Company Registration No. 200609894C

Pacific Radiance Ltd. and its Subsidiaries

Condensed interim financial statements

For the three months ended 31 March 2022 (1Q 2022) (3M 2022)

Table of Contents

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

		Group						
		1Q 2022			1Q 2021			
	Note	*Continuing Operations* US$'000	*Discontinued Operations* US$'000	*Total* US$'000	*Continuing Operations* US$'000	*Discontinued Operations* US$'000	*Total* US$'000	%
Revenue	5	4,597	8,740	13,337	2,854	10,752	13,606	(2)
Cost of sales		(3,469)	(8,029)	(11,498)	(2,739)	(12,176)	(14,915)	(23)
Gross profit		1,128	711	1,839	115	(1,424)	(1,309)	NM
Other operating income		23,700	19,937	43,637	11,233	203	11,436	NM
General and administrative expenses		(4,290)	(1,432)	(5,722)	(2,114)	(1,414)	(3,528)	62
Other operating expenses		–	(13,511)	(13,511)	(1,483)	(99)	(1,582)	NM
Finance costs		(411)	(4,085)	(4,496)	(587)	(3,574)	(4,161)	8
Share of results of joint ventures		–	1,509	1,509	–	–	–	NM
Share of results of associates		–	4,603	4,603	2,397	–	2,397	92
Profit/(loss) before taxation	6	20,127	7,732	27,859	9,561	(6,308)	3,253	NM
Taxation	7	(38)	(251)	(289)	(8)	(402)	(410)	(30)
Profit/(loss) for the period		20,089	7,481	27,570	9,553	(6,710)	2,843	NM
Other comprehensive income:								
Items that may be reclassified subsequently to profit or loss:								
Foreign currency translation		99	–	99	926	–	926	(89)
Other comprehensive income for the period, net of tax		99	–	99	926	–	926	(89)
Total comprehensive income for the period		20,188	7,481	27,669	10,479	(6,710)	3,769	NM
Profit/(loss) for the period attributable to:								
Equity holders of the Company		20,121	7,551	27,672	9,594	(6,656)	2,938	NM
Non-controlling interests		(32)	(70)	(102)	(41)	(54)	(95)	7
		20,089	7,481	27,570	9,553	(6,710)	2,843	NM
Total comprehensive income for the period attributable to:								
Equity holders of the Company		20,220	7,551	27,771	10,520	(6,656)	3,864	NM
Non-controlling interests		(32)	(70)	(102)	(41)	(54)	(95)	7
		20,188	7,481	27,669	10,479	(6,710)	3,769	NM
Profit/(loss) per share attributable to equity holders of the Company								
Basic (US cents per share)		2.8	1.1	3.9	1.3	(0.9)	0.4	
Diluted (US cents per share)		2.8	1.1	3.9	1.3	(0.9)	0.4	

NM: Not Meaningful

Balance sheets

	Note	Group 31 March 2022 US$'000	Group 31 December 2021 US$'000	Company 31 March 2022 US$'000	Company 31 December 2021 US$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	42,763	43,380	–	–
Investment in subsidiaries		–	–	–	–
Investment in associates		–	–	–	–
Investment in joint ventures		–	–	–	–
Investment securities		–	–	–	–
Club memberships		140	140	–	–
Amounts due from related companies		4,642	4,641	–	–
		47,545	48,161	–	–
Current assets					
Inventories		604	544	–	–
Trade receivables	9	25,120	22,004	–	–
Other receivables		8,388	2,772	2,157	56
Amounts due from related companies	10	21,536	58,174	28	–
Investment securities		16	9	–	–
Cash and bank balances		17,145	21,591	3,821	1,468
		72,809	105,094	6,006	1,524
Assets held for sale	12	1,100	139,122	–	–
		73,909	244,216	6,006	1,524
Total assets		121,454	292,377	6,006	1,524
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		15,822	13,298	–	–
Other liabilities		105,726	131,041	12,061	15,478
Amounts due to related companies		10,627	10,479	132,842	168,329
Bank loans	14	187,054	386,584	–	–
Notes payable	15	73,880	74,110	73,880	74,110
Provision for taxation		1,285	1,268	–	–
Lease liabilities		984	983	–	–
		395,378	617,763	218,783	257,917
Net current liabilities		(321,469)	(373,547)	(212,777)	(256,393)

Balance Sheets

	Note	Group		Company	
		31 March 2022 US$'000	**31 December 2021** US$'000	**31 March 2022** US$'000	**31 December 2021** US$'000
Non-current liabilities					
Other liabilities		3,816	9,458	–	–
Provisions		248	248	–	–
Bank loans	14	29,547	–	–	–
Deferred tax liabilities		2,645	2,645	–	–
Lease liabilities		7,219	7,331	–	–
		43,475	19,682	–	–
Total liabilities		438,853	637,445	218,783	257,917
Net liabilities		(317,399)	(345,068)	(212,777)	(256,393)
Equity attributable to equity holders of the Company					
Share capital	16	162,854	162,854	162,854	162,854
Treasury shares	16	(2,135)	(2,135)	(2,135)	(2,135)
Accumulated losses		(458,191)	(485,863)	(373,433)	(417,049)
Other reserves		(8,014)	(8,113)	(63)	(63)
		(305,486)	(333,257)	(212,777)	(256,393)
Non-controlling interests		(11,913)	(11,811)	–	–
Total equity		(317,399)	(345,068)	(212,777)	(256,393)

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 2022	162,854	(2,135)	(485,863)	(8,113)	(1,669)	170	114	86	(6,814)	(333,257)	(11,811)	(345,068)
Profit for the period	–	–	27,672	–	–	–	–	–	–	27,672	(102)	27,570
Other comprehensive income												
- Foreign currency translation	–	–	–	99	99	–	–	–	–	99	–	99
Total comprehensive income for the period	–	–	27,672	99	99	–	–	–	–	27,771	(102)	27,669
Balance at 31 March 2022	162,854	(2,135)	(458,191)	(8,014)	(1,570)	170	114	86	(6,814)	(305,486)	(11,913)	(317,399)
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
Other comprehensive income												
- 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)

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
<u>The Company</u>							
Balance at 1 January 2022	162,854	(2,135)	(417,049)	(63)	170	(233)	(256,393)
Profit for the period	–	–	43,616	–	–	–	43,616
Total comprehensive income for the period	–	–	43,616	–	–	–	43,616
Balance at 31 March 2022	162,854	(2,135)	(373,433)	(63)	170	(233)	(212,777)
Balance at 1 January 2021	162,854	(2,290)	(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)

Condensed interim consolidated statement of cash flows

	Note	1Q 2022 US$'000	1Q 2021 US$'000
Cash flows from operating activities:			
Profit before taxation		27,859	3,253
Adjustments for:			
Depreciation of property, plant and equipment		752	3,646
Finance costs		4,496	4,161
Interest income		(3)	(124)
Share of results of associates		(4,603)	(2,397)
Share of results of joint ventures		(1,509)	–
Loss on disposal of property, plant and equipment, net		–	329
Gain on disposal of assets held for sale		(17,022)	–
Impairment of doubtful receivables, net	9	101	97
Impairment of amounts due from related companies	10	12,485	1,155
Derecognition of financial guarantee liabilities		(2,977)	–
Net gain on debt forgiveness of bank loans and interests	6	(22,258)	(9,265)
Net fair value gain on held for trading investment securities		(6)	–
Exchange differences		(628)	(1,562)
Operating cash flows before changes in working capital		(3,313)	(707)
(Increase)/decrease in trade and other receivables		(8,831)	223
Decrease in amounts due from/to related companies, net		1,166	1,803
(Increase)/decrease in inventories		(61)	344
Increase in trade payables and other liabilities		8,528	2,202
Cash generated from operations		(2,511)	3,865
Taxes paid		(405)	(117)
Interest paid		(76)	(242)
Net cash flows generated from operating activities		(2,992)	3,506

Condensed interim consolidated statement of cash flows

	Note	1Q 2022 US$'000	1Q 2021 US$'000
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,368)	(2,121)
Proceeds from sale of assets held for sale		–	950
Loans to related companies, net		–	(3,000)
Deposit refunded for proposed acquisition of a company		–	1,350
Net cash flows used in investing activities		(1,368)	(2,821)
Cash flows from financing activities:			
Payment of principal portion of lease liabilities		(86)	(204)
Repayment of bank loans		–	(1,489)
Cash and bank balances released as securities		2	1,433
Net cash flows used in financing activities		(84)	(260)
Net (decrease)/increase in cash and bank balances		(4,444)	425
Effect of exchange rate changes on cash and bank balances		–	1
Cash and bank balances at beginning of the period		21,589	17,641
Cash and bank balances at end of the period		17,145	18,067
Breakdown of cash and bank balances at end of the period:			
Cash and bank balances as per balance sheet		17,145	18,069
Cash pledged		–	(2)
		17,145	18,067

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

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

The 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 31 March 2022, the Company's current and total liabilities exceeded its current and total assets by US$212,777,000 (31 December 2021: US$256,393,000). For the three months ended 31 March 2022, the Group incurred a net profit of US$27,570,000 (31 March 2021: US$2,843,000). As at 31 March 2022, the Group's current liabilities exceeded its current assets by US$321,469,000 (31 December 2021: US$373,547,000) and its total liabilities exceeded its total assets by US$317,399,000 (31 December 2021: US$345,068,000).

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 30 June 2022 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 (the "Debt Restructuring Plan").

2. Basis of preparation (cont'd)

The Debt Restructuring Plan includes, amongst other things:

a) the consensual directed transfer of 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) (the "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 (the "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 (the "Notes") pursuant to a consent solicitation exercise (the "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) (the "Pang SPV") and ENAV (or its affiliate) entering into a shareholders' agreement setting out the terms governing their relationship as shareholders in the Purchaser.

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") (the "Proposed Share Issuances"). 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 (the "Proposed Warrant Issuances").

On 26 October 2021, the Group entered into a conditional agreement (the "Consensual Sale Agreement") with the Secured Lenders and Purchaser to effect the Proposed Disposal. On 26 January 2022, the Group entered into management agreements with the Purchaser for the management of the majority of the Sale Vessels (the "Management Agreements") and memoranda of agreement with the Purchaser in relation to the transfer and delivery of the Sale Vessels (the "MOAs").

2. Basis of preparation (cont'd)

SGX-ST has on 4 February 2022 granted its approval in-principle for the listing and quotation of shares to be issued under the Proposed Share Issuances, the consolidated shares, the warrants to be issued to shareholders under the Proposed Warrant Issuances (excluding PRL Key Management), and the warrant shares pursuant to the exercise of the warrants under the Proposed Warrant Issuances.

An extraordinary general meeting was held on 23 February 2022 and the shareholders approved the Proposed Disposal, the Proposed Share Issuances, the share consolidation and the Proposed Warrant Issuances. On 10 March 2022, the Company announced that the transfer of the Sale Vessels from the Group to the Purchaser and its related companies was completed. Accordingly, the Secured Lenders discharged approximately US$200 million of the secured indebtedness owed by the Group and released and/or discharged all security interests and guarantees in connection thereto.

The Group has entered into agreements for the consensual restructuring of (i) various cross-currency swap facilities entered into in connection with the Notes, (ii) the unsecured debt obligations with two of the Secured Lenders; and (iii) loan associated with the Group's office and shipyard complex (the "Property Loan").

Taking into consideration that the Consensual Sale Agreement, Management Agreements and the MOAs have been executed, the moratoria has been extended by the Court to 30 June 2022, the approval of the restructuring of notes payable by the noteholders, the approval of the Proposed Disposal, the Proposed Share Issuances, share consolidation and the Proposed Warrant Issuances by the shareholders, and the completion of the Proposed Disposal as announced on 10 March 2022, 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 2022, 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 2022. 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 2021.

2.2 Use of judgements and estimates (cont'd)

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 - Discontinued operations;
- Note 13 – 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 14 – 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's continuing operation is organised into two main operating business divisions based on their services and products:

I. The Ship Management business is engaged in managing, chartering and operating of offshore vessels supporting the offshore oil and gas industry.

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

As disclosed in Note 2 and Note 12, the Group has transferred the Sale Vessels to the Purchaser under the Proposed Disposal. The business of owning and chartering of the Sale Vessels were previously presented under the Offshore Support Services business and Subsea Services business segments of the Group. With the Sale Vessels being classified as discontinued operations, the Offshore Support Services business and Subsea Services business segments are no longer presented in this Note.

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.

4 Segment Information (cont'd)

1Q 2022	Ship Management US$'000	Shipyard US$'000	Total for Continuing Operations US$'000
Revenue:			
Sales	1,510	3,884	5,394
Inter-segment sales (Note A)	(30)	(767)	(797)
Sales to external customers	1,480	3,117	4,597
Results:			
Finance costs	(98)	(313)	(411)
Depreciation and amortisation	(26)	(715)	(741)
Share of results of joint ventures	–	–	–
Share of results of associates	–	–	–
Other non-cash expenses (Note B)	(930)	4	(926)
Segment (loss)/profit	(1,310)	21,437	20,127

1Q 2021	Ship Management US$'000	Shipyard US$'000	Total for Continuing Operations US$'000
Revenue:			
Sales	1,713	2,495	4,208
Inter-segment sales (Note A)	(45)	(1,309)	(1,354)
Sales to external customers	1,668	1,186	2,854
Results:			
Interest income	124	-	124
Finance costs	(191)	(396)	(587)
Depreciation and amortisation	(20)	(736)	(756)
Share of results of associates	2,397	–	2,397
Other non-cash expenses (Note B)	(1,156)	2	(1,154)
Segment profit/(loss)	10,969	(1,408)	9,561

4 Segment Information (cont'd)

	Ship Management US$'000	Shipyard US$'000	Adjustment (Note D) US$'000	Total US$'000
As at 31 March 2022				
Segment assets:				
Investment in associates	–	–	–	–
Investment in joint ventures	–	–	–	–
Additions to non-current assets (Note C)	265	3	–	268
Segment assets	73,445	46,909	1,100	121,454
Segment liabilities	395,890	42,963	–	438,853

	Ship Management US$'000	Shipyard US$'000	Adjustment (Note D) US$'000	Total US$'000
As at 31 December 2021				
Segment assets:				
Investment in associates	–	–	–	–
Investment in joint ventures	–	–	–	–
Additions to non-current assets (Note C)	–	19	1,882	1,901
Segment assets	108,569	44,686	139,122	292,377
Segment liabilities	573,556	63,889	–	637,445

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.

Note D: Pertain to assets held for sale as at 31 March 2022. For 31 December 2021, the amount pertains to assets held for sale (Note 12) and additions made to those vessels.

5. Disaggregation of revenue

Segments	Ship Management	Shipyard	Total for Continuing Operations
	US$'000	US$'000	US$'000
1Q 2022			
Type of services			
Lease revenue	163	–	163
Other ancillary time charter revenue	1,299	–	1,299
Ship repair income	–	3,112	3,112
Ship management fee income	18	–	18
Others	–	5	5
	1,480	3,117	4,597
Timing of transfer of services			
At a point in time	–	3,117	3,117
Over time	1,480	–	1,480
	1,480	3,117	4,597
1Q 2021			
Type of services			
Lease revenue	583	–	583
Other ancillary time charter revenue	981	–	981
Ship repair income	–	1,180	1,180
Ship management fee income	104	–	104
Others	–	6	6
	1,668	1,186	2,854
Timing of transfer of services			
At a point in time	–	1,186	1,186
Over time	1,668	–	1,668
	1,668	1,186	2,854

5. Disaggregation of revenue (cont'd)

Intercompany revenue

Upon the completion of the Debt Restructuring Plan, the Group will pivot into an asset-light full-fledged ship manager and continue to offer its expertise and services in the offshore marine industry. The Group will manage the majority of the Sale Vessels post completion of the Proposed Disposal. ENAV will also undertake to dry dock the Sale Vessels operating in Southeast Asia region at the Group's shipyard, subject to the yard availability and competitive pricing. Prior to the completion of the Debt Restructuring Plan, the ship management and ship repair services for the Sale Vessels were performed in-house by the Group's subsidiaries. The revenue from these services are not reflected in the statement of profit or loss and in the disaggregated revenue as they are eliminated upon consolidation. The intercompany sales are as follows:

	Ship Management	**Shipyard**	**Total**
	US$'000	US$'000	US$'000
1Q 2022	30	767	797
1Q 2021	45	1,309	1,354

Apart from chartering of its owned vessels, the Group also charters vessels owned by its joint venture and associate companies to third party customers. The gross profit/(loss) from chartering of the vessels not owned by its subsidiaries are as follow:

	US$'000
1Q 2022	772
1Q 2021	1,010

Geographical information

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

	Group	
	1Q 2022	**1Q 2021**
	US$'000	US$'000
Asia [(1)]	437	949
Singapore	3,883	1,234
Middle East	277	641
Latin America	–	30
	4,597	2,854

[(1)] Asia includes Papua New Guinea, Brunei, China, Thailand and Malaysia.

6. Profit before taxation for continuing operations

6.1. Significant items

	Group	
	1Q 2022	**1Q 2021**
	US$'000	US$'000
Income		
Gain on debt forgiveness of bank loan	22,258	9,265
Foreign exchange gains, net	396	1,610
Interest income	–	124
Net fair value gain on held for trading investment securities	6	–
Expenses		
Depreciation of property, plant and equipment (included in cost of sales)	541	559
Depreciation of property, plant and equipment (included in general and administrative expenses)	200	197
Impairment/(writeback of impairment) of doubtful receivables, net	35	(2)
Impairment of amounts due from related companies, net	891	1,156
Interest expense on bank loans carried at amortised cost	241	405

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	
	1Q 2022	**1Q 2021**
	US$'000	US$'000
Income		
Charter hire income:		
- Joint ventures	278	–
Ship repair income:		
- Associates	83	590
Interest income from:		
- Joint ventures	–	122
Management fee income from:		
- Joint ventures	47	54
Ship management fee income from:		
- Joint ventures	18	36
Miscellaneous income from:		
- Joint ventures	–	2
Expense		
Charter hire expense and other cost of sales to:		
- Joint ventures	–	614
Interest expense to:		
- A shareholder of a subsidiary	77	77

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					
	1Q 2022			**1Q 2021**		
	Continuing Operations	***Discontinued Operations***	***Total***	***Continuing Operations***	***Discontinued Operations***	***Total***
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Current income tax expense	24	4	28	–	14	14
Withholding tax expense	14	247	261	8	388	396
	38	251	289	8	402	410

8. Net asset value

	Group		Company	
	As at 31 March 2022	**As at 31 December 2021**	**As at 31 March 2022**	**As at 31 December 2021**
Net liability value (US$'000)	(305,486)	(333,257)	(212,777)	(256,393)
Total number of ordinary shares issued ('000)	715,428	715,428	715,428	715,428
Net liability value per ordinary share (US cents)	(42.7)	(46.6)	(29.7)	(35.8)

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 31 March 2022	**As at 31 December 2021**
	US$'000	US$'000
Movement in allowance accounts:		
At 1 January	13,971	13,917
Charge for the period	137	295
Write back of allowance	(36)	(16)
Written off during the period	–	(225)
At end of financial period	14,072	13,971

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 31 March 2022	**As at 31 December 2021**	**As at 31 March 2022**	**As at 31 December 2021**
	US$'000	US$'000	US$'000	US$'000
Movement in allowance accounts:				
At 1 January	114,931	101,082	360,614	280,232
Charge/(writeback) for the period	12,485	12,986	(42,850)	83,003
ECL adjustment to interest income	272	970	–	–
Exchange differences	(22)	(107)	(390)	(2,621)
At end of financial period	127,666	114,931	317,374	360,614

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:

	31 March 2022 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	16	–	16
Equity securities at FVOCI			
Unquoted equity securities	–	–	–
Financial assets as at 31 March 2022	16	–	16

	31 December 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	9	–	9
Equity securities at FVOCI			
Unquoted equity securities	–	–	–
Financial assets as at 31 December 2021	9	–	9

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			
31 March 2022			
Assets			
Trade receivables	25,120	–	–
Other receivables	7,058	–	–
Amounts due from related companies	26,178	–	–
Investment securities	–	16	–
Cash and bank balances	17,145	–	–
	75,501	16	–
31 December 2021			
Assets			
Trade receivables	22,004	–	–
Other receivables	1,863	–	–
Amounts due from related companies	62,815	–	–
Investment securities	–	9	–
Cash and bank balances	21,591	–	–
	108,273	9	–

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	
	31 March 2022	31 December 2021
	US$'000	US$'000
Group		
Liabilities		
Trade payables	15,822	13,298
Other liabilities	103,643	124,796
Amounts due to related companies	10,627	10,479
Bank loans	216,601	386,584
Notes payable	73,880	74,110
Lease liabilities	8,203	8,314
	428,776	617,581

	Financial assets at amortised cost	
	31 March 2022	31 December 2021
	US$'000	US$'000
Company		
Assets		
Other receivables	2,003	–
Amounts due from related companies	28	–
Cash and bank balances	3,821	1,468
	5,852	1,468

	Financial liabilities at amortised cost	
	31 March 2022	31 December 2021
	US$'000	US$'000
Company		
Liabilities		
Other liabilities	12,061	12,501
Amounts due to related companies	132,842	168,329
Notes payable	73,880	74,110
	218,783	254,940

12. Discontinued operations

On 26 October 2021, the Group has entered into the Consensual Sale Agreement with the Secured Lenders and Purchaser to effect the Proposed Disposal as described in Note 2. The Group has on 26 January 2022 entered into the MOAs for the transfer and delivery of the Sale Vessels. On 23 February 2022, the shareholders have approved the Proposed Disposal. The Sale Vessels are available for immediate sale and can be sold to the Purchaser in its current condition. The Proposed Disposal was completed in March 2022.

The Proposed Disposal involves 33 Sale Vessels of which 28 Sale Vessels are owned by the Group's subsidiaries and 5 Sale Vessels are owned by the joint venture and associate companies. The 28 Sale Vessels were classified as assets held for sale as at 26 October 2021, and the entire results from the disposal group was presented separately on the consolidated income statement as a discontinued operation for the year ended 31 December 2021 and for the period ended 31 March 2022. The disposal group was previously presented under the Offshore Support Services and Subsea Services operating segments.

The net cash flows incurred by the disposal group are as follows:

	1Q 2022 US$'000	**1Q 2021** US$'000
Operating	1,522	1,609
Investing	–	(2,114)
Financing	2	–
Net cash inflow/(outflow)	1,524	(505)

Write-down of property, plant and equipment

In 2021 immediately before the classification of the Sale Vessels as discontinued operations, the recoverable amount was estimated for the vessels. The Group has estimated the fair value of the vessels based on the settlement consideration amount in the Consensual Sale Agreement. This is the aggregate consideration to be received by the Group via waiver and discharge of bank debts, in exchange for the transfer of the Sale Vessels.

An impairment loss of US$14,080,000 was recognised on 26 October 2021 and recorded in discontinued operations in the income statement. Following the classification, no further impairment was identified to reduce the carrying amount of the vessels forming the disposal group to their fair value less costs to sell.

As at 31 December 2021, there was no further write-down as the carrying amount of the disposal group did not fall below its fair value less costs to sell.

13. Property, plant and equipment

During the three months ended 31 March 2022, the Group acquired assets amounting to US$1,368,000 (31 March 2021: US$2,121,000). This is mainly attributed to the re-purchase of two of the Sale Vessels from the Purchaser subsequent to the Proposed Disposal and the Group has also entered into a sale agreement with a third party to sell these two vessels. During the same period, the Group disposed of assets with net carrying amount of US$Nil (31 March 2021: US$329,000). For FY2021, the Group has also reclassified its vessels amounting to US$139,122,000 to assets held for sale, pursuant to effecting the Proposed Disposal on 26 October 2021, as explained in Note 12. As announced on 10 March 2022, the Proposed Disposal was completed.

13. Property, plant and equipment (cont'd)

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 31 March 2022, the Group has considered both external and internal sources of information and assessed that there is no indication that its vessels, property and buildings may be impaired.

14. Bank loans

	Group			
	Secured		**Unsecured**	
	As at 31 March 2022 US$'000	**As at 31 December 2021** US$'000	**As at 31 March 2022** US$'000	**As at 31 December 2021** US$'000
Amount repayable within one year or on demand	–	386,584	187,054	–
Amount repayable after one year	29,547	–	–	–

As disclosed in Note 2, the Proposed Disposal was completed in March 2022. Accordingly, the Secured Lenders discharged approximately US$200 million of the secured indebtedness owed by the Group and released and/or discharged all security interests and guarantees in connection thereto. The bank loans remaining as at 31 March 2022 were unsecured except for US$29,547,000 relating to the Property Loan which is secured by the mortgaged building and mortgaged shipyard.

As at 31 December 2021 prior to the completion of the Proposed Disposal, the bank loans were secured by:

- First legal mortgages over assets held for sale of the Group, with carrying amounts of US$139,122,000;
- Escrow mortgages over the buildings, shipyard and plant and equipment of the Group, with carrying amounts of US$34,433,000;
- 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.

Under the restructured Property Loan, the debt outstanding was reduced to US$29,547,000 and correspondingly a gain on debt forgiveness of US$22,258,000 was recognised in 1Q 2022. The terms of Property Loan include options for the lender and Company to sell the property, and advance interest payments. As at 31 March 2022, cash balance of US$1,717,000 are restricted for payment of the advance interest.

An amount of US$18,000,000 of the restructured Property Loan (31 December 2021: US$386,584,000 of the bank loans) was secured by corporate guarantees from the Company.

14. 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$49,803,000 (31 December 2021: US$85,288,000).

15. Notes payable

The notes payable was 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 noteholders have approved the proposed restructuring of the notes payable on 21 April 2021. The Redemption of the notes payable was approved by shareholders on 23 February 2022.

16. Share capital and treasury shares

(i) *Share capital*

	Group and Company			
	31 March 2022		**31 December 2021**	
	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 year	725,755	162,854	725,755	162,854

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

16. Share capital and treasury shares (cont'd)

(ii) ***Treasury shares***

	Group and Company			
	31 March 2022		**31 December 2021**	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Balance at the beginning and end of the period	(10,327)	(2,135)	(10,327)	(2,135)

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

The Company's total issued shares excluding treasury shares is 715,428,013 as at 31 March 2022 (31 December 2021: 715,428,013)

17. Subsequent events

There were no significant subsequent events for the period ended 31 March 2022.

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 31 March 2022 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 three months ended 31 March 2022 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 FY2021 financial statements due to the following reasons:

(i) use of the going concern assumption;

(ii) unable to obtain sufficient appropriate audit evidence for the carrying amount of assets held for sale and associated impairment charge for property, plant and equipment; and

(iii) 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 FY2021 annual report.

On item (ii):
The Group has estimated the fair value of the vessels based on the settlement consideration amount in the Consensual Sale Agreement. This is the aggregate consideration to be received by the Group via waiver and discharge of bank debts, in exchange for the transfer of the Sale Vessels.

On item (iii):
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 were 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.

The Board confirms that the impact of the aforementioned issues has been adequately disclosed in the FY2021 financial statements (Note 3 and 9 of the FY2021 Group financial statements) and this set of interim condensed financial statements (Note 12 and 14).

2. Review of performance of the Group

Revenue

1Q 2022 vs 1Q 2021

Revenue decreased by approximately US$0.3 million or 2% from US$13.6 million in 1Q 2021 to US$13.3 million in 1Q 2022.

The decrease was attributed mainly to the decrease in revenue from the chartering of Offshore Support vessels of US$3.6 million or 33% from US$10.9 million in 1Q 2021 to US$7.3 million in 1Q 2022 due to lower utilisation of vessels.

This was partially offset by the increase in revenue from the chartering of Subsea vessels of US$1.4 million or 90% from US$1.5 million in 1Q 2021 to US$2.9 million in 1Q 2022 due to higher utilisation of vessels. Revenue from the ship repair services also increased by US$1.9 million from US$1.2 million in 1Q 2021 to US$3.1 million in 1Q 2022 due to higher completion of ship repair works.

Gross profit

1Q 2022 vs 1Q 2021

Gross profit increased by approximately US$3.1 million from gross loss of US$1.3 million for 1Q 2021 to US$1.8 million for 1Q 2022.

The increase was mainly attributable to improved performances from the chartering of Offshore Support vessels, chartering of Subsea vessels and ship repair services.

Other operating income

1Q 2022 vs 1Q 2021

Other operating income increased by approximately US$32.2 million from US11.4 million in 1Q 2021 to US$43.6 million in 1Q 2022.

The increase was mainly due to gain on sale of vessels of $17.0 million, higher gain on debt forgiveness of bank loans of US$13.0 million and gain on release of financial guarantee liabilities of U$3.0 million in 1Q 2022. This was partially offset by lower foreign exchange gain of US$1.4 million in 1Q 2022.

General and administrative expenses

1Q 2022 vs 1Q 2021

General and administrative expenses increased by approximately US$2.2 million or 62% from US$3.5 million in 1Q 2021 to US$5.7 million in 1Q 2022, mainly due to commitment fee paid to the Purchaser in 1Q 2022.

Other operating expenses

1Q 2022 vs 1Q 2021

Other operating expenses increased by approximately US$11.9 million from US$1.6 million in 1Q 2021 to US$13.5 million in 1Q 2022.

The increase was mainly attributable to increase in doubtful debt expenses of US$12.3 million.

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

Finance costs

1Q 2022 vs 1Q 2021

Finance costs increased by approximately US$0.3 million or 8% from US$4.2 million in 1Q 2021 to US$4.5 million in 1Q 2022.

The increase was mainly attributable to higher overdue interest charges.

Share of results of joint ventures

1Q 2022 vs 1Q 2021

Share of results of joint venture was US$1.5 million gain for 1Q 2022, compared to $Nil for 1Q 2021.

This was attributable to the realisation of deferred gain on sale of vessels to joint ventures for 1Q 2022.

Share of results of associates

1Q 2022 vs 1Q 2021

Share of results of associates was US$4.6 million gain for 1Q 2022, compared to U$2.4 million gain for 1Q 2021.

This was attributable to the realisation of deferred gain on sale of vessels to an associate for both periods.

Taxation

1Q 2022 vs 1Q 2021

Taxation expense decreased by approximately US$0.1 million from US$0.4 million in 1Q 2021 to US$0.3 million in 1Q 2022.

This was mainly attributed to lower withholding taxes in 1Q 2022.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US$47.5 million as at 31 March 2022. The decrease in non-current assets from US$48.2 million as at 31 December 2021 was mainly attributable to the decrease in property, plant and equipment by US$0.6 million due to depreciation of US$0.8 million, partially offset by additions of US$0.3 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$73.9 million as at 31 March 2022. The decrease in current assets from US$244.2 million as at 31 December 2021 was mainly due to:

(i) the decrease in assets held for sale by US$138.0 million;

(ii) the decrease in amounts due from related companies by US$36.6 million; and

(iii) the decrease in cash and bank balances by US$4.4 million.

This was partially offset by:

(iv) the increase in other receivables by US$5.6 million; and

(v) the increase in trade receivables by US$3.1 million.

Current liabilities

The Group's current liabilities amounted to US$395.4 million as at 31 March 2022. The decrease in current liabilities from US$617.8 million as at 31 December 2021 was attributed mainly to:

(i) the decrease in current bank loans by US$199.5 million due to settlement and debt forgiveness of bank loans arising from the debt restructuring exercise;

(ii) the decrease in other liabilities by US$25.3 million mainly due to settlement and debt forgiveness of interest expense; and

(iii) the decrease in notes payable by US$0.2 million due to foreign exchange movement.

This was partially offset by:

(iv) the increase in trade payables by US$2.5 million; and

(v) the increase in amounts due to related parties by US$0.1 million.

The Group is in negative working capital position of US$321.5 million as at 31 March 2022. 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$43.5 million as at 31 March 2022. Non-current liabilities increased from US$19.7 million as at 31 December 2021 primarily due to the

(i) the increase in non-current bank loans by US$29.5 million due to restructuring of the property loans.

This was partially offset by:

(ii) realisation of deferred gain on sale of vessels to an associate and joint ventures of US$4.6 million and US$1.5 million respectively.

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

REVIEW OF CASH FLOWS

In 1Q 2022, the Group incurred net cash outflow of US$4.4 million.

Net cash outflow from operating activities was US$3.0 million. This was mainly due to net working capital inflow of US$0.8 million, partially offset by cash outflow from operating activities before working capital changes of US$3.3 million, and net interest and taxes paid of US$0.5 million.

Net cash outflow from investing activity was US$1.4 million. This was due to purchase of property, plant and equipment.

Net cash outflow from financing activities was US$5.1 million. This was mainly due to (i) commitment fee paid to the Purchaser of US$5 million, of which US$2 million will be refunded to the Group after it has successfully completed the Proposed Scheme of Arrangement, and (ii) payment of principal portion of lease liabilities of US$0.1 million.

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.

To complete the Debt Restructuring Plan, the Group will convene meetings for the Proposed Schemes of Arrangement in later part of 2Q 2021 or early part of 3Q 2022. In this regard, the Secured Lenders involved have undertaken to attend and vote in favour of the Proposed Schemes of Arrangement.

With the restructuring efforts coming to fruition, the Group will reposition itself for the next phase by leveraging on its reputation as a quality owner-operator and its deep expertise in ship management built over the years to successfully transition to a full-fledge ship management business. It will also devote resources to drive growth in the offshore wind space.

The Group has commenced implementation of a new marine enterprise resource planning system to streamline the end-to-end workflow for all core functions to support the ship management activities. The full implementation of the new system will create a platform that coordinates workflow across the entire value chain that spans the chartering, crewing, procurement, operations, technical, finance, as well as the quality, health, safety and environment departments, and will enable the Group to reap economies of scale as it seeks to expand its ship management activities. The Group is hopeful that it will be able to cross over to the new system by the end of the year.

At the same time, the Group is stepping up its efforts to tap the growing opportunities in the offshore wind market. The shift towards offshore wind and other green and renewable energy sources has accelerated due to climate change and the urgent need to decarbonise. The burgeoning growth in the offshore wind market and the transferability of the core expertise of the Group to tap this market presents new opportunities for growth for the Group in the coming year.

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. In the review of performance, the factors leading to any material change in contributions to turnover and earnings by the business or geographical segments

Refer to part 2 and 4.

8. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

9. 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.

10. 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 2022 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 2022