



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statements

For the Second Quarter and Half Year Ended 30 September 2018

ANNOUNCEMENT IN RELATION TO UNAUDITED FINANCIAL STATEMENT FOR THE SECOND QUARTER ENDED (“2Q2018/19”) AND SIX MONTHS ENDED 30 SEPTEMBER 2018 (“6M2018/19”)

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			Group		
	Quarter ended 30		Change	6 Months ended 30		Change
	September			September		
	2018	2017		2018	2017	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	45,356	41,225	10.0	87,860	82,447	6.6
Cost of sales	(37,119)	(31,076)	19.4	(70,698)	(61,624)	14.7
Gross Profit	8,237	10,149	(18.8)	17,162	20,823	(17.6)
Other income	836	1,766	(52.7)	975	2,540	(61.6)
Administrative expenses	(2,879)	(3,158)	(8.8)	(5,174)	(6,374)	(18.8)
Other operating expenses	(830)	71	nm	(1,132)	(224)	nm
Finance costs	(3,584)	(3,605)	(0.6)	(6,998)	(6,606)	5.9
Share of results of associate and joint ventures	32	123	(74.0)	22	127	(82.7)
Profit before tax	1,812	5,346	(66.1)	4,855	10,286	(52.8)
Income tax expense	(41)	(54)	(24.1)	(114)	(286)	(60.1)
Profit for the period	1,771	5,292	(66.5)	4,741	10,000	(52.6)

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			Group		
	Quarter ended 30 September		Change %	6 Months ended 30 September		Change %
	2018 US\$'000	2017 US\$'000		2018 US\$'000	2017 US\$'000	
Profit for the period attributable to:						
Owners of the Company	2,930	5,262	(44.3)	7,155	9,523	(24.9)
Non-controlling interests	(1,159)	30	nm	(2,414)	477	nm
Total	1,771	5,292	(66.6)	4,741	10,000	(52.6)
Other comprehensive income for the period, net of tax						
Exchange differences on translation of foreign operations	6	(73)	nm	(97)	137	nm
Total comprehensive income for the period	1,777	5,219	(66.0)	4,644	10,137	(54.2)
Total comprehensive income attributable to:						
Owners of the Company	2,936	5,189	(43.4)	7,058	9,660	(26.9)
Non-controlling interests	(1,159)	30	nm	(2,414)	477	nm
Total	1,777	5,219	(66.0)	4,644	10,137	(54.2)

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:

	Group		Group	
	Quarter ended 30 September		6 months ended 30 September	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Bad debt written off	26	-	26	-
Depreciation of property, plant and equipment	2,933	3,618	5,784	7,526
Finance costs	3,584	3,605	6,998	6,606
Foreign exchange loss/(gain), net	89	(353)	391	(310)
Other income	(836)	(1,144)	(975)	(1,600)
Gain on disposal of property, plant and equipment	-	(399)	-	(630)
Provision for employee benefits	87	10	89	134
Share-based payment expense	55	399	197	653
Forfeiture of performance shares award	(4)	(49)	(19)	(56)

- 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 Sep 2018 US\$'000	31 Mar 2018 US\$'000	30 Sep 2018 US\$'000	31 Mar 2018 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	6,699	7,569	77	162
Trade receivables	43,328	33,959	2	2
Other receivables	207,166	174,862	154,504	142,832
Inventories	3,646	2,936	-	-
Construction work-in-progress	601	252	-	-
Available-for-sale investments	31,729	31,729	-	-
Total current assets	293,169	251,307	154,583	142,996
Non-current assets				
Monies pledged with banks	699	699	-	-
Property, plant and equipment	275,085	272,218	76	84
Subsidiary corporations	-	-	154	154
Joint ventures	65,352	65,330	68,530	68,530
Derivative financial instrument	1,340	1,340	-	-
Total non-current assets	342,476	339,587	68,760	68,768
Total assets	635,645	590,894	223,343	211,764

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

	Group		Company	
	30 Sep 2018 US\$'000	31 Mar 2018 US\$'000	30 Sep 2018 US\$'000	31 Mar 2018 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Term loans	95,089	91,056	-	-
Trade payables	37,922	33,037	19	25
Other payables	64,501	65,156	153,831	143,408
Finance lease payables	5	5	-	-
Income tax payable	3,786	4,435	-	-
Total current liabilities	201,303	193,689	153,850	143,433
Non-current liabilities				
Term loans	184,929	155,142	-	-
Retirement benefit obligation	1,806	1,717	-	-
Finance lease payables	4	6	-	-
Deferred tax liabilities	4,785	4,652	-	-
Total non-current liabilities	191,524	161,517	-	-
Capital and reserves				
Share capital	347,463	344,866	347,463	344,866
Perpetual capital securities	22,500	22,500	22,500	22,500
Foreign currency translation reserve	(123)	(26)	-	-
Share options reserve	293	405	296	405
Other reserve	(112)	(112)	28	28
Shareholder's advance	6,788	6,788	-	-
Accumulated losses	(123,817)	(130,973)	(300,794)	(299,468)
Equity attributable to owners of the Company and capital securities holders	252,992	243,448	69,493	68,331
Non-controlling interests	(10,174)	(7,760)	-	-
Total equity	242,818	235,688	69,493	68,331
Total liabilities and equity	635,645	590,894	223,343	211,764

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 30 Sep 2018		As at 31 Mar 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
95,094	-	91,061	-

Amount repayable after one year

Group		Group	
As at 30 Sep 2018		As at 31 Mar 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
184,933	-	155,148	-

Details of any collateral

The Group's borrowings are secured by:

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

- 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

	Quarter ended 30 September		6 Months ended 30 September	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Operating activities				
Profit before tax	1,812	5,346	4,855	10,286
Adjustments for :				
Depreciation of property, plant and equipment	2,933	3,618	5,784	7,526
Gain on disposal of property, plant and equipment	-	(399)	-	(630)
Bad debts written off	26	-	26	-
Finance costs	3,584	3,605	6,998	6,606
Share-based payment expense	55	399	197	653
Forfeiture of performance shares award	(4)	(49)	(19)	(56)
Provision for employee benefits	87	10	89	134
Share of results of associate and joint ventures	(32)	(123)	(22)	(127)
Unrealised exchange (gain) loss	6	(73)	(97)	137
Operating cash flows before working capital changes	8,467	12,334	17,811	24,529
Trade and other receivables	(1,607)	(2,553)	(18,876)	(15,427)
Trade and other payables	(3,990)	70	(2,150)	(2,873)
Inventories	(430)	(29)	(710)	94
Construction work-in-progress	(103)	552	(349)	604
Cash from (used in) operations	2,337	10,374	(4,274)	6,927
Income tax paid	(636)	(7)	(630)	(7)
Net cash from (used in) operating activities	1,701	10,367	(4,904)	6,920
Investing activities				
Proceeds from disposal of property, plant and equipment	-	863	-	1,110
Purchase of property, plant and equipment	(4,317)	(3,255)	(8,764)	(3,255)
Net cash used in investing activities	(4,317)	(2,392)	(8,764)	(2,145)

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

	Quarter ended 30 September		6 Months ended 30 September	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Financing activities				
Advances from shareholders	6,050	-	6,050	-
Interest paid	(2,598)	(3,605)	(4,248)	(6,606)
Proceeds from new bank loans raised	4,903	-	44,903	-
Repayment of term loans	(565)	(2,130)	(11,083)	(4,707)
Advance to joint venture	(5,661)	-	(22,822)	(28,421)
Repayment of notes payable	-	-	-	-
Repayment of obligation under finance lease	(2)	(69)	(2)	(123)
Net cash (used in) from financing activities	2,127	(5,804)	12,798	(39,857)
Net increase (decrease) in cash and cash equivalents	(489)	2,171	(870)	(35,082)
Effects of exchange rate changes on the cash balance	-	-	-	-
Cash and cash equivalents at beginning of period	7,188	8,315	7,569	45,568
Cash and cash equivalents at end of period	6,699	10,486	6,699	10,486

- 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 2018	344,866	(26)	405	(112)	6,788	(130,973)	22,500	243,448	(7,760)	235,688
Total comprehensive income for the period										
Profit for the period	-	-	-	-	-	7,155	-	7,155	(2,414)	4,741
Other comprehensive income for the period	-	(97)	-	-	-	-	-	(97)	-	(97)
Total	-	(97)	-	-	-	7,155	-	7,058	(2,414)	4,644
Transactions with owners, recognised directly in equity										
Issue of vendor settlement shares	2,307	-	-	-	-	-	-	2,307	-	2,307
Forfeiture of performance shares award	-	-	(19)	-	-	-	-	(19)	-	(19)
Recognition of share-based payments	-	-	197	-	-	-	-	197	-	197
Performance shares awarded	290	-	(290)	-	-	-	-	-	-	-
Total	2,597	-	(112)	-	-	-	-	2,485	-	2,485
At 30 September 2018	347,463	(123)	293	(112)	6,788	(123,818)	22,500	252,991	(10,174)	242,817

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

	Share capital	Foreign currency translation reserve	Share options reserve	Other reserve	Shareholder's advance	Accumulated (losses) 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 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	-	-	-	-	-	9,523	-	9,523	477	10,000
Other comprehensive income for the period	-	137	-	-	-	-	-	137	-	137
Total	-	137	-	-	-	9,523	-	9,660	477	10,137
Transactions with owners, recognised directly in equity										
Issue of vendor settlement shares	2,258	-	-	-	-	-	-	2,258	-	2,258
Forfeiture of performance shares award	-	-	(56)	-	-	-	-	(56)	-	(56)
Recognition of share-based payments	-	-	653	-	-	-	-	653	-	653
Total	2,258	-	597	-	-	-	-	2,855	-	2,855
At 30 September 2017	206,176	(908)	1,044	(27)	102,087	(138,115)	22,500	192,757	(2,159)	190,598

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

	Share capital	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
Company							
At 1 April 2018	344,866	405	28	-	(299,468)	22,500	68,331
Total comprehensive income for the period							
Loss for the period	-	-	-	-	(1,327)	-	(1,327)
Total	-	-	-	-	(1,327)	-	(1,327)
Transactions with owners, recognised directly in equity							
Issue of vendor settlement shares	2,307	-	-	-	-	-	2,307
Recognition of share-based payments	-	197	-	-	-	-	197
Forfeiture of performance shares award	-	(19)	-	-	-	-	(19)
Performance shares awarded	290	(290)	-	-	-	-	-
Total	2,597	(112)	-	-	-	-	2,485
At 30 September 2018	347,463	293	28	-	(300,795)	22,500	69,489

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

	Share capital	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
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	-	-	-	-	(3,071)	-	(3,071)
Other comprehensive income for the period	-	-	-	-	-	-	-
Total	-	-	-	-	(3,071)	-	(3,071)
Transactions with owners, recognised directly in equity							
Issue of vendor settlement shares	2,258	-	-	-	-	-	2,258
Recognition of share-based payments	-	653	-	-	-	-	653
Forfeiture of performance shares award	-	(56)	-	-	-	-	(56)
Total	2,258	597	-	-	-	-	2,855
At 30 September 2017	206,176	1,044	28	102,087	(297,488)	22,500	34,347

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 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 and 2 July 2018, 35,666,675 and 32,833,334 Awards have been vested respectively.

Date of grant	As at 1 July 2018	Granted	Vested	Cancelled	As at 30 September 2018
25 August 2017	65,666,659	-	(32,833,334)	(500,000)	32,333,325

(b) **Total number of shares that may be issued as at 30 September 2018**

Corporate Action	No. of Shares
Warrants pursuant to Rights cum Warrants Issue	1,501,801,298
Grant of share award under PSP	32,333,325
	1,534,134,623

(c) **Subscription of new ordinary shares**

The Company had, on 10 July 2018, completed the listing and quotation of 196,651,000 new ordinary shares issued to certain trade creditors for consideration of approximately S\$3.1 million.

(d) **Proposed Share Consolidation**

On 4 July 2018, the Company announced the proposed share consolidation exercise pursuant to which the Company will consolidate every thirty existing ordinary shares registered in the name of each shareholder into one ordinary share ("**Proposed Share Consolidation**"). Accordingly, the outstanding number of Warrants, new shares to be issued pursuant to the exercise of Warrants and Awards granted under the PSP will also be adjusted. Please refer to the circular to Shareholders dated 11 July 2018 for further details on the Proposed Share Consolidation.

The Proposed Share Consolidation was approved by Shareholders at the annual general meeting of the Company held on 26 July 2018. The Company will make further announcements relating to the Proposed Share Consolidation in due course.

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 September 2018</u>	<u>31 March 2018</u>
	No. of shares ('000)	No. of shares ('000)
The number of issued shares	<u>16,748,595</u>	<u>16,519,111</u>

There were no treasury shares as at 30 September 2018 and 31 March 2018.

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 financial year ended 31 March 2018.

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.**

On 1 April 2018, the Group has adopted the Singapore Financial Reporting Standards (International) ("SFRS(I)s"), that is identical to the International Financial Reporting Standards. It has prepared its first set of financial information under SFRS(I)s for the quarter ended 30 June 2018. The adoption of SFRS(I)s for the first time for the financial year ending 31 March 2019 does not result in any changes to the Group's and the Company's current accounting policies and no material adjustments are required on transition to this new framework.

Specifically, the Group has adopted SFRS(I) 9 Financial Instruments and SFRS(I) 15 Revenue from Contracts with Customers that are effective for annual periods beginning on or after 1 January 2018 and are relevant to the Group's operations. The adoption of these new SFRS(I)s does not result in any changes to the Group's and the Company's accounting policies and has no material effect on the amounts reported for the current financial period or prior financial years

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 Quarter ended 30 September		Group 6 Months ended 30 September	
	2018	2017	2018	2017
Earnings (US\$'000)				
Net profit after tax attributable to owners of the Company	2,930	5,262	7,155	9,523
Number of shares ('000)				
Weighted average number of shares for basic earnings per share	16,729,001	4,479,061	16,624,629	4,404,773
Effects of dilution ⁽¹⁾	1,528,254	7,213,441	1,528,254	7,213,441
Weighted average number of shares for diluted earnings per share	18,257,255	11,692,502	18,152,883	11,618,214

⁽¹⁾: This represents the effects of dilution resulted 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 PSP as described in 1(d)(ii) above.

Earnings per share (US cents)

Basic	0.02	0.12	0.04	0.22
Diluted	0.02	0.05	0.04	0.08

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 Sep 2018	31 Mar 2018	30 Sep 2018	31 Mar 2018
Net asset value (US\$'000)	252,992	243,448	69,493	68,331
Total number of shares issued ('000)	16,748,595	16,519,111	16,748,595	16,519,111
Net asset value per share (US cents)	1.51	1.47	0.41	0.41

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

The Group recorded revenue of approximately US\$45.36 million for the three months ended 30 September 2018 ("2QFY2019"), up 10.0% from US\$41.23 million in the previous corresponding period ("2QFY2018"). This was driven by higher revenue from the Group's core chartering and brokerage business.

Revenue from the Group's core chartering and brokerage business increased to US\$41.40 million in 2QFY2019, from US\$37.20 million in 2QFY2018 and US\$38.97 million in 1QFY2019. This increase was attributed mainly to commencement of new vessel charter contracts with the Group's key customer in the Middle East.

Chartering and brokerage services accounted for approximately 91% of Group revenue in 2QFY2019, compared to 90% in 2QFY2018. The remaining 9% of Group revenue was derived from the provision of vessel management services.

For the six months ended 30 September 2018 ("1HFY2019"), Group revenue gained 6.6% to US\$87.86 million from US\$82.45 million in 1HFY2018, lifted mainly by higher revenue from the chartering and brokerage business.

(b) Gross profit

Gross profit in 2QFY2019 decreased 18.8% to US\$8.24 million from US\$10.15 million in 2QFY2018. Gross profit margin softened to 18.2% in 2QFY2019 from 24.6% previously. This was attributed to a shift in revenue mix, lower utilization, lower charter rates for the contracts that were extended with a key customer during 1QFY2019, as well as leasing expenses for a specialized vessel which was transferred to the Group's 50%-owned joint venture company Rawabi Vallianz International Company Limited ("RVIC") during 3QFY2018. The Group also experienced higher personnel costs which rose in tandem with the growth of the Group's vessel operations in the Middle East.

(c) Other income

The Group recorded other income of US\$0.84 million in 2QFY2019 compared to US\$1.77 million in 2QFY2018. This was due mainly to the absence of a foreign exchange gain and gain on disposal of plant, property and equipment.

(d) Administrative expenses

Administrative expenses, which comprise largely personnel and travel related expenses, decreased 8.8% to US\$2.88 million in 2QFY2019 compared to US\$3.16 million in 1QFY2018. The decline was attributed mainly to reduced staff costs and the on-going cost control measures implemented by the Group.

(e) Other operating expenses

Other operating expenses in 2QFY2019 amounted to US\$0.83 million due mainly to a foreign exchange loss as well as asset and bad debts written off.

(f) Finance costs

Finance costs in 2QFY2019 were relatively stable at US\$3.58 million compared to US\$3.61 million in 2QFY2018.

(g) Share of results of associate and joint ventures

The Group recorded a profit of US\$0.03 million from its share of results of associate and joint ventures in 2QFY2019 which was attributed to RVIC.

(h) Net profit attributable to owners of the Company

Net profit attributable to owners of the Company declined 44.3% to US\$2.93 million in 2QFY2019 from US\$5.26 million in 2QFY2018, attributed mainly to lower gross profit and other income as well as higher other operating expenses. For 1HFY2019, the Group recorded net profit attributable to owners of the Company of US\$7.15 million, down 24.9% from US\$9.52 million in 1HFY2018. Based on the weighted average number of shares, the Group recorded basic earnings per share of 0.04 US cents for 1HFY2019.

8. Review of Group Performance (Cont'd)

Statements of Financial Position

(i) Trade and other receivables

Trade receivables increased to US\$43.33 million as at 30 September 2018 from US\$34.0 million as at 31 March 2018, in line with higher revenue. Other receivables also increased to US\$207.17 million from US\$174.86 million as at 31 March 2018 due mainly to an increase in amount due from joint venture.

(j) Property, plant and equipment

Property, plant and equipment increased slightly to US\$275.09 million as at 30 September 2018 from US\$272.2 million as at 31 March 2018, due to the vessel drydocking cost, which was offset partially by depreciation expenses.

(k) Joint ventures

Investment in joint ventures increased slightly to US\$65.35 million as at 30 September 2018 from US\$65.33 million as at 31 March 2018. This was due mainly to the share of results from RVIC.

(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 Sep 2018			31 Mar 2018		
	Current US\$'000	Non-current US\$'000	Total US\$'000	Current US\$'000	Non-current US\$'000	Total US\$'000
Term Loans	95,089	184,929	280,018	91,056	155,142	246,198
Finance Lease	5	4	9	5	6	11
	95,094	184,933	280,027	91,061	155,148	246,209

Total current and non-current term borrowings, which comprised largely of bank borrowings for vessels, increased to US\$280.03 million as at 30 September 2018 from US\$246.21 million as at 31 March 2018. This was due mainly to drawdown of a term loan facility, offset partially by repayment of revolving facilities.

(m) Trade and other payables

The Group's trade payables increased to US\$37.92 million as at 30 September 2018 from US\$33.04 million as at 31 March 2018, attributed mainly to higher trade accruals in relation to the Group's business activities. Other payables decreased slightly to US\$64.50 million as at 30 September 2018 from US\$65.16 million as at 31 March 2018.

Consolidated Statement of Cash Flows

Cash and cash equivalents decreased by US\$0.87 million to US\$6.70 million as at 30 September 2018 from US\$7.57 million as at 31 March 2018.

The Group used net cash of US\$4.90 million in operating activities during 1HFY2019. Net cash used in investing activities of US\$8.76 million for 1HFY2019 was attributed mainly to increase in construction in progress and vessel drydocking costs. Net cash generated from financing activities in 1HFY2019 amounted to US\$12.80 million. This was attributed mainly to proceeds from the drawdown of term loan facility and advance from shareholder, offset partially by repayment of revolving facilities, an advance to joint venture and payment of interest.

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.

With the increase in crude oil prices since the start of 2018, there are indications that sentiment in the oil and gas (O&G) industry is starting to turn positive. If oil prices continue to be stable, the O&G industry could see a potential rise in rig deployment, an increase in capital expenditures, higher activities in the exploration sector and development of new oil and gas fields in the coming years. However, escalating trade tensions may continue to stoke fears over the outlook for demand of oil and exert pressure on the oil markets, which may in turn affect the recovery of the O&G industry.

For the offshore support vessel (“OSV”) segment in which the Group operates, the business environment remains challenging due to intense competition. The oversupply of OSVs amid soft demand conditions continues to exert downward pressure on vessel utilisation rates and charter rates. Despite the harsh market conditions, the Group has continued reporting operating profits since the O&G industry downturn, reflecting the resilience of its business model which is built primarily on long term charter contracts.

As one of the largest OSV providers in Middle East, the Group intends to leverage its premier market position to capitalise on the opportunities in the Middle East region which is among the world’s largest oil and gas producers. The Group’s core vessel chartering business is driven mainly by long term charter contracts secured with a key National Oil Company (“NOC”) customer in the Middle East which is a major player in the region’s offshore oil and gas production.

The Group aims to enhance its standing with the NOC customer by strengthening and differentiating its capabilities, as well as broadening its service offering beyond traditional OSV business to address other aspects of the customer’s offshore support requirements. With the support of its largest shareholder Rawabi Holding Company Limited, coupled with its commitment towards the NOC customer’s In-Kingdom Total Value Add program requirements, the Group believes it is placed in good stead to seize future business opportunities. The Group is actively participating in recent significant tenders for projects of the NOC customer.

To broaden its revenue base, the Group is pursuing opportunities to widen the scope of its operations in the Middle East region to new target markets in Egypt, Abu Dhabi, UAE and Kuwait. As part of its ongoing strategies, the Group is working continuously to strengthen its operational capabilities and service quality, improve cost and operational efficiencies, and expand and differentiate its fleet to meet customers’ requirements.

As at 30 September 2018, the Group’s chartering services order book had total value of approximately US\$650 million. This comprises mainly long term charter contracts that stretch up to 2025 inclusive of extension options of up to 2 years.

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 3 months ended 30 September 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)
Chartering services provided to the Group		
Rawabi Vallianz International Company	Nil	12,880,451
Ship management services provided by the Group		
Swiber and its subsidiaries	Nil	1,197,139
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group		
Swiber and its subsidiaries	Nil	63,884
Corporate services provided to the Group		
Rawabi Holding Company Limited and its subsidiaries	Nil	134,879

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 second quarter and half year financial results for the period ended 30 September 2018 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

Loo Choon Keow
Company Secretary
14 November 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 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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