

Company Registration No. 200609894C

Pacific Radiance Ltd. and its Subsidiaries

Condensed interim financial statements

For the twelve months ended 31 December 2022 (4Q 2022) (12M 2022)

Table of Contents

Condensed interim consolidated statement of profit or loss and other comprehensive income.....	1
Condensed interim statements of financial position	3
Condensed interim statements of changes in equity.....	5
Condensed interim consolidated statement of cash flows.....	7
Notes to the condensed interim consolidated financial statements	9
Other information required by Listing Rule Appendix 7.2	32

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

		Group						
		4Q 2022			4Q 2021			
	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	8,269	–	8,269	2,131	11,604	13,735	(40)
Cost of sales		(4,688)	–	(4,688)	(2,364)	(8,263)	(10,627)	(56)
Gross profit		3,581	–	3,581	(233)	3,341	3,108	15
Other operating income		2,842	–	2,842	509	260	769	NM
General and administrative expenses		(3,279)	–	(3,279)	(1,428)	(1,316)	(2,744)	19
Other operating expenses		(4,940)	–	(4,940)	(1,778)	(25,951)	(27,729)	(82)
Finance costs		(579)	–	(579)	(513)	(4,837)	(5,350)	(89)
Share of results of joint ventures		87	–	87	–	–	–	NM
Share of results of associates		–	–	–	–	–	–	NM
Profit/(loss) before taxation	6	(2,288)	–	(2,288)	(3,443)	(28,503)	(31,946)	(94)
Taxation	7	857	–	857	60	(333)	(273)	NM
Profit/(loss) for the period		(1,431)	–	(1,431)	(3,383)	(28,836)	(32,219)	(96)
Other comprehensive income:								
<u>Items that may be reclassified subsequently to profit or loss:</u>								
Foreign currency translation		(1,867)	–	(1,867)	(361)	–	(361)	NM
Other comprehensive income for the period, net of tax		(1,867)	–	(1,867)	(361)	–	(361)	NM
Total comprehensive income for the period		(3,298)	–	(3,298)	(3,744)	(28,836)	(32,580)	(91)
Profit/(loss) for the period attributable to:								
Equity holders of the Company		(1,435)	–	(1,435)	(3,456)	(28,860)	(32,316)	(96)
Non-controlling interests		4	–	4	73	24	97	(96)
		(1,431)	–	(1,431)	(3,383)	(28,836)	(32,219)	(96)
Total comprehensive income for the period attributable to:								
Equity holders of the Company		(3,302)	–	(3,302)	(3,817)	(28,860)	(32,677)	(91)
Non-controlling interests		4	–	4	73	24	97	(96)
		(3,298)	–	(3,298)	(3,744)	(28,836)	(32,580)	(91)
Profit/(loss) per share attributable to equity holders of the Company								
Basic (US cents per share)		(0.3)	–	(0.3)	(0.5)	(4.0)	(4.5)	
Diluted (US cents per share)		(0.3)	–	(0.3)	(0.5)	(4.0)	(4.5)	
NM: Not Meaningful								

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

		Group						
		12M 2022			12M 2021			
Note		Continuing	Discontinued	Total	Continuing	Discontinued	Total	%
		Operations	Operations		Operations	Operations		
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
	Revenue	29,883	8,740	38,623	9,848	48,959	58,807	(34)
	Cost of sales	(16,071)	(8,897)	(24,968)	(9,703)	(45,471)	(55,174)	(55)
	Gross profit	13,812	(157)	13,655	145	3,488	3,633	NM
	Other operating income	348,633	19,937	368,570	12,178	729	12,907	NM
	General and administrative expenses	(13,259)	(1,432)	(14,691)	(7,089)	(5,403)	(12,492)	18
	Other operating expenses	(9,490)	(13,511)	(23,001)	(4,083)	(26,320)	(30,403)	(24)
	Finance costs	(2,917)	(4,085)	(7,002)	(2,121)	(16,467)	(18,588)	(62)
	Share of results of joint ventures	87	1,509	1,596	–	–	–	NM
	Share of results of associates	–	4,603	4,603	2,397	–	2,397	92
	Profit/(loss) before taxation	336,866	6,864	343,730	1,427	(43,973)	(42,546)	NM
	Taxation	647	(251)	396	(70)	(1,610)	(1,680)	NM
	Profit/(loss) for the period	337,513	6,613	344,126	1,357	(45,583)	(44,226)	NM
	Other comprehensive income:							
	<u>Items that may be reclassified subsequently to profit or loss:</u>							
	Foreign currency translation	(89)	–	(89)	989	–	989	NM
	Foreign currency translation, reclassified to profit or loss	–	–	–	–	90	90	(100)
	Other comprehensive income for the period, net of tax	(89)	–	(89)	989	90	1,079	NM
	Total comprehensive income for the period	337,424	6,613	344,037	2,346	(45,493)	(43,147)	NM
	Profit/(loss) for the period attributable to:							
	Equity holders of the Company	325,730	6,683	332,413	1,390	(45,549)	(44,159)	NM
	Non-controlling interests	11,783	(70)	11,713	(33)	(34)	(67)	NM
		337,513	6,613	344,126	1,357	(45,583)	(44,226)	NM
	Total comprehensive income for the period attributable to:							
	Equity holders of the Company	325,641	6,683	332,324	2,379	(45,459)	(43,080)	NM
	Non-controlling interests	11,783	(70)	11,713	(33)	(34)	(67)	NM
		337,424	6,613	344,037	2,346	(45,493)	(43,147)	NM
	Earnings/(loss) per share attributable to equity holders of the Company							
	Basic (US cents per share)	164.3	3.4	167.7	0.2	(6.4)	(6.2)	
	Diluted (US cents per share)	164.3	3.4	167.7	0.2	(6.4)	(6.2)	

NM: Not Meaningful

Condensed interim statements of financial position

	Note	Group		Company	
		31 December	31 December	31 December	31 December
		2022	2021	2022	2021
		US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	40,629	43,380	–	–
Investment in subsidiaries		–	–	–	–
Investment in associates		–	–	–	–
Investment in joint ventures		1,287	–	–	–
Investment securities		–	–	–	–
Club memberships		140	140	–	–
Amounts due from related companies		408	4,641	–	–
		42,464	48,161	–	–
Current assets					
Inventories		160	544	–	–
Trade receivables	9	14,571	22,004	–	–
Other receivables		7,572	2,772	136	56
Amounts due from related companies	10	20,156	58,174	20,082	–
Investment securities		23	9	–	–
Cash and bank balances		25,596	21,591	2,545	1,468
		68,078	105,094	22,763	1,524
Assets held for sale	12	–	139,122	–	–
		68,078	244,216	22,763	1,524
Total assets		110,542	292,377	22,763	1,524
EQUITY AND LIABILITIES					
Current liabilities					
Trade payables		12,091	13,298	–	–
Other liabilities		15,587	131,041	180	15,478
Amounts due to related companies		11,801	10,479	308	168,329
Bank loans	14	–	386,584	–	–
Notes payable	15	–	74,110	–	74,110
Provision for taxation		1,108	1,268	–	–
Lease liabilities		1,012	983	–	–
		41,599	617,763	488	257,917
Net current assets/(liabilities)		26,479	(373,547)	22,275	(256,393)

Condensed interim statements of financial position

	Note	Group		Company	
		31 December 2022 US\$'000	31 December 2021 US\$'000	31 December 2022 US\$'000	31 December 2021 US\$'000
Non-current liabilities					
Other liabilities		3,817	9,458	–	–
Provisions		252	248	–	–
Bank loans	14	28,576	–	–	–
Deferred tax liabilities		2,474	2,645	–	–
Lease liabilities		7,155	7,331	–	–
Derivative warrant liabilities	17	184	–	184	–
Perpetual securities	18	1,492	–	1,492	–
		43,950	19,682	1,676	–
Total liabilities		85,549	637,445	2,164	257,917
Net assets/(liabilities)		24,993	(345,068)	20,599	(256,393)
Equity attributable to equity holders of the Company					
Share capital	16	188,878	162,854	188,878	162,854
Treasury shares	16	(2,135)	(2,135)	(2,135)	(2,135)
Accumulated losses		(153,450)	(485,863)	(166,081)	(417,049)
Other reserves		(8,202)	(8,113)	(63)	(63)
		25,091	(333,257)	20,599	(256,393)
Non-controlling interests		(98)	(11,811)	–	–
Total equity		24,993	(345,068)	20,599	(256,393)

Condensed interim statements of changes in equity

	Share capital	Treasury shares	Accumulated losses	Total other reserves	Foreign currency translation reserve	Employee share-based payments reserve	Hedging reserve	Defined benefit plans	Capital reserve	Total	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
The Group												
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 year	–	–	332,413	–	–	–	–	–	–	332,413	11,713	344,126
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	(89)	(89)	–	–	–	–	(89)	–	(89)
Total comprehensive income for the year	–	–	332,413	(89)	(89)	–	–	–	–	332,324	11,713	344,037
<u>Contributions by and distributions to owners</u>												
Shares issued due to restructuring	26,024	–	–	–	–	–	–	–	–	26,024	–	26,024
Total contributions by and distribution to owners	26,024	–	–	–	–	–	–	–	–	26,024	–	26,024
Balance at 31 December 2022	188,878	(2,135)	(153,450)	(8,202)	(1,758)	170	114	86	(6,814)	25,091	(98)	24,993
Balance at 1 January 2021	162,854	(2,135)	(441,744)	(9,152)	(2,748)	170	114	126	(6,814)	(290,177)	(11,744)	(301,921)
Loss for the year	–	–	(44,159)	–	–	–	–	–	–	(44,159)	(67)	(44,226)
<u>Other comprehensive income</u>												
- Foreign currency translation	–	–	–	989	989	–	–	–	–	989	–	989
- Reclassification to profit or loss upon disposal of subsidiary	–	–	–	90	90	–	–	–	–	90	–	90
Total comprehensive income for the year	–	–	(44,159)	1,079	1,079	–	–	–	–	(43,080)	(67)	(43,147)
Transfers within equity	–	–	40	(40)	–	–	–	(40)	–	–	–	–
Balance at 31 December 2021	162,854	(2,135)	(485,863)	(8,113)	(1,669)	170	114	86	(6,814)	(333,257)	(11,811)	(345,068)

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 2022	162,854	(2,135)	(417,049)	(63)	170	(233)	(256,393)
Profit for the year	–	–	250,968	–	–	–	250,968
Total comprehensive income for the year	–	–	250,968	–	–	–	250,968
<u>Contributions by and distributions to owners</u>							
Shares issued due to restructuring	26,024	–	–	–	–	–	26,024
Total contributions by and distribution to owners	26,024	–	–	–	–	–	26,024
Balance at 31 December 2022	188,878	(2,135)	(166,081)	(63)	170	(233)	20,599
Balance at 1 January 2021	162,854	(2,135)	(333,959)	(63)	170	(233)	(173,303)
Loss for the year	–	–	(83,090)	–	–	–	(83,090)
Total comprehensive income for the year	–	–	(83,090)	–	–	–	(83,090)
Balance at 31 December 2021	162,854	(2,135)	(417,049)	(63)	170	(233)	(256,393)

Condensed interim consolidated statement of cash flows

	Note	12M 2022 US\$'000	12M 2021 US\$'000
Cash flows from operating activities:			
Profit/(loss) before taxation		343,730	(42,546)
Adjustments for:			
Depreciation of property, plant and equipment		3,015	12,711
Finance costs		7,002	18,588
Interest income		(56)	(139)
Share of results of associates		(4,603)	(2,397)
Share of results of joint ventures		(1,596)	–
Loss on disposal of property, plant and equipment, net		–	329
Gain on disposal of assets held for sale		(17,022)	–
Impairment of doubtful receivables, net	9	4,465	279
Impairment of amounts due from related companies	10	16,901	12,986
Impairment of property, plant and equipment		1,456	14,715
Recognition of deferred capital grant income (Derecognition)/recognition of financial guarantee liabilities	6	– (2,977)	(297) 2,094
Gain on restructuring due to share issuance		(52,360)	–
Net gain on debt forgiveness under restructuring	6	(291,592)	(9,265)
Net fair value gain on bank loans		(1,223)	–
Net fair value gain on held for trading investment securities		(14)	(1)
Net fair value loss on derivatives		184	–
Exchange differences		1,209	(1,511)
<hr/>			
Operating cash flows before changes in working capital		6,519	5,546
(Increase)/Decrease in trade and other receivables		(1,775)	(3,101)
(Increase)/Decrease in amounts due from/to related companies, net		(5,698)	5,195
(Increase)/Decrease in inventories		384	194
Increase/(Decrease) in trade payables and other liabilities		3,277	(28)
<hr/>			
Cash generated from operations		2,707	7,806
Taxes paid		(599)	(1,516)
Interest paid		(219)	(695)
Interest received		–	8
<hr/>			
Net cash flows generated from operating activities		1,889	5,603
<hr/>			

Condensed interim consolidated statement of cash flows

	Note	12M 2022 US\$'000	12M 2021 US\$'000
Cash flows from investing activities:			
Purchase of property, plant and equipment		(1,400)	(1,901)
Proceeds from sale of assets held for sale		–	1,250
Loans repaid by/(to) related companies, net		5,000	(3,000)
Deposit refunded for proposed acquisition of a company		–	2,700
Investment in joint venture		(1,200)	–
Net cash flows generated from/(used in) investing activities		2,400	(951)
Cash flows from financing activities:			
Payment of principal portion of lease liabilities		(338)	(647)
Repayment of bank loans		–	(1,489)
Cash and bank balances released as securities		2	1,433
Proceeds from issuance of new shares		723	–
Partial redemption of perpetual securities	18	(709)	–
Restricted cash and bank balance		(1,281)	–
Net cash flows generated used in financing activities		(1,603)	(703)
Net increase in cash and bank balances		2,686	3,949
Effect of exchange rate changes on cash and bank balances		40	(1)
Cash and bank balances at beginning of the year		21,589	17,641
Cash and bank balances at end of the year		24,315	21,589
Breakdown of cash and bank balances at end of the period:			
Cash and bank balances as per balance sheet		25,596	21,591
Cash pledged		–	(2)
Restricted cash and bank balance		(1,281)	–
		24,315	21,589

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 twelve months ended 31 December 2022 comprise the Company and its subsidiaries (collectively, the "Group"). The principal activity of the Company is investment holding.

The principal activities of the Group are:

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

2. Basis of preparation

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

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

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

The Group completed its debt restructuring in 3Q 2022 and the directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate. As part of certain ship management agreements with its clients, the Group has to remain a going concern, and the PRL Key Management (namely Mr. Pang Yoke Min, Mr. Pang Wei Meng and Mr. Pang Wei Kuan, James) has to remain in control of the Company.

2.1 New and amended standards adopted by the Group

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

2.2 Use of judgements and estimates

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

2.2 Use of judgements and estimates (cont'd)

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

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

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 6 - Gain on debt forgiveness and gain on sale of vessels;
- Note 12 - Discontinued operations; and
- Note 14 - Estimating the finance costs, carrying amount of bank loans and associated accrued interest payables.

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

- Note 13 - Impairment of property, plant and equipment; and
- Note 9 and Note 10 - Provision for expected credit losses of trade receivables and amounts due from related companies;

3 Seasonal operations

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

4 Segment Information

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

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

The Group's debt restructuring plan (the "Debt Restructuring Plan") involved the transfer of 33 secured vessels and accompanying income and revenue streams (the "Sale Vessels") to ENAV Radiance Pte. Ltd. (the "Purchaser"), an affiliate of ENAV Offshore Mexico S De RL de CV ("ENAV"), in consideration for the Purchaser procuring the consensual discharge of the secured indebtedness owed by the Group to the Secured Lenders (including the release and/or discharge of mortgages, assignments of charter and charter earnings, amongst others) (the "Proposed Disposal"). The business of owning and chartering of the Sale Vessels were previously presented under the Offshore Support Services business and Subsea Services business segments of the Group. With the Sale Vessels being classified as discontinued operations, the Offshore Support Services business and Subsea Services business segments are no longer presented in this Note.

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

4 Segment Information (cont'd)

	Ship Management US\$'000	Shipyards US\$'000	Total for Continuing Operations US\$'000
4Q 2022			
Revenue:			
Sales	4,119	4,409	8,528
Inter-segment sales (Note A)	(6)	(253)	(259)
Sales to external customers	4,113	4,156	8,269
Results:			
Interest income	35	–	35
Finance costs	(9)	(570)	(579)
Depreciation and amortisation	(106)	(669)	(775)
Share of results of joint ventures	87	–	87
Impairment of property, plant and equipment	–	–	–
Other non-cash expenses (Note B)	(4,918)	(5)	(4,923)
Segment profit/(loss)	(2,392)	104	(2,288)
4Q 2021			
Revenue:			
Sales	985	1,274	2,259
Inter-segment sales (Note A)	(45)	(83)	(128)
Sales to external customers	940	1,191	2,131
Results:			
Interest income	–	–	–
Finance costs	(96)	(417)	(513)
Depreciation and amortisation	(20)	(721)	(741)
Share of results of joint ventures	–	–	–
Impairment of property, plant and equipment	–	–	–
Other non-cash expenses (Note B)	(304)	(871)	(1,175)
Segment loss	(1,156)	(2,287)	(3,443)

4 Segment Information (cont'd)

	Ship Management US\$'000	Shipyard US\$'000	Total for Continuing Operations US\$'000
12M 2022			
Revenue:			
Sales	15,304	17,270	32,574
Inter-segment sales (Note A)	(40)	(2,651)	(2,691)
Sales to external customers	15,264	14,619	29,883
Results:			
Interest income	53	–	53
Finance costs	(1,824)	(1,093)	(2,917)
Depreciation and amortisation	(226)	(2,789)	(3,015)
Share of results of joint ventures	87	–	87
Impairment of property, plant and equipment	–	(1,456)	(1,456)
Other non-cash expenses (Note B)	(7,829)	(26)	(7,855)
Segment profit	315,303	21,563	336,866

	Ship Management US\$'000	Shipyard US\$'000	Adjustment (Note D) 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	47,925	–	110,542
Segment liabilities	42,330	43,219	–	85,549

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

	Ship Management US\$'000	Shipyards US\$'000	Total for Continuing Operations US\$'000
12M 2021			
Revenue:			
Sales	5,210	6,349	11,559
Inter-segment sales (Note A)	(180)	(1,531)	(1,711)
Sales to external customers	5,030	4,818	9,848
Results:			
Interest income	125	–	125
Finance costs	(481)	(1,640)	(2,121)
Depreciation and amortisation	(80)	(2,915)	(2,995)
Share of results of associates	2,397	–	2,397
Impairment of property, plant and equipment	–	(635)	(635)
Other non-cash expenses (Note B)	(2,256)	(863)	(3,119)
Segment profit/(loss)	8,304	(6,877)	1,427

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

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

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

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

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

5. Disaggregation of revenue

Segments	Ship Management US\$'000	Shipyard US\$'000	Total for Continuing Operations US\$'000
4Q 2022			
Type of services			
Lease revenue	837	–	837
Other ancillary time charter revenue	1,946	–	1,946
Ship repair income	–	4,144	4,144
Ship management fee income	1,330	–	1,330
Others	–	12	12
	4,113	4,156	8,269
Timing of transfer of services			
At a point in time	–	4,156	4,156
Over time	4,113	–	4,113
	4,113	4,156	8,269
4Q 2021			
Type of services			
Lease revenue	549	–	549
Other ancillary time charter revenue	290	–	290
Ship repair income	–	1,186	1,186
Ship management fee income	101	–	101
Others	–	5	5
	940	1,191	2,131
Timing of transfer of services			
At a point in time	–	1,191	1,191
Over time	940	–	940
	940	1,191	2,131

5. Disaggregation of revenue (cont'd)

Segments	Ship Management US\$'000	Shipyard US\$'000	Total for Continuing Operations US\$'000
12M 2022			
Type of services			
Lease revenue	3,014	–	3,014
Other ancillary time charter revenue	6,968	–	6,968
Ship repair income	–	14,582	14,582
Ship management fee income	5,282	–	5,282
Others	–	37	37
	15,264	14,619	29,883
Timing of transfer of services			
At a point in time	–	14,619	14,619
Over time	15,264	–	15,264
	15,264	14,619	29,883
12M 2021			
Type of services			
Lease revenue	2,040	–	2,040
Other ancillary time charter revenue	2,615	–	2,615
Ship repair income	–	4,793	4,793
Ship management fee income	375	–	375
Others	–	25	25
	5,030	4,818	9,848
Timing of transfer of services			
At a point in time	–	4,818	4,818
Over time	5,030	–	5,030
	5,030	4,818	9,848

5. Disaggregation of revenue (cont'd)

Intercompany revenue

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

	Ship Management US\$'000	Shipyard US\$'000	Total US\$'000
12M 2022	35	869	904
12M 2021	180	1,531	1,711

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

	US\$'000
12M 2022	772
12M 2021	1,070

Geographical information

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

	Group		Group	
	4Q 2022	4Q 2021	12M 2022	12M 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Asia ⁽¹⁾	2,202	567	8,075	2,860
Singapore	5,699	1,276	21,044	5,024
Middle East	368	265	761	1,853
Latin America	–	23	3	111
	8,269	2,131	29,883	9,848

⁽¹⁾ Asia includes Papua New Guinea, Brunei, China, Thailand, Bangladesh, Indonesia, Myanmar and Malaysia.

6. Profit before taxation for continuing operations

6.1 Significant items

	Group		Group	
	4Q 2022	4Q 2021	12M 2022	12M 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Income				
Gain on debt forgiveness under restructuring	–	–	290,792	9,265
Gain on restructuring due to share issuance	–	–	52,360	–
Foreign exchange gains, net	1,821	–	2,679	1,666
Interest income	35	–	53	125
Recognition of deferred capital grant income	–	297	–	297
Writeback of provision for tax in respect of prior years	–	137	–	137
Net fair value gain on bank loan	–	–	1,223	–
Net fair value gain on held for trading investment securities	8	–	14	1
Deferred gain for non-refundable deposit upon vessel sale	800	–	800	–
Expenses				
Depreciation of property, plant and equipment (included in cost of sales)	552	546	2,157	24,212
Depreciation of property, plant and equipment (included in general and administrative expenses)	223	195	858	783
Impairment of doubtful receivables, net	86	8	4,384	15
Impairment of amounts due from related companies, net	4,892	1,167	3,526	3,104
Loss on disposal of property, plant and equipment, net	–	–	–	329
Impairment of property, plant and equipment	–	–	1,456	635
Interest expense on bank loans carried at amortised cost	489	432	2,378	1,411
Foreign exchange losses, net	–	603	–	–
Net fair value loss on held for trading investment securities	–	1	1	–

6.2 Related party transactions

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

	Group		Group	
	4Q 2022	4Q 2021	12M 2022	12M 2021
	US\$'000	US\$'000	US\$'000	US\$'000
<i>Income</i>				
Charter hire income:				
- Joint ventures	357	283	810	583
Ship repair income:				
- Associates	4	–	83	777
- Related Party	351	–	2,497	–
Interest income from:				
- Joint ventures	–	–	–	122
Management fee income from:				
- Joint ventures	91	54	293	216
Ship management fee income from:				
- Joint ventures	18	18	72	108
- Related Party	1,040	–	4,824	–
Miscellaneous income from:				
- Joint ventures	–	–	1	14
<i>Expense</i>				
Charter hire expense and other cost of sales to:				
- Joint ventures	(112)	–	4	1,094
- Related Party	1,337	–	4,861	–
Interest expense to:				
- A shareholder of a subsidiary	–	76	175	306
Other Expense:				
- Repurchase of vessel from Related Party	–	–	1,100	–

Pang Wei Kuan is a director as well as Acting Chief Executive of Pacific Radiance Ltd. He is also son of Pang Yoke Min, the Executive Chairman and substantial chairholder of the company. At the same time, he is also a board member of ENAV Radiance Group which has been deemed a related party to the Group as a result.

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					
	4Q 2022			4Q 2021		
	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax expense	851	–	851	100	(30)	70
Deferred tax expense	–	–	–	–	–	–
Withholding tax expense	6	–	6	(40)	(303)	(343)
	857	–	857	60	(333)	(273)

	Group					
	12M 2022			12M 2021		
	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>	<i>Continuing Operations</i>	<i>Discontinued Operations</i>	<i>Total</i>
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax expense	21	(4)	17	8	(81)	(73)
Deferred tax expense	171	–	171	–	68	68
Withholding tax expense	455	(247)	208	(78)	(1,597)	(1,675)
	647	(251)	396	(70)	(1,610)	(1,680)

8. Net asset value

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
Net asset/(liability) value (US\$'000)	25,091	(333,257)	20,599	(256,393)
Total number of ordinary shares issued ('000)	450,709	715,428	450,709	715,428
Net liability value per ordinary share (US cents)	5.57	(46.6)	4.57	(35.8)

9. Trade receivables

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

	Group	
	As at 31 December 2022	As at 31 December 2021
	US\$'000	US\$'000
Movement in allowance accounts:		
At 1 January	13,971	13,917
Charge for the period	4,484	295
Write back of allowance	(15)	(16)
Written off during the period	–	(225)
	<hr/>	<hr/>
At end of financial period	18,440	13,971

10. Amounts due from related companies

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

The movement in allowance accounts is as follows:

	Group		Company	
	As at 31 December 2022	As at 31 December 2021	As at 31 December 2022	As at 31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Movement in allowance accounts:				
At 1 January	114,931	101,082	360,614	280,232
Charge/(writeback) for the period	16,901	12,986	(73,587)	83,003
ECL adjustment to interest income	1,090	970	–	–
Written off during the period	(1,850)	–	(278,775)	–
Exchange differences	32	(107)	(3,045)	(2,621)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of financial period	131,104	114,931	5,207	360,614

11. Fair values of financial instruments

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

(12)(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.

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

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

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

	31 December 2021		
	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	9	–	9
<u>Equity securities at FVOCI</u>			
Unquoted equity securities	–	–	–
Financial assets as at 31 December 2021	9	–	9

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 observable inputs other than quoted prices (Level 2)	Total
Group and Company			
<i>Liabilities measured at fair value</i>			
Financial liabilities:			
<u>Derivative financial liabilities</u>			
Quoted warrant liabilities	184	–	184
Unquoted warrant liabilities	–	–	–
Financial liabilities as at 31 December 2022	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 at floating rate, amounts due from related companies, notes payable, perpetual securities and lease liabilities.

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

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

Financial instruments by category

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

	Financial assets at amortised cost US\$'000	Financial assets at fair value through profit or loss US\$'000	Financial assets at fair value through OCI US\$'000
Group			
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	–
31 December 2021			
Assets			
Trade receivables	22,004	–	–
Other receivables	1,864	–	–
Amounts due from related companies	62,815	–	–
Investment securities	–	9	–
Cash and bank balances	21,591	–	–
	108,274	9	–

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

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

Financial instruments by category (cont'd)

	Financial liabilities at amortised cost US\$'000	Financial liabilities at fair value through profit or loss US\$'000
Group		
31 December 2022		
Liabilities		
Trade payables	12,091	–
Other liabilities	6,695	–
Amounts due to related companies	11,801	–
Bank loans	28,576	–
Derivative warrant liabilities	–	184
Perpetual securities	1,492	–
Lease liabilities	8,167	–
	68,822	184

31 December 2021

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

	Financial assets at amortised cost	
	31 December 2022 US\$'000	31 December 2021 US\$'000
Company		
Assets		
Other receivables	30	–
Amounts due from related companies	20,082	–
Cash and bank balances	2,545	1,468
	22,657	1,468

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

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

Financial instruments by category (cont'd)

Company	Financial liabilities at amortised cost	Financial liabilities at fair value through profit or loss
	US\$'000	US\$'000
31 December 2022		
Liabilities		
Other liabilities	180	–
Amounts due to related companies	308	–
Derivative warrant liabilities	–	184
Perpetual securities	1,492	–
	1,980	184
31 December 2021		
Liabilities		
Other liabilities	12,501	–
Amounts due to related companies	168,329	–
Notes payable	74,110	–
	254,940	–

12. Discontinued operations

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

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

Cashflow

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

	12M 2022	12M 2021
	US\$'000	US\$'000
Operating	1,522	9,585
Investing	–	(1,883)
Financing	2	–
	1,524	7,702
Net cash inflow/(outflow)	1,524	7,702

12. Discontinued operations (cont'd)

Write-down of property, plant and equipment

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

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

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

13. Property, plant and equipment

During the twelve months ended 31 December 2022, the Group acquired assets amounting to US\$1,400,000 (31 December 2021: US\$1,901,000). This is mainly related to the re-purchase of two of the Sale Vessels from the Purchaser subsequent to the Proposed Disposal. The Group has earlier entered into a sale agreement with a third party to sell these two vessels, which has been terminated.

During the same period, the Group disposed of other assets with net carrying amount of US\$Nil (31 December 2021: US\$329,000).

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

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

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

As at 31 December 2022, the Group has considered both external and internal sources of information and assessed that there is no indication that its vessels may be impaired. The Group has carried out a review of the recoverable amount of its property and buildings based on the valuation report issued by an independent professional valuer and an impairment loss of US\$1,456,000 was recognised (12M 2021: US\$635,000)

14. Bank loans

	Group			
	Secured		Unsecured	
	As at 31 December 2022 US\$'000	As at 31 December 2021 US\$'000	As at 31 December 2022 US\$'000	As at 31 December 2021 US\$'000
Amount repayable within one year or on demand	–	386,584	–	–
Amount repayable after one year	28,576	–	–	–

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

In August 2022, upon the sanction of the schemes of arrangement of the Company's two (2) subsidiaries, Pacific Crest Pte. Ltd. ("PCPL") and CSI Offshore Pte. Ltd. ("CSIO"), which hold the majority of the Sale Vessels (the "Proposed Schemes of Arrangement"), the Group made payments of the remaining unsecured bank loans in accordance with the terms of the schemes and recognised a gain on debt forgiveness of bank loans, accrued interest payable and loan guarantee.

The bank loan that remains relate to the restructured property loan which is secured by the mortgaged building and mortgaged shipyard (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 or the borrower (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 proceed is insufficient to fully repay the Property Loan, all unpaid sum shall be deemed written off and discharged in full by the lender.

The outstanding under the Property Loan was reduced to US\$28,751,000 and correspondingly a gain on debt forgiveness of US\$22,258,000 was recognised in 1Q 2022. As at 31 December 2022, the Property Loan stood at US\$28,576,000. The terms of the Property Loan include options for the lender or the Company to sell the property as mentioned above, and a requirement for the Company to make an advance interest payment.

As at 31 December 2022, cash balance of US\$1,281,000 has been set aside and is restricted for payment of the advance interest.

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

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

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

14. Bank loans (cont'd)

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

The carrying amounts of accrued interest payables recorded under other liabilities (current) is US\$535,000 (31 December 2021: US\$85,897,000).

15. Notes payable

As at 5 September 2022, all of the notes payable have been validly redeemed by way of issuing new ordinary shares in the capital of the Company and perpetual securities to the noteholders. Following such redemption, all of the notes payable were cancelled and delisted from SGX-ST on 6 September 2022.

16. Share capital and treasury shares

(i) Share capital

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

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

On 1 September 2022, the Company issued and allotted

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

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

(i) *Share capital (cont'd)*

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

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

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

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

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

(ii) *Treasury shares*

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

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

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

17. Derivative warrant liabilities

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

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

- (a) an aggregate of 22,454,446 warrants to the existing shareholders of the Company (excluding the noteholders, Entitled Lenders and PRL Key Management), on the basis of 100 warrants for every 100 consolidated shares (the “Shareholder Warrants”) and
- (b) an aggregate of 23,033,431 warrants to the PRL Key Management, on the basis of 47 warrants for every 100 consolidated shares (the “Management Warrants”).

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

Both the Shareholder Warrants and Management Warrants (collectively the “Warrants”) may only be exercised on the date falling on the third anniversary of the issuance of the Warrants or earlier, if all Perpetual Securities have been redeemed by the Company. The Warrants will expire in five years from the date of issuance of the Warrants. None of the Warrants have been exercised as at 31 December 2022.

Except for the warrants, there were no convertible securities as at 31 December 2022 and 31 December 2021. As at 31 December 2022, the number of shares that may be issued on exercise of warrants were 45,487,877 (31 December 2021: Nil)

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

Shareholder Warrant liabilities are considered as Level 1 liabilities on the fair value hierarchy, as they are listed. As at 31 December 2022, the fair value of the Shareholder Warrant liabilities is US\$184,000, based on the listed warrant price of 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 31 December 2022.

18. Perpetual Securities

	Group and Company
	31 December 2022
	US\$'000
Balance at the beginning of the year	–
Issue of perpetual securities	2,168
Redemption during the year	(709)
Exchange differences	33
	<hr/>
Balance at the end of the year	1,492
	<hr/>

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

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

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

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.

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

19. Subsequent events

There were no significant events subsequent to the period ended 31 December 2022.

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 31 December 2022 and the condensed consolidated profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the twelve months ended 31 December 2022 and related explanatory notes have not been audited or reviewed.

1A. Disclaimer opinion for the latest financial statements

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

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

On item (ii):

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

On item (iii):

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

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

2. Review of performance of the Group

Revenue

12M 2022 vs 12M 2021

Revenue decreased by approximately US\$20.2 million or 34% from US\$58.8 million in 12M 2021 to US\$38.6 million in 12M 2022.

The decrease was attributed mainly to the decrease in revenue from the chartering of offshore support and subsea vessels of US\$30.0 million from US\$54.0 million in 12M 2021 to US\$24.0 million in 12M 2022 following the Proposed Disposal of vessels that was completed in March 2022.

This was partially offset by the increase in revenue from the ship repair services of US\$9.8 million from US\$4.8 million in 12M 2021 to US\$14.6 million in 12M 2022 due to higher completion of ship repair works.

4Q 2022 vs 4Q 2021

Revenue decreased by approximately US\$5.5 million or 40% from US\$13.7 million in 4Q 2021 to US\$8.3 million in 4Q 2022.

The decrease was attributed mainly to the decrease in revenue from the chartering of offshore support and subsea vessels of US\$8.4 million from US\$12.5 million in 4Q 2021 to US\$4.1 million in 4Q 2022 following the Proposed Disposal of vessels that was completed in March 2022.

This was partially offset by the increase in revenue from the ship repair services of US\$3.0 million from US\$1.2 million in 4Q 2021 to US\$4.2 million in 4Q 2022 due to higher completion of ship repair works.

Gross profit

12M 2022 vs 12M 2021

Gross profit increased by approximately US\$10.1 million from US\$3.6 million in 12M 2021 to US\$13.7 million in 12M 2022.

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

4Q 2022 vs 4Q 2021

Gross profit increased by approximately US\$0.5 million from US\$3.1 million in 4Q 2021 to US\$3.6 million in 4Q 2022.

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

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

Other operating income

12M 2022 vs 12M 2021

Other operating income increased by approximately US\$355.7 million from US\$12.9 million in 12M 2021 to US\$368.6 million in 12M 2022.

The increase was mainly due to higher gain on debt forgiveness on restructuring of US\$281.5 million, gain on restructuring upon issuance of shares of US\$52.4 million, gain on sale of vessels of \$17.0 million, gain on release of financial guarantee liabilities of US\$3.0 million and higher exchange gain of US\$1.0 million in 12M 2022.

4Q 2022 vs 4Q 2021

Other operating income increased by approximately US\$2.0 million from US\$0.8 million in 4Q 2021 to US\$2.8 million in 4Q 2022.

The increase was mainly due to exchange gain of US\$1.8 million in 4Q 2022 compared to exchange loss of US\$0.6 million in 4Q 2021.

General and administrative expenses

12M 2022 vs 12M 2021

General and administrative expenses increased by approximately US\$2.2 million or 18% from US\$12.5 million in 12M 2021 to US\$14.7 million in 12M 2022, mainly due to commitment fee paid to the Purchaser in 3M 2022 that amounted to US\$3.0 million.

4Q 2022 vs 4Q 2021

General and administrative expenses increased by approximately US\$0.6 million or 19% from US\$2.7 million in 4Q 2021 to US\$3.3 million in 4Q 2022, mainly due to higher staff cost of US\$0.3 million, higher restructuring expenses of US\$0.1 million and higher utilities cost of US\$0.1 million recorded in 4Q 2022.

Other operating expenses

12M 2022 vs 12M 2021

Other operating expenses decreased by approximately US\$7.4 million or 24% from US\$30.4 million in 12M 2021 to US\$23.0 million in 12M 2022.

The decrease was mainly attributable to decrease in impairment of property, plant and equipment of US\$13.2 million and partially offset by increase in doubtful debt expenses of US\$8.1 million.

4Q 2022 vs 4Q 2021

Other operating expenses decreased by approximately US\$22.8 million or 82% from US\$27.7 million in 4Q 2021 to US\$4.9 million in 4Q 2022.

The decrease was mainly attributable to decrease in impairment of property, plant and equipment of US\$14.1 million and doubtful debt expenses of US\$6.1 million recorded in 4Q 2022.

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

Finance costs

12M 2022 vs 12M 2021

Finance costs decreased by approximately US\$11.6 million or 62% from US\$18.6 million in 12M 2021 to US\$7.0 million in 12M 2022.

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

4Q 2022 vs 4Q 2021

Finance costs decreased by approximately US\$4.8 million or 89% from US\$5.4 million in 4Q 2021 to US\$0.6 million in 4Q 2022 due to the settlement of bank loans through the debt restructuring exercise.

Share of results of joint ventures

12M 2022 vs 12M 2021

4Q 2022 vs 4Q 2021

Share of results of joint venture was US\$1.6 million gain for 12M 2022, compared to \$Nil for 12M 2021.

Share of results of joint venture was US\$0.1 million gain for 4Q 2022 and nil for 4Q 2021.

This was attributable to the realisation of deferred gain on sale of vessels to joint ventures for 1Q 2022 and share of profit of joint ventures in 4Q 2022.

Share of results of associates

12M 2022 vs 12M 2021

4Q 2022 vs 4Q 2021

Share of results of associates was US\$4.6 million gain for 12M 2022, compared to US\$2.4 million gain for 12M 2021.

Share of results of associates was nil for 4Q 2022 and 4Q 2021.

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

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

Taxation

12M 2022 vs 12M 2021

Taxation expense decreased by approximately US\$2.1 million from US\$1.7 million in 12M 2021 to US\$0.4 million credit in 12M 2022.

The decrease was mainly due to lower tax expense and withholding taxes in 12M 2022.

4Q 2022 vs 4Q 2021

Taxation expense decreased by approximately US\$1.1 million from US\$0.2 million in 4Q 2021 to a credit of US\$0.9 million in 4Q 2022.

This was mainly attributed to reversal of tax expense provided in earlier quarters of US\$0.8 million that is no longer required in 4Q 2022.

REVIEW OF STATEMENT OF FINANCIAL POSITION

Non-current assets

The Group's non-current assets amounted to US\$42.5 million as at 31 December 2022. The decrease in non-current assets from US\$48.2 million as at 31 December 2021 was mainly attributable to

- (i) the decrease in amounts due from related companies by US\$4.2 million; and
- (ii) the decrease in property, plant and equipment by US\$2.8 million mainly due to depreciation of US\$2.7 million, impairment of US\$1.5 million and reclass of US\$1.1 million from Asset Held For Sale to Fixed Assets, partially offset by additions of US\$0.4 million.

This was partially offset by:

- (iii) the new investment in joint venture of US\$1.3 million.

Current assets

The Group's current assets amounted to US\$68.1 million as at 31 December 2022. The decrease in current assets from US\$244.2 million as at 31 December 2021 was mainly due to:

- (i) the decrease in assets held for sale by US\$139.1 million;
- (ii) the decrease in amounts due from related companies by US\$42.4 million; and
- (iii) the decrease in trade receivables by US\$3.0 million.

This was partially offset by:

- (iv) the increase in other receivables by US\$4.8 million; and
- (v) the increase in cash and bank balances by US\$4.0 million.

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

REVIEW OF STATEMENT OF FINANCIAL POSITION (CONT'D)

Current liabilities

The Group's current liabilities amounted to US\$41.6 million as at 31 December 2022. The decrease in current liabilities from US\$617.8 million as at 31 December 2021 was attributed mainly to:

- (i) the decrease in current bank loans by US\$386.6 million due to settlement and debt forgiveness of bank loans arising from the debt restructuring exercise;
- (ii) the decrease in other liabilities by US\$115.4 million mainly due to settlement and debt forgiveness of interest expense; and
- (iii) the decrease in notes payable by US\$74.1 million due to settlement of notes payable from the debt restructuring exercise.
- (iv) the decrease in provision for taxation by US\$0.2 million.

The Group is in positive working capital position of US\$26.5 million as at 31 December 2022. The Group has completed the process of restructuring its debt obligations, please refer to Note 4 for more information.

Non-current liabilities

The Group's non-current liabilities amounted to US\$43.9 million as at 31 December 2022. Non-current liabilities increased from US\$19.7 million as at 31 December 2021 primarily due to the

- (i) the increase in non-current bank loans by US\$28.6 million due to restructuring of the property loans;
- (ii) issuance of perpetual securities of US\$1.5 million as part of the restructuring exercise.
- (iii) issuance of listed shareholder warrants of US\$0.2 million.

This was partially offset by:

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

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

REVIEW OF CASH FLOWS

In 12M 2022, the Group generated net cash inflow of US\$4.0 million.

Net cash inflow from operating activities was US\$1.8 million. This was mainly due to cash inflow from operating activities before working capital changes of US\$6.2 million, partially offset by net working capital outflow of US\$3.6 million and net interest and taxes paid of US\$0.8 million.

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

Net cash used in financing activities was US\$0.2 million. This was due to partial redemption of perpetual securities of US\$0.7 million and payment of principal portion of lease liabilities of US\$0.3 million, partially offset by proceeds from share issuance 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 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.

Volatility in oil and gas markets is expected to continue for the coming year given the heightened geopolitical uncertainty and protracted Russia-Ukraine conflict. The global economy is also teetering on the edge of recession as central banks around the world continue to adopt a tight monetary policy stance to tame inflations which remain at elevated levels. Amidst the uncertainties, activities in the oil and gas markets is generally expected pick up, attributed mainly to the lifting of COVID 19 restrictions in China. The Group will continue to pursue suitable opportunities to grow and diversify its presence as a ship manager with capital and operational discipline.

During the year, the Group successfully rolled out a marine enterprise resource planning system to streamline the end-to-end workflow for all core functions of the Group. With greater process efficiencies, the Group will stand in good stead to scale up its ship management activities.

5. Dividend information

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

6. Interested person transactions

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

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

Refer to part 2 and 4.

8. Breakdown of sales

	Group		Increase/ (Decrease)
	12M 2022	12M 2021	
	US\$'000	US\$'000	%
Sales reported for first half year	23,941	31,832	(25)
Operating profit/(loss) after tax before deducting non-controlling interests reported for first half year	27,593	(4,218)	NM
Sales reported for second half year	14,682	26,975	(46)
Operating profit/(loss) after tax before deducting non-controlling interests reported for second half year	316,533	(40,008)	NM

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

Not applicable.

10. Person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer.

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Pang Wei Kuan	40	<p>Son of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.</p> <p>Brother of Mr Pang Wei Meng who is the executive director of the Company.</p>	<p>Acting Chief Executive Officer</p> <p>Appointed from 1 January 2020.</p> <p>Responsible for the Group's strategic development, and oversight of the commercial, marketing, business development and QHSSE functions.</p>	<p>Previously Managing Director, Commercial and Business Development.</p> <p>(February 2013 to December 2019)</p>
Alphonsus Ang	64	<p>Brother-in-law of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.</p> <p>Uncle of Mr Pang Wei Meng who is the executive director of the Company.</p>	<p>General Manager – Procurement.</p> <p>Appointed in 2007.</p> <p>Responsible for the development of the Group's supply chain management policies as well as the management of procurement activities in alignment with the Group's strategies and business plans.</p>	None.
James Ang	62	<p>Brother-in-law of Mr Pang Yoke Min who is the substantial shareholder and executive chairman of the Company.</p> <p>Uncle of Mr Pang Wei Meng who is the executive director of the Company.</p>	<p>Ship Repair Manager.</p> <p>Appointed in 2011.</p> <p>Responsible for management of the ship repair yard.</p>	None.

11. 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.

On behalf of the Board of Directors

Pang Yoke Min
Executive Chairman

Pang Wei Meng
Executive Director

27 February 2023