

VIKING OFFSHORE AND MARINE LIMITED

(Incorporated in the Republic of Singapore)

(Company Registration No. 199307300M)

MATERIAL VARIANCES BETWEEN UNAUDITED FINANCIAL STATEMENTS AND AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

The board of directors (the “**Board**”) of Viking Offshore and Marine Limited (the “**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement released by the Company on the SGXNet on 1 March 2022 on the unaudited financial statements of the Group for the financial year ended 31 December 2021 (“**FY2021**”) (“**Unaudited Results**”).

Pursuant to Rule 704(5) of the Singapore Exchange Securities Trading Limited Listing Manual Section B: Rules of Catalist, the Board wishes to announce that there are certain material variances between the audited financial statements of the Group for FY2021 (“**Audited Results**”) and the Unaudited Results.

A comparison of the Audited Results and the Unaudited Results is set out as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2021

		<u>Audited Results</u> S\$'000	<u>Unaudited Results</u> S\$'000	<u>Difference</u> S\$'000
	Note			
Revenue		10,776	10,743	33
Cost of sales		(7,375)	(7,507)	(132)
Gross profit		3,401	3,236	165
Other income		25,379	25,110	269
Interest income		5	5	-
Marketing and distribution expenses		(569)	(553)	16
Administrative expenses	1, 4	(6,275)	(5,937)	338
Other operating expenses	2, 3, 4	(5,816)	(2,686)	3,130
Finance costs		(678)	(678)	-
Profit before tax		15,447	18,497	(3,050)
Income tax expenses		(1)	(1)	-
Profit after tax from continuing operations		15,446	18,496	(3,050)
Other comprehensive income:				
<i>Items that may be reclassified subsequently to profit or loss:</i>				
Foreign currency translation	5	645	(673)	1,318
Other comprehensive income for the year, net of tax		645	(673)	1,318
Total comprehensive income for the year		16,091	17,823	(1,732)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (continued)
For the year ended 31 December 2021

	Note	<u>Audited Results</u> S\$'000	<u>Unaudited Results</u> S\$'000	<u>Difference</u> S\$'000
Profit/(Loss) attributable to:				
Owners of the Company, net of tax		15,493	18,446	(2,953)
Non-controlling interests	1	(47)	50	(97)
		<u>15,446</u>	<u>18,496</u>	<u>(3,050)</u>
Total comprehensive income attributable to:				
Owners of the Company, net of tax		16,138	17,773	(1,635)
Non-controlling interests	1	(47)	50	(97)
		<u>16,091</u>	<u>17,823</u>	<u>(1,732)</u>

CONSOLIDATED BALANCE SHEET
For the year ended 31 December 2021

	Note	Audited Results S\$'000	Unaudited Results S\$'000	Difference S\$'000
Equity attributable to owners of the Company				
Share capital		104,811	104,811	-
Treasury shares		(528)	(528)	-
Reserves		(106,571)	(104,936)	1,635
		(2,288)	(653)	1,635
Non-controlling interests	1	(100)	(3)	97
Total equity		(2,388)	(656)	1,732
Non-current assets				
Property, plant and equipment		70	67	3
		70	67	3
Current assets				
Inventories	3	554	829	(275)
Trade receivables	2, 6	1,255	2,009	(754)
Contract assets	2, 6	1,476	2,125	(649)
Prepayments	6	83	114	(31)
Other receivables and deposits	1, 6	526	348	178
Cash and cash equivalents		1,371	1,371	-
		5,265	6,796	(1,531)
Total assets		5,335	6,863	(1,528)
Current liabilities				
Trade payables	6	1,684	2,896	(1,212)
Contract liabilities	6	1,358	572	786
Other payables and accruals	4, 6	3,191	2,561	630
Term loans		1,490	1,490	-
		7,723	7,519	204
Total liabilities		7,723	7,519	204
Net liabilities		(2,388)	(656)	1,732

CONSOLIDATED CASH FLOWS STATEMENT
For the year ended 31 December 2021

	Note	Audited Results S\$'000	Unaudited Results S\$'000	Difference S\$'000
Cash flows from operating activities:				
Profit before tax from continuing operations		15,447	18,497	(3,050)
Adjustments for:				
Depreciation of property, plant and equipment		122	108	14
Inventories written down	3	1,682	1,413	269
Impairment loss on contract asset	2	1,094	-	1,094
Impairment loss on trade receivables	2	175	-	175
Impairment loss on intangible assets - club membership		15	-	15
(Loss)/Gain on disposal of plant and equipment		-	(3)	(3)
Write back of allowance for doubtful debt		(83)	-	83
Impairment loss on goodwill		818	818	-
Gain from reversal of liabilities upon completion of the Scheme of Arrangement		(23,954)	(23,954)	-
Interest expense		678	678	-
Interest income		(5)	(5)	-
Gain on disposal of subsidiary		-	-	-
Unrealised exchange (gain)/loss	2, 5	28	(702)	730
Operating loss before working capital changes		(3,984)	(3,151)	833
Changes in working capital:				
Inventories		(3)	(8)	(5)
Trade receivables	6	17,739	17,139	600
Due from customers for contracts work-in-progress	6	633	1,077	(444)
Other receivables, deposits and prepayments	6	635	452	183
Trade payables	6	(890)	322	(1,212)
Due to customers for contracts work-in-progress		420	(366)	786
Other payables and accruals	4, 6	(18,995)	(19,947)	(952)
Cash flows used in operations		(4,445)	(4,482)	(37)
Interest received		5	5	-
Net cash flows used in operating activities		(4,440)	(4,477)	(37)

CONSOLIDATED CASH FLOWS STATEMENT (continued)
For the year ended 31 December 2021

	Note	<u>Audited</u> <u>Results</u> S\$'000	<u>Unaudited</u> <u>Results</u> S\$'000	<u>Difference</u> S\$'000
Cash flows from investing activities				
Purchase of property, plant and equipment		(51)	(45)	6
Proceeds from disposal of plant and equipment		1	4	(3)
Proceeds from disposal of intangible assets		-	15	(15)
Cash flows used in investing activities		(50)	(26)	24
Cash flows from financing activities				
Repayment of loans and borrowings		(110)	(110)	-
Repayment of redeemable exchangeable bonds		(91)	(91)	-
Proceeds from loans and borrowings		1,490	1,490	-
Proceeds from issuance of shares pursuant to placement shares		2,000	2,000	-
Cash flows from financing activities		3,289	3,289	-
Net decrease in cash and cash equivalents		(1,202)	(1,215)	(13)
Effect of exchange rate changes on cash and cash equivalents		14	27	(13)
Cash and cash equivalents at beginning of year		2,559	2,559	-
Cash and cash equivalents at end of year		1,371	1,371	-

Note 1

There was an adjustment to other receivables in an overseas subsidiary which inadvertently capitalised employee expenses resulting in an increase in administrative expenses while other receivables decreased accordingly in relation to this adjustment. Correspondingly, there was an adjustment to the non-controlling interests in the consolidated comprehensive income and the balance sheet of the Group to reflect the share of the portion of expense by the non-controlling interests.

Note 2

The Group had further assessed the estimated credit losses for trade receivables and contract assets of the Group and concluded to further impair these financial assets due to long-delayed contracts with no visibility of delivery dates.

Note 3

The Group had further assessed the carrying value of the inventories and work-in-progress held by the Group and concluded to further write down these inventories and work-in-progress in view of the slower moving stocks and cancellation of certain projects.

Note 4

Upon receipt of invoices relating to goods and/or services received by the Group during FY2021 subsequent to the Unaudited Results, the Group had accrued for the expenses accordingly its profit or loss statement and balance sheet.

Note 5

Subsequent to the Unaudited Results, each subsidiary of the Group reassessed the recoverability of intercompany balances among related companies and had either written down or written back most intercompany balances. Whilst this exercise does not affect the profit or loss of the Group, changes in the intercompany balances amongst subsidiaries overseas resulted in a change in foreign currency translation within other comprehensive income and subsequently reserves in the balance sheet.

Note 6

The Group had reclassified trade receivables, contract assets, prepayments, other receivables and deposits, trade payables, contract liabilities, and other payables and accruals to correctly reflect the nature of these balances. These balance sheet reclassifications did not affect the profit or loss of the Group.

Shareholders of the Company are advised to read the Audited Results included in the Company's annual report for FY2021, which will be issued and released separately on the SGXNet and the Company's corporate website on 14 April 2022.

BY ORDER OF THE BOARD OF

Viking Offshore and Marine Limited

Ng Yeau Chong

Executive Director and Chief Executive Officer
14 April 2022

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("**Sponsor**") in accordance with Rule 226(2)(b) of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual Section B: Rules of Catalist.*

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

The contact person for the Sponsor is Ms. Alice Ng, Director of Continuing Sponsorship, ZICO Capital Pte. Ltd. at 77 Robinson Road #06-03 Robinson 77, Singapore 068896; telephone: (65) 6636 4201.