810	–	–
Investment securities	–	8	–
Cash and bank balances	19,076	–	–
	116,575	8	–

11. Fair values of financial instruments (cont'd)

(iii) ***Financial instruments whose carrying amounts are reasonable approximation of fair value (cont'd)***

Financial instruments by category (cont'd)

	Financial liabilities at amortised cost	
	30 September 2021	**31 December 2020**
	US$'000	US$'000
Group		
Liabilities		
Trade payables	13,301	12,642
Other liabilities	121,080	107,354
Amounts due to related companies	10,183	7,679
Bank loans	386,044	397,094
Notes payable	73,580	75,660
Lease liabilities	8,340	9,074
	612,528	609,503

	Financial assets at amortised cost	
	30 September 2021	**31 December 2020**
	US$'000	US$'000
Company		
Assets		
Other receivables	–	2,700
Amounts due from related companies	8,664	149,323
Cash and bank balances	659	138
	9,323	152,161

	Financial liabilities at amortised cost	
	30 September 2021	**31 December 2020**
	US$'000	US$'000
Company		
Liabilities		
Other liabilities	13,141	12,158
Amounts due to related companies	174,923	236,818
Notes payable	73,580	75,660
	261,644	324,636

12. Property, plant and equipment

During the nine months ended 30 September 2021, the Group acquired assets amounting to US$2,158,000 (9M 2020: US$3,658,000) and disposed of assets with net carrying amount of US$329,000 (9M 2020: US$203,000).

The Group assesses the impairment of its property, plant and equipment whenever events or changes in circumstances indicate that the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs to dispose and its value in use.

For the purposes of impairment assessment of property, plant and equipment, the fair value less costs to dispose is determined mainly based on valuation reports issued by independent professional valuers.

As at 30 September 2021, the Group has considered both external and internal sources of information and assessed that there is no indication that its vessels may be impaired (9M 2020: Impairment loss of US$3,480,000). The Group has carried out a review of the recoverable amount of its property and buildings based on the valuation report issued by an independent professional valuer and an impairment loss of US$635,000 was recognised (9M 2020: Nil).

13. Bank loans

	Group			
	Secured		**Unsecured**	
	As at 30 September 2021	**As at 31 December 2020**	**As at 30 September 2021**	**As at 31 December 2020**
	US$'000	US$'000	US$'000	US$'000
Amount repayable within one year or on demand	386,044	397,094	–	–
Amount repayable after one year	–	–	–	–

Bank loans were secured by:

- First legal mortgages over the vessels of the Group, with carrying amounts of US$143,141,000 as at 30 September 2021 (31 December 2020: US$149,647,000);
- Escrow mortgages over the buildings, shipyard and plant and equipment of the Group, with carrying amounts of US$34,770,000 as at 30 September 2021 (31 December 2020: US$38,226,000);
- A right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged shipyard; and
- Cash pledged of US$2,000 as at 30 September 2021 (31 December 2020: US$1,435,000).

In addition, an amount of US$386,044,000 (31 December 2020: US$397,094,000) of the Group's bank loans was secured by corporate guarantees from the Company.

In 2017, the Group breached certain terms of the bank loans and commenced discussion with bank lenders and potential investors in relation to the restructuring of the Group's borrowings and capital structure. The Group had an informal arrangement with major lenders to temporarily suspend certain debt obligations of the Group. Please refer to Note 2 for details of the debt restructuring.

13. Bank loans (cont'd)

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 also has to exercise judgement in determining the reduction in the different components of bank loan liabilities arising from set off against bank balances by the bank lenders during the financial period.

The carrying amounts of accrued interest payables recorded under other liabilities (current) is US$80,177,000 (31 December 2020: US$68,694,000).

14. Notes payable

The notes payable were non-interest bearing (2020: non-interest bearing) and are listed on SGX-ST. Trading of the notes payable has been suspended since February 2018.

On 24 August 2018, the noteholders approved the terms of restructuring of the notes payable, including the extension of the maturity date of the notes payable from 29 August 2018 to 30 September 2019, subject to sanction of the Scheme by the Court and shareholders' approval.

On 11 October 2019, the noteholders approved the extension of the maturity date of the notes payable from 30 September 2019 to 31 March 2020 to allow time for the Group to complete its debt restructuring. On 26 March 2020, the Company announced that the redemption of the notes payable will not take place on 31 March 2020 as conditions for the redemption, in particular the proposed scheme of arrangement being sanctioned by the High Court and the necessary shareholders' approval in relation to the restructuring of the Group, have not been fulfilled.

On 10 February 2021, the Company commenced a consent solicitation exercise to seek approval from the noteholders for the proposed restructuring of the notes payable. The Company proposed inter alia, to redeem the notes payable by way of issuing new ordinary shares in the capital of the Company ("Redemption Shares") to the noteholders on the basis of 4,518,400 Redemption Shares for every S$250,000 in principal amount of notes payable held, and one Perpetual Security for every S$250,000 in principal amount of notes payable held (the "Redemption"). The Redemption of the notes payable will be subject to shareholders approval. The noteholders have approved the proposed restructuring of the notes payable on 21 April 2021.

15. Share capital and treasury shares

(i) *Share capital*

	Group and Company			
	30 September 2021		**31 December 2020**	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Issued and fully paid ordinary shares:				
Balance at the beginning and end of the period	725,755	162,854	725,755	162,854

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2021 and 31 December 2020.

(ii) *Treasury shares*

	Group and Company			
	30 September 2021		**31 December 2020**	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Balance at the beginning of the period	(10,327)	(2,135)	(11,098)	(2,290)
Reissued pursuant to employee share award plan				
- On vesting of employee share awards	–	–	771	–
- Transferred from employee share-based payments reserve	–	–	–	65
- Loss transferred to capital reserve	–	–	–	90
	–	–	771	155
Balance at end of the period	(10,327)	(2,135)	(10,327)	(2,135)

The Company did not acquire any treasury shares during the financial period.

16. Subsequent events

Subsequent to the period end, the Court has granted extensions of the moratoria to 31 December 2021. On 29 October 2021, the Court has granted PCPL and CSIO liberty to convene meetings of the classes of their respective creditors in relation to the Proposed Scheme of Arrangement. The court meetings shall be convened within 12 weeks or by 30 April 2022, whichever is later.

On 26 October 2021, the Company has entered into the Consensual Sale Agreement with, amongst others, the Secured Lenders, and Purchaser for the transfer of the Sale Vessels from the Group to the Purchaser and the consensual discharge of secured indebtedness owed by the Group to the Secured Lenders, to effect the Proposed Disposal. Refer to Note 2 for details on the Debt Restructuring Plan.

Other information required by Listing Rule Appendix 7.2

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

1. Review

The condensed consolidated statement of financial position of the Group as at 30 September 2021 and the 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 nine months ended 30 September 2021 and related explanatory notes have not been audited or reviewed.

1A. Disclaimer opinion for the latest financial statements

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 (Note 3 of the FY2020 Group financial statements) and this set of interim condensed financial statements (Note 13).

2. Review of performance of the Group

Revenue

9M 2021 vs 9M 2020

Revenue decreased by approximately US$4.7 million or 10% from US$49.8 million in 9M 2020 to US$45.1 million in 9M 2021.

The decrease was attributed mainly to the decrease in revenue from the Offshore Support Services Business of US$11.3 million or 26% from US$43.0 million for 9M 2020 to US$31.7 million for 9M 2021 due to lower utilisation of vessels.

This was partially offset by an increase in revenue from the Subsea Business of US$6.0 million from US$3.7 million for 9M 2020 to US$9.7 million for 9M 2021 due to higher utilisation of vessels. Revenue from the Shipyard Business also increased by US$0.5 million or 14% from US$3.2 million for 9M 2020 to US$3.6 million for 9M 2021 due to higher completion of ship repair works.

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

Revenue (cont'd)

3Q 2021 vs 3Q 2020

Revenue decreased by approximately US$3.8 million or 22% from US$17.0 million in 3Q 2020 to US$13.2 million in 3Q 2021.

The decrease was attributed mainly to the decrease in revenue from the Offshore Support Services Business of US$5.6 million or 37% from US$15.1 million in 3Q 2020 to US$9.5 million in 3Q 2021 due to lower utilisation of vessels.

This was partially offset by the increase in revenue from the Subsea Business of US$1.7 million from US$0.7 million in 3Q 2020 to US$2.4 million in 3Q 2021 due to higher utilisation of vessels. Revenue from the Shipyard Business also increased by US$0.1 million from US$1.2 million in 3Q 2020 to US$1.3 million in 3Q 2021 due to higher completion of ship repair works.

Gross profit

9M 2021 vs 9M 2020

Gross profit decreased by approximately US$6.3 million or 92% from US$6.8 million for 9M 2020 to US$0.5 million for 9M 2021.

The decrease was mainly attributable to weaker performances from the Offshore Support Services Business and Shipyard Business, and partially offset by improved performance from the Subsea Business.

3Q 2021 vs 3Q 2020

Gross profit decreased by approximately US$2.4 million from US$1.3 million profit for 3Q 2020 to US$1.1 million loss for 3Q 2021.

The overall decrease in gross profit was mainly attributable to weaker performances from the Offshore Support Services Business and Shipyard Business, and partially offset by improved performance from the Subsea Business.

Other operating income

9M 2021 vs 9M 2020

Other operating income decreased by approximately US$2.9 million or 19% from US$15.6 million in 9M 2020 to US$12.7 million in 9M 2021.

The decrease was mainly attributable to lower gain on debt forgiveness of bank loans of US$2.6 million, lower grant income of US$0.7 million and lower interest income of US$0.3 million, and partially offset by increase in exchange gain of US$0.7 million.

3Q 2021 vs 3Q 2020

Other operating income increased by approximately US$0.5 million or 56% from US$0.9 million in 3Q 2020 to US$1.4 million in 3Q 2021.

The increase was mainly due to exchange gain of US$0.8 million and partially offset by lower grant income of US$0.2 million and lower interest income of US$0.1 million in 3Q 2021.

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

General and administrative expenses

9M 2021 vs 9M 2020

General and administrative expenses decreased by approximately US$0.9 million or 8% from US$10.6 million in 9M 2020 to US$9.7 million in 9M 2021.

The decrease was mainly attributable to the Group's continuing cost rationalisation in 9M 2021.

3Q 2021 vs 3Q 2020

General and administrative expenses increased by approximately US$0.1 million or 5% from US$3.0 million in 3Q 2020 to US$3.1 million in 3Q 2021, mainly due to higher restructuring expenses recorded in 3Q 2021.

Other operating expenses

9M 2021 vs 9M 2020

Other operating expenses decreased by approximately US$9.6 million or 75% from US$12.8 million in 9M 2020 to US$3.2 million in 9M 2021.

The decrease was mainly attributable to decrease in doubtful debt expenses by US$5.9 million and decrease in impairment of property, plant and equipment of US$2.8 million in 9M 2021 and impairment of investment in joint ventures of US$1.0 million recorded in 9M 2020. This was partially offset by increase in loss on disposal of property, plant and equipment of US$0.1 million in 9M 2021.

3Q 2021 vs 3Q 2020

Other operating expenses decreased by approximately US$5.2 million or 100% from US$5.2 million in 3Q 2020 to US$20,000 in 3Q 2021.

The decrease was mainly attributable to impairment of property, plant and equipment of US$3.5 million and exchange loss of US$1.0 million recorded in 3Q 2020, and decrease in doubtful debt expenses by US$0.7 million in 3Q 2021.

Finance costs

9M 2021 vs 9M 2020
3Q 2021 vs 3Q 2020

Finance costs decreased by approximately US$2.8 million or 18% from US$16.0 million in 9M 2020 to US$13.2 million in 9M 2021.

Finance costs decreased by approximately US$0.1 million or 2% from US$4.7 million in 3Q 2020 to US$4.6 million in 3Q 2021.

The decrease in finance costs for both periods was mainly attributable to a decrease in interest rates and a decrease in bank loans outstanding from US$395.7 million as at 30 September 2020 to US$386.0 million as at 30 September 2021, partially offset by higher overdue interest charges.

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

Share of results of joint ventures

9M 2021 vs 9M 2020
3Q 2021 vs 3Q 2020

Share of results of joint venture was nil for 9M 2021, compared to US$0.6 million gain for 9M 2020.

Share of results of joint venture was nil for 3Q 2021 and 3Q 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

9M 2021 vs 9M 2020
3Q 2021 vs 3Q 2020

Share of results of associates was US$2.4 million gain for 9M 2021 and nil for 3Q 2021, compared to nil for 9M 2020 and 3Q 2020.

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

Taxation

9M 2021 vs 9M 2020
3Q 2021 vs 3Q 2020

Taxation expense increased by US$0.3 million or 32% from US$1.1 million for 9M 2020 to US$1.4 million for 9M 2021.

Taxation expense increased by US$0.1 million or 13% from US$0.3 million for 3Q 2020 to US$0.4 million for 3Q 2021.

The increase in taxation expense for both periods was mainly attributable to higher withholding tax expenses.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US$254.8 million as at 30 September 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$11.1 million mainly due to depreciation of US$11.0 million and impairment of US$0.6 million, partially offset by additions of US$2.2 million; and

This was partially offset by:

(ii) the increase in non-current portion of amounts due from related companies by US$1.0 million.

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

REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)

Current assets

The Group's current assets amounted to US$64.1 million as at 30 September 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$3.8 million;

(ii) the decrease in assets held for sale by US$1.2 million; and

(iii) the decrease in inventories by US$0.5 million.

This was partially offset by:

(iv) the increase in trade receivables by US$3.1 million;

(v) the increase in cash and bank balances by US$1.4 million; and

(vi) the increase in amounts due from related companies by US$0.6 million.

Current liabilities

The Group's current liabilities amounted to US$611.6 million as at 30 September 2021. The increase in current liabilities from US$608.7 million as at 31 December 2020 was attributed mainly to:

(i) the increase in other liabilities by US$13.2 million mainly due to accrual of interest expense;

(ii) the increase in amounts due to related parties by US$2.5 million; and

(iii) the increase in trade payables by US$0.7 million.

This was partially offset by:

(iv) the decrease in current bank loans by US$11.1 million due to repayment and debt forgiveness of bank loans;

(v) the decrease in notes payable by US$2.1 million due to foreign exchange movement; and

(vi) the decrease in lease liabilities by US$0.3 million.

The Group is in negative working capital position of US$547.6 million as at 30 September 2021. The Group is in the process of restructuring its debt obligations, please refer to Note 4 for more information.

Non-current liabilities

The Group's non-current liabilities amounted to US$19.7 million as at 30 September 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 by US$0.5 million.

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

REVIEW OF CASH FLOWS

In 9M YTD, the Group generated net cash inflow of US$2.8 million.

Net cash inflow generated from operating activities was US$4.6 million. This was mainly due to cash inflow from operating activities before working capital changes of US$3.1 million and net working capital inflow of US$3.3 million, partially offset by net interest and taxes paid of US$1.7 million.

Net cash outflow from investing activities was US$1.2 million. This was mainly due to loans to related companies of US$3.0 million and purchase of property, plant and equipment of US$2.1 million, partially offset by the refund of deposit for proposed acquisition of a company of US$2.7 million and proceeds from sale of assets held for sale of US$1.2 million.

Net cash outflow from financing activity was US$0.6 million. This was due to the repayment of bank loans of US$1.5 million and payment of principal portion of lease liabilities of US$0.5 million, partially offset by the release of US$1.4 million pledged cash to repay the bank loans.

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

Not applicable

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

Further progress has been made on the Debt Restructuring. On 12 October 2021, the Group announced that PCPL and CSIO filed applications to the Court on 5 October 2021 to convene meetings in relation to the Proposed Schemes of Arrangement. Both PCPL and CSIO have been granted liberty by the Court at the hearing on 29 October 2021 to convene the said meetings within 12 weeks or by 30 April 2022 (whichever is the later). On 28 October 2021, the Group announced the entry into the Consensual Sale Agreement in relation to the Proposed Disposal with the secured lenders and ENAV on 26 October 2021, this is an important milestone in the Debt Restructuring of the Group. With the continuing support of the other stakeholders, the Group hopes to complete the remaining processes for the Debt Restructuring expeditiously. Any further material developments in relation to the Debt Restructuring will be disseminated at the appropriate juncture.

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 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.

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

6. Interested person transactions

The Group has not obtained a general mandate from shareholders for Interested Party Transactions.

7. 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.

8. 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 nine months ended 30 September 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**

11 November 2021