

Company Registration No. 200609894C

Pacific Radiance Ltd. and its Subsidiaries

Condensed interim financial statements

For the nine months ended 30 September 2023 (3Q 2023) (9M 2023)

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

		Group						
		3Q 2023			3Q 2022			
	Note	<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	%
Revenue	5	7,932	–	7,932	6,413	–	6,413	24
Cost of sales		(4,129)	–	(4,129)	(2,055)	–	(2,055)	NM
Gross profit		3,803	–	3,803	4,358	–	4,358	(13)
Other operating income		2,498	–	2,498	319,688	–	319,688	(99)
General and administrative expenses		(3,122)	–	(3,122)	(2,875)	–	(2,875)	9
Other operating expenses		(264)	–	(264)	(4,550)	–	(4,550)	(94)
Finance costs		(254)	–	(254)	1,231	–	1,231	NM
Share of results of joint ventures		138	–	138	–	–	–	NM
Share of results of associates		–	–	–	–	–	–	NM
Profit/(loss) before taxation	6	2,799	–	2,799	317,852	–	317,852	(99)
Taxation	7	(14)	–	(14)	112	–	112	NM
Profit/(loss) for the period		2,785	–	2,785	317,964	–	317,964	(99)
Other comprehensive income:								
<u>Items that may be reclassified subsequently to profit or loss:</u>								
Foreign currency translation		313	–	313	899	–	899	(65)
Other comprehensive income for the period, net of tax		313	–	313	899	–	899	NM
Total comprehensive income for the period		3,098	–	3,098	318,863	–	318,863	(99)
Profit/(loss) for the period attributable to:								
Equity holders of the Company		2,771	–	2,771	306,135	–	306,135	(99)
Non-controlling interests		14	–	14	11,829	–	11,829	NM
		2,785	–	2,785	317,964	–	317,964	(99)
Total comprehensive income for the period attributable to:								
Equity holders of the Company		3,084	–	3,084	307,034	–	307,034	(99)
Non-controlling interests		14	–	14	11,829	–	11,829	NM
		3,098	–	3,098	318,863	–	318,863	(99)
Profit/(loss) per share attributable to equity holders of the Company								
Basic (US cents per share)		0.6	–	0.6	156.8	–	156.8	
Diluted (US cents per share)		0.6	–	0.6	155.8	–	155.8	
NM: Not Meaningful								

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

		Group						
		9M 2023			9M 2022			
Note		Continuing Operations	Discontinued Operations	Total	Continuing Operations	Discontinued Operations	Total	%
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
	Revenue	24,216	–	24,216	21,614	8,740	30,354	(20)
	Cost of sales	(15,223)	–	(15,223)	(11,383)	(8,897)	(20,280)	(25)
	Gross profit	8,993	–	8,993	10,231	(157)	10,074	(11)
	Other operating income	7,341	–	7,341	345,791	19,937	365,728	(98)
	General and administrative expenses	(8,604)	–	(8,604)	(9,980)	(1,432)	(11,412)	(25)
	Other operating expenses	(977)	–	(977)	(4,550)	(13,511)	(18,061)	(95)
	Finance costs	(755)	–	(755)	(2,338)	(4,085)	(6,423)	(88)
	Share of results of joint ventures	307	–	307	–	1,509	1,509	(80)
	Share of results of associates	–	–	–	–	4,603	4,603	NM
	Profit/(loss) before taxation	6,305	–	6,305	339,154	6,864	346,018	(98)
	Taxation	(56)	–	(56)	(210)	(251)	(461)	(88)
	Profit/(loss) for the period	6,249	–	6,249	338,944	6,613	345,557	(69)
	Other comprehensive income:							
	<u>Items that may be reclassified subsequently to profit or loss:</u>							
	Foreign currency translation	557	–	557	1,778	–	1,778	(69)
	Other comprehensive income for the period, net of tax	557	–	557	–	–	–	NM
	Total comprehensive income for the period	6,806	–	6,806	340,722	6,613	347,335	(87)
	Profit/(loss) for the period attributable to:							
	Equity holders of the Company	6,270	–	6,270	327,165	6,683	333,848	(98)
	Non-controlling interests	(21)	–	(21)	11,779	(70)	11,709	NM
		6,249	–	6,249	338,944	6,613	345,557	(98)
	Total comprehensive income for the period attributable to:							
	Equity holders of the Company	6,827	–	6,827	328,943	6,683	335,626	(98)
	Non-controlling interests	(21)	–	(21)	11,779	(70)	11,709	NM
		6,806	–	6,806	340,722	6,613	347,335	(98)
	Earnings/(loss) per share attributable to equity holders of the Company							
	Basic (US cents per share)	1.4	–	1.4	289.0	5.9	294.9	
	Diluted (US cents per share)	1.4	–	1.4	287.8	5.9	293.7	
	NM: Not Meaningful							

Condensed interim statements of financial position

		Group		Company	
	Note	30 September 2023	31 December 2022	30 September 2023	31 December 2022
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	12	38,046	40,629	–	–
Investment in subsidiaries		–	–	100	–
Investment in associates		–	–	–	–
Investment in joint ventures		1,595	1,287	–	–
Investment securities		–	–	–	–
Club memberships		140	140	–	–
Amounts due from related companies		408	408	–	–
		40,189	42,464	100	–
Current assets					
Inventories		180	160	–	–
Trade receivables	9	10,617	14,571	–	–
Other receivables		8,553	7,572	53	136
Amounts due from related companies	10	19,295	20,156	23,209	20,082
Investment securities		31	23	–	–
Cash and bank balances		30,279	25,596	4,448	2,545
		68,955	68,078	27,710	22,763
Total assets		109,144	110,542	27,810	22,763
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		3,805	12,091	–	–
Other liabilities		15,967	15,587	260	180
Amounts due to related companies		13,337	11,801	313	308
Provision for taxation		1,080	1,108	–	–
Lease liabilities		1,005	1,012	–	–
		35,194	41,599	573	488
Net current assets		33,761	26,479	27,137	22,275

Condensed interim statements of financial position

	Note	Group		Company	
		30 September 2023	31 December 2022	30 September 2023	31 December 2022
		US\$'000	US\$'000	US\$'000	US\$'000
Non-current liabilities					
Other liabilities		3,817	3,817	–	–
Provisions		247	252	–	–
Bank loans	13	29,215	29,839	–	–
Deferred tax liabilities		2,474	2,474	–	–
Lease liabilities		6,766	7,155	–	–
Derivative warrant liabilities	15	164	184	164	184
Perpetual securities	16	731	1,492	731	1,492
		43,414	45,213	895	1,676
Total liabilities		78,608	86,912	1,468	2,164
Net assets		30,536	23,730	26,342	20,599
Equity attributable to equity holders of the Company					
Share capital	14	188,878	188,878	188,878	188,878
Treasury shares	14	(2,135)	(2,135)	(2,135)	(2,135)
Accumulated losses		(151,546)	(154,473)	(160,338)	(166,081)
Other reserves		(4,483)	(8,442)	(63)	(63)
		30,714	23,828	26,342	20,599
Non-controlling interests		(178)	(98)	–	–
Total equity		30,536	23,730	26,342	20,599

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
The Group												
Balance at 1 January 2023	188,878	(2,135)	(154,473)	(8,442)	(1,798)	–	–	–	(6,644)	23,828	(98)	23,730
Profit for the period	–	–	6,270	–	–	–	–	–	–	6,270	(21)	6,249
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	557	557	–	–	–	–	557	–	557
Total comprehensive income for the period	–	–	6,270	557	557	–	–	–	–	6,827	(21)	6,806
Transfers within equity	–	–	(3,343)	3,402	–	–	–	–	3,402	59	(59)	–
Balance at 30 September 2023	188,878	(2,135)	(151,546)	(4,483)	(1,241)	–	–	–	(3,242)	30,714	(178)	30,536
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 distributions 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

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
<u>The Company</u>							
Balance at 1 January 2023	188,878	(2,135)	(166,081)	(63)	–	(63)	20,599
Profit for the period	–	–	5,743	–	–	–	5,743
Total comprehensive income for the period	–	–	5,743	–	–	–	5,743
Balance at 30 September 2023	188,878	(2,135)	(160,338)	(63)	–	(63)	26,342
Balance at 1 January 2022	162,854	(2,135)	(417,049)	(63)	170	(233)	(256,393)
Profit for the period	–	–	257,548	–	–	–	257,548
<u>Contributions by and distributions to owners</u>							
Shares issued due to restructuring	26,024	–	–	–	–	–	26,024
Total contributions by and distributions to owners	26,024	–	–	–	–	–	26,024
Balance at 30 September 2022	188,878	(2,135)	(159,501)	(63)	170	(233)	27,179

Condensed interim consolidated statement of cash flows

	Note	9M 2023 US\$'000	9M 2022 US\$'000
Cash flows from operating activities:			
Profit before taxation		6,305	346,018
Adjustments for:			
Depreciation of property, plant and equipment		2,387	2,250
Finance costs		755	6,423
Interest income		(270)	(21)
Share of results of associates		–	(4,603)
Share of results of joint ventures		(307)	(1,509)
Gain on disposal of assets held for sale		–	(17,022)
(Write-back)/Impairment of doubtful receivables, net	9	(5,152)	4,434
Impairment of amounts due from related companies	10	68	12,009
Impairment of property, plant and equipment		–	1,456
Derecognition of financial guarantee liabilities		–	(2,977)
Gain on restructuring due to share issuance		–	(52,360)
Net gain on debt forgiveness of bank loans and interests	6	–	(290,791)
Net fair value gain on bank loans		–	(1,223)
Net fair value gain on held for trading investment securities		(8)	(8)
Net fair (gain)/loss on derivative warrant liabilities		(20)	162
Exchange differences		639	(1,250)
Operating cash flows before changes in working capital		4,397	988
Decrease/(Increase) in trade and other receivables		8,094	(6,672)
(Increase)/Decrease in amounts due from/to related companies, net		(17)	1,592
Decrease in inventories		2,329	346
(Decrease)/Increase in trade payables and other liabilities		(8,500)	7,345
Cash generated from operations		6,303	3,599
Taxes paid		(93)	(772)
Interest paid		299	(219)
Interest received		(220)	–
Net cash flows generated from operating activities		6,289	2,608

Condensed interim consolidated statement of cash flows

	Note	9M 2023 US\$'000	9M 2022 US\$'000
Cash flows from investing activities:			
Purchase of property, plant and equipment		(530)	(1,368)
Loans repaid by related companies, net		–	5,000
Investment in joint venture		–	(1,200)
Net cash flows (used in)/generated from investing activities		(530)	2,432
Cash flows from financing activities:			
Payment of principal portion of lease liabilities		(185)	(259)
Right-of-use asset lease modification		(51)	–
Partial redemption of perpetual securities		(749)	–
Cash and bank balances release as new securities		–	2
Proceeds from issuance of new shares		–	723
Net cash flows (used in)/generated from financing activities		(985)	466
Net increase in cash and bank balances		4,774	5,506
Effect of exchange rate changes on cash and bank balances		(91)	(119)
Cash and bank balances at beginning of the period		25,596	21,589
Cash and bank balances at end of the period		30,279	26,976
Breakdown of cash and bank balances at end of the period:			
Cash and bank balances as per balance sheet		30,279	26,976
Restricted cash and bank balance		(1,945)	–
		28,334	26,976

Notes to the condensed interim consolidated financial statements

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 2023 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 2023 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 2022.

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.

2.1 New and amended standards adopted by the Group

A number of amendments to SFRS(I)s have become applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting those amendments.

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 2022.

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.

3. Seasonal operations

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

4. Segment Information for continuing operations

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

- (a) the ship management business is engaged in managing, chartering and operating of offshore support vessels; and
- (b) 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.

	Ship Management US\$'000	Shipyard US\$'000	Total US\$'000
3Q 2023			
Revenue:			
Sales	4,684	3,249	7,933
Inter-segment sales (Note A)	(1)	–	(1)
Sales to external customers	4,683	3,249	7,932
Results:			
Interest Income	113	11	124
Finance costs	(15)	(239)	(254)
Depreciation and amortisation	(180)	(691)	(871)
Share of results of associates	138	–	138
Write-back/(Impairment) of doubtful receivables, net	2,073	16	2,089
Impairment of amounts due from related companies	41	–	41
Segment profit	2,691	108	2,799

	Ship Management US\$'000	Shipyard US\$'000	Total US\$'000
3Q 2022			
Revenue:			
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
Results:			
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)

4 Segment Information for continuing operations (cont'd)

	Ship Management US\$'000	Shipyard US\$'000	Total US\$'000
3Q 2022			
Other non-cash expenses (Note B)	5,250	(25)	5,225
Segment profit/(loss)	319,148	(1,296)	317,852
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	Ship Management US\$'000	Shipyard US\$'000	Total US\$'000
9M 2023			
Revenue:			
Sales	13,403	10,830	24,233
Inter-segment sales (Note A)	(17)	–	(17)
Sales to external customers	13,386	10,830	24,216
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Results:			
Interest income	259	11	270
Finance costs	(34)	(721)	(755)
Depreciation and amortisation	(296)	(2,091)	(2,387)
Share of results of associates	307	–	307
Write-back/(Impairment) of doubtful receivables, net	5,151	1	5,152
Impairment of amounts due from related companies	(68)	–	(68)
Segment profit	6,187	118	6,305
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	Ship Management US\$'000	Shipyard US\$'000	Total US\$'000
As at 30 September 2023			
Segment assets:			
Investment in joint ventures	1,595	–	1,595
Additions to non-current assets (Note C)	522	8	530
Segment assets	63,355	45,789	109,144
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Segment liabilities	35,878	42,730	78,608
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4 Segment Information for continuing operations (cont'd)

	Ship Management US\$'000	Shipyard US\$'000	Total US\$'000
9M 2022			
Revenue:			
Sales	11,185	12,861	24,046
Inter-segment sales (Note A)	(34)	(2,398)	(2,432)
Sales to external customers	11,151	10,463	21,614
Results:			
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	Shipyard US\$'000	Total US\$'000
As at 31 December 2022			
Segment assets:			
Investment in associates	–	–	–
Investment in joint ventures	1,287	–	1,287
Additions to non-current assets (Note C)	1,385	15	1,400
Segment assets	62,618	47,924	110,542
Segment liabilities	42,330	44,482	86,812

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 for continuing operations

Segments	Ship Management US\$'000	Shipyard US\$'000	Total US\$'000
3Q 2023			
Type of services			
Lease revenue	1,251	–	1,251
Other ancillary time charter revenue	1,902	–	1,902
Ship repair income	–	3,240	3,240
Ship management fee income	1,529	–	1,529
Others	–	10	10
	4,682	3,250	7,932
Timing of transfer of services			
At a point in time	–	3,250	3,250
Over time	4,682	–	4,682
	4,682	3,250	7,932
3Q 2022			
Type of services			
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
Timing of transfer of services			
At a point in time	–	1,965	1,965
Over time	4,448	–	4,448
	4,448	1,965	6,413

5. Disaggregation of revenue for continuing operations (cont'd)

Segments	Ship Management US\$'000	Shipyards US\$'000	Total US\$'000
9M 2023			
Type of services			
Lease revenue	3,297	–	3,297
Other ancillary time charter revenue	5,245	–	5,245
Ship repair income	–	10,812	10,812
Ship management fee income	4,843	–	4,843
Others	–	19	19
	13,385	10,831	24,216
Timing of transfer of services			
At a point in time	–	10,831	10,831
Over time	13,385	–	13,385
	13,385	10,831	24,216
9M 2022			
Type of services			
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
Timing of transfer of services			
At a point in time	–	10,463	10,463
Over time	11,151	–	11,151
	11,151	10,463	21,614

5. Disaggregation of revenue for continuing operations (cont'd)

Intercompany revenue

	Ship Management US\$'000	Shipyard US\$'000	Total US\$'000
9M 2023	17	–	17
9M 2022	35	869	904

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
9M 2023	–
9M 2022	772

Geographical information

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

	Group		Group	
	3Q 2023 US\$'000	3Q 2022 US\$'000	9M 2023 US\$'000	9M 2022 US\$'000
Asia ⁽¹⁾	2,437	2,748	6,471	5,872
Singapore	5,107	3,579	16,822	15,346
Middle East	388	86	923	393
Latin America	–	–	–	3
	7,932	6,413	24,216	21,614

⁽¹⁾ Asia includes Brunei, Indonesia, Thailand and United Arab Emirates.

6. Profit before taxation for continuing operations

6.1 Significant items

	Group		Group	
	3Q		3Q	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Income				
Gain on debt forgiveness of bank loan	–	268,533	–	290,791
Gain on restructuring due to share issuance	–	52,360	–	52,360
Foreign exchange gains, net	–	–	–	2,094
Interest income	124	18	270	18
Net fair value gain on bank loan	–	1,223	–	1,223
Expenses				
Depreciation of property, plant and equipment (included in cost of sales)	531	528	1,608	1,604
Depreciation of property, plant and equipment (included in general and administrative expenses)	340	215	779	635
(Writeback)/Impairment of doubtful receivables, net	(2,089)	4,287	(5,152)	4,298
(Write-back)/Impairment of amounts due from related companies, net	(41)	(2,836)	68	1,366
Interest expense on bank loans carried at amortised cost	149	(1,320)	448	1,889
Net fair value loss on derivative warrant liabilities	184	–	16	–
Foreign exchange losses, net	440	1,236	848	–

6. Profit before taxation for continuing operations (cont'd)

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 2023	3Q 2022	9M 2023	9M 2022
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Income</i>				
Charter hire income:				
- Joint ventures	368	145	903	453
Ship repair income:				
- Associates	–	–	864	79
- Related parties	15	2,024	712	2,146
Management fee income from:				
- Joint ventures	–	78	158	202
Ship management fee income from:				
- Joint ventures	–	18	–	54
- Related parties	726	940	2,691	3,784
Miscellaneous income from:				
- Joint ventures	–	–	–	1
- Related parties	–	–	1,229	–
<i>Expense</i>				
Charter hire expense and other cost of sales to:				
- Joint ventures	303	24	309	116
- Related parties	1,490	1,490	3,758	3,524
Interest expense to:				
- A shareholder of a subsidiary	–	–	–	175

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 2023			3Q 2022		
	<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	–	–	–	313	–	313
Deferred tax expense	–	–	–	–	–	–
Withholding tax expense	14	–	14	(425)	–	(425)
	14	–	14	(112)	–	(112)

	Group			Group		
	9M 2023			9M 2022		
	<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	1	–	1	830	4	834
Deferred tax expense	–	–	–	(171)	–	(171)
Withholding tax expense	55	–	55	(449)	247	(202)
	56	–	56	210	251	461

8. Net asset value

	Group		Company	
	As at 30 September 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
Net liability value (US\$'000)	30,714	23,828	26,342	20,599
Total number of ordinary shares issued ('000)	450,709	450,709	450,709	450,709
Net liability value per ordinary share (US cents)	6.81	5.29	5.84	4.57

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 2023	As at 31 December 2022
	US\$'000	US\$'000
Movement in allowance accounts:		
At 1 January	18,440	13,971
Charge for the period	67	4,484
Write back of allowance	(5,219)	(15)
Written off during the period	(9,803)	–
	<hr/>	<hr/>
At end of financial period	3,485	18,440
	<hr/>	<hr/>

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 2023	As at 31 December 2022	As at 30 September 2023	As at 31 December 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Movement in allowance accounts:				
At 1 January	131,104	114,931	9,207	360,614
Charge/(writeback) for the period	68	16,901	(1,087)	(69,587)
ECL adjustment to interest income	818	1,090	–	–
Written off during the period	(17,048)	(1,850)	–	(278,775)
Exchange differences	4	32	2	(3,045)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of financial period	114,946	131,104	8,122	9,207
	<hr/>	<hr/>	<hr/>	<hr/>

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.

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

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

	30 September 2023 US\$'000		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	Significant unobservable inputs (Level 3)	Total
Group			
<i>Assets measured at fair value</i>			
Financial assets:			
<u>Equity securities at fair value</u>			
<u>through profit or loss</u>			
Quoted equity securities	31	–	31
<u>Equity securities at FVOCI</u>			
Unquoted equity securities	–	–	–
Financial assets as at 30 September 2023			
	31	–	31
Group and Company			
<i>Liabilities measured at fair value</i>			
Financial liabilities:			
<u>Derivative financial liabilities</u>			
Warrant liabilities (quoted)	164	–	164

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

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

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

	31 December 2022		
	US\$'000		
	Fair value measurements at the end of the reporting period using		
	Quoted prices in active markets for identifiable instruments (Level 1)	Significant unobservable inputs (Level 3)	Total
Group			
<i>Assets measured at fair value</i>			
Financial assets:			
<u>Equity securities at fair value through profit or loss</u>			
Quoted equity securities	23	–	23
<u>Equity securities at FVOCI</u>			
Unquoted equity securities	–	–	–
Financial assets as at 31 December 2022	23	–	23
Group and Company			
<i>Liabilities measured at fair value</i>			
Financial liabilities:			
<u>Derivative financial liabilities</u>			
Warrant liabilities (quoted)	184	–	184

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, lease liabilities, perpetual securities and amounts due from related companies.

The carrying amounts of bank loans, lease liabilities, perpetual securities and amounts due from related companies 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	Financial assets at fair value through profit or loss
	US\$'000	US\$'000
Group		
30 September 2023		
Assets		
Trade receivables	10,617	–
Other receivables	2,041	–
Amounts due from related companies	19,703	–
Investment securities	–	31
Cash and bank balances	30,279	–
	62,640	31
31 December 2022		
Assets		
Trade receivables	14,571	–
Other receivables	6,888	–
Amounts due from related companies	20,564	–
Investment securities	–	23
Cash and bank balances	25,596	–
	67,619	23

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	Financial liabilities at fair value through profit or loss
	US\$'000	US\$'000
Group		
30 September 2023		
<i>Liabilities</i>		
Trade payables	3,805	–
Other liabilities	11,290	–
Amounts due to related companies	13,337	–
Bank loans	29,215	–
Derivative warrant liabilities	–	164
Perpetual securities	731	–
Lease liabilities	7,771	–
	66,149	164
31 December 2022		
<i>Liabilities</i>		
Trade payables	12,091	–
Other liabilities	6,820	–
Amounts due to related companies	11,801	–
Bank loans	29,839	–
Derivative warrant liabilities	–	184
Perpetual securities	1,492	–
Lease liabilities	8,167	–
	70,210	184
	70,210	184

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 assets at amortised cost	Financial liabilities at fair value through profit or loss
Company	US\$'000	US\$'000
30 September 2023		
Assets		
Other receivables	16	–
Amounts due from related companies	23,209	–
Cash and bank balances	4,448	–
	27,673	–
31 December 2022		
Assets		
Other receivables	30	–
Amounts due from related companies	20,082	–
Cash and bank balances	2,545	–
	22,657	–
	Financial assets at amortised cost	Financial liabilities at fair value through profit or loss
Company	US\$'000	US\$'000
30 September 2023		
Liabilities		
Other liabilities	260	–
Amounts due to related companies	313	–
Derivative warrant liabilities	–	164
Perpetual securities	731	–
	1,304	164
31 December 2022		
Liabilities		
Other liabilities	180	–
Amounts due to related companies	308	–
Derivative warrant liabilities	–	184
Perpetual securities	1,492	–
	1,980	184

12. Property, plant and equipment

In 2023, acquisition of property, plant and equipment amounted to USD 529,501. There was no significant disposal in the year.

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 2023, the Group has considered both external and internal sources of information and assessed that there is no indication that its vessels, property and buildings may be impaired.

13. Bank loans

	Group			
	Secured		Unsecured	
	As at 30 September 2023 US\$'000	As at 31 December 2022 US\$'000	As at 30 September 2023 US\$'000	As at 31 December 2022 US\$'000
Amount repayable within one year or on demand	–	–	–	–
Amount repayable after one year	29,215	29,839	–	–

Bank loans relate to the property loan which is denominated in Singapore Dollars and secured by property and building and certain equipment (the “Property”) (the “Property Loan”). The liability under the Property Loan is dependent on the value of the Property. The lender has the option to sell the Property directly or through the purchase of CrestSA Marine & Offshore Pte Ltd (the “Borrower”), a subsidiary of the Company, (by first acquiring the whole issued and paid-up capital of the borrower for a purchase consideration of US\$1.00) and apply the net sale proceeds towards settlement of all outstanding amounts under the Property Loan, if the net sale proceeds is insufficient to fully repay the Property Loan, all unpaid sum shall be deemed written off and discharged in full by the lender.

The terms of the Property Loan require the Borrower to make an advance interest payment of up to S\$2,666,200. As at 30 September 2023, cash balance of US\$1,945,285 (31 December 2022: US\$1,989,000) (equivalent of S\$2,666,200) was set aside in a bank account with the lender for payment of interest on the Property Loan. As at 30 September 2023, the accrued interest on the Property Loan was US\$961,657 (31 December 2022: US\$539,767).

The Company has provided a corporate guarantee of US\$18,000,000 (31 December 2022: US\$18,000,000) for the Property Loan.

14. Share capital and treasury shares

(i) Share capital

	Group and Company			
	30 September 2023		31 December 2022	
	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 year	451,742	188,878	725,755	162,854
Issue of shares	–	–	3,791,667	26,024
Share consolidation	–	–	(4,065,680)	–
Balance at the end of the period/year	451,742	188,878	451,742	188,878

The Company's subsidiaries do not hold any shares in the Company as at 30 September 2023 and 31 December 2022.

(ii) Treasury shares

	Group and Company			
	30 September 2023		31 December 2022	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Balance at the beginning of the year	(1,033)	(2,135)	(10,327)	(2,135)
Share consolidation	–	–	9,294	–
Balance at the end of the period/year	(1,033)	(2,135)	(1,033)	(2,135)

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

The Company's total issued shares excluding treasury shares as at 30 September 2023 is 450,709,457.

15. Derivative warrant liabilities

	Group and Company				Exercise price S\$ per warrant share
	30 September 2023		31 December 2022		
	No. of warrants '000	US\$'000	No. of warrants '000	US\$'000	
Balance at the beginning of the year	45,488	184	–	–	
Shareholder Warrants issued - quoted	–	–	22,455	162	0.03
Fair value adjustment on Shareholder warrants	–	(20)	–	22	
Management Warrants issued – unquoted	–	–	23,033	–	0.06
Balance at the end of the period/year	45,488	164	45,488	184	

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 2023.

Except for the Warrants, there were no convertible securities as at 30 September 2023. As at 30 September 2023, the number of shares that may be issued on exercise of warrants were 45,487,877 (31 December 2022: 45,487,877)

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 2023, the fair value of the Shareholder Warrant liabilities is US\$164,000 (31 December 2022: US\$184,000), based on the listed warrant price of S\$0.010 (31 December 2022: S\$0.011).

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 2023 (31 December 2022: \$Nil).

16. Perpetual Securities

	Group and Company	
	30 September 2023	31 December 2022
	US\$'000	US\$'000
Balance at the beginning of the year	1,492	–
Issue of perpetual securities	–	2,168
Redemption during the year	(748)	(709)
Exchange differences	(13)	33
Balance at the end of the period/year	731	1,492

The 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.

On 30 October 2022, the Company partially redeemed S\$1 million out of the S\$3 million in principal amount of the Perpetual Securities, based on satisfaction of the terms of positive EBITDA and minimum cash balances of S\$5 million.

On 4 September 2023, the Company partially redeemed S\$1 million out of the S\$2 million in principal amount of the Perpetual Securities, based on satisfaction of the terms of positive EBITDA and minimum cash balances of S\$5 million.

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) settling in such a way that it would be a financial liability.

17. Subsequent events

On 3 November 2023, the Company announced that it proposed to undertake a renounceable non-underwritten rights issue of up to 1,352,128,371 new ordinary shares (the "**Rights Shares**") in the capital of the Company at an issue price of S\$0.023 for each Rights Share, on the basis of three (3) Rights Shares for every one (1) existing ordinary share in the capital of the Company held by the shareholders of the Company.

Other information required by Listing Rule Appendix 7.2

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

1. Review

The condensed consolidated statement of financial position of the Group as at 30 September 2023 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 2023 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 qualified opinion for the FY2022 financial statements due to the following reasons:

- (i) unable to determine whether management's assessment of the fair value less cost of disposal of vessels as at 31 December 2021 was in accordance with SFRS(I) 13 Fair Value Measurement and whether any adjustments were required with respect to the resultant gain on sale of vessels recognised in FY2022; and
- (ii) unable to obtain sufficient appropriate audit evidence for the carrying amount of bank loan liabilities and finance costs and whether the resultant gain on debt forgiveness of bank loans on settlement of liabilities recognised in FY2022 was appropriate.

Details on the basis for disclaimer of opinion are stated in the independent auditor's report of the FY2022 annual report.

The Board confirms that the impact of the aforementioned issues have been adequately disclosed in the FY2022 financial statements.

2. Review of performance of the Group

Comparison of statement of profit or loss and other comprehensive income for continuing operations between 3Q 2023 and 3Q 2022

Total revenue for continuing operations of US\$24.2 million for 9M 2023 was US\$2.6 million or 12% higher than that in the same period in 2022. The increase was attributable to the increase in ship management revenue by US\$2.2 million or 20% to US\$13.4 million as ship management services were extended to more third-party vessel owners. Additional increase was contributed by increase in shipyard revenue of US\$0.4 million or 4% to US\$10.8 million in 9M 2023 as compared to same period prior year in 9M 2022. Gross profit for continuing operations decreased by approximately US\$1.2 million or 12% to US\$9.0 million in 9M 2023.

Revenue in 3Q 2023 increased by approximately US\$1.5 million or 24% as compared to prior year 3Q 2022 to US\$7.9 million. Revenue in ship repair services increased by about US\$1.3 million from US\$2.0 million in 3Q 2023 to US\$3.2 million in 3Q 2022, as well as in ship management which increased from US\$4.4 million to US\$4.7 million respectively.

Other operating income from continuing operations for 9M 2023 decreased by approximately US\$338.4 million to US\$7.3 million mainly due to the absence of one-off restructuring related gains from sale of vessels, debt forgiveness and release of financial guarantee that were recognised in the same period in 2022. It comprised mainly of writeback of doubtful debts upon recovery from customers.

General and administrative expenses for continuing operations for 9M 2023 decreased by approximately US\$1.4 million or 14% to US\$8.6 million mainly due to the absence of one-off restructuring related expenses that were incurred in the same period in 2022. It comprised mainly of staff costs, property tax and related expenses, and general corporate expenses.

Other operating expenses for continuing operations for 9M 2023 were US\$1.0 million and comprised mainly of fair value loss of derivative warrant liabilities and net foreign exchange loss.

Finance costs for continuing operations for 9M 2023 decreased by approximately US\$1.6 million or 68% to US\$0.8 million due to reduction in bank loans after the completion of debt restructuring.

Share of results of joint venture and associates for 9M 2023 was related to joint venture Mainprize Asia Ventures Pte Ltd.

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

Comparison of statement of financial position

Non-current assets

The Group's non-current assets amounted to US\$40.2 million as at 30 September 2023 as compared to US\$42.5 million as at 31 December 2022. The change was due to additions of fixed assets, depreciation and share of joint venture's profit for 9M 2023.

Current assets

The Group's current assets increased by US\$0.9 million to US\$69.0 million as at 30 September 2023 from US\$68.1 million as at 31 December 2022. This was mainly due to the increase in:

- (i) other receivables by US\$1.0 million;
- (ii) cash and bank balances by US\$4.7 million;

This was partially offset by:

- (iii) the decrease in trade receivables by US\$3.9 million.
- (iv) amounts due from related companies by US\$0.9 million

Current liabilities

The Group's current liabilities amounted to US\$35.2 million as at 30 September 2023. The decrease of US\$6.4 million in current liabilities from US\$41.6 million as at 31 December 2022 was attributed mainly to the decrease in:

- (i) trade payables by US\$8.3 million; and
- (ii) partially offset by increase in amounts due to related parties by US\$1.5 million and other liabilities by US\$0.4 million.

Non-current liabilities

The Group's non-current liabilities amounted to US\$43.4 million as at 30 September 2023. Non-current liabilities decreased from US\$45.2 million as at 31 December 2022 primarily due to:

- (i) decrease in perpetual securities of US\$0.8 million;
- (ii) the downwards foreign exchange movement of US\$0.6 million for property loan that is denominated in Singapore Dollars;
- (iii) repayment of lease liabilities of US\$0.4 million;
- (iv) increase in provisions of US\$0.2 million; and
- (v) partially offset by increase in deferred capital grant of US\$0.2 million.

Statement of Cash Flows

In 9M 2023^{3Q 2023}, the Group registered a net cash inflow of US\$4.8 million.

Net cash inflow from operating activities was US\$6.3 million. This was due to net working capital inflow from operating activities before working capital changes of US\$4.4 million, along with decrease in working capital of US\$1.9 million.

Net cash outflow from investing activity was US\$530,000 due to additions of property, plant and equipment.

Net cash outflow from financing activities was US\$1.0 million due mainly to redemption of perpetual securities and lease payments.

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 offshore activities in oil and gas and wind markets continue to improve in 2023. The outlook for the offshore oil and gas market is encouraging with demand remaining supportive despite the uncertain geopolitical and economic conditions and supply looking constrained due to modest newbuilding activities after years of tonnage removal during the long downturn. For the offshore wind market, the increase in new capital commitments driven by energy transition and focus on energy security is expected to continue driving demand for offshore vessels supporting the offshore wind farm construction and maintenance.

Amid the ongoing energy transition and uncertainty on the geopolitical and economic fronts, the Group will navigate and consider investment opportunities cautiously as it continues to seek revenue growth in these markets.

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.

Under the terms of the Perpetual Securities, the Company shall not declare nor pay any dividends or distributions to 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 months ended 30 September 2023 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 2023