



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statements
For the Financial Year Ended 31 March 2022

ANNOUNCEMENT IN RELATION TO UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2022 ("FY2022")

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

| | Note | Group | | Change % |
|---|------|--------------------|--------------------|-------------|
| | | FY2022 US\$'000 | FY2021 US\$'000 | |
| Revenue | 4.2 | 64,150 | 88,599 | (28) |
| Cost of sales | | (68,646) | (86,293) | (20) |
| Gross Profit | | (4,496) | 2,306 | (295) |
| Other income | 7.1 | 8,951 | 2,958 | 203 |
| Administrative expenses | | (7,365) | (10,446) | (29) |
| Other operating expenses | | (2,609) | (2,106) | 24 |
| Exceptional items | | - | (8,517) | (100) |
| Finance costs | 7.1 | (5,562) | (17,464) | (68) |
| Share of results of associate and joint ventures | 7.1 | 8,052 | 8,216 | (100) |
| Loss before tax | | (3,029) | (25,053) | (88) |
| Income tax credit | 8 | 70 | 91 | (23) |
| Loss for the year | | (2,959) | (24,962) | (88) |
| Other comprehensive income/(loss): | | | | |
| Item that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of foreign operations | | 22 | 107 | (79) |
| Actuarial loss on post-employment benefit obligation | | - | (442) | (100) |
| Other comprehensive income/(loss) for the year, net of tax | | 22 | (335) | NM |
| Total comprehensive loss for the year | | (2,937) | (25,297) | (88) |
| Loss for the year attributable to: | | | | |
| Owners of the Company | | (1,846) | (23,011) | (92) |
| Non-controlling interests | | (1,113) | (1,951) | (43) |
| Total | | (2,959) | (24,962) | (88) |
| Total comprehensive loss attributable to: | | | | |
| Owners of the Company | | (1,824) | (23,346) | (92) |
| Non-controlling interests | | (1,113) | (1,951) | (43) |
| Total | | (2,937) | (25,297) | (88) |
| Loss per share (US cents) | | | | |
| Basic | | (0.15) | (4.11) | |
| Diluted | | (0.15) | (4.11) | |

Note: nm – Not Meaningful

B Condensed interim statements of financial position

| | Note | Group | | Company | |
|---|--------|-----------------------|-----------------------|-----------------------|-----------------------|
| | | 31-Mar-22 US\$'000 | 31-Mar-21 US\$'000 | 31-Mar-22 US\$'000 | 31-Mar-21 US\$'000 |
| ASSETS | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | | 6,835 | 6,713 | 139 | 1,777 |
| Trade receivables | | 9,509 | 7,428 | - | 2 |
| Other receivables | | 35,429 | 10,094 | 470,738 | 339,973 |
| Inventories | | 744 | 725 | - | - |
| Contract assets | | 760 | - | - | - |
| Financial assets at fair value through other comprehensive income | 11 (a) | 31,729 | 31,729 | - | - |
| Total current assets | | 85,006 | 56,689 | 470,876 | 341,752 |
| Non-current assets | | | | | |
| Monies pledged with banks | | 699 | 699 | - | - |
| Property, plant and equipment | 12 | 66,983 | 68,233 | 21 | 39 |
| Right-of-use assets | | 368 | 600 | - | - |
| Financial assets at fair value through other comprehensive income | 11 (b) | 60,853 | - | - | - |
| Subsidiaries | | - | - | 404 | 404 |
| Other receivables | | 14,843 | - | - | - |
| Associates | | - | 175,598 | - | - |
| Total non-current assets | | 143,746 | 245,130 | 425 | 443 |
| Total assets | | 228,752 | 301,819 | 471,302 | 342,195 |
| LIABILITIES AND EQUITY | | | | | |
| Current liabilities | | | | | |
| Term loans | 13 | 32,209 | 32,680 | - | - |
| Trade payables | | 20,726 | 36,565 | 1 | - |
| Other payables | | 53,393 | 38,900 | 332,100 | 182,301 |
| Finance lease payables | | 4 | - | - | - |
| Lease liabilities | | 237 | 225 | - | - |
| Income tax payable | | 100 | 27 | - | - |
| Total current liabilities | | 106,669 | 108,397 | 332,100 | 182,301 |
| Non-current liabilities | | | | | |
| Term loans | 13 | 91,365 | 142,545 | - | - |
| Retirement benefit obligation | | 582 | 536 | - | - |
| Finance lease payables | | 18 | - | - | - |
| Lease liabilities | | 142 | 382 | - | - |
| Deferred tax liabilities | | 1,613 | 1,780 | - | - |
| Convertible bonds | 13 | 43,321 | - | 43,321 | - |
| Total non-current liabilities | | 137,041 | 145,243 | 43,321 | - |
| Capital and reserves | | | | | |
| Share capital | 14 | 382,274 | 347,746 | 382,274 | 347,746 |
| Perpetual capital securities | | 22,500 | 22,500 | 22,500 | 22,500 |
| Foreign currency translation reserve | | (23) | (46) | - | - |
| Other reserve | | (608) | (607) | 28 | 28 |
| Shareholder's advances | | 13,675 | 115,582 | - | 108,251 |
| Convertible bonds | | 6,679 | - | 6,679 | - |
| Accumulated losses | | (418,948) | (417,102) | (315,600) | (318,631) |
| Equity attributable to owners of the Company and capital securities holders | 10 | 5,549 | 68,073 | 95,880 | 159,894 |
| Non-controlling interests | | (20,507) | (19,894) | - | - |
| Total equity | | (14,958) | 48,179 | 95,880 | 159,894 |
| Total liabilities and equity | | 228,752 | 301,819 | 471,302 | 342,195 |

C Condensed interim statements 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 holds | 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) | 48,179 |
| Total comprehensive loss for the year | | | | | | | | | | |
| Loss for the year | - | - | - | - | (1,846) | - | - | (1,846) | (1,113) | (2,959) |
| Other comprehensive income for the year | - | 22 | - | - | - | - | - | 22 | - | 22 |
| Total | - | 22 | - | - | (1,846) | - | - | (1,824) | (1,113) | (2,937) |
| Transactions with owners, recognised directly in equity | | | | | | | | | | |
| Deemed repayment by a shareholder | - | - | - | (101,907) | - | - | - | (101,907) | - | (101,907) |
| Conversion of shareholders' advances to ordinary shares | 34,528 | - | - | - | - | - | - | 34,528 | - | 34,528 |
| Allotment of shares to minority shareholder | - | - | - | - | - | - | - | - | 500 | 500 |
| Conversion of loans to convertible bonds | - | - | - | - | - | - | 6,679 | 6,679 | - | 6,679 |
| Total | 34,528 | - | - | (101,907) | - | - | 6,679 | (60,700) | 500 | (60,200) |
| At 31 March 2022 | 382,274 | (24) | (607) | 13,675 | (418,948) | 22,500 | 6,679 | 5,549 | (20,507) | (14,958) |

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

| | 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 holds | 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 loss for the year | | | | | | | | | |
| Loss for the year | - | - | - | - | (23,011) | - | (23,011) | (1,951) | (24,962) |
| Other comprehensive loss for the year | - | 107 | (442) | - | - | - | (335) | - | (335) |
| Total | - | 107 | (442) | - | (23,011) | - | (23,346) | (1,951) | (25,297) |
| Transactions with owners, recognised directly in equity | | | | | | | | | |
| Deemed investment by a shareholder | - | - | - | 28,241 | - | - | 28,241 | - | 28,241 |
| Deconsolidation of a former subsidiary corporation | - | - | - | - | - | - | - | (43,868) | (43,868) |
| Total | - | - | - | 28,241 | - | - | 28,241 | (43,868) | (15,627) |
| At 31 March 2021 | 347,746 | (46) | (607) | 115,582 | (417,102) | 22,500 | 68,073 | (19,894) | 48,179 |

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

Company

| | Share capital US\$'000 | Other reserve US\$'000 | Shareholder's advances US\$'000 | Accumulated losses US\$'000 | Perpetual capital securities US\$'000 | Convertible bonds US\$'000 | Total equity US\$'000 |
|--|------------------------------|------------------------------|---------------------------------------|-----------------------------------|--|----------------------------------|-----------------------------|
| At 1 April 2021 | 347,746 | 28 | 108,251 | (318,631) | 22,500 | - | 159,894 |
| Total comprehensive income for the year | | | | | | | |
| Profit for the year | - | - | - | 3,031 | - | - | 3,031 |
| Total | - | - | - | 3,031 | - | - | 3,031 |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Deemed repayment by a shareholder | - | - | (108,251) | - | - | - | (108,251) |
| Conversion of shareholders' advances to ordinary shares | 34,528 | - | - | - | - | - | 34,528 |
| Conversion of loans to convertible bonds | - | - | - | - | - | 6,679 | 6,679 |
| Total | 34,528 | - | (108,251) | - | - | 6,679 | (67,044) |
| At 31 March 2022 | 382,274 | 28 | - | (315,600) | 22,500 | 6,679 | 95,880 |
| At 1 April 2020 | 347,746 | 28 | 80,010 | (303,980) | 22,500 | - | 146,304 |
| Total comprehensive loss for the year | | | | | | | |
| Loss for the year | - | - | - | (14,651) | - | - | (14,651) |
| Total | - | - | - | (14,651) | - | - | (14,651) |
| Transactions with owners, recognised directly in equity | | | | | | | |
| Deemed investment by a shareholder | - | - | 28,241 | - | - | - | 28,241 |
| Total | - | - | 28,241 | - | - | - | 28,241 |
| At 31 March 2021 | 347,746 | 28 | 108,251 | (318,631) | 22,500 | - | 159,894 |

D Condensed interim consolidated statement of cash flows

| Note | Group | |
|---|--------------------|--------------------|
| | FY2022 US\$'000 | FY2021 US\$'000 |
| Operating activities | | |
| Loss before tax | (3,029) | (25,053) |
| Adjustments for: | | |
| Depreciation of property, plant and equipment | 5,837 | 15,101 |
| Depreciation of right-of-used assets | 232 | 13,054 |
| Bad debts written off | 402 | 119 |
| Provision for retirement benefit obligation | 46 | 588 |
| Finance costs | 5,562 | 17,464 |
| Gain on disposal of property, plant and equipment | - | (1,150) |
| Gain on disposal of associates | (6,383) | - |
| Unrealised foreign exchange differences | 23 | 111 |
| Share-based payment expense | - | - |
| Share of results of associates and joint venture | (8,052) | (8,216) |
| Loss allowance for trade and other receivables | 1,599 | 121 |
| Fair value loss of derivative financial instruments | - | 1,713 |
| Operating cash flows before working capital changes | (3,763) | 13,852 |
| Share of results of associate and joint ventures | | |
| Trade and other receivables | 2,070 | (88,906) |
| Trade and other payables | 10,027 | 50,755 |
| Inventories | (19) | (568) |
| Contract assets | (760) | 913 |
| Cash from/(used in) operations | 7,554 | (23,954) |
| Income taxes paid | (24) | (2,038) |
| Net cash from/(used in) operating activities | 7,530 | (25,992) |
| Investing activities | | |
| Purchase of property, plant and equipment | (4,587) | (26,024) |
| Disposal of investment in associate | (5,141) | - |
| Deconsolidation of a former subsidiary corporation | - | (24,565) |
| Proceeds from disposal of property, plant and equipment | - | 6,577 |
| Net cash used in investing activities | (9,728) | (44,012) |
| Financing activities | | |
| Interest paid | (1,549) | (11,075) |
| Repayment of term loans | (2,047) | (78,437) |
| Proceeds from shareholder's advances | 3,701 | 13,187 |
| Proceeds from new bank loans raised | 2,420 | 135,512 |
| Principal payment of lease liability | (206) | (12,860) |
| Net cash from financing activities | 2,319 | 46,327 |
| Net increase/(decrease) in cash and cash equivalents | 122 | (23,677) |
| Cash and cash equivalents at beginning of year | 6,713 | 30,390 |
| Cash and cash equivalents at end of year | 6,835 | 6,713 |

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 financial year ended 31 March 2022 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.

2. Basis of preparation

The condensed interim financial statements for the financial year ended 31 March 2022 (“**FY2022**”) 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 understanding the changes in the Group’s financial position and performance since the last annual financial statements for the year ended 31 March 2021 (“**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 Standards have become applicable for the current reporting year. 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 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 year in which the estimates are revised and in any future years 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 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 year.

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 - Chartering of owned and third-party vessels.
- Segment 2: Shipyard and Vessel Management Services - 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 - 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 | | Shipyard and vessel management services | | Investment holding | | Total | |
|---|-------------------|----------|---|----------|--------------------|----------|-----------------|----------|
| | FY2022 | FY2021 | FY2022 | FY2021 | FY2022 | FY2021 | FY2022 | FY2021 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Revenue | | | | | | | | |
| External sales | 31,376 | 71,519 | 32,774 | 17,067 | - | 13 | 64,150 | 88,599 |
| Results | | | | | | | | |
| Segment results | (25) | 257 | 6,754 | (3,485) | (12,248) | (4,060) | (5,519) | (7,288) |
| Finance costs | (1,834) | (12,227) | - | 78 | (3,728) | (5,315) | (5,562) | (17,464) |
| Operating profit/(loss) from ordinary activities and before share of results of associates and joint venture | (1,859) | (11,970) | 6,754 | (3,407) | (15,976) | (9,375) | (11,081) | (24,752) |
| Exceptional expenses | - | - | - | (8,517) | - | - | - | (8,517) |
| Share of results of associate and joint ventures | 8,052 | 8,216 | - | - | - | - | 8,052 | 8,216 |
| Loss before tax | | | | | | | (3,029) | (25,053) |
| Income tax credit | | | | | | | 70 | 91 |
| Loss for the year | | | | | | | (2,959) | (24,962) |

| | Vessel chartering | | Shipyard and vessel management services | | Investment holding | | Total | |
|---|-------------------|----------|---|----------|--------------------|----------|----------------|----------|
| | FY2022 | FY2021 | FY2022 | FY2021 | FY2022 | FY2021 | FY2022 | FY2021 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Segment assets and segment liabilities | | | | | | | | |
| Segment assets | 64,488 | 220,419 | 53,333 | 30,432 | 111,431 | 50,968 | 229,252 | 301,819 |
| Segment liabilities | 116,453 | 152,764 | 57,953 | 41,062 | 68,191 | 58,034 | 242,597 | 251,860 |
| Deferred tax liabilities | | | | | | | 1,613 | 1,780 |
| Total liabilities | | | | | | | 244,210 | 253,640 |

4.1 Reportable segments (Con't)

| | Vessel chartering | | Shipyard and vessel management services | | Investment holding | | Total | |
|---|-------------------|----------|---|----------|--------------------|----------|----------|----------|
| | FY2022 | FY2021 | FY2022 | FY2021 | FY2022 | FY2021 | FY2022 | FY2021 |
| | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 | US\$'000 |
| Loss allowance/(reversal of loss allowance) for trade and other receivables | - | 320 | - | (199) | - | - | - | 121 |
| Depreciation of property, plant and equipment | 4,178 | 13,704 | 1,555 | 1,224 | 104 | 173 | 5,837 | 15,101 |
| Bad debts written off | - | 119 | 374 | - | 28 | - | 402 | 119 |
| Net foreign exchange loss/(gain) | 79 | 18 | 343 | (1,041) | 105 | (437) | 527 | (1,460) |
| Gain on disposal of property, plant and equipment | - | (1,641) | - | 491 | - | - | - | (1,150) |
| Associate | - | 160,755 | - | - | - | 14,843 | - | 175,598 |
| Additions to property, plant and equipment | 2,891 | 25,223 | 1,696 | 583 | - | 218 | 4,587 | 26,024 |

Other information

| | | | | | | | | |
|---|-------|---------|-------|---------|-----|--------|-------|---------|
| Loss allowance/(reversal of loss allowance) for trade and other receivables | - | 320 | - | (199) | - | - | - | 121 |
| Depreciation of property, plant and equipment | 4,178 | 13,704 | 1,555 | 1,224 | 104 | 173 | 5,837 | 15,101 |
| Bad debts written off | - | 119 | 374 | - | 28 | - | 402 | 119 |
| Net foreign exchange loss/(gain) | 79 | 18 | 343 | (1,041) | 105 | (437) | 527 | (1,460) |
| Gain on disposal of property, plant and equipment | - | (1,641) | - | 491 | - | - | - | (1,150) |
| Associate | - | 160,755 | - | - | - | 14,843 | - | 175,598 |
| Additions to property, plant and equipment | 2,891 | 25,223 | 1,696 | 583 | - | 218 | 4,587 | 26,024 |

4.2 Disaggregation of Revenue

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

| | Group | |
|--|---------------|---------------|
| | FY2022 | FY2021 |
| | US\$'000 | US\$'000 |
| Charter hire (time and bareboat charter) | 31,376 | 71,532 |
| Shipyard and vessel management services income | 32,774 | 17,067 |
| | 64,150 | 88,599 |

All of 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 31 March 2022 and 31 March 2021:

| | Group | | Company | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | 31-Mar-22 US\$'000 | 31-Mar-21 US\$'000 | 31-Mar-22 US\$'000 | 31-Mar-21 US\$'000 |
| Financial assets | | | | |
| Financial assets at amortised cost | 55,542 | 24,335 | 470,842 | 341,729 |
| Financial assets at fair value through OCI | 92,582 | 31,729 | - | - |
| Financial liabilities | | | | |
| Financial liabilities at amortised cost | 241,036 | 250,690 | 332,100 | 182,301 |
| Lease liabilities | 379 | 607 | - | - |

6. Breakdown of sales and profit

| | Group | | |
|--|--------------------|--------------------|--------------------------|
| | FY2022 US\$'000 | FY2021 US\$'000 | Increase/(decrease) % |
| (a) Sales reported for first half year | 23,125 | 66,625 | (65) |
| (b) Loss after tax before deducting non-controlling interest for first half year | (9,709) | (11,488) | (15) |
| (c) Sales reported for second half year | 41,025 | 21,974 | 87 |
| (d) Profit/(loss) after tax before deducting non-controlling interest for second half year | 6,750 | (13,474) | (150) |

7. Profit before taxation

7.1 Significant items

| | Group | |
|---|--------------------|--------------------|
| | FY2022 US\$'000 | FY2021 US\$'000 |
| Other (income)/expenses, net | | |
| Foreign exchange loss/(gain) | 527 | (1,460) |
| Gain on disposal of property, plant and equipment | - | (1,150) |
| Loss allowance for trade and other receivables | 1,599 | 121 |
| Depreciation of property, plant and equipment | 5,837 | 15,101 |
| Depreciation of right-of-use assets | 232 | 13,054 |
| Finance costs | 5,562 | 17,464 |
| Fair value loss of derivative financial instruments | - | 1,713 |
| Share of results of associate | (8,052) | (8,216) |
| Bad debts written off | 402 | 119 |

7.2 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 year:

| | Group | |
|---|--------------------|--------------------|
| | FY2022 US\$'000 | FY2021 US\$'000 |
| Ultimate holding company | | |
| Management fee expenses charged by RHCL | (1,015) | (1,448) |
| Shareholder's advances from RHCL | (3,701) | (13,187) |
| Payment made by RHCL on behalf of the Group | (16,841) | (31,517) |
| Loan interest charged by RHCL | (3,682) | (5,300) |
| Rental of premises from RHCL | (211) | (287) |
| Related companies | | |
| Corporate services | - | (2) |
| Provision of other goods and services | (402) | (844) |
| Related companies of a corporate shareholder | | |
| Shipyard and vessel management services income | - | 2,945 |
| Project management income | 8,449 | - |
| Shipyard services | - | (90) |
| Charter hire expense | (41) | - |
| Associate | | |
| Project management income | 19,666 | 11,521 |
| Charter hire income | 1,100 | 1,100 |
| Charter hire expense | (5,526) | (46) |

8. Income tax (credit)/expense

The Group calculates the income tax expense for the financial year 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 | |
|--|--------------------|--------------------|
| | FY2022 US\$'000 | FY2021 US\$'000 |
| Current income tax (credit)/expense | (70) | 1,812 |
| Deferred income tax credit relating to origination and reversal of temporary differences | - | (1,903) |
| | (70) | (91) |

9. Dividends

No dividends have been declared or recommended for FY2022.

10. Net Asset Value

| | Group | | Company | |
|--|-----------|-----------|-----------|-----------|
| | 31-Mar-22 | 31-Mar-21 | 31-Mar-22 | 31-Mar-21 |
| Net asset value (US\$'000) | 5,549 | 68,073 | 95,880 | 159,894 |
| Total number of shares issued ('000) | 1,211,620 | 559,354 | 1,211,620 | 559,354 |
| Net asset value per share (US cents) | 0.46 | 12.17 | 7.91 | 28.59 |
| <hr/> | | | | |
| Net asset value, excluding perpetual capital securities (US\$'000) | (16,951) | 45,573 | 73,380 | 137,394 |
| Total number of shares issued ('000) | 1,211,620 | 559,354 | 1,211,620 | 559,354 |
| Net asset value per share, excluding perpetual capital securities (US cents) | (1.40) | 8.15 | 6.06 | 24.56 |

11. (a) Financial assets at fair value through other comprehensive income (current assets)

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

| | Group | |
|--|---------------|-----------|
| | 31-Mar-22 | 31-Mar-21 |
| | US\$'000 | US\$'000 |
| Investment in equity instruments designated at fair value through other comprehensive income: | | |
| Unquoted preference shares | 31,729 | 31,729 |

These investments 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 FY2022.

The above investments 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\$77.2 million. 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 of outstanding principal amount of US\$31,729,000, which remained outstanding as at 31 March 2022. The Group had accrued for the interest and penalty payable for this Term Loan which amounted to US\$6,531,000 as at 31 March 2022 (31 March 2021: US\$6,531,000) arising from the default. The principal and interest is secured over the vessel held by the issuer of the preference shares.

During FY2017, the Group had recognised 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 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.

11. (a) Financial assets at fair value through other comprehensive income (current assets) (cont'd)

Reconciliation of fair value measurement of the unquoted preference shares:

| | Group | |
|---|-----------------------|-----------------------|
| | 31-Mar-22 US\$'000 | 31-Mar-21 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 | <u>31,729</u> | <u>31,729</u> |

As the preference shares can be redeemed by the issuer based on the unpaid principal, the fair value of the unquoted preference shares is capped at the unpaid principal as at the end of each reporting period less any impairment losses.

11. (b) Financial assets at fair value through other comprehensive income (non-current assets)

This refers to the carrying amount of the Group's 19.77% interest in RVOS which amounted to US\$60.9 million as at 31 March 2022. For further details on RVOS, please refer to page 17 of this announcement.

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)

Assets measured at fair value are presented in the following table:

| Group | Level 1 US\$'000 | Level 2 US\$'000 | Level 3 US\$'000 | Total US\$'000 |
|---|---------------------|---------------------|---------------------|-------------------|
| 31-Mar-22 | | | | |
| Financial assets | | | | |
| Financial assets at fair value through OCI (unquoted equity shares) | - | - | 92,582 * | 92,582 |
| 31-Mar-21 | | | | |
| Financial assets | | | | |
| Financial assets at fair value through OCI (unquoted equity shares) | - | - | 31,729 | 31,729 |

* Comprising the carrying amount of the unquoted preference shares and the Group's 19.77% interest in RVOS which amounted to US\$60.9 million as at 31 March 2022. For further details on RVOS, please refer to page 17 of this announcement.

12. Property, plant and equipment

During FY2022, the Group acquired PPE amounting to US\$4,587,000 (FY2021: US\$26,024,000) and did not dispose of any PPE (FY2021: US\$59,959,000).

12.1 Impairment and valuation of property, plant and equipment

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 year.

13. Borrowings

| | Group | |
|---|-----------------------|-----------------------|
| | 31-Mar-22 US\$'000 | 31-Mar-21 US\$'000 |
| <u>Amount repayable within one year or on demand</u> | | |
| Secured | 32,209 | 32,680 |
| Unsecured | - | - |
| <u>Amount repayable after one year</u> | | |
| Secured | 91,365 | 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.

14. Share capital

| | Group and Company | | | |
|---|--------------------------|--------------------|--------------------------|--------------------|
| | 31-Mar-22 | | 31-Mar-21 | |
| | Number of shares '000 | Amount US\$'000 | Number of shares '000 | Amount US\$'000 |
| Share Capital | 1,211,620 | 382,274 | 559,354 | 347,746 |
| Share capital as at 31 March 2021 | | | | 347,746 |
| Issuance of SOSA Subscription Shares (see note below) | | | | 34,528 |
| Share capital as at 31 March 2022 | | | | 382,274 |

The Company did not hold any treasury shares as at 31 March 2022 (31 March 2021: Nil).

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

14. Share capital (Cont'd)

Note:

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

- (i) 238,337,379 SOSA Subscription Shares to SHL;
- (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 Rawabi Holdings Company Limited (“RHCL”).

Accordingly, the number of issued ordinary shares of the Company (“Shares”) has increased from 559,354,434 Shares to 1,211,620,433 Shares. The SOSA Subscription Shares rank *pari passu* in all respects with existing 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 | 1,211,620,433 | 100 |

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

OTHER INFORMATION REQUIRED BY LISTING RULE

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 RHCL. On the basis of the RVOS Interest Assignment, the Group had consolidated the results of RVOS as a wholly-owned subsidiary until 30 September 2020 as the Group had the practical ability to direct the relevant activities of RVOS.

The Company had announced on 31 March 2021 and 20 April 2021 that the Board had assessed the Group no longer had the ability to direct the business of RVOS and therefore deconsolidated RVOS with effect from 1 October 2020. As a result, for the first half year of FY2021, RVOS was accounted for and its results consolidated as a wholly-owned subsidiary while for the second half year of FY2021, RVOS's results was equity accounted for as an “Investment in Associate”.

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.

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

The Company had also announced on 12 January 2022, the disposal of its 20.93% stake in RVOS to Rawabi Energy Company, a subsidiary of RHC. Subsequent to the disposal, the Company holds 19.77% in RVOS and had since accounted RVOS as a Financial Asset at fair value through Other Comprehensive Income.

Accordingly, for the first half year period from 1 April 2020 to 30 September 2020, 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. From 1 January 2021 to 31 December 2021 the Group equity accounted RVOS on the basis of the Group having 40.7% interest in RVOS. From 1 January 2022 onwards, the Group accounted for RVOS as a financial asset at FVTOCI which amounted to US\$60.9 million as at 31 March 2022.

1 Review

The condensed interim consolidated statement of financial position of the Group as at 31 March 2022 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 financial year 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

(a) Revenue

The Group recorded revenue of approximately US\$64.2 million in FY2022, representing a decrease of 28% from US\$88.6 million in FY2021 due mainly to lower Vessel Chartering as a result of the deconsolidation of RVOS, offset by an increase from Shipyard and Vessel Management Services.

Excluding the revenue contribution from RVOS, the Group's revenue would have increased by approximately 109% in FY2022 as compared to FY2021 due mainly to (i) higher chartering income from the Group's core Vessel Chartering business which recorded revenue of US\$31.4 million in FY2022 from its Singapore fleet, representing an increase of 95% as compared to US\$16.1 million in FY2021; and (ii) higher revenue registered by the Group's Shipyard and Vessel Management Services segment of US\$32.8 million in FY2022 as compared to US\$14.6 million in FY2021 due mainly to higher revenue recognition of projects secured in FY2021.

The Vessel Chartering segment and the Shipyard and Vessel Management Services segment accounted for approximately 49% and 51% respectively of the Group's revenue in FY2022. In comparison, in FY2021, the Vessel Chartering segment which includes mainly the revenue from RVOS, accounted for 81% of Group's revenue in FY2021. If the revenue contribution from RVOS is excluded, the contribution from the Vessel Chartering segment and the Shipyard and Vessel Management Services segment in FY2021 would have been approximately 52% and 48% respectively.

(b) Gross profit

The Group registered a gross loss of US\$4.5 million in FY2022 as compared to a gross profit of US\$2.3 million in FY2021 due mainly to the deconsolidation of RVOS. If the contribution from RVOS was excluded, the Group would have incurred a gross loss of US\$8.8 million in FY2021.

The Group's Vessel Chartering registered a negative gross margin of 7% in FY2022 as compared to a 65% negative gross margin in FY2021 after excluding the contribution from RVOS due mainly to higher utilisation rate and/or higher average daily charter rates in FY2022. Shipyard and Vessel Management Services segment recorded a 7% negative gross margin in FY2022 as compared to a negative gross margin 0.1% in FY2021 due mainly to the competitive pricing of projects secured previously when market was weak coupled with slight cost overruns.

(c) Other income

Other income increased to US\$9.0 million in FY2022 from US\$3.0 million in FY2021 due mainly to the gain on disposal of associate from the sale of the Group's 20.93% stake in RVOS.

(d) Administrative expenses

Administrative expenses decreased to US\$7.4 million in FY2022 from US\$10.4 million in FY2021. Excluding RVOS, administrative expenses in FY2021 would have been US\$7.3 million.

(e) Other operating expenses

Other operating expenses increased to US\$2.6 million in FY2022 from US\$2.1 million in FY2021 due mainly to higher provision for doubtful debts and prepayments that may not be recoverable.

(f) Finance costs

Finance costs in FY2022 decreased to US\$5.6 million compared to US\$17.5 million in FY2021 due mainly to the deconsolidation of RVOS, lower interest charged by RHC due to lower outstanding shareholders' loan and lower interest on vessels loans.

(g) Share of results of associate and joint ventures

The Group recorded a gain of US\$8.0 million from its share of results of associate and joint ventures in FY2022 which was mainly attributed to RVOS. RVOS has ceased to be an associate of the Company and the Company had accounted RVOS as a financial asset at FVTOCI with effect from 1 January 2022.

(h) Net profit attributable to owners of the Company

As a result of the above, the Company registered a loss attributable to owners of the Company of US\$1.8 million in FY2022 as compared to a loss of US\$23.0 million in FY2021.

Statements of Financial Position

(i) Trade and other receivables

Trade receivables increased to US\$9.5 million as at 31 March 2022 from US\$7.4 million as at 31 March 2021. This is consistent with the higher chartering income from the Group's Singapore fleet and higher project revenue from Shipyard and Vessel Management Services segment.

Other receivables increased to US\$35.9 million as at 31 March 2022 from US\$10.1 million as at 31 March 2021. This was attributed mainly to the increase in down-payments made to third-party suppliers for the construction of new vessels.

(j) Property, plant and equipment

Property, plant and equipment decreased to US\$66.9 million as at 31 March 2022 from US\$68.2 million as at 31 March 2021, due mainly to depreciation expenses of US\$5.8 million offset partially by additions of US\$4.6 million.

(k) Financial assets at fair value through OCI (Non-current)

The Group recorded financial assets at FVTOCI (Non-current) of US\$60.9 million as at 31 March 2022 due mainly to the reclassification of RVOS from investment in associate to financial assets at FVTOCI after the Group disposed its stake in RVOS to 19.77%.

(l) Total current and non-current borrowings (including convertible bonds)

Total current and non-current borrowings decreased to US\$123.6 million as at 31 March 2022 from US\$175.2 million as at 31 March 2021. This is due mainly to the conversion of the borrowings to convertible bonds, amounting US\$50 million, after the completion of the Group's debt-restructuring exercise with its lenders during FY2022.

(m) Trade and other payables

The Group's trade payables decreased to US\$20.7 million as at 31 March 2022 from US\$36.6 million as at 31 March 2021 due mainly to repayment to a long-outstanding creditor. Other payables increased to US\$53.9 million as at 31 March 2022 from US\$28.9 million as at 31 March 2021 due mainly to deposits received in advance for construction projects of US\$12.1 million and accrual of interests of US\$3.7 million on shareholder's advances during FY2022.

Consolidated Statement of Cash Flows

Cash and cash equivalents was US\$6.8 million as at 31 March 2022 which is relative unchanged as compared to US\$6.7 million as at 31 March 2021.

The Group generated net cash of US\$7.5 million from operating activities during FY2022. Net cash used in investing activities of US\$9.7 million for FY2022 was attributed to purchase of property, plant and equipment. Net cash generated from financing activities in FY2022 amounted to US\$2.3 million. This was attributed to advances from shareholder of US\$3.7 million and offset partially by payment of interest of US\$1.5 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

The world's economic outlook remains shrouded by a host of risks that could potentially derail growth in 2022, ranging from the Russia-Ukraine war, supply chain disruptions and rising inflationary pressures and interest rates, to the resurgence of the Omicron virus in China. As such, the Group is taking a cautious view of its prospects for the new financial year due to these uncertainties in the global business environment.

Since March 2022, oil prices have risen to settle around the US\$110 million mark due mainly to supply constraints. In its May 2022 Monthly Oil Market Report however, OPEC said it had lowered its growth forecast of world oil demand in 2022 by 300,000 barrels per day (bpd) to 3.4 million bpd to take into account potential declines in global GDP and the resurgence of the Omicron variant in China and its impact on global oil demand. OPEC is forecasting world oil demand to average 100.3 million bpd in 2022 compared to its estimate of 96.9 million bpd in 2021.

In April 2022, the International Monetary Fund (IMF) cut its global economic growth forecast for the second time this year to 3.6% for both 2022 and 2023. The IMF warned that inflation is now a "clear and present danger" for many countries. It said the Russia-Ukraine war is expected to further increase inflation while other risks to the outlook include a sharper-than-expected deceleration in China's economy, prompted by a flare-up of pandemic related lockdowns.

As a result of the uptrend in oil prices, the offshore oil and gas markets have continued to stage a steady recovery. The offshore wind market, although it constitutes a small percentage of the current global energy supply, is witnessing exciting developments and benefited from record investments in 2021.

According to Clarkson Research's energy transition modelling, the offshore wind market could grow to between 6 and 9 percent of total global energy supply by 2050 compared to 0.3 percent at the end of 2021. Clarkson sees the global offshore wind sector growing strongly for the remainder of this decade and forecasts it to reach 712 farms generating 235 gigawatts (GW) by 2030, compared to the 250 farms with generating capacity of 50.5 GW presently. McKinsey and Company expects the Asia Pacific region to show the greatest long term growth potential and surpass the markets in Europe, the Middle East and Africa. McKinsey projects the offshore wind market in Asia Pacific to grow 12% to 16% annually to reach generating capacity of 410 GW by 2050.

With the rise in oil prices, demand for offshore support vessels (OSV) began to recover during 2021 although an oversupply situation exerted pressure on vessel day rates. According to market research firm Research and Markets, the global OSV market reached a value of US\$41.1 billion in 2021 and is expected to rise at a compounded annual growth rate of 4% from 2022 to 2027 to reach US\$52.1 billion.

To enhance its value-add to customers, Vallianz offers integrated solutions across five core pillars --- OSV chartering, specialised heavy transport, shipyard and engineering, marine technology, and renewable energy. The Group is also continuing its efforts to improve operational efficiencies and explore new business opportunities in its target markets in Asia and the Middle East.

The Group has also been developing its shipyard in Batam, Indonesia to build a new growth pillar. The shipyard's strong in-house fabrication and engineering capabilities enables it to provide full end-to-end solutions for all aspects of shipbuilding, ship conversions and ship repairs, for vessels ranging from Offshore Support Vessels to Research Vessels and Offshore Floating Fish Farms.

During the past year, the Group has leveraged on its shipyard's capabilities to strengthen its customer portfolio and secure new contracts for fabrication projects and vessel construction.

Vallianz has also been making successful inroads into Taiwan's ship-building market. In 2021, the Group has secured contracts to design and construct three research vessels for the Fisheries Research Institute of Taiwan and a tugboat for TIPC Marine Corporation Ltd which is a Taiwan state-owned company.

In addition, the Group has cemented strategic partnerships with leading companies in the global marine industry which will advance its marine technology and engineering expertise, as well as strengthen its profile in new markets. In February 2022, the Group formed a strategic alliance with SeaTech Solutions International Pte Ltd, Shift Clean Energy and the American Bureau of Shipping to construct an all-electric, zero carbon emissions harbour tug - the first of its kind in the Asia Pacific region. In March 2022, the Group announced a collaboration with Royal IHC to design and build a next generation Service Operation Vessel to support the operations and maintenance of offshore windfarms.

5 Dividend information

(a) Current Financial Period Reported On

No.

(b) Corresponding Period of the Immediate Preceding Financial Year

No.

(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 year reported as the Company is loss-making. 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 the financial year ended 31 March 2022 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 year 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 | | | |
| Rawabi Holding Company Limited and its subsidiaries ("RHC Group") | Major shareholder of the Company | Not applicable | US\$1,015,000 |
| Rental of premises provided to the Group | | | |
| RHC Group | Major shareholder of the Company | Not applicable | US\$211,000 |
| Interests on shareholder's advances provided to the Group | | | |
| RHC Group | Major shareholder of the Company | US\$3,681,900 ⁽¹⁾ | Not applicable |
| Chartering services provided to the Group | | | |
| RHC Group | Major shareholder of the Company | Not applicable | US\$17,918,000 |
| Other goods and services provided to the Group | | | |
| RHC Group | Major shareholder of the Company | Not applicable | US\$402,000 |
| 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 ⁽²⁾ | Not applicable | US\$132,000 |
| Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group | | | |
| HOL Group | Associate of SHL, a substantial shareholder of the Company ⁽²⁾ | Not applicable | US\$1,723,216 |
| Ship management services provided by the Group | | | |
| HOL Group | Associate of SHL, a substantial shareholder of the Company ⁽²⁾ | Not applicable | US\$396,000 |
| Interests payment paid for by the Group | | | |
| HOL Group | Associate of SHL, a substantial shareholder of the Company ⁽²⁾ | US\$1,120,488 ⁽¹⁾ | Not applicable |

Notes:

- (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 ("IPT Circular").
- (2) HOL is presently owned 75% by the Group and 25% by SHL. As set out in the IPT Circular seeking Shareholders' approval for inter alia the Holmen IPT general mandate, reference was made to the announcement made by SHL on 28 December 2020 in relation to RHC's proposed subscription for new shares in the capital of a new wholly-owned subsidiary of SHL ("New Swiber") for US\$10 million ("New Swiber Investment") and the internal restructuring involving the transfer of certain assets from SHL Group to New Swiber ("Transfer Assets"), which includes SHL's 25% interest in Holmen Group. Accordingly, as a consequence of the business relationship between RHC and SHL, the fact that Holmen Group is part of the Transfer Assets, and the potential conflicts of interest from RHC becoming a controlling shareholder of New Swiber and Holmen Group indirectly, both SHL and RHC had abstained from all Ordinary Resolutions related to the Holmen Group (including the Holmen IPT general mandate) as set out in the IPT Circular. Similarly, during the renewal of the Holmen IPT general mandate during the AGM held on 29 July 2021, both SHL and RHC and their associates had also abstained from voting on the resolution relating to such renewal.

As an update, SHL had on 28 April 2022 obtained its shareholders' approval for the New Swiber Investment and the transactions contemplated thereunder, including the transfer of SHL's 25% interest in Holmen Group to New Swiber. Accordingly, upon the completion of the above transactions, HOL will be owned 75% by the Group and 25% by New Swiber and New Swiber will in turn be majority owned by RHC.

8 Disclosure of 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 pursuant to Rule 704(10). If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Catalist Rules, the Company confirms that there were no persons occupying a managerial position in the Company or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the Company.

9 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 the financial year ended 31 March 2022 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

30 May 2022

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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