



Unaudited 1st Half Financial Statement And Related Announcement

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 first half ("1H2019") ended 30 June 2019

	Group			Group		
	Quarter Ended	Quarter Ended	Change	6 months ended	6 months ended	Change
	30/06/2019	30/06/2018		30/06/2019	30/06/2018	
US\$'000	US\$'000	%	US\$'000	US\$'000	%	
Revenue	5,219	1,618	222.6	8,633	3,764	129.4
Cost of sales	(3,737)	(1,848)	102.2	(5,813)	(3,034)	91.6
Gross profit / (loss) before direct depreciation	1,482	(230)	(744.3)	2,820	730	286.3
Direct depreciation	(1,873)	(1,718)	9.0	(3,729)	(3,495)	6.7
Gross loss after direct depreciation	(391)	(1,948)	(79.9)	(909)	(2,765)	(67.1)
Other income (refer to note below)	64	377	nm	136	418	nm
Other expenses (refer to note below)	(242)	(12,229)	nm	(242)	(12,229)	nm
Indirect depreciation	(3)	(6)	nm	(6)	(12)	nm
Administrative expenses	(1,145)	(993)	15.3	(1,871)	(2,240)	(16.5)
Loss from operations	(1,717)	(14,799)	(88.4)	(2,892)	(16,828)	(82.8)
Finance costs	(119)	(100)	19.0	(236)	(210)	12.4
Loss before income tax and results of associated companies	(1,836)	(14,899)	(87.7)	(3,128)	(17,038)	(81.6)
Share of results of associated companies	(3,239)	(4,628)	(30.0)	(3,650)	(5,284)	(30.9)
Loss before income tax	(5,075)	(19,527)	(74.0)	(6,778)	(22,322)	(69.6)
Income tax	(5)	(122)	nm	(5)	(122)	nm
Loss after income tax	(5,080)	(19,649)	(74.1)	(6,783)	(22,444)	(69.8)
Total comprehensive income for the period	(5,080)	(19,649)		(6,783)	(22,444)	
Attributable to:						
Shareholders of the company	(5,045)	(19,649)	(74.3)	(6,763)	(22,444)	(69.9)
Non-controlling interests	(35)	-		(20)	-	
	(5,080)	(19,649)	(74.1)	(6,783)	(22,444)	(69.8)

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

	Group			Group		
	US\$'000		%	US\$'000		%
	Quarter Ended	Quarter Ended		6 months ended	6 months ended	
30/06/2019	30/06/2018	Change	30/06/2019	30/06/2018	Change	
	US\$'000	US\$'000		US\$'000	US\$'000	
Miscellaneous income	-	95	nm	2	106	nm
Interest income / Reversal of interest income	66	(33)	nm	134	122	nm
Reversal of write back of allowance of doubtful debt	(2)	-	nm	-	-	nm
Foreign exchange Gain	-	315	nm	-	190	nm
Foreign exchange Loss	(95)	-	nm	(95)	-	nm
Impairment loss	-	(3,333)	nm	-	(3,333)	nm
Provision for doubtful debt	-	(8,657)	nm	-	(8,657)	nm
Provision for impairment of investment in associated co.	-	(239)	nm	-	(239)	nm
Loss on disposal of Fixed Assets	(141)	-	nm	(141)	-	nm
Miscellaneous expenses	(6)	-	nm	(6)	-	nm

Note: "nm" means not meaningful

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 30 June 2019

	Group		Company	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Current assets				
Cash and cash equivalents	7,225	5,700	5,681	4,490
Trade and other receivables	7,499	5,667	46,611	39,841
Inventories	339	301	68	36
Loan to associated company	4,390	4,298	-	-
Prepayments	108	185	32	62
Total current assets	19,561	16,151	52,392	44,429
Non-current assets				
Subsidiary companies	-	-	8,751	8,751
Associated companies	-	3,651	-	-
Other receivables	-	-	-	7,736
Loan to associated company	1,147	2,497	-	-
Fixed assets	80,528	85,234	40,046	41,743
Total non-current assets	81,675	91,382	48,797	58,230
Total assets	101,236	107,533	101,189	102,659
LIABILITIES AND EQUITY				
Current liabilities				
Trade and other payables	4,606	3,979	41,427	40,448
Borrowings	6,466	6,194	6,534	6,194
Income tax payable	-	5	-	-
Total current liabilities	11,072	10,178	47,961	46,642
Non-current Liabilities				
Borrowings	2,574	2,982	2,574	2,982
Deferred taxation	4,065	4,065	2,907	2,907
Total non-current liabilities	6,639	7,047	5,481	5,889
Capital and reserves				
Issued capital	55,379	55,379	55,379	55,379
Treasury stock	(46)	(46)	(46)	(46)
Accumulated profits/(losses)	28,198	34,961	(7,586)	(5,205)
Non-controlling interests	83,531	90,294	47,747	50,128
Total equity	(6)	14	-	-
Total liabilities and equity	83,525	90,308	47,747	50,128
Total liabilities and equity	101,236	107,533	101,189	102,659

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

(a) Amount repayable in one year or less, or on demand

S\$8.740 million (US equivalent of US\$6.466 million) as at 30 Jun 201
S\$8.438 million (US equivalent of US\$6.194million) as at 31 Dec 201

(b) Amount repayable after one year

S\$3.479 million (US equivalent of US\$2.574 million) as at 30 Jun 201
S\$4.063 million (US equivalent of US\$2.982million) as at 31 Dec 201

(c) Details of any collaterals.

Borrowing is secured by a 12,000 BHP vessel.

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

	2nd Qtr 30/06/2019 US\$'000	2nd Qtr 30/06/2018 US\$'000	1st Half 30/06/2019 US\$'000	1st Half 30/06/2018 US\$'000
Operating activities :				
Loss before income tax	(5,075)	(19,527)	(6,778)	(22,322)
Adjustments for :				
Share of loss of associates	3,239	4,628	3,650	5,284
Depreciation	1,876	1,724	3,735	3,507
Impairment	-	3,333	-	3,333
Provision for doubtful debt	2	8,657	-	8,657
Impairment of investment in associated company	-	239	-	239
Loss on disposal of fixed assets	141	-	141	-
Interest income	(66)	33	(134)	(122)
Interest expense	119	107	236	217
Net foreign exchange loss / (gain) - unrealized	50	(360)	36	(219)
Wavier of debts to associated companies	6	-	6	-
Operating cash flows before working capital changes	292	(1,166)	892	(1,426)
Trade receivables and other receivables	(1,603)	(941)	(1,865)	(797)
Withholding tax accruals	-	182	-	182
Prepayments	97	97	76	34
Inventories	(129)	(32)	(37)	(32)
Trade and other payables	858	637	586	928
Cash used in operations	(485)	(1,223)	(348)	(1,111)
Interest received	139	79	176	90
Interest paid	(50)	(51)	(229)	(216)
Income tax paid	(5)	-	(5)	-
Net cash used in operating activities	(401)	(1,195)	(406)	(1,237)
Investing activities :				
Proceeds on disposal of fixed assets	840	-	840	-
Purchase of fixed assets	(11)	(898)	(11)	(987)
Repayment by associated companies	1,050	352	1,258	352
Net cash from / (used in) investing activities	1,879	(546)	2,087	(635)
Financing activities :				
Repayment of bank loans	(137)	-	(137)	-
Net cash used in financing activities	(137)	-	(137)	-
Net increase / (decrease) in cash and cash equivalents	1,341	(1,741)	1,544	(1,872)
Cash and cash equivalents at the beginning of the period	5,899	5,979	5,700	6,090
Effects of exchange rate changes on the balance of cash held in foreign currencies	(15)	11	(19)	31
Cash and cash equivalents at end of the period	7,225	4,249	7,225	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

GROUP

2nd QUARTER ENDED 30 JUNE 2018

	Issued capital US\$'000	Treasury Shares US\$'000	Retained profits US\$'000	Total US\$'000	NCI US\$'000	Total equity US\$'000
Balance at 1 April 2018	55,379	(46)	60,940	116,273	-	116,273
Loss for the period, representing total comprehensive income for the period	-	-	(19,649)	(19,649)	-	(19,649)
Balance at 30 JUNE 2018	55,379	(46)	41,291	96,624	-	96,624

2nd QUARTER ENDED 30 JUNE 2019

Balance at 1 April 2019	55,379	(46)	33,243	88,576	29	88,605
Loss for the period, representing total comprehensive income for the period	-	-	(5,045)	(5,045)	(35)	(5,080)
Other changes in non-controlling interest	-	-	-	-	-	-
Balance at 30 JUNE 2019	55,379	(46)	28,198	83,531	(6)	83,525

COMPANY

2nd QUARTER ENDED 30 JUNE 2018

	Issued capital US\$'000	Treasury Shares US\$'000	Retained profits US\$'000	Total US\$'000	NCI US\$'000	Total equity US\$'000
Balance at 1 April 2018	55,379	(46)	7,813	63,146	-	63,146
Loss for the period, representing total comprehensive income for the period	-	-	(11,117)	(11,117)	-	(11,117)
Balance at 30 JUNE 2018	55,379	(46)	(3,304)	52,029	-	52,029

2nd QUARTER ENDED 30 JUNE 2019

Balance at 1 April 2019	55,379	(46)	(6,227)	49,106	-	49,106
Loss for the period, representing total comprehensive income for the period	-	-	(1,359)	(1,359)	-	(1,359)
Balance at 30 JUNE 2019	55,379	(46)	(7,586)	47,747	-	47,747

GROUP

1st HALF ENDED 30 JUNE 2018

	Issued capital US\$'000	Treasury Shares US\$'000	Retained profits US\$'000	Total US\$'000	NCI US\$'000	Total equity US\$'000
Balance at 1 January 2018	55,379	(46)	63,735	119,068	-	119,068
Loss for the period, representing total comprehensive income for the period	-	-	(22,444)	(22,444)	-	(22,444)
Balance at 30 JUNE 2018	55,379	(46)	41,291	96,624	-	96,624

1st HALF ENDED 30 JUNE 2019

Balance at 1 January 2019	55,379	(46)	34,961	90,294	14	90,308
Loss for the period, representing total comprehensive income for the period	-	-	(6,763)	(6,763)	(20)	(6,783)
Other changes in non-controlling interest	-	-	-	-	-	-
Balance at 30 JUNE 2019	55,379	(46)	28,198	83,531	(6)	83,525

COMPANY

1st HALF ENDED 30 JUNE 2018

	Issued capital US\$'000	Treasury Shares US\$'000	Retained profits US\$'000	Total US\$'000	NCI US\$'000	Total equity US\$'000
Balance at 1 January 2018	55,379	(46)	9,132	64,465	-	64,465
Loss for the period, representing total comprehensive income for the period	-	-	(12,436)	(12,436)	-	(12,436)
Balance at 30 JUNE 2018	55,379	(46)	(3,304)	52,029	-	52,029

1st HALF ENDED 30 JUNE 2019

Balance at 1 January 2019	55,379	(46)	(5,205)	50,128	-	50,128
Loss for the period, representing total comprehensive income for the period	-	-	(2,381)	(2,381)	-	(2,381)
Balance at 30 JUNE 2019	55,379	(46)	(7,586)	47,747	-	47,747

- 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	
	30/06/2019	31/12/2018
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	
	30/06/2019	31/12/2018
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 31 December 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 all SFRS(I)s which are effective for annual financial periods beginning on or after 1 January 2019. The adoption of the new standards did not have any material effect on the Group's and Company's financial statements. Accordingly, there has been no adjustment made to opening retained earnings on the initial adoption of SFRS(I) 16.

- 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	
	1st Half ended 30 June	
	2019	2018
US cents	(0.96)	(3.18)
US cents	(0.96)	(3.18)

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	
1st Half ended 30 June	
2019	2018
(6,763)	(22,444)
704,892,514	704,892,514

Net profit attributable to members (US\$'000)

Weighted average number of ordinary shares on issue

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 30 June 2019 and 30 June 2018.

- 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

	Group		Company	
	30/06/2019	31/12/2018	30/06/2019	31/12/2018
Net asset value per ordinary share based on existing issued share capital as at the end of the period reported	11.85	12.81	6.77	7.11

US cents

- 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) 1st Half ended 30 June 2019 ("1H2019") vs 1st Half ended 30 June 2018 ("1H2018")

The Group incurred a loss after income tax of US\$6.782 million in 1H2019, 69.9% lower than 1H2018 net loss of US\$22.444 million. US\$14.330 million of 1H2018 Group's loss were attributable to one-off adjustments which include impairment provision for CHO-owned and co-owned vessels amounting US\$3.333 million and US\$2.101 million respectively, impairment provision for investment in associated company amounting US\$0.239 million and doubtful debt provision amounting US\$8.657 million for outstanding debt due from FEG and its related companies. Excluding these one-time adjustments, the Group 1H2018 net loss would have been US\$10.215 million, 33.6% higher than 1H2019 loss. The lower losses in 1 H2019 was mainly driven by 129.4% improvement in revenue which resulted in 67.1% reduction in gross loss, 16.5% decline in administrative expenses US\$1.634 million lower share of associates' losses in 1H2019.

Revenue

The 129.4% increase in revenue from US\$3.764 million to US\$8.633 million was mainly due to 9.4% increase in vessel utilization rate from 51.2% in 1H2018 to 60.6% in 1H2019, improvement in charter rates and revenue contribution from 2 vessels that were taken over from the Group's associated company in 2018. Furthermore, the Group chartered in third parties' vessels to complement existing fleet resulting in higher revenue generated.

Cost of Sales and Direct Depreciation

1H2019 Operating expenses increased 91.6%, in line with the 129.4% increase in revenue. Direct depreciation increased 6.7% due to additional of 2 vessels that the Group took over from its associate's company in 2018.

Administrative Expenses

Administrative expenses decreased 16.5% to US\$1.87 million in 1H2019 mainly due to reduction in staff cost and office rental expense.

Share of Results of Associated Companies

Share of associated companies' losses was capped at US\$3.65 million in 1H2019. The losses were mainly due to the loss on disposal of 3 vessels.

(b) 2nd Quarter ended 30 June 2019 ("2Q2019") vs 2nd Quarter ended 30 June 2018 ("2Q2018")

The Group incurred a loss after income tax of US\$5.074 million in 2Q2019, 73.8% lower than 2Q2018 loss after income tax of US\$19.405 million. Excluding the one-time loss on disposal of vessels in 2Q2019, the Group would have incurred a loss after income tax of US\$1.753 million. Excluding the one-time adjustments in 2018 mentioned above, the Group would have incurred a loss of US\$5.072 million in 2Q2018. 2Q2019 adjusted loss of US\$1.753 million would have been 65.4% lower than adjusted 2Q2018 loss of US\$5.072 million. The significantly lower losses were mainly attributable to 222.6% improvement in revenue which resulted in Gross loss reducing 79.9% and lower share of associates' losses.

Revenue

The 222.6% improvement in revenue from US\$1.618 million in 2Q2018 to US\$5.219 million in 2Q2019 was mainly due to higher utilization rate from 50.9% in 2Q2018 to 60.5% in 2Q2019 and revenue contribution from 2 vessels that were taken over from the Group's associated company in 2018. The charter in of third parties' vessels also boosted the Group's revenue by US\$1.095 million in 2Q2019.

Cost of Sales and Direct Depreciation

2Q2019 Operating expenses increased 102.2%, in line with the 222.6% increased in revenue. Direct depreciation increased 9% due to the addition of the 2 vessels that were taken over from the Group's associated company.

Administrative Expenses

The administrative expenses increased from US\$0.993 million in 2Q2018 to US\$1.144 million in 2Q2019 by 15.2% largely due to higher legal expenditure incurred to recover long standing debts.

Share of Results of Associated Companies

Share of associates' loss decreased from US\$4.628 million to US\$3.239 million. The loss in 2Q2019 were mainly due to the loss on disposal of vessels.

A Review of the Financial Position

The Group net assets value was US\$83.525 million and net asset value per share was 11.85 US cents per share as at 30 June 2019. Current ratio was at 1.77 as at 30 June 2019.

Cash and cash equivalents increased by US\$1.525 million from US\$5.700 million as at 31 December 2018 to US\$7.225 million as at 30 June 2019 mainly due to proceeds from disposal of asset amounting US\$0.84 million and repayment from associated company amounting to US\$1.258 million. The cashflow from investing activities were partially offset by negative operating cashflow of US\$0.400 million incurred in 1H2019. The negative operating cashflow was largely due to slow debt Trade and other receivables increased from US\$5.667 million to US\$7.499 million mainly due to delay in collection from customers and a related party and advance payment to a ship management company.

- 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.

Changing political climate, volatility in oil prices and general economic slowdown continue to create uncertainty in the market. Coupled with overcapacity in the sector, near term charter rates are also expected to remain soft.

The Group continues to focus on operational efficiency to reduce cost and preserve cash.

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 did not obtain a general mandate from shareholders for Interested Person Transactions with Falcon Energy Group of Companies.

The Company has obtained a general mandate from shareholders for IPTs with Baker Tech Group of Companies during the Annual General Meeting held on 28 March 2019. The Group did not enter into any IPT of more than S\$100,000 in value with Baker Tech Group of Companies between 28 March 2019 to 30 June 2019.

The following are details of the interested person transactions entered into by the Group in 1st half ended 30 June 2019:

	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)
Baker Technology Group of Companies	-	-
Falcon Energy Group of Companies	374	NIL

14 Negative assurance confirmation by the Board pursuant to Rule 705 (5) of the Listing Manual.

The Board of Directors of the Company hereby confirm to the best of their knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial results for the quarter ended 30 June 2019 to be false or misleading in any material respect.

15 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.

BY ORDER OF THE BOARD

Lim Mee Fun
Company Secretary
6 August 2019