



**VALLIANZ HOLDINGS LIMITED**

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**Unaudited Financial Statements**

**For the Financial Year Ended 31 March 2018**

**UNAUDITED FINANCIAL STATEMENT FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2018 (“FY2018”)**

**PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS QUARTERLY (Q1, Q2, Q3 & Q4), 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**

	<b>Group</b>		Change %
	<b>12 months ended 31 March 2018 “12MFY2018” US\$’000</b>	15 months ended 31 March 2018 “15MFY2017” US\$’000	
<b>Revenue</b>	<b>184,337</b>	247,828	(25.6)
Cost of sales	<b>(140,020)</b>	(185,369)	(24.5)
<b>Gross Profit</b>	<b>44,317</b>	62,459	(29.0)
Other income	<b>7,872</b>	7,500	5.0
Administrative expenses	<b>(14,134)</b>	(19,237)	(26.5)
Other operating expenses	<b>(2,188)</b>	(4,531)	(51.7)
Finance costs	<b>(13,974)</b>	(23,093)	(39.5)
Share of results of associate and joint ventures	<b>(1,235)</b>	(3,390)	(63.6)
<b>Operating profit from ordinary activities</b>	<b>20,658</b>	19,708	4.8
Exceptional Items	<b>(5,934)</b>	(214,554)	(97.2)
<b>Profit (Loss) before tax</b>	<b>14,724</b>	(194,846)	Nm
Income tax	<b>(3,183)</b>	2,313	nm
<b>Profit (Loss) for the year</b>	<b>11,541</b>	(192,533)	nm

**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 %
	12MFY2018 US\$'000	15MFY2017 US\$'000	
<b>Profit (Loss) for the year attributable to:</b>			
Owners of the Company	16,665	(158,247)	nm
Non-controlling interests	(5,124)	(34,286)	(85.1)
Total	<u>11,541</u>	<u>(192,533)</u>	nm
<b>Other comprehensive income (loss) for the year, net of tax</b>			
Exchange differences on translation of foreign operations	1,019	395	158.0
Actuarial loss on post-employment benefit obligation	(85)	-	nm
Cash flow hedges	-	1,945	nm
<b>Total comprehensive income (loss) for the year</b>	<u>12,475</u>	<u>(190,193)</u>	nm
<b>Total comprehensive income (loss) attributable to</b>			
Owners of the Company	17,599	(155,907)	nm
Non-controlling interests	(5,124)	(34,286)	(85.1)
Total	<u>12,475</u>	<u>(190,193)</u>	nm

**Note:** nm – Not Meaningful

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

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

	<b>Group</b>	
	<b>12MFY2018</b>	<b>15MFY2017</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Asset written off	4	-
Allowance for doubtful receivables	977	7,604
Depreciation of property, plant and equipment	14,243	26,220
Amortisation of intangible assets	-	538
Bad debt written off	5,934	-
Dividend income for available-for-sale investments	-	(3,206)
Finance costs	13,974	23,093
Foreign exchange (gain)/loss, net	(682)	2,757
(Gain)/loss on disposal of property, plant and equipment	(5,773)	1,768
Loss on disposal of asset previously held for sale	-	6
Fair value change of derivative financial instruments	-	(1,000)
Share-based payment expense	1,300	1,303
Forfeiture of performance shares award	(84)	(1,496)
Impairment of available-for-sale investments	-	45,559
Impairment of property, plant and equipment	1,200	131,334
Impairment on goodwill	-	9,171
Impairment of intangible assets	-	1,617
Impairment of investment in joint venture and associate	-	19,269
Write off of investment	1	-

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

### Statements of Financial Position

	Group		Company	
	31 March 2018 US\$'000	31 March 2017 US\$'000	31 March 2018 US\$'000	31 March 2017 US\$'000
<b><u>ASSETS</u></b>				
<b>Current assets</b>				
Cash and cash equivalents	7,569	45,568	162	455
Trade receivables	33,959	91,890	2	-
Other receivables	174,862	124,915	142,832	122,225
Inventories	2,936	1,669	-	-
Construction work-in-progress	252	1,506	-	-
Available-for-sale investments	31,729	31,729	-	-
<b>Total current assets</b>	<b>251,307</b>	<b>297,277</b>	<b>142,996</b>	<b>122,680</b>
<b>Non-current assets</b>				
Monies pledged with banks	699	699	-	-
Property, plant and equipment	272,218	372,233	84	107
Subsidiary corporations	-	-	154	105
Joint ventures	65,330	54,026	68,530	55,991
Derivative financial instrument	1,340	1,295	-	-
<b>Total non-current assets</b>	<b>339,587</b>	<b>428,253</b>	<b>68,768</b>	<b>56,203</b>
<b>Total assets</b>	<b>590,894</b>	<b>725,530</b>	<b>211,764</b>	<b>178,883</b>

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

	Group		Company	
	31 March 2018 US\$'000	31 March 2017 US\$'000	31 March 2018 US\$'000	31 March 2017 US\$'000
<b><u>LIABILITIES AND EQUITY</u></b>				
<b>Current liabilities</b>				
Term loans	91,056	64,903	1,933	4,823
Trade payables	33,037	62,487	25	-
Other payables	65,156	136,922	141,475	139,497
Finance lease payables	5	186	-	-
Income tax payable	4,435	2,613	-	-
Total current liabilities	193,689	267,111	143,433	144,320
<b>Non-current liabilities</b>				
Term loans	155,142	275,726	-	-
Retirement benefit obligation	1,717	1,077	-	-
Finance lease payables	6	-	-	-
Deferred tax liabilities	4,652	4,010	-	-
Total non-current liabilities	161,517	280,813	-	-
<b>Capital and reserves</b>				
Share capital	344,866	203,918	344,866	203,918
Perpetual capital securities	22,500	22,500	22,500	22,500
Foreign currency translation reserve	(26)	(1,045)	-	-
Share options reserve	405	447	405	447
Other reserve	(112)	(27)	28	28
Shareholder's advance	6,788	102,087	-	102,087
Accumulated losses	(130,973)	(147,638)	(299,468)	(294,417)
Equity attributable to owners of the Company and capital securities holders	243,448	180,242	68,331	34,563
Non-controlling interests	(7,760)	(2,636)	-	-
Total equity	235,688	177,606	68,331	34,563
<b>Total liabilities and equity</b>	590,894	725,530	211,764	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		Group	
As at 31 March 2018		As at 31 March 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
91,061	-	65,089	-

**Amount repayable after one year**

Group		Group	
As at 31 March 2018		As at 31 March 2017	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
155,148	-	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 major shareholder;
- (ii) assignment of marine insurances in respect of some of the vessels;
- (iii) unquoted cumulative preference shares held by the Group;
- (iv) monies pledged;
- (v) assignment of earnings/charter proceeds in respect of some of the vessels;
- (vi) corporate guarantees from the Company and a major shareholder of the Group; and
- (vii) shares of pledged subsidiaries.

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

**Consolidated Statement of Cash Flows**

	Group	
	12MFY2018 US\$'000	15MFY2017 US\$'000
<b>Operating activities</b>		
Profit(Loss) before tax	14,724	(194,846)
Adjustments for :		
Allowance for doubtful receivables – net	977	7,604
Bad debts written off	5,934	-
Depreciation of property, plant and equipment	14,243	26,220
Dividend income for available-for-sale investments	-	(3,206)
Amortisation of intangible assets	-	538
Provision for retirement benefit obligation	555	217
Finance costs	13,974	23,093
Write off of investment	1	-
(Gain) Loss on disposal of property, plant and equipment	(5,773)	1,768
Assets written off	4	-
Unrealised foreign exchange loss	1,019	404
Share-based payment expense	1,300	1,303
Share of results of associate and joint ventures	1,235	3,390
Impairment of available-for-sale investments	-	45,559
Fair value change of derivative financial instruments	(45)	(1,000)
Forfeiture of performance shares award	(84)	(1,496)
Impairment of property, plant and equipment	1,200	131,334
Impairment on goodwill	-	9,171
Impairment of intangible assets	-	1,617
Impairment of investment in joint venture and associate	-	19,269
Operating cash flows before working capital changes	49,264	70,939
Trade and other receivables	(30,733)	26,664
Trade and other payables	(18,774)	(77,348)
Inventories	(1,267)	(600)
Construction work-in-progress	1,254	(1,042)
<b>Cash (used in) from operations</b>	(256)	18,613
Income tax paid	(719)	(1,812)
<b>Net cash (used in) from operating activities</b>	(975)	16,801
<b>Investing activities</b>		
Dividends received	-	1,182
Investment in joint venture	(4,000)	-
Purchase of property, plant and equipment	(3,450)	(27,129)
Proceeds from disposal of property, plant and equipment	76,713	5,275
Proceeds from redemption of preference shares	-	13,000
Acquisition of subsidiary corporations and associate	-	7,274
Proceeds from disposal of asset previously held-for-sale	-	16,759
<b>Net cash from investing activities</b>	69,263	16,361



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

	Group	
	12MFY2018 US\$'000	15MFY2017 US\$'000
<b>Financing activities</b>		
Interest paid	(11,341)	(19,115)
Pledged deposits	-	201
Dividends paid	-	(1,800)
Distribution paid	-	(1,124)
Proceeds from new bank loans raised	28,000	99,238
Advance (to) from joint venture	(6,291)	48,955
Proceeds from placement shares issued	-	4,929
Proceeds from Rights Issue, net of expenses	5,951	-
Advances from shareholders	-	102,087
Redemption of notes payable	-	(122,329)
Repayment of term loans	(122,431)	(129,072)
Repayment of obligation under finance lease	(175)	(1,464)
Redemption of preference shares by a subsidiary corporation	-	(10,000)
<b>Net cash used in financing activities</b>	<b>(106,287)</b>	<b>(29,494)</b>
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>(37,999)</b>	<b>3,668</b>
<b>Effects of exchange rate changes on the cash balance</b>	<b>-</b>	<b>(1)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>45,568</b>	<b>41,901</b>
<b>Cash and cash equivalents at end of year</b>	<b>7,569</b>	<b>45,568</b>

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

**Statements of Changes in Equity**

	Share capital	Foreign currency translation reserve	Share options reserve	Other reserve	Shareholder's Advance	Accumulated losses	Equity attributable to owners of the company	Perpetual capital securities	Equity attributable to owners of the Company and securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>											
At 1 April 2017	203,918	(1,045)	447	(27)	102,087	(147,638)	157,742	22,500	180,242	(2,636)	177,606
<b>Total comprehensive income for the year</b>											
Profit for the year	-	-	-	-	-	16,665	16,665	-	16,665	(5,124)	11,541
Other comprehensive income for the year	-	1,019	-	(85)	-	-	934	-	934	-	934
Total	-	1,019	-	(85)	-	16,665	17,599	-	17,599	(5,124)	12,475
<b>Transactions with owners, recognised directly in equity</b>											
Issue of vendor settlement shares	2,258	-	-	-	-	-	2,258	-	2,258	-	2,258
Issue of rights share	51,468	-	-	-	(35,100)	-	16,368	-	16,368	-	16,368
Issue of warrant share	85,964	-	-	-	(66,987)	-	18,977	-	18,977	-	18,977
Performance shares awarded	1,258	-	(1,258)	-	-	-	-	-	-	-	-
Forfeiture of performance shares award	-	-	(84)	-	-	-	(84)	-	(84)	-	(84)
Recognition of share-based payments	-	-	1,300	-	-	-	1,300	-	1,300	-	1,300
Deemed investment by a shareholder	-	-	-	-	6,788	-	6,788	-	6,788	-	6,788
Total	140,948	-	(42)	-	(95,299)	-	45,607	-	45,607	-	45,607
<b>At 31 March 2018</b>	<b>344,866</b>	<b>(26)</b>	<b>405</b>	<b>(112)</b>	<b>6,788</b>	<b>(130,973)</b>	<b>220,948</b>	<b>22,500</b>	<b>243,448</b>	<b>(7,760)</b>	<b>235,688</b>

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

Group	Share capital	Foreign currency translation reserve	Hedging reserve	Share options reserve	Other reserve	Shareholder's advance	Accumulated (losses) profits	Perpetual capital securities	Equity attributable to owners of the Company and perpetual capital securities holders	Preference shares issued to a non-controlling interest	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	US\$'000	US\$'000
At 1 January 2016	185,338	(1,440)	(1,945)	2,487	(27)	-	22,059	22,500	228,972	9,474	29,551	267,997
<b>Total comprehensive income for the period</b>												
Loss for the year	-	-	-	-	-	-	(158,247)	-	(158,247)	-	(34,286)	(192,533)
Other comprehensive income for the year	-	395	1,945	-	-	-	-	-	2,340	-	-	2,340
Total	-	395	1,945	-	-	-	(158,247)	-	(155,907)	-	(34,286)	(190,193)
<b>Transactions with owners, recognised directly in equity</b>												
Deemed investment by a shareholder	-	-	-	-	-	102,087	-	-	102,087	-	-	102,087
Redemption of preference shares, issued by a subsidiary corporation	-	-	-	-	-	-	(526)	-	(526)	(9,474)	-	(10,000)
Issuance of shares, net of transactions costs	16,733	-	-	-	-	-	-	-	16,733	-	-	16,733
Performance shares awarded	1,847	-	-	(1,847)	-	-	-	-	-	-	-	-
Forfeiture of performance shares awards	-	-	-	(1,496)	-	-	-	-	(1,496)	-	-	(1,496)
Recognition of share-based payments	-	-	-	1,303	-	-	-	-	1,303	-	-	1,303
Non-controlling interest arising from acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	2,099	2,099
Dividends	-	-	-	-	-	-	(9,800)	-	(9,800)	-	-	(9,800)
Distribution paid to perpetual capital securities holders	-	-	-	-	-	-	(1,124)	-	(1,124)	-	-	(1,124)
Total	18,580	-	-	(2,040)	-	102,087	(11,450)	-	107,177	(9,474)	2,099	99,802
<b>At 31 March 2017</b>	<b>203,918</b>	<b>(1,045)</b>	<b>-</b>	<b>447</b>	<b>(27)</b>	<b>102,087</b>	<b>(147,638)</b>	<b>22,500</b>	<b>180,242</b>	<b>-</b>	<b>(2,636)</b>	<b>177,606</b>

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

	Share capital	Share options reserve	Other reserve	Shareholder's Advance	Perpetual capital securities	Accumulated losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>							
At 1 April 2017	203,918	447	28	102,087	22,500	(294,417)	34,563
<b>Total comprehensive income for the year</b>							
Loss for the year	-	-	-	-	-	(5,051)	(5,051)
Total	-	-	-	-	-	(5,051)	(5,051)
<b>Transactions with owners, recognised directly in equity</b>							
Issue of vendor settlement shares	2,258	-	-	-	-	-	2,258
Issue of rights share	51,468	-	-	(35,100)	-	-	16,368
Issue of warrant share	85,964	-	-	(66,987)	-	-	18,977
Deemed investment by shareholder	-	-	-	-	-	-	-
Recognition of share-based payments	-	1,300	-	-	-	-	1,300
Performance shares awarded	1,258	(1,258)	-	-	-	-	-
Forfeiture of performance shares award	-	(84)	-	-	-	-	(84)
Total	140,948	(42)	-	(102,087)	-	-	38,819
<b>At 31 March 2018</b>	<b>344,866</b>	<b>405</b>	<b>28</b>	<b>-</b>	<b>22,500</b>	<b>(299,468)</b>	<b>68,331</b>

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

	Share capital	Hedging reserve	Share options reserve	Other reserve	Shareholder's Advance	Perpetual capital securities	Accumulated losses	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Company</b>								
At 1 January 2016	185,338	(1,945)	2,487	28	-	22,500	(17,066)	191,342
<b>Total comprehensive income for the year</b>								
Loss for the year	-	-	-	-	-	-	(274,427)	(274,427)
Other comprehensive income for the year	-	1,945	-	-	-	-	-	1,945
Total	-	1,945	-	-	-	-	(274,427)	(272,482)
<b>Transactions with owners, recognised directly in equity</b>								
Performance shares awarded	1,847	-	(1,847)	-	-	-	-	-
Forfeiture of performance shares awarded	-	-	(1,496)	-	-	-	-	(1,496)
Issuance of shares, net of transaction costs	16,733	-	-	-	-	-	-	16,733
Recognition of share-based payments	-	-	1,303	-	-	-	-	1,303
Deemed investment by a shareholder	-	-	-	-	102,087	-	-	102,087
Dividends	-	-	-	-	-	-	(1,800)	(1,800)
Distribution paid to perpetual capital securities holder	-	-	-	-	-	-	(1,124)	(1,124)
Total	18,580	-	(2,040)	-	102,087	-	(2,924)	115,703
<b>At 31 March 2017</b>	<b>203,918</b>	<b>-</b>	<b>447</b>	<b>28</b>	<b>102,087</b>	<b>22,500</b>	<b>(294,417)</b>	<b>34,563</b>

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

**Changes in share capital during the financial period**

	<b>3 months ended 31 March 2018</b>	<b>3 months ended 31 March 2017</b>
	<b>No. of shares ( '000 )</b>	<b>No. of shares ( '000 )</b>
As at beginning of the period	9,027,123	3,592,211
Issuance of new ordinary shares pursuant to:		
- Placement	-	350,000
- Vendors Placement	-	380,589
- Warrants Exercised	7,456,321	-
- Performance Share Plan	35,667	-
As at the end of the period	16,519,111	4,322,800

**(a) Placement and Vendors Placement**

Respectively on 3 February 2017 and 7 March 2017, the Company completed issuance of 350,000,000 and 380,589,000 new ordinary shares to certain third parties and trade creditors for consideration of S\$7.0 million and S\$7.6 million respectively.

**(b) Warrants**

Pursuant to the renounceable non-underwritten rights cum warrants issue which was completed by the Company on 29 December 2017, 8,958,122,770 Warrants were allotted with an exercise price of S\$0.016 expiring on the second (2nd) anniversary of the date of issue of the Warrants.

Since 1 January 2018 to 31 March 2018, 7,456,321,472 Warrants were exercised and 1,501,801,298 Warrants remain outstanding.

**(c) Performance Share Plan ("PSP")**

On 25 August 2017, the Company granted 110,000,000 Awards pursuant to the PSP, of which one third of the Awards shall be vested on 1 January 2018, 30 June 2018 and 31 December 2018 respectively. On 2 January 2018, 35,666,675 Awards have been vested.

Date of grant	As at 1 January 2018	Granted	Vested	Cancelled	As at 31 March 2018
25 August 2017	107,000,000	-	(35,666,675)	(3,333,333)	67,999,992

**(d) 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 January 2018	Granted	Cancelled	As at 31 March 2018
14 May 2013	4,000,000	-	-	4,000,000

**(e) Total number of shares that may be issued as at 31 March 2018**

Corporate Action	No. of Shares
Warrants allotted pursuant to Rights cum Warrants Issue	1,501,801,298
Grant of share award under PSP	67,999,992
Grant of share options under ESOS	4,000,000
	<u>1,573,801,290</u>

- 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.

	31 March 2018 No. of shares (‘000)	31 March 2017 No. of shares (‘000)
The number of issued shares	<u>16,519,111</u>	<u>4,322,800</u>

There were no treasury shares as at 31 March 2018 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 year as those applied in the audited financial statements for the financial year 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 became 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 fourth quarter and twelve (12) months ended 31 March 2018.

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	
	FY2018	FY2017
<b>Earnings (US\$’000)</b>		
Net profit after tax attributable to owners of the Company	16,665	(158,247)
<b>Number of shares (‘000)</b>		
Weighted average number of shares for basic earnings per share	7,197,960	3,613,478
Effects of dilution <sup>(1)</sup>	1,546,565	7,162,905
Weighted average number of shares for diluted earnings per share	<u>8,744,525</u>	<u>10,776,383</u>
<b>Earnings per share (US cents)</b>		
Basic	0.23	(4.38)
Diluted	0.19	(1.47)

<sup>(1)</sup>: This represents the potential effect of dilution from the exercise of all outstanding warrants pursuant to the Rights cum Warrants Issue, the exercise of all outstanding share options granted under the ESOS and the issue of new ordinary shares from the vesting of PSPs as described in 1(d)(ii) above.

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	
	31 March 2018	31 March 2017	31 March 2018	31 March 2017
Net asset value (US\$'000)	243,448	180,242	68,331	34,563
Total number of shares issued ('000)	16,519,111	4,322,800	16,519,111	4,322,800
Net asset value per share (US cents)	1.47	4.17	0.41	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.**

**Review of Group Performance**

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

**(a) Revenue, cost of sales and gross profit**

The Group registered revenue of approximately US\$184.34 million for the financial year ended 31 March 2018 ("12MFY2018") which represents a decline of 25.6% or approximately US\$63.49 million from US\$247.83 million for the 15 months ended 31 March 2017 ("15MFY2017"). The decline was attributed mainly to a regular 12 months financial year in 12MFY2018 compared to 15 months in 15MFY2017 and lower utilization for certain vessels. This was partially offset by the commencement of new charter contracts during 12MFY2018.

For 12MFY2018, the Group's core chartering and brokerage services accounted for 83% of revenue, similar to the revenue contribution of 84% in 15MFY2017. Chartering and brokerage revenue for 12MFY2018 softened to US\$152.62 million from US\$207.45 million in 15MFY2017. The decrease was attributed mainly to a regular 12 months financial year in 12MFY2018 compared to 15 months in 15MFY2017 as well as lower utilisation for certain vessels in Asia. This was however mitigated by the Group's 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 12MFY2018.

Gross profit in 12MFY2018 decreased 29.0% to US\$44.32 million from US\$62.46 million in 15MFY2017 in line with lower revenue. Gross profit margin eased slightly to 24.0% in FY2018 from 25.2% previously due to the difference in revenue composition of the chartering and brokerage business, and one-off mobilisation cost to deliver new vessels for the chartering contracts in Middle East.

**(b) Other operating income**

The Group recorded other operating income of US\$7.87 million in 12MFY2018 compared to US\$7.50 million in 15MFY2017. Other operating income in 12MFY2018 consisted mainly of gain on disposal of plant property and equipment of US\$5.77 million, insurance claim of approximately US\$0.78 million and foreign exchange gain of US\$0.68 million.

**(c) Administrative expenses**

Administrative expenses, which comprise largely personnel and travel related expenses, decreased 26.5% or US\$5.10 million to US\$14.13 million in 12MFY2018 when compared to 15MFY2017. The reduction was attributed mainly to a regular 12 months financial year in 12MFY2018 compared to 15 months in 15MFY2017, lower professional fees and the on-going measures implemented by the Group to optimise its cost structure.



**(d) Other operating expenses**

Other operating expenses in 12MFY2018 decreased by 51.7% to US\$2.19 million from US\$4.53 million in 15MFY2017. The other operating expenses in 12MFY2018 were attributed mainly to allowance for doubtful receivables of US\$0.98 million and provision or impairment on property, plant and equipment of US\$1.2 million.

**(e) Finance costs**

Finance costs decreased 39.5% or US\$9.12 million to US\$13.97 million in 12MFY2018 from US\$23.09 million in 15MFY2017. The decline in finance costs was due mainly to the full redemption of Notes Payables on 22 November 2016 and a regular 12 months financial year in 12MFY2018 compared to 15 months in 15MFY2017. This was partially offset by higher cost of borrowing in tandem with the rise in LIBOR rate.

**(f) Share of results of associate and joint venture**

The Group registered a loss of US\$1.24 million from its share of results of associate and joint ventures in 12MFY2018. This arose mainly from a recognition of deferred tax expense by Rawabi Vallianz International Company Limited, the Group's 50%-owned joint venture company in the Middle East. In 15MFY2017, the Group recorded a share of loss of associate and joint ventures of US\$3.39 million which was attributed mainly to its 49%-owned associate company in Indonesia, PT Vallianz Offshore Maritime.

**(g) Operating profit from ordinary activities before exceptional items**

The Group recorded an increase of 4.8% in operating profit from ordinary activities before exceptional items to US\$20.66 million in 12MFY2018 from US\$19.71 million in 15MFY2017 despite a regular 12 months financial year in 12MFY2018 compared to 15 months in 15MFY2017. The improvement was attributed mainly to the absence of a share of loss of associate, reduced finance costs and lower operating expenses as a result of the Group's continuing efforts to streamline its operations and optimise its cost structure.

**(h) Exceptional Items**

The Group recorded an exceptional expense of US\$5.93 million in 12MFY2018, due to a bad debt written-off under its 49%-owned subsidiary in Mexico, Vallianz Marine Mexico S.A De C.V for receivables that was long overdue. The exceptional items of US\$214.55 million recorded in 15MFY2017 was related to various impairments as a result of the slowdown in the offshore and marine market and rightsizing initiatives undertaken by the Group. The impairments in 15MFY2017 are set out in the table below:

Nature of impairments made in 15MFY2017	Amount (USD'm)
Impairment of trade and other receivables	7.60
Impairment of available for sale investment	45.56
Impairment of intangible assets	1.62
Impairment of plant, property and equipment	131.33
Impairment of investment in joint venture and associates	19.27
Impairment of goodwill	9.17
Total	214.55

**(i) Net profit**

As a result of the above, the Group registered a net profit of US\$11.54 million for 12MFY2018, reversing a net loss of US\$192.53 million in 15MFY2017.

Excluding the exceptional items, the Group's net profit for 12MFY2018 decreased by 20.6% to US\$17.48 million from US\$22.02 million in 15MFY2017. The decrease of approximately US\$4.54 million was attributed mainly to the income tax expense of US\$3.18 million in 12MFY2018 versus an income tax credit of US\$2.31 million which led to a negative swing of US\$5.49 million. This was partially mitigated by the increase in operating profit before exceptional items of US\$0.95 million for 12MFY2018 when compared to 15MFY2017.

Profit attributable to owners of the Company in 12MFY2018 swung to US\$16.7 million from a loss of US\$158.2 million in 15MFY2017.

Based on the weighted average number of shares, the Group recorded basic earnings per share of 0.23 US cents for 12MFY2018.

## 8. Review of Group Performance (Cont'd)

### Statements of Financial Position

#### (j) Trade receivables

Trade receivables decreased to US\$34.0 million as at 31 March 2018 from US\$91.9 million as at 31 March 2017. The decrease was attributable mainly to a decrease in the balance with Swiber Group Limited ("SHL") ("SHL group balance") following the set-off and settlement agreement with SHL ("SHL SOSA").

#### (k) Other receivables

Other receivables increased to US\$174.9 million as at 31 March 2018 from US\$124.9 million as at 31 March 2017. The increase was attributable to the increase of amount due from associate, partially offset by a decrease in SHL group balance as a result of the SHL SOSA.

#### (l) Available-for-sale investments

As at 31 March 2018, 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.

#### (m) Property, plant and equipment

Property, plant and equipment decreased to US\$272.2 million as at 31 March 2018 from US\$372.2 million as at 31 March 2017. The decrease was due primarily to the disposal of 3 vessels and the transfer of a specialised vessel to Rawabi Vallianz International Company Limited ("RVIC"), which is the Group's 50%-owned joint-venture company in the Middle East, during 12MFY2018.

#### (n) Joint ventures

Investment in joint ventures increased to US\$65.33 million as at 31 March 2018 from US\$54.03 million as at 31 March 2017. The increase was the result of quasi-equity contribution of approximately US\$12.54 million from the Group to RVIC during 12MFY2018 offset with the share of results from this joint venture.

#### (o) Total current and non-current borrowings

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

	31 March 2018			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	91,056	155,142	246,198	64,903	275,726	340,629
Finance Lease	5	6	11	186	-	186
	<b>91,061</b>	<b>155,148</b>	<b>246,209</b>	<b>65,089</b>	<b>275,726</b>	<b>340,815</b>

Total current and non-current term borrowings, which comprised largely of bank borrowings for vessels, reduced to US\$246.21 million as at 31 March 2018 from US\$340.82 million as at 31 March 2017. This is due mainly to repayments of loan principal for the vessels that were disposed and transferred during 12MFY2018.

#### (p) Trade payables

The Group's trade payables decreased to US\$33.04 million as at 31 March 2018 from US\$62.5 million as at 31 March 2017. This was attributed mainly to settlement of trade payables and a decrease in SHL group balance as a result of the SHL SOSA.

#### (a) Other payables

The Group's other payables decreased to US\$65.2 million as at 31 March 2018 from US\$136.9 million as at 31 March 2017. The decrease was attributable mainly to lower trade accruals and a reduction in SHL group balance as a result of the SHL SOSA.

## 8. Review of Group Performance (Cont'd)

### **Consolidated Statement of Cash Flows**

Cash and cash equivalents decreased by US\$38.00 million to US\$7.57 million as at 31 March 2018 from US\$45.57 million as at 31 March 2017.

#### **(q) Cash flow from operating activities**

The Group used net cash of US\$0.98 million for operating activities in 12MFY2018.

#### **(r) Cash flow used in investing activities**

Net cash generated from investing activities of US\$69.26 million for 12MFY2018 was contributed mainly by proceeds from disposal of four vessels.

#### **(s) Cash flow from financing activities**

Net cash used in financing activities in 12MFY2018 amounted to US\$106.29 million. The significant cash outflow in 12MFY2018 was attributed to the repayment of loan principal and interest of approximately US\$122.43 million, offset partially by proceeds from the issuance of new shares in connection with the Company's Rights cum Warrants issue.

## 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.**

Crude oil prices have staged a steady recovery since the beginning of 2018 due to tighter demand-supply market dynamics as a result of the strategies taken by the major oil producing countries to curb crude oil production. This is generally leading to a more optimistic view of the global oil and gas industry prospects. While the operating environment for the offshore support vessel ("OSV") sector remains challenging due to intense competition and soft demand conditions, there are early signs that vessel owners are beginning to scrap older OSVs. This is expected to gradually bring the OSV market into better balance and relieve downward pressure on vessel utilisation rates and charter rates.

The Group's core vessel chartering business is driven mainly by the long-term charter contracts secured with a key National Oil Company in the Middle East which is a major player in the region's offshore oil and gas production. This resilient business model has enabled the Group to continue delivering operating profits despite the harsh market conditions in the OSV sector over the last few years.

In 12MFY2018, the Group's operating profit before exceptional items increased 5% to US\$20.7 million compared to the 15MFY2017. The Group's continued operation profitability amid a tough business climate can be attributed to its ongoing long-term vessel charters and commencement of new vessel charter contracts in the Middle East, as well its successful initiatives to optimise its expense structure.

As one of the largest OSV players in the Middle East, the Group works closely with its National Oil Company customer to develop innovative solutions for its offshore support requirements. Having also secured new vessel charter contracts in Egypt and Turkmenistan during 2017, the Group will continue to pursue opportunities in new target markets.

As at 31 March 2018, the Group maintained a robust chartering services order book with total value of approximately US\$850 million, comprising mainly long term charter contracts that stretch up to 2025 inclusive of 2-year extension options.

The Group is also working continuously to strengthen its operating capabilities and service quality, improve cost and operational efficiencies, and expand and differentiate its fleet to meet customers' requirements.

With the strong support and strategic partnership of Rawabi Holding, which is its largest shareholder with a stake of 57.67%, the Group will be seeking opportunities to further expand its business by leveraging its superior market position in the Middle East.

**11. Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

No.

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

No.

**(c) Date Payable**

Not applicable.

**(d) Book Closure Date.**

Not applicable.

**12. If no dividend has been declared/recommended, a statement to that effect.**

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 12 months ended 31 March 2018 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)
<b>Chartering services provided by the Group</b>		
Swiber Holdings Limited and its subsidiaries	Nil	US\$8,008,000
<b>Ship management services provided by the Group</b>		
Swiber Holdings Limited and its subsidiaries	Nil	US\$4,514,741
<b>Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group</b>		
Rawabi Vallianz International Company	Nil	US\$5,044,046
Swiber Holdings Limited and its subsidiaries	Nil	US\$456,346
<b>Corporate services provided to the Group</b>		
Rawabi Holding Company Limited and its subsidiaries	Nil	US\$609,083

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

	<b>Vessel chartering &amp; broking</b>	<b>Vessel management &amp; services</b>	<b>Investment holding</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
12MFY2018				
<b>Revenue</b>				
External sales	152,662	31,675	-	184,337
<b>Results</b>				
Segment results	28,814	14,702	(7,649)	35,867
Finance costs	(11,044)	(147)	(2,783)	(13,974)
Share of results of associate and joint ventures	(1,235)	-	-	(1,235)
<b>Operating profit from ordinary activities</b>	<b>16,535</b>	<b>14,555</b>	<b>(10,432)</b>	<b>20,658</b>
Exceptional expenses	(5,934)	-	-	(5,934)
Profit before tax				14,724
Income tax				(3,183)
Profit for the year				11,541

	<b>Vessel chartering &amp; broking</b>	<b>Vessel management &amp; services</b>	<b>Investment holding</b>	<b>Total</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
15MFY2017				
<b>Revenue</b>				
External sales	207,453	37,169	3,206	247,828
<b>Results</b>				
Segment results	50,049	4,299	(8,157)	46,191
Finance costs	(13,826)	(305)	(8,962)	(23,093)
Share of results of associate and joint ventures	(3,390)	-	-	(3,390)
<b>Operating profit from ordinary activities</b>	<b>32,833</b>	<b>3,994</b>	<b>(17,119)</b>	<b>19,708</b>
Exceptional expenses	(129,389)	(19,224)	(65,941)	(214,554)
Loss before tax				(194,846)
Income tax				2,313
Loss for the year				(192,533)

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

Please refer to paragraph 8 and 14 above.

**16. Breakdown of sales and profit**

	<u>Group</u>		Increase / (decrease) %
	12MFY2018	15MFY2017	
	US\$'000	US\$'000	
(a) Sales reported for first half year	82,447	112,963	(27.0)
(b) Profit after tax before deducting non-controlling interest	10,000	9,459	5.7
(c) Sales reported for second half year	101,890	134,865*	(24.5)
(d) Profit/(loss) after tax before deducting non-controlling interest	1,541	(201,992)*	nm

\*Comprised 9 months from 1 July 2016 to 31 March 2017 in relation to 15 months financial year ended 31 March 2017.

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

Not Applicable

**18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries are related to a Director or Chief Executive Officer or Substantial Shareholder of the Company, for the financial year ended 31 March 2018.

**19. 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

**14 May 2018**

*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 Catalist. 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.*

*The contact person for the Sponsor is Ms Wong Bee Eng, Chief Executive Officer, at 96 Robinson Road, #13-01, SIF Building, Singapore 068899.*

Telephone (65) 6227 1580 Email: [wongbe@provenancecapital.com](mailto:wongbe@provenancecapital.com)