

Condensed Interim Consolidated Financial Statements for the Six Months And Full Year Ended 31 December 2021 (Unaudited)

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst ("Catalist Rules"), the Company is required by the SGX-ST to continue to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company's auditors in the latest audited financial statements for the financial year ended 31 December 2020.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("Sponsor"), in accordance with Rule 226(2)(b) of the Catalist Rules.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Note	The Group					
		4Q 2021	4Q 2020	Change	FY 2021	FY 2020	Change
		S\$'000 (Unaudited)	S\$'000 (Unaudited)	%	S\$'000 (Unaudited)	S\$'000 (Audited)	%
Revenue	4	2,352	3,959	(41)	10,743	17,187	(37)
Cost of sales		(1,851)	(3,400)	(46)	(7,507)	(12,206)	(38)
Gross Profit		501	559	(10)	3,236	4,981	(35)
Other income		(11)	(500)	(98)	25,110	1,391	1705
Interest income		1	3	(67)	5	7	(29)
Marketing and distribution expenses		(289)	(11)	2527	(553)	(127)	335
Administrative expenses		(1,143)	(2,170)	(47)	(5,937)	(7,845)	(24)
Other operating expenses		(2,592)	(15,364)	(83)	(2,686)	(16,827)	(84)
Finance costs		-	(4,059)	(100)	(678)	(6,956)	(90)
(Loss)/Profit before tax	5	(3,533)	(21,542)	(84)	18,497	(25,376)	NM
Income tax expenses	8	-	(129)	(100)	(1)	(85)	(99)
(Loss)/Profit after tax from continuing operations		(3,533)	(21,671)	(84)	18,496	(25,461)	NM
<u>Discontinued operations</u>							
Loss after tax from discontinued operations		-	(627)	(100)	-	(627)	(100)
(Loss)/Profit for the period/year		(3,533)	(22,298)	(84)	18,496	(26,088)	NM
Other comprehensive income:							
<i>Items that may be reclassified subsequently to profit or loss:</i>							
Foreign currency translation		222	797	(72)	(673)	554	NM
Other comprehensive income for the period/year, net of tax		222	797	(72)	(673)	554	NM
Total comprehensive income for the period/year		(3,311)	(21,501)	(85)	17,823	(25,534)	NM
(Loss)/Profit attributable to:							
Owners of the Company							
- (Loss)/Gain from continuing operations, net of tax		(3,511)	(21,715)	(84)	18,446	(25,419)	NM
- Loss from discontinued operations, net of tax		-	(627)	(100)	-	(627)	(100)
Non-controlling interests		(22)	44	NM	50	(42)	NM
		(3,533)	(22,298)	(84)	18,496	(26,088)	NM
Total comprehensive income attributable to:							
Owners of the Company							
- (Loss)/Gain from continuing operations, net of tax		(3,289)	(20,918)	(84)	17,773	(24,865)	NM
- Loss from discontinued operations, net of tax		-	(627)	(100)	-	(627)	(100)
Non-controlling interests		(22)	44	NM	50	(42)	NM
		(3,311)	(21,501)	(85)	17,823	(25,534)	NM

1 (b)(i) Condensed Interim Statements of Financial Position As at 31 December 2021

	Note	The Group S\$'000		The Company S\$'000	
		31-Dec-21 (Unaudited)	31-Dec-20 (Audited)	31-Dec-21 (Unaudited)	31-Dec-20 (Audited)
Equity attributable to owners of the Company					
Share capital	13	104,811	102,605	104,811	102,605
Treasury shares	14	(528)	(528)	(528)	(528)
Reserves		(104,936)	(122,710)	(106,341)	(118,256)
		(653)	(20,633)	(2,058)	(16,179)
Non-controlling interests		(3)	(53)	-	-
Total equity		(656)	(20,686)	(2,058)	(16,179)
Non-current assets					
Property, plant and equipment	12	67	141	4	7
Investment in subsidiaries		-	-	-	4,460
Intangible assets		-	832	-	-
		67	973	4	4,467
Current assets					
Inventories		829	2,233	-	-
Trade receivables		2,009	19,143	-	-
Contract assets		2,125	3,203	-	-
Prepayments		114	116	21	15
Other receivables and deposits		348	1,046	134	168
Cash and cash equivalents		1,371	2,559	95	18
		6,796	28,300	250	201
Total assets		6,863	29,273	254	4,668
Current liabilities					
Trade payables		2,896	2,563	-	-
Contract liabilities		572	938	-	-
Other payables and accruals		2,561	30,633	822	1,489
Tax payable		-	7	-	-
Term loans		1,490	8,661	1,490	-
Redeemable exchangeable bonds		-	7,156	-	-
Due to subsidiaries (non-trade)		-	-	-	19,358
		7,519	49,958	2,312	20,847
Non-current liabilities					
Deferred tax liabilities		-	1	-	-
		-	1	-	-
Total liabilities		7,519	49,959	2,312	20,847
Net liabilities		(656)	(20,686)	(2,058)	(16,179)

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

	As at 31 December 2021		As at 31 December 2020	
	S\$'000	S\$'000	S\$'000	S\$'000
	Secured	Unsecured	Secured	Unsecured
Amount repayable in one year or less, or on demand				
- Term loans	1,000	490	13,520	-
- Redeemable exchangeable bonds	-	-	11,742	-
Amount repayable in more than one year	-	-	-	-

Details of any collateral

As at 31 December 2021, the Group's secured borrowings were secured by a fixed and floating charge over all assets of the Company. As at 31 December 2020, the Group's borrowings were secured by corporate guarantees.

1 (c) Condensed Interim Consolidated Statement of Cash Flows

	The Group	
	FY 2021 S\$'000 (Unaudited)	FY 2020 S\$'000 (Audited)
Cash flows from operating activities:		
Profit/(Loss) before tax from continuing operations	18,496	(25,376)
Loss before tax from discontinued operations	-	(712)
Adjustments for:		
Amortisation of intangible assets	-	10
Depreciation of property, plant and equipment	108	1,581
Inventories written down	1,413	9,801
Inventories written off	-	69
Impairment loss on trade receivables	-	98
(Loss)/Gain on disposal of plant and equipment	(3)	2
Impairment loss on goodwill	818	6,345
Impairment loss on other receivables	-	65
Impairment loss on quoted equity investments	-	40
Gain from reversal of liabilities upon completion of the Scheme of Arrangement	(23,954)	-
Interest expense	678	8,065
Interest income	(5)	(7)
Gain on disposal of subsidiary	-	(758)
Unrealised exchange (gain)/loss	(702)	445
Operating loss before working capital changes	(3,151)	(332)
Changes in working capital:		
Inventories	(8)	1,034
Trade receivables	17,139	4,807
Due from customers for contracts work-in-progress	1,077	1,633
Other receivables, deposits and prepayments	452	(168)
Trade payables	322	(3,107)
Due to customers for contracts work-in-progress	(366)	(1,794)
Other payables and accruals	(19,947)	(914)
Cash flows (used in)/from operations	(4,482)	1,159
Interest received	5	7
Net cash flows (used in)/from operating activities	(4,477)	1,166
Cash flows from investing activities		
Purchase of property, plant and equipment	(45)	(34)
Proceeds from disposal of plant and equipment	4	-
Proceeds from disposal of intangible assets	15	-
Net cash inflow from disposal of subsidiary companies	-	(129)
Cash flows used in investing activities	(26)	(163)
Cash flows from financing activities		
Repayment of loans and borrowings	(110)	(541)
Repayment of redeemable exchangeable bonds	(91)	-
Proceeds from loans and borrowings	1,490	-
Proceeds from issuance of shares pursuant to placement shares	2,000	-
Payment of finance lease obligations	-	(264)
Cash flows from/(used in) financing activities	3,289	(805)
Net (decrease)/increase in cash and cash equivalents	(1,215)	198
Effect of exchange rate changes on cash and cash equivalents	27	(4)
Cash and cash equivalents at beginning of year	2,559	2,365
Cash and cash equivalents at end of year	1,371	2,559

1 (d)(i) Condensed Interim Statements of Changes in Equity

	Share capital	Treasury shares	Translation reserve	The Group Other reserves	Accumulated (losses)/profits	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 31 December 2020							
Balance as at 1 January 2020	102,605	(528)	(1,520)	114	(95,812)	(11)	4,848
Loss for the year	-	-	-	-	(25,419)	(42)	(25,461)
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	554	-	-	-	554
Other comprehensive income for the year, net of tax	-	-	554	-	-	-	554
Total comprehensive income for the year	-	-	554	-	(25,419)	(42)	(24,907)
Balance as at 31 December 2020	102,605	(528)	(966)	114	(121,858)	(53)	(20,686)

	Share capital	Treasury shares	Translation reserve	The Group Other reserves	Accumulated (losses)/profits	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 31 December 2021							
Balance as at 1 January 2021	102,605	(528)	(966)	114	(121,858)	(53)	(20,686)
Profit for the year	-	-	-	-	18,446	50	18,496
<u>Other comprehensive income</u>							
Foreign currency translation	-	-	(673)	-	-	-	(673)
Other comprehensive income for the year, net of tax	-	-	(673)	-	-	-	(673)
Total comprehensive income for the year	-	-	(673)	-	18,446	50	17,823
<u>Contributions by and distribution to owners</u>							
Issuance of shares pursuant to the placement shares	2,206	-	-	-	-	-	2,206
Total transactions with owners in their capacity as owners	2,206	-	-	-	-	-	2,206
<u>Changes in ownership interests in subsidiary</u>							
Disposal of subsidiary	-	-	-	-	-	-	-
Balance as at 31 December 2021	104,811	(528)	(1,639)	114	(103,412)	(3)	(656)

	Share capital	Treasury shares	The Company Other reserves	Accumulated (losses)/profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 31 December 2020					
Balance as at 1 January 2020	102,605	(528)	114	(100,832)	1,359
Loss for the year	-	-	-	(17,538)	(17,538)
Total comprehensive income for the year	-	-	-	(17,538)	(17,538)
Balance as at 31 December 2020	102,605	(528)	114	(118,370)	(16,179)

	Share capital	Treasury shares	The Company Other reserves	Accumulated (losses)/profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Year ended 31 December 2021					
Balance as at 1 January 2021	102,605	(528)	114	(118,370)	(16,179)
Profit/(loss) for the year	-	-	-	(4,325)	(4,325)
Total comprehensive income for the year	-	-	-	(4,325)	(4,325)
<u>Contributions by and distribution to owners</u>					
Issuance of shares pursuant to the placement shares	2,206	-	-	-	2,206
Total transactions with owners in their capacity as owners	2,206	-	-	-	2,206
<u>Other</u>					
Write-back of amounts due to related companies	-	-	16,240	-	16,240
Balance as at 31 December 2021	104,811	(528)	16,354	(122,695)	(2,058)

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Viking Offshore and Marine Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 21 Kian Teck Road, Singapore 628773.

The principal activities of the Company are the provision of management and other services to related companies and investment holding. The principal activities of the Company's subsidiaries are disclosed in Note 15 to the audited consolidated financial statements of the Group for the year ended 31 December 2020 included in the Company's annual report for FY2020.

2. Basis of preparation

The condensed interim consolidated financial statements for the twelve months ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore.

The condensed interim consolidated 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 audited consolidated financial statements for the year ended 31 December 2020. The condensed interim consolidated financial statements should be read in conjunction with the accompanying explanatory notes attached to the condensed interim consolidated financial statements and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

The accounting policies and methods of computation adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("SFRS(I) INT"), except for the adoption of new and revised SFRS(I)s and SFRS(I) INTs which are relevant to the Group's operations and become effective for annual periods beginning on or after 1 January 2021. The adoption of these new and revised SFRS(I)s and SFRS(I) INT does not result in changes to the accounting policies of the Group and the Company and has no material effect on the amounts reported for the current or prior period.

The condensed interim consolidated financial statements have been prepared on a going concern basis in view that the Group and the Company have successfully completed the financial restructuring exercise in August 2021 and the Company has completed a placement exercise of 10,987,143 new shares in the Company in January 2022, raising gross proceeds of approximately S\$880,000.

The condensed interim consolidated financial statements are presented in Singapore dollars ("S\$" or "SGD") which is the Company's functional currency.

3. Seasonal operations

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

4. Revenue Information

Disaggregation of revenue

Segments

Group	Offshore and marine		Offshore and marine	
	4Q 2021 S\$'000 (Unaudited)	4Q 2020 S\$'000 (Unaudited)	FY 2021 S\$'000 (Unaudited)	FY 2020 S\$'000 (Audited)
Primary geographical markets				
Australia	4	67	423	318
Europe	6	250	314	333
Indonesia	458	1,409	1,645	2,916
Malaysia	44	193	459	723
Middle East	85	234	348	1,036
People's Republic of China	239	514	1,396	1,402
Singapore	1,417	1,257	5,945	10,304
Vietnam	70	5	96	25
Others	41	30	118	130
	<u>2,352</u>	<u>3,959</u>	<u>10,743</u>	<u>17,187</u>
Major service lines				
Sale of goods	262	1,678	2,878	6,549
Project revenue	1,648	1,929	5,144	8,021
Rendering services	442	352	2,722	2,617
	<u>2,352</u>	<u>3,959</u>	<u>10,743</u>	<u>17,187</u>
Timing of transfer of goods or services				
At a point in time	262	2,028	2,878	6,549
Over time	2,090	1,931	7,865	10,638
	<u>2,352</u>	<u>3,959</u>	<u>10,743</u>	<u>17,187</u>

A breakdown of sales

	The Group		Change %
	FY 2021 S\$'000 (Unaudited)	FY 2020 S\$'000 (Audited)	
Sales reported for first half year	4,674	7,920	(41)
Operating loss after tax from continuing operations before deducting non-controlling interests reported for first half year	(2,201)	(1,714)	28
Sales reported for second half year	6,069	9,267	(35)
Operating profit/(loss) after tax from continuing operations before deducting non-controlling interests reported for second half year	20,697	(23,747)	NM

5. Profit/(Loss) before tax from continuing operations is derived at after

	The Group				
	4Q 2021 S\$'000 (Unaudited)	4Q 2020 S\$'000 (Unaudited)	Change %	FY 2021 S\$'000 (Unaudited)	FY 2020 S\$'000 (Audited)

Crediting/(charging) :

Depreciation of property, plant and equipment	(14)	(124)	(89)	(108)	(153)	(29)
Amortisation of intangible assets	-	(1)	(100)	-	(10)	(100)
(Loss)/Gain on disposal of plant and equipment	-	(2)	(100)	3	(2)	NM
(Loss)/Gain on foreign exchange	(151)	(1,366)	(89)	795	(529)	NM
Trade receivables written off	1	-	NM	1	-	NM
Impairment loss on goodwill	(818)	(6,345)	(87)	(818)	(6,345)	(87)
Impairment loss on quoted equity investment	-	(40)	(100)	-	(40)	(100)
Impairment loss on trade receivables	-	(96)	(100)	-	(96)	(100)
Impairment loss on other receivables	-	(36)	(100)	-	(36)	(100)
Inventories written down	(1,446)	(9,791)	(85)	(1,413)	(9,801)	(86)
Inventories written off	-	(69)	(100)	-	(69)	(100)
Gain on disposal of subsidiary	-	758	(100)	-	758	(100)
Gain from reversal of liabilities upon completion of the Scheme of Arrangement	620	-	NM	23,954	-	NM
Gain from final settlement from legal dispute	-	470	(100)	-	470	(100)

NM: Not meaningful

Geographical Segment

	Revenue		Non-current assets	
	FY 2021 S\$'000	FY 2020 S\$'000	FY 2021 S\$'000	FY 2020 S\$'000
Europe	314	333	-	-
Indonesia	1,645	2,916	-	2
Malaysia	459	724	-	5
Middle East	348	1,036	-	-
People's Republic of China	1,396	1,402	-	4
Singapore	5,946	10,304	67	962
Republic of Seychelles	-	-	-	-
British Virgin Islands	-	-	-	-
Others	636	472	-	-
	<u>10,744</u>	<u>17,187</u>	<u>67</u>	<u>973</u>

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

Performance by Business Segments

The decrease in revenue from Offshore and Marine was due to a lower order book brought forward as well as the difficulty in securing orders and converting them within the year into revenue, which has been made worst by delays due to the COVID-19 pandemic.

Performance by Geographical Segments

The Group's revenue mostly declined for all geographical segments in FY2021 in the offshore and marine industries. The revenue decreased in general due to lack of available contracts, the consumption of remaining orders in hand and delays due to the COVID-19 pandemic.

The Group will continue to focus on growth in the emerging markets to diversify its customer base to sustain business volume.

10. Net asset value

	Group cents		Company cents	
	31-Dec-21	31-Dec-20	31-Dec-21	31-Dec-20
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	(0.12)	(1.88)	(2.52)	(1.47)

Net asset value per ordinary share is calculated based on 549,359,674 ordinary shares as at 31 December 2021 (31 December 2020: 1,098,719,574 shares), excluding treasury shares.

11. Earnings/(Loss) per ordinary share

	4Q 2021 cents	4Q 2020 cents	FY 2021 cents	FY 2020 cents
Earnings/(Loss) per ordinary share				
(i) Based on the weighted average number of ordinary share in issue	(0.64)	(1.98)	8.50	(2.37)
(ii) On a fully diluted basis (detailing any adjustments made to the profit/(loss))	(0.64)	(1.98)	8.50	(2.37)
Earnings/(Loss) per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share in issue	(0.64)	(1.98)	8.50	(2.31)
(ii) On a fully diluted basis (detailing any adjustments made to the profit/(loss))	(0.64)	(1.98)	8.50	(2.31)
Computed based on the following weighted average number of shares				
Basic	549,359,674	1,098,719,574	217,034,635	1,098,719,574
Diluted	549,359,674	1,098,719,574	217,034,635	1,098,719,574

As at 31 December 2021, adjusted warrants of 1,949,801 (after completion of a consolidation of every 50 warrants into 1 adjusted warrant in August 2021) (31 December 2020: 97,491,109) have not been included in the calculation of diluted loss per share because they are anti-dilutive.

12. Property, plant and equipment

During the twelve months ended 31 December 2021, the Group acquired assets amounting to S\$45,264 (twelve months ended 31 December 2020: S\$33,754). There was no disposal of assets during the twelve months ended 31 December 2021 and 2020.

13. Share capital

Movements in Share Capital Group and Company

	2021		2020	
	No. of shares	S\$'000	No. of shares	S\$'000
<i>Issued and paid up:</i>				
At 1 January	1,106,681,074	102,608	1,106,681,074	102,605
Share consolidation ^(a)	(1,084,547,558)	-	-	-
Issuance of new shares ^(b)	527,385,388	2,203	-	-
As at 30 September, 1 October and 31 December	549,518,904	104,811	1,106,681,074	102,605

Notes:

(a) On 12 August 2021, the Company completed the share consolidation of every 50 existing ordinary shares in the capital of the Company into 1 ordinary share in the capital of the Company ("Consolidated Share"), and the issued share capital of the Company comprised 21,974,286 Consolidated Shares (excluding 159,230 treasury shares).

(b) On 17 August 2021, the Company allotted and issued 477,943,013 Placement Shares to the placees, and 49,442,375 Conversion Shares to Scheme Creditors, and the total number of issued Shares of the Company increased from 21,974,286 Consolidated Shares (excluding 159,230 treasury shares) to 549,359,674 Consolidated Shares (excluding 159,230 treasury shares).

	As at 31 December 2021		As at 31 December 2020	
	No. of shares	S\$'000	No. of shares	S\$'000
Total number of issued shares	549,518,904	104,811	1,106,681,074	102,605
Number of treasury shares	(159,230)	(528)	(7,961,500)	(528)
Net number of issued shares	<u>549,359,674</u>	<u>104,283</u>	<u>1,098,719,574</u>	<u>102,077</u>

As at 31 December 2021, the total number of ordinary shares in issue was 549,518,904 of which 159,230 (0.03% of total number of issued shares) were held by the Company as treasury shares (31 December 2020: 1,106,681,074 ordinary shares and 7,961,500 treasury shares (0.7% of total number of issued shares)).

	As at 31 December 2021	As at 31 December 2020
No. of shares that may be issued upon conversion of all outstanding convertibles in relation to the warrants of the Company	1,949,801	97,491,109

There were no subsidiary holdings as at the end of the current financial period reported on and as at the end of the immediately preceding financial period.

14. Treasury shares

	No. of shares	S\$'000
Number of treasury shares as at 30 September and 31 December 2021	159,230	528

On 12 August 2021, the Company completed the share consolidation of every 50 existing ordinary shares in the capital of the Company into 1 Consolidated Share, and as such, the number of treasury shares reduced from 7,961,500 to 159,230.

15. Subsidiary holdings

There were no subsidiary holdings during and as at the end of the current financial period reported on.

16. Subsequent events

On 28 January 2022, approximately 11 million shares of the Company were allotted and issued to a placee, representing approximately 1.96% of the enlarged issued share capital of the Company, at an issue price of S\$0.0801, raising gross proceeds of approximately S\$0.88 million. The proceeds, after deduction of estimated fees and expenses, are intended for general working capital for operating and administrative expenses. The share placement exercise does not affect the condensed interim consolidated financial statements of the Company for the financial year ended 31 December 2021.

Other information required by Appendix 7C of the Catalyst Rules

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

The figures have not been audited or reviewed by the Group's auditors.

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

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

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

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

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2020 included a disclaimer of opinion on material uncertainty relating to going concern.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the most recent audited financial statements for the financial year ended 31 December 2020, except for those disclosed under Paragraph 4.

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

The Group has adopted all the new standards, amendments to standards and interpretations that are relevant to the Group and the Company, and which are effective from the annual periods beginning on 1 January 2021. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

5 A review of the performance of the group to the extent necessary for a reasonable understanding of the business. It must include a discussion of the following:—

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Financial Performance

Revenue in FY2021 was 37% lower as compared to FY2020 due to the lower revenue generated from the offshore and marine services, and systems engineering projects largely as a result of lower order book carried forward. The gross profit decreased at a lower rate of 35% due to better margins for FY2021 as a result of better revenue mix.

The increase in other income was mainly attributable to non-cash gain of S\$24.0 million from reversal of liabilities after the conclusion of the Scheme of Arrangement on 17 August 2021 and foreign exchange gains of S\$0.8 million in FY2021 (FY2020: foreign exchange loss of S\$0.5 million) due to strengthening of the US Dollars. The aforesaid increases were partially offset by lower government grants in FY2021 and absence of gain from final settlement from legal dispute of S\$0.5 million recorded in FY2020.

Marketing and Distribution Expenses increased in line with the increase in travelling and shipping costs due to the effects of the Covid-19 pandemic.

Administrative expenses decreased due to the managed spending from the lower business activities and uncertain operating conditions and outlook.

Other Operating Expenses decreased with the reduction in depreciation expenses of property, plant and equipment and right of use assets as the Group no longer incurs depreciation costs after the disposal of the Group's properties at Kian Teck Road (by way of disposal of the entire share capital of the Company's wholly-owned subsidiary, Viking Facilities Management & Operations Pte. Ltd.) which was completed in October 2020. Finance cost decreased compared to the preceding period as accrued interests were calculated to the ascertainment date of the Scheme of Arrangement as at 22 February 2021.

Considering the above factors, the Group recorded a Net Profit After Tax of S\$18.5 million which comprised largely non-cash gains upon the conclusion of the Scheme of Arrangement. Excluding the effects of such non-cash gains from the conclusion of the Scheme of Arrangement in FY2021, the Group would have recorded a net loss of S\$5.5 million in FY2021 as compared to net loss of S\$25.5 million in FY2020 (excluding discontinued operations).

Financial Position

The net assets for the Group stood at a deficit of S\$0.7 million as at 31 December 2021. This was higher compared to that as at 31 December 2020 where the Group recorded net liabilities of S\$20.7 million. This was attributed to the profit incurred for the year after the Group's debt restructuring exercise.

The reduction in non-current assets was due to the depreciation of property, plant and equipment and writedown of intangible assets.

The reduction of inventories during the financial year was largely due to writedown as a result of inventory obsolescence. Both trade receivables and other payables and accruals decreased mainly attributable to the set-off of amounts due to and due from the charterer of the land rigs of approximately S\$16.5 million. The reduction of other payables and accruals, term loans and redeemable exchangeable bonds was attributable to the cash settlements and issuance of conversion shares to the Scheme Creditors. Other receivables and deposits decreased as the Group managed to recover the amounts due during the year.

The decrease in net amount of contract assets and contract liabilities was a result of timing of project billing milestones and reduction in project contracts.

At the Company level, the net liabilities position of S\$16.2 million as at 31 December 2020 improved to a net liability position of S\$ 2.1 million as at 31 December 2021. This was mainly due to the reversal of long outstanding payables to the respective wholly-owned subsidiaries of the Company, partially offset by the full impairment of investment in subsidiaries during the financial year.

The Group reported an improvement of its working capital position in FY2021, from negative S\$21.67 million as at 31 December 2020, to negative S\$0.72 million as at 31 December 2021. Subsequent to 31 December 2021, the Company completed a placement exercise on 28 January 2022, and raised net proceeds of S\$0.88 million.

Cashflow

The net cash flows used in operating activities were mainly due to the repayment of liabilities that were put on hold during the Group's debt restructuring exercise.

Net cash flows used in investing activities were due to purchase of property, plant and equipment.

Net cash flows from financing activities were primarily due to the proceeds from issuance of shares pursuant to placement exercise and loans and borrowings from Blue Ocean Capital Partners Pte. Ltd. and Mr Ng Yeau Chong.

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

Not applicable

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

The onset of Covid-19 has resulted in additional complexities and challenges to the Group's existing business. The management has been and will continue to actively bolster and promote the Group's product and service offerings.

The Group will also explore introducing new offerings via artificial intelligence, robotics, Internet of Things and digitisations, to reduce manpower needs and increase cost and productivity efficiencies. Other than complementing our existing business, these advanced technologies and machineries are further capable of applications in many other commercial fields and industries, including healthcare, consumer, lifestyle, leisure and entertainment opportunities.

By engaging in ancillary aspects of supply chain management pertaining to these technologies, the Group can seize these opportunities and organically grow its revenue and customer base, and potentially improve shareholders value and returns. As such, the Group is already in advanced discussions with suppliers and distributors of these technologies and machineries, with a view to customising them for our expanded offerings in existing and other applicable industries.

The Group is further keen to explore opportunities in the lifestyle retail business, specifically family entertainment space and lifestyle convenience store, as it sees potential demand once governmental measures are increasingly relaxed and consumers adapt to post Covid-19 norms. The management intends to be both prudent and progressive, to take advantage of opportunities in this space, and shareholders approval will be sought for any material expansion into such businesses.

The Group will make requisite announcements in compliance with the Catalyst Rules and will continue to keep shareholders apprised, as and when there are material developments.

8 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period report 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) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

(e) A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year as follows:-

Not applicable. The Company has neither declared nor recommended any dividend for its latest and previous full financial year.

9 If no dividend has been declared / recommended, a statement to that effect and the reason(s) for the decision.

No dividend has been declared or recommended for the financial period reported on due to the current financial position of the Company.

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

No IPT mandate has been obtained.

11 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under 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 7H under Rule 720(1) of the Catalist Rules.

12 Disclosure of acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since the end of the previous reporting period pursuant to Rule 706A of the Catalist Rules

The Group does not have any acquisitions (including incorporations) and realisations of shares in subsidiaries and/or associated companies since the end of the previous reporting period up to 31 December 2021.

13 Use of proceeds from placement

Pursuant to the placement and loan agreement entered into by the Company, the Company raised gross proceeds of S\$3.0 million on 17 August 2021. 100% of these gross proceeds have been utilised by the Company for the repayment of debts owed to eligible creditors of the Company under the Scheme of Arrangement. The use of the proceeds is in accordance with the intended use as stated in the Company's circular to shareholders dated 15 June 2021.

14 Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

There is no person occupying a managerial position in the Group who is a relative of a director, chief executive officer, or substantial shareholder of the Company pursuant to Rule 704(10) of the Catalist Rules.

BY ORDER OF THE BOARD

MR NG YEAU CHONG
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

MR ONG SWEE SIN
EXECUTIVE DIRECTOR

1 March 2022
Singapore