

Condensed Interim Consolidated Financial Statements And Dividend Announcement for the Three Months and Six Months Ended 30 June 2021 (Unaudited)

Pursuant to Rule 705(2C) of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst ("Catalist Rules"), the Company is required by the SGX-ST to continue to announce its quarterly financial statements in view of the disclaimer of opinion issued by the Company's auditors in the latest audited financial statements for the financial year ended 31 December 2020.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, ZICO Capital Pte. Ltd. ("Sponsor"), in accordance with Rule 226(2)(b) of the Catalyst Rules.

This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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PART 1 - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

1 (a) Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

	The Group					
	2Q 2021 S\$'000 (Unaudited)	2Q 2020 S\$'000 (Unaudited)	Change %	1H 2021 S\$'000 (Unaudited)	1H 2020 S\$'000 (Unaudited)	Change %
Revenue	2,043	3,924	(48)	4,674	7,960	(41)
Cost of sales	(1,754)	(2,734)	(36)	(3,543)	(5,187)	(32)
Gross Profit	289	1,190	(76)	1,131	2,773	(59)
Other income	(48)	664	NM	744	1,748	(57)
Interest income	2	2	0	3	3	0
Marketing and distribution expenses	(17)	(29)	(41)	(39)	(67)	(42)
Administrative expenses	(1,556)	(1,907)	(18)	(3,271)	(3,866)	(15)
Other operating expenses	(50)	(920)	(95)	(90)	(722)	(88)
Finance costs	-	(797)	(100)	(678)	(1,573)	(57)
Loss before tax	(1,380)	(1,797)	(23)	(2,200)	(1,704)	29
Income tax expenses	(1)	(10)	(90)	(1)	(10)	(90)
Loss for the period	(1,381)	(1,807)	(24)	(2,201)	(1,714)	28
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss:						
Foreign currency translation	(175)	793	NM	(833)	(654)	27
Other comprehensive income for the period, net of tax	(175)	793	NM	(833)	(654)	27
Total comprehensive income for the period	(1,556)	(1,014)	53	(3,034)	(2,368)	28
Loss attributable to:						
Owners of the Company	(1,381)	(1,747)	(21)	(2,187)	(1,676)	30
Non-controlling interests	-	(60)	(100)	(14)	(38)	(63)
	(1,381)	(1,807)	(24)	(2,201)	(1,714)	28
Total comprehensive income attributable to:						
Owners of the Company	(1,556)	(954)	NM	(3,020)	(2,330)	30
Non-controlling interests	-	(60)	(100)	(14)	(38)	(63)
	(1,556)	(1,014)	53	(3,034)	(2,368)	28

Note

Loss before tax is derived at after

Crediting/(charging):

	The Group					
	2Q 2021 S\$'000 (Unaudited)	2Q 2020 S\$'000 (Unaudited)	Change %	1H 2021 S\$'000 (Unaudited)	1H 2020 S\$'000 (Unaudited)	Change %
Depreciation of property, plant and equipment	(30)	(349)	(91)	(63)	(706)	(91)
Amortisation of intangible assets	-	(3)	(100)	-	(6)	(100)
Gain on disposal of plant and equipment	-	-	NM	3	-	NM
(Loss)/Gain on foreign exchange	(136)	(560)	(76)	498	1,004	(50)
Impairment loss on trade receivables	(50)	-	NM	(50)	-	NM
Reversal of inventory write down	33	-	NM	33	-	NM
Inventories written down	-	(7)	(100)	-	(7)	(100)

NM: Not meaningful

1 (b)(i) Condensed Interim Statements of Financial Position As at 30 June 2021

	The Group S\$'000		The Company S\$'000	
	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Equity attributable to owners of the Company				
Share capital	102,605	102,605	102,605	102,605
Treasury shares	(528)	(528)	(528)	(528)
Reserves	(125,730)	(122,710)	(118,456)	(118,256)
Non-controlling interests	(23,653)	(20,633)	(16,379)	(16,179)
Total equity	(23,719)	(20,686)	(16,379)	(16,179)
Non-current assets				
Property, plant and equipment	100	141	6	7
Investment in subsidiaries	-	-	4,460	4,460
Intangible assets	818	832	-	-
	918	973	4,466	4,467
Current assets				
Inventories	2,479	2,233	-	-
Trade receivables	2,335	19,143	-	-
Contract assets	2,331	3,203	-	-
Prepayments	63	116	17	15
Other receivables and deposits	611	1,046	173	168
Cash and cash equivalents	4,249	2,559	2,789	18
	12,068	28,300	2,979	201
Total assets	12,986	29,273	7,445	4,668
Current liabilities				
Trade payables	2,467	2,563	-	-
Contract liabilities	895	938	-	-
Other payables and accruals	17,526	30,633	4,226	1,489
Tax payable	-	7	-	-
Term loans	8,661	8,661	-	-
Redeemable exchangeable bonds	7,156	7,156	-	-
Due to subsidiaries (non-trade)	-	-	19,598	19,358
	36,705	49,958	23,824	20,847
Non-current liabilities				
Deferred tax liabilities	-	1	-	-
	-	1	-	-
Total liabilities	36,705	49,959	23,824	20,847
Net liabilities	(23,719)	(20,686)	(16,379)	(16,179)

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

	As at 30 June 2021		As at 31 December 2020	
	S\$'000 Secured	S\$'000 Unsecured	S\$'000 Secured	S\$'000 Unsecured
Amount repayable in one year or less, or on demand				
- Term loans	13,838	-	13,520	-
- Redeemable exchangeable bonds	12,033	-	11,742	-

Details of any collateral

The Group's borrowings are secured by corporate guarantees.

1 (c) Condensed Interim Consolidated Statement of Cash Flows

	The Group		The Group	
	2Q 2021 S\$'000 (Unaudited)	2Q 2020 S\$'000 (Unaudited)	1H 2021 S\$'000 (Unaudited)	1H 2020 S\$'000 (Unaudited)
Cash flows from operating activities:				
Loss before tax	(1,380)	(1,797)	(2,200)	(1,704)
Adjustments for:				
Amortisation of intangible assets	-	3	-	6
Depreciation of property, plant and equipment	30	349	63	706
Inventories written down	-	7	-	7
Reversal of inventory write down	(33)	-	(33)	-
Impairment loss on trade receivables	50	-	50	-
Gain on disposal of plant and equipment	-	-	(3)	-
Interest expense	-	797	678	1,573
Interest income	(2)	(2)	(3)	(3)
Unrealised exchange (gain)/loss	103	198	(486)	(128)
Operating (loss)/profit before working capital changes	(1,232)	(445)	(1,934)	457
Changes in working capital:				
Inventories	(100)	716	(212)	269
Trade receivables	16,415	2,434	16,763	3,080
Due from customers for contracts work-in-progress	(73)	826	872	1,676
Other receivables, deposits and prepayments	(79)	(48)	241	(150)
Trade payables	170	(1,650)	(108)	(2,550)
Due to customers for contracts work-in-progress	124	(459)	(43)	(377)
Other payables and accruals	(16,534)	(703)	(16,671)	(239)
Cash flows (used in)/from operations	(1,309)	671	(1,092)	2,166
Interest received	2	2	3	3
Income taxes paid	-	-	-	(11)
Net cash flows (used in)/from operating activities	(1,307)	673	(1,089)	2,158
Cash flows from investing activities				
Purchase of property, plant and equipment	(10)	(15)	(23)	(15)
Proceeds from disposal of plant and equipment	-	-	4	-
Proceeds from disposal of intangible assets	-	-	15	-
Cash flows used in investing activities	(10)	(15)	(4)	(15)
Cash flows from financing activities				
Interest paid	-	-	-	(262)
Repayment of loans and borrowings	-	(137)	-	(566)
Payment of principal portion of lease liabilities	-	(24)	-	(142)
Receipt of advance proceeds from potential investor	2,775	-	2,775	-
Payment of finance lease obligations	-	(3)	-	(9)
Cash flows from/(used in) financing activities	2,775	(164)	2,775	(979)
Net increase in cash and cash equivalents	1,458	494	1,682	1,164
Effect of exchange rate changes on cash and cash equivalents	(3)	(3)	9	(21)
Cash and cash equivalents at beginning of period	2,794	3,017	2,558	2,365
Cash and cash equivalents at end of period	4,249	3,508	4,249	3,508

1 (d)(i) Condensed Interim Statements of Changes in Equity

	Share capital	Treasury shares	Translation reserve	The Group Other reserves	Accumulated profits	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H ended 30 June 2020							
Balance as at 1 January 2020	102,605	(528)	(1,520)	114	(95,812)	(11)	4,848
Loss for the period	-	-	-	-	(1,676)	(38)	(1,714)
Other comprehensive income							
Foreign currency translation	-	-	(654)	-	-	-	(654)
Other comprehensive income for the period, net of tax	-	-	(654)	-	-	-	(654)
Total comprehensive income for the period	-	-	(654)	-	(1,676)	(38)	(2,368)
Balance as at 30 June 2020	102,605	(528)	(2,174)	114	(97,488)	(49)	2,480

	Share capital	Treasury shares	Translation reserve	The Group Other reserves	Accumulated profits	Non-controlling interest	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H ended 30 June 2021							
Balance as at 1 January 2021	102,605	(528)	(966)	114	(121,858)	(52)	(20,685)
Loss for the period	-	-	-	-	(2,187)	(14)	(2,201)
Other comprehensive income							
Foreign currency translation	-	-	(833)	-	-	-	(833)
Other comprehensive income for the period, net of tax	-	-	(833)	-	-	-	(833)
Total comprehensive income for the period	-	-	(833)	-	(2,187)	(14)	(3,034)
Balance as at 30 June 2021	102,605	(528)	(1,799)	114	(124,045)	(66)	(23,719)

	Share capital	Treasury shares	The Company Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H ended 30 June 2020					
Balance as at 1 January 2020	102,605	(528)	114	(100,832)	1,359
Profit for the period	-	-	-	7	7
Total comprehensive income for the period	-	-	-	7	7
Balance as at 30 June 2020	102,605	(528)	114	(100,825)	1,366

	Share capital	Treasury shares	The Company Other reserves	Accumulated profits	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
1H ended 30 June 2021					
Balance as at 1 January 2021	102,605	(528)	114	(118,370)	(16,179)
Loss for the period	-	-	-	(200)	(200)
Total comprehensive income for the period	-	-	-	(200)	(200)
Balance as at 30 June 2021	102,605	(528)	114	(118,570)	(16,379)

Save for the foregoing, there are no other (i) changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders.

Notes to the Condensed Interim Consolidated Financial Statements

1. Corporate information

Viking Offshore and Marine Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business of the Company is located at 21 Kian Teck Road, Singapore 628773.

The principal activities of the Company are the provision of management and other services to related companies and investment holding. The principal activities of the Company's subsidiaries are disclosed in Note 15 to the audited consolidated financial statements of the Group for the year ended 31 December 2020.

2. Basis of preparation

The condensed interim consolidated financial statements for the three months and six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 Interim Financial Reporting issued by the Accounting Standards Council Singapore.

The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance of the Group since the last annual audited consolidated financial statements for the year ended 31 December 2020. The condensed interim consolidated financial statements should be read in conjunction with the accompanying explanatory notes attached to the condensed interim consolidated financial statements and the audited consolidated financial statements of the Group for the year ended 31 December 2020.

The accounting policies and methods of computation adopted are consistent with those adopted by the Company in its most recently audited consolidated financial statements for the year ended 31 December 2020, which were prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)s") and Interpretations of SFRS(I) ("SFRS(I) INT"), except for the adoption of new and revised SFRS(I)s and SFRS(I) INTs which are relevant to the Group's operations and become effective for annual periods beginning on or after 1 January 2021. The adoption of these new and revised SFRS(I)s and SFRS(I) INT does not result in changes to the accounting policies of the Group and the Company and has no material effect on the amounts reported for the current or prior period.

The financial statements have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The condensed interim consolidated financial statements are presented in Singapore dollars ("S\$" or "SGD") which is the Company's functional currency.

The Group incurred a net loss of S\$2,201,000 (1H2020: S\$1,714,000) during 1H2021 and as at 30 June 2021, the Group's and the Company's current liabilities exceeded its current assets by S\$24,637,000 and S\$20,845,000 respectively (as at 31 December 2020: S\$21,658,000 and S\$20,646,000).

The above conditions and events indicate the existence of material uncertainties which may cast significant doubt on the Group's and the Company's abilities to continue as going concerns. Nevertheless, the Board of Directors believes that the use of the going concern assumption in the preparation of the condensed interim consolidated financial statements for the three months and six months ended 30 June 2021 is still appropriate after taking into consideration the following assumptions and measures:

a. The Company had, on 22 February 2021, proposed a scheme of arrangement to its creditors pursuant to Section 71 of the Insolvency, Restructuring and Dissolution Act 2018. Voting on the Scheme concluded on 13 April 2021 and the Scheme was approved by the requisite majorities of creditors. The High Court had on 28 May 2021 sanctioned and approved the Scheme. The Order of the Court sanctioning the Scheme was lodged to the Accounting and Corporate Regulatory Authority on 10 June 2021. Accordingly, the Scheme has commenced on 10 June 2021 and the moratorium provided for in the Scheme on the commencement, continuation or enforcement of proceedings against (i) the Company, and/or (ii) any current direct or indirect subsidiary or subsidiary undertaking of the Company, has come into effect and will continue for the duration of the Scheme in respect of the liabilities contemplated to be resolved under the terms of the Scheme.

b. The Company had on 1 February 2021 entered into a conditional placement and loan agreement with Blue Ocean Capital Partners Pte. Ltd. and Mr. Ng Yeau Chong (collectively, the "Investors") in relation to a proposed placement of shares in the Company for an aggregate consideration of \$2,000,000 ("Proposed Placement") and subject to the completion of the Proposed Placement occurring, the grant by the Investors to the Company of secured interest-free shareholders' loan of total \$1,000,000 repayable 12 months from the loan drawdown (the "Loan"). The Proposed Placement and the Loans will provide funds to the Company to facilitate the restructuring of its debts and liabilities as part of the Scheme.

The Company has (i) obtained approval from its shareholders for, inter alia, the Proposed Placement and the Scheme at an extraordinary general meeting held on 30 June 2021; (ii) received the approval in-principle from the SGX-ST for listing and quotation of new shares and warrants on 5 July 2021 as well as the approval in-principle from the SGX-ST on 30 July 2021 for the resumption of trading; and (iii) completed the 50:1 share consolidation on 12 August 2021. The Company envisages that the successful completion of the restructuring exercise and the subsequent resumption of trading of the shares of the Company will be wrapped up by the end of August 2021.

c. The Group is taking active steps in containing costs and continue to explore its assets divestment plan to pare down its liabilities; and

d. The Group expects that it will generate adequate cash flows from operations and secure sufficient financing from potential investors to meet its obligations as and when they fall due.

The Board of Directors are of the view that the Group and the Company will be able to successfully complete the financial restructuring exercise and accordingly, the Board of Directors are of the opinion that the use of going concern assumption in preparing the accompanying financial statements is appropriate.

3. Seasonal operations

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

4. Segment and revenue Information

4.1. Reportable segments

For management purposes, the Group is organised into business units based on their products and services, and mainly focused on an operating segment, namely, the Offshore and Marine segment which contributes significantly to the Group's performance.

Segment revenue

	2Q 2021	2Q 2020	1H 2021	1H 2020
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	2,043	3,924	4,674	7,960
Results:				
Interest income	(2)	(2)	(3)	(3)
Depreciation and amortisation and impairment of non-financial assets	30	349	63	706
Segment loss	50	-	50	-
	(1,380)	(1,797)	(2,200)	(1,704)

4.2. Disaggregation of revenue

Segments	Offshore and marine		Offshore and marine	
	2Q 2021	2Q 2020	1H 2021	1H 2020
Group	S\$'000	S\$'000	S\$'000	S\$'000
Primary geographical markets	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Australia	273	7	273	8
Europe	2	9	5	67
Indonesia	222	503	964	593
Malaysia	49	79	223	387
Middle East	92	441	214	680
People's Republic of China	205	665	376	689
Singapore	1,176	2,140	2,591	5,294
Vietnam	-	20	-	20
Others	24	60	28	222
	2,043	3,924	4,674	7,960
Major service lines				
Sale of goods	949	1,405	1,875	2,031
Project revenue	507	1,463	1,880	3,608
Rendering services	587	1,056	919	2,321
	2,043	3,924	4,674	7,960
Timing of transfer of goods or services				
At a point in time	949	1,406	1,875	2,032
Over time	1,094	2,518	2,799	5,928
	2,043	3,924	4,674	7,960

5. Financial instruments

The following table sets out the financial assets and liabilities as at the end of the reporting period:

	The Group S\$'000		The Company S\$'000	
	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Financial assets:				
Amortised cost				
Trade receivables	2,335	19,143	-	-
Other receivables and deposits	402	849	173	168
Cash and cash equivalents	4,249	2,559	2,789	18
	<u>6,986</u>	<u>22,551</u>	<u>2,962</u>	<u>186</u>
Financial liabilities:				
Amortised cost				
Trade payables	2,467	2,563	-	-
Other payables and accruals	17,526	30,633	4,226	1,489
Loans and borrowings	8,661	8,661	-	-
Due to subsidiaries (non-trade)	-	-	19,598	19,358
Redeemable exchangeable bonds	7,156	7,156	-	-
	<u>35,810</u>	<u>49,013</u>	<u>23,824</u>	<u>20,847</u>

5.1. Fair value of financial assets and liabilities

The carrying amounts of financial assets and financial liabilities approximate their respective fair values due to the relatively short-term maturity of these financial instruments or they bear interest at rates which approximate the current incremental borrowing rate for similar type of borrowing arrangement.

6. Related party transactions

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these condensed interim consolidated financial statements.

	2Q 2021	2Q 2020	1H 2021	1H 2020
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)
Income/(Expenses)				
Finance cost from a related party	-	(305)	(319)	(599)

	The Group S\$'000	
	30-Jun-21 (Unaudited)	31-Dec-20 (Audited)
Loan from a related party	6,501	6,501

6. Taxation

	2Q 2021	2Q 2020	1H 2021	1H 2020
	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)	S\$'000 (Unaudited)
Income tax expenses for the period	(1)	(10)	(1)	(10)

7. Net asset value

	Group cents		Company cents	
	30-Jun-21	31-Dec-20	30-Jun-21	31-Dec-20
Net asset value per ordinary share based on the total number of issued shares excluding treasury shares	(2.16)	(1.88)	(1.49)	(1.47)

Footnote:

Net asset value per ordinary share is based on 1,098,719,574 ordinary shares as at 30 June 2021 (31 December 2020: 1,098,719,574 shares), excluding treasury shares.

8. Loss per ordinary share

	2Q 2021	2Q 2020	1H 2021	1H 2020
	cents	cents	cents	cents
Loss per ordinary share				
(i) Based on the weighted average number of ordinary share in issue	(0.13)	(0.16)	(0.20)	(0.15)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	(0.13)	(0.16)	(0.20)	(0.15)
Loss per ordinary share from continuing operations				
(i) Based on the weighted average number of ordinary share in issue	(0.13)	(0.16)	(0.20)	(0.15)
(ii) On a fully diluted basis (detailing any adjustments made to the loss)	(0.13)	(0.16)	(0.20)	(0.15)
Computed based on the following weighted average number of shares				
Basic	1,098,719,574	1,098,719,574	1,098,719,574	1,098,719,574
Diluted	1,098,719,574	1,098,719,574	1,098,719,574	1,098,719,574

As at 30 June 2021, warrants of 97,491,109 (30 June 2020: 97,491,109) have not been included in the calculation of diluted loss per share because they are anti-dilutive.

9. Property, plant and equipment

During the six months ended 30 June 2021, the Group acquired assets amounting to S\$22,733 (six months ended 30 June 2020: S\$450) (2Q2021: \$18,694 (2Q2020: nil)). There was no disposal of assets during the six months ended 30 June 2021 and 2020.

10. Share capital

	As at 30 June 2021		As at 31 December 2020	
	No. of shares	S\$'000	No. of shares	S\$'000
Total number of issued shares	1,106,681,074	102,605	1,106,681,074	102,605
Number of treasury shares	(7,961,500)	(528)	(7,961,500)	(528)
Net number of issued shares	<u>1,098,719,574</u>	<u>102,077</u>	<u>1,098,719,574</u>	<u>102,077</u>

On 3 July 2017, the Company allotted and issued 194,982,219 new ordinary shares ("Rights Shares") at an issue price of S\$0.018 for each Rights Share and 97,491,109 free detachable warrants ("Warrants") pursuant to a renounceable and non-underwritten rights cum warrants issue. Each Warrant carries the right to subscribe for a new ordinary share in the capital of the Company at an exercise price of S\$0.025 for each new ordinary share and is exercisable during a five year period from the date of issue.

As at 30 June 2021, the total number of ordinary shares in issue was 1,106,681,074 of which 7,961,500 (0.7% of total number of issued shares) were held by the Company as treasury shares (30 June 2020: 1,106,681,074 ordinary shares and 7,961,500 treasury shares (0.7% of total number of issued shares)).

	As at 30 June 2021	As at 30 June 2020
No. of shares that may be issued upon conversion of all outstanding convertibles	194,982,218	194,982,218

There were no subsidiary holdings as at the end of the current financial period reported on and as at the end of the immediately preceding financial period.

11. Treasury shares

	No. of shares	S\$'000
Number of treasury shares as at 31 March 2021 and 30 June 2021	7,961,500	528

12. Subsidiary holdings

There were no subsidiary holdings during and as at the end of the current financial period reported on.

13. Subsequent events

Subsequent to 30 June 2021, there have been no known events that may have an effect on the condensed interim consolidated financial statements of the Company.

Other information required by Appendix 7C of the Catalyst Rules

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

The figures have not been audited or reviewed by the Group's auditors.

2 Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:—

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable. The latest audited financial statements of the Company and the Group for the financial year ended 31 December 2020 included a disclaimer of opinion on material uncertainty relating to going concern.

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

The Group has applied the same accounting policies and methods of computation in the financial statements for the current financial year as compared with the most recent audited financial statements for the financial year ended 31 December 2020, except for those disclosed under Paragraph 4.

4 If there are any changes in the accounting policies and methods 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 all the new standards, amendments to standards and interpretations that are relevant to the Group and the Company, and which are effective from the annual periods beginning on 1 January 2021. The adoption of these new standards, amendments to standards and interpretations did not result in any significant impact on the financial statements of the Group.

5 A review of the performance of the group to the extent necessary for a reasonable understanding of the 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 or liabilities of the group during the current financial period reported on.

Financial Performance

Revenue in 2Q2021 was 48% lower as compared to 2Q2020 due to the lower revenue generated from the offshore and marine services, and systems engineering projects largely as a result of lower order book carried forward. The gross profit decreased in tandem with the lower revenue recognised. This decrease was further caused by the lower Gross Profit Margin due to lesser service-related revenues which typically generate higher yield higher margins and cost overrun in certain projects due to delays

The decrease in other income was mainly attributable to the lower rental rebates and government grant for wages under Jobs Support Scheme and foreign exchange gain as a result of the translation differences in US Dollar denominated current assets. A one-time gain from settlement of customer dispute was absent in 2Q2021 as compared to 2Q2020.

Marketing and Distribution Expenses decreased due to lesser traveling expenses incurred by the salespersons in securing projects during the period, which was impacted by the COVID-19 global pandemic situation as compared to the prior period.

Administrative expenses decreased due to the managed spending from the lower business activities and uncertain operating conditions and outlook.

Other Operating Expenses declined with the reduction in depreciation expenses of property, plant and equipment and right of use assets as the Group no longer continues to incur depreciation costs after the disposal of the Group's properties at Kian Teck Road (by way of disposal of the entire share capital of the Company's wholly-owned subsidiary, Viking Facilities Management & Operations Pte. Ltd.) which was completed in October 2020. Finance cost decreased compared to the preceding period as accrued interests were calculated to the ascertainment date of the Scheme of Arrangement as at 22 February 2021.

Considering the above factors, the Group recorded a Net Loss After Tax of S\$1.4 million.

Financial Position

The net liabilities for the Group stood at S\$23.7 million as at 30 June 2021. This was lower compared to that as at 31 December 2020 and was attributed to the loss incurred for the period.

The reduction in non-current assets was due to the depreciation of property, plant and equipment and amortisation of intangible assets.

Both trade receivables and other payables and accruals decreased mainly attributable to the set-off of amounts due to and due from from the charterer of the land rigs of approximately S\$16.5 million. The reduction of other payables and accruals was partially offset by S\$2.8 million as the Company received proceeds in advance from its potential new shareholder, Blue Ocean Capital Partners Pte. Ltd. ("BOC"), in relation to the Proposed Placement and Loan. Other receivables and deposits decreased as the Group managed to recover the amounts due during the period.

The decrease in net amount contract assets and contract liabilities was a result of timing of project billing milestones. The decrease in Current Liabilities was due to decrease in Trade Payables due to the shorter payment cycle to suppliers coupled with lesser purchases from project delays.

Cashflow

The net cash flows used in operating activities were mainly due to the loss incurred by the Group for the half year ending 30 June 2021.

Net cash flows from investing activities were due to purchase of property, plant and equipment in 2Q2021.

Net cash flows from financing activities were primarily due to the receipt of proceeds in advance from BOC in relation to the Proposed Placement and Loan.

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

Not applicable

7 A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group's operations in Singapore and its neighbouring countries within the region are still affected by the COVID-19 pandemic situations with recovery remains uncertain and the lack of business travels undermines the sales order for the Group. Oil prices slid in recent months as the rising COVID-19 cases prompted fears of a demand slowdown. The Group will continue to monitor the situation closely and adjust its operating capacity in accordance with the fluid uncertain situation and when there is more clarity on the market development.

The Company continues to undergo a court-supervised restructuring process and continues to engage its key creditors in relation to a potential settlement or arrangement of its liabilities thereto. There were further developments which propelled the Company's restructuring to the correct direction namely the sanction and approval by the Singapore High Court of the Scheme of Arrangement proposed by the Company to its creditors as announced on 31 May 2021, the lodgement of the Order of Court sanctioning the scheme with the Accounting and Corporate Regulatory Authority on 10 June 2021 hence bringing the Scheme into effect, having all resolutions for the Extraordinary General Meeting held on 30 June 2021 duly approved and passed, receipt of approval in-principle from the SGX-ST for listing and quotation of new shares and warrants on 5 July 2021, receipt of approval in-principle from the SGX-ST on 30 July 2021 for the resumption of trading and completion of the 50:1 share consolidation on 12 August 2021. The Company envisages that the successful completion of the restructuring exercise and the subsequent resumption of trading of the shares of the Company will be wrapped up by the end of August 2021.

8 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period report on?

No

(b) Corresponding Period of the Immediately Preceding Financial Year

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

No

(c) Date payable

Not applicable

(d) The date on which Registrable Transfers received by the Company (up to 5.00 pm) will be registered before entitlements to the dividend are determined.

Not applicable

9 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 financial period reported on due to the current financial position of the Company.

10 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

No IPT mandate has been obtained.

11 Confirmation By Directors Pursuant to Rule 705(5) of the Listing Manual of SGX-ST

The Board of Directors of the Company hereby confirms that, to the best of its knowledge, nothing has come to its attention which may render the condensed interim consolidated financial statements for the three months and six months ended 30 June 2021 to be false or misleading in any material aspect.

12 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 it has procured undertakings from all its directors and executive officers in the format set out in Appendix 7H under Rule 720(1) of the Catalist Rules.

BY ORDER OF THE BOARD

MR ANDY LIM
CHAIRMAN AND EXECUTIVE DIRECTOR

MR NG YEAP CHONG
CHIEF EXECUTIVE OFFICER AND EXECUTIVE DIRECTOR

13 August 2021
Singapore