

VALLIANZ HOLDINGS LIMITED
UNAUDITED HALF-YEAR FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2011

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

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

Consolidated Statement of Comprehensive Income

	Group		
	HY2011	HY2010	Change
	US\$'000	US\$'000	%
Continuing operations			
Revenue	852	11	7,645
Cost of sales	(198)	(11)	1,700
Gross profit	<u>654</u>	-	NM
Other income	25	33	(24)
Distribution and selling expenses	-	*	NM
Administrative expenses	(470)	(248)	90
Share of loss of associate	(16)	-	NM
Finance income	-	1	NM
Finance expenses	(52)	*	NM
Profit/(loss) from continuing operations	<u>141</u>	(214)	(166)
Income tax expense	-	3	NM
Profit/(loss) after tax from continuing operations	<u>141</u>	(211)	(167)
Discontinued operations			
Profit from discontinued operations	-	1,702	NM
Net profit for the period	<u>141</u>	<u>1,491</u>	(91)
Other comprehensive loss, net of tax			
Foreign currency translation reserve released on deconsolidation of a foreign subsidiary	-	(559)	NM
Other comprehensive loss for the period, net of tax	-	(559)	NM
Total comprehensive income for the period	<u>141</u>	<u>932</u>	(85)
Total comprehensive income attributable to:			
Owners of the parent	<u>141</u>	<u>932</u>	(85)

Note:

NM – Not Meaningful

* Amount less than US\$1,000

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

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

	Group	
	HY2011	HY2010
	US\$'000	US\$'000
Depreciation of fixed assets	201	1
Fair value gain on held for trading investment securities	-	(11)
Liabilities no longer payable	-	(1,138)
Gain on disposal of subsidiaries and joint venture	-	(545)
Foreign currency translation reserve released	-	559
Net liabilities deconsolidated	-	(10)
Interest expense	52	-
Loss on disposal of plant and equipment	1	-
Dividend income	-	1
Foreign exchange gain	(494)	-

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

Statement of Financial Position

	Group		Company	
	30.06.2011	31.12.2010	30.06.2011	31.12.2010
	US\$'000	US\$'000	US\$'000	US\$'000
Non-current assets				
Fixed assets	183,336	7,287	13	18
Investment in subsidiaries	-	-	20,718	101
Investment in associated company	-	949	-	949
Available-for-sale investments	690	-	690	-
	184,026	8,236	21,421	1,068
Current assets				
Trade receivables	4,582	108	69	-
Other receivables	2,736	9	12	9
Due from subsidiaries (non-trade)	-	-	4,500	4,500
Investment securities	86	86	86	86
Intangible asset	-	29	-	29
Cash and bank balances	7,713	4,036	7,004	3,773
	15,117	4,268	11,671	8,397
Total assets	199,143	12,504	33,092	9,465
Non-current liabilities				
Term loans	90,277	2,100	-	-
Current liabilities				
Trade payables	11,731	-	-	-
Other payables	32,463	615	541	600
Term loans	10,853	600	-	-
Due to related parties (non-trade)	1,325	-	-	-
	56,372	1,215	541	600
Total liabilities	146,649	3,315	541	600
Net assets	52,494	9,189	32,551	8,865
Equity				
Share capital	54,647	31,509	54,647	31,509
Fair value revaluation reserve	195	-	-	-
Accumulated losses	(22,179)	(22,320)	(22,096)	(22,644)
Equity attributable to owners of the company	32,663	9,189	32,551	8,865
Non controlling interests	19,831	-	-	-
Total equity	52,494	9,189	32,551	8,865

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

Amount repayable in one year or less, or on demand

Group		Group	
As at 30 June 2011		As at 30 Sep 2010	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
10,853	-	600	-

Amount repayable after one year

Group		Group	
As at 30 June 2011		As at 30 Sep 2010	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
90,277	-	2,100	-

Details of any collateral

The Group's borrowings are secured by:

- (i) First legal mortgage over all the Group's vessels
- (ii) Corporate guarantee given by the Company
- (iii) Assignment of marine insurances of certain vessels
- (iv) Assignment of earnings/charter proceeds of certain vessels

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

Consolidated Statement of Cash Flows

	Group	
	HY 2011	HY 2010
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax	141	1,491
Adjustments for:		
Depreciation of fixed assets	201	1
Dividend income from investment securities	-	(1)
Fair value gain on held for trading investment securities	-	(11)
Gain on deconsolidation of subsidiaries and joint venture	-	(545)
Liabilities no longer payable	-	(1,138)
Loss on disposal of plant and equipment	1	-
Discount on acquisition	(24)	-
Share of loss of associate	16	-
Interest expenses	52	*
Operating profit before working capital changes	387	(203)
Changes in operating assets and liabilities		
Receivables	(67)	160
Payables	(84,247)	(389)
Cash used in operations	(83,927)	(432)
Income taxes paid	-	(3)
Net cash used in operating activities	(83,927)	(435)
Cash flows from investing activities		
Acquisition of subsidiaries	(19,692)	-
Dividend received from investment securities	-	1
Net cash flow from deconsolidation of subsidiaries and joint venture	-	(11)
Investment in an associate	933	-
Purchase of available-for-sale investments	(690)	-
Proceeds on disposal of intangible asset	29	-
Net cash used in from investing activities	(19,420)	(10)
Cash flows from financing activities		
Interest paid	(43)	*
New bank loan raised	84,229	-
Proceeds from share placement	-	1,741
Proceeds from rights issue	23,170	4,694
Transaction costs on issuance of shares	(32)	(252)
Repayment of convertible bonds	-	(714)
Repayment of term loan	(300)	(4)
Net cash generated from financing activities	107,024	5,465
Net increase in cash and cash equivalents	3,677	5,020
Cash and cash equivalents at beginning of period	4,036	16
Cash and cash equivalents at end of period	7,713	5,036

* Amount less than US\$1,000

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

Statements of Changes in Equity

Group	Share capital US\$'000	Foreign currency translation reserve US\$'000	Equity reserve US\$'000	Accumulated losses US\$'000	Attributable to equity holders		Total equity US\$'000
					Company US\$'000	Non- controlling interests US\$'000	
For 6 months ended 30 June 2011							
Balance as at 1 January 2011	31,509	-	-	(22,320)	9,189	-	9,189
Total comprehensive income for the period	-	-	-	141	141	-	141
Issuance of shares, net of transaction costs	23,138	-	-	-	23,138	-	23,138
Acquisition of subsidiaries	-	-	195	-	195	19,831	20,026
Balance as at 30 June 2011	54,647	-	195	(22,179)	32,663	19,831	52,494
Group	Share capital US\$'000	Foreign currency translation reserve US\$'000	Equity reserve US\$'000	Accumulated losses US\$'000	Attributable to equity holders		Total equity US\$'000
					Company US\$'000	Non- controlling interests US\$'000	
For 6 months ended 30 June 2010							
Balance as at 1 January 2010	20,989	557	-	(23,747)	3,326	-	3,326
Total comprehensive income/(loss) for the period	-	(559)	-	1,491	41	-	41
Issuance of shares, net of transaction costs	6,183	-	-	-	6,309	-	6,309
Foreign currency realignment, arising from change in functional and presentation currency	60	2	-	(68)	(6)	-	(6)
Balance as at 30 June 2010	27,232	-	-	(22,324)	4,908	-	4,908

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. (cont'd)

Statements of Changes in Equity (cont'd)

Company For 6 months ended 30 June 2011	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 January 2011	31,509	(22,644)	8,865
Total comprehensive income for the period	-	548	548
Issuance of shares, net of transaction costs	23,138	-	23,138
Balance as at 30 June 2011	54,647	(22,096)	32,551

Company For 6 months ended 30 June 2010	Share capital US\$'000	Accumulated losses US\$'000	Total equity US\$'000
Balance at 1 January 2010	20,989	(21,958)	(969)
Total comprehensive loss for the period	-	(291)	(291)
Issuance of shares, net of transaction costs	6,183	-	6,183
Foreign currency realignment, arising from change in functional and presentation currency	60	(63)	(3)
Balance as at 30 June 2010	27,232	(22,312)	4,920

- 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.

Rights issue

As announced by the company on 21 January 2011, the Company had allotted and issued 594,706,061 shares at a subscription price of S\$0.05 each pursuant to the Company's rights issue - with rights shares ranking pari passu in all respects with the existing shares.

Issued and paid up ordinary shares

Following the above exercise, the number of issued and paid up ordinary shares of the Company had increased to 1,189,412,122 as at 30 June 2011 (31 December 2010: 594,706,061).

- 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.

	Group and company	
	30 June 2011 No. of shares ('000)	31 Dec 2010 No. of shares ('000)
The number of issue shares	1,189,412	594,706

There were no treasury shares as at 30 June 2011 and 31 December 2010.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

The Group does not have any treasury shares at the end of the financial period.

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

The financial statements have not been audited or reviewed by the Company's auditors.

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

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those applied in the audited financial statement for the year ended 31 December 2010.

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

The Group has adopted the new or revised Financial Reporting Standard (“FRS”) and the interpretation of FRS (“IFRS”) that become effective for the entities with financial period commencing 1 January 2011. The adoption of the new and revised FRSs and IFRS has no material impact on the unaudited financial statements for the half year ended 30 June 2011.

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.**

	Group	
	Financial period ended	
	30 June 2011	30 June 2010
Profit after tax (US\$'000)		
- Profit/(loss) after tax from continuing operations	141	(211)
- Profit/(loss) after tax from discontinued operations	-	1,702
Basic		
Weighted average number of shares ('000)	1,120,030	362,430
Earnings per share (US\$ cents)		
- Earning/(loss) per share from continuing operations (US\$ cents)	0.01	(0.06)
- Earning per share from discontinued operations (US\$ cents)	-	0.47

Earnings per share is calculated by dividing the Group’s net profit attributable to owners of the equity for the period by the weighted average number of 1,120,030 (30 June 2010: 362,430,000) ordinary shares in issue during the financial period.

Diluted

Weighted average number of shares ('000)	1,120,030	-
Earnings per share (US\$ cents)		
- Earning/(loss) per share from continuing operations (US\$ cents)	0.01	-
- Earning per share from discontinued operations (US\$ cents)	-	-

Earnings per share is calculated by dividing the Group’s net profit attributable to owners of the equity for the period by the weighted average number of 1,120,030 ordinary shares in issue during the financial period.

No diluted loss per share for financial period ended 30 June 2010 is disclosed because the effect of dilutive potential of ordinary shares from the conversion of share options is anti-dilutive as it would decrease loss per share from continuing operations.

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

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

	Group		Company	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
Net asset value (US\$'000)	52,494	9,189	32,551	8,865
Total number of shares issued ('000)	1,189,412	594,706	1,189,412	594,706
Net asset value per share (US\$ cents per share)	4.41	1.55	2.74	1.49

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**
- (a) **any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.**

As a result of the Group's change in principal activities to vessel ownership and chartering, the comparative figures presented within this announcement reflect the Group's financial performance of its previous consumer electronics business.

Review of Group Performance

Consolidated Statement of Comprehensive Income

(a) Revenue

The Group's revenue increased by US\$841,000 for the six months ended 30 June 2011 "HY 2011" when compared to the six months ended 30 June 2010 "HY 2010". The increase in revenue was due to the change in the Group's principal activities whereby charter activity and vessel brokerage transactions accounted for the Group's revenue during HY 2011.

(b) Cost of sales and gross profit

The Group's gross profit for HY 2011 was US\$654,000 (HY 2010: nil). Cost of sales of US\$198,000 in HY 2011 relate to vessel depreciation costs while HY 2010 cost of sales of US\$11,000 relate to the previous consumer electronic products business.

(c) Other income

Other income decreased by US\$8,000 from US\$33,000 in HY 2010 to US\$25,000 in HY 2011 due mainly to the one-time gain on acquisition of the Group's subsidiary, Bentley Marine Pte Ltd, in HY 2011.

(d) Administrative expenses

Administrative expenses increased from US\$248,000 in HY 2010 to US\$470,000 in HY 2011. The increase in administrative costs was due to the expansion of the Group and higher overhead costs. However, this large increase was offset by the appreciation of the SGD against the USD during HY 2011, recording a foreign exchange gain of US\$494,000 from SGD denominated monetary items held.

(e) Share of loss of associate

The Group's US\$16,000 share of loss of associate relates to the loss incurred by A3 Offshore LLC, a holding company whose intended activities are engaged in ship owning and chartering. Subsequent to this, the Group disposed of its investment in associate for a total price of US\$933,000.

(f) Finance expenses

Finance expense of the Group increased to US\$52,000 in HY 2011, due to interest expense incurred for the complete six months on the Group's US\$3 million loan.

(g) Profit for the period

Profit after tax decreased by US\$1.35 million (91%) from US\$1.49 million in HY 2010 to US\$141,000 in HY 2011. The variance is due to the Group's one-off profit of US\$1.7 million from discontinued operations in HY 2010.

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business (cont.)**

Consolidated Statement of Financial Position

(h) Fixed assets

Fixed assets increased from US\$7.3 million as at 31 December 2010 to US\$183.34 million in HY 2011 due to the acquisitions of CSOTL Offshore Co Ltd and Bentley Marine Pte Ltd.

(i) Associate

The Group disposed of its investment in associated company, A3 Offshore LLC, for a total price of US\$933,000.

(j) Available-for-sale investment

During HY 2011, the Group acquired a 2.68% equity interest in Atlantis Navigation AS for a total cash consideration of US\$690,000.

(k) Trade and other receivables

The increase in trade and other receivables is due to the acquisition of CSOTL Offshore Co Ltd and Bentley Marine Pte Ltd.

(l) Cash and bank balances

Cash and cash equivalents increased from US\$4.04 million as at 31 December 2010 to US\$7.71 million in HY 2011, due mainly to the remaining proceeds raised from the rights issue, as US\$19.9 million of the rights issue proceeds was used to acquire vessel-owning entities. Proceeds from the sale of the Group's associate, A3 Offshore LLC, also accounted for part of the cash increase.

(m) Current and long term liabilities

Term loans increased from US\$2.7 million as at 31 December 2010 to US\$101.13 million in HY 2011 due to the acquisitions of CSOTL Offshore Co Ltd and Bentley Marine Pte Ltd. Further trade and other payable balances of US\$43.65 million were also assumed by the Group upon acquiring vessel-owning entities during HY 2011.

(n) Shareholders' equity

Shareholders' equity for the Group dramatically increased from US\$9.19 million as at 31 December 2010 to US\$32.66 million as at 30 June 2011. During the period, the Group raised approximately US\$23.14 million via the issuance of rights shares and also recognised fair value adjustments of US\$195,000 relating to the Group's acquisitions during the period.

Consolidated Statement of Cash Flows

(o) Cash flow used in operating activities

The Group's net cash outflow from operating activities for HY 2011 of US\$83.9 million was mainly due to the repayment of debts attributable to the Group's subsidiaries.

(p) Cash flow used in investing activities

Net cash used in investing activities amounted to \$19.4million in HY 2011 due to the acquisitions of vessel owning entities and other available-for-sale investments. This was partly offset by proceeds of US\$933,000 from the disposal of the Group's investment in associate, A3 Offshore LLC.

(q) Cash flow from financing activities

Net cash generated from financing activities amounted to US\$107 million in HY 2011 due to the proceeds from the issuance of rights shares and the bank facility drawdown. This was partly offset by repayments on bank borrowings of US\$300,000 in HY 2011.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The Group has made investments during the six month period, with a focus on acquiring long term income producing assets. These investments not only provide stable and predictable income, but also give the Group a good asset base to which it can expand upon.

We believe that there will be a number of opportunities in the future for the Group to capitalize on. The Group is cautiously optimistic that the outlook on the Oil and Gas industry will be positive in the next 12 months, barring any unforeseen circumstances that may arise to destabilize the current financial market and global market.

11. Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date Payable

Not applicable.

(d) Book Closure Date.

Not applicable.

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

No dividend has been declared or recommended for the current financial period reported on.

13. Interested person transaction

In compliance with Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalyst), there were no transactions with interested persons for the financial period ended 30 June 2011 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Swiber Offshore Marine Pte Ltd	US\$630,000 ⁽¹⁾	Nil
Swiber Engineering Ltd	US\$216,500 ⁽²⁾	Nil

⁽¹⁾Swiber Offshore Marine Pte Ltd is a subsidiary of Swiber Holdings Limited, a controlling shareholder of the Company.

The transaction relates to chartering income receivable for the period ended 30 June 2011. No shareholders' approval was obtained because all terms of the charter party agreement entered into between Samson Oceanic and Swiber Offshore Marine Pte Ltd were finalised and signed prior to the Company acquiring the entire interest in Samson Oceanic and before Swiber Holdings Limited became an interested party as defined in Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalyst).

⁽²⁾Swiber Engineering Ltd is a subsidiary of Swiber Holdings Limited, a controlling shareholder of the Company.

The transaction relates to the purchase of 25,500 ordinary shares in Bentley Marine Ltd on 30 June 2011. No shareholders' approval was obtained because the value of the transaction was no more than 5% of the Group's latest audited net tangible assets.

14. Negative assurance confirmation on interim financial results under Rule 705(5) of the Listing Manual.

On behalf of the Board of Directors of the Company, we confirm, to the best of our knowledge, nothing has come to the attention of the Board of Directors of the Company which may render the six months' financial results for the period ended 30 June 2011 to be false or misleading in any material respect.

Anders Schau
Director

Raymond Kim Goh
Director

BY ORDER OF THE BOARD

Lee Bee Fong
Company Secretary
12 August 2011

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd, for compliance with the Exchange. The Company's Sponsor has not independently verified the contents of this announcement.

This announcement has not been examined or approved by the Exchange and the Exchange assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.

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