

Company Registration No. 200609894C

## Pacific Radiance Ltd. and its Subsidiaries

Condensed interim financial statements  
For the six months ended 30 June 2021 (2Q 2021) (6M 2021)

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

	Note	Group			Group		
		2Q 2021 US\$'000	2Q 2020 US\$'000	+/(-) %	6M 2021 US\$'000	6M 2020 US\$'000	+/(-) %
<b>Revenue</b>	5	18,226	15,777	16	31,832	32,793	(3)
Cost of sales		(15,307)	(13,261)	15	(30,222)	(27,253)	11
<b>Gross profit</b>		2,919	2,516	16	1,610	5,540	(71)
Other operating income		238	1,049	(77)	11,347	15,781	(28)
General and administrative expenses		(3,109)	(3,558)	(13)	(6,637)	(7,612)	(13)
Other operating expenses		(1,968)	(3,955)	(50)	(3,223)	(8,594)	(62)
Finance costs		(4,511)	(5,101)	(12)	(8,672)	(11,399)	(24)
Share of results of joint ventures		–	227	(100)	–	568	(100)
Share of results of associates		–	–	NM	2,397	–	NM
<b>Loss before taxation</b>	6	(6,431)	(8,822)	(27)	(3,178)	(5,716)	(44)
Taxation	7	(630)	(336)	88	(1,040)	(736)	41
<b>Loss for the period</b>		(7,061)	(9,158)	(23)	(4,218)	(6,452)	(35)
<b>Other comprehensive income:</b>							
<u>Items that may be reclassified subsequently to profit or loss:</u>							
Foreign currency translation		(114)	(1,097)	(90)	812	1,568	(48)
Foreign currency translation, reclassified to profit or loss		90	–	NM	90	(75)	NM
<b>Other comprehensive income for the period, net of tax</b>		(24)	(1,097)	(98)	902	1,493	(40)
<b>Total comprehensive income for the period</b>		(7,085)	(10,255)	(31)	(3,316)	(4,959)	(33)
<b>Loss for the period attributable to:</b>							
Equity holders of the Company		(7,029)	(9,165)	(23)	(4,091)	(6,428)	(36)
Non-controlling interests		(32)	7	NM	(127)	(24)	NM
		(7,061)	(9,158)	(23)	(4,218)	(6,452)	(35)
<b>Total comprehensive income for the period attributable to:</b>							
Equity holders of the Company		(7,053)	(10,259)	(31)	(3,189)	(4,935)	(35)
Non-controlling interests		(32)	4	NM	(127)	(24)	NM
		(7,085)	(10,255)	(31)	(3,316)	(4,959)	(33)
<b>Loss per share attributable to equity holders of the Company</b>							
Basic (US cents per share)		(1.0)	(1.3)		(0.6)	(0.9)	
Diluted (US cents per share)		(1.0)	(1.3)		(0.6)	(0.9)	

NM: Not Meaningful

## Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2021 US\$'000	31 December 2020 US\$'000	30 June 2021 US\$'000	31 December 2020 US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	12	202,259	209,299	–	–
Investment in subsidiaries		–	–	–	–
Investment in associates		–	–	–	–
Investment in joint ventures		–	–	–	–
Investment securities		–	–	–	–
Club memberships		140	140	–	–
Amounts due from related companies		54,565	55,405	–	–
		256,964	264,844	–	–
<b>Current assets</b>					
Inventories		661	738	–	–
Trade receivables	9	23,360	18,747	–	–
Other receivables		2,630	6,245	40	2,755
Amounts due from related companies	10	19,745	18,405	5,577	149,323
Investment securities		11	8	–	–
Assets held for sale		–	1,225	–	–
Cash and bank balances		18,719	19,076	671	138
		65,126	64,444	6,288	152,216
<b>Total assets</b>		322,090	329,288	6,288	152,216
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables		14,065	12,642	–	–
Other liabilities		119,669	113,157	13,459	13,041
Amounts due to related companies		10,137	7,679	171,726	236,818
Bank loans	13	386,838	397,094	–	–
Notes payable	14	74,390	75,660	74,390	75,660
Provision for taxation		1,212	1,222	–	–
Lease liabilities		1,063	1,231	–	–
		607,374	608,685	259,575	325,519
<b>Net current liabilities</b>		(542,248)	(544,241)	(253,287)	(173,303)

## Condensed interim statements of financial position

	Note	Group		Company	
		30 June 2021	31 December 2020	30 June 2021	31 December 2020
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current liabilities</b>					
Other liabilities		9,458	11,717	-	-
Provisions		246	251	-	-
Deferred tax liabilities		2,713	2,713	-	-
Lease liabilities		7,536	7,843	-	-
		19,953	22,524	-	-
<b>Total liabilities</b>		627,327	631,209	259,575	325,519
<b>Net liabilities</b>		(305,237)	(301,921)	(253,287)	(173,303)
<b>Equity attributable to equity holders of the Company</b>					
Share capital	15	162,854	162,854	162,854	162,854
Treasury shares	15	(2,135)	(2,135)	(2,135)	(2,135)
Accumulated losses		(445,795)	(441,744)	(413,943)	(333,959)
Other reserves		(8,290)	(9,152)	(63)	(63)
		(293,366)	(290,177)	(253,287)	(173,303)
Non-controlling interests		(11,871)	(11,744)	-	-
<b>Total equity</b>		(305,237)	(301,921)	(253,287)	(173,303)

## Condensed interim statements of changes in equity

	Share capital	Treasury Shares	Accumulated 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
<b>The Group</b>												
Balance at 1 January 2021	162,854	(2,135)	(441,744)	(9,152)	(2,748)	170	114	126	(6,814)	(290,177)	(11,744)	(301,921)
Loss for the period	-	-	(4,091)	-	-	-	-	-	-	(4,091)	(127)	(4,218)
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	812	812	-	-	-	-	812	-	812
- Reclassification to profit or loss upon disposal of subsidiary	-	-	-	90	90	-	-	-	-	90	-	90
Total comprehensive income for the period	-	-	(4,091)	902	902	-	-	-	-	(3,189)	(127)	(3,316)
Transfers within equity	-	-	40	(40)	-	-	-	(40)	-	-	-	-
Balance at 30 June 2021	162,854	(2,135)	(445,795)	(8,290)	(1,846)	170	114	86	(6,814)	(293,366)	(11,871)	(305,237)
Balance at 1 January 2020	162,854	(2,290)	(383,099)	(7,968)	(1,712)	228	114	126	(6,724)	(230,503)	(11,947)	(242,450)
Loss for the period	-	-	(6,428)	-	-	-	-	-	-	(6,428)	(24)	(6,452)
<u>Other comprehensive income</u>												
- Foreign currency translation	-	-	-	1,568	1,568	-	-	-	-	1,568	-	1,568
- Reclassification to profit or loss upon disposal of subsidiary	-	-	-	(75)	(75)	-	-	-	-	(75)	-	(75)
Total comprehensive income for the period	-	-	(6,428)	1,493	1,493	-	-	-	-	(4,935)	(24)	(4,959)
<u>Contributions by and distributions to equity holders</u>												
- Treasury shares reissued pursuant to employee share award plan	-	155	-	(155)	-	(65)	-	-	(90)	-	-	-
- Grant of equity-settled performance share awards to employees	-	-	-	7	-	7	-	-	-	7	-	7
Total contributions by and distributions to equity holders	-	155	-	(148)	-	(58)	-	-	(90)	7	-	7
Balance at 30 June 2020	162,854	(2,135)	(389,527)	(6,622)	(218)	170	114	126	(6,814)	(235,430)	(11,971)	(247,401)

## Condensed interim statements of changes in equity

	Share capital	Treasury Shares	Accumulated losses	Total other reserves	Employee share-based payments reserve	Capital reserve	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b><u>The Company</u></b>							
Balance at 1 January 2021	162,854	(2,135)	(333,959)	(63)	170	(233)	(173,303)
Loss for the period	-	-	(79,984)	-	-	-	(79,984)
Total comprehensive income for the period	-	-	(79,984)	-	-	-	(79,984)
Balance at 30 June 2021	162,854	(2,135)	(413,943)	(63)	170	(233)	(253,287)
Balance at 1 January 2020	162,854	(2,290)	(323,766)	85	228	(143)	(163,117)
Loss for the period	-	-	(659)	-	-	-	(659)
Total comprehensive income for the period	-	-	(659)	-	-	-	(659)
<b><u>Contributions by and distributions to equity holders:</u></b>							
- Treasury shares reissued pursuant to employee share award plan	-	155	-	(155)	(65)	(90)	-
- Grant of equity-settled performance share awards to employees	-	-	-	7	7	-	7
Total contributions by and distributions to equity holders	-	155	-	(148)	(58)	(90)	7
Balance at 30 June 2020	162,854	(2,135)	(324,425)	(63)	170	(233)	(163,769)

## Condensed interim consolidated statement of cash flows

	Note	6M 2021 US\$'000	6M 2020 US\$'000
<b>Cash flows from operating activities:</b>			
Loss before taxation		(3,178)	(5,716)
Adjustments for:			
Depreciation of property, plant and equipment	6	7,332	7,711
Finance costs		8,672	11,399
Interest income		(125)	(337)
Share of results of joint ventures		–	(568)
Share of results of associates		(2,397)	–
Loss on disposal of property, plant and equipment, net	6	329	180
Impairment of doubtful receivables, net	6	125	388
Impairment of amounts due from related companies	6	2,134	7,021
Impairment of property, plant and equipment	6	635	–
Impairment of investment in joint ventures		–	964
Net fair value (gain)/loss on held for trading investment securities		(3)	26
Net gain on debt forgiveness of bank loan		(9,265)	(11,877)
Share-based payment expense		–	7
Exchange differences		(1,274)	(2,398)
<b>Operating cash flows before changes in working capital</b>		2,985	6,800
(Increase)/decrease in trade and other receivables		(4,110)	3,880
Decrease/(increase) in amounts due from/to related companies, net		3,468	(5,344)
Decrease in inventories		76	489
Increase/(decrease) in trade payables and other liabilities		1,298	(2,191)
<b>Cash generated from operations</b>		3,717	3,634
Taxes paid		(582)	(294)
Interest paid		(490)	(1,390)
Interest received		–	23
<b>Net cash flows generated from operating activities</b>		2,645	1,973



## Condensed interim consolidated statement of cash flows

	Note	6M 2021 US\$'000	6M 2020 US\$'000
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(2,030)	(2,130)
Proceeds from sale of property, plant and equipment		–	336
Proceeds from sale of assets held for sale		1,250	–
Proceeds from sale of club membership		–	6
Loans to related companies, net		(3,000)	(2,075)
Dividend income from a joint venture		–	460
Deposit received for sale of a joint venture		–	676
Deposit refunded for proposed acquisition of a company		2,700	–
<b>Net cash flows used in investing activities</b>		<b>(1,080)</b>	<b>(2,727)</b>
<b>Cash flows from financing activities:</b>			
Payment of principal portion of lease liabilities		(433)	(76)
Repayment of bank loans		(1,489)	(3,128)
Cash and bank balances released as securities		1,433	2,910
<b>Net cash flows used in financing activities</b>		<b>(489)</b>	<b>(294)</b>
Net increase/(decrease) in cash and bank balances		1,076	(1,048)
Effect of exchange rate changes on cash and bank balances		–	20
Cash and bank balances at beginning of the period		17,641	15,096
<b>Cash and bank balances at end of the period</b>		<b>18,717</b>	<b>14,068</b>
<b>Breakdown of cash and bank balances at end of the period:</b>			
Cash and bank balances as per balance sheet		18,719	14,075
Cash pledged		(2)	(7)
		<b>18,717</b>	<b>14,068</b>

## Notes to the condensed interim consolidated financial statements

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### 1. Corporate information

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

The principal activities of the Group are:

- (a) owning, managing, chartering and operating of offshore support vessels and dive support vessels; and
- (b) ship repair.

### 2. Basis of preparation

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

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

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

As at 30 June 2021, the Company's current and total liabilities exceeded its current and total assets by US\$253,287,000 (31 December 2020: US\$173,303,000). For the six months ended 30 June 2021, the Group incurred a net loss of US\$4,218,000 (6M 2020: US\$6,452,000). As at 30 June 2021, the Group's current liabilities exceeded its current assets by US\$542,248,000 (31 December 2020: US\$544,241,000) and its total liabilities exceeded its total assets by US\$305,237,000 (31 December 2020: US\$301,921,000).

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

In 2018, a vendor filed winding up applications with the Court against certain other entities of the Group in relation to statutory demands for payment for services. The Court has granted the Company and certain other entities of the Group moratoria under section 211(B)(1) of the Companies Act. The moratoria have been extended to 30 September 2021 to allow more time to complete the restructuring.

On 5 November 2020, the major secured creditors of the Group (the "Lenders") have entered into a letter of agreement with an owner of offshore support vessels, ENAV Offshore Mexico S De RL de CV ("ENAV"), for the proposed acquisition of loan receivables and all related rights, claims and securities in relation to all loans and arrangements provided by the Lenders for the financing of the Group.

## **2. Basis of preparation (cont'd)**

Following discussions between the Company, ENAV and the Lenders, the restructuring of the Group's balance sheet and reorganisation of its business model with a view to continuing as a going concern (the "Debt Restructuring Plan") will no longer involve the acquisition of the Loans by ENAV. The said restructuring will instead involve only the purchase by ENAV of the vessels ("Sale Vessels") of the Group (which were mortgaged to the Lenders) and the procurement by ENAV of the discharge of part of the secured indebtedness presently owed by the Group to the Lenders. In addition to the foregoing, the restructuring of the Group's balance sheet will also involve, amongst other things, the restructuring of the remaining debt obligations owed to the Lenders and other creditors of the Group (including trade creditors) via court-sanctioned schemes of arrangement and debt restructuring agreements. ENAV will also appoint the Group as ship managers for majority of the Sale Vessels via ship management contracts in relation to the Sale Vessels. The relevant parties are working towards entering into definitive agreements for the above transactions.

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

Taking into consideration the progress of the discussion on debt restructuring with ENAV and the Lenders, the moratoria extended by the Court and the approval of the restructuring of notes payable by the noteholders, the directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

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

### **2.1 New and amended standards adopted by the Group**

On 1 January 2021, the Group and the Company adopted all new and revised SFRS(I)s and INT SFRS(I)s that are relevant to its operations and are effective for annual periods beginning on or after 1 January 2021. The adoption of new/revised SFRS(I)s and INT SFRS(I)s did not have any significant impact on the financial statements of the Group.

### **2.2 Use of judgements and estimates**

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

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

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

## **3 Seasonal operations**

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

## **4 Segment Information**

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

- I. The Offshore Support Services business is engaged in owning, managing, chartering and operating of offshore vessels supporting the offshore oil and gas industry.
- II. The Subsea Business is engaged in owning, chartering and operating dive support vessels, and provision of subsea inspection, repair, maintenance and light construction services; and
- III. The Shipyard Business is engaged in ship-repair activities.

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

**4 Segment Information (cont'd)**

	<b>Offshore support services business</b>	<b>Subsea business</b>	<b>Shipyard business</b>	<b>Per consolidated financial statements</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>2Q 2021</b>				
<b>Revenue:</b>				
Sales	12,843	6,537	1,175	20,555
Inter-segment sales (Note A)	(1,543)	(718)	(68)	(2,329)
Sales to external customers	11,300	5,819	1,107	18,226
<b>Results:</b>				
Interest income	1	–	–	1
Finance costs	(4,023)	(79)	(409)	(4,511)
Depreciation and amortisation	(2,386)	(567)	(733)	(3,686)
Share of results of joint ventures	–	–	–	–
Share of results of associates	–	–	–	–
Impairment of property, plant and equipment	–	–	(635)	(635)
Other non-cash expenses (Note B)	(1,007)	–	–	(1,007)
Segment (loss)/profit	(7,249)	2,796	(1,978)	(6,431)
<b>2Q 2020</b>				
<b>Revenue:</b>				
Sales	16,291	281	1,127	17,699
Inter-segment sales (Note A)	(1,236)	–	(686)	(1,922)
Sales to external customers	15,055	281	441	15,777
<b>Results:</b>				
Interest income	142	19	–	161
Finance costs	(4,517)	(63)	(521)	(5,101)
Depreciation and amortisation	(2,520)	(585)	(695)	(3,800)
Share of results of joint ventures	227	–	–	227
Share of results of associates	–	–	–	–
Other non-cash expenses (Note B)	(2,095)	–	1	(2,094)
Segment loss	(5,372)	(1,859)	(1,591)	(8,822)

**4 Segment Information (cont'd)**

	<b>Offshore support services business</b>	<b>Subsea business</b>	<b>Shipyard business</b>	<b>Per consolidated financial statements</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>6M 2021</b>				
<b>Revenue:</b>				
Sales	25,002	8,279	3,670	36,951
Inter-segment sales (Note A)	(2,797)	(945)	(1,377)	(5,119)
Sales to external customers	22,205	7,334	2,293	31,832
<b>Results:</b>				
Interest income	125	–	–	125
Finance costs	(7,715)	(152)	(805)	(8,672)
Depreciation and amortisation	(4,746)	(1,117)	(1,469)	(7,332)
Share of results of joint ventures	–	–	–	–
Share of results of associates	2,397	–	–	2,397
Impairment of property, plant and equipment	–	–	(635)	(635)
Other non-cash expenses (Note B)	(2,261)	–	2	(2,259)
Segment (loss)/profit	(2,309)	2,517	(3,386)	(3,178)
<b>As at 30 June 2021</b>				
<b>Segment assets:</b>				
Investment in associates	–	–	–	–
Investment in joint ventures	–	–	–	–
Additions to non-current assets (Note C)	1,406	617	7	2,030
Segment assets	203,394	65,581	53,115	322,090
<b>Segment liabilities</b>	<b>546,195</b>	<b>17,478</b>	<b>63,654</b>	<b>627,327</b>

**4 Segment Information (cont'd)**

	<b>Offshore support services business</b>	<b>Subsea business</b>	<b>Shipyard business</b>	<b>Per consolidated financial statements</b>
	US\$'000	US\$'000	US\$'000	US\$'000
<b>6M 2020</b>				
<b>Revenue:</b>				
Sales	30,004	2,929	3,608	36,541
Inter-segment sales (Note A)	(2,120)	–	(1,628)	(3,748)
Sales to external customers	27,884	2,929	1,980	32,793
<b>Results:</b>				
Interest income	300	37	–	337
Finance costs	(9,931)	(125)	(1,343)	(11,399)
Depreciation and amortisation	(5,125)	(1,167)	(1,419)	(7,711)
Share of results of joint ventures	568	–	–	568
Share of results of associates	–	–	–	–
Other non-cash expenses (Note B)	(8,385)	8	4	(8,373)
Segment (loss)/profit	(3,202)	726	(3,240)	(5,716)
<b>As at 31 December 2020</b>				
<b>Segment assets:</b>				
Investment in associates	–	–	–	–
Investment in joint ventures	–	–	–	–
Additions to non-current assets (Note C)	4,700	110	5	4,815
Segment assets	210,885	66,482	51,921	329,288
<b>Segment liabilities</b>	548,969	17,262	64,978	631,209

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

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

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

## 5. Disaggregation of revenue

Segments	Offshore support services business US\$'000	Subsea business US\$'000	Shipyard business US\$'000	Total US\$'000
<b>2Q 2021</b>				
<b>Type of services</b>				
Lease revenue	3,177	2,264	–	5,441
Other ancillary time charter revenue	8,002	3,555	–	11,557
Ship repair income	–	–	1,097	1,097
Ship management fee income	100	–	–	100
Others	21	–	10	31
	<b>11,300</b>	<b>5,819</b>	<b>1,107</b>	<b>18,226</b>
<b>Timing of transfer of services</b>				
At a point in time	–	–	1,107	1,107
Over time	11,300	5,819	–	17,119
	<b>11,300</b>	<b>5,819</b>	<b>1,107</b>	<b>18,226</b>
<b>2Q 2020</b>				
<b>Type of services</b>				
Lease revenue	4,535	40	–	4,575
Other ancillary time charter revenue	10,415	241	–	10,656
Ship repair income	–	–	438	438
Ship management fee income	105	–	–	105
Others	–	–	3	3
	<b>15,055</b>	<b>281</b>	<b>441</b>	<b>15,777</b>
<b>Timing of transfer of services</b>				
At a point in time	–	–	441	441
Over time	15,055	281	–	15,336
	<b>15,055</b>	<b>281</b>	<b>441</b>	<b>15,777</b>



5. Disaggregation of revenue (cont'd)

Segments	Offshore support services business US\$'000	Subsea business US\$'000	Shipyard business US\$'000	Total US\$'000
<b>6M 2021</b>				
<b>Type of services</b>				
Lease revenue	6,248	2,969	–	9,217
Other ancillary time charter revenue	15,717	4,365	–	20,082
Ship repair income	–	–	2,277	2,277
Ship management fee income	213	–	–	213
Others	27	–	16	43
	22,205	7,334	2,293	31,832
<b>Timing of transfer of services</b>				
At a point in time	–	–	2,293	2,293
Over time	22,205	7,334	–	29,539
	22,205	7,334	2,293	31,832
<b>6M 2020</b>				
<b>Type of services</b>				
Lease revenue	8,621	1,030	–	9,651
Other ancillary time charter revenue	19,108	1,899	–	21,007
Ship repair income	–	–	1,963	1,963
Ship management fee income	155	–	–	155
Others	–	–	17	17
	27,884	2,929	1,980	32,793
<b>Timing of transfer of services</b>				
At a point in time	–	–	1,980	1,980
Over time	27,884	2,929	–	30,813
	27,884	2,929	1,980	32,793

## 5. Disaggregation of revenue (cont'd)

### *Geographical information*

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

	Group		Group	
	2Q 2021 US\$'000	2Q 2020 US\$'000	6M 2021 US\$'000	6M 2020 US\$'000
Asia <sup>(1)</sup>	15,520	11,561	26,579	24,484
Middle East	2,190	3,780	4,591	7,669
Latin America	42	436	81	640
Africa	474	–	581	–
	18,226	15,777	31,832	32,793

<sup>(1)</sup> Asia includes Brunei, Malaysia, Myanmar, Singapore, Thailand, Vietnam, India and Papua New Guinea.

Included in revenue from Asia is an amount of US\$2,425,000 for 6M 2021 (6M 2020: US\$2,394,000) and US\$1,170,000 for 2Q 2021 (2Q 2020: US\$805,000) relating to revenue from Singapore.

## 6. Loss before taxation

### 6.1. Significant items

	Group		Group	
	2Q 2021 US\$'000	2Q 2020 US\$'000	6M 2021 US\$'000	6M 2020 US\$'000
<b>Income</b>				
Gain on debt forgiveness of bank loan	–	–	9,265	11,877
Foreign exchange gains, net	–	–	1,368	2,440
Interest income	1	161	125	337
<b>Expenses</b>				
Depreciation of property, plant and equipment (included in cost of sales)	3,478	3,604	6,916	7,317
Depreciation of property, plant and equipment (included in general and administrative expenses)	208	196	416	394
Impairment of doubtful receivables, net	28	13	125	388
Impairment of amounts due from related companies, net	979	2,081	2,134	7,021
Loss on disposal of property, plant and equipment, net	–	43	329	180
Impairment of property, plant and equipment	635	–	635	–
Impairment of investment in joint venture	–	–	–	964
Interest expense on bank loans carried at amortised cost	4,333	4,904	8,312	10,978
Foreign exchange losses, net	327	1,802	–	–

## 6.2 Related party transactions

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

	Group		Group	
	2Q 2021	2Q 2020	6M 2021	6M 2020
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Income</i>				
Charter hire income:				
- Joint ventures	596	1,239	1,271	1,956
Ship repair income:				
- Associates	211	295	801	346
- Joint ventures	–	–	–	92
Interest income from:				
- Joint ventures	–	129	122	276
Management fee income from:				
- Joint ventures	99	98	198	205
Ship management fee income from:				
- Joint ventures	39	33	84	56
Miscellaneous income from:				
- Joint ventures	17	100	23	177
<i>Expense</i>				
Charter hire expense and other cost of sales to:				
- Associates	343	44	471	91
- Joint ventures	513	–	1,403	37
Interest expense to:				
- A shareholder of a subsidiary	77	106	154	232

## 7. Taxation

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

	Group		Group	
	2Q 2021	2Q 2020	6M 2021	6M 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax expense	63	–	77	–
Withholding tax expense	567	291	963	646
Deferred income tax expense relating to origination and reversal of temporary differences	–	45	–	90
	630	336	1,040	736

## 8. Net asset value

	Group		Company	
	As at 30 June 2021	As at 31 December 2020	As at 30 June 2021	As at 31 December 2020
Net liability value (US\$'000)	(293,366)	(290,177)	(253,287)	(173,303)
Total number of ordinary shares issued ('000)	715,428	715,428	715,428	715,428
Net liability value per ordinary share (US cents)	(41.0)	(40.6)	(35.4)	(24.2)

## 9. Trade receivables

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

	Group	
	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000
Movement in allowance accounts:		
At 1 January	13,917	11,041
Charge for the period/year	134	3,277
Write back of allowance	(9)	(66)
Written off during the period	–	(349)
Exchange differences	–	14
At end of financial period/year	14,042	13,917

## 10. Amounts due from related companies

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

The movement in allowance accounts is as follows:

	Group		Company	
	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000
Movement in allowance accounts:				
At 1 January	101,082	89,660	280,232	276,337
Charge for the period/year	2,134	16,702	82,028	1,521
ECL adjustment to interest income	418	554	–	–
Written off during the period	–	(5,999)	–	–
Exchange differences	(89)	165	(2,154)	2,374
At end of financial period/year	103,545	101,082	360,106	280,232

## 11. Fair values of financial instruments

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

### (i) Fair value hierarchy

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

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

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

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

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

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

	<b>30 June 2021</b>		
	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
<b>Group</b>			
<i>Assets measured at fair value</i>			
Financial assets:			
<u>Equity securities at fair value through profit or loss</u>			
Quoted equity securities	11	–	11
<u>Equity securities at FVOCI</u>			
Unquoted equity securities	–	–	–
Financial assets as at 30 June 2021	11	–	11

	<b>31 December 2020</b>		
	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
<b>Group</b>			
<i>Assets measured at fair value</i>			
Financial assets:			
<u>Equity securities at fair value through profit or loss</u>			
Quoted equity securities	8	–	8
<u>Equity securities at FVOCI</u>			
Unquoted equity securities	–	–	–
Financial assets as at 31 December 2020	8	–	8

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

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

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

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

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

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

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

#### *Financial instruments by category*

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

	Financial assets at amortised cost US\$'000	Financial assets at fair value through profit or loss US\$'000	Financial assets at fair value through OCI US\$'000
<b>Group</b>			
<b>30 June 2021</b>			
<b>Assets</b>			
Trade receivables	23,360	–	–
Other receivables	1,873	–	–
Amounts due from related companies	74,310	–	–
Investment securities	–	11	–
Cash and bank balances	18,719	–	–
	118,262	11	–
<b>31 December 2020</b>			
<b>Assets</b>			
Trade receivables	18,747	–	–
Other receivables	4,942	–	–
Amounts due from related companies	73,810	–	–
Investment securities	–	8	–
Cash and bank balances	19,076	–	–
	116,575	8	–

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

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

*Financial instruments by category (cont'd)*

	Financial liabilities at amortised cost	
	31 December	
	30 June 2021	2020
	US\$'000	US\$'000
<b>Group</b>		
<b>Liabilities</b>		
Trade payables	14,065	12,642
Other liabilities	114,653	107,354
Amounts due to related companies	10,137	7,679
Bank loans	386,838	397,094
Notes payable	74,390	75,660
Lease liabilities	8,599	9,074
	608,682	609,503
	608,682	609,503
	Financial assets at amortised cost	
	31 December	
	30 June 2021	2020
	US\$'000	US\$'000
<b>Company</b>		
<b>Assets</b>		
Other receivables	1	2,700
Amounts due from related companies	5,577	149,323
Cash and bank balances	671	138
	6,249	152,161
	6,249	152,161
	Financial liabilities at amortised cost	
	31 December	
	30 June 2021	2020
	US\$'000	US\$'000
<b>Company</b>		
<b>Liabilities</b>		
Other liabilities	12,571	12,158
Amounts due to related companies	171,726	236,818
Notes payable	74,390	75,660
	258,687	324,636
	258,687	324,636



## 12. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to US\$2,030,000 (6M 2020: US\$2,130,000) and disposed of assets with net carrying amount of US\$329,000 (6M 2020: US\$203,000).

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

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

As at 30 June 2021, the Group has considered both external and internal sources of information and assessed that there is no indication that its vessels may be impaired. The Group has carried out a review of the recoverable amount of its property and buildings based on the valuation report issued by an independent professional valuer and an impairment loss of US\$635,000 was recognised (6M 2020: Nil).

## 13. Bank loans

	Group		Group	
	Secured	Unsecured	Secured	Unsecured
	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000	As at 30 June 2021 US\$'000	As at 31 December 2020 US\$'000
Amount repayable within one year or on demand	386,838	397,094	–	–
Amount repayable after one year	–	–	–	–

Bank loans were secured by:

- First legal mortgages over the vessels of the Group, with carrying amounts of US\$145,968,000 as at 30 June 2021 (31 December 2020: US\$149,647,000);
- Escrow mortgages over the buildings, shipyard and plant and equipment of the Group, with carrying amounts of US\$35,758,000 as at 30 June 2021 (31 December 2020: US\$38,226,000);
- A right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged shipyard; and
- Cash pledged of US\$2,000 as at 30 June 2021 (31 December 2020: US\$1,435,000).

In addition, an amount of US\$386,838,000 (31 December 2020: US\$397,094,000) of the Group's bank loans was secured by corporate guarantees from the Company.

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

### **13. Bank loans (cont'd)**

The Group did not receive continuing updates from bank lenders on the computation of interest expenses post suspension of certain debt obligations and has to make various assumptions in determining the finance costs. It has relied on published market data for LIBOR as a proxy to determine the applicable interest rates for the outstanding bank loans. Interest expenses, including default interest and late payment charges for the outstanding bank loans was computed based on the terms set out in the loan facility agreements. The Group also has to exercise judgement in determining the reduction in the different components of bank loan liabilities arising from set off against bank balances by the bank lenders during the financial period.

The carrying amounts of accrued interest payables recorded under other liabilities (current) is US\$75,775,000 (31 December 2020: US\$68,694,000).

### **14. Notes payable**

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

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

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

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

15. **Share capital and treasury shares**

(i) **Share capital**

	<b>Group and Company</b>			
	<b>30 June 2021</b>		<b>31 December 2020</b>	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
<i>Issued and fully paid ordinary shares:</i>				
Balance at the beginning and end of the period	725,755	162,854	725,755	162,854

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

(ii) **Treasury shares**

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

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

## **Other information required by Listing Rule Appendix 7.2**

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

### **1. Review**

The condensed consolidated statement of financial position of the Group as at 30 June 2021 and the condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months ended 30 June 2021 and related explanatory notes have not been audited or reviewed.

#### **1A. Disclaimer opinion for the latest financial statements**

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

On item (ii):

- a) The Group did not receive continuing updates from bank lenders on the computation of interest expenses post suspension of certain debt obligations and has to make various assumptions in determining the finance costs. It has relied on published market data for LIBOR as a proxy to determine the applicable interest rates for the outstanding bank loans. Interest expenses, including default interest and late payment charges for the outstanding bank loans was computed based on the terms set out in the loan facility agreements. The Group has concluded that the carrying amount of the bank loan liabilities remain reasonable and appropriate based on the contractual terms of the loan facilities.
- b) The Board confirms that the impact of the mentioned issue has been adequately disclosed in the FY2020 financial statements (Note 3 of the FY2020 Group financial statements) and this set of interim condensed financial statements (Note 13).

### **2. Review of performance of the Group**

#### **Revenue**

##### **6M 2021 vs 6M 2020**

Revenue decreased by approximately US\$1 million or 3% from US\$32.8 million in 6M 2020 to US\$31.8 million in 6M 2021.

The decrease was attributed mainly to the decrease in revenue from the Offshore Support Services Business of US\$5.7 million or 20% from US\$27.9 million for 6M 2020 to US\$22.2 million for 6M 2021 due to lower utilisation of vessels.

This was partially offset by an increase in revenue from the Subsea Business of US\$4.4 million from US\$2.9 million for 6M 2020 to US\$7.3 million for 6M 2021 due to higher utilisation of vessels. Revenue from the Shipyard Business also increased by US\$0.3 million or 16% from US\$2.0 million for 6M 2020 to US\$2.3 million for 6M 2021 due to higher completion of ship repair works.

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

### Revenue (cont'd)

#### 2Q 2021 vs 2Q 2020

Revenue increased by approximately US\$2.4 million or 16% from US\$15.8 million in 2Q 2020 to US\$18.2 million in 2Q 2021.

The increase was attributed mainly to the increase in revenue from the Subsea Business of US\$5.5 million from US\$0.3 million in 2Q 2020 to US\$5.8 million in 2Q 2021 due to higher utilisation of vessels. Revenue from the Shipyard Business also increased by US\$0.7 million from US\$0.4 million in 2Q 2020 to US\$1.1 million in 2Q 2021 due to higher completion of ship repair works.

This was partially offset by the decrease in revenue from the Offshore Support Services Business of US\$3.8 million or 25% from US\$15.1 million in 2Q 2020 to US\$11.3 million in 2Q 2021 due to lower utilisation of vessels.

### Gross profit

#### 6M 2021 vs 6M 2020

Gross profit decreased by approximately US\$3.9 million or 71% from US\$5.5 million for 6M 2020 to US\$1.6 million for 6M 2021.

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

#### 2Q 2021 vs 2Q 2020

Gross profit increased by approximately US\$0.4 million or 16% from US\$2.5 million for 2Q 2020 to US\$2.9 million for 2Q 2021.

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

### Other operating income

#### 6M 2021 vs 6M 2020

Other operating income decreased by approximately US\$4.5 million or 28% from US\$15.8 million in 6M 2020 to US\$11.3 million in 6M 2021.

The decrease was mainly attributable to lower gain on debt forgiveness of bank loans of US\$2.6 million, lower exchange gain of US\$1.1 million and lower grant income of US\$0.4 million.

#### 2Q 2021 vs 2Q 2020

Other operating income decreased by approximately US\$0.8 million or 77% from US\$1.0 million in 2Q 2020 to US\$0.2 million in 2Q 2021.

The decrease was mainly due to lower grant income of US\$0.5 million in 6M 2021.

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

### General and administrative expenses

#### 6M 2021 vs 6M 2020

General and administrative expenses decreased by approximately US\$1.0 million or 13% from US\$7.6 million in 6M 2020 to US\$6.6 million in 6M 2021.

The decrease was mainly attributable to the Group's continuing cost rationalisation and lower restructuring expenses recorded in 6M 2021.

#### 2Q 2021 vs 2Q 2020

General and administrative expenses decreased by approximately US\$0.5 million or 13% from US\$3.6 million in 2Q 2020 to US\$3.1 million in 2Q 2021, mainly due to lower restructuring expenses recorded in 2Q 2021.

### Other operating expenses

#### 6M 2021 vs 6M 2020

Other operating expenses decreased by approximately US\$5.4 million or 62% from US\$8.6 million in 6M 2020 to US\$3.2 million in 6M 2021.

The decrease was mainly attributable to decrease in doubtful debt expenses by US\$5.2 million in 6M 2021 and impairment of investment in joint ventures of US\$1.0 million recorded in 6M 2020. This was partially offset by impairment of property, plant and equipment of US\$0.6 million recorded in 6M 2021.

#### 2Q 2021 vs 2Q 2020

Other operating expenses decreased by approximately US\$2.0 million or 50% from US\$4.0 million in 2Q 2020 to US\$2.0 million in 2Q 2021.

The decrease was mainly attributable to decrease in exchange loss by US\$1.5 million and decrease in doubtful debt expenses by US\$1.1 million in 2Q 2021. This was partially offset by impairment of property, plant and equipment of US\$0.6 million recorded in 2Q 2021.

### Finance costs

#### 6M 2021 vs 6M 2020

#### 2Q 2021 vs 2Q 2020

Finance costs decreased by approximately US\$2.7 million or 24% from US\$11.4 million in 6M 2020 to US\$8.7 million in 6M 2021.

Finance costs decreased by approximately US\$0.6 million or 12% from US\$5.1 million in 2Q 2020 to US\$4.5 million in 2Q 2021.

The decrease in finance costs for both periods was mainly attributable to a decrease in interest rates and a decrease in bank loans outstanding from US\$394.7 million as at 30 June 2020 to US\$386.8 million as at 30 June 2021, partially offset by higher overdue interest charges.

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

### Share of results of joint ventures

#### 6M 2021 vs 6M 2020 2Q 2021 vs 2Q 2020

Share of results of joint venture was nil for 6M 2021, compared to US\$0.6 million gain for 6M 2020.

Share of results of joint venture was nil for 2Q 2021, compared to US\$0.3 million gain for 2Q 2020.

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

### Share of results of associates

#### 6M 2021 vs 6M 2020 2Q 2021 vs 2Q 2020

Share of results of associates was US\$2.4 million gain for 6M 2021 and nil for 2Q 2021, compared to nil for 6M 2020 and 2Q 2020.

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

### Taxation

#### 6M 2021 vs 6M 2020 2Q 2021 vs 2Q 2020

Taxation expense increased by US\$0.3 million or 41% from US\$0.7 million for 6M 2020 to US\$1.0 million for 6M 2021.

Taxation expense increased by US\$0.3 million or 88% from US\$0.3 million for 2Q 2020 to US\$0.6 million for 2Q 2021.

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

## REVIEW OF STATEMENT OF FINANCIAL POSITION

### Non-current assets

The Group's non-current assets amounted to US\$257.0 million as at 30 June 2021. The decrease in non-current assets from US\$264.8 million as at 31 December 2020 was mainly due to:

- (i) the decrease in property, plant and equipment by US\$7.0 million mainly due to depreciation of US\$7.3 million and impairment of US\$0.6 million, partially offset by additions of US\$2.0 million; and
- (ii) the decrease in non-current portion of amounts due from related companies by US\$0.8 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\$65.1 million as at 30 June 2021. The increase in current assets from US\$64.4 million as at 31 December 2020 was mainly due to:

- (i) the increase in trade receivables by US\$4.6 million; and
- (ii) the increase in amounts due from related companies by US\$1.3 million.

This was partially offset by:

- (iii) the decrease in other receivables by US\$3.6 million;
- (iv) the decrease in assets held for sale by US\$1.2 million; and
- (v) the decrease in cash and bank balances by US\$0.4 million.

#### **Current liabilities**

The Group's current liabilities amounted to US\$607.3 million as at 30 June 2021. The decrease in current liabilities from US\$608.7 million as at 31 December 2020 was attributed mainly to:

- (i) the decrease in current bank loans by US\$10.3 million due to repayment and debt forgiveness of bank loans; and
- (ii) the decrease in notes payable by US\$1.3 million due to foreign exchange movement.

This was partially offset by:

- (iii) the increase in other liabilities by US\$6.5 million mainly due to accrual of interest expense.
- (iv) the increase in amounts due to related parties by US\$2.5 million; and
- (v) the increase in trade payables by US\$1.4 million.

The Group is in negative working capital position of US\$542.2 million as at 30 June 2021. The Group is in the process of restructuring its debt obligations, please refer to Note 4 for more information.

#### **Non-current liabilities**

The Group's non-current liabilities amounted to US\$20.0 million as at 30 June 2021. Non-current liabilities decreased from US\$22.5 million as at 31 December 2020 primarily due to the realisation of deferred gain on sale of vessels to an associate of US\$2.3 million and a decrease in lease liabilities by US\$0.3 million.



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

**REVIEW OF CASH FLOWS**

In 6M YTD, the Group generated net cash inflow of US\$1.1 million.

Net cash inflow generated from operating activities was US\$2.6 million. This was mainly due to cash inflow from operating activities before working capital changes of US\$3.0 million and net working capital inflow of US\$0.7 million, partially offset by net interest and taxes paid of US\$1.1 million.

Net cash outflow from investing activities was US\$1.1 million. This was mainly due to loans to related companies of US\$3.0 million and purchase of property, plant and equipment of US\$2.0 million, partially offset by the refund of deposit for proposed acquisition of a company of US\$2.7 million and proceeds from sale of assets held for sale of US\$1.2 million.

Net cash outflow from financing activity was US\$0.5 million. This was due to the repayment of bank loans of US\$1.5 million and payment of principal portion of lease liabilities of US\$0.4 million, partially offset by the release of US\$1.4 million pledged cash to repay the bank loans.

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

Not applicable

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

The resurgence of the COVID-19 infections across the globe due to emergence of new variants has tempered expectation of economic recovery. Business and operating conditions is expected to remain challenging for the Group in the near term and downside risks will largely be driven by the trajectory of the COVID-19 pandemic.

Following the announcement on 30 June 2021 to update on the progress of the Debt Restructuring, the Group has been focusing its efforts on finalising the relevant agreements and documents to complete its Debt Restructuring. These include the agreements with secured lenders and ENAV as well as the application for schemes of arrangement of two group entities, Pacific Crest Pte Ltd and CSI Offshore Pte Ltd. The Group is working closely with all stakeholders to ensure that the Debt Restructuring can be completed in an expedient manner. At the same time, an internal review of the Group's processes is underway to transition the business and operations to a full-fledged ship manager and to position for other areas of growth such as in the renewable energy sector upon completion of the Debt Restructuring. Any further material developments in relation to the Debt Restructuring will be disseminated at the appropriate juncture.

**5. Dividend information**

**(a) Current Financial Period Reported On**

Any dividend declared for the current financial period reported on?

No.

**(b) Corresponding Period of the Immediately Preceding Financial Year**

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

No.

**(c) Date payable**

Not applicable.

**(d) Books closure date**

Not applicable.

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

**6. Interested person transactions**

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

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

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

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

The Board hereby confirms to the best of its knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six months ended 30 June 2021 to be false or misleading in any material respect.

**On behalf of the Board of Directors**

**Pang Yoke Min**  
Executive Chairman

**Pang Wei Meng**  
Executive Director

12 August 2021