



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statements

For the Third Quarter and Nine Months Ended 31 December 2018

ANNOUNCEMENT IN RELATION TO UNAUDITED FINANCIAL STATEMENT FOR THE THIRD QUARTER ENDED (“3Q2018/19”) AND NINE MONTHS ENDED 31 DECEMBER 2018 (“9M2018/19”)

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 31		Change	9 Months ended 31		Change
	December			December		
	2018	2017		2018	2017	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Revenue	49,271	53,640	(8.1)	137,131	136,087	0.8
Cost of sales	(40,569)	(35,750)	13.5	(111,267)	(97,374)	14.7
Gross Profit	8,702	17,890	(51.4)	25,864	38,713	(33.2)
Other income/(expenses)	1,020	(149)	nm	1,995	2,391	(16.6)
Administrative expenses	(2,943)	(3,746)	(21.4)	(8,117)	(10,120)	(19.8)
Other operating expenses	(1,519)	(2,225)	(31.7)	(2,651)	(2,449)	8.2
Finance costs	(3,632)	(4,038)	(10.1)	(10,630)	(10,644)	(0.1)
Share of results of associate and joint ventures	25	(7)	nm	47	120	(60.8)
Operating profit from ordinary activities	1,653	7,725	(78.6)	6,508	18,011	(63.9)
Exceptional Items	-	(5,934)	nm	-	(5,934)	nm
Profit before tax	1,653	1,791	(7.7)	6,508	12,077	(46.1)
Income tax expense	(243)	(51)	376.5	(357)	(337)	5.9
Profit for the period	1,410	1,740	(19.0)	6,151	11,740	(47.6)
Profit for the period attributable to :						
Owners of the Company	2,120	5,882	(64.0)	9,275	15,405	(39.8)
Non-controlling interests	(710)	(4,142)	(82.9)	(3,124)	(3,665)	(14.8)
Total	1,410	1,740	(19.0)	6,151	11,740	(47.6)

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 31		Change	9 Months ended 31		Change
	December			December		
	2018	2017		2018	2017	
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Other comprehensive income for the period, net of tax						
Exchange differences on translation of foreign operations	(6)	187	nm	(104)	324	nm
Actuarial loss on post-employment benefit obligation	73	-	nm	73	-	nm
Total comprehensive income for the period	1,477	1,927	(23.4)	6,120	12,064	(49.3)
Total comprehensive income attributable to:						
Owners of the Company	2,187	6,069	(64.0)	9,244	15,729	(41.2)
Non-controlling interests	(710)	(4,142)	(82.9)	(3,124)	(3,665)	(14.8)
Total	1,477	1,927	(23.4)	6,120	12,064	(49.3)

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 31 December		9 months ended 31 December	
	2018	2017	2018	2017
	US\$'000	US\$'000	US\$'000	US\$'000
Depreciation of property, plant and equipment	3,018	3,783	8,802	11,309
Bad debt written off	372	5,934	398	5,934
Assets written off	715	-	1,430	-
Finance costs	3,632	4,038	10,630	10,644
Foreign exchange (gain)/ loss, net	(470)	18	(79)	(292)
Loss on disposal of property, plant and equipment	-	2,111	-	1,481
Fair value change of derivative financial instruments	(373)	490	(373)	490
Provision for employee benefits	82	270	171	404
Reinstatement cost of shipyard	520	-	520	-
Share-based payment expense	53	496	250	1,149
Forfeiture of performance shares award	(3)	(11)	(22)	(67)
Forfeiture of share option	(60)	-	(60)	-

- 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 Dec 2018 US\$'000	31 Mar 2018 US\$'000	31 Dec 2018 US\$'000	31 Mar 2018 US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	10,818	7,569	1,982	162
Trade receivables	49,011	33,959	2	2
Other receivables	134,103	174,862	173,995	142,832
Inventories	3,895	2,936	-	-
Construction work-in-progress	840	252	-	-
Available-for-sale investments	31,729	31,729	-	-
Total current assets	230,396	251,307	175,979	142,996
Non-current assets				
Monies pledged with banks	699	699	-	-
Property, plant and equipment	291,440	272,218	73	84
Subsidiary corporations	-	-	154	154
Joint ventures	65,377	65,330	68,530	68,530
Associate	82,235	-	-	-
Derivative financial instrument	1,713	1,340	-	-
Total non-current assets	441,464	339,587	68,757	68,768
Total assets	671,860	590,894	244,736	211,764

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

	Group		Company	
	31 Dec 2018 US\$'000	31 Mar 2018 US\$'000	31 Dec 2018 US\$'000	31 Mar 2018 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Term loans	122,804	91,056	-	-
Trade payables	68,553	33,037	19	25
Other payables	22,839	65,156	153,867	143,408
Finance lease payables	5	5	-	-
Income tax payable	3,993	4,435	-	-
Total current liabilities	218,194	193,689	153,886	143,433
Non-current liabilities				
Term loans	181,000	155,142	-	-
Retirement benefit obligation	1,815	1,717	-	-
Finance lease payables	2	6	-	-
Deferred tax liabilities	4,710	4,652	-	-
Total non-current liabilities	187,527	161,517	-	-
Capital and reserves				
Share capital	347,746	344,866	347,746	344,866
Perpetual capital securities	22,500	22,500	22,500	22,500
Foreign currency translation reserve	(130)	(26)	-	-
Share options reserve	-	405	-	405
Other reserve	(39)	(112)	28	28
Shareholder's advance	28,644	6,788	21,856	-
Accumulated losses	(121,698)	(130,973)	(301,280)	(299,468)
Equity attributable to owners of the Company and capital securities holders	277,023	243,448	90,850	68,331
Non-controlling interests	(10,884)	(7,760)	-	-
Total equity	266,139	235,688	90,850	68,331
Total liabilities and equity	671,460	590,894	244,736	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 31 Dec 2018		As at 31 Mar 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
122,809	-	91,061	-

Amount repayable after one year

Group		Group	
As at 31 Dec 2018		As at 31 Mar 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
181,002	-	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 31 December		9 Months ended 31 December	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Operating activities				
Profit before tax	1,653	1,791	6,508	12,077
Adjustments for :				
Depreciation of property, plant and equipment	3,018	3,783	8,802	11,309
Bad debt written off	372	5,934	398	5,934
Asset written off	715	-	1,430	-
Loss on disposal of property, plant and equipment	-	2,111	-	1,481
Finance costs	3,632	4,038	10,630	10,644
Share-based payment expense	53	496	250	1,149
Forfeiture of performance shares award	(3)	(11)	(22)	(67)
Forfeiture of share	(60)	-	(60)	-
Provision for employee benefits	82	270	171	404
Reinstatement cost of shipyard	520	-	520	-
Share of results of associate and joint ventures	(25)	7	(47)	(120)
Unrealised exchange (gain) loss	(6)	187	(103)	324
Fair value change of derivative financial instruments	(373)	490	(373)	490
Operating cash flows before working capital changes	9,578	19,096	28,104	43,625
Trade and other receivables	(19,244)	6,948	(38,120)	(8,479)
Trade and other payables	(16,407)	11,767	(19,272)	8,894
Inventories	(249)	(926)	(959)	(832)
Construction work-in-progress	(239)	328	(588)	932
Cash from operations	(26,561)	37,213	(30,835)	44,140
Income tax paid	(111)	(25)	(741)	(32)
Net cash from (used in) operating activities	(26,672)	37,188	(31,576)	44,108
Investing activities				
Proceeds from disposal of property, plant and equipment	-	68,531	-	69,641
Purchase of property, plant and equipment	(19,374)	-	(28,138)	(3,255)
Net cash from (used in) investing activities	(19,374)	68,531	(28,138)	66,386

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

	Quarter ended 31 December		9 Months ended 31 December	
	2018 US\$'000	2017 US\$'000	2018 US\$'000	2017 US\$'000
Financing activities				
Advances from shareholders	25,997	-	32,047	-
Interest paid	(3,632)	(4,038)	(7,880)	(10,644)
Proceeds from new bank loans raised	24,052	-	68,955	-
Issuance of rights shares	-	6,312	-	6,312
Repayment of term loans	(266)	(97,317)	(11,349)	(102,024)
Receipt from (Advance to) joint venture	4,016	-	(18,806)	(28,421)
Repayment of obligation under finance lease	(2)	(51)	(4)	(174)
Net cash from (used in) financing activities	50,165	(95,094)	62,963	(134,951)
Net increase (decrease) in cash and cash equivalents	4,119	10,625	3,249	(24,457)
Effects of exchange rate changes on the cash balance	-	-	-	-
Cash and cash equivalents at beginning of period	6,699	10,486	7,569	45,568
Cash and cash equivalents at end of period	10,818	21,111	10,818	21,111

- 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	-	-	-	-	-	9,275	-	9,275	(3,124)	6,151
Other comprehensive income for the period	-	(104)	-	73	-	-	-	(31)	-	(31)
Total	-	(104)	-	73	-	9,275	-	9,244	(3,124)	6,120
Transactions with owners, recognised directly in equity										
Issue of vendor settlement shares	2,307	-	-	-	-	-	-	2,307	-	2,307
Deemed investment by a Shareholder	-	-	-	-	21,856	-	-	21,856	-	21,856
Forfeiture of performance shares award	-	-	(22)	-	-	-	-	(22)	-	(22)
Forfeiture of share option	-	-	(60)	-	-	-	-	(60)	-	(60)
Recognition of share-based payments	-	-	250	-	-	-	-	250	-	250
Performance shares awarded	573	-	(573)	-	-	-	-	-	-	-
Total	2,880	-	(405)	-	21,856	-	-	24,331	-	24,331
At 31 December 2018	347,746	(130)	-	(39)	28,644	(121,698)	22,500	277,023	(10,884)	266,139

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 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	-	-	-	-	-	15,404	-	15,404	(3,665)	11,739
Other comprehensive income for the period	-	324	-	-	-	-	-	324	-	324
Total	-	324	-	-	-	15,404	-	15,728	(3,665)	12,063
Transactions with owners, recognised directly in equity										
Issue of vendor settlement shares	2,258	-	-	-	-	-	-	2,258	-	2,258
Issue of share rights	51,828	-	-	-	(35,100)	-	-	16,728	-	16,728
Performance shares awarded	943	-	(943)	-	-	-	-	-	-	-
Forfeiture of performance shares award	-	-	(67)	-	-	-	-	(67)	-	(67)
Recognition of share-based payments	-	-	1,149	-	-	-	-	1,149	-	1,149
Deemed investment by a shareholder	-	-	-	-	25,619	-	-	25,619	-	25,619
Total	55,029	-	139	-	(9,481)	-	-	45,687	-	45,687
At 31 December 2017	258,947	(721)	586	(27)	92,606	(132,234)	22,500	241,657	(6,301)	235,356

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	-	-	-	-	(1,812)	-	(1,812)
Total	-	-	-	-	(1,812)	-	(1,812)
Transactions with owners, recognised directly in equity							
Issue of vendor settlement shares	2,307	-	-	-	-	-	2,307
Deemed investment by a Shareholder	-	-	-	21,856	-	-	21,856
Recognition of share-based payments	-	250	-	-	-	-	250
Forfeiture of performance shares award	-	(22)	-	-	-	-	(22)
Forfeiture of share option	-	(60)	-	-	-	-	(60)
Performance shares awarded	573	(573)	-	-	-	-	-
Total	2,880	(405)	-	-	-	-	24,331
At 31 December 2018	347,746	-	28	21,856	(301,280)	22,500	90,850

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	-	-	-	-	(3,912)	-	(3,912)
Total	-	-	-	-	(3,912)	-	(3,912)
Transactions with owners, recognised directly in equity							
Issue of vendor settlement shares	2,258	-	-	-	-	-	2,258
Issue of share rights	51,828	-	-	(35,100)	-	-	16,728
Deemed investment by shareholder	-	-	-	25,619	-	-	25,619
Recognition of share-based payments	-	1,149	-	-	-	-	1,149
Performance shares awarded	943	(943)	-	-	-	-	-
Forfeiture of performance shares award	-	(67)	-	-	-	-	(67)
Total	55,029	139	-	(9,481)	-	-	45,687
At 31 December 2017	258,947	586	28	92,606	(298,329)	22,500	76,338

- 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.

	<u>3 months ended 31 December 2018</u>	<u>3 months ended 31 December 2017</u>
	No. of shares ('000)	No. of shares ('000)
As at beginning of the period	16,748,595	4,479,061
Issuance of new ordinary shares pursuant to:		
- Rights Issue Exercise	-	4,479,062
- Performance Share Plan	32,000	69,000
As at the end of the period	16,780,595	9,027,123

(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. All Awards have been fully vested as at 31 December 2018.

Date of grant	As at 1 October 2018	Granted	Vested	Cancelled	As at 31 December 2018
25 August 2017	32,333,325	-	(31,999,992)	(333,333)	-

(b) Total number of shares that may be issued as at

	<u>31 December 2018</u>	<u>31 December 2017</u>
	No. of Shares	No. of Shares
Corporate Action		
Warrants pursuant to Rights Issue Exercise	1,501,801,298	8,958,122,770
Grant of share award under PSP	-	107,000,000
Grant of share options under ESOS	-	4,000,000
Total	1,501,801,298	9,069,122,770

(c) 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.

After 31 December 2018, the Proposed Share Consolidation was completed and became effective from 24 January 2019 ("**Share Consolidation Effective Date**" and "**Warrant Adjustment Effective Date**").

Prior to the Share Consolidation Effective Date, the issued share capital of the Company comprised 16,780,595,243 Existing Shares, and with effect from the Share Consolidation Effective Date, the issued share capital of the Company now comprises 559,353,174 Consolidated Shares, after disregarding any fractions of Consolidated Shares arising from the Share Consolidation.

Prior to the Warrant Adjustment Effective Date, the Company had 1,501,801,298 unexercised Warrants, and with effect from the Warrant Adjustment Effective Date, the Company now has 50,060,043 unexercised Adjusted Warrants, after disregarding any fractions of Adjusted Warrants arising from the Warrant Adjustment.

The SGX-ST has, in accordance with its practice, retired the Company's existing stock codes – 545 and 1H1W and issued new, randomly generated stock codes to the Company – WPC in respect of the shares, and PFYW in respect of the warrants.

- 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>31 December 2018</u> No. of shares ('000)	<u>31 March 2018</u> No. of shares ('000)
The number of issued shares	<u>16,780,595</u>	<u>16,519,111</u>

There were no treasury shares as at 31 December 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 period 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.

	<u>Group</u> <u>Quarter ended 31</u> <u>December</u>		<u>Group</u> <u>9 Months ended 31</u> <u>December</u>	
	2018	2017	2018	2017
Earnings (US\$'000)				
Net profit after tax attributable to owners of the Company	2,120	5,882	9,275	15,405
Number of shares ('000)				
Weighted average number of shares for basic earnings per share	16,748,943	4,643,118	16,666,218	4,484,510
Effects of dilution ^(*)	1,501,801	9,025,806	1,501,801	9,025,806
Weighted average number of shares for diluted earnings per share	18,250,744	13,668,924	18,168,019	13,510,316

⁽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 if applicable.

Earnings per share (US cents)

Basic	0.01	0.13	0.06	0.34
Diluted	0.01	0.04	0.05	0.11

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 Dec 2018	31 Mar 2018	31 Dec 2018	31 Mar 2018
Net asset value (US\$'000)	277,023	243,448	90,850	68,331
Total number of shares issued ('000)	16,780,595	16,519,111	16,780,595	16,519,111
Net asset value per share (US cents)	1.65	1.47	0.54	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, cost of sales and gross profit

The Group recorded revenue of approximately US\$49.27 million for the three months ended 31 December 2018 ("3QFY2019"), down 8.1% from US\$53.64 million in the previous corresponding period ("3QFY2018"). The decrease was due mainly to lower volume of vessel management projects which was partially mitigated 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\$45.60 million in 3QFY2019, from US\$37.47 million in 3QFY2018 and US\$41.40 million in 2QFY2019. 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 93% of Group revenue in 3QFY2019, compared to 70% in 3QFY2018. The remaining 7% of Group revenue was derived from the provision of vessel management services.

During the nine months ended 31 December 2018 ("9MFY2019"), the Group's revenue has improved steadily from quarter to quarter. Group revenue increased from US\$42.50 million in Q1FY2019 to US\$45.36 million in Q2FY2019 and US\$49.27 million in Q3FY2019. On a year-on-year basis, Group revenue for 9MFY2019 was stable at US\$137.13 million compared to US\$136.09 million in 9MFY2018.

(b) Gross profit

Gross profit in 3QFY2019 decreased 51.4% to US\$8.70 million from US\$17.89 million in 3QFY2018. Gross profit margin softened to 17.7% in 3QFY2019 from 33.4% previously. This was attributed to a shift in revenue mix, lower utilisation, lower charter rates for the contracts that were extended with a key customer during 1QFY2019, as well as mobilisation costs for new vessel charters. The Group also experienced higher personnel costs for onshore support which rose in tandem with the growth of its vessel operations in the Middle East.

(c) Other income

The Group recorded other income of US\$1.02 million in 3QFY2019 compared to negative US\$0.15 million in 3QFY2018. Other income in 3QFY2019 comprised mainly foreign exchange gain of US\$0.4 million, discount from vendors of US\$0.4 million and other miscellaneous income.

(d) Administrative and Other operating expenses

Administrative expenses decreased 21.4% to US\$2.94 million in 3QFY2019 compared to US\$3.75 million in 3QFY2018. The decline was attributed mainly to lower professional fees and share-based payment expenses, as well as the on-going cost control measures implemented by the Group.

Other operating expenses in 3QFY2019 of US\$1.5 million comprised mainly an asset write-off amounting to US\$0.7 million and one-off reinstatement expenses of US\$0.5 million that was incurred for the Group's shipyard in Singapore.

(e) Finance costs

Finance costs in 3QFY2019 declined 10.1% to US\$3.63 million from US\$4.04 million in 3QFY2018, as the average monthly balance of borrowings during 3QFY2019 was lower compared to 3QFY2018.

(f) Share of results of associate and joint venture

The Group recorded a profit of US\$0.03 million from its share of results of associate and joint ventures in 3QFY2019 which was attributed to RVIC.

(g) Net profit attributable to owners of the Company

Net profit attributable to owners of the Company decreased 64.0% to US\$2.12 million in 3QFY2019 from US\$5.88 million in 3QFY2018. The decline was attributed primarily to lower gross profit which was partially buffered by higher other income as well as a reduction in operating and finance expenses.

For 9MFY2019, the Group recorded net profit attributable to owners of the Company of US\$9.28 million, down 39.8% from US\$15.4 million in 9MFY2018.

Statements of Financial Position

(h) Trade and other receivables

Trade receivables increased to US\$49.01 million as at 31 December 2018 from US\$34.0 million as at 31 March 2018. This was due to a longer collection period for certain projects and payment has subsequently been received in January 2019. Other receivables decreased to US\$134.10 million from US\$174.86 million as at 31 March 2018. The decline was attributable mainly to (a) a reclassification of amount due from associate company of US\$ 82.24 million to deemed investment in associates to better reflect the non-current nature of this asset.; and (b) offset partially by an increase in amount due from joint venture.

(i) Property, plant and equipment

Property, plant and equipment increased to US\$291.44 million as at 31 December 2018 from US\$272.2 million as at 31 March 2018 due to expansion of vessel fleet and vessel drydocking cost which were offset partially by depreciation expenses.

(j) Joint ventures

Investment in joint ventures increased slightly to US\$65.38 million as at 31 December 2018 from US\$65.33 million as at 31 March 2018. 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.

	31 Dec 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	122,804	181,000	303,804	91,056	155,142	246,198
Finance Lease	5	2	7	5	6	11
	122,809	181,002	303,811	91,061	155,148	246,209

Total current and non-current term borrowings, which comprised largely of bank borrowings for vessels, increased to US\$303.81 million as at 31 December 2018 from US\$246.21 million as at 31 March 2018. This was due mainly to drawdown of a term loan facility and working capital facilities for working capital purposes.

(l) Trade and other payables

The Group's trade and other payables as at 31 December 2018 decreased to US\$91.39 million from US\$98.19 million as at 31 March 2018 due mainly to settlement of outstanding payables to third-parties by cash and issue of new shares in the Company. Approximately US\$2.3 million of trade payables was paid via new shares during 9MFY2018.

Consolidated Statement of Cash Flows

Cash and cash equivalents increased to US\$10.82 million as at 31 December 2018 from US\$7.57 million as at 31 March 2018.

The Group used net cash of US\$31.76 million in operating activities during 9MFY2019. Net cash used in investing activities of US\$28.14 million for 9MFY2019 was attributed mainly to expansion of vessel fleet and vessel drydocking costs. Net cash generated from financing activities in 9MFY2019 amounted to US\$62.96 million. This was attributed mainly to proceeds from the drawdown of term loan facility and advance from shareholder, offset partially by repayment of term loans, 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.

After falling in the final quarter of 2018, crude oil prices have staged a recovery at the start of the new year. While stability in oil prices will help to lift sentiment in the oil and gas (O&G) industry, concerns of weakening global oil demand and escalating trade tensions between the USA and China could affect the O&G industry's recovery. For the offshore support vessel ("OSV") segment, the business environment remains challenging as the oversupply of OSVs continues to exert downward pressure on vessel utilisation rates and charter rates.

Nonetheless, the Group is cautiously optimistic of the market as it is witnessing an increase in oil and gas field developments in the Middle East and Asia. Since the O&G industry's downturn in 2014, the Group has continued to report operating profits, 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 market position to capitalise on 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 continues to participate actively in significant tenders for projects of the NOC customer. The Group is also pursuing opportunities to reach new markets in the Middle East region such as Egypt, Abu Dhabi and Kuwait.

As at 31 December 2018, the Group's chartering services order book had total value of approximately US\$610 million which comprises mainly long-term charter contracts that stretch up to 2025 inclusive of extension options of up to 2 years. The Group currently owns and operates a young fleet of 62 offshore support vessels.

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 31 December 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)
Ship management services provided by the Group		
Swiber Holdings Limited and its subsidiaries	Nil	US\$ 848,155
Chartering services provided to the Group		
Rawabi Vallianz International Company	Nil	US\$12,756,635
Shipyard services provided by the Group		
Swiber Holdings Limited and its subsidiaries	Nil	US\$62,026
Corporate services provided to the Group		
Rawabi Holding Company Limited and its subsidiaries	Nil	US\$136,439

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 third quarter and nine (9) months financial results for the period ended 31 December 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

14 February 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 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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