



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statements

For the First Quarter and Three Months Ended 30 June 2019

UNAUDITED FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FIRST QUARTER ENDED 30 JUNE 2019 (“1QFY2020”)

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		
	2019 US\$'000	2018 US\$'000	
Revenue	41,149	42,504	(3.2)
Cost of sales	(35,113)	(33,579)	4.6
Gross Profit	6,036	8,925	(32.4)
Other income	243	139	74.8
Administrative expenses	(1,941)	(2,295)	(15.4)
Other operating expenses	-	(302)	nm
Finance costs	(3,345)	(3,414)	(2.0)
Share of results of associate and joint ventures	73	(10)	nm
Profit before tax	1,066	3,043	(65.0)
Income tax expense	(278)	(73)	nm
Profit for the period	788	2,970	(73.5)

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		
	2019	2018	
	US\$'000	US\$'000	
Profit for the period attributable to :			
Owners of the Company	1,125	4,225	(73.4)
Non-controlling interests	(337)	(1,255)	(73.1)
Total	788	2,970	(73.5)
Other comprehensive income for the period, net of tax			
Exchange differences on translation of foreign operations	5	(103)	nm
Actuarial loss on post-employment benefit obligation	(5)	-	nm
Total comprehensive income for the period	788	2,867	(72.5)
Total comprehensive income attributable to :			
Owners of the Company	1,125	4,122	(72.7)
Non-controlling interests	(337)	(1,255)	(73.1)
Total	788	2,867	(72.5)

- 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	
	2019	2018
	US\$'000	US\$'000
Depreciation of property, plant and equipment	2,667	2,851
Finance costs	3,345	3,414
Foreign exchange (gain) loss, net	(171)	302
Provision for employee benefits	(99)	2
Share-based payment expense	-	142

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 2019 US\$'000	31 Mar 2019 US\$'000	30 Jun 2019 US\$'000	31 Mar 2019 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	10,584	8,374	17	118
Trade receivables	43,141	42,420	2	2
Other receivables	162,630	161,743	206,895	207,347
Inventories	4,056	4,935	-	-
Contract assets	283	492	-	-
Financial assets at fair value through other comprehensive income	31,729	31,729	-	-
Total current assets	252,423	249,693	206,914	207,467
Non-current assets				
Monies pledged with banks	699	699	-	-
Property, plant and equipment	239,218	237,367	65	69
Subsidiaries	-	-	154	154
Joint ventures	65,508	65,435	68,530	68,530
Associate	14,843	14,843	-	-
Derivative financial instruments	1,713	1,713	-	-
Total non-current assets	321,981	320,057	68,749	68,753
Total assets	574,404	569,750	275,663	276,220

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

	Group		Company	
	30 Jun 2019 US\$'000	31 Mar 2019 US\$'000	30 Jun 2019 US\$'000	31 Mar 2019 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Term loans	157,861	152,050	-	-
Trade payables	65,147	65,784	1	-
Other payables	28,068	24,503	148,760	153,238
Finance lease payables	5	5	-	-
Income tax payable	3,899	4,947	-	-
Total current liabilities	254,980	247,289	148,761	153,238
Non-current liabilities				
Term loans	144,062	152,258	-	-
Retirement benefit obligation	1,920	2,014	-	-
Finance lease payables	-	1	-	-
Deferred tax liabilities	8,011	8,045	-	-
Total non-current liabilities	153,993	162,318	-	-
Capital and reserves				
Share capital	347,746	347,746	347,746	347,746
Perpetual capital securities	22,500	22,500	22,500	22,500
Foreign currency translation reserve	(109)	(114)	-	-
Share options reserve	-	-	-	-
Other reserve	(46)	(41)	28	28
Shareholder's advance	65,948	61,448	59,160	54,660
Accumulated losses	(258,029)	(259,154)	(302,532)	(301,952)
Equity attributable to owners of the Company and capital securities holders	178,010	172,385	126,902	122,982
Non-controlling interests	(12,579)	(12,242)	-	-
Total equity	165,431	160,143	126,902	122,982
Total liabilities and equity	574,404	569,750	275,663	276,220

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 2019		Group As at 31 Mar 2019	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
157,866	-	152,055	-

Amount repayable after one year

Group As at 30 Jun 2019		Group As at 31 Mar 2019	
Secured US\$'000	Unsecured US\$'000	Secured US\$'000	Unsecured US\$'000
144,062	-	152,259	-

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 corporate shareholders of the Group. The corporate guarantees are provided to the Group's entities, including those which are not wholly-owned by the Group and are owned by interested persons.

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	
	2019	2018
	US\$'000	US\$'000
Operating activities		
Profit before tax	1,066	3,043
Adjustments for :		
Depreciation of property, plant and equipment	2,667	2,851
Finance costs	3,345	3,414
Share-based payment expense	-	142
Provision for employee benefits	(99)	2
Share of results of associate and joint ventures	(73)	10
Unrealised exchange loss (gain)	5	(103)
Cancellation of performance share	-	(15)
Operating cash flows before working capital changes	<u>6,911</u>	<u>9,344</u>
Trade and other receivables	(12,930)	(17,269)
Trade and other payables	374	1,840
Inventories	879	(280)
Contract assets	<u>209</u>	<u>(246)</u>
Net cash used in operations	(4,557)	(6,611)
Income tax (paid) refund	<u>(1,360)</u>	<u>6</u>
Net cash used in operating activities	<u>(5,917)</u>	<u>(6,605)</u>
Investing activities		
Repayment from (Advances to) joint venture	10,961	(17,161)
Purchase of property, plant and equipment	<u>(4,157)</u>	<u>(4,447)</u>
Net cash from (used in) investing activities	<u>6,804</u>	<u>(21,608)</u>
Financing activities		
Interest paid	(791)	(1,650)
Repayment of term loans	(5,483)	(10,518)
Proceeds from new term loans raised	3,098	40,000
Proceeds from shareholder's advances	4,500	-
Repayment of obligation under finance lease	(1)	-
Net cash from financing activities	<u>1,323</u>	<u>27,832</u>
Net increase (decrease) in cash and cash equivalents	<u>2,210</u>	<u>(381)</u>
Cash and cash equivalents at beginning of period	<u>8,374</u>	<u>7,569</u>
Cash and cash equivalents at end of period	<u>10,584</u>	<u>7,188</u>

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 2019	347,746	(114)	-	(41)	61,448	(259,154)	22,500	172,385	(12,242)	160,143
Total comprehensive income for the period										
Loss for the period	-	-	-	-	-	1,125	-	1,125	(337)	788
Other comprehensive income for the period	-	5	-	(5)	-	-	-	-	-	-
Total	-	5	-	(5)	-	1,125	-	1,125	(337)	788
Transactions with owners, recognized directly in equity										
Deemed investment by a shareholder	-	-	-	-	4,500	-	-	4,500	-	4,500
Total	-	-	-	-	4,500	-	-	4,500	-	4,500
At 30 June 2019	347,746	(109)	-	(46)	65,948	(258,029)	22,500	178,010	(12,579)	165,431

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	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	-	-	-	-	-	4,225	-	4,225	(1,255)	2,970
Other comprehensive income for the period	-	(103)	-	-	-	-	-	(103)	-	(103)
Total	-	(103)	-	-	-	4,225	-	4,122	(1,255)	2,867
Transactions with owners, recognized directly in equity										
Forfeiture of performance shares award	-	-	(15)	-	-	-	-	(15)	-	(15)
Recognition of share-based payments	-	-	142	-	-	-	-	142	-	142
Total	-	-	127	-	-	-	-	127	-	127
At 30 June 2018	344,866	(129)	532	(112)	6,788	(126,748)	22,500	247,697	(9,015)	238,682

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 2019	347,746	-	-	28	54,660	(301,952)	22,500	122,982
Total comprehensive income for the period								
Loss for the period	-	-	-	-	-	(580)	-	(580)
Total	-	-	-	-	-	(580)	-	(580)
Transactions with owners, recognized directly in equity								
Deemed investment by a shareholder	-	-	-	-	4,500	-	-	4,500
Total	-	-	-	-	4,500	-	-	4,500
At 30 June 2019	347,746	-	-	28	59,160	(302,532)	22,500	126,902
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	-	-	-	-	-	(594)	-	(594)
Total	-	-	-	-	-	(594)	-	(594)
Transactions with owners, recognized directly in equity								
Recognition of share-based payments	-	-	142	-	-	-	-	142
Distribution of perpetual capital securities holders	-	-	(15)	-	-	-	-	(15)
Total	-	-	127	-	-	-	-	127
At 30 June 2018	344,866	-	532	28	-	(300,062)	22,500	67,864

- 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.**

Not applicable

- 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 2019</u>	<u>31 March 2019</u>
	No. of shares (‘000)	No. of shares (‘000)
The number of issued shares	<u>559,352</u>	<u>559,352</u>

There were no treasury shares as at 30 June 2019 and 31 March 2019.

- 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 2019.

- 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 2019, the Group has adopted the new Singapore Financial Reporting Standards (International) 16 Leases (“SRFS(I) 16”). The Group anticipates that the adoption of SRFS(I) 16 will not result in any material impact on the financial statements of the Group in the period of its initial adoption.

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 June	
	2019	2018
Earnings (US\$'000)		
Net profit after tax attributable to owners of the Company	1,125	4,225
Number of shares ('000)		
Weighted average number of shares for basic earnings per share	559,352	550,637
Effects of dilution ^(*)	50,060	51,879
Weighted average number of shares for diluted earnings per share	609,412	602,516
(*) 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	0.20	0.77
Diluted	0.18	0.70

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 2019	31 Mar 2019	30 Jun 2019	31 Mar 2019
Net asset value (US\$'000)	178,010	172,385	126,902	122,982
Total number of shares issued ('000)	559,352	559,352	559,352	559,352
Net asset value per share (US cents)	31.82	30.82	22.69	21.99

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 and gross profit

The Group registered revenue of approximately US\$41.15 million for the three months ended 30 June 2019 ("1QFY2020"), down 3.2% from US\$42.50 million in the previous corresponding period ("1QFY2019").

Revenue from the Group's core chartering and brokerage business in 1QFY2020 was US\$40.48 million, which was 3.9% higher than US\$38.97 million in 1QFY2019. During 1QFY2019, the Group's chartered 3 new vessels to its key customer in the Middle East. This increase in the Group's core chartering business was negated by a lower revenue from the provision of vessel management services.

Chartering and brokerage services accounted for approximately 98% of Group revenue in 1QFY2020 as compared to 92% to 1QFY2019. The remaining 2% of Group revenue was derived from the provision of vessel management services.

Gross profit in 1QFY2020 decreased 32.4% to US\$6.04 million from US\$8.93 million in 1QFY2019. Gross profit margin softened to 14.7% in 1QFY2020 from 21.0% previously. The decline was attributed to the continued competition in the chartering and brokerage business with lower charter rates, shift in revenue mix as there was a higher proportion of revenue generated from the chartering and brokerage business which has lower margins as compared to the vessel management services and higher personnel costs which rose in tandem with the growth in the Group's vessel operations in the Middle East.

(b) Other income

The Group recorded other income of US\$0.24 million in 1QFY2020 compared to US\$0.14 million in 1QFY2019. The increase was attributed mainly to a foreign exchange gain.

(c) Administrative expenses

Administrative expenses, which comprise largely personnel and travel related expenses, decreased 15.4% to US\$1.94 million in 1QFY2020 when compared to 1QFY2019. The reduction was attributed mainly to lower personnel cost, absence of share-based payment expense in 1QFY2020 and the on-going cost control measures implemented by the Group.

(d) Other operating expenses

There is no other operating expenses in 1QFY2020 as the Group registered a foreign exchange gain which was classified as other income as compared to a foreign exchange loss in 1QFY2019.

(e) Finance costs

Finance costs decreased 2.0% to US\$3.35 million in 1QFY2020 from US\$3.41 million in 1QFY2019. This was attributed to lower bank borrowings.

(f) Share of results of associate and joint venture

The Group recorded a gain of US\$73,000 from its share of results of associate and joint ventures in 1QFY2020 which was attributed to RVIC.

(g) Net profit attributable to owners of the Company

The Group registered net profit attributable to owners of the Company of US\$1.13 million in 1QFY2020 as compared to US\$4.23 million in 1QFY2019. This was due mainly to the lower gross profit in 1QFY2020.

Statements of Financial Position

(h) Trade and other receivables

Trade receivables increased slightly to US\$43.1 million as at 30 June 2019 from US\$42.4 million as at 31 March 2019.

Other receivables, which comprised substantially of an amount due from a joint venture, RVIC, increased slightly to US\$162.6 million as at 30 June 2019 from US\$161.7 million as at 31 March 2019 due to an increase in prepayments to third parties in relation to certain projects of US\$12.5 million which was offset by a decrease in amount due from RVIC due to repayment from RVIC of US\$11.0 million.

(i) Property, plant and equipment

Property, plant and equipment increased slightly to US\$239.2 million as at 30 June 2019 from US\$237.4 million as at 31 March 2019, due to the increase in construction in progress in relation to new vessels of US\$4.5 million, which was offset partially by depreciation expenses of US\$2.7 million.

(j) Joint ventures

Investment in joint ventures increased slightly to US\$65.5 million as at 30 June 2019 from US\$65.4 million as at 31 March 2019. This was due mainly to the share of results from RVIC.

(k) 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 2019			31 March 2019		
	Current	Non-current	Total	Current	Non-current	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Term Loans	157,861	144,062	301,923	152,050	152,258	304,308
Finance Lease	5	-	5	5	1	6
	157,866	144,062	301,928	152,055	152,259	304,314

Total current and non-current term borrowings, which comprised largely of bank borrowings for vessels, decreased to US\$301.9 million as at 30 June 2019 from US\$304.3 million as at 31 March 2019. This was due mainly to repayment of existing term loans amounting to US\$5.5 million, offset partially by drawdown of a new term loan facility of US\$3.1 million.

During the financial year ended 31 March 2019, the Group has breached the financial covenants under the Framework Agreement which the Group had entered into with certain of its lenders on 10 March 2017 of i) minimum EBITDA over Finance Charges (Singapore Operations) with two financial institutions; and ii) the minimum debt servicing reserve amount requirement with one of the two financial institutions. The Group has secured a waiver letter from one of the financial institutions as at 31 March 2019. The non-current portion of the term loan owed to the other financial institution of S\$17.3 million as at 30 June 2019 has been classified as current liabilities since 31 March 2019 as the Group does not have the unconditional right to defer settlement of the non-current term loan.

(l) Trade and other payables

The Group's trade payables decreased slightly to US\$65.1 million as at 30 June 2019 from US\$65.8 million as at 31 March 2019. Other payables rose to US\$28.1 million from US\$24.5 million as at 31 March 2019 attributed mainly to higher payables which increased by US\$4.9 million and which was offset partially by a decrease in accruals of US\$1.8 million.

Consolidated Statement of Cash Flows

Cash and cash equivalents increased by US\$2.2 million as at 30 June 2019 as compared to a decrease of US\$0.4 million as at 31 March 2019.

(m) Cash flow from operating activities

The Group used net cash of US\$5.9 million for operating activities in 1QFY2020.

(n) Cash flow used in investing activities

Net cash from investing activities of US\$6.8 million for 1QFY2020 was attributed mainly to repayment from joint venture amounting to US\$11.0 million, offset partially by purchase of property, plant and equipment of US\$4.2 million.

(o) Cash flow from financing activities

Net cash generated from financing activities in 1QFY2020 amounted to US\$1.3 million. This was attributed mainly to drawdown of a new term loan facility of US\$3.1 million and proceeds from shareholder's advances of US\$4.5 million, offset partially by repayment of existing terms loans of US\$5.5 million and payment of interest of US\$0.8 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 operating conditions for the offshore support vessel ("OSV") industry continue to be challenging amid market uncertainties arising from concerns over the outlook of global economic growth and political uncertainties in the Middle East. Although offshore oil and gas activities appear to be on the mend, the OSV market remains under pressure due to persistent oversupply and depressed charter rates as a result of intense competition.

The Group envisages the business environment to remain difficult in the current financial year ending 31 March 2020. Besides implementing effective measures to maintain cost-efficient operations, the Group is continuing to pursue business opportunities with existing and new customers in its target markets in Asia and the Middle East. There are

encouraging signs of improvement in oil and gas field development activities in Asia, while the Middle East's offshore oil and gas market continues to be active which should create potential opportunities for participation in new project tenders. However, competition in the OSV market is expected to be high.

The Group's core vessel chartering business is driven mainly by long term charter contracts in the Middle East with a key National Oil Company ("NOC") customer. Besides seeking to deepen its working relationship with the NOC customer, the Group is also working on expanding its customer base in new markets such as Egypt, Abu Dhabi and Kuwait.

To remain competitive, the Group is actively seeking ways to enhance its value to customers by widening its range of offshore support services. It will also continue to explore business opportunities within the offshore oil and gas services sector to tap new revenue streams. On 29 July 2019, the Group announced that it was appointed by Calm Oceans Pte Ltd to build one unit of Mono-Column Platform – Lite ("MCP-Lite"), a unique offshore mobile platform that is a groundbreaking alternative to conventional jack-up rigs. Construction of the MCP-Lite will be carried out at the Group's shipyard in Batam, Indonesia and is expected to be completed in the fourth quarter of FY2020.

As at 30 June 2019, the Group's chartering services order book had total value of approximately US\$521 million which comprises mainly long-term charter contracts that stretch up to 2024 inclusive of extension options of up to 2 years. The Group currently owns and operates a young fleet of 62 OSVs.

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 and the reason(s) for the decision.

No dividend has been declared or recommended for the current financial period reported as the Company is loss-making during the current financial period. In addition, with reference to the perpetual capital securities of US\$22.5 million issued by the Company in 2014, in the event that the Company would like to declare dividends to ordinary shareholders, the Company would be required to first declare and pay the distribution for that year (currently at a rate of 7.0% per annum) to the holder of the perpetual capital securities before the Company can declare dividends to ordinary shareholders.

13. Interested person transaction

In compliance with Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalist), there were no transactions with interested persons for the first quarter ended 30 June 2019 except as disclosed below:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (including 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 (including transactions less than S\$100,000)
Chartering services provided to the Group		
Rawabi Vallianz International Company	Nil	US\$15,086,726
Corporate services provided to the Group		
Rawabi Holding Company Limited and its subsidiaries	Nil	US\$256,705

Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group		
SHL and its subsidiaries	US\$54,037	Not applicable
Principal repayment paid for by the Group		
Holmen Heavylift Offshore Pte. Ltd. ("HOL") and its subsidiaries ("HOL Group") ⁽¹⁾	US\$284,722 ⁽²⁾	Not applicable
Interests payment paid for by the Group		
HOL Group ⁽¹⁾	US\$304,442 ⁽²⁾	Not applicable

Notes:

- (1) HOL Group is 25% owned by SHL and 75% owned by the Company.
- (2) The amount represents SHL's share of the amount which was paid for by the Company. The Company had made principal repayment and interest payment of US\$1.14 million and US\$1.22 million respectively for the 3 months ended 30 June 2019 on the bank facilities extended to HOL and its subsidiaries notwithstanding that the Company's shareholding interest in HOL is only 75%, and not 100%. This would mean that the Company had also paid the interested person's 25% share of the principal repayment and interest payment, in this case for the benefit of the interested person, SHL. The principal repayment had commenced recently in April 2019 in accordance with the Framework Agreement which the Group had entered into with certain of its lenders on 10 March 2017.

Save for the above new IPTs entered into for the first quarter ended 30 June 2019, the Company's outstanding share of/exposure to the corporate guarantees/outstanding bank facilities and advances to interested persons has decreased since 31 March 2019 to 30 June 2019, as set out in the table below:

Entities	As at 31 March 2019 (US\$'000)	As at 30 June 2019 (US\$'000)
Company's exposure to the corporate guarantee/outstanding bank facilities		
RVIC	222,858	215,087
RVOS	36,496	34,705
RPL	31,729	31,729
HOL	91,111	89,532
Advances		
RVIC	92,681	81,720

As stated in the Company's announcements on 24 July 2019 and 5 August 2019, the Company is currently undertaking a comprehensive review of the IPTs and will update shareholders in due course, including the despatch of a circular to shareholders containing, *inter alia*, further information on the IPTs, an opinion from the independent financial advisor to be appointed, together with a notice of extraordinary general meeting to be held, to seek the approval and ratification of shareholders for the relevant IPTs which has surfaced through this review.

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, save as disclosed in the Company's announcement on 24 July 2019, 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 2019 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 Lead Independent Director

14 August 2019

*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 SGX-ST assumes 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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