



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statements

For the First Half-Year Ended 30 September 2021

ANNOUNCEMENT IN RELATION TO UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2021 (“1HFY2022”)

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

	Note	Group		Change %
		1HFY2022 US\$'000	1HFY2021 US\$'000	
Revenue	4.2	23,125	66,625	(65.3)
Cost of sales		(22,537)	(61,355)	(63.3)
Gross Profit		588	5,270	(88.8)
Other income	6.1	2,275	1,962	16.0
Administrative expenses		(3,555)	(6,294)	(43.5)
Other operating expenses		(305)	(2,125)	(85.6)
Finance costs	6.1	(4,676)	(10,304)	(54.6)
Share of results of associate and joint ventures	6.1	(3,992)	-	nm
Loss before tax		(9,665)	(11,491)	(15.9)
Income tax expense	7	(44)	3	nm
Loss for the period		(9,709)	(11,488)	(15.5)
Other comprehensive income (loss):				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		13	27	(51.9)
Actuarial loss on post-employment benefit obligation		-	(359)	nm
Total comprehensive loss for the period		(9,696)	(11,820)	(18.0)
Loss for the period attributable to:				
Owners of the Company		(8,925)	(10,567)	(15.5)
Non-controlling interests		(784)	(921)	(14.9)
Total		(9,709)	(11,488)	(15.5)
Total comprehensive loss attributable to:				
Owners of the Company		(8,912)	(10,899)	(18.2)
Non-controlling interests		(784)	(921)	(14.9)
Total		(9,696)	(11,820)	(18.0)
Loss per share (US cents)				
Basic		(1.60)	(1.89)	
Diluted		(1.60)	(1.89)	

Note: nm – Not Meaningful

B Condensed interim statement of financial position

	Note	Group		Company	
		30 Sep 2021	31 Mar 2021	30 Sep 2021	31 Mar 2021
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		2,101	6,713	57	1,777
Trade receivables		15,693	7,428	2	2
Other receivables		55,342	10,094	405,431	339,973
Inventories		714	725	-	-
Contract assets		1,498	-	-	-
Financial assets at fair value through other comprehensive income	10	31,729	31,729	-	-
Total current assets		107,077	56,689	405,490	341,752
Non-current assets					
Monies pledged with banks		699	699	-	-
Property, plant and equipment	11	67,064	68,233	30	39
Right-of-use assets		552	600	-	-
Subsidiary corporations		-	-	404	404
Associates		140,120	175,598	-	-
Total non-current assets		208,435	245,130	434	443
Total assets		315,512	301,819	405,924	342,195

B Condensed interim statement of financial position (cont'd)

	Note	Group		Company	
		30 Sep 2021	31 Mar 2021	30 Sep 2021	31 Mar 2021
		US\$'000	US\$'000	US\$'000	US\$'000
<u>LIABILITIES AND EQUITY</u>					
Current liabilities					
Term loans	12	32,673	32,680	-	-
Trade payables		21,335	36,565	-	-
Other payables		62,804	38,900	184,214	182,301
Lease liability		231	225	-	-
Income tax payable		27	27	-	-
Total current liabilities		117,070	108,397	184,214	182,301
Non-current liabilities					
Term loans	12	90,528	142,545	-	-
Retirement benefit obligation		499	536	-	-
Lease liability		286	382	-	-
Deferred tax liabilities		1,712	1,780	-	-
Convertible Bonds		43,321	-	43,321	-
Total non-current liabilities		136,346	145,243	43,321	-
Capital and reserves					
Share capital	13	347,746	347,746	347,746	347,746
Perpetual capital securities		22,500	22,500	22,500	22,500
Foreign currency translation reserve		(33)	(46)	-	-
Other reserve		(607)	(607)	28	28
Shareholder's advances		132,516	115,582	125,185	108,251
Convertible Bonds		6,679	-	6,679	-
Accumulated losses		(426,027)	(417,102)	(323,749)	(318,631)
Equity attributable to owners of the Company and capital securities holders	9	82,774	68,073	178,389	159,894
Non-controlling interests		(20,678)	(19,894)	-	-
Total equity		62,096	48,179	178,389	159,894
Total liabilities and equity		315,512	301,819	405,924	342,195

C Condensed interim statement of changes in equity

Group	Share capital	Foreign currency translation reserve	Other reserve	Shareholder's advances	Accumulated losses	Perpetual capital securities	Convertible Bonds	Equity attributable to owners of the Company and capital securities holders	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
	At 1 April 2021	347,746	(46)	(607)	115,582	(417,102)	22,500	-	68,073	(19,894)
Total comprehensive income for the period										
Loss for the period	-	-	-	-	(8,925)	-	-	(8,925)	(784)	(9,709)
Other comprehensive income for the period	-	13	-	-	-	-	-	13	-	13
Total	-	13	-	-	(8,925)	-	-	(8,912)	(784)	(9,696)
Transactions with owners, recognised directly in equity										
Deemed investment by a shareholder	-	-	-	16,934	-	-	-	16,934	-	16,934
Conversion of loans to convertible bonds	-	-	-	-	-	-	6,679	6,679	-	6,679
Total	-	-	-	16,934	-	-	6,679	23,613	-	23,613
At 30 September 2021	347,746	(33)	(607)	132,516	(426,027)	22,500	6,679	82,744	(20,678)	62,096

C Condensed interim statement of changes in equity (cont'd)
Group

	Share capital	Foreign currency translation reserve	Other reserve	Shareholder's advances	Accumulated losses	Perpetual capital securities	Equity attributable to owners of the Company and capital securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2020	347,746	(153)	(165)	87,341	(394,091)	22,500	63,178	25,925	89,103
Total comprehensive income for the period									
Loss for the period	-	-	-	-	(10,567)	-	(10,567)	(921)	(11,488)
Other comprehensive income for the period	-	27	(359)	-	-	-	(332)	-	(332)
Total	-	27	(359)	-	(10,567)	-	(10,899)	(921)	(11,820)
Transactions with owners, recognised directly in equity									
Deemed investment by a shareholder	-	-	-	10,219	-	-	10,219	-	10,219
Total	-	-	-	10,219	-	-	10,219	-	10,219
At 30 September 2020	347,746	(126)	(524)	97,560	(404,658)	22,500	62,498	25,004	87,502

C Condensed interim statement of changes in equity (cont'd)

Company

	Share capital	Other reserve	Shareholder's advances	Accumulated losses	Perpetual capital securities	Convertible Bonds	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2021	347,746	28	108,251	(318,631)	22,500	-	159,894
Total comprehensive income for the year							
Loss for the period	-	-	-	(5,118)	-	-	(5,118)
Total	-	-	-	(5,118)	-	-	(5,118)
Transactions with owners, recognised directly in equity							
Deemed investment by shareholder	-	-	16,934	-	-	-	16,934
Conversion of loans to convertible bonds	-	-	-	-	-	6,679	6,679
Total	-	-	16,934	-	-	6,679	23,613
At 30 September 2021	347,746	28	125,185	(323,749)	22,500	6,679	178,389
At 1 April 2020	347,746	28	80,010	(303,980)	22,500	-	146,304
Total comprehensive income for the year							
Loss for the period	-	-	-	(999)	-	-	(999)
Total	-	-	-	(999)	-	-	(999)
Transactions with owners, recognised directly in equity							
Deemed investment by shareholder	-	-	10,219	-	-	-	10,219
Total	-	-	10,219	-	-	-	10,219
At 30 September 2020	347,746	28	90,229	(304,979)	22,500	-	155,524

D Condensed interim consolidated statement of cash flows

	Note	1HFY2022 US\$'000	1HFY2021 US\$'000
Operating activities			
Loss before tax		(9,665)	(11,491)
Adjustments for :			
Depreciation of property, plant and equipment	6.1	2,737	12,616
Depreciation of right-of-use assets	6.1	48	12,957
Loss allowance for trade and other receivables		-	412
Finance costs	6.1	4,676	10,304
Gain on disposal of property, plant and equipment		-	(23)
Fair value loss of derivative financial instruments		-	1,713
Provision for employee benefits	6.1	(37)	451
Share of results of associate and joint ventures	6.1	3,992	-
Unrealised exchange loss/(gain)		14	(333)
Operating cash flows before working capital changes		1,765	26,606
Trade and other receivables		(22,026)	(68,493)
Trade and other payables		17,780	13,750
Inventories		11	(614)
Contract assets		(1,498)	213
Cash used in operations		(3,968)	(28,538)
Income tax paid		(112)	(2,016)
Net cash used in operating activities		(4,080)	(30,554)
Investing activities			
Proceeds from disposal of property, plant and equipment		-	834
Purchase of property, plant and equipment		(1,568)	(14,749)
Net cash used in investing activities		(1,568)	(13,915)
Financing activities			
Proceeds from shareholder's advances		1,789	10,219
Interest paid		(663)	(9,071)
Proceeds from new bank loans raised		-	135,557
Repayment of term loans		-	(75,796)
Principal payment of lease liability		(90)	(12,770)
Net cash generated from financing activities		1,036	48,139
Net (decrease)/increase in cash and cash equivalents		(4,612)	3,670
Cash and cash equivalents at beginning of period		6,713	30,390
Cash and cash equivalents at end of period		2,101	34,060

E Notes to the condensed interim consolidated financial statements

1. Corporate information

Vallianz Holdings Limited (the “**Company**”) is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited (“**SGX-ST**”). These condensed interim consolidated financial statements as at and for the six months ended 30 September 2021 (“**1HFY2022**”) comprise the Company and its subsidiaries (collectively, the “**Group**”). The primary activity of the Company is that of investment holding. The principal activities of the Group are those of vessel chartering, shipyard and vessel management services and investment holding.

De-consolidation of Rawabi Vallianz Offshore Services Limited (“**RVOS**”)

RVOS, a company incorporated in the Kingdom of Saudi Arabia, was a 50:50 joint-venture between the Group and Rawabi Holdings Company Limited (“**RHCL**”), and the Group had until 30 September 2020 consolidated the results of RVOS as a wholly-owned subsidiary as the Group had the practical ability to direct the relevant activities of RVOS, and on the basis of the RVOS Interest Assignment.

The Company had announced on 31 March 2021 and 20 April 2021 that the Board assessed the Group no longer had the ability to direct the business of RVOS and had deconsolidated RVOS with effect from 1 October 2020. RVOS was therefore accounted for and its results consolidated as a wholly-owned subsidiary for the first half year period from 1 April 2020 to 30 September 2020 (“**1HFY2021**”) and equity accounted for as an “Investment in Associate” with effect from 1 October 2020 in the Group’s financial statements for the financial year ended 31 March 2021 (“**FY2021**”).

As announced by the Company on 31 March 2021, RVOS had undertaken a rights issue in December 2020 (“**RVOS Rights Issue**”) where RHC had subscribed for the entire rights issue including the Group’s entitlement (as the Group had renounced its entitlement). Following the completion of the RVOS Rights Issue, RHC and the Group held 59.3% and 40.7% of the shareholding interests in RVOS, respectively. The renunciation of entitlement to the RVOS Rights Issue by the Group is deemed an interested person transaction under Chapter 9 of the Catalist Rules. The Company had obtained shareholders’ ratification on 29 July 2021.

The Company had also announced on 30 May 2021 that RHCL had issued a notice of cessation of the RVOS Interest Assignment, on the grounds that the terms and conditions for the RVOS Interest Assignment were not met by the Group and for the same to be terminated with effect from 31 December 2020.

Accordingly, for 1HFY2021, the results of RVOS were consolidated as a wholly-owned subsidiary. For the third quarter of FY2021 from 1 October 2020 to 31 December 2020, the results of RVOS were equity accounted on the basis of the Group having full economic interest in RVOS and equity accounted on the basis of the Group having 40.7% interest in RVOS from 1 January 2021 onwards.

2. Basis of preparation

The condensed interim financial statements for 1HFY2022 have been prepared in accordance with Singapore Financial Reporting Standards (International (“**SFRS(I)s**”) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for FY2021.

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 condensed interim financial statements are presented in United States dollar which is the Company’s functional currency, and all values are rounded to the nearest thousand (“**US\$’000**”), unless otherwise indicated.

2.1 New and amended standards adopted by the Group

A number of amendments to the 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 standards.

2.2 Use of judgements and estimates

In preparing the condensed interim financial statements, the management of the Company (“**Management**”) has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by Management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that were applied to the consolidated financial statements for FY2021.

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 critical judgements, assumptions and estimation uncertainties in applying accounting policies 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 Note 11.1 – Impairment and valuation of property, plant and equipment.

3. Seasonal operations

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

4. Segment and revenue information

The executive directors of the Group review the consolidated results prepared in the following main business segments when making decisions about allocating resources and assessing performance of the Group:

- Segment 1: Vessel Chartering –includes chartering of owned and third-party vessels.
- Segment 2: Fabrication and Shipyard Services – includes in-house fabrication and engineering services such as ship-building, fabrication works and ship repairs, as well as consultancy and vessel project management.
- Segment 3: Investment Holding – includes holding investments for long-term purposes.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment on the types of revenue it generates. All assets and liabilities are allocated to reportable segments, except for deferred tax assets and deferred tax liabilities.

4.1 Reportable segments

Information regarding the operations of each reportable segment is included below.

	Vessel chartering		Fabrication and Shipyard services		Investment holding		Total	
	1HFY2022	1HFY2021	1HFY2022	1HFY2021	1HFY2022	1HFY2021	1HFY2022	1HFY2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
External sales	14,167	62,915	8,958	3,572	-	138	23,125	66,625
Results								
Segment results	2,019	3,131	(870)	(2,345)	(2,146)	(1,973)	(997)	(1,187)
Finance costs	(969)	(10,228)	-	(76)	(3,707)	-	(4,676)	(10,304)
Operating profit from ordinary activities and before share of results of associate and joint ventures	1,050	(7,097)	(870)	(2,421)	(5,853)	(1,973)	(5,673)	(11,491)
Share of results of associate and joint ventures	(3,992)	-	-	-	-	-	(3,992)	-
Loss before tax							(9,665)	(11,491)
Income tax expense							(44)	3
Loss for the year							(9,709)	(11,488)

	Vessel chartering		Fabrication and Shipyard services		Investment holding		Total	
	30 September 2021	31 March 2021	30 September 2021	31 March 2021	30 September 2021	31 March 2021	30 September 2021	31 March 2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment assets and segment liabilities								
Segment assets	190,793	220,419	44,184	30,432	80,535	50,968	315,512	301,819
Segment liabilities	102,627	152,764	43,512	41,062	105,565	58,034	251,704	251,860
Deferred tax liabilities							1,712	1,780
Total liabilities							253,416	253,640

4.1 Reportable segments (cont'd)

	Vessel chartering		Fabrication and Shipyard services		Investment holding		Total	
	1HFY2022	1HFY2021	1HFY2022	1HFY2021	1HFY2022	1HFY2021	1HFY2022	1HFY2021
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Other information								
Loss allowance for trade and other receivables	-	319	-	93	-	-	-	412
Depreciation of property, plant and equipment	2,079	11,905	608	603	50	108	2,737	12,616
Depreciation of right-of-use assets	-	12,957	-	-	48	-	48	12,957
Net foreign exchange (gain)/loss	20	(77)	341	(635)	(456)	62	(95)	(650)
Gain on disposal of property, plant and equipment	-	(384)	-	361	-	-	-	(23)
Associate	125,277	-	-	-	14,843	14,843	140,120	14,843
Additions to property, plant and equipment	1,380	14,726	188	21	-	2	1,568	14,749

4.2 Disaggregation of Revenue

Disaggregation of the Group's revenue for the period is as follows:

	Group	
	1HFY2022	1HFY2021
	US\$'000	US\$'000
Charter hire (time and bareboat charter)	14,167	63,053
Fabrication and Shipyard services income	8,958	3,572
	23,125	66,625

All the Group's revenue is recognised over time.

Geographical information

The directors of the Company consider that in view of the nature of the Group's businesses which operate across international waters and which cater to customers throughout the world, it is therefore not meaningful to allocate revenue and non-current assets based on geographical information as defined under SFRS(I) 8 *Operating Segments*.

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2021 and 31 March 2021:

	Group		Company	
	30 September 2021	31 March 2021	30 September 2021	31 March 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Financial assets				
Financial assets at amortised cost	71,621	24,335	405,429	341,729
Financial assets at fair value through OCI	31,729	31,729	-	-
Financial liabilities				
Financial liabilities at amortised cost	257,340	250,690	234,214	182,301

6. Profit before taxation

6.1 Significant items

	Group	
	1HFY2022	1HFY2021
	US\$'000	US\$'000
Income		
Foreign exchange gain, net	(95)	(650)
Gain on disposal of property, plant and equipment	-	(23)
Other income	(2,179)	(1,290)
Expenses		
Loss allowance / (Write back) for trade and other receivables	-	412
Depreciation of property, plant and equipment	2,737	12,616
Depreciation of right-of-use assets	48	12,957
Finance costs	4,676	10,304
Fair value loss of derivative financial instruments	-	1,713
Share of results of associate	3,992	-
(Write-back)/Provision for employee benefits	(37)	451

6.2 Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Group and related corporations during the financial period:

	Group	
	1HFY2022	1HFY2021
	US\$'000	US\$'000
<u>Ultimate holding company</u>		
Management fee expenses charged by RHCL	-	(672)
Shareholder's advances from RHCL	(1,789)	(10,219)
Payment made by RHCL on behalf of the Group	(15,144)	-
Loan interest charged by RHCL	(3,682)	-
Rental of premises from RHCL	-	(137)
<u>Related companies</u>		
Corporate services	(1)	(1)
Provision of other goods and services	-	(426)
<u>Related companies of a corporate shareholder</u>		
Shipyards and vessel management services income	-	2,203
<u>Associate</u>		
Project management income	8,176	145
Charter hire income	1,021	-
Charter hire expense	(3,043)	-

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	
	1HFY2022	1HFY2021
	US\$'000	US\$'000
Current income tax expense	111	1,845
Deferred income tax credit relating to origination and reversal of temporary differences	(67)	(1,848)
	44	(3)

8. Dividends

No dividends have been declared or recommended for the current reporting period.

9. Net Asset Value

	Group		Company	
	30 September 2021	31 March 2021	30 September 2021	31 March 2021
Net asset value (US\$'000)	82,774	68,073	178,389	159,894
Total number of shares issued ('000)	559,354	559,354	559,354	559,354
Net asset value per share (US cents)	14.80	12.17	31.89	28.59
Net asset value, excluding perpetual capital securities (US\$'000)	60,274	45,573	155,889	137,394
Total number of shares issued ('000)	559,354	559,354	559,354	559,354
Net asset value per share, excluding perpetual capital securities (US cents)	10.78	8.15	27.87	24.56

10. Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income comprise the following:

	Group	
	30 September 2021	31 March 2021
	US\$'000	US\$'000
Investment in equity instruments designated at fair value through other comprehensive income:		
Unquoted preference shares	31,729	31,729

These investment in equity instruments are not held for trading. Accordingly, Management has elected to designate these investments in equity instruments as fair value through other comprehensive income ("FVTOCI") as Management believes that recognising short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes and realising their performance potential in the long-run.

No investment in unquoted preference shares measured at FVTOCI has been disposed of during the current reporting period.

Unquoted preference shares

The above investment in unquoted preference shares is in relation to the cumulative preference shares issued by Resolute Offshore Pte Ltd ("ROPL"), a wholly-owned subsidiary of Swiber Holdings Limited ("SHL").

As a background, in 2011, the Group acquired the assets and liabilities from an unrelated party, CSOTL Offshore Limited ("CSOTL"). In the transaction, the vessel owned by CSOTL was transferred to ROPL, in exchange for US\$155,000,000 of convertible bonds to be held by the Group. The Group had taken a bank loan which was secured against the said vessel held by ROPL ("Term Loan"). ROPL was subsequently disposed by its original shareholders to SHL.

Pursuant to the above, the convertible bonds were converted to cumulative preference shares issued by ROPL to the Group, amounting to US\$155,000,000.

As at 31 March 2017, ROPL had redeemed a total of US\$77.8 million of the cumulative preference shares from the Group, resulting in a balance of US\$77,200,000. No further redemption was made thereafter.

The terms and conditions of the unquoted cumulative preference shares are set out below:

- (i) Non-convertible;
- (ii) Non-voting;
- (iii) Dividend rate of 5.2% per annum payable semi-annually at the discretion of issuer. No dividend will be paid on the ordinary shares of ROPL if payment is not made on the preference share dividends; and
- (iv) Right to redeem the preference shares lies with the issuer.

As at 31 March 2017, the Group triggered a technical default for the Term Loan which was recorded in the Group's balance sheet at the outstanding principal amount of US\$31,729,000, which had remained outstanding as at 30 September 2021. In addition, the Group had accrued for the interest and penalty payable for this Term Loan which amounted to US\$6,531,000 as at 30 September 2021 (31 March 2021: US\$6,531,000) arising from the default.

During FY2017, the Group had recognized an impairment loss of US\$45,471,000 on its unquoted preference shares subsequent to the completion of a review of fair value of its carrying amount of the asset consequent to the ultimate holding company of the issuer entering into judicial management in July 2016. The carrying amount of the preference shares is equivalent to the carrying amount of the Term Loan. No further impairment loss on the preference shares was recognized since FY2017.

The unquoted preference shares have been presented as current assets as it is the intention of Management to dispose of the preference shares when appropriate. The Group is of the view that the adjusted net assets of the entity is a reasonable approximation of its fair value due to the nature of the assets and liabilities of the entity. This involves deriving the fair value of the preference shares by reference to the fair value of its issuer's assets and liabilities, comprising primarily the vessel held by ROPL.

Reconciliation of fair value measurement of the unquoted preference shares:

	Group	
	30 September 2021	31 March 2021
	US\$'000	US\$'000
Cost of financial assets at fair value through other comprehensive income	77,200	77,200
Accumulated impairment recognised	(45,471)	(45,471)
Carrying amount	31,729	31,729

10.1 Fair value measurement

The Group classifies financial assets measured at fair value using a fair value hierarchy which reflects the significance of the inputs used in making the measurement. The fair value hierarchy has the following levels:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 - Inputs for the asset and liability that are not based on observable market data (unobservable inputs)

The following table presented the assets measured at fair value:

Group	Level 1 US\$'000	Level 2 US\$'000	Level 3 US\$'000	Total US\$'000
30 September 2021				
Financial assets				
Financial assets at fair value through OCI (unquoted equity shares)	-	-	31,729	31,729
31 March 2021				
Financial assets				
Financial assets at fair value through OCI (unquoted equity shares)	-	-	31,729	31,729

11. Property, plant and equipment ("PPE")

During 1HFY2022, the Group acquired PPE amounting to US\$1,568,000 (1HFY2021: US\$14,749,000) and there was no disposal of PPE (1HFY2021: disposal of PPE amounted to US\$811,000).

11.1 Impairment and valuation of PPE

The Group had considered the existence of impairment indicators and thereon assessed the recoverable amounts of vessels as at the end of each financial year end. The recoverable amounts were determined based on the valuations performed by independent vessel brokers which involve estimating the fair values less costs of disposal of the vessels. The valuation process involves significant judgement and estimations in the underlying assumptions to be applied. Amongst other matters, inputs and assumptions used in the valuations include, but not limited to, recent transaction prices for similar vessels, adjusted for the age and conditions of the respective vessels. There is no additional impairment provided during the financial period.

12. Borrowings

	Group	
	30 September 2021	31 March 2021
	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	32,673	32,680
Unsecured	-	-
<u>Amount repayable after one year</u>		
Secured	90,528	142,545
Unsecured	-	-

Details of any collateral

The Group's borrowings are secured by:

- (i) mortgage over all the Group's property, vessels and equipment;
- (ii) assignment of marine insurances in respect of some of the vessels;
- (iii) unquoted cumulative preference shares held by the Group;
- (iv) monies pledged;
- (v) assignment of earnings/charter proceeds in respect of some of the vessels;
- (vi) corporate guarantees from the Company (FY2021: corporate guarantees from the Company and a major shareholder of the Group); and
- (vii) shares of pledged subsidiaries.

13. Share capital

	Group and Company			
	30 September 2021		31 March 2021	
	Number of shares '000	Amount US\$'000	Number of shares '000	Amount US\$'000
Share Capital	559,354	347,746	559,354	347,746

There is no change in the Company's share capital during 1HFY2022.

The Company did not hold any treasury shares as at 30 September 2021.

The Company's subsidiaries did not hold any shares in the Company as at 30 September 2021 and 31 March 2021.

14. Subsequent events

On 4 October 2021, the Company announced the completion of the proposed set-off and settlement ("2020 SOSA") arrangements ("Completion"), pursuant to which 652,265,999 new ordinary shares in the capital of the Company ("SOSA Subscription Shares") were allotted and issued at the agreed issue price of S\$0.09 per SOSA Subscription Share in accordance with the terms of the Settlement Agreements as follows:

- (i) 238,337,379 SOSA Subscription Shares to SHL (Judicial Managers Appointed);
- (ii) 8,382,620 SOSA Subscription Shares to Swiber Corporate Pte Ltd ("SCPL"), a wholly-owned subsidiary of SHL; and
- (iii) 405,546,000 SOSA Subscription Shares to RHCL.

Upon Completion, the number of issued ordinary shares of the Company ("Shares") had increased from 559,354,434 Shares to 1,211,620,433 Shares.

Shareholders	Before Completion		After Completion	
	No. of Shares (direct and deemed interest)	% shareholding	No. of Shares (direct and deemed interest)	% shareholding
RHCL	317,560,389	56.77	723,106,389	59.68
SHL	115,102,344	20.58	361,822,343	29.86
Other Shareholders	126,691,701	22.65	126,691,701	10.46
Total	559,354,434	100.00	1,211,620,433	100.00

The SOSA Subscription Shares were listed and quoted on Catalist of the Singapore Exchange Securities Trading Limited on 7 October 2021.

OTHER INFORMATION REQUIRED BY LISTING RULE OF THE SGX-ST

1 Review

The condensed interim consolidated statement of financial position of the Group as at 30 September 2021 and the related condensed interim profit or loss and comprehensive income, condensed interim statement of changes in equity and condensed interim statement of cash flows for the six-month period then ended and certain explanatory notes have not been audited or reviewed.

2 Review of performance of the Group

Consolidated Statement of Profit or Loss and Other Comprehensive Income

As set out in Note 1, the results of RVOS were consolidated as a wholly-owned subsidiary for 1HFY2021, and equity accounted on the basis of the Group having 40.7% interest in RVOS for 1HFY2022. Hence for a more meaningful comparison, where relevant, we have explained in further details below how certain line items would have been if the contribution from RVOS was excluded in 1HFY2021.

(a) Revenue

The Group recorded revenue of approximately US\$23.1 million for 1HFY2022, comprising approximately US\$14.1 million from the Group's core Vessel Chartering segment and US\$9.0 million from the Fabrication and Shipyard Services segment. In comparison, the Group recorded revenue of US\$66.6 million in the previous corresponding period of 1HFY2021 due mainly to the consolidation of RVOS' results during that period. Excluding the revenue contribution from RVOS, the Group's revenue would have increased by approximately 163% in 1HFY2022 as compared to 1HFY2021 due mainly to higher chartering income from the Group's Singapore fleet and more projects secured by the Group's Fabrication and Shipyard Services business.

The Vessel Chartering segment and the Fabrication and Shipyard Services segment accounted for approximately 61% and 39% respectively of Group revenue in 1HFY2022. In comparison, in 1HFY2021, the Vessel Chartering segment which includes mainly the revenue from RVOS, accounted for 94% of Group revenue in 1HFY2021. If the revenue contribution from RVOS is excluded, the contribution from the Vessel Chartering segment and the Fabrication and Shipyard Services segment in 1HFY2021 would have been approximately 60% and 40% respectively.

(b) Gross profit

Gross profit in 1HFY2022 was US\$0.6 million, as compared to US\$5.3 million in 1HFY2021. If the contribution from RVOS was excluded, the Group would have incurred a gross loss for 1HFY2021.

The improvement in the gross profit (excluding RVOS) was due to the higher utilization rate of its Singapore fleet of vessels in 1HFY2022 and a higher revenue from the Fabrication and Shipyard Services segment as a result of more projects secured in 1HFY2022.

(c) Other income

The Group recorded other income of US\$2.3 million in 1HFY2022, compared to US\$2.0 million in 1HFY2021. Other income in 1HFY2022 relates mainly to write-back of legal and professional fee of US\$1.5 million which was provided for previously and was no longer required, government grant of US\$0.2 million and foreign exchange gain of US\$0.1 million.

(d) Administrative expenses

Administrative expenses was US\$3.6 million in 1HFY2022 as compared to US\$6.3 million in 1HFY2021. Excluding RVOS, administrative expenses in 1HFY2021 would have been US\$3.2 million.

(e) Other operating expenses

Other operating expenses was US\$0.3 million in 1HFY2022 as compared to US\$2.1 million in 1HFY2021. After excluding the fair value loss of derivative instruments of US\$1.7 million incurred by RVOS in 1HFY2021, other operating expenses in 1HFY2021 would have been US\$0.4 million.

(f) Finance costs

Finance costs in 1HFY2022 was US\$4.7 million compared to US\$10.3 million in 1HFY2021 due mainly to the deconsolidation of RVOS offset by an increase in interest for shareholder's advances in 1HFY2022.

(g) Share of results of associate and joint ventures

The Group recorded a loss of US\$4.0 million from its share of results of associate and joint ventures in 1HFY2022 due mainly to losses incurred by RVOS as its flagship vessel was sent for drydocking for 8 months which had impacted its profitability. There was no share of results of associate and joint ventures in 1HFY2021 as RVOS' results were consolidated during that period.

(h) Net profit attributable to owners of the Company

As a result of the above, the Company registered a net loss attributable to owners of the Company of US\$8.9 million in 1HFY2022 as compared to a loss of US\$10.6 million in 1HFY2021.

Statement of Financial Position

(i) Trade and other receivables

Trade receivables increased to US\$15.7 million as at 30 September 2021 from US\$7.4 million as at 31 March 2021, which is consistent with the higher chartering income from the Group's Singapore fleet and increase in revenue contribution from the Fabrication and Shipyard Services segment.

Other receivables increased to US\$55.3 million as at 30 September 2021 from US\$10.1 million as at 31 March 2021 due mainly to dividends receivable from RVOS of US\$31.5 million and an increase in down-payments to third party suppliers for construction of new vessels of US\$11.1 million. The dividends from RVOS are to be paid partly in cash and partly by setting-off against the outstanding shareholder's advances owed by the Group to RHCL, the proportion of which will be mutually agreed between the Company and RHCL at a later date.

(j) PPE

PPE decreased to US\$67.1 million as at 30 September 2021 from US\$68.2 million as at 31 March 2021, due mainly to depreciation expenses of US\$2.7 million, offset partially by additions of US\$1.6 million.

(k) Total current and non-current borrowings

Total current and non-current term loans decreased to US\$123.2 million as at 30 September 2021 from US\$175.2 million as at 31 March 2021 due mainly to conversion of US\$50 million bank borrowings to convertible bonds after the completion of the Group's debt-restructuring exercise with its lenders during 1HFY2022. Further details of the debt-restructuring exercise is set out in the circular to shareholders dated 7 June 2021.

(l) Trade and other payables

The Group's trade payables decreased to US\$21.3 million as at 30 September 2021 from US\$36.6 million as at 31 March 2021 due mainly to repayment to a long-outstanding creditor after reaching a final settlement agreement in 1HFY2022. Other payables increased to US\$62.8 million as at 30 September 2021 from US\$38.9 million as at 31 March 2021 due mainly to deposits received in advance for ship-building projects of US\$18.9 million and accrual of interests of US\$3.7 million on shareholder's advances during 1HFY2022.

Consolidated Statement of Cash Flows

Cash and cash equivalents decreased to US\$2.1 million as at 30 September 2021 as compared to US\$34.1 million as at 30 September 2020, due mainly to the deconsolidation of RVOS.

The Group used net cash of US\$4.1 million from operating activities during 1HFY2022. Net cash used in investing activities of US\$1.6 million for 1HFY2022 was attributed to purchase of PPE. Net cash generated from financing activities in 1HFY2022 amounted to US\$1.0 million. This was attributed to advances from shareholder of US\$1.8 million and offset partially by payment of interest of US\$0.7 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 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

While oil prices have rebounded past pre-pandemic levels since the start of 2021, the ongoing Covid-19 pandemic and geopolitical tensions continue to cloud the outlook for the world economy. As such, the Group remains cautious of its prospects for FY2022 due to prevailing uncertainties in the global business environment.

In its October 2021 monthly report, OPEC trimmed its forecast for world oil demand growth to 5.82 million barrels per day (bpd) from 5.96 million bpd in its previous forecast. As such, world oil demand is expected to reach 96.60 million bpd in 2021 compared to 90.79 million bpd in 2020. For 2022, OPEC has maintained its growth forecast of 4.2 million bpd for world oil demand to reach 100.8 million bpd. This is based on key assumptions of healthy economic momentum in the main consuming countries and better COVID-19 management.

In its World Economic Outlook October 2021, the International Monetary Fund (IMF) has pared its global economic forecast slightly by 0.1 percentage point to 5.9% for 2021, compared to 6.0% in the July forecast. This reflects a downgrade for advanced economies in part due to supply disruptions, and for low-income developing countries due largely to worsening pandemic dynamics. For 2022, the global economy is projected to grow 4.9%.

According to Clarksons Research's Offshore Review & Outlook in September 2021, the offshore oil and gas markets have picked up in 2021 with some cautious optimism slowly returning. Meanwhile, the offshore wind market continues its exciting investment and development phase. Despite challenging conditions, Clarkson Research says the market for offshore support vessels (OSV) has improved with OSV demand up by 12% since the start of 2021. Meanwhile, the vessel utilisation rate had risen by 7 points to 65% by the beginning of August 2021 which was helped by an annualised 50% increase in removals.

In the Asia Pacific market, the Group has secured charters for the majority of its vessels up to March 2022. For the Middle East, RVOS' vessels will continue to focus on servicing the offshore production requirements of its major customer. The Group will continue to work on improving operational efficiencies, seek ways to provide higher value-add services to customers and look for business opportunities in its target markets in Asia and the Middle East. The Group and its associated companies have a total fleet size of 72 vessels, including 50 vessels owned by RVOS.

The Group is also working to build a new growth pillar by developing its Fabrication and Shipyard Services business in Batam, Indonesia. The shipyard has strong in-house fabrication and engineering capabilities to carry out a wide range of services such as ship-building, fabrication works and ship repair, among others. During the past year, the Group has leveraged on the shipyard's capabilities to strengthen its customer portfolio and secure new contracts for fabrication projects and vessel construction.

In particular, the Group is broadening its capabilities with the award of a new project for subcontracting work of topside steel structure for a floating production storage and offloading (FPSO) unit. It is also making successful inroads into Taiwan's ship-building market by winning projects for construction of harbor tugs and research vessels.

5 Dividend information

(a) Current Financial Period Reported On

The Company did not propose any interim dividends for the period ended 30 September 2021.

(b) Corresponding Period of the Immediate Preceding Financial Year

The Company did not propose any interim dividends for the corresponding period of the immediately preceding financial year.

(c) Date Payable

Not applicable.

(d) Books Closure Date

Not applicable.

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

No dividend has been declared or recommended for the current financial period reported as the Company is loss-making during the current financial period. In addition, with reference to the perpetual capital securities of US\$22.5 million issued by the Company in 2014, in the event that the Company wishes to declare dividends to ordinary shareholders, the Company will be required to first declare and pay all accumulated distributions (currently at a rate of 7.0% per annum) to the holder of the perpetual capital securities before the Company can declare dividends to ordinary shareholders.

7 Interested person transactions

In compliance with Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalyst), there were no transactions with interested persons for 1HFY2022 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (including transactions less than S\$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Corporate services provided to the Group			
RHCL and its subsidiaries ("RHCL Group")	Major shareholder of the Company	Not applicable	US\$593,113
Rental of premises provided to the Group			
RHCL Group	Major shareholder of the Company	Not applicable	US\$150,016
Interests on shareholder's advances provided to the Group			
RHCL Group	Major shareholder of the Company	US\$3,681,900 ⁽¹⁾	Not applicable
Other goods and services provided to the Group			

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (including transactions less than S\$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
RHCL Group	Major shareholder of the Company	Not applicable	US\$437,182
Corporate services provided by the Group			
Holmen Heavylift Offshore Pte. Ltd. ("HOL") and its subsidiaries ("HOL Group")	Associate of SHL, a substantial shareholder of the Company	Not applicable	US\$66,000
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group			
HOL Group	Associate of SHL	Not applicable	US\$1,525,881
Ship management services provided by the Group			
HOL Group	Associate of SHL	Not applicable	US\$198,000
Interests payment paid for by the Group			
HOL Group	Associate of SHL	US\$771,593 ⁽¹⁾	Not applicable

Note:

- (1) These transactions with interested persons have been approved by the Company's shareholders at the EGM held on 27 April 2021, the details of which are set out in the circular to shareholders dated 12 April 2021.

8 Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7.7 under Rule 720(1) of the Listing Manual of the SGX-ST.

Confirmation by the Board

On behalf of the Board of Directors of the Company, we, the undersigned, hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for 1HFY2022 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Darren Yeo Chee Neng
Director
Executive Vice-Chairman

Ling Yong Wah
Director
Chief Executive Officer

12 November 2021

This document has been reviewed by the Company's Sponsor, Provenance Capital Pte. Ltd. It has not been examined or approved by the Singapore Exchange Securities Trading Limited (the "Exchange") and the Exchange assumes no responsibility for the contents of this document, including the correctness of any of the statements or opinions made or reports contained in this document.

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