



VALLIANZ HOLDINGS LIMITED

Unaudited Financial Statements

For the Financial Year Ended 31 March 2019

UNAUDITED FINANCIAL STATEMENT FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019 (“FY2019”)

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS QUARTERLY (Q1, Q2, Q3 & Q4), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	Group		Change
	12 months ended 31 March 2019 “FY2019” US\$’000	12 months ended 31 March 2018 “FY2018” US\$’000	
Revenue	184,518	184,337	0.1
Cost of sales	(151,547)	(140,020)	8.2
Gross Profit	32,971	44,317	(25.6)
Other income	1,706	7,872	(78.3)
Administrative expenses	(11,703)	(14,134)	(17.2)
Other operating expenses	(1,933)	(988)	(95.6)
Finance costs	(16,473)	(13,974)	17.9
Share of results of associate and joint ventures	105	(1,235)	nm
Operating profit from ordinary activities	4,673	21,858	(78.6)
Exceptional Items	(133,318)	(7,134)	nm
(Loss) Profit before tax	(128,645)	14,724	nm
Income tax	(4,018)	(3,183)	(47.1)
(Loss) Profit for the year	(132,663)	11,541	nm

Note: nm – Not Meaningful

1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

Consolidated Statement of Profit or Loss and Other Comprehensive Income (cont'd)

	Group		Change
	12 months ended 31 March 2019 "FY2019"	12 months ended 31 March 2018 "FY2018"	
	US\$'000	US\$'000	%
(Loss) Profit for the year attributable to:			
Owners of the Company	(128,181)	16,665	nm
Non-controlling interests	(4,482)	(5,124)	(12.5)
Total	(132,663)	11,541	nm
Other comprehensive (loss) income for the year, net of tax			
Exchange differences on translation of foreign operations	(88)	1,019	nm
Actuarial gain (loss) on post-employment benefit obligation	71	(85)	nm
Total comprehensive (loss) income for the year	(132,680)	12,475	nm
Total comprehensive (loss) income attributable to			
Owners of the Company	(128,198)	17,599	nm
Non-controlling interests	(4,482)	(5,124)	(12.5)
Total	(132,680)	12,475	nm

Note: nm – Not Meaningful

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

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

	Group	
	12 months ended 31 March 2019 "FY2019" US\$'000	12 months ended 31 March 2018 "FY2018" US\$'000
Asset written off	-	4
Allowance for doubtful receivables	1,015	977
Depreciation of property, plant and equipment	11,879	14,243
Bad debt written off	398	5,934
Finance costs	16,473	13,974
Foreign exchange gain, net	(122)	(682)
Loss (Gain) on disposal of property, plant and equipment	284	(5,773)
Fair value change of derivative financial instruments	(373)	(45)
Provision for employee benefits	136	555
Reinstatement cost of shipyard	520	-
Share-based payment expense	250	1,300
Forfeiture of performance shares award	(22)	(84)
Forfeiture of share option	(60)	-
Impairment of associate	67,392	-
Impairment of property, plant and equipment	53,510	1,200
One off compensation for late delivery of vessels and cancellation of project	12,416	-
Write off of investment	-	1

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

Statements of Financial Position

	Group		Company	
	31 March 2019 US\$'000	31 March 2018 US\$'000	31 March 2019 US\$'000	31 March 2018 US\$'000
<u>ASSETS</u>				
Current assets				
Cash and cash equivalents	8,374	7,569	118	162
Trade receivables	42,420	33,659	2	2
Other receivables	161,743	174,862	197,077	142,832
Inventories	4,935	2,936	-	-
Construction work-in-progress	492	252	-	-
Financial Assets at Fair Value through OCI	31,729	31,729	-	-
Total current assets	249,693	251,307	197,197	142,996
Non-current assets				
Monies pledged with banks	699	699	-	-
Property, plant and equipment	237,367	272,218	69	84
Subsidiary corporations	-	-	154	154
Joint ventures	65,435	65,330	68,530	68,530
Associate	14,843	-	-	-
Derivative financial instrument	1,713	1,340	-	-
Total non-current assets	320,057	339,585	68,753	68,768
Total assets	569,750	590,892	265,950	211,764

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

	Group		Company	
	31 March 2019 US\$'000	31 March 2018 US\$'000	31 March 2019 US\$'000	31 March 2018 US\$'000
<u>LIABILITIES AND EQUITY</u>				
Current liabilities				
Term loans	152,050	91,056	-	1,933
Trade payables	65,784	33,037	-	25
Other payables	24,505	65,156	136,180	141,475
Finance lease payables	5	5	-	-
Income tax payable	4,947	4,435	-	-
Total current liabilities	247,291	193,689	136,180	143,433
Non-current liabilities				
Term loans	152,258	155,142	-	-
Retirement benefit obligation	2,014	1,717	-	-
Finance lease payables	1	6	-	-
Deferred tax liabilities	8,045	4,652	-	-
Total non-current liabilities	162,318	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	(114)	(26)	-	-
Share options reserve	-	405	-	405
Other reserve	(43)	(112)	28	28
Shareholder's advance	61,448	6,788	61,448	-
Accumulated losses	(259,154)	(130,973)	(301,952)	(299,468)
Equity attributable to owners of the Company and capital securities holders	172,383	243,448	129,770	68,331
Non-controlling interests	(12,242)	(7,760)	-	-
Total equity	160,141	235,688	129,770	68,331
Total liabilities and equity	569,750	590,894	265,950	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 March 2019		As at 31 March 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
152,055	-	91,061	-

Amount repayable after one year

Group		Group	
As at 31 March 2019		As at 31 March 2018	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
152,259	-	155,148	-

Details of any collateral

The Group's borrowings are secured by:

- (i) mortgage over all the Group's property, vessels, motor vehicles, equipment and a vessel held by a related company of a major shareholder;
- (ii) assignment of marine insurances in respect of some of the vessels;
- (iii) unquoted cumulative preference shares held by the Group;
- (iv) monies pledged;
- (v) assignment of earnings/charter proceeds in respect of some of the vessels;
- (vi) corporate guarantees from the Company and a major shareholder of the Group; and
- (vii) shares of pledged subsidiaries.

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

Consolidated Statement of Cash Flows

	Group	
	FY2019 US\$'000	FY2018 US\$'000
Operating activities		
(Loss) Profit before tax	(128,645)	14,724
Adjustments for :		
Allowance for doubtful receivables – net	1,015	977
Bad debts written off	398	5,934
Depreciation of property, plant and equipment	11,879	14,243
Provision for retirement benefit obligation	136	555
Finance costs	16,473	13,974
Write off of investment	-	1
Loss (Gain) on disposal of property, plant and equipment	284	(5,773)
Assets written off	-	4
Unrealised foreign exchange (gain) loss	(88)	1,019
Share-based payment expense	250	1,300
Share of results of associate and joint ventures	(105)	1,235
Fair value change of derivative financial instruments	(373)	(45)
Forfeiture of performance shares award	(22)	(84)
Forfeiture of share	(60)	-
Reinstatement cost of shipyard	520	-
Impairment of associate	67,392	-
Impairment of property, plant and equipment	53,510	1,200
One-off compensation for late delivery of vessels and cancellation of project	12,416	-
Operating cash flows before working capital changes	<u>34,980</u>	<u>49,264</u>
Trade and other receivables	1,035	(30,733)
Trade and other payables	(13,320)	(18,774)
Inventories	(1,999)	(1,267)
Construction work-in-progress	(240)	1,254
Cash from (used in) operations	<u>20,456</u>	<u>(256)</u>
Income tax paid	(113)	(719)
Net cash from (used in) operating activities	<u>20,343</u>	<u>(975)</u>
Investing activities		
Investment in joint venture	-	(4,000)
Purchase of property, plant and equipment	(29,349)	(5,567)
Proceeds from disposal of property, plant and equipment	800	78,830
Net cash (used in) from investing activities	<u>(28,549)</u>	<u>69,263</u>

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

	Group	
	FY2019	FY2018
	US\$'000	US\$'000
Financing activities		
Interest paid	(11,074)	(11,341)
Proceeds from new bank loans raised	70,323	28,000
Advance to joint venture	(92,681)	(6,291)
Proceeds from Rights Issue, net of expenses	-	5,951
Advances from major shareholder	54,660	-
Repayment of term loans	(12,212)	(122,431)
Repayment of obligation under finance lease	(5)	(175)
Net cash from (used in) financing activities	9,011	(106,287)
Net decrease in cash and cash equivalents	805	(37,999)
Cash and cash equivalents at beginning of year	7,569	45,568
Cash and cash equivalents at end of year	8,374	7,569

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

Statements of Changes in Equity

	Share capital	Foreign currency translation reserve	Share options reserve	Other reserve	Shareholder's Advance	Accumulated losses	Equity attributable to owners of the company	Perpetual capital securities	Equity attributable to owners of the Company and securities holders	Non-controlling interests	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Group											
At 1 April 2018	344,866	(26)	405	(112)	6,788	(130,973)	220,948	22,500	243,448	(7,760)	235,688
Total comprehensive income for the year											
Loss for the year	-	-	-	-	-	(128,181)	(128,181)	-	(128,181)	(4,482)	(132,663)
Other comprehensive income for the year	-	(88)	-	69	-	-	(19)	-	(19)	-	(19)
Total	-	(88)	-	69	-	(128,181)	(128,200)	-	(128,200)	(4,482)	(132,682)
Transactions with owners, recognised directly in equity											
Issue of vendor settlement shares	2,307	-	-	-	-	-	2,307	-	2,307	-	2,307
Performance shares awarded	573	-	(573)	-	-	-	-	-	-	-	-
Forfeiture of performance shares award	-	-	(82)	-	-	-	(82)	-	(82)	-	(82)
Recognition of share-based payments	-	-	250	-	-	-	250	-	250	-	250
Deemed investment by a shareholder	-	-	-	-	54,660	-	54,660	-	54,660	-	54,660
Total	2,880	-	(405)	-	54,660	-	57,135	-	57,135	-	57,135
At 31 March 2019	347,746	(114)	-	(43)	61,448	(259,154)	149,883	22,500	172,383	(12,242)	160,141

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

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 year							
Loss for the year	-	-	-	-	(2,484)	-	(2,484)
Total	-	-	-	-	(2,484)	-	(2,484)
Transactions with owners, recognised directly in equity							
Issue of vendor settlement shares	2,307	-	-	-	-	-	2,307
Deemed investment by shareholder	-	-	-	61,448	-	-	61,448
Recognition of share-based payments	-	250	-	-	-	-	250
Performance shares awarded	573	(573)	-	-	-	-	-
Forfeiture of performance shares award	-	(82)	-	-	-	-	(82)
Total	2,880	(405)	-	61,448	-	-	63,923
At 31 March 2019	347,746	-	28	61,448	(301,952)	22,500	129,770

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

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

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

Changes in share capital during the financial period

	3 months ended 31 March 2019	3 months ended 31 March 2018
	No. of shares ('000)	No. of shares ('000)
As at beginning of the period	16,780,595	9,027,123
Issuance of new ordinary shares pursuant to:		
- Warrants Exercised	-	7,456,321
- Performance Share Plan	-	35,667
- Share Consolidation	(16,221,242)	-
As at the end of the period	559,353	16,519,111

(a) Performance Share Plan ("PSP")

On 25 August 2017, the Company granted 110,000,000 Awards pursuant to the PSP, of which one third of the Awards shall be vested on 1 January 2018, 30 June 2018 and 31 December 2018 respectively. All Awards have been fully vested as at 31 March 2019.

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

	<u>31 March 2019</u>	<u>31 March 2018</u>
	No. of Shares	No. of Shares
Corporate Action		
Warrants pursuant to Rights Issue Exercise	50,060,043	1,501,801,298
Grant of share award under PSP	-	67,999,992
Grant of share options under ESOS	-	4,000,000
Total	<u>50,060,043</u>	<u>1,573,801,290</u>

(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.

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 March 2019</u> No. of shares (‘000)	<u>31 March 2018</u> No. of shares (‘000)
The number of issued shares	<u>559,353</u>	<u>16,519,111</u>

There were no treasury shares as at 31 March 2019 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 year 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.

	<u>Group</u>	
	FY2019	FY2018
Earnings (US\$’000)		
Net profit after tax attributable to owners of the Company	(128,181)	16,665
Number of shares (‘000)		
Weighted average number of shares for basic earnings per share	556,481	239,932
Effects of dilution ^(*)	50,060	51,552
Weighted average number of shares for diluted earnings per share	<u>606,541</u>	<u>291,484</u>

(*) 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.

	Group	
	FY2019	FY2018
Earnings per share (US cents)		
Basic	(23.03)	6.95
Diluted	(21.13)	5.72

The company undertook a share consolidation exercise to consolidate every thirty (30) existing ordinary shares in the capital of the Company into one (1) ordinary share. The share consolidation has been completed and becomes effective on 24 January 2019. The weighted average number of the ordinary shares for the purpose of the calculation of basic and diluted earnings per share and net asset value per share for FY2019 and FY2018 have been restated.

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-

- (a) current financial period reported on; and
 (b) immediately preceding financial year.

	Group		Company	
	31 March 2019	31 March 2018	31 March 2019	31 March 2018
Net asset value (US\$'000)	172,383	243,448	129,770	68,331
Total number of shares issued ('000)	559,353	550,637	559,353	550,637
Net asset value per share (US cents)	30.82	44.21	23.20	12.41

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

For the 12 months ended 31 March 2019 ("FY2019"), the Group recorded stable revenue of around US\$184.5 million as compared to US\$184.3 million in FY2018. The Group's core chartering and brokerage services registered revenue of US\$167.1 million in FY2019 as compared to US\$152.7 million in FY2018, attributable mainly to the full impact of new vessel charter contracts from last year and the commencement of new vessel charter contracts this year with the Group's key customer in the Middle East. However, this increase was offset by lower revenue of US\$17.4 million derived from the Group's vessel management services in FY2019 as compared to US\$31.7 million in FY2018 due to lower volume of vessel management projects.

Chartering and brokerage services accounted for approximately 91% of Group revenue in FY2019, compared to 83% in FY2018. The remaining 9% of Group revenue was derived from the provision of vessel management services.

(b) Gross profit

Gross profit in FY2019 decreased 25.6% to US\$33.0 million from US\$44.3 million in FY2018. Gross profit margin in FY2019 narrowed to 17.9% compared to 24% in FY2018. The lower margin was attributed to a shift in revenue mix and lower charter rates for the contracts that were extended with a key customer during 1QFY2019. 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 registered a lower other income of US\$1.7 million in FY2019 as compared to other income of US\$7.9 million recorded in FY2018 due mainly to a gain on disposal of fixed assets in FY2018.

(d) Administrative and other operating expenses

Administrative expenses in FY2019 decreased 17.2% to US\$11.7 million from US\$14.1 million in FY2018, attributed mainly to lower rental costs, share based payment expense and professional fees.

Other operating expenses in FY2019 increased 95.6% to US\$1.9 million from US\$1.0 million previously due mainly to bad debts written off of US\$0.4 million and reinstatement cost of shipyard of US\$0.5 million in FY2019.

(e) Finance costs

Finance costs increased to US\$16.5 million in FY2019 from US\$14.0 million in FY2018. This was attributed to an increase in bank borrowings for additional vessels and working capital as well as higher interest rates.

(f) Share of results of associate and joint ventures

The Group recorded a profit of US\$0.11 million from its share of results of associate and joint ventures in FY2019, attributable to RVIC.

(g) Exceptional items

The Group recorded exceptional items of US\$133.3 million in FY2019 due mainly to impairments of an associate company and plant, property and equipment of US\$67.4 million and US\$53.5 million respectively as well as a one-off compensation for late delivery of vessels and cancellation of project of US\$12.4 million. The impairments are based on an in-depth evaluation of the various vessels held by the Group and the recoverability from the associate company in the foreseeable future, in light of the continued challenges and slow recovery in the offshore and marine market.

(h) Net profit/(loss) attributable to owners of the Company

As a result of the above factors, the Group posted a net loss attributable to owners of the Company of US\$125.8 million in FY2019 compared to a profit of US\$16.7 million in FY2018. This was due mainly to the recognition of exceptional items of US\$133.3 million, as well as the decline in the Group's operating profit as a result of lower gross profit margin and other income in FY2019.

Statements of Financial Position

(i) Trade and other receivables

Trade receivables increased to US\$42.4 million as at 31 March 2019 from US\$33.6 million as at 31 March 2018 due to a longer collection period for certain projects. Other receivables decreased to US\$161.7 million as at 31 March 2019 from US\$174.9 million as at 31 March 2018. The decline was attributable mainly to (a) a reclassification of amount due from associate company of US\$82.2 million to investment in associates to better reflect the non-current nature of this asset in 3Q2019; and (b) offset by an increase in amount due from joint venture.

(j) Property, plant and equipment

Property, plant and equipment decreased to US\$237.4 million as at 31 March 2019 from US\$272.2 million as at 31 March 2018 due mainly to impairment of vessels after an in-depth evaluation of the value of these vessels and depreciation expenses, which was partially offset by expansion of vessel fleet and vessel drydocking cost.

(k) Joint ventures

Investment in joint ventures increased slightly to US\$65.4 million as at 31 March 2019 from US\$65.3 million as at 31 March 2018, due mainly to the share of results from RVIC.

(l) Investment in associate

During FY2019, an amount due from associate company of US\$82.2 million was reclassified to investment in associate to better reflect the non-current nature of this asset in 3Q2019. As at 31 March 2019, this amount was decreased to US\$14.8 million as a result of a provision of impairment of US\$67.4 million. The impairment is based on an in-depth evaluation of the recoverability from the associate company in the foreseeable future, in light of the continued challenges and slow recovery in the offshore and marine market.

(m) Total current and non-current borrowings

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

Total current and non-current term borrowings, which comprised largely of bank borrowings for vessels, increased to US\$304.3 million as at 31 March 2019 from US\$246.2 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.

As at the end of the reporting period, certain subsidiaries of the Company breached the covenants imposed by banks for credit lines provided to the subsidiaries. The breaches are the failure to maintain the minimum sum in the Debt Servicing Reserve Account and certain financial ratios. The Company has secured a waiver for the breaches from the largest lender and is in active discussion with the other banks to secure their respective waivers. The Company will provide update to shareholders on further development when necessary.

As at the date of this announcement, the Company has not been served with any notices of any event of default for any of its loans.

(n) Trade and other payables

The Group's trade and other payables as at 31 March 2019 decreased to US\$90.3 million from US\$98.2 million as at 31 March 2018. This was due mainly to lower trade accruals in addition to the settlement of outstanding payables of approximately US\$2.3 million via the issue of new shares in the Company.

Consolidated Statement of Cash Flows

Cash and cash equivalents increased to US\$8.4 million as at 31 March 2019 from US\$7.6 million as at 31 March 2018.

The Group generated net cash of US\$20.3 million from operating activities during FY2019. Net cash used in investing activities of US\$28.5 million for FY2019 was attributed mainly to expansion of vessel fleet and vessel drydocking costs. Net cash generated from financing activities in FY2019 amounted to US\$9.0 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, 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.

The business environment for companies operating in the offshore support vessel ("OSV") segment remains challenging. The recent escalation in global trade tensions and continuing political uncertainties in the Middle East are likely to hinder a recovery in the oil and gas ("O&G") industry. As the OSV oversupply situation has yet to show any signs of improvement, charter rates will therefore remain depressed due to intense competitive pressures.

As a result, the Group is adopting a cautious view of its prospects for the current financial year ending 31 March 2020. Nonetheless, the Group will continue pursuing business opportunities with both its existing and new customers in its target markets in Asia and the Middle East. In particular, there has been an increase in O&G field development activities in the Asia Pacific region while potential opportunities exist in the Middle East to participate in upcoming tenders for projects.

While 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, it has also been working on expanding to new markets such as Egypt, Abu Dhabi and Kuwait. In addition, the Group is also actively seeking ways to enhance its value to customers by widening its range of offshore support services.

As at 31 March 2019, the Group's chartering services order book had total value of approximately US\$690 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 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 and the reason(s) for the decision.

No dividend has been declared or recommended for the current financial period reported on as the Company is loss making in FY2019.

13. Interested person transaction

In compliance with Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalyst), there were no transactions with interested persons for the 12 months ended 31 March 2019 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
Chartering services provided by the Group		
Rawabi Vallianz International Company	Nil	US\$51,844,462
Ship management services provided by the Group		
Swiber Holdings Limited and its subsidiaries	US\$3,321,092	Nil
Shipyard, Engineering, Fabrication Services and Facilities services provided by the Group		
Swiber Holdings Limited and its subsidiaries	US\$249,090	Nil
Corporate services provided to the Group		
Rawabi Holding Company Limited and its subsidiaries	Nil	US\$547,466

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

	Vessel chartering & broking US\$'000	Vessel management & services US\$'000	Investment holding US\$'000	Total US\$'000
FY2019				
Revenue				
External sales	167,102	17,416	-	184,518
Results				
Segment results	18,465	6,052	(3,476)	21,041
Finance costs	(13,410)	(55)	(3,008)	(16,473)
Share of results of associate and joint ventures	105	-	-	105
Operating profit from ordinary activities / Profit (Loss) before tax	5,160	5,997	(6,484)	4,673
Exceptional items	(51,408)	(14,518)	(67,392)	(133,318)
Loss before tax				(128,645)
Income tax				(4,018)
Loss for the year				(132,663)

	Vessel chartering & broking US\$'000	Vessel management & services US\$'000	Investment holding US\$'000	Total US\$'000
FY2018				
Revenue				
External sales	152,662	31,675	-	184,337
Results				
Segment results	30,014	14,702	(7,649)	37,067
Finance costs	(11,044)	(147)	(2,783)	(13,974)
Share of results of associate and joint ventures	(1,235)	-	-	(1,235)
Operating profit from ordinary activities	16,535	14,555	(10,432)	21,858
Exceptional expenses	(7,134)	-	-	(7,134)
Loss before tax				14,724
Income tax				(3,183)
Loss for the year				11,541

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

Please refer to paragraph 8 and 14 above.

16. Breakdown of sales and profit

	<u>Group</u>		
	FY2019	FY2018	Increase / (decrease)
	US\$'000	US\$'000	%
(a) Sales reported for first half year	87,860	82,447	6.6
(b) Profit after tax before deducting non-controlling interest	4,741	10,000	(52.6)
(c) Sales reported for second half year	96,658	101,890	(5.1)
(d) Loss after tax before deducting non-controlling interest	(137,404)	1,541	nm

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

Not Applicable

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

Pursuant to Rule 704(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of the Company would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries are related to a Director or Chief Executive Officer or Substantial Shareholder of the Company, for the financial year ended 31 March 2019.

19. Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1).

The Company confirms that the undertakings under Rule 720(1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7H.

On behalf of the Board of Directors

Ling Yong Wah
Director
Chief Executive Officer

Bote De Vries
Director
Non-Executive Independent Director

30 May 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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