

## Blossomvale Holdings Ltd (formerly Neptune Marine Services Ltd)

### Results for announcement to the market

30 September 2019

Financial Results	Sep 2019 \$'000	Sep 2018 \$'000
Revenue from ordinary activities	-	30,428
Loss after income tax	(93)	(4,047)
Net loss for the period attributable to members	(93)	(4,047)

Net Tangible Asset Backing	Sep 2019	Mar 2019
Net tangible asset backing per ordinary security	\$0.425	\$0.420

#### Financial statements

Refer to the attached consolidated financial statements for the half year ended 30 September 2019.

#### Accounting standards used by foreign entities

Refer to Notes to the Consolidated Financial Statements for the half year ended 30 September 2019.

#### Commentary on results and Outlook

Refer to the Review and Results of Operations section of the Directors' Report of the attached consolidated financial statements for the half year ended 30 September 2019.

#### Audit / review of accounts upon which this report is based and Qualification of audit / review

This report is based on accounts that have been reviewed by Ernst & Young. Ernst & Young has issued an un-qualified review report on the financial statements for the Blossomvale Holdings Group (formerly known as Neptune Marine Services Group) for the half year ended 30 September 2019.

**BLOSSOMVALE HOLDINGS LIMITED**  
**(formerly Neptune Marine Services Ltd)**  
**AND CONTROLLED ENTITIES**

**ABN: 76 105 665 843**

**Interim Financial Report for the Half Year Ended**  
**30 September 2019**

# **BLOSSOMVALE HOLDINGS LIMITED (formerly Neptune Marine Services Ltd) AND CONTROLLED ENTITIES**

**30 September 2019**

**ABN: 76 105 665 843**

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## CORPORATE INFORMATION

### Directors

Mr Boon Wee Kuah  
*Chairman*

Mr Peter Wallace  
*Non-Executive Director*

Mr Nicholas Cocks  
*Non-Executive Director*

Mr Robin King  
*Executive Director*

### Company Secretary

Mr Ian Hobson

### Registered Office

c/ Ian Hobson  
Suite 5  
95 Hay Street  
Subiaco, WA, 6008

### Principal Place of Business

c/ Ian Hobson  
Suite 5  
95 Hay Street  
Subiaco, WA, 6008

### Share Registry

Computershare Investor Services Pty Ltd  
Level 11, 172 St Georges Tce  
Perth, WA. 6000

### Auditors

Ernst & Young  
11 Mounts Bay Road  
Perth, WA, 6000

### Stock Exchange

ASX Limited  
Central Park, 152-158 St Georges Tce  
Perth, WA, 6000

### ASX Code

BLV

## DIRECTORS' REPORT

Your Directors present their report on Blossomvale Holdings Limited, formerly Neptune Marine Services Limited, ('the Company') and its controlled entities ('the Group or Consolidated entity') for the half year ended 30 September 2019. On the 8<sup>th</sup> of October 2019 Neptune Marine Services Ltd changed its name to Blossomvale Holdings Ltd and the ASX code to BLV.

### Directors

The names of the Directors in office during the half-year and until the date of this report are set out below. Directors were in office for the entire period unless otherwise stated.

Mr Boon Wee Kuah  
Mr Peter Wallace  
Mr Nicholas Cocks  
Mr Robin King

### Review and Results of Operations

On 24 July 2019, the Group announced the sale of its key operating subsidiaries to MMA Offshore Limited. The transaction took place on 7<sup>th</sup> November 2019. The results of these subsidiaries are classified under discontinued operations in the income statement for the period ended 30 September 2019.

The loss before tax from continuing operations amounted to \$0.606 million (30 September 2018: \$0.592 million), the profit after tax from discontinued operations amounted to \$0.513 million (30 September 2018: loss of \$3.455 million) and the consolidated loss of the Group after providing for income tax amounted to \$0.093 million (30 September 2018: \$4.047 million).

As had been anticipated the Market conditions in the oil and gas industry finally started to improve during the second half of the year. The industry was still subject to client's delaying work and despite the upturn in activity contractors remained under significant margin pressure from clients. The UK and Australia recorded relatively strong performance whilst South East Asia remained very challenging with all service lines operating there finding conditions difficult. There were some key successes in winning and executing a number of significant projects which included:

- Woodside – Browse – Pipeline route survey
- Oil Search – PNG annual diving and IRM scope.
- Woodside Scarborough – Geophysical and Geotechnical
- BP – ESS/TASS - engineering and manufacture.

In addition, the Group operations successfully continued on a number of long-term contracts including:

- Chevron - Barrow Island diving support.
- ENI – ongoing inspection and maintenance support
- Santos – Various inspection and maintenance activities.
- Various rig positioning scopes including Santos, Inpex and Chevron.

The Group had a positive working capital position of \$26.317 million as at 30 September 2019 (31 March 2019: \$11.668 million). In addition, the Group has derived negative operating cash flows of \$(0.664) million for the half year ended 30 September 2019 (positive operating cash flows for half year ended 30 September 2018: \$0.584 million). Interest Bearing Debt at 30 September 2019 relates to related party loan only which was repaid on 7<sup>th</sup> November 2019 (\$2.008m) whilst at 31 March 2019 the Group had low levels of interest bearing debt in addition to the related party loan (\$2.353 million).

### Rounding

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (unless otherwise stated) under ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191. The Company is an entity to which the Instrument applies.

### Basic and diluted loss per share

The basic and diluted loss per share for the half year is \$0.002 cents (30 September 2018: \$0.066 cents).

### Dividends

There have been no dividends declared or paid during the six months to 30 September 2019 (nil for 30 September 2018).

### Significant Changes in State of Affairs

No significant changes in the state of affairs occurred during the half-year ended 30 September 2019. The Group sold its key operating subsidiaries to MMA Offshore Limited on 7 November 2019. Please refer to Note 3 for details. Following the sale of the Group's key operating subsidiaries, the name of the Company has been changed to Blossomvale Holdings Ltd and the ASX code has been changed to BLV.

### **Future Developments, Prospects and Business Strategies**

As the Group sold its key operating subsidiaries to MMA Offshore Limited on 7<sup>th</sup> November 2019, it is not expected to derive any further operating revenue, other than interest and investment income.

### **Auditor Independence Declaration**

Section 307(c) of the *Corporations Act 2001* requires the Company's auditors, Ernst & Young to provide the directors with a written Independence Declaration in relation to their review of the financial report for the half year ended 30 September 2019. The written Auditor's Independence Declaration on page 7 forms part of this Directors' report.

Signed for and on behalf of the Directors in accordance with a resolution of the Board.



Chairman

\_\_\_\_\_  
**Mr Boon Wee Kuah**

Dated this 28<sup>th</sup> day of November 2019  
Perth, Western Australia

## DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Blossomvale Holdings Limited, I state that:

In the opinion of the directors:

- (a) the financial statements and notes of Blossomvale Holdings Limited are in accordance with the *Corporations Act 2001*, including:
  - (i) giving a true and fair view of the consolidated entity's financial position as at 30 September 2019 and of its performance for the half year ended on that date; and
  - (ii) complying with Australian Accounting Standards AASB 134 *Interim Financial Reporting* and the *Corporation Regulations 2001*; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.



Chairman \_\_\_\_\_  
**Mr Boon Wee Kuah**

Dated this 28<sup>th</sup> day of November 2019  
Perth, Western Australia



**Building a better  
working world**

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## **Auditor's independence declaration to the directors of Blossomvale Holdings Limited**

As lead auditor for the review of the half-year financial report of Blossomvale Holdings Limited for the half-year ended 30 September 2019, I declare to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Blossomvale Holdings Limited and the entities it controlled during the financial period.

Ernst & Young

Pierre Dreyer  
Partner  
28 November 2019



## CONSOLIDATED INCOME STATEMENT

### FOR THE HALF YEAR ENDED 30 SEPTEMBER 2019

		Consolidated Group	
		6 months ended 30 September	6 months ended 30 September
	Note	2019 \$000	2018 \$000
Other income	4	233	51
Corporate, shared service and board expenses	5	(850)	(598)
Operating loss		(617)	(547)
Finance income		28	1
Finance costs		(17)	(46)
Loss before tax from continuing operations		(606)	(592)
Income tax expense		-	-
<b>Loss after tax from continuing operations</b>		<b>(606)</b>	<b>(592)</b>
<b>Discontinued operations</b>			
Profit / (loss) after tax for the period from discontinued operations	3	513	(3,455)
<b>Loss for the period</b>		<b>(93)</b>	<b>(4,047)</b>
<b>Loss per share</b>			
Basic and diluted loss per share (cents per share)	6	(0.002)	(0.066)
<b>Loss per share from continuing operations</b>			
Basic and diluted loss per share (cents per share)	6	(0.010)	(0.010)

*The above consolidated income statement should be read in conjunction with the accompanying notes.*

# **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** **FOR THE HALF YEAR ENDED 30 SEPTEMBER 2019**

	<b>Consolidated Group</b>	
	<b>6 months ended 30 September</b>	<b>6 months ended 30 September</b>
	<b>2019</b>	<b>2018</b>
	<b>\$000</b>	<b>\$000</b>
<b>Net loss for the period</b>	<u>(93)</u>	<u>(4,047)</u>
<b>Other Comprehensive Income</b>		
<b>Items in other comprehensive income that may be reclassified subsequently to profit and loss</b>		
Exchange differences on translating foreign operations	336	550
Net fair value (loss)/gain on hedging instruments entered into for cash flow hedges	<u>(89)</u>	<u>38</u>
<b>Other comprehensive income for the period, net of tax</b>	<u>247</u>	<u>588</u>
<b>Total comprehensive income/(loss) for the period</b>	<u>154</u>	<u>(3,459)</u>
<b>Total comprehensive income/(loss) for the period attributable to members of the parent</b>	<u>154</u>	<u>(3,459)</u>

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.*

# **CONSOLIDATED STATEMENT OF FINANCIAL POSITION** **AS AT 30 SEPTEMBER 2019**

Consolidated Group			
		30 September	31 March
	Note	2019	2019
		\$000	\$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	10,686	12,830
Trade and other receivables	8	1,173	16,575
Contract assets		-	6,095
Inventories		-	1,059
Derivative financial instruments		-	89
Other current assets	9	18	978
		11,877	37,626
Assets classified as held for sale	3	41,163	-
TOTAL CURRENT ASSETS		53,040	37,626
NON-CURRENT ASSETS			
Property, plant and equipment	10	-	14,690
Intangible assets and goodwill	11	-	342
TOTAL NON-CURRENT ASSETS		-	15,032
TOTAL ASSETS		53,040	52,658
CURRENT LIABILITIES			
Trade and other payables	12	900	21,771
Current tax liability		-	663
Interest bearing loans and borrowings	15	2,008	2,173
Provisions for employee benefits		45	1,351
		2,953	25,958
Liabilities directly associated with the assets held for sale		23,770	-
TOTAL CURRENT LIABILITIES		26,723	25,958
NON-CURRENT LIABILITIES			
Trade and other payables	12	-	207
Interest bearing loans and borrowings		-	180
Deferred tax liabilities		-	4
Provisions for employee benefits		-	146
TOTAL NON-CURRENT LIABILITIES		-	537
TOTAL LIABILITIES		26,723	26,495
NET ASSETS		26,317	26,163
EQUITY			
Contributed equity	13	273,540	273,540
Reserves		(13,873)	(14,120)
Accumulated losses		(233,350)	(233,257)
TOTAL EQUITY		26,317	26,163

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 30 SEPTEMBER 2019

	Contributed Equity	Accumulated Losses	Foreign Currency Translation Reserve	Employee Equity Benefits Reserve	Hedge Reserve	Total
	\$000	\$000	\$000	\$000	\$000	\$000
<b>Consolidated Group</b>						
<b>Balance at 1 April 2018</b>	273,540	(230,153)	(21,107)	6,127	151	28,558
Net loss for the period	-	(4,047)	-	-	-	(4,047)
Other comprehensive income	-	-	550	-	38	588
<b>Total comprehensive (loss) / income for the period</b>	-	(4,047)	550	-	38	(3,459)
<b>Balance at 30 September 2018</b>	273,540	(234,200)	(20,557)	6,127	189	25,099
<b>Balance at 1 April 2019</b>	273,540	(233,257)	(20,336)	6,127	89	26,163
Net loss for the period	-	(93)	-	-	-	(93)
Other comprehensive income	-	-	336	-	(89)	247
<b>Total comprehensive (loss) / income for the period</b>	-	(93)	336	-	(89)	154
<b>Balance at 30 September 2019</b>	273,540	(233,350)	(20,000)	6,127	-	26,317

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF CASH FLOWS

### FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

Note	Consolidated Group	
	6 months ended	6 months ended
	30 September 2019 \$000	30 September 2018 \$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	50,382	31,036
Interest received	28	2
Payments to suppliers and employees	(50,758)	(30,330)
Interest paid	(137)	(101)
Income tax paid	(179)	(23)
Net cash flows from operating activities	<u>(664)</u>	<u>584</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale of property, plant and equipment	401	12
Purchase of property, plant and equipment	(756)	(272)
Purchase of intangible assets	(4)	(19)
Net cash flows used in investing activities	<u>(359)</u>	<u>(279)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of lease liabilities	<u>(1,279)</u>	<u>(634)</u>
Net cash flows used in financing activities	<u>(1,279)</u>	<u>(634)</u>
Net decrease in cash and cash equivalents held	(2,302)	(329)
Cash and cash equivalents at beginning of financial period	12,830	6,134
Net foreign exchange difference	158	61
<b>Cash and cash equivalents at end of financial period</b>	<u><u>7</u> 10,686</u>	<u><u>5,866</u></u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. Corporate Information

The interim consolidated financial report of Blossomvale Holdings Limited and its subsidiaries ("Group or consolidated entity") for the half-year ended 30 September 2019 was authorised for issue in accordance with a resolution of the Director's on 28<sup>th</sup> November 2019.

The interim consolidated financial report covers the consolidated Group of Blossomvale Holdings Limited and its controlled entities. Blossomvale Holdings Limited is a listed public company, incorporated and domiciled in Australia.

The nature of the operations and principal activities of the Group comprises: commercial diving services; hydrographic surveying, positioning and geophysical services; Non Destructive Testing, inspection and mechanical repair services; pipeline and subsea structure stabilisation and grouting; ROV services; subsea and pipeline engineering; manufacturing, assembly and testing services and dry underwater welding using the proprietary patented NEPSYS® technology.

Blossomvale's primary focus is the international oil and gas, marine and renewable energy offshore industries in the key regions of Australia, Asia, and the UK.

The Group sold its key operating subsidiaries to MMA Offshore Limited on 7 November 2019. Please refer to Note 3 for details.

## 2. Basis of Preparation and Changes to the Group's Accounting Policies

### Basis of Preparation

This interim consolidated financial report for the half year ended 30 September 2019 is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting*.

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the 12 months ended 31 March 2019 and considered together with any public announcements made by Blossomvale Holdings Limited during the half year ended 30 September 2019 in accordance with the continuous disclosure obligations of the ASX listing rules.

### Going Concern

The interim consolidated financial report has been prepared on a going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business.

As at 30 September 2019, the consolidated entity had net current assets of \$26.317 million (31 March 2019: \$11.668 million). At that date, the consolidated entity had cash and cash equivalents of \$10.686 million (31 March 2019: \$12.830 million). For the half year ended 30 September 2019 the consolidated entity has made a loss before tax from continuing operations of \$0.606 million (30 September 2018: \$0.592 million) and had negative operating cash flows of \$(0.664) million (30 September 2018: \$0.584 million). The Directors are satisfied that the Group has sufficient available cash and resources to pay its debts as and when they fall due.

**2. Basis of Preparation and Changes to the Group's Accounting Policies (continued)****New Standards, Interpretations and Amendments thereof, adopted by the Group**

The accounting policies adopted in the preparation of the interim financial report are consistent with those of the previous financial reporting period, except for the adoption of new standards effective for reporting periods commencing on or after 1 January 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but not yet effective.

The Group has applied, for the first time, AASB 16 Leases from 1 April 2019, and has not restated comparatives for the prior period as permitted under the specific transition provisions in AASB 16. As required by AASB 134, the nature and effect of these changes are disclosed below.

**AASB 16 "Leases"**

AASB 16 supersedes AASB 117 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for most leases under a single on-balance sheet model.

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as in AASB 117. Therefore, AASB 16 did not have an impact for leases where the Group is the lessor.

The Group adopted AASB 16 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedients allowing a) the standard to be applied only to contracts that were previously identified as leases applying AASB 117 at the date of initial application, and b) the measuring the right-of-use asset on transition as being equal to the amount of the lease liability initially recognised on transition. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), and lease contracts for which the underlying asset is of low value ('low-value assets').

The effect of adoption of AASB 16 as at 1 April 2019 (increase / (decrease)) is as follows:

	<b>\$000</b>
<b>Assets</b>	
Prepayment	(45)
Property, plant and equipment	(321)
Right-of-use assets	<u>9,728</u>
Total assets	<u>9,362</u>
<b>Liabilities</b>	
Interest bearing loans and borrowings	(316)
Lease liabilities	<u>9,678</u>
Total liabilities	<u>9,362</u>

**a) Nature of the effect of adoption of AASB 16**

The Group has lease contracts for various items of property and equipment. Before the adoption of AASB 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under Prepayments and Trade and other payables, respectively.

Upon adoption of AASB 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

**Leases previously classified as finance leases**

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e., the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under AASB 117). The requirements of AASB 16 were applied to these leases from 1 April 2019.

**Leases previously accounted for as operating leases**

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

**2. Basis of Preparation and Changes to the Group's Accounting Policies (continued)**

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics
- Relied on its assessment of whether leases are onerous immediately before the date of initial application
- Applied the short-term leases exemptions to leases with lease terms that ended within 12 months at the date of initial application
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The lease liabilities as at 1 April 2019 can be reconciled to the operating lease commitments as of 31 March 2019 as follows:

	<b>\$000</b>
<b>Operating lease commitments as at 31 March 2019</b>	9,951
Less: discounting using incremental borrowing rate at the date of initial application*	(870)
Add: optional extension periods not recognised as at 31 March 2019	406
Less: commitments relating to short-term leases	(125)
Add: reclassification from Interest bearing loans and borrowings	316
<b>Lease liabilities as at 1 April 2019</b>	<u>9,678</u>

\*Weighted average incremental borrowing rate is 5.53%

b) Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of AASB 16, which have been applied from the date of initial application:

*Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

*Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

*Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of that are considered of low value (i.e., below \$5,000). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

*Significant judgement in determining the lease term of contracts with renewal options*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has the option, under some of its leases to lease the assets for additional terms of one to five years. The Group applies judgement in evaluating whether it is reasonably certain to exercise the option to renew. That is, it considers all relevant factors that create an economic incentive for it to exercise the renewal. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).



**2. Basis of Preparation and Changes to the Group's Accounting Policies** (continued)

## c) Amounts recognised in the statement of financial position and income statement

The Group's leases are to be novated as part of the Share Purchase Agreement entered with MMA Offshore Limited (Note 3). As a result, the Group's right-of-use assets and lease liabilities are classified under assets held for sale and liabilities directly associated with the assets held for sale in the statement of financial position respectively. Depreciation and interest expense are classified under profit from discontinued operations in the income statement.

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the period:

	Right-of-use assets	Lease liabilities
	\$000	\$000
<b>As at 1 April 2019</b>	9,729	9,678
Additions	445	461
Depreciation expense	(1,219)	-
Interest expense	-	239
Payments	-	(1,279)
Foreign exchange	-	3
<b>As at 30 September 2019</b>	<u>8,955</u>	<u>9,102</u>

**3. Discontinued operations**

On 24 July 2019, the Group publicly announced that it has entered into a binding Share Purchase Agreement for the sale of its business to MMA Offshore Limited ("MMA") (the "Transaction"). The Transaction will involve sale of the shares in the Group's key operating subsidiaries.

On 21 October 2019, the shareholders of the Group approved the plan to sell. This followed the approval by the shareholders of MTQ Corporation Limited of Singapore, the parent company of Blossomvale Investments Pte Ltd, the Group's controlling shareholder on 1 October 2019.

The Transaction was completed on 7 November 2019. The purchase consideration comprised a payment of \$5.0 million in cash and the balance in the form of 67,655,000 MMA fully paid ordinary shares at an issue price of \$0.20 per share, representing 7.3% of the enlarged issued capital in MMA.

At 30 September 2019, the operating subsidiaries sold to MMA were classified as a disposal group held for sale and as a discontinued operation. With all operating subsidiaries being classified as discontinued operations, the Operating Segment note is no longer presented. The results of these operating subsidiaries for the period are presented below:

	Consolidated Group 6 months ended 30 September 2019 \$000	6 months ended 30 September 2018 \$000
Revenue from contracts with customers	46,603	30,428
Cost of sales and services rendered	(35,708)	(23,600)
Expenses	(10,364)	(10,516)
Other income	360	471
Finance cost	(343)	(55)
Profit / (loss) before tax from discontinued operations	548	(3,272)
Income tax expense	(35)	(183)
<b>Profit / (loss) from discontinued operations</b>	<u>513</u>	<u>(3,455)</u>

**3. Discontinued operations** (continued)

The major classes of assets and liabilities of the disposal group classified as held for sale as at 30 September 2019 are as follows:

	<b>\$000</b>
Trade and other receivables	17,324
Inventories	843
Property, plant and equipment	13,832
Right-of-use assets	8,955
Intangible assets	209
Assets of disposal group classified as held for sale	<u>41,163</u>
Trade and other payables	(12,153)
Lease liabilities	(9,102)
Other financial liabilities	(339)
Provisions	(1,655)
Current tax liabilities	(451)
Deferred tax liabilities	(70)
Liabilities directly associated with assets classified as held for sale	<u>(23,770)</u>
<b>Net assets directly associated with disposal group</b>	<b><u>17,393</u></b>

The net cash flows incurred by the disposal group are as follows:

	6 months ended 30 September 2019 \$000	6 months ended 30 September 2018 \$000
Operating	(408)	655
Investing	(358)	(279)
Financing	(1,401)	(634)
Net cash outflow	<u>(2,167)</u>	<u>(258)</u>

## 4. Other Income

	Consolidated Group	
	30 September 2019 \$000	30 September 2018 \$000
Other Income		
— Foreign exchange gain	166	51
— Other income	67	-
Total Other Income	<u>233</u>	<u>51</u>

## 5. Expenses

	Consolidated Group	
	30 September 2019 \$000	30 September 2018 \$000
Corporate, shared service and board expenses		
— Administrative costs	183	169
— Personnel expenses	325	425
— Depreciation expense	3	4
— Expected credit losses of trade receivables and contract assets	339	-
Total corporate, shared service and board expenses	<u>850</u>	<u>598</u>

## 6. Loss per Share

	Consolidated Group	
	30 September 2019 \$000	30 September 2018 \$000
(a) Loss used in calculating loss per share		
<b>Basic loss per share</b>		
Loss attributable to the ordinary equity holders of the company used in calculating basic loss per share:		
From continuing operations	(606)	(592)
From discontinued operations	<u>513</u>	<u>(3,455)</u>
	<u>(93)</u>	<u>(4,047)</u>
<b>Diluted loss per share</b>		
Loss attributable to the ordinary equity holders of the company used in calculating diluted loss per share:		
From continuing operations	(606)	(592)
From discontinued operations	<u>513</u>	<u>(3,455)</u>
	<u>(93)</u>	<u>(4,047)</u>
	<b>No. 000</b>	<b>No. 000</b>
(b) Weighted average number of ordinary shares outstanding during the period used in calculating basic loss per share	61,441	61,441
Dilutive effect of rights	<u>-</u>	<u>-</u>
Weighted average number of ordinary shares outstanding during the period used in calculating dilutive loss per share	<u>61,441</u>	<u>61,441</u>

**7. Cash and Cash Equivalents**

	Consolidated Group	
	30 September	31 March
	2019	2019
	\$000	\$000
Cash at bank and in hand	6,110	10,356
Deposits	4,577	2,474
	<u>10,686</u>	<u>12,830</u>

**8. Trade and Other Receivables**

	Consolidated Group	
	30 September	31 March
	2019	2019
	\$000	\$000
CURRENT		
Trade receivables	3,905	18,620
Allowance for expected credit losses	(2,740)	(2,246)
	<u>1,165</u>	<u>16,374</u>
Other receivables	8	201
	<u>1,173</u>	<u>16,575</u>

Due to the short-term nature of these receivables, their carrying value approximates their fair value.

**9. Other Current Assets**

	Consolidated Group	
	30 September	31 March
	2019	2019
	\$000	\$000
CURRENT		
Prepayments	18	838
Deposits	-	140
	<u>18</u>	<u>978</u>

**10. Property, Plant and Equipment**

	Office Furniture, Equipment & Software \$000	Leasehold Improvements \$000	Plant and Equipment \$000	Motor Vehicles \$000	ROV's & Vessels \$000	Construction in Progress \$000	Total \$000
<b>Consolidated Group:</b>							
<b>Balance at 31 March 2019</b>							
Gross carrying amount	5,484	1,881	22,858	451	27,280	159	58,113
Accumulated depreciation and impairment	(3,802)	(757)	(16,109)	(345)	(22,410)	-	(43,423)
<b>Net carrying amount</b>	<b>1,682</b>	<b>1,124</b>	<b>6,749</b>	<b>106</b>	<b>4,870</b>	<b>159</b>	<b>14,690</b>
<b>Balance at 30 September 2019</b>							
Gross carrying amount	-	-	-	-	-	-	-
Accumulated depreciation and impairment	-	-	-	-	-	-	-
<b>Net carrying amount</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 11. Intangible Assets and Goodwill

	Consolidated Group	
	30 September	31 March
	2019	2019
	\$000	\$000
<b>Development costs</b>		
Opening balance	342	579
Additions	-	35
Amortisation	-	(272)
Reclassification to assets held for sale	(342)	-
Closing balance	-	342
<b>Total Intangible Assets</b>	<b>-</b>	<b>342</b>

## Development costs

Development costs are carried at cost less accumulated amortisation and accumulated impairment losses. This intangible asset has been assessed as having a finite life and is amortised using the straight line method.

## 12. Trade and Other Payables

	Consolidated Group	
	30 September	31 March
	2019	2019
	\$000	\$000
<b>CURRENT</b>		
<b>Unsecured liabilities</b>		
Trade payables	612	9,160
Sundry payables and accrued expenses	288	10,415
Deferred rent	-	86
Deferred revenue	-	2,110
	<u>900</u>	<u>21,771</u>

	Consolidated Group	
	30 September	31 March
	2019	2019
	\$000	\$000
<b>NON CURRENT</b>		
<b>Unsecured liabilities</b>		
Deferred rent	-	207
	<u>-</u>	<u>207</u>

Due to the short-term nature of these payables, their carrying value approximates their fair value. Current payables are on 30-45 day payment terms.

**13. Contributed Equity****Consolidated Group**

<b>30 September</b>	<b>31 March</b>
<b>2019</b>	<b>2019</b>
<b>\$000</b>	<b>\$000</b>
61,441,291 (31 March 19: 61,441,291) fully paid ordinary shares	
<u>273,540</u>	<u>273,540</u>

**Ordinary Shares****Consolidated Group**

	<b>No.</b>	<b>\$000</b>
At 30 September 2018	61,441,291	273,540
Movements during the prior year	-	-
At 31 March 2019	61,441,291	273,540
Movements during the current period	-	-
At 30 September 2019	<u>61,441,291</u>	<u>273,540</u>

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**14. Guarantees**

The Group has provided the following guarantees to its business associates, which commit the Group to make payments on behalf of these entities upon failure to perform under the terms of the relevant contracts.

**Consolidated Group**

	<b>30 September</b>	<b>31 March</b>
	<b>2019</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
— Guarantees related to satisfactory contract performance	198	603
— Guarantees related to property leases	<u>1,532</u>	<u>1,532</u>
	<u>1,730</u>	<u>2,135</u>

**15. Related Parties****Subsidiaries**

The consolidated financial statements include the financial statements of Blossomvale Holdings Limited and its controlled entities. Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

**Ultimate parent**

MTQ Corporation Limited is the ultimate parent entity and the parent of the Group is Blossomvale Holdings Limited.

**15. Related Parties** (continued)**Transactions with related parties**

	Sales to related parties	Purchases from related parties	Interest on loan from related parties	Amounts owed by related parties	Amounts owed to related parties
	\$000	\$000	\$000	\$000	\$000
Entities with significant influence over the Group:					
Premier Estate Pte Ltd	-	160	-	-	-
Premier Sea & Land Pte Ltd	-	9	-	-	-
MTQ Corporation	-	97	50	-	2,008
MTQ Oilfield Services WLL	35	10	-	-	-
MTQ Engineering Pte Ltd	25	-	-	-	-
Binder Group	292	-	-	-	-
Total	352	276	50	-	2,008

The sales to and purchases from related parties are made at terms equivalent to those that prevail in arm's length transactions. Any outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

Amounts owed to related parties include a loan that was issued by MTQ Corporation Ltd and was repaid on 7<sup>th</sup> November 2019.

**16. Events after Balance Sheet Date**

The Group sold its key operating subsidiaries to MMA Offshore Limited on 7 November 2019. Please refer to Note 3 for details.

Following the sale of the Group's key operating subsidiaries, the name of the Company has been changed to Blossomvale Holdings Ltd and the ASX code has been changed to BLV.



**Building a better  
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## **Independent auditor's review report to the members of Blossomvale Holdings Limited**

### **Report on the half-year financial report**

#### **Conclusion**

We have reviewed the accompanying half-year financial report of Blossomvale Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 September 2019, the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not in accordance with the *Corporations Act 2001*, including:

- a) giving a true and fair view of the consolidated financial position of the Group as at 30 September 2019 and of its consolidated financial performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Directors' responsibility for the half-year financial report**

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

#### **Auditor's responsibility**

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 30 September 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.



A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Ernst & Young



Pierre Dreyer  
Partner  
Perth  
28 November 2019