



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statements

For the First Quarter and Three Months Ended 30 June 2017

UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2017 (“1Q2017/18”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS QUARTERLY (Q1, Q2 & Q3), 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 %
	Quarter ended 30 June		
	2017	2016	
	US\$'000	US\$'000	
Revenue	41,222	63,660	(35.2)
Cost of sales	(30,548)	(47,774)	(36.1)
Gross Profit	10,674	15,886	(32.8)
Other income	773	257	200.8
Administrative expenses	(3,215)	(4,754)	(32.4)
Other operating expenses	(295)	(436)	(32.3)
Finance costs	(3,001)	(5,736)	(47.7)
Share of results of associate and joint ventures	4	820	(99.5)
Operating profit from ordinary activities	4,940	6,037	(18.2)
Exceptional item	-	(1,617)	nm
Profit before tax	4,940	4,420	11.8
Income tax expense	(232)	(427)	(45.7)
Profit for the period	4,708	3,993	17.9

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)

	Group		Change %
	Quarter ended 30 June		
	2017	2016	
	US\$'000	US\$'000	
Profit for the period attributable to :			
Owners of the Company	4,262	3,787	12.5
Non-controlling interests	446	206	116.5
Total	4,708	3,993	17.9
Other comprehensive income for the period, net of tax			
Exchange differences on translation of foreign operations	210	40	425.0
Cash flow hedges	-	681	nm
Total comprehensive income for the period	4,918	4,714	4.3
Total comprehensive income attributable to :			
Owners of the Company	4,472	4,508	(0.8)
Non-controlling interests	446	206	116.5
Total	4,918	4,714	4.3

- 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 profit for the period is determined after charging/(crediting) the following:

	Group	
	Quarter ended 30 June	
	2017	2016
	US\$'000	US\$'000
Depreciation of property, plant and equipment	3,908	5,869
Amortisation of intangible assets	-	269
Dividend income	-	(1,027)
Fair value change of derivative financial instrument	-	(295)
Finance costs	3,001	5,735
Foreign exchange gain, net	(9)	317
Other income	(534)	(545)
Gain on disposal of plant, property and equipment	(247)	(254)
Provision for employee benefits	124	65
Share-based payment expense	247	445
Impairment charge	-	1,617

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	
	30 Jun 2017 US\$'000	31 Mar 2017 US\$'000	30 Jun 2017 US\$'000	31 Mar 2017 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	8,315	45,568	320	455
Trade receivables	85,374	91,890	-	-
Other receivables	175,685	124,915	137,769	122,225
Inventories	1,546	1,669	-	-
Construction-work-in-progress	1,454	1,506	-	-
Available-for-sale-investments	31,729	31,729	-	-
Total current assets	304,103	297,277	138,089	122,680
Non-current assets				
Monies pledged with banks	699	699	-	-
Property, plant and equipment	368,666	372,233	101	107
Subsidiary corporations	-	-	105	105
Joint ventures	54,030	54,026	55,991	55,991
Associate	-	-	-	-
Derivative financial instrument	1,295	1,295	-	-
Total non-current assets	424,690	428,253	56,197	56,203
Total assets	728,793	725,530	194,286	178,883

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

	Group		Company	
	30 Jun 2017 US\$'000	31 Mar 2017 US\$'000	30 Jun 2017 US\$'000	31 Mar 2017 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Term loans	63,719	64,903	3,923	4,823
Trade payables	60,564	62,487	-	-
Other payables	137,296	136,922	155,474	139,497
Finance lease	132	186	-	-
Income tax payable	2,891	2,613	-	-
Total current liabilities	264,602	267,111	159,397	144,320
Non-current liabilities				
Term loans	274,333	275,726	-	-
Retirement benefit obligation	1,201	1,077	-	-
Deferred tax liabilities	3,853	4,010	-	-
Total non-current liabilities	279,387	280,813	-	-
Capital and reserves				
Share capital	206,176	203,918	206,176	203,918
Perpetual capital securities	22,500	22,500	22,500	22,500
Foreign currency translation reserve	(835)	(1,045)	-	-
Share options reserve	694	447	694	447
Other reserve	(27)	(27)	28	28
Shareholder's advance	102,087	102,087	102,087	102,087
Accumulated losses	(143,601)	(147,638)	(296,596)	(294,417)
Equity attributable to owners of the Company and capital securities holders	186,994	180,242	34,889	34,563
Non-controlling interests	(2,190)	(2,636)	-	-
Total equity	184,804	177,606	34,889	34,563
Total liabilities and equity	728,793	725,530	194,286	178,883

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

Amount repayable in one year or less, or on demand

Group As at 30 Jun 2017		Group As at 31 Mar 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
63,851	-	65,089	-

Amount repayable after one year

Group As at 30 Jun 2017		Group As at 31 Mar 2017	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
274,333	-	275,726	-

Details of any collateral

The Group's borrowings are secured by:

- (i) mortgage over all the Group's property, vessels, motor vehicles, equipment and a vessel held by a related company of a controlling shareholder;
- (ii) assignment of marine insurances in respect of some of the vessels mentioned above;
- (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 mentioned above; and
- (vi) shares of pledged subsidiaries incorporated in Singapore.

- 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

	Group	
	Quarter ended 30 June	
	2017 US\$'000	2016 US\$'000
Operating activities		
Profit before tax	4,940	4,420
Adjustments for :		
Depreciation of property, plant and equipment	3,908	5,869
Amortisation of intangible assets	-	269
Dividend income for available-for-sale investment	-	(1,027)
Gain on disposal of property, plant and equipment	(231)	(254)
Finance costs	3,001	5,735
Share-based payment expense	247	445
Provision for employee benefits	124	65
Impairment charge	-	1,617
Share of results of associate and joint ventures	(4)	(820)
Unrealised exchange loss	210	42
Fair value change of derivative financial instruments	-	295
Operating cash flows before working capital changes	12,195	16,656
Trade and other receivables	(12,874)	879
Trade and other payables	(2,943)	(53,474)
Inventories	123	(67)
Construction work-in-progress	52	(136)
Net cash used in operations	(3,447)	(36,142)
Income tax paid	-	(184)
Net cash used in operating activities	(3,447)	(36,326)
Investing activities		
Proceeds from redemption of preference shares	-	3,750
Acquisition of subsidiary corporations	-	7,274
Proceeds from disposal of asset previously held-for-sale	-	3,066
Proceeds from disposal of property, plant and equipment	247	-
Purchase of property, plant and equipment	-	(24,646)
Net cash from (used in) investing activities	247	(10,556)

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 (cont'd).

	Group	
	Quarter ended 30 June	
	2017 US\$'000	2016 US\$'000
Financing activities		
Dividend paid	-	(1,800)
Interest paid	(3,001)	(199)
Distribution paid	-	(316)
Proceeds from new loans raised	-	39,234
Net proceeds from shares issue (net of expenses)	-	(48)
Repayment of term loans	(2,577)	(23,822)
Advance to joint venture	(28,421)	-
Repayment of notes payable	-	(78,762)
Repayment of obligation under finance lease	(54)	3,701
Pledged deposits	-	201
Net cash used in financing activities	(34,053)	(61,811)
Net decrease in cash and cash equivalents	(37,253)	(108,693)
Cash and cash equivalents at beginning of period	45,568	116,881
Cash and cash equivalents at end of period	8,315	8,188

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	Share options reserve	Other reserve	Shareholder's advance	Accumulated losses	Perpetual capital securities	Equity attributable to owners of the Company and capital 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
Group										
At 1 April 2017	203,918	(1,045)	447	(27)	102,087	(147,638)	22,500	180,242	(2,636)	177,606
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	4,261	-	4,261	446	4,707
Other comprehensive income for the period	-	210	-	-	-	-	-	210	-	210
Total	-	210	-	-	-	4,261	-	4,471	446	4,917
Transactions with owners, recognized directly in equity										
Issue of shares, net of expenses	2,258	-	-	-	-	-	-	2,258	-	2,258
Forfeiture of performance shares award	-	-	(7)	-	-	-	-	(7)	-	(7)
Recognition of share-based payments	-	-	254	-	-	-	-	254	-	254
Distribution to perpetual capital securities holders	-	-	-	-	-	(224)	-	(224)	-	(224)
Total	2,258	-	247	-	-	(224)	-	2,281	-	2,281
At 30 June 2017	206,176	(835)	694	(27)	102,087	(143,601)	22,500	186,994	(2,190)	184,804

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

	Share capital	Foreign currency translation reserve	Hedging reserve	Share options reserve	Other reserve	Accumulated profits	Perpetual capital securities	Equity attributable to owners of the Company and capital 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
Group										
At 1 April 2016	187,518	(451)	(1,171)	2,933	(553)	26,946	22,500	237,722	29,906	267,628
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	3,787	-	3,787	206	3,993
Other comprehensive income for the period	-	40	682	-	-	-	-	722	-	722
Total	-	40	682	-	-	3,787	-	4,509	206	4,715
Transactions with owners, recognized directly in equity										
Deemed investment by a shareholder	-	-	-	-	-	-	-	-	-	-
Redemption of preference shares	-	-	-	-	-	-	-	-	-	-
Issue of shares, net of expenses	4,303	-	-	-	-	-	-	4,303	-	4,303
Performance shares awarded	-	-	-	(48)	-	-	-	(48)	-	(48)
Forfeiture of performance shares award	-	-	-	-	-	-	-	-	-	-
Recognition of share-based payments	-	-	-	445	-	-	-	445	-	445
Non-controlling interest arising from acquisition of subsidiaries	-	-	-	-	-	-	-	-	2,128	2,128
Dividends	-	-	-	-	-	(1,800)	-	(1,800)	-	(1,800)
Distribution paid	-	-	-	-	-	(314)	-	(314)	-	(314)
Total	4,303	-	-	397	-	(2,114)	-	2,586	2,128	4,714
At 30 June 2016	191,821	(411)	(489)	3,330	(553)	28,619	22,500	244,817	32,240	277,057

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

	Share capital	Hedging reserve	Share options reserve	Other reserve	Shareholder's advance	Accumulated losses	Perpetual capital securities	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Company								
At 1 April 2017	203,918	-	447	28	102,087	(294,417)	22,500	34,563
Total comprehensive income for the period								
Loss for the period	-	-	-	-	-	(1,955)	-	(1,955)
Total	-	-	-	-	-	(1,955)	-	(1,955)
Transactions with owners, recognized directly in equity								
Distribution to perpetual capital securities holders	-	-	-	-	-	(224)	-	(224)
Issuance of consideration shares, net of expenses	2,258	-	-	-	-	-	-	2,258
Recognition of share-based payments	-	-	247	-	-	-	-	247
Total	2,258	-	247	-	-	(224)	-	2,281
At 30 June 2017	206,176	-	694	28	102,087	(296,596)	22,500	34,889
At 1 April 2016	187,518	(1,171)	2,933	28	-	(20,282)	22,500	191,526
Total comprehensive income for the period								
Loss for the period	-	-	-	-	-	(2,817)	-	(2,817)
Other comprehensive income for the period	-	682	-	-	-	-	-	682
Total	-	682	-	-	-	(2,817)	-	(2,135)
Transactions with owners, recognized directly in equity								
Performance shares awarded	-	-	(48)	-	-	-	-	(48)
Forfeiture of performance shares awarded	-	-	-	-	-	-	-	-
Issue of shares, net of expenses	4,303	-	-	-	-	-	-	4,303
Recognition of share-based payments	-	-	445	-	-	-	-	445
Deemed investment by a shareholder	-	-	-	-	-	-	-	-
Dividend	-	-	-	-	-	(1,800)	-	(1,800)
Distribution paid	-	-	-	-	-	(314)	-	(314)
Total	4,303	-	397	-	-	(2,114)	-	2,586
At 30 June 2016	191,821	(489)	3,330	28	-	(25,213)	22,500	191,977

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.

(a) Performance Share Plan

On 14 November 2016, the Company granted 75,000,000 Awards pursuant to the PSP. The Awards will be vested on 13 November 2017.

Date of grant	As at 1 April 2017	Granted	Vested	Cancelled	As at 30 June 2017
14 November 2016	75,000,000	-	-	(1,000,000)	74,000,000

(b) Employee Share Options

On 14 May 2013, the Company granted 9,000,000 share options pursuant to the Vallianz Employee Share Option Scheme ("ESOS"). The share option is valid for a period of five (5) years commencing from the date of grant and exercisable after the first anniversary of the date of grant.

Date of grant	As at 1 April 2017	Granted	Cancelled	As at 30 June 2017
14 May 2013	4,000,000	-	-	4,000,000

(c) Total number of shares that may be issued as at 30 June 2017

Corporate Action	No. of Shares
Grant of share awards under PSP	74,000,000
Grant of share options under ESOS	4,000,000
	78,000,000

(d) Subscriptions of new ordinary shares

Subsequent to the end of this reporting period, the Company has, on 5 July 2017, completed the listing and quotation of 156,261,000 new ordinary shares issued to certain trade creditors for consideration of approximately S\$3.1million. The effects of this placement to trade creditors have been incorporated in the financial results.

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>30 June 2017</u>	<u>31 March 2017</u>
	No. of shares ('000)	No. of shares ('000)
The number of issued shares	<u>4,479,061</u> ^(*)	<u>4,322,800</u>

^(*): This includes 156,261,000 new ordinary shares as described in Section 1d(ii)(d) above.

There were no treasury shares as at 30 June 2017 and 31 March 2017.

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.

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 period as those applied in the audited financial statements for the period ended 31 March 2017.

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 new or revised Financial Reporting Standard ("FRS") and the interpretation of FRS ("IFRS") that become effective for the entities with their financial periods commencing 1 April 2017. The adoption of the new and revised FRS and IFRS has no material impact on the unaudited financial statements for the first quarter ended 30 June 2017.

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.**

	Group	
	2017	2016
Earnings (US\$'000)		
Net profit after tax attributable to owners of the Company	4,262	3,787
Number of shares ('000)		
Weighted average number of shares for basic earnings per share	4,329,669	3,534,292
Effects of dilution ⁽¹⁾	7,180,239	52,322
Weighted average number of shares for diluted earnings per share	11,509,908	3,586,614
Earnings per share (US cents)		
Basic	0.10	0.11
Diluted	0.04	0.11

⁽¹⁾: This represents the effects of dilution resulted from the conversion of shareholder's advance into new ordinary shares and share awards that will be vested in November 2017.

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.

	Group		Company	
	30 Jun 2017	31 Mar 2017	30 Jun 2017	31 Mar 2017
Net asset value (US\$'000)	186,994	180,242	34,889	34,563
Total number of shares issued ('000)	4,479,061	4,322,800	4,479,061	4,322,800
Net asset value per share (US cents)	4.17	4.17	0.78	0.80

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.**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

(a) Revenue, costs of sales and gross profit

The Group registered revenue of approximately US\$41.22 million for the three (3) months ended 30 June 2017 ("1Q2017/18"), representing a decline of 35.2% or US\$22.44 million when compared to the three (3) months ended 30 June 2016 ("1Q2016/17"). This was due mainly to the completion of various one-time vessel management projects in the second half of 2016 negated by the effect from the commencement of new contracts with a key customer in 1Q2017/18.

The Group's core chartering & brokerage services accounted for 94% of Group revenue in 1Q2017/18 compared to 68% in 1Q2016/17. While the Group experienced lower utilisation for certain vessels, this was mitigated by the ongoing long-term charters in the Middle East as well as the commencement of new contracts with a key customer in the Middle East during 1Q2017/18.

Cost of sales for 1Q2017/18 declined 36.1% to US\$30.55 million when compared to 1Q2016/17. The Group's gross profit margin in 1Q2017/18 held steady at 25.9% compared to 25.0% in 1Q2016/17 despite lower revenue. This was attributed mainly to the decline in revenue contribution from vessel management services which have historically commanded lower gross profit margin, as well as a reduction in depreciation expenses following the write-downs at the end of FY2017.

(b) Administrative expenses

Administrative expenses comprise largely of staff and travel related expenses. Administrative expenses decreased by 32.4% or US\$1.54 million to US\$3.22 million in 1Q2017/18 when compared to 1Q2016/17. This decline was largely attributed to the Group's concerted efforts to optimise its cost structure since late 2015 and downsizing certain of its non-core business operations in 2016.

(c) Finance costs

Finance costs for the Group decreased by US\$2.74 million to US\$3.00 million in 1Q2017/18 from US\$5.74 million in the 1Q2016/17. This significant savings in finance costs was attributed to the full redemption of Notes Payable of S\$100.00 million in April 2016 and S\$60.00 million in November 2016.

(d) Operating profit from ordinary activities before share of results of associate and joint ventures

The Group recorded operating profit from ordinary activities of around US\$4.94 million in 1Q2017/18, compared to US\$5.22 million in 1Q2016/17. The decline in operating profit was offset by reductions in administrative expenses and finance costs.

(e) Share of results of associate and joint ventures

The Group recorded a profit of US\$4,000 from share of results of associate and joint ventures in 1Q2017/18 opposed to a profit of US\$0.82 million in 1Q2016/17.

(f) Net profit

The Group posted a net profit of US\$4.71 million in 1Q2017/18, which represents an increase from US\$3.99 million in 1Q2016/17. This was due mainly to an absence of an impairment charge of US\$1.62 million that was recorded in 1Q2016/17.

Based on the weighted average number of shares, the Group recorded earnings per share of 0.10 US cents for 1Q2017/18 and 0.11 US cents for 1Q2016/17.

Statements of Financial Position

(g) Trade and other receivables

Trade and other receivables increased from US\$216.81 million as at 31 March 2017 to US\$261.06 million as at 30 June 2017. This was mainly due to an increase in advance of US\$28.42 million made to a joint venture and in prepayments made to certain vendors during 1Q2017/18.

8. Review of Group Performance (Cont'd)

(h) Available-for-sale investments

As at 30 June 2017, there has been no redemption by the issuer of the unquoted preference shares. Accordingly, the balance remained the same when compared to 31 March 2017. The classification under current asset since 31 March 2017 represents the intention of management to dispose these preference shares when appropriate.

(i) Property, plant and equipment

Property, plant and equipment decreased from US\$372.23 million as at 31 March 2017 to US\$368.67 million as at 30 June 2017 mainly due to depreciation expenses.

(j) Joint ventures

The change of approximately US\$4,000 in the carrying value of the joint ventures is attributed from the recognition of the Group's share of results in the joint ventures for 1Q2017/18.

(k) Associate

As at 31 March 2017, the Group fully impaired the carrying amount of its investment in associate to US\$Nil.

(l) Total current and non-current borrowings

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

	30 June 2017			31 March 2017		
	Current US\$'000	Non-current US\$'000	Total US\$'000	Current US\$'000	Non-current US\$'000	Total US\$'000
Term Loans	63,719	274,333	338,052	64,903	275,726	340,629
Finance Lease	132	-	132	186	-	186
	<u>63,851</u>	<u>274,333</u>	<u>338,184</u>	<u>65,089</u>	<u>275,726</u>	<u>340,815</u>

Total current and non-current term borrowings, which comprised largely of bank borrowings for vessels, reduced from US\$340.82 million as at 31 March 2017 to US\$338.18 million as at 30 June 2017.

(m) Trade and other payables

The Group's trade and other payables decreased by approximately US\$1.55 million from US\$199.41 million as at 31 March 2017 to US\$197.86 million as at 30 June 2017. The decline mainly resulted from the settlement of amounts owing to certain third party creditors through the issue of new ordinary shares in the Company.

Consolidated Statement of Cash Flows

Cash and cash equivalents decreased from US\$45.57 million as at 31 March 2017 to US\$8.32 million as at 30 June 2017.

(n) Cash flow from operating activities

The Group used approximately US\$3.45 million in its operating activities in 1Q2017/18 as compared to US\$36.33 million used in 1Q2016/17.

(o) Cash flow from investing activities

Net cash generated from investing activities of US\$0.25 million in 1Q2017/18 arose from proceeds received from the sale of property, plant and equipment in the current financial period.

(p) Cash flow used in financing activities

Net cash used in financing activities in 1Q2017/18 amounted to US\$34.05 million. The significant cash outflow was attributed by an advance to a joint venture of US\$28.42 million and the repayment of loan principal and interest of approximately US\$5.58 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.

The offshore support vessel (“OSV”) sector continues to face challenges as it remains mired in a situation of excess capacity against lower global demand. This has led to intense competition which exerted significant pressure on vessel utilisation rates and charter rates.

Despite the harsh market conditions, the Group registered higher revenue in the quarter ended 30 June 2017 compared to the preceding quarter ended 31 March 2017, attributed mainly to the commencement of new vessel charter contracts in the Middle East.

The Group’s core vessel chartering business is driven mainly by the long-term charter contracts that it has secured in the Middle East region. This business model has allowed the Group to endure the oil and gas downturn, and continue delivering operating profits. The Group’s chartering services order book remained robust, with a total value of approximately US\$990 million as at 30 June 2017. This order book comprises mainly long term charter contracts that stretch up to 2025, including 2-year extension options.

Following the series of cost rationalisation, operations streamlining and restructuring activities, as well as an asset write-down exercise undertaken in the last financial year, the Group believes it is better positioned to deal with current market challenges and focus on building the Group’s future.

In partnership with its strategic shareholder and partner Rawabi Holding, the Group will continue to build on its strengths to solidify existing customer relationships and increase penetration in target markets in the Middle East and other regions.

The Group has a superior market position in Middle East as it ranks as the second largest OSV player in that region. The Group will work closely with a key National Oil Company customer who continues to actively invest in offshore oil production and exploration of natural gas. The Group has also made headway in its strategy to penetrate new target markets with the start of new vessel charters in Egypt and Turkmenistan in May 2017.

As part its ongoing strategies, the Group will continue to raise its operational capabilities and service quality, while expanding and differentiating its fleet as appropriate to meet customers’ requirements. The Group will also focus on ensuring cost and operational efficiencies.

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.

No dividend has been declared or recommended for the current financial period reported on.

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 first quarter ended 30 June 2017 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and 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)
Chartering services provided by the Group		
Swiber and its subsidiaries	Nil	US\$8,008,000
Ship management services provided by the Group		
Swiber and its subsidiaries	Nil	US\$1,195,861
Shipyards, Engineering, Fabrication Services and Facilities services provided by the Group		
Swiber and its subsidiaries	Nil	US\$247,407
Corporate services provided to the Group		
Rawabi Holding Company Limited	Nil	US\$44,960

14. Statement by Directors pursuant to Rule 705(5) of the Listing Manual

On behalf of the Board of Directors of the Company, we confirm that, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the first quarter financial results for the period ended 30 June 2017 to be false or misleading in any material aspect.

15. 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

Ling Yong Wah
Director
Chief Executive Officer

Bote De Vries
Director
Non-Executive Independent Director

BY ORDER OF THE BOARD

Lee Bee Fong
Company Secretary
14 August 2017

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Provenance Capital Pte. Ltd. ("Sponsor"), for compliance with the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual Section B: Rules of Catalyst. The Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the SGX-ST. The Sponsor and the SGX-ST assume no responsibility for the contents of this announcement, including the accuracy, completeness or correctness of any of the information, statements or opinions made or reports contained in this announcement.

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