



**VALLIANZ HOLDINGS LIMITED**

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**Unaudited Financial Statements**

**For the Financial Year Ended 31 March 2021**

UNAUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021 (“FY2021”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group		Change %
	FY2021 US\$'000	FY2020 US\$'000	
<b>Revenue</b>	<b>88,599</b>	188,641	(53.0)
Cost of sales	<b>(86,293)</b>	(165,071)	(47.7)
<b>Gross Profit</b>	<b>2,306</b>	23,570	(90.2)
Other income	<b>2,958</b>	623	nm
Administrative expenses	<b>(10,446)</b>	(10,907)	(4.2)
Other operating expenses	<b>(2,106)</b>	(2,090)	0.8
Finance costs	<b>(17,464)</b>	(40,118)	(56.5)
Share of results of associate	<b>8,216</b>	196	nm
<b>Operating loss from ordinary activities</b>	<b>(16,536)</b>	(28,726)	(42.4)
Exceptional Items	<b>(8,517)</b>	(103,611)	(91.8)
<b>Loss before tax</b>	<b>(25,053)</b>	(132,337)	(81.1)
Income tax	<b>91</b>	(4,583)	nm
<b>Loss for the year</b>	<b>(24,962)</b>	(136,920)	(81.8)

Note: nm – Not Meaningful

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)**

	<b>Group</b>		Change %
	<b>FY2021</b> <b>US\$'000</b>	FY2020 US\$'000	
<b>Loss for the year attributable to:</b>			
Owners of the Company	<b>(23,011)</b>	(134,937)	(82.9)
Non-controlling interests	<b>(1,951)</b>	(1,983)	(1.6)
Total	<b>(24,962)</b>	(136,920)	(81.8)
<b>Other comprehensive (loss) income for the year, net of tax</b>			
Exchange differences on translation of foreign operations	<b>107</b>	(39)	nm
Actuarial (loss) gain on post-employment benefit obligation	<b>(442)</b>	(124)	nm
<b>Total comprehensive loss for the year</b>	<b>(25,297)</b>	(137,083)	(81.5)
<b>Total comprehensive loss attributable to</b>			
Owners of the Company	<b>(23,346)</b>	(135,100)	(82.7)
Non-controlling interests	<b>(1,951)</b>	(1,983)	(1.6)
Total	<b>(25,297)</b>	(137,083)	(81.5)

**Note: nm – Not Meaningful**

1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Net loss for the period is determined after charging/(crediting) the following:

	Group	
	FY2021 US\$'000	FY2020 US\$'000
Loss allowance / (Write back) for trade and other receivables	121	(560)
Depreciation of property, plant and equipment	15,101	53,481
Depreciation of right-of-use assets	13,054	17,857
Bad debts written off	119	67
Prepayments written off	-	20,941
Finance costs	17,464	40,118
Foreign exchange (gain) loss, net	(1,460)	764
Gain on disposal of property, plant and equipment	(1,150)	(485)
Fair value loss of derivative financial instruments	1,713	3,417
Provision for employee benefits	588	186
Share of results of associate	(8,216)	(196)
Impairment of property, plant and equipment	-	53,098
Compensation for late delivery of vessels and cancellation of project	-	26,155
Compensation to a vendor for past dispute settlement	8,517	-
Over provision of prior years' tax expense	(1,904)	-

- 1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

### Statements of Financial Position

	Group		Company	
	31 March 2021 US\$'000	31 March 2020 US\$'000	31 March 2021 US\$'000	31 March 2020 US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	6,713	30,390	1,777	619
Trade receivables	7,428	35,563	2	2
Other receivables	10,094	23,688	339,973	295,632
Inventories	725	5,855	-	-
Contract assets	-	913	-	-
Financial assets at fair value through other comprehensive income	31,729	31,729	-	-
Derivative financial instruments	-	5,130	-	-
Total current assets	<b>56,689</b>	133,268	<b>341,752</b>	296,253
<b>Non-current assets</b>				
Monies pledged with banks	699	699	-	-
Property, plant and equipment	68,233	816,712	39	52
Right-of-use assets	600	25,863	-	-
Subsidiaries	-	-	404	154
Associate	175,598	14,843	-	-
Total non-current assets	<b>245,130</b>	858,117	<b>443</b>	206
<b>Total assets</b>	<b>301,819</b>	991,385	<b>342,195</b>	296,459

**1(b)(i) Statements of Financial Position (cont'd)**

	Group		Company	
	31 March 2021	31 March 2020	31 March 2021	31 March 2020
	US\$'000	US\$'000	US\$'000	US\$'000
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Term loans	32,680	247,951	-	-
Trade payables	36,565	58,181	-	-
Other payables	38,900	43,331	182,301	150,155
Lease liability	225	17,436	-	-
Income tax payable	27	3,982	-	-
Derivative financial instruments	-	3,417	-	-
Total current liabilities	<b>108,397</b>	374,298	<b>182,301</b>	150,155
<b>Non-current liabilities</b>				
Term loans	142,545	495,888	-	-
Retirement benefit obligation	536	2,210	-	-
Lease liability	382	8,911	-	-
Deferred tax liabilities	1,780	20,975	-	-
Total non-current liabilities	<b>145,243</b>	527,984	-	-
<b>Capital and reserves</b>				
Share capital	347,746	347,746	347,746	347,746
Perpetual capital securities	22,500	22,500	22,500	22,500
Foreign currency translation reserve	(46)	(153)	-	-
Other reserve	(607)	(165)	28	28
Shareholder's advances	115,582	87,341	108,251	80,010
Accumulated losses	(417,102)	(394,091)	(318,631)	(303,980)
Equity attributable to owners of the Company and capital securities holders	<b>68,073</b>	63,178	<b>159,894</b>	146,304
Non-controlling interests	(19,894)	25,925	-	-
Total equity	<b>48,179</b>	89,103	<b>159,894</b>	146,304
<b>Total liabilities and equity</b>	<b>301,819</b>	991,385	<b>342,195</b>	296,459

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

Group		Group	
As at 31 March 2021		As at 31 March 2020	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
32,680	-	247,951	-

**Amount repayable after one year**

Group		Group	
As at 31 March 2021		As at 31 March 2020	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
142,545	-	495,888	-

**Details of any collateral**

The Group's borrowings are secured by:

- (i) mortgage over all the Group's property, vessels, equipment and a vessel held by a related company of a major shareholder;
- (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 (FY2020: corporate guarantees from the Company and a major shareholder of the Group); and
- (vii) shares of pledged subsidiaries.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

**Consolidated Statement of Cash Flows**

	<b>Group</b>	
	<b>FY2021</b>	<b>FY2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Operating activities</b>		
Loss before tax	(25,053)	(132,337)
Adjustments for:		
Loss allowance / (Write back) for trade and other receivables	121	(560)
Bad debts written off	119	67
Prepayments written off	-	20,941
Depreciation of property, plant and equipment	15,101	53,481
Depreciation of right-of-use assets	13,054	17,857
Provision for retirement benefit obligation	588	186
Finance costs	17,464	40,118
Gain on disposal of property, plant and equipment	(1,150)	(485)
Unrealised foreign exchange gain	111	(163)
Share of results of associate	(8,216)	(196)
Fair value gain of derivative financial instruments	1,713	3,417
Impairment of property, plant and equipment	-	53,098
Compensation for late delivery of vessels and cancellation of project	-	26,155
<b>Operating cash flows before working capital changes</b>	<b>13,852</b>	<b>81,579</b>
Trade and other receivables	(88,906)	22,466
Trade and other payables	50,755	(35,673)
Inventories	(568)	(921)
Contract assets	913	(421)
<b>Cash (used in) / generated from operations</b>	<b>(23,954)</b>	<b>67,030</b>
Income tax paid	(2,038)	(2,508)
<b>Net cash (used in) / generated from operating activities</b>	<b>(25,992)</b>	<b>64,522</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment	(26,024)	(52,439)
Acquisition of subsidiary	-	8,149
De-consolidation of a former subsidiary	(24,565)	-
Proceeds from disposal of property, plant and equipment	6,577	1,675
<b>Net cash used in investing activities</b>	<b>(44,012)</b>	<b>(42,615)</b>



**1(c) Consolidated Statement of Cash Flows (cont'd)**

	<b>Group</b>	
	<b>FY2021</b>	<b>FY2020</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financing activities</b>		
Interest paid	(11,075)	(30,902)
Proceeds from new term loans raised	135,512	71,082
Proceeds from shareholder's advances	13,187	25,350
Principal payment of lease liability	(12,860)	(17,379)
Repayment of term loans	(78,437)	(48,042)
<b>Net cash generated from financing activities</b>	<b>46,327</b>	<b>109</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>(23,677)</b>	<b>22,016</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>30,390</b>	<b>8,374</b>
<b>Cash and cash equivalents at end of year</b>	<b>6,713</b>	<b>30,390</b>

- 1(d)(i) A statement (for the issuer and group) showing either  
 (i) all changes in equity, or  
 (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

### Statements of Changes in Equity

	Share capital	Foreign currency translation reserve	Other reserve	Shareholder's Advance	Accumulated losses	Equity attributable to owners of the Company	Perpetual capital securities	Equity attributable to owners of the Company and securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>										
At 1 April 2020	347,746	(153)	(165)	87,341	(394,091)	40,678	22,500	63,178	25,925	89,103
<b>Total comprehensive income for the year</b>										
Loss for the year	-	-	-	-	(23,011)	(23,011)	-	(23,011)	(1,951)	(24,962)
Other comprehensive income for the year	-	107	(442)	-	-	(335)	-	(335)	-	(335)
Total	-	107	(442)	-	(23,011)	(23,346)	-	(23,346)	(1,951)	(25,297)
<b>Transactions with owners, recognised directly in equity</b>										
De-consolidation of a former subsidiary	-	-	-	-	-	-	-	-	(43,868)	(43,868)
Deemed investment by a shareholder	-	-	-	28,241	-	28,241	-	28,241	-	28,241
Total	-	-	-	28,241	-	28,241	-	28,241	(43,868)	(15,627)
<b>At 31 March 2021</b>	<b>347,746</b>	<b>(46)</b>	<b>(607)</b>	<b>115,582</b>	<b>(417,102)</b>	<b>45,573</b>	<b>22,500</b>	<b>68,073</b>	<b>(19,894)</b>	<b>48,179</b>

**1(d)(i) Statements of Changes in Equity (Cont'd)**

	Share capital	Foreign currency translation reserve	Other reserve	Shareholder's advance	Accumulated losses	Equity attributable to owners of the Company	Perpetual capital securities	Equity attributable to owners of the Company and securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>										
At 1 April 2019	347,746	(114)	(41)	61,448	(259,154)	149,885	22,500	172,385	(12,242)	160,143
<b>Total comprehensive income for the period</b>										
Profit for the period	-	-	-	-	(134,937)	(134,937)	-	(134,937)	(1,983)	(136,920)
Other comprehensive income for the period	-	(39)	(124)	-	-	(163)	-	(163)	-	(163)
Total	-	(39)	(124)	-	(134,937)	(135,100)	-	(135,100)	(1,983)	(137,083)
<b>Transactions with owners, recognised directly in equity</b>										
Deemed investment by a shareholder	-	-	-	25,350	-	25,350	-	25,350	-	25,350
Recognition of equity component of shareholders' advance	-	-	-	543	-	543	-	543	-	543
Investment in subsidiary by a shareholder	-	-	-	-	-	-	-	-	40,150	40,150
Total	-	-	-	25,893	-	25,893	-	25,893	40,150	66,043
<b>At 31 March 2020</b>	<b>347,746</b>	<b>(153)</b>	<b>(165)</b>	<b>87,341</b>	<b>(394,091)</b>	<b>40,678</b>	<b>22,500</b>	<b>63,178</b>	<b>25,925</b>	<b>89,103</b>

**1(d)(i) Statements of Changes in Equity (Cont'd)**

	Share capital US\$'000	Other reserve US\$'000	Shareholder's Advance US\$'000	Accumulated losses US\$'000	Perpetual capital securities US\$'000	Total Equity US\$'000
<b>Company</b>						
At 1 April 2020	347,746	28	80,010	(303,980)	22,500	146,304
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	-	(14,651)	-	(14,651)
Total	-	-	-	(14,651)	-	(14,651)
<b>Transactions with owners, recognised directly in equity</b>						
Deemed investment by shareholder	-	-	28,241	-	-	28,241
Total	-	-	28,241	-	-	28,241
<b>At 31 March 2021</b>	<b>347,746</b>	<b>28</b>	<b>108,251</b>	<b>(318,631)</b>	<b>22,500</b>	<b>159,894</b>
At 1 April 2019	347,746	28	54,660	(301,952)	22,500	122,982
<b>Total comprehensive income for the year</b>						
Loss for the year	-	-	-	(2,028)	-	(2,028)
Total	-	-	-	(2,028)	-	(2,028)
<b>Transactions with owners, recognised directly in equity</b>						
Deemed investment by shareholder	-	-	25,350	-	-	25,350
Total	-	-	25,350	-	-	25,350
<b>At 31 March 2020</b>	<b>347,746</b>	<b>28</b>	<b>80,010</b>	<b>(303,980)</b>	<b>22,500</b>	<b>146,304</b>

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There is no change in the Company's share capital during the six months ended 31 March 2021.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	<u>31 March 2021</u> No. of shares ( '000 )	<u>31 March 2020</u> No. of shares ( '000 )
Total number of issued shares	<u>559,354</u>	<u>559,354</u>

There were no treasury shares as at 31 March 2021 and 31 March 2020.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

The Group does not have any treasury shares at the end of the financial period.

- 1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on.**

Not applicable.

- 2. Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statements have not been audited or reviewed by the Company's auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial year as those applied in the audited financial statements for the financial year ended 31 March 2020.

- 5. If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the same accounting policies and methods of computation in the financial statements for the current financial period ended as those of the audited financial statements for the financial year ended 31 March 2020, as well as applicable new and revised Singapore Financial Reporting Standards (International) ("**SFRS(I)**") which became effective for financial years beginning on or after 1 April 2020. The adoption of these new and revised SFRS(I) has no material effect on the announcement for the current financial period.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	<b>Group</b>	
	<b>FY2021</b>	<b>FY2020</b>
<b>Earnings (US\$'000)</b>		
Net loss after tax attributable to owners of the Company	<b>(23,011)</b>	(134,937)
<b>Number of shares ('000)</b>		
Weighted average number of shares for basic earnings per share	<b>559,354</b>	559,354
Effects of dilution	-	-
Weighted average number of shares for diluted earnings per share	<b>559,354</b>	559,354
<b>Losses per share (US cents)</b>		
Basic	<b>(4.11)</b>	(24.12)
Diluted	<b>(4.11)</b>	(24.12)

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) **current financial period reported on; and**  
(b) **immediately preceding financial year.**

	<b>Group</b>		<b>Company</b>	
	<b>31 March 2021</b>	31 March 2020	<b>31 March 2021</b>	31 March 2020
Net asset value (US\$'000)	<b>68,073</b>	63,178	<b>159,894</b>	146,304
Total number of shares issued ('000)	<b>559,354</b>	559,354	<b>559,354</b>	559,354
Net asset value per share (US cents)	<b>12.17</b>	11.29	<b>28.59</b>	26.16
Net asset value, excluding perpetual capital securities (US\$'000)	<b>45,573</b>	40,678	<b>137,394</b>	123,804
Total number of shares issued ('000)	<b>559,354</b>	559,354	<b>559,354</b>	559,354
Net asset value per share, excluding perpetual capital securities (US cents)	<b>8.15</b>	7.27	<b>24.56</b>	22.13

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) **any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**  
(b) **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.**

#### **Review of Group Performance**

##### **De-consolidation of Rawabi Vallianz Offshore Services Limited ("RVOS")**

As a background, RVOS, a company incorporated in the Kingdom of Saudi Arabia, was a 50:50 joint-venture between the Group and Rawabi Holding Company Limited ("RHC"), and the Group had until 30 September 2020 consolidated the results of RVOS as a wholly-owned subsidiary as the Group had the practical ability to direct the relevant activities of RVOS, and on the basis of the RVOS Interest Assignment (as defined below).

The Company had on 31 March 2021 and 20 April 2021 announced that due to the Government of The Kingdom Saudi Arabia's local content drive and requirement, and in anticipation of further regulatory and/or industry developments, the Board had assessed that the Group no longer had the ability to direct the business activities of RVOS, and consequently the Group would deconsolidate the financial results of RVOS with effect from 31 March 2021.

In line with Saudi Aramco's In-Kingdom Total Value Add requirements to drive Saudi value creation, or IKTV, RVOS appointed a local General Manager in December 2019, to manage the day-to-day activities of RVOS towards eventual taking over of operational control of RVOS.

With the rigorous implementation measures by the Government of The Kingdom of Saudi Arabia to reinforce local content as a requirement for companies to do business in Saudi Arabia, and together with Saudi Aramco's IKTV program, the Company shall deconsolidate RVOS with effect from 1 October 2020 instead of 31 March 2021. Correspondingly, the Company and RHC have agreed to remove the casting vote of VHL on the board of RVOS with effect from 1 October 2020. RVOS was therefore accounted for and its results consolidated as a wholly-owned subsidiary for the first half year of the Group's FY2021 from 1 April 2020 to 30 September 2020 and equity accounted for as an "Investment in Associate" with effect from 1 October 2020 in the Group's financial statements for FY2021.

In view of the then valid RVOS Interest Assignment, from 1 October 2020 to 31 December 2020, the Company had equity accounted its interest in RVOS as "Investment in Associate" in the Group's financial statements on the basis of the Group having full economic interest in RVOS.

Please see further explanations below.

### **Cessation of Assignment**

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 Catalyst Rules. The Company will be seeking shareholders' ratification and an opinion from an independent financial adviser on the above as required by the SGX-ST, details of which will be set out in a circular to shareholders in due course

The Group had, through Vallianz Capital Ltd, entered into the assignment agreement dated 2 May 2014 with RHC, whereby the economic interests in RVOS held by RHC were assigned to the Group ("**RVOS Interest Assignment**"). Pursuant to an internal restructuring of the Group, shares in the capital of RVOS held by Vallianz Capital Ltd were first transferred to Vallianz International Pte. Ltd. on 16 March 2015 and then transferred to Vallianz Investment Capital Pte Ltd on 31 December 2017. The RVOS Interest Assignment was updated with Vallianz Investment Capital Pte Ltd entering into the assignment agreement dated 8 January 2018 with RHC.

Following the RVOS Rights Issue, RHC assigned its shareholding interests in RVOS to its subsidiary, Rawabi Energy Company (collectively known as "**Rawabi**"). On 30 May 2021, Rawabi had issued a notice of cessation of the RVOS Interest Assignment ("**Notice of Cessation**"), on the grounds that the terms and conditions for the RVOS Interest Assignment were not met by the Group and for the same to be terminated with effect from 31 December 2020 ("**Cessation Date**"). For further information thereto, please refer to the Company's announcement on the Notice of Cessation on 30 May 2021.

Pursuant to the Notice of Cessation, Rawabi and the Company confirmed that the RVOS Interest Assignment will continue until the Cessation Date (including pursuant to the RVOS Rights Issue).

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 and equity accounted on the basis of the Group having 40.7% interest in RVOS from 1 January 2021 onwards.

### **Consolidated Statement of Profit or Loss and Other Comprehensive Income**

#### **(a) Revenue**

In FY2021, the Group recorded a revenue of US\$88.6 million as compared to US\$188.6 million in FY2020. The Group's core chartering and brokerage services registered lower revenue of US\$71.5 million in FY2021 as compared to US\$179.4 million in FY2020, attributable mainly to the de-consolidation of RVOS. However, this decrease was offset by a higher revenue of US\$17.1 million derived from the Group's shipyard & vessel management services in FY2021 as compared to US\$9.2 million in FY2020 due mainly to higher volume of shipyard services.

Chartering and brokerage services accounted for approximately 81% of Group revenue in FY2021, compared to 95% in FY2020. The remaining 19% of Group revenue was derived from the provision of shipyard & vessel management services.

#### **(b) Gross profit**

In FY2021, the Group's gross profit decreased to US\$2.3 million from US\$23.6 million in FY2020 due mainly to de-consolidation of RVOS.

The gross profit margin of the chartering and brokerage services decreased from 21% in FY2020 to 3% in FY2021. The decrease is due mainly to higher preparation cost in relation to the maintenance of certain vessels in order to continue to service their charter contracts. However, as shipyard & vessel management services recorded a small negative gross margin of 0.1%, the Group's gross profit margin narrowed to 2.6% as compared to 12.5% in FY2020.

**(c) Other income**

The Group registered other income of US\$3.0 million in FY2021 as compared to US\$0.6 million recorded in FY2020 due mainly to US\$1.5 million of foreign exchange gain, US\$1.1 million of gain on disposal of property, plant and equipment and government grant of US\$0.8 million.

**(d) Administrative and other operating expenses**

Administrative expenses in FY2021 decreased 4.2% to US\$10.4 million from US\$10.9 million in FY2020, attributed mainly to de-consolidation of RVOS offset by higher personnel related cost and legal and professional fees in FY2021 and reversal of certain prior years expenses in FY2020 that are no longer required.

Other operating expenses in FY2021 remained comparatively unchanged.

**(e) Finance costs**

Finance costs decreased to US\$17.5 million in FY2021 from US\$40.1 million in FY2020 due to de-consolidation of RVOS offset partially by interest on shareholder's advances which took effect from FY2021 as approved by shareholders at the EGM held on 27 April 2021.

**(f) Share of results of associate**

The Group recorded a profit of US\$8.2 million from its share of results of associate in FY2021, attributable mainly to equity accounting of RVOS after the de-consolidation of its financial results with effect from 1 October 2020.

**(g) Exceptional items**

The Group recorded exceptional item of US\$8.5 million in FY2021 due mainly to a one-off compensation paid to a vendor for debts incurred since 2016. Parties have since agreed on an instalment plan and the outstanding is expected to be fully repaid by 2Q2022. Other than this compensation payment, there have been no other compensation payments made to this vendor.

**(h) Net loss attributable to owners of the Company**

As a result of the above factors, the Group posted a net loss attributable to owners of the Company of US\$23.0 million in FY2021 compared to US\$134.9 million in FY2020. This was due mainly to lower exceptional items and finance cost in FY2021.

**Statements of Financial Position**

**(i) Trade and other receivables**

Trade receivables decreased to US\$7.4 million as at 31 March 2021 from US\$35.6 million as at 31 March 2020 and Other receivables decreased to US\$10.1 million as at 31 March 2021 from US\$23.7 million as at 31 March 2020, both due to de-consolidation of RVOS.

**(j) Inventories**

Inventories decreased to US\$0.7 million as at 31 March 2021 from US\$5.9 million as at 31 March 2020 due mainly to de-consolidation of RVOS.

**(k) Property, plant and equipment**

Property, plant and equipment decreased to US\$68.2 million as at 31 March 2021 from US\$816.7 million as at 31 March 2020, due mainly to de-consolidation of RVOS.

**(l) Right-of-use assets**

Right-of-use assets decreased to US\$0.6 million as at 31 March 2021 from US\$25.9 million as at 31 March 2020, due mainly to de-consolidation of RVOS.

**(m) Associate**

The increase in associate from US\$14.8 million in FY2020 to US\$175.6 million in FY2021 is due mainly to RVOS being classified as an associate after de-consolidating of RVOS.

**(n) Total current and non-current borrowings**

Total current and non-current borrowings for the Group include term loans, working lines and finance lease.

Total current and non-current term borrowings, which comprised largely bank borrowings for vessels, decreased to US\$175.2 million as at 31 March 2021 from US\$743.8 million as at 31 March 2020. This was due mainly to de-consolidation of RVOS.

On 19 February 2021, the Company has entered into a debt-restructuring agreement with two financial institutions and there is no financial covenant to observe as there is a moratorium period until 31 March 2022. However, the Group has breached the



financial covenants imposed by the Perpetual Securities but the Group has secured a waiver for the breaches from the sole Perpetual Securities holder as at 31 March 2021.

**(o) Trade and other payables**

The Group's trade payables decreased to US\$36.6 million as at 31 March 2021 from US\$58.2 million as at 31 March 2020 due mainly to de-consolidation of RVOS offset by an increase in progress billings of US\$15.0 million from uncompleted construction projects. Other payables decreased to US\$38.9 million as at 31 March 2021 from US\$43.3 million as at 31 March 2020 due mainly to de-consolidation of RVOS partially offset by accrual of interest of US\$5.3 million on shareholder's advances.

**(p) Lease liability**

Total current and non-current lease liability decreased to US\$0.6 million as at 31 March 2021 from US\$26.3 million as at 31 March 2020, due mainly to de-consolidation of RVOS and principal payment of US\$12.9 million, partially offset by additional of lease liability of US\$13.7 million.

**(q) Deferred tax liabilities**

Deferred tax liabilities decreased to US\$1.8 million as at 31 March 2021 from US\$21.0 million as at 31 March 2020 due mainly to de-consolidation of RVOS.

**Consolidated Statement of Cash Flows**

Cash and cash equivalents decreased to US\$6.7 million as at 31 March 2021 from US\$30.4 million as at 31 March 2020.

The Group used net cash of US\$26.0 million in operating activities during FY2021. Net cash used in investing activities of US\$44.0 million for FY2021 was attributed mainly to purchase of property, plant and equipment of US\$26.0 million and de-consolidation of RVOS amounting to US\$24.6 million, partially offset by proceeds from disposal of property, plant and equipment of US\$6.6 million. Net cash generated from financing activities in FY2021 amounted to US\$46.3 million. This was attributed to proceeds from new bank loans of US\$135.5 million and advances from shareholder of US\$13.2 million, offset partially by repayment of existing term loans of US\$78.4 million, principal payment of lease liability of US\$12.9 and payment of interest of US\$11.1 million.

**9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

**10. 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.**

Notwithstanding a recovery in oil prices to pre-pandemic levels since the start of 2021, the global oil and gas (O&G) industry is likely to continue facing headwinds in the foreseeable future. This is because the emergence of new Covid-19 infections and variants, as well as rising geopolitical tensions, have resulted in lingering business uncertainties and is clouding the outlook for the global economy.

In the May issue of its monthly oil report dated 11 May 2021, OPEC estimates that global oil demand will average 96.5 million barrels per day (bpd) in 2021 with higher growth expected in the second half of the year based on positive transportation fuel data from the USA and the acceleration in vaccination programs in many regions. In anticipation of higher demand, OPEC and its allies are gradually relaxing the production output cuts that were made last year to support declining oil prices. However, OPEC said uncertainties remain unusually high due to issues related to Covid-19 developments.

In its World Economic Outlook Update released in April 2021, the International Monetary Fund (IMF) raised its global economic growth forecast for 2021 to 6.0% from its previous forecast of 5.2% in October 2020. However, IMF also cautioned the outlook presents daunting challenges related to divergences in the speed of recovery and the potential for persistent economic damage from the Covid-19 pandemic.

Following the recent rise in oil prices, the offshore support vessel ("OSV") industry has begun to show positive signs. According to a report in May 2021 by Clarkson Research Services, OSV demand has risen 12% since November 2020, albeit from a low base.

While the Group is witnessing better utilisation of its vessel fleet and receiving a higher level of customer inquiries, charter rates for OSVs remain depressed due to an oversupply of vessels. Given numerous uncertainties in the global environment, the Group remains cautious of its prospects for FY2022.

Going forward, the Group will continue to work on improving operational efficiencies, seek ways to provide higher value-add services to customers and look for business opportunities in its target markets in Asia and the Middle East.

## 11. Dividend

### (a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

### (b) Corresponding Period of the Immediately Preceding Financial Year

No.

### (c) Date Payable

Not applicable.

### (d) Book Closure Date.

Not applicable.

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

No dividend has been declared or recommended for the current financial period reported as the Company is loss-making during the current financial period. In addition, with reference to the perpetual capital securities of US\$22.5 million issued by the Company in 2014, in the event that the Company would like to declare dividends to ordinary shareholders, the Company would 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.

## 13. Interested person transaction

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 12 months ended 31 March 2021 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (including transactions less than S\$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
<b>Corporate services provided to the Group</b>			
Rawabi Holding Company Limited and its subsidiaries (" <b>RHC Group</b> ")	Major shareholder of the Company	Not applicable	US\$1,447,872
<b>Rental of premises provided to the Group</b>			
RHC Group	Major shareholder of the Company	Not applicable	US\$286,993
<b>Interests on shareholder's advances provided to the Group</b>			
RHC Group	Major shareholder of the Company	US\$5,300,000	Not applicable
<b>Other goods and services provided to the Group</b>			
RHC Group	Major shareholder of the Company	Not applicable	US\$844,356
<b>Corporate services provided by the Group</b>			
Holmen Heavylift Offshore Pte. Ltd. (" <b>HOL</b> ") and its subsidiaries (" <b>HOL Group</b> ")	Associate of Swiber Holdings Ltd, a substantial shareholder of the Company	US\$132,000	Not applicable
<b>Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group</b>			
HOL Group	Associate of Swiber Holdings Ltd, a substantial shareholder of the Company	US\$433,614	Not applicable
Swiber Holdings Limited (" <b>SHL</b> ") and its subsidiaries (" <b>SHL Group</b> ")	A substantial shareholder of the Company	US\$2,945,316	Not applicable

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (including transactions less than S\$100,000 and excluding transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
<b>Shipyard, Engineering, Fabrication Services and Facilities services provided to the Group</b>			
SHL Group	A substantial shareholder of the Company	US\$89,800	Not applicable
<b>Ship management services provided by the Group</b>			
HOL Group	Associate of Swiber Holdings Ltd, a substantial shareholder of the Company	US\$495,000	Not applicable
<b>Interests payment paid for by the Group</b>			
HOL Group	Associate of Swiber Holdings Ltd, a substantial shareholder of the Company	US\$3,034,654	Not applicable

The Company has previously provided an update in its 1H2021 results announcement on 13 November that the Company is finalizing a circular to shareholders to, *inter alia*, set out details of the Non-Compliant IPTs and to seek shareholders' ratification for certain of the past Non-Compliant IPTs as well as approval for new IPTs and adoption of IPT General Mandates. The Company held the EGM on 27 April 2021 and had obtained shareholders' ratification approval for the abovementioned IPTs.

**14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.**

	Vessel chartering & broking US\$'000	Shipyard & vessel management services US\$'000	Investment holding US\$'000	Total US\$'000
<b>FY2021</b>				
<b>Revenue</b>				
External sales	71,519	17,067	13	88,599
<b>Results</b>				
Segment results	257	(3,485)	(4,060)	(7,288)
Finance costs	(12,227)	78	(5,315)	(17,464)
Share of results of associate	8,216	-	-	8,216
<b>Operating loss from ordinary activities</b>	<b>(3,754)</b>	<b>(3,407)</b>	<b>(9,375)</b>	<b>(16,536)</b>
Exceptional items	-	(8,517)	-	(8,517)
Loss before tax				(25,053)
Income tax				91
Loss for the year				(24,962)
<b>FY2020</b>				
<b>Revenue</b>				
External sales	179,426	9,068	147	188,641
<b>Results</b>				
Segment results	31,418	(17,200)	(3,022)	11,196
Finance costs	(32,694)	(224)	(7,200)	(40,118)
Share of results of associate and joint ventures	196	-	-	196

	Vessel chartering & broking	Shipyard & vessel management services	Investment holding	Total
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Operating loss from ordinary activities</b>	(1,080)	(17,424)	(10,222)	(28,726)
Exceptional items	(56,515)	(47,096)	-	(103,611)
Loss before tax				(132,337)
Income tax				(4,583)
Loss for the year				(136,920)

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

Please refer to paragraph 8 and 14 above.

**16. Breakdown of sales and profit**

	Group		
	FY2021	FY2020	Increase / (decrease)
	US\$'000	US\$'000	%
(a) Sales reported for first half year	66,625	87,152	(23.6)
(b) Loss after tax before deducting non-controlling interest for first half year	(11,488)	(303)	nm
(c) Sales reported for second half year	21,974	101,489	(78.3)
(d) Loss after tax before deducting non-controlling interest for second half year	(13,474)	(136,617)	(90.1)

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

Not Applicable.

**18. 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) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries are related to a Director or Chief Executive Officer or Substantial Shareholder of the Company, for the financial year ended 31 March 2021.

**19. Disclosures on Acquisitions and Realisations of Shares pursuant to Rule 706A.**

**Increased in issued share capital of subsidiaries**

(a) Vallianz Corporate Services Pte Ltd

On 14 April 2020, the Company had increased the issued share capital of its wholly-owned subsidiary, Vallianz Corporate Services Pte Ltd ("**VCS**"), from US\$100,000 to US\$350,000 by the issuance and allotment of 250,000 new ordinary shares of VCS at US\$1 each, from the capitalization of existing loan from the Company to VCS. These new shares rank *pari passu* in all respects with the existing shares of VCS.

(b) Vallianz Offshore Marine Pte Ltd

On 12 November 2020, the issued share capital of the Company's wholly-owned subsidiaries, Vallianz Offshore Marine Pte Ltd ("**VOM**") had increased from US\$100 to US\$500,000 by the issuance and allotment of 499,900 new ordinary shares

of VOM at US\$1 each, by capitalizing a part of the existing loans provided from the Company to VOM. These new shares rank *pari passu* in all respects with the existing shares of VOM.

(c) Vallianz Shipbuilding & Engineering Pte Ltd

On 13 November 2020, the issued share capital of the Company's wholly-owned subsidiaries, Vallianz Shipbuilding & Engineering Pte Ltd ("VSE") had increased from US\$10 to US\$500,000 by the issuance and allotment of 499,990 new ordinary shares of VSE at US\$1 each, by capitalizing a part of the existing loans provided from the Company to VSE. These new shares rank *pari passu* in all respects with the existing shares of VSE.

(d) Rawabi Vallianz Offshore Services Company Limited

On 24 December 2020, Rawabi Holding Company Limited ("RHC"), a controlling shareholder of the Company, had subscribed for all additional new shares in Rawabi Vallianz Offshore Services Company Limited ("RVOS") arising from a rights issue by RVOS, via the allotment and issuance of 80,000 new ordinary shares at an issue price of SAR1,000 (US\$267) per share, being the par value of each RVOS share, in cash. As the Group was not in a financial position to subscribe for its pro-rata rights entitlement to the RVOS rights issue, RHC had subscribed for the entire RVOS rights issue for SAR80 million (US\$21.3 million). The paid-up share capital of RVOS before and after the RVOS rights issue is shown below:

Name of shareholders	Before the RVOS Rights Issue		RVOS Rights Issue		After the RVOS Rights Issue	
	No. of RVOS shares ('000)	Paid-up capital of RVOS ('000)	No. of Rights Shares ('000)	Value of the Rights Shares issued and allotted ('000)	No. of RVOS shares ('000)	Paid-up capital of RVOS ('000)
RHC	175	SAR175,000 (US\$46,667)	80	SAR80,000 (US\$21,333)	255	SAR255,000 (US\$68,000)
VIC	175	SAR175,000 (US\$46,667)	-	-	175	SAR175,000 (US\$46,667)
<b>Total</b>	<b>350</b>	<b>SAR350,000 (US\$93,333)</b>	<b>80</b>	<b>SAR80,000 (US\$21,333)</b>	<b>430</b>	<b>SAR430,000 (US\$114,667)</b>

Prior to the subscription of the additional new shares in RVOS, RVOS was a joint venture held equally by the Company through its wholly-owned subsidiary, Vallianz Investment Capital Pte Ltd ("VIC"), and RHC. Following the completion of the RVOS right issue, the shareholdings of VIC and RHC in RVOS have changed from 50% each, to 40.7% and 59.3% respectively, and RHC had assigned all its 59.3% shareholding interest in RVOS to Rawabi Energy Company ("REC"), a wholly-owned subsidiary of RHC. Accordingly, REC will have a 59.3% direct interest in RVOS.

**Disposal of subsidiaries**

(e) Offshore Engineering Resources Pte Ltd

On 31 December 2020, the Group had disposed its entire interest in its wholly-owned subsidiary, Offshore Engineering Resources Pte Ltd ("OERPL") for a nominal consideration of US\$1 to an unrelated third party. OERPL holds 99% of shareholding interest in each of Offshore Supply Resources Mexico S.A de C.V ("OSR") and Offshore Engineering Resources Mexico S.A de C.V ("OER"). OERPL has a paid-up capital of US\$10,000 and each of OSR and OER has a paid-up capital of US\$2,000. Due to net loss and net tangible liabilities of the three entities, the Group disposed OERPL at the nominal consideration. Following the disposal of OERPL, OERPL and together with OSR and OER will cease to be the subsidiaries of the Group.

**Acquisition of share of subsidiary**

(f) PT United Sindo Perkasa

PT United Sindo Perkasa ("PTUSP") has 6,000 shares at US\$1,000 each. Jetlee Shipbuilding & Engineering Pte Ltd ("JSE"), a wholly-owned subsidiary of the Company, holds 5,999 shares of PTUSP. On 15 March 2021, Vallianz Shipbuilding & Engineering Pte Ltd ("VSE"), a wholly-owned subsidiary of the Group, acquired 1 share from PTUSP's former director at US\$1,000, in cash. Subsequently, the Group holds 100% of PTUSP's shares.

**20. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).**

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7H.

On behalf of the Board of Directors

Darren Yeo Chee Neng  
Director  
Executive Vice-Chairman

Ling Yong Wah  
Director  
Chief Executive Officer

**30 May 2021**

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*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.*

*The contact person for the Sponsor is Ms. Wong Bee Eng, Chief Executive Officer, who can be contacted at 96 Robinson Road, #13-01, SIF Building, Singapore 068899, telephone: (65) 6227 5810, email: [wongbe@provenancecapital.com](mailto:wongbe@provenancecapital.com)*