



Unaudited Financial Statement And Related Announcement For The Year Ended 31 December 2018

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

1 (a) A statement of profit or loss and other comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

1(a)(i) Statement of profit or loss and other comprehensive income for the financial year ended 31 December 2018 ("FYDec18")

	Group			Group				
	Quarter ended 31 Dec 18 (1/10/2018 to 31/12/2018) US\$'000	Quarter ended 31 Dec 17 (1/10/2017 to 31/12/2017) US\$'000	Change %	Financial year ended 31 Dec 18 (1/7/2018 to 31/12/2018) US\$'000	6 months ended 31 Dec 17 (1/7/2017 to 31/12/2017) US\$'000	Change %	Financial year ended 30 Jun 18 (1/7/2017 to 30/6/2018) US\$'000	Change %
	Revenue	3,163	2,360	34.0	5,937	6,142	(3.3)	9,906
Cost of sales	(2,321)	(1,109)	109.3	(4,024)	(2,269)	77.3	(5,302)	(24.1)
Gross profit before direct depreciation	842	1,251	(32.7)	1,913	3,873	(50.6)	4,604	(58.4)
Direct depreciation	(2,161)	(1,833)	17.9	(3,749)	(3,670)	2.2	(7,165)	(47.7)
Gross profit after direct depreciation	(1,319)	(582)	126.6	(1,836)	203	nm	(2,561)	(28.3)
Other income (refer to note below)	79	131	(39.7)	314	248	26.6	476	(34.0)
Other expenses (refer to note below)	(242)	(102)	137.3	(259)	(199)	30.2	(12,237)	(97.9)
Indirect depreciation	(3)	2	nm	(7)	(17)	nm	(29)	nm
Administrative expenses	(868)	(938)	(7.5)	(1,867)	(1,698)	10.0	(3,939)	(52.6)
Profit from operations	(2,353)	(1,489)	58.0	(3,655)	(1,463)	149.8	(18,290)	(80.0)
Finance costs	(115)	(110)	4.5	(228)	(226)	0.9	(436)	(47.7)
Profit before income tax and results of associated companies	(2,468)	(1,599)	54.3	(3,883)	(1,689)	129.9	(18,726)	(79.3)
Share of results of associated companies	(2,382)	(384)	520.3	(2,346)	(463)	406.7	(5,747)	(59.2)
Profit before income tax	(4,850)	(1,983)	144.6	(6,229)	(2,152)	189.5	(24,473)	(74.5)
Income tax	(117)	-	nm	(117)	-	nm	(122)	nm
Profit after income tax	(4,967)	(1,983)	150.5	(6,346)	(2,152)	194.9	(24,595)	(74.2)
Other comprehensive income: period	-	-		-	-		-	
Attributable to:	(4,967)	(1,983)	150.5	(6,346)	(2,152)	194.9	(24,595)	(74.2)
Shareholders of the company	(4,954)	(1,983)		(6,330)	(2,152)		(24,595)	
Non-controlling interests	(13)	-		(16)	-		-	
	(4,967)	(1,983)		(6,346)	(2,152)		(24,595)	

1(a)(ii) Notes to the statement of profit or loss and other comprehensive income

	Group			Group					
	US\$'000		%	US\$'000		%	US\$'000		%
	Quarter ended 31 Dec 18 (1/10/2018 to 31/12/2018) US\$'000	Quarter ended 31 Dec 17 (1/10/2017 to 31/12/2017) US\$'000	Change	Financial year ended 31 Dec 18 (1/7/2018 to 31/12/2018) US\$'000	6 months ended 31 Dec 17 (1/7/2017 to 31/12/2017) US\$'000	Change	Financial year ended 30 Jun 18 (1/7/2017 to 30/6/2018) US\$'000	Change	
Miscellaneous income	3	28	(89.3)	48	28	71.4	135	(64.4)	
Interest income	75	103	(27.2)	166	220	(24.5)	341	(51.3)	
Write back of allowance for doubtful debt	1	-	nm	100	-	nm	-	nm	
Foreign exchange Loss	(35)	(102)	(65.7)	(52)	(199)	(73.9)	(8)	550.0	
Allowance for doubtful debt	(195)	-	nm	(195)	-	nm	(8,657)	(97.7)	
Fixed assets written off	(12)	-	nm	(12)	-	nm	-	nm	
Impairment loss for vessels	-	-	nm	-	-	nm	(3,333)	(100.0)	
Provision for impairment of investment in associated company	-	-	nm	-	-	nm	(239)	(100.0)	

Note: "nm" means not meaningful

Note: Pursuant to the Company's announcement on 8 November 2018, the Company's fiscal year-end has changed from June 30 to December 31. Accordingly, the previous fiscal year which began on 1 July 2017 ended on 30 June 2018. Consequently, the SGXNET results for the 6 month period ended 31 December 2018 are not comparable to the previous year which is for the 12 months ended 30 June 2018. However, the Management's Discussion and Analysis (lodged on SGXNET along with the Financial Results statement) is based on the new fiscal year and provides information for the 6 month period ended December 31, 2018 and has been compared with the 6 month period ended December 31, 2017.

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

Statements of financial position as at 31 December 2018

	Group		Company	
	31/12/2018	30/6/2018	31/12/2018	30/6/2018
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	5,700	4,249	4,490	2,667
Trade and other receivables	5,667	9,800	39,841	43,454
Inventories	301	140	36	44
Loan to associated company	4,298	3,595	-	-
Prepayments	185	122	62	42
Total current assets	16,151	17,906	44,429	46,207
Non-current assets				
Other receivables	-	-	7,736	8,549
Subsidiary companies	-	-	8,751	8,751
Associated companies	7,562	10,069	-	-
Loan to associated company	2,497	3,818	-	-
Fixed assets	85,234	88,988	41,743	43,429
Total non-current assets	95,293	102,875	58,230	60,729
Total assets	111,444	120,781	102,659	106,936
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	3,979	3,965	40,448	39,974
Other payables - deferred gain	321	321	-	-
Borrowings	6,194	5,651	6,194	5,651
Income tax payable	5	3	-	-
Client deposit	-	3,000	-	3,000
Total current liabilities	10,499	12,940	46,642	48,625
Non-current Liabilities				
Borrowings	2,982	3,513	2,982	3,513
Other payables - deferred gain	3,590	3,752	-	-
Deferred taxation	4,065	3,952	2,907	2,769
Total non-current liabilities	10,637	11,217	5,889	6,282
Capital and reserves				
Issued capital	55,379	55,379	55,379	55,379
Treasury stock	(46)	(46)	(46)	(46)
Accumulated profits	34,961	41,291	(5,205)	(3,304)
	90,294	96,624	50,128	52,029
Non-controlling interests				
	14	-	-	-
Total equity	90,308	96,624	50,128	52,029
Total liabilities and equity	111,444	120,781	102,659	106,936

1(b)(ii) **Aggregate amount of group's borrowings and debt securities.**

- | | |
|--|--|
| (a) Amount repayable in one year or less, or on demand | S\$8.438 million (US equivalent of US\$6.194million) as at 31 Dec 2018
S\$7.7 million (US equivalent of US\$5.651million) as at 30 Jun 2018 |
| (b) Amount repayable after one year | S\$4.063 million (US equivalent of US\$2.982million) as at 31 Dec 2018
S\$4.8 million (US equivalent of US\$3.513million) as at 30 Jun 2018 |
| (c) Details of any collaterals. | Borrowing is unsecured. |

1(c) **A statement of cash flow (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 Dec 18 (1/10/2018 to 31/12/2018)	Quarter ended 31 Dec 17 (1/10/2017 to 31/12/2017)	Financial year ended 31 Dec 18 (1/7/2018 to 31/12/2018)	6 months ended 31 Dec 17 (1/7/2017 to 31/12/2017)	Financial year ended 30 Jun 18 (1/7/2017 to 30/6/2018)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Operating activities :					
Loss before income tax	(4,850)	(1,983)	(6,229)	(2,152)	(24,473)
Adjustments for :					
Share of (profit)/loss of associates	2,382	384	2,346	463	5,747
Depreciation	2,164	1,831	3,756	3,687	10,527
Interest income	(75)	(103)	(166)	(220)	(341)
Interest expense	115	110	228	220	436
Provision for doubtful debt	-	-	-	-	8,657
Provision for doubtful debt for associated company	-	-	-	-	239
Net foreign exchange loss - unrealized	29	133	41	259	40
Operating cash flows before working capital changes	(235)	372	(24)	2,257	832
Trade and other receivables	1,702	314	947	462	(335)
Inventories	(147)	-	(161)	-	(32)
Prepayments	93	60	(63)	(53)	(19)
Advance from client	-	(383)	-	(1,517)	(1,518)
Trade and other payables	65	(67)	(31)	406	1,334
Withholding tax accruals	-	-	-	-	182
Cash generated from operations	1,478	296	668	1,555	444
Interest received	208	5	361	6	96
Interest paid	(50)	(51)	(213)	(214)	(431)
Income tax paid	(2)	-	(2)	-	-
Net cash from operating activities	1,634	250	814	1,347	109
Investing activities :					
Proceeds on disposal of fixed assets	12	-	34	-	-
Purchase of fixed assets	(37)	-	(36)	(108)	-
Additions to fixed assets	-	-	-	-	(1,095)
Repayment by associated companies	413	204	619	204	556
Net cash from (used in) investing activities	388	204	617	96	(539)
Financing activities :					
Proceeds from share issuance by subsidiary	-	-	30	-	-
Net cash from financing activities	-	-	30	-	-
Net increase (decrease) in cash and cash equivalents	2,022	454	1,461	1,443	(430)
Cash and cash equivalents at the beginning of the period	3,680	5,644	4,249	4,668	4,668
Effects of exchange rate changes on the balance of cash held in foreign currencies	(2)	(7)	(10)	(20)	11
Cash and cash equivalents at period ended	5,700	6,091	5,700	6,091	4,249

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.

Statement of changes in equity

	Issued capital US\$'000	Treasury Shares US\$'000	Retained profits US\$'000	Other Reserve US\$'000	Total US\$'000	NCI US\$'000	Total equity US\$'000
GROUP							
QUARTER ENDED 31 DECEMBER 2017							
Balance at 1 October 2017	55,379	(46)	65,717	-	121,050	-	121,050
Loss for the period, representing total comprehensive income for the period	-	-	(1,984)	-	(1,984)	-	(1,984)
Balance at 31 December 2017	55,379	(46)	63,733	-	119,066	-	119,066
QUARTER ENDED 31 DECEMBER 2018							
Balance at 1 October 2018	55,379	(46)	39,915	150	95,398	(123)	95,275
Loss for the period, representing total comprehensive income for the period	-	-	(4,954)	-	(4,954)	(13)	(4,967)
Other changes in non-controlling interest	-	-	-	(150)	(150)	150	-
Balance at 31 December 2018	55,379	(46)	34,961	-	90,294	14	90,308
COMPANY							
QUARTER ENDED 31 DECEMBER 2017							
Balance at 1 October 2017		55,379	(46)	10,106	65,439	-	65,439
Loss for the period, representing total comprehensive income for the period		-	-	(974)	(974)	-	(974)
Balance at 31 December 2017		55,379	(46)	9,132	64,465	-	64,465
QUARTER ENDED 31 DECEMBER 2018							
Balance at 1 October 2018		55,379	(46)	(4,049)	51,284	-	51,284
Loss for the period, representing total comprehensive income for the period		-	-	(1,156)	(1,156)	-	(1,156)
Balance at 31 December 2018		55,379	(46)	(5,205)	50,128	-	50,128
FINANCIAL YEAR ENDED 30 JUNE 2018							
Balance at 1 July 2017		55,379	(46)	65,886	121,219	-	121,219
Loss for the period, representing total comprehensive income for the period		-	-	(24,595)	(24,595)	-	(24,595)
Balance at 30 June 2018		55,379	(46)	41,291	96,624	-	96,624
6 MONTHS ENDED 31 DECEMBER 2017							
Balance at 1 July 2017		55,379	(46)	65,886	121,219	-	121,219
Loss for the period, representing total comprehensive income for the period		-	-	(2,153)	(2,153)	-	(2,153)
Purchase of treasury shares		-	-	-	-	-	-
Balance at 31 December 2017		55,379	(46)	63,733	119,066	-	119,066
FINANCIAL YEAR ENDED 31 DECEMBER 2018							
Balance at 1 July 2018		55,379	(46)	41,291	96,624	-	96,624
Loss for the period, representing total comprehensive income for the period		-	-	(6,330)	(6,330)	(16)	(6,346)
Other changes in non-controlling interest		-	-	-	-	30	30
Balance at 31 December 2018		55,379	(46)	34,961	90,294	14	90,308
FINANCIAL YEAR ENDED 30 JUNE 2018							
Balance at 1 July 2017		55,379	(46)	14,056	69,389	-	69,389
Loss for the period, representing total comprehensive income for the period		-	-	(17,360)	(17,360)	-	(17,360)
Balance at 30 June 2018		55,379	(46)	(3,304)	52,029	-	52,029
6 MONTHS ENDED 31 DECEMBER 2017							
Balance at 1 July 2017		55,379	(46)	14,056	69,389	-	69,389
Loss for the period, representing total comprehensive income for the period		-	-	(4,924)	(4,924)	-	(4,924)
Balance at 31 December 2017		55,379	(46)	9,132	64,465	-	64,465
FINANCIAL YEAR ENDED 31 DECEMBER 2018							
Balance at 1 July 2018		55,379	(46)	(3,304)	52,029	-	52,029
Loss for the period, representing total comprehensive income for the period		-	-	(1,901)	(1,901)	-	(1,901)
Balance at 31 December 2018		55,379	(46)	(5,205)	50,128	-	50,128

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.**

There is no change in the company's share capital since the previous period reported on.

	Number of shares as at	
	31/12/2018	30/6/2018
Total number of issued shares	705,090,514	705,090,514
Less: Treasury shares	(198,000)	(198,000)
Total number of issued shares, excluding treasury shares	<u>704,892,514</u>	<u>704,892,514</u>

1(d)(iii) **To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

	Number of shares as at	
	31/12/2018	30/6/2018
Total number of issued shares	705,090,514	705,090,514
Less: Treasury shares	(198,000)	(198,000)
Total number of issued shares, excluding treasury shares	<u>704,892,514</u>	<u>704,892,514</u>

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.**

There was no sale, transfer, disposal, cancellation and/or use of treasury shares during the current reported financial period.

2 **Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice.**

The figures have not been audited nor reviewed by the auditors.

3 **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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.**

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as compared with the most recently audited financial statements for the year ended 30 June 2018 except as disclosed in paragraph 5 below.

5 **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted a new financial reporting framework, Singapore Financial Reporting Standards (International) (SFRS(I)s), in the current financial period. The adoption of these new standards has no material effect on the financial statements.

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.**

Earnings per ordinary share for the period based on net profit attributable to shareholders:

- (i) Based on weighted average number of ordinary shares on issue
- (ii) On a fully diluted basis

	Group		
	Financial year ended 31/12/2018	6 months ended 31/12/2017	Financial year ended 30/6/2018
US cents	(0.90)	(0.31)	(3.49)
US cents	(0.90)	(0.31)	(3.49)

Note to item 6 (i)

Group basic earnings per ordinary share is calculated by dividing Group net profit attributable to members by the post restructuring number of ordinary shares issued as follows:

	Group		
	Financial year ended 31/12/2018	6 months ended 31/12/2017	Financial year ended 30/6/2018
Net profit attributable to members (US\$'000)	(6,346)	(2,152)	(24,595)
Weighted average number of ordinary shares on issue	704,892,514	704,892,514	704,892,514

Note to item 6 (ii)

Group basic earnings per share was the same as the fully diluted earnings per share as the Group did not have any potential dilutive ordinary shares outstanding as at 31 December 2018 and 31 December 2017.

7 **Net asset value (for the issuer and the group) per ordinary share based on issued share capital of the issuer at the end of the:- (a) current financial period reported on; and (b) immediately preceding financial year**

Net asset value per ordinary share based on existing issued share capital as at the end of the period reported on

	Group		Company	
	Financial year ended 31/12/2018	30/6/2018	Financial year ended 31/12/2018	30/6/2018
US cents	12.81	13.71	7.11	7.38

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 or liabilities of the group during the current financial period reported on.**

(a) Financial year ended 31 December 2018 ("FYDec18") vs 12 months ended 30 June 2018 ("FYJun18")

Revenue

The Group registered revenue of approximately US\$5.937 million in the 6 months ending 31 December 2018 (FY Dec18), which represented a decrease of 40% or US\$3.969 million when compared to Group revenue of US\$9.906 million in the 12 months ending 30 June 2018 (FY Jun18). The decrease was mainly due to the short reporting period and lower vessel charter rates amid the challenging market conditions. The decrease was partially offset by an overall improvement in the fleet utilization rate from of 53% in FY Jun18 to 60% in FY Dec18.

Gross Profit/Loss

The Group generated a gross profit before depreciation of US\$1.913 million in FY Dec18 as compared to a gross profit before depreciation of US\$4.604 million in FY Jun18. Gross profit before depreciation margin narrowed from 46% in FY Jun18 to 32% in FY Dec18 largely due to margin squeezed resulting from intense competitions as well as the continued incurrence of operating costs when a few vessels were off-hired in-between periods, the incurrence of repair and maintenance expenditure as well as start-up costs for some vessels for new charters during the period.

Other Income

The Group recorded other income of US\$0.314 million in FY Dec18, 34% lower than the other income recorded in FY Jun18 largely due to lesser fixed deposit interest income earned in FY Dec18.

Other Expense

Included in the Group's other expenses of US\$0.259 million was general allowance for doubtful debt amounting US\$0.195 million in FY Dec18. The Group's other expense was significantly lower than prior year as the prior year's other expenses included a total impairment charge of US\$ US\$12.229 million which comprised doubtful debt Allowance of US\$8.657 million, vessel impairment charge of US\$3.333 million and investment in associated company impairment charge of US\$0.239 million.

Administrative Expense

Administrative expenses, which comprise largely of staff and office related expenses, decreased by US\$2.071 million to US\$1.867 million in FY Dec18 from US\$3.938 million in FY Jun18. Administrative expenses was 31% of revenue in FY Dec18 and 40% of revenue in FY Jun18. The productivity improvement was mainly driven by the Group series of cost rationalisation and business streamlining initiatives.

Share of Associates' Result

The Group recorded share of associates' losses of US\$2.346 million in FY Dec18, against a share of loss of US\$5.747 million in FY Jun18. The Group's share of associates' losses in FY Dec18 included a vessel impairment charge of US\$2.213 million while the Group's share of associates' losses in FY Jun18 included a vessel impairment charge of US\$2.101 million and the Group's share of loss on disposal of associates' vessels of US\$2.409 million. Excluding the one off impairment adjustments and share of associate's vessels disposal loss, the Group's share of losses from associates' companies would have been US\$0.133 million in FY Dec18 and US\$1.237 million in FY Jun18. The losses narrowed as compared to prior year due to higher vessel utilization rate achieved by our associates in FY Dec18 as compared to FY Jun18.

(b) Financial year ended 31 December 2018 ("FYDec18") vs 6 months ended 31 December 2017 ("6M17")

We are comparing the financial results for the financial year ended 31 December 2018 with the prior 6 months result ended 31 December 2017 for a more meaningful variance analysis.

The Group incurred a net loss of US\$6.346 million in FYDec18, US\$4.194 million higher than 6M17 net loss of US\$2.152 million. The higher net loss was mainly attributable to one-time doubtful debt allowance of US\$0.195 million and vessel impairment allowance of US\$2.213 million for associates' vessels. Negating those one-time adjustments, the Group incurred a loss of US\$3.938 million, 83% or US\$1.786 million higher than 6M17. The larger loss was mainly driven by 77% increase in cost of sales and 10% increase in administrative expenses.

Revenue

The 3.3% decline in revenue from US\$6.142 million to US\$5.937 million was mainly due to 9% decline in vessel utilization rate from 69% in 6M17 to 60% in FYDec18.

Cost of Sales and Direct Depreciation

Operating expenses increased by 77% from US\$2.269 million in 6M17 to US\$4.024 million in FYDec18 when revenue decreased 3.3% over the same period. The significant increase in operating expenses despite decline in revenue were largely due to the addition of 2 vessels to CHO-owned fleet for which management took sometime to look for job for these two vessels, the incurrence of start-up costs for a few vessels and the incurrence of operating expenditure when a few vessels were off-hired during the period. Significant repair expenditure was incurred during the period.

Administrative Expenses

Administrative expenses increased 10% to US\$1.867 million in FYDec18 mainly due to one-off reversal of business development expense amounting to US\$0.2 million in 6M17. After excluding the one-off reversal of US\$0.2 million in 6M17, the administrative expenses was comparable for the two periods at US\$1.867 million and US\$1.898 million respectively.

Share of Results of Associated Companies

The Group's share of associates' losses increased from a loss of US\$0.463 million in 6M17 to a loss of US\$2.346 million in FYDec18 mainly due to one-time provision for vessel impairment loss amounting US\$2.213 million. Excluding the impairment loss, the Group's share of associates' losses would have been US\$0.133 million, 71% or US\$0.33 million lower as compared to 6M17. This improvement was due largely to improvement in associate companies' vessels utilisation rate from 38% in 6M17 to 87% in FYDec18.

(c) Quarter ended 31 December 2018 ("2Q18") vs 2nd Quarter ended 31 December 2017 ("2Q17")

The Group incurred a loss before income tax of US\$4.850 million in 2Q18, 145% higher than 2Q17 loss before income tax of US\$1.983 million. Excluding one-off general provision for doubtful debt of US\$0.195 million and provision for vessel impairment loss of US\$2.213 million, the loss before income tax would have been US\$2.442 million, 23% higher than 2Q17 loss of US\$1.983 million. The larger loss suffered were mainly due to increase in cost of sales and higher depreciation which were partially offset by the drop in administrative expenses and improvement in the performance of associated companies.

Revenue

The 34% increase in revenue from US\$2.36 million in 2Q17 to US\$3.163 million in 2Q18 was mainly due to higher charter rates, addition of 2 vessels and improvement in vessel utilisation rate from 58% in 2Q17 to 59% in 2Q18.

Cost of Sales and Direct Depreciation

Cost of sales increased 109% from US\$1.109 million in 2Q17 to US\$2.321 million in 2Q18, when revenue increased only 34%. The increase in costs of sales was more than the increase in revenue due to the incurrence of start-up costs for a vessel and the incurrence of operating expenditure when a few vessels were off-hired during the quarter.

Administrative Expenses

The administrative expenses decreased 8% from US\$0.938 million to US\$0.868 million mainly due to lower salary costs incurred.

Share of Results of Associated Companies

The Group's share of associates' loss increased from US\$0.384 million in 2Q17 to US\$2.382 million in 2Q18. The increase was mainly due to one-time vessel impairment loss provision of US\$2.213 million. Excluding the one-off adjustment, the Group's share of associates' loss for 2Q18 would have been US\$0.169 million, 56% lower as compared to the US\$0.384 million loss last year. The improved performance was mainly due to improvement in vessel utilisation rate from 31% in 2Q17 to 81% in 2Q18.

A Review of the Financial Position

The Group net assets value was US\$90.308 million and net asset value per share was 12.81 US cents per share as at 31 December 2018. Current ratio was 1.54 as at 31 December 18.

Cash and cash equivalents increased by US\$1.451 million to US\$5.7 million mainly due to improvement in trade receivable and other receivables collections outcome and repayment of loan by associated company.

Trade and other receivables decreased from US\$9.8 million to US\$5.667 million mainly due to repayment from Hydra Energy and the offset of a US\$3 million deposit which was received in prior year for the option to purchase a vessel of the Group against outstanding charter fee upon the receipt of an arbitration award against the customer for non-payment of charter hire fee in 2018. The decrease was partially offset by increase in amount due from PT Bayu Maritim Berkah, a subsidiary of Falcon Energy Group.

Trade and Other Receivables	31-Dec-18 US\$'000	30-Jun-18 US\$'000	Variance US\$'000	Reasons for variance
	4,783	7,770	(2,987)	Decrease due mainly to the offset of deposit against outstanding due from a customer.
Outside Parties				
Associated companies	300	229	71	Immaterial
FEG Related parties	261	-	261	Increase was due to outstanding trade debt due by PT BAYU MARITIM BERKAH.
Other Receivables	322	1,802	(1,480)	Received payment from Hydra Energy in Oct'18.
	<u>5,667</u>	<u>9,800</u>	<u>(4,133)</u>	

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 this 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.

Volatility in oil prices and global political risks continue to create market uncertainty. Oversupply within the sector is expected to weigh on charter rates within the short to medium term. The Group will continue to develop ways to increase operational efficiency, cut costs and preserve cash. This strategy will allow us to ride out the rest of the downturn and be ready for the rebound in the industry.

Save as disclosed herein, there are no known factors or events which may affect the Group in the next reporting period and the next 12 months.

11 Dividend

Any dividend declared for the financial period reported on?

- | | |
|-----------------------------------|----------------|
| (a) Present Period | No |
| (b) Previous Corresponding Period | No |
| (c) Date payable | Not applicable |
| (d) Books closure date | Not applicable |

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

No dividend has been declared or recommended.

13 Interested Person Transactions

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

The following are details of the interested person transactions entered into by the Group in the 6 months ended 31 December 2018:

	Aggregate value of all IPTs during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (US\$'000)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000) (US\$'000)
Falcon Energy Group of Companies	390	

14 Confirmation of compliance to Rule 720(1) of the Listing Manual

The Company has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1) of the SGX-ST Listing Manual.

PART II ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

(This part is not applicable to Q1, Q2, Q3 or Half Year Results)

15 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.

As the main focus is on the generation of revenue for the group, the CEO makes decision to charter the vessels based on the charter rates, timing and availability of the vessels. Hence, vessels are deployed worldwide and wherever clients required them subject to safety factors, for example, war zones or areas prone to piracy. As a result, it is not meaningful to present the revenue by countries or geographical locations.

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

The operations of the group are associated specifically with the support of offshore oil and gas industry which is the major operating segment of the group. Hence, any material changes in contributions to turnover and earnings by the business are covered in the review in Paragraph 8 above.

17 **A breakdown of sales.**

Group		
US\$'000		%
Latest Year 31/12/2018	Previous Year 30/6/2018	Change
5,937	6,142	-3%
(7,206)	(2,153)	235%
-	3,764	-100%
-	(22,442)	-100%

- (a) Sales reported for first half year
- (b) Profit after tax for first half year
- (c) Sales reported for second half year
- (d) Profit after tax for second half year

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

	Latest Full Year (SGD'000)	Previous Full Year (SGD'000)
Ordinary	-	-
Special	-	-
Total:	-	-

19 **Disclosure of person(s) occupying a managerial position in the issuer or any of its subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.**

Pursuant to Rule 704(13) of the Listing Manual of Singapore Exchange Securities Trading Limited, the Company confirms that, to the best of our knowledge to date, there is no person occupying a managerial position in the Company, or in any of its principal subsidiaries, who is a relative of a Director or the Chief Executive Officer or a Substantial Shareholder of the Company.

BY ORDER OF THE BOARD

Lim Mee Fun
Company Secretary
14 February 2019