



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statements
For the Half Year Ended 30 September 2023

ANNOUNCEMENT IN RELATION TO UNAUDITED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2023 ("1HFY2024")

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

	Note	Group		Change %
		1HFY2024 US\$'000	1HFY2023 US\$'000	
Revenue	4	118,706	54,893	116
Cost of sales		(110,092)	(49,055)	124
Gross Profit		8,614	5,838	48
Other income		779	1,448	(46)
Administrative expenses		(4,524)	(3,810)	19
Other operating expenses		(2,416)	(1,703)	42
Finance costs		(5,914)	(3,396)	74
Operating loss		(3,461)	(1,623)	113
Exceptional item		-	(3,195)	(100)
Loss before tax	6	(3,461)	(4,818)	(28)
Income tax (expense)/credit	7	(24)	35	NM
Loss for the period		(3,485)	(4,783)	(27)
Other comprehensive income:				
Item that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of foreign operations		90	186	(52)
Other comprehensive loss for the period, net of tax		90	186	(52)
Total comprehensive loss for the period		(3,395)	(4,597)	(26)
Loss for the period attributable to:				
Owners of the Company		(2,326)	(3,848)	(40)
Non-controlling interests		(1,159)	(935)	24
Total		(3,485)	(4,783)	(27)
Total comprehensive loss attributable to:				
Owners of the Company		(2,219)	(3,662)	(39)
Non-controlling interests		(1,176)	(935)	26
Total		(3,395)	(4,597)	(26)
Loss per share (US cents)				
Basic		(0.19)	(0.32)	
Diluted		(0.19)	(0.32)	

Note: nm – Not Meaningful

B Condensed interim statements of financial position

	Note	Group		Company	
		30 Sep 2023 US\$'000	31 Mar 2023 US\$'000	30 Sep 2023 US\$'000	31 Mar 2023 US\$'000
ASSETS					
Current assets					
Cash and cash equivalents		12,772	20,778	189	574
Trade receivables		102,937	6,616	-	-
Other receivables		23,287	56,411	500,676	500,039
Inventories		365	930	-	-
Financial assets at fair value through other comprehensive income	10 (a)	31,729	31,729	-	-
Total current assets		171,090	116,464	500,864	500,613
Non-current assets					
Monies pledged with banks		350	372	-	-
Property, plant and equipment	11	86,829	74,728	3	2
Right-of-use assets		353	469	-	-
Financial assets at fair value through other comprehensive income	10 (b)	60,853	60,853	-	-
Subsidiaries		-	-	454	454
Other receivables		14,110	14,843	-	-
Total non-current assets		162,495	151,265	457	456
Total assets		333,585	267,729	501,322	501,069
LIABILITIES AND EQUITY					
Current liabilities					
Term loans	12	32,799	34,149	-	-
Trade payables		9,521	8,139	-	-
Other payables		64,159	38,476	337,649	346,113
Contract liabilities		81,772	51,567	-	-
Lease liabilities		25	151	-	-
Income tax payable		57	70	-	-
Total current liabilities		188,333	132,552	337,649	346,113
Non-current liabilities					
Term loans	12	88,691	87,484	-	-
Retirement benefit obligation		600	605	-	-
Lease liabilities		343	349	-	-
Deferred tax liabilities		1,271	1,449	-	-
Convertible bonds		47,224	45,908	47,224	45,908
Total non-current liabilities		138,129	135,795	47,224	45,908
Capital and reserves					
Share capital	13	382,274	382,274	382,274	382,274
Perpetual capital securities		22,500	22,500	22,500	22,500
Foreign currency translation reserve		16	(74)	-	-
Other reserve		(625)	(625)	28	28
Shareholder's advances		50,638	39,838	35,290	24,490
Convertible bonds		7,055	6,719	7,055	6,719
Accumulated losses		(431,181)	(428,855)	(330,698)	(326,963)
Equity attributable to owners of the Company and capital securities holders	9	30,677	21,777	116,449	109,048
Non-controlling interests		(23,554)	(22,395)	-	-
Total equity		7,123	(618)	116,449	109,048
Total liabilities and equity		333,585	267,729	501,322	501,069

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 issued to securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2023	382,274	(74)	(625)	39,838	(428,855)	22,500	6,719	21,777	(22,395)	(618)
Total comprehensive loss for the period										
Loss for the period	-	-	-	-	(2,326)	-	-	(2,326)	(1,159)	(3,485)
Other comprehensive income for the period	-	90	-	-	-	-	-	90	-	90
Total	-	90	-	-	(2,326)	-	-	(2,236)	(1,159)	(3,395)
Transactions with owners,										
Deemed investment by a Shareholder	-	-	-	10,800	-	-	-	10,800	-	10,800
Total	-	-	-	10,800	-	-	-	10,800	-	10,800
Recognition of equity component of convertible bonds	-	-	-	-	-	-	336	336	-	336
At 30 September 2023	382,274	16	(625)	50,638	(431,181)	22,500	7,055	30,677	(23,554)	7,123

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	Convertible bonds	Equity attributable to owners of the Company and capital issued to securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2022	382,274	(24)	(607)	13,675	(419,467)	22,500	6,679	5,030	(20,507)	(15,477)
Total comprehensive loss for the period										
Loss for the period	-	-	-	-	(3,848)	-	-	(3,848)	(935)	(4,783)
Other comprehensive loss for the period	-	186	-	-	-	-	-	186	-	186
Total	-	186	-	-	(3,848)	-	-	(3,662)	(935)	(4,597)
Transactions with owners, recognised directly in equity										
Recognition of equity component of convertible bonds	-	-	-	-	-	-	4	4	-	4
At 30 September 2022	382,274	162	(607)	13,675	(423,315)	22,500	6,683	1,372	(21,442)	(20,070)

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

Company

	Share capital	Other reserve	Shareholder's advances	Accumulated losses	Perpetual capital securities	Convertible bonds	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 April 2023	382,274	28	24,490	(326,963)	22,500	6,719	109,048
Total comprehensive income for the period							
Loss for the period	-	-	-	(3,735)	-	-	(3,735)
Total	-	-	-	(3,735)	-	-	(3,735)
Transactions with owners, recognised directly in equity							
Deemed investment by a shareholder	-	-	10,800	-	-	-	10,800
Total	-	-	10,800	-	-	-	10,800
Recognition of equity component of convertible bonds	-	-	-	-	-	336	336
At 30 September 2023	382,274	28	35,290	(330,698)	22,500	7,055	116,449
At 1 April 2022	382,274	28	-	(319,802)	22,500	6,679	91,679
Total comprehensive loss for the period							
Loss for the period	-	-	-	(3,151)	-	-	(3,151)
Total	-	-	-	(3,151)	-	-	(3,151)
Transactions with owners, recognised directly in equity							
Recognition of equity component of convertible bonds	-	-	-	-	-	4	4
At 30 September 2022	382,274	28	-	(322,953)	22,500	6,683	88,532

D Condensed interim consolidated statement of cash flows

	Group	
	1HFY2024	1HFY2023
	US\$'000	US\$'000
Operating activities		
Loss before tax	(3,461)	(4,818)
Adjustments for:		
Bad debts written off	1,392	328
Depreciation of property, plant and equipment	3,375	2,866
Depreciation of right-of-use assets	144	89
Write-back of provision for retirement benefit obligation	(5)	-
Finance costs	5,914	3,396
Net loss on disposal of property, plant and equipment	-	2,495
Unrealised foreign exchange differences	90	185
Operating cash flows before working capital changes	7,449	4,541
Trade and other receivables	(63,855)	(10,212)
Trade and other payables	23,657	29,996
Inventories	565	(7,961)
Contract assets	-	(7,397)
Contract liabilities	30,205	-
Cash (used in) from operations	(1,979)	8,967
Income taxes paid	(215)	(71)
Net cash (used in) from operating activities	(2,194)	8,896
Investing activities		
Purchase of property, plant and equipment	(15,476)	(2,898)
Proceeds from disposal of property, plant and equipment	-	1,981
Net cash used in investing activities	(15,476)	(917)
Financing activities		
Decrease in cash pledged	22	341
Interest paid	(1,255)	(2,877)
Proceeds from new bank loans raised	230	83
Proceeds from shareholder's advances	10,800	-
Principal payment of lease liability	(133)	(91)
Repayment of term loans	-	(1,956)
Net cash from (used in) financing activities	9,664	(4,500)
Net (decrease)/increase in cash and cash equivalents	(8,006)	3,479
Cash and cash equivalents at beginning of period	20,778	6,835
Cash and cash equivalents at end of period	12,772	10,314

E Notes to the condensed interim consolidated financial statements

1. Corporate information

Vallianz Holdings Limited ("**Company**") is incorporated and domiciled in Singapore and whose shares are publicly traded on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). These condensed interim consolidated financial statements as at and for the six months ended 30 September 2023 ("**1HFY2024**") 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 1HFY2024 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 2023 ("**FY2023**").

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 FY2023.

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

Information about critical judgements, assumptions and estimation uncertainties in applying accounting policies that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities are included in Note 11.1 – Impairment and valuation of property, plant and equipment.

3. Seasonal operations

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

4. Segment and revenue information

Management had reviewed 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, Management 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	
	1HFY2024	1HFY2023	1HFY2024	1HFY2023	1HFY2024	1HFY2023	1HFY2024	1HFY2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue								
External sales	21,324	13,914	97,383	40,979	-	-	118,706	54,893
Results								
Segment results	5,137	479	463	3,718	(3,147)	(2,424)	2,453	1,773
Finance costs	(2,814)	(1,156)	(80)	-	(3,021)	(2,240)	(5,914)	(3,396)
Operating profit/(loss) from ordinary activities	2,323	(677)	383	3,718	(6,168)	(4,664)	(3,461)	(1,623)
Exceptional item	-	(3,195)	-	-	-	-	-	(3,195)
Loss before tax							(3,461)	(4,818)
Income tax (expense)/credit							(24)	35
Loss for the period							(3,485)	(4,783)

	Vessel chartering		Shipyard and vessel management services		Investment holding		Total	
	30 Sep 2023	31 Mar 2023	30 Sep 2023	31 Mar 2023	30 Sep 2023	31 Mar 2023	30 Sep 2023	31 Mar 2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Segment assets and segment liabilities								
Segment assets	111,553	81,556	108,485	73,957	113,547	112,216	333,585	267,729
Segment liabilities	130,733	131,831	175,541	63,814	18,917	71,253	325,191	266,898
Deferred tax liabilities							1,271	1,449
Total liabilities							326,462	268,347

4.1 Reportable segments (cont'd)

	Vessel chartering		Shipyard and vessel management services		Investment holding		Total	
	1HFY2024	1HFY2023	1HFY2024	1HFY2023	1HFY2024	1HFY2023	1HFY2024	1HFY2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Other information								
Bad debts written off	9	328	-	-	1,383	-	1,392	328
Loss/(write-back of) allowance for trade and other receivables	407	(45)	-	-	-	-	407	(45)
Depreciation of property, plant and equipment	2,715	2,067	594	730	67	69	3,375	2,866
Net foreign exchange loss/(gain)	141	163	541	1,308	5	(25)	687	1,446
Net loss on disposal of property, plant and equipment	-	2,495	-	-	-	-	-	2,495
Additions to property, plant and equipment	13,945	2,772	1,519	79	12	47	15,476	2,898

4.2 Disaggregation of Revenue

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

	Group	
	1HFY2024	1HFY2023
	US\$'000	US\$'000
Charter hire (time and bareboat charter)	21,324	13,914
Shipyard and vessel management services income	97,383	40,979
	118,706	54,893

All of the Group's revenue is recognised over time, except for other ancillary services income from charter hire income and shipyard and vessel management services income respectively is recognised at point in time.

Geographical information

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

5. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group as at 30 September 2023 and 31 March 2023:

	Group		Company	
	30 Sep 2023 US\$'000	31 Mar 2023 US\$'000	30 Sep 2023 US\$'000	31 Mar 2023 US\$'000
Financial assets				
Financial assets at amortised cost	138,125	56,693	500,826	500,575
Financial assets at fair value through OCI	92,582	92,582	-	-
Financial liabilities				
Financial liabilities at amortised cost	324,166	214,156	384,873	392,021
Lease liabilities	368	500	-	-

6. Loss before tax

The following items have been included in arriving at loss before tax for the financial period :

	Group	
	1HFY2024 US\$'000	1HFY2023 US\$'000
Bad debts written off	1,392	328
Net foreign exchange loss	687	1,446
Net loss on disposal of property, plant and equipment	-	2,495
Loss/(write-back of) allowance for trade and other receivables	407	(45)
Depreciation of property, plant and equipment	3,375	2,866
Finance costs	5,914	3,396

Related party transactions

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

	Group	
	1HFY2024 US\$'000	1HFY2023 US\$'000
Ultimate holding company		
Payment made by RHCL on behalf of the Group	-	(1,170)
Loan interest charged by RHCL	(577)	(557)
Provision of other goods and services	(223)	(198)
Related companies		
Provision of other goods and services	(136)	(150)
Project management income	968	8,802
Shipbuilding and related services income	89,829	27,272
Charter hire income	10,433	6,665
Charter hire expense	-	(331)

7. 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 consolidated statement of profit or loss are:

	Group	
	1HFY2024 US\$'000	1HFY2023 US\$'000
Current income tax expense	24	32
Deferred income tax credit relating to origination and reversal of temporary differences	-	(67)
	24	(35)

8. Dividends

No dividends have been declared or recommended for 1HFY2024.

9. Net Asset Value

	Group		Company	
	30 Sep 2023	31 Mar 2023	30 Sep 2023	31 Mar 2023
Net asset value (US\$'000)	30,677	21,777	116,449	109,048
Total number of shares issued ('000)	1,211,620	1,211,620	1,211,620	1,211,620
Net asset value per share (US cents)	2.53	1.80	9.61	9.00
Net asset value, excluding perpetual capital securities (US\$'000)	8,177	(723)	93,949	86,548
Total number of shares issued ('000)	1,211,620	1,211,620	1,211,620	1,211,620
Net asset value per share, excluding perpetual capital securities (US cents)	0.67	(0.06)	7.75	7.14

10. (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	
	30 Sep 2023	31 Mar 2023
	US\$'000	US\$'000
Investment in equity instruments designated at fair value through other comprehensive income:		
Unquoted preference shares	<u>31,729</u>	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 1HFY2024.

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
- (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 30 September 2023. The Group had accrued for the interest and penalty payable for this Term Loan which amounted to US\$6,531,000 as at 30 September 2023 (31 March 2023: 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 recognised 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.

Reconciliation of fair value measurement of the unquoted preference shares:

	Group	
	30 Sep 2023	31 Mar 2023
	US\$'000	US\$'000
Cost of financial assets at fair value through other comprehensive income	77,200	77,200
Accumulated impairment recognised	<u>(45,471)</u>	<u>(45,471)</u>
Carrying amount	<u>31,729</u>	31,729

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.

10. (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 30 September 2023.

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	Level 2	Level 3	Total
	US\$'000	US\$'000	US\$'000	US\$'000
30 Sep 2023				
Financial assets				
Financial assets at fair value through OCI (unquoted equity shares)	-	-	92,582	92,582
31 Mar 2023				
Financial assets				
Financial assets at fair value through OCI (unquoted equity shares)	-	-	92,582	92,582

11. Property, plant and equipment

During 1HFY2024, the Group acquired PPE amounting to US\$15,476,000 (1HFY2023: US\$2,598,000) and did not dispose any PPE (1HFY2023: US\$3,702,000).

11.1 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 period.

12. Borrowings

	Group	
	30 Sep 2023	31 Mar 2023
	US\$'000	US\$'000
Amount repayable within one year or on demand		
Secured	32,799	34,149
Unsecured	-	-
Amount repayable after one year		
Secured	88,691	87,484
Unsecured	-	-

Details of any collateral

The Group's borrowings are secured by:

- mortgage over all the Group's property, vessels and equipment and a vessel held by a related company of a corporate shareholder;
- assignment of marine insurances in respect of some of the vessels;
- monies pledged;
- assignment of earnings/charter proceeds in respect of some of the vessels;
- corporate guarantees from the Company;
- the unquoted preference shares held by the Group;
- shares of subsidiary corporations incorporated in Singapore.

13. Share capital

	Group and Company			
	30 Sep 2023		31 Mar 2023	
	Number of shares	Amount	Number of shares	Amount
	'000	US\$'000	'000	US\$'000
Share Capital	1,211,620	382,274	1,211,620	382,274

The Company did not hold any treasury shares as at 30 September 2023 (31 March 2023: Nil).

The Company's subsidiaries did not hold any shares in the Company as at 30 September 2023 and 31 March 2023 respectively.

OTHER INFORMATION REQUIRED BY LISTING RULE

1 Review

The condensed interim consolidated statement of financial position of the Group as at 30 September 2023 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\$118.7 million in 1HFY2024, representing an increase of 116% from US\$54.9 million in 1HFY2023 due mainly to higher contribution from the increase in Vessel Chartering segment and Shipyard and Vessel Management Services segment.

The Vessel Chartering segment and the Shipyard and Vessel Management Services segment accounted for approximately 18% and 82% respectively of the Group's revenue in 1HFY2024 as compared to approximately 25% and 75% respectively in 1HFY2023.

(b) Gross profit

The Group registered a gross profit of US\$8.6 million in 1HFY2024 which was US\$2.8 million or 48% higher than that of US\$5.8 million in 1HFY2023. The increase was mainly attributed by the Vessel Chartering segment.

The Group's Vessel Chartering segment registered a 28.5% gross margin in 1HFY2024 as compared to a 0.2% negative gross margin in 1HFY2023, due mainly to higher average daily charter rates in FY2024. Shipyard and Vessel Management Services segment recorded a 2.5% gross margin in 1HFY2024 as compared to a 14.3% gross margin in 1HFY2023 due mainly to the absence of the one-off vessel management services which was rendered in 1HFY2023 and which did not recur in 1HFY2024.

(c) Other income

Other income decreased to US\$0.8 million for 1HFY2024 from US\$1.4 million for 1HFY2023 due mainly to the absence of one-off gain on disposal of fixed asset of US\$0.7 million which had occurred in 1HFY2023.

(d) Administrative expenses

Administrative expenses increased to US\$4.5 million in 1HFY2024 from US\$3.8 million in 1HFY2023. The increase is in line with the increase in revenue arising from higher level of activities in 1HFY2024.

(e) Other operating expenses

Other operating expenses increased to US\$2.4 million in 1HFY2024 from US\$1.7 million in 1HFY2023 due mainly to higher provision for doubtful debts.

(f) Finance costs

Finance costs in 1HFY2024 increased to US\$5.9 million compared to US\$3.4 million in 1HFY2023 due mainly to higher interest rates on term loans and convertible bonds.

(g) Exceptional item

The exceptional loss of US\$3.2 million in 1HFY2023 pertained to the disposal of a vessel during 1HFY2023. There was no exceptional loss in 1HFY2024.

(g) 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\$2.3 million in 1HFY2024 as compared to a loss of US\$3.8 million in 1HFY2023.

Statements of Financial Position

(h) Trade and other receivables

The increase in trade receivables from US\$6.6 million as at 31 March 2023 to US\$102.9 million as at 30 September 2023 was generally in line with the increase in revenue.

Other receivables decreased to US\$23.3 million as at 30 September 2023 from US\$56.4 million as at 31 March 2023. This was attributed mainly to the decrease in down-payments made to third-party suppliers for the construction of new vessels.

(i) Property, plant and equipment

Property, plant and equipment increased to US\$86.8 million as at 30 September 2023 from US\$74.7 million as at 31 March 2023, due mainly to the purchase of a new vessel of US\$10.4 million and drydock for certain vessels of US\$3.8 million.

(j) Total current and non-current borrowings

Total current and non-current borrowings decreased marginally to US\$121.5 million as at 30 September 2023 as compared to US\$121.6 million as at 31 March 2023.

(k) Trade and other payables

The Group's trade payables increased to US\$9.5 million as at 30 September 2023 from US\$8.1 million as at 31 March 2023, due mainly to the increase in equipment purchases for the construction of new vessels. Other payables increased to US\$64.2 million as at 30 September 2023 from US\$38.5 million as at 31 March 2023 due mainly to the accrued purchases for newbuild vessels.

(l) Contract liabilities

The Group's contract liabilities increased by US\$30.2 million to US\$81.8 million as at 30 September 2023 from US\$51.6 million as at 31 March 2023, due to deposits received in advance for construction of new vessels.

Consolidated Statement of Cash Flows

Cash and cash equivalents was US\$12.8 million as at 30 September 2023 as compared to US\$20.8 million as at 31 March 2023.

The Group used net cash of US\$2.2 million in operating activities during 1HFY2024. Net cash used in investing activities of US\$15.5 million for 1HFY2024 was attributed to purchase of property, plant and equipment. Net cash generated from financing activities in 1HFY2024 of US\$9.7 million, was attributed to advances from shareholder of US\$10.8 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 global business environment is expected to remain challenging amid ongoing geopolitical tensions, global economic uncertainties, inflationary cost pressures and high interest rates.

In its latest World Economic Outlook released in October 2023, the International Monetary Fund (IMF) said the global economy's recovery from the Covid-19 pandemic and Russia's invasion of Ukraine remained slow and uneven. Global economic growth is projected to slow from 3.5% in 2022 to 3.0% this year and slip further to 2.9% in 2024. IMF said that while the likelihood of a hard landing has receded, the balance of risks to global growth remains tilted to the downside.

For the global oil market, the Organization of the Petroleum Exporting Countries (OPEC) said in its October 2023 Monthly Oil Market Report that world oil demand in 2023 is expected to grow 2.4% to 102.1 million barrels per day (mb/d) compared to 2022. For 2024, OPEC expects world oil demand to rise by 2.2 mb/d with total world oil demand projected to average 104.3 mb/d.

The offshore support vessel ("OSV") market continues to steadily improve during 2023 as higher demand and limited supply of available vessels drive up utilisation rates. In its half-year review of the sector released in July 2023, Clarkson Research said its OSV Rate Index was up 17% to 161 points which is the highest level since late-2014 while the global OSV utilisation rate had risen to a seven-year high of 72% by the beginning of July.

Based on the views of market leaders and analysts at Riviera Maritime Media's Offshore Support Journal Conference Asia which was held in Singapore in September 2023, OSV demand growth is being driven by energy projects in the Middle East, Latin America, Northern Europe and West Africa. While the sector in Southeast Asia had lagged behind these other regions, analysts said the situation has turned positive as OSV utilisation rates have risen to around 70% to 75% while charter rates are expected to climb by almost 25% going into the fourth quarter of 2023 and 2024. At the same time however, OSV operators have seen an escalation in operating costs for crew, fuel and equipment. Rising cost of capital due to the high interest rate environment also poses risks for the market.

While prospects for the global OSV sector are brightening, the Group will continue to adopt a prudent approach and maintain a cautiously optimistic stance as there are still many uncertainties facing the global economy that could stall the offshore industry's recovery.

Vallianz offers integrated solutions across five core pillars – OSV chartering, specialised heavy transport, shipyard and engineering, marine technology, and renewable energy. To build long term sustainability, the Group will continue to focus on its strategy of strengthening its core businesses and expanding market share while positioning itself for the transformation of the global energy industry.

With its OSVs actively utilised at various offshore engineering, procurement, construction and installation projects across Asia and the Middle East, the Group has plans to expand its fleet of vessels to ride on the strong market demand and higher day charter rates.

Besides focusing on the conventional offshore oil & gas industry, Vallianz has also taken steps to capitalise on renewable energy, decarbonisation and digitalisation trends in the offshore and marine sector to sharpen its competitive edge and broaden its business portfolio.

Leveraging the in-house fabrication and engineering capabilities of its shipyard in Batam, Indonesia, the Group has successfully secured projects to build vessels ranging from specialised OSVs for offshore wind farms, Research Vessels to Offshore Floating Fish Farms. It has also made inroads into the market for electric, energy-efficient, and zero / low carbon emissions vessels through strategic partnerships.

Separately, on 1 November 2023, the Company announced the full settlement of the Series B floating rate Convertible Bonds due 2029 with an aggregate principal amount of approximately US\$6.6 million issued to Maybank with a settlement amount of approximately US\$4.0 million. Further details of the settlement is set out in the Company's announcement dated 1 November 2023.

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 Catalist), there were no transactions with interested persons for the financial period ended 30 September 2023 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)
Interests on shareholder's advances provided to the Group			
RHC Group	Major shareholder of the Company	US\$576,801 ⁽¹⁾	Not applicable
Other goods and services provided to the Group			
RHC Group	Major shareholder of the Company	Not applicable	US\$359,823
Chartering services provided by the Group			
RHC Group	Major shareholder of the Company	Not applicable	US\$10,433,800
Project management services provided by the Group			
RHC Group	Major shareholder of the Company	Not applicable	US\$968,100
Shipbuilding and related services provided by the Group			
RHC Group	Major shareholder of the Company	Not applicable	US\$522,524,000
Corporate services provided by the Group			
Holmen Heavylift Offshore Pte. Ltd. ("HOL") and its subsidiaries ("HOL Group")	Associate of RHC ⁽²⁾	Not applicable	US\$66,000
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group			
HOL Group	Associate of RHC ⁽²⁾	Not applicable	US\$127,224
Ship management services provided by the Group			
HOL Group	Associate of RHC ⁽²⁾	Not applicable	US\$198,000
Interests payment paid for by the Group			
HOL Group	Associate of RHC ⁽²⁾	US\$1,568,777 ⁽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.

(2) HOL Group is presently 75% owned by the Group and 25% owned by Equatoriale Holdings Pte Ltd ("EHPL") (which is in turn majority owned by RHC Group) pursuant to the completion of an internal restructuring by SHL as part of the investment by RHC in EHPL as set out in the Company's announcement dated 8 June 2022.

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, I, 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 1HFY2024 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Ling Yong Wah
Director
Chief Executive Officer

Kevin Wong Chee Fatt
Director

10 November 2023

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 ("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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