

Company Registration No. 200609894C

## Pacific Radiance Ltd. and its Subsidiaries

Condensed interim financial statements

For the nine months ended 30 September 2022 (3Q 2022) (9M 2022)

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

Group

	Note	3Q 2022			3Q 2021			%
		Continuing	Discontinued	Total	Continuing	Discontinued	Total	
		Operations	Operations		Operations	Operations		
US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
<b>Revenue</b>	5	6,413	–	6,413	2,063	11,177	13,240	(52)
Cost of sales		(2,055)	–	(2,055)	(2,047)	(12,278)	(14,325)	(86)
<b>Gross profit</b>		4,358	–	4,358	16	(1,101)	(1,085)	NM
Other operating income		319,688	–	319,688	1,108	255	1,363	NM
General and administrative expenses		(2,875)	–	(2,875)	(1,858)	(1,253)	(3,111)	(8)
Other operating expenses		(4,550)	–	(4,550)	–	(23)	(23)	NM
Finance costs		1,231	–	1,231	(514)	(4,052)	(4,566)	NM
Share of results of joint ventures		–	–	–	–	–	–	NM
Share of results of associates		–	–	–	–	–	–	NM
<b>Profit/(loss) before taxation</b>	6	317,852	–	317,852	(1,248)	(6,174)	(7,422)	NM
Taxation	7	112	–	112	(60)	(307)	(367)	(49)
<b>Profit/(loss) for the period</b>		317,964	–	317,964	(1,308)	(6,481)	(7,789)	NM
<b>Other comprehensive income:</b>								
<u>Items that may be reclassified subsequently to profit or loss:</u>								
Foreign currency translation		899	–	899	537	–	537	67
<b>Other comprehensive income for the period, net of tax</b>		899	–	899	537	–	537	67
<b>Total comprehensive income for the period</b>		318,863	–	318,863	(771)	(6,481)	(7,252)	NM
<b>Profit/(loss) for the period attributable to:</b>								
Equity holders of the Company		306,135	–	306,135	(1,276)	(6,476)	(7,752)	NM
Non-controlling interests		11,829	–	11,829	(32)	(5)	(37)	NM
		317,964	–	317,964	(1,308)	(6,481)	(7,789)	NM
<b>Total comprehensive income for the period attributable to:</b>								
Equity holders of the Company		307,034	–	307,034	(739)	(6,476)	(7,215)	NM
Non-controlling interests		11,829	–	11,829	(32)	(5)	(37)	NM
		318,863	–	318,863	(771)	(6,481)	(7,252)	NM
<b>Profit/(loss) per share attributable to equity holders of the Company</b>								
Basic (US cents per share)		156.8	–	156.8	(1.8)	(9.1)	(10.8)	
Diluted (US cents per share)		155.8	–	155.8	(1.8)	(9.1)	(10.8)	
NM: Not Meaningful								

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

		Group						
		9M 2022			9M 2021			
Note		Continuing Operations US\$'000	Discontinued Operations US\$'000	Total US\$'000	Continuing Operations US\$'000	Discontinued Operations US\$'000	Total US\$'000	%
	<b>Revenue</b>	21,614	8,740	30,354	7,717	37,355	45,072	(33)
	Cost of sales	(11,383)	(8,897)	(20,280)	(7,339)	(37,208)	(44,547)	(54)
	<b>Gross profit</b>	10,231	(157)	10,074	378	147	525	NM
	Other operating income	345,791	19,937	365,728	12,275	435	12,710	NM
	General and administrative expenses	(9,980)	(1,432)	(11,412)	(5,661)	(4,087)	(9,748)	17
	Other operating expenses	(4,550)	(13,511)	(18,061)	(2,911)	(335)	(3,246)	NM
	Finance costs	(2,338)	(4,085)	(6,423)	(1,608)	(11,630)	(13,238)	(51)
	Share of results of joint ventures	–	1,509	1,509	–	–	–	NM
	Share of results of associates	–	4,603	4,603	2,397	–	2,397	92
	<b>Profit/(loss) before taxation</b>	339,154	6,864	346,018	4,870	(15,470)	(10,600)	NM
	Taxation	(210)	(251)	(461)	(130)	(1,277)	(1,407)	(67)
	<b>Profit/(loss) for the period</b>	338,944	6,613	345,557	4,740	(16,747)	(12,007)	NM
	<b>Other comprehensive income:</b>							
	<u>Items that may be reclassified subsequently to profit or loss:</u>							
	Foreign currency translation	1,778	–	1,778	1,349	–	1,349	32
	Foreign currency translation, reclassified to profit or loss	–	–	–	–	90	90	(100)
	<b>Other comprehensive income for the period, net of tax</b>	1,778	–	1,778	1,349	90	1,439	24
	<b>Total comprehensive income for the period</b>	340,722	6,613	347,335	6,089	(16,657)	(10,568)	NM
	<b>Profit/(loss) for the period attributable to:</b>							
	Equity holders of the Company	327,165	6,683	333,848	4,846	(16,689)	(11,843)	NM
	Non-controlling interests	11,779	(70)	11,709	(106)	(58)	(164)	NM
		338,944	6,613	345,557	4,740	(16,747)	(12,007)	NM
	<b>Total comprehensive income for the period attributable to:</b>							
	Equity holders of the Company	328,943	6,683	335,626	6,195	(16,599)	(10,404)	NM
	Non-controlling interests	11,779	(70)	11,709	(106)	(58)	(164)	NM
		340,722	6,613	347,335	6,089	(16,657)	(10,568)	NM
	<b>Earnings/(loss) per share attributable to equity holders of the Company</b>							
	Basic (US cents per share)	289.0	5.9	294.9	6.8	(23.3)	(16.5)	
	Diluted (US cents per share)	287.8	5.9	293.7	6.8	(23.3)	(16.5)	

NM: Not Meaningful

## Condensed interim statements of financial position

	Note	Group		Company	
		30 September	31 December	30 September	31 December
		2022	2021	2022	2021
		US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	37,553	43,380	–	–
Investment in subsidiaries		–	–	–	–
Investment in associates		–	–	–	–
Investment in joint ventures		1,200	–	–	–
Investment securities		–	–	–	–
Club memberships		140	140	–	–
Amounts due from related companies		4,486	4,641	–	–
		43,379	48,161	–	–
<b>Current assets</b>					
Inventories		197	544	–	–
Trade receivables	9	19,597	22,004	–	–
Other receivables		7,436	2,772	429	56
Amounts due from related companies	10	16,566	58,174	27,419	–
Investment securities		16	9	–	–
Cash and bank balances		26,976	21,591	3,149	1,468
		70,788	105,094	30,997	1,524
Assets held for sale	12	1,100	139,122	–	–
		71,888	244,216	30,997	1,524
<b>Total assets</b>		<b>115,267</b>	<b>292,377</b>	<b>30,997</b>	<b>1,524</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Current liabilities</b>					
Trade payables		15,976	13,298	–	–
Other liabilities		15,535	131,041	1,256	15,478
Amounts due to related companies		10,608	10,479	312	168,329
Bank loans	14	–	386,584	–	–
Notes payable	15	–	74,110	–	74,110
Provision for taxation		1,780	1,268	–	–
Lease liabilities		938	983	–	–
		44,837	617,763	1,568	257,917
<b>Net current assets/(liabilities)</b>		<b>27,051</b>	<b>(373,547)</b>	<b>29,429</b>	<b>(256,393)</b>

## Condensed interim statements of financial position

	Note	Group		Company	
		30 September	31 December	30 September	31 December
		2022	2021	2022	2021
		US\$'000	US\$'000	US\$'000	US\$'000
<b>Non-current liabilities</b>					
Other liabilities		3,817	9,458	–	–
Provisions		233	248	–	–
Bank loans	14	26,657	–	–	–
Deferred tax liabilities		2,474	2,645	–	–
Lease liabilities		6,708	7,331	–	–
Derivative warrant liabilities	17	162	–	162	–
Perpetual securities	18	2,088	–	2,088	–
		42,139	19,682	2,250	–
<b>Total liabilities</b>		86,976	637,445	3,818	257,917
<b>Net assets/(liabilities)</b>		28,291	(345,068)	27,179	(256,393)
<b>Equity attributable to equity holders of the Company</b>					
Share capital	16	188,878	162,854	188,878	162,854
Treasury shares	16	(2,135)	(2,135)	(2,135)	(2,135)
Accumulated losses		(152,015)	(485,863)	(159,501)	(417,049)
Other reserves		(6,335)	(8,113)	(63)	(63)
		28,393	(333,257)	27,179	(256,393)
Non-controlling interests		(102)	(11,811)	–	–
<b>Total equity</b>		28,291	(345,068)	27,179	(256,393)

## 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 2022	162,854	(2,135)	(485,863)	(8,113)	(1,669)	170	114	86	(6,814)	(333,257)	(11,811)	(345,068)
Profit for the period	–	–	333,848	–	–	–	–	–	–	333,848	11,709	345,557
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	1,778	1,778	–	–	–	–	1,778	–	1,778
Total comprehensive income for the period	–	–	333,848	1,778	1,778	–	–	–	–	335,626	11,709	347,335
<u>Contributions by and distributions to owners</u>												
Shares issued due to restructuring	26,024	–	–	–	–	–	–	–	–	26,024	–	26,024
Total contributions by and distribution to owners	26,024	–	–	–	–	–	–	–	–	26,024	–	26,024
Balance at 30 September 2022	188,878	(2,135)	(152,015)	(6,335)	109	170	114	86	(6,814)	28,393	(102)	28,291
Balance at 1 January 2021	162,854	(2,135)	(441,744)	(9,152)	(2,748)	170	114	126	(6,814)	(290,177)	(11,744)	(301,921)
Loss for the period	–	–	(11,843)	–	–	–	–	–	–	(11,843)	(164)	(12,007)
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	1,349	1,349	–	–	–	–	1,349	–	1,349
- Reclassification to profit or loss upon disposal of subsidiary	–	–	–	90	90	–	–	–	–	90	–	90
Total comprehensive income for the period	–	–	(11,843)	1,439	1,439	–	–	–	–	(10,404)	(164)	(10,568)
Transfers within equity	–	–	40	(40)	–	–	–	(40)	–	–	–	–
Balance at 30 September 2021	162,854	(2,135)	(453,547)	(7,753)	(1,309)	170	114	86	(6,814)	(300,581)	(11,908)	(312,489)

## 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 2022	162,854	(2,135)	(417,049)	(63)	170	(233)	(256,393)
Profit for the period	–	–	257,548	–	–	–	257,548
Total comprehensive income for the period	–	–	257,548	–	–	–	257,548
<b><u>Contributions by and distributions to owners</u></b>							
Shares issued due to restructuring	26,024	–	–	–	–	–	26,024
Total contributions by and distribution to owners	26,024	–	–	–	–	–	26,024
Balance at 30 September 2022	188,878	(2,135)	(159,501)	(63)	170	(233)	27,179
Balance at 1 January 2021	162,854	(2,135)	(333,959)	(63)	170	(233)	(173,303)
Loss for the period	–	–	(79,880)	–	–	–	(79,880)
Total comprehensive income for the period	–	–	(79,880)	–	–	–	(79,880)
Balance at 30 September 2021	162,854	(2,135)	(413,839)	(63)	170	(233)	(253,183)



## Condensed interim consolidated statement of cash flows

	Note	9M 2022 US\$'000	9M 2021 US\$'000
<b>Cash flows from operating activities:</b>			
Profit/(loss) before taxation		346,018	(10,600)
Adjustments for:			
Depreciation of property, plant and equipment		2,250	11,024
Finance costs		6,423	13,238
Interest income		(21)	(126)
Share of results of associates		(4,603)	(2,397)
Share of results of joint ventures		(1,509)	–
Loss on disposal of property, plant and equipment, net		–	329
Gain on disposal of assets held for sale		(17,022)	–
Impairment of doubtful receivables, net	9	4,434	242
Impairment of amounts due from related companies	10	12,009	2,038
Impairment of property, plant and equipment		1,456	635
Derecognition of financial guarantee liabilities		(2,977)	–
Gain on restructuring due to share issuance		(52,360)	–
Net gain on debt forgiveness under restructuring	6	(290,791)	(9,265)
Net fair value gain on bank loans		(1,223)	–
Net fair value gain on held for trading investment securities		(8)	(2)
Net fair value loss on derivatives		162	–
Exchange differences		(1,250)	(2,043)
<hr/>			
<b>Operating cash flows before changes in working capital</b>		988	3,073
Increase in trade and other receivables		(6,672)	(2,631)
Decrease in amounts due from/to related companies, net		1,592	2,708
Decrease in inventories		346	504
Increase in trade payables and other liabilities		7,345	2,696
<hr/>			
<b>Cash generated from operations</b>		3,599	6,350
Taxes paid		(772)	(1,154)
Interest paid		(219)	(591)
Interest received		–	2
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<b>Net cash flows generated from operating activities</b>		2,608	4,607
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## Condensed interim consolidated statement of cash flows

	Note	9M 2022 US\$'000	9M 2021 US\$'000
<b>Cash flows from investing activities:</b>			
Purchase of property, plant and equipment		(1,368)	(2,158)
Proceeds from sale of assets held for sale		–	1,250
Loans repaid by/(to) related companies, net		5,000	(3,000)
Deposit refunded for proposed acquisition of a company		–	2,700
Investment in joint venture		(1,200)	–
<b>Net cash flows generated from/(used in) investing activities</b>		<b>2,432</b>	<b>(1,208)</b>
<b>Cash flows from financing activities:</b>			
Payment of principal portion of lease liabilities		(259)	(530)
Repayment of bank loans		–	(1,489)
Cash and bank balances released as securities		2	1,433
Proceeds from issuance of new shares		723	–
<b>Net cash flows generated from/(used) in financing activities</b>		<b>466</b>	<b>(586)</b>
Net increase in cash and bank balances		5,506	2,813
Effect of exchange rate changes on cash and bank balances		(119)	(1)
Cash and bank balances at beginning of the period		21,589	17,641
<b>Cash and bank balances at end of the period</b>		<b>26,976</b>	<b>20,453</b>
<b>Breakdown of cash and bank balances at end of the period:</b>			
Cash and bank balances as per balance sheet		26,976	20,455
Cash pledged		–	(2)
		<b>26,976</b>	<b>20,453</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 for the nine months ended 30 September 2022 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activity of the Company is investment holding.

The principal activities of the Group are:

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

### 2. Basis of preparation

The condensed interim consolidated financial statements for the nine months ended 30 September 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in the Group's financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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

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

As at 30 September 2022, the Company's current assets exceeded its current liabilities by US\$29,429,000 and its total assets exceeded its total liabilities by US\$27,179,000 (31 December 2021: current and total liabilities exceeded its current and total assets by US\$256,393,000). For the nine months ended 30 September 2022, the Group recorded a net profit of US\$345,557,000 (30 September 2021: a net loss of US\$12,007,000). As at 30 September 2022, the Group's current assets exceeded its current liabilities by US\$27,051,000 (31 December 2021: current liabilities exceeded its current assets by US\$373,547,000) and its total assets exceeded its total liabilities by US\$28,291,000 (31 December 2021: liabilities exceeded its total assets by US\$345,068,000).

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

In 2018, a vendor filed winding up applications with the Court against certain other entities of the Group in relation to statutory demands for payment for services. Following that, the Company and certain other entities of the Group was granted moratoria under section 211(B)(1) of the Companies Act by the Court. The moratoria was extended to 31 October 2022 to allow more time for the Group to complete the restructuring.

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

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

The Debt Restructuring Plan includes, amongst other things:

- a) the consensual directed transfer of 33 secured vessels and accompanying income and revenue streams (the "Sale Vessels") to the ENAV Radiance Pte. Ltd. (the "Purchaser"), an affiliate of ENAV, in consideration for the Purchaser procuring the consensual discharge of approximately US\$200 million of the secured indebtedness presently owed by the Group to the Secured Lenders (including the release and/or discharge of mortgages, assignments of charter and charter earnings, amongst others) (the "Proposed Disposal");
- b) the restructuring of the remaining debt obligations (which will then be unsecured) in relation to the Sale Vessels owed to three (3) of the Secured Lenders which would still remain after completion of the Proposed Disposal and other unsecured creditors (including trade creditors), via court-sanctioned schemes of arrangement of the Company's two (2) subsidiaries, Pacific Crest Pte. Ltd. ("PCPL") and CSI Offshore Pte. Ltd. ("CSIO"), which hold the majority of the Sale Vessels (the "Proposed Schemes of Arrangement"). In this regard, the three (3) Secured Lenders have undertaken to attend and vote in favour of the Proposed Schemes of Arrangement;
- c) in relation to one (1) of the Secured Lenders, the consensual restructuring of the loan associated with the Company's office and shipyard complex (the "Property Loan");
- d) in relation to two (2) of the Secured Lenders, the consensual restructuring of the unsecured debt obligations of the Group (apart from PCPL and CSIO);
- e) the consensual restructuring of the S\$100,000,000 4.30 Per Cent. Notes Due 2020 comprised in Series 001 (ISIN: SG6SF2000004) issued under the S\$1,000,000,000 multicurrency debt issuance programme of the Company (the "Notes") pursuant to a consent solicitation exercise (the "Consent Solicitation Exercise"). In this regard, the extraordinary resolution pursuant to the Consent Solicitation Exercise was approved by holders of the Notes on 21 April 2021;
- f) in relation to three (3) of the Secured Lenders (the "Entitled Lenders"), the consensual restructuring of various cross-currency swap facilities entered into in connection with the Notes;
- g) the Company (and/or its relevant affiliates) entering into ship management agreements with the Purchaser (and/or its affiliates) to manage the majority of the Sale Vessels after completion of the Proposed Disposal; and
- h) a special purpose vehicle wholly owned by Mr. Pang Wei Meng (executive director of the Company) and Mr. Pang Wei Kuan, James (acting chief executive officer of the Company) (the "Pang SPV") and ENAV (or its affiliate) entering into a shareholders' agreement setting out the terms governing their relationship as shareholders in the Purchaser.

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

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

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

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

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

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

On 20 July 2022, the Proposed Schemes of Arrangement for both PCPL & CSIO were approved by the requisite majorities of each class of PCPL's and CSIO's Scheme Creditors pursuant to Section 210(3) of the Companies Act. The schemes were sanctioned by the High Court on 11 August 2022.

On 1 September 2022, the Company completed the Proposed Share Issuances. On 14 September 2022, the proposed share consolidation was also completed. Details can be found in Note 16.

As at 5 September 2022, the Company completed the redemption of the Notes, which were cancelled thereafter and delisted from the SGX-ST on 6 September 2022.

On 19 September 2022, the Company completed the Proposed Warrant Issuances. Details can be found in Note 17.

On 23 September 2022, the Company announced that it has fulfilled all of the conditions for the resumption of trading of its securities and completed the Debt Restructuring Plan. On 26 September 2022, the trading suspension was lifted and the Company's securities resumed trading.

Taking into consideration the completion of the Debt Restructuring Plan, the directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

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

On 1 January 2022, the Group and the Company adopted all new and revised SFRS(I)s and INT SFRS(I)s that are relevant to its operations and are effective for annual periods beginning on or after 1 January 2022. The adoption of new/revised SFRS(I)s and INT SFRS(I)s did not have any significant impact on the financial statements of the Group.

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

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

## **2.2 Use of judgements and estimates (cont'd)**

The significant judgements made by management in applying the Groups accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

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

- Note 12 - Discontinued operations;
- Note 13 – Impairment of property, plant and equipment;
- Note 9 and Note 10 – Provision for expected credit losses of trade receivables and amounts due from related companies; and
- Note 14 – Estimating the finance costs, carrying amount of bank loans and associated accrued interest payables.

## **3 Seasonal operations**

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

## **4 Segment Information**

For management purposes, the Group's continuing operation is organised into two main operating business divisions based on their services and products:

- I. The Ship Management business is engaged in managing, chartering and operating of offshore vessels supporting the offshore oil and gas industry.
- II. The Shipyard Business is engaged in ship-repair activities.

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

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

4 Segment Information (cont'd)

	Ship Management US\$'000	Shipyards US\$'000	Total for Continuing Operations US\$'000
<b>3Q 2022</b>			
<b>Revenue:</b>			
Sales	4,447	3,494	7,941
Inter-segment sales (Note A)	1	(1,529)	(1,528)
Sales to external customers	4,448	1,965	6,413
<b>Results:</b>			
Interest income	18	-	18
Finance costs	1,335	(104)	1,231
Depreciation and amortisation	(56)	(698)	(754)
Share of results of associates	-	-	-
Impairment of property, plant and equipment	-	(1,456)	(1,456)
Other non-cash expenses (Note B)	5,250	(25)	5,225
Segment profit/(loss)	319,148	(1,296)	317,852
<b>3Q 2021</b>			
<b>Revenue:</b>			
Sales	776	1,404	2,180
Inter-segment sales (Note A)	(46)	(71)	(117)
Sales to external customers	730	1,333	2,063
<b>Results:</b>			
Interest income	-	-	-
Finance costs	(96)	(418)	(514)
Depreciation and amortisation	(19)	(726)	(745)
Share of results of associates	-	-	-
Impairment of property, plant and equipment	-	-	-
Other non-cash expenses (Note B)	116	6	122
Segment loss	(44)	(1,204)	(1,248)

4 Segment Information (cont'd)

	Ship Management US\$'000	Shipyards US\$'000	Total for continuing operations US\$'000
<b>9M 2022</b>			
<b>Revenue:</b>			
Sales	11,185	12,861	24,046
Inter-segment sales (Note A)	(34)	(2,398)	(2,432)
	11,151	10,463	21,614
<b>Results:</b>			
Interest income	18	–	18
Finance costs	(1,815)	(523)	(2,338)
Depreciation and amortisation	(130)	(2,120)	(2,250)
Share of results of associates	–	–	–
Impairment of property, plant and equipment	–	(1,456)	(1,456)
Other non-cash expenses (Note B)	3,765	(21)	3,744
Segment profit	317,695	21,459	339,154

	Ship Management US\$'000	Shipyards US\$'000	Adjustment (Note D) US\$'000	Total US\$'000
<b>As at 30 September 2022</b>				
<b>Segment assets:</b>				
Investment in associates	–	–	–	–
Investment in joint ventures	1,200	–	–	1,200
Additions to non-current assets (Note C)	265	3	–	268
Segment assets	71,458	42,709	1,100	115,267
<b>Segment liabilities</b>	46,813	40,163	–	86,976



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

	<b>Ship Management</b> US\$'000	<b>Shipyards</b> US\$'000	<b>Total for continuing operations</b> US\$'000
<b>9M 2021</b>			
<b>Revenue:</b>			
Sales	4,226	5,074	9,300
Inter-segment sales (Note A)	(135)	(1,448)	(1,583)
Sales to external customers	4,091	3,626	7,717
<b>Results:</b>			
Interest income	125	–	125
Finance costs	(385)	(1,223)	(1,608)
Depreciation and amortisation	(59)	(2,195)	(2,254)
Share of results of associates	2,397	–	2,397
Impairment of property, plant and equipment	–	(635)	(635)
Other non-cash expenses (Note B)	(1,952)	8	(1,944)
Segment profit/(loss)	9,460	(4,590)	4,870

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

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

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

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

Note D: Pertain to assets held for sale as at 30 September 2022. For 31 December 2021, the amount pertains to assets held for sale (Note 12) and additions made to those vessels.

## 5. Disaggregation of revenue

Segments	Ship Management US\$'000	Shipyards US\$'000	Total for Continuing Operations US\$'000
<b>3Q 2022</b>			
<b>Type of services</b>			
Lease revenue	919	–	919
Other ancillary time charter revenue	2,259	–	2,259
Ship repair income	–	1,951	1,951
Ship management fee income	1,270	–	1,270
Others	–	14	14
	4,448	1,965	6,413
<b>Timing of transfer of services</b>			
At a point in time	–	1,965	1,965
Over time	4,448	–	4,448
	4,448	1,965	6,413
<b>3Q 2021</b>			
<b>Type of services</b>			
Lease revenue	326	–	326
Other ancillary time charter revenue	331	–	331
Ship repair income	–	1,329	1,329
Ship management fee income	73	–	73
Others	–	4	4
	730	1,333	2,063
<b>Timing of transfer of services</b>			
At a point in time	–	1,333	1,333
Over time	730	–	730
	730	1,333	2,063

5. Disaggregation of revenue (cont'd)

Segments	Ship Management US\$'000	Shipyard US\$'000	Total for continuing operations US\$'000
<b>9M 2022</b>			
<b>Type of services</b>			
Lease revenue	2,177	–	2,177
Other ancillary time charter revenue	5,022	–	5,022
Ship repair income	–	10,438	10,438
Ship management fee income	3,952	–	3,952
Others	–	25	25
	11,151	10,463	21,614
<b>Timing of transfer of services</b>			
At a point in time	–	10,463	10,463
Over time	11,151	–	11,151
	11,151	10,463	21,614
<b>9M 2021</b>			
<b>Type of services</b>			
Lease revenue	1,492	–	1,492
Other ancillary time charter revenue	2,325	–	2,325
Ship repair income	–	3,606	3,606
Ship management fee income	274	–	274
Others	–	20	20
	4,091	3,626	7,717
<b>Timing of transfer of services</b>			
At a point in time	–	3,626	3,626
Over time	4,091	–	4,091
	4,091	3,626	7,717

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

### Intercompany revenue

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

	<b>Ship Management</b> US\$'000	<b>Shipyard</b> US\$'000	<b>Total</b> US\$'000
<b>9M 2022</b>	35	869	904
<b>9M 2021</b>	135	1,448	1,583

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

	US\$'000
<b>9M 2022</b>	772
<b>9M 2021</b>	1,444

### Geographical information

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

	<b>Group</b>		<b>Group</b>	
	<b>3Q 2022</b> US\$'000	<b>3Q 2021</b> US\$'000	<b>9M 2022</b> US\$'000	<b>9M 2021</b> US\$'000
Asia <sup>(1)</sup>	2,748	298	5,872	2,293
Singapore	3,579	1,366	15,346	3,748
Middle East	86	370	393	1,588
Latin America	–	29	3	88
	6,413	2,063	21,614	7,717

<sup>(1)</sup> Asia includes Papua New Guinea, Brunei, China, Thailand, SC-Bangladesh, Indonesia, Myanmar and Malaysia.

## 6. Profit before taxation for continuing operations

### 6.1 Significant items

	Group		Group	
	3Q 2022	3Q 2021	9M 2022	9M 2021
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Income</b>				
Gain on debt forgiveness under restructuring	268,533	–	290,791	9,265
Gain on restructuring due to share issuance	52,360	–	52,360	–
Foreign exchange gains, net	–	871	2,094	2,269
Interest income	18	–	18	125
Net fair value gain on bank loan	1,223	–	1,223	–
Net fair value gain on held for trading investment securities	1	–	6	2
<b>Expenses</b>				
Depreciation of property, plant and equipment (included in cost of sales)	528	551	1,604	1,666
Depreciation of property, plant and equipment (included in general and administrative expenses)	215	194	635	588
Impairment of doubtful receivables, net	4,287	1	4,298	7
(Writeback of)/impairment of amounts due from related companies, net	(2,836)	(123)	1,366	1,937
Impairment of property, plant and equipment	1,456	–	1,456	635
Interest expense on bank loans carried at amortised cost	(1,320)	244	1,889	979
Foreign exchange losses, net	1,236	–	–	–
Net fair value loss on held for trading investment securities	–	1	1	1

## 6.2 Related party transactions

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

	Group		Group	
	3Q 2022 US\$'000	3Q 2021 US\$'000	9M 2022 US\$'000	9M 2021 US\$'000
<i>Income</i>				
Charter hire income:				
- Joint ventures	145	–	453	–
Ship repair income:				
- Associates	–	(24)	79	777
Interest income from:				
- Joint ventures	–	–	–	122
Management fee income from:				
- Joint ventures	78	54	202	162
Ship management fee income from:				
- Joint ventures	18	18	54	90
Miscellaneous income from:				
- Joint ventures	–	14	1	15
<i>Expense</i>				
Charter hire expense and other cost of sales to:				
- Joint ventures	24	–	116	1,094
Interest expense to:				
- A shareholder of a subsidiary	–	76	175	230

## 7. Taxation

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

	Group			Group		
	3Q 2022			3Q 2021		
	<i>Continuing Operations</i> US\$'000	<i>Discontinued Operations</i> US\$'000	<i>Total</i> US\$'000	<i>Continuing Operations</i> US\$'000	<i>Discontinued Operations</i> US\$'000	<i>Total</i> US\$'000
Current income tax expense	313	–	313	39	26	65
Deferred tax expense	–	–	–	–	(67)	(67)
Withholding tax expense	(425)	–	(425)	21	348	369
	(112)	–	(112)	60	307	367

## 7. Taxation (Continued)

	Group					
	9M 2022			9M 2021		
	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax expense	830	4	834	92	50	142
Deferred tax expense	(171)	–	(171)	–	(67)	(67)
Withholding tax expense	(449)	247	(202)	38	1,294	1,332
	210	251	461	130	1,277	1,407

## 8. Net asset value

	Group		Company	
	As at 30 September 2022	As at 31 December 2021	As at 30 September 2022	As at 31 December 2021
Net asset/(liability) value (US\$'000)	28,393	(333,257)	27,179	(256,393)
Total number of ordinary shares issued ('000)	450,709	715,428	450,709	715,428
Net liability value per ordinary share (US cents)	6.3	(46.6)	6.0	(35.8)

## 9. Trade receivables

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

	Group	
	As at 30 September 2022	As at 31 December 2021
	US\$'000	US\$'000
Movement in allowance accounts:		
At 1 January	13,971	13,917
Charge for the period	4,442	295
Write back of allowance	(8)	(16)
Written off during the period	–	(225)
At end of financial period	18,405	13,971

## 10. Amounts due from related companies

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

The movement in allowance accounts is as follows:

	Group		Company	
	As at 30 September 2022 US\$'000	As at 31 December 2021 US\$'000	As at 30 September 2022 US\$'000	As at 31 December 2021 US\$'000
Movement in allowance accounts:				
At 1 January	114,931	101,082	360,614	280,232
Charge/(writeback) for the period	12,009	12,986	(77,666)	83,003
ECL adjustment to interest income	815	970	–	–
Written off during the period	(1,850)	–	(278,775)	–
Exchange differences	(427)	(107)	(3,116)	(2,621)
At end of financial period	125,478	114,931	1,057	360,614

## 11. Fair values of financial instruments

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

### (i) Fair value hierarchy

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

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

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



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

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

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

	<b>30 September 2022</b>		
	US\$'000		
	Fair value measurements at the end of the reporting period using		
<b>Group</b>	Quoted prices in active markets for identifiable instruments (Level 1)	Significant unobservable inputs (Level 3)	Total
<i>Assets measured at fair value</i>			
Financial assets:			
<u>Equity securities at fair value through profit or loss</u>			
Quoted equity securities	16	–	16
<u>Equity securities at FVOCI</u>			
Unquoted equity securities	–	–	–
Financial assets as at 30 September 2022	16	–	16

	<b>31 December 2021</b>		
	US\$'000		
	Fair value measurements at the end of the reporting period using		
<b>Group</b>	Quoted prices in active markets for identifiable instruments (Level 1)	Significant unobservable inputs (Level 3)	Total
<i>Assets measured at fair value</i>			
Financial assets:			
<u>Equity securities at fair value through profit or loss</u>			
Quoted equity securities	9	–	9
<u>Equity securities at FVOCI</u>			
Unquoted equity securities	–	–	–
Financial assets as at 31 December 2021	9	–	9

**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 September 2022</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 observable inputs other than quoted prices (Level 2)	Total
<b>Group and Company</b>			
<i>Liabilities measured at fair value</i>			
Financial liabilities:			
<u>Derivative financial liabilities</u>			
Quoted warrant liabilities	162	–	162
Unquoted warrant liabilities	–	–	–
Financial liabilities as at 30 September 2022	162	–	162

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, perpetual securities 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, notes payable and perpetual securities 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.

	<b>Financial assets at amortised cost</b> US\$'000	<b>Financial assets at fair value through profit or loss</b> US\$'000	<b>Financial assets at fair value through OCI</b> US\$'000
<b>Group</b>			
<b>30 September 2022</b>			
<b>Assets</b>			
Trade receivables	19,597	–	–
Other receivables	6,549	–	–
Amounts due from related companies	21,052	–	–
Investment securities	–	16	–
Cash and bank balances	26,976	–	–
	74,174	16	–
<b>31 December 2021</b>			
<b>Assets</b>			
Trade receivables	22,004	–	–
Other receivables	1,863	–	–
Amounts due from related companies	62,815	–	–
Investment securities	–	9	–
Cash and bank balances	21,591	–	–
	108,273	9	–

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

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

*Financial instruments by category (cont'd)*

Group	Financial liabilities	Financial liabilities
	at amortised cost	at fair value
	US\$'000	through profit or loss
		US\$'000
<b>30 September 2022</b>		
<b>Liabilities</b>		
Trade payables	15,976	–
Other liabilities	11,916	–
Amounts due to related companies	10,608	–
Bank loans	26,657	–
Derivative warrant liabilities	–	162
Perpetual securities	2,088	–
Lease liabilities	7,646	–
	74,891	162

<b>31 December 2021</b>		
<b>Liabilities</b>		
Trade payables	13,298	–
Other liabilities	124,796	–
Amounts due to related companies	10,479	–
Bank loans	386,584	–
Notes payable	74,110	–
Lease liabilities	8,314	–
	617,581	–

Company	Financial assets at	
	amortised cost	
	30	30
	September	31 December
	2022	2021
	US\$'000	US\$'000
<b>Assets</b>		
Other receivables	163	–
Amounts due from related companies	27,419	–
Cash and bank balances	3,149	1,468
	30,731	1,468

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 US\$'000	Financial liabilities at fair value through profit or loss US\$'000
<b>Company</b>		
<b>30 September 2022</b>		
<b>Liabilities</b>		
Other liabilities	1,256	–
Amounts due to related companies	312	–
Derivative warrant liabilities	–	162
Perpetual securities	2,088	–
	3,656	162
<b>31 December 2021</b>		
<b>Liabilities</b>		
Other liabilities	12,501	–
Amounts due to related companies	168,329	–
Notes payable	74,110	–
	254,940	–

12. Discontinued operations

On 26 October 2021, the Group entered into the Consensual Sale Agreement with the Secured Lenders and Purchaser to effect the Proposed Disposal as described in Note 2. The Group on 26 January 2022 entered into the MOAs for the transfer and delivery of the Sale Vessels. On 23 February 2022, the shareholders approved the Proposed Disposal. The Proposed Disposal was completed in March 2022.

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

**Cashflow**

The net cash flows of the disposal group are as follows:

	9M 2022 US\$'000	9M 2021 US\$'000
Operating	1,522	7,487
Investing	–	(2,152)
Financing	2	–
	1,524	5,335

## **12. Discontinued operations (cont'd)**

### **Write-down of property, plant and equipment**

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

An impairment loss of US\$14,080,000 was recognised on 26 October 2021 and recorded in discontinued operations in the income statement.

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

## **13. Property, plant and equipment**

During the nine months ended 30 September 2022, the Group acquired assets amounting to US\$1,368,000 (30 September 2021: US\$2,158,000). This is related to the re-purchase of two of the Sale Vessels from the Purchaser subsequent to the Proposed Disposal. The Group has earlier entered into a sale agreement with a third party to sell these two vessels, which has been terminated. Discussion with other potential buyers are ongoing.

During the same period, the Group disposed of other assets with net carrying amount of US\$Nil (30 September 2021: US\$329,000).

For FY2021, the Group has also reclassified its vessels amounting to US\$139,122,000 to assets held for sale, pursuant to the Proposed Disposal on 26 October 2021, as explained in Note 12. As announced on 10 March 2022, the Proposed Disposal was completed.

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

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

As at 30 September 2022, 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\$1,456,000 was recognised (9M 2021: US\$635,000)

#### 14. Bank loans

	Group			
	Secured		Unsecured	
	As at 30 September 2022	As at 31 December 2021	As at 30 September 2022	As at 31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable within one year or on demand	–	386,584	–	–
Amount repayable after one year	26,657	–	–	–

As disclosed in Note 2, the Proposed Disposal was completed in March 2022. Accordingly, the Secured Lenders waived, released and discharged approximately US\$200 million of the secured indebtedness owed by the Group and released and/or discharged all security interests and guarantees in connection thereto.

In August 2022, upon the sanction of the Proposed Schemes of Arrangement, the Group made payments of the remaining unsecured bank loans in accordance with the terms of the schemes and recognised a gain on debt forgiveness of bank loans, accrued interest payable and loan guarantee.

The bank loan that remains relate to the restructured Property Loan which is secured by the mortgaged building and mortgaged shipyard.

Under the restructured Property Loan, the bank loan outstanding was reduced to US\$28,751,000 and correspondingly a gain on debt forgiveness of US\$22,258,000 was recognised in 1Q 2022. As at 30 September 2022, the bank loan stood at US\$26,657,000. The terms of the restructured Property Loan include options for the lender or the Company to sell the property, and a requirement for the Company to make an advance interest payment.

As at 30 September 2022, cash balance of US\$1,195,000 has been set aside and is restricted for payment of the advance interest.

The Company has provided a corporate guarantee of US\$18,000,000 for the restructured Property Loan (31 December 2021: US\$386,584,000 of the bank loans).

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

- First legal mortgages over assets held for sale of the Group, with carrying amounts of US\$139,122,000;
- Escrow mortgages over the buildings, shipyard and plant and equipment of the Group, with carrying amounts of US\$34,433,000;
- A right to take assignment of charter earnings of the mortgaged vessels and insurance policies of the mortgaged vessels, mortgaged buildings and mortgaged shipyard; and
- Cash pledged of US\$2,000.

**14. Bank loans (cont'd)**

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

The carrying amounts of accrued interest payables recorded under other liabilities (current) is US\$312,000 (31 December 2021: US\$85,288,000).

**15. Notes payable**

The notes payable was non-interest bearing and listed on SGX-ST. Trading of the notes payable was 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 the proposed schemes of arrangement of certain entities of the Group being sanctioned 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 completion of the restructuring of the Group. 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 schemes of arrangement of certain entities of the Group and the necessary shareholders' approval in relation to the restructuring of the Group, have not been fulfilled.

On 10 February 2021, the Company commenced the 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 (the "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 "Perpetual Security", or as the case may be the "Perpetual Securities") ("the "Redemption"). The noteholders approved the proposed restructuring of the notes payable on 21 April 2021. The Redemption of the notes payable was approved by shareholders on 23 February 2022.

As at 5 September 2022, all of the notes payable have been validly redeemed by way of issuing the Redemption Shares and the Perpetual Securities to the noteholders. Following such Redemption, all of the notes payable were cancelled and delisted from SGX-ST on 6 September 2022.



## 16. Share capital and treasury shares

### (i) Share capital

	Group and Company			
	30 September 2022		31 December 2021	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
<i>Issued and fully paid ordinary shares:</i>				
Balance at the beginning of the period	725,755	162,854	725,755	162,854
Issue of shares	3,791,667	26,024	–	–
Share consolidation	(4,065,680)	–	–	–
Balance at the end of the period	451,742	188,878	725,755	162,854

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2022 and 31 December 2021.

On 1 September 2022, pursuant to the Proposed Share Issuances, the Company issued and allotted

- (a) an aggregate of 1,807,360,000 Redemption Shares to the noteholders in accordance with the terms of the consensual restructuring of the notes payable;
- (b) an aggregate of 175,763,400 Lender Shares to the Entitled Lenders in accordance with the terms of the consensual restructuring of various cross-currency swap facilities; and
- (c) an aggregate of 1,808,543,200 Management Shares to the PRL Key Management for a total cash consideration of S\$1 million,

(the Redemption Shares, Lender Shares and Management Shares are hereinafter collectively referred to as the "New Shares").

Following the allotment and issuance of the New Shares, the number of issued shares in the Company has increased from 715,428,013 shares (excluding 10,327,000 treasury shares) to 4,507,094,613 shares (excluding 10,327,000 treasury shares).

The Company has determined the fair value of the New Shares to be S\$0.095, based on the opening trading price on 26 September 2022 when the Company resumed trading of its shares. A gain of US\$52,360,000 was recognised as gain on restructuring due to share issuance in the statement of profit or loss in 3Q 2022.

Thereafter, on 14 September 2022, the existing ordinary shares in the share capital of the Company were consolidated on the basis of every ten existing shares into one consolidated ordinary share. Upon completion of the share consolidation, the Company's total issued shares, excluding 1,032,700 consolidated treasury shares, is 450,709,457 consolidated shares as at 30 September 2022 (31 December 2021: 715,428,013).

Following the share consolidation, the existing shareholders of the Company (excluding the noteholders and Entitled Lenders but including the PRL Key Management) were issued new warrants in the consolidated share capital of the Company (Note 17 – Derivative warrant liabilities).

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

### (ii) Treasury shares

	Group and Company			
	30 September 2022		31 December 2021	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Balance at the beginning of the period	(10,327)	(2,135)	(10,327)	(2,135)
Share consolidation	(9,294)	–	–	–
Balance at the end of the period	(1,033)	(2,135)	(10,327)	(2,135)

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

Following the share consolidation (Note 16(i)), the Company's total treasury shares is 1,032,700 consolidated treasury shares as at 30 September 2022 (31 December 2021: 10,327,000).

## 17. Derivative warrant liabilities

	Group and Company		
	30 September 2022		
	No. of warrants '000	US\$'000	Exercise price S\$ per warrant share
Balance at the beginning of the period	–	–	
Shareholder warrants issued - quoted	22,455	162	0.03
Management warrants issued - unquoted	23,033	–	0.06
Balance at the end of the period	45,488	162	

Pursuant to the Proposed Warrant Issuances, the Company has on 19 September 2022 allotted and issued:

(a) an aggregate of 22,454,446 warrants to the existing shareholders of the Company (excluding the noteholders, Entitled Lenders and PRL Key Management), on the basis of 100 warrants for every 100 consolidated shares (the "Shareholder Warrants") and

(b) an aggregate of 23,033,431 warrants to the PRL Key Management, on the basis of 47 warrants for every 100 consolidated shares (the "Management Warrants").

The Shareholder Warrants are listed and quoted on the SGX-ST with effect from 22 September 2022. The Management Warrants are not listed.

Both the Shareholder Warrants and Management Warrants (collectively the "Warrants") may only be exercised on the date falling on the third anniversary of the issuance of the Warrants or earlier, if all Perpetual Securities have been redeemed by the Company. The Warrants will expire in five years from the date of issuance of the Warrants. None of the Warrants have been exercised as at 30 September 2022.

**17. Derivative warrant liabilities (cont'd)**

Except for the warrants, there were no convertible securities as at 30 September 2022 and 30 September 2021. As at 30 September 2022, the number of shares that may be issued on exercise of warrants were 45,487,877 (30 September 2021: Nil)

The outstanding Warrants are recognised as a warrant liability on the balance sheet, and are measured at fair value at their inception date and subsequently re-measured at each reporting period with changes being recorded in the statement of profit or loss.

Shareholder Warrant liabilities are considered as Level 1 liabilities on the fair value hierarchy, as they are listed. As at 30 September 2022, the fair value of the Shareholder Warrant liabilities is US\$162,000, based on the listed warrant price of S\$0.01.

Management Warrant liabilities are considered as Level 2 liabilities on the fair value hierarchy, as they are unlisted. Based on listed price of listed shareholder warrants and adjustment for the different exercise price, management has determined that the fair value of the unlisted management warrants is nil as at 30 September 2022.

**18. Perpetual Securities**

	<b>Group and Company</b> <b>30 September 2022</b> US\$'000
Balance at the beginning of the period	–
Issue of perpetual securities	2,088
	<hr/>
Balance at the end of the period	2,088
	<hr/> <hr/>

As at 5 September 2022, Perpetual Securities totalling S\$3 million were issued to noteholders pursuant to the Redemption of the notes payables (Note 15). These Perpetual Securities have no maturity date and have a distribution rate of 2.5% per annum, which is payable annually in arrears. In accordance with the terms of the Perpetual Securities, any distribution is subject to positive EBITDA and minimum cash balances of S\$5 million, any distribution not paid pursuant to the terms of the Perpetual Securities is non-cumulative and will not accrue interest.

The Perpetual Securities may be redeemed at the option of the Company, in whole or in part, at any time on or after the issue date, on giving not less than 30 but not more than 60 days' irrevocable notice to the holder of the Perpetual Securities. In accordance with the terms of the Perpetual Securities, the redemption is subject to positive EBITDA and minimum cash balances of S\$5 million.

Until the Perpetual Securities have been fully redeemed, the Company shall not declare nor pay any dividends or distributions to shareholders.

The Perpetual Securities have been classified as financial liabilities instead of equity, as the Company has certain contractual obligation in relation to the distribution under the terms of the Perpetual Securities and the Company does not have unconditional right to avoid (i) delivering cash or (ii) settle in such a way that it would be a financial liability.

**19. Subsequent events**

On 31 October 2022, the Company redeemed S\$1 million of the perpetual securities.

## **-+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 September 2022 and the condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the nine months ended 30 September 2022 and related explanatory notes have not been audited or reviewed.

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

The auditor of the Group had issued a disclaimer of opinion for the FY2021 financial statements due to the following reasons:

- (i) use of the going concern assumption;
- (ii) unable to obtain sufficient appropriate audit evidence for the carrying amount of assets held for sale and associated impairment charge for property, plant and equipment; and
- (iii) unable to obtain sufficient appropriate audit evidence for the carrying amount of bank loan liabilities and finance costs. Details on the basis for disclaimer of opinion are stated in the independent auditor's report of the FY2021 annual report.

On item (ii):

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

On item (iii):

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

The Board confirms that the impact of the aforementioned issues has been adequately disclosed in the FY2021 financial statements (Note 3 and 9 of the FY2021 Group financial + S1 0tatements) and this set of interim condensed financial statements (Note 12 and 14).

## 2. Review of performance of the Group

### Revenue

#### 9M 2022 vs 9M 2021

Revenue decreased by approximately US\$14.7 million or 33% from US\$45.1 million in 9M 2021 to US\$30.4 million in 9M 2022.

The decrease was attributed mainly to the decrease in revenue from the chartering of Offshore Support and Subsea vessels of US\$21.5 million from US\$41.4 million in 9M 2021 to US\$19.9 million in 9M 2022 following the Proposed Disposal of vessels that was completed in March 2022.

This was partially offset by the increase in revenue from the ship repair services of US\$6.8 million from US\$3.6 million in 9M 2021 to US\$10.4 million in 9M 2022 due to higher completion of ship repair works.

#### 3Q 2022 vs 3Q 2021

Revenue decreased by approximately US\$6.8 million or 52% from US\$13.2 million in 3Q 2021 to US\$6.4 million in 3Q 2022.

The decrease was attributed mainly to the decrease in revenue from the chartering of Offshore Support and Subsea vessels of US\$7.5 million from US\$11.9 million in 3Q 2021 to US\$4.4 million in 3Q 2022 following the Proposed Disposal of vessels that was completed in March 2022.

This was partially offset by the increase in revenue from the ship repair services of US\$0.6 million from US\$1.3 million in 3Q 2021 to US\$1.9 million in 3Q 2022 due to higher completion of ship repair works.

### Gross profit

#### 9M 2022 vs 9M 2021

Gross profit increased by approximately US\$9.6 million from US\$0.5 million in 9M 2021 to US\$10.1 million in 9M 2022.

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

#### 3Q 2022 vs 3Q 2021

Gross profit increased by approximately US\$5.5 million from gross loss of US\$1.1 million in 3Q 2021 to US\$4.4 million in 3Q 2022.

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

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

### Other operating income

#### 9M 2022 vs 9M 2021

Other operating income increased by approximately US\$353.0 million from US\$12.7 million in 9M 2021 to US\$365.7 million in 9M 2022.

The increase was mainly due to higher gain on debt forgiveness on restructuring of US\$281.5 million, gain on restructuring upon issuance of shares of US\$52.4 million, gain on sale of vessels of \$17.0 million and gain on release of financial guarantee liabilities of US\$3.0 million in 9M 2022.

#### 3Q 2022 vs 3Q 2021

Other operating income increased by approximately US\$318.3 million from US\$1.4 million in 3Q 2021 to US\$319.7 million in 3Q 2022.

The increase was mainly due to higher gain on debt forgiveness on restructuring of US\$268.5 million and gain on issuance of shares due to restructuring of US\$52.4 million.

### General and administrative expenses

#### 9M 2022 vs 9M 2021

General and administrative expenses increased by approximately US\$1.7 million or 17% from US\$9.7 million in 9M 2021 to US\$11.4 million in 9M 2022, mainly due to commitment fee paid to the Purchaser in 3M 2022.

#### 3Q 2022 vs 3Q 2021

General and administrative expenses decreased by approximately US\$0.2 million or 8% from US\$3.1 million in 3Q 2021 to US\$2.9 million in 3Q 2022, mainly due to lower restructuring expenses recorded in 3Q 2022.

### Other operating expenses

#### 9M 2022 vs 9M 2021

Other operating expenses increased by approximately US\$14.8 million from US\$3.2 million in 9M 2021 to US\$18.0 million in 9M 2022.

The increase was mainly attributable to increase in doubtful debt expenses of US\$14.2 million, and increase in impairment of property, plant and equipment of US\$0.8 million in 9M 2022.

#### 3Q 2022 vs 3Q 2021

Other operating expenses increased by approximately US\$4.5 million from US\$0.1 million in 3Q 2021 to US\$4.6 million in 3Q 2022.

The increase was mainly attributable to increase in doubtful debt expenses of US\$2.9 million and impairment of property, plant and equipment of US\$1.5 million recorded in 3Q 2022.

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

### **Finance costs**

#### **9M 2022 vs 9M 2021**

Finance costs decreased by approximately US\$6.8 million or 51% from US\$13.2 million in 9M 2021 to US\$6.4 million in 9M 2022.

The decrease was mainly attributable to settlement of bank loans arising from the debt restructuring exercise.

#### **3Q 2022 vs 3Q 2021**

Finance costs decreased by approximately US\$5.8 million from US\$4.6 million in 3Q 2021 to gain of US\$1.2 million in 3Q 2022 due to reversal of current year's finance cost relating to bank loans forgiven in 3Q 2022.

### **Share of results of joint ventures**

#### **9M 2022 vs 9M 2021**

#### **3Q 2022 vs 3Q 2021**

Share of results of joint venture was US\$1.5 million gain for 9M 2022, compared to \$Nil for 9M 2021.

Share of results of joint venture was nil for 3Q 2022 and 3Q 2021.

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

### **Share of results of associates**

#### **9M 2022 vs 9M 2021**

#### **3Q 2022 vs 3Q 2021**

Share of results of associates was US\$4.6 million gain for 9M 2022, compared to US\$2.4 million gain for 9M 2021.

Share of results of associates was nil for 3Q 2022 and 3Q 2021.

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

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

### Taxation

#### 9M 2022 vs 9M 2021

Taxation expense decreased by approximately US\$0.9 million or 67% from US\$1.4 million in 9M 2021 to US\$0.5 million in 9M 2022.

The decrease was mainly due to lower withholding taxes of US\$1.5 million, partially offset by higher current tax expense of US\$0.6 million in 9M 2022.

#### 3Q 2022 vs 3Q 2021

Taxation expense decreased by approximately US\$0.5 million from US\$0.4 million in 3Q 2021 to a credit of US\$0.1 million in 3Q 2022.

This was mainly attributed to lower withholding taxes of US\$0.8 million, partially offset by higher current tax expense of US\$0.3 million in 3Q 2022.

### REVIEW OF STATEMENT OF FINANCIAL POSITION

#### Non-current assets

The Group's non-current assets amounted to US\$43.4 million as at 30 September 2022. The decrease in non-current assets from US\$48.2 million as at 31 December 2021 was mainly attributable to the decrease in property, plant and equipment by US\$5.8 million mainly due to depreciation of US\$2.2 million and impairment of US\$1.5 million, partially offset by additions of US\$0.3 million. The decrease was partly offset by new investment in joint venture of US\$1.2 million.

#### Current assets

The Group's current assets amounted to US\$75.2 million as at 30 September 2022. The decrease in current assets from US\$244.2 million as at 31 December 2021 was mainly due to:

- (i) the decrease in assets held for sale by US\$138.0 million;
- (ii) the decrease in amounts due from related companies by US\$41.6 million; and
- (iii) the decrease in trade receivables by US\$2.4 million.

This was partially offset by:

- (iv) the increase in cash and bank balances by US\$5.4 million; and
- (v) the increase in other receivables by US\$4.7 million.



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

### **REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)**

#### **Current liabilities**

The Group's current liabilities amounted to US\$44.8 million as at 30 September 2022. The decrease in current liabilities from US\$617.8 million as at 31 December 2021 was attributed mainly to:

- (i) the decrease in current bank loans by US\$386.6 million due to settlement and debt forgiveness of bank loans arising from the debt restructuring exercise;
- (ii) the decrease in other liabilities by US\$115.5 million mainly due to settlement and debt forgiveness of interest expense; and
- (iii) the decrease in notes payable by US\$74.1 million due to settlement of notes payable from the debt restructuring exercise.

This was partially offset by:

- (iv) the increase in trade payables by US\$2.7 million; and
- (v) the increase in provision for taxation by US\$0.5 million.

The Group is in positive working capital position of US\$27.1 million as at 30 September 2022. The Group has completed 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\$42.1 million as at 30 September 2022. Non-current liabilities increased from US\$19.7 million as at 31 December 2021 primarily due to the

- (i) the increase in non-current bank loans by US\$26.6 million due to restructuring of the property loans;
- (ii) issuance of perpetual securities of US\$2.1 million as part of the restructuring exercise.
- (iii) issuance of listed shareholder warrants of US\$0.2 million.

This was partially offset by:

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

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

**REVIEW OF CASH FLOWS**

In 9M 2022, the Group generated net cash inflow of US\$5.5 million.

Net cash inflow from operating activities was US\$2.6 million. This was mainly due to net working capital inflow of US\$2.6 million and cash inflow from operating activities before working capital changes of US\$1.0 million, partially offset by net interest and taxes paid of US\$1.0 million.

Net cash inflow from investing activities was US\$2.4 million. This was due to loans repaid by related companies of US\$5.0 million, partially offset by purchase of property, plant and equipment of US\$1.4 million and investment in joint venture of US\$1.2 million.

Net cash inflow from financing activities was US\$0.5 million. This was due to proceeds from share issuance of US\$0.7 million, partially offset by payment of principal portion of lease liabilities of US\$0.3 million.

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

Not applicable

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

The Group completed its debt restructuring in 3Q 2022.

Looking ahead, the macroeconomic and geopolitical situations are expected to remain challenging. The pandemic-induced supply disruption that continue to persist, due in part to China's zero-COVID approach, and the ongoing Russia-Ukraine conflict have led to rapid increase in energy and food prices. This has prompted major central banks to tighten monetary policy and raise interest rates to curb inflation, thereby contributing to the sluggish economic outlook for the rest of the year and beyond 2022. Against this backdrop of increasing uncertainties, the Group will continue to stay nimble and seek out more opportunities to grow the ship management activities and diversify into the green and renewable energy sector.

The Group is working in parallel to roll out a new marine enterprise resource planning system which will streamline the end-to-end workflow for all core functions that support the ship management activities by the end of the year. This will enable the Group to reap economies of scale as it seeks to expand its ship management activities going forward.

**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 is recommended by the Group. Under the terms of the Perpetual Securities, there shall be no dividend or distribution to the shareholders until the Perpetual Securities are fully redeemed.

**6. Interested person transactions**

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

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

Refer to part 2 and 4.

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

Not applicable.

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

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

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

The Board hereby confirms to the best of its knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the nine months ended 30 September 2022 to be false or misleading in any material respect.

**On behalf of the Board of Directors**

**Pang Yoke Min**  
**Executive Chairman**

**Pang Wei Meng**  
**Executive Director**

14 November 2022